



**ACCOUNTING AND FINANCE POLICIES AND
PROCEDURES MANUAL**

FOR

TREES FOR THE FUTURE, INC WWW.TREES.ORG

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CHAPTER ONE: INTRODUCTION

1.1. TREES Financial System

TREES is a 501(c)(3) organization was established in 1989 in the Maryland, USA with a mission to improve livelihoods of impoverished farmers by revitalizing degraded lands. The organization is governed by a diverse board and employs more than 350 staff in the USA, Europe, and Africa. The organization has a committed base of individual, corporate and institutional donors and has enjoyed a growth trend in recent years.

This *Finance and Accounting Manual* provides written guidance for the staff to manage operations effectively and efficiently. TREES financial systems encompass all the personal, resources, processes, procedures, and activities which work together to ensure the financial resources are safeguarded for the benefit of the organization and the beneficiaries.

The implementation of a sound financial system is designed to ensure that:

- a) Revenues and expenditures are recorded in the accounting system with required approval and authorization.
- b) All transactions are recorded in compliance with US GAAP and/or local standards in the jurisdictions where TREES operate.
- c) Processes are in place to ensure financial accountability while at the same time ensuring timely distribution of funds to ensure field activities are not interrupted.
- d) All assets are safeguarded from misuse or misappropriation.

1.2. Purpose of this Manual

- a) The key purpose of designing this finance and accounting policies and procedures manual is to provide guidelines to all staff at TREES for the orderly execution of their respective responsibilities for the purpose of preparing the organization financial statements.
- b) The manual is aimed at ensuring staff at TREES keep and maintain quality and consistent accounting records.
- c) The manual aims to set out the basic framework of systems that will provide adequate levels of internal controls systems.
- d) The manual also aims at ensuring and promoting the principles of accountability and transparency in all the financial dealings.
- e) These guidelines provide sets of operating and reporting financial standards and practices which comply with internationally accepted accounting standards, including the US Generally Accepted Accounting Principles (US GAAP).
- f) The manual acts as training and reference material for all existing and new accounting and finance staff and leadership.

1.3. Authority of the Manual

- a) In developing the Manual, consideration was given to US GAAP and International Accounting Standards.



- b) The Manual has been reviewed and approved by the CFO and CEO. All employees are expected to comply with all the provisions of the manual.

1.4. Scope of the Manual

The manual is intended to cover all the aspects of the TREES Internal Control systems. Chapter One introduces the manual; Chapter two provides Organizational Structures and Accounting Systems. Chapter three elaborates on guiding principles, and the remainder of the chapters delve deeper into the key policies and procedures.

1.5. Updates and Revision

The manual will be updated annually, and changes become effective January 1st.

1.6. Effective Date

The manual will be effective April 1st, 2024, after the CEO's review and approval.

CHAPTER TWO: ORGANIZATIONAL STRUCTURE AND SYSTEMS

This section provides an overview of TREES's organizational structure and systems for international accounting and finance, as well as responsibilities for key roles.

2.1 Central Offices

The TREES Central Office provides shared oversight and critical support functions essential for the operating of country programs. These functions include program oversight, marketing and fundraising, monitoring and evaluation, administrative support, global human resources and informational technology, finance, and executive leadership. Central Office personnel are defined by their positions in service to all countries rather than dedication to a single country or region. Staff work largely remotely from various places in the world, which may evolve over time. Key financial leadership responsibilities of the Central Office include accounting operations support and oversight, bank account opening, closing and oversight, Sage Intacct and QuickBooks accounting software support, internal control systems strengthening and staff training.

At the Central office level, the following staff handle accounting and finance responsibilities:

- **Director of Finance**—Responsible for treasury and bank account operations, revenue recognition in Intacct, procurement oversight, financial planning and analysis including coordination of annual budgets and forecasts.
- **Financial Controller**—Leads annual audits and statutory compliances, financial statement preparations, internal control assessment and strengthening, training and capacity building of finance staff.
- **Chief Financial Officer**— Has overall responsibility for financial leadership and integrity of financial reporting.



2.2 Country Offices

At the Country office level, the following staff handle accounting and finance responsibilities:

- **Country Finance Lead (Finance & Operations Director/Manager or Accountant)**—Handles all primary accounting responsibilities, including closing the month; month-end reconciliations; recording transactions into the accounting software, staff, and vendor payments.
- **Country Director**—Manages and supervises all program activities, staff, and partners, and has the overall accountability and financial oversight of the Country Office.
- **Finance/Accounting Staff**—Assists the Finance Manager/Finance Director and Country Director in accounting and finance tasks.

2.3 Sage Intacct and QuickBooks Online

TREES’ main accounting system is Sage Intacct while Country offices use QuickBooks accounting software to process and record transactions. QuickBooks automates double-entry accounting, which tracks transactions throughout the accounting cycle—from creating purchase orders and receiving items to depositing payments.

Sage Intacct and QuickBooks’ accounts group financial data by purpose, as follows:

- **Balance sheet accounts** include assets and liabilities.
- **Asset accounts** track what a central and country office owns, including cash, inventory, and equipment.
- **Liability accounts** track a central and country office’s outstanding taxes and accounts payable.
- **Expense accounts** track costs incurred by the Country Office.

Table 2-3 shows the access given to each Finance role under the Country Office.

