



SWEDEN



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# INTERNAL CONTROL & CORPORATE GOVERNANCE MANUAL

## SUMMARY

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**UNDP IS THE** United Nations global development network advocating for sustainable development and inclusive economic growth. It supports South Sudan in building accountable, transparent state institutions to deliver services to the people. The overarching aim of UNDP in South Sudan is to support progress towards peace and reconciliation, early recovery and stabilisation, and towards achieving the new Sustainable Development Goals (SDGs). UNDP is focused on: helping create more resilient communities; reinvigorating local economies; strengthening peace and governance; and empowering women and girls.

The Internal Control and Corporate Governance Manual serves as a guide to assist UNDP partners in South Sudan with day-to-day performance and management functions.

In this Manual, UNDP aims to improve and develop its partners' expertise in financial management, procurement, human resources management, asset management, as well as corporate governance, in order to mitigate risks and build corporate compliance capacities.

This Manual is designed so that its contents can be updated and revised annually. Revisions result either from changes to existing policy, or from improvements to practices in the daily work of UNDP partners, as identified by end users of this Manual.

This summary manual is intended to provide a quick introduction to each of the five Parts of the main Manual; it summarises the core elements of each Part, and provides page references to take the reader to the full explanation of the topic about which he or she is seeking guidance.



**CORPORATE GOVERNANCE IS** the system of rules, practices and processes which spell out how an organisation is directed and controlled in accordance with agreed and/or legislatively mandated standards.

Effective governance and accountability in an organisation, no matter how large or small, means that appropriate processes and structures are in place to direct and manage an organisation's operations and activities, and to ensure that they function well. The goals of good governance are to ensure the effectiveness, credibility and viability of the organisation and, in so doing, to balance the interests of the organisation's stakeholders, beneficiaries, management, suppliers, financiers, government, and the community.

The Boards of organisations such as CSOs, despite their voluntary nature, are publicly accountable bodies, responsible to their stakeholders for the effective management of organisational funds, donations and services entrusted to them and for the management and performance of staff in their employment.

## 1.1 Structure of the Board of Directors [P13]

- / The Board of Directors is a body of elected or appointed members who jointly have authority and responsibility to direct and oversee the activities of the organisation. The mode of appointment of the Board, usually either by appointment or by election, will be in accordance with the Constitution of the CSO.
- / In accordance with the Constitution, the Chairman of the Board of Directors should be formally appointed or elected, and the performance of the Chairman should be discussed on an annual basis by Board members.
- / A majority of the Board members should be independent of the, that is to say, not a member of management nor a representative of a party or body having a special or personal interest in the activities of the organisation, such as regular service providers, donors, Government staff, or beneficiaries.
- / Board committees should be established where they would enhance the effectiveness of the Board, and specific consideration should be given to the establishment of an Audit Committee and Ethics Committee.

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**Procedure for the Election of Board of Directors:**

- / Recruiting Board members is a primary responsibility of the Board in that it is the way the Board ensures that it continues to have the right mix of skills needed to fulfill its role of strategic guidance and oversight. This is not a role that the Board should delegate to the management.
- / The Manual outlines the two main approaches to selection of Board members:
  - Where the Board has primary responsibility for selection, appointment and induction ; and
  - Election of Board members by members of the CSO

## 1.2 Board Responsibilities [P16]

**AMONGST OTHER AREAS** of accountability, the Board is principally responsible for:

- / Promoting the success of the organisation by directing and supervising the organisation's affairs and managers.
- / Setting the organisation's values and standards, and short and long term objectives.
- / Ensuring that the organisation's obligations to all its stakeholders are understood and met.
- / Ensure that management implements procedures to enable the organisation to meet its legal and regulatory requirements including meeting the requirements of government rules and regulations, and donor's requirements.
- / Review the adequacy and effectiveness of the risk management processes.
- / Regularly review the operational performance of organisation.
- / To be in a position to give assurance that the organisation operates in compliance with its obligations.

## 1.3 Duties of the Chairman of the Board [P19]

- / Responsible for approving the agenda of the Board's business;
- / Chairing/managing all meetings and providing leadership in the Board's actions to ensure that it complies with the principles of good corporate governance;
- / Take special responsibility for ensuring that the Board operates effectively, including being satisfied that members understand their roles and responsibilities.
- / Ensure the membership of the Board has the right balance of skills and experience to support the needs of the organisation.

## 1.4 Board Committees [P20]

**BOARD COMMITTEES ARE** used to assist the Board in carrying out its functions by concentrating on specific areas of responsibility in detail, reporting findings and making recommendations to the full Board. For ongoing major activities, such as finance and audit, Boards usually establish standing committees; while for short-term or one-off activities or investigations, they establish ad hoc committees that cease when the activities are completed. Committees optimise use of Board members' individual expertise, time and commitment, and assist the productive use of time and resources by the Board as a whole.

