Humanitarian Assistance & Emergency Response | Health, Nutrition, Water & Sanitation | Climate Resilience & Environmental Sustainability | Economic Empowerment & Sustainable Livelihoods | Education & Skills Development | Peacebuilding & Human Rights |

FINANCIAL POLICY AND PROCEDURES MANUAL

SOMALIA

Draft 1.0 | For review and formal approval

Document Control

Policy owner	Finance and Administration Department
Approving authority	Board of Directors / Board of Trustees, as applicable under the Foundation's governing documents
Responsible Executive	Director General
Effective date	Upon formal approval by the competent governing body
Review cycle	At least annually, and whenever material legal, donor, operational or risk changes occur
Version	Draft 1.0 – for review and approval
Applicability	All headquarters and field offices, employees, volunteers, consultants, implementing partners, and any person handling Foundation funds or assets

Approval and Adoption

Approval statement:

This manual becomes binding only after approval by the Foundation's authorized governing body. The approved version must be circulated to relevant personnel and retained in the controlled policy register.

Important implementation note:

Before adoption, the Foundation should have a Somali legal/accounting adviser verify applicable registration, tax, employment, banking, reporting, and other statutory requirements. Donor rules and applicable law take precedence where they impose stricter requirements.

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1. Purpose, Principles and Scope

1.1 Purpose: This policy establishes consistent, transparent and auditable rules for receiving, holding, budgeting, spending, recording and reporting the Foundation's funds and assets. It aims to protect resources entrusted to the Foundation and ensure they are used only for approved charitable and programme purposes.

1.2 Core principles: Stewardship; transparency; accountability; segregation of duties; value for money; impartiality; prevention of fraud and diversion; safeguarding of affected people; accurate and timely records; and compliance with applicable law and donor agreements.

1.3 Scope: The policy applies to all funds, bank and mobile-money accounts, grants, donations, income, in-kind contributions, equipment, vehicles, inventory and liabilities managed by or on behalf of Silent Cry Foundation, in Somalia and any other approved operating location.

1.4 Order of precedence: Staff must comply with applicable law, the donor agreement, the Foundation's governing documents and this policy. Where requirements conflict, staff must pause the transaction and obtain written guidance from the Finance Manager and Executive Director; the stricter lawful requirement should be followed.

1.5 No personal benefit: Foundation funds and assets may not be used for personal purposes, political campaigning, private loans, unauthorized gifts, or any activity outside the Foundation's approved charitable mandate.

1.6 Definitions: Budget holder: manager accountable for a budget. Commitment: an obligation to pay, such as a signed purchase order or contract. Restricted funds: funds limited by donor or grant conditions. Supporting documents: records that demonstrate authorization, procurement, receipt and payment. Conflict of interest: a personal or related-party interest that could improperly influence a decision.

2. Governance and Financial Responsibilities

2.1 Board of Directors / Trustees: Approves this policy, annual organizational budget, annual accounts and appointment of external auditors; oversees material financial risks; reviews significant fraud cases and audit findings; and ensures management acts on recommendations.

2.2 Executive Director: Ensures the financial system is implemented; approves budgets and transactions within delegated limits; signs donor agreements as authorized; reviews monthly management reports; escalates material risks; and ensures donor reports are submitted on time.

2.3 Finance Manager / Finance Officer: Maintains the accounting system and chart of accounts; verifies budget availability and documentation; prepares payment vouchers, reconciliations and reports; maintains grant ledgers; safeguards financial records; and promptly reports irregularities.

2.4 Programme and budget holders: Prepare realistic budgets; confirm activities and expenditures are necessary and eligible; monitor budget variances; verify goods and services were received; certify beneficiary distributions where relevant; and provide timely narrative and financial information.

2.5 Procurement and logistics: Conducts procurement in accordance with approved procedures, maintains competition records, performs supplier due diligence, manages purchase orders and asset records, and must not approve its own payment requests.

2.6 Human Resources: Maintains authorized personnel files, contracts, salary changes, leave and termination information; provides approved payroll changes to Finance; and protects confidential employee data.