Table 2-3. Finance Roles and Access Rights

Staff Job	Key Role	Access Rights	Sage Intacct	QuickBooks
Chief Financial Officer	Systems and processes integrity	Administrator	√	√
Controller	General Ledger Quality	Administrator	√	√
Director of Finance	US payroll & Revenue Recognition	Administrator	√	X
Staff Accountant	Data entry in Intacct	Operator	√	X
Country Finance Lead	Month End Accounting and Reconciliations	Operator	X	√
Country Finance Staff	Transactions posting	Operator	X	√
Country Director	Reporting and Dashboard	Viewer	X	√

√ =Yes X=No



CHAPTER THREE: GENERAL GUIDING PRINCIPLES

3.1 Basis of preparation of the financial statements

It is the policy of TREES to maintain accounting records on an accrual basis for accounting for the financial statements during the fiscal year. Accrual basis recognizes revenues when earned and expenses when incurred. Net Assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

3.2 Foreign Currency Transactions

All transactions in foreign currency are translated into US dollars at the exchange rate prevailing on the transaction date. Year-end balances in foreign currency are translated in US dollars at the year-end exchange rate. The controller will review closely with the country Finance Managers to ensure the balances at year-end are kept at a minimal. Funds wires from USD to local currency require Country Director approval, a competitive rate must be sought from the bank representative and documented.

3.3 Revenue Recognition

Grants and contributions are recognized as revenues in the year in which the non-reciprocal payments are received and/or unconditional promises are made. The organization evaluates if contribution is conditional or unconditional. Unconditional contributions are recognized immediately and classified as either Net Assets with donor restrictions or Net Assets without donor restrictions as appropriate. Conditional contributions are recognized as liability until after the terms and conditions of the grants are met.

3.4 Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3.5 Accrual Principle

It is the policy of TREES to accrue revenue and expenditure at year end to reflect unrecorded transactions that affect the year then ended. To comply with US GAAP, TREES entity wide financial statements shall be prepared on an accrual basis.

This is to ensure that revenue and cost are:

- a) recognized when earned or incurred, not necessarily when money is received or paid.
- b) Matched with each other as relationships can be established and estimated.
- c) Reported in the financial statement for the period it relates to.



CHAPTER FOUR: ACCOUNTING TRANSACTION REQUIREMENTS

TREES's country offices must follow the accrual basis of accounting. The accrual accounting method recognizes financial transactions when they occur, regardless of whether cash has been exchanged. This method allows the current cash inflows/outflows to be combined with future expected cash inflows/outflows, which provides TREES with a more accurate picture of a country office's current financial condition.

The ability to provide accurate, complete, and timely financial information enables central and country offices to comply with TREES and donor rules and regulations and to adhere to generally accepted accounting principles. To meet these requirements, all accounting transactions must be authorized and supported, be recorded accurately, and meet the following requirements:

- **Authorization of transactions**—Each transaction must be approved by the Finance Manager and Country Director, or as otherwise stated in the Country Approval Matrix.
- **Payment Voucher Cover Page**—All transactions must be supported by a Payment Voucher Cover Page. The Voucher Cover Page must include required approvals and a summary of the transaction.
- **Adequate support documentation** —All entries must be supported by adequate documentation that clearly shows the justification and authorization for the transaction.
- **Timeliness of entries**—To ensure that TREES's financial records and reporting are current, all entries must be recorded in the accounting system in a timely manner following the underlying accounting event. The standard time to record entries is 2 business days after the event. It is critical that all expenses paid, or advances given be recorded in the month in which they are paid or advanced. For example, all December payments must be recorded in December.
- **Recording of transactions**—Transactions must be recorded in QuickBooks to the correct GL account, as defined by the **Chart of Accounts**. The Chart of Accounts is discussed further in Section 5.1.
- **Monthly Reconciliations**. Monthly financial processes are needed to fully reconcile, and report required data to meet TREES and donor needs on a timely basis. At month's end, the Country Finance Manager/Accountant must reconcile and report monthly advances, payroll, vendor/supplier bills, mobile money accounts, accruals, prepayments, cash/bank balances, asset acquisition, tax liabilities, and other financial data, in accordance with TREES procedures and policies within specific deadlines.

CHAPTER FIVE: CHART OF ACCOUNTS & INTERNAL CONTROLS

5.1 Chart of Accounts

The **Chart of Accounts** was developed to ensure that TREES's accounting data are captured correctly and completely in Sage Intacct and QuickBooks. The Chart of Accounts classification structure captures Trees accounting data in a logical way that leads to better management and meaningful accountability. All international accounting transactions must be recorded in accordance with the correct classification,



based on the descriptions indicated in the Chart of Accounts. The Chart of Accounts also determines the limits for reporting financial information because data cannot be easily reported unless a relevant classification exists in the chart.

New Chart of Accounts code can only be created with written approval of the Chief Financial Officer.

5.2 Internal Controls

Central Offices internal controls oversight is maintained by the Chief Financial Officer. Each Country office is expected to maintain a system of internal controls to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial and donor policies. The various sections of this manual describe many internal controls that must be followed by staff in all TREES' country offices. For example, an internal control for the Petty Cash fund is that cash on hand is always maintained in a locked area (safe or lockbox).

To ensure that each office is cognizant of the controls stated in this manual, **Segregation of Duties Matrix and Office Control Checklist** summarizes the controls that must be followed when staff perform various accounting tasks. An annual self-assessment of controls against the checklist helps to establish a better control environment.

5.3 Segregation of Duties

Segregation of duties is one of the key concepts of internal controls, as well as one of the most effective controls for combating employee fraud. The concept of segregation of duties is to separate the following responsibilities in each key financial process:

- Custody of assets,
- Recordkeeping,
- Authorization, and
- Reconciliation.

Segregation of duties contributes to an organization's system of checks and balances. Ideally, no individual employee may handle more than one of the above-noted functions in a process. When the Central or Country office separates these functions among its employees, it implements a strong internal control environment that may deter and prevent employee fraud. When duties cannot be segregated, compensating or alternative controls must be considered and discussed with the Chief Financial Officer or Controller.



CHAPTER SIX: CASH AND TREASURY MANAGEMENT

6.1 Banking

The central office Director of Finance is responsible for coordinating all banking arrangements or services with TREES's Chief Financial Officer. Establishing or closing bank accounts, modifying bank signatories, or modifying online bank access requires approval of Chief Executive Officer.

