

CHITUKUKO FOUNDATION



Finance & Administration Policies and Procedures Manual

Volume 2023/1

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Ken Matekenya
Executive Director

1. INTRODUCTION

1.1. About Citukuko Foundation

CHITUKUKO FOUNDATION is a local non-governmental organization established in 2013. The organization was registered under the trustee incorporation act and the registration number is: TR/INC 5065. CHITUKUKO FOUNDATION is also registered with the NGO Regulatory Authority (NGORA) under the Registration Number: NGO/L/23/024, and registered with the Council for Non-Governmental Organisations in Malawi (CONGOMA) under Registration Number: C1715/2023. The organization believes that education is a catalyst for all development activities and that education enhances human development in all areas of people's social, economic, political and cultural rights. Our organization apart from focusing of education as the main thematic area, these subsectors of climate change resilience, (disaster risk management, food and livelihoods security, natural resources management), HIV and AIDS, youth empowerment, governance, gender and women rights, water and sanitation, Sexual Reproductive Health Rights, are the areas that reinforce our programming. Gender is mainstreamed in all our programs.

Vision:

A community without poverty and in which every individual attain the highest level of education that will enable them exercise their right to a life of dignity by realising their social, cultural, political and economic rights that transforms the mind-set.

Mission:

CHITUKUKO FOUNDATION exists to contribute towards the progressive realization of right to attainment of the highest possible education and the people's ability to apply knowledge and skills gained in education in their development and daily life. This is achieved through working with volunteers and in partnership with likeminded civil society organizations, donors and other partners working for the same cause at all levels.

Chitukuko Foundation Objectives:

- To promote provision of quality education (primary and secondary) early childhood development for children, informal education and skills development in line with Malawi 2063 Enabler 5, and the Sustainable Development Goal 4 (SDG4).
- To conduct advocacy and community awareness raising on education policies, legislation and practices that promote or hinder community participation in education.
- To support implementation of education enhancing interventions such as climate change resilience, (disaster risk management, food and livelihoods security, natural resources management), HIV and AIDS, youth empowerment, governance, gender and women rights,

water and sanitation, Sexual Reproductive Health Rights, to ensure that barriers to access to education for children are minimized.

Identity:

Our vision, mission and the objectives enhance our aspiration to be recognised as: -

- A leading local development organization in the country championing collective action against illiteracy and oppression of marginalized people.
- A grassroots and policy-oriented local organization focusing on addressing inequalities and injustices in the country through our engagement with the rights holders.
- In the long term, we want to affiliate ourselves to national and international outlook in our profile and in our actions.

Values:

Respect for Human Rights: Increasing understanding and appropriate exercise of human rights and God-given freedoms especially among women, girls as well as the most vulnerable and marginalized groups of the community, believe and act with the understanding that people are of equal value irrespective of their individual circumstances, backgrounds or characteristics.

Mutual Respect: Fully value and affirm the dignity of each person in the community we serve. This respect is also the foundation of our relationships with those involved with our work including donors and other stakeholders and believing that the rights holders have the potential to overcome their vulnerabilities at all cost while on the other hand, respecting the laws, social, cultural and traditional values of our country and place of work.

Stewardship: Proper and prudent utilization of resources entrusted to the organization for the ultimate benefit of the community at large and promoting that culture that ensures that we remain accountable for our actions, open in our communications and relations, and credible in the decisions that we take.

Solidarity: Cultivating genuine relationships with all community members based on love and trust in order to strengthen ties that bind the right holders end their vulnerabilities and injustices being faced in non-discriminatory manner.

Empowerment: Equipping the community to confidently exercise initiatives and engage in decisions with a sense of informed choice on community matters and maintaining attitudes and behaviours that encourage true and genuine partnerships and alliances with others fighting for the common good.

Independence: Remaining independent in the decisions we take based on our mission, values and convictions, non-partisan in party-politics and religious affiliation and not being influenced by powerful forces based on their social, economic and political status and affiliation.

Courage of conviction: Believing that we must be bold and resolute in our beliefs, not fearing to take risks, acting without fear of failure, and embracing error as part of learning, gaining and applying knowledge.

1.2. The Objective of the Policies and Procedures

The objective of this Finance and Administration Policies and Procedures Manual is to provide guidelines on the standards for the financial Management to ensure sound performance, financial integrity of CHITUKUKO FOUNDATION and that the resources of the organisation continues to make positive changes in the lives of poor women, men, boys and girls.

The financial policies and procedures articulate the aspirations of CHITUKUKO FOUNDATION in terms of values, principles and practices that put the communities as major actors in the fight against the inequity and injustice. The finance policies seek to ensure consistency in our accountabilities and transparency to all our stakeholders.

1.3. Finance and Administration Policies and Procedures development process

These finance policies culminate from a consultation process. CHITUKUKO FOUNDATION staff and Board of Trustees have commented and debated on the document. The Executive Director for CHITUKUKO FOUNDATION has made significant contribution on the contents of the finance policies.

1.4. Compliance and Enforcement

This document will regulate the conduct of staff at all levels in CHITUKUKO FOUNDATION on finance and administration matters. Therefore, all staff must familiarize themselves with the content of this document because ignorance will not be a defence for non-compliance with finance and administration policies. All performance measures such as staff appraisal, project reviews, audit and supervisory visits will gauge our compliance to finance policies. Non-compliance with policies will attract penalties and sanctions as stipulated in the HR/OD policies and condition of services.

2 GENERAL POLICIES AND PROCEDURES

2.1 Overview

- 2.1.1 CHITUKUKO FOUNDATION's accounting period begins on 1st January and ends on 31st December each year. The accounting system is based on double entry bookkeeping system.
- 2.1.2 CHITUKUKO FOUNDATION maintains bank accounts, which are operated on a double signatory basis.
- 2.1.3 All transactions effected by Finance unit shall be properly approved and supported by proper documentation in the form of invoices, receipts, copies of Local Purchase Orders (LPO), Goods Received Notes (GRN), Internal Requisition (IR), Material Issue Note (MIN), and Purchase Requisition (PR) where appropriate. Where a purchase was made and the price was less than K50,000 at least one quotation should be attached or be easily accessed for future reference. But for purchases in excess of MK50,000, at least three quotations must be attached.
- 2.1.4 Transactions shall be approved /authorised by the Executive Director. The Board Chairperson will approve ED Expenses.
- 2.1.5 The Finance Function will be responsible for data capture into the SAGE Account or the Finance Input System (FIS). The finance office should make arrangement that the data is

captured into SAGE Account or FIS on daily basis.

- 2.1.6 All bank accounts, cash imprest and other cash accounts should be recorded and reconciled on monthly basis without fail.
- 2.1.7 Items that are frequently used, a storeroom should be established and maintained at Head Office. The Finance and Administration Officer will ensure periodical and annual verification of the existence of the stores items and report variances to the Executive Director.
- 2.1.8 The Finance and Administration Officer will be responsible for maintaining the Fixed Asset Register to ensure proper care and accountability of CHITUKUKO FOUNDATION assets. Insurance coverage should be obtained for all approved categories of Fixed Assets.

2.2. CHITUKUKO FOUNDATION Accounting System and Payroll

- 2.2.1 The accounting system and payroll will be computerized using SAGE Account and Tuto Payroll and Personnel Management system. The Fixed Asset Register, Petty cash book, Cashbook and Cash Imprest Book, will all be on spreadsheets with a hard copy reviewed, signed and filed.
- 2.2.2 Password: Access into the ledger is restricted by passwords that become sterile and renewable within 90 days to increase security of the accounting system.
- 2.2.3 Document coding: The initiators of a transaction such expenditure memos, Purchase Requisition and other instructions to remit funds must specify the location, Unit name (such as Programme, Finance, Fundraising), Objective/activity (such as Girl Child Education) and the account code as will be specified from time to time for different projects. No staff is allowed to create, amend and delete the codes as specified in the SAGE Ledger without the approval of Finance and Administration Officer.

3 FINANCIAL REPORTING

- 3.1.0 CHITUKUKO FOUNDATION will maintain the financial data using an accounting package, SAGE Account that will facilitate the production of the financial reports timely and accurately.
- 3.1.1 CHITUKUKO FOUNDATION will build and maintain good profile and cordial relationship with donors by meeting the requirements such as reporting dates, separate bank accounts and logical framework. Any agreed non-compliance with the donor requirement will be in writing in advance of implementation by the Executive Director or Finance and Administration Officer.
- 3.1.2 Donor agreements and implementation timetable will be kept at the offices of the Fundraising Officer with a copy to the Executive Director and Finance and Administration Officer.
- 3.1.3 All donor financial reports will be prepared by the Finance and Administration Officer. The Executive Director will approve such a report before sending to the donors.

3.1.4 Wherever an operating unit has received donor funds, such objective/activity must be reported separately on the management accounts in order to check progress on donor funded projects to ensure the project is completed within the agreed time.

3.1.5 The Finance and Administration Officer will ensure that management accounts are prepared and distributed to budget holders and Officers of the operating unit. And must meet and adhere to the following time-table:

Input data available at the SAGE Ledger/FIS	daily
Production and distribution of monthly Management accounts to Programme Officers	5 th
POs Variance report Consolidated by FAO	10 th

The Unit Officer should ensure that the management accounts are reviewed on monthly basis by the respective team and the summary of the action points sent to Finance and Administration Officer by the 15th of the following month

3.1.6 Monthly financial reports and accounts are an integral part of CHITUKUKO FOUNDATION reporting system and should be submitted to the ED on a monthly basis.

3.1.7 Preparation of accounts in FIS is the responsibility of the Finance and Administration Officer.

3.1.9 The Finance and Administration Officer will be required to prepare an annual financial report per guidelines and monthly management accounts are mandatory.

3.1.10 At the end of each quarter the Finance and Administration Officer will meet with each head of each head of Unit/theme/project to review accounts and seek explanations for material variances and other financial issues such as progress on implementation and audit recommendations.

3.11.1 The Finance and Administration Officer will prepare the organization - wide monthly management accounts, reviewed by the Executive Director and get distributed to all members of the Senior Management Committee (SMT). The Finance and Administration Officer will then present the accounts at the next sitting of the Senior Management Committee where the review of the Management accounts will be a regular agenda item. **The accounts must be distributed by 15th of the next month.**

4 PLANNING AND BUDGETING

4.1.0 Participation by the Community and partners through Participatory Vulnerability Analysis (PVA) or Reflection-Action should be a big component in the planning process. In order to ensure maximum community participation in the implementation process they should be part of the planning process. During this process the communities and partners should come up with their priorities that should be the basis of the plans.

4.1.2 The operating unit, is required to develop a plan for a period of one or more years for purposes of assessing the adequacy of funds and set the general direction of the unit and measure the financial performance.

