



Standard Operating Procedures Manual SOPs

Finance

“Reconciliation and Year End closing”

Presented to:

Independent Elections Commission (IEC)

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1. Objective and Scope

To reconcile expenditures with AFMIS report; and
 To present a complete and final reporting on the transactions of a ministry/independent agency. The report includes appropriations, prime allotments, all payments, commitments, and remaining unspent balances

This SOP will cover the following areas:

- a) T-8 Bank Reconciliation Report
- b) M-91 Qatia Report

2. Terms, Definitions & Abbreviations

- M2: Cash Purchase order (using for petty cash purchases)
- M3: Purchase order (using for all purchases except petty cash)
- M7: Goods Received Note (GNR)
- M10: Advance Request form (both for petty cash other Advance)
- M12: Advance Acquittal form
- M16a: Salary Payment Voucher
- M16b: Expenses Payment Voucher
- T-8: Bank Reconciliation Report
- M-91: Qatia Report (year End closing report)
- GD: General Directorate
- CEO: Chief Executive Officer
- IEC: Independent Election Commission of Afghanistan
- SOP: Standard Operating Procedure
- AFN: Afghani
- GRN: Goods Received Note
- GoIRA: Government of Islamic Republic of Afghanistan
- PFEML: Public Finance & Expenditure Management Law
- CoA: Chart of Accounts
- GOCA: General Officer of Cash Accounting
- TSA: Treasury Single Account

3. Tasks, Responsibilities and Accountability

Task	Authorized	Responsible
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T-8 Bank Reconciliation Report	CEO	Cashier & GOCA
Preparing M-91 Qatia Report	CEO	GOCA

4. Operating procedure

a) T-8 Bank Reconciliation Report

All Mustofiat and line ministries/independent agencies are required on a monthly basis to reconcile any bank statements/ AFMIS report with accounting transactions. They do this by preparing a T-8 Form using the M-30 Bank Ledger as the source and comparing it to the Treasury for review. The T-8 Form provides summary information on a bank account records including opening and closing balances, deposits, withdrawals, and unrepresented checks (These are checks that have been issued by the Treasury or Mustofiat but have not been cashed).

It also details banking transactions that have not been recorded in the budget unit's accounting records.

Any discrepancies identified in the T-8 form between bank transactions and accounting records must be reviewed and promptly fixed. Corrections in the General Ledger are processed by preparing the M-33 Journal Voucher and recording the adjustment in AFMIS. If adjustments to bank records are required, then the Treasury will send a letter to DAB detailing the discrepancy and request the appropriate transfer of funds.

Journal Vouchers and Correcting Entries:

All correcting entries of accounting transactions are process through the use of the M-33 Journal Voucher Form. It can be used to change any account including corrections to expenditures, revenues or advances.

Treasury or Mustofiat personnel will prepare the M-33 Form and then enter the information in AFMIS. They will file the copy.

Expenditure Reconciliation:

After the budget section of primary budgetary units complete their reconciliations with Qatia Unit, the bookkeeping unit of primary budget units will receive their twelve (12) month expenditure report from Treasury prepared from AFMIS. Budget units will then reconcile this report with their maintained M-20 ledgers. If there no differences then the primary budget unit will send a signed report to the Qatia Unit verifying that AFMIS information reconciles with their ledger accounts. If differences exist between the M-20 Ledger and AFMIS, the discrepancies should be reported to Reconciliation Unit of Treasury. The Reconciliation Unit will review the discrepancies and make correction entries as required.

M30 Bank Ledger:

The M-30 Bank Ledger is used to keep a running balance of transactions in a Mustofiat expenditure or revenue bank account. It records all credits and debits from bank transfers, disbursements or revenue deposits. All Mustofiat should maintain the M-30 Bank Ledger for each of their bank accounts. (See Appendix D-38 with detailed instructions on how to prepare the M-30 Bank Ledger.)

