



NLIE BASIN DISCOURSE
FINANCE AND ADMINISTRATION POLICIES MANUAL

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ACRONYMS

A	Accountant
AD	Administrator
D	Driver
EC	Executive Committee
RM	Regional Manager
Exchg	Exchange
ITA	Information Technology Administrator
IT	Information Technology
OA	Office Assistant
KCO	Knowledge and Communication Officer
PCV	Petty Cash Voucher
PR	Purchase Requisition
PO	Purchase Order
P/STAFF	Programme Staff
T/COM	Tender Committee
TR	Treasurer

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1. INTRODUCTION

1.1 Purpose of the Manual

This Finance and Administration manual describes policies and procedures for good financial management, accounting practice and administration that are essential for NBD success.

Adherence to policies and procedures contained in this manual will ensure:

- Checks and balances are instituted to safeguard NBD resources
- Clarity regarding documented internal processes.
- NBD reputation is protected against the effects of mismanagement by staff or Board
- Reassurance to NBD stakeholders that their interests are protected.
- Financial decisions arrived at based on appropriate considerations.
- Minimal acceptable accounting standards are complied with
- Management and Board relationships, roles and responsibilities clarified.
- Adherence to statutory regulations.
- Orientation for new staff to NBD's Finance and Administration policies and procedures.

1.2 Approval and amendment of the manual

The manual will be updated from time to time by the Board through recommendations from staff, management, auditors, consultants or evaluators.

1.3 Users of the Manual

This manual is meant for usage by all staff and by the Board at NBD and the NDFs.

2.0 INTERNAL CONTROLS ROLES AND RESPONSIBILITIES

2.1 Policy

NBD Policies and Procedures have inbuilt Internal controls to ensure that management and Board relationships, roles and responsibilities are clearly spelt out and adequately segregated. The key principle is that no one person is responsible for a process from beginning to end. Internal controls are a set of policies and procedures which help operational efficiency and prevent the deliberate or misguided use of resources for unauthorized purposes.

2.2 Purpose of Internal Controls

Adherence to internal controls including segregation of duties and procedures will ensure that

- There is clarity regarding Board and Management relationships, roles and responsibilities
- Roles and responsibilities are adequately segregated
- Adequate checks and balance are systemic
- Provide a risk management framework
- Assets are safe guarded
- Rules regulations and are observed
- Covenants with funding partners are adhered to
- Organizational objectives are achieved

2.3 Roles and Responsibilities for Internal Controls

2.3.1 Board

The Board is responsible for all NBD finances and assets, ensuring they are used to achieve organizational objectives. The Board is duty bound to ensure maintenance of proper books of accounts and production of financial statements in accordance with relevant legislation and professional standards. The Board is also responsible for ensuring NBD policies and procedures, and all internal control measures in general, are upheld.

2.3.2 Regional Manager

The Regional Manager will ensure that all NBD policies and procedures are adhered to in day-to-day operations and take appropriate disciplinary action for deviations, in accordance with policy. The Regional Manager will work with the Finance and Administration Manager to ensure proper application of relevant policies and procedures.

2.3.3 Staff

NBD staff, in carrying out their duties, shall adhere to policies and procedures contained in the approved organizational manuals. Performance deficiencies shall be dealt with in accordance with NBD disciplinary policy.

Generally NBD staff will

- i. Effectively and efficiently manage and control organizational resources
- ii. Ensure that all expenditure is prudent and fully justified
- iii. Promptly and fully record and monitor all transactions
- iv. Avail timely and accurate reports to respective stakeholders
- v. Promptly address statutory obligations

2.3.4 Responsibility for adherence

Board members and staff must ensure that all policies and procedures are adhered to at all times and report any unresolved discrepancies immediately to the supervising office or organ within NBD.

2.4 Internal Control Procedures

2.4.1 Authorization and Approval

All transactions must be authorized and approved by staff designated to do so. This is aimed at prevention of frauds, safeguarding NBD resources and streamlining the flow of authority to avoid bureaucracy.

2.4.2 Arithmetic and Accounting Controls

The Finance and Administration Manager will ensure proper record transactions to ensure production of accurate and comprehensive financial statements. Accounts will be maintained according to the General Accepted Accounting Principles (GAAP).

2.4.3 Routine and Automatic checks

There shall be surprise checks on fixed assets, petty cash and inventory. This will help minimize errors and fraud and promote diligence.

2.4.4 Personnel

NBD will employ qualified, experienced and competent staff members with a high sense of responsibility.

2.4.5 Supervision

Supervisors will be vigilant in their duties and ensure that staff members perform their duties as per laid down organizational policies while ensuring that morale remains high.

2.4.6 Delegation of responsibilities and authority

Delegation of responsibilities and authority will be clearly communicated to all staff. Defined delegation of responsibilities and authority will reduce chances of errors and fraud in the organization. Work allocation and controls is summarized in **Appendix 1**

2.4.7 Control of Documents

Documents such as receipts, cheques, purchase orders, and vouchers will be kept under lock and key. These documents will be handled by a designated staff and will be pre-numbered to enhance control and minimize misuse.

2.4.8 Staff leave

All staff must utilize leave in accordance with leave policy. This is will enhance efficiency, minimize errors and promote transparency.

3.0 FINANCIAL AND ACCOUNTING SYSTEM

3.1 Financial Year

NBD accounting period shall run from 1st January to 31st December.

3.2 Accounting Policies

3.2.1 Basis of preparation

Financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Financial statements are prepared on a historical cost convention.

3.2.2 Income:

Income received is recognized as income in the accounting period of the actual receipt. Goods in kind are recognised in the income and expenditure statement at the fair value attributed to them by the respective donor. Other income is recognized on a cash receipts basis.

3.2.3 Expenditure:

Expenditure represents actual expenses made for NBD activities. These are recognized when payments are made.

3.2.4 Currency

Accounting records will be maintained in local currency of project implementation country and where applicable translated into donor currency for reporting purposes. Consolidated NBD accounts shall be reported in United States dollars.

3.2.5 Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure statement in the year in which they arise.

Translation differences on non-monetary items are reported as part of the fair value gain or loss. Translation differences on non-monetary items are included in the fair value reserve in fund balances.

3.2.6 Property, Plant and Equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation is charged on a straight line basis over the estimated useful lives of the assets at the following annual rates:

Buildings	10%
Motor vehicles	33.33%
Office equipment	33.33%

3.2.7 Trade Debtors and other receivables, trade payable and other payables

Trade and other receivables are stated at nominal value, less write-down for any amounts expected to be irrecoverable. Trade and other payables are stated at cost.

3.2.8 Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances.

3.3 Accounting System

3.3.1 Policy

NBD Financial and Accounting Systems, based on double entry, comprises a series of processes and procedures to ensure that financial information and transactions are properly recorded and accurate financial and management reports are produced in a timely manner.

3.3.2 Purpose of the financial accounting system

- i) Record and classify all transactions accurately and completely
- ii) Maintain a complete record of

- Revenue Received
 - Expenditure Incurred
 - Assets Owned
 - Liabilities Owed
- iii) Ensure stakeholder reports are generated as appropriate

3.3.3 Elements of the accounting system

The following have been built into the accounting system

- **Asset Register:** A detailed record of all assets.
- **Audits:** Regular internal audits and development of Audit Action Reports to ensure recommendations are implemented promptly.
- **Authorization:** Clear levels of authorization. Delegated authority documented so that staff understand the limits to their responsibility.
- **Bank Cash Book:** To record receipts and payments for transactions made using NBD bank account.
- **Budgetary Controls:** Expenditure only incurred on basis of an approved budget.
- **Budget and Actual:** Actual expenditure compared with budget on a monthly and cumulative basis.
- **Chart of Accounts:** A list of each item which the accounting system tracks.
- **Fraud prevention:** policies for zero-tolerance for fraud
- **Floats and Advances Register:** Records of advances made and liquidations after utilization.
- **General Ledger:** Records totals of monthly transactions for revenue, expenditure, assets and liabilities.
- **Grant Tracking:** Cumulative list of grant allocations and cancellations. Up-to date grant balances maintained.
- **Payroll:** Record of transactions related to staff compensation
- **Petty Cash Ledger:** To record petty cash transactions in accordance with the petty cash policy and procedure.
- **Procurement:** Record of transactions related to procurement of goods and services.
- **Reconciliations:** Monthly bank and cash reconciliations
- **Reports:** Daily, Monthly, quarterly and annual reports.
- **Risk management:** identification, mitigation and monitoring of risks to the organization
- **Support Documentation:** All support documents neatly filed and clearly referenced.
- **Travel:** Record of travel related transactions
- **Variance Reports:** Explanation and action for exceptional departure from plan.

4.0 INCOME

4.1 Income Sources

Cash Receipts shall comprise income from grants, donations, membership fees, bank interest, disposal of assets and miscellaneous income.

