

Introduction

The purpose of this Financial Manual is to establish formal practices and procedures to administer, monitor and control all the financial and accounting activities of Let the Children Hear (Uganda) and its related projects

In this regard the financial manual is designed to meet the needs of Let the Children Hear financial staff and financial statement users.

The purpose of this manual is to have uniformity and integrity of accounting records of Let the Children Hear and to establish the production of appropriate, timely, financial reports to required standards to assist the Trustees, Local Managers and External Funders with ongoing financial management and planning of the charity's activities.

The main emphasis of financial policies other than quality assurance is to have strong financial control and accounting mechanism. The financial statements are very significant for interpretation of the entity's performance, to clearly understand the position of the organization regarding sustainability and efficiency.

Responsibility for the Implementation and control of this policy

The Charity's Financial Trustee and local in country Financial Manager and Accountants are responsible for the implementation and control of this policy.

Overall responsibility for the monitoring, review and amendment of this policy lies with the LTCH Trust Board and is to be reviewed annually.

1.0 General Principles

This policy comprises the following sub-sections:

- General Accounting Policies
- General Financial Policies
- Ugandan Statutory Requirements
- Budgets and Financial Planning
- Procurement Policy

2.1 GENERAL ACCOUNTING POLICIES

Let the Children Hear adopts financial and accounting policies and practices that are consistent with current IFRSs (International Financial Reporting Standards). This facilitates the examination of LTCH's accounts by outside auditors without the need for significant exceptions and explanations. The accounting policies adopted by the charity are detailed as follows:

2.1.1 Consistency

The accounting method shall remain the same from the period to period. This will ensure comparison of data from period to period. Any changes from the standard accounting method shall be agreed by the board of Trustees and disclosed in the cover letter to the annual financial accountants.

2.1.2 Accrual basis

Let the Children Hear has adopted the Accrual Basis accounting system in which expenses shall be recorded when incurred and not necessarily when cash is paid out. Accrual will be done monthly. This method provides timely and more realistic financial information which is essential for effective management and financial management.

2.1.3 Cash Basis

Let the Children Hear has adopt Cash Basis Accounting system for all revenue. All revenue will be recorded only when it is received.

Note: In this context cash means physical cash/cheque/cash at bank.

2.1.4 Conservation & Record Keeping

Recording of financial data shall be realistic, accurate and clearly documented. All financial data such as assets, liabilities, revenue and expenditures are to have to have full supporting documents for the recorded amounts.

All documents and records are to be scanned electronically and stored on Dropbox.

2.1.5 Simplicity, Accuracy and Flexibility

The accounting system will be easy for readers to understand and follow. The financial data will be correct and have integrity that readers can trust and not be misled. However, the system will be flexible in situations when there are exceptions. These need to be clearly recorded and advised to the board of Trustees in all cases.

2.1.6 Transparency

The accounting system will demonstrate a clear flow of funds from receipts to expenditures. Journal entries should include supporting documents to explain and justify financial data. All data is to be scanned and stored electronically on Dropbox.

2.1.7 Materiality

All financial data or transactions that significantly affect financial statements should be clearly documented and disclosed to the board of Trustees at the next board meeting.

2.1.8 Disclosure

All important information about Let the Children Hears' financial position and performance must be disclosed in the financial statements in a full and fair manner.

2.1.9 Communication

Financial information and activities shall be reported and accounted for on an agreed timely basis to all invested parties. Any planning of activities which need financial responsibilities shall be submitted to the board of Trustees for formal approval prior to implementation of such activities.

2.2 GENERAL FINANCIAL POLICIES

Let the Children Hear adopts financial and accounting policies and practices that are consistent with current IFRSs (International Financial Reporting Standards). This facilitates the examination of LTC's accounts by outside auditors without the need for significant exceptions and explanations. The General Financial Policies adopted by the charity are detailed as follows:

2.2.1 Financial Year

Due to local Uganda tax requirements, the financial year commences on July 1st and ends June 30th

2.2.2 Categories of Expenditure

Let the Children Hear shall has four distinct categories of expenditure as follows:

(a) Projects:

This refers to costs related to community outreach programmes such as the School Screening and New-born Screening programmes

(b) Administration Expenses:

This refers to costs related to supervision, administration and overhead costs of the day-to-day operation of LTCH in Uganda.

