



Evidence | Innovation | Engagement

# USAWA AGENDA

**FINANCIAL AND  
ADMINISTRATION  
REGULATIONS | SEP 2020**

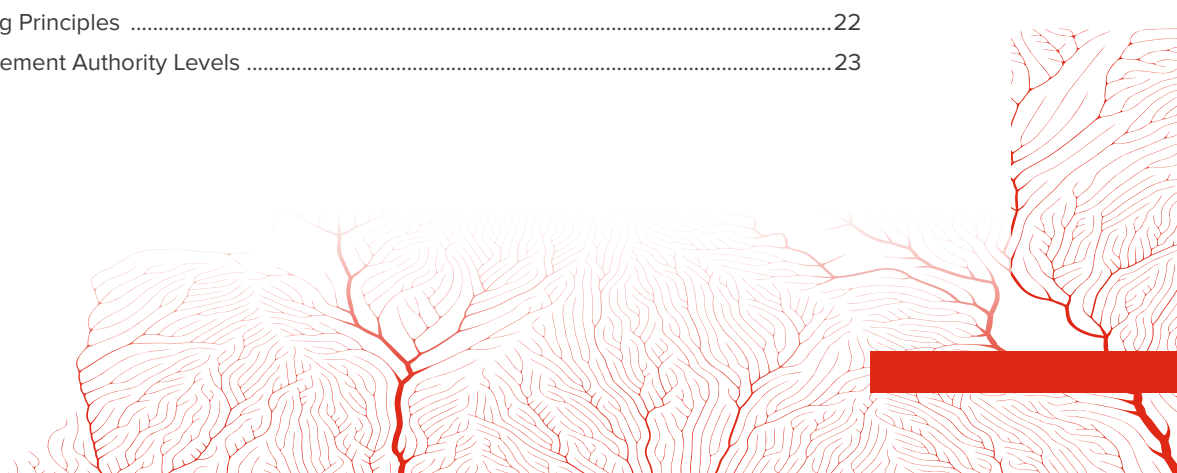


We work for equality of the equal and equity for the unequal



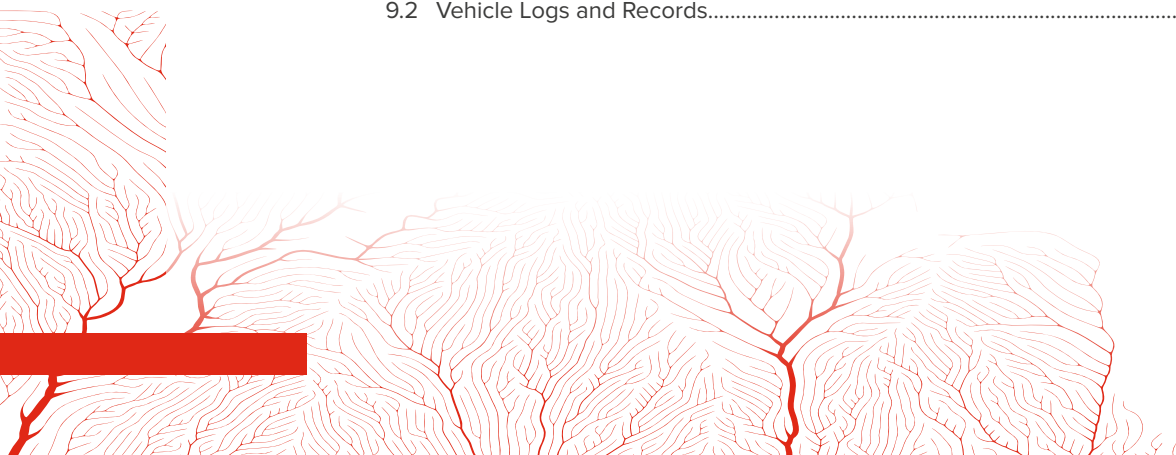
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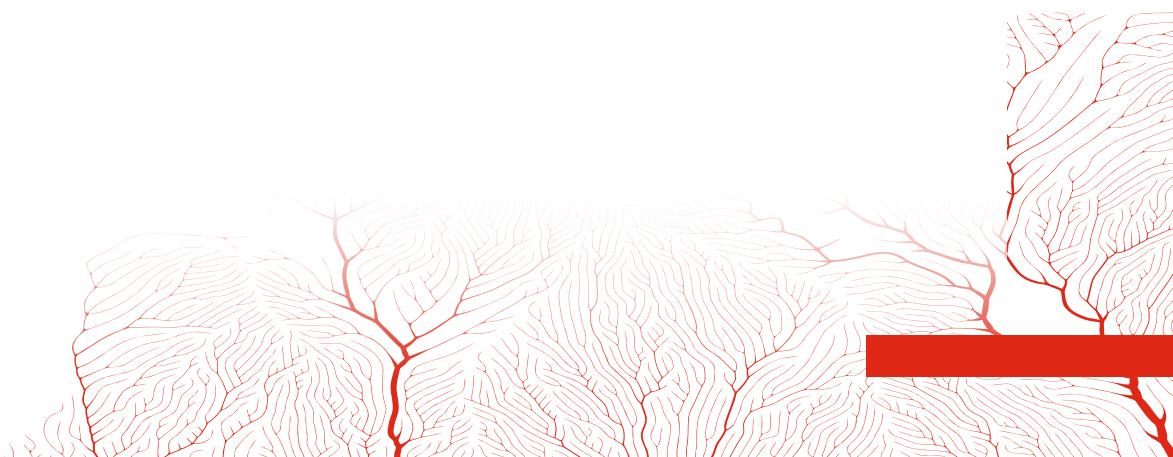
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# Definitions

“**Board**” means Board of Directors of Usawa

“**DSA**” means daily subsistence allowance whose rates shall be set “**Employee**” means any person employed by Usawa on a contract basis “**Employer**” means the Board of Directors of Usawa

“**Executive Director**” means the Executive Director of Usawa.

“**Manager, Finance**” – employee designated by the Executive Director to be responsible for Financial Administration

“**Manager responsible for Operations**” or “**Operations Manager**” – Usawa employee designated by the Executive Director to be responsible for Administration, Office functioning and Human Resources Management.

“**Auditing firm**” – Audit Company appointed by Usawa Agenda Board of Directors to execute the audit

“**Internal Auditor**” – Offers risk management & evaluates the effectiveness of Usawa’s internal controls, governance & accounting procedures

“**External Auditor**” – External Certified Public Accountant (CPA) authorized to review and verify the accuracy and compliance of Usawa Agenda financial records

“**Family**” means an employee, his/her spouse, and legal children under the age of 18 years.

“**Long term contract employee**” – means an employee of Usawa Agenda working full time with a continuous contract of more than six continuous months

“**Manager**” means an employee responsible for overseeing and supporting the work of subordinate employee(s)

“**Management**” means the executive authority of the organization vested in the Executive Director

“**Organization**” means Usawa Agenda

“**Partners**” means an organization or other entity with whom Usawa formally collaborates in the pursuit of a common aim.

“**Policies**” means the Usawa Agenda Human Resource Policies and as may be amended by the Board of Directors from time to time.

“**Regulations**” means the Finance and Administrative Regulations as articulated herein and as may be amended by the Board of Directors from time to time.

“**Usawa**” means Equity.

“**Probation**” means the period of initial employment, during which appointment to the position is yet to be confirmed by the employer

“**Working day**” means a day in which an employee would normally be required to work (i.e. Monday to Friday). A working week has five working days

“**Generally Accepted Accounting Principles (GAAP)**” refer common set of accounting principles, standards and concepts to be used in the recording and processing of accounting transactions. They include accrual basis of accounting, prudence, consistency, historical cost, materiality and going concern concept.

“**International Financial Reporting Standards (IFRS)** are accounting standards which are promulgated by the International Accounting Standards Board (IASB) based in London for the preparation of Financial Statements”



# 1. Introduction

## 1.1 Status

Usawa Agenda is a (not for profit) company limited by guarantee and not having a share capital, registered under The Companies Act, 2015. Usawa's Activities across Kenya are managed through Usawa Agenda.

## 1.2 Purpose of these Regulations

**1.2.1** The Finance and Administration Regulations (hereinafter 'Regulations') contain the basic principles, policies and regulations that are to guide Usawa's financial and administration operations. Their purpose is to ensure that Usawa Agenda functions in an accountable, effective and efficient manner, consistent with its Articles of Association, mission and values. The regulations are meant to provide all employees with a clear understanding about financial operations, including the roles, powers, rights and responsibilities of employees of Usawa Agenda.

**1.2.2** The Finance and Administration Regulations contains standards for ensuring that the highest professional standards are adhered to in the performance of the finance, accounting and auditing functions, and that full, clear and accurate financial records are maintained at all times.