Collection and follow up of main grant funds will be done by the Finance and Administration Manager. The Administrator will be responsible for small amount collections. The Regional Manager will supervise the entire process of fund raising and ensure that funds are available to sustain NBD operations. The Board will provide policy direction on fundraising and help in fundraising efforts.

4.2 Purpose of controls over cash receipts

To ensure that

- All cash intended for the organization is received
- All cash received is accounted for and reconciled
- Cash received is promptly banked intact
- There is separation of responsibility for handling cash and recording
- Cash receipts are properly recorded in NBD accounting System

4.3 Recognition and Recording Procedure

4.3.1 Receiving and Recording

The Administrator is responsible to receive and document acknowledgment of cash receipts.

4.3.2 Acknowledgement

Cash receipts will be acknowledged as soon as the sum is received.

4.3.3 Cash Receipts

All cash receipts will be locked in a safe and banked within 24 hours or next open bank day.

4.3.4 Reconciliation:

Reconciliation of cash receipts shall be done before deposits to the bank are made. This is will monitor and minimize shortfalls.

4.3.5 Receipt Voucher

A pre-numbered receipt voucher will be maintained to record source of income. It will also ease analysis of the same for the purpose of recording in the books.

4.3.6 Grant Income

Income from grants will be received directly in accordance with details agreed in the contract with the donor. Finance and Administration Manager will monitor income receipts to confirm that expected income is reflected in the accounts, follow up on outstanding income and ensure that any mispostings are corrected.

Inter-donor and inter-project borrowing or transfer of funds will not be acceptable.

4.3.7 Bank interest

This income is reflected on the bank statements. The Accountant will closely monitor records to ensure that interest credits appear as expected and reflect the levels of cash held at the ruling interest rate. The Accountant will follow-up with bank on variances from expected income.

4.4 Management of Petty Cash Resources

4.4.1 Custody and security of Petty cash

Cash floats shall be kept in a small cash box. The cash box shall be kept by the Administrator/Accounting Officer for NDFs in a lockable drawer during working hours and kept in a fireproof safe at the end of the day. The keys to the safe shall be kept by the Finance Manager /National Programme Coordinators. The keys to the small cashbox shall be maintained by the Administrator/National Programme Assistants.

4.4.2 Petty cash Float

4.4.2.1 Policy

Offices will retain only minimal cash to meet anticipated day to day expenses with a reasonable cushion for emergencies.

4.4.2.2 Purpose of cash policy

- Cash is used for intended and proper purpose
- Safeguard organization funds
- Protect staff
- Ensure cash is properly recorded and accounted for

4.4.3 Payments using petty cash- NDF

- Petty cash will be maintained on an imprest basis.
- A float of \$ 200 or the equivalent in local currency based on the prevailing day's bank rate will be maintained by the National Accounts Officer.
- Payments of up to \$100 or the equivalent in local currency based on the prevailing day's bank rate will be made from petty cash.
- A pre-numbered petty cash voucher shall be used to request for cash and authorized by the Programme Coordinator.
- An advance is made to the requester and accountability supported by relevant documents returned to the National Accounts Officer within 24 hours.
- The Accounts Officer will make payments from float and immediately track expenditure on a Petty Cash Ledger. The payments with all support documentation shall be immediately stamped with 'PAID' stamp to avoid any duplications/double payments.
- Replenishment shall be requested when expenditure is at least 75% of the fixed float restoring the balance to the original figure
- Documentation supporting the replenishment must be properly authorized, orderly filed and presented with the replenishment request.
- The Programme Coordinator will conduct surprise petty cash counts at least once in a month and cash count forms filled, signed and filed.

- Mandatory petty cash counts shall be conducted every end of week and on the last working day of each month. Count results shall be recorded on a Petty Cash count form, signed and filed.
- Overdue amounts will be recovered from pay of staff provided the advance is not cleared after the deadline.
- A monthly listing of outstanding advances shall form end of month reports.

4.4.4 Payments using petty cash- Secretariat

- Petty cash will be maintained on an imprest basis.
- A float of \$500 or the equivalent in local currency based on the prevailing day's bank rate will be handled by the Administrator at the Secretariat.
- Payments of up to \$100 or the equivalent in local currency based on the prevailing day's bank rate will be made from petty cash.
- A pre-numbered petty cash voucher shall be used to request for cash and authorized by the Finance and Administration Manager.
- An advance is made to the requester and accountability supported by relevant documents returned to the Administrator within 24 hours.
- The Administrator will make payments from float and immediately track expenditure on a Petty Cash Ledger. The payments with all support documentation shall be immediately stamped with 'PAID' stamp to avoid any duplications/double payments.
- Replenishment shall be requested when expenditure is at least 75% of the fixed float restoring the balance to the original figure
- Documentation supporting the replenishment must be properly authorized, orderly filed and presented with the replenishment request.
- The Finance and Administration Manager will conduct surprise petty cash at least once in a month and cash count forms filled, signed and filed.
- Mandatory petty cash counts shall be conducted every end of week by the Accountant and at close of the last working day of each month. Count results shall be recorded on a Petty Cash count form, signed and filed.
- Overdue amounts will be recovered from pay of staff provided the advance is not cleared after the deadline.
- A monthly listing of outstanding advances shall form end of month reports.

4.4.5 Imprests and cash advances

Under very exceptional circumstances when a payment cannot be made by cheque, a cash advance shall be provided.

- A staff member will only be allowed to handle one cash advance at a time unless in a situation where overlapping activities are being undertaken.
- An advance must be fully and properly accounted for using the surrender of imprest/Accountability form before an additional is provided.
- The Accounts Officer will maintain a record of advances tracking expected due date and recording accountabilities.
- The Accountant at the Secretariat will maintain a record of advances tracking expected due

date and recording accountabilities.

4.4.6 Petty cash reconciliation

On a regular basis Programme Coordinator shall carry out an independent cash count on the cash float at the NDF.

On a regular basis the Finance and Administration Manager shall carry out an independent cash count on the cash float at the Secretariat.

The cash count will take into account approved cash float levels vis-à-vis cash-in-hand, and items held as representing cash.

Any shortages of cash or other exceptions should be explained and regularized.

On a daily basis the cashier will balance cash float with cash-in-hand and cash equivalents.

4.5 Management of Cash at Bank

4.5.1 Bank selection and account opening

4.5.1.1 Policy

Office shall maintain one main bank account with a reputable bank preferably an International bank to ease inter-country bank transactions. Additional accounts may be opened as deemed necessary by management or to meet specific requirements of a donor.

4.5.1.2 Procedures

- All cheque books should be kept under lock in a fireproof safe. The Accounting Officer should regularly cross check the cheque books to ensure all cheque numbers are intact. In case of a missing cheque number not accounted for, this should be immediately reported to management for action.
- The cheque writing will be done by the Accounting Officer against properly authorized payment requests. The safe keys should always be kept by The Finance Manager/Programme Coordinator.
- A bank cash book shall be maintained for each bank account.
- All cash shall be banked intact within 24 hours of receipt or the next open bank day.
- Cheques will be signed by two signatories as a minimum.
- Signatories should never sign blank cheques.
- Cheques should never be post dated.
- Cheques will only be written out on the basis of a duly approved payment voucher.
- Direct bank transfers will be recorded on a pre-numbered journal voucher.
- Details of cheque payment vouchers and transfer journal voucher will be immediately recorded in the bank cash book.
- Deposits into the bank will be acknowledged by a receipt voucher and immediately recorded in the bank cash book.
- All bank statements for the period will be obtained, as far as practicable, on the second working day of the following month.

4.5.2 Account Signatories and approval limits

For NDFs cheques, signatories will be the Chairperson, Treasurer, Vice Chairperson and the Programme Coordinator. Any two can sign a cheque.

For the Secretariat, cheque signatories will be the Chairperson, Treasurer, Finance and Administration Manager and the Regional Manager.

Chairperson will be categorized as The Principal Signatory.

Any cheque must have 2 signatories.

In due course to ease operations at the Secretariat and in line with best practice, cheques below \$5,000 or the equivalent in local currency based on the prevailing day's bank rate will be signed by Regional Manager and Finance and Administration Manager. Cheques above \$5,000 or the equivalent in local currency based on the prevailing day's bank rate will be signed by Regional Manager and the Treasurer or Chairperson. In the alternative, cheques for amounts above \$5,000 or the equivalent in local currency based on the prevailing day's bank rate shall be signed by the Regional Manager and Finance and Administration Manager with the express approval of the Treasurer.

4.5.3 Cheque receipt procedures

All cheques received will be receipted. An inward cheques register will be maintained where details of the cheques will be written including the receipt number. Other remarks column will be reserved for updating details such as if an inward cheque is dishonored.