Error! Reference source not found. **Bank Reconciliation process Flow** provides a graphical presentation of the process.

b) M-91 Qatia Report

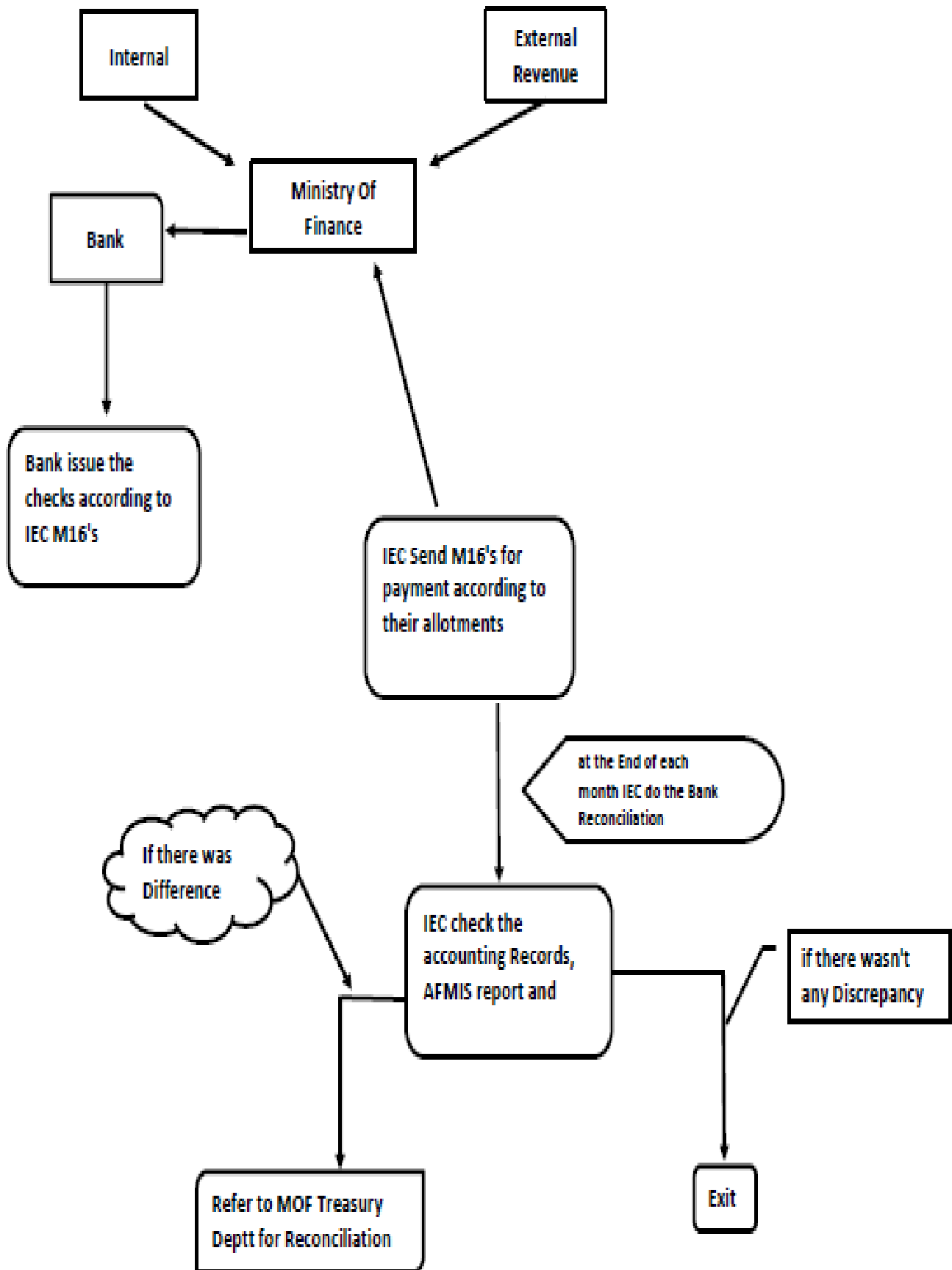
All line ministries and independent agencies at the end of each fiscal year close their ledgers and accounts and prepare M-91 Qatia Reports, which is then reconciled by Treasury and used to create a consolidated M-91 Report (Qatia) for the whole government.

The M-91 Report includes summary information on ministry/independent agency appropriations, adjustments, allotments, expenditures, commitments and liquidations, prepayments/advances and acquittals including remaining allotment and appropriations balances.

The budget and accounting information is categorized by major object expenditure code. The source data of the M-91 Qatia Report is the final Consolidated M-22 Monthly Status of Allotment Report by Primary Budget Unit of the fiscal year and the M-38a Budget Control Ledger maintained by the line ministries and independent agencies. These two documents are segregated by either allotment or appropriation and thus are also categorized by major object expenditure code.

As an intermediate step transfer M-22 and M-38a data into the M-91 worksheet to consolidate data by major object code. Thus, one M-91 worksheet will be used for each major object code.

