

**FINANCIAL, ACCOUNTING, PROCUREMENT & RISK MANAGEMENT POLICIES AND PROCEDURES MANUAL**

**Version 1.0**

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# PURPOSE OF DOCUMENT

This document is a comprehensive finance manual for the ABUNDANCE. It considers the regulatory and reporting framework in which the organisation works together with the day to day operations.

The manual should be reviewed and updated annually to take into account potential new donor regulations, tax law regulations, as well as new developments in the finance and accountancy profession and changes in the organisation.

ABUNDANCE’s sustained service depends on its capability to safeguard and manage effectively and efficiently all donor funds (including locally generated income from ad hoc partnerships) entrusted to it. Fundamental to this goal is a sound structure of financial management and control to maintain both integrity and confidence.

The principles and suggested procedures in the Manual reflect systems currently in operation, or being implemented by ABUNDANCE and those expected to be adopted by its sub-partners.

This Manual has been designed to suit specifically the financial management and accounting practices at ABUNDANCE, and the general principles and essential features are applicable to all resources no matter their source (e.g. International donor agency, sub-award with another partner, or locally received funds).

This Manual describes the financial and accounting policies and procedures for ensuring accountability on effective and efficient use of funds. The procedures are aimed at giving Management-including the Board of Directors- accurate, complete and timely financial information. It consists of:

Section A – The Rule Book – this covers the regulatory framework in which the organisation operates and considers legal, accounting and internal governance arrangements.

Section B – Considers the tasks undertaken by the organisation in relation to Finance and set out timetable for undertaking these tasks together with specific procedure manuals.

Appendices – These provide a set of relevant documents that complete the picture of the finances of the organisation.

Pro-forma – This section provides copies of the current standard documents in use by the organisation

This Manual is not exhaustive but provides a framework for financial and accounting procedures within the organization. **Any deviations from adhering to the procedures contained in this Manual by ABUNDANCE staff should be in writing and approved by the Executive Director.** The confidentiality agreement in relation to the treatment of sensitive information is set out in appendix G.

A financial manual is often technical in nature and set of accounting definitions form appendix D.

# SECTION A

# Introduction

## Overview of Financial Management of the Organisation

* + 1. Abundance Worldwide Ltd (ABUNDANCE) is a company limited by guarantee and not having share capital. It aims to enhance human well-being and to nurture nature through conserving and enhancing resilience of natural resources.
    2. Established in 2016, it is also registered as a non-governmental organisation (NGO). The relevant registration numbers are:

**Company Registration Number:** TMBRS 1009857

* + 1. The financial year of the organisation runs from 1 January to 31 December.
    2. The governance of the organisation is overseen by a Board of Directors who are members limited by Guarantee. An Advisory Board is also in place to provide expert guidance as appropriate.
    3. The finance function is further delegated to the Executive Director and the finance team.
    4. The External Auditors are appointed by the Board of Directors.
    5. The organisation is funded by grants and donations (foreign and local), and/or by income from commercial activities.

## Importance of Financial Accountability

* + 1. The ability to provide accurate, complete and timely financial information enables compliance with the rules and regulations of donors and other partners reporting requirements, as well as adhering to generally accepted accounting principles.

* + 1. This information also assists management to plan and coordinate its programmes effectively. The guidance in this Manual should be used concurrently with other policies and procedures specified from respective donors.

## Financial Framework, Authorisation Limits and Powers Set by the Board of Directors

* + 1. Financial and non-financial powers are documented in the Articles of Association and the Minutes approved by the Board of Directors.
    2. The income and the funds (if any) of the ABUNDANCE shall be utilized solely for the purpose expressed in the Articles of Association
    3. Roles and responsibilities are detailed in Section 1.1.6. In addition a financial framework is in place regarding the safeguarding of the property and financial affairs of the organisation. The key authorisation limits and requirements are listed below:

|  |  |  |
| --- | --- | --- |
| **Area** | **Who** | **Limit** |
| Cash in Hand limit | Finance and Operations Officer | MK 200,000.00 |
| Bank Accounts operation | Two from three of Executive Director, Finance and Operations Officer and Program Officer | n/a |
| Budget preparation | Finance and Operations Officer and Program Officer, or Executive Director | n/a |
| Budget approval | Board of Directors | n/a |
| Expenditure Authorisation | Board of Directors | n/a |
| Execution of budget after approval | Executive Director, Finance and Operations Officer and Program Officer | n/a |

## Roles and Responsibilities

* + 1. Responsibility for the Organisation’s finances is held by a number of different people and groups. These include the following:
* Board of Directors
* Employees
* External auditors

The main financial roles and responsibilities are set out below.

* + - 1. **The Board of Directors**

1. To establish and appoint employees of the Secretariat including the Executive Director who shall be its head.
2. Approve annual financial budget and expenditures of the Organisation.
3. Appoint auditors and receive, review and approve audited accounts of the Organisation.
4. Respond to risk and protect the Organisation in times of crisis.
   * + 1. **Employees**
          1. **Executive Director**
5. The general management of the activities of the Organisation.
6. Execute programs according to budget after approval from the Board of Directors
7. The successful implementation of policies and programmes of the Organisation.
8. Exercising proper supervision and control of employees of the Organisation.
9. Perform the duties of the Secretary of the Board of Directors.
10. Attending to all correspondence of the Organisation.
11. Ensure that the Organisation complies with all statutory requirements in connection with its activities and administration.
12. Generally be responsible for the day to day running of the Organisation and reporting the same to the Board of Directors, including:

* Oversee preparation of annual budget, regular variance statements and annual audit
* Review financial reports submitted by the Finance & Operations Officer and manage spending of funds to ensure that actual expenses reflect the annual budget
* Ensuring that financial management arrangements are sound and effective, and that there is an effective system of internal financial control;
* Maintaining a continuous review of the financial procedures and submitting any additions or changes necessary to the Board of Directors for approval.
* Ensuring that risk management is embedded within the organisation, including ensuring arrangements for safeguarding assets, risk avoidance and insurance are in place;
* Ensuring anti-fraud and anti-corruption measures are in place.
  + - * 1. **Senior Finance Officer**

1. Overseeing the finance related duties of the Finance & Operations Officer and providing mentorship to develop in his role. Line management of the Finance & Operations Officer will sit with the Executive Director, or if there is no Finance and Operations Officer, this role shall be performed by the Executive Director.
2. Production of monthly management accounts and commentary
3. Production of finance papers for Board and Finance sub-committee meetings
4. Production of yearly budgets and cash flow forecasts
5. Oversee end-to-end finance requirements for Donor grants (including preparation of budgets, compliance adherence, reporting)
6. Oversee the yearly external audit process
7. Ensure compliance with appropriate accounting standards and NGO reporting requirements
8. Where appropriate, provide Executive Director with recommendations for improving financial management and internal control framework
   * + - 1. **Finance and Operations Officer**
9. Support on-going development of the organization’s financial system, including drafting manual of financial procedures
10. Ensure proper documentation of expenditures and payments in accounting system
11. Prepare payroll and MRA documentation
12. Handle client finances, including communicating with financial institutions, handling bank accounts, preparing payments, and maintaining records of finances
13. Monitor expenditures with the Executive Director and program team according to budget lines as set by grant contracts
14. Complete review of financial data for audit
15. Support staff in maintaining financial system for effective tracking of program budgets and expenditures
    * + 1. **External Auditors**:
16. Auditing the organisation’s annual financial statements in accordance with relevant legal and regulatory requirements and standards;
17. Provision of audit requirements in relation to statutory returns and donor requests;
18. Advise ABUNDANCE in writing with regard to financial and legal issues that are pivotal to the correct and smooth functioning of the organisation by provision of a Management Letter.