4.5.4 Bank Reconciliation

4.5.4.1 Policy

A monthly bank reconciliation report for every bank Account shall be prepared by the 5th working day of the following month signed and filed.

At the NDF this shall be done by the Accounts Officer and reviewed by the Programme Coordinator and filed.

At the Secretariat, this shall be done by the Accounting Officer, reviewed by the Finance and Administration Manager and approved by the Regional Manager and filed.

4.5.4.2 Reconciliation procedure

The reconciliation procedure shall be as follows:

- Check the bank statement for accuracy
- Compare balance as per bank statement with balance as per cash book.
- Tick off items appearing in both records
- Identify bank charges on statement and record these in cash book
- Identify items on bank statement not recorded in cash book, investigate and appropriately classify and record them.
- List all cheques in cash book not appearing on bank statement as Unpresented

Cheques.

- Call payee to inquire about any outstanding cheque of more than two months. Write reminder in third month. If in sixth month cheque is still unrepresented issue stop order to bank and cancel.
- Prepare Bank reconciliation report. Bank Reconciliation Form – Appendix 7.
- Report is then reviewed and approved in accordance with Work Allocation and Controls matrix - Appendix 1.

5.0 EXPENDITURE

5.1 Policy

Expenses will only be incurred if they are budgeted for and are reasonable, allocable, allowable and authorized.

Reasonable

Costs that are generally recognized as ordinary, necessary and those that would be incurred by a prudent person in the conduct of NBD business

Allocable

Costs that are incurred for a specific activity must have outcomes beneficial to the activity either directly or indirectly.

Allowable

In accordance with conditions such as those of the donor for grant.

Authorized

Costs that have been duly authorized by the relevant officer in line with the Work Allocation and Internal Controls matrix – Appendix 1.

5.2 Purpose of expenditure policy

To ensure that:

- All payments are properly verified as valid and relate to NBD activities
- All payments are approved prior to settlement.
- Payments are made by cheque except in very exceptional cases where it is practically impossible.
- Payment support documents promptly cancelled with "STAMP PAID" to avoid reuse of the documents for duplicate payments
- All payments properly recorded in NBD accounting System
- Adequate segregation of responsibilities in management of payments

5.3 Purchasing

5.3.1 Purpose of purchasing guidelines

To ensure that:

- Purchases are made on an open and competitive basis
- Purchases are made on the basis of an approved budget
- Encourage local enterprises to compete and avoid unfairness
- Purchase decision that yields maximum value for money on goods and services.
- Goods and services delivered or received in the correct quantity, quality and in a timely manner.

5.3.2 Purchasing procedure

For details, the Procurement manual should be referred to.

At the NDFs

- Accounts Officer must ensure goods and services are in approved budget.
- Accounts Officer will complete a Purchase Requisition form Appendix 3 in duplicate, which must
 - Provide detailed information of goods or services required
 - Clearly identify the budget code to be charged
 - Identify any special condition relating to the purchase if applicable.
 - Include details of date Goods and Service is/are required
 - For ease of accounting and administration, it is helpful if goods or services of similar nature can be grouped together on one requisition, while those of a different nature are recorded on another form. (e.g. office supplies and hire of vehicle)
- The National Accounts Officer will forward the requisition to the Programme Coordinator for approval
- The Programme Assistant then forwards it to the Programme Coordinator for authorization
- The requisition is then authorized by either the Finance and Administration Manager or Regional Manager if applicable.
- One copy of approved Purchase requisition form is returned to the Programme Assistant and the original handed over to the Accounts Officer to initiate the purchase.
- On receipt of the approved requisition the National Accounts Officer will initiate the purchase using the following procedure referring to the supplier's prequalified list.

Goods and Services are classified as either commonly used or unique.

For frequently used goods and services, quotations will be obtained and maintained for six months through a competitive process.

- For non-frequently used Goods and Services the following procedure will apply
 - Goods and services with value of less than \$100 or equivalent in local currency based on the prevailing day's bank rate, obtain at least 2 comparable quotations or 1 justified quote and place the order or procure directly.
 - Goods and Services of \$ 101 to \$2,000 or equivalent in local currency based on the

Prevailing day's bank rates obtain at least (3) three comparable quotes, and complete the purchase recommendation/Bid analysis.

- The quotation may be obtained by fax, email or over the counter.
- Forward the analysis to the Programme Assistant for review and Programme Coordinator for approval.
- Goods above \$2,000 or equivalent in local currency based on the prevailing day's bank rate use the tender procedure.

At the Secretariat

- Requisitioner must ensure goods and services are in approved budget.
- Requisitioner of goods or services will complete a Purchase Requisition form **Appendix 3** in duplicate, which must
 - Provide detailed information of goods of services required
 - Clearly identify the budget code and Account code to be charged.
 - Identify any special condition relating to the purchase if applicable.
 - Include details of date Goods and Service is/are required
 - For ease of accounting and administration, it is helpful if goods or services of similar nature can be grouped together on one requisition, while those of a different nature are recorded on another form. (e.g. office supplies and hire of vehicle)
- The requisitioner will forward the requisition to his immediate supervisor for approval
- The supervisor then forwards it to the Finance and Administration Manager for review
- The requisition is then authorized by either the Finance and Administration Manager or Regional Manager depending on the Authorization ceilings i.e below \$100 (FAM) and above \$ 100 RM to Authorize.
- One copy of approved Purchase requisition form is returned to the requisitioner and the original handed over to the Administrator to initiate the purchase.
- On receipt of the approved requisition the Administrator will initiate the purchase using the following procedure referring to the prequalified supplier's list.

Goods and Services are classified as either commonly used or unique.

For frequently used goods and services, quotations will be obtained and maintained for six months.

- For non-frequently used Goods and Services the following procedure will apply
 - Goods and services with value of less than \$100 or equivalent in local currency based on the prevailing day's bank rate obtain at least two comparable quotations or 1 justified quote, prepare an analysis schedule and place the order/ procure directly.
 - Goods and Services of \$101 to \$2,000 or equivalent in local currency based on the prevailing day's bank rate obtain at least three comparable quotes and complete the purchase recommendation/ bid analysis.
 - The quotation may be obtained by fax, email or over the counter.
 - Forward the analysis to the Finance and Administration Manager for review and Regional Manager for approval.
 - Goods above \$2,000 or equivalent in local currency based on the prevailing day's bank rate use the tender procedure.

5.3.3 Tendering Procedure

- An annual list of approved Goods suppliers and Service providers will be maintained by the office using competitive means like media publications.
- On receipt of the approved requisition the Administrator (Accounts Officer for NDFs) will invite bids using standard form from at least three firms on the approved list.
- An annual list of approved suppliers will be prepared ensuring suppliers and service providers selected are well established and have the capacity to supply required goods and services.
- Quotation invitation will provide full details of required goods/services.
- For technical items/ services ,the technical person should provide the recommended specifications to the requester.
- Quotations will be returned by a fixed date and dropped in office tender box.
- Bidders will be given a minimum of five working days to submit bids.
- Bidders will be required to mark bid number and identify firm name on envelope. This will facilitate follow-up in the event less than three bids are returned by the tender closing date.
- Returned tenders will be confirmed the next day after the closing date and if at least three have been returned, these will be opened and analyzed by a tender committee.
- If less than three bids are returned the Administrator (Accounts Officer for NDFs) will call the other firms invited requesting for the pending bids.
- The tender committee shall comprise at least three staff.(Two staff members for NDFs)
- The tender committee shall analyze and review the submitted tenders and make a recommendation with reasons and minutes taken.
- The tender box shall have two locks with one key retained by the Administrator and the other by the Finance Manager. (For NDFs one key shall be with the Programme Assistant and the other with the Accounts Officer)
- A full set of the duplicate keys shall be safeguarded in office safe by the Regional Manager (Programme Coordinator for NDFs).

On receipt of the approved tender, the Administrator will complete a Purchase Order and forward accompanied with analysis to Finance and Administration Manager for review and Regional Manager for authorization

At the NDFs the Accounts Officer will complete the Purchase Order and forward accompanied with the analysis to the Programme Assistant for review and Programme Coordinator for authorization.

The Original Purchase Order is sent to the selected supplier/service provider and duplicate retained in the Purchase Order book.

The supplier delivers in accordance with order and the Office Assistant/ another independent person receives and signs the delivery note after the requestor has verified and certified the delivery.

The requestor must ensure that the goods are in accordance with request and are in good condition prior to certification.

At the NDFs, the supplier delivers in accordance with order and the Accounts Officer receives

and signs the delivery note after the Programme Assistant has verified and certified the delivery.

The Programme Assistant must ensure that the goods are in accordance with request and are in good condition prior to certification.

The signed delivery note is then handed over to the Administrator (Accounts Officer at the NDFs) to prepare the payment package with all relevant documents attached.

The Administrator/Accounts Officer at the NDFs will request the supplier to invoice if not delivered with the Goods received note.

