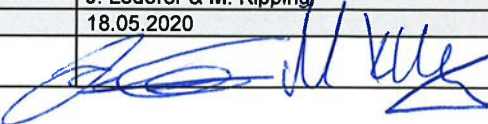
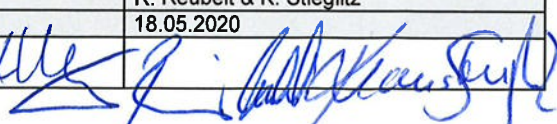




SoH Standard Operating Procedures

FINANCES

Version: 1.0		1 von 36
	Created by: J. Lederer & M. Kipping	Approved by: R. Reubelt & K. Stieglitz
Date:	18.05.2020	18.05.2020
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These Standard Operational Procedures (SOPs) for financial management are approved and implemented by the Board of Sign of Hope. They are a binding description of the operational procedures of the organisation at all levels and are valid for all employees from 01.05.2020.

The manual consists of a narrative description as well as templates and formats that are attached as annexes or links. Some of them are mandatory and may not be changed. In other cases, templates serve merely as examples or references that can be adapted to meet specific needs.

In order to implement the SOPs set out in this manual, it is of great importance that all SoH employees consult this document regularly and intensively. All F&C staff are responsible for implementation and the Head of Department/Director/Country Director is responsible for ensuring that all staff are aware of these SOPs and make every effort to implement or apply them. All other policies and SOPs must be in line with these operational procedures, although stricter rules may be established at programme & project level, e.g. to meet legal or donor requirements.

Any justified suspicion of misconduct must be reported by each employee and followed up in accordance with the SoH Complaints and Whistleblowing Policy.

<https://www.hoffnungszeichen.de/english/accountability>

If F&C discovers inadequate implementation of SOPs in its control function, timely feedback must be provided to the relevant staff.

Revisions: These SOPs and their annexes must be revised and updated annually. A new version must be published on the website. A summary of the most important changes must be sent to all international staff, headquarters and the finance department.

Every SoH staff member involved in finance is encouraged to send suggestions to the contact person (finance@sign-of-hope.org) to improve the SOP to make it more useful and make SoH project funding more effective, transparent and secure.

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Abbreviations used:

BH	Budget holder / Budget Holder
BMZ	German Federal Ministry for Economic Cooperation and Development
DMS	Document Management System
EAB	East Africa Branch
F&C	Finance and Controlling at HQ
GAAP	Generally Accepted Accounting Principles
HoD	Head of Department
HQ	Headquarter = Head office of Sign of Hope
MoU	Declaration of intent (Memorandum of Understanding)
IAC	International Assistance and Cooperation Department
IHZ	Referat für internationale Hilfe und Zusammenarbeit
IRB	Invoice Receipt Book
PM	Project Manager
SoH	Sign of Hope
SOP	Standard Operating Procedures / Standard Operational Procedures
WP	WINPACCS

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1 GLOSSARY OF TERMS

The terms defined below are generally accepted accounting terms:

Account / Konto: Ongoing comparison and accounting of incoming and outgoing or credit and debit notes. Every account has a debit and a credit side.

Accountancy / Buchhaltung: The process of analysing, classifying and recording transactions and operations in terms of time, quantity and monetary value.

Accounting Period / Abrechnungsperiode: The period for which a target/actual comparison is usually created (period is usually one month).

Accounting System / Buchhaltungssystem: The day-to-day method according to the Generally Accepted Accounting Principles (GAAP), with which all changes in value in the organisation in an accounting period are recorded chronologically and systematically.

Accrual / Rechnungsabgrenzung: In accounting, a step in the annual financial statements that assigns values in the profit and loss account and the balance sheet to the correct accounting period (e.g. fiscal year, quarter).

Amortization / Abschreibung: The amortization of the loss in value of certain material or immaterial assets in the event of scheduled or unscheduled impairment.

Asset Goods / Anlagegüter: An economic good that can be used for itself and that is used in the company for a longer period of time. In contrast, all goods intended for resale or further processing are included in current assets.

Audit / (Wirtschafts-) Prüfung: An examination by an independent qualified expert (the auditor) of the accounts and supporting documents prepared by the management of a company and the accounting principles and policies underlying them.

Auditor / Rechnungsprüfer: A duly qualified person who conducts the audit.

Balance / Saldo: The net difference between the debit and credit sides of an account.

Balance (verb) / Bilanzieren: The total of debits and credits on a ledger account and the entry of the difference between them as balance.

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Balance Sheet / Bilanzübersicht: Provides a snapshot of a company's assets, liabilities and equity at a given point in time.

Balancing the books / Die Bücher ausgleichen: The periodic closing and adjustment of all accounts in the general ledger to determine the profit or loss in the given period.

Bank Reconciliation / Bankabstimmung: Reconciliation of the balance reported by a bank on an account statement with the general ledger.

Bank statement / Bankauszug: Printed record of the balance of a bank account and the amounts deposited to and withdrawn from the account.

Book-Keeping / Buchhaltung: In the accounting department the business transactions are recorded chronologically, the values are collected and grouped.

Books of accounts / Geschäftsbücher: The books of accounts record the business transactions of a company. Books of accounts include the land register, the general ledger and the sub-ledgers.

Bought Ledger / Kreditorenbuch: An account book that records the personal side of all credit purchases of goods or services.

Budgeting / Budgetierung: A business planning process in which the available financial resources are planned for the next year. It forms the basis for a plan-actual comparison.

Capital / Eigenkapital: Funds provided by the owners of a company to finance the company.

Cash Book / Kassenbuch: A general ledger in which all cash receipts and payments in the form of cash or cheques are recorded and which is used to determine the cash balance.

Cash Flow / Geldfluss: Comparison of payments received and payments made within a certain period. Enables statements to be made on the internal financing or liquidity of an economic entity. If the cash flow is positive, more money goes in than out, if it is negative, more money goes out than in.

Close off / Abschluss: The larger value side of an account is added and transferred to the smaller side as a total, from which all amounts of the smaller side are subtracted, resulting in a balance. This balance is posted to the respective balancing account.

Cost Center / Kostenstelle: The place where the costs are arising (in our cases it refers mainly to the budget or sub-budget of a department).

Cost Objective / Kostenträger: The objects to which the costs are allocated (in our cases mainly the projects to which the costs are allocated). Cost objects are therefore the answer to the question of what the costs were used for.

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Credit / Kredit (Substantiv): Provision of capital or purchasing power for a limited period of time. In addition, the capital made available for debt financing is itself referred to as a credit. Entry on the right side of a general ledger.

Credit Note Document / Gutschriftsbeleg: A document sent to a person, company, etc., indicating that the specified amount will be credited to his account.

Current Assets / Umlaufvermögen: Assets that are intended for short-term sale, consumption, processing or repayment as part of the operating process. They are only in the company for a short time.