- 4.1.3 The Executive Director and the Finance and Administration Officer will issue guidelines to all operating units at the beginning of each planning and budgeting process.
- 4.1.4 The Head of a unit will be responsible for the budget of that unit and will review the plans and the budgets to ensure conformity to guidelines given and the analysis as stipulated in Appendix CFFPP.....
- 4.1.5 The Finance and Administration Officer will consolidate the budgets into organization-wide budget. The Finance and Administration Officer will review the budget and the Executive Director will approve the annual budgets within the framework of the approved funded projects plans and budgets.
- 4.1.4 The Finance and Administration Officer will be responsible that the budget data has been loaded on accounting systems by first month of the accounting year and that the data agrees with the approved budget.
- 4.1.5 Once the budget is approved the re allocation of costs from one budget line to another within the same location is subject to the following limits and approval of Executive Director.
- | | | |
|------|------------------------------------|-------------------------------|
| i. | <i>Within Overheads-----</i> | <i>greater than MK200,000</i> |
| ii. | <i>Within Programme costs-----</i> | <i>greater than MK800,000</i> |
| iii. | <i>Programme to Overheads ----</i> | <i>not Permissible</i> |
| iv. | <i>Programme to Emergency----</i> | <i>greater than MK500,000</i> |
| v. | <i>Overheads to Programme-----</i> | <i>greater than MK500,000</i> |
- 4.1.6 No Expenditure is allowed on income not confirmed. And Finance and Administration Officer will confirm in writing all income to budget holders.
- 4.1.7 Block budgeting is allowed on programme up to 20% in order to cater to community requests not yet received or other outcomes of a major event. No block budgeting is permissible on overheads. Where the block budget has been used, the budget holder need to itemize the activities once the Unit is clear on what activities to spend the funds. The unblocked budget will require the approval of the Executive Director before expenditure is made.

5 CASH MANAGEMENT

5.1 Cash Imprest

- 5.1.1 Cash is the most liquid of all assets and must be safeguarded by all CHITUKUKO FOUNDATION staff. CHITUKUKO FOUNDATION will maintain a Cash Imprest at the Head Office.
- 5.1.2 The payment voucher will be approved by Finance and Administration Officer, and the Executive Director (refer to section7.2.1).
- 5.1.3 Cash Imprest will be made available for payment of the following:-
- | | |
|-----|---|
| i. | <i>Per diems for local staff.</i> |
| ii. | <i>Cash floats for programme expenditure.</i> |

- iii. *Contingencies for those traveling.*
- iv. *Other payments to suppliers or outsiders which is less than Mk50,000.00*

- 5.1.4 The Finance and Administration Officer will approve the cash float for each unit. The amounts will be reviewed as necessary from time to time. Floats for new project offices will be decided at the time of starting operations.
- 5.1.6 The cash will be held in a safe by the cashier who will carry out all disbursements.
- 5.1.7 Pre-numbered Cash Imprest Vouchers will be used to draw funds from the imprest and approved according to section 7.2.1 under the approval levels.
- 5.1.8 The authorized signatories will not be allowed to approve their own expenses and will be referred to their line Officers.
- 5.1.9 All cash imprest vouchers will have full supporting documents just like those attached to payment vouchers i.e. invoices, receipts and other documents duly certified and passed for payment by section heads.
- 5.1.10 Invoices or receipts with altered and deleted figures and writing will not be accepted and will be investigated.
- 5.1.11 A proforma invoice will only be used as long as a valid receipt is issued once the payee receives the monies.
- 5.1.12 The Finance and Administration Officer will be responsible for carrying out surprise checks on the imprest balances and payments not already reimbursed.
- 5.1.13 When there is need for replenishment the cashier will submit a written request detailing the expenses incurred (may attach vouchers) and the balance on hand to the Finance and Administration Officer for approval of the reimbursement.
- 5.1.14 The Cashier will be expected to hold at any particular time at least ten percent (10%) of the imprest and hence the need to claim reimbursement in good time.
- 5.1.15 The Imprest holder will make request for reimbursement to the Finance and Administration Officer, with the following forms completed by the cashier:
 - i. *Cash Count Form /certificate*
 - ii. *Imprest Recoupment Request Form*
 - iii. *Summary of expenditure / photocopy of Imprest Book/Imprest Book itself (in all cases the Finance and Administration Officer should find time to inspect and sign the cash imprest book.*
- 5.1.16 Reimbursement cheques will be made payable in the name of the cashier drawing the funds.
- 5.1.17 NO amount of imprest can be paid in excess of the imprest level unless approved by the Finance and Administration Officer.
- 5.1.18 Recording of petty cash: All payments and reimbursement should be recorded and posted on a regular/daily basis.

6 BANK ACCOUNTS MANAGEMENT.

6.1 Operation of Bank Accounts

- 6.1.1 CHITUKUKO FOUNDATION will maintain a Central Account initially in Salima District. The account will be maintained with the National Bank. Other foreign currency donations will be deposited directly in this account.
- 6.1.5 The Executive Director will approve the opening of new bank accounts with the recommendation from the Finance and Administration Officer.
- 6.1.6 The performance of the bank will be reviewed on quarterly basis or if circumstances requires such review. Executive Director will approve the opening of a new account with a new bank after seeking and securing such mandate from Board of Trustees.

6.2 Cash book Maintenance

- 6.2.1 A cash book or SAGE ledger account will be maintained for the bank account.
- 6.2.2 The ledger account will be written on daily basis..
- 6.2.3 Under no circumstances will **the bank account be overdrawn.**
- 6.2.4 All cheque payments will be made through bank payment vouchers. The bank payment voucher requires information about where the payment to be made will be accounted for in the ledger and specifies the cheque number used to make the payment for reference purposes. The bank payment voucher is prepared and checked by Finance Unit personnel. The ledger account should be updated from these source documents and not from bank statements.
- 6.2.4 Banking of cash receipts should be carried out at least within five working days but preferably on daily basis. All cash receipts must be banked intact.
- 6.2.5 At the end of each month bank reconciliations should be prepared by the Finance and Administration Officer and approved by the Executive Director. The reconciliation should be prepared by 15th of the next month without fail.
- 6.2.5 The cash book or SAGE Account printout should be reviewed at least once a month by the Executive Director.
- 6.2.6 Payment vouchers will be filed on daily basis in cheque number sequence

6.3 Cash Movement between Bank and Office

- 6.4.1 The amount drawn as cash will only be collected from the bank by the Finance and Administration Officer.
- 6.4.2 The vehicle will not be used for any other errands as soon as cash has been collected from the bank. From the bank the vehicle will head back to office without stopping anywhere else.

6.4.3 The cash so collected will not be delivered to any person's house but the office where a safe is maintained.

6.4 Cheque Payments

6.4.1 All cheques shall be signed according to the following arrangement:

- i. The Executive Director who shall be the first signatory; and
- ii. Two other Board Members one of whom shall countersign the withdrawal instructions.

6.4.2 All cheques should be stamped by the stamp that should always be kept under lock and key by the assigned officer.

6.4.3 Payments out of these bank accounts will be through bank payment vouchers, raised and entered into cashbook in cheque number sequence by the Finance and Administration Officer.

6.4.4 To make payment the Accountants Assistant will fill in a bank payment voucher with all particulars and details including summaries of cost centres and account codes (from supporting documents) to which the payment is charged.

6.4.5 The voucher together with supporting documents will be reviewed by Finance and Administration Officer and then submitted to the Cheque Signatories for approval and signing the cheque.

6.4.6 Approving officers should only do so upon satisfaction that:

- i. *Goods have been received or services has been rendered.*
- ii. *Items have been purchased and received into stores.*
- iii. *Arithmetical calculations are correct.*
- iv. *Cost centers and account codes have been properly filled.*
- v. *All necessary supporting documents and approvals have been attached.*
- vi. *All organizational policies have been complied with.*

6.4.7 The officer originating the transaction cannot be the one to check and/or approve the payment voucher.

6.4.8 The transaction coding (Location, Units, Activity and Account) will be the responsibility of the originating officer who should fill in such details on the invoice and/or receipt. Finance Dept will cross check for accuracy.

6.4.9 Any ensuing cheque and the supporting payment voucher issued will be signed by at least two signatories as stated earlier and prescribed above..

6.4.10 Where possible the payee should sign for receipt of the cheque on the payment voucher. The payee may issue a receipt instead.

- 6.4.11 Where a cheque is to be sent by post such mail will be by registered mail and should be recorded in a register. Hand delivered cheques will be signed for on receipt through the delivery note book.
- 6.4.12 All paid invoices should be stamped "Paid" with a date stamp and cheque number entered.
- 6.4.13 All paid vouchers will be filed on daily basis in cheque number sequence.
- 6.4.14 Under no circumstances should a blank cheque be issued and/or signed.
- 6.4.15 The cash book balance should always agree with that on the computer records. If not then a full reconciliation should be undertaken and correction journals passed.
- 6.4.16 Bank statements should be obtained on monthly basis and a full bank reconciliation done and recorded in the cashbook. All bank reconciliation need to be reviewed and signed off by the Executive Director.
- 6.4.17 Cheque books should be in the custody of the Finance and Administration Officer. He/she should be responsible for keeping the cheque safe while they are being signed. This responsibility should never be delegated in normal circumstances.
- 6.4.18 Signed cheques should be kept under lock and key by the Finance and Administration Officer and should be recorded in a register that will have a column for payees to sign.
- 6.4.18 The cheque counterfoil (stub) **must** always be completed by detailing the Date, Payee, Brief details of reason for the cheque and the value.

6.5 Cancelled Cheques

- 6.5.1 In the event that a cheque is to be cancelled the word "cancelled" should be written across the cheque and the stub in ink. The payment voucher should be marked and a note made in the cashbook or SAGE- cash ledger.
- 6.5.2 The cancelled cheque should be stapled back into the cheque book on the corresponding cheque stub.
- 6.5.3 The original payment request and other papers may now serve as the backing documents in the preparation of a replacement voucher and cheque.
- 6.5.4 Details of the replacement cheque should be cross- referenced to the previously cancelled cheque

6.6 Stale or Lost Cheques

- 6.6.1 If it becomes apparent that a cheque has been issued but remain uncleared by the bank for a period of six months, it is to be regarded as stale. The stale cheque is cancelled by writing to the bank asking them to stop payment of the cheque should it be presented.
- 6.6.2 The stopping of the cheque should be noted into the cash book and on the payment voucher and re-instated into the cash book by the Finance and Administration Officer..
- 6.6.3 A journal should be prepared to debit the bank and credit the liabilities account.

6.6.4 Effort should be made to contact the recipient of a cheque to discover why it remained uncleared or unrepresented

6.6.5 A new payment voucher should be completed if it is appropriate to replace the cheque (Note that this expenditure should be debited to the liabilities account).

6.7 Bank Charges and Interest

6.7.1 The Finance and Administration Officer is responsible to ensure that the bank supplies adequate documentation to support any charges levied. The Finance and Administration Officer has to verify calculations of bank charges and interest levied and interest received against agreed rates from the bank.

6.8 Moneys Received (Cash or Cheques)

6.8.1 For security reasons, the organisation will print all Official receipt books, and the Finance and Administration Officer will keep unused official receipt books, under lock and key.

6.8.2 An Official Receipt book register should be kept to record movements in stock by the Finance and Administration Officer. All newly printed receipt books should be entered in the Register with the serial numbers. Issues of official receipt books must be entered in the register showing the officer receiving the books, the serial number issued and the date issued. The Officer must sign for the item. As much as possible only one receipt book should be issued at a time.

6.8.3 Cash/cheques will come from sources including Donors, Third parties for services rendered, Disposal proceeds, Third parties as contribution/gift to a programme activity/sector, Staff for float refunds

6.8.4 All such moneys will be received by the Finance and Administration Officer. An Official receipt should be issued to evidence such receipts.

6.8.5 As much as possible, all cash receipts should be banked intact latest by close of day the next banking day. Materiality of the amount involved should be taken into account in determining the frequency with which banking is done. In all circumstances, this should not exceed one week.

6.8.6 All the deposits must indicate the receipt number for ease of follow up. On banking the Cash Receipt and the pay in slip should be batched and journalized.