Table 1.1 at pages 19-21 of the Manual lists the most common Board Committees used by organisations and describes their normal functions. The list is not exhaustive.

## 1.5 Board Accountability [P22]

**THE BOARD OF** Directors is ultimately responsible for the organisation: as a whole, the Board and its individual members, are answerable for all that the organisation does, and how it does it. The Board therefore is the locus of accountability and should commit itself and the organisation to pursuing policies and practices that justify the confidence of stakeholders and the public in its continued operations.

Day-to-day operations of the organisation are properly delegated to the administration. The Chief Executive and staff answer to the Board: while senior management and staff must obey laws and regulations, conform to the principles and policies the Board lays down, behave with integrity and meet standards, they are nonetheless accountable only to the Board. It is the responsibility of the Board to see that they conform.

Senior executives and staff generally, although they must act responsibly, do not have a separate accountability to the public. This much, therefore, is straightforward: it is the Board that is held responsible. The Board is called to account for the organisation. The Board and its members have a fiduciary duty to see that the organisation functions properly.

## 1.6 Board Delegation [P25]

**AS A PART-TIME BODY**, a Board of Directors may find it onerous to perform fully all the functions assigned to the Board according to legislation or the organisation's Constitution. In such circumstances, it may choose to delegate certain elements of its responsibility to another party, to enable the organisation to operate effectively and efficiently, whilst functioning legally.

When a function is delegated, the Board is not absolved of the responsibility but remains accountable for everything that occurs.

Delegation of authority is intended to ensure that an organisation operates effectively by endowing a person or body – usually one of its employees or a sub-committee – with appropriate authority so they can perform certain functions on behalf of the Board.

The Board has the right to revoke any delegation it makes at any time. Even though a delegation has been made, the Board may still exercise its authority and make a decision itself.

## 1.7 Transparency and Disclosure [P28]

**THE ORGANISATION SHOULD** ensure that timely and accurate disclosure is made regarding all material matters concerning the organisation, including its financial situation and results.

## 1.8 Code of Conduct [P29]

**EVERY ORGANISATION, INCLUDING** CSOs, operates according to a set of core values in seeking to achieve its objectives or mission. These values underpin and define the way the organisation and its staff go about their business and provide a reference point for measuring their success. All employees need to know what standards they are expected to adhere to and are expected to aspire to the highest standards in all their professional actions.

This section of the Manual identifies core values likely to apply to the operations of a CSO and, as well, offers a model Code of Ethics that may apply.

## 1.9 Conflict of Interest - Board of Directors [P37]

**ANY DIRECTOR OR** committee member having a conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.

It is the responsibility of the Chairman of the Board or the Chair of the committee to see to it that the Board member or committee member does not participate in discussion or vote on any decision.

## 1.10 Risk Management and Compliance [P38]

**RISK MANAGEMENT IS** the identification, assessment, and prioritisation of risks – defined as the effect of uncertainty on objectives – followed by coordinated and economical application of resources to minimise, monitor and control the probability and/or impact of unfortunate events. Risk management’s objective is to assure uncertainty does not unduly deflect the endeavour from achievement of the business goals.

Monitoring and updating the risk programme allows the organisation to learn from experience. Management should be responsible for reporting risk events and the performance of control to the Board of Directors on a regular basis.

The Board of Directors, through their risk oversight role, have to satisfy themselves that the risk management policies and procedures designed and implemented by the organisation’s senior executives and risk managers are functioning as directed.

## 1.11 Audit [P46]

**INTERNAL AUDITING IS** an independent, objective activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the system of internal controls.

It provides value to Board of Directors and senior management as an objective source of independent advice.

It is a major responsibility of the Board of Directors to ensure the objectivity and independence of the internal audit function. The Board should establish an Audit Committee (AC) comprising at least three Board members to be responsible for oversight of internal audit work and reports and to follow up on implementing recommendations made by internal audit to management.

The Audit Committee, as well as overseeing the internal audit function, has responsibility for the appointment and oversight of external auditors:

- / Review the selection of the external auditors and recommend to the Board the appointment, reappointment, termination, terms of engagement and remuneration of the external auditors.
- / Review the scope of work and results of the external audit and at least annually, the independence and objectivity of the external auditors.



**UNDERPINNING ALL FINANCIAL** management systems is a series of financial policies and procedures which guide operations and lay out how an organisation uses and manages its money. A financial procedures guideline brings all these together in one document. It helps to establish financial controls within the organisation that ensure accuracy, timeliness and completeness of financial data.