Debit (Noun) / Soll (Substantiv): An entry that records a liability that is listed on the left side or in the column of an account.

Debit (verb) / Belastung: To 'debit' an account to make a booking on the left side.

Debit Note Document / Lastschriftbeleg: A document that is sent to a person, company, etc., indicating that his account will be debited with the specified amount.

Debtor / Schuldner: A person, country or organization that owes money.

Depreciation / Wertminderung: The measure of the estimated monetary loss of a fixed asset due to use, obsolescence or the passage of time.

Discount / Ermäßigung: A discount that is deducted from an invoice price, account, etc.

Double entry method / Doppelte Buchhaltungsmethode: System of bookkeeping in which all business transactions are entered twice. Business transactions are posted to account and contra account. It allows you to determine profit twice, through the balance sheet and the profit-loss report.

Final accounts / Endabrechnung: The final accounts give management, owners and other interested parties an idea of the profitability and financial situation of a company.

Fixed Asset / Anlagevermögen: An asset that is used on a permanent basis within a company (e.g. land, buildings, furniture, plant, machinery, etc.).

Gross / Brutto: A total amount before any deductions.

Gross Up / Hochrechnen: The calculation of a gross number from a net number by adding deductions.

Imprest System Method / Vorschuss System: Prepayment of a fixed amount and repayment of expenditure at the end of the month or period so that the monthly or periodic balance remains the same.

Inventory / Inventar: All the furnishings and assets belonging to a company.

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Invoice / Rechnung: A document showing the character, quantity, price, conditions, method of delivery and other details of the goods sold or services rendered.

Journal / Tagebuch: Register of the accounting, which takes over the entries of the business transactions chronologically in descriptive form.

Ledger / Hauptbuch: General term for all accounts. The general account in which the postings from all other accounts are grouped together.

Liabilities / Verbindlichkeiten: The obligations of a company, usually of a financial nature. A term used to describe the total debts of a company.

Liquidity / Liquidität: Liquid assets such as cash in hands, bank deposits or similar.

Loan / Leihgabe: A money advance from a lender to a borrower.

Lodgement / Hinterlegung: A payment into the bank or the crediting of a specific account.

Materiality / Wesentlichkeit: Means that when preparing annual financial statements, all facts must be taken into account and disclosed which are "material" (significant), i.e. have an impact on the annual result due to their magnitude and are of importance for the recipients of annual financial statements due to their informative value.

Net / Netto: Value after deduction of all fees or costs.

Netting off / Aufrechnung: Redemption of similar debts by balancing.

Nominal accounts / Sachkonto: A nominal account is used in financial accounting in companies to post business transactions in the current fiscal year and to make closing entries at the end of a period.

Nominal / Nominal: The nominal value is measured in money, while the real value is measured in goods or services.

Payment request form / Zahlungsanforderungsformular: A non-standard request from a department to authorize payment for goods and services by the company. It is often used for purchases when no invoice is presented.

Payroll / Gehaltsabrechnung: A document on which the employees and their wages and salaries are listed.

Personal Account / Personal Account: An account that shows transactions with a specific person, company or corporation.

Petty Cash Book / Kleines Kassenbuch: A sub-book of the cash book in which all small cash payments are recorded.

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Posting / Buchung: The transfer of postings from the journals to their corresponding accounts in the general ledger.

Prepayment / Vorauszahlung: A payment made in the current accounting period that is partially or fully related to a future period.

Profit and Loss Account / Gewinn- und Verlustrechnung: A summary presentation of all income and expenditure accounts, showing as a balance the profit (or loss) for the period considered.

Provisions / Rückstellungen: Obligations of a company which are uncertain in their existence or higher.

Reconcile (verb) / Abstimmen: Determining the correctness of entries and transfers.

Retained earnings / Einbehaltene Gewinne: Profit that is not distributed and is available as equity.

Revenue / Einnahmen: The amounts received by a company, cash and non-cash.

Schedule / Zeitplan: A detailed list of items listed in a working document with the correct heading is consistent with the number analysed or supported and includes cross-references.

Statement of Account / Kontoauszug: Document about the transactions that have taken place in a certain period of time on a certain account.

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2 General rules and regulations

2.1 Basic principles

The SoH currency is the Euro (EUR / €).

The financial year of SoH begins on the 1st October and ends on the 30th September of the following year. The fiscal year, which is divided into quarters and periods, is the basis for project reporting. Reporting to the donors must be in accordance to the agreements, the donor's fiscal year and the project schedule.

The accounting of SoH must be in accordance to Generally Accepted Accounting Principles (GAAP). GAAP requires accrual accounting in contrast to cash accounting. Accrual accounting requires costs and revenues to be recorded when they are incurred and not when the money changes hands. Only the branch offices that use the SoH cash book use cash-based accounting due to software and capacity limitations. In Germany, SoH is obliged to work in accordance with the principles for the proper keeping and storage of books, records and documents in electronic form and for data access (GoBD).

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2.2 Accounting Process

SoH's accounting is managed by the Diamant software.

Each unit has a budget, which can be divided into sub-budgets (e.g. the IAC unit has a budget for development cooperation and a budget for humanitarian aid). Each budget has its own cost center. A cost center describes the area for which the costs are incurred. A department budget consists of several cost objects, which refer to a project budget, for example. All costs are posted to the cost center. Directly assignable costs are assigned to a cost object. The cost element (such as travel expenses, fixed assets, and so on) is also important information for accounting.

Examples for cost centers:

3100 = IHZ Development Cooperation

3300 = IHZ Humanitarian aid

3400 = EAB Admin Cost Centre

3432 = EAB Ethiopia

3433 = EAB Uganda

An overview of the genral ledger accounts can be found in the following excell table, which has several pages (for each unit):

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6&did=45596&p=V>

3 Development of projects

Every project always starts with its own specific cause. The project idea can develop actively or passively. On the one hand, the idea to carry out a project can develop within SoH, i.e. be proactive. On the other hand, the project idea can be brought to SoH by partner organisations, authorities, local target groups or even donors or other organisations. Basically, every project must be based on a corresponding need.

The Head of Unit / Director must decide (e.g. on the basis of a *concept note*) whether or not this project idea should be pursued further. If the decision is positive, the project will be elaborated in detail. In case of a negative decision, the action plan can be used to prepare a corresponding response to the applicant / proposer of the project idea.