The returned tenders together with approved award report and the original envelopes in which tenders were submitted will form part of the support payment package. These will be attached to the payment voucher.

A cheque is then prepared and supplier paid after approval of the payment request.

The complete purchase process should take a maximum of two weeks.

The Administrator (Accounts Officer for NDFs) will track the tender process in register.

Filing will be done by the Office Assistant (Accounts Officer for NDFs).

Threshold for approval of Purchases/ services at the NDFs is as follows:

- Below \$1,500 or equivalent in local currency based on the prevailing day's bank rate – Programme Coordinator to approve
- \$1,500-\$3,000 or equivalent in local currency based on the prevailing day's bank rate – Treasurer to approve
- Above \$3,000 or equivalent in local currency based on the prevailing day's bank rate– The Board to approve

Threshold for approval of Purchases at the Secretariat is as follows:

- Below \$5,000 or equivalent in local currency based on the prevailing day's bank rate – RM to approve
- \$5,000-\$10,0000 or equivalent in local currency based on the prevailing day's bank rate– Treasurer to approve
- Above \$10,000 or equivalent in local currency based on the prevailing day's bank rate– The Board to approve

5.4 Payments by cheque

- All payments above \$100 or equivalent in local currency based on the prevailing day's bank rate shall be made by cheque except in very exceptional cases and this should be documented and approved by Finance & Administration Manager/National Coordinator.
- All payments must be summarized on cheque payment voucher which will be fully supported and authorized before a cheque is written.

- Cheque signatories are required to check the following before signing the cheque. Arithmetic accuracy reviewed by accounts department, cheque properly written with amount in words agreeing with figures, payment made to the right payee and full support documentation attached in accordance with NBD payment procedures.
- All cheques must be signed by at least two signatories
- After the cheque has been signed the supporting documentation will be stamped "PAID" to avoid the risk of duplicate payments being made.
- A copy of the signed cheque /transfer request form should be photocopied and attached as support documentation to the payment voucher.
- Where cheques are cancelled, for whatever reasons, they shall be marked with "VOID" on the face and retained in a cancelled cheques file. If the cancelled cheque was signed, the signed section will be torn off.

5.5 Support Documentation Checklist for Payments

All payment documents must have the following minimum support documents

- a. Payment Voucher
- b. Approved Purchase Requisition
- c. Pro-forma or quotations depending on value as purchasing policy
- d. Tender recommendation and decision in accordance with purchasing policy with Tender minutes.
- e. Purchase Order or copy of contract
- f. Delivery Note
- g. Invoice
- h. Acknowledgment of receipt – on office doc. by person collecting chq or cash
- i. Acknowledgment of receipt for payments – official receipt from payee
- j. For trainings and workshops - list of participants and copy of signed daily attendance list.
- k. Journal Voucher – for Imprest accountability and recording of items not involving the physical movement of cash.

5.6 Foreign Currency Transactions

At the NDFs

- Paperwork to be done by Accounts Officer
- Programme Assistant reviews the documentation
- Programme Coordinator gives the approval/authorization to buy or sell.
- Accounts Officer liaises with the bank & does the actual buying& selling of the foreign currency.
- Accounts Officer maintains foreign currency gains & loss worksheet.
- Worksheet to be reviewed by Programme Coordinator.
- Work sheet to be authorized on a quarterly basis by the Board.

- Accounts Officer to monitor any variances occurring in the foreign currency transactions and include them in the gains & losses worksheet.
- Gains & Losses to be accounted for in the financial statements by the Accounts Officer.

At the Secretariat

- Paperwork to be done by Accountant
- FO reviews the documentation
- FM gives the approval/authorization to buy or sell.
- Accountant liaises with the bank & does the actual buying& selling of the foreign currency.
- Accountant maintains foreign currency gains & loss worksheet.
- Worksheet to be reviewed by RM and FAM.
- Work sheet to be authorized on a quarterly basis by the Board.
- Accountant to monitor any variances occurring in the foreign currency transactions between country forums consequently to include them in the gains & losses worksheet.
- Gains & Losses to be accounted for in the financial statements by the Accountant.

5.7 Travel expenses

5.7.1 Travel Policy

Adherence to Travel policy will ensure that

- Travel is adequately planned
- Costs related to official business and approved rates are applied
- Travel is authorized in advance
- Advance is properly and completely accounted for
- Travel objectives and outcome are beneficial to NBD/NDF.

5.7.2 Procedure

Employees will be reimbursed for all reasonable and necessary expenses they incur while traveling on NBD/NDF business. As you apply the travel policy, use your discretion, but try to keep costs low. Travel rates will be advised by management from time to time. For flights, NBD/NDF will pay for an economy class fare.

When preparing to travel for NBD/NDF business, complete the travel requisition form. On approval the requisite travel will be facilitated as per travel policy.

You must record all travel and business activities on the travel Expense Report Form. This must be accompanied by a trip report and submitted to your immediate supervisor for approval.

All travel Expense Report Form s should be submitted not later than one week after the last day of travel.

5.7.3 Reimbursement for Parking and Taxis

NBD/NDF will reimburse employees for parking charges and taxi fare spent while on official business.

5.8 Payroll Related Expenditure

5.8.1 Purpose of payroll administration policy

Payroll administration policies and procedures will ensure that

- Staff are compensated in accordance with employment agreement
- Staff compensation is properly accounted for
- Statutory deductions are properly computed and promptly remitted to respective authorities
- Voluntary deductions are made based on staff authorization
- Staff is notified of any change in monthly salary.
- Salary advances are properly accounted for and recovered in accordance with prior agreement.

5.8.2 Payroll Procedures

- The Accountant/Accounting Officer will prepare staff payroll with information as per employment agreement, deduct statutory payments as per various legislation, voluntary deductions as per staff authorization and personal account balances.
- The Finance and Administration Manager/Programme Coordinator will obtain and update statutory payments and ensure adherence that payment in compliance with requirement.
- Change in staff pay will be made based on duly approved staff change notification duly signed by the RM .
- The Administrator/National Assistants will maintain copy of change in staff pay in individual staff personnel file
- The Finance and Administration Manager/National Coordinators will review payroll to ensure payments are in accordance with employment contract, statutory payments in accordance with legislation and voluntary deductions in accordance with documented staff authorization.
- The Regional Manager/National Coordinator will approve the payroll.
- A pay slip will be issued to each staff immediately the payroll is approved.
- The pay slip will contain a detailed breakdown of information including basic pay, allowances, deductions, net pay and payee bank account details.
- The pay slip will also have balances of various savings due to staff and obligations owing to NBD/NDF. Savings may include Cumulative Gratuity, Co-operative contributions etc. Owing Obligations may include, for example, advance balance.
- Net pay will be made to a bank account as advised by staff.
- Staff will be paid by 25th day of every month.

5.8.3 Statutory deductions and records

Statutory deductions to NHIF, NSSF and PAYE will be made and paid promptly in line with existing regulations.

5.8.4 Staff advances procedures

- Staff will be entitled to a maximum three advances in any fiscal year
- Salary advance will be limited to one month staff pay and recoverable in three monthly installments.
- Staff will complete a staff advance form which will be processed and upon approval payment made.
- The Finance and Administration Manager (Accounts Officer at the NDFs) will maintain a register to monitor staff advances.
- The Administrator (Accounts Officer at the NDFs) will maintain a staff personal account register to record movement of official advances and personal expenses incurred using NBD vehicles or equipment.
- Balance on Staff Personal Account will reflect amount due to NBD and will be recovered in reasonable installments taking caution that staff net pay remains reasonable.

5.8.5 Gratuity Fund

Cash equivalent to payable gratuity for staff will be set aside every end of month into a gratuity fund. The fund will be used exclusively to settle amounts due for maturing gratuity. The money can only be invested in the short term government securities where return is guaranteed on approval by The FAM and authorization by the RM.

The Finance and Administration Manager will ensure an account is maintained with a reputable bank and reconciled monthly to update staff's personal balances.

Staff will be notified of their available balances semi annually and may decide to set up separate rules and a committee governing this fund.

However, NBD Management will hold overall control over the fund.

5.9 Consolidation of Accounts

5.9.1 Purpose of proper inter office accounting

To ensure that:

- NBD funds are fully and completely accounted for
- Transfers to NDFs forums are promptly made
- Accountability of NDFs are line with approved policies and procedures
- Accountability of NDFs is promptly submitted to the Secretariat for consolidation and production of reports every month.

5.9.2 Inter office procedures

- NDF funds will be transmitted in tranches agreed as per approved work plans and budgets.
- The first tranche will be considered as an advance
- NDFs will submit monthly reports to Secretariat in line with reports requirement Chapter 9 of this manual.
- Upon utilization of at least 75% of funds, NDFs will submit an accumulated accountability for quarter accompanied by a project progress report and request the next advance.