2.7 All personnel: Must use funds responsibly, disclose conflicts, protect assets, retain records, cooperate with audits and report suspected fraud or misuse. No employee may approve their own expense, salary change, advance or reimbursement.

2.8 Segregation of duties: Where staffing permits, separate requesting, procurement, receipt of goods, payment preparation, payment authorization, accounting and bank reconciliation. Where a small field office cannot fully separate duties, the Executive Director must document compensating controls, such as independent review by headquarters.

3. Accounting Framework and Financial Records

3.1 Accounting basis: The Foundation shall use a consistent accounting basis approved by the Board and appropriate to its reporting obligations. Accrual accounting is recommended for organizational financial statements; donor reporting must follow the relevant grant agreement. The chosen basis must be documented and applied consistently.

3.2 Functional and reporting currency: The Foundation shall maintain its primary books in USD unless the Board approves another functional currency. Transactions in Somali shillings or other currencies must record the original amount, currency, exchange rate, USD equivalent and source of the rate. Exchange gains and losses must be recorded transparently.

3.3 Accounting system: All transactions must be entered into the approved accounting system or controlled ledger, using a standardized chart of accounts and unique project, donor, location and cost-

centre codes. Spreadsheet-only records require restricted access, version control and independent review.

3.4 Supporting records: Every transaction must have dated, legible supporting documents. Alterations must be traceable; backdating, deleting or concealing transactions is prohibited. Corrections should be made through an auditable adjustment or journal entry.

3.5 In-kind contributions: Goods and services donated to the Foundation must be documented with a receipt, description, quantity, condition, date, donor and reasonable valuation basis. In-kind items must be recorded and distributed for the approved purpose.

3.6 Record retention: Financial records, contracts, vouchers, procurement files, payroll records, bank statements, grant reports and asset records should be retained for at least seven years after the financial year or grant close, or longer if required by law, donor terms, litigation hold or audit instructions. Access must be controlled.

3.7 Chart of accounts: At minimum, the ledger must distinguish unrestricted funds, each donor and grant, programme/project, administrative and shared costs, salaries, procurement categories, assets, liabilities, income, and foreign-exchange gains/losses.

4. Financial Planning, Budgets and Budget Monitoring

4.1 Annual budget: Management shall prepare an annual organizational budget linked to the strategic plan and annual work plan. It must include programme budgets, core operating costs, staffing, procurement, security, monitoring and evaluation, audit costs, indirect costs, funding sources and cash-flow projections.

4.2 Budget preparation: Budget holders prepare activity-based budgets with quantities, unit costs, assumptions and implementation schedules. Finance consolidates budgets, checks arithmetic and cost allocation, tests affordability and identifies funding gaps. The Executive Director submits the consolidated budget to the Board for approval.

4.3 Grant budgets: Every grant must have an approved donor budget mapped to the Foundation's chart of accounts. Budget revisions or reallocation between lines must receive internal approval and, where required, prior written donor approval before commitments are made.

4.4 No-budget rule: No commitment or expenditure may be incurred without an approved budget line and sufficient available funds, except for a documented emergency under Section 18. An emergency exception does not waive documentation or donor restrictions.

4.5 Monitoring: Finance shall prepare monthly budget-versus-actual reports by project, donor, cost centre and budget holder. Budget holders must explain material variances and agree corrective actions. Management should review budgets at least monthly and formally reforecast quarterly.

4.6 Variance thresholds: As a default internal trigger, variances exceeding 10% of a budget line or USD 1,000, whichever is lower, should be explained in writing. The Executive Director may set stricter thresholds for high-risk grants. Donor-specific thresholds always apply.

4.7 Cash-flow planning: Finance shall maintain a rolling cash-flow forecast, normally covering at least 13 weeks, and identify upcoming payroll, supplier, partner and programme obligations. Restricted funds must not be used to cover unrelated cash shortfalls.