6.8.7 The original copy of the receipt should be given to the payer, duplicate copy to be attached to supporting documents and triplicate copy should remain in the book.

6.8.8 The Finance and Administration Officer should sign the receipt before it is issued to the payer.

6.8.9 A receipt book should also be maintained for cheques received and a receipt clearly indicating the cheque number and bank issued to the payer.

6.9 Receipt Book

- 6.9.1 A receipt book should be maintained to record all money received both in cash and by cheque.
- 6.9.2 The receipt book should be maintained in triplicate. The original copy should be given to the payer, duplicate copy to be attached on supporting documentation and triplicate copy to be retained in the receipt book.
- 6.9.3 The receipt book will be sequentially pre numbered.
- 6.9.4 Each receipt should give details of Date payment received; Name of payer; Reason for receipt; Amount received both in words and in figures; Details of cheque received (if appropriate) and Signature of cashier.

6.10 Payment Voucher

- 6.10.1 All payments will be made on a fully authorized payment voucher
- 6.10.2 The payment voucher will be initiated by finance staff and will be based on a payment request that will be initiated by the staff to be paid or the department responsible for the transaction.
- 6.10.3 When completed the voucher will be attached to supporting documentation
- 6.10.4 Details to be included on the payment voucher are Date; Name of Payee; Cheque Number ; ;Amount to be paid; Cost Centre and Account Code details ; Date of retirement of contingency(where applicable); Description of payment/contingency ; Signature of who prepared voucher; Authorizing signature ; Signature of Payee and Accounts verification

7. AUTHORIZATION POLICIES AND PROCEDURES

7.1 Authorization

- 7.1.1 For purposes of accounting control, authorization in this context refers to the signing of a document to verify approval. This signature verifies that the signatory has read and reviewed the documents and agreed to their contents. Verbal approval is not sufficient for authorization, it should be ratified in writing.
- 7.1.2 It is important that segregation of duties is maintained in the authorization procedures. No employee should authorize his/her own claims.
- 7.1.3 All expense claims must be authorized or recommended by the department head or immediate supervisor to the individual concerned.
- 7.1.4 The level of authorization will depend on the nature of the transaction and its monetary value as stipulated in the limits below.
- 7.1.5 The authorization procedures should be tied into the budget holder approval process, such that individuals only approve expenditure against budgets for which they have authority.

- 7.1.6 No expenditure should be incurred unless it is within the approved budget.
- 7.1.7 It is a breach of organizational policies to commit the organization beyond a signatory's mandate/limit and may result in disciplinary action as per the Human resource policy.

7.2 Authorization Levels

- 7.2.1 The current authorization levels for expenditure within approved budget and plans are as follows:

Executive Director	As per Approved Budget
Finance and Administration Officer	0 to K200,000
Project Officers	0 to K200,000

Notes.

- (i) *In the interest of segregation of duties, no staff should authorize expenditure on a transaction relating to him or her. The expenditure by Executive Director should be authorized the Board Chairperson (quarterly).*
- (ii) *These authority levels will be reviewed regularly as the organization grows to reflect the levels defined in the revised organogram.*

7.3 Authorization Structure

The current authorization structure is as follows:

TRANSACTION	AUTHORIZED BY
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7.3.1. Purchase Requisition

Request for goods, services or activity Per approval levels 7.2.1 (Refer upwards according to line management)

7.3.2 Expense claims

Executive Director	Board Chairperson
All Staff	Executive Director

7.3.3 Bank and cash

Bank vouchers	Finance and Administration Officer
Cheques	2 authorized signatories up to authority limit above
Bank Reconciliations	Executive Director
Imprest Vouchers	Finance and Administration Officer

7.3.4 Purchasing

Local purchase orders	Executive Director, Finance and Administration Officer <i>As per authority levels in section 7.2.1.</i>
7.3.5 Stock	
Stock Issue Officer	Executive Director, Finance and Administration
Stock Write off	Finance and Administration Officer
Scrap sale	Executive Director or Finance and Administration Officer
7.3.6 Fixed Assets	
Acquisitions	Executive Director
Disposals/ write off	Executive Director /Finance and Administration Officer
7.3.7 Floats	
Permanent/Temporary	Executive Director/Finance and Administration Officer
7.3.8 Salary advances	
Executive Director	Board Chairperson
All Staff	Executive Director (<i>Finance and Administration Officer to make regular reviews</i>)
7.3.9 Transport	
Vehicles (approval to use)	Finance and Administration Officer
7.3.10 Agreements /Contracts and Memorandum of Understanding	
	Executive Director, Finance and Administration Officer <i>As per authority levels in section 7.2.1.</i>
7.3.11 Payroll.	
Computation	Executive Director (after reviewed by Finance and Administration Officer)
7.3.12 Hire of Temporary Staff	Executive Director

8. WORKING FLOATS/ADVANCES

8.1. Temporary Float/Advance

- 8.1.1 Floats shall be given to staff to perform approved and official activities (including all payments relating to community activities) for which cheque payments are not possible. Floats will only be provided after the officer requesting the funds has completed the work float form and has it properly authorized (Refer to *Annex 1: Sample Work Float Request Form*) . Unaccounted float will be recovered immediately from staff through the payroll.

- 8.1.2 For all payments relating to community activities, the initiator of the transaction mostly Programme Officer (field Staff) will prepare a budget for planned activities, this should be for items that cannot be paid directly to service provider, for all practical purposes all payments to third parties should be by cheque.
- 8.1.3 The planned activities and corresponding budget shall be reviewed and approved by the Executive Director in line with the authority levels stipulated in section 7.2.2.0 above.
- 8.1.4 The approved float/payment request will be processed by the Finance and Administration Officer. The initiator should include a list of beneficiaries/payees by name before the payment is authorised or in its absence the number of expected participants/beneficiaries/payees.
- 8.1.5 All payments to community participants shall then be made directly by the Programme Officer during the course of the training or activity being implemented.
- 8.1.6 All payments to the community must be acknowledged and duly signed for by the recipient, the supporting documentation should include participants list. The list should include, name, signature, village or partner they represent, amount received
- 8.1.7 The Programme Officer should account for amounts paid to participant immediately and the accountability /retirement form should be approved by the Finance and Administration Officer.
- 8.1.8 No general provision sums of money will be given to members of staff on top of budgeted/ascertainable expenditure as contingency.
- 8.1.9 Cash advanced for one particular purpose should not be used for another.
- 8.1.10 Expenditure on the approved activity must never exceed the authorized budget unless prior written authorization is obtained from the officer who approved the expenditure
- 8.1.11 Floats must be retired within seven days after the end of the activity (date to be agreed when taking the float). Floats will only be regarded as cleared after the responsible officer has completed the float clearance form and has it properly authorized.
- 8.1.12 Retirement of cash advance cannot be done partially and at different times. If the purpose or the work for which the advance was given is delayed/cancelled fully or partially, the amount advanced should be returned immediately.
- 8.1.13 If the responsible officer does not return the floats within the stipulated period, the same or balance should be deducted fully from his salary. Any balances remaining should be deducted from the next payroll to the maximum of his/her net pay until the amount is fully recovered. Any repeated occurrence of non-return of floats will result in disciplinary action.
- 8.1.14 No new working advances/ float should be issued when there is still one outstanding unless there is a justified reason. The reason must be documented and approved by the line Officer

- 8.1.15 On no account should CHITUKUKO FOUNDATION money be used for unofficial purposes. If this is done then disciplinary action shall be taken as per the HR Procedures.

8.2 Permanent Float /Advance

- 8.2.1 Permanent float will be given to staff who regularly meet expenses on behalf of CHITUKUKO FOUNDATION and the line Officers are not always available for prior approval.
- 8.2.2 The Executive Director and the Finance and Administration Officer will regularly review the necessity for and approve the amount of float that will not exceed the staff net salary.
- 8.2.3 Once the float is spent, the expenses should be submitted and reimbursement approved by the line Officer.

8.3 Salary Advances

- 8.3.1 Line Officers may approve staff to get a salary advance that shall be recoverable in full in the next two months' payroll. This will be provided only twice in a financial year (Refer to the HROD Policies and Procedures Manual for details).
- 8.3.2 An employee proceeding on leave or vacation to a place where it will be difficult to effect payment by normal means may be advanced salary for the period of the leave granted, with immediate recovery. The maximum in this case is the net salary for the month less other recoverable amount from outstanding loans.
- 8.3.3 A separate ledger account with a reference number should be maintained for each staff debtor by means of real time memoranda accounts by the Finance and Administration Officer/Accountant. A summary should be maintained recording each ledger account by reference number and name.
- 8.3.4 The staff ledger accounts should be reconciled to the nominal ledger on a monthly basis
- 8.3.5 Staff debtors should acknowledge their debtor accounts by signing on their ledger sheets at least twice a year
- 8.3.6 If a member of staff encounters an emergency situation requiring financial assistance the Executive Director can authorize a salary advance not exceeding of one month's net salary. Repayment will be through direct salary deduction in two installments or lesser. This can only be granted if the staff member has no another emergency advance still outstanding. The access of salary advance in this circumstance is limited to two occasions in a particular financial year.
- 8.3.7 In recognition of the demand by most landlords to demand three months advance for rent in Malawi, CHITUKUKO FOUNDATION will assist staff to pay for rent by advancing to staff an amount determined by and limited to 30% three months basic salary provided the contract period is not less than three months or the staff is not on probation.
- 8.3.8 Every member of staff wanting to be assisted with Advance will do so in writing to be approved according to approval rules under section 7.2.1. In all cases, an agreement form

must be signed by the applicant and recommended by line Officer and approved Executive Director (Later on the HRO).

- 8.3.9 Every month the monthly recoverable amount will be deducted from the salary and the whole amount must be recovered in a period not more than the three months.

8.4 Prepayments

- 8.4.1 All prepayments should be supported by an agreement signed by both parties.
- 8.4.2 Prepayments should be charged to debtors accounts and only be expensed off when the benefits accrue
- 8.4.3 Prepayments should be listed individually on a separate schedule and at the end of each month movements should be shown by the Accounts Assistant and Finance and Admin officer.

9 PAYROLL ADMINISTRATION

- 9.1.0 The Payroll will be maintained using the Tuto Payroll and Personnel Management Systems.
- 9.1.1 The Human Resource Officer (Initially the ED) will approve the maintenance of the standing information such as the salary scale, creation of new employee and grade assigned to staff. The Finance and Administration unit will perform the monthly processing procures.
- 9.1.2 The Payroll will be reviewed by Finance and Administration Officer and approved by the Executive Director
- 9.1.3 Salaries and wages will be paid by the 25th day of each month. To ensure that payment is done on this day the bankers require at least five working days for crediting the respective accounts.
- 9.1.3 The salaries will be paid in Malawi Kwacha
- 9.1.5 Mode of Payment:
- i. *Members of staff will open up bank accounts through which salary payments will be effected. Should a project office be established where banking facilities are not available, a small fraction of one's salary may be drawn in the form of cash if the employee so wishes.*
 - ii. *All salaries will be banked in good time to enable staff to make necessary arrangements to withdraw cash from their respective accounts by the time it gets to pay day.*
 - iii. *Wages will continue to be drawn in the form of cash. In this case or when part of salary is paid in cash, the accountant shall have on file signatures of the staff members against amounts paid out.*

- iv. *Where salaries or wages are paid as cash, the payee must sign for the amount or s/he must acknowledge the receipt in writing.*
- v. *Staff member will give one bank accounts to which the monthly salary will be remitted. Such instruction will be in writing.*

9.1.6 Salaries will not be paid in places other than the place of assignment unless prior approval is obtained from the Executive Director and Finance and Administration Officer.