## 1.3 Setting of Regulations

**1.3.1** The major policies and regulations of Usawa Agenda shall be set by the Board of Directors consistent with Usawa Agenda Articles of Association and in line with changes in legislation. The Board reserves the right to revoke, add or amend the Regulations at any time as may be needed.

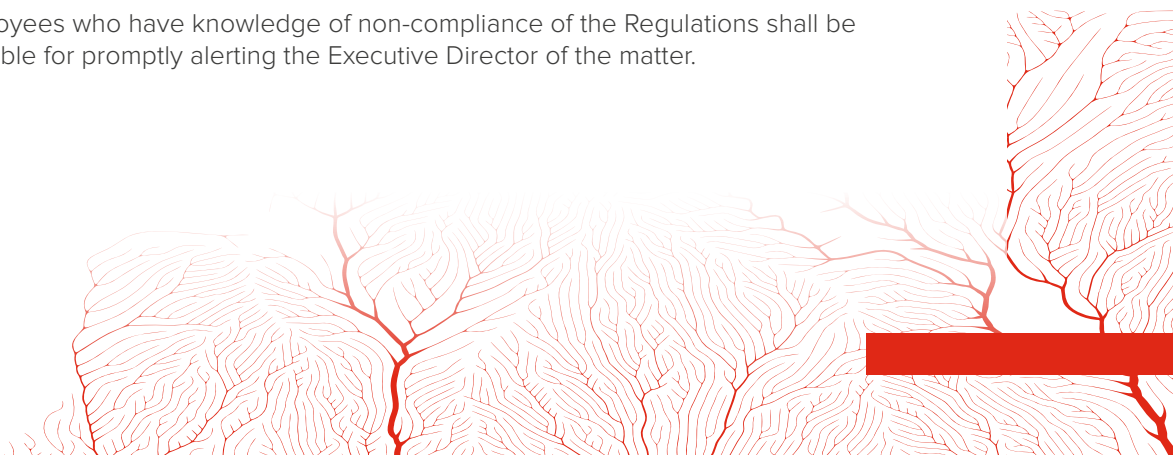
**1.3.2** Usawa Agenda employees shall generally enjoy the right to reasonable information, consultation and participation in respect to the formation of the Regulations. The Executive Director shall establish an appropriate process, mechanism and schedule, through which employees may, about once a year, submit recommendations for changes to Usawa Agenda Regulations.

**1.3.3** Once approved and ratified by the BOD, the Executive Director shall be the interpreter of Usawa Agenda Policies and Regulations on behalf of the Board of Directors.

## 1.4 Compliance

**1.4.1** All Usawa Agenda employees are required to abide by and promote these Regulations. Where specific responsibilities are delineated persons responsible shall discharge their responsibilities fully in accordance with the Regulations. Non-compliance with the Regulations or any part thereof shall constitute a breach of employment contract and the code of conduct as specified herein, and may become subject to disciplinary action.

**1.4.2** All employees who have knowledge of non-compliance of the Regulations shall be responsible for promptly alerting the Executive Director of the matter.



- 1.4.3** Any employee who through misappropriation or misapplication of funds or other significant non-compliance of the Regulations causes loss or damage to Usawa Agenda may be held personally liable, and shall be subject to reimbursement of loss/damage to Usawa Agenda and/or face other disciplinary action. The Appointing Authority shall make such determinations in a fair and consistent manner, and provide reasons for the determination in writing. The employee concerned shall have right to a fair hearing and right to appeal in accordance with applicable provisions for the same as set forth in the Policies and these Regulations.

## **1.5 Major Accounting Policies**

- 1.5.1** The Usawa Agenda financial year shall end on 31 December of each year.
- 1.5.2** Usawa Agenda shall prepare annual financial statements in accordance with International Financial Reporting Standards (IFRS) and in conformity with applicable Generally Accepted Accounting Principles (GAAP) and applicable national and company policies.
- 1.5.3** Usawa Agenda shall ensure an asset register is regularly maintained and that it shall appear as a memorandum in the Books of Account.
- 1.5.4** Depreciation commences when an item is available for use and ceases earliest when assets ends to be available for use. Depreciation rates/asset values shall be subject to impairment and an impairment exercise shall be carried out at least once every two years in accordance with IAS 36. Subject to requirements of the IFRS and further amendments as may be made from time to time by the Board.

### **Accounting for Depreciation**

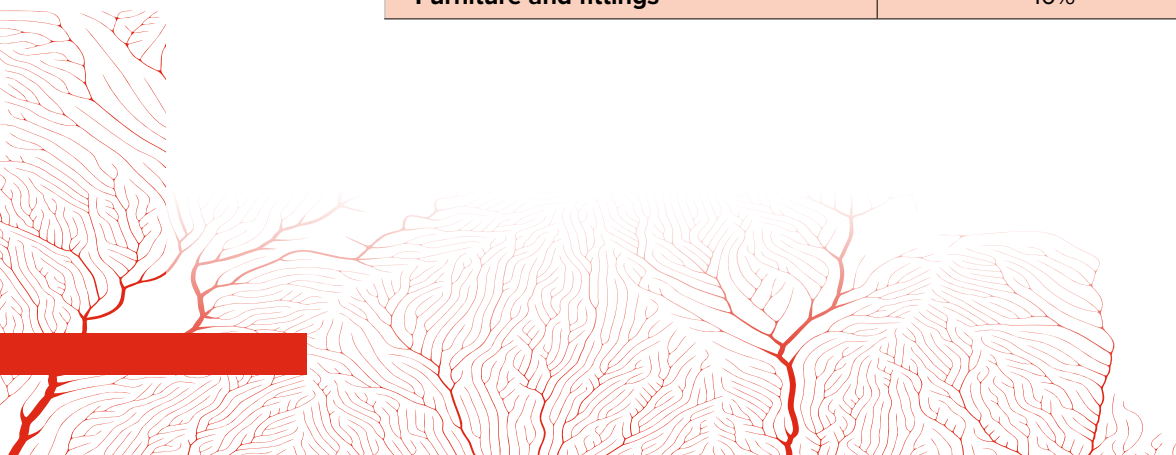
Depreciation shall be allocated to different accounting periods in a method suitable to the class of fixed asset involved. The method adopted shall be applied consistently from period to period unless there are circumstances that justify a change. Usawa Agenda shall adopt a reducing balance method of depreciation.

A full years' depreciation shall be charged on assets acquired within the first three quarters of the year. No depreciation is charged for assets acquired after the third quarter of the year, the asset is carried forward to the next year at full cost or valuation.

Depreciation charged on the fixed assets shall be reported in the income and expenditure statement. But the same shall be charged against fixed asset fund balance at the end of the year when preparing annual financial statements.

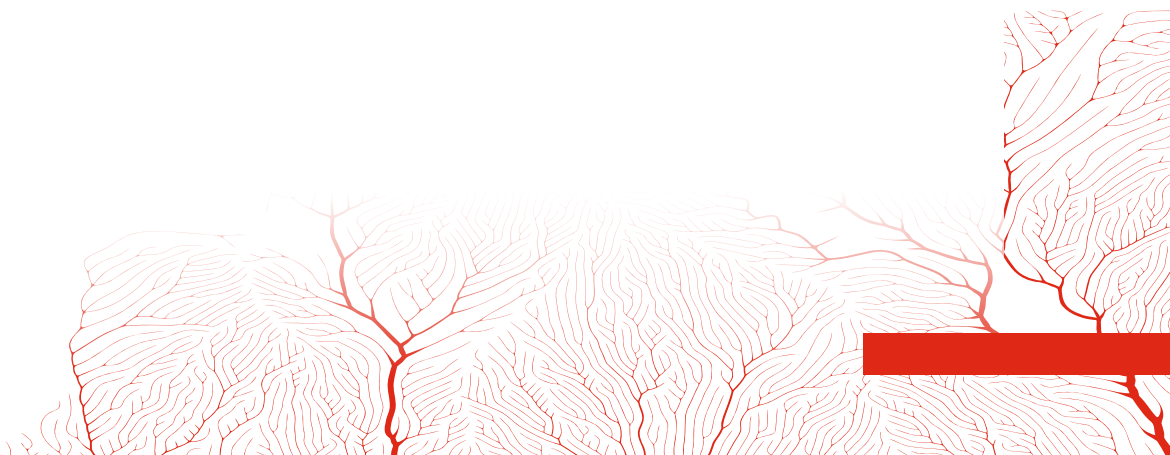
Usawa Agenda shall observe the following depreciation schedule:

<b>Item</b>	<b>Depreciation</b>
<b>Lands and buildings</b>	3%
<b>Motor vehicles and cycles</b>	25%
<b>Computers and Accessories</b>	25%
<b>Other equipment and tools</b>	10%
<b>Furniture and fittings</b>	10%





- 1.5.5** Accounting transactions shall be recorded in a professional computerized accounting package (currently Xero) so as to enable automated reports and quick reference, limit errors and potential for fraud, and provide an audit trail. All changes made to entries already made in the accounting software (such as correction of errors, recoding of account codes, and any transactions not supported by Payment Vouchers and receipts) shall be properly recorded in a journal voucher and duly authorized.
- 1.5.6** Usawa Agenda financial statements shall be audited by an international recognized independent audit company on an annual basis not later than two months of the close of the financial year. The audit company shall be appointed by the Board of Directors of Usawa Agenda.
- 1.5.7** Usawa Agenda shall maintain all substantive financial records (in both 'essential-only' paper and electronic formats) in a secure and organized fashion for a period of seven years after the end of the financial year, or longer if agreed otherwise in donor contracts.



