JOHN WESLEY FEDERATION
FINANCE POLICY

SECTION 1 - GENERAL

OBJECTIVE OF FINANCE POLICIES AND PROCEDURES

The objective of finance policies and procedures are:

- ✓ To safeguard the assets and resources of the Federation; and
- ✓ To ensure effective use of all assets and resources towards meeting the federation objectives, in an accountable and transparent manner.

OBJECTIVE OF THE MANUAL

The objective of documenting the policies and procedures of the federation is:

- ✓ To formally record the policies of the federation.
- ✓ To provide clear and comprehensive reference document containing both policies and the procedures devised and approved to implement those policies.

DEPARTURES FROM FORMAL POLICIES AND PROCEDURES

1. Any departure from the policies and procedures stated in this manual will require the prior written approval of the Executive Committee of JWF.

2. Failure to comply with the prescribed policies and procedures will result in the institution of disciplinary procedures in terms of the Federation policies and procedures manual.

CHANGE TO THIS MANUAL

1. It is critical that all changes made to the manual are properly approved and communicated to all relevant persons.

2. The following steps will apply to the control and change committee of all manuals:

   2.1 A register is to be maintained that record the latest version of the manual currently used.
   2.2 The manual should contain the latest version number and be updated before a new version is issued.
   2.3 It is the responsibility of all members to ensure that they have the latest version of the manual should they wish to obtain information about any formal policy or procedure.
   2.4 The Financial committee and the President will be responsible for ensuring that the manual is reviewed and updated as required and for the physical control of the original version of the manual.
   2.5 Each person who receives a copy of the manual is to sign for it as evidence of receipt. An electronic copy to be filed on our archives.
   2.6 Requests for changes should be sent to, and systematically recorded by the Financial committee and the President prior to a revision of the manual.

3. These procedures are to be applied in conjunction with any formal instruction from the President that may arise from time to time. Instructions that affect long-term operating procedures will be incorporated into the relevant policies and procedures manual.

TERMS AND DEFINITIONS

Executive Committee	The governing body of the federation.
Finance Committee	The team of persons charged with the operational management of the federation.
President	The Chief Executive Officer appointed by the conference to manage the daily running of the operations of the federation.

Treasurer	The person(s) that is/are responsible for the finances of the federation in general.
Finance team	The people responsible for the financial aspects of the federation, directly accountable to the President.
Financial Year	The period of twelve (12) months that covers the financial reporting cycle of the federation (1 May – 31 May following year)
Financial Year-end	The last day of the last month of the year.
Constitution	The governing documents that sets out the governing rules of the federation.

SECTION 2 – GUIDING PRINCIPLES

COMMITMENT – CODE OF CONDUCT

It is the commitment of this federation to always:

- ✓ Safeguard the assets and resources of the federation.
- ✓ Ensure the most effective use of all assets and resources toward meeting the federation. Spend funds received according to the purpose for which they have been given.
- ✓ Perform the above in an accountable and transparent manner.
- ✓ Conduct all business in an ethical and responsible manner.

DELEGATION OF AUTHORITY

Full responsibility for internal control within the various operating team's rests with the Executive Committee, which ensures that appropriate and adequate control exist within the federation to safeguard all assets. The Executive Committee ensures that all members comply with the policies, procedures and guidelines and determines appropriate structures for authorization. Certain specific authority is delegated to the President. The President in turn specifically delegates authority to others within the federation.

ACCOUNTABILITY AND INDEPENDENT CHECK

Wherever possible a particular person is given responsibility for a task or area of work so that it is clear who must account for all actions or transactions. In order to ensure that all policies and procedures have been followed, independent checking and review of work is practiced. The evidence of checking is to be shown on the relevant documents in the form of a signature(s).

SEPARATION OF DUTIES

The federation applies separation of duties wherever possible. This means that the following responsibilities are separated in relation to a particular transaction:

- ✓ Authorization
- ✓ Physical Control
- ✓ Recording

Where one (1) person is required to carry out all three (3) responsibilities, **independent check** and **accountability** will be enforced.

CONFLICT OF INTEREST

No member, leader or other person involved in the federation shall participate in the selection, award or administration of a contract if a real or apparent conflict of interest would be involved.

SECTION 3 – FEDERATION STRUCTURE

FEDERATION CHARTS

PRESIDENT
DEPUTY PRESIDENT
GENERALSECRETARY
DEPUTY SECRETARY
TRESURER
CHAPLAIN
4 ADDITIONALMEMBERS

THE GOVERNING BODY

The powers, duties and responsibilities of the Executive Committee are set out in the Constitution of the federation.

The Executive Committee meets in four quarters of the year. Minutes of meetings are prepared and retained by the Deputy Secretary or a person appointed by the Executive Committee or General Secretary. A list of Executive Committee Members names, contact numbers, and addresses and portfolio is attached as an addendum.

The **financial responsibilities** of the Executive Committee, in summary, including the following:

1. To ensure that policies and procedures are established and effectively carried out for the safeguarding of the assets and resources of the federation.

2. To promote and oversee the fundraising activities of the federation.

3. To approve the annual budget and approve expenditure and contracts in terms of the **Authorization Tables** and in line with meeting federation objectives.

4. To ensure that regular independent checking systems and financial records are carried out, including the annual external audit.

5. To conduct an annual risk assessment and ensure risks are satisfactory addressed.

6. To appoint an appropriate skilled Financial person to oversee the financial management of the federation.

7. To receive and examine financial reports on the financial position and performance of the federation at each meeting.

The Executive Committee may delegate certain of these responsibilities to a finance committee appointed by the President.