Annex 1: Bank Reconciliation Process Flow



5. Related Documents

T-8 Bank Reconciliation



Ministry of Finance - Treasury Department
Form T- 8 - Bank Reconciliation Statement

Section A: (This Section shall be filled by Accounting Office)				
1. Budget Unit	2. Bank Name	3. Bank Account No.	4. Month	5. Year
6. Bank Unit Records				
a. Opening Bank Balance			Amount	
b. Total Receipts				
c. Total Withdrawals				
d. Closing Bank Balance				
7. Deduct: Unpresented Checks				
Date	Check No.	Issued To	Amount	
8. Total Unpresented Checks				
9. Subtotal (Closing Bank Balance - Total Unpresented Checks)				
10. Add/Deduct: Entries Not in Bookkeeping				
Entry No.	Entry Details		Amount	
11. Total of Entries Not in Bookkeeping				
12. Balance as per Payment Unit Records (Subtotal +/- Entries not in Bookkeeping)				
Section B: Review and Authorization				
13. Payment Manager (Sign & Date)	14. Bank Manager (Sign & Date)	15. Authorizing Authority (Sign & Date)		

T-8 Instructions

Purpose: To reconcile expenditures with bank statements

Prepare an original and one (1) copy as follows:

Section A: (This section shall be filled by Bookkeeping Office)

1. Unit – Enter the name of the organizational unit to which the T-8 Form applies.
2. Bank Name –Enter the name of the bank used by the unit.
3. Bank Account No. – Enter the bank account number which is being reconciled.
4. Month – Enter the month of the T-8 reconciliation.
5. Year – Enter the year of the T-8 reconciliation.
6. Bank Unit Records – Record information related to cash deposits and withdrawals from the budget unit bank account.
 - a. Opening Bank Balance – Enter the opening bank balance of the based on the closing bank balance of the T-8 Form from the previous month.
 - b. Total Receipts – Enter total receipts that have been deposited in the bank account with a deposit date in the month.
 - c. Total Withdrawals – Enter total withdrawals that have been taken from the bank account with a deposit date in the month.
 - d. Closing Bank Balance – Calculate the Closing Bank Balance by adding Total Receipts and Opening Bank Balance and subtracting Closing Bank Balance.
7. Deduct: not presented Cheques – Provide information related to Cheques that have been written but not yet presented to the bank for cashing.
 - a. Date – Enter the date of the not presented Cheque.
 - b. Cheque No. –Enter the Cheque number of the not presented Cheque.
 - c. Issue to – Enter the name of the person to which the Cheque was presented.
 - d. Amount–Enter the amount of the not presented Cheque.
8. Total not presented Cheques – Sum the Amount of all the not presented Cheques listed in Field 7.
9. Subtotal (Closing Bank Balance – Total not presented Cheques) – Subtract Field 8 - Total not presented Cheques from the Field 6d - Closing Bank Balance.
10. Add/Deduct: Entries Not in Bookkeeping – In this section add or deduct any bank transactions (withdrawals/deposits) that are known not to be in accounting ledger.
 - a. Entry No. – Enter the entry no. of the bank transaction.
 - b. Entry Details – Enter details related to the bank transaction.
 - c. Amount – Enter the amount of the bank transaction not in bookkeeping
11. Total of Entries Not in Bookkeeping – Sum the Amount of entries not in bookkeeping listed in Field 10.
12. Balance as per Payment Unit Records (Subtotal +/-Entries not in Bookkeeping)–Add Field 11 - Total of Entries Not in Bookkeeping to Field 9 - Subtotal.

Section B: Review and Authorization

13. Payment Manager (Sign & Date) – This space is for the Payment Manager to sign and date after filling out the Form.
14. Bank Manager (Sign & Date) – This space is for the bank manager to sign and date to verify the accuracy of the Form.
15. Authorizing Authority (Sign & Date)–This space is for the Authorizing Authority at the Mustofiat to sign and date in order to approve the final T-8 Form.

AFMIS: None

Distribution: Original – Bookkeeping Office/Mustofiat
 Copy – Treasury/Mustofiat

M-30 Bank Ledger:



Ministry of Finance - Treasury Department
Form M-30 – Bank Ledger

1. Ministry/Org.	2. Location Name & Code		3. Bank Account No.		4. Bank Name		5. Bank Reconciliation Period	
							From:	To:
6. Date	7. Check Received		8. Check Paid				9. Balance	
	Check No.	Amount	Check No.	MI 6 No.	Amount	Expiration Date		

M-30 Instructions:

Purpose: To record bank transactions for Mustofiat's bank accounts and track balances

Maintain the ledger as follows:

- 1) Ministry/Org. - Enter the name of the organization/ministry to which the ledger applies.
- 2) Location Name & Code – Enter the location name and four (4) digit location code of the office where the bank account is managed.
- 3) Bank Account No. – Enter the bank account number which the ledger is tracking.
- 4) Bank Name – Enter the bank name of the account.
- 5) Bank Reconciliation Period – Enter the period of time that the M-30 Bank Ledger is recording by adding a from date and To date.
- 6) Date –
- 7) Checks Received – Provide information related to checks received or electronic transfers received.
 - a. Check No. – Enter the check number or transaction code for electronic transfers.
 - b. Amount – Enter the amount of the check or electronic transfer.
- 8) Checks Paid –
 - a. Check No. – Enter the check number or transaction code for electronic transfers.
 - b. M-16 No. – Enter the M-16 Form serial number which was used to process the check or electronic transfer.
 - c. Amount – Enter the amount of the check or electronic transfer.
 - d. Expiration Date – Enter the expiration of the check disbursed by Treasury.
- 9) Balance – Maintain a running balance of the bank account. Each time a transaction or check is posted to the ledger update the balance either by debiting or crediting it by the amount of the Check Received or Check Paid.

AFMIS Transactions:

None

Distribution:

Original – Bookkeeping Office/Mustofiat

M-33 Journal voucher:



Ministry of Finance - Treasury Department
Form M-33 – Journal Voucher

Section A: (This Section shall be filled by Payment Office)							
1. Journal Voucher No.		2. Doc Name & Ref No.		3. Original EV No.		4. Solar Year	5. Post Date
6. Coding Block						7. Amount	
Org. (S)	Program (6)	Project (5)	Fund (5)	Location (4)	Object (5)	Debit	Credit
	8. Total						
9. Remarks							
Section B: Review and Authorization							
10. Authorizing Authority (Sign & Date)							

M-33 Instructions:

Purpose: To record accounting transactions not specifically provided for by other accounting records (adjustment).

Prepare an original as follows:

Section A: (This Section is to be filled by the Bookkeeping Office)

- 1) Journal Voucher No. - Enter a Journal Voucher serial number beginning with "1" prefixed by the ministry number.
- 2) Doc Name & Ref No. – Enter the serial number of the M-16 Form or M-29 Form from the original transaction this Journal Voucher will be modifying.
- 3) Original EV No.–Enter the electronic voucher number of the original transaction this Journal Voucher will be modifying.
- 4) Fiscal Year – Enter the fiscal year in which the original transaction occurred.
- 5) Post Date–Enter the posting date of the Journal Voucher transaction.
- 6) Coding Block –Enter each section of the expenditure coding block to which transactions in the Journal Voucher will apply.
 - a. Org. (4) – Insert the four (4) digits Sub-organization Code of the ministry.
 - b. Project (6) – Insert the six (6) digits Project Code.
 - c. Program (5) – Insert the five (5) digits Program Code.
 - d. Fund (5)– Insert the five (5) digit Fund Component.
 - e. Location (4) – Insert the four (4) digit District Code.
 - f. Object (5) – Insert the five (5) digits Object Code.
- 7) Amount
 - a. Debit – Enter the debit amount of the transaction to be processed referenced by the coding block.
 - b. Credit - Enter the credit amount of the transaction to be processed referenced by the coding block.
- 8) Total–Sum the total debits and credits for the referenced coding blocks.
- 9) Remarks–Enter any additional comments describing the Journal Voucher transactions.

Section B: Review and Authorization

- 10) Authorizing Authority (Sign & Date) – This space is provided to the appropriate authorizing authority to sign and date in order to approve the Journal Voucher.

AFMIS Transactions:

The debits and credits should be posted in the appropriate AFMIS Module using the account recorded in Field 6 - Coding Block.

Distribution:

Original – Treasury

M-91 - Qatia Report



Ministry of Finance - Treasury Department
Form M-91 - Qatia Report

1. Ministry/Org.		2. Issue Date		3. Report Duration (Month-Year)			4. Name of Preparer																
				From:		To:																	
5. Coding Block (Major Object)		Appropriations								Allotments and Expenditures						Balances							
Major Code	Code Description	6. Initial Appropriations	7. Difference between Estimated & Actual Transfer		8. Internal Transfers		9. External Transfers		10. Total Appropriations	11. Reserve Code	12. Supplemental Budget	13. Mid Year Budget Review		14. Final Balance of Appropriations	15. Allotments	16. Post Payments	17. Advance Payments	18. Advance Payments Acquired	19. Balance Due of Advance Payments	20. Total Expenditure	21. Balance of Allotments	22. Balance of Appropriations	23. Total Balance
			Increase	Decrease	Increase	Decrease	Increase	Decrease				Increase	Decrease										
21	Wages and Salaries																						
22	Goods and Services																						
23	Interest & Repayment of Loans																						
24	Subsidies, Grants & Social Benefits																						
25	Acquisition of Assets																						

