

6. PAYMENTS TO VENDORS (VOUCHER PROGRAMS ONLY)

In this section the payments to vendors participating in all voucher programs will be covered. There are two parts to this:

- First, there is a sales record and invoice process. The vendor must keep a sales record in order to submit an invoice to CRS/Partner. This process is described for larger vendors who are able to maintain a basic sales record, and for smaller vendors who are not able to maintain a basic sales record.
- Second, there is a verification and payment step. CRS/Partner must ensure accountability while collecting invoices and supporting documentation, and preparing the payment requests that allow the vendors to be compensated for the products and services delivered. The payment process can be completed by using either a regular payment request procedure or by using an operational advance to process smaller payments swiftly.

6.1. Vendor Sales and Invoices (literate & larger vendors/shops)

1. Beneficiaries purchase items from the vendor using cash or commodity vouchers, either electronic or paper.
2. Vendors keep a [record of voucher sales](#) (2 copies) listing date, vendor name, number and type items sold, price of item, beneficiary name (and ID). It should be possible to cross reference the vouchers distributed with the sales records.

It is important that CRS/Partner staff are present on fair/market days to reduce the risk of fraud.

3. At the end of the agreed period (per day, week) the vendor prepares an [invoice](#) (2 copies) listing a description of items or services, total quantity sold, price per item and total price.
4. Vendor submits invoice, record of voucher sales and vouchers to CRS (project) staff.

6.2. Vendor Sales and Invoices (illiterate & smaller vendors (shops/fairs))

If vendor are unable to maintain the daily sales records and prepare (detailed) invoices, other methods can be applied in which CRS or the partner take an active role in the administration of stocks and sales.

1. In a fair setting, the CRS/Partner team can take stock of what the vendor brings to the fair and what is left at the end of the fair day. The difference is identified and recorded as sales and reconciled with the vouchers which s/he obtained during the day. An example of a form used for this is the [India Seed Fair Vendor Registration Form](#).
2. If the project uses regular shops rather than a fair, the above method can be applied, but might be more difficult to manage since the shop is likely to have a wider variety of items and larger stocks. In this case the project team can assign project staff to each vendor to keep track and document the sales during the day in order to create an invoice on behalf of the vendor.

6.3. CRS Verification and Payment Preparation (literate and larger vendors in shops)

1. Project staff collects from vendor: record of voucher sales, invoices and vouchers. If vouchers and invoice are electronic, project staff may access sales records and invoices through the relevant platform.
2. Project staff counts the vouchers and verify invoice amount, sales amount and voucher value/number.
3. If correct the project staff prepares a [Voucher Receipt Form](#) (2 copies) on which the number and value of the vouchers is specified. Both project staff and vendor sign the voucher receipt form.

To increase accountability, verification can be done on site by MEAL or Finance staff who would count, check and sign on the Voucher Receipt Form as well.

4. In the office, project staff prepares a payment request for the value of the invoice.

Use account code 6110 (direct assistance to beneficiaries) or 6168 (if through a partner) to account the value of transfers via cash or voucher.

5. [Authorizing Official\(s\)](#)¹ reviews and approves the payment request and supporting documentation
6. Finance staff verifies the payment and supporting documentation
7. CR or delegate reviews and approves the payment
8. Finance staff prepares the transfer of funds using cash, check, bank transfer or other modalities as described below in section 7.

See also [Flowchart 3, Vendor Payment](#)

6.4. CRS Verification and Direct Payment Preparation (small vendors in shops or fairs)

For smaller vendors the process described under 6.3 might be too lengthy since they operate with limited cash reserves and the delay in payment would restrict their ability to restock. In this case CRS/Partner can opt for direct payments. Within the Country Program the team will need to agree on a maximum that is allowed to be paid directly during the fair taking into consideration the safety and security situation and the financial risks involved.

If possible, such payments should be made using mobile money or other options instead of direct cash payments; see Section 7 for these processes.

1. Project staff prepares [Payment Request Form](#) for an operational advance (account code 1213) for the estimated markets sales value for the agreed period (day/week) with supporting documents (list of beneficiaries and voucher value received).
2. [Authorizing Official\(s\)](#)² reviews and approves the payment request.

¹ Authorizing official depends on value of PRF: <\$5K level 1, \$5-\$25k 2 approvals of which 1 is level 2, > \$25k CR

² Authorizing official depends on value of PRF: <\$5K level 1, \$5-\$25k 2 approvals of which 1 is level 2, > \$25k CR

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3. Finance staff verifies the request and ensures staff has no outstanding advance in her/his name³.
4. If funds issued as check to staff, then CR or delegate reviews and sign the check and voucher.
5. Finance issues cash (or check) to the requesting staff who signs for receipt.
6. Finance staff books advance under the name of requesting staff.
7. Project staff collect invoice/sales record and vouchers from the vendor for verification and sign for verification under the invoice/sales amount.

To increase checks and balances, the country program is recommended to add Finance staff to team to do the verification. Finance staff verifies the supporting documentation and signs for verification.

8. Advance holder pays the vendor and obtains a signature from the vendor stating the invoice amount has been received.
9. Project staff (advance holder) prepares a liquidation request form for the value of vendor payments made and submits the form plus the original supporting documents and possible balance cash to finance.
10. Finance staff verify the documentation and book the expenses under account code 6110 (partner organization 6168), and clear the advance of the requesting staff. If there was a balance amount the staff will receive a receipt for the returned amount.
11. In order to increase accountability the CP should implement vendor feedback/complaint mechanisms and conduct post distribution monitoring to ensure that possible irregularities are identified and can be addressed.

See also [Flowchart 4 \(Direct Cash Transfers, Cash\)](#)

³ The limitation of one advance per person can be waived in emergency settings. This requires an approved waiver from the VP Overseas Finance