## 2. Guiding Principles

### Purpose

Usawa Agenda shall strive to achieve the highest levels of financial standards and accountability. It recognizes that it is entrusted by the public to be responsible and effective stewards of resources and assets. In this context Usawa Agenda shall be guided by the following principles:

#### 2.1 Custodianship

- Resources of the organization are effectively, efficiently, honestly and faithfully used to achieve the organization's objectives.
- Resources and assets are safeguarded from loss, fraud, waste and inefficient use.

#### 2.2 Cost Effectiveness

- Funds are used reasonably to maximize quality and minimize cost.
- Culture of frugality and value for money is promoted and observed.

#### 2.3 Accountability

- There is segregation of responsibilities and accountability exercised at different levels as appropriate, with specified roles for the Board of Directors, Executive Director, Directors, Managers, and Employees.
- Financial Statements are prepared in accordance with IFRS and IAS and are consistent with approved Policies and Regulations.
- Financial Statements are audited by a qualified, independent, registered audit firm (CPA).

#### 2.4 Transparency

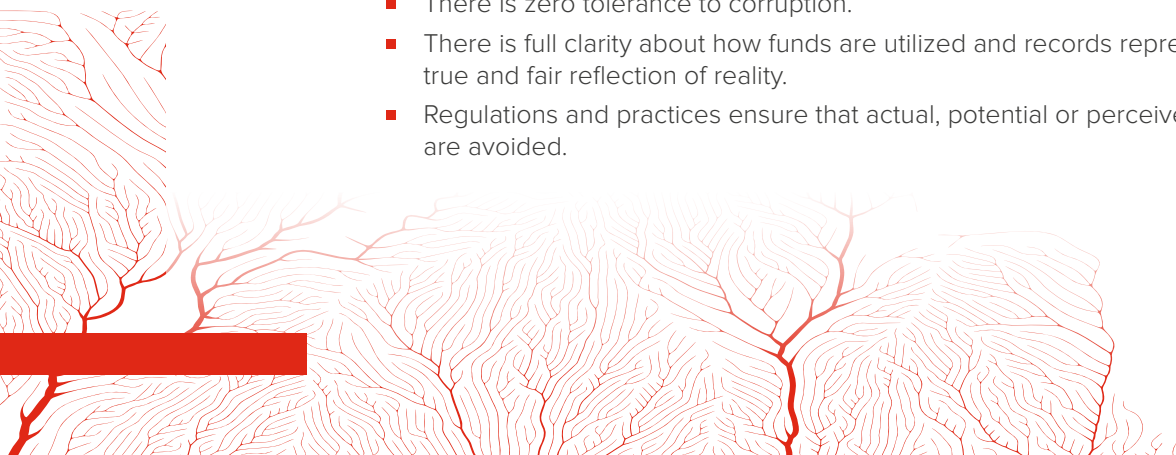
- Decisions and actions are fully documented and unusual circumstances are explained.
- Financial information is accurately recorded, clearly presented and disclosed without undue delay to those who have a right to use it.
- Files and documentation are maintained in clear, well organized and accessible order at all times.

#### 2.5 Compliance

- Financial management is consistent with legal requirements.
- Compliance, reliability and consistency with Usawa Agenda Finance and Administration Regulations is maintained at all times.
- Exceptions to regulations are kept to a minimum, employed only when necessary and justifiable, fully documented and authorized.

#### 2.6 Integrity

- Integrity of the organization and individuals within the organization is demonstrated above board.
- There is zero tolerance to corruption.
- There is full clarity about how funds are utilized and records represent an accurate, true and fair reflection of reality.
- Regulations and practices ensure that actual, potential or perceived conflicts of interest are avoided.

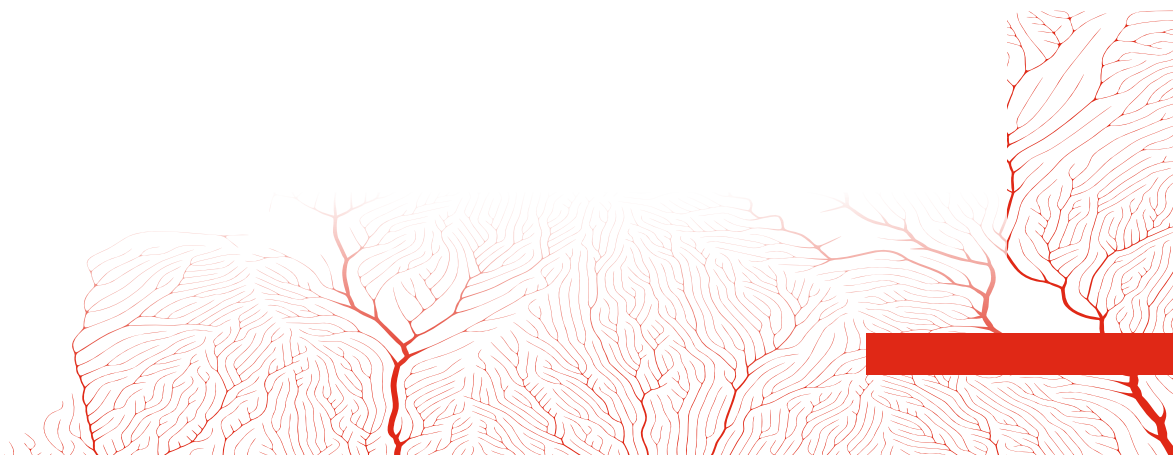


## 2.7 Sustainability

- Management of resources, assets and planning are done in a manner that enhances and safeguards the sustainability of Usawa Agenda and its work..

## 2.8 Corporate Responsibility

- The Executive Director, Directors, Managers, and Employees take individual responsibility for the accuracy and completeness of matters under their authority. Signing of organizational documents within one's authority levels means confirming one's accountability for consistency and quality.
- In formal decisions, this is confirmed by the individual signing and placing a date on the requisite documents, or indicating the taking of responsibility by way of an email.



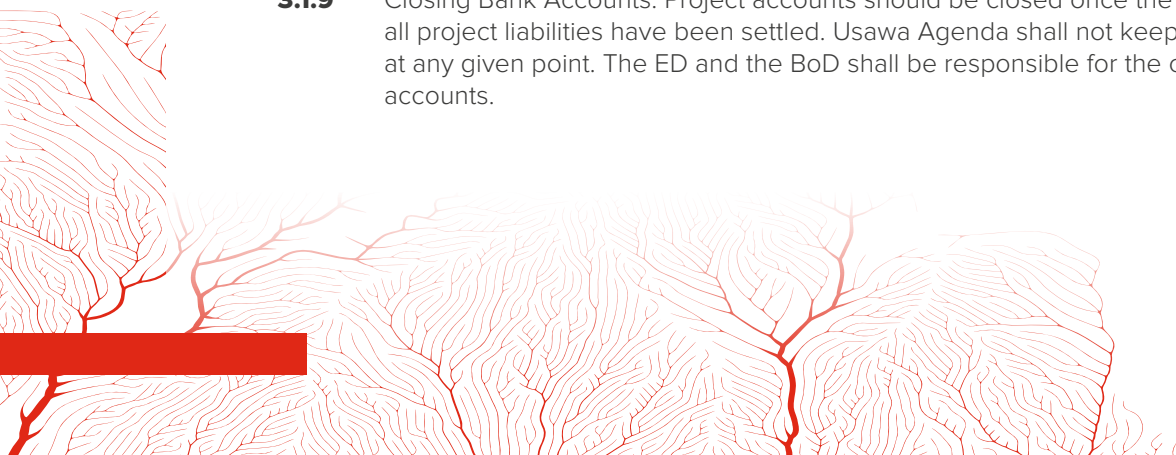
## 3. Bank and Cash Management

### Purpose

Usawa Agenda shall maintain its funds in accounts with a safe, nationally and internationally reputable and cost-effective bank(s) capable of providing quality national and international banking services. The Regulations below specify the manner in which Usawa Agenda bank accounts shall be operated and managed to ensure accountability, transparency and effectiveness.