Process description: Feasibility analysis (only available in German)

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<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=178=V>

3.1 Detailed project planning

For a detailed project planning it is necessary to analyze the original idea and the underlying needs / problems in order to create a detailed project plan. Important components of the detailed planning are the project logic and justification, the logical framework (logframe) and the project budget. The sequence of steps is as follows:

- Needs assessment: what are the needs in terms of quantity and quality?
- Problem analysis: what are the underlying problems in the context of the identified needs? What are cause-effect relationships? Which of the identified needs and related problems are relevant for us?
- Context analysis: what was the situation before the needs arose? What is the current situation in the specific region (economic, security policy, socio-cultural situation)? What and how are future perspectives for the region? How is the situation in the neighbourhood?
- Stakeholder analysis: which persons/groups/authorities/organisations are relevant to the respective problem? Which are "positive", which are "negative" in relation to the project goal?
- Solution analysis: what are the possibilities to solve the problems identified? How can optional solutions be used for a solution strategy? What effects are intended, what is the theory of change (ToC)?
- Project logic (logframe): which project goal do I define for my organisation? What will the result be? To what overall goal can this project goal contribute? What results do I need to achieve in order to reach my goal? What will be the outputs? What activities do I have to carry out to achieve the results? What are verifiable indicators (SMART) that show me the project status and progress and how / where to find them? What are the main assumptions / risks to be mentioned in the planning phase?
- Bill of Quantity (BOQ): what kind of input / resources, for example financial, personal or material, do I need to carry out the activities? How many of these resources do I need and how long or where in my planned project structure do I use them?
- Project cost budget: what are the unit costs for each resource required? What is the life cycle? Resulting costs?
- Cost recovery budget: how do I cover the costs resulting from the project? Which donor can I approach to cover which costs? What is the remaining deficit to be covered by SoH's own resources? From which income cost centre do the own funds come?

A suitable budget is a prerequisite for the entire project cycle management process. Suitable in this case means

- realistic,
- as detailed as possible,

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- based on the right demand planning,
- simple,
- logical.

Process description: designing the project (only available in German)

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=183=V>

Process description: implement project (only available in German)

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=476=V>

3.2 Project number

Each project receives a project number for clear identification.

Examples: EAB-DC-UGA19.01; EAB-ER-SSD19.03

EAB = East African Branch

DC = Development Cooperation

ER = Emergency Relief

UGA = Uganda (ISO 3611 APHA 3 code) https://en.wikipedia.org/wiki/ISO_3166-1_alpha-3

SSD = South Sudan

19 = Financial year in which the project started

01 = First DC project in the fiscal year

03 = First project in the ER area in the fiscal year

IAC projects are numbered similarly but no IAC is placed in front of them.

Human rights projects are given the suffix HR instead of DC or ER.

3.3 Create cost object

If the number of working days considered necessary for further project planning exceeds 10, a cost object should be created. In addition, this happens at the latest whenever a new project is created. The project manager or administrator responsible fills out the appropriate form (see Workflow: create cost objective). The head of unit checks the form and forwards it to F&C. There the cost object is created. The project manager is then informed. The project manager enters the corresponding number in the master data sheet. See process description:

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3.4 Storage (project master data sheet)

A good documentation of each project and project development must be ensured. The storage location is the SoH document management system (DMS). Especially important is the creation of a master data sheet per project, so that all documents are bundled under one project number. In this master file, above all the contracts, powers of attorney, etc. must be stored. See DMS manual:

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=30595=VAblage>
 (project master sheet)

4 Project introduction

In project cycle management, the project initiation phase describes the period and activities from the financing approval (result of the project planning phase) to the final provision of funds. This phase is divided into budget allocation, registration of donor funds, withdrawal of funds, monitoring of payments, and provision of own funds.

4.1 Budget allocation & distribution

As early as the project planning stage, the planned costs are assigned to a project (as well as to a cost unit and/or cost centre). The various levels of the organisational structure that will be affected by the costs of the project and the various sources of financing (own funds, donor funds) that will cover the costs are also specified.

The individual overall project budgets can be accessed via the corresponding reports in the Diamant system.

4.2 External project funds

There are various ways how a donor's project contract can reach SoH: It can be sent by fax, post or e-mail. The legally binding format, which usually requires the original with an original signature, is of great importance. It is also possible that the original financing agreement is not sent to the office but to another SoH location. However, it should be noted that the Sign of Hope Office (SoH-HQ) is always the donor's contractual partner for the approval of funds, and financing agreements must always be concluded at central level. In the case of an exceptional approval for the direct conclusion of a contract between a SoH project site and a donor, the Head Office must authorise the relevant local SoH representative in writing on behalf of SoH (EAB signatory authority). This is the only way how a legally binding signature can be provided for the representative. It is very important to obtain and document this legally binding authorisation as it is regularly checked in audits.

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The signatories of the financing agreement are recorded in SoH's signing authority:

Case A: If the project amount to be financed is already in the unit budget the Head of Unit or Director may, jointly with a signed by the staff of the unit.

Case B: If the project amount to be financed is not yet included in the unit budget (this is always the case for multiannual project budgets), the contract will be submitted to the SoH Board for signature.

After the legally binding signature, the donor will be informed about the acceptance of the funds and/or the start of the project.

The original grant agreement is filed in the project file (also DMS), and the field or project partner is informed of the successful funding by e-mail. The project file can be regarded as a kind of life file of the project, in which all relevant documents are kept. Of course, this refers to essential original documents that must be submitted, for example, in case of audits. The following documents must be stored in the project file:

- Request/Proposal
- Finance contracts
- Amendments and supplements to contracts
- Other contracts related to the project, written agreements and MoUs, e.g. partnership agreements
- Personnel lists
- Inventory lists
- Project Monitoring Reports
- If applicable: surveys, maps, studies

The obligations arising from the financing agreement shall be included in the relevant *Project Control List*, including deadlines and reporting requirements. This summary shall contain information on:

- (1) Project number
- (2) Cost center and cost object
- (3) Title
- (4) Sponsor
- (5) Project duration
- (6) Project volume
- (7) Cash flow (terms, instalments, parts of the total)
- (8) Reporting obligations (narrative, financial)
- (9) Changes

4.3 Project account list

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This list - Project Control List - is mandatory for all multi-annual projects with external funding. The list provides an overview of the financing of the project, the reporting obligations as well as requests for funds and transfers. The Project Control List is enclosed for the provision of own funds and for requests for funds from donors. The template can be found below. Make sure to copy the template into your inbox before you edit it and then change the document type from template to base document:

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1398a5db-fd96-4c1c-9f53-9990ecf163a3id=684=V>

4.4 Opening of foreign accounts

As a matter of principle, a bank account should be set up at the project location as early as possible - for self-implemented projects - in order to keep cash transports as low as possible. SoH bank accounts are managed and maintained by F&C in EUR or alternatively in USD. If the donor regulations require a separation of funds, separate bank accounts must be opened. For this reason, for example, Sign of Hope already has a BMZ and an ECHO account.

Project site accounts can be opened in local currency, EUR or USD, depending on project needs. If a bank account is shared by several projects, the account balance of each project must be clearly tracked in that account. Separate accounts must be set up when required by donor agreements or for reasons of better project management.