(c) Financing Expenses

This refers to interest expenses and financial charges.

(d) Depreciation Expenses

Depreciation is calculated to systematically write off annually, the original cost of all Let the Children Hear's NCA (Non-current Assets)

2.2.3 Accounting in Local Currency

All Accounting records are kept in the local Ugandan shilling currency (Ugx) currency. This policy has been established to meet the requirements of local governments as well as to allow local audits from external auditors. However, Let the Children Hear may translate its financial statements into a foreign currency if required by the Donor Agencies concerned.

2.2.4 Transactions in foreign Currency

All transactions will be undertaken in accordance with LTCH's Exchange Rate Policy document.

LTCH may have exchange gains or losses. Account “exchange differences” must clearly be documented and clearly recorded in the account ledgers.

2.2.5 Receipt of funds

Payment receipt procedures should follow agreed internal control procedures

Payments received should be recorded in the remittance advice register (cash book) and advised to the Board of Trustees monthly.

Surplus funds in cash/cash equivalents (prior to spending) on authorised activities should not be used for other purposes not budgeted for.

2.2.6 Ledger Accounts

LTCH will maintain separate ledger accounts to monitor project specific expenditure. This will ensure control of each project so that it delivers best value.

Each project should have separate documents for accounting records

Each project should have discrete ledger accounts through which all project receipts and expenditure should be recorded

The project account should be recorded as a liability with the general ledger journal entry numbers, journal approval, and provision of adequate journal narrations and back up documentation.

The current ledger accounts are detailed as:

- i) The School Screening Programme
- ii) The Newborn Hearing Screening Programme
- iii) Ear disease clinics

The project categories are to be monitored and reviewed annually by the board of Trustees.

2.2.7 Payments

Payments will be made in the local currency (UGX) through petty cash, cash and bank.

Payments will be made in accordance with LTCH's Exchange Rate Policy.

Except for petty cash, cash and bank payments will follow the following procedures as a minimum requirement:

- Procurement, expenditure approval systems should be in place.
- Goods and services received should be verified to their good order, condition and quality before payment is processed.
- Payment should be properly authorised by the Local Financial Managers in accordance with LTCH's financial authorisation guidelines.
- Invoices should be stamped PAID after payment to avoid their re-submission
- Project expenditure transactions should be verified by supporting documents when claimed against the contract.
- Payroll, to ensure that payroll disbursements are made only upon authorization to bona fide employees, payroll disbursements are properly recorded, and the organization is compliant with related legal requirements like PAYE and NSSF. NSSF has a threshold of 5 employees for the involuntary registration unless is voluntarily.
- All payments and supporting documentation are to be scanned and stored on Dropbox monthly.

2.2.8 Transfers between Accounts

All funds being transferred to Uganda will be paid into the LTCH main holding account.

In accordance with the agreed monthly budgets the UK Financial Trustee, Geoff Robins, will transfer funds from the Main Account to the Petty Cash Account to cover:

- Monthly overhead expenditure.
- Staff salaries and wages.
- Government Taxes

2.2.9 Procurement of project goods and services

In accordance with the agreed Procurement Procedures (see below), quotations should be obtained and documented for purchases and value for money principles followed.

2.2.10 Cash management

There is a requirement for local staff to carry out activities on cash-only basis and to have a small source for occasional unanticipated expenses. Funds from the Petty Cash account shall be used. Use of petty cash shall be kept to a maximum of Ugx 500,000. No single expenses exceeding Ugx100,000 shall be made from petty cash without prior authorisation. All petty cash must be reconciled weekly and reports stored on Dropbox and submitted to the Financial Trustee by the 15th of the following month.

