

- 7.14 The following is recorded in the form for opening the suppliers' accounts: Name of the supplier, address, tax file (license/ID No.), tax deduction documents if the account was for a year), details of their bank account for payment purposes. This is registered in the accounting books and the financial software.
- 7.15 liabilities entry: after supplying an item or a service, a bill is recorded via a financial liability voucher in three copies. The debit balance is the relevant budget item, and the credit account is the supplier's account. The voucher includes: name of the supplier, the supply order number, number of the contract and agreement, number and date of the invoice, amount and price of the units supplied, overall amount of the invoice, discount and the net payable amount.
- 7.16 The authorized financial staff to monitor allocations signs the voucher, after ensuring the availability of allocations, holds a copy of the liability voucher and returns it to the financial staff that prepared the voucher, who in turn attaches it to the original invoice, supply order, and other relevant documents – after numbering them- and sends to the financial staff who is responsible to organize payment vouchers.
- 7.17 Payment vouchers: after entering the commitment transaction, allocated budget it is spent based on a decision from the relevant management level through a payment voucher, supported by the payment documents based on its nature. After making sure of availability of allocations, the financial staff prepares the payment vouchers and fills out any missing information. The voucher must be signed by the Program Manager or staff delegated by the manager. Signature of the voucher is considered a certificate that the procedures have been properly followed.
- 7.18 The payment voucher is then sent to the internal auditor, who must audit all the contents of the voucher as well as its supporting documents, and the extent to which it's in line with the financial bylaws and systems. In case an error is found, the voucher is returned with a return form that has a serial number: A) to the Financial Manager or the person they delegate if the error is related to calculations. B) to the delegated expenditure officer with a document return form, if the error was in a name or value of the voucher, or if the voucher is not in line with the financial bylaws and systems. After the internal auditor approves the payment voucher, who then sign it, writing his full name and stamping the voucher and all its attachments with a stamp "Audited". The auditor then sends the voucher to the payment department to make the payment as per the proper procedures.
- 7.19 The amount is paid to the beneficiary/supplier through: A) a check. B) bank transfer C) in cash, in accordance with the spending policy. Liabilities that

exceed 5000 USD, is transferred through a bank transfer. Amounts of more than 100 USD or its equivalent (400 ILS) is paid through a payment voucher to the beneficiary, by writing their full name for a natural person, and the official name for a corporate.

- 7.20 The Association may deduct any amounts from the liability in the following cases: A) deducting any taxes or fees imposed by law. B) In compliance with court decision or procedure departments, and paying the deducted amount to the party specified in these decisions. The beneficiary must be informed in writing with the deducted amount, and to which party the payment was made.
- 7.21 The payment department does the following: A- make sure the voucher is included in the daily record and that it's signed by the authorized expenditure officer, and is approved by the internal auditor. B- after ensuring the receipt order is organized, all deductions are categorized by type, and the name and number of the bank account are accurate in case of a transfer is made, then issue the voucher's amount in check or a transfer with the full name of the beneficiary. C- Issue a check with the deducted amounts listed in the payment voucher, and attach it to the receipt order, then sending it to the accountant of the trust fund after signing it by the authorized signatories. D- documenting the check or transfer information on the payment voucher, and writing the full name of the beneficiary and date. E- The payment department staff stamps the payment voucher and all its attachment with the stamp "PAID". F- The check is delivered to the beneficiary or the person they delegate in writing, after declaring their identity and signing the receipt. G- the voucher's total amount is automatically deducted from the liability of the supplier and the transaction is recorded as follow:

Dr. Supplier....

Cr. Bank or other deductions

- 7.22 The authorized financial staff who is responsible for the general journal shall issue a daily report of the general journal in three copies, and match it with the payment vouchers and the balances of the allocations of the ledger accounts with the supplier accounts, to ensure the liabilities are deducted, and payments are correct, and posting the transaction is correct. The financial staff signs the report and writes his full name, and sends the first copy to the archive secretary (with the relevant documents attached- to the payment vouchers). The second copy will be sent to the accountant who is responsible for preparing the monthly expenditure report, and keeps the third copy in a special file ordered chronologically.

