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SOSHEDO FOUNDATION FINANCE AND ACCOUNTING POLICY

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Summary of the Contents covered in the SOSHEDO Foundation Financial & Accounting Policy (2026-2030).

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1. INTRODUCTION/BACKGROUND.

SOSHEDO Foundation is a non-profit organization working in health, environment, youth and women empowerment, climate resilience, human rights, research, and sustainable development.

2. GUIDING PRINCIPLES

This Finance and Accounting Policy establish the framework for managing all financial resources of SOSHEDO Foundation in a transparent, accountable, efficient, and compliant manner for the period 2026–2030. This Finance and Accounting Policy **ENSURES** that the financial management principles, systems, controls, procedures, and accountability mechanisms governing all organizational resources. The policy ensures that all funds—whether from donors, government partners, or internal revenue—are properly planned, recorded, safeguarded, and reported.

SOSHEDO Foundation shall operate according to:

- ☐ Accountability
- ☐ Transparency
- ☐ Integrity
- ☐ Stewardship
- ☐ Value for Money
- ☐ Equity and Fairness
- ☐ Donor Compliance
- ☐ Sustainability
- ☐ Zero Tolerance for Fraud

2.2 Purpose

The policy aims to:

- ☐ Promote transparency and accountability.
- ☐ Ensure prudent stewardship of resources.
- ☐ Protect organizational assets.
- ☐ Ensure compliance with donor agreements.
- ☐ Prevent fraud, corruption, waste, and abuse.
- ☐ Support effective decision-making.

It aligns with:

- International Public Sector Accounting Standards (IPSAS)
- EU donor financial regulations
- UNDP financial management guidelines
- Global NGO financial accountability standards

2.3 SCOPE

This policy applies to:

- Executive Committee
- Chief Executive Officer
- Staff
- Volunteers
- Consultants
- Contractors
- Implementing Partners
- Sub-grantees

3. LEGAL AND INSTITUTIONAL FRAMEWORK

SOSHEDO Foundation operates within:

- ✓ Uganda Non-Governmental Organizations Act
- ✓ Public Finance Management Act (Uganda)
- ✓ International donor agreements
- ✓ Internal governance constitution

Financial operations must comply with:

- Anti-corruption laws
- Tax obligations (URA compliance)
- Employment and payroll statutory deductions

4. POLICY OBJECTIVES

The objectives include:

- Ensure accountability of all financial resources
- Promote transparency in financial transactions
- Strengthen donor confidence and compliance
- Prevent fraud and misuse of funds
- Ensure efficient budgeting and resource allocation
- Maintain accurate financial records
- Support audit readiness at all times

5. CORE FINANCIAL PRINCIPLES

SOSHEDO Foundation financial management is guided by:

- Transparency
- Accountability
- Value for Money (VfM)
- Segregation of duties
- Integrity and ethical conduct
- Accuracy and completeness
- Compliance with donor regulations

6. GOVERNANCE AND FINANCIAL OVERSIGHT STRUCTURE

6.1 Board of Directors

- Overall Financial Oversight / Approves budgets and financial policies
- Approval of Budgets, Reviews audited reports
- Risk Management, oversees risk and compliance

6.2 Executive Director / CEO

- Chief Accounting Responsibility/Overall financial accountability
- Implementation of Financial Controls & Financial policy
- Donor Reporting Accountability

6.3 Finance Department

- ❖ Budget preparation, tracking and Reporting
- ❖ Bookkeeping and reporting, day to day financial management
- ❖ Cash management
- ❖ Internal Controls Enforcement

6.4 Internal Audit Unit

- Independent review of controls
- Fraud detection and risk assessment

7. BUDGETING AND PLANNING SYSTEM

7.1 Budget Preparation

Budgets are:

- Annual and multi-year (2026–2030), prepared by Finance Department
- Program-based budgeting aligned to strategic plan and donors

7.2 Budget Approval

- Prepared by Finance Officer/Accountant
- Reviewed by Management (Programme Officers/Programme Coordinator & CEO)
- Executive Committee /Board approval required before implementation

7.3 Budget Control

- ❖ Monthly budget vs actual review
- ❖ Variance analysis mandatory

7.4 Budget Revisions

Allowed only with donor and Board approval.

