

MODULE 4. SET UP AND IMPLEMENTATION



- In this module:
 - SOPs
 - Procurement
 - Contracting FSPs and vendors
 - Encashment planning
 - **Reconciliation and controls**
 - Filing & Distribution Tracking

Holding place : for scenario and examples

CONTROL FOR CASH TRANSFERS

Specific controls for cash transfers exist in addition to the standard Logistics and Finance procedures related to procurement of services and WAD management.

We can distinguish between:

- 1) Pre and Post Transfer controls and,
- 2) Controls for cash transfers through a service providers, direct cash or cheque distribution and finally voucher programming

CASH TRANSFERS THROUGH SERVICE PROVIDERS

	1 st Level Check	2 nd level check
Pre-Transfer Controls	Programme checks payment request and original source data, and checks for duplications of data , empty cells, unusual data format	Logistics: checks final payment requests to original source data Finance: checks for duplications of data , empty cells, unusual data format
Post-Transfer Controls	Logistics : Reconcile financial report from FSP with payment request sent to FSP	Finance : Ensure receipt of return funds from FSP If fees paid after transfer, ensure they correspond to the actual amount of funds transferred by FSP to beneficiaries Carry out spot checks of payments done

In some cash transfers, ICRC chooses to give an ICRC token or ICRC ID/registration card to the beneficiary as additional proof of identification and entitlement. This token/card is collected by FSP from the beneficiary in exchange for the cash. In which case this would also be submitted along with documents specified above, and FAD would do a spot check that the beneficiary identification on the token or ID/registration card corresponds to the beneficiary identification on the PR.

DIRECT CASH OR CHEQUE DISTRIBUTION

	1 st Level Check	2 nd level check
Pre-Transfer Controls	Programme checks payment request and original source data, and checks for duplications of data , empty cells, unusual data format	Finance: Same as programme checks
Post-Transfer Controls	WAD holder : Collects beneficiary signatures & Reconciles working advance	Finance (different then WAD holder) : check beneficiary signature list for missing signatures or duplications. Check correct reconciliation of WAD and Carry out spot checks

This is what is done within the ICRC

VOUCHER PROGRAMMING

	1 st Level Check	2 nd level check
Pre-Distribution Controls	Logistics : Organizes printing of vouchers and checks information on vouchers matches design and specifications. Vouchers stored by Finance	
Post-Distribution Controls	Programme (staff not involved in the distribution) :Ensure voucher distribution list and number of undistributed vouchers matches	Finance : Void undistributed vouchers, reconciled undistributed vouchers against voucher distribution list (keep reconciled list)
Post redemption Controls	Logistics : Check number and value of redeemed vouchers matches the voucher distribution list (reconciled list) Ensure invoice matches number and value of redeemed vouchers	Finance : Ensure invoice matches number and value of redeemed vouchers

This is what is done within the ICRC

THE RECONCILIATION PROCESS

AFTER EACH DISTRIBUTION

- I. Check planned distribution against FSP / Vendor encashment reports
 - Funds distributed by FSP
 - Funds received by beneficiaries
 - Funds spent/encashed by beneficiaries
 - Balance of funds of beneficiaries not having cash out
 - Full amount
 - Partial amount
 - Voucher not converted (in cash or goods)
 - Fees applied are reconciled with transactions

THE RECONCILIATION PROCESS

AFTER EACH DISTRIBUTION

3. With vouchers, the reconciliation of Service Provider and Vendors report is a key step due to
 - the payment in arrears to the Vendors based on approved report between parties
 - the frequency of payment
4. Reconcile on a regular basis – automatized process
5. Investigate discrepancies
6. Identify and communicate the list of beneficiaries for follow up with Programme

CAUSES BEHIND DISCREPANCIES

- Beneficiaries marked for receiving funds who did not
- Beneficiaries not marked for receiving funds, but did
- Beneficiaries received voucher distribution but did not convert the voucher to cash
- Miscalculations in the original distribution plan
- Typos and transposing numbers when recording disbursements
- Typos and other errors in reporting from service providers and/or from vendors
- Fees charged at a point in the encashment process unanticipated
- Unanticipated conversion rates or problems, such as exchange rate differences
- Vouchers did not have expiration dates and/or the expiration date has not yet passed
- Diversion and/or fraud

CAUSES BEHIND DISCREPANCIES



**Don't jump to conclusions
– investigate first.**

**The more regular the
reconciliation the least
the burden is**

TRACKING & REPORTING OF DISCREPANCIES

[illegible]

Source RCMCash toolkit

This are just example
emphasise on system failure end fraud

KEY TAKEAWAYS

- Specific controls for cash transfers exist in addition to the standard Logistics and Finance procedures - different level of controls pre and post distribution
- Importance of segregation of duties
- There are many causes behind discrepancies therefore don't jump to conclusion