When setting up the system, the following must receive attention:

- If possible an interest-bearing account
- A negative balance should not be possible
- Compliance with the dual signature principle

The following applies to a disaster operation:

- Maximum amount: EUR 20 000
- Single signature possible for a period of 12 weeks. When withdrawing cash, the dual control principle must be ensured by internal prior approval (e.g. with the HQ).

All bank accounts must be in the name of "Sign of Hope | Sign of Hope e.V." or alternatively Sign of Hope (if possible with e.V.) as account holder. SoH bank accounts can only be opened or closed with the prior written consent of the SoH Board of Directors upon written application by the Head of Unit / EAB Director.

For each SoH bank account, the SoH board of directors and at least two location employees should be authorised to sign it. If this is not possible due to local banking regulations from outside the country, the first senior SoH-HQ staff to visit the country should be registered in the meantime as authorised signatories. A list of all bank accounts with account balances and current signatory powers for F&C must be provided at least annually (as at 30th September). After the opening of an authorized SoH bank account, the employee in charge of the

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organization must send a bank confirmation with the following information to finance@sign-of-hope.org AND projectfinances@sign-of-hope.org

- Name of the bank, name of the branch, bank address
- Bank account name, currency and signatory
- IBAN / account number, SWIFT / BIC
- Authorised signatories with signing authority (single or dual)

Link to the account *Confirmation Letter Template*:

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1398a5db-fd96-4c1c-9f53-9990ecf163a3id=679=V>

The project finance specialist sets up the project bank account in WP online if required.

4.5 Provision of own funds / transfer order

Based on the planned figures of the project budget, the funds to be covered by own contributions must be provided by transfer to the project account.

The project manager completes the transfer form (via Workflow Transfer Order) for the own contribution to the project account of the BMZ (or other donors), which must be signed by the Head of Unit. The Head of Unit / Director checks the transfer order (using the project checklist, among other things) for completeness and accuracy and then forwards it to the Board of Directors and F&C (automatically via DMS workflow). There the form is checked again for completeness and correctness. If details are missing, the form is sent back to the project manager. If it is in order, the own contribution can be transferred. If approval cannot be obtained, the form is sent back to the project manager with a justification.

If approved, F&C transfers the amount to the BMZ account of SoH, so that this part of the funds is then available for the project.

Process description:

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=44242=V>

4.6 Requests for funds from donors

Project funds are formally requested either with the donor form (e.g. bengo application portal) or, if not available, with the internal form (see DMS: IHZ, document type Templates). The amount of funds to be requested depends on the approved funding plan, which usually specifies the number and amount of requests for funds. The *Project Control List* provides an overview of the funds already requested from and received by the donor, as well as those

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transferred to partners. In addition, the implementation plan of the project (for example, GANTT chart) is crucial for the time and amount of funds to be deducted.

The project manager usually receives the information on the amount of the request for funds from the partner or the field office and then prepares the request for funds for the donor. The *Project Control List* is updated for this. The budget manager checks the request for funds documents for completeness and accuracy and releases them. In the case of German donors, the IHZ unit sends the request by postal service (if necessary) to the BMZ, for example. When the money has arrived, F&C informs the departments, and the responsible officer checks whether the money has been received correctly.

In the purpose of the transfer to Hoffnungszeichen, the project number of the donor is rarely mentioned, but the project number of the donor. Therefore, the projects are entered in the following overview so that F&C can make the assignment and enter the revenue to the cost objective:

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=39456=V>

5 Implementation of the project

The project implementation phase comprises the activities of project management, starting with the actual availability of the resources required for the project, followed by the project activities that use these resources until the activities and/or the life cycle of the project are completed and project management enters the project completion phase.

Each department monitors its project and ensures internal supervision:

- Project conception and plans (logframe, operation plan, etc.)
- Mid-term report narrative
- Mid-term report financial
- Mission reports
- Final report (proof of use, narrative and financial)
- Auditor's report
- Evaluator report

The person responsible shall obtain information from the donor on the relevant templates for mid-term and final reports. If deficits occur, necessary adjustments must be made through possible measures until the project goal is achieved. If a deficit persists, the Head of Department / EAB Director must report the problem to the Board. If the deficit cannot be eliminated, the project can be cancelled and the funds recovered.

5.1 Transfer to partner organisation

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When the funds have been correctly received from the donor, the project leader prepares the transfer of the funds requested by the partner by submitting the funds requested from the partner via the DMS dialog "Store Payment Request". This starts a workflow.

The following documents must accompany each transfer:

- Contract/project agreement
- Request for funds of the Partner
- Bank confirmation not older than three years
- Department budget with plan/actual comparison

The budget officer checks the accuracy of the transfer on the basis of the above-mentioned documents. The transfer is carried out by F&C. The output log of the transfer is automatically stored in the DMS and can be found and assigned to a project using the following search: Search Project related; Fulltext: Account number; Department F&C; Title S-firm. The responsible project manager or administrator checks the monetary entrance at the partner using the partner's bank statement. The current financial status of the posting can be called up at any time by checking the cost unit in the Diamant system.

At this point in time, all the necessary resources for the implementation of the project are available.

Detailed information on the workflow can be found here on page 5: C Payment Request (Partner)

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=44242=V>

Workflow Chart:

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=45117=V>

5.2 Request for funds EAB (Nairobi and Uganda)

For a request of funds from the EAB (Work Flow: Bank Transfer Request), the procedure is similar to 2.2:

The EAB funding request is released when the document is signed by EAB and its accuracy is confirmed. For payment the approved document is forwarded to the Board of Directors and F&C via docuware. The factual correctness and the bank details are checked, then the payment is recorded in S-firm and the transfer is made.

Detailed information on the workflow can be found here on page 2: A Transfer Order

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=44242=V>

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5.3 General allocation of funds

Primarily this requires a distinction between cash payments and transfers for project expenditure. The decision depends on this:

- Amount of the payment
- Terms of payment
- Local conditions (distance)
- Time factor
- Safety conditions
- Exchange rate/currency
- Monitoring / Transparency
- Expenditure (avoiding the conversion of bank to cash)

5.3.1 Cash payment

Cash transports should always be an exception. Money should be transferred cashless if possible. However, if cash transports are unavoidable, the following rules should be observed:

- 1) **Insurance:** The insurance conditions must be known in advance. Insurance companies often set limits on liability. Furthermore, the amount of money transported may not justify the insurance premium.
- 2) **Amount of money:** The amount should always be as small as possible.
- 3) **Risk:** The bearer of the money must always be informed about the risks before the transport and the person has to accept the risks.
- 4) **Legal situation:** The legal situation must be observed under all circumstances in order to avoid incalculable risks for the carrier. It is important to take both local and international law into account.
- 5) **Security measures:** The transport route must be planned and arranged in detail, risks and possible scenarios must be recorded and possible reactions have to be planned.
- 6) **Routing:** In general, direct routing should be chosen, unless safety conditions require detours.
- 7) **Payment of the money:** Payment is possible a maximum of two days before the travel starts.