5. Income, Grants and Donor Funds

5.1 Receipt of funds: All income must be acknowledged, recorded promptly and deposited into an approved Foundation account. Receipts should identify payer, date, amount, currency, purpose, donor/grant code and reference. Cash received must be counted by two people where practicable.

5.2 Grant review: Before signing a donor agreement, management and Finance must review budget, eligible costs, reporting dates, payment schedule, procurement rules, audit clauses, visibility requirements, asset ownership, safeguarding conditions, indirect cost rate, amendment process and unspent-fund treatment.

5.3 Grant register: Finance shall maintain a grant register showing donor, agreement number, total award, currency, start/end dates, instalments, reporting deadlines, restrictions, budget holder, balance and close-out status.

5.4 Restricted funds: Restricted funds may only be used for the purpose, geography, activities and period authorized by the donor. Transfers between grants or projects are prohibited unless permitted by the agreement and approved in writing.

5.5 Donations and fundraising: Cash and non-cash donations must be receipted, recorded and used in line with donor conditions and the Foundation’s mission. Fundraising claims must be accurate; donor identities and restrictions must be recorded where legally and operationally appropriate.

5.6 Refunds and unspent balances: Refunds, credits, interest and unspent balances must be treated according to the donor agreement. Finance must not retain or reallocate balances without authorization.

5.7 Ineligible expenditure: If an expense is potentially ineligible, Finance must flag it immediately, prevent further charging where possible, notify the responsible manager and determine whether the cost must be covered by unrestricted funds or repaid to the donor.

6. Expenditure Authorization and Payment Controls

6.1 General rule: Expenditure must be necessary, reasonable, supported by an approved budget, consistent with the grant, and procured under the applicable procedures. Splitting purchases to avoid approval thresholds is prohibited.

6.2 Minimum payment file: A payment file should include the approved request or purchase requisition; procurement evidence and purchase order/contract where applicable; invoice or approved receipt; evidence of goods/services received; budget-holder approval; finance review; payment voucher; and proof of payment.

6.3 Three-way check: For goods and standard services, Finance should match the purchase order, supplier invoice and goods/service receipt before payment. Differences must be resolved and documented before payment.

6.4 Payment methods: Use bank transfer or approved mobile-money transfer where feasible. Cash should be limited to justified low-value or field transactions. Cheques, where used, must be sequentially controlled and signed by authorized signatories.

6.5 Payment authorization: The requester must not be the sole approver. The Finance Officer checks completeness, coding, budget availability and duplicate-payment risk. The budget holder certifies business purpose and receipt. A separate authorized signatory releases payment.

6.6 Duplicate payment prevention: Invoices must be marked paid after settlement, with the payment reference recorded. Finance shall check supplier, invoice number, date and amount before processing. Supplier bank/mobile-money changes must be independently verified using a known contact channel.

6.7 Reimbursements: Claims must be submitted within 30 calendar days unless an approved exception applies, with original receipts or acceptable alternative evidence. Personal, undocumented, excessive or unrelated costs are not reimbursable.

6.8 Advances: Advances must be approved before release, recorded in an advance register and cleared by the deadline stated on the advance form. A person with an overdue advance may not receive another advance except with written Executive Director approval.

6.9 Prohibited payments: No payment may be made to a fictitious supplier, for a personal expense, as an unauthorized facilitation payment or bribe, or without adequate evidence. Any legally required official fee must be supported by an official receipt and approved documentation.

6.10 Emergency payments: Emergency payments must be authorized by the designated emergency approver, documented as soon as practicable and reviewed by Finance and management within five working days. Emergency procedures must not be used to bypass competition for convenience.

7. Procurement and Supplier Management

7.1 Principles: Procurement must be fair, transparent, competitive, documented, proportionate to value and risk, and designed to achieve value for money. Donor procurement rules take precedence where stricter.

7.2 Procurement planning: Programme and logistics teams should prepare procurement plans linked to approved activities, delivery timelines, market capacity and security/access constraints.

