



ጅይ ዲቨሎፕመንት ኦርጋናይዜሽን Joy Development Organizati

Internal Control Procedure

Hawassa

Date 2024

Joy Development Organization (JDO)

Internal Control Procedure

1. Purpose

This internal control procedure provides a structured framework to ensure effective financial management, transparency, accountability, and compliance with donor/partner requirements, government regulations, and JDO policies.

2. Scope

This procedure applies to all JDO staff, board members, partners, and stakeholders involved in financial and administrative operations across all JDO projects and offices.

3. Objectives

- Ensure accuracy and reliability of financial transactions and reporting
- Safeguard JDO assets from loss, misuse, or unauthorized access
- Promote efficient and effective resource utilization
- Ensure policies, laws, and donor guidelines are followed
- Prevent fraud, corruption, and financial mismanagement

4. Key Control Principles

- **Segregation of duties:** No single person controls all stages of any financial process
- **Authorization and approvals:** All expenditures must be pre-approved and properly documented
- **Documentation and filing:** Proper supporting documents must accompany each transaction
- **Physical and digital security:** Protect assets, documents, and financial systems
- **Transparency and accountability:** Clear and traceable audit trails

5. Financial Controls

5.1 Budget Management

- Annual and project budgets approved by Executive Director and Board
- Monthly budget monitoring and variance analysis
- No expenditure beyond approved budget without written authorization

5.2 Cash Management

- Separate bank accounts for each project when required by donors

- Dual signatories required for all bank transactions
- Cash count performed monthly and randomly by Finance Manager
- Petty cash limit established and reconciled weekly

5.3 Procurement and Payments

- Procurement conducted according to JDO procurement policy
- Minimum three quotations for goods/services above threshold
- Purchase requests, purchase orders, goods receipt notes and vendor invoices required
- Payments approved by designated signatories and supported by complete documentation

5.4 Payroll Controls

- Approved staff list with contracts and timesheets
- Monthly payroll reviewed and approved by Finance Manager and Executive Director
- Statutory deductions made and submitted timely (tax, pension, etc.)

5.5 Asset Management

- Asset register updated regularly
- Tagging of all organizational assets
- Annual physical asset verification

6. Reporting and Audit

- Monthly financial reports prepared and submitted to management
- Quarterly reports submitted to donors as per agreements
- Annual external audit by independent auditor
- Internal audit checks done periodically

7. Fraud Prevention and Whistleblowing

- Zero tolerance for fraud and corruption
- Anonymous reporting channel for staff and beneficiaries
- Disciplinary measures applied for violations

8. Record Keeping

- All supporting documents filed systematically and retained for 7 years
- Secure storage of electronic backups

9. Review and Updates

This internal control procedure shall be reviewed every two years or as required.