The cash transfer is released by the appropriately signed cash application via the **workflow Cash Imprest Request**. For further information see 5.3.5: Handling of advances.

5.3.2 Payment and handling of cheques

Cheques received must be immediately deposited in the appropriate bank account or kept in a safe.

All cheques should be signed by two signatories according to the signatory powers for project banks. These limits are set by the Head of Department / EAB Director and approved by the SoH Board.

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5.3.3 Transfer to foreign currency accounts

The transfer posting is always made from a EUR account to a foreign currency account. In East Africa (EAB), once the exchange rate has been agreed with the bank, the order is entered in the banking software by EAB Finance. The transfer posting is released with a code which EAB Finance receives from the bank and by signing after Sign of Hope has given the authority to sign. The confirmation of the transfer by the bank (Main Information) is provided with a barcode and scanned, this serves as proof of the rebooking. EAB Finance monitors the receipt on the respective foreign currency account.

The accounting entries in the Diamant accounting programme are made by F&C in Germany as part of the month-end closing. The transfers are debited to the outgoing account by means of a transfer account and credited to the recipient account. The barcode on the bank confirmation links the document with the posting in Diamant. The charges are debited to the relevant account.

On the basis of the transfer account, the exchange rate differences are posted at the end of the month.

In Germany, transfers to foreign currency accounts are handled in the same way as the SEPA payment workflow.

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=39602=V>

The rebooking is recorded in the S-Firm and submitted to the Executive Board for approval via the workflow. If the approval has been given, the signature in S-Firm is made by at least one A-entitled person and one B-entitled person.

The log from S-Firm, which is stored in DocuWare as part of the workflow, serves as a document for the reposting. Posting in Diamant is done manually using the import module Bank Statements for most German banks and manually for all banks outside of Germany.

5.3.4 Exchange of money / Currency exchange

The organisation's standard currency, the EURO, often needs to be changed to another hard or soft locally used currency. In particular, the official way of changing money at each SoH location is determined by local laws and regulations, which must always be observed. Alternatives are only possible in exceptional cases; any exception to this general procedure requires the written approval of the Board of Sign of Hope.

The following principles apply to both exchange transactions and requests for money:

- There is always a change from hard to soft currency.
- Do not change too much or ask too much in order to minimize exchange rate losses.
- Do not change too little to save exchange fees.

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According to the regulations, a receipt is required for every official currency exchange transaction. However, SoH sometimes works in situations where no receipt is given. In such cases a replacement receipt (own receipt) must be provided.

5.3.5 Handling of advances

As regards the handling of advances, it is important to clarify the nature of the advances. In general, two types of advances can be distinguished:

- Work advance (for business use, for example, travel expenses advance)
- Advance on salary (for personal use)

Work advances refer to money given to an employee for a certain period of time after payment for transactions in the name of SoH and thereafter held accountable. This includes advances for business trips that are granted to an employee before the trip in anticipation of an upcoming billing after the trip. Advance on salary is generally not granted.

The following must be observed:

1. Advances must always be returned immediately.
2. Any advance payment must be linked to a binding timetable for the return.
3. Advances must be documented and managed by a separate filing system.
4. It must be possible to answer the following question at any time: **Who received how much, how, when, for what purpose and by what date?**
5. Each application, transfer order and payment document must be approved by the responsible site manager.

Advances must be distinguished from advance payments to third parties (SoH externally), such as:

- Down payments
- Installment payments
- Deposits

These work advances are managed at headquarters and in the EAB Nairobi office via normal debit/credit accounts (1180). At all other locations, all advance payments are to be recorded and managed in separate lists to ensure complete verification at all times.

Travel advances are requested for HQ employees via HR-works Travel Request. Employees of other offices can use the templates "Travel Imprest Form" and "Food Allowance Form":

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1398a5db-fd96-4c1c-9f53-9990ecf163a3id=682=V>

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1398a5db-fd96-4c1c-9f53-9990ecf163a3id=683=V>

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5.4 Handling of receipts

In general, the original document must be available at all times for processing by the accounting department. If copies are in use, they must always be marked as such, e.g. with the "Copy" stamp. The copies must always indicate the whereabouts of the original so that reference can be made to the original if desired, e.g. in the event of an audit. As a rule, it should be noted that the original must always be kept in the country offices. Copies are only necessary in exceptional cases, since the original is scanned during registration and is therefore available centrally. The content must be recognisable and comprehensible in one of the three official SoH languages: German; English; French. Therefore the local languages must always be translated into one of these three languages, handwritten and readable. Each receipt can only be used once.

5.4.1 Check documents

According to the guidelines of proper accounting, a receipt must meet a number of requirements. These must be ensured before the receipt goes into processing to avoid duplicates or errors. The receipt must be checked in two steps. First, the following points must be checked:

1. **Name of the recipient:** is it complete, identifiable, including address (if possible)?
2. **Date:** when was the receipt issued?
3. **Number:** unique document number available?
4. **Subject:** what is this receipt about?
5. **Amount:** is the exact amount indicated in the respective currency?
6. **Name of the payer:** usually SoH
7. **Explanation of abbreviations:** since a receipt must be comprehensible to everyone, abbreviations must be avoided or explained.
8. **Translation:** often receipts are filled out in the national language, then the receipt must be translated into one of the three official SoH languages.

It should be taken into account that there are special forms of receipts that are subject to special identification requirements, such as catering expenses (food and drink) or other requirements depending on local jurisdiction.

If the receipt is in order, it will be prepared for further registration after verification and brought to A4 format. In many cases, this means that it must be glued (not stapled) to an A4 sheet of paper.

5.4.2 Entering and checking invoice (invoice receipt book)

A receipt is the basis for every payment, according to the principle no payment without receipt. Invoices are documents that lead to payments. The different treatment of incoming documents at different levels can lead to different forms of payment. In general, however, an invoice ledger (IRB) must be kept in which each incoming invoice is registered and must be deleted after

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payment. The IRB is a simple Excel table (in the HQ, this takes place in the accounting system) in which the following information is recorded:

1. Invoice number
2. Date of receipt
3. Supplier / Invoice sender
4. Date of the invoice
5. Purpose / Delivery / Work
6. Amount
7. Currency
8. Initiator / Responsibility
9. Account assignment (cost center, cost object, general ledger account)

When handling invoices, it is important to process them quickly in order to enable the possible use of rebates (cash discount).