### 3.1 Bank Accounts

- 3.1.1** The Board of Directors shall approve appointment of bankers and opening and closure of all Usawa Agenda bank accounts. In making its determination the Board shall take into consideration reputation of bank, safety and security of funds, efficient service, cost of service and other criteria that it deems to be in the interest of Usawa Agenda.
- 3.1.2** The Board shall also approve the rules governing the operation of bank accounts, including types and currencies of accounts, signatories and the authority levels of each signatory, minimum signatory requirement, and other safety measures.
- 3.1.3** All decisions regarding the operation of bank accounts shall be documented in writing and communicated with the relevant banks in writing by the Executive Director. The Executive Director shall sign all agreements made with Usawa Agenda's bankers.
- 3.1.4** All bank accounts shall be registered in the name of Usawa Agenda and not in the name of any individual or other entity.
- 3.1.5** Unless determined otherwise by the Board, Usawa Agenda shall maintain accounts in United States Dollars as well as local currency with its bankers.
- 3.1.6** Usawa Agenda shall wherever possible place funds in interest bearing accounts and seek arrangements where bank charges are kept to a minimum. All earnings and bank charges (including foreign exchange gains and losses) shall be fully accounted for and documented, and reflected in the annual books of account.
- 3.1.7** Where Usawa Agenda holds significant funds that are not immediately needed for operations in the near future, the Finance Manager shall be responsible for advising the Executive Director in a timely manner to open fixed deposit accounts with reputable banks, for short term periods, provided a) cash flow needs of the organization are not affected and b) all normal authorization requirements of opening bank accounts are followed c) It is consistent with the donor requirements as stipulated in the grant agreements/contracts.
- 3.1.8** To the greatest extent possible, Usawa Agenda aims at becoming a 'cashless organization', and where it is not practicable to effect transactions using bank accounts Usawa Agenda shall maintain mobile payment accounts. Opening and managing of mobile money accounts shall follow the same guiding principles and regulations as those for bank accounts.
- 3.1.9** Closing Bank Accounts: Project accounts should be closed once the projects end and all project liabilities have been settled. Usawa Agenda shall not keep a dormant account at any given point. The ED and the BoD shall be responsible for the closure of bank accounts.



## 3.2 Signatories

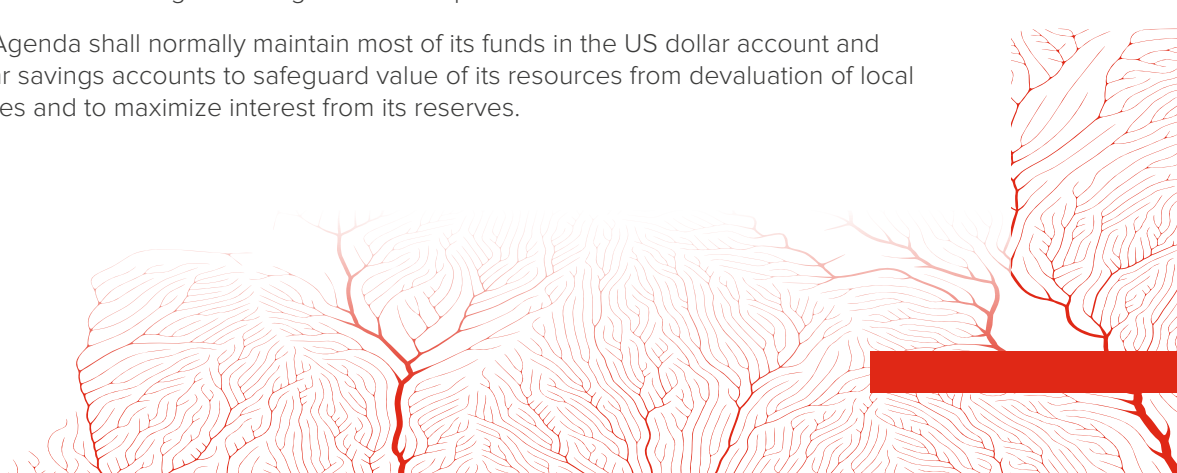
- 3.2.1** Signatories of Usawa Agenda bank accounts shall be determined by the Board of Directors. Unless determined otherwise, signatories of bank accounts shall normally comprise of the following:
- The Executive Director
  - Directors and selected Managers or other senior staff appointed by the Executive Director as signatories of bank accounts with the consent of the Board.
- 3.2.2** No person who is not an employee of Usawa Agenda with a valid contract may be a signatory of Usawa Agenda bank account. The Finance Manager shall promptly advise the Executive Director to inform the Board and respective bank whenever an authorized signatory is no longer employed by Usawa Agenda.
- 3.2.3** An employee who is serving a probation period of his/her contract shall not qualify to be a signatory of Usawa Agenda bank accounts.
- 3.2.4** The Finance manager shall oversee the preparation & authorisation of bank transactions. Cheques & bank instructions shall be prepared by the Accountant(s), verified by the finance manager & signed by the approved authorised signatories to Usawa Agenda's bank accounts. In order to maintain segregation of powers the Finance Manager shall not be a signatory to Usawa Agenda bank account.

## 3.3 Authorization and Security Levels

- 3.3.1** All cheques and other bank transactions shall normally be signed by the Executive Director and one other authorized signatory. When the Executive Director is out of the office for more than one month, he/she may delegate, in writing, primary signature authority to another authorized signatory for that period. The Executive Director shall inform the Board Chairman of this delegation.
- 3.3.2** All physical transactions with the bank shall only be valid when stamped by an official Usawa Agenda stamp that shall normally be retained by the Executive Director.
- 3.3.3** The Executive Director may grant other selected employees of Usawa Agenda limited authority to present documents to the bank, cash cheques, make deposits, obtain bank statements and other such transactions provided that such privileges are clearly specified in writing and not in any way be construed as having signatory authority.
- 3.3.4** All transactions undertaken with banks shall be in writing. Correspondence delivered to the bank shall have a confirmation of delivery (such as fax receipt, signed dispatch, official email or copy stamped as received by the bank) and copies shall be maintained in appropriate files. Internal correspondence regarding major bank matters shall also be in writing and the Finance Manager shall ensure copies are filed in appropriate files.
- 3.3.5** Should Usawa Agenda undertake financial transactions through electronic or mobile banking, it shall only do so after being satisfied that adequate security measures are in place and with the consent of the Board of Directors.

## 3.4 Foreign Exchange Management

- 3.4.1** Funds received in foreign exchange shall be kept in a US dollar account.
- 3.4.2** Usawa Agenda shall normally maintain most of its funds in the US dollar account and US dollar savings accounts to safeguard value of its resources from devaluation of local currencies and to maximize interest from its reserves.



- 3.4.3** The Finance Manager shall monitor bank balances and recommend to the Executive Director transfer of funds from the US dollar to local currency accounts as needed and in good time so as to not jeopardize cash flow.
- 3.4.4** The Finance Manager shall seek to maximize the exchange rate used in transferring US dollars in Usawa Agenda's favor. This shall normally be done through negotiating a favourable rate with Usawa Agenda bankers.
- 3.4.5** The Finance Manager shall prepare a calculation of exchange rate gains or losses annually as the case may be and submit it to the Executive Director for approval. The Finance Manager shall ensure that a fair exchange rate is negotiated with the bank, and any discrepancy to be reported to the bank no later than 10 days from receipt of bank statement.

### **3.5 Bank Reconciliations**

- 3.5.1** The Finance Manager shall produce an accurate annual bank reconciliation statement and submit it to the Executive Director no later than the 15th day of January of the following year.
- 3.5.2** Cash handling procedures: A cash register or triplicate receipt shall be used in the collection of cash. Usawa Agenda shall ensure segregation of duties in the collection, receipting, verifying and depositing cash in the respective bank account(s). Revenues collected in cash shall be deposited in the bank account immediately. A finance manager or programs person designate shall verify that the amount deposited matches the amount collected.
- 3.5.3** Receipt of funds in forms other than cash: revenue from sources other than cash i.e., credit cards, cheques should be entered into a journal. The accountant/accounts assistant shall take copies of all cheques collected before depositing in their respective bank accounts. Non-cash donations should as well be properly received and recorded in their respective register.
- 3.5.4** As a general rule, an individual other than the person writing cheques and/or initiating payments should reconcile bank account every month. If this is not possible then the bank reconciliation statement should be reviewed by the finance manager and as well be approved by the executive director.
- 3.5.5** Stale cheques should not be left in the list of un-presented cheques. Instead, credit advices should be issued and posted in the Cashbook. However, investigations will be made as to why such cheques were not presented, and fresh cheques will be issued upon receipt of the stale cheques and cancelling the same.
- 3.5.6** Debit/credit advices for payments and receipts made direct by/to the bank should be collected from the bank along with the bank statements and used to update the respective cash books after they have been examined and approved by the finance manager.
- 3.5.7** Direct debits/credits which do not have advices, or which do not seem to be proper charges/credits to the Bank Account should be taken up with the bankers in writing immediately and explanations obtained, or/adjustments made as appropriate.
- 3.5.8** An authorised signatory shall write to the bank demanding explanations on any unexplained debits or credits, which are not effectively cleared after normal enquiries. A copy of such communication with the bank shall be made available to the treasurer.