# The Budget Planning and Management Process

## Business Planning and Budgeting

* + 1. The organisation needs to plan effectively and develop systems to enable scarce resources to be allocated in accordance with its priorities and the wishes of its donors and the network.
    2. The strategic plan is a long term operational plan for an organisation and is a key reference document providing comprehensive information on the essential points of the organisation’s activities. The budget is the financial expression of the organisation’s long term plans and objectives.
    3. Budget management ensures that, once the budget has been approved by the Boards of Directors, resources allocated and procured are used for their intended purpose and are properly accounted for.
    4. Budgetary control is a continuous process, supporting the review and adjustment of its budget targets during the financial year.

## Budget Preparation and Approval

* + 1. A budget is maintained and refreshed annually. This process is led by the Executive Director. The budget must be a shared document (preferably Google drive) which is accessible to all Board Members.
    2. Estimates of revenue income and expenditure are identified by the Finance and Operations Officer together with the Program Officers and Fundraising and Organisational Development Coordinator in October of each year for the following year. These are then refined in January (or if needed at any point of time depending on projects coming in) of each year once actual funding is known.
    3. The Executive Director will present the budget(s) to the Board of Directors for approval for the fiscal year.
    4. The responsibility for delivering the activities detailed in the budget will sit with relevant program officer.
    5. The budgets will provide a financial overview for the organization and also, on a line by line analysis per funder, give an indication of which funder is funding which costs.
    6. The Executive Director needs to present separate budgets for projects funded by separate donors and seek approval from the Board of Directors before expending the budget. The budget should have project number which indicates donor, name of project and year of project.

## Budget Reporting

* + 1. The Finance and Operations Officer shall furnish the Executive Director with up-to-date information on actual expenditure and income compared with the approved budget on a monthly basis by donor and project.
    2. The quarterly report identifies material variances (10% of annual budget or above MWK 100,000.00) against budget and these are annotated with a narrative explanation.
    3. The shared document (google drive) for the budget needs to be updated with “planned” and “actual” expenses on a regular basis (weekly or monthly).

## Budget Management

* + 1. The budget will only be expended once approved by the Board of Directors.
    2. The responsibility for ensuring that the Budget is not exceeded shall rest with the Executive Director.
    3. If it appears that the amount of any budget expenditure provision may be exceeded, or the amount of any budget income not reached, and the excess expenditure or shortfall in income cannot be met from moving monies from another budget line the matter will be referred to the Board of Directors. And, if relevant, thereafter to the relevant donor.
    4. Authority to move funds between budget lines is as follows:

* Funds can be moved between project budget lines in line with donor requirements. Where the donor is silent up to 10% of the original annual project budget can be moved between project budget lines, providing it does not exceed 1,000,000 Kwacha and providing it is authorised by the Executive Director.
* All other movements between budget lines should receive Board of Directors approval through the Finance and Audit Subcommittee.

## Donor Reporting

* + 1. Donor reporting is a key output from the financial report and often budgetary constraints are placed on the use of funds.
    2. The responsibility for preparing donor financial reports in the requisite format sits with the Senior Finance Officer, with support from the Finance and Operations Officer with the Executive Director reviewing. A schedule of donor reporting is maintained.

# Accounting Systems

## Significant Accounting Policies

Accounting policies as detailed in [Appendix E](#_nmf14n) are the specific accounting principles, bases, conventions, rules and practices adopted by the organisation in preparation and presentation of financial statements. These are applied consistently from one financial year to the next. Any material change should be disclosed in the Annual Statement of Accounts.

## Overview of Accounting Process

* + 1. The accounting process is the method by which financial transactions are recorded and then accounted for. Transactions are recorded in excel and implementation of the accounting system is currently being considered for the medium term.
    2. The financial transactions recorded are income, payments (receipts, invoices and salary), and banking.
    3. On an annual basis the financial records/ledger are closed off with bank reconciliations and closing of the ledger being undertaken.

## Chart of Accounts

* + 1. A separate donor project code is maintained for each project.
    2. Standard set account (subjectives) codes are defined for each type of income, expenditure, asset and liability.
    3. The Chart Of Accounts (COA) is a detailed listing with descriptions of all of the accounts, or records of each business transaction, of ABUNDANCE. It is used to keep track of the income and expenses of the organisation. It serves as a sort of detailed table of contents for the cash book. The structure and headings of accounts should assist in consistent posting of transactions.
    4. The COA should correlate to the categories in the budget so that they can be easily compared. The COA should be as simple as possible and be revised over time as needed with detailed descriptions of categories.
    5. ABUNDANCE shall develop and maintain a comprehensive COA. The Finance/Administrative Officer is responsible for developing and maintaining a COA on behalf of the Board of Directors. Budgets and financial reports shall be prepared in accordance with the COA and should be correlated as such. The finance/administrative staff are responsible for complying with the COA descriptions on every business transaction.
    6. Account Codes

The account codes give a general description of the type of income and expenditure. They are four digits long and are broken down into the following:

1000 Income

2000 Expenditure - Administration

3000 Expenditure - Personnel

4000 Expenditure - Program

5000 Expenditure - Communication

[**Appendix A**](#_4f1mdlm) lists the chart of accounts

## Computerised Accounting

Currently excel spreadsheets are maintained.

## Financial Accounting Routines and Deadlines

Accounting routines and deadlines are detailed in an office calendar. [Appendix B](#_2u6wntf)

# Risk Management and Control of Resources

## Internal Controls

* + 1. Internal controls are a systematic means by which the organisational financial risks are managed to safeguard its assets. Categories of internal control are:

1. Delegated authority – this is the formal delegation of responsibilities for financial decision making.
2. Separation of duties - this protects those operating financial procedures and to prevent any temptation to misuse funds. Any conflicts of interest and personal gains from the projects must be declared by members.
3. Reconciliation – undertaken regularly this verifies accounting records to make sure that there are no errors or omissions that have so far gone undetected.
4. Cash control – this ensures that risk is minimized in the handling of cash.
5. Physical Control - common sense precautions taken to safeguard the assets of an organization.
   * 1. The list below details where these controls require to be adhered to:
        1. **Delegated Authority**

* placing and authorising orders for goods and services
* Signing cheques
* Authorising staff expenses
* Handling incoming cash and cheques
* Access to the safe and petty cash
* Checking and authorising accounting records
* Signing legal undertakings
  + - 1. **Separation of duties**
* Procurement procedure
* Signing of cheques
* Checking and authorization of accounting records.
  + - 1. **Reconciliation**
* Bank Book
* Petty Cash Book
* Salaries and Deductions schedule

* + - 1. **Cash Control**
* Money coming is kept separate from money going out
* When money is received a receipt is given
* When money is paid out a receipt is received
* Surplus cash is paid into the Bank
* Procedures are in place for the receiving of cash
* Petty cash is held safely and access is restricted.
* Cash transactions are kept to a minimum

* + - 1. **Physical Control**
* Locked drawers and cabinets
* Insurance cover
* Safeguarding of fixed assets

## Insurances

Insurance is one of the tools used in managing the financial risks of the organisation. All insurance documentation to be filed by the Finance and Operations Officer.

## Management and Control of Fixed Assets

* + 1. Items of expenditure with an expected life of greater than one year and a purchase value of greater than 50,000 Kwacha are recorded on the asset register.
    2. A physical check of assets to the asset register is undertaken annually
    3. Disposal of assets requires the approval of the Board of Directors following which they can be disposed of appropriately in accordance with Policy.

## Storage and Maintenance of Past Records

* + 1. All financial paper records have a retention period of 10 years. Current records are stored in the Office.
    2. Electronic records are held on a hard drive and saved in the shared google drive accessible to Board of Directors.