9.1.7 For employees leaving CHITUKUKO FOUNDATION payment of salary will be after obtaining clearance from his/her supervisor that all CHITUKUKO FOUNDATION property and loans (including floats) have been returned and verified by Finance personnel.

9.1.8 Cheques for all payroll deductions e.g. PAYE, pension, medical, life insurance, Staff Saving and Loan Scheme etc. will be correctly accounted for and paid over to the appropriate authorities before the month end.

9.1.9 Pay slips should be prepared for each staff showing details of calculations to their net pay. This should be issued on payment of salaries

9.1.10 A payroll documentation file should be established in the Finance department to contain the following details.

- Non statutory déductions documentation
- Letters of appointment
- Salary increment letters
- Contract renewal letters

9.1.11 Statutory deductions should be calculated and submitted to the authorities as per statute in any case not later than the 14th of the following month.

10. CREDITORS AND OTHER LIABILITIES

10.1 The creditors register or SAGE accounts ledger will be maintained by finance and administration department

10.2 Controls should be established by the Team leaders and department heads to ensure that all liabilities are recorded and settled promptly

10.3 A register should be established to record suppliers' invoices when received.

10.4 Creditors should only be recognized where the invoice for the goods or services has been received prior to the end of the accounting period, but where payment has not been made

11 PROCUREMENT OF GOODS AND SERVICES

11.1 Procurement of Goods

- 11.1.1 The Finance and Administration Officer will each year liaise with all budget holders in their respective offices and draw from their budgets the purchasing requirements singling out what has to be purchased specifying when the items will be required.
- 11.1.2 Purchases above local approval level and all purchases involving fixed assets shall be purchased by Head Office only after the approval of the Executive Director.
- 11.1.3 All purchases of goods and services above Mk1,000,000.00 will be approved by a Tender Committee. The Executive Director will commission and approve the composition of the committee.
- 11.1.4 The Finance and Administration Officer will draw a procurement plan from the requirements of other offices and will source quotations from both local and international markets.
- 11.1.5 The Finance and Administration Officer will maintain a list of regular suppliers to be reviewed and approved by the Tender Committee and such list will be reviewed at least once every year.

Local Procurements

- 11.1.6 For all local purchases a Purchase Requisition (PR) should be raised in duplicate by Heads of Department/Section according to their requirements. It must be endorsed by stores to ensure that there are no enough units of the item in stock. One copy will be sent to Administration for procurement while the other is sent to finance for matching with invoice and Goods Received Note. PRs should be issued for all purchases regardless of the amount. If for any other reason a PR cannot be used then a memo should be on record.
- 11.1.7 Heads of Department/Section should fill in and sign for the following information on all Purchase Requisitions:
 - 1. *Full specifications and quantities.*
 - 2. *Location, Function and objective code.*
 - 3. *Account code to which the charge should be allocated.*
 - 4. *Budgeted price-the total on the PR will determine at what level of organisation hierarchy the LPO is authorised.*
 - 5. *Required delivery date.*
- 11.1.8 Purchases will be divided in the following categories:
 - 1. *Category A: Above K1,000,000- to be referred to the Tender Committee*
 - 2. *Category B: Between K50,000 and K1,000,000- three quotes obtained from reputable suppliers with good quality goods or services being sought. The supplier with the lowest quote will be selected. All quotes must originated from approved list of suppliers.*
 - 3. *Category C: Between K10,000 and K50,000- one quote from a reputable supplier with good quality goods or services being sought to be used to raise an LPO. All quotes must originated from approved suppliers.*

4. Category D: Below K10,000- an updated list of major suppliers and their prices kept and maintained on regular basis should be used to raise an LPO.

11.1.9 After the above have been complied with a Local purchase Order (LPO) will be raised in favour of the supplier with the lowest quotes. The LPO together with the above documentation will be brought to the Finance Unit for verification. Finance will look into the following before verifying:

- i. All documents outlined above have been attached and requirements complied with.*
- ii. The prices are realistic. This will be done by a random check of the market.*
- iii. And that there is no available free stock in the stores.*

11.1.10 Any finance staff who certified the LPO should normally not authorise the LPO. If there are no any other officers then the staff member should only authorise the LPO and draw the attention of other senior members of staff at the earliest opportunity.

11.1.11 The Tender Committee will be responsible for purchases above K1,000,000. It will place an advert in the Daily papers calling for the tenders from the general public. The tender will remain open for two weeks. Five days after the end of the two-week period the tenders will be opened in presence of interested parties who will book their seats and seek confirmation in advance from the Chairman.

11.1.12 For suppliers selected by the Tender Committee:

- i. A contract will be drawn by or in consultation of CHITUKUKO FOUNDATION staff assigned by the Executive Director or any senior member of staff according to approval levels outlined in section 7.*
- ii. It will stipulate key contractual obligations of both parties to the contract which if not satisfied CHITUKUKO FOUNDATION will have a contractual right not to pay, withhold payment or reject the goods or services delivered.*
- iii. And as much as possible every contract should specify a period of guarantee or observation of the performance of the goods or services under which the supplier will be bound to repair or replace defective items at no extra charge.*
- iv. General conditions of the contract must be appended to the contract.*

11.1.13 After certifying the LPO will be taken to the budget holder for authorisation subject to the limits in section 7. If the amount is beyond the authorisation limit of the budget holder concerned then the LPO should be taken to the appropriate officer.

11.1.14 Where applicable an LPO will be sent to the supplier along with a Customs Form ST14 to maximise CHITUKUKO FOUNDATION duty free status under the Laws of Malawi. In no circumstances LPOs be written after delivery of the goods has been made.

11.1.15 LPOs will be invalidated for non-delivery of items after the expiry of one month.

11.1.16 The Executive Director's approval must be sought for the purchase of any materials regardless of the amount which were not included in the approved annual budget and those purchased from abroad.

11.1.17 Those acting on a higher grade will have responsibility for the authorisation limit of that grade if the titleholder puts it in writing and the arrangement is approved by the Executive Director.

- 11.1.18 LPOs must always be issued to suppliers before service is rendered or before goods are supplied. Only one copy will be sent to the supplier and the other should be attached to the documents awaiting payment. LPO will be raised whether or not the supplier offers credit terms to CHITUKUKO FOUNDATION or not.
- 11.1.19 A copy of the LPO should be issued to stores so that it should be matched with the supplier's DN to ensure that goods that are being delivered were those that were ordered.
- 11.1.20 After the goods have been delivered, they should be verified by the user departments and taken into stores and a GRN should be raised. The GRN and the Delivery Note of the supplier should be attached to the LPO and its supporting documents waiting for the invoice. For details about GRN look under Stores.
- 11.1.21 Vested Interest of staff members in organisations supplying goods or services should be declared before the LPO is authorised. Failure to do so will attract serious disciplinary measures as stipulated in the CHITUKUKO FOUNDATION policies as amended from time to time.
- 11.1.22 Procurement should only be made from registered and established organisations for easy follow up in case of police enquiries or failure of the goods or services to live to their required standard.

11.2 Engagement and management of consultancy contracts.

- 11.2.1 Consultants are persons (individuals, partnership and companies) hired on non-employment basis to provide services for a specified period. The difference between consultant and employee is quite thin. The following is a quick test if the arrangement is that of a consultancy:
- i. *Use of equipment and premises. If the person is predominately using the organizational equipment and premises. The relationship is that of employee and employer.*
 - ii. *Duration. If the duration is longer (more than 6 months). The relationship is that of employee and employer*
 - iii. *Other assignments. If the person is only doing the assignments of the organization. Then the relationship is that of employee and employer.*
 - iv. *Condition and entitlement. If the person is entitled to employment related benefits such as medical, vehicle, insurance then the relationship is that of employee and employer.*
 - v. *Control of the proceeding. If the organization controls the proceeding employment contract will be assumed.*
- 11.2.2 After establishing that the relationship will be that of consultancy, the following procedures will be followed in the procurement of Consultancy services

A) Consultancies not more than Mk500,000

- i. *Clear request from the project must be submitted to the line Officer for approval (refer to Section 7.2.0 on approval levels).*
- ii. *Terms of reference approved by the line Officer.*
- iii. *At least one consultant must submit a quote based on the agreed TORs.*
- iv. *The quote reviewed for economical soundness.*
- v. *The consultant offered the contract and approved according to our approval levels.*

B) Consultancies Between MK500,000 – 1,000,000)

- i. *Clear request from the project must be submitted to the line Officer for approval (refer to Section 7.2.0 on approval levels)*
- ii. *Terms Of References approved by the line Officer*
- iii. *Proposals invited from at three candidates.*
- iv. *Proposals reviewed for technical soundness and candidates interviewed by Procurement committee.*
- v. *Economical option recommended.*
- vi. *The consultant offered the contract and approved according to our approval levels.*

C) Consultancies more than MK1,000,000)

- i. *Clear request from the project must be submitted to the line Officer for approval (Refer to Section 7.2.0 on approval levels).*
- ii. *Terms Of References approved by the line Officer.*
- iii. *Expression of interest must be advertised.*
- iv. *Applicants are short- listed.*
- v. *Proposals (to include CVs of candidates) invited from short listed candidates.*
- vi. *Proposals reviewed for technical soundness and candidates interviewed by Procurement committee.*
- vii. *Economical option recommended*
- viii. *The consultant offered the contract and approved according to our approval levels.*

11.2.3 In any case at least 50% should be payable after the completion of assignment and submission of deliverable plus return of CHITUKUKO FOUNDATION equipment. The person who commissioned must signed off and must be satisfied with the service. In unlikely event of non-acceptable delivery of the consultancy, the consultant must be informed in writing and engage in discuss for the re doing of the assignment or CHITUKUKO FOUNDATION to demand refund of the amount paid. All circumstances the consultancy fees are subject to government taxes as interpreted by the tax authorities.

11.3 Evaluation of Quotations/Tenders

11.3.1 All Units should ensure that there is segregation of duties between staff seeking for quotes, evaluating and approving quotes.

Quotation evaluation procedures should consider the following:

- i. *Quotes are comparable with all specifications and terms detailed.*
- ii. *Reputation of suppliers*
- iii. *Prices*
- iv. *Quality*
- v. *Cost effectiveness*

12.3.2 Prior to opening of tender bids, procedures should be established and agreed by the committee and should be strictly adhered to.

11.4 Appointment of Suppliers

12.4.1 Once every year CHITUKUKO FOUNDATION shall appoint suppliers of goods and services of a routine nature. This shall be the responsibility of the Purchasing committee.

Invitations to tender for supply of goods shall be made in the national newspapers at the beginning of the year.

11.4.1 The Administration department shall keep an updated list of accredited suppliers and this shall be reviewed half yearly by the committee.

11.4.2 The Evaluation and recommendation of quotes from accredited suppliers will be done by the Finance and Administration Officer.

11.4.3 Final approval of quotes will be by the Finance and Administration Officer within the approved authorities and limits and by the ED for orders above limits established in authority levels

11.4.4 Some of the criteria to be followed in assessing a supplier will be:

- o Quality of goods and services
- o Reliability of supply
- o Competitive pricing
- o Corporate standing and reliability

The following may also be requested to assist in the assessment:

- o Business registration certificate
- o Evidence of past transactions with reputable organizations
- o Bank reference
- o Details of corporate structure and ownership.

12.4.6 A minimum of two suppliers for each category of supply is recommended. Where practicable, it is always advantageous for suppliers to be manufacturers or direct dealers and not middlemen.