6.1.1 Opening a Bank Account

Bank accounts will be established based on the anticipated/actual needs of the country office. Country bank account balances will be maintained with the minimum funds necessary to satisfactorily operate the country office. In addition, bank accounts and their funds may not be used for personal loans, non-TREES-related expenses, or as security/collateral for loans.

All Country bank accounts must be corporate accounts in the name of Trees for The Future. Central Office bank accounts will be opened and operated in hard currencies in the US or as required by specific source of funding.

To request the opening of a country bank account, the Director of Finance, with assistance from the Controller, must complete the required information on the **Bank Account Opening Request Form** and submit the completed form—along with copies of a passport or other legal identification for each signatory and/or online banking user—to the CFO for approval.

The Bank Account Opening Request Form requires the following:

- General Information.
- Authorized Signatories and Online Bank Access
 - The request may include a copy of a current passport or government-issued photo ID for each signatory and/or online bank user.

Upon approval of the request, TREES's Director of Finance will coordinate with the Country office and the local bank to establish the bank account. This will require the following:

- Official letter request from TREES to open an account.
- Notarized Limited Power of Attorney for each authorized signatory.
- Bank account opening applications.
- Signature/Mandate.
- Two passport-sized photos of signatory.
- Proof of Residency (insurance document or three-month or less dated utility bill);
- Banking Resolution and/or Delegation of Authority.
- Articles of Incorporation.
- Registration and Tax Certificates; and



6.1.2 Modifying a Bank Account

For any subsequent changes or modifications to a bank account, including changes to banking signatories and online bank, the country office Finance Manager must complete the required information on the Changes to Authorized Signatory List and/or Online Access Form, and submit the completed form to the Director of Finance for approval.

Upon approval of the request, TREES's Director of Finance will coordinate with the country office and the local bank to update the bank account. Examples of additional documents that may be required by the bank include:

- Official letter request from TREES to amend authorized signatories and/or online bank users.
- Notarized Limited Power of Attorney for each authorized signatory to be added.
- Copy of a current passport or government issued photo ID for each new signatory and online bank user.
- Bank account amendment application.
- Signature/Mandate cards.
- Online bank user application.
- Two passport-sized photos of signatory to be added; and/or
- Proof of Residency (i.e. insurance document or three month or less dated utility bill).

Immediate notification TREES' Finance Director is required when an authorized signatory's, online banking user's employment is terminated for any reason. In addition, the country office Finance Manager must maintain a current list of authorized signatories on each bank account and all individuals who are online bank users, including their online banking for TREES' Finance Director audit purposes.

6.1.3 Closing a Bank Account

To close any local bank account, the country office Finance Manager must complete the required information on the **Close Bank Account Request Form** and submit the completed form to the Director of Finance for approval. The CFO may initiate the closing of the bank account as appropriate.

Upon approval of the request, TREES' Director of Finance will coordinate with the country office and the local bank to close the bank account. Examples of actions that may be required include:

- Official notarized letter request from TREES' CEO to close the bank account.
- Repatriation or transfer of remaining funds in the bank account.
- Confirmation of repatriation or transfer of funds from the bank.
- Bank statement showing zero balance after repatriation or transfer of funds; and
- Confirmation of bank account closure from the bank.

6.2 Petty Cash

A Petty Cash fund may be established in all country offices to improve the efficiency of operations. The purpose of the Petty Cash fund is to allow for the payment of small operating expenses in cash, such as refunding taxi fares or purchasing miscellaneous consumables. Staff may use Petty Cash funds for these



minor items when it would otherwise be impractical to obtain items through the usual purchasing methods.

The Country Director and Accountant are authorized to establish a threshold for the balance of the Petty Cash fund up to a total of \$500 (U.S. dollars [USD]). When a country office requires a Petty Cash balance greater than \$500 USD, the office must receive CFO's approval to establish the fund.

Within the threshold, individual Petty Cash transactions are limited to \$50 USD. In certain cases when Petty Cash transactions require more than \$50 USD, the country office must document the reason why the transaction cannot be processed through wire or check, and the office must receive approval from the Controller. It is the responsibility of the Country Director and Accountant to maintain and ensure compliance with the procedures outlined in this section.

The Country Director is also responsible for appointing a staff person to serve as Custodian to monitor the use and replenishment of the Petty Cash fund. It is the Custodian's responsibility to ensure that the fund is used to cover only those transactions for which it impossible or impractical to use normal purchasing methods (i.e., via Procurement). The Petty Cash fund must be always secured in a safe or lockbox under the direction of the Petty Cash Custodian.

6.2.1. Managing Petty Cash

The Custodian is responsible for maintaining a **Petty Cash Log** of each transaction so that the "Balance" agrees to the actual cash held in the Petty Cash fund.

Anyone requesting to use the Petty Cash fund (i.e., a Requester) must complete a **Petty Cash Voucher**. The Petty Cash Voucher must include the amount and purpose of the request and be signed by the Requester, the Requester's supervisor, and the Custodian.

When a Custodian needs Petty Cash or is the supervisor of the Requester, the Petty Cash Voucher requires approval from an authorized person other than the Custodian, such as the Country Director or the Accountant.

Once the Requester completes the purchase, he/she is responsible for providing supporting documentation to the Custodian to close the Petty Cash disbursement and update the Petty Cash Log. Supporting documentation must include the original itemized sales receipt, the date of the purchase, and the name of the business where the purchase occurred.

If the amount of the purchase was greater than the initial Petty Cash outlay, the Custodian must reimburse the Requester for the difference. If the amount of the purchase was less than the initial Petty Cash outlay, the Requester must return the remaining cash to the Custodian, who will place the excess cash back into the Petty Cash fund and update the Petty Cash Log.