## Data Security and Backups

* + 1. Finance records are held in a series of standalone laptops which should be password protected.
    2. A shared drive network is in place and documents are shared by use of this drive, means of email or virus checked USB drives.
    3. Weekly backups to an external hard drive are made for the shared drive. With restoration tested periodically.
    4. Virus protection exists on the office computer.
    5. Responsibility for virus protection and back up arrangements for personal laptop sits with the individual employee.

## Annual Audit Arrangements

* + 1. An external audit is an independent review of the financial statements and reports of the organisation and considers completeness, accuracy and compliance with laws and regulations.
    2. The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating. No explicit arrangements are in place for the performance of this role, although ad-hoc reviews are performed.
    3. Arrangement for appointed External Auditors is the responsibility of the Board of Directors. A staff committee reviews proposals from external auditors, and makes recommendations to the Finance and Audit Subcommittee of the Board of Directors, who have the final decision on appointment of the auditor.
    4. The External Auditor is appointed each year.
    5. The scope of work for the External Auditors as set out in their Letter of Appointment is as follows:
* Provide an organisational audit for the reporting period. The audit will comply with International Accounting Standards and cover all income sources and related expenditure within the period.
* The auditor will as part of their work produce a summary of the accounting weaknesses and recommendations in the form of a management letter.
* Provide an audit report and audit opinion and full financial statements with comparison with prior period. The financial statements will comprise of an income and expenditure statement, balance sheet, cash flow statement, accounting policies and related notes to the accounts.

## Bank Accounts

* + 1. Bank accounts are maintained at the National Bank of Malawi, Zomba. The interest bearing accounts held in the name of ABUNDANCE are:

**Malawi Kwacha Account Name**: Abundance Limited  
Account Number: 1003448197   
Type of Account: Current  
Name of Bank: National Bank of Malawi  
Branch Name: Zomba Branch  
SWIFT CODE: NBMAMWMW006  
Address: Kamuzu Highway, Zomba City.  
P.O. Box 13 Zomba Malawi.   
Email: zomba@natbankmw.com.   
Phone: (265) 1 524 788. Fax: (265) 1 524 749.

**US Dollar Account name: Abundance Limited**

Account Number: 1004386864

Type of Account: US Dollar

Name of Bank: National Bank of Malawi

Branch Name: Zomba Branch

SWIFT CODE: NBMAMWMW

Address: Kamuzu Highway, Zomba City.

P.O. Box 13 Zomba Malawi.

Email: zomba@natbankmw.com.

Phone: (265) 1 524 788. Fax: (265) 1 524 749.

* + 1. All requests to open other bank accounts should be approved by the Board Chair and Executive Director.
    2. Account Signatories

ABUNDANCE bank accounts shall always have three signatories. The Executive Director shall be a principal signatory for all of ABUNDANCE’s bank accounts. Cheques will require two signatories. Where the principal signatory is not available and that person has not pre-approved a Payment Voucher for the expenditure, the maximum cheque value that can be issued is MWK 200,000.00. Cheques can only be presented after the budget has been approved by the Board of Directors.

## How to Deal with Fraud and Other Irregularities

* + 1. Fraud and other financial irregularities are usually caused through either a lack of financial and internal controls by an organisation or the breakdown of these controls.
    2. Fraud and other financial irregularities cover in this section relate to the divergence of scarce resources from their intended purposes. Examples include, although not exhaustive:
* falsification of invoices;
* falsification of cheque requirements;
* payment of unrelated expenditure, usually of a personal nature;
* falsification of attendance records;
* falsification of receipts; and
* use of organisation’s resources for persons gain/use
  + 1. Procedure for Dealing with Fraud and Other Financial Irregularities

1. Sources of signs of potential Fraud and Other Financial Irregularities are:

* unexplained variations to the organisation’s financial position or procedures;
* allegations both of a verbal or written nature from staff;
* members, clients or other concerned individuals regarding apparent inconsistencies in the financial aspects and procedures of the organisation.

1. Once allegation/evidence of fraud or financial irregularities have been raised the organisation needs to act quickly.

1. Concerns in first instance should be reported to the Executive Director
2. All allegations need to be formally investigated, documented and confidentiality maintained.
3. An investigating officer will be identified and shall be responsible for communication with affective parties.
4. The person against whom the allegation has been made should be advised they are being investigated.
5. The investigation officer will report the outcome of their investigation to Executive Director who will determine action to be taken.
6. The incident will be recorded on the Fraud Incident Report (appendix C).
7. Should any evidence of fraudulent activity be uncovered, the organisation will consider reporting the matter to the Police
8. The organisation will seek recovery of funds from the person or persons concerned.

## Procurement Policy

* + 1. The purchase of goods or services in necessary for the smooth operation of the organization. The Procurement Policy for the organisation is set out in [Appendix I – Procurement Policy](#_1gf8i83). The aim of the internal control system for the supplying of goods and services is to ensure orders are handled by individuals with the responsibility and skills to:

1. evaluate what purchases are required from suppliers offering the best deals;
2. ensure purchases do not exceed budget provided and
3. ensure purchases goods conform to the quantity and price specified in the order.
   * 1. The organization applies the following criteria when purchasing goods, equipment or services:
4. Price
5. Reliability
6. and quality, including environmental friendliness

The first criterion shall be lowest bid but second and third may come into play if relevant.

* + 1. The expenditure limits are detailed in section B, [procedure A1](#_41mghml).
    2. The bid analysis, including reasons for the choices made, shall be done by Grace and Ruth, in the format of a shared online document, and approved by a member of the board of directors.
    3. When large equipment or items costing over MK100,000 are to be purchased, at least three quotations needs to be taken. If they are not available, explanation on choice of supplier needs to be mentioned in the budget document by the Executive Director.

## Staff Benefits, Transport and Allowances

* + 1. Benefits specific to employees are dealt with in detail in the Employee Policy Manual.
    2. Transport and allowances are reviewed annually and are detailed in [Appendix F.](#_37m2jsg)

## Recording In Kind Donations from Volunteers

* + 1. ABUNDANCE has a policy of recording the contributions received by the organisation by volunteers. The policy and pro-forma are set out in [Appendix H.](#_2lwamvv)

# SECTION B

# Operational Procedures

## Overview of Operational Procedures

5.1 The office calendar details all the routine finance tasks. These can be summarised into the following key areas:

|  |
| --- |
| **Transactions** |
| 1. **Expenditure** |
| A1 Purchasing/Procurement Decision |
| A2 Payment of Salaries |
| A3 Payment of statutory deductions |
| A4 Issue of float |
| A5 Issue of petty cash |
| A6 Preparation and Authorisation of Payment Voucher |
| A7 Preparation and Authorisation of Cheque/Bank Transfer |
| A8 Issue/cash of Cheque |
|  |
| 1. **Income** |
| B1 Receive Income |
| B2 Issue receipt |
|  |
| 1. **Financial Control** |
| C1 Update of Bank Book/Financial Records |
| C2 Budget Variance Reports |
| C3 Ledger Reconciliations |
| C4 Bank Reconciliation |
| C5 Cash Count |
| C6 Maintenance of Asset Register |
| C7 Filing of Finance Documents |
| C8 Control of Stationery |
|  |
| 1. **Returns** |
| D1 Donor Reports |
| D2 Financial Statements |

### Expenditure Transactions





#### A1. Purchasing/Procurement Decision

**Things to Remember:**

* Procurement process requirement set out in the Grant Contract or a Funding Agreement need to be followed at all times.
* Quotations need to contain the details of specifications, the technical quality including environmental friendliness, quantity, and price of goods.