STRATEGIC MANAGEMENT FORUM

The Strategic Management Forum compromises the Treasure, Finance Committee and administrators and President.

The Management Forum meets twice a year. Minutes, in the form of notes and action points of each meeting, are prepared and retained by the Administrators.

The **financial responsibilities** of the Strategic Management Forum, in summary, include the following:

1. To ensure implementation of the policies and procedures and other regulations and instructions of the Executive Committee.

2. To ensure that realistic budgets are prepared for approval by the Executive Committee and for submission to auditors.

4. To ensure that all expenditure is authorized in terms of the **Authorization Tables** and procedures contained in this policy.

5. To ensure all income is properly and correctly managed and accounted for.

6. To ensure economic and efficient use of resources towards meeting the objectives of the organisation.

7. To ensure that commitments made by the federation are effectively managed and met, both in terms of finances and delivery of services and outputs.

8. To ensure that approved budgets are managed and actual income and expenditure is monitored against the budgets.

9. To ensure the reliability and integrity of the financial information.

10. To ensure that up-to-date financial reports on the financial position and performance of the federation are presented at each Executive Committee Meeting.

11. To ensure that the accounting records and financial statements are prepared for audit.

The tasks related to the meeting of these financial responsibilities may be delegated specifically.

PROGRAMME AND PROJECTS

-

-

-

-

-

-

SECTION 4 – FINANCIAL PLANNING

GENERAL POLICY

The federation will plan its activities and prepare realistic budgets relating to those activities on an annual basis, following the procedures set out in this manual. This annual plan, and the resulting budgets, will be updated on an ongoing basis during the financial year, based on the realistic expectation of funding for the year and changes in operational circumstances.

	POLICY	RESPONSIBILITY	APPROVAL	PROCEDURES	TIME FRAME
ACTIVITY PLANS	Activity plans are directed towards meeting specific project objectives and the overall federation objectives.	The executive committee are responsible for preparing the plans for the activities of the federation or of a specific programme/project for the next year. The Finance committee supervises the process and ensures that the task is completed and all elements are consolidated. It is the responsibility of the Executive committee to monitor these plans and to make adjustments where necessary in cooperation with, and after receiving approval for changes from, the President. Any deviations from plans are discussed with the President.	The Strategic Management Forum approves the planned activities of the federation.	An annual evaluation and planning meeting will be held to initiate the process of planning and budgeting. At lease every five (2) years a more comprehensive strategic planning meeting will be held.	The activity plans must be completed three (3) months before the beginning of the year to which they relate. The Strategic Management Forum must approve the plans before the beginning of that year.

	POLICY	RESPONSIBILITY	APPROVAL	PROCEDURES	TIME FRAME

THE BUDGET	The federation is committed to preparing realistic and balanced annual budgets.	The Finance Committee is responsible for consolidating all the programme budgets with the core budget to provide an overall budget, but the President is ultimately responsible for ensuring that the budget is completed and accurate and that it is approved within the timeframe.	The Executive Committee approves the annual budget within the set timeframe.	1. Set the **timetable** for budgeting to fit the timetable for overall (activity) planning and begin well before (up to 3 months before) the start of the year. 2. Agree on the overall, federation **guidelines** (parameters) and a **common budget format** to ensure that all budget data is comparable and can easily be consolidated before beginning the process of preparing the detailed budgets. 3. Determine and budget for the **existing commitments and regular ongoing or core costs** of the federation. 4. Budget and cost the **specific activities and projects**. All costings must be supported by detailed explanatory notes. Allocate specific responsibility for each element of budget preparation. 5. The Finance committee must **consolidate the budgets**, adding the budgets for specific activities to the core budget, ensuring that there is neither **duplication nor omission of costs**. 6. The Finance committee must **compare** this budget with the **actual costs of the previous year or period** and be satisfied that the new budgets are reasonable and that **all major differences can be explained** in terms of changes in activities. 7. The President must then **review the draft budget** and any **adjustments** must be made (after discussion with all members in our conference) prior to the approval being given by the Executive Forum. 8. The annual expenditure budget must be approved with reference to the **committed or expected**	The annual budget must be completed three (3) months before the beginning of the year, to which it relates. The Executive Committee must approve the budget before the beginning of the next year.

				income for the federation and with reference to the **restrictions** on funding in terms of funding contracts. 9. The **Executive Committee approves the annual budget**, the details of which must be attached to the board papers and referred in the minutes of the meeting. 10. Once the budget has finally been considered and approved by the Executive Committee, it is **communicated to finance committee** especially if any changes have had to be made to programme/ budgets	

	POLICY	RESPONSIBILITY	APPROVAL	PROCEDURES
CHANGES TO THE APPROVED BUDGET	Changes to the approved budget during the year (required by changes to plans or to expected income and expenditure) must be properly approved prior to the budget being revised.	The finance committee has the responsibility to request changes to a particular programme budget. Ongoing income and expenditure monitoring by the Strategic Forum will also identify potential areas of budget revision.	The Executive Committee is responsible for approving any proposed changes to the annual budget.	1. The Executive Committee must approve all increases to the approved annual budget before the revised budget is brought into effect. 2. When proposed budget changes are considered, reference must be made to the committed or expected income of the organisation and to the restrictions on funding in terms of funding contract. 3. It is the responsibility of the Finance committee to motivate for changes to the expenditure budget. 4. The minutes of the relevant meeting are to specify the changes made to the budget.