### 2.1 Financial Procedures [P58]

#### 2.1.1 Accounting System: [P58]

- / An accounting information system is a system of collecting, storing and processing financial and accounting data used by decision makers. The resulting financial reports can be used internally by management or externally by other interested parties including creditors, donors, and tax authorities.
- / The purpose of accounting is to accumulate and report on financial information about the performance, financial position, and cash flows of a business. This information is then used to reach decisions about how to manage the business.

#### 2.1.2 Chart of Account: [P61]

The chart of accounts is a detailed listing, with descriptions, of all of the accounts (records of each business transaction), maintained by an organisation. It is used to keep track of the income and expenses of the organisation. It serves as a detailed table of contents for the general ledger.

#### 2.1.3 Financial Methods: [P72]

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**There are two main methods for keeping accounts.**

**Cash Basis:** This is the simplest way to keep Finance Department records and does not require advanced bookkeeping skills to maintain.

**Accruals Basis:** This refers to record financial obligations when they happen rather than when cash is paid or received. This system is more advanced and requires accountancy skills to maintain.

## 2.2 Cash Management [P74]

**CASH MANAGEMENT IS** the corporate process of collecting and managing cash. It is a key component of ensuring an organisation's financial stability. There is often a specific position in the finance department designated as responsible for overall cash management.

The following internal controls help the organisation to control cash. They are discussed in detail in the Manual at pages 74-84:

- / Segregation of Duties:
- / Safeguarding of Cash:
- / Cash Receipt Processing:
- / Employee Reimbursements
- / Nature and Source of Revenue
- / Petty Cash/ Imprest Fund
- / Money coming in separate from money going out
- / Receipts issued for received money
- / Payment of surplus cash into bank
- / Physical controls
- / Supporting documentation

## 2.3 Operating of Bank Accounts [P85]

**THIS SECTION OF** the Manual outlines procedures relating to the opening and operating of bank accounts to assist the organisation in managing its financial assets.

## 2.4 Recording of project activities and payments [P92]

**THIS SECTION OF** the Manual covers income and budget management, including types of budgets.

## 2.5 Financial Report: [P101]

**FINANCIAL STATEMENTS ARE** an output of the Finance Department. The organisation is required to produce different financial reports according to the organisation's internal needs and stakeholders' needs. These reports include Cash Flow Reports, Budget Monitoring Reports, Income Statements, Balance Sheet, and Reports to Donors.

## 2.6 Payroll: [P113]

**THIS SECTION OF** the Manual describes principles and practices in relation to processing and managing the payroll for an organisation.

## 2.7 Dealing with Fraud and Irregularities: [P120]

**INCIDENTS OF FRAUD** and irregularities require sensitive handling to minimise the long-term impact. It is important to be prepared to deal with any occurrences of fraud or financial irregularity by having a written procedure which covers steps that need to be taken.

## 2.8 External and Internal Auditors [P123]

- / **Internal Auditors:** The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. Auditors' duties are to ensure compliance with established internal control procedures by examining records, reports, operating practices, and reviewing documentation. The Auditor moreover verifies assets and liabilities by comparing items to documentation and completes audit work papers by documenting audit tests and findings.
- / All staff in the organisation are required to cooperate with internal auditors, and should allow accesses to all documents requested by the auditors.
- / Management of the organisation should consider with utmost seriousness internal audit reports and recommendations and, in all but the most exceptional circumstances, should act on them as a matter of urgency.
- / **External Auditors:** Organisations rely on external audits to demonstrate performance and accountability to the Board of Directors and stakeholders.
- / The external auditor studies important financial documents, such as invoices, the petty cash book, bank book, bank statements, stock sheets and bank conciliation statements; they review these papers in the privacy of a quiet place and interview staff members in confidence as needed.
- / Part of the auditing process involves the detection of fraud. When the accounting statements of a firm are in line with established procedures and best practices, the external auditor reports them as being "true and fair" and makes qualifications for adverse details – misstatements, undisclosed fraud, insider loans and incorrect accounting policy. If there are too many misstatements, the external auditor may declare the audit as adverse, an opinion that can bring reputational and legal consequences for the organisation.

- / The Finance Department Staff must facilitate and allow easy access to all financial data, records, files, statements, and reports for the external auditors, and cooperate fully in responding to all of the external auditor's inquiries, including preparing the following supporting documentation (for example, but not limited to):
  - ▶ Proof of non-profit status and incorporation;
  - ▶ Audited financial statements for the past three financial years, signed by the auditor and responsible board member;
  - ▶ The organisation chart;
  - ▶ The organisation's strategic plan;
  - ▶ Code of ethics, code of conduct, and anti-terrorism policies, anti-corruption policies, or equivalent documents;
  - ▶ Any external audits reports.