7.23 Levels of Payments:

Payment processes are conducted as the following:

| No. | Item/Payment Amount | Method | Required level of approval |
|-----|----------------------|---------------|--|
| 1. | 1 – 400 ILS | Cash | Director General |
| 2. | 401 – 2000 ILS | Check | Director General and Treasurer |
| 3. | 2001 – 10,000 ILS | Check | Chairman of the Board of Directors, and Treasurer |
| 4. | More than 10,000 ILS | Check | Board of Directors |
| 5. | Salaries | Bank Transfer | Director General, Treasurer, and Chairman of the Board of Directors |

Chapter 8 Managing Funds and Bank Accounts

- 8.1 In order to facilitate the managerial policies and procedure related to managing funds and bank accounts and facilitate mechanisms of issuing financial reporting by the Financial Department staff, the duties and responsibilities of the relevant staff must be clarified.
- 8.2 **Financial Manager:** responsible for designating the petty cash custodian for managing the petty cash accounts (administrative assistant). In addition, the financial manager is also responsible for designated person who is responsible for monitoring the revenues and the expenditures, and ensure applying all policies and procedures of the financial manual, revises and audits the financial transactions, and issues checks and signs them from the authorized signatories. Moreover, he has the right to take the necessary actions to support the monitoring and internal control system, preserve the Association's properties, and safekeep the financial transactions for no less than 10 years. Therefore, the Financial Manager is fully responsible for the financial management duties and reports to the General Director.
- 8.3 **Accountant:** responsible for preparing the payment vouchers and accounting entries, attaching all the original supporting documents for the payment, follow up with the bank accounts, prepare Bank reconciliation, and entre the data into the computerize financial system. Also, responsible for transferring the accrued amounts to the pension agency, calculating the contribution of the Association and staff to the pension funds, and transferring the income tax deductions to the Income Tax Department as well as transfer of any other deductions.
- 8.4 **Petty Cash Fund:** is maintaining a relatively small amount of cash for buying small and recurrent expenses such as hospitality, newspapers, among others. A single payment has a ceiling of 400 ILS. The petty cash fund is replenished with the amount paid in accordance with the replenishment rate, to return its balance to the ceiling once more.

8.5 Procedures of Managing the Petty Cash Fund

8.5.1 The General Director nominates the appropriate staff to the Chairman of the Board of Directors to approve assigning them to manage the petty cash fund as follows:

- | | | |
|---------|---------------------|--------------------------|
| 8.5.1.1 | In the headquarters | Administrative Assistant |
| 8.5.1.2 | In branches | Administrative Assistant |

8.5.2 The Chairman of the Board of Directors issues an official letter naming the staff responsible for managing the petty cash fund to the headquarters and branches.

8.5.2.1 The petty cash fund is closed at the end of the fiscal year in the headquarters and branches no later than December 31st of each year.

Dr. Bank Account
Dr. Expense Account
Cr. Petty cash fund custodian (name of the manager)

After assigning the duties of the petty cash fund custodian, the following procedures must be followed:

8.5.3 According to the Association's needs, the Board of Directors has decided to approve the petty cash fund with an amount of (5000 ILS to the headquarters, and 2000 ILS to each branch) as a spending ceiling.

8.5.4 The fund may be used for specific purposes only, such as hospitality, fuel, local transportation, mail, drinks (coffee, tea, sugar, etc.), cleaning materials, and other expenditures.