12.4.7 All supplies exceeding MK1,000,000 shall be awarded by the Tender Committee and not an individual officer or officers.

11.5 Price Monitoring

12.5.1 The Administration department will always endeavor to obtain competitive prices paid for regular purchases and also negotiate discounts on normal list prices.

11.5.1 The Administration Officer will issue a quarterly schedule of latest prices for key purchases after considering the quality of goods and services.

11.5.2 The Audit department will carry out a price comparison survey for key purchases half yearly.

11.6 Payment for Goods and Services

12.6.1 On receipt of supplier's invoice this will be checked against the purchase order or the contract provisions.

11.6.1 The invoice, purchase order, supplier's delivery note and the goods received note will be attached together on which basis a payment voucher will be prepared by accounts.

11.6.2 Payment should only be made if the invoice agrees with the actual goods received as per the GRN and any differences from the LPO or delivery note are satisfactorily explained.

11.6.3 Payments to suppliers should be strictly after delivery of goods or services. Advance payments to suppliers should only be made on the basis of written agreements and **should NOT EXCEED 50% of the contract amount**. Advances in excess of 50% of the contract amount should be approved by the Finance and Administration Officer or the Executive Director at.

11.7 International and Capital Purchases.

11.7.1 A capital item is an asset that costs above K500,000 and has a useful life of more than one year.

11.7.2 Before raising a purchase requisition for capital items, the requesting officer must ensure that whatever is to be purchased is on the budget and is approved by the Executive Director or in his delegated authority.

11.7.3 Purchase Requisitions from Project officers must always be authorised by the Line Manager.

11.7.4 The Administration department will source three quotations from local suppliers and then three others from foreign suppliers.

11.7.5 Selection of supplier will be done after considering the price, quality of product and period of delivery and back up services.

11.7.6 The Finance and Administration Officer will make a recommendation to the Executive Director on which supplier to buy from. A purchase requisition together with the quotations should be attached to the recommendation letter. Note that the quotations should be verified by Finance Unit before they are taken to the Executive Director for authorisation of the order letter.

11.7.7 After Executive Director approval, special order form authorised by the ED will be sent to the supplier.

11.7.8 Foreign suppliers sometimes require upfront payment. In such cases, the supplier should be advised to send an original proforma invoice to CHITUKUKO FOUNDATION.

11.7.9 When items are received at the Head Office, a Goods Received Note must be raised and thereafter a delivery/issue note to the Unit.

11.8 Supply of Services

11.8.1 The signing of agreements is subject to the normal authority levels.

11.8.2 In case of acquisition of services like meals, accommodation, and venue for workshops, repairs with specific garages etc. quotes should be sought and agreements be made and signed by both parties prior to the acquisition of the service.

11.9 Contracts with Third Parties

These guidelines should be followed in all cases where contracts are drawn up on behalf of CHITUKUKO FOUNDATION. The guidelines deal with principles and do not attempt to draw

up a standard contract because of the varied nature of contracts and the need for flexibility. It seeks to set up minimum standards that a contract drawn on behalf of CHITUKUKO FOUNDATION should meet.

The contracts referred to here include, but not limited to, construction works, training and workshops, supply of various goods that are not subject to purchase order procedures, research/feasibility studies, reviews and other consultancy services.

For contracts related to programme consultancies please refer to *Appendix on consultancies in Human Resource policy (to be developed soon)*.

Parties to the Contract

The names and addresses of the parties to the contract should be clearly stated.

Responsibilities:

The responsibilities set up under the contract should be specific and unambiguous. Specifications and/or drawings and costs, if any, should be attached and referred to in the main body of the contract as appropriate. A time frame for completion should be specified.

Liabilities

The contract should contain a clause to the effect that any accidents or injuries sustained by the contractor or his staff or a third party directly as a result of the contractor carrying out the contract shall be the contractor's liability. The contractor should indemnify CHITUKUKO FOUNDATION Malawi in this respect if it become necessary.

Completion

Satisfactory completion of constructional works will be determined by a consultant where one is appointed or the department head or the Administration Officer. In other instances, the budget holder will determine satisfactory work.

Terms of Payment

The terms of payment must be stated in the contracts. A clause to the effect that taxes are the responsibility of the contractor shall be incorporated. In contracts where satisfactory completion can only be judged after the passage of time, some of the contract price (retention) must be held back as a guarantee against faulty workmanship and to pay for making good any defects. This is especially important in construction/building contracts.

This retention should normally not be less than 10% of the contract sum. For construction works the retention period should not be less than six months. Other short-term contracts as for consultancy and training, retention monies may not be held and once the final report has been received and accepted by the signatory to the contract, any outstanding balance should be paid.

It is conventional to make advance payments to contractors for work to begin. This amount will be negotiated with the contractor but should not exceed 50% of the contract sum. The contract must specifically state that the final payment will only be made on successful completion of the contract.

Redress

The contract must specify the time limit for completion. For the purpose of unforeseen circumstances, allowance should be made for extension of the period.

Rights to Terminate

Notices of termination should be in writing. Termination will occur if the contractor fails to observe his responsibilities.

Approval

The contract must be signed on all the pages by an approved official representative of both parties to the contract. CHITUKUKO FOUNDATION authorities in respect of contracts are laid out in the Table of Authorities under section 6.2.2.9 In the case of a contractor CHITUKUKO FOUNDATION must be sure that the signatory is a responsible person and (in the case of companies) that he/she can legally bind the company to the contract. It is recommended that the owner or the Director sign for the contractor.

The signature of the parties should be witnessed and the witness should sign and add their full name, address and position/occupation

12 STORES MANAGEMENT

12.1 Receipt and Issue of Stocks

- 12.1.1 When goods are received, and cross-checked with the LPO that they are the goods that were ordered, Goods Received Note (GRN) will be raised in triplicate by the store keeper. One copy will be sent to Finance Unit to be attached to the ensuing invoice, supplier's delivery note, the LPO and its backing documents basing on which a payment voucher will be written.
- 12.1.2 All purchases will be entered into Stores Cardex through GRNs detailing quantity received before being issued out.
- 12.1.3 Daily transactions of goods must be recorded fully on stock cards at the end of each day so that the Stores Cardex will at all times reflect the stock balance on hand which can be cross-checked with physical balance.
- 12.1.4 Stock will be issued out through Material Issue Notes (MIN) and Delivery Note (DN) on presentation of an Internal Requisition (IR) duly authorised and signed for by the Head of Department/Section.
- 12.1.5 Officers responsible for authorising IR or MIN should only authorise the documents after values of the items have been entered into the required columns.
- 12.1.6 All issues (deliveries) from stores to project sites or from one office to another should be accompanied by a delivery note in duplicate signed by transporters or member of staff taking them and subsequently the recipients on site. One copy has to be brought back to stores for filling.
- 12.1.7 Where goods are supplied direct to project sites a reliable and fairly senior independent member of staff will be required to verify quality and quantity on site in the presence of the supplier before signing supplier's delivery note. In such a case a GRN should be raised together with an IR / DN
- 12.1.8 No goods should come into or leave the stores without proper recording and documentation.

12.2 Stores and Store Room Management

- 12.2.1 No personal effects will be kept in the stores.
- 12.2.2 The stores should be kept clean, tidy and well arranged.
- 12.2.3 The stores should be under lock and secure so that no unauthorised persons have access.
- 12.2.4 Physical stocktaking should be done every six months in the presence of the Accountant and an independent member of staff. Each of the mentioned officers will be required to endorse each stock taking sheet including cardex and sign all the stock reports.
- 12.2.5 Quarterly stock reports should be compiled by the Finance and Administration Officer together with the management accounts. The reports will include:
 - i. *an analysis of major discrepancies*
 - ii. *management decisions on each case*
 - iii. *slow moving and obsolete stock.*
- 12.2.6 Bin cards should be opened and placed at each stock point for ease of reference and control. However the stores cardex remain the basic stock record and should be maintained at all times.
- 12.2.7 The control and usage of the stores is the responsibility of the Finance and Administration Officer who is accountable for the proper and efficient usage.
- 12.2.8 When stock becomes obsolete due to changes of programme policy or for whatever reason the disposal procedures laid down will be applied. A list of obsolete and expired stock with reasons should be compiled in the report mentioned in 13.1.13

13 FIXED ASSETS

- 13.1.0 Fixed assets are all properties of permanent nature with a useful life of more than one year. CHITUKUKO FOUNDATION Financial Management Framework recommends capitalisation for items worth K500,000 or more. CHITUKUKO FOUNDATION requires that the asset be worthy K500,000 and have a useful life of more than one year. A register will be maintained at each office recording all other assets below that value for control purposes.
- 13.1.1 **Purchase of Fixed Assets (see section 12)**
- 13.1.2 Only budgeted for Fixed Assets will be purchased or constructed unless funded by specific donors.
- 13.1.3 No less than three quotations will be obtained both locally and externally for comparison of prices.
- 13.1.4 Sourcing will be through the office where all the quotes will be reviewed by the Procurement Committee

- 13.1.5 Purchase Requisitions will be channeled through the Line Officers for approval by the Executive Director.

13.2 Asset Control and Movements

- 13.2.1 All assets will be controlled by and value reconciliations done through the Finance and Administration Unit.
- 13.2.2 Any movement of assets will be monitored and authorized by the Finance and Administration Officer.
- 13.2.3 A list of the assets will be prepared indicating the staff responsible for or in use of the assets.
- 13.2.4 Each individual office within the project office will display on its notice board an inventory sheet duly signed by the responsible officer.
- 13.2.5 The Finance and Administrative officer should prepare reports on the status of assets and send them to Executive Director on half yearly basis.

13.3 Fixed Asset Register

- 13.3.1 All locations should maintain registers that record all fixed assets.

The purpose of the register is:

- To provide a means of controlling the asset including acquisition, disposal and transfer of valuable property.
- To enable accounting calculations to be performed on asset cost, depreciation and net book value
- To allow assets to be checked regularly in order to avoid misuse or misappropriation

- 13.3.2 At least once a year, each asset on register should be inspected to confirm its existence, location, usefulness and condition by the Finance and Administration Officer.
- 13.3.3 **All assets must have a unique identification reference.** For those assets that do not have a permanently marked serial number, an asset identification number should be permanently engraved or marked on the fixed asset. All assets should be permanently marked as belonging to CHITUKUKO FOUNDATION
- 13.3.4 The register will be maintained on spreadsheet showing identification number, full description, supplier, cost, date of purchase, depreciation rate, location, residual value if any, valuation index where appropriate, etc. All Fixed Assets will be recorded in a Fixed Assets Register so that detailed information may be readily available.
- 13.3.5 This register will be maintained by the Finance and Administration Officer for the insurance and equipment management.

13.4 Inventory of Assets

13.4.1 All assets which cost less than K50,000 should be expensed off on purchase to the relevant cost center.

13.4.2 All inventory items should be recorded in the inventory register. It is the responsibility of each department head to maintain the register of all inventory within his department.

The inventory register will contain the following details:

- Description of inventory item
- Amount
- Date of purchase
- Location

13.4.3 Bi-annually, each inventory item on the register should be inspected to confirm its existence.

13.4.4 Bi-annually, the inventory register will be reconciled to the nominal ledger to ensure its completeness by Finance and Administration Officer

13.4.5 Annual depreciation rate will be as follows:-

◇ Motor Vehicles	5 years
◇ Office Equipment	3 years
◇ Furniture	3 years
◇ Buildings	10 years

13.4.6 The full cost of the assets will be maintained in the balance sheet with yearly cumulative depreciation credited to a fund account.

