**ANNEX 15: General Guidelines for Finance Procedures – Voucher Programs**

**Part 1- Updating the Approval Authority Matrix for Voucher Programs**

The Approval Authority Matrix (AAM) is the critical tool for establishing a clear understanding of who is authorized to approve and who is authorized to do a financial review of each step in a financial transaction for a Country Program. Detailed instructions for the AAM are provided in Field Finance Manual Section 2.5.5.

Because voucher programs have several aspects that differ from a standard financial transaction, best practice is to add a section to the AAM to specifically identify approval and review authorities for the critical unique voucher program steps: 1) related to custody and release of the vouchers; and 2) selecting and contracts with participating vendors in the voucher program.

**Example – AAM Incorporating Voucher Program[[1]](#footnote-1)**

**Part 2- Finance as Custodian of Undistributed Vouchers**

As vouchers function in a manner similar to cash, in order to ensure appropriate segregation of duties in the voucher and appropriate safeguarding of the vouchers, Finance serves as the custodian for the undistributed vouchers.

1. **Initial Receipt of Vouchers**

1.1 When vouchers are received from the printer, Operations prepares a Goods Received Note (GRN), following the standard procedure for receipt of goods, and then delivers the vouchers to Finance.

1.2 Finance compares the Vouchers handed over by Operations with vouchers received per the GRN. Vouchers handed over should match the vouchers received per the GRN. Finance then enters the vouchers into the Monthly Voucher Inventory Sheet (Annex 19) as voucher intake.

1. **Voucher Storage**

Vouchers should be stored in the finance safe(s), pending distribution of vouchers. If the space required for the vouchers makes them impractical to store in the safe, they should be stored in a secured room with access restricted to the finance staff member who has access to the safe (or another finance staff member as designated).

1. **Voucher Release**

Program Staff will request vouchers from Finance when they are ready to distribute the vouchers to the program participants. This process is similar to the process used with cash for Operational Advances or Travel Advances.

3.1 Program staff request vouchers from Finance using the “Voucher Release/Return Form” (Annex 24). In order to give Finance time to organize the vouchers to be released, the Voucher Release/Return From should be submitted to Finance by 4 pm the day before the vouchers are needed (or as agreed between Finance and Program and documented in the SOPs as long as it provides adequate time to organize the vouchers).

3.2 Finance reviews the Voucher Release/Return Form to ensure it is approved and has the appropriate supporting documentation -- Voucher Distribution Plan (Annex 22) and a copy Voucher Distribution Form (Annex 23) -- and the number of vouchers requested agrees with the supporting documentation. Program will use the original Voucher Distribution Form to gather program participant signatures during voucher distribution and return the completed original to Finance after distribution.

3.3 Finance gathers the requested vouchers and enters the starting and ending of the voucher series being released on the Voucher Release/Return Form. Vouchers that are not in numerical sequence are listed separately on the Voucher Release/Return Form.

3.4 The Program Staff member receiving the vouchers counts them, verifies that the serial numbers match the numbers listed on the Voucher Release/Return Form and, if the vouchers are a set (a booklet or perforated sheet with several vouchers) that each set is complete.

3.5 Finance completes the Voucher Release/Return Form and files it in the “Open Voucher Release Form” binder (see Filing in section 7).

3.6 Finance updates the Monthly Voucher Inventory Sheet.

1. **Clearing the Voucher Release/Return Form and Returning Undistributed Vouchers**

After voucher distribution has been conducted, the Program Staff need to clear the “advance” of the vouchers and return any undistributed vouchers (due to participants being absent at the distribution or damage to the vouchers prior to distribution).

4.1 The Program staff member completes the Voucher Distribution Form (Annex 23) with the distribution information and submits a copy to Finance, along with any vouchers which were not distributed.

4.2 Finance reconciles the Voucher Distribution Form and returned vouchers (if any vouchers are returned). The reconciliation is performed in the Voucher Reconciliation section of the original Voucher Release/Return Form. Any discrepancies are followed up and resolved. Once reconciled, Finance and the Program staff member sign in the respective spaces in the Voucher Release/Return Form.

4.3 Undistributed vouchers are returned to the safe (or other secure storage location, as applicable).

4.4 Finance updates the Monthly Voucher Inventory Sheet.

4.5 The cleared Voucher Release/Return Form with supporting documents is filed per Section 7.

1. **End of Month Voucher Reconciliation**

5.1 On the last working day of each month, Finance conducts a physical count of the vouchers on hand in Finance. The physical count is documented using the Month-End Voucher Count Form (Annex 27).

5.2 The month-end total from the Monthly Voucher Inventory Sheet is entered into the Month-End Voucher Count Form. The balance of vouchers on hand per running total on the Monthly Voucher Inventory Sheet and the physical count should be the same. Any differences should be investigated and resolved.

5.3 Once the month-end voucher reconciliation is completed, a copy of the final Monthly Voucher Inventory Sheet should be provided to the Program Manager, so that Program can update the Voucher Redemption Summary (Annex 30).

1. **Destruction of Unused or Damaged Vouchers**

If vouchers have been damaged (in transit to the distribution location or some other way) and will not be used, they need to be destroyed. In addition, at the end of program or voucher distribution activity, any undistributed vouchers need to be destroyed.