**PROCUREMENT IS THE** process of identifying and obtaining goods and services. It includes: planning and defining purchasing requirements (specifications); sourcing (identifying potential suppliers; evaluation of alternative offers; purchasing (actually buying of goods and commercial services from preferred suppliers; and covers all activities up to the inspected delivery from the selected supplier.

## 3.1 Introduction: [P132]

**ALL PROCUREMENT CARRIED** out by the organisation shall be guided by the following principles:

- / Best value for money;
- / Fairness;
- / Integrity; and
- / Transparency.

Ethical standards must be maintained at all stages throughout the procurement process.

## 3.2 Organisation of Procurement: [P134]

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### Procurement process: [P134]

- / Identification of goods and services needed by the organisation;
- / Define the purchase or tendering methodology;
- / Define the available suppliers;
- / Evaluate the offers;
- / Award contracts;
- / Contract issuance, logistics and contract administration.

### Responsibilities of Organisational Units: [P134]

Responsibility for initiating, implementing, approving and signing procurement actions is shared among designated units depending on the value and nature of the goods and services to be procured.

#### Example Procurement Authority Matrix

Title	Authority of Procurement Amount in USD dollar	Procurement Methodology
Board of Directors Procurement Committee	Over \$10,000	Tendering
Management Procurement Committee	\$301–10,000	Tendering
Chief Executive Officer	\$1-300	Direct purchase

## 3.3 Supplier Management: [P137]

**Supplier Registration:** The organisation should develop and maintain a supplier database containing up-to-date information about suppliers including contact and company details, financial information, export volume, previous experience and registered products/services.

**Supplier Management:** In order to maximise competition and receive value for money, the organisation shall continually strive to identify new technically and financially sound suppliers.

## 3.4 Solicitation: [P139]

**THE APPROPRIATE METHOD** of solicitation depends on market conditions, nature and value of the requirement, location and urgency. In selecting a solicitation method, it must first be determined whether the requirements can be met through using an existing long term agreement (LTA), redeployment of assets, or supply available within existing organisation stocks. A justification should be recorded explaining the chosen strategy.

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### Solicitation Documents: [P142]

#### Solicitation documents consist of three components:

- / Letter of Invitation, including Instructions to bidders;
- / Requirements definition; and
- / Contractual terms.

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### Invitation of Suppliers: [P143]

**Transmission of Solicitation Documents:** RFQs may be requested verbally or through consultation of price lists via catalogue, Internet or other media. The quotation that is the basis for the award must be documented by written confirmation from the supplier or a copy of the published price list. Solicitation documents for ITBs will be sent simultaneously to all invited suppliers by any means which provides confirmation of receipt (including but not limited to registered letter, courier, facsimile, email, e-tendering etc.).

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### Communication with Suppliers: [P144]

All communication with invited Suppliers during the solicitation period will be documented. If additional information or clarification is requested by one of the invited suppliers, the same information or clarification must be made available to all invited suppliers.

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**Exceptions to Competitive Bidding: [P144]**

A competitive solicitation procedure is considered the standard for ensuring a fair, transparent and efficient procurement process. Procurement may, however, be undertaken without competition by means of a competition waiver when a competitive solicitation procedure is not possible or feasible or would not efficiently and effectively meet the interests and objectives of the organisation.

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**Electronic Submission of Documents: [P145]**

Where the solicitation documents state that bids are accepted by email, the organisation must create a designated and secure organisation email address for receipt of offers. The email address must be specified in the solicitation documents and it must be made clear that only offers sent to the dedicated email address will be accepted. An individual not directly involved in the procurement process shall have the sole access (through password protection) to the dedicated email.

## 3.5 Management of Submissions: [P146]

**IT IS THE** responsibility of Suppliers to ensure that offers are submitted to the organisation in accordance with the stipulations in the solicitation documents. If offers by fax and/or email are accepted when formal methods of solicitation are used, a dedicated fax number and/or email address must be set up. It must be clearly stipulated in the solicitation documents that offers sent to any other fax or email will be rejected.

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**Opening and Recording Submissions: [P147]**

- / Tender Opening Committee: A tender opening committee (TOC) will be responsible for opening and recording submissions; each TOC should comprise at least three members.
- / Opening and Recording Procedures: Offers shall be date stamped and opened immediately after the deadline for

submission or shortly thereafter or at the latest by close of business the next working day.

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**Rejection of Submissions: [P148]**

When formal methods of solicitation are used, offers should be rejected if they are:

- / Received by any fax or email other than the secure fax/ email specified in the solicitation documents;
- / Received at any other location or by any person other than as specified in the solicitation documents;
- / Received after the deadline for submission of bids stated in the solicitation documents.