7.3 Supplier due diligence: Before award, the Foundation should verify supplier identity, registration where applicable, contact details, ownership where reasonably possible, capacity, references, bank/mobile-money details and any relevant sanctions or integrity risks. Records must be proportionate to the purchase and context.

7.4 Conflict of interest: Staff involved in procurement must disclose any family, financial or other relationship with a bidder. A conflicted person must not evaluate or approve the procurement. All evaluators must sign a declaration where formal competition is used.

7.5 Competition and thresholds: The thresholds in Annex A are proposed internal defaults, not statutory or donor-mandated thresholds. The Board must approve them before use, and Finance/Procurement must check that they meet donor requirements. Higher-value or higher-risk purchases require stronger competition and documented evaluation.

7.6 Sole-source procurement: Sole-source awards are allowed only when objectively justified, such as genuine emergency, exclusive rights, compatibility, or no reasonable alternative. The file must explain the justification, price reasonableness, conflict checks and written approval.

7.7 Evaluation and award: Evaluation criteria must be set before bids are reviewed. Award decisions must document technical compliance, total cost, quality, delivery, risk and conflicts. Staff must not accept gifts, commissions or personal benefits from suppliers.

7.8 Contracts and purchase orders: Written contracts or purchase orders must define scope, quantities, price, delivery, payment milestones, acceptance criteria, warranties, safeguarding expectations, anti-fraud terms and termination provisions as appropriate.

7.9 Receipt and inspection: A person other than the requester or supplier should verify quantity and quality when feasible. Discrepancies, damage or partial delivery must be recorded and resolved before full payment.

7.10 Procurement files: Maintain the request, specifications, quotations/tender, evaluation, approvals, conflict declarations, supplier due diligence, contract/order, delivery evidence, invoice and payment record in a single file.

8. Cash, Banking and Mobile Money

8.1 Bank accounts: Accounts must be opened in the Foundation's legal name with Board approval. Personal accounts must not be used for Foundation funds. The Board shall approve authorized signatories and require dual authorization for payments above a set threshold.

8.2 Bank signatories: Signatories must be formally appointed and reviewed at least annually and whenever a signatory leaves or changes role. No signatory may approve a payment to themselves without an independent higher-level approval.

8.3 Bank reconciliation: Each bank, mobile-money and payment-service account must be reconciled monthly by a person who does not initiate or release the transactions, and independently reviewed by the Finance Manager or Executive Director. Unexplained items must be investigated promptly.

8.4 Cash holding limits: The Board or Executive Director shall set cash-holding limits by office and project based on operating needs and security risks. Excess cash must be deposited or transferred to a secure approved account as soon as practicable.

8.5 Petty cash: Petty cash operates on an approved imprest basis. A custodian holds the cash and maintains a sequential petty-cash book. Every payment requires a voucher and receipt or approved exception. Replenishment equals documented expenditure, not an arbitrary amount.

8.6 Cash counts: Finance or an independent reviewer must conduct and document surprise cash counts at least quarterly and at month-end. Differences must be reported immediately and investigated.

8.7 Mobile money: Mobile-money wallets must be registered to the Foundation or an approved institutional account where available. Use named users, transaction limits and dual approval where the

platform supports it. Screenshots alone are not sufficient if an official statement or transaction export is available.

8.8 Cash transfers to beneficiaries: Beneficiary cash distributions require an approved targeting and payment plan, verified beneficiary lists, clear eligibility criteria, privacy safeguards, segregation between list preparation and payment, reconciled provider reports, and a documented complaints process. Do not publish sensitive beneficiary data.

8.9 Losses and security incidents: Loss, theft, suspected diversion or account compromise must be reported immediately to management and Finance, documented, and investigated. Do not put staff or beneficiaries at risk to recover cash or assets.

9. Payroll, Staff Costs and Advances

9.1 Payroll control: HR maintains the authorized staff list, contracts, salary rates, start/end dates and approved changes. Finance prepares payroll from authorized HR records; HR checks staff changes; an authorized manager approves the final payroll before payment.