Repeated use of petty cash for expenses which could be managed through requisition requests, cheques is to be avoided and may result into termination of the petty cash account.

Petty cash advance for purchases should be accounted for within two working days of the day the advance was made. If cash advance is taken and the activity is delayed more than two working days, the advance shall be returned to the petty cash account and may be retaken later.

Cash handling procedures

- Should be adequate, the procedures should cover personnel responsibilities for cash, segregation of duties, approval processes for the use of cash for authorized activities.
- Petty cash advances should be properly controlled and held in safe place.
- Petty cash advances should not be used for loan purposes or other unintended use.
- Petty cash expenditure should be supported by documentation when paid.
- Handover/take over procedures between personnel should be appropriate to deter fraud.
- Accounting Entry

2.2.11 Bank Accounts

The Board of Trustees decide who is responsible for the approval of payments, signing of cheques, and electronic bank transfers.

FINANCIAL & ACCOUNTING MANUAL

Email: info@letthechildrenhear.com

The current protocol schedule is as follows:

<u>LET THE CHILDREN HEAR</u>					
<u>FINANCIAL AUTHORISATION PROTOCOL</u>					
<u>JULY 2025</u>					
Location	Operation	Authorised Person	Names	Transaction Limit	Protocol
UK	Cheque Signature	UK Trustees	Geoff Robins	£5,000	Two signatures required
			Paul Choudhury	£5,000	Two signatures required
			Elisabeth Choudhury	£5,000	Two signatures required
			Elspeth Russell	£5,000	Two signatures required
UK	Regular Monthly Electronic Bank Transfers to Uganda	UK Trustee	Geoff Robins	£2,000	Transfers to be in accordance with agreed budgets
UK	Special Electronic Bank Transfers to Uganda	UK Trustee	Geoff Robins	£1,000	Pre-authorisation required from UK Trustees
Uganda	Cheque Signature	Project Adviser	Elisabeth Choudhury	UGX 2,500,000	All Cheques to be countersigned by Medical or Project Adviser
		Medical Adviser	Paul Choudhury	UGX 2,500,000	As above
Uganda	Regular Cashpoint Withdrawals	Group Administrator	Robinah Nakayira	UGX 2,500,000	Withdrawals to be in accordance with agreed budgets
Uganda	Special Cashpoint Withdrawals	Group Administrator	Robinah Nakayira	UGX 3,000,000	Withdrawals require written approval from UK Trustees
Uganda	Electronic Bank Transfers, Main Account to Petty Cash Account	UK Trustee	Geoff Robins	UGX 3,000,000	Transfers to be in accordance with agreed budgets
Uganda	Special Electronic Bank Transfers	UK Trustee	Geoff Robins	UGX 3,000,000	Transfers require written approval from UK Trustees

Specific procedures are as follows:

- Cheques:**

- Only Trustees can issue cheques up to UGX 2,500,000.

- 2) Each cheque must be co-signed by the UK Trustees, Paul Choudhury, Medical Adviser or Liz Choudhury Project Advisor, according to a resolution of the Board of trustees.
- 3) The cheque plus a cheque requisition form is completed by Robinah Nakayira Administrator and presented to the signatories together with the approved invoice for payment.

- **Cashpoint withdrawals:**

- 1) The Administrator, Robinah Nakayira, is authorised to withdraw up to UGX 2,500,000.
- 2) Withdrawals are only authorised from the Petty Cash Account.
- 3) Withdrawals are only to be made in accordance with the authorised monthly expenditure requirements.
- 4) Special withdrawals, up to a value of UGX 3,000,000, will only be permitted following written approval from the UK Trustees Paul or Liz Choudhury or Geoff Robins.
- 5) Detailed records are to be maintained for all withdrawals and submitted with the monthly accounts by the 15th of the following month.