8.5.5 Petty cash fund is issued from the Association's general account to avoid keeping more than one petty cash fund.

8.5.6 A check is issued to the headquarters and each of the branches with the specified amount of the spending ceiling.

8.5.6.1 The opening entry of the petty cash fund is recorded as follows:

Dr. Petty cash fund custodian (name of the staff)
Cr. Bank account

Dr. Petty cash
Cr. Petty cash fund custodian (name of the staff)

- 8.5.7 The project expenditures from the petty cash fund are reconciled with the main account at each time of replenishment. The action is to transfer from the project's bank account to the main account the specified value of money of spending from the petty cash by entering the following transaction:
- Dr. project xxxx Bank Account
 - Cr. Association Main Bank Account
- 8.5.8 A payment of more than 400 ILS may not be made, and payments may not be divided to prevent exceeding the ceiling of the specified payment.
- 8.5.9 If it is necessary to exceed the payment ceiling, a written permission must be obtained from the Director General whom will later adhere the approval of exceeding the payment ceiling from the Board of Directors.
- 8.5.10 Payment from the petty cash fund may be made only as per official tax invoice. In case a tax invoice is not available due to the nature of the expenditure or the local area, an alternative procedure must be performed to support the paid amount, such as obtaining a receipt voucher. The Financial Manager must reduce the cases in which purchase is made without official tax invoices to the minimum. In case a receipt voucher from the supplier is not available, a special spending form of the petty cash must be used, which is designed internally in the Association.
- 8.5.11 It must be taken into consideration that the invoice form must have a serial number, and in two copies. The original copy is kept with the petty cash fund spending records, and the other is kept in the books for the audit purposes. These invoices are treated as financial documents.
- 8.5.12 The fund replenishment point is the point at which the petty cash balance reaches (20%) of the original designated amount. The fund is replenished according to the following procedures:
- 8.5.12.1 the replenishment report is prepared by the petty cash custodian, and is approved by the financial manager and sent to the General Director for revision, approval and Director General purposes.
- 8.5.13 Petty cash fund and received revenues may not be mixed. They must be separated. The received revenues are deposited in the bank, and the petty cash fund is replenished through issuing a bank check paid to the petty cash custodian.
- 8.5.14 The petty cash fund is kept in a small metal box, its keys are kept with the custodian.
- 8.5.15 The custodian must keep his personal money separate from the petty cash fund.
- 8.5.16 The petty cash fund custodian may not take money from petty cash fund exchange currency for personal or any other purposes.

- 8.5.17 The petty cash fund must be counted at each time of requesting the replenishment, in addition to irregular counting intervals. The counting must be documented and signed by the person who performed it and the petty cash fund custodian.
- 8.5.18 The signed counting documents of the petty cash fund are kept in accordance with the proper procedures in a special file.
- 8.5.19 Any unjustified discrepancies in the fund is the responsibility of the petty cash fund custodian.
- 8.5.20 All payments made from the petty cash fund must be supported by approval of the appropriate management level. The custodian may not pay any amount without management approval. The management approval must be written. The approval shall be made in the form of signing the purchase invoice by the Financial Manager in the headquarters or the Branch Director to facilitate the process and avoid incurring too many transactions.
- 8.5.21 A petty cash fund spending record must be kept.
- 8.5.22 The petty cash fund custodian must record the payments in the petty cash fund spending record as soon as possible (FIFO), and verify the remaining amount before spending.
- 8.5.23 Upon reaching the replenishment point which is 20% of the original designated amount, the custodian prints the payment record for the period and signs it and attaches all invoices to it in a sequential and organized manner.
- 8.5.24 It must be taken into consideration that all of the payments made from the petty cash fund must be issued upon a petty cash fund payment voucher.
- 8.5.25 The accountant must revise the petty cash spending record and the payment vouchers, match the actual balance and verify the following measures:
- 8.5.25.1 All supporting documents of the payment are issued (invoice, petty cash payment voucher, signature of the receiving person on a receipt form in case a receipt voucher or invoice are not available).
 - 8.5.25.2 Accuracy of calculation
 - 8.5.25.3 Accuracy of categorization
- 8.5.26 The accountant must sign the petty cash payment record as proof of revision.
- 8.5.27 The accountant must stamp all invoices and documents with the stamp "PAID", and specify the type of funding (project fund or core fund) relevant to the spending item.
- 8.5.28 The accountant prepares a primary payment voucher matching the petty cash payment vouchers to approve the payment. The primary payment voucher must be signed by the Financial Manager.