- The 25% balance will be accounted for in the next request after submitting accountabilities as above.
- On receipt of NDF accountabilities, Secretariat staff will within 5 workdays review and either approve accountabilities or return with queries to be resolved. The NDFs must respond to the queries and submit amended reports within 2 working days.
- Reimbursements for approved accountabilities will be made within 5 days of after the approval.
- Funds from specific donors will be managed in accordance with the agreement with the donor.

6.0 ASSET MANAGEMENT

6.1 Non Current Assets

6.1.1 Introduction

Assets are items with useful life of over one year and value of greater than \$300 or equivalent in Local currency based on the banks day's rate. Adherence to the Asset management policies and procedures will ensure that:

- Acquisitions and disposals are only made upon proper authorization
- Assets are safeguarded
- Asset details are properly recorded and usage closely monitored

6.1.2 Assets recording Procedure

1. Accountant/Accounting Officer at NDFs shall record items in Asset Register at purchase price or at the fair value attributed to them by the respective donor- Appendix 10.
2. Accountant /Accounting Officer at NDFs shall update Asset Register for additions and disposals.
3. Accountant /Accounting Officer at NDFs shall record additions and disposals in General Ledger.
4. Accountant /Accounting Officer at NDFs shall compute annual depreciation and update these in the Asset Register and General Ledger.
5. Administrator/ Accounting Officer at NDFs shall tag in accordance with classification of asset, on a visible part of the asset. For example, Office table - NBD/T/01.
6. Accountant// Accounting Officer at NDFs shall prepare quarterly reconciliation of Asset Register and General Ledger balances. Finance and Administration Manager/Programme Assistant shall review and Regional Manager/National Coordinator shall approve reconciliation report.
7. The Finance and Administration Manager shall initiate an annual verification of assets to confirm existence and condition
8. The physical count report will be reviewed by the Finance and Administration Manager and approved by the Regional Manager.
9. An action report will be prepared by Finance and Administration Manager for variations reported and respective staff assigned by RM to deal as required.

6.1.3 Classification of fixed assets

Assets will be classified into

- Land and buildings LB
- Machinery MC
- Furniture and equipments FE
- Computers CM
- Motor vehicles MV

6.1.4 Disposal Procedures

Disposal of fixed assets will be carried out in line with donor conditions. However assets will be disposed of if it is uneconomic to maintain the asset. Such disposal will be recommended by the Regional Manager and must have been approved by the Board.

6.1.5 Depreciation and amortization policies

Assets will be depreciated to set aside the equivalent of the useful life of the assets used over the financial year. A straight line method of depreciation will be used and rates will depend on the class of the asset:

Buildings: 20 years;

Machinery, Furniture and equipment, computers and Motor Vehicles: 3 years.

Land will not be depreciated.

6.1.6 Maintenance of fixed asset register

The Asset Register shall consist of the following details

- a. Name and Description of Asset
- b. Asset Number: Assigned (tagged) number distinct for each asset item.
- c. Date of Acquisition
- d. Purchase Reference: Refer to payment/purchase/donation documents
- e. Cost or fair market value in local currency. Use equivalent if acquired in \$
- f. Cost or fair market value in USD (\$). Use equivalent if acquired in local currency
- g. Supplier: Source of asset
- h. Asset Serial Number
- i. Location: Present location of Asset and user
- j. Status of Insurance. Dates of cover for respective assets
- k. Condition: either Excellent, Good, Fair, or Poor

6.1.7 Motor vehicle usage- log books, usage register etc

A mileage log book will be maintained for each vehicle and update per trip done.

6.2 Stocks

NBD will not maintain stocks and purchases will be made depending on the need.

6.3 Debtors

6.3.1 External debtors

NBD will promptly pay for goods and services. External debtors relating to expenditures properly incurred but not yet paid for will be maintained and updated.

7.0 PLANNING AND BUDGETING

7.1 Policy and guidance on budgeting

Budgets will be prepared to ensure that sufficient funds are availed for implementation of programmes.

In order to ensure implementation of Strategic plans of NBD 3-year long-term budgets are prepared. Annual budgets will also be prepared to ensure implementation of the 3-year long-term plan. Annual and six-monthly cash flow statements and cash requirements will be prepared. Where applicable these budgets and statements will be shared with funding partners.

In order to ensure adequate allocation of funds to programmes NBD will allocate a minimum of 70% of the funds to programme at national and regional level, a maximum of 20% to staff emoluments and a maximum of 10% to other overheads. However, budgets for donor-funded projects and programmes will be formulated in line with contractual obligations to the donor.

The overriding principle in budget management is that expenditure is only incurred or committed on the basis of an approved budget.

7.2 Budget Preparation Process

7.2.1 Purpose of budgeting and budgetary control

- Prepare annual activity and operational plan in financial terms
- Track daily actual and cumulative expenditure in line with approved budget
- Allow only expenditure that is incurred or committed on basis approved budget.
- Properly record actual expenditure in line with approved budget
- Address arising variances in a timely manner

7.2.2 Budgeting preparation process

- An annual work plan is developed by project implementing staff with support of the Finance and Administration Manager.

- The work plan is then translated into a financial plan
- Operational budget to support the project financial plan is then developed.
- A combined annual budget is then developed with minimum of 70% for programme activities and maximum of 30% for overheads.
- Budget must be prepared at least three months before the start of financial year.

Detailed Budgets will be prepared, supported with worksheets. This will be done by applying NBD account codes for respective budget items.

Donor specific formats will be used where the funding agreement demands.

7.3 Budgetary control Process

Accumulated monthly expenditure is recorded on a summary report.

Monthly totals of the summary report are posted. Reporting and monitoring done to ensure that actual expenditure is within approved budgets

Investigate where expenditure exceeds budget, nil expenditure or low and expenditure not in line with work plan.

With outcome of investigation seek explanation from budget holder.

A variance of plus or minus 10% of budget is allowed.

Variances more than 10% of budget line will require Board approval.

Overall project budget variance which is more than 10% will require Board approval.

These limits are subject to project or programme specific provisions as agreed with relevant donors.

Likely causes of variances are

- Fluctuations in exchange rate where funds are obtained in a different currency
- Change in scope or objective of project.
- Change in personnel involved project
- Need for additional funding
- Inter-project transfer of funds

Approval must be sought to revise budget when the possibility of exceeding budget is noticed.

The budget holder will be responsible for monitoring budgets and initiating budgetary reallocation processes.

7.4 Allocation of funds to program and overheads

All administrative expenses will be incurred under operational budget. The amount allocated for operational budgets will not exceed 30% of the budget.

7.5 Budgets approval and revision

Management will be responsible for timely preparation of the budget. The Accountant will guide the process of consolidating the final budget figures. The final budget will be approved by the Board. Any revision and reallocation of the budget items shall be approved by the Board.

8.0 FINAL ACCOUNTS PREPARATION

8.1 Chart of Accounts

There shall be maintained a chart of accounts in line with the computerized accounting system in use.

This shall be printed and made available to all staff and shall show profit and loss account codes and also show balance sheet codes. Where analysis codes are available this shall be defined properly, e.g. each donor, location, staff, vehicles, themes etc.

Also the system used in referencing of payment vouchers and petty cash vouchers shall be outlined.

Changes should be communicated as soon as possible e.g. where there is new account code, etc. Changes to the Chart of Accounts and/or Transaction Analysis (T) codes will only be made with the FAM authorization, and advised to all accounts staff. This is to ensure any changes are reflected in the pre-designed report formats.

A log will be maintained of all changes made. No input forms should be processed unless all the authorizations and checks have been signed off. After the data has been entered, a printout will be produced which will be checked against the input documents data, and if agreed the posting can be done. The check will be evidenced on the printout.

If there are any corrections, these will be indicated on the journal printout in ink.

8.2 Ledger

Approved budget should be posted in the ledger before start of the year. Full ledger should be available for all the accounts and monthly details of postings printed out.

The ledger balances should be analysed and reconciled. This is also applicable to bank, petty cash and stocks accounts.

Postings in the ledger should be verified each month by the relevant budget holders to agree with postings charged from their budgets.

8.3 Trial balance

Trial balance should be run for all the units in NBD each month. Confirmation should be made for any negative balances in accounts which should have positive balances and vice versa ensuring that explanations are given for such.

8.4 Income and Expenditure

The accounts in the ledger should be grouped together for the sake of classifying income and expenditures e.g. core grant income, donor income, locally generated income, program costs, staff costs, establishment costs, transport costs, medical costs etc in line with operations.

Income and expenditure accounts should be made every month showing actual amounts and variances from the budget allocated with explanations provided for the variances up to 10% for line item and for activity budget.

Ratios for guiding the operations should also be computed

e.g. liquidity, total personnel costs to Total Expenditure, Project and Programme Costs to Total Expenditure, Administration Costs to Total Expenditure and these should be subjected to trend analysis and compared with best peer practices.