6..2.2 Recording Petty Cash in QuickBooks

Petty Cash funds are maintained under the imprest method. Petty Cash Transactions are recorded in QuickBooks when funds are replenished. Funds are replenished when cash on hand is below 20% of the



float limit. The Custodian completes the **Petty Cash Replenishment Form**, and it is reviewed and approved by the Country Director. The cash is withdrawn from the bank and given to the Petty Cash Custodian to establish/replenish the fund. The accountant uses the Petty Cash Log to record the related expenses.

6.2.3 Reconciling Petty Cash Balances

As part of month-end closing procedures, the Petty Cash fund's cash on hand must be counted and reconciled by an individual who is not the Custodian. A person other than the custodian utilizes the **Cash Count Form** and compares the counted cash amount to the ending balance on the Petty Cash Log. Any differences are investigated, and the Country Director and Controller are notified of any unresolved differences. The Cash Count Form must be included in the month end reconciliation package submitted to Central Office. This is also the process when a Petty Cash fund is transferred to a new Custodian. A final count and submission for replenishment must occur prior to the new custodian assuming responsibility.

6.2.4 Closing Petty Cash Fund

The Petty Cash fund must be closed when the purpose for which the fund was established has been completed, as determined by the Country Director or Accountant. When closing the fund, a final reconciliation must be performed to ensure that all receipts have been collected to support the month's Petty Cash expenditures and to confirm the ending fund balance. The remaining balance of the fund must be deposited in the country office's bank account, which is confirmed by the accountant by reviewing and signing the bank deposit slip.

6.3 Check Book

Check stock is used by country offices to process payments for goods and services. The Accountant is responsible for ensuring that check book held by a country office is properly locked in a secure location, such as a safe or lockbox, at all times. Access to check book is restricted to a Custodian, as appointed by the Country Director. It is the responsibility of the country office Country Director to maintain and ensure compliance with this guidance.

All check stock must be prenumbered and used in sequential order. When a check is needed for payment, the check must be prepared by one person and approved by another for proper segregation of duties. All checks must be signed by two authorized signatories, as described in Section 4.1 of this manual.



CHAPTER SEVEN: RECONCILIATIONS

7 Reconciliations

TREES conducts monthly financial processes to fully reconcile, and report required data to meet TREES needs on a timely basis. Reconciliations are used to explain account activity during the month, to substantiate the items comprising the balance at month's end, and to explain all aging balances and reconciling items. The reconciliation process addresses monthly advances, payroll, vendor/supplier bills, accruals, prepayments, cash/bank balances, asset acquisition, tax liabilities, and other financial data.

Country offices must complete reconciliations via QuickBooks on all balance sheet accounts monthly. Reconciliations must be submitted to Controller no later than the **5th day of the following month** or as communicated by CFO. For example, the December reconciliation would be due no later than January 5th.

The following QB reports, and additional supporting schedules are added to support all balance sheet account with balances at month-end, examples:

- Trial Balance
- General Ledger—Balance Sheet only
- Bank Reconciliation Summary
- Bank Reconciliation Detail
- Mobile Money Account Reconciliation
- Petty Cash Reconciliations Summary
- Petty Cash Reconciliation Detail
- Accounts Receivable Detail
- Accounts Receivable Summary
- Accounts Payable Detail
- Accounts Payable Summary
- Payroll Tax Liability Schedule
- Bank statements
- Security Deposit
- Withholding Tax Liability Schedule
- Prepaid Rent (if applicable)
- Petty Cash Count

The Country Director and the Finance Manager must review and approve all account reconciliations prior to submitting them to the Controller. This review ensures that reconciliation.

- is accurately prepared (i.e., financial information is correct),
- has adequate supporting documentation,
- is prepared in a timely manner,
- contains no missing checks or unusual breaks in check sequence,
- contains explanations for reconciling items,
- provides balances that agree to supporting schedules, and
- has followed up on reconciling and clearing items in a timely manner.



To ensure that the required reconciliations are prepared correctly, the country office Finance Manager must reference the steps in the Reconciliation section of the **QuickBooks User Manual**, as well as **Monthly Reconciliations Package Instructions**.

The Controller and Director of Finance must complete reconciliations via Sage Intacct on all balance sheet accounts monthly. Reconciliations must be submitted to CFO no later than the **10th day of the following month** or as communicated by CFO. For example, the December reconciliation would be due no later than January 10th.

7.1 Month End

Month-end close is performed to finalize the transactional activity for a period. To ensure a smooth month-end close, all country offices are required to follow the steps documented in the **QuickBooks Monthly Check List** and the Central Office is required to follow the steps documented in the Sage Intacct Monthly Checklist.

The Sage Intacct and **QuickBooks Monthly Check List** provides a checklist of activities and processes that must be followed throughout the month and at month end to ensure that all country office financial data are captured correctly and are available to be transmitted to central office finance. The month is officially closed when all the month-end processes are complete, including posting. It is the responsibility of the Country Director and Finance Manager to maintain and ensure compliance with this guidance.

During the month, it is also imperative that the following key processes are completed to ensure that financial information is accurate and processed correctly:

- Throughout the month, all transactions are recorded on a regular basis.
- Transactions are prepared and approved by separate individuals for proper segregation of duties.

By the fifth day of the subsequent month, the country office finance manager is required to notify the Controller that he/she has completed all accounting transactions recording and submit the financial reports. The month-end report must contain all the entries made in the period, as well as the corresponding reports and supporting documentation required by the Controller. Before this report is submitted, the Finance Manager is required to validate the accuracy and completeness of the expense submission.

Once the Month End Report is received, the central office finance team reviews the transactions for each country office based on the established policies, including policies outlined in the **Supporting Document Matrix, charge codes and Chart of Accounts**. During the review, if any supporting documentation or transaction errors are identified, the central office communicates with the country office to determine a solution. The country office is responsible for correcting any entries and sending appropriate supporting documentation when complete.