All invoices should be received centrally (headquarters and regional office). A central account should be available for e-mail invoices (Head Office: re@hoffnungszeichen.de), which will be processed by the Secretariat. Incoming invoices will be stamped with the receipt stamp and the account assignment stamp (in HQ this is also done in the Diamant system).

A barcode is then assigned to the invoice by F&C or EAB Finance and applied to the invoice. It is then scanned and recorded in the IRB by entering the IRB number. The stamped and recorded documents are sent to the payment requestor.

5.4.3 Bill payment via accounting / SEPA payment run

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=39602=V>

5.5 Monthly statement

From a technical point of view, a monthly closing is not necessary, as prompt central processing of the bookings enables a closing to be made practically at any time. However, monthly closing is mandatory in SoH's financial administration for self-implemented projects in order to meet a fixed deadline for regular financial analysis. Monthly closing forces a link between all project management functions (accounting, budget control, cash request). Furthermore, all relevant lists and accounts are updated monthly.

The deadline for the monthly closing is set at the fifteenth calendar day of the following month. The tenth calendar day of the following month is the last date for closing on site and for sending all relevant receipts and documents. If this is not a working day, the closing is postponed to the next working day after the tenth calendar day. This date check comprises ten points:

- (1) Check whether everything has been registered / posted and whether all documents exist and are linked together in accordance with the rules (scanned documents, incoming invoices)

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- (2) Check advances
- (3) Count the cash
- (4) Account reconciliation (vendors, debtors, bank accounts, cheques, "Unaudited invoices" list)
- (5) Control of the project status (all levels)
- (6) Updating the inventory list
- (7) Update of personnel/working times/attendance lists

The monthly statement thus takes into account all the work in the areas of finance, personnel and logistics, which must be updated monthly to keep up to date in project management.

5.5.1 Launcher inspection

Cash counting is an essential step in cash management that must be carried out on a monthly basis, at least for the cash reserve held in the cash office. There must always be two people responsible for cash management, the cashier and the auditor. The auditor is always the cashier's superior, e.g. the accountant, the project manager or the responsible location. At least once a month, before the end of the month, the entire cash balance in the cashier's office and in the safe must be counted accurately, recorded in a cash-counting protocol (*see link below*) and signed by the cashier and the auditor. The cash counting protocol contains the following statements:

- Cash (book) key
- Location
- Currency
- Date of the cash count
- Denominations of notes & coins
- Cash balance as counted
- Cashier (name and signature)
- Examiner (name and signature)

The protocol for the counting of money at monthly closure must be filled in carefully. Here the total cash balance (cash plus safe) of the project/location is counted, the total is entered in the protocol. The resulting cash counting protocol is signed by the cashier and the cash auditor. Finally, the receipts received since the last count are sorted and processed (if not already done), then they are added together. This gives the newly counted cash balance.

A template for the cash register count can be found here:

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1398a5db-fd96-4c1c-9f53-9990ecf163a3id=769=V>

An overview of all cash balances of the EAB locations is created for the monthly statement - Cash Up Voucher:

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Then the documents received since the last count are sorted and processed (if not already done), then they are added together. When all the documents have been processed, the new (book) cash balance results. If both values match, the cash register can be closed for this period. If the balance in the book and the result from the cash count log do not match, the whole process must be restarted and the cash and documents checked again.

If they match, the cash desk check is complete.

If no match can be reached, there is a cash difference. Differences of up to 5.00 EUR or the equivalent in the respective cash currency may be withdrawn or added. The amount withdrawn/added is to be noted on the cash counting protocol. If the difference exceeds the values of 5 EUR, an expense or income must be posted in the cash register. If the difference exceeds a value of 1000.00 EUR, the management board must also be informed.

5.6 Change in the budget

This process regulates the steps necessary to change a department budget (not the detailed project budget) and finally to adjust it in Diamant.

During the lifetime of a project or at the end of a project, it may be necessary to modify originally planned and approved project budgets to adapt them to new conditions. These changes can lead to a reduction, but also, as in most cases, to an increase in the budget in one or more budget lines.

Budget controls can be used to determine the following:

- Detecting overruns in the expenditure budget
- Use of the operational reserve required
- Change in the minimum own contribution of SoH
- Financial year affected later
- Movement within the budget

Regardless of a reduction or increase, any budget change can have immense consequences. The reasons for a budget change must therefore always be examined very carefully. In any case, a change initially represents a deviation from planning. One must ask oneself why the current situation deviates from planning and whether the deviation urgently requires a budget change or whether a deviation from the plan can be avoided by another corrective measure or a management decision.

If a budget change becomes necessary, you must fill out the appropriate form (Form Change Budget) to initiate a budget change.

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In the following cases, the budget amendment must be approved by the Board of Directors:

- Overrun of the IAC/EAB/HR expenditure budget
- Use of the operational reserve required
- Change in the minimum own contribution of Sign of Hope

If board approval has been obtained or later FYs are affected, or the changes are only made within the existing budget, the accounting department can change the budget to Diamant.

If a budget change is unavoidable, the reasons for the change must be carefully transformed into a budget adjustment. If the entire adjustment is known in detail, an investigation is required to determine what the effects of the change would be. The result of this check determines whether an informal budget change can take place or whether a formal path must be taken:

A formal procedure is necessary if the budget changes and:

- It has an impact on own resources (e.g. covering needs from additional own resources)
- It has an impact on donor funds (e.g. covering needs from additionally provided donor funds or the search for new donors)

An **informal** budget change can take place if:

- the specifications of the donor allow it (e.g. 20% budget shifts)
- it has no effect on the total amount (i.e. there is only a restructuring of the budget without violating the donor guidelines)
- this will not lead to changes in project content.

The template (Form Change Budget) contains the following items:

- Title of the project
- Project number
- Total amount old
- Total amount new
- Change: State in which the change is located
- Reason: Why the change is necessary
- If necessary the cover / source / origin for the increased amount
- Source of the current balance
- Two signatures with date (via DMS request)

In the case of project closure activities, it may be necessary to make the budget change after the completion of the project implementation in order to balance the provisional final balances in the project. Ultimately, this may be necessary to enable project closure.

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5.7 Changes to the project income budget

The income of SoH (and thus the revenue budget) is made up of individual and institutional funds. The expenditure and revenue budgets must balance each other if possible. The composition or ratio is set out in the organisation's economic plan. Both budgets must be monitored regularly in order to make changes if necessary. In order to avoid a major imbalance, all changes in the respective income budgets must be communicated to the board of directors in good time. In the area of institutional funds, project cancellations or even unapproved project applications as well as unforeseen repayments must be mentioned.

6 Project completion

The project completion phase concerns all tasks required to complete a project (and eventually a location) when all activities relevant to the logframe and project work plan have been completed. While the project execution phase mainly involves recurring activities, the project completion phase is concerned with a final project evaluation, project accounting and document archiving. Project closure is prepared at the location, while both the final evaluation and closure take place at headquarters.