8.5.29 Upon approval of payment by the General Director, a check with the amount of expenditure is prepared to be signed in accordance with the signing authority. The amount is then replenished to the petty cash fund custodian.

8.5.29.1 The replenishment entry is recorded as follows:

Dr. Petty cash fund (name of the custodian)

Cr. Bank Account

Dr. Petty cash fund account

Cr. Petty cash fund (name of the custodian)

8.5.30 the expenditures are recorded based on the nature of the expenditures, and the type of funds of these expenditures.

**Red Crescent Society for Gaza Strip
Petty Cash Fund Expenditure Form**

| No. | Voucher No. | Date | Item | Cash In | Cash Out | Balance | Exchange Rate | Project | Notes |
|-----|-------------|------|--------------------|---------|----------|---------|---------------|---------|-------|
| 1 | | | Starting Balance | | | 1000 | | | |
| 2 | | | Cleaning materials | | 100 | 900 | | | |
| 3 | | | Transportation | | 87 | 813 | | | |
| 4 | | | Coffee | | 30 | 783 | | | |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
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| 18 | | | | | | | | | |
| 19 | | | | | | | | | |
| 20 | | | | | | | | | |
| 21 | | | | | | | | | |
| 22 | | | | | | | | | |
| 23 | | | | | | | | | |
| 24 | | | | | | | | | |
| 25 | | | | | | | | | |
| | | | Total | | 217 | | | | |

| | |
|--------------------------|-------------|
| Beginning Balance | 1000 |
| Expenditures | 217 |
| Ending Balance | 783 |

8.6 Bank Accounts

In consistence with the recognized accounting principles and best practices, and in order to guarantee the best practices at the work environment, the RCS follows the guidelines and principles set by international financial and accounting entities. Thus, the bank accounts must be managed according to the following procedures:

- 8.6.1 The Board of Directors is authorized to open or close any of the Association's bank accounts.
- 8.6.2 The number of bank accounts must be in line with the number of actual ongoing projects, in addition to the Association's main account.
- 8.6.3 Bank accounts that have been not active for more than one year must be closed.
- 8.6.4 Projects' bank accounts are opened and managed according to the agreement signed with the perspective donor.
- 8.6.5 The total number of signatures on any check must not be less than two. As minimum, signature "A" is the Treasurer's, and signature "B" is the Chairman of the Board's or his deputy.
- 8.6.6 In case the spending for providing services exceeds 10,000 USD (excluding salaries), three signatures are required (the Treasurer's signature to be a category "A" signature, and two other authorized Board members of category "B" signatures)
- 8.6.7 Checks must be paid to the sole beneficiary only, this excludes certain cases that require issuing the check without such procedure, such as paying sickly, elderly or foreign person, etc. This requires the approval of the General Director in advance.
- 8.6.8 The check is handed directly to the person delegated to receive the check.
- 8.6.9 The checks' book must be kept by the accountant in a safe and closed place. Accessing that only for unauthorized staff.
- 8.6.10 It is necessary to keep a special record of the checks book, to be updated continuously with the used checks books and newly added checks books.
- 8.6.11 The checks books are used in a sequential manner based on the check's number. The Association may only use one check book per account at a time.
- 8.6.12 When currencies exchange occur , the exchange rates must be obtained from an official party. This must be done under the supervision of the Financial Manager. Moreover, the exchange rate slip or the internal bank entry must be attached as part of the supporting documents.
- 8.6.13 It is necessary to obtain the bank statements in a sequential manner. This must be done at least once a month, and the Association must keep a serial bank statement covering the entire fiscal year.
- 8.6.14 Bank reconciliation must be conducted periodically every month.