13.5 Other Asset use

Insurance

13.5.1 The Finance and Administration Officer will review and propose the insurance cover for all assets against all possible risks for approval by the Executive Director.

13.5.2 No Assets should be used without insurance cover.

Usage

13.5.3 All Assets are acquired in order to advance the business of CHITUKUKO FOUNDATION. Therefore CHITUKUKO FOUNDATION business will get priority over private use of assets. As general rule, the use of CHITUKUKO FOUNDATION assets for personal purposes is prohibited unless approved by the Executive Director.

13.5.4 A maintenance schedule for fixed assets like computers, copiers, vehicles etc. should be established by the Finance and Administration officer to ensure regular maintenance of assets

13.5.5 Official authorization for use and removal of assets from office premises should be obtained from the Finance and Administration officer or a department Head.

13.5.6 The custody and responsibility of assets lies with the unit heads.

13.6 Disposal of Fixed Assets

- 13.6.1 Assets that are earmarked for disposal will be brought to the attention of the Disposal Committee that will be chaired by Finance and Administration officer and each office will be represented by one staff on the committee.
- 13.6.2 The Disposal Committee will seek its authority to dispose the assets from the Executive Director by providing the following information.
- | | |
|---|---|
| ◇ | Registration Number or Quantity: Registration number in case of motor vehicles and quantity in case of any other items. |
| ◇ | Description: Type and make of vehicle or any other item |
| ◇ | Year of Purchase: year in which CHITUKUKO FOUNDATION purchased the asset |
| ◇ | Condition: A concise and comprehensive description of the state of the asset at that time which has led to the decision to dispose-off the asset. |
| ◇ | Valuation: As described in paragraph 14.8.6 below. |
| ◇ | Location: Office that has the asset recorded in its books. |
- 13.6.3 The committee will then
- (i) Find the price of a new item
 - (ii) Have the assets valued by an independent technical expert.
 - (iii) Book value of the asset i.e. cost less depreciation.
 - (iv) Basing on the points (i) to (iii) above the Committee shall come up with the minimum price for each item
- 13.6.4 Disposal of inventories or scraps will be done by each office disposal representative after approval of the Disposal Chairman and the Executive Director. All other offices will be invited to participate.
- 13.6.5 Disposal of assets bought through funds from donors must comply with the contract terms of the funding. In cases where the contract is silent on disposal the asset, CHITUKUKO FOUNDATION will seek express permission to dispose the asset.
- 13.6.6 Disposal Committee will be assigned the task of getting market values for the assets. Quotes for a new one and valuation by a technician, where appropriate, will suffice to determine the sales value.
- 13.6.7 An open tender will be offered to all staff and the general public. The CHITUKUKO FOUNDATION staff will be given priority when their bids are comparable with those from the general public.
- 13.6.8 The tender will remain open for two weeks.
- 13.6.9 Tenders will be opened in presence of interested parties, apart from the committee members, and those with the highest bid will be awarded the items on "as is" basis.
- 13.6.10 Assets bought on duty free basis will only be released after the buyer has produced evidence of payment of duty.
- 13.6.11 Motor vehicles/cycles will be disposed-off when they have served at least three years (beyond economical mileage) and running costs justify replacement according to CHITUKUKO FOUNDATION policy. Equipment will be disposed-off after five years and/or

maintenance costs justify replacement. Other factors fuel consumption, performance and others will also be used to determine whether the asset should be disposed even if it has been in use for less or more than the stipulated number of years.

- 13.6.12 On disposal of assets, references to CHITUKUKO FOUNDATION such as labels or markers on the asset should be removed

14 FRAUD AND OTHER IRREGULARITIES.

14.1 Fraud and Fraud Handling

- 14.1.1 Fraud for the purposes of this manual is defined as illegal acts such as theft, deception, manipulation of accounting system and data, bribery and corruption.
- 14.1.2 CHITUKUKO FOUNDATION adopts a zero tolerance approach to fraudulent behavior. The perpetrators, despite the amount involved, will be subjected to disciplinary actions including dismissal and legal action as stipulated in the HR policies and Condition of employment.
- 14.1.3 CHITUKUKO FOUNDATION employees who have information on any level of fraud must pass on the information orally or in writing to the Executive Director, Finance and Administration officer, and in future, the Internal Auditor and the Head of the operating units where applicable.
- 14.1.4 Upon receipt of such information, the Finance and Administration Officer or in future the internal audit and the head of the operating unit will make initial investigation to establish the following:
- ◇ The case for fraud or Malpractice
 - ◇ Establish the culprits.
 - ◇ Amount involved.
 - ◇ Failure of controls leading to the fraud
 - ◇ Police involvement and criminal prosecution is desired.
 - ◇ Invoking of the necessary HR policies.
 - ◇ Further plan for further investigations.

14.2 Reporting to the police

- 14.2.1 CHITUKUKO FOUNDATION requires that major frauds be reported to the police. If an exemption is required, full written details of the fraud and reasons why the police should not be informed should be sent to the Finance and Administration officer for authorisation.
- 14.2.2 Management may on no account offer inducements or rewards to officials or other persons to help with the resolution of fraud or recovery of stolen goods, without the express permission of the Board of Trustees.

14.3 Fraud investigation

- 14.3.1 Management responsible for the area where the fraud is believed to have occurred should

determine the conduct of the investigation. Management should make best use of local internal audit resources where available, and should refer to guidelines contained within the Personnel Policies and Procedures Manual.

14.3.2 A fraud investigation should be initiated to determine the extent of the fraud, establish how it was carried out so that safeguards can be put in place to prevent reoccurrence, and to identify the perpetrator.

14.3.3 The knowledge that fraud has been uncovered should be limited to very few key personnel. This will increase the likelihood of full and unbiased information emerging, and prevent the untimely departure of the suspected perpetrator(s), destruction of evidence and accusations of slander.

14.3.4 There are four issues to be addressed in the investigation:-

- ◇ Whether any criminal prosecution is likely or desired and how the investigation should proceed such that this end is not compromised. Local circumstances may dictate when the police are to be involved.
- ◇ The recovery of losses incurred by CHITUKUKO FOUNDATION by taking action through the courts
- ◇ If and how to dismiss employees in order to minimise the knock on effect of that action is minimised.
- ◇ What action is to be taken to prevent reoccurrence of the fraud.

14.4 Reporting to the Audit Committee / Trustees

14.4.1 Every investigation should result in a written report. In this report, management must disclose full details of their findings. Significant cases of fraud (i.e.> K1,000,000) must be reported to the Audit Committee / Trustees immediately. Otherwise all incidents, whatever their level of materiality must be reported at the end of the financial year in an annual statement to the Audit Committee / Trustees.

14.4.2 Timetable

Dealing effectively with suspected fraud involves prompt action. Whilst it is not possible to define a rigid timetable to be followed for all fraud investigations, there are clearly certain standards for swift action that should be achieved. The following minimum time frame has therefore been established. In many cases straightforward fraud should be resolved in a much shorter time frame.

Action	Day
Fraud or suspected fraud identified	0
Notification to senior management	within 3 days
Initiation of fraud investigation	within 5 days
Verbal findings of fraud investigation to senior management	within 10 days
Written report on investigation	within 15 days
Management action	within 20 days
Implementation of recommendation to prevent repeats of fraud	within 30 days

14.4.3 Reporting:

The internal auditor will report his finding of the investigation giving full details on the following:

- ◇ Names of all perpetrators of the fraud (including the conspirators within and outside the organizations.
- ◇ Internal control failures and the Officers who might have failed to perform such internal controls.
- ◇ Money lost and image damage arising directly from the fraud.
- ◇ Mitigation measures (how to reduce the loss)
- ◇ Recommendations to prevent such fraud occurrence

Supporting documentation (original copies) should be passed on to the Finance and Administration Officer for safe custody until the case is concluded including legal court ruling.

15 AUDIT ARRANGEMENTS

15.1 External Audit

- 15.1.1 The Finance and Administration Officer will liaise with the CHITUKUKO FOUNDATION external auditor to have the external audit services as agreed by CHITUKUKO FOUNDATION group.
- 15.1.2 The Finance and Administration Officer will prepare year- end financial statements according to internationally accepted accounting standards and specification that will form the basis of the audit.
- 15.1.3 The Finance and Administration Officer will discuss and agree to an audit time-table with external auditors.
- 15.1.4 The Finance and Administration Officer will approve the audit fees.

15.2 Internal audit function.

- 15.2.1 The CHITUKUKO FOUNDATION will **at a later stage** maintain an internal audit unit with the Head of the Unit reporting directly to the Executive Director and will carry out the following functions:
 - ◇ Perform reviews to ensure that an effective system of internal control to safe guard CHITUKUKO FOUNDATION assets exists.
 - ◇ Confirm that established policies, procedures, and plans are being followed.
 - ◇ Identify areas where operating efficiency and cost savings programs should be implemented.
 - ◇ Examine the information systems to ensure that management at all levels is currently aware of significant financial and operational matters.
 - ◇ Perform special audits and the reviews as requested by management.
 - ◇ Coordinate the internal audit work with outside auditors in order to achieve the optimum results.
 - ◇ Provide relevant technical support for systems review
 - ◇ Facilitate the review of the risk Management.
- 15.2.2 All the operating units must be subjected to at least two audits every 12 months.

15.3 Internal audit reports.

15.3.1 A full report must be issued to the Executive Director, Finance and Administration Officer, Operating unit Officer, and members of the Audit Committee upon completion of every audit. The report must meet the following minimum standards:

- ◇ Reports will be direct, concise, well organized and in accordance with TORS.
- ◇ Comments must be factually correct, substantiate and verifiable
- ◇ Recommendations must be practical taking in account costs and our approaches to development.
- ◇ Premises for conclusions must be significantly adequate in scope.

15.3.2 Action on audit reports.

- ◇ The unit Officer to whom an audit report is addressed must officially respond in writing to the internal auditors and Executive Director within 7 days of receiving the report.
- ◇ Where the unit Officer agrees with the recommendations of the report, they shall set out a timetable for the implementation of the recommendations made and the persons responsible for implementation of the plan.
- ◇ And at the end of the agreed period, a review to ascertain that agreed recommendations have been implemented shall be conducted by the internal auditor and a report prepared.
- ◇ Where the unit Officer disagrees with the report, a meeting shall be held between unit Officer, Finance and Administration Officer and the Head of internal audit to review the reasons for the disagreement and to determine the course of action to be taken.

15.4 Audit Visits

15.4.1 As the organization grows, each Project/District Office will be visited by an Internal Auditor at least twice annually.

15.4.2 Audit timings and terms of reference will be agreed with the Project/District Office management prior to the audit commencement.

15.4.3 The standard terms of reference are as follows:

- Perform a review of all major financial systems and controls to ensure efficient and effective use of resources, accuracy of records, security of assets and prevention of fraud.
- Review compliance with the local financial manual
- Review compliance with local laws
- At the end of each audit exercise, the auditor will discuss with management outlining key weaknesses and recommendations
- A written audit report will also be discussed and management response agreed and incorporated in the report.
- The unit or department head shall implement agreed audit recommendations after a final audit report has been sent to the ED.
- The unit or department head shall make written reports outlining progress towards implementation of audit recommendations on a quarterly basis to the ED copying in the

ED/Internal audit and the Chairperson of the Finance, Audit, Fundraising and Compliance Committee.