8. REVENUE MANAGEMENT AND DONOR FUNDS

8.1 Sources of Funds

- Donor grants (External Overseas and Within Uganda)
- Government support
- Partnerships
- Internal income generation

8.2 Fund Reception

- All funds must be received through official bank accounts
- No cash donor transactions allowed without approval

8.3 Grant Compliance

- Each donor fund must be tracked separately
- Restricted and unrestricted funds clearly classified

9. EXPENDITURE MANAGEMENT.

9.1 INTERNAL CONTROL SYSTEM

9.2 KEY CONTROLS.

SOSHEDO Foundation shall maintain a strong internal control environment including:

☐ SEGREGATION OF DUTIES.

No single individual shall:

- ✓ Handle full transaction cycle (e.g):
- ✓ Request funds.
- ✓ Approve funds.
- ✓ Make payment.
- ✓ Record payment.
- ✓ Reconcile payment.

☐ AUTHORIZATION CONTROLS.

All payments must follow:

- Approved budget line
- Verified supporting documents
- Purchase order and invoice matching

☐ MULTI-LEVEL APPROVALS FOR EXPENDITURES.

Three-level approval system:

☐ Programme Officer → Activity Request

☐ Accountant → Budget Verification

☐ Programme Coordinator → Programme Approval

☐ CEO → Final Authorization

☐ Signatories → Payment Approval

☐ PHYSICAL CONTROLS

- Secure cash storage
- Asset registers and tagging

☐ RECONCILIATION CONTROLS

- Monthly bank reconciliation

- Cash reconciliation
- Asset verification

□ **AUDIT CONTROLS/TRAILS.**

- Annual external audit
- Internal audit function (or outsourced auditor)

Control Environment:

- Zero tolerance for fraud
- Ethical code of conduct enforcement

9.3 Dual Signatory Requirement

All bank payments require two authorized signatories and all three signatories for mobile payments.

9.4 Documentation

Every transaction must have:

- Approved requisition
- Invoice
- Receipt
- Delivery notes where applicable
- Approval evidence

9.5 Payment Procedures

- Invoice verification
- Purchase order matching
- Approval hierarchy

9.6 Eligible Expenditures

- 🚦 Must align with approved budget and donor guidelines.

10. CASH MANAGEMENT AND PETTY CASH CONTROLS

10.1 Bank Accounts/Fund Accounting (Control Layer)

- All operational funds held in bank accounts for each donor project, each program budget line
- Dual signatory system required (CEO + Finance Manager/Board delegate)

10.2 Cash Handling

- Strong cash controls enforced & Strict documentation required for all expenditures.

10.3 Petty Cash Limit

- Maximum petty cash float: UGX 500,000
- Replenishment only after reconciliation

10.4 Cash Counts

- Surprise cash counts conducted monthly

11. ACCOUNTING SYSTEM AND STANDARDS

SOSHEDO Foundation uses:

- Accrual accounting system (Income & expenses recorded when they are earned or incurred)
- IPSAS-aligned reporting
- Digital accounting software system

Key Features:

- Double-entry bookkeeping
- Chart of accounts aligned to donor /project codes
- Use of recognized accounting software (e.g., QuickBooks/SAGE/ERP)
- Monthly reconciliation of all accounts
- Segregation of restricted and unrestricted funds
- Audit trail preservation for all transactions

12. PROCUREMENT, FINANCIAL LINKAGES AND EXPENDITURE CONTROLS

Procurement is directly linked to finance:

- Purchase requisition required
- Competitive procurement required (minimum 3 quotations rule)
- Procurement committee approval oversight
- Payment only after delivery confirmation
- Open tender for high-value purchases
- Conflict of interest declarations mandatory
- SOSHEDO FOUNDATION /Donor value-for-money compliance required and Adhered

12.1 Procurement Principles

- Competition
- Transparency
- Value for Money
- Fairness

12.2 Procurement Thresholds

- Up to UGX 500,000: One quotation
- UGX 500,001–5,000,000: Three quotations
- Above UGX 5,000,000: Procurement Committee review

12.3 Conflict of Interest

Staff shall declare procurement conflicts.