Monthly management accounts shall be produced by 15th of every month showing income and expenditure with the relevant variances and ratios for review by budget holders for accuracy.

8.5 Balance sheet

Balance sheet generated should be one that summarizes all assets and liabilities and follows categorization of account codes. Year end adjustments should also be agreed upon and approved by the Regional Manager.

Balance sheet statement shall be prepared every quarter.

8.6 Cash flow statement

Cash flow forecasts should be made in line with timing of grants income from core financiers. Cash flow statement templates reconciling opening cash to the closing cash should be maintained and the statement made every month and at end of year.

Cash flow statements shall be prepared every quarter.

8.7 End of year procedures

FAM will issue instructions on the procedures for closure of financial year and what cut off expenditures to be recognized.

8.8 Year end and statutory accounts

Year end statutory accounts should be a complete set of income and expenditure, balance sheet and cash flow statement.

Consolidation should be carefully done as per detailed procedure to be issued by the FAM.

8.9 Donor funded projects reports

FAM shall be responsible and delegate responsibilities of meeting donor requirements and responding to all enquiries in time.

9.0 REPORTING

9.1 Internal Reporting

In order to ensure that decisions are made with proper information monthly reports will be prepared for use by management.

At end of each quarter, report on the financial status shall be made to the Treasurer and the Board.

9.2 External and Donor reports

Responsibilities will be allocated to staff to ensure that reports to donors are made in line with donor requirements. Programme/Technical reports will be accompanied by financial reports for the period of reporting.

Following are the financial reports that usually must be completed to adhere to full accountability of grant. Reports formats must be provided to each NDF.

1. Summary Report
2. Payment Details
3. Bank Reconciliation
4. Cash Reconciliation
5. Cash Book
6. Petty Cash Book
7. Budget Verses Actual

1. Cashbook Worksheet :

(Must have payment document reference number)

Records all transactions with the bank, including bank charges.

Cash withdrawn from dollar account is exchanged into local currency and the local currency amount analysed in the Petty Cash Worksheet in accordance with approved activity budget.

Payments must be supported by payment vouchers and PCV numbers recorded in reference column.

Payee details are the person or entity paid.

At end of month, reconcile entries made on this sheet with Bank Statements received from the bank and finally complete the Bank Reconciliation Form. If some activity payments are made directly from the bank (by cheque), record the corresponding entry to respective activity budget line.

2. Petty Cash Worksheet :

(Must have payment document reference number)

All withdrawals and payments made out of cash imprest should be recorded on this worksheet. Make a corresponding entry to the column on activity as per the budget.

Payments made out of petty cash are in local currency.

Extensions analysed to respective budget lines should be converted to US dollar using the transaction exchange rate or exchange rate for date when transaction occurred.

Cash on hand at end of month should be physically counted and recorded on Cash Reconciliation Form.

3. Payment Details :

This is a listing of all payments made from both the Cash Book and Petty Cash Book. Detailed description of payments must be provided on this form.

4. Summary Report :

This is a summary of expenditure made in accordance with Activity Budget. Figures are obtained from the total extension columns of Cash Book and Petty Cash book.

5. Budget Versus Actual (BVA) Report :

This is a Budget Verses Actual report.

The Budget is drawn from your work plan and implementation timetable.

At end of each month information from the Summary report is transferred to the respective monthly column of this report.

Worksheet has inbuilt formulae to reflect total spend and budget balance at any particular point in time.

10.0 AUDITS

10.1 External Audits

10.1.1 Selection of external auditors

External Auditors will be selected from reputable Audit firms through expression of interest to offer services to NBD. External auditors will serve for not more than three consecutive financial years as Auditors of NBD.

10.1.2 Circulation of audit reports

Audit reports will be shared with the Board and, where applicable, the funding partners.

10.2 Internal Audits

10.2.1 Mandate of Internal audit

Internal audit is management support function for providing assurance to management and Board that internal controls functioning properly and risks to the organization have been adequately addressed.

10.2.2 Purpose of Internal Audit

- Promote transparency and accountability
- Review and recommend improvement to current systems
- Ensure organisational policies and procedures consistently adhered too
- Ensure accuracy and fairness of the accounting and recording systems as a basis of preparation of financial statements and decision making
- Assure that organisational assets are safeguarded
- Assure that statutory requirements being consistently adhered to.

10.2.3 Internal Audit activities

The following will be among the tasks to be undertaken by NBD Internal Audit:

- Review actual activities and confirm that these are in agreement with work plan and budget.
- Physically visit project beneficiaries and confirm project implemented in accordance with approved work plan.
- Ascertain that actual activities are implemented in conformity with documented policies and procedures.
- Test and evaluate key accounting controls and procedures over recording and production of requisite reports.

- Trace entries from General Ledger to asset register
- Physically verify existence of assets, condition and ensure proper tagging
- Review adequacy of insurance cover on organization assets and risk covers to third parties.
- Ensure statutory deductions are made and remitted to relevant authorities
- Review minutes to ensure operations have been carried out in accordance with approved resolutions.
- Record audit findings in an audit report with recommended corrective actions

10.2.4 Responsibilities of NBD Management on Internal audit

- Management will provide response and may agree or disagree with observation or recommendation. In the event of disagreement management must state basis for the disagreement. Measures should however be taken to ensure that the deviation does not result in material misstatement in the financial statements.
- When finalised, management will prepare an audit action list for corrective measures with particulars of responsible staff and timeframe.
- Management will ensure the audit action list measures are undertaken within stated timeframes.

11.0 FRAUD

11.1 Policy

NBD maintains a zero tolerance attitude towards fraud.

11.2 Purpose

Fraud policies and procedures will

- Create Fraud awareness. within the NBD circle
- Provide channels of responding to and Investigating fraud allegations
- Deter frauds

11.3 Definition of Fraud

Fraud is unlawful, intentional and deliberate misrepresentation or falsification which causes NBD and its partners to suffer damages, usually monetary losses.

Fraud is dishonestly obtaining a benefit by deception or other means for personal gain. Fraud may be perpetuated, among other actions and omissions, by

- Theft , bribes, corruption or abuse of office
- Misuse of organization services or facilities such as equipment or assets

- Providing false or misleading information
- Multiple funding for the same project activities by different donors
- Making, using or possessing forged or falsified documents
- Obtaining property, financial advantage or any benefit by deception
- Resources given to non-existent staff or beneficiaries.
- Offences similar to those listed above

11.4 Effects of Fraud

If ignored, fraud could lead to disastrous ripple effects such as

- Extra work for managers
- Delayed activities
- Staff moral suffers
- Organisational credibility dented
- Beneficiaries lose out
- Organisational survival threatened
- Organizational objectives unfulfilled
- Donors withdraw funding

11.5 Fraud prevention strategies

- Staff will be taken through fraud awareness training during orientation.
- All fraud allegations will be treated seriously and investigated as soon as possible
- Any person aware of a possible fraud should report in confidence to the Regional Manager, any director or Chair of the Board.
- The Chair will immediately facilitate an internal investigation into the allegation ensuring fairness and protection of staff who reported the incidence.
- Reasonable time will be taken to assemble real evidence before arriving at conclusions
- NBD will follow disciplinary policy in addressing the problem with affected staff.
- Pre-employment screening will be done to ensure that staff that join NBD have no past record of involvement in fraud.
- Policies and procedures in pertinent areas of operations including finance, procurement, human resource, and grant disbursement will be developed and adequately shared in NBD.
- Staff will be expected to uphold NBD values in all their areas of engagement

12.0 INFORMATION TECHNOLOGY

12.1 Purpose of IT policy

The Information technology policies and procedures will ensure that

- Appropriate Information systems in place at all times
- Accessibility to systems is limited to authorized NBD staff
- There is cost effectiveness in accumulation, processing and accurately reporting information
- Staff members are provided adequate knowledge and skills to use and manage systems.
- Adequate disaster recovery plans for data are established.

12.2 IT Internal controls

The Finance and Administration Manager will ensure that:

- NBD will regularly review information technology systems ensuring these are in place and updated promptly.
- Staff will have individual passwords only known to them
- Staff passwords will be changed quarterly and a record retained by the Finance and Administration Manager.
- Corporate systems will be operated by designated staff.
- A log of corporate software usage will be maintained and all entries recorded.
- Software packages may be developed by an IT consultant or purchased off-the-shelf.
- Purchased software must be originals and licensed.
- Packages will be configured to generate requisite reports for management, statutory requirements, donors and any other relevant reports with minimal human intervention.
- Posting of data to corporate systems will be done on a daily basis
- Two sets of daily data backups will be retained in house.
- A weekly backup of all system and postings will be stored offsite.
- A monthly back up will also be done of the entire system on two tapes, one of which will be kept off-site for security reasons.
- Staff will be trained to ensure they can properly use systems and derive maximum benefits from it
- Appropriate anti-virus software shall be installed in all NBD computer systems. This software must be capable of automatic update from the internet.
- The Finance and Administration Manager and Regional Manager will hold the System Administrator password for corporate systems and will be responsible for ensure compliance with IT policy.
- Access limits to various functions of the corporate systems will be determined and assigned by the Finance and Administration Manager.
- The FAM shall ensure that access to the computerized accounting system is restricted to only authorized persons.