Process description (only available in German):

<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1a6e2dd6-9002-477c-929a-a065716bb1b6id=479=V>

6.1 Audits

The audit can be conducted internally by employees of the organisation or externally by an external audit firm / Certified Public Accountant (CPA).

6.1.1 Test documents:

Project contract, project proposal, narrative and financial project final report, last approved budget, document lists and receipts (and/or external audit report), purchase requisitions, selection process for purchase orders (if value limits are exceeded) and inventory lists.

6.1.2 Internal project audit of self-implemented projects

Each project account of project partners as well as of donor-financed self-implemented projects is reviewed by at least two persons. Plausibility is taken into account. SoH's checks are benevolent, i.e. in case of doubt, a decision is made for the project-implementing organization or organizational unit of SoH. Irrespective of this, the project partners and organizational units of Sign of Hope must record and document all facts completely and correctly.

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Prior to the audit a materiality limit has/can be set by the head of unit/director. The materiality limit is intended to enable the auditors to concentrate on matters relevant to the decision. The materiality limit shall be set in a range of 0.25 - 2% of the project volume (or project costs) in EUR. Qualitative factors must be taken into account when selecting the range. The higher the risk, the lower the percentage should be. Incorrect information found during the audit will be compiled. If the sum of the misstatements compiled exceeds the materiality threshold, the Head of Unit/Director will be informed and further action will be discussed with him. As a rule, a correction is made; only in justified exceptional cases can a correction not be made. Should a correction be waived, the board of directors as the legal representative of Hoffnungszeichen e.V. must be informed.

After checking the accounts, the results and the established materiality limit are recorded on the accounting sheet (as is the established materiality limit). Signatures/ abbreviations from the persons carrying out the audit, stating the date of the audit, document the four-eye principle for signs of hope.

If the project is externally audited, the internal audit is limited to a comparison of the final financial project report with the external audit report.

6.1.3 External audit

Many donors, and in some cases also SoH-HQ, require an external audit after project completion. The cost of this should already be included in the project budget. In the case of self-implemented and partner-implemented projects, the tender can be carried out by the field or partner offices, but the regional office or SoH-HQ must approve the tender documents and be involved in the selection process. Proof must be obtained that the applicant is a certified Public Chartered Accountant.

What type of audit does the donor or SoH want to have carried out? This question should be answered first.

- Financial Audit: Here the examination of documents is carried out on a random basis and the total amount is verified.
- In-Depth Audit: Here, not only documents are audited, but the entire transaction process, i.e. from the purchase requisition and its approval, through the procurement procedure (e.g. tender), the purchase of goods, inventory and posting of costs.
- Forensic Audit: This special audit is commissioned when the results are to be used in court.
- In all audits, it is important to have clarity about how much evidence (%) is examined. Some donors require all supporting documents to be checked.

A template for tender documents for an *in-depth audit* can be found here:

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<https://soh.docuware.cloud/DocuWare/Platform/WebClient/e7334da7-14e8-4849-ac65-b9876b7706e0/Integration?fc=1398a5db-fd96-4c1c-9f53-9990ecf163a3id=748=V>

It should be ensured that the final instalment is only paid after receipt of the original audit report (not digital) in at least two copies.

- External audit reports must also be reviewed twice internally.

6.2 Termination of an externally funded project

This chapter refers to the necessary steps to be taken when considering the use of external funds by SoH. In this case, a narrative report on the characteristics of the project process (problems, adjustments, etc.) must be prepared in terms of content, up to the point of naming and evaluating the achieved goal and the results of the project activities that contribute to this goal, based on the narrative application, which in turn is based on the logframe.

6.2.1 Preparation of the final report

Parallel to the narrative report, the donor funds are settled financially.

The unit responsible checks the project's accounts on the basis of the documents listed:

- Stocktaking
- Receipts, receipt list or audit report
- Final Report
- Additional reports (e.g. evaluation report), if necessary

The project officer then draws up the overall accounts for the institutional donor on the basis of the following documents:

- Submissions by the institutional sponsor
- Billing from partner
- Receipts or expenditure from SoH (e.g. travel costs)

The total expenditure of the project is compared with the budget foreseen in the approved project application. If the budget is higher than the actual expenditure, the balance is returned to the donor. Attention should be paid to any interest payment due.

With regard to the proof of use of funds, it is in the normal case always assumed that donor funds and supplementary own funds (and/or other donor funds) have been used. To avoid inconsistency, the financial part of the report must be compared with the narrative part, which leads to the first draft of the final report. Thereafter, the draft must pass a quality check (dual control principle). No final report is allowed to leave SoH without having passed this internal quality control. The accounting of projects rarely leads to a precise landing with a balanced relationship between income and expenditure. In principle, three cases can be distinguished which require different follow-up steps:

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1. Balance = 0
2. Balance > 0 (credit balance)
3. Balance < 0 (debit)

Case 1: nothing to do

Case 2: Repayment of the balance

If the project result leads to a credit note, the unused funds must be returned to the donor. In the event of such a repayment, the project manager will fill out an appropriate transfer form. The original order must be filed in the project folder and the repayment will be made by F&C. The form must contain the following information:

1. Name of the beneficiary
2. Bank details
3. Counterparty code
4. Account Coding
5. the intended use, including the number of the contract
6. Amount and currency
7. Signatures for "factually / mathematically correct" and approval
8. Date
9. Financial part of the final report

Case 3: Request for outstanding funds

If the project result leads to a deficit, the remaining outstanding funds must be requested from the donor. For this purpose, the appropriate donor-specific form (if applicable) for requesting the remaining funds must be completed and sent to the donor together with the completed final report.

After completion of the narrative final report and the overall accounting of the project, the donor's proof of use of funds is ready. The Board of Directors signs the Project Completion Report, which consists of the factual report and the financial statement for the donor. The proof of use is sent to the donor (in the case of a German donor, the IAC will do so) and places the final report in the project file (docuware). This completes the project.

6.2.2 Proof of funding at project completion

After verification of the final report by the donor, a certificate of verification is usually (not always) returned from there. If this certificate matches the final report, it can be scanned and filed in the project folder. However, deviations might occur if the donor does not or only partially acknowledge the expenses already accounted for. In such a case, it may be necessary to reimburse the donor again. Since it is unlikely that further donor funds will be available, the repayment must be made with own funds. This requires a budget increase of the project, which must be financed from own funds. This budget increase runs like any other budget change until the additional funds are approved, which can then be posted to the donor project and then

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transferred to the donor. Again, the budget increase must be aligned using the "Budget Change" form.

On the other hand, the proof of funds could lead to a credit balance in favour of SoH. In this case the certificate will be recorded as a receipt and processed as in case 3 above.