9.2 Payroll checks: Each payroll must reconcile to the previous month and explain joiners, leavers, salary changes, leave without pay, overtime, allowances, deductions and allocation across projects. Ghost employees and unauthorized changes are prohibited.

9.3 Salary payment: Salaries should be paid through verified bank or approved mobile-money accounts. Payslips or equivalent confidential statements should show gross pay, allowances, deductions and net pay.

9.4 Taxes and statutory obligations: The Foundation must obtain qualified local advice and comply with applicable Somali tax, employment and other statutory obligations. This manual does not substitute for legal or tax advice.

9.5 Timesheets and cost allocation: Where staff work across grants or projects, salary allocation must reflect actual work using approved timesheets or another donor-accepted, auditable method. Allocation percentages must be reasonable, supported and total 100% of the allocable working time.

9.6 Overtime and allowances: Overtime, hardship, field and other allowances require an approved policy, documented eligibility and prior authorization. No allowance may be invented or charged to a donor without contractual eligibility.

9.7 Salary advances and staff loans: Advances or loans are exceptional, must be documented, approved by a manager independent of the requester, recorded as a receivable and repaid under a signed schedule. They must not violate law, donor rules or payroll protections.

9.8 Final settlement: HR and Finance jointly verify salary, approved leave, outstanding advances, equipment return and other lawful adjustments before final settlement. Deductions must be lawful and documented.

10. Travel, Field Operations and Per Diem

10.1 Authorization: All official travel must have a travel authorization stating purpose, destination, dates, project code, transport, accommodation, security arrangements and estimated cost before bookings or advances are made.

10.2 Value for money: Travel must use safe, practical and economical routes and accommodation appropriate to the operating context. Air travel is economy class by default unless an exceptional written approval and donor permission allow otherwise.

10.3 Per diem and accommodation: The Foundation shall maintain an approved travel-rate schedule by location and travel type. Rates should be reviewed at least annually and be consistent with donor rules. A traveller may not claim both per diem and actual costs for the same expense unless the policy explicitly permits it.

10.4 Advances and acquittal: Travel advances must be cleared within five working days after return, or within the donor's stricter deadline. The traveller submits an expense report, receipts for actual-cost items, proof of returned balance and explanation of variances.

10.5 Field movement and security: Travel approval must consider access, weather, medical support, communication, accommodation and security risks. Staff must follow security instructions and report incidents. Financial controls must not require unsafe travel solely to collect signatures or cash.

10.6 Local transport: Local transport claims require date, route, purpose, amount, project code and receipt where available. Where receipts are not normally issued, a signed exception record and supervisor approval are required.

11. Assets, Inventory and Property

11.1 Asset register: Finance/logistics shall maintain a register for equipment, vehicles, computers, communications equipment, furniture and other assets above the Board-approved capitalization

threshold. The register must include description, unique ID, serial number, cost/value, funding source, location, custodian, purchase date and condition.

11.2 Tagging and custody: Assets should be tagged where practical and assigned to a named custodian. Staff must sign for assets issued to them and return them on transfer or separation.

11.3 Physical verification: Assets and inventory must be physically verified at least annually and more frequently for high-value or mobile assets. Differences must be investigated and recorded.

11.4 Inventory and relief supplies: Warehouses must maintain stock cards or electronic records showing receipts, issues, balances, expiry dates and batch/lot numbers where relevant. Two-person verification should be used for high-value or sensitive distributions.

11.5 Depreciation and impairment: Finance shall apply a consistent accounting policy for capitalization, useful lives, depreciation and impairment, based on the applicable reporting framework and professional advice.

11.6 Disposal: Assets may be sold, transferred, donated or written off only after documented condition assessment and approval under the delegation matrix. Donor-funded assets require donor consent where stipulated. Sale proceeds must be receipted and recorded.

11.7 Vehicles and fuel: Vehicle files should include registration, insurance, maintenance, authorized drivers, mileage logs and fuel records. Fuel consumption should be reviewed against mileage and vehicle use; unusual patterns must be investigated.