	POLICY	RESPONSIBILITY	PROCEDURES

FUNDING	The federation is dependent on grants and donations from members and supporters for its income and therefore funding proposals, that include realistic achievable commitments, are prepared and submitted.	It is the responsibility of the President to build positive relationships with supporters and potential funders and to ensure that commitments made to funders are realistic, that these commitments are well managed, and that communications with the funders are always transparent.	1. Funding proposals are prepared with reference to the activity plans and budgets of the federation. 2. Commitments made to funders in funding proposals in terms of delivery, outputs and financial reporting against budgets are checked and approved by the Finance committee, and President before proposals are submitted. 3. Funding contracts must always include the approved budget, allocation of funding (particular programme/project) and the period of funding. A copy of the funding contract must be copied to the Finance committee, President, and then be filed. 4. Commitments in terms of funding contracts will be discussed and progress monitored and documented by the Strategic Management Forum and reported to Executive Committee by the Treasurer.
	POLICY	**RESPONSIBILITY**	**PROCEDURES**
ESTIMATED INCOME AND EXPENDITURE	The federation will always take all necessary steps to ensure that there will be sufficient money on hand to meet the necessary payments for financial commitments.	It is the responsibility of the Finance committee to keep the President and the Executive Committee informed of the Financial position of the federation.	1. A quarterly financial statement is prepared based on accurate balances in all bank accounts at the relevant point in time. 2. Financial statements are presented to the Strategic Management Forum and Executive Committee at their meetings.

SECTION 5- INCOME

GENERAL POLICY

It is the policy of the federation to ensure that:

- ✓ All amounts due to the federation are received in full as soon as possible.
- ✓ All money received is banked in full and not used to fund expenses.
- ✓ All foreign currency is converted into local currency at the time of receipt.

	POLICY	RESPONSIBILITY	PROCEDURES
DONATIONS AND GRANTS	The federation is dependent on grants and donations from members, donors/funders for its income and therefore good relationships with and full accountability to funders is always a priority. It is the policy of the federation to formally acknowledge and thank donors/funders.	It is the responsibility of the Finance committee to ensure that funding in terms of funding contracts are received and banked as soon as possible. It is the responsibility of the General Secretary to prepare acknowledgements and letters of thanks.	1. The Finance committee must arrange for funds to be deposited directly into the bank account of the federation by carefully checking the bank details included in the funding contracts. 2. The Finance committee must ensure that all funder requirements are met in order to facilitate the transfer of funds due in terms of funding contracts. 3. A database of funders will be maintained and a funding schedule updated regularly, including details of existing and potential funders: ✓ The funder, contact names and numbers ✓ The status ✓ The funding amount and period ✓ The restriction and requirement under the funding contract ✓ The allocation of funding ✓ The reporting requirements and deadlines 4. Once funds have been received/deposited, an acknowledgement must be sent to the funder.

	RESPONSIBILITY	PROCEDURES
RECEIPTING	It is the responsibility of the Finance committee to issue a sequentially numbered receipt for all monies received. Where there is a separate responsibility for fundraising, the "General Secretary" will issue letters of acknowledgement/thanks.	1. A pre-numbered receipt is prepared for all monies received. Including direct deposits and foreign income. If the money is payment on an invoice, the invoice number is rendered on the receipt and the receipt number and date entered against the list of invoices (see invoicing). 2. Two (2) people should always be present whenever money is received. 3. If required, a receipt should be posted to the sender. A letter of acknowledgement should be sent with the receipt.

BANKING	It is the responsibility of the Finance committee to bank all monies received as soon as possible after receipting.	Monies received must be banked within ten (10) days of receipt on numbered deposit slips.
FOREIGN CURRENCY	The policy of this federation is not to speculate with foreign currency, therefore all foreign currency will be converted into local currency on receiving notice of its receipt from the bank. It is the responsibility of the Finance committee to ensure that foreign currency received is converted into local currency and deposited into the bank as soon as possible.	The necessary forms must be completed and signed to affect the deposit of funds into the bank account within 2 (two) working days.
INVOICING	It is the responsibility of the Finance committee, working with relevant colleagues, to ensure that all amounts due to the federation are invoiced.	1. A pre-numbered original invoice must be prepared when an amount becomes due to the federation and should include details of the person or federation that is liable to pay, the amount, and the details of the goods and services supplied. The invoice must indicate when payment is due. 2. The original invoice must be sent to the person or federation liable to pay. A copy of the invoice is retained and filed in invoice number order. 3. The invoice file is checked monthly to determine date of payment.
RECEIVABLES	It is the responsibility of the Finance committee to ensure that all amounts invoiced are specifically and vigorously followed up to ensure payment is received.	Unpaid amounts are followed up by telephone and e-mail correspondence.

SECTION 6 – EXPENDITURE

GENERAL POLICY

It is the policy of this federation to always spend funding for the purpose for which it was given, and only to spend money in line with the federation's objectives in a cost effective manner.

RESPONSIBILITY

The financial authority limits are set in terms of the approved budget and in terms the amount set out in the current **Authorization Table** approved by the Executive Committee. The federation is authorized to operate within the limits of the approved budget and the **Authorization Table**. The President of the federation is responsible for ensuring that the federation operates within those limits.

APPROVAL

Approval for all items of expenditure must be obtained prior to committing the federation to the expense or purchase. Approval may be denied on the following ground:

- ✓ If the expenditure does not fall within the objectives of the federation or within the relevant budget line.
- ✓ If the expenditure is unnecessary in completing those objectives effectively or in otherwise supporting the federation.
- ✓ If there is no funding specified or available for the type of expense or purpose.
- ✓ If there is no money available in the bank to cover the cost.

EXPENDITURE APPROVAL LIMITS

Authorization must be sought from particular parties, depending on the amount and nature of the purchase. See current **Authorization Table**.