**Process:**

* Purchases can be initiated by a 'Purchase' request letter/form or by direct request.
* Finance and Operations Officer checks availability of funds against budget line at preliminary level when receiving a purchase request.
* Decision to purchase will be approved per Procurement Policy ([Appendix I](#_111kx3o)).
* Quality of goods and services received will be checked prior to payment.
* Where a preferred supplier list exists for a category of procurement (e.g. consultant pool), then the need to obtain open quotes or tenders does not apply.

#### A2. Payment of Salaries

Currently Abundance’s staff are working on pro bono basis. In the event that we secure project funding which will pay salaries, we will follow the following process.

**Process:**

* Staff are paid monthly
* If project provides honoraria, it will be paid out according to the funded project’s guidelines
* Employees are paid a fixed amount by cheque on or around 27th of every month. A salary slip template detailing gross salary, tax deduction calculation and any other relevant one-month off adjustments is maintained and issued each month. This supports the payment voucher.

#### A3. Payment of Statutory Deductions (PAYE/Withholding Tax)

* PAYE, and Withholding Tax deduction must be paid across to authorities timeously as per the table below:

|  |  |  |
| --- | --- | --- |
| **Area** | **Authority** | **Deadline** |
| PAYE | MRA | 14th |
| Withholding Tax | MRA | 14th |

* PAYE is deducted from employee’s salary and the percentage deducted is based on rates issued annually by the MRA.
* Withholding tax is an amount withheld when making payment to any persons on contract or firms providing services. It is applied for any payments described in the 14th Schedule of the Taxation Act. (Appendix K)

#### A4. Issue of Staff Advances and Imprests

**Things to Remember:**

* Staff advances shall be minimised by making payments directly to the concerned parties where possible and reasonable.
* Further advance (or float) will not be given when a previous advance (or float) is not accounted for.
* Advances should be used only for the purpose for which it was drawn. Change of budget line has to be avoided.
* Taking advances for one programme to settle the expenses for another programme is not permitted.

**Process:**

* Advance expenses like travel & lodging, telephone, stationeries and other incidental expenses of the program (monitoring, meeting and workshop) can be requested by the use of the appropriate form to the Executive Director, through the Finance & Operations Officer, detailing specific expenses anticipated and justification for the use of an imprest facility.
* All floats should be retired with adequate supporting documents within 3 days of the conclusion of an activity or before the end of the month, whichever comes first.
* Unspent floats and advances are to be returned within two working days of returning to the project office. An authorised expense return should be submitted 2 weeks after the return.

#### A5. Petty Cash

**Things to remember:**

* Petty cash has to be kept in a locked location at all times.
* Physical balance in petty cash drawer has to agree with book balance at every point and especially at the end of every day.
* Only payments below MWK 20,000.00 shall be done using petty cash.

**Process**

* Petty cash of MWK 50,000.00 shall be kept in the way of imprest (fixed float) method where reimbursement or replenishment is always made up to a pre-defined level.
* For all payments using petty cash, pre-numbered petty cash vouchers need to be completed by the Intern, reviewed and authorised by the Finance and Operations Officer.
* All petty cash vouchers need to be supported by an invoice, receipt or similar document, self-receipts are acceptable for transportation.
* Petty cash records have to be reviewed and signed by the Finance and Operations Officer before petty cash replenishment.

#### A6. Preparation and Authorisation of Payment Voucher

**Things to remember:**

* Vouchers are prepared by and reviewed by the Finance and Operations Officer and the Intern – each can carry out either task, however one must review the others work
* Actual payment to be made only after authorisation by the Executive Director

**Process:**

* All vouchers are sequentially numbered
* Payment vouchers have to be prepared for all outward transactions and must include budget code, account code, voucher number and cheque number or bank transfer reference.
* Payment vouchers need to be supported by external evidence e.g. quotations, invoices, and receipts.
* Payment vouchers must be linked to an activity or programme and need to be supported with a copy of a request which shows the budget line to which they relate.
* Payment vouchers need to be prepared, reviewed and authorised by different people at each stage of the process.
* Payment vouchers should be signed by individual receiving payment when issued.
* All copies of the vouchers together with supporting vouchers to be filed timeously.

#### A7. Preparation and Authorisation of Cheque/Bank Transfer

**Things to remember:**

* Cancelled cheques are to be retained and scored through.
* Unused cheques are to be kept in safe custody.
* No blank cheques to be signed at any time
* No cheques to be post dated
* The Executive Director shall serve as the principal signatory if present, to sign with any other one (1) authorized signatory. In the absence of the Executive Director, the executive director shall delegate the authorization powers to any one of the signatories through a written statement giving the limits of authorization
* The cheque should not be drawn unless the bank balance indicates that funds are available to meet it. It is illegal to make payments if funds are not available

**Process**

* All payments need to be supported by a payment voucher and evidence or supporting documents
* All payments above MWK 100,000 should be made either with cheque or by Bank transfer as opposed to use of petty cash.
* All payments have to be authorised
* Requests will usually be processed on Monday and Wednesday afternoons. Emergency requests may be processed outside these days.
* Authorising personnel shall authorise within a reasonable time frame, so that field activities will not be delayed.
* Cheques issued for payments are accounted on the date of issue and not when presented to Bank.
* Cheque numbers have to be recorded with each entry.
* A running Bank balance total has to be maintained.
* After the cheques have been signed they should be entered in the cheque register, showing the name of the payee, the amount, date drawn, name and signature of person collecting it.
* If a cheque is cancelled or spoilt it should still be entered in the cheque register.

### Income Transactions





#### B1. Receive Income

* Receipts can be by cash deposits, bank transfers or cheque.
* All received cheques and cash should be deposited in the Bank by the end of the next Bank working day.
* Receipts to be accounted on the date of receipt /deposit in the Bank and not on the date of credit by Bank.

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#### B2. Issue Receipts

* Receipts are pre-numbered and should be issued for each sum of monies received.
* Receipt should be issued immediately on receipt of money.
* Receipt has to be signed by the persons giving (if in person) and receiving the money.
* The following information is recorded on the receipt: cheque number, donor, amount and date.
* Copies of cheques, Bank transfers and supporting documents should be attached to receipts.

### Financial Controls

#### C1. Update of Bank Book/Financial Records

* Cash book spreadsheet has to be updated with every transaction, with the following data recorded: date, description, reference, cheque number, payee, funder and amount.
* Expenditure analysis spreadsheet has to be updated with every transaction, with the following data recorded: date, description, reference, cheque number, budget code and amount. (This should be shared in google drive)
* Each spreadsheet is updated daily with a completeness review undertaken weekly.

#### C2. Budget Variance Reports Maintenance

* Budget variance spreadsheet is subject to regular maintenance
* Budget variance reports to be prepared every month by 15 working days following month end.
* Monthly variance report to be reviewed and signed by Executive Director
* 6 monthly variance reports to be reviewed and considered by the Board of Directors.

#### C3. Bank Reconciliations

* Bank reconciliations compare the Bank (cash) book balance to the Bank statement and identify differences.
* A monthly Bank reconciliation is undertaken for each of all Bank accounts by 15th of the following month.
* A spreadsheet template that integrates with the Bank book and previous months balances is maintained.
* Unreconciled entries are identified and followed up until transaction can clearly be allocated to a budget line or issue has been solved with the Bank.
* The Bank reconciliations are reviewed and signed by the Executive Director each month
* Matching of the expenditure analysis spreadsheet to the Bank book is undertaken by the Finance and Operations Officer
* ABUNDANCE has very limited time to notify the bank of any errors or problems with the bank statements; any bank errors should be immediately resolved with the bank.
* All cashbook entries will need to be posted each month for items on the bank statements which are not already recorded in the cashbook.
* A detailed procedure forms Appendix L.

#### C4. Cash Count

* The cash count is performed by the Intern and the Finance and Operations Officer.
* The cash count form needs to be signed after all cash counts.
* Cash counts are to be performed on every 30th day of the month.