12. Partner Grants and Cash Transfers

12.1 Partner assessment: Before transferring funds, the Foundation must assess the partner's governance, legal status where applicable, financial systems, safeguarding, procurement, fraud controls, delivery capacity and relevant risk profile.

12.2 Written agreement: Every partner transfer must be covered by a signed agreement defining purpose, budget, schedule, reporting, eligible costs, procurement requirements, record retention, asset ownership, audit/access rights, safeguarding, fraud reporting and treatment of unspent funds.

12.3 Tranche controls: Payments should be linked to agreed milestones and satisfactory financial and narrative reports. Outstanding advances must be reviewed before the next tranche. Exceptions require documented risk assessment and senior approval.

12.4 Partner monitoring: The programme and Finance teams shall conduct proportionate monitoring, verify selected expenditures, review bank reconciliations and procurement records, and document follow-up actions.

12.5 Close-out: At project end, the partner must submit final reports, reconcile advances, return unspent funds where required, account for assets and provide outstanding records. The Foundation shall document acceptance and closure.

13. Financial Reporting and Reconciliations

13.1 Monthly reporting: Within 15 calendar days after month-end, Finance should prepare management accounts including income and expenditure, budget-versus-actual by grant, cash and bank balances, advances, payables/receivables, payroll summary, procurement commitments and key risks.

13.2 Donor reports: Donor financial reports must reconcile to the accounting ledger and use the donor's approved format, currency, period and exchange-rate method. Finance prepares the report; the budget holder confirms programme accuracy; the Executive Director or delegate approves it before submission.

13.3 Quarterly review: Management should review financial performance, cash flow, funding pipeline, budget revisions, restricted balances, partner advances, procurement exceptions, audit issues and forecast costs at least quarterly.

13.4 Annual accounts: Finance prepares year-end financial statements and supporting schedules. The Board reviews and approves the accounts in accordance with the Foundation's governing documents and applicable reporting requirements.

13.5 Reconciliations: Bank, mobile-money, cash, payroll, receivables, payables, grant balances, partner advances and asset-control accounts must be reconciled at least monthly or at a frequency appropriate to risk. All reconciliations must be dated, signed/prepared by and reviewed by separate individuals where possible.

13.6 Month-end close: Finance shall maintain a close checklist covering bank reconciliations, cash counts, payroll, accruals, prepayments, exchange rates, grant allocations, inter-project balances, advances, supplier liabilities and management reports.

14. Fraud, Corruption, Conflicts of Interest and Whistleblowing

14.1 Zero tolerance: Fraud, theft, bribery, kickbacks, collusion, falsified documents, diversion of aid, beneficiary manipulation, embezzlement and deliberate misuse of funds are prohibited.

14.2 Prevention: The Foundation shall use segregation of duties, competitive procurement, vendor checks, beneficiary verification, reconciliations, access controls, staff declarations and risk-based spot checks.

14.3 Reporting channels: Suspected wrongdoing may be reported to the Executive Director, Board-designated focal person or an independently managed reporting channel if established. Reports may be confidential or anonymous where practicable.

14.4 Protection against retaliation: Retaliation against a person who raises a concern in good faith or assists an investigation is prohibited. Confidentiality must be protected as far as possible, subject to fair investigation and legal obligations.

14.5 Investigation: Allegations must be logged, risk-assessed and investigated promptly by impartial persons with no conflict of interest. Preserve evidence, restrict access on a need-to-know basis and consider safeguarding, donor notification and legal reporting obligations.

14.6 Corrective action: Depending on findings, actions may include recovery of funds, disciplinary measures, contract termination, supplier exclusion, donor notification, referral to competent authorities and control improvements. Only authorized officials may communicate externally about an investigation.

14.7 Conflicts and gifts: Personnel must disclose actual, potential or perceived conflicts and update disclosures when circumstances change. Gifts, hospitality or benefits that could influence a decision must be declined or declared under a Board-approved gifts register.