## 3.6 Evaluation: [P149]

**ALL EVALUATIONS SHALL** be made against the criteria set and communicated to the suppliers at the time of the tender advertisement/procurement notice. No new evaluation criteria shall be added after the tender advertisements have been closed and bids opened for evaluation. All steps in the evaluation of offers must be appropriately documented.

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**Technical and Price Evaluation: [P150]**

- / **Evaluation of Quotations:** For Requests for Quotations (RFQ), the evaluation committee will recommend award on the basis of the lowest priced quotation meeting requirements.
- / **Evaluation of Bids:** Evaluation of bids is based on an assessment of conformity to specifications and a prices evaluation based on the established evaluation criteria.

The evaluation committee will recommend award to the supplier who submitted the bid considered to provide the best value for money to the organisation.

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**Recommendation for Award: [P150]**

The Chair of the Tender Committee will review evaluation for completeness and correctness and will obtain from the requesting department any necessary additional information or clarifications. The TC will review the technical evaluation and ranking, and will confirm the commercial suitability of the recommended supplier(s) as well as prepare the recommendation(s) for award. Results of the evaluation of offers and supplier qualification shall be documented in an evaluation table and summarised in the evaluation report.

## 3.7 Awards: [P151]

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**Award and Finalisation: [P151]**

The procurement authority will not approve or sign any contractual instrument committing the organisation to the expenditure of funds without documented confirmation that adequate funds for the procurement activity are available.

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**Supplier Notification, Debriefing and Protest. [P152]**

After selection of a supplier, award of contract and contract signature, the organisation shall inform the unsuccessful suppliers in writing by email or facsimile or by uploading the award information to the organisation website where applicable.

## 3.8 Contractual Instruments: [P152]

**THE FOLLOWING ARE** the principal contractual instruments used by organisations for procurement of goods and services:

- a. Contracts (including long term agreements and service contracts)
- b. Purchase Orders

## 3.9 Contract Management: [P155]

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### Supplier Performance Evaluation: [P155]

The requesting department should submit an evaluation report to the procurement officer covering details of any supplier non-compliance and poor performance. The following issues shall be addressed:

- / Fulfilment of delivery schedule/timely delivery;
- / Compliance with contractual terms and conditions;
- / Adherence to warranty provisions;
- / Quality of goods or services provided in accordance with the contract;
- / Timely response to the organisation's requests;
- / Undue delay of the performance under the contract;
- / Failure to disclose information relevant to performance, such as bankruptcy, or being defendant in litigation.

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### Contract Completion: [P158]

Procurement personnel and requesting department personnel shall verify the following key steps, upon completion of which the procurement officer shall close the file:

- / All products and/or services required have been provided to the organisation;
- / All contractual instruments relating to the contract, such as transfers, assignments, and consent forms, are complete and on the file
- / Documentation in the contract file adequately shows receipt and formal acceptance of all contract items;
- / No claims or investigations are pending on the contract;
- / Any property furnished by the organisation has been returned and discrepancies, if any, in number and condition resolved;
- / All actions related to contract price revisions and changes have been concluded;
- / All outstanding subcontracting issues have been settled;
- / If a partial or complete termination was involved, action is complete;
- / Original copies of all warranty documentation, including expiration dates responsibilities and procedures to follow are finalised;
- / Any required contract audit has been completed; and
- / The final invoice has been submitted and paid.

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#### **Documentation and Maintenance of Procurement Files: [P159]**

A procurement file must be established by procurement personnel for each procurement action. The file must include all information and documents required to successfully administer the contract.

**HUMAN RESOURCES (HR) MANAGEMENT** is a very important administrative function in any organisation because of the importance of the human element and its potential effect on the productivity and efficiency of an organisation

## 4.1 Recruitment and Selection: [P163]

**THE RECRUITMENT AND** selection process starts when there is a need to fill a certain job, and this may occur in either two ways:

- / The creation of a new position on the organisational chart.
- / An existing job becomes vacant.

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### Preparation of a job description [P164]

All existing jobs in the organisation must have a job description.

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### Develop Selection Criteria [P166]

Each job vacancy requires a set of selection criteria, varying according to the nature and the level of the position. Selection criteria for a particular job vacancy should cover the following categories: education; Experience; training and skills; job-related personal qualities; and job-related physical characteristics.

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### Job announcement (advertisement) [P167]

Channels of announcement:

- / Newspapers;
- / Journals;
- / Internet;
- / Other media.

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**Application Form [P168]**

The HR department must develop a general job application form to be completed by all job applicants.

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**Selection: [P173]**

Interviews are considered to be the most popular method used in the selection process. The Manual provides guidelines on the best way to conduct interviews, using an interview panel and preparation of a comprehensive analysis of all applicants against the selection criteria adopted.