## Broad controls on bank reconciliation procedures

Officer Responsible	Role and Responsibility
Executive director/finance manager	An executive director/finance manager shall obtain bank statement(s) from the bank at the end of every month or as when required. An online printed copy from the Usawa Agenda's bank online portal is acceptable.
Accounts Assistant/Accountant	Reconcile the month-end cash book balance plus cheques not yet deposited in the bank account (unpresented cheques), minus cash on hand with the bank statement end month balance, and investigate any differences.
Accounts Assistant/Accountant	Provide a list of outstanding cheques at the end of the month.
Accountant	Provide a written explanation of all differences identified during the reconciliation.
Finance Manager	Investigate any unexplained differences and report in writing to the executive director within 15 days after the end of the month.
Finance Manager	Investigate all cheques which remain un-cleared for an unreasonably long period (60 days), document the reasons for their non-presentation and report the findings to the executive director.
Finance Manager	Monitor the bank account(s) and notify the executive director of any bank account that is dormant.
Executive director	Review and approve bank reconciliation statements not later than the 10th day of the month following the month under review.

### 3.6 Petty Cash

**3.6.1** Usawa Agenda shall maintain petty cash funds at its offices to enable efficient payment of small and impromptu expenditures.

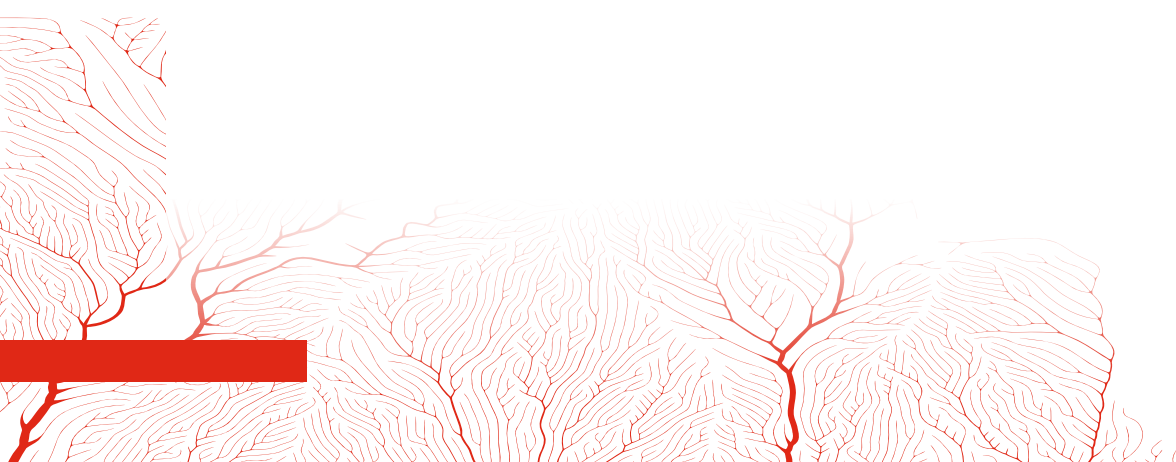
**3.6.2** In the interest of safety, unless otherwise determined by the Finance Manager, petty cash funds shall be limited to the equivalent, in local currency, of **United States dollars one thousand, five hundred (USD 1,500) only**. The Finance Manger may also establish the availability of petty cash funds available in United States dollars, where it is deemed necessary, in the best interests of the organization, and where there are sufficient accountability measures in place.

All requirements regarding expenditures noted above and elsewhere in Usawa Agenda Regulations shall apply in in effecting payments from the petty cash fund. No payment shall be made from petty cash that is not consistent consistent with these requirements.

**3.6.3** The maximum transactional limit for any payment by petty cash shall be USD 125 (equivalent in local currency); payments above this amount shall be made by cheque or direct bank transfer. Any exceptions to this requirement shall be exercised only rarely where the Executive Director determines it to be in the interest of Usawa Agenda, provided that reasons for the exception are clearly documented.

**3.6.4** Petty cash funds shall be retired at the close of each month or when 75% of the float is used up. The Officer assigned to maintain petty cash shall strive to ensure retirements are lodged in good time before amounts run out so as to minimize disruption.

- 3.6.5** Replenishment of petty cash funds shall be prepared by the relevant Accountant, verified by the Finance Manager and approved by the Executive Director. Replenishments may not be done where the costs are questionable, not fully liquidated and supported.
- 3.6.6** Petty cash funds shall be segregated from other funds and kept in the custody of an officer designated by the Executive Director in a lockable cashbox. The person(s) charged with custody of petty cash shall be responsible for its safekeeping.
- 3.6.7** Petty cash funds may not be used or loaned for any purpose other than as specified herein. The Manager responsible for Operations or other person designated by the Executive Director shall arrange to conduct periodic 'spot checks' of petty cash balances and document the spot check. Any discrepancies shall be noted in writing and brought to the attention of the Executive Director.
- 3.6.8** The Accountant shall prepare an accurate and timely report including cash count certificate each month of all petty cash expenditures for review by the Finance Manager and approval by the Executive Director.
- 3.6.9** **Cash handling procedures:** A cash register or triplicate receipt shall be used in the collection of cash. Usawa Agenda shall ensure segregation of duties in the collection, receipting, verifying and depositing cash in the respective bank account(s). Revenues collected in cash shall be deposited in the bank account immediately. A finance manager or programs person designate should verify that the amount deposited matches the amount collected.
- 3.6.10** Receipt of funds in forms other than cash: revenue from sources other than cash i.e., credit cards, cheques should be entered into a journal. The accountant/accounts assistant should take copies of all cheques collected before depositing in their respective bank accounts. Noncash donations should as well be properly received and recorded in their respective register.





## 4. Expenditures

### Purpose

The purpose of this regulation is to establish the policies and procedures that shall guide the management, authorization, documentation, accountability and reporting of expenditures at Usawa Agenda.

### 4.1 Payments

- 4.1.1** Payments shall only be made for bona fide expenses that further Usawa Agenda objectives.
- 4.1.2** Payments shall be made on a timely basis and without undue delay so as to maintain good relations with suppliers. Where goods/services have been satisfactorily delivered and all requisite documentation has been adequately lodged by the supplier, all officers responsible for processing payment shall strive to ensure payment is effected as soon as possible and no later than two weeks (10 working days) from the date when the satisfactory demand for payment was received.
- 4.1.3** For payments that are processed manually, Usawa Agenda shall maintain Payment Voucher (PV) books that are pre-printed in triplicate. All PVs (both processed manually and in Salesforce) shall be pre-numbered. In the interest of accountability and proper control of resources, payments shall only be made against Payment Vouchers that have been approved by respective Manager.
- 4.1.4** In the interest of enhancing understanding, transparency and accountability, and for third party and future reference, all PVs shall contain all information required and relevant supporting documentation as specified below and in Annex I. No payment shall be made to third parties without an invoice (or written request for payment or other similar document) or receipt if the material was purchased directly.
- 4.1.5** Where necessary, partial advances may be made against pro-forma invoices/quotes but in all cases final or full payments shall only be made against a tax invoice or demand for payment in case of individuals. In general, advance payments should be kept as low as possible, up to a limit of 70% where Usawa Agenda has no prior relationship with the third party and there are clear deliverables against which the final payment will be made, or withheld, as the case may be. This limit may be waived in exceptional cases with the approval of the Executive Director on a case by case basis.
- 4.1.6** All payments shall follow the standard procedures as highlighted in the Finance workflow detailed below and in Annex II.
- 4.1.7** All persons involved in the preparation, processing or approval of PVs shall ensure that the information they provide (including supporting documentation) is accurate, truthful, pertinent and complete, and shall in event of doubt or concern seek advice of the Finance Manager and/or the Executive Director. The specific information requirements for the PV are outlined in Annex I.
- 4.1.8** To minimize risk, and in line with efforts to move Usawa Agenda to being a 'cashless organization', wherever possible payments shall be made by bank transfer or mobile money payment rather than open cheque or cash.