#### C5. Maintenance of Fixed Asset Register

* The Finance and Operations Officer shall maintain a Fixed Assets register log listing all equipment in close liaison with the Executive Director.
* Fixed asset register (electronic) shall give the following details in respect of each asset:
  + Nature of asset with description.
  + Cost of acquisition.
  + Date of acquisition.
  + Accounting entry reference
  + Payment voucher number, date and budget line code.
  + Asset Number.
  + Location
  + Serial number
  + Fund/project number
  + Condition of asset
* All fixed assets of the organization should be labelled with a unique asset number according to the asset category. The labelling should be in indelible ink.
* Asset verifications (including a remark on asset quality) have to take place yearly, date to be determined by Executive Director.
* All equipment and materials are accounted for and recorded accordingly. The Finance team will conduct the exercise. Any missing items will be taken note of and investigated accordingly.
* After completion of the verification exercise, the inventory log is updated and the copy signed by the Finance and Operations Officer. These documents will be filed in the accounting office.
* Disposal of fixed assets must follow project agreement guidance where applicable and all disposed property must be cancelled from the fixed asset register and transferred to a record or file of disposed property. All disposal correspondences, approvals and mode of disposal (sale, donation, scrapping etc.) and evidence of disposal (such as sales/donation agreements), delivery notes must exist in the disposed assets file.
* Staff using the organization’s equipment both on and off premises should take all precautions to ensure that the equipment is used properly, and is not unduly subjected to abuse. All equipment should be insured in line with Article 4
* If an employee wishes to remove a piece of equipment such as a LCD projector or laptop from the office, the Finance and Operations Officer will log it in the logbook, with the name, date, duration, purpose and return date. Any equipment to be removed for a long time (more than 3 days) should have written request containing the following information and must be submitted for approval to the Executive Director:
  + description of the item to be borrowed
  + reason for removal
  + length of time the item will be needed
  + a commitment to replace or repair equipment if insurance cover does not apply

### Returns

#### D1. Donor Reports

* Donor reports are pre-defined by individual donors
* Donor expenditure reporting is derived from the Expenditure Analysis Sheet
* The Senior Finance Officer is responsible for preparing the finance report with the Executive Director reviewing.
* Supporting vouchers are submitted with each donor report.

#### D2. Financial Statements

* Summary of totals of income and expenditure are prepared from financial records for each currency
* Totals are reconciled to movement in Bank account balances
* Audit file prepared
* Liaison with External Auditors undertaken