- **Transfers between the Main and Petty Cash Accounts:**

- 1) The UK Financial Trustee, Geoff Robins, will transfer monies from the Uganda bank Main Account to the Petty Cash Accounts, monthly, in accordance with budgets agreed with the Trust Board. Limit is UGX 3,000,000 per transaction.
- 2) Requests for special transfers will be issued to the UK Financial Trustee, Geoff Robins, by the Administrator, Robinah Nakayira, or the UK Trustees Paul or Liz Choudhury. Supporting documentation is to be provided to confirm the value and reason for the transfer. Limit is UGX 3,000,000 per transaction.

- **Electronic transfers:**

- 1) The UK Financial Trustee, Geoff Robins, will transfer monies from the UK to Uganda, monthly, in accordance with budgets agreed with the Trust Board. Limit is £2,000.00 per transaction.

- 2) Requests for special electronic transfers will be issued to the UK Financial Trustee, Geoff Robins, by the Administrator, Robinah Nakayira, or the UK Trustees Paul or Liz Choudhury. Supporting documentation is to be provided to confirm the value and reason for the transfer. Limit for special electronic transfers is £1,000 per transaction.

Bank reconciliations should be:

- Undertaken monthly and reported to the Board of Trustees by the 15th of the following month.
- Reviewed by a responsible person
- Accurate and complete
- Large and unusual reconciling items should be resolved promptly
- Bank reconciliations/copies of bank statements should be requested from time to time to check unspent fund balances where monitoring the project account is not active.

2.2.12 Capital Expenditure and Asset managements

Purchase of vehicles, office equipment including computer and computer programs and office machines shall be approved by the Board of Trustees

All capital expenditures shall be treated as non-current asset at the time of purchase in consultation with current IFRSs and guidelines in the Ugandan Companies Act, namely:

Recognition criteria for an item of PPE (IAS 16)

- It's probable that future economic benefits associated with the item will flow to the entity and
- The cost of the item can be measured reliably
- Companies Act and Income Tax Act (CAP 340)
- S.27.A depreciable asset should have a cost base of 5 currency points (1 currency point is equivalent to Ugx 20, 000, implying that an item to be classified as an asset, cost should be UGX. 1,000,000 or more.
- All assets should be recorded in an asset register for each project.
- Assets should be properly identified providing asset description, serial number, cost, date of purchase and location.
- -Assets should be verified for their existence, checked against assets register during monitoring visits.
- -Disposals, approval for disposal of asset should be checked and satisfied.
- -Proceeds of sale of assets purchased should be disclosed as revenue in the financial statements
- -Assets should not be used for private purposes.

2.3 UGANDAN GOVERNMENT STATUTORY REQUIREMENTS

Let the Children Hear (LTCH) adopts financial and accounting policies and practices required in accordance with the Ugandan Governments statutory requirements. These are detailed as follows:

2.3.1 General Tax requirements

LTCH is a registered Charity/NGO with the Uganda Revenue Authority (URA). Income Tax Act S21(f) exempts LTCH from paying Income tax on its donated income but requires the charity to submit monthly and annual returns as any other taxpayer including Income tax and PAYE for staff.

2.3.2 Pay as You Earn

PAYE computations on the payroll should comply with the local legal and tax regulations. PAYE returns must be submitted promptly by the 15th day of the following month to avoid penalties from URA. This is done by LTCH on behalf of the employee.

2.3.4 National Social security Fund (NSSF):

LTCH contributes to NSSF which is a defined contribution scheme registered under the National social security fund Act. LTCH's obligations under the scheme are:

- To deduct 5% of the employee's gross monthly salary.
- To contribute an amount equivalent to 10% of each employee's gross monthly salary.
- To submit the entire 15% to the employees' NSSF accounts by the 15th day of the following month. This will be an expense in the year in which it relates.

It should be noted that other statutory deductions may be affected when government issues new instruments or laws.

2.3.5 Local Accountancy Requirements:

LTCH is required by the URA to employ a local accountant to prepare and submit an annual set of accounts for the charity's activities.