- 8.6.15 The bank reconciliation is conducted in the original account currency.
- 8.6.16 When conducting the bank reconciliation, inactive bank accounts must be accounted for.
- 8.6.17 The bank reconciliation must be conducted based on the proper professional form, which contains the following data:
 - 8.6.17.1 Name of the bank and its branch
 - 8.6.17.2 Number and type of the bank account
 - 8.6.17.3 Account code
 - 8.6.17.4 Currency
 - 8.6.17.5 Date of preparing the bank reconciliation
 - 8.6.17.6 Covering period of the bank reconciliation.
 - 8.6.17.7 Balance (according to the bank statement)
 - 8.6.17.8 Balance (according to the records)
 - 8.6.17.9 Bank reconciliation items
 - 8.6.17.10 Names of staff who prepared, revised and approved the bank reconciliation.
- 8.6.18 It is necessary to attach a copy of the bank statement that shows the balance as well as a copy of the bank statement according to the accounting records with each bank reconciliation.
- 8.6.19 When preparing the bank reconciliation, it must be revised and approved by different level of management, to ensure segregation of duties principle (revision is done by the Financial Manager, and approval is by the General Director for each monthly bank reconciliation).
- 8.6.20 When revising the bank reconciliation by the Financial Manager, revision must be accurate and comprehensive, covering all the bank reconciliation items, with special focus on items that have been outstanding over several periods (if available)
- 8.6.21 For the purposes of matching the bank accounts, a list of the issued checks from the bank account but not yet cashed must be prepared, including the date, number and value of each check. The list must also show the total value of all checks that have been issued over a six-month time. The data in the list is verified by referring to the checks that have not yet been cashed, or through the accounting software. The checks that have not been cashed within the past six months are recorded in the custody account “unpaid checks account”. Each entry is signed by the Financial Manager or the delegated person.
- 8.6.22 In special Cases where a check is not ever have been paid, the check must be canceled from the bank account and recorded in the spending account to which it was originally related if it was issued in the current fiscal year. If

- it was issued in previous years than the current fiscal year, it should be recorded as revenue with justification and approval by the General Director.
- 8.6.23 At the end of the fiscal year, if the unpaid checks account has balances of checks that were issued during the previous fiscal years and unpaid, the balance shall be closed by recording it as other revenues, regardless the reason for not cashing them.
- 8.6.24 A clarification form is filled in for the checks that have been recorded in the other revenues account, stating the reason and writing their respective entry transaction numbers. The form shall be attached to the records of other paid checks file.
- 8.6.25 The Financial Department must follow up with the unpaid checks and verify the reasons behind it. Upon a decision by the General Director, a check which had been recorded into the other revenue account may be paid via issuing a new check under the appropriate budget item in the fiscal year in which the payment takes place.
- 8.6.26 The authorized signatories are authorized to extend the expiration date up to six additional months.
- 8.6.27 changing check account numbers, value or currency, and the beneficiary name are not allowed under any circumstances.
- 8.6.28 If a check is canceled for any reason, it must be stamped with the stamp "Canceled", and attached with the paid checks file. The banks is not allowed to cash a canceled check The canceled check may not be paid unless a new check is issued.
- 8.6.29 In case the beneficiary has informed the Association in writing of loss of the check. the Financial Department must request from the bank not to cash the canceled checks, this procedure is after verifying that the check is not deducted from the relevant account. The request from the bank shall be in a special written form which is issued in two copies, signed by a category "A" signature.
- 8.6.30 The Financial Department attaches the second copy of the stop payment cancelled checks form, signed by the bank, with the check counterfoil, on which the sentence "Canceled" is written along with the form number. The check value is recorded with an entry transaction as follows:
Dr. Unpaid checks/ Bank account
Cr. Lost checks account
- 8.6.31 A substitute check is issued after the beneficiary signs a a commitment not to claim the lost check and return it to the association if the beneficiary finds it. The new check is recorded into the lost checks account, and attached to the lost check counterfoil, the request for cancellation form, and the

beneficiary's signed commitment. Issuing the substitute check must be done after all the verification process has been completed.