The Controller must lock all Countries books by the close of business of the 5th day following month end. The CFO must close Central Office books by the close of business on the 10th day of the following month.



Any correcting entry identified after close of the month is corrected via journal entry in the subsequent month.

CHAPTER EIGHT: DOMESTIC AND INTERNATIONAL PAYMENTS

8.1 Wire Transfers

Wire transfers or electronic funds transfers (EFTs) are the preferred method of payment for country offices. It is recommended that country offices use wire transfers or EFTs for payments whenever possible. It is the responsibility of the Country Director to maintain and ensure compliance with this guidance. (Please refer to the **EFT Wire Transfer Form**)

8.1.1 Electronic Banking Confirmation

These procedures are designed to ensure compliance with appropriate TREES' corporate policies and procedures regarding electronic vendor payment information. A multi-step process must be followed for new vendor setups and any requests received to change vendor bank information. All country offices must follow the verification process approach outlined below:

- **Step 1:** All vendor bank information must be confirmed via email and documented on the **Vendor Bank Confirmation Form**, which is completed and signed.
- **Step 2:** As a follow-up to, all vendors will be required to submit an email to a member of the Country Office Finance Team reiterating the bank details and stating that it was correct.
- **Step 3:** The bank confirmation form and email must be submitted to the wire creator when entering vendor information.
- **Step 4:** The bank confirmation form and email must be stored in each vendor's procurement file or appropriate alternative file to be readily accessible and easily consulted.

Any inconsistencies noted during the verification process must be immediately forwarded to the Controller for review.

8.1.2 Wire Transfer Payment

Wire transfers will be initiated only after the Country Director, or authorized delegate, has reviewed and approved all supporting documentation associated with the wire. The initiation and release of wire transfers must be segregated between different individuals. Only those employees who have been authorized by TREES' CEO can release the wire. A wire can be released only after the supporting documentation is carefully reviewed and the information is entered into the online banking system.

Wire transfers over \$10,000 must also be authorized by a designated Director of Finance or CFO, depending on the amount. **Table 8.1-1** shows the signatory approval for wire transfers by authorized signatories.



Table 8.1-2. Signatory Approval for Wire Transfers

Transaction Amount	Authorized Approvers
≤ USD 10,000	Country Director and Finance Manager
≥ USD 10,000	Country Director and Director of Finance or Controller

8.2 Country Office Payments

Payment to suppliers, vendors, consultants, interns, farmers, and other individuals and/or entities for services rendered or for goods provided on behalf of TREES must be paid based on the following order of payment preference:

- Electronic payment – a payment system that generates any transfer of funds, other than a transaction originated by cash, check, or similar paper instrument. Electronic payments include payments by computers or telephone such as wires or mobile money transactions.
- Paper check
- Cash

If the country office needs to issue payments on a routine basis to a service provider other than through electronic means, the Finance Manager must notify the Controller. Cash payment may only be made in exceptional circumstances, and each incident documented and approved by the Country Director.

In Kenya, effective January 1st, 2024, all receipts must comply with Electronic Tax Invoice Management Systems (e-TIMS) subject to defined thresholds, while in Uganda, all VAT registered businesses must use e-invoices submitted through the Electronic Fiscal Receipting and Invoicing Solution Servers (EFRIMS). Finance Managers are responsible for understanding the countries' invoicing requirements and compliance.

At no time must employees use their personal account as a mechanism to facilitate payment to third parties. If circumstances arise that make it difficult or impractical to pay third parties using standard procedures, the country office must contact its respective Controller for assistance.

8.3 Farmer Stipends and Workshop Allowances

Participants (non-employees) at events such as training and workshops often receive allowances for transport, lodging, and stipends, and phone credits. These expenses are paid to the individual and documented through a **Participant Attendance List**. Please be familiar with and follow the expense guidelines as documented in the **Accounting Supporting Document Matrix**. Expenses associated with payments to participants for workshop allowances must be recorded to the Workshop-Related QuickBooks accounts as documented in the **Chart of Accounts**.



8.4 Mobile Money

Mobile Money, where available, has become a recommended means of processing low dollar - high volume payments. It allows people to receive money on their mobile phones and to pay for goods and services without the need to exchange cash, write a check, or transfer money from one account to another.

TREES utilizes Mobile Money as a means of processing farmers' stipends, workshop refreshments, phone credits and paying for seeds. It is the responsibility of the Country Director to maintain and ensure compliance with the procedures outlined in this section.

When utilizing Mobile Money, the following must be adhered to:

- Country Offices must seek approval from the Controller to set up Mobile Money agreements with the local providers.
- All Mobile Money transactions must be approved following TREES's Approval Matrix and must be adequately supported like any other payment.
- Country Offices may work closely with the Controller to customize Mobile Money SOP. The final Standard Operating Procedures (SOP) requires Controller's approval before use.
- Participants may only receive funds after signing a Participant Register, which is reviewed and approved by the Lead Technician or Technicians Supervisor and the Finance Manager, and Country Director.
- Funds transfer from the Country Office's bank account to the Mobile Money account must be approved by the Finance Manager and Country Director.
- Mobile Money is **not** to be used to make salary payments to TREES staff.
- Mobile Money accounts must be reconciled monthly and supported by a Mobile Money statement.

CHAPTER NINE: CASH ADVANCES

Cash advances are provided to consultants, employees, vendors that support activities for TREES' operations. TREES has strict policies for the initiation, approval, disbursement, and closing of cash advances, which must be adhered to in order to help safeguard funds from potential risk. All employees, consultants, and vendors receiving a monetary advance must comply with the/ guidance outlined in this manual, and it is the responsibility of the Country Director and accountant to ensure compliance with these policies and procedures.

9.1 Employee Advances

Employees requesting an advance for operational expenses provide an itemized and detailed listing of anticipated expenses for the advance being requested. Employees must use the **Cash Advance Request Form** to assist them in calculating and documenting the anticipated expenses.