2.4 BUDGETS AND FINANCIAL PLANNING

Let the Children Hear adopts financial and accounting policies and practices that are consistent with current IFRSs (International Financial Reporting Standards). This facilitates the examination of LTC's

accounts by outside auditors without the need for significant exceptions and explanations. Budget and Financial Planning procedures adopted by the charity are detailed as follows:

2.4.1 Budgeting Procedures

Let the Children Hear will conduct its activities based on the detailed agreed annual budget approved by the Board of Trustees and external funders. Major budget revisions and changes to the current annual budget will be subject to approval by the Board of Trustees and funders prior to Implementation.

Let the Children Hear shall be flexible in reallocating the budget for any particular financial year along the different line items and with consultations with management or where possible the Donor Agency concerned. This shall stand only stand as long as:

- i) The total annual Budget is not altered
- ii) It has been approved by the Board of Trustees.

However, if Let the Children has secured additional funds during the current financial period from revenue generated or additional grants then the annual budget may be changed with the Board of Trustees approval.

2.4.2 The Planning and Budget Process

LTCH shall establish annual goals and objectives for the organisation by preparing a detailed business plan and budget. This is to be signed off by the Board of Trustees and external funders on an annual basis.

LTCH shall establish a five-year business plan development and growth of the charity by preparing a detailed business plans and budget forecasts. These are to be reviewed and signed off by the Board of Trustees and external funders on an annual basis.

Budgets reflect detailed long-term strategies and planning and should not be changed unless plans change significantly and only then with the permission of the Board of Trustees and External Funders, if appropriate. Expenses should be shown as variances from the budget.

2.4.3 Budget Submission

The local Uganda budget requirements should be reviewed and submitted to the UK Board of Trustees to an agreed timetable. The Board of Trustees is responsible for the regular review of the

Ugandan budgets to ensure that they are consistent with ongoing projects, priorities and available resources.

2.4.4 Budget Calendar

The budget requirements for the next financial year should be submitted to the Board of Trustees in accordance with the agreed timetable for review and implementation.

2.4.5 Monitoring Expenditure against Budget Allowances

The Financial Managers in Uganda shall ensure that all expenditure is monitored and recorded monthly. The local Financial Managers shall be responsible for ensuring that effective financial controls are in place and adhered to and more specifically that:

- Monthly expenditure remains within the agreed budget requirements.
- Expenditures are only for the purposes set out within the budget
- Detailed financial documentations including quotations, invoices and receipts is collected, scanned and filed to Dropbox by the 15th day following the month end.

2.4.6 Establishment of the Budget

The basis and source assumptions used within budget proposals should be realistic for the proposed activities to be undertaken.

The adequacy, description and number of line items in the budget should be sufficient to ensure proper disclosure of expenditure for activities undertaken and for monitoring purposes

Line-item description for the project activity should be consistent so that the expenditure line item provides for transparency and audit trail.

For both line-item description and amounts, budget line-item changes for project activity costs should be properly identified and approved.

If for some reason, a donor or those charged with budget approve funding less than the budget proposal, the budget should be revised to consider reduced funding and budget changed requested should be properly identified and approved by the Board of Trustees.

2.5 PROCUREMENT PROCEDURES

Let the Children Hear adopts financial and accounting policies and practices that are consistent with current IFRSs (International Financial Reporting Standards). This facilitates the examination of LTC's

accounts by outside auditors without the need for significant exceptions and explanations.

Procurement procedures adopted by the charity are detailed as follows:

The following are the steps followed while procuring goods or services:

2.5.1 General Requirements

The following will be adopted:

- Pre-qualification and vetting of suppliers and service providers is required and to be documented.
- Suppliers and service providers to be reviewed on a quarterly basis.
- Reorder levels of regular items to be reviewed on a quarterly basis.
- Purchases can be made without a purchase order below Ugx 2,000,000
- Quotations/pro-formas are required for all expenditure Ugx 2,000,000 and above.
- Procurements of services and items will be in accordance with agreed budget requirements.