	POLICY	RESPONSIBILITY	PROCEDURES
PURCHASING AND PROCUREMENT	It is the policy of the federation to secure the supply of quality goods and services at a reasonable, competitive cost through using approved suppliers for purchases and services wherever possible.	It is the responsibility of the Finance committee to obtain the necessary quotations and/or tenders in line with procurement policies and to recommend use of particular suppliers.	1. Approved suppliers should be identified for the supply of any regular items of goods and services required by the federation. 2. Price lists or quotations from suppliers must be reviewed continually in order to ensure they still maintain the level of quality for a reasonable price. 3. Where major items of expenditure or purchases are being considered, the federation complies with its modalities for procurement, which are set and reviewed from time to time by the Executive Committee. These modalities are contained in the current **Authorization Table**.

CHECKLIST OF QUESTIONS TO BE ASKED PRIOR TO AUTHORISING AND ORDER FOR SUPPLIER OR SERVICES

1. Is this supplier or service **necessary** or valuable in order to meet our obligations to the funder, or members of the federation?
2. Are we certain that this is the most cost**-effective** way of obtaining these supplies or services?
3. Have we investigated obtaining donations in kind or discounts?

4. Does the **budget** cover this expenditure?

4.1 Which budget line can be used to cover this expenditure?

4.2 Are there sufficient funds unspent in this budget in this period to cover the expenditure?

4.3 What future expenditure is projected or committed against this budget line?

5. If the budget does not cover this expenditure, what **funds from other sources** can be used to cover this expenditure?

5.1 What other source of income do we have that could cover this expenditure?

5.2 Is there sufficient income of this type unspent to cover the expenditure?

5.3 Is there projected or committed future expenditure which reduces the amount currently available to spend?

5.4 What **other action** could be taken to **obtain funding** to cover this expenditure, if neither the budget nor the funds from other sources cover the expenditure?

6. Have we complied with the current **Authorization Table**?

	RESPONSIBILITY	**PROCEDURES**
DELIVERY	It is the responsibility of the Finance committee to ensure that proof of the satisfactory delivery of goods and services to the federation is obtained and retained.	**GOODS:** All goods that are delivered must be checked against the order to ensure that all the goods ordered have been delivered and are in a satisfactory condition. The supplier's delivery note or invoice must be signed as evidence that everything is in order. **SERVICES:** An appropriate budget holder or recipient must sign the invoice for the services as evidence that the service has been satisfactory rendered to the federation. If the supply is of travel services, boarding passes and ticket stubs must be returned to the Finance committee to support the relevant documentation.

	POLICY	**RESPONSIBILITY**	**PROCEDURES**

PAYMENTS	All payments for the goods/services received are made against properly authorized documentation and authorized/approved by two (2) authorized signatories.	It is the responsibility of the Finance committee to ensure that there are sufficient funds in the bank account to make payments and that they are processed in the correct manner. It is the responsibility of the President to ensure that cheques are signed or electronic payments released by authorized persons upon presentation of all the necessary documentation.	1. An original invoice must be obtained from the supplier and matched to the order and to evidence of receiving the goods or services (see section on delivery) above. ✓ Payment must not be made against a statement ✓ If an original invoice is lost, a copy invoice can be processed only if a reason is added to the copy being processed and full checks have been carried out to ensure that a payment has not been made previously against the original invoice. ✓ No payment can be approved against a manually altered invoice. If checking reveals that an error has arisen on the invoice, the invoice cannot be amended and the supplier must be asked to provide either a credit note and replacement invoice or an adjusting credit note. 2. A **cheque/payment requisition** form is prepared for the payment, showing a detailed description of purpose of payment, details of the supplier whom payment is due, the goods/services being paid for, the invoice value (and any VAT amount included) and the account(s) to be charged (see cheque/payment requisition form). 3. The cheque/payment requisition must be authorized by the Finance committee, to confirm that the expenditure is covered by sufficient funds in the bank account.
PAYMENTS	**INFORMAL TRADERS**		**PROCEDURES**

<table>
<tr>
<td rowspan="2">(continue)</td>
<td>If a payment is to be made for items or services from an informal trader, the person requesting the funds must construct an invoice with the following information:

✓ Name and address of seller or service provider
✓ Detailed description of item purchased or service received
✓ Exact date of purchase or service
✓ The signature of the appropriate member
✓ The signature of the seller or service provider</td>
<td rowspan="2">4. The cheque or electronic payment is prepared for signing (including relevant crossings) or verification and the cheque number or allocated electronic payment references inserted on requisition.

5. The cheque or electronic banking transfer authorization, the cheque/payment requisition and supporting documents must then be passed to two (2) signatories for authorization.

Two (2) people must authorize every payment. When signing a cheque or releasing payment electronically, the signatory or password holder taking responsibility for the payment, in that they confirm that the payment is being made for valid expenditure for the benefit of the organisation (see Authorization Tables for details of signatories and amounts).

6. The authorizers should check underlying support documents to ensure complete:

✓ Sign the cheque or verify/release payment
✓ Sign the cheque/payment requisition

7. This ensures that the same document is not presented twice for payment. The cheque/payment requisition must be filed, with supporting documents, in cheque number order or electronic banking reference number order.

8. If a cheque is spoiled or has to be cancelled prior to issue for any other reason, it must clearly be marked cancelled and filed in order with the cheque requisition so that all cheques can be accounted for.

9. If a cheque is lost in transit or in the hands of the supplier, an authorised instruction must be sent to the bank to “stop” the cheque. Once confirmation has been received that the cheque has been stopped, a new payment can be raised following the relevant steps above.