15.5 Audit Committee

- 15.5.1 The Board of Trustees will commission the Finance, Audit, Fundraising and Compliance Committee and the membership will be reviewed as stipulated in their Terms of Reference. Audit staff will normally attend the audit committee meetings.
- 15.5.2 The committee will meet on a quarterly basis to review the key areas covered during the audit of Project/District Offices and partners and functions, any findings and recommendations arising and the conclusions from internal audits performed.
- 15.5.3 The committee shall have the right to meet without any or all of the management whenever it deems necessary.
- 15.5.4 Terms of reference of the Audit committee:
- ◆ To consider major findings of internal investigations and Project/District Office, partner or department head response.
 - ◆ To ensure that audit recommendations are followed up and implemented.
 - ◆ To identify and review major risks to which CHITUKUKO FOUNDATION is exposed and confirm that systems have been established to mitigate those risks.

15.6 Investigative Audits

Where control systems have not been adhered to and there are strong negative implications then the internal audit department will be requested by management to perform an investigative audit that may form the basis of decisions. The terms of reference will be drawn by the Officer of the department or location in question.

16. COMPUTER USAGE

16.1 Hard Ware Maintenance

- 16.1.1 Only users authorized by Department Heads will have access to use of computers.
- 16.1.2 The Finance and Administration Officer (later the IT Officer) should maintain a register of all laptops in the Country programme with a note on the staff holding them at any given time.
- 16.1.3 A maintenance schedule for computers should be established by the Finance and Administration Officer (later the IT Officer) to ensure that computers are serviced regularly.
- 16.1.4 A log should be maintained by the Finance and Administration Officer (later the IT Officer) for each machine, indicating any problems that occur and any maintenance or repair work done.

16.2 Software Maintenance

- 16.2.1 Only approved software packages should be installed on computers.
- 16.2.2 Program flash disks originating outside CHITUKUKO FOUNDATION should not be used without the approval of the Finance and Administration Officer or in future the IT Officer.
- 16.2.3 The Finance and Administration Officer (later the IT Officer) shall ensure that the organization licences are valid and renewals are made on time before they expire.

16.3 Back Up Policy

- 16.3.1 All information should be considered important to the organization. Procedures should be established by Finance and Administration Officer (later the IT Officer) to ensure that there are adequate measures in place to protect information in the case of any eventuality.
- 16.3.2 The Golden rule is the more frequent the back up is taken the lower the risk of losing data and information.
- 16.3.3 Data and information can be categorized as critical or non- critical.
- 16.3.4 Critical – of major importance to the running of the organization i.e. accounts system (SAGE), and personnel system (HRIS)
- 16.3.5 Non- critical – does not have a major impact on the organization i.e. memos and reports, especially where hard copies are available.
- 16.3.6 Each department should identify which information is critical and non critical. Critical systems should later on be stored on the server and accessed through the LAN system. Non-critical information may be stored on the server or on the hard drive of the PC.
- 16.3.7 The Finance and Administration Officer (later the IT Officer) are responsible for frequent server backups –at least one a day and each individual user is responsible for their hard disk back ups.
- 16.3.8 Use of LAN system is recommended. It is more cost effective since each unit does away with the purchase of flash disks for back-up.
- 16.3.9 All back-ups should be kept in a secure location. This means secure from all possible risks including fire, water damage, theft etc. not just computer failure. Where available back ups should be kept in a fire proof safe.
- 16.3.10 The Finance and Administration Officer (later the IT Officer) should make a provision of storing one of the back-ups off the office premises i.e. on a different site.

16.4 Viruses

- 16.4.1 All computers must have the most up to date anti virus software installed by IT and users should run the antivirus program at least once a week.

- 16.4.2 To reduce the risk of viruses infecting the hard disk, sharing of flash disks should be discouraged. Where it is absolutely necessary to share flash disks, efforts should be made to scan and clean them for viruses.

17. TRANSPORT MANAGEMENT

17.1 Purpose

To protect the safety and health of all staff and users of CHITUKUKO FOUNDATION vehicles and motorcycles.

To ensure optimum cost-effective use of all CHITUKUKO FOUNDATION vehicles and motorcycles.

To ensure compliance with good practice in management and use of vehicles and motorcycles.

17.2 Use of CHITUKUKO FOUNDATION vehicles

17.2.1 Authorized Drivers

- i) CHITUKUKO FOUNDATION vehicles and motorcycles are purchased and allocated solely for official use of the organization. Any private use must be authorized by the Executive Director and or by his duly authorized representative.
- ii) Authorized persons may only drive/ride CHITUKUKO FOUNDATION vehicles and motorcycles. No exception to this rule will be entertained without written authorization from the Executive Director or his authorized representative.
- iii) Authorized personnel include: -
 - a) Those employed by CHITUKUKO FOUNDATION as “drivers”.
 - b) Other members of CHITUKUKO FOUNDATION staff authorized by the Executive Director/his representative and have a full valid, clean driver’s/rider’s license and an established rationale for being so designated.

An official list of all CHITUKUKO FOUNDATION authorized drivers and motorcycles with copies of valid driver’s license should be maintained by the FA/HROD Unit at all times.

Any staff member, either authorized or wishing to become an authorized driver must be willing to submit to an independent driving test to ascertain competence levels.

17.2.2 Allocation of Vehicles

- i) The Executive Director or their representative is responsible for approving allocation and use of all CHITUKUKO FOUNDATION assets, including vehicles and motorcycles.
- ii) The Executive Director will allocate vehicles and motorcycles to Units for their management and use as per these rules and regulations. These allocations are dependent upon vehicle availability and exigency of operations.

- iii) The Finance and Administration Officer is responsible for ensuring the optimum, effective and efficient allocation and use of all CHITUKUKO FOUNDATION vehicles and motorcycles.
- iv) The Finance and Administration Officer will manage all vehicles and motorcycles allocated to projects offices.

17.2.3 Legal & Safety Rules

- i) All riders of CHITUKUKO FOUNDATION motorcycles (including pillion passengers) must wear CHITUKUKO FOUNDATION approved protective gear including crash helmets, gloves, leather boots and riding suit/rain coats at all times the bike is under their control and use.
- ii) All drivers and passengers must wear safety belts provided in each CHITUKUKO FOUNDATION vehicle at all times the vehicle is under their control and use.
- iii) It is the responsibility of the Finance and Administration Officer to ensure all newly acquired vehicles are equipped with safety belts.
- iv) It is the responsibility of the Finance and Administration Officer to ensure that all motorcycles are supplied with an CHITUKUKO FOUNDATION approved crash helmet
- v) It is the responsibility of the Finance and Administration Officer to ensure that all vehicles are properly equipped and fitted with necessary accessories including First Aid Kits, Fire extinguishers, tool kits, spare wheel, jack and safety triangles, reflector jackets, and that these items are kept safely. Any driver should put on reflector jackets for visibility during vehicle breakdown.
- vi) It is the responsibility of all vehicle and motorcycle users to ensure strict compliance with the above rules
- vii) All CHITUKUKO FOUNDATION staff driving CHITUKUKO FOUNDATION vehicles are responsible for ensuring that the vehicle and motorcycle they are assigned has current road license and insurance before they use any such vehicle and motorcycle.
- viii) It is the responsibility of the Finance and Administration Officer to ensure all CHITUKUKO FOUNDATION vehicles and motorcycles have current road license and valid insurance cover before the vehicle and motorcycle is assigned for use and that such cover is regularly maintained.

17.2.4 Driver/User Responsibilities

- i) The CHITUKUKO FOUNDATION staff member or other authorized user assigned to drive any CHITUKUKO FOUNDATION vehicle is solely responsible for legal, and careful use of the vehicle so assigned.
- ii) Adherence to Highway Code and Traffic Act (cap 69:01). All persons driving CHITUKUKO FOUNDATION vehicles must strictly adhere to the laws of the land at all times and are responsible for so doing (copies can be obtained from Administration on request)

- iii) Serious infringement may result in termination from service as provided for in the HR Policies and Procedures Manual.
- iv) Temporary drivers will be required to comply with these requirements at recruitment. Their competence and behaviour will be assessed just the same as that of those drivers in permanent positions.
- v) The following infringements are deemed as serious: -
 - a. Driving or attempting to drive under the influence of alcohol or drugs
 - b. Driving a vehicle in a dangerous manner that risks the lives of staff, passengers and other road users.
 - ✓ Speeding
 - ✓ overloading
 - ✓ reckless driving
 - c. Driving without a clean driver's license
 - d. Repeated traffic offences of all kinds will also be deemed as a serious offence e.g.
 - ✓ non-use of safety belts
 - ✓ non-use of crash helmets
 - ✓ disobeying traffic signals
 - ✓ failure to use safety triangles
 - ✓ causing obstruction

17.2.5 Operational Rules

- i) Upon receipt of keys for an CHITUKUKO FOUNDATION vehicle, the assigned driver/user must:-
 - a. Check that COF, Road tax are valid and correctly displayed on the screen
 - b. check and ensure that spare wheel, necessary tools and safety triangles are available in the vehicle
 - c. See to it that safety belts and crash helmets are used
 - d. Ensure that mileage log book details are completed before commencement of the journey and at the end of the journey
 - e. Vehicles are kept clean and well maintained
 - f. If fuel is required it should be drawn from duly appointed fuel stations using duly authorized Fuel Purchase Orders. Where this is not possible, other stations may be used and fuel coupons and cash payments can be made where there is no filling station or other appointed filling stations.
- ii) The Finance and Administration Officer maintains an up to date list of all CHITUKUKO FOUNDATION appointed fuel stations.
- iii) Before fuelling the driver must ensure that the meter reading on the fuel pump is at zero (0).
- iv) After fueling the driver **must sign** the receipt, checking the details against the fuel pump meter reading and complete **all details** in the vehicle mileage log: kilometer reading, number of litres, price per litre and total cost.

- v) Receipts must be submitted to the Finance and Administration Officer upon completion of each journey.
- vi) Tyre pressure should be checked against the manufacturer's recommendation, which is displayed in/on the vehicle.
- vii) The drivers are responsible for ensuring that all vehicles are well maintained including safe tyres, all of the same standard, type and ply rating and all with correct pressure.
- viii) The Purchase of oil, batteries, distilled water, tyres and tubes and other accessories must also be entered into the vehicle mileage logbook. Receipts must be obtained and submitted at the end of the journey.
- ix) While the vehicle is in use, all road signs and traffic rules must be obeyed
- x) All vehicles must be parked legally and safely, preferably in guarded car parks if left unattended.
- xi) No items will be left in an unattended vehicle
- xii) Anti-theft devices must be used and the vehicle must be securely locked at all times
- xiii) CHITUKUKO FOUNDATION vehicles may only be used between the hours 5.00 am to 6.00 pm for the security of staff, vehicle property. Exceptions to this rule must be sought from the Executive Director or his duly authorized representative.
- xiv) No one driving a CHITUKUKO FOUNDATION vehicle may carry any non- CHITUKUKO FOUNDATION personnel except those duly authorized and recorded on the trip at the commencement of the journey or in exceptional cases such as picking a spouse on the way.
- xv) At the end of each journey, all vehicles should be securely parked, locked and anti-theft devices engaged. Vehicles must always be parked within the office premises used by CHITUKUKO FOUNDATION Malawi provided that there is enough security. In case the office premises do not have adequate security, arrangements should be made with other institution which have adequate and reputable security to park CHITUKUKO FOUNDATION vehicles.
- xvi) Permission for long-term or overnight parking elsewhere other than CHITUKUKO FOUNDATION offices must be obtained in writing from the Finance and Administration Officer/Executive Director. Cars parked at home should be provided with adequate security.
- xvii) At the end of each trip, the log book must be completed with end of trip kilometers and signed by the driver/user

17.2.6 Requesting for CHITUKUKO FOUNDATION vehicles - Official Trips

- a) A vehicle request form must be completed in full by the prospective user and approved by the appropriate supervisor: at least one week in advance of the trip. The correct form must be used for this process. (*Refer to the vehicle requisition form at Annex 2*)
- b) The completed form will then be forwarded to Finance and Administration Officer.