The advance amount requested must be based on the documented anticipated expenses. Each cash advance request must be approved by the authorized approver(s), as shown in the Advance Approval Matrix in **Table 9.1-1**. In addition, all checks or wire transfers to facilitate the transfer of funds for an advance must be approved and signed by authorized employees after reviewing the required supporting documentation for the advance.

Table 9.1-1. Advance Approval Matrix for Employees

Advance Amount	Approval Required
\$0 - \$2,500	Reviewed and approved by the Country Director and Accountant
Greater than \$2,500	Same approvers as above, plus Controller, and Director of Programs

Each Advance Request Form must be signed by the employee requesting the advance. When a Country Director needs an advance, the advance will require approval from the Director of Programs or Chief Executive Officer.

Advances are cleared once the employee who received the advance prepares an **Expense Report**, which is reviewed by the Finance Manager. When the Finance Manager receives an advance, the Country Director must review and approve the Expense Report. Employees must prepare and submit an Expense Report **no later than 5 workdays** after returning to the office from travel, or after the completion of the event for which the advance was requested.

The Expense Report must contain original receipts for all expenses associated with the advance. Receipts must identify the date of purchase and the vendor's name, vendor contact information, vendor location, contain an itemized list and unit price of purchased items, and list the total amount. Once the Expense Report and supporting documentation are reviewed and approved, the Finance Manager closes the advance.

When the expenses incurred are less than the advance funds issued, the advance is not closed until the balance of the funds is returned. The balance of the funds must be wired or deposited directly into the country office's bank account. A wire confirmation or deposit slip must be provided as supporting documentation for the remittance of these funds. If the balance is not returned, the advance must continue to be aged, and if the balance is outstanding for more than 30 days, it may be deducted from the employee's pay. When the employee's expenses exceed the advance amount, a check or wire will be issued to the employee for the amount due to close the advance. When an employee terminates, employee advances must be reviewed by the Finance Manager prior to issuing the employee's final paycheck to deduct any outstanding advances from the employee's pay.

It is the responsibility of both the Country Director and the Finance Manager to ensure the following:

- Employees do not receive an advance greater than \$2,500 USD, unless there is specific approval from the Director of Programs and Controller.



- Employees may not receive a new advance if the employee has an outstanding advance.
- Aged advances older than 30 days must be investigated and resolved in a timely manner.

9.2 Third-Party Advances

Requests for advances by consultants and suppliers do not require an Advance Request Form; however, such requests must provide documentation that adequately supports the need and the amount of advance. Documentation may include a budget or a request that details the amount and the intended use of the advance funds. Advances are cleared once the consultant or supplier submits an invoice that is compliant with the terms in their respective agreement. Upon review and approval of the invoice by the Finance Manager and Country Director, the Finance Manager closes the advance. When the advance is greater than the expenses incurred, the advance is not closed until the balance of the funds is returned. If the balance is not returned, the advance must continue to be aged.

9.3 Outstanding Advances

Outstanding advances to consultants and suppliers must be reconciled and aged monthly as part of month-end close procedures. The reconciliation and aging are reviewed and approved by the Country Director. Aged advances older than 30 days must be investigated, resolved in a timely manner, and communicated to the Controller.

CHAPTER TEN: PAYROLL AND TAXES

Payroll payments to employees must be based on completed and approved timesheets submitted for work done on projects, activities, and operations in accordance with rates established in employment agreements. Timesheets must be:

- Prepared by employees daily and accurately, recording actual time worked that day and by project or charge code. Actual hours worked include hours spent fulfilling job duties on working days, weekends, and holidays, and for hours extended beyond minimum working hours. Employees are also required to record leave and sick days on the days that they are taken.
- Signed and dated by each employee and approved and dated by his or her supervisor after a careful review to ensure that the timesheet provides an accurate reflection of time worked and that the time has been attributed to the correct project and charge code.

The central and country offices are required to maintain a complete payroll file on each staff member, including but not limited to, employee agreements, leave record, local holidays, sick leave, employee taxes, and employer taxes. The Country Director and Finance Manager must ensure that access to files that contain employee information, such as employment contracts, is restricted to authorized personnel and that personnel files are kept in a secured, locked location at all times.



10.1 Calculating Payroll

Payroll is calculated using a defined payroll software such as Workpay or Rippling. In locations where there is no payroll software, a customized Microsoft Excel template will be provided by the Controller.

The Payroll Register Worksheet contains formulas that calculate withholdings, taxes, leave, and net pay for each country office employee.

Once the Payroll Register Worksheet is completed, it must be reviewed and approved by both the Country Director and Human Resources Business Partner. This review ensures that no fictitious employees are paid; salary rates are accurate and in accordance with current employee agreements; hours worked are accurate; payroll expenses are calculated accurately; and project codes are charged correctly.

Employees are encouraged to use direct deposit for payroll, where available. Payroll payment can be enacted by Electronic Funds Transfer or check. Before payroll is paid, the wire or check must be approved and signed by both the Finance Manager and Country Director after review of supporting documentation. Particular attention must also be made to ensure that the country office adheres to the local laws regarding employers' contributions and liabilities.

10.2 Documenting Payroll

The Finance Manager must record the payroll at month end. When payroll is paid before month end, the Finance Manager must record the payroll expense and payroll tax liabilities. If salaries are not paid during the month, the Finance Manager must record an accrual to salaries payable.

The Country Director and/or Finance Manager must ensure that payroll withholding taxes are withheld and remitted in accordance with country law and that payroll tax returns are filed in a timely manner with the appropriate governing body. Documentation, including the deposit, must be maintained, and sent as part of the monthly submission to central office as evidence of the tax remittance. Payment can be made by either wire or check and must be approved and signed by both the Finance Manager and Country Director after review of supporting documentation.