10. All cheques handed to (a representative of) the payee must be signed for by the person taking the signed cheque from the office on the cheque/payment requisition form. The cheque/payment requisition should not leave the office (other than if the cheque signatory is located away from the office). If a cheque is posted, the date of posting should be noted on the requisition.</td>
</tr>
<tr>
<td>If a payment is to be made for temporary replacement person, a letter is required with the following details:

✓ Name and address of member
✓ The identity number of member
✓ Name of member
✓ Exact details
✓ The amount to be paid
✓ The signature of the member
✓ The signature of treasurer or president authorizing</td>
</tr>
</table>

	RESPONSIBILITY	PROCEDURES
PAYABLES	It is the responsibility of the Finance committee to ensure all accounts are paid monthly and by due date and to prepare a list of unpaid accounts, payable at the end of each month.	1. Payments are made against original invoices only. 2. The supplier's statements are checked to ensure that there are no other liabilities outstanding or credits to be taken against the payment due. Check if amounts reflected on the statement may have already been paid by the federation. If any invoices have not been received/authorized, they must be followed up and, if lost, a copy must be requested. 3. Check the statement and take advantage of any discount available. 4. Prepare the requisition for the sum of all the invoices and not the balance on the statement, if these two (2) amounts differ. 5. A list of unpaid accounts (payables) is prepared at the end of each month.

POLICY: Transport and travel costs must be authorized in advance and effectively monitored and controlled. All costs must be directly linked to, and incurred for the purposes of the work of the federation.

RESPONSIBILITY: Control of transport costs is the responsibility of the Finance committee.

SECTION 7 – SPECIFIC OPERATIONS

TRANSPORT AND TRAVEL	**PROCEDURES** There are a number of options for travel and guiding principles in choosing between them should be economy and efficiency.

	Transport costs of vehicle owned by the federation	1. The use of the federation's vehicles must be controlled and monitored with the use of logbooks (kept in cars): 1.1 Each vehicle must have its own logbook, which is completed for every use of the vehicle. 1.2 The details that must be entered in the logbook include: ✓ The kilometer reading per the odometer on taking the vehicle or commencement of trip ✓ The kilometer reading per the odomenter on return of vehicle ✓ The kilometers travelled. ✓ The date ✓ The purpose of the trip ✓ The driver 1.3 The kilometers travelled must be reasonable for purposes of the trip. (Finance committee could lay down standard distances for trips frequently made by the federation.) 1.4 The logbook must be checked monthly by the Treasurer: ✓ The closing odometer reading per the logbook must be checked to the odometer of the vehicle ✓ The kilometers travelled must be analyzed between programme and private use ✓ The distances travelled must be checked for reasonableness ✓ Any private, unexplained or excessive usage must be brought to the attention of the federation executive committee ✓ Treasurer must initial the logbooks, as evidence of checking. 2. Private use of vehicles should be limited to emergency situations only. Private usage must be pre-approved in writing.

TRANSPORT AND TRAVEL ***(continue)***	**Transport costs of vehicle owned by the federation** ***(continue)***	3. Petrol costs per vehicle are monitored. 3.1 The systems for recording petrol costs must ensure that costs can be accurately recorded per vehicle. 3.2 Petrol costs are compared to kilometers travelled per the logbooks monthly. 3.3 Excessive petrol costs compared to kilometers travelled will be brought to the attention of executive. 3.4 Only petrol used to fill the federation's vehicles must be paid for by the federation. No petrol used in private vehicles can be charged to the federation (see use of private vehicles for programme activities below). 3.5 Only authorized drivers may put petrol into the vehicles. 4. Repair and maintenance costs are monitored and controlled. The responsibility for this is assigned by the finance committee: 4.1 The Finance committee will maintain a control sheet per vehicle showing details of work done on the vehicle and related costs. 4.2 All repairs to vehicles must be pre-approved by the President/or Treasurer. 4.3 Any member" should also ensure that the vehicles are regularly serviced and properly maintained. 5. Insurance costs of each vehicle must be checked annually. This is to ensure that insurance cover is adequate and that the cost of cover is reasonable. 6. Only authorised drivers are permitted to use the federation vehicles: 6.1 The executive committee of the federation officially nominates drivers. 6.2 Appropriate driver's licences for each driver must be retained on file. 7. Every effort should be made to ensure the physical security of the vehicle when not in use. 7.1 Vehicles are to be left at the offices of the federation's premises overnight, if safety is guaranteed. 7.2 Vehicles may not be taken to homes overnight. Any variations from this must be authorised in writing by Treasurer.

TRANSPORT AND TRAVEL ***(continue)***	**Use of private vehicles for federation activities**	1. Reimbursement for use of private vehicles for federation activities will be based on kilometers actually travelled for approved work done for the federation. 2. The kilometers travelled must be reasonable for purposes of the trip. (Finance Committee may lay down standard distances for trips frequently made by the federation.) 3. The rate per kilometer, as set out in the annual Rates Table, will be paid for authorised use of private vehicles for federation or programme activities. 4. Mileage claim sheets, with the reason for each trip, must be completed and authorised by treasurer (see Travel/Expense claim form), 5. No person may authorise his or her own mileage claim.
	Use of public transport	1. All trips using public transport must be for authorised federation purposes. 2. The reason for each trip is to be noted on the travelling claim form.