- 8.6.32 in cases whenever it's necessary to cancel the check payment, a cancellation request is sent to the bank via the check payment cancellation form. After receiving confirmation from the bank for cancelling the check, a revised entry transaction shall be made, and attach the check counterfoil with the paid checks counterfoils, stating: cancellation reason, cancellation entry transaction number and notification to the beneficiary.

Chapter 9 Advanced Payments

- 9.1 Advanced Payments are payments made in advance before receiving the service, completing the mission, or supplying materials. the value of the advanced payment is set based on the work required or the liability accrued with the provided supporting documents.
- 9.2 Advanced payment is paid after ensuring availability of allocation to the spending items under which the payment is entered. Advanced payment is paid only by decision of the General Director, under the mandate specified in this financial manual. Advanced payments may not be used for any purpose other than the specified budget item allocation.
- 9.3 Permanent advanced payment (petty cash fund): is an advanced payment issued to the custodian of the petty cash fund to avail the necessary minor needs of the Association. The fund is replenished from the spending bank account.
- 9.4 Temporary advanced payment: it is paid to a party or staff tasked with a mission or a purchase, or to cover expenditures of specific nature such as: per diem is paid to an official mission, according to the official travel mission allowance policies. Special advanced payment: is an advance payment is paid to a supplier or an external party, as per a written contract or agreement. An advanced payment may occur based on the decision of the Board of Directors to be used in emergency situations.
- 9.5 The permanent advanced payment is settled as follows:
1- the total unpaid amount is deposited in the bank via a main receipt voucher with the name of the petty cash custodian treated as returned expenditures in the same fiscal year in accordance with the following entry:
 Dr. Bank Account
 Cr. Petty cash custodian (Name)
2- the documents of the spent amount are handed to the Financial Manager who prepares an entry transaction as follows;
 Dr. Expenses
 Cr. Petty cash custodian (Name)
- 9.6 A temporary advanced payment is settled: A- upon completing the mission or purchasing the goods or services, etc. C- The temporary advanced payment issued to the staff is discounted from his salary in case it was not settled. C- a temporary advanced payment may not be paid to a project staff unless with the approval of the General Director.

- 9.7 A special suspended ledger account is opened in the Financial Department, in which all advanced payments are entered. Staff whose service was ended whether by retirement, ending service, resignation, or termination, must obtain a discharge of financial obligations from the Financial Department.
- 9.8 The special advanced payment is made, shall not exceeding 20% of the total contract value. Advanced payment may not be paid before signing the agreements and issuing the supply order by the authorized party in accordance with the relevant policies and systems, and after obtaining the guarantees stated in the contract.
- 9.9 The value of all the contract payments must be specified, provided that the final payment is not less than 10% of the total value. The final payment may not be made until all the work has been properly completed and delivered. The payments are tied to the value of the performed tasks along with the estimated time of completion. Upon the final clearance, the paid amounts are discounted from the total value of the contract.

Chapter 10

Trust Funds, Insurance, and Deposits

- 10.1 Trust funds are amounts of money received or deducted from other accounts as deposits and registered for the entitlements of others in special trust funds account. The Trust Funds are subject to the rules of this financial manual in terms of receipt, safekeeping, and payment. These are the amounts paid to the Association in special cases to guarantee the financial rights of the Association, and are subject to the specific bylaws in terms of receipt and payment.
- 10.2 Trust funds are categorized into: A- Allocated trust funds that are allocated to be spent on a certain activity or goal. B- Salary deduction trusts: the amounts deducted from salaries in accordance with the bylaws and systems of the Association. C- Trust funds from public, or private institutions, or individuals: are the amounts of money that deducted or referred or kept for the right holders as a result of any bylaws, agreements or liabilities. The Association must open a trust fund record in which trust funds are recorded according to the objectives, types, values, voucher numbers and the names of persons entitled for it.
- 10.3 Trust funds are deposited in a separate bank account. The recording of the transaction shall be registered through the financial system as per the following transaction:
- Dr. bank account
Cr. trust Funds account
- 10.4 Upon refunding the trust funds a revised entry transaction shall be prepared.
- 10.5 Balances of allocated trust funds are transferred to the main revenue account after two years of their registration. The General Director may in specific cases transfer them after one year of their registration.
- 10.6 The General Director may refund the received trust funds in the main revenue account to their owners if justified.