10.3 Taxes

In addition to payroll taxes, each country office may be required to file and remit other types of taxes based on TREES's country specific registration and in accordance with local country legal requirements. The Controller and Director of Finance will work with country team and local tax offices to provide tax guidelines based on registration requirements. The Controller and CFO will stay current with any changes and communicate changes to project teams to make sure country offices meet local country requirements. This includes but may not be limited to the following taxes.

- **Withholding Tax (WHT):** is a tax that is deductible at the source, from the amount payable to vendors, whether they are individuals or companies. Withholding taxes are withheld at the country applicable rate and remitted in accordance with country local legal requirements.
- **Value Added Tax (VAT):** is a consumption tax placed on sales of goods and services. VAT in this manual for specific VAT requirements and examples as guidance.



- **Annual Reporting**, including but not limited to Statutory Audited Financial Statements and Corporate Income Tax Returns in accordance with registration requirements. All country requirements are guided by the Central Office finance department.

CHAPTER ELEVEN: COUNTRY ADVANCE REQUEST (CAR)

The process of funding operations for country offices is facilitated by the CAR. The CAR is an Excel template that automatically calculates the monthly funding requirements based on the available cash on hand and the forecasted expenditures for the upcoming month. Use of the CAR ensures that adequate segregation of duties is in place by segregating the **Requester** of the CAR (typically the Finance Manager and/or Country Director); the **Approver** (typically the Director of Director of Programs); and the **Issuer** (Director of Finance). CARs are set up monthly.

Please note:

- All countries' will be funded in the local currency and the local currency will be purchased by central office finance using at rate negotiated with CITI bank. Any exceptions to this policy must be approved by TREES' CFO.
- Bank balances at the end of the month must be minimal. Country offices may target less than \$10,000, or no more than 1 weeks' worth of funds at the end of the month.

11.1 Completing the CAR

To properly complete the CAR, the Requester must complete all cells that **are highlighted in yellow (general information)**, green (local currency amounts), and blue (USD amounts). Requesters must use the following steps to complete these sections. Additional guidance is also found in the **CAR Standard Operating Procedure**.

Step 1: Current Cash Balances

- Current cash balances represent the total estimated cash available at the end of the period to fund forecasted expenditures for the next period. Cash balances consist of cash in the bank and Petty Cash. The cash balance will be the estimated cash balance at the end of the previous two-week period. When estimating the cash available at the end of the period, the Requester must consider any outstanding checks, wires, or deposits that would affect the cash balance. It is not necessary to wait for bank statements to prepare the monthly CAR. Reasonable estimates are acceptable.

Step 2: Forecasted Expenditures

- Forecasted expenditures represent an estimate of the expenses that will be incurred during the funding period. All forecasts must be entered for local currency and USD.



- Forecast may provide for 25% buffer of anticipated costs. For example, if the forecast costs are \$4,000 but cash balance in bank account/ledger is \$1,000, the total forecasted expenses should be \$ 3,750 (\$3,000 less \$1,000) multiplied by 25%.

When preparing the forecast, the Requester must consider any prior-month activities that were forecast but not completed or paid for as planned. For guidance concerning this topic, Country offices may refer to the **CAR Standard Operating Procedure**.

Step 3: Calculate Funds Requested (Automatic Calculation)

- The funds requested will be the total forecasted expenditures for the time period, less the total available cash at the beginning of the period. This is an automatic calculation and does not require staff input.
- When completing the CAR, the Requester is responsible for submitting a properly prepared and forecasted CAR to the Approver. The Requester must ensure that accurate bank and Petty Cash balances are entered, forecasted expenses are properly allocated across the time periods, correct country office and bank account information is entered, the currency is selected, and the CAR is approved by the Country Director or Director of Programs.
- The Approver will review the CAR to ensure that the cash forecast is reasonable per the program budget and objectives, that bank and country office information is correct, that the correct currency was requested, and that the CAR was submitted timely.
- Central office finance suggests that CARs be completed and submitted within the first 5 days of the beginning of the month. This enables proper Director of Program, Controller review and approval and Director of Finance processing to allow funds to be available on or about the first week of the month so that funds can be spent by month end.

CHAPTER TWELVE: TRAVEL

These procedures apply to domestic and international travel on TREES business and incurring expenses on TREES's behalf. Staff is required to follow the TREES's standard policies and procedures and must not incur costs not allowed under these policies and not approved in advance except in the event of an emergency. TREES reserves the right to disallow costs if they are considered unnecessary or unreasonable.

12.1 In-Country Travel

Travel within the country must be planned and coordinated with each employee's supervisor and approved by the Country Director. Each traveler is required to prepare a travel budget and to complete and sign a Travel Request Form for approval prior to travel by his/her Supervisor and the Country Director. Each country office must prepare local travel policy. The local travel policy must be reviewed and approved by the CFO.



12.2 International Travel

Travel outside your country must be planned and coordinated with your supervisor and approved by Central Office Senior Leadership or the budget holder.

If a traveler needs to unexpectedly change his/her travel schedule and return home as a result of an emergency or extend his/her stay for emergency or business-related purposes, the traveler must immediately inform his/ her supervisor of the need to return or extend as soon as possible. Extending a stay must have approval and is treated like an emergency expense.

Upon approval of a trip, an employee may request for an advance of funds to cover expenses related to the trip. The request must be made using the Travel Advance Request Form. Along with the Travel Advance Request Form, the traveler must submit a budget for the trip and approved Travel Request Form.

Employees that receive a travel advance must prepare and submit an Expense Report no later than 5 days after returning to the office from travel, or after the completion of the event for which the advance was requested. The Expense Report must contain original receipts for all expenses associated with the advance. Receipts must identify the date of purchase and the vendor's name, contain an itemized list and unit price of purchased items, and list the total amount. Once the Expense Report and supporting documentation is reviewed and approved, the Country Accountant or Controller closes the advance.