TRANSPORT AND TRAVEL ***(continue)***	**Official travel away for home**	The federation may require member to travel to destinations away from home to attend meetings, conferences, or conduct other activities for federation purposes. The following procedures apply: 1. All travelling costs, as with all other costs, must be covered by the budget, and be specifically allocated to a particular activity/outcome. 2. All travel arrangements must be made by the federation and not by the individual making the trip. 3. For any occasions when no subsidence allowance is available, member claim actual approved expenditure (within the agreed limits) using the travel/expense claim form, supported by all relevant vouchers (see travel/expense claim form). 4. For air travel: 4.1 Economy class travel only is allowed 4.2 Changes to tickets must be avoided and be approved, otherwise the cost of change will be for the individual's account

	POLICY	RESPONSIBILITY	PROCEDURES
COMMUNITY WORKSHOPS / CAMPAIGNS / FORUMS OR SIMILAR EVENTS	When the federation conducts workshops, seminars, retreats or other similar activities, the activities need to be accurately recorded, both in terms of results and costs.	The budget working with the event organiser (if different) is responsible for managing events according to the relevant procurement procedure (see section 6 – expenditure).	1. Events must be planned and approved in principle and scheduled well in advance of the event. 2. A mini-budget should be prepared for each event, using the events / workshops / seminars / retreats budget cost form (see events/workshops/seminars/retreats budget cost form). 3. The member must sign the form to confirm the request for funds and other resources that need to be made available. 4. The budget holder must finally check the proposed mini-budget against the overall activity/programme budget and sign so that the required float can be issued to the float holder. 5. The float holder will be responsible for the funds, for the recording and physical security of any income generated and for the return of the slips and any changes to the finance committee. 6. The events / workshops / seminars / retreats budget cost form must then be completed with the actual costs and any allocated costs (see paragraph 7). This form must be attached to the cheque/payment requisition for the original float amount for filing. 7. The allocation of costs such as photocopying, stationery, etc. to the workshop or event (other than those paid for out of the float) will be done by journal entry. 8. For each event held, the member responsible for the event must complete an activity assessment form. This form is utilised for reporting purposes and the relevant statistics are recorded in activity records 9. All activity assessment forms, once completed and authorised, must be passed to the Finance committee for retention.

CONSULTANCIES	The federation will only make use of consultants where the necessary skills or time are not available within the federation.	The relevant budget holder/project leader will be responsible for engaging consultants according to the relevant procurement procedures (see section 6 – expenditure).	**Pre-conditions for soliciting a consultancy:** Consultants will only be considered where: 1.1 The required task is clearly identified as beyond the skill or time capacity of programme 1.2 The proposed consultant's reporting relationships to the federation (responsibility for administration of the contract and performance) is clearly identified 1.3 Authorization has been secured in terms of procurement modalities and purchase order policies and procedures (see section 6 – expenditure and the authorization tables)
			Standards and specifications: All quotes considered must include: ✓ Qualifications, expertise and experience relevant to the task ✓ Experience in the development sector and the relevant field ✓ References ✓ A work plan for the specific task methodology and a schedule that is an indication of progression ✓ Detailed cost estimates

SECTION 8 – ACCOUNTING ROUTINES

MONTHLY ACCOUNTING ROUTINES

The following is an end of month accounting checklist (to be modified according to the accounting package used):

TASK	DATE
Enter all receipts and payments for the month using cheque/payment requisitions, deposit books, receipts etc.	
Process invoices for services provided.	
Process petty cash and expense claims and ensure all supporting documentation is received (such as log books, petrol slips, etc,)	
Ensure all other bank balances are updated (such as call accounts and other investment accounts).	
Put through other journal entries (examples, photocopy charges, cost allocation, petrol charges) using a journal notification form.	

Complete the bank reconciliation(s).	
Review the detailed ledger and reports for all possible mispostings or misallocations in the income and expenditure accounts.	
Review the balance sheet accounts to ensure all control accounts are analyzed and/or cleared and all other balances can be explained.	
Enter final journals arising from the review.	
Update the batches and print batches.	
Print the following final reports for your files: - Detailed ledger for the month - Trail balance with sub-accounts to date - Trial balance without sub-accounts to date - Final bank reconciliation - Reports from the report writer as required - Income and expenditure statement - Balance sheet - Cash movement report	

	POLICY	RESPONSIBILITY	PROCEDURES

BANK RECONCILLIATION	The bank reconciliation should be performed monthly as soon as all payments and receipts have been captured, to ensure that all transactions have been accurately recorded.	The bank reconciliation is the responsibility of the Treasurer.	1. Systematically ensure that all deposits and payments recorded on the bank statement have been correctly entered into the accounting records. 2. Enter all bank charges, debit orders and credit transfers as payments and all interest received and direct deposits as receipts, using the statement number as a reference. This reference number must also be entered on the bank statement (Turbocash) 3. If late entries have to be made to payments or receipts, go back to the bank reconciliation, to ensure that it still balances. 4. After all entries have been confirmed, update them to the ledger, check the bank reconciliation again and finally print. 5. The reconciliation must be passed to the Treasurer, together with the relevant banks statement(s) and cash book print-out.