13.0 RISK MANAGEMENT

Provisions should be made to ensure that all internal process risks and external risks are identified on timely basis and actions put in place to ensure that the impact from the risks do not affect achievement of objectives.

Risks will be identified against each strategic objective in the strategic plan, proper analysis done and mitigation actions developed and stated.

In each annual plan, a risk matrix for NBD for that year will be drawn up in line with Risk matrix shown in the Appendix 11.

Every quarter risk matrix will be reviewed and updated with new risks.

Major risks will be reported to the Board. The Board will review the adequacy of the measures put in place to mitigate risks.

14.0 APPENDICES

Key:

A:	Accountant
AD:	Administrator
D:	Driver
EC:	Executive Committee
RM:	Regional Manager
IT:	Information Technology Administrator
OA:	Office Assistant
KCO:	Knowledge and Communication Officer
P/STAFF:	Programme Staff
T/COM:	Tender Committee
TR:	Treasurer

APPENDIX 1 WORK ALLOCATION & CONTROLS MATRIX

CASH RECEIPTS

	AD	OA	FAM	EM	A
Receive and record	X				
Reconcile	x				x
Bank cash	x				
Kept in safe	x				
File Receipt Vouchers		x			
GRANT INCOME					
Received by	x				
Report generated by			x		
Monthly income reviewed by			x		

Follow up on missing income				X		X		
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PETTY CASH MANAGEMENT

	EM	KCO	FAM	A	AD	OA
Petty cash holder					X	
Requests made	X	X	X	X	X	X
Approved			X	X		
Preparing petty cash ledger					X	
Review expenditure on petty cash			X	X		
Replenishment requested					X	
Prepare Reconciliation and cash count				X	X	
Authorization for replenishment			X	X		
Documents filed				X		X
Surprise& mandatory counts			X	X	X	
Generate monthly reports			X	X		

CASH ADVANCE

	STAFF	RM	FAM	A	AD	OA
Request	X					
Reviewed				X		
Approved		X	X			
Payment of cash advance				X	X	
Maintain float Register & list				X	X	
Review Register			X	X		
Approve Register & list		X	X			
Authorize Recovery of advances		X	X			
Recovery of amounts				X		
Prepare Reconciliations				X		
Review Reconciliations			X	X		
Approves Reconciliations		X				

BANK ACCOUNT

	BOARD	EC	RM	FAM	A	AD	D
Opening bank a/c	X						
Operating bank a/c		X	X	X			
Authorize cheque writing				X			
Write cheques& stamp paid					X		
Cancel support documents					X	X	
Sign Cheques		X	X	X			
Deliver Cheques							X
Void Cheques					X		

File cancelled Cheques							X
Write cash book							X
Prepare Reconciliations							X
Review Reconciliations						X	
Approve Reconciliations				X			

PURCHASING PROCEDURE

	RM	KCO	FAM	AD	BOARD	A	T/COM	OA
Purchase requisition	X	X	X					
Approved by supervisor		X	X	X				
Reviewed			X					
Approved by	X		X		X		X	
Initiate Purchase/invite				X				
Receive Quotation & do				X		X		
Analysis				X		X		
Review Analysis	X		X			X	X	
Recommend bids						X	X	
Approve bids	X		X		X		X	
Complete LPO analysis						X		
Review LPO analysis			X					
Authorize LPO analysis	X	X	X					
Receive goods & sign delivery						X		X
Confirm with Requestor of Gds						X	X	X
Invoice for payments						X		
Maintain Tender Register				X				
Review & prepare report			X			X		
Approve Report	X							
File Documents				X				X

ASSET MANAGEMENT

	BOARD	RM	A	FAM	AD	OA
Authorize acquisition	X	X				
Record assets in Register			X			
Tag assets as per classification					X	
File Purchase Documents					X	
Keep Title in safe			X			
Prepare Reconciliation			X			
Review reconciliation				X		
Approve reconciliations		X				
Annual verification &			X	X		
Preparation of report			X		X	
Report reviewed by				X		

Approved by X

Action report for variations

Prepared by X
 Report reviewed by X
 Approved by X X
 Assign respective staff to deal as required X X

TRAVEL POLICY

	STAFF	AD	FAM	RM	A	OA
Complete travel requisition	X					
Approve requisition			X			
Authorize requisition				X		
Payment of Travel allowance					X	X
Record Travel & Business Activities on expense form	X				X	X
Review travel expense form			X			
Approval for any reimbursements			X	X		

PAYROLL ADMINISTRATION

	A	AD	FAM	STAFF	RM
Preparing staff payroll	X				
Check consistency with records	X				
Calculate Statutory Deductions	X				
Obtain & update statutory payments	X		X		
Approve staff payments& change in pay					X
Maintain copy of change in pay	X				
Review payroll			X		
Approve payroll					X
Issue Pay slips	X				
Payment made to Bank a/c's	X				

STAFF ADVANCES

Complete staff advance form				X	
Authorization of salary advance				X	
Maintain Register of Staff advances	X				
Maintain staff personal A/C Register	X				
Register reviewed by			X		
Approve register					X
Authorize recovery			X		X

INFORMATION TECHNOLOGY

	ITA	RM	KCO	FAM	AD	A	OA
Review IT systems-keep them updated	x						
Authorize issuance passwords				x			
Approve issuance of passwords		x					
Issue the passwords	x						
Change Passwords	x						
Maintain record of passwords	x			x			
Operate corporate system	x						
Maintain a log of corporate software					x		
Authorize purchase of software				x			
Approve purchase as per the budget		x					
Configure s/ware to generate reports	x						
Posting Data to corporate systems	x			x			
Maintain back-up of all systems	x				x		
Authorize access to various functions Of corporate systems				x			

BUDGETS

	P/STAFF	FAM	A	RM	BOARD
Work plan developed	x		x		
Operational Budget dev		x	x	x	
Budget reviewed		x		x	
Combined annual budget Developed		x	x	x	
Budget reviewed				x	
Budget Approved					x

Monitoring

Accumulated monthly expenditure Recorded			x		
Posting monthly totals			x		
Investigate variances	x		x		
Review variances		x	x	x	
Liaison with budget Holder		x		x	
Approve Variances (above 10%)					x
Monitor Budget	x	x		x	x

CONSOLIDATION OF ACCOUNTS

	A	NDF	FAM	RM
Forum funds transmitted in tranches	x			
Forums submit monthly reports to Desk		x		
Submit accumulated-accountability progress reports		x		
Review reports on progress	x		x	
Approve or return with queries	x		x	
Reimbursements for approved accountabilities	x			
Management of funds as per approved donor agreements		x	x	x

FOREIGN CURRENCY

	A	FAM	RM	BOARD
Initiate paper work for foreign currency	x			
Reviewed by		x		
Approved by			x	
Quarterly report to be approved by				x
Prepare worksheet for gains & losses	x	x		
Worksheet to be reviewed by			x	
Include gains & losses in the financial statements		x		
Reviewed by			x	
Approved by				x
Monitoring all foreign currency transactions		x		

YEAR END FINANCIAL STATEMENTS

	RM	KCO	FAM	AD	BOARD	A	T/COM
Prepare final financial statements			x				
Review final financial statements	x						
Approve statements	x						

APPENDIX 2 PETTY CASH PAYMENT VOUCHER

NBD PAYMENT VOUCHER										
PV No. _____										
		Nile Basin Discourse								
		(NBD)								
		“Civil Society Engagement on the Nile”								
PAYMENT VOUCHER										
						Date: _____				
						Budget Balance	_____			
Payee Name: _____										
Currency _____										
Amount in figures _____										
Amount in words _____										

Account code	Budget Code	DESCRIPTION OF PAYMENT						Amount		
		Total								
Requested By: _____										
Name				Signature			Date			
Reviewed By: _____										
Name				Signature			Date			
Approved By: _____										
Name				Signature			Date			
Received By: _____										
Name				Signature			Date			
Attach all related support documents (Requisition, quotations, invoice, delivery note, receipt etc)										