Chapter 11

The Accounting Cycle

11.1 Accounting Principles, and Reporting Rules at the RCS

The Financial System of the Association is based on a set of objectives, the most important of which is monitoring, documenting and recording daily transaction, and entering the documented data (financial input) into the accounting records in accordance with the best accounting practices (processing), in order to enable preparing the proper financial and accounting reports (financial outputs).

11.2 The Accounting Basis in Preparing the Financial Reports

To facilitate the process of obtaining accurate financial information, the Association must adopt the Accrual Basis as the basis to record its financial transactions, in consistence with the Best Accounting Practices. Moreover, the Association adopts the USD as its official currency to represent the final financial information of its activities, using the up-to-date exchange rate according to the official newspaper or bank, to record any amount in foreign currency, especially that it relies on donors funding whom use the US Currency as their currency.

11.3 Fiscal Year

The fiscal year is the period starts from January 1st and ends on December 31st of each year. The Association must use the computerized accounting system (Al Aseel), which meets the Association's management reporting requirements in terms of accuracy and suitability, through the chart of accounts which clarifies the nature of information required for the financial reports.

The Accounting cycle in the Association consists of the following steps:

- 11.3.1 Collecting and analyzing the financial data and determining the input of the accounting system, which impact the financial transactions and financial statements of the association (transactions that impact the fund or bank or non-monetary transactions).
- 11.3.2 Categorizing information and preparing all the supporting documents for spending.
- 11.3.3 Prepare the accounting entries and attaching all the supporting documents for spending and applying the appropriate accounting instructions for the entry.
- 11.3.4 Recording the accounting transaction in the computerized accounting system, requires data verification and audit (to correct or prevent errors).
- 11.3.5 Posting all the daily transactions to the general ledger, in the computerized accounting system.

- 11.3.6 prepare the trial balance which states the balances of all accounts at a certain time, which is considered the basis for all financial data and reports during the fiscal period.
- 11.3.7 Preparing the required clearance transaction entries such as entries of expenditures paid in advance, and accrued expenditures and any other clearance transaction entries.
- 11.3.8 Prepare the amended trial balance and preparing the Association's financial statements, such as revenue and expenditures and the balance sheet statement, and the cash flow statement and any other financial reports required by the management and/or donors.
- 11.3.9 Preparing the temporary closing account transaction entries such as revenue and expenditure accounts.
- 11.3.10 Prepare the trial balance after closing all necessary accounts transactions for the sake of verifying the beginning accounting balances of the next fiscal year.

11.4 Chart of Account:

The chart of accounts categorizes and organizes the revenue and expenditures accounting codes, assets, liabilities, and sub categories of the main chart of the account to be in line with the outputs of the Association's action plan, in a way that contributes to preparing periodical financial reports. A more organized chart of accounts facilitates the process of producing the financial report.

11.5 Financial Policies:

- 11.5.1 The chart of accounts must be flexible to allow for the addition of new account codes or modifying existing codes when necessary.
- 11.5.2 Before commencing the recording process in the computerized accounting system, all users of the system must be aware of their relevant accounting codes and the types of transactions that can be recorded in each account, in order to avoid referring similar transactions to different accounts, which will render the reporting process makes it difficult.
- 11.5.3 The chart of accounts must be entered into the accounting system in Arabic and English, to facilitate preparing the reports in both languages.
- 11.5.4 The chart of accounts must be entered into the computerized accounting system accurately, and be revised before registering any accounting transaction entry. Entering account names must also be done accurately and without errors. Long account names and use of symbols and abbreviations must be avoided.