13. ASSET MANAGEMENT

- All assets must be recorded in fixed asset register
- Annual physical verification required
- Disposal only with Board /Executive Committee approval
- Asset tagging and tracking system mandatory

Asset Register includes:

- Equipment
- Vehicles
- Furniture
- ICT systems

Controls:

- ✓ Tagging of assets
- ✓ Annual physical verification
- ✓ Disposal approval procedures

14. PAYROLL AND STAFF BENEFITS

Payroll Management:

- Monthly payroll processing
- Tax deductions (PAYE, NSSF)
- Staff salary confidentiality

Controls:

- Approved staff list
- No ghost workers policy
- Payroll audit annually

15. FINANCIAL REPORTING AND COMPLIANCE**Reporting Types:****□ INTERNAL REPORTING.**

- Monthly financial reports & management accounts
- Budget vs actual analysis
- Cash flow statements

□ EXTERNAL REPORTING.

- Donor-specific financial reports
- Quarterly and annual financial statements
- Compliance reports aligned to donor templates.

Standards:

- IPSAS compliance
- Donor-specific formats

16. AUDIT AND ASSURANCE SYSTEMS**Internal Audit:**

- i. Continuous monitoring
- ii. Quarterly audits

External Audit:

- Annual independent audit
- Donor-appointed auditors allowed

17. FRAUD PREVENTION AND ANTI-CORRUPTION**Measures:**

-  Whistleblowing mechanism
-  Fraud investigation committee
-  Strict disciplinary action

Fraud Types Covered:

- Embezzlement/ Misappropriation of funds
- Procurement fraud
- Payroll fraud
- Bribery and kickbacks
- Conflict of interest violations

18. RISK MANAGEMENT IN FINANCE

Financial Risks:

- ❖ Currency fluctuation
- ❖ Funding delays
- ❖ Misappropriation

Controls:

- Risk register maintained
- Quarterly risk reviews/Assessments
- Fraud risk monitoring
- Budget variance analysis

19. DONOR REPORTING REQUIREMENTS & COMPLIANCE FRAMEWORK.

SOSHEDO Foundation complies with:

- a. Any International & Domestic Donor financial reporting frameworks
- b. Any International & Domestic expenditure tracking
- c. IPSAS accounting principles
- d. Donor visibility and reporting requirements/Standards
- e. Donor financial accountability standards
- f. Donor Grant financial regulations
- g. Eligible cost principles (allowable, allocable, reasonable)

Requirements:

- Activity-based costing
- Supporting documentation for every expense
- Audit-ready financial trails

20. RECORDS MANAGEMENT AND DOCUMENTATION

-  All financial records kept for minimum 10 years
-  Secure digital and physical storage
-  Document referencing system

21. ICT AND FINANCIAL SYSTEMS CONTROLS

- Use of secure accounting software
- Password-protected access
- Data backup systems
- Restricted user roles

22. CAPACITY BUILDING AND FINANCIAL TRAINING

- ✓ Annual financial management training
- ✓ Donor compliance workshops
- ✓ Internal control awareness sessions

23. POLICY REVIEW AND AMENDMENTS

- Reviewed every 2-3 years or as needed
- Approved by Board of Directors and Executive Committee Members.
- Updated for donor regulation changes

24 GRANT MONITORING

Each grant shall have:

- Budget tracker
- Workplan
- Reporting schedule
- Risk register

25 Grant Close-Out

Final reports must be submitted according to donor requirements.

26. ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Procurement and financial decisions shall support:

- Environmental sustainability
- Child safeguarding
- Gender equality
- Inclusion
- Human rights

27.POLICY VIOLATIONS

Violations may result in:

- Warning
- Suspension
- Recovery of losses
- Termination
- Legal action

28. SIGNATURES/ APPROVAL AND ADOPTION

This Finance and Accounting Policy is hereby approved for full implementation across SOSHEDO Foundation operations effective 5th January 2026 to 5th January 2030

Board Chairperson: Okori Lawrence

sign: 

Executive Director/CEO: Apia Sharon

sign: 

Treasurer: Amuge Grace

sign: 

Official Stamp