# APPENDICES

## Appendix A – Chart of Accounts

**Chart of Accounts**

**INCOME - DONOR**

**1010 -**          University of Glasgow

**1020 -**          Global Giving

**1030 -**          Members of Abundance, personal donations

**1040 -**

**1050 -**

**1060 -**

**1070 -**

**1080** -

**1090** -

**1100** -

**INCOME - GENERAL**

**1110 -**          Bank Interest

**1120 -**          Individual donors

**1130 -**          Global Giving – Individual Donors

**1140 -**          Consultancy

**1150 -**          In-kind

**1160 -**          Events

**1170 -** Ad hoc partners

**EXPENDITURE- ADMINISTRATION**

**2010 -**         Audit/accountancy

**2020 -**         Bank charges

**2030 -**         Board meetings

**2040 -**         Depreciation

**2050 -**         Office stationery

**2060 -**         Office supplies

**2070 -**         Rent, insurance & utilities

**2080 -**         Repairs & renewals

**2090 -**         Telephones, fax

**2095** - Internet

**2100** -         Shipping

**2110** - Subscription fees

**2120** - Technical Equipment

**2130** - Fuel / Transportation (outside of programme)

**2140** - Partnership Building

**2150** - Money missing or lost

**2160** - Petty Cash

**2170** - Team building

**EXPENDITURE- PERSONNEL**

**3010 -**         Salaries

**3020 -**         Consultancy fees

**3030 -**         PAYE Taxation

**3040 -**         Recruitment

**3050 -**         Taxation

**3060 -**         Health Insurance

**3070** - Training & Development

**3080** - Visas / Work Permits

**3090** - Intern

**3200** - Pensions

**EXPENDITURE - PROGRAM**

**4010 -**         Allowances, Meals, and Accommodation

**4020 -**         Transport

**4030 -**         Venue Hire

**4040 -**         Training materials

**4050 -**         SEED grants

**4060 -**         Participant allowances

**4070 -**         Programmatic Consultant Fees and Honoraria

**4080 -**         Event refreshments and meals

**4090 -**         Event materials

**4100 -**         Equipment Hire

**4110** - Security for Program events

**4120** - Airtime / Internet

**4130** - Technical equipment

**EXPENDITURE- COMMUNICATIONS**

**5010 -**          Publicity materials

**5020 -**          Media outreach

**5030 -**          Website

**FIXED ASSETS**

**110 -** Office equipment

**CURRENT ASSETS**

**210 -**         Bank Foreign currency Account

**220 -**         Bank Malawi kwacha Account

**230 -**         Transfer out of foreign account

**240 -**         Transfer in to Malawi Kwacha account

**250 -**         Other Cash Equivalent Adjustments/ Bank movements

**260 -**         Debtors & prepayments

**270 -**         Advances

**280 -**         Grants receivable

**290 -** Imprest issue

**291 -** Imprest: Return of Imprest Docs

**292 -** Imprest: Change/Due to Staff

**LIABILITIES**

**310 -**          Creditors & accruals

**320 -**          Grants in advance

**330 -**          Reserves

**PROJECT COST CENTRES**

**0-00 - Default (Central Costs)**

**A - Ad-hoc projects**

**A-01 -** Mbando village activities

**G** -          **Research with University of Glasgow**

**G-01 -**

**G-02 -**

**G-03 -**

**FUNDER CODES**

## UoG- University of Glasgow

**GG- Global Giving**

**Other codes to be developed as we get donors**

## Appendix B – Finance Calendar

|  |  |  |  |
| --- | --- | --- | --- |
| Task | Responsibility | Frequency desirable | Lead Checker |
| Authorisation of payment vouchers | Executive Director | Twice weekly | Nominated member of Board of Directors |
| Financial filing | Finance Officer or Administrator | Daily | Executive Director |
| Maintenance of reports automatically updated from cashbook | Finance Officer or Administrator | Daily | Executive Director |
| Reconciliation of imprest returns | Imprest recipient | Daily | Finance Officer or Administrator |
| Preparation and review of payment vouchers | Project Officer | Daily | Finance Officer or Administrator |
| Review of Cashbook | Finance Officer or Administrator | Monthly | A nominated member of Board of Directors |
| Update of cash book | Finance Officer or Administrator | Daily | Executive Director |
| Payment of Salaries | Executive Director | Monthly, on 27th | A nominated member of Board of Directors |
| Payment of Statutory Deductions | Finance Officer or Administrator | Monthly, on 14th | Executive Director |
| Review of payment and supporting documents for completeness | Finance Officer or Administrator | Monthly, on Last Working Day | Executive Director |
| Completion of petty cash vouchers | Finance Officer or Administrator | Daily | Executive Director |
| Review and rec of petty cash transactions | Finance Officer or Administrator | Daily | Executive Director |
| Collect Bank Statement | Finance Officer or Administrator | Monthly, on 5th or nearest working day | Executive Director |
| Online Banking - Initiate Transactions | Executive Director | Various | Nominated member of Board of Directors |
| Online Banking - Authorise Transactions | Nominated member of Board of Directors | Various |  |
| Online Banking - Set Up Account | Executive Director | Once off | Nominated member of Board of Directors |
| Cashing cheques for General Office spend | Finance Officer or Administrator | Various | Finance Officer or Administrator |
| Updating Cheque Register | Finance Officer | Daily | Administrator |
| Bank reconciliation - complete and review | Executive Director | Monthly, on 15th or nearest working day, or quarterly, with Board’s agreement | Helen |
| Cash count | Finance Officer or Administrator | Monthly , on 30th | Helen |
| Change bank account signatories | Executive Director | Various | Helen |
| Cheque Completion | Executive Director | Daily | Helen |
| Cheque Authorisation | A nominated member of Board of Directors | Daily | Executive Director |
| Preparation of annual budget | Executive Director | Annual | Executive Director |
| Preparation of budget variance report | Finance Officer or Administrator | Monthly, on 15th or nearest working day | Executive Director |
| Update of budget | Executive Director | Quarterly | Executive Director |
| Donor Report - | Executive Director | Various | Nominated member of Board of Directors |
| Funding Bid | Executive Director with support from all Board Members and Strategic Advisors | Various | Nominated member of Board of Directors |
| Drawdown of Funds | Finance Officer | Various | Executive Director |
| Quarterly Report to Board | Executive Director | Quarterly | Executive Director |
| Appointment of External Auditor | Nominated member of Board of Directors | Annual | Board of Directors |
| Support external auditors in their work | Finance Officer | Annual | Executive Director |
| Prepare Statement of Accounts | Finance Officer | Annual | Executive Director |
| Send audited financial statements to Board of Directors | Executive Director | Annual | Executive Director |
| Buying items and gathering receipts | Operations Manager | Daily | Executive Director |
| High value items - get quotes | Administrator | Daily | Administrator |
| Update of Asset Register/Inventory | Administrator | Monthly, on Last Working Day | Administrator |
| Maintain physical security of building (guards and locks) | Administrator | Various | Executive Director |
| Data Security: data protection; backups; anti-virus | Administrator | Weekly | Executive Director |
| Renew insurance | Administrator | Annual | Executive Director |
| Review of internal controls | Administrator | Quarterly | Executive Director |
| Recruitment when needed | Executive Director | Various | Nominated member of Board of Director |
| Training and Development | Executive Director | Various | Executive Director |
| Supervision review meeting | Executive Director | Monthly | Executive Director |

## Appendix C – Fraud Incident Report

**Date case reported:**

How fraud was identified (including contact details if appropriate):

Incident Details:

Estimated Funds involved:

Action taken to date (including advice on any action to recover monies and notification to police):

**Name:**

**Signed:**

**Position:**

## Appendix D – Accounting Definitions

**Accounting policies**

Specific accounting principles, bases, conventions, rules and practices adopted by Organisations in preparation and presentation of financial statements

**Accrual basis**

A basis of accounting under which transactions and other events are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are *assets*, *liabilities, revenue* and *expenses.*

**Administration Expenses**

Includes telephone, printing, stationery, advertising and postage

**Assets**

Resources controlled by an Organisation as a result of past events and from which future economic benefits or service potential are expected to flow to the Organisation

**Capital Expenditure**

Expenditure incurred in creating or acquiring a non-current asset, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. Capital expenditure is normally financed by borrowing over a period of years or by utilising the income from the sale of existing assets.

**Consistency**

The concept that ‘the accounting treatment of like items within an accounting period, and from one period to the next, is the same’

**Depreciation**

The measure of wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, the passage of time or obsolescence through technological or other changes

**Expenses**

Are decreases in economic benefits or service potential during the accounting period in the form of outflows or depletion of assets or incurrences of liabilities that result in decreases in the net assets of an Organisation

**Financial statements**

Includes income and expenditure account, balance sheet, cash flow statement (where applicable) and other statements and explanatory notes which form part thereof.

**Fixed Assets**

Assets with an economic life of greater than one year and are split into *tangible* and *intangible.*

**Income**

The increase in economic benefits or service potential during the accounting period when that results in an increase in the net assets of the Organisation

**Intangible Assets**

Non-financial assets that do not have physical substance but are identifiable and are controlled by the Organisation through custody or legal rights e.g. software licences.

**Liabilities**

Present obligations of the Organisation arising from past events, the settlement of which is expected to result in an outflow from the Organisation of resources embodying economic benefits or service potential.

**Net assets**

The excess of the book value of assets (other than fictitious assets) of the Organisation over its liabilities

**Net Book Value**

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Restricted funds**

Contributions received by an Organisation, the use of which is restricted by the contributor(s).

**Revenue Expenditure**

Expenditure incurred in providing services in the current year and which benefits that year only.

**Staff Costs**

Includes wages, salaries, bonuses and fringe benefits

**Supplies and Services**

Includes the cost of purchasing materials, spare parts, food and protective clothing as well as payments to contractors and others for the provision of services

**Unrestricted funds**

Contributions received or funds generated by an Organisation, the use of which is not restricted by the contributor(s).

## Appendix E – Significant Accounting Policies

1. **Basis of Accounting**

The funds accountability statement is prepared on cash basis. Revenue and expenditure are recorded when cash is actually received or expended, or items in kind are received.

1. **Inflation**

The Financial Statements are prepared under the historical cost convention. These costs are not adjusted with the changing value of the purchasing power of money.

1. **Grant and Donation**

Separate disclosure notes are maintained and detail income and expenditure accounted for from each grant awarding body.

1. **Related Party Disclosures**

A related party is where one party has the ability to control/influence the other party in relation to financial and/or operating decisions. Where the transfer of resource, services or obligations (exclusive of salaries) are material in nature these are disclosed within the Statement of Accounts.

1. **Foreign Currency Transactions**

Monetary assets and liabilities expressed in foreign currencies are converted to Malawi Kwacha at the rates of exchange ruling at the balance sheet date. Transactions during the year are converted at the rate of exchange ruling on the transaction date.

1. **Recognition of In Kind Donations**

Donated goods, facilities and services are recognised as income (and expenditure) when the following criteria are met:

* Entitlement –control over the expected economic benefits that flow from the donation has passed to the organisation and performance conditions met.
* Measurement – the fair value or value to the organisation of the donated item can be measured reliably**.**

## Appendix F – Travel Costs and Allowances

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are travelling outside the city in which their office is based on official business of the ABUNDANCE. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip.

The travel costs and per diem may vary across projects depending on the contractual agreements with the funder. If funds to this level are not available, a lower rate may be agreed. Daily subsistence allowance (DSA) will only be given when a particular staff member's presence is required for the activity. For projects funded by internal contributions of Abundance members (i.e donations by Board members, Advisors etc.), DSA need not be paid for Abundance team members working from Zomba. Out of town participants may be paid a nominal DSA to cover their costs of travel and accommodation. However, when donor funded projects are being executed, we will use donor advised rates.

**Travel rate:**

* MK110 per kilometer (fuel refunds are provided per vehicle, not per person)

**Maximum daily rates for Meals and Incidentals:**

* Lunch MK5,000.00
* Dinner MK5,000.00
* Overnight accommodation (bed and breakfast) MK25,000.00

Lunch and dinner allowances will only be authorised if the person is required to be working outside the office during the whole of the period when those meals are usually taken (12-2pm for lunch, returning after 8pm for dinner). If lunch or dinner is provided as part of the function no DSA will be paid for that meal. Overnight accommodation will only be authorised when returning home for the night cannot be considered reasonable.

Exceptions to this policy must be approved in advance by the Executive Director. Exceptions will not be approved retroactively except in emergency situations. Examples of exceptions that may be approved include:

a) When a member of the staff must accompany a patient in an emergency situation that involves overtime; or

b) Members of staff are attending a large group meeting or training where per diem is offered by the organizing body and does not exceed the amounts noted above.

These rates will be revised annually, in line with inflation.