M-91 Instructions

Purpose: To present a complete and final reporting on the transactions of a ministry/independent agency. The report includes appropriations, prime allotments, sub allotments to provinces, internal transfer, External transfer, Mid-year budget review, Expenditures, commitments, and remaining unspent balances

This form is the summary shape of yearly financial reporting (M91), in addition the organization can attached the detailed report with it as per the requirement

Prepare an original and one (1) copy as follows:

- 1) Ministry/Org. – Enter the name of the line ministry/independent agency to which the Qatia applies.
- 2) Issue Date – Enter the date the report is completed.
- 3) Report Duration (Month-Year) – Enter the duration (start & end) of year and month of the Final Accounting Report Form.
- 4) Name of Preparer - Enter the name of the individual who prepared the Final Accounting Report.
- 5) Coding Block (Major Object) – Enter two (2) digit object code blocks will be pre populated data for the Final Accounting Report.
- 6) Initial Appropriation– Enter the appropriation given to the line ministry/independent agency at the beginning of the year.
- 7) Difference between Estimated and Actual Transfers(Development Budget Only)
 - a. Increases – Enter the total increases of the differences between estimated transfer of funds from prior allotments and actual transfers.
 - b. Decreases - Enter the decreases of the differences between estimated transfer of funds from prior allotments and actual transfers
- 8) Internal Transfers
 - a. Increases – Enter the total increases in internal transfers of funds between appropriations of the line ministry/independent agency.
 - b. Decreases - Enter the total decreases in internal transfers of funds between appropriations of the line ministry/independent agency.
- 9) External Transfers
 - a. Increases – Enter the total appropriations received from other line ministries/independent agencies.
 - b. Decreases - Enter the total appropriations transferred to other line ministries/independent agencies.
- 10) Total Appropriations - Calculate total appropriations as the sum of Field 6 – Initial Appropriation, Field 7 – Difference between Estimated and Actual Transfers, and Field 8 – Internal Transfers, and Field 9– External Transfers.

- 11) Reserve Code (Development Budget Only) – Enter any funds that were transferred to the line ministry/independent agency from the reserve funds used to make foreign exchange disbursements.
- 12) Supplemental Budget – Enter any additional appropriations received from supplemental budgets enacted by Parliament.
- 13) Mid-Year Budget Review
 - a. Increases – Enter the total of any increases in appropriations as a result of the mid-year budget review.
 - b. Decreases – Enter the total of any decreases in appropriations as a result of the mid-year budget review.
- 14) Final Balance of Appropriations–Calculate the Final Balance of Appropriations as the sum of Field 10 –Total Appropriation, Field 11 – Reserve Code, and Field 12 – Supplemental Budget, and Field 13 – Mid Year Budget Review.
- 15) Allotments–Enter the amount of allotments received by the line ministry/independent agency.
- 16) Post Payments–Enter total value post payments made by the line ministry/independent agency.
- 17) Advance Payments–Enter the total value advance payments made by the line ministry/independent agency.
- 18) Advance Payment Acquittals–Enter the total value of prepayments that were acquitted.
- 19) Balance Due of Advance Payments–Calculate the Balance of Due Advance Payments by subtracting Field 18 - Advance Payment Acquittals from the Field 17 - Advance Payments.
- 20) Total Expenditures–Calculate total expenditures by line ministry/independent agency as the sum of Field 16 - Post Payments and Field 18– Advance Payment Acquittals.
- 21) Balance of Allotments–Calculate Balance of Allotments by subtracting Field 20 - Total Expenditures from Field 15 - Allotments.
- 22) Balance of Appropriations–Calculate Balance from Appropriations by subtracting Field 15 - Allotments from Field 14–Final Balance of Appropriations.
- 23) General Balance–Calculate the General Balance as the sum of Field 21–Balance of Allotments and Field 22 - Balance from Appropriations.

AFMIS Transactions:

None

Distribution:

Original – Bookkeeping Office

Copy – Treasury

6. References

- Accounting Manual 1.26 of GoIRA
- Financial Regulations Developed pursuant to Public Finance and Expenditure Management Law, Gazette #893
- CoA (Chart of Accounts)

7. Attachments

- M-38a
- T-8
- M30
- M-33
- M-91