	POLICY	RESPONSIBILITY	PROCEDURES

YEAR-END AUDIT PROCEDURES	The federation must prepare accurate and properly supported draft financial statements prior to the commencement of the annual audit.	The Treasurer and the President must liaise with the external auditor to agree an audit timetable and the list of supporting documentation required by the audit team.	1. Ensure that an engagement letter has been signed and a pre-audit meeting is held with the auditors, to ensure that requirements and expectations are clear. 2. Highlight on the audit requirements of the funders in terms of funding contract to the auditors. Ensure that copies of funding contracts are made available to the auditors. 3. Check that the opening balances in the ledger at the start of the year agree to the audited financial statements for the previous year. 4. Ensure all bank accounts are reconciled to bank statements and authorised. 5. Accrue for interest on deposit and call accounts and confirm the balances to statements. 6. Review all ledger transactions and make any correcting entries. 7. Reverse any accruals remaining from prior periods and accrue for all expenses relating to the period which have not been paid for – raising the expenses (net of VAT); the VAT provision and the creditor (incl. VAT). List the accruals reconcile the total to the accrual account in ledger. 8. Reconcile creditors' statement to the creditors' ledger to ensure all liabilities and expenses have been accounted for. 9. Ensure all amounts owing to the federation are accounted for and scheduled. 10. Reconcile the VAT account – ensuring the balance represents VAT on income and expenses for last month(s) only. 11. Clear all entries in suspense accounts. 12. Obtain confirmation of investments, interest and dividends for the year – obtain market value at year-end. 13. Ensure all stocks of value have been counted, valued and reflected on the balance sheet. 14. Calculate depreciation on fixed assets and write off assets sold or scrapped during the year. Update and check the fixed asset register. See Section 10 - Asset management and control. 15. Calculate and schedule all movements on reserves and deferred income. 16. Prepare schedules to support the following balance sheet headings in the draft annual financial statements: ✓ Bank & cash ✓ Accounts receivable (including staff loans list)

			✓ Accounts payable (including accruals) ✓ Fixed assets (agreed to the fixed asset register) ✓ Investments ✓ Petty cash ✓ Stocks/inventories ✓ Movements on reserves

SECTION 9 – FINANCIAL REPORTING

POLICY: Financial reports are prepared from the accounting records of the federation, at least once per month, and are used to monitor the financial position and performance of the federation for the month and the year to date. It is the policy of the federation to report on time to members according to the contract requirements. Financial reports are prepared for the **whole federation**.

RESPONSIBILITY: It is the responsibility of the Treasurer and finance committee to prepare all the financial reports. It is the responsibility of the Strategic Management Team and the Executive Committee to review and use the financial reports for monitoring and to use as the basis for making financial decisions. It is the responsibility of the Treasurer to ensure financial reports are submitted to federation according to the policy.

	PROCEDURES	TIME TABLE
MONTHLY FINANCIAL REPORTS	The <u>monthly financial reports</u> include the following: Income and expenditure statement (s) with comparison against budget for the federation as a whole and for each project as appropriate for the year to date. The statement must also show the balance of remaining funds per budget line.	Financial reports for the month must be presented to the Executive Committee before the end of the following month.
REPORTING TO CONFERENCE	1. Financial reports to conference are prepared in the format required by the conference against the approved budgets and drawn from the relevant information from the accounting records. 2. The analysis of funds, analyzing actual income and expenditure by funder/source of income and the ledgers of the federation provides the basis from which financial reports are prepared.	
ANNUAL FINANCIAL STATEMENTS	It is the responsibility of the finance committee/ bookkeeper to prepare the accounting records and draft annual financial statements for audit. See Section 8 Accounting Routines – year-end audit procedures.	The accounting records will be ready for audit within two (2) months of the year.

SECTION 10 – ASSET MANAGEMENT AND CONTROL

	POLICY	RESPONSIBILITY	PROCEDURES
FIXED ASSET MANAGEMENT AND CONTROL	All assets (including fixed and moveable assets) should be protected, well maintained and used effectively by the federation.	It is the responsibility of the finance committee to ensure policies and procedures relating to fixed assets are followed.	**FIXED ASSET REGISTER** 1. All fixed assets belonging to the federation must be identified, labelled and listed. 2. Each item must be **labelled** with a sticker with a unique identifying number. 3. A **fixed asset register** should be maintained listing the following details: 3.1 the allocated label number 3.2 description of the item, 3.3 identifying marks, i.e. registration number, make or brand, etc, 3.4 date of purchase 3.5 cheque/payment requisition number 3.6 cost of item, 3.7 the location (where the asset is located), and 3.8 date and proceeds (if any) of disposal 4. The fixed assets must be **physically checked** against the register at least once per year, to ensure the register is up to date and that all assets are still operating effectively. 5. All **new items** received during the year must be added to the register. The purchasing Procedures must be followed for the purchase of new items. (See Section 6- Expenditure and the **Authorization Tables**). 6. The Executive Committee of the federation must approve all disposals of fixed assets: 6.1 Disposals made to a member should be authorised in writing by the president and Treasurer. 6.2 All items disposed of should be noted in the fixed asset register, reflecting the proceeds received in disposal.

	POLICY	RESPONSIBILITY	PROCEDURES
FIXED ASSET MANAGEMENT AND CONTROL *(continue)*			**MAINTENANCE AND INSURANCE OF FIXED ASSETS** 1. All missing or broken items must be reported to Treasurer. 2. It is the responsibility of the President and the Deputy President to ensure that assets are maintained and repaired as necessary. The purchasing procedures must be followed for any expenditure (see section 6 – expenditure and the authorization tables). 3. All fixed assets must be adequately insured.
			THE USE AND ACCESS TO ASSETS 1. Assets should be retained on the federation's premises unless clear authority has been given to remove the asset from the premises for good reason. 2. Authority to remove assets or other resources from the premises must be given by the President. 3. Access to the federation's premises is controlled by way of keys and an alarm code. The keys and the code are supplied to members at the discretion of the Treasurer. The keys must be signed for by the member concerned when the keys are initially issued and returned either when requested to do so or on termination of membership. 4. Any misuse of assets should be reported to the Treasurer and the President of the federation.
			MOTOR VEHICLES See transport and travel under section 7 – specific operation.