6.1 Destruction of vouchers is authorized by the Program Manager, performed by Finance and witnessed by a Program staff representative. Burning or shredding is the recommended destruction methodology. The destruction of vouchers is documented using the Voucher Destruction Form (Annex 26).

1. **Filing System**

Voucher documents are filed in separate binders from cash and bank documents and transactions binders. Voucher binders are separated by program and maintained by month.

7.1 Monthly Binder(s) setup with label “[Program Name] Voucher Distribution MM/YYYY”.

7.1.1 Top documents in the monthly binder are: 1) Distribution Plan(s) copy received from Programs; 2) Monthly Voucher Inventory Sheet(s), signed and approved. Supported by signed Month-end Voucher Count Form.

7.1.2 Sections (using dividers) in the binder are:

a. Vouchers In – Copies of GRNs for vouchers received during month.

b. Vouchers Returned/Cleared - Cleared Voucher Release Forms with supporting documents

c. Vouchers Destroyed - Voucher Destruction Forms

7.2 Voucher Release/Return Form Binder

Voucher Release/Return Forms that are waiting to be cleared are filed in a “Voucher Release Form” binder. The forms are filed in numerical order. When the Voucher Release Form is cleared it is removed and filed per the directions in step 7.1.2 above.

**Part 3 - Submission of Vouchers by Vendors for Payment:**

General Finance procedures for payments to vendors for the vouchers redeemed by the vendors are described below. Vendor contracts should also be reviewed for program specific redemption requirements, such as how often vendors can submit vouchers for redemption, unique documentation requirements or other program specific requirements.

Finance should also be aware that reviewing voucher documents for vendor payments requires a significant amount of time from finance, and **may require adding a staff member(s) to ensure timely processing of voucher payments.**

1. **Submission of Vouchers by Vendors**

Redeemed vouchers and supporting documentation should always be submitted directly to Finance by the vendor.

Usually, due to the time required to review the vouchers and prepare payment, possession of the voucher documents will be transferred from the vendor to Finance. Payment will usually be made 1-5 days later (depending on the contract terms). Required documents to be submitted by vendors will be detailed in the vendor’s contracts, but at a minimum should include:

* 1. Vendor Reimbursement Form (Annex 20:Cash and Restricted Cash Voucher Programs; Annex 21: Commodity Voucher Programs)

This form is provided by Mercy Corps to the vendor during training. The form has two parts. The first part is completed by the vendor and serves as the vendor’s invoice to Mercy Corps, and if vouchers are being handed over to Finance by the vendor to be reviewed and reconciled without the vendor present[[2]](#footnote-2), is used to confirm and agree with the vendor on the number of vouchers Finance has received.

The second part of the form is completed by Finance in order to reconcile the vouchers received, identify any vouchers that are not acceptable, and to calculate the payment due to the vendor.

* 1. Redeemed Vouchers

When the vendor drops off the vouchers for redemption, the receiving Finance staff member, with the vendor, should do a brief visual review of each voucher to ensure there are no obvious issues with each voucher. A voucher count is then performed, with the vendor present. The Finance staff then enters the count in the applicable space on the Vendor Reimbursement Form and signs. These two steps help to avoid a dispute with the vendor over the number or quality vouchers handed over to Finance. All vouchers submitted to Finance for reimbursement should be stamped PAID by Finance to prevent them being redistributed to program participants or similar.

* 1. Voucher Verification/Count

A Finance staff member verifies that vouchers are valid and complete (if vendor was supposed to enter purchase information on the voucher).

For commodity voucher programs, the Finance staff member then verifies the unit price for each commodity on the Vendor Reimbursement Form agrees with the unit price per the contract with the vendor.

The Finance staff member then completes the Mercy Corps Finance column on the Vendor Reimbursement Form submitted by the vendor. By completing the column, the Finance staff member is certifying that s/he has checked the vouchers and they agree with what the vendor has entered on the form. If there is a discrepancy between the finance review and what the vendor has entered on the Vendor Reimbursement Form, this should be resolved with the vendor, and corrected (with vendor initials) on the form, or the vendor should submit a new, corrected form.

* 1. Program Approval[[3]](#footnote-3)

The Voucher Summary/Redemption Form and the package of vouchers then go to Program.

Program approves the Vendor Reimbursement Form (which functions as the vendor invoice) and prepares the Payment Request. These are then returned to Finance. Finance stamps all the vouchers “PAID” (so they cannot be re-submitted for redemption or redistributed to participants). Payment is processed in accordance with local Country Office payment procedures and the terms of the vendor contract.

* 1. Notifying Procurement

**For commodity vouchers only,** when the voucher program has been completed and vendors have been paid final payments, notify Procurement, so they can close the Purchase Request in the procurement records.

1. Positions and levels in this example are for illustrative purposes only. Positions and levels should be determined based on the program and country specific context. [↑](#footnote-ref-1)
2. Best practice is to review and reconcile vouchers with the vendor present so that any questions or issues can immediately be resolved and to avoid disputes that may result if Mercy Corps takes custody of the redeemed vouchers and reviews them without the vendor present. However, for larger voucher programs, hundreds or thousands of vouchers may be submitted by a vendor and require several hours to review and reconcile. In such cases, if the vendor does not want to be present during the process due to the time required, Mercy Corps needs to take “custody” of the vouchers. [↑](#footnote-ref-2)
3. Approval and financial review authorities for payments to vendors should be detailed in the Country’s Approval Authority Matrix. [↑](#footnote-ref-3)