When the expenses incurred are less than the advance funds issued, the advance is not closed until the balance of the funds is returned. The balance of the funds must be wired or deposited directly into the country office's bank account. A wire confirmation or deposit slip must be provided to the Finance Manager as supporting documentation for the remittance of these funds. If the balance is not returned, the advance must continue to be aged, and if the balance is outstanding for more than 30 days, it may be deducted from the employee's pay. When the employee's expenses exceed the advance amount, a check or wire will be issued to the employee for the amount due to close the advance.

12.3 Travel Allowances

These procedures are designed to ensure compliance with TREES corporate policies and procedures. Travelers on approved work travel will be reimbursed for their expenses based per diem and lodging expenses.

There are three basic elements that comprise lodging, meals, and incidentals: 1) lodging, 2) meals and 3) incidental expenses.

- **Lodging** – Expenses related to overnight sleeping facilities which include hotels, inns or other commercial establishments that provide lodging to transient guests. Lodging costs related to stays at relatives or friends houses and Air BNB locations are not allowable costs.
- **Meals** – Expenses for breakfast, lunch, and dinner.
- **Incidentals** – Miscellaneous travel related expenses, fees and tips.

There are a few general rules affecting travel allowances:



- **No Allowance at Official Duty Station** – Travel allowances shall not be allowed within the limits of the official duty station or at, or within the vicinity of, the traveler’s home from which they normally commute daily to their official duty station.
- **Travel of Twelve Hours or Less (12-Hour Rule)** – A travel allowance shall not be allowed when the period of official travel is 12 hours or less. Example: Traveler leaves the office for official project business at 8:00 am. Traveler returns to the office or their residence following the end of the work at 18:00. Since the travel was under 12 hours the traveler is not entitled to a travel allowance.
- **Beginning and Ending of Entitlement** – For computing travel allowances, official travel begins at the time a traveler leaves his/her home, office, or other authorized point of departure and ends when the traveler returns to his/her home, office, or other authorized point at the conclusion of the trip.

The following relate to reductions in travel allowance rates:

- **Lodging with Friends or Relatives** – When a traveler obtains lodging from friends or relatives or for no charge, no part of the travel allowance will be allowed for lodging.
- **Provided Meals by a hotel, host or as part of a function** – The traveler must not claim a travel allowance for that portion of the meals and incidentals allowance provided. **Example:** The traveler receives complimentary breakfast at the hotel and lunch during a conference. Traveler must not claim breakfast and lunch for that day; only dinner must be claimed. The deductions rates are as follows: Breakfast 15%, Lunch 25%, Dinner 40%, and Incidentals 20%.

12.3 Travel Allowance Documentations/Receipt Requirements

For travel expenses, employees are required to submit all airfare, car rental, and lodging receipts with expense reports. No expenses will be reimbursed for lodging at establishments that are not commercial hotels or inns. Receipts must contain itemized detail, including vendor/supplier name, date, details of service/product, total amount paid, and proof of payment.

CHAPTER THIRTEEN: PROPERTY PLANT AND EQUIPMENT

Property Plant and Equipment (PPE) assets are accounted for on a cash basis and expensed when purchased or are stated in the balance sheet at cost or valuation less accumulated depreciation. TREES recognize PPE as those items whose unit price as \$2,000 or more, any item below the threshold is expensed to the Income and Expenditure account in the year of acquisition.

All PPEs shall be maintained in an asset register that will be updated regularly with additions and disposals.

23.2 Depreciation

Depreciation is computed on a straight-line basis over the useful life of the asset as follows:

- Motor Vehicles, 25%
- Furniture and Fittings, 12.5%



- Computer and Accessories, 33%
- Equipment, 12.5%

Full depreciation will be charged in the year of acquisition and no depreciation will be charged in the year of disposal.

CHAPTER FOURTEEN: BUDGET

Budget planning and formulation is led by TREES Senior Leadership Team. Budgeting activities shall aim to produce a coherent program and budget that incorporates programmatic and operational priorities of TREES over the budget period.

All Budgets shall be prepared and maintained in the functional currency of the TREES, which is the United States Dollar (“USD”). The USD shall also be the functional currency for the central and country offices.

Annual budgets must be approved by the Board of Directors. Budgets will not be executed without the approval of the Board of Directors.

Each department and country office are responsible for overseeing and monitoring the administration of budget appropriations to ensure that expenditures incurred remain within the structure approved by the Board. Coding shall be established to reflect the mappings of the structure at central and country office level. The Budget shall be monitored monthly for all expenditures. The Finance Department shall prepare variance reports showing the actual achievement in a format consistent with that of the approved Budget. The format of the variance reports shall be consistent with that of the original Budget and shall contain a) the Budget; b) actual expenditure vis-à-vis the Budget; c) variance (year to date); and d) forecast for the remaining period of the year.

The Finance Department shall alert the staff with authority over the budget for the respective departments if unusual patterns of expenditure occur, for example sudden increase in expenditures for one budget line, over-spending in another budget line, or no expenditure or under-expenditures for yet another budget line. If necessary, the Finance must draw the attention of Program Managers to identify the corrective measures needed as indicated in

The officer with authority over the budget for the respective organization unit or project shall review the monthly variance report and identify corrective measures.



CHAPTER FIFTEEN: ETHICS

TREES is committed to conducting business with the highest integrity and in accordance with all applicable laws and regulations. At TREES, our steadfast commitment to the highest ethical and business standards, as set forth in our Code of Conduct (“Code”), underpins everything we do. The Code is available in several languages and provides general guidance and practical examples of concerns that may arise in day-to-day work. TREES employees are required to acknowledge that they have read the Code on an annual basis and to complete all assigned training about the Code and related ethical issues.

All staff must read and understand TREES’s Code of Conduct and policy made available by Senior Director Human Resources.