	POLICY	RESPONSIBILITY	PROCEDURES
BANK ACCOUNTS	Bank accounts should be well managed and controlled.	The management of bank accounts is the responsibility of the Treasurer.	1. Bank accounts for the federation may only be opened using a **documented mandate** signed by the President of the Executive Committee and one other Executive Member. 2. Copies of the **current mandates** must be retained in the files of the federation. 3. The bank mandates for the federation must clearly state that **all payments from the bank account**, in whatever form, must be authorised by at least two of the designated officials (signatories) 4. Levels of authority for becoming bank signatories must be agreed and full lists of duly authorized officials must be made available to the administrators and finance committee. (See Authorization Table) A full list of signatories with telephone numbers and addresses must be regularly updated and made accessible to finance committee. 5. Current **books** are always retained at the office and should, under no circumstances, be removed. The cheque book should remain under the control of treasurer in the office and held in a secure place. 6. **Bank statements** to the end of the month for all bank accounts must be obtained from the bank within 5 days of the month end. 7. New stop or debit order, or any changes thereto, must also be authorised by the cheque signatories. 8. Lost cheques must be stopped immediately, by instruction of the finance committee or the President.

	POLICY	RESPONSIBILITY	PROCEDURES

PETTY CASH	Petty cash is only used to pay for incidental costs. .	The petty cash float is the responsibility of the Treasurer and finance committee, who would delegate responsibility to the petty cash holder.	1. leaders must request the amounts required together with a reason for needing the amount, before making the purchase. Under no circumstances can member purchase an item and then claim from petty cash. Claims for payment must be made using and expense claim form directly to the finance committee. (See Section 6 – Expenditure) (see **Travel/expense claim form**). 2. Wherever possible, **external** supporting vouchers should be attached to the internal petty cash voucher, such as till slips, invoices, receipts, etc. 3. The actual expenditure from petty cash should be presented for reimbursement at least once a month. 4. Petty cash should be kept in a separate **locked cash box**. Any shortfall must be recovered. 5. Only **one person** should have control over the petty cash and the box so that one person is held fully responsible for the petty cash float. It should not be passed from one person to another but, if this cannot be avoided, the **cash must be checked by both parties** and signed for to ensure responsibility is passed officially. 6. The finance committee must carry out regular “spot checks” to ensure that the full amount of the petty cash float can be accounted for.
CASH FLOW	Cash flow is managed to ensure that current bank accounts do not go into overdraft, and that interest earned on available funds is maximized.	It is responsibility of the Finance committee to comply with this policy.	1. Using electronic banking facilities the Finance committee can access bank statements, checking the balance available against expected expenditure. 2. The Finance committee and President is authorised to transfer funds between bank accounts of the federation, electronically or in writing. 3. The Finance committee should anticipate expenditure, and transfer sufficient funds into the current account to cover expenditure. 4. The President must be informed of anticipated cash flow difficulties.

	POLICY	RESPONSIBILITY	PROCEDURES

COMPUTER PROCEDURES	It is essential to take all possible precautions against the corruption or loss of data.	The Operational Support Manager has responsibility for ensuring that computer systems are properly protected and backed up and that all software is properly licensed.	Computer records are vital for the financial reporting for the federation, for audit purposes and for the retention of accounting records. The types of problem that can cause corruption or loss of data and the best ways of taking precautions are set out below: *Financial committee is responsible for the back-up of financial systems.* *Virus transfer: Do not load software of data from any other source without putting it through anti-virus software.* *Power surges or loss of power: Installation of UPS device (uninterrupted power supply) and regular backing up.* *Hardware failure: A support contract with the supplier, regular back-ups and availability of alternative machine running the same software.* *Software failure: A support contract with the software supplier plus regular back-ups and access to alternative PC's running the same software.* *Closing the system/software without following the necessary steps: Familiarity with the software; ensuring that the PC cannot be inadvertently switched off.* *Fire, flood or theft on the premises: Regular back-ups that are held off-site.*

BACK-UPS (GS, President)

All data held on computer, whether as a spreadsheet, as word processed document or as part of a software package must be regularly backed-up.

Every person responsible for producing information from a computer must take responsibility also for ensuring that the information can be recovered and a weekly back-up routine is essential. In addition, the finance committee must ensure that the server is backed up on a daily basis.

A computer user should implement the following precautions:

1. Activate any "auto save" function available on the software running on a PC. This should be set to intervals of 15 minutes.
2. Regardless of the auto save function, save every document you are creating/revising at 15 minute intervals. It should be saved with a clearly identifiable document name in a suitable directory and the document name and file reference should be included on the document for ease of reference.
3. Both of the above actions save the document onto the drive that the document is being worked on in but it is also necessary at the end of each day, to save documents that will have a longer life onto the server and/or disk in case of problems with the relevant drive. A copy of back-up disks should be held off site.
4. For package software, a back-up should be taken on every day that new information is input. This should be done by using a "zip back-up" and ensuring that the back-up has been successful. It would be best to use a secure (off-site) location to store the back-up.

ANTI-VIRUS SOFTWARE

The federation should have reputable anti-virus software for installation on all PC's used for recording accounting and all other information.
This must be routinely updated on a regular basis.
Even when such software is used and regularly updated, it is not foolproof and all PC users will be held responsible for ensuring their drives and data are clean. Users should not, therefore:

1. Download software from the Internet; nor
2. Open “zip” or “exe” files that have been E-mailed to the federation without getting independent authorisation for their opening; nor
3. Accept and run disks from an unknown source. Any such disks should be sent first to a particular PC which should be used to check for viruses.

While users will want to ensure that excessive expenditure on diskettes is avoided, it is a false economy to re-use diskettes from unknown sources as infection with a virus could cause damage costing many thousands of rands to hardware and software.