- c) The Administration Unit will advise the user through the supervisor about the availability of the vehicle and/or driver 2 days from the date of receipt of the request.
- d) In case the trip is cancelled, the Administration section should be immediately informed.
- e) The Finance and Administration Officer will aim to ensure effective and efficient scheduling of vehicles and drivers depending on availability.
- f) Every Unit is required to submit monthly field visits schedule to the Administration section with as much notice as possible.

17.2.7 Private use of CHITUKUKO FOUNDATION vehicles

- i. CHITUKUKO FOUNDATION vehicles and motorcycles are purchased, operated and maintained for the primary purpose of fulfilling the official objectives of the organization. However, the Executive Director and or Finance and Administration Officer have the flexibility to allow CHITUKUKO FOUNDATION vehicles and motorcycles to be used by CHITUKUKO FOUNDATION personnel in case of emergency and extreme hardships affecting the staff member or their immediate family. This facility is subject to the availability of a suitable vehicle, authorized driver and payment of Private Mileage Rate and other costs involved.
- ii. A formal request should be made by the staff intending to use the vehicle or motorcycle and approval should be sought using a *Request for Private Use of Vehicle/Motorcycle Form* at annex 3.
- iii. Officers authorized to use CHITUKUKO FOUNDATION vehicles and motorcycles for private mileage are expected to declare mileage used for each month latest by 15th of the following month and this must be deducted from the officer's salary the same month unless if the officer opt to pay cash.
- iv. Payment of Private Mileage by staff will be based on the amount kilometers covered and will be calculated on the basis of 14 liters per every 100 kilometers covered in case of vehicles and 5 liters per 100 kilometers in case of motorcycles, and at the prevailing cost of fuel.
- v. In case the staff will carry passengers that are not CHITUKUKO FOUNDATION employees, they are required to indemnify the organization of all liability towards such passengers in case of an accident in writing when making the request to use the vehicle privately.
- vi. Request procedure
 - a) Staff members must submit their request form to the Finance and Administration Officer
 - b) The Finance and Administration Officer will assess the request for the personal use of the vehicle form provided and indicate on it the appropriateness of the request, availability of vehicle, availability of driver and recommended approval/disapproval to the ED, or his/her duly authorized representative.

17.2.8 Official Use of Private Vehicles

- a) CHITUKUKO FOUNDATION will not normally encourage this practice.

- b) Where necessary the organization may request a staff member to use his/her vehicle for official duties. An amount equivalent to the price of fuel multiplied by the distance covered will be reimbursed to cover for any cost incurred. This will be calculated at the rate of 14 liters per 100 kilometers covered. Separate maintenance costs will not be paid. This provision and the reimbursement is subject to review as necessary
- c) If the staff member agrees, a written authorization for official use of a private vehicle will be obtained from the ED and endorsed by the Finance and Administration Officer for approval before the trip is taken.
- d) The ED through the Finance and Administration Officer or designated officer, will ensure the private vehicle to be used by CHITUKUKO FOUNDATION is roadworthy, insured and licensed before endorsing for approval.

17.3 Returns and control procedures

17.3.1 Log Books

- i) An up to date logbook will be maintained in each vehicle and motorcycle. The log book will have details of:-
 - ✓ Date
 - ✓ Journey details (trip details)
 - ✓ Mileage reading at the start and end of each trip
 - ✓ Official mileage
 - ✓ Private mileage
 - ✓ Mileage at fueling
 - ✓ Quantity (litres) of fuel & oil
 - ✓ Cost in MK (Fuel & oil)
 - ✓ Driver's signature
 - ✓ Official authorizing the trip
- ii) The drivers/riders/users will have the responsibility of ensuring that the mileage logs are duly completed and are up to date
- iii) The Officers are required to report to the ED/Finance and Administration Officer where procedures have not been followed as well as vehicle and motorcycle administration problems. The Executive Director will call for appropriate disciplinary action.

17.3.2 Vehicle/motor cycle reports

Monthly vehicle performance reports will be produced from each project office including head office, which among other things will include the following: -

- ✓ Vehicle/motorcycle running condition
- ✓ Fuel cost/consumption Vs mileage
- ✓ Maintenance costs
- ✓ Date vehicle was serviced and when it is due for another service
- ✓ Analysis of total mileage while singling out private mileage

17.4 Vehicle/motor cycle maintenance procedures

There are two types of services carried out on CHITUKUKO FOUNDATION vehicles/motor cycles and these are: -

- ✓ preventive maintenance
- ✓ scheduled service

a. Preventive Maintenance

It is the responsibility of the driver/user of CHITUKUKO FOUNDATION vehicles/motor cycles to carry out routine checks on the vehicles/motor cycles before using it and attend to some minor problems, which can lead to major problems if ignored.

Routine checks will be made on:

- ✓ Water level (radiator)
- ✓ Battery water
- ✓ Engine oil
- ✓ Tyre pressure
- ✓ Brake fluid
- ✓ Horn
- ✓ Any other defects

b. Scheduled Service

- a) The CHITUKUKO FOUNDATION vehicles will be serviced according to the technical manuals and as per the dealer's recommendations in order to minimize serious breakdowns, operational costs and maximize the services to be earned during the economic life of the vehicles.
- b) For vehicles on good roads, the service should be carried out after every 5,000 kilometers
- c) For those vehicles that operate in severe conditions, the service will be done in accordance with the manufacture's recommendation
- d) In the case of motorcycles the scheduled service will be after every 1500 kilometers.
- e) The vehicle/motor cycles services will be performed by CHITUKUKO FOUNDATION approved dealers.
- f) Besides the scheduled services, any noted problems will be recorded by the driver/user on the performance report form and forwarded to the Finance and Administration Officer for appropriate corrective action.
- g) All works will be against a duly signed Local Purchase Order (LPO)

17.5 Vehicle/motor cycle accident report

- a) Any driver/rider who is involved in an accident should immediately report to the nearest Police station about the accident for the police to process a report.
- b) Any driver/rider who is involved in an accident should report to the nearest CHITUKUKO FOUNDATION office and/or Finance and Administration Officer within 12 hours except in exceptional circumstances.
- c) A written report on the accident must be submitted within 48 hours to the Finance and Administration Officer if the driver is not hospitalized or detained in the police station.

- d) It will be the Line Manager or Finance and Administration Officer's duty to inform the Executive Director and the relevant persons (e.g. families of victims,).
- e) The report to the Finance and Administration Officer should include the following information:
 - ✓ The vehicle registration number
 - ✓ The make of vehicle/cycle
 - ✓ The date of accident
 - ✓ The place of accident
 - ✓ The time of accident
 - ✓ The names of those involved i.e. staff and/or third party (if any)
 - ✓ The parties involved and those hospitalized (if any)
- f) The vehicle/motorcycle should eventually be delivered to a repair establishment identified by CHITUKUKO FOUNDATION. Two repair estimates should be collected by the Finance and Administration Officer who will advise the insurers of the action taken. CHITUKUKO FOUNDATION as vehicle owners should keep tabs on repairs.
- g) The vehicle/motorcycle user should never repair the vehicle/motorcycle involved in an accident without consent from the authorities.

17.6 Insurance claims and records

- a) It is the responsibility of the Finance and Administration Officer to ensure that the insurers are informed of any accident and that the necessary documentation is forwarded within the shortest time possible.
- b) The Finance and Administration Officer must submit to the insurers the under-listed documents:
 - ✓ A police abstract report
 - ✓ A copy of the employee's driver's license
 - ✓ A duly filled accident claim form
 - ✓ Medical bills incurred as a result of accident (if any)
 - ✓ Transport expenses incurred as a result of the accident (if any)
- c) It is the responsibility of the Finance and Administration Officer to follow up all the insurance claims and ensure that payments are received without undue delay.
- d) The Finance and Administration Officer will maintain the insurance claims and payments database.

17.7 Vehicle replacement policy

The CHITUKUKO FOUNDATION vehicles and motorcycles will be replaced when they are five (5) years old. A replacement schedule will be drawn annually alongside the annual Plans and Budgets. However, if a vehicle or motorcycle is still in good and safe running condition, and in the situation of financial constraints, the replacement may be delayed as appropriate. Such exceptions should be formally documented and in line with the insurance policy._

17.8 Hiring of vehicles

Hiring of vehicles will be done in times of acute transport shortage with proper justification from the Unit requiring the service. The responsible Head of Unit will make a request to the Finance and Administration Officer who will make recommendation to the ED to authorize such requests.

18. AUTHORITY AND INTERPRETATION AND AMENDMENT

The authority to interpret or amend any of the provisions stipulated in this manual shall be vested in the CHITUKUKO FOUNDATION Executive Director and the Senior Management Team through the Finance and Administration Officer. The Finance and Administration Officer is the custodian of this document. These policies will be in force until new finance policies are approved by the CHITUKUKO FOUNDATION Board of Trustees. The CHITUKUKO FOUNDATION will be developing the Strategic Plan. Once this process is concluded, these policies will be reviewed and re aligned to the Strategic Plan.

19. ANNEXES

20.1 Annex 1. Sample Work Float Request Form



WORK FLOAT REQUEST FORM

DATE OF SUBMITTING REQUEST ¹	
NAME OF REQUISITIONING OFFICER	
TITLE	
UNIT/DEPARTMENT	
AMOUNT OF FLOAT BEING REQUESTED ²	
PURPOSE OF WORK FLOAT	
AMOUNT ALLOCATED IN THE ANNUAL BUDGET	
ACCOUNT CODE	
DATE OF COMMENCEMENT OF THE ACTIVITY	

¹ Request should be submitted at least 7 days before the date of commencement of the intended activity

² Attach detailed budget of the activity to be implemented

EXPECTED DATE OF COMPLETION OF THE ACTIVITY	
DATE OF ACCOUNTING FOR THE FLOAT	
LINE MANAGERS' COMMENTS/RECOMMENDATIONS	NAME..... SIGNATURE.....
APPROVAL BY THE EXECUTIVE DIRECTOR	Signature.....

20.2 Annex 2: CHITUKUKO FOUNDATION Vehicle Requisition Form



CHITUKUKO FOUNDATION VEHICLE REQUISITION FORM

Name of Requisitioning Officer	
Position	
Department/Unit	
Expected date of travel	
Expected date of return	
Destination of trip	
Purpose of trip	
Number of people travelling	

Unit Head's comment/recommendation (Where applicable)	
Approval/Disapproval/comments by Finance & Administration Officer	

20.3 Annex 3: CF Request for Private Use of Vehicle Form



CHITUKUKO FOUNDATION REQUEST FOR PRIVATE USE OF VEHICLE FORM

Name of Requisitioning Officer	
Position	
Department/Unit	
Expected date of travel	
Expected date of return	
Destination of trip	
Nature of emergency or hardship	

Number of people travelling	
Unit Head's comment/recommendation (Where applicable)	
Approval/Disapproval/comments by Finance & Administration Officer	