15. Risk Management, Internal Controls and Audit

15.1 Risk register: Management shall maintain a financial and operational risk register covering fraud, cash security, currency, banking access, procurement, partner capacity, donor compliance, data protection, conflict sensitivity and interruption of operations.

15.2 Internal review: The Finance Manager and management shall conduct periodic control reviews and sample testing. Findings, owners, deadlines and closure evidence must be documented.

15.3 External audit: The Board shall determine the appointment of an independent external auditor in line with applicable law, donor agreements and good governance practice. Auditors must have access to relevant records and personnel.

15.4 Donor audits: Programme, Finance and partner teams must cooperate with donor audits and monitoring. Records must not be altered, concealed or destroyed after an audit notice or investigation hold.

15.5 Audit action plan: Management shall prepare a corrective action plan for audit findings, assign responsible persons and deadlines, and report progress to the Board until material findings are closed.

15.6 Access and system security: Accounting and banking access must be role-based, protected by strong authentication where available and removed promptly when staff leave or change roles. Shared passwords are prohibited.

16. Records Management and Data Protection

16.1 Filing: Financial records must be organized by financial year, donor/project, transaction type and voucher/reference number. Digital records must be backed up securely and be searchable for audit.

16.2 Confidentiality: Payroll, bank details, beneficiary information, supplier due-diligence records and fraud reports are confidential and accessible only to authorized personnel.

16.3 Beneficiary data: Collect only data necessary for programme delivery, financial accountability and donor requirements. Store beneficiary lists securely, restrict exports and avoid including sensitive personal details in publicly accessible payment evidence.

16.4 Retention and destruction: Records must not be destroyed before the retention period expires or while an audit, complaint, investigation or legal hold is active. Destruction must be authorized and documented.

17. Shared Costs and Indirect Cost Recovery

17.1 Policy: Shared costs must be allocated to projects on a fair, consistent, documented and reasonable basis that reflects actual benefit or use. Costs must not be charged twice or allocated to grants that do not permit them.

17.2 Allocation methods: Suitable drivers may include staff time, headcount, office space, vehicle usage, transaction volumes or direct programme expenditure, depending on the cost. The selected basis must be documented and applied consistently.

17.3 Indirect costs: Indirect cost recovery may be charged only at the rate and on the cost base authorized by the donor agreement. If a donor does not permit a cost, it must be covered by eligible unrestricted funds or another lawful source.

17.4 Review: Finance shall reconcile allocations monthly or quarterly and retain calculations, source data, approvals and explanations for material changes.

18. Emergency Response and High-Risk Operating Environments

18.1 Emergency principle: Life-saving action may require accelerated procedures, but emergency conditions do not remove the obligation to act honestly, document decisions, protect beneficiaries and comply with law and donor conditions.

18.2 Emergency procurement: An emergency exception may be used only where delay would create a material threat to life, safety or essential programme delivery. The file must record the emergency rationale, market checks undertaken, supplier selection, price reasonableness, approval and goods/services received.

18.3 Delegated emergency authority: The Board shall approve an emergency delegation schedule identifying who can authorize urgent commitments and the maximum limits. If prior written approval is impossible, approval must be documented as soon as communication is safe and practical.

18.4 Retrospective review: All emergency exceptions must be reviewed by Finance and the Executive Director within five working days, or as soon as access and security permit. Repeated exceptions must be escalated to the Board.

18.5 Cash and diversion risk: Where banking systems are unavailable, temporary cash or mobile-money arrangements must have a written risk assessment, defined limits, dual verification where possible, secure custody, prompt reconciliation and a plan to return to normal controls.

18.6 Do no harm: Financial controls must not expose staff, partners or beneficiaries to avoidable danger. Remote verification, independent calls, secure digital records or other proportionate alternatives may be used where direct verification is unsafe, with the rationale recorded.

19. Policy Breaches, Exceptions and Review

19.1 Breaches: Suspected or confirmed breaches must be reported to management or the Board-designated channel. Management shall assess financial exposure, donor notification requirements, recovery and corrective action.