- 4.1.9** Any amendments to PVs (or any other financial document) shall be made by placing one clear strike over the incorrect information and replacing it with the correct information, and both the signatories shall initial all such changes. White out or other means to completely block out the incorrect part shall not be used. Where amendments make the financial document unclear or difficult to understand the financial document shall be CANCELLED (and filed in the book) and a fresh document written. For PVs to be amended in Salesforce, it shall be rejected and reasons for rejection should be stated clearly on the PV. Where the PV is to be fully cancelled, the respective person shall change the status to read “cancelled” and shall also put reasons for the cancellation.
- 4.1.10** The first copy of the PV shall constitute the original and shall be filed in monthly expenditure files together with all supporting documentation. The second duplicate copy shall be filed in serial order in a separate file established for the purpose. The third copy shall remain in the PV book and shall be stored securely. The Finance Manager shall ensure all PV documents are well organized and secure. For PVs processed in Salesforce, the copy of PV that has been fully approved shall be printed along with other supporting documentations minimally required by law and filed in a serial order in a separate file established for the purpose.
- 4.1.11** Each payment voucher submitted to finance must have evidence/ proof that the bank details we have been given are from the Payee. This can be in the form of an official document from the Payee, such as invoice or letter, or a document with Payee that has such details. These need to be attached to the PV. Employee who received the proof from the Payee needs to sign that they received the information from the payee. This is to protect both the Payee and Usawa from making payments to an incorrect account, or the Payee claiming we paid funds into an account that they did not authorize.
- 4.1.12** Before any payment is made, the relevant manager needs to ensure that all supporting documents are there and certify the following:
- a.) The work has been done as required and checked by the manager or an authorized representative of the manager (best shown by a table where on the left side the required outputs from contract/ LPO are shown and on the right side what was actually done/ delivered is shown).
  - b.) Correct quantity delivered (state quantity clearly)
  - c.) Has met quality standards (this should explain what quality aspects were checked and by whom)
  - d.) Explain where it can be found (e.g. it is in publications store, it is installed in Head’s office, a reference to common folder where the report is saved, uploaded on YouTube etc.)
  - e.) Payment is correct as per contract or LPO.
  - f.) Everything is accurate and genuine.

## **4.2 Payment Authorization**

- 4.2.1** All procurement undertaken by Usawa Agenda shall be consistent with Usawa Agenda Policies and Regulations and good procurement practice. In order to enhance transparency, ensure control, responsibility and strengthen accountability (checks and balances) all payments (unless specified otherwise herein) shall involve minimum three levels of staff: The Program Assistant concerned with preparing the payment, the budget holder or Line Manager whose unit is concerned with the expenditure, and the Finance Manager checking the PV for accuracy and compliance. Where the amount exceeds set limits for Line Managers or where the expenditure is sensitive, unusual or outside approved plans/budgets the Executive Director’s scrutiny and approval are also needed.

The specific roles and responsibilities are summarized below, and further detailed in Annex II:

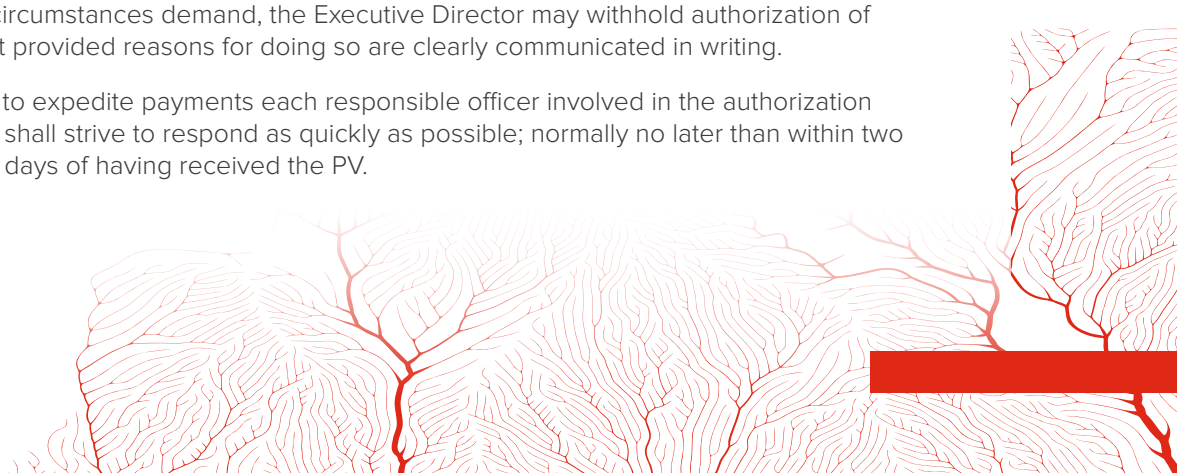
Officer Responsible	Role and Responsibility
Receptionist or any other Respective staff	<b>Records invoices</b> in register, redirect to relevant unit.
Program Assistant concerned	<b>Prepare payment</b> in accordance to Regulations, ensuring sufficient balance for the activity, verifying payee details, entering budget code, and confirming accuracy of figures.
Budget holder	<b>Scrutinize/Recommend:</b> Ensure payment is proper, accurate and consistent with plans and budgets, and within authority level. Also ensure correct budget code, and accuracy of figures in Decision Memo, contract, and payment voucher.
Accountant(s) (as necessary, given division of duties)	<b>Confirmation:</b> Check for accuracy and that all previous steps have been properly executed, description and supporting documentation are adequate, approval levels are properly authorized. Ensure entry within the Accounting system and the online banking system.
Executive Director	<b>Approval:</b> Approve where expenditure is above manager approval authority levels, unusual, sensitive or outside approved plans/ budgets.
Accountant/Signatories	<b>Payment:</b> Accountant to stamp PAID on the PV and all supporting documents and verify them in payment register and circulate to Executive Director and a second signatory and pay, or effect payment from petty cash as the case may be.

**4.2.2** The Executive Director may delegate authority to confirmed Directors and Line Managers to approve payment provided that the payment is consistent with approved plans, budgets, strategy, criteria and guidelines; is not sensitive, unusual, or involving government or donors; and in the judgment of the Manager is not deemed to actually or potentially pose significant risk to Usawa Agenda In such cases where authority is delegated, payments may not be “broken down” into smaller pieces so as be below the set threshold. Authority levels are as follows:

Authorization limit	Responsibility Level (for confirmed managers)
< USD 20,000	Managers
< USD 50,000	Directors
> USD 50,000 to USD 300,000	Executive Director
> USD 300,000	Board of Directors
> USD 300,000	Board of Directors

**4.2.3** Where circumstances demand, the Executive Director may withhold authorization of payment provided reasons for doing so are clearly communicated in writing.

**4.2.4** In order to expedite payments each responsible officer involved in the authorization process shall strive to respond as quickly as possible; normally no later than within two working days of having received the PV.



**4.2.5** In the course of undertaking the monthly review the Finance Manager and Director for Programs and Services shall exercise overall scrutiny of all expenditures, and make observations regarding compliance with policies, sound budget management and value for money as appropriate.

**4.2.6** No payment to any individual, company, or organization shall be made without a duly filled and signed form used for capturing bank details. Where a contract is being entered into with Usawa, this same form shall be used to source bank details from the individual, company, or organization, and the same details shall be copied into the contract which shall be signed by both parties. Signing of the form by the third party confirms the validity of the details, and clears Usawa Agenda of any responsibility.

### **4.3 Payment Methods**

**4.3.1** Wherever possible payments shall be made by electronic bank transfer or mobile money payment rather than cash or cheque. Payment details are only valid if accompanied (if for a first transaction) by the requisite bank details form. When dealing with an organization or company under no circumstances shall payments be made to accounts in the name of an individual.

**4.3.2** Where unavoidable, cheques shall generally be made in the name of the payee and shall remain 'closed' (i.e. Account Payee Only). In limited circumstances when payment is made to an individual who does not maintain a bank account cheque may be made out in his/ her name and 'opened' so as to enable the payee to cash the cheques with presentation of identity to the Bank. Cheques made out to 'cash' (instead of name of payee) shall generally be avoided and used in only very limited and unique circumstances where the previously mentioned options are not feasible, and in such cases the reasons for doing so shall be clearly documented.

**4.3.3** All cheques and other important bank related documents shall be maintained in lockable safes by the Finance Manager.

**4.3.4** All cheques and other bank transactions shall in addition to minimum required signatures bear the official stamp of Usawa Agenda whose specimen shall be submitted to the bank. This stamp shall be in the possession of the Executive Director.

**4.3.5** Usawa Agenda shall maintain an independent record of cheques and other instructions for payment to enable an audit trail and safeguard the organization against potential falsification of cheques. The Finance Manager shall arrange to make a photocopy of each stamped and signed cheque before it is paid to the payee, and maintain a file of such copies in a secure location.

**4.3.6** The Finance Manager shall maintain a register of all payments made and cheques that are written in serial order. The register shall contain all information noted on the banking system printout and/or 'cheques list' and in addition maintain a running bank balance.