**Board sitting allowances**

Once ABUNDANCE has sufficient funds, Board members may receive a sitting allowance of MK20,000.00 for each board meeting or subcommittee meeting that they attend in person, although generally meetings are virtual.

## Appendix G – Sample confidentiality agreement

This Agreement is made between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_("CONSULTANT") and **ABUNDANCE**, on this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_ in the year \_\_\_\_\_\_\_.

CONSULTANT will perform services for ABUNDANCE which may require ABUNDANCE to disclose confidential and proprietary information ("Confidential Information") to CONSULTANT. (Confidential Information is any information of any kind, nature, or description concerning any matters affecting or relating to Consultant's services for ABUNDANCE, the business or operations of ABUNDANCE, and/or the products, drawings, plans, processes, or other data of ABUNDANCE). Accordingly, to protect the ABUNDANCE Confidential Information that will be disclosed to CONSULTANT, the CONSULTANT agrees as follows.

* 1. CONSULTANT will hold the Confidential Information received from ABUNDANCE in strict confidence and shall exercise a reasonable degree of care to prevent disclosure to others.
  2. CONSULTANT will not disclose or divulge either directly or indirectly the Confidential Information to others unless first authorized to do so in writing by ABUNDANCE.
  3. CONSULTANT will not reproduce the Confidential Information nor use this information commercially or for any purpose other than the performance of his/her duties for ABUNDANCE.
  4. CONSULTANT will, upon the request or upon termination of his/her relationship with ABUNDANCE, deliver to ABUNDANCE any drawings, notes, documents, equipment, and materials received from ABUNDANCE or originating from its activities for ABUNDANCE.
  5. ABUNDANCE shall have the sole right to determine the treatment of any information that is part or project specific received from CONSULTANT, including the right to keep the same as a trade secret, to use and disclose the same without prior patent applications, to file copyright registrations in its own name or to follow any other procedure as ABUNDANCE may deem appropriate.
  6. ABUNDANCE reserves the right to take disciplinary action, up to and including termination for violations of this agreement.

CONSULTANT represents and warrants that it is not under any preexisting obligations inconsistent with the provisions of this Agreement. Signing below signifies that the CONSULTANT agrees to the terms and conditions of the agreement stated above.

**Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_ (ABUNDANCE)**

**Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_ (Consultant)**

## Appendix H – In Kind Donations Policy

## 

Policy for Recording In Kind Donations from Volunteers

1. **Categorisation of In Kind Donations:**
2. Donated services volunteer include contribution of services from volunteers.
3. General volunteer is a term used for a person who is giving unremunerated assistance to the not-for-profit organisation of any kind other than assistance that is related to their trade or profession.
4. **Recognition in Financial Statements**
5. If the organisation is given services that it would otherwise have purchased, these must be included in the accounting records when received, provided the open market value of the gift can be measured **reliably**. The accounting entries are **dr:** expenditure **cr**: income.
6. It is impractical for the contribution of unpaid general volunteers to be measured reliably for accounting purposes. Given the absence of a reliable measurement basis, the contribution of general volunteers should not be recognised in the financial statements.
7. The notes to the financial statements should disclose:
   1. Accounting policy for recognition of in kind services
   2. The nature and amounts of donated services receivable from non-cash transactions recognised in the accounts,
   3. Indication of other forms of resources from non-cash transactions from which the organisation has benefited but which it has not recognised in its accounts, for example the contribution of unpaid general volunteers.
8. **Measuring In Kind Services Reliably**

Where services are provided by a volunteer associated with their trade or profession then a market rate should be obtainable

1. **Recording In kind Donations from Volunteers**

A reliable record of in kind donations should be maintained to support their reporting. The table below sets out a template:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name:** |  | | | | | |
| **Profession/Trade or General:** |  | | | | | |
| **Day Rate if applicable**  **(000’s Kwacha):** |  | | **Source:** |  | | |
| **Nature of Volunteer Assignment:** |  | | | | | |
| **Start Date:** |  | | **End Date:** |  | | |
| **Week Ended** |  |  |  |  |  |  |
| **Project/Program** | **Days** | **Days** | **Day** | **Days** | **Total**  **(Days)** | **Total**  **Value (000’s Kwacha) *if applicable*** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  | **000** |

Volunteer Signature:

Date:

## Appendix I – Procurement Policy

1. **The Internal Procurement Committee (IPC)**

The Finance and Operations officer shall be the principal procurement officer and convenor of the committee.

1. The ABUNDANCE internal procurement committee shall comprise: The Finance & Operations Officer and the Programme Officers, or the Executive Director and ……….
2. Meetings shall be minuted and these minutes shall be made available to the Board.
3. The Procurement Committee shall be guided by the following principles:
4. Maximising economy and efficiency while encouraging as wide a solicitation of proposals as possible to promote competition
5. The encouragement and inclusion of sources of supply indigenous either to the country being assisted or from other developing countries while ensuring/promoting quality goods and services
6. Promoting integrity and fairness and maintaining the transparency of the procurement process
7. Deliberately focusing on sourcing environmentally friendly products, eg recycled office paper, and using environmentally friendly methods, eg choosing low carbon transportation.
8. Promoting local businesses.
9. **Common Procurement Practice**
10. All procurements shall be invited through invitations to bid, quotes or pro-forma invoices indicating the required quality standards and specifications. The requesting officer shall be responsible for ensuring that all specifications and supporting information for purchase of the requested goods are obtained
11. Bids and proposals received in response to such invitations are evaluated to ascertain compliance with the stipulated quality standard and specifications. Any bids or proposals that do not comply with ABUNDANCE requirements will be discarded.
12. Once compliance with quality standards and specifications has been established, the contract should be awarded based upon the lowest quotation or to a qualified and acceptable contractor who submits the lowest bid that satisfies quality standards. Where the lowest offer is not accepted, reasons must be recorded in writing. Where any or all bids are rejected, reasons must be recorded for the rejection by a responsible officer and a determination made as to whether to invite new competitive tenders or to enter into a negotiation contract. All unsuccessful bidders shall be communicated to within 7 working days.
13. **Awarding of Contract**
14. Except where normal commercial practice or the interest of the organisation so requires, no contract or purchase order may be made on behalf of the organisation authorising a payment or payments in advance of delivery of goods or performance of contractual services. Where progress payments or advance payments are agreed to, the reasons thereof shall be stated in writing and form part of the contract or purchase order.
15. For the supply of goods, the ABUNDANCE will endeavour to work with qualified, competent and traceable institutions.
16. The Executive Director shall approve all contracts (supply of services and goods)
17. **Receipt and Inspection of Supplies and Equipment**
18. All supplies, equipment and other property received should be inspected by the Requesting Officers or a Competent Officer immediately to ensure that they are in satisfactory condition and meet the specifications. Any discrepancy must be investigated or where necessary arrangements made for possible replacements from the supplier. Upon satisfactory inspection of the received goods, delivery note should be signed by the receiving Officer and a copy should be sent to Finance.
19. Once the ABUNDANCE has received goods any attempts to return them to the supplier are likely to result in “re stocking charges” being levied. As a general rule, returns should be discouraged unless any of the following conditions prevails:
20. Physical damage or defect not inflicted by ABUNDANCE
21. Non-Compliance with purchase order
22. Product supplied does not meet the manufacturer and /or vendor’s claims and specifications, and
23. Product is deemed unsafe in any way or is not in compliance with national and /or safety requirements.
24. The Executive Director should be informed immediately should any of the above conditions arise. Wherever possible, care should be taken to retain all original accessories, instructions, and manuals together with the original packaging. Failure to comply with the above is likely to detrimentally affect the department‘s ability to secure appropriate refund or replacement.
25. **Service and Maintenance Contracts for Assets**
26. The Procurement Committee will invite at least 3 quotations for procurement of goods and services.
27. The Procurement Committee will evaluate these quotations on the basis of price and quality of product or service and recommend it to the Executive Director who shall approve the transaction.
28. Procurement of Long term assets like vehicles and motorcycles will not follow the normal process of procurement. (Various vehicles will be identified and inspected by a group of people not less than three and the group must decide on one vehicle amongst those identified, produce a report on the vehicle status to the Executive Director and the Executive Director may invite one member of staff of the senior management and re-inspect the vehicle with one technician for final decision making. The Executive Director with the other senior member of staff may approve or disapprove the procurement process). A contract specifying payment mode and any issues to do with guarantee must be specified.
29. **Financial Limits for Procurements**
30. For purchases of less than K 100,000.00 the procurement process will not require 3 quotations and for purchases of more than K 100,000.00 but less than K2,000,000.00 the procurement Officer will invite 3 quotations from suppliers, which will have to be evaluated as stipulated in article 1(b) (i-v)
31. For purchases of more than K 2,000,000.00 the Procurement Committee will invite bids from various reputable suppliers and evaluate accordingly.
32. These limits will be regularly reviewed and adjusted by the Management Team and approved by the board of directors.
33. **Bidding procedures**