6.3 Internal project closure

Once the donor requirements have been fully met, the next step is to meet the internal requirements for project completion. In the internal closure procedures, it is important to distinguish whether the project will be closed at a secondary site, as other projects are running there, or whether not only the project but also the entire site will be closed, as no further projects will be running.

6.3.1 Closure of the project

In the event of a project completion, the responsible project manager asks F&C to freeze the project (cost unit lockout). This will inactivate the project. F&C is responsible for all remaining bookings and payments. After the remaining steps are completed, the final balance of the project is determined.

If funds remain on the project after the final balance has been determined, their origin must be analysed. In the case of unused own funds, these must be transferred to the revenue budget from which the funds for this project were provided. In the case of an interest gain, the corresponding amount must be transferred to another similar project. The balance could also be the result of profits made during the life of the project. Such profits could be:

- gains from currency exchange
- flat rates not used (e.g. meals per diem)

The profits of the current year must be entered in the appropriate general ledger account.

If the final balance sheet shows a deficit, the Head of Unit or the Director must increase the project budget by the amount of the deficit, using the budget amendment form which clearly indicates the origin of the funds for the increase. In the event of a subsequent budget change due to a repayment of donor funds, proof of the donor's donation must be enclosed.

Once the balance is set to zero, the project account is closed and attached to the project completion report. This report covers the following points:

- Title of the project
- Project number
- Results
- Target achieved/not achieved
- Conclusion from the project
- Confirmation that the project has been completed

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- Next steps, if any
- Enclosure: Budgetary control / Final financial report

After submission of the final report, the project will be finalised by F&C. The final closure of the project has to take place **6 months after the date of inactivation at the latest**.

When the project is completed, all documents relating to the project are archived by the responsible project manager. This includes:

- Files
- Printouts / Documents
- Project files (where-used list, contracts, etc.)
- Receipt files (original receipts)

All documents submitted must be kept for **at least 10 years**.

6.3.2 Closure of the site


After completion of all projects that have taken place at this location, a kind of "cash register" must be made, i.e. all existing values, bank accounts, cash, etc. must be updated so that nothing gets lost. In addition, all inventory lists must be checked to make sure they are up to date and the disposition of each item on the list must be recorded in the "Inventory Closure" report. At the same time, all remaining contracts (leases, staff contracts, purchase contracts, etc.) must be checked in the "Leases/Commitments" and "Staff reductions" report. Since the site office is managed as a project, the further steps follow the rules of the project closure as far as possible.

It must be examined how much of this money is still needed to complete the remaining steps. All other cash must be deposited into the account. If there is any money left over from these cash balances at the end, if the currency is soft, you should try to exchange it for hard currency before leaving the country, even if you will have exchange rate losses. This remaining cash will then be brought either to the EAB office in Nairobi or to the Headquarters and handed over against receipt.

Once the dispensable cash balance has been deposited, the amount remaining in the account will be determined and F&C will advise on where to transfer the balance. At the same time, the modalities for the cancellation of the bank account and the general options for the transfer of bank balances from this location to another location need to be clarified. Once these points have been clarified, the balance will be transferred and the account closed. A bank confirmation is required to prove that SoH has finally closed the account. The bank confirmation and the cash balance will then be attached to the final report of the site.

7 Special procedures

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All procedures that cannot be directly assigned to a single phase of the project management cycle are registered here.

7.1 Asset Accounting

Fixed assets are assets which SoH has acquired and will be used over a longer period of time and are permanently owned by SoH. A distinction is made between tangible and intangible assets. Intangible assets are non-tangible goods such as licenses or patents. Tangible fixed assets are physically tangible, e.g. machines, land, office equipment or software.

Intangible and tangible fixed assets constitute the fixed assets of a company and must be capitalised if the acquisition costs exceed EUR 800 plus VAT.

Fixed assets are depreciated by F&C as part of its asset accounting and in accordance with legal requirements.

No employee is authorised to sell, donate or disburse SoHs assets without prior written permission. The sale of assets must be free of conflicts of interest and will be conducted with the greatest transparency and under the same ethical and professional standards as those applied in the procurement policy of Sign of Hope. Assets that are disbursed or transferred to another project without cash payment must be manually entered into the inventory list and a report has to be sent to finances@sign-of-hope.org.

Assets and stocks in possession of Sign of Hope must be properly maintained and cared for. Only qualified and trained personnel may use the organization's equipment. Appropriate protection procedures must be developed in each office and project location to prevent loss, damage or theft of organisational assets.

Appropriate steps to secure assets vary according to location and context, but often include hiring guards / security guards, procuring reinforced locks / doors, etc. Employees are reminded to treat assets of the organisation as if they were their own. Employees will be held accountable for misuse, embezzlement or intentional destruction of organisational assets that they manage.


Items that do not fall within the definition of fixed assets because of a lower value should continue to be recorded in an inventory list at office level.

7.1.1 Capitalisation of fixed assets in HQ

The fixed assets are capitalized in the fixed assets accounting in Diamant in compliance with capitalization prohibitions and taking into account capitalization options.

When a fixed asset is purchased, the documents are entered via a clearing account for fixed assets (1499 clearing account fixed assets, 5214 ASSETS transfer). When you enter the cost element, you enter the one, which is identical to the asset group in fixed assets. All documents that need to be capitalized can be retrieved in Diamant via Documents/Open documents. The transaction for Asset Accounting can also be entered from this overview. For this purpose, the

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asset group (analogous to the entered cost element) must be selected. Diamant then assigns a sequential asset number within the asset group.

Further details are:

- Designation
- Document number and date
- Date of movement
- Acquisition/Production costs
- Quantity
- Supplier/Vendor
- Location

Fixed assets are valued on the basis of acquisition or production costs.

7.1.2 Depreciation postings according to HQ

Depreciable assets are depreciated over their entire useful life (straight-line depreciation according to acquisition and production costs). The duration of depreciation can be found in the Afa-tables of the Federal Ministry of Finance.

https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Steuern/Weitere_Steuerthemen/Betriebspruefung/AfA-Tabellen/Ergaenzende-AfA-Tabellen/AfA-Tabelle_AV.html

The posting of the depreciation is carried out within the framework of the month-end closing via Diamant (services/accounting output/asset accounting).

If fixed assets are reused over their useful life, they are recorded in the accounts at a value of EUR 1.

In the event of an unforeseen, probably permanent, reduction in the value of an asset, an extraordinary write-down must be made.

7.1.3 Disposal of fixed assets in HQ

Asset retirements are posted in asset accounting using Diamant. The corresponding asset is selected and a transaction is entered. You enter the document type full retirement, document number, transaction date, revenue, and a posting text. If the revenue exceeds the net book value of the asset, the difference is posted to account "4900 Asset Retirement Book Profit". If the net book value of the asset is higher, the difference is posted to account "6895 Asset Retirement Book Loss".

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