## 4.2 Employment Contracts and Benefits: [P177]

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**The job offer: [P177]**

The job offer should contain the following key information:

- / Job title;
- / Starting salary or wage rate;
- / Hours of work;
- / Key employee benefits;
- / Reporting/supervision relationships;
- / The end date of employment for fixed term positions;
- / Any requirements for criminal record checks, security, clearances;
- / Instructions on accepting the offer.

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**Probationary Period: [P178]**

The probationary period is a period of time in which an employee's work is closely monitored in order to determine whether he/she is suitable for the position for which he/she was hired.

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**Staff files: [P179]**

There must be a separate personnel file for each employee in the organisation, containing all documents, identifying documents and correspondence in relation to the employee.

Data entry to employee file should be from the following main sources:

- / Job application form (attached with other identity documents) for all the personal data of that employee.
- / Job description signed by the employee for acknowledgment.
- / HR operational records for all data related to employee matters since joining the organisation and until termination (promotion, salary increase, transportation, allowances, etc.).
- / Employee leave record, which is used to summarise the leaves that the employee takes every year. The employee file includes a full summary of leave accrued and taken throughout employee's work at the organisation.
- / Performance evaluation reports, which record the results of the employee's yearly evaluation throughout his/her work at the organisation.
- / Any penalties imposed during the employee's tenure at the organisation.

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**Salary [P180]**

Salaries of employee are paid in local currency , which can be paid by means of the following methods:

- / Bank Cheques
- / Bank transfers to employee accounts.

## 4.3 Time and Holiday Management: [P182]

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### **Working time [P182]**

Working hours are determined based on organisational working hours.

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### **Attendance sheets [P182]**

- / The organisation should consider developing an attendance sheet to monitor its employees' attendance.
  - / All employees are obliged to sign the attendance sheet when they arrive at and/or leave the work place.
  - / The attendance sheet must be reviewed in a daily basis in order to follow-up on employees attendance and take any necessary steps.
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### **Time sheet [P183]**

- / The organisation may develop a time sheet to monitor its employee time management.
  - / Time sheets are usually filled in on a daily basis by the individual employee and submitted to the direct supervisor at the end of each pay period for approval.
  - / Employees should accurately record the time they begin and end each task, and they should record any absence, i.e. business, annual, sick leave.
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### **Annual leave (Vacation) [P183]**

At the beginning of each year, the head of each department should prepare a schedule for the expected annual leave to be taken by employees and forward it to the HR officer.

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**Sick Leave [P184]**

- / All sick leave, awarded by pro rata calculation or taken as fractions of a day will be rounded to the nearest half (½) day for record purposes and shall be awarded, deducted and tracked by the HR department. At least once per year all employees should be advised of the balance of their accumulated sick leave.
- / Sick leave may be taken in hourly increments and rounded up to the nearest quarter day.
- / In order to be entitled to paid sick leave, the employee is required to sign a statement or produce a certificate from a medical practitioner for any illness, certifying that he/she was unable to carry out his/her duties due to illness.
- / Any costs associated with such certification requirements are the responsibility of the employee.
- / It is the responsibility of the employee to make care arrangements during the illness or injury of an immediate member of the employee's family. When no one other than the employee can provide these needs an employee may be granted sick leave benefits to care for the member of the family who is ill or injured.
- / Employees are expected to make every effort to schedule their medical appointments outside of normal work hours. When this is not possible, and at the discretion of their supervisor, an employee may be granted time off with pay as discretionary leave, or make up lost time by mutual agreement. If the medical appointment is out of town, a reasonable amount of time to attend the appointment shall be deducted from the employee's sick leave in case absence from work is over three hours.

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**Unpaid leave [P185]**

- / In some specific cases, the organisation can give its employees unpaid leave for a specified period.
- / During unpaid leave, insurance coverage (social security and health insurance levies) will not be maintained.
- / During unpaid leave, no length of service is accumulated.

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**Leave requisition process [P185]**

The employee must submit a leave request to their direct supervisor stating the type of leave sought, e.g, annual or unpaid, period of the leave, as well as commencement date and date of return to work.

## 4.4 Performance Management: [P185]

**EACH EMPLOYEE WHO** completes either (12) months or a period specified by the organisation's management has the right to have an evaluation for the level of his or her performance.

## 4.5 Training and Capacity Building Guidelines: [P189]

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**Objectives of Skills Development and Training System. [P189]**

- / Improve employees' productivity.
- / Facilitate employee progression, career growth and achievement of their individual aspirations.
- / Identify the strengths and weaknesses of staff to enable work on skills development and improvement of performance.

- / Familiarise and update staff about the latest developments taking place at the organisation.
- / Upgrade skills and abilities of the employee.

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#### **Determining training needs and setting the annual training plan. [P189]**

The HR officer is responsible for consulting departmental, branch and unit heads to determine the required training for their employees; this should be done at least one month before the end of the year.