19.2 Exceptions: Exceptions must be justified in writing, time-limited, risk-assessed and approved by a person with authority at least one level above the requester. No exception may authorize an unlawful act, concealment, fraud or use of restricted funds outside donor terms.

19.3 Training: All staff who request, approve, procure, receive, record or report funds must receive induction on relevant sections and periodic refresher training.

19.4 Review: Finance shall coordinate an annual review with programme, HR, procurement, management and the Board. Updates must be version-controlled, approved and communicated.

19.5 Interpretation: Questions not addressed in this policy must be referred to the Finance Manager and Executive Director, and to the Board where material. Decisions must be documented and incorporated into a future revision where relevant.

Annex A. Proposed Approval and Procurement Matrix

Important: The following thresholds are proposed internal starting points for approval by the Board, not a statement of Somali law or any donor's rules. They must be tested against the Foundation's funding agreements and operating risks before adoption. Apply the stricter applicable requirement.

Up to USD 500: At least one price check where practical; budget-holder approval; invoice/receipt and evidence of receipt. Finance verifies documentation.

USD 501–3,000: Normally at least three written quotations where a functioning market permits; documented comparison; budget-holder and delegated senior approval.

USD 3,001–10,000: At least three written quotations or a documented competitive process; written evaluation and conflict declarations; Executive Director approval.

USD 10,001–25,000: Formal competitive solicitation with written specifications and evaluation committee; documented due diligence; Executive Director approval and Finance review.

Above USD 25,000: Open competitive tender where feasible; evaluation committee; documented due diligence and Board or Board-delegated approval before award.

Sole-source / emergency: Written justification, price-reasonableness evidence, conflict review and approval at the level required for the equivalent purchase. Donor prior approval must be obtained where required.

Contract amendments: Any change affecting price, scope, duration or deliverables requires documented review and approval before commitment. Cumulative changes must not be used to avoid thresholds.

Delegation rule: No person may approve a transaction that benefits them personally. If the Executive Director is the requester or conflicted, approval must be made by the Board Chair or authorized independent Board member.

Annex B. Minimum Payment Checklist

1. Approved request and budget code
2. Procurement documents and approval, where applicable
3. Purchase order or signed contract, where applicable
4. Invoice, receipt or approved alternative evidence
5. Goods received note, service completion certificate or beneficiary distribution reconciliation
6. Budget-holder certification and Finance review
7. Payment voucher with unique reference
8. Authorized bank/mobile-money payment approval
9. Proof of payment and paid marking
10. Complete file retained under the applicable donor/project code

Annex C. Month-End Finance Close Checklist

11. Reconcile all bank, mobile-money and cash accounts
12. Perform and document cash counts
13. Reconcile payroll, staff advances, partner advances and supplier balances
14. Review receivables, payables, accruals and prepayments
15. Review exchange rates and record foreign-exchange gains/losses
16. Check donor/project coding and shared-cost allocations
17. Review budget-versus-actual reports and explain material variances
18. Confirm procurement commitments and goods/services received
19. Review grant balances, reporting deadlines and expenditure eligibility
20. Prepare management reports, document review and follow up action points

Annex D. Required Registers and Forms

Registers: Bank and mobile-money accounts; authorized signatories; cash and petty cash; grants and donor restrictions; procurement and suppliers; conflicts of interest and gifts; fixed assets and inventory; advances; partner transfers; audit findings; fraud allegations; emergency exceptions.

Forms: Purchase requisition; quotation comparison; tender evaluation; sole-source justification; goods received note; service completion certificate; payment voucher; cash receipt; petty-cash voucher; bank reconciliation; cash count; travel authorization; travel expense claim; advance acquittal; timesheet; asset issue/return; partner assessment; partner financial report; conflict declaration; fraud incident report; policy exception request.

Annex E. Board Adoption Record

Resolution: The Board of Directors / Trustees of Silent Cry Foundation approves the Financial Policy and Procedures Manual, subject to completion of local legal/accounting review and confirmation of the approval matrix.

Approval Date: 01/01/2026

