



## **Raise for Development and Humanitarian Aid (RDHA)**

### **RDHA Duplicate expenses system**

To ensure transparency and accountability while avoiding double reporting of expenses to donors, especially in managing multiple grants, **RDHA** adopts a strict financial and administrative system based on best practices and technologies. This system aims to accurately track each expense and link it to the correct grant or project. Here are the core components of this system:

## 1. Robust & Integrated Accounting System

The accounting system is the backbone of preventing double reporting at **RDHA**. It must be a modern system, preferably cloud-based, and support the following features to ensure accuracy and accountability:

- a. **General Ledger:** It must be designed to accurately track all financial transactions for **RDHA**, providing a comprehensive view of the organization's financial status.
- b. **Double-Entry Accounting System:** This system ensures that every financial transaction at **RDHA** has a debit and a credit side, significantly reducing errors and increasing the accuracy of financial records, which is vital for reliable donor reports.
- c. **Project & Grant Tracking:** The system must have the ability to allocate each expense to a specific cost center, a particular project (such as development or relief projects undertaken by **RDHA**), or a specific grant. This allows **RDHA** to generate customized financial reports for each donor separately, preventing overlapping expenses.
- d. **Tracking Codes/Dimensions:** **RDHA** must use unique codes for each grant, project, activity (such as awareness, training, aid distribution), or even geographical location where **RDHA** operates. When any expense is recorded, it is linked to these codes to ensure it is not reported to more than one donor, guaranteeing accurate allocation.
- e. **Budget Management:** The system must allow **RDHA** to set detailed budgets for each grant and track expenses against these budgets in real-time. This helps **RDHA** monitor spending and comply with donor-specific budget restrictions.

## 2. Clear & Documented Financial Policies & Procedures

**RDHA** must have a set of written policies and procedures governing all aspects of expense management to ensure consistency and compliance:

- a. **Expense Policy:** Clearly defines the types of expenses eligible for reimbursement at **RDHA**, documentation requirements (such as original receipts and invoices),

and approval processes. This policy should be accessible and easy for all **RDHA** staff to understand.

- b. **Cost Allocation Policy:** Defines how shared costs (such as rent, administrative salaries, utilities) are allocated among different grants and projects at **RDHA** in a fair, logical, and documented manner, in accordance with donor guidelines. This prevents charging the same cost to two different grants.
- c. **Approval Procedures:** Defines the required approval levels for each type and size of expense within **RDHA**, applying the principle of Segregation of Duties to ensure that no single person can initiate, approve, and record an expense.
- d. **Documentation Requirements:** Emphasizes the necessity of retaining all supporting documentation for every expense at **RDHA** (invoices, receipts, contracts, activity reports) and ensuring they match the accounting record. These documents must be easily retrievable for audit purposes.

### 3. Segregation of Duties

As mentioned previously in the context of the file management system, segregation of duties is paramount to preventing fraud and errors, including double reporting of expenses at **RDHA**. The person who:

- ✚ Approves the expense should not be the same person who records it.
- ✚ Records the expense should not be the same person who makes the payment.
- ✚ Receives goods or services should not be the same person who approves the invoice.

This adds a strong layer of internal control and makes it difficult for any single individual to manipulate **RDHA**'s financial records.

### 4. Grant Management System (GMS)

In addition to the general accounting system, **RDHA**, given the nature of its work which may involve a large number of grants, uses a specialized grant management system. This system typically integrates with the accounting system and provides additional features:

- **Donor Compliance Tracking:** Allows **RDHA** to track the specific requirements and restrictions of each donor, including reporting requirements, timelines, and permissible expense categories. This ensures **RDHA** complies with all grant conditions.

- **Customized Reporting:** The ability to generate financial and narrative reports that perfectly align with the requirements of each **RDHA** donor, ensuring that reported expenses are unique to each grant and not duplicated.
- **Grant Approval Workflows:** Automates the approval processes for grant-related expenses at **RDHA** to ensure compliance with donor-specified restrictions before any funds are disbursed.

## 5. Regular Reviews & Audits

To maintain the integrity of financial data and prevent double reporting, **RDHA** must conduct:

- a. **Internal Reviews:** Conduct periodic (monthly, quarterly) reviews of financial records and expense reports to ensure their accuracy and compliance with **RDHA's** internal policies and donor requirements.
- b. **Reconciliations:** Regularly reconcile bank accounts, accounts payable and receivable, and grant accounts. This ensures that **RDHA's** internal records match external data.
- c. **External Audits:** Subject **RDHA's** financial records to an annual external audit by independent auditors. This helps verify the integrity of financial records and uncovers any irregularities or errors, including double reporting, thereby enhancing **RDHA's** credibility with donors.
- d. **Audit Trail:** The accounting system for **RDHA** must provide a complete audit trail for every transaction, showing who recorded it, when, and any modifications made. This trail is indispensable for reviews and investigations.

## 6. Staff Training

Investing in training for **RDHA** staff is vital for the system's success:

- a. **Policy Awareness:** Train all relevant **RDHA** staff (finance personnel, project managers, field staff) on financial policies and procedures, especially those related to grant management and expense allocation. Everyone must understand the importance of accuracy and compliance.
- b. **System Usage:** Train them on the correct use of the accounting system and grant management system to ensure accurate data entry and proper expense allocation. This reduces human error and ensures optimal use of available tools.