**4.3.7** The Finance Manager shall ensure that a payment is effected or cheque is written only where there is assurance of adequate bank balance and that the payment shall not 'bounce'.

**4.3.8** The Finance Manager shall clearly mark all cheques that are spoiled 'CANCELLED' in large print in indelible ink and maintain these in the cheque book. The relevant bank shall be notified of the same in writing when transmitting the 'cheques list'.

**4.3.9** Pre-signing of blank cheques by any signatory SHALL not be allowed regardless of the circumstances.



## 4.4 Local Purchase Orders (LPOs)

- 4.4.1** Purchase orders (LPOs) shall be required for orders which are not paid for at the time of the order and for which it will need to make a future payment. LPOs may but need not be placed for orders whose total cost does not exceed the equivalent, in local currency, of US dollars 125. No order for goods or services whose value exceeds these amounts shall be placed without an authorized LPO or authorized contract.
- 4.4.2** LPOs shall only be placed after procurement requirements (see Section 5 on Procurement) and other applicable requirements have been fully met.
- 4.4.3** Official LPOs shall be compiled by the officer responsible for procurement. The LPO shall bear information regarding the order, such as precise specifications, quantities, quality, packing, delivery dates and other such information as may be necessary to ensure the quality, appropriateness and timeliness of the good/service ordered. The officer responsible for procurement shall attach relevant supporting documentation such as proforma invoices and detailed specifications to the LPO. For printed materials the Communications guidelines for publications and other printed material must be adhered to.
- 4.4.4** The Officer responsible for procurement shall forward the LPO to the Operations Manager for review and if satisfied will sign the document and forward it to the Executive Director.
- 4.4.5** The Executive Director shall review the LPO and, if satisfied, indicate approval by signing and stamping the document before forwarding it to the officer responsible for procurement. The officer shall then record the LPO in the register established for the purpose and arrange to transmit the LPO to the supplier.
- 4.4.6** No LPO shall be valid without the signature of the Executive Director/ Officer in Charge and the official Usawa Agenda stamp.
- 4.4.7** A copy of the LPO (wherever possible the original version) shall constitute an integral and necessary supporting document for the PV in relation to effecting payment.
- 4.4.8** The officer responsible for procurement shall each month prepare an accurate and timely report of all new and outstanding LPOs, and the status of each, and forward it to the Executive Director.

## 4.5 Contracts

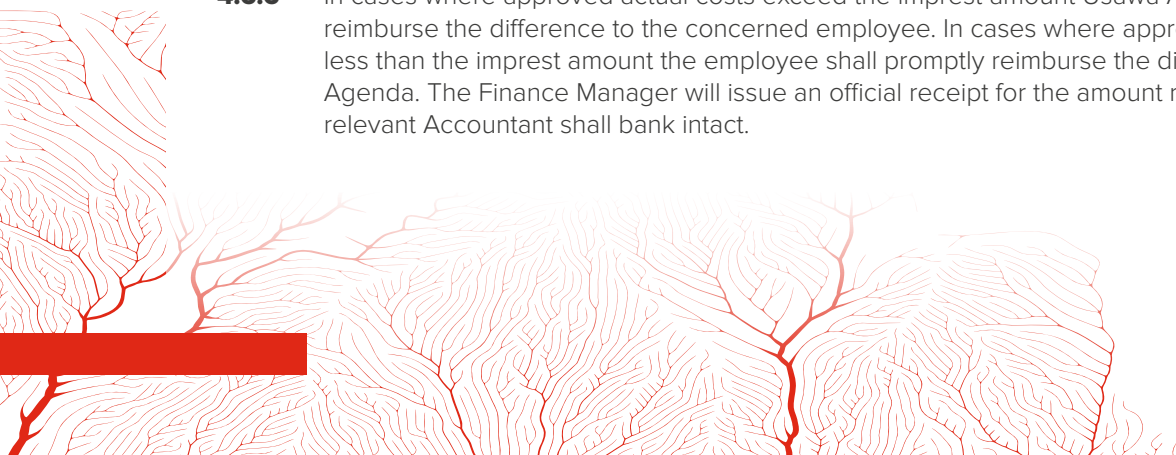
- 4.5.1** All orders/requests for delivery of services by Usawa Agenda for which it will need to make a future payment shall normally require a signed contract. No request for services whose value exceeds USD 125 or equivalent shall be placed without a signed contract or authorized LPO.
- 4.5.2** Contracts shall only be awarded to persons or entities who are deemed to be capable of performing the work with quality, and choice of person awarded the contract shall be fairly and openly determined and reasons for choice documented.
- 4.5.3** The preparation of contracts shall normally be initiated in Salesforce by the employee whose budget will be charged for the cost of the service, provided all necessary approvals for the activity have been sought in advance. He/she shall prepare a request for contract providing all relevant information including expected outputs, timeframe and proposed costs in a form created for the purpose, and forward it via Salesforce to the Contracts Administrator.
- 4.5.4** The Contracts Administrator shall scrutinize the material and if satisfied prepare a contract in accordance with standard Usawa Agenda formats, taking great care to ensure accuracy and comprehensiveness, assign it a serial contract number, and record the contract in register established for the purpose. The Executive Director shall review the contract and if satisfied

sign and stamp three printed copies if an employment contract, or two printed copies for all other contracts. The Contracts Administrator shall then witness on behalf of the organization and arrange to have it signed by the contractual party and witnesses.

- 4.5.5** The officer responsible for contracts shall provide one original to the contractual party, file a second original in the contracts file maintained by him/her and in the case of employment contracts provide the third original to the Operations unit for the personnel file established for the staff member.
- 4.5.6** A copy of the signed contract (and an original of the invoice or request for payment) shall constitute an integral and necessary supporting document for the PV in relation to effecting payment.
- 4.5.7** The officer responsible for contracts shall prepare from Salesforce monthly an accurate report of all new and outstanding contracts, and the status of each, and forward it to the Executive Director for review.

## **4.6 Imprests**

- 4.6.1** Imprests (funds provided in advance or working advance) may be advanced to Usawa Agenda employees where precise costs of implementing an upcoming Usawa Agenda activity cannot be known (e.g. field travel, workshop). No imprest shall be awarded to a Usawa Agenda employee who already has an outstanding imprest. To limit administration transaction costs, employees are encouraged to limit imprest requests for small amounts and instead advance payments and submit a claim for refund.
- 4.6.2** Imprest may only be requested towards the costs of implementing activities that are consistent with Usawa Agenda Policies and Regulations and approved plans and budgets. Imprests may only be used in relation to activities for which the imprest was granted, and may not be used for any individual or any other benefit.
- 4.6.3** Imprest requests shall be prepared well in advance using the form created for the purpose by the employee requiring the advance. It shall contain a brief explanation of the activity, a breakdown of the estimated costs, reasons for taking imprest and the budget code to be charged. Once satisfied with these details and its appropriateness, the Finance Manager shall scrutinize it to ensure it is consistent with all policies and regulations and accurate. Once satisfied the Finance Manager shall forward the imprest request to the Executive Director for approval.
- 4.6.4** An approved imprest shall be paid through online bank or mobile money transfer in the name of the employee requesting the imprest, who shall be responsible for safeguarding, expending and accounting for funds received in an accurate and timely manner consistent with all applicable policies and regulations. The employee concerned shall in the course of undertaking the activity secure genuine receipts, signatures when payments are made to individuals and other documentation to demonstrate the validity of payments made.
- 4.6.5** Imprests shall be retired promptly (**within five working days**) upon the completion of the purpose for which the advance was granted and/or the concerned employee has returned to the office. The employee concerned shall retire the imprest in the form created for the purpose and attach supporting documents in a clear, accurate and organized fashion. The Finance Manager shall scrutinize the retirement and if satisfied forward to the Executive Director for approval.
- 4.6.6** In cases where approved actual costs exceed the imprest amount Usawa Agenda shall promptly reimburse the difference to the concerned employee. In cases where approved actual costs are less than the imprest amount the employee shall promptly reimburse the difference to Usawa Agenda. The Finance Manager will issue an official receipt for the amount received, which the relevant Accountant shall bank intact.



- 4.6.7** The relevant Accountant shall maintain accurate and updated records on imprests at all times. Each imprest shall be assigned a unique serial number and recorded in a register established for the purpose. The Accountant shall also produce an accurate imprest report each month that shall note all outstanding, new and resolved imprests that occurred that month and forward it to the Executive Director for approval.
- 4.6.8** PVs for issuance of imprests shall contain the appropriate budget code but be assigned a special imprest budget code (holding code) until it is retired. Upon retirement of imprest the Accountant shall be responsible for ensuring it is charged to the appropriate budget code.