When requesting for proposals and issuing invitations to bid, the procurement committee shall ensure that the following procedures are strictly applied:

1. The final date, hour and place for submission of bids and the required validity of bids should be clearly specified in the invitation to bid document.
2. Unless otherwise stated, bids must be submitted in sealed envelopes clearly marked “sealed bid” in order to avoid the envelope being opened prior to the stipulated date.
3. Bids shall be deposited in a lockable Tender Box. Therefore, bid responses containing price information are not admissible via facsimile communications, although facsimile communications are permissible in issuing information to bidders and in the clarification of queries. Bid submissions must be retained in the Tender Box until the opening day.
4. Bids should be opened in front of witnesses and where possible bidders shall be allowed to be present.
5. The name of the bidder should be read aloud and recorded.
6. Bids received after the time stipulated should not be considered. Late bids should be returned unopened to the bidders. Any waiver of this condition must be fully justified in writing;
7. Bid documents should be prepared and made available to the would-be bidders at a cost to be determined from time to time.
8. The Internal Procurement Committee chairperson shall communicate the results of the evaluation in writing to the bidders.
9. **Requirements for Consultancy Services and Specialised Skills**
10. In certain instances, specialised requirements for both goods and services may need to be evaluated not solely by price, but by other equally important criteria. Examples of this may include, but are not limited to, requests for consultancy services requiring artistic or intangible skills or alternatively, consultancy agreements requiring highly technical or specialised knowledge in a certain field or discipline. In such instances, it is necessary to clearly define appropriate bid evaluation criteria other than price in advance of releasing the invitation to prospective bidders. If the required expertise lies outside the Procurement Committee. In all such instances, the bid invitation will be in the form of a “Request For Proposal” (RFP). Where possible, approximate percentage weighting should be apportioned to each of the criteria in order to indicate their overall significance within the decision-making process. The evaluation criteria identified in the RFP may include, but are not limited to, the following factors:
11. Price (within range)
12. Knowledge of relevant issues
13. Familiarity with the ABUNDANCE
14. Track record with funding agencies
15. Professional standing and reputation (e.g. membership in professional associations)
16. Established capability and proven experience in the areas covered by the RFP
17. Initiative and likely contribution beyond specific mandate
18. Synergies and opportunities for interaction or additional relevant capabilities and
19. In comparison with other bidders, approach best suited to the Department’s needs
20. Parallel to the inclusion of such criteria, it is still important to note the role of price as a determinant in the award of such contracts. Clearly, a prospective bidder may choose to propose a more or less costly product or service depending upon his/her perception of the actual requirements. In order to assist respondents to determine the appropriate quality of service or complexity of design and how much resources and /or money they should invest in responding to the request form, it is good to include an indication of the available budget along with the specification.
21. All payments for locally hired personnel, including allowances, shall be paid in local currency at ABUNDANCE operational rate of exchange.
22. Any travel imprest given to the contracted person shall be retired with supporting documents such as invoices, receipts and expenditure forms.
23. The contracted person shall not do any work, provide equipment, materials or supplies or perform any other services, which may result in any charges in excess of the above-mentioned amounts without prior written agreement of ABUNDANCE Management Team.

1. Payments to the contracted person shall be made by cheque in two-instalments. 50% down payment on commencement of work and 50% final payment upon completion of work. However, this may vary according to specific contract deliverables.
2. **Letter of Contract**

**Reference No:** ………………….. **Date**: ………….

**Project number/title:** ………………….

The ABUNDANCE wishes to engage the services of your organisation in connection with the above-mentioned requirement.

ABUNDANCE hereby proposes for your acceptance the following contract:

1. **Terms of reference, general conditions, appendices**

The contractor and the Organisation agree to be bound by the provision herein, the terms of reference, general conditions and special conditions that are annexed hereto, all of which are hereinafter referred to as the “contract”.

1. **Contractor‘s General Responsibilities**
   1. The contractor shall carry out all services under this contract with due diligence and efficiency and in conformity with sound professional, administrative and financial practices
   2. The contractor shall act at all times so as to protect and not be in conflict with ABUNDANCE’s policies.
2. **Additional responsibilities of contractor**

In the performance of this contract, the contractor shall provide the services of (insert name, profession and nationality) for a period of (days, weeks, months) in (city), (country), as well as all necessary technical and administrative back stopping support as required and authorised by the Executive Director.

1. **Remuneration and payment**
   1. As full compensation for the services performed under this contract by the contractor:

* Payments of services rendered by the contractor
* Period and rate for days worked
* Out of pocket allowance
* Travel
* Reporting costs
* Incidentals

**TOTAL** (*insert total in both words and figures*)

* 1. All payments for locally hired personnel, including allowances, shall be paid in local currency at the Organisations’ operational rate of exchange.
  2. Any travel imprest given to the contractor shall be retired with supporting documents such as invoices, receipts and expenditure forms.
  3. The contractor shall not do any work, provide equipment, materials or supplies or perform any other services, which may result in any charges in excess of the above-mentioned amounts without prior written agreement of the ABUNDANCE Management Team.
  4. Payments to the contractor will be made by cheque in two-instalments.50% down payment on commencement of work and 50% final payment upon completion of work.

1. **Special Provisions**
   1. The contractor shall commence work on (date) and shall complete the work on (date) of such commencement.
   2. Any notice, request or approval required or permitted to be given or made under this contract shall be in writing.
   3. If the above terms and conditions meet with your approval, please signify your acceptance by returning one copy of this letter or contract duly signed and dated

**Agreed and accepted**

Signature………………………….

Name………………………………

Title……………………………….

Date……………………………….

## Appendix J: Templates and Forms

Appendix J1: Form

Appendix J2: Petty Cash Voucher

Appendix J3: Petty Cash Count Form

Appendix J4: Allowance Sheet

Appendix J5: Fuel Claim Form

Appendix J6: Bank Reconciliation Template

## Appendix K: MRA Withholding Tax Schedule

|  |  |
| --- | --- |
| **MRA WHT SCHEDULE** | |
|  |  |
| **Nature of payment** | **Rate** |
| Royalties | 20% |
| Rent | 15% |
| Supplies to traders and institutions; |  |
| 1. Food stuffs | 3% |
| 2. Other | 3% |
| Commission | 20% |
| Carriage and haulage | 10% |
| Contractors/subcontractors | 4% |
| Public entertainment | 20% |
| Casual labour exceeding K15, 000 | 20% |
| Services | 20% |
| Bank interest exceeding K10, 000 | 20% |
| Fees | 10% |
| Tobacco sales | 3% |