2.5.1 The Procurement Process

The following procedure will be adopted:

- Suppliers or service providers to be pre-qualified and details recorded. These can be recommended or references from other companies. Ensure they are checked for their financial health and legal and or constructional compliance)
- Purchase requisition to be raised and approved.
- Quotations to be obtained (at least from three (3) different suppliers)
- Liaise with the Project Manager to review and approve the quotation.
- Consider/check: the price emphasis on value for money
- Raise local purchase order, if above is agreed
- Goods/services are delivered or performed
- Confirmation that the quality of goods or requisite service is to the necessary standards.
- Invoice is issues
- Payment requisition is made and approved
- Pay the supplier or service provider.

Step 1 - (Purchase requisition)

The user /user department(s) shall raise a purchase requisition when an item is needed. The purchase requisition shall be written and directed to the office responsible for purchases, the purchase requisition shall clearly stipulate quantities, model (make) and all the relevant specifications.

For services, the user department will document a needs discussion and generate terms of reference then submit to the project manager.

Step 2 - (Quotations & purchase order)

The project manager through office administrator shall source at least 3 quotations from different suppliers for the non-regular (One off) items for comparison of price, quality and delivery time etc

The comparison will always be done in conjunction with the user department and the finance emphasis will be on the value for money. Then a purchase order can be sent to the supplier. (Duty authorized by management)

For regular items, the project manager at its discretion, shall raise and send the purchase order to any one of the already predetermined suppliers or apportion the order. The purchase order will be in triplicate (one for supplier, one copy to fiancé accounts department and the other retained in purchase book)

For services, the procurement office shall seek proposals/presentations, issue revised terms of reference (ToR) or contract the provider.

Step 3 - (Invoice & delivery note)

The items shall then be delivered to the stores with two (2) documents form the supplier (delivery note and the Invoice) project manager, administrator or anybody in management) will then cross check the items on receiving against a copy of LPO for quantity and specification.

Step 4 - (Good Received Note)

The receiver in consultation with the project manager or co-coordinator and the user (s) will examine conformity. If the items conform to the specifications of order(s), he will issue a goods received note (GRN) to the supplier quoting the delivery note reference and the invoice reference.

A copy of the GRN will be sent to the accountant

The accountant will compare the purchase order, the invoice details and the GRN. All this will be a basis for payment.

For services, a committee of at least 3 senior personnel shall convene to review work done and issue a certificate to the provider to be considered for payment

Step 5 - (Supplier Receipt)

On receiving the GRN, DN and Invoice from the supplier, the accountant shall immediately recognize the liability (account payable) pending payment.

On payment, a BPV or A PCV will be filled out by the accountant. The payment vouchers together with all supporting documents shall be forwarded to the project manager for authorization.

After approval the accountant or cash office will then issue payment in form of cash, draft or cheque. The supplier shall acknowledge receipts of the cheque/cash by signing the PV and issuing a headed receipt.

Notes:

- a) A cheque shall only be written after the PV has been approved for payment by the project manager.
 - b) The supplier or his representatives shall pick the cheque with a valid identification card (ID)
 - c) The receipt (headed receipt) shall be attached to the PV together with other supporting documents
 - d) The payment shall be recorded same day
- Both BPVs and PVs shall be serialized and dated

Oversight

On behalf of trustees, the Financial Director and the Medical Director have immediate responsibility. Feedback will be given to all trustees both verbally and in writing. All trust board members have overall responsibility.

Governance and Risk

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The Charity is responsible for conducting its financial procedures in line with Charity Commission requirements, standards of good governance and accountability. This involves regular monitoring of the control systems for exchange control, ensuring that they are adequate and effective.

The charity is responsible for monitoring and managing financial policies. Auditing and review of risks will be undertaken by the trust board members as per policy review form.

Approval and review

Approved by	Paul Choudhury, LTCH Trustee
Policy Officer	Geoffrey Robins – Chair / Financial Trustee
Date	July 2025
Review date	July 2027