APPENDIX 3 PURCHASE REQUISITION

NBD PURCHASE/SUPPLY REQUISITION FORM						
					PR NO	
		NILE BASIN DISCOURSE				
					Date : _____	
					Currency: _____	
PURCHASE / SUPPLY REQUISITION FOR ALL GOODS AND SERVICES						
ACCOUNT CODE	BUDGET CODE	QUANTITY	DESCRIPTION OF GOODS OR SERVICE REQUESTED	UNITS	ESTIMATED UNIT COST	ESTIMATED TOTAL COST
			SUB-TOTALS			
Requested By:	_____				_____	
	Name				Signature/Date	
Reviewed By:	_____				_____	
	Name				Signature/Date	
Approved By:	_____				_____	
	Name				Signature/Date	
	LPO/CONTRACT NO.:	_____				
	Undertaken By: _____					

APPENDIX 4 PAYMENT VOUCHER

NBD PAYMENT VOUCHER

PV No. _____									
		Nile Basin Discourse							
		(NBD)							
		"Civil Society Engagement on the Nile"							

PAYMENT VOUCHER

						Date:	_____			
						Budget Balance	_____			
Payee Name: _____										
Currency _____										
						Cheque No.:	_____			
Amount in figures _____										
Amount in words _____										

Account code	Budget Code	DESCRIPTION OF PAYMENT						Amount	
		Total							

Requested By: _____										
		Name				Signature				Date
Reviewed By: _____										
		Name				Signature				Date
Approved By: _____										
		Name				Signature				Date
Received By: _____										
		Name				Signature				Date

Attach all related support documents (Requisition, quotations, invoice, delivery note, receipt etc)

APPENDIX 5 RECEIPT VOUCHER

Nile Basin Discourse

(NBD)
**"Civil Society Engagement on
the Nile"**

RECEIPT VOUCHER

REC NO. _____

Received From: _____ Date: _____

Amount in words: _____
Currency: _____

Activity	Budget Line	Description	Ammount	CENTS
		TOTAL		

Cash/Cheque (delete as applicable) Received By: _____
Date: _____

APPENDIX 6 PURCHASE ORDER

PO No.

Nile Basin Discourse
(NBD)
"Civil Society
Engagement on
the Nile"

**PURCHASE
ORDER**

TO

Amount Date:

Currency

ITEM	Budget Line	Description	PKG	UNIT	QTY	TOTAL
			UNIT	PRICE		
TEERMS AND CONDITIONS				SUB TOTAL	-	
				VAT		
				CHARGES		
				TOTAL		

Prepared By: Date:

Checked and Date:

Approved By: Date:

Authorized By: Date:

stamp

APPENDIX 7 - BANK RECONCILIATION

NBD

BANK RECONCILIATION STATEMENT AS AT

ACCOUNT NAME:

ACCOUNT NO:

Date of Reconciliation:

Balance as per Bank Statement

-
-
-
-

Add: Receipts recorded in Ledger not Credited by Bank

Deduct: Receipts in Bank not recorded in Ledger

Deduct: Unpresented Cheques

Reconciled Balance

Currency:

Balance as per cash Book

-

UNPRESENTED
CHEQUES

Cheque No	Date	Issued to (PAYEE)	Amount
Total:			-

Opening Cash Book Balance

Add: Receipts for the month

Less: Payments

Less: Bank Charges (if not recorded in cashbook)

-

Closing Cash Book Balance

-

Difference:

-

Certified as Correct: _____
(Name)

(Signature and Date)

Approved by : _____
(Name)

(Signature and Date)

APPENDIX 8 – IMPREST RECONCILIATION/ ACCOUNTABILITY FORM

SUPPORT TO _____							
Nile Basin Discourse							
							Serial No: _____
Accountability / Advance retirement form							
Reference voucher number used while advancing: _____							
Date	Description of expense	Account code to charge	Budget code to charge	Currency	Rate of Exchange	Amount	
						LOCAL CURRENCY	US DOLLAR (\$)
Grand Total expenses (A)						-	
<u>Advance settlement details:</u>							
Total Advance taken						-	
Advance accounted for/settled:						-	
Balance owed to claimant/owing to NBD (NDF)						-	
(Attach receipt if funds have been refunded to NBD (NDF) & all support documents for accountability)							
Amount refunded / reimbursed to: _____				Signature and date: _____			
Prepared by: _____ (name)				Signature and date: _____			
Checked by: _____ (name)				Signature and date: _____			
Approved by: _____ (name)				Signature and date: _____			

APPENDIX 9 – JOURNAL VOUCHER

**“Civil Society
Engagement on the
Nile”**

**JOURNAL
VOUCHER**

Details

.....
.....

Currency:

Ref. No.	Description	Budget Code	Debit	Credit
Column Totals				

Prepared By: _____ Date: _____

Authorised By: _____ Date: _____

APPENDIX 10 ASSET REGISTER

ASSET REGISTER

Ref	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
NO	Describe Asset	Asset No	Date of Purch ase	Payment Ref No	Cost LC	Cost \$	Name of Supplier	Serial No	Location	Status of Insurance	Remarks Condition /

APPENDIX 11 RISK MATRIX

Risk Assessment Matrix NBD

Risk	Impact HML	Prob. HML	Overall rating (H,M,L)	Current Action Policies	Risk /Owner	Control gaps	Risk mitigation Action Plans	Residual Risk H,M,L

Impact	Probability
High – threatens viability of NBD operations	High – likely to happen in next 1 year or is currently occurring
Medium – damaging, substantial but not threatening effect	Medium – could happen in next 1 year
Low – noticeable but little effect on NBD operations	Low – surprising if it happened in next 1 year.

APPENDIX 12: CHART OF ACCOUNTS (This will be edited after finalizing with systems se up hence it's tentative)

ACCOUNT CODE	ACCOUNT NAME	
1	EXPENDITURE	
10	Programme	C
101	Capacity Building	
102	Knowledge management and sharing	
103	Livelihoods	
104	Advocacy	
13	Staff Costs	C
131	Staff Salaries	
132	NSSF	
133	Other Staff Costs- Terminal, Recruitment	
134	Medical Scheme	
135	Gratuity	
136	Personal Accident Insurance and Life Assurance.	
137	Training	
14	Establishment	C
141	Rents and Rates	
142	Office Expenses (Repairs, Maintenance, Security, Cleaning, Beverages, Publications & Newspapers)	
143	Insurances	
144	Utilities –Water, Electricity, Generator Fuel	
145	Stationery, Photocopy and Printing	
146	Communication (Fax, Phone, Email, DHL, Postage)	
15	Transport and Travel Costs	C
150	Transport	C
1501	Vehicle Maintenance and Repairs	
1502	Vehicle Insurance and Licenses	
1503	Vehicle Hire and Taxis	
1504	Vehicle Fuel	
1505	Fuel Purchases	
151	Travel	C
1511	Local Travel	
1512	International Travel	

16	Services Costs	C
161	Consultant Fees & Expenses	
162	Audit Fees	
163	Professional fees & Charges – Legal and others	
164	Bank Charges	
165	Others Service Costs	
17	Capital	C
171	Capitaliseable assets	
20	INCOME	C
201	Grants	
202	Donations	
203	Membership	
204	Sales of Assets	
205	Interest	
206	Miscellaneous- Staff use of NBD assets, others	
207	Goods-in-Kind	
21	Foreign Exchange Differences	C
211	Exchange Gains and Losses	
5	ASSETS	C
50	Cost	C
<i>500</i>	<i>Land & Buildings</i>	C
5001	Land	
5002	Buildings	
<i>501</i>	<i>Vehicles</i>	C
5011	Motor Vehicles	
5012	Motor Cycles	
<i>502</i>	<i>Equipments</i>	C
5021	TV, Videos & Projectors	
5022	Photocopier, Fax, Telephone Equipment	
5023	Video cameras and Communications equipment	
5024	Generators	
<i>503</i>	<i>IT Equipment</i>	C
5031	Computers, Power Backup	
51	Accumulated Depreciation	C

510	<i>Land and Buildings</i>	C
5101	Land	
5102	Buildings	
511	<i>Vehicles</i>	C
5111	Motor Vehicles	
5112	Motor Cycles	
512	<i>Equipment</i>	C
5121	TV, Video & Projectors	
5122	Photocopy, Fax, Telephone Equipment	
5123	Video Cameras and Communications equipment	
5124	Generators	
513	<i>IT Equipment</i>	C
5131	Computers, Power Backup	
52	Stock	C
521	All types of stock	
60	Debtors	C
601	Individual Staff Accounts	
602	Trade Debtors	
603	Doubtful debts	
61	Inter-Office Accounts	C
621	Individual NDF Accounts	
70	Cash Balances	C
701	Cash Floats	
70X	Cash Floats	
71	Bank Balances	C
711	Bank Accounts	
71X	Bank Accounts	
81	Control Accounts	C
811	Salary Control	
812	Salary Deductions Clearance Account	
82	Accruals	C
821	Accruals	
83	Creditors	C
831	Sundry Creditors	
83X	Sundry Creditors	
90	Reserves	C
901	Reserves	

KEY

C-Denotes a header-account Not for posting

X-Denotes a series of accounts all bearing the same header code