## **4.7 Credit Cards**

- 4.7.1** Credit cards will be issued to Executive Director and other Directors/ members of the senior
- 4.7.2** Credit cards will be issued to designated employees after signing a credit card application form. Both the employee and his/her manager must sign the agreements and return them to Manager responsible for Operations.
- 4.7.3** Organizational credit cards are to be used to achieve organizational objectives only. Personal charges of any kind are not allowed on the organization's credit card. In the event any personal charges are made on the Organization credit card, the employee will be required to reimburse the Organization or having funds withheld from compensation/reimbursement. Any reimbursement to the Organization must be made in U.S. dollars. Reimbursement to the Organization must be made in a timely manner. Continued violation of the policy will result in appropriate disciplinary and/or legal action up to and including termination of employment.
- 4.7.4** Credit card holders should ensure that the credit card is kept in a secure place at all times.
- 4.7.5** For payments which can be foreseen e.g. subscriptions, use of credit cards should be initiated only after normal payment authorization procedures have been completed using a requisition form designed for credit card payments. Reasons for not seeking pre-approval should be clearly explained during credit card retirement.
- 4.7.6** If the card is lost or stolen, the cardholder must immediately contact the issuing bank and Operations Manager who will immediately initiate the card cancellation process.
- 4.7.7** Credit card holders are supposed to submit expense reports by the 5th day of every month. Replenishment should be done monthly after the reconciliation has been done.
- 4.7.8** In the event of fraudulent/suspicious transactions appearing on the credit card account, the cardholder must immediately notify the Operations Manager who will then work with the issuing bank to dispute the transaction.
- 4.7.9** For employees who submit their resignation, their supervisors must immediately retrieve their organizational credit card and submit them to the Operations Manager for immediate deactivation. The Operations Manager must immediately notify the Director for Program and Services and the employee's supervisor that the cards have been returned for deactivation.
- 4.7.10** The Finance Manager or an appointed designee will immediately review the accounting records to determine if any outstanding expense reports are pending and notify the resigning employee's manager of their findings.
- 4.7.11** The resigning employee must address any and all open/unresolved issues prior to his/ her departure. Should any open/unresolved issues remain after the resigning employee's departure; the Finance Manager will provide a detailed summary to the employee's supervisor or Human Resources for resolution.



## 5. Procurement

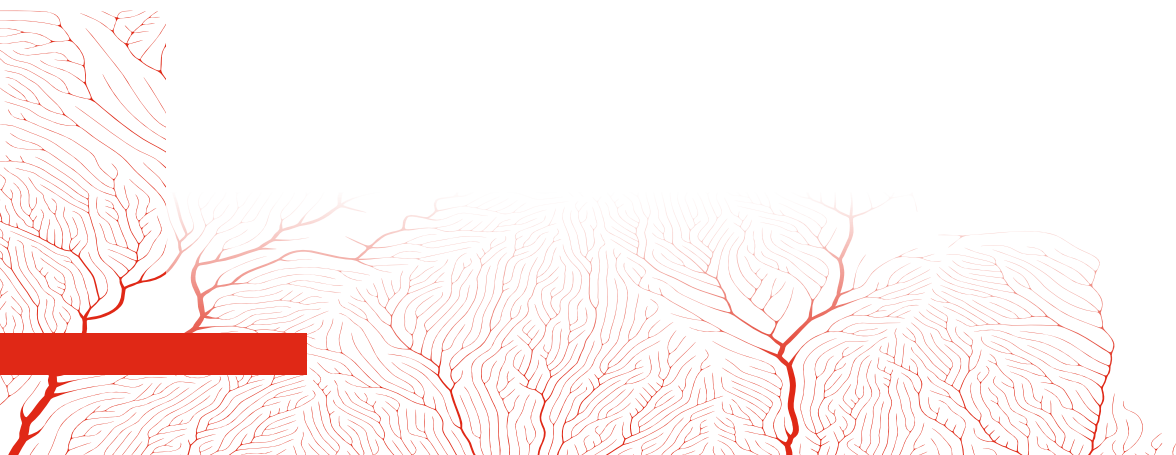
### Purpose

The purpose of this policy section is to enable Usawa Agenda to procure quality goods and services at a reasonable price, in a manner that is efficient, transparent, accountable and consistent with best business practices. This policy section articulates the guiding principles, roles, authority levels and main procedures to be used in procurement processes at Usawa Agenda.

### 5.1 Guiding Principles

All procurement at Usawa Agenda shall be guided by the following key principles:

- 5.1.1 Cost Effectiveness:** Usawa Agenda shall obtain quality and reliable goods and services at the least expensive (best) price. Competitive and independent quotes shall be solicited when more than one supplier is available, and offers and tenders shall be reviewed objectively and impartially.
- 5.1.2 Transparency and Documentation:** Criteria used by Usawa Agenda shall always be transparent. Price comparison forms shall be used to ensure that Usawa Agenda obtains competitive prices in the most transparent way. All documentation related to procurement shall be kept in secure files. Relevant documentation includes: quotes, invitation to tender, tenders, the tender evaluation record and the final decision, as well as the payment voucher (PV) and all supporting documents. Documents shall be kept securely for a period of seven (7) years.
- 5.1.3 Non-discrimination:** Usawa Agenda is an equal opportunity organization, and shall not discriminate against supplier on the basis of race, ethnicity, age, sex, sexual orientation, marital status, origin, disability, creed, political belief, religion or HIV status in procuring any product or service. Procurement from any supplier who is related to Usawa Agenda employee or director should generally be avoided and in all cases fully disclosed, and the employee concerned shall absent him/herself in the procurement decision process.
- 5.1.4 Zero Tolerance for Corruption:** Usawa Agenda shall exercise zero tolerance for corruption in all matters, including procurement. No Usawa Agenda employee or director may benefit or seek to benefit in any way whatsoever from any procurement. Any Usawa Agenda employee or director who is offered any inducement, payment, gift or other reward to influence the procurement process, or is aware of another employee being involved in the same, must report the matter immediately to the Executive Director (or the Board of Directors where it involves the Executive Director).
- 5.1.5 Accountability:** All persons involved in the procurement process, shall seek to ensure that both the letter and spirit of the procurement policy is adhered to. The officer responsible for procurement shall exercise prime responsibility in ensuring that procurement is consistent with these principles and Regulations. In addition, the Finance Manager shall exercise due scrutiny to ensure procurement is consistent with Usawa Agenda Policies and Regulations before an order is placed and/or payment is made. All procurement decisions and documentation shall be subject to scrutiny during both internal and external auditing processes.





## 5.2 Procurement Authority Levels

- 5.2.1 Recurring Purchases:** Regular major purchases include (but not limited to) stationery, printing, and travel services. Usawa Agenda shall solicit bids from at least three but ideally five suppliers once each year. The officer responsible for procurement shall analyse the bids and recommend the best suppliers for approval by the Executive Director. The selected supplier shall normally be used for all relevant purchases for a specified period not exceeding 12 months. Usawa Agenda may purchase goods and services from a different supplier where this can secure comparable quality and reliability at better rates.
- 5.2.2 Purchases under USD 3,000:** Competitive quotes will be secured where practicable, but shall not be required unless the purchase shall be recurring.
- 5.2.3 Purchases over USD 3,000:** Usawa Agenda shall seek independent quotations from not less than 3 independent suppliers. The Manager responsible for Operations shall systematically analyse the bids on a special form provided for this purpose, and make a recommendation in relation to quality and reliability for the best price. The Executive Director shall approve.
- 5.2.4 Large Purchases:** All large purchases exceeding USD 75,000 shall require a tender, which may or may not be advertised in the newspapers. However, bids must be sought from at least 5 suppliers.
- 5.2.5** Usawa Agenda shall not further split its procurement requirements to defeat the use of approved procurement methods and expenditure thresholds.

## 5.3 Tenders

- 5.3.1** Tender documents shall contain all relevant information such as technical specifications, terms of reference, and commercial conditions. Such conditions shall include the time frame for the provision of the goods/services. Tenders shall be required to be submitted in sealed envelopes, which may only be opened at the time the evaluation is performed to ensure that all tendering companies have equal footing in the process.
- 5.3.2** All tenders shall be submitted to [info@usawaagenda.org](mailto:info@usawaagenda.org) by the closing date and time indicated on the tender document.
- 5.3.3** Tenders shall only be assessed and analyzed on the Terms and Conditions specified in the invitation to tender by a team of not fewer than five people: The Finance Manager, Operations Manager, Manager of the activity, Procurement Officer, and one Director. The recommendations shall be documented and forwarded to the Executive Director for endorsement.

## 5.4 Internal Controls and Risk Management

- 5.4.1** All necessary measures will be taken to ensure that to the greatest extent possible, internal control mechanisms and risk management measures will be put into