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#### **Evaluating the training process. [P190]**

The HR officer is responsible for conducting a periodic evaluation of the courses run by external training bodies through surveying trainees who participated in the program to assess if the training course was delivered to the required quality.

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#### **Unplanned training (urgent training) [P191]**

Unplanned or urgent training may occur in cases where specialised seminars in organisational requirements or training on new systems becomes necessary.

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#### **Training of new employees [P191]**

The HR training branch should invite all new employees to an introductory training course, and details of this training should be recorded in the training file of the employee.

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#### **Training plan follow-up [P191]**

- / The HR officer should issue a periodic report about implementation of the training plan including the following:
  - ▶ Numbers of planned courses compared with actual executed courses and clarification of any deviations;
  - ▶ Training program of new employees, if any;
  - ▶ The planned number of trainees compared to the actual number and explanation of any deviations;

- / Evaluation of training courses executed individually;
- / Estimated cost compared with actual costs and explanation of any deviations;
- / Obstacles and challenges faced by the division during the execution of the plan, if any; and
- / Number of unplanned courses (urgent training) with reasons for performing these courses.

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**Training file [P192]**

- / There must be a training file for each employee containing the following information:
  - ▶ Training log (detailing the number and nature of the courses the employee undertook).
  - ▶ Copies of training program certificate that obtained.
  - ▶ Trainers/external training bodies evaluation reports about the participation of the employee.
  - ▶ Training impact evaluation presented by the departmental, branch, and divisional heads.

## 4.6 Termination Guidelines: [P192]

**TERMINATION IS THE** act of the employee leaving a job. Termination may be voluntary on the employee's part, or it may be at the hands of the employer.

- / Employee service at an organisation may terminated in any of the following cases:
  - ▶ Resignation.
  - ▶ Termination based on any or both parties' request during the probation period.
  - ▶ Termination from the organisation side in the following cases:

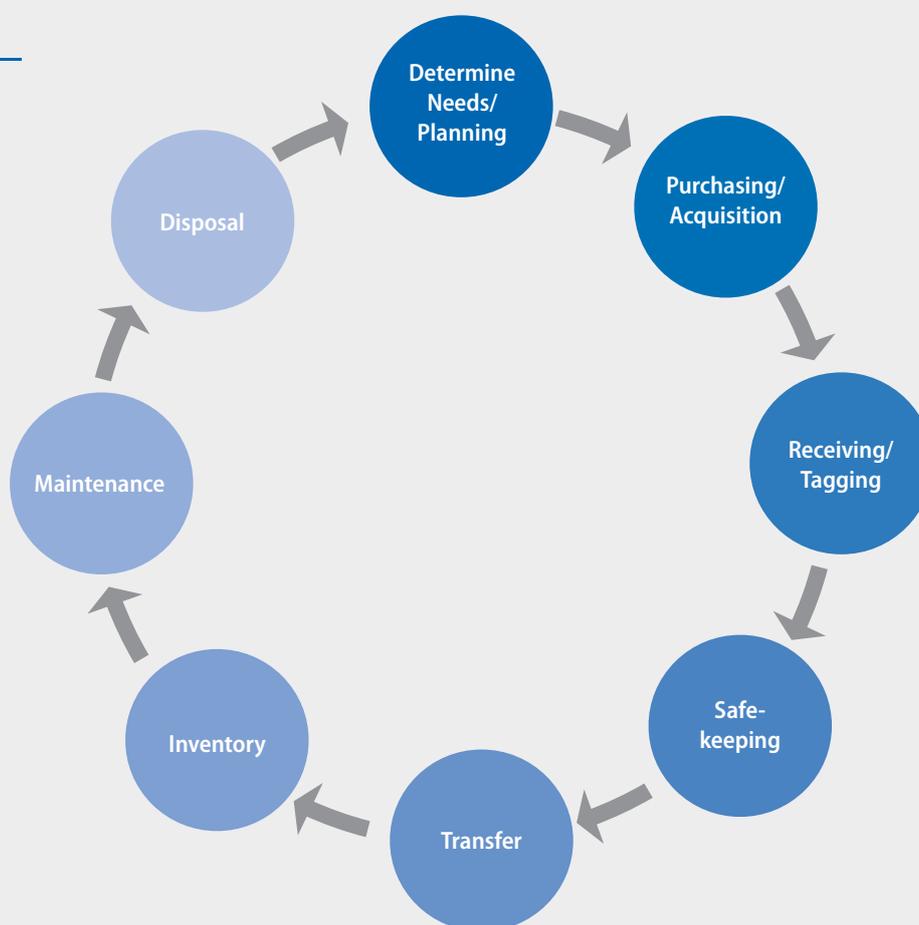
- / The employee's total incapacity to perform the assigned tasks;
- / Disease that has no hope of recovery;
- / Reaching retirement age;
- / Conviction in a criminal trial involving a penalty of restraint of freedom;
  - ▶ Death.
- / **Resignation:** The employee should submit his/her written resignation, which should include the date and reason for resignation, while considering the notice period
- / **Termination by the organisation:** The organisation can end its relationship with an employee (individually) in circumstances detailed in the Manual at page 193.

# PART 5 – FIXED ASSETS MANAGEMENT GUIDELINES

Fixed assets management refers to the policies and procedures that aim to manage fixed assets throughout their useful life, starting by determining the need for the fixed asset and how to manage it within the organisation, and ending by disposal of that fixed asset.

## 5.1 Introduction: [P200]

**A general life asset cycle will contain the following phases:**



## 5.2 Purchasing/ Acquisition of Fixed Assets : [P201]

The purchase of a fixed asset is undertaken using the same method as any other purchase of goods, and according to the procurement guidelines covered in Part 3 of the Manual.

## 5.3 Receipt of Assets: [P201]

- / Upon delivery of the fixed asset, it is the responsibility of the officers in charge of purchasing and logistics to ensure that what was ordered was received in good condition and in accordance with the correct specification.
- / The asset will remain in the purchasing and logistics officers' custody until the transfer of the asset to its user.

## 5.4 Safeguarding of Assets: [P202]

- / It is the logistics officer's responsibility to maintain and safeguard the asset as long as the asset is under his/her custody.
- / After transfer of the asset to the user (the unit or employee who will make use of the asset on a day to day basis), it becomes his/her responsibility to safeguard the asset and any other fixed asset controlled or used by him/her.
- / The user of the asset is responsible to inform the logistics officer in case any incident affecting the asset such as loss, theft, damage, etc.

## 5.5 Tagging and Identifying of Assets: [P203]

- / All fixed assets must be tagged and assigned an ID number upon the reception of the asset and before the item placed into service.
- / The logistics officer will be responsible for assigning, recording, and affixing tag numbers for all fixed assets.
- / The fixed assets ID number will be used as a reference during the fixed assets physical count or inventory.

## 5.6 Assets List: [P203]

- / An asset list should be used by the organisation to keep a record of all of its assets.
- / Assets must be added to the asset list as soon as received and certainly no later than 30 days from receipt.

## 5.7 Custody Sheet: [P206]

**THE LOGISTICS OFFICER** should prepare and maintain an assets safeguard (custody) sheet for all fixed assets indicating measures that are considered effective to ensure that all assets under control of each department are appropriately safeguarded from inappropriate use or loss, including the identification of asset custodians for all assets. The existence, condition and location of these assets shall be verified annually.

## 5.8 Additions to Fixed Assets: [P206]

**ADDITIONS TO FIXED ASSETS** include any addition of new components to previously capitalised assets that will affect the asset by any of the following:

- / Increase in assets' value;
- / Extension of an asset's useful life;
- / Lowering the operating cost;
- / Increasing the efficiency of an asset.

## 5.9 Transfer of Assets: [P206]

- / Transfers between departments may take place during the useful life of an asset. It is an important aspect of fixed asset management to keep track of such transfers within a organisation.
- / A standard form should be developed and used in order to track and record transfer of fixed assets.

## 5.10 Disposal of Assets: [P207]

- / An asset may be disposed once:
  - ▶ It is no longer working and cannot be fixed;
  - ▶ The requirement for the asset has depleted;
  - ▶ It has reached the end of its useful life;
  - ▶ It no longer supports current needs;
  - ▶ It is old and no longer meets organisational standards.

## 5.11 Depreciation: [P208]

- / According to international accounting standards, all fixed assets are represented as depreciable assets, except for land.
- / Assets will be depreciated according to their useful lives.
- / The straight-line method of depreciation should be adopted for all asset classes.

## 5.12 Conducting Physical Inventory: [P209]

- / A physical check or inventory of all fixed assets should be periodically conducted by the logistics department.
- / Intangible assets will also be inventoried, and the ownership, location, and status of these assets will be verified.
- / Any items found at the location that do not have a tag and/or ID number, and not listed on the inventory sheet, and are not personal property, should be tagged and recorded as well.

## 5.13 Reconciliation: [P210]

**ANY EXCEPTIONS IN** the inventory findings will be identified by comparing the field inventory results with the asset information in the fixed assets management system. When field results for an asset are the same as the information in the master file, the asset will be updated as reconciled and the date of the inventory recorded in the asset record. If there is a discrepancy between the field inventory information for an asset and the master file, the record will be marked as an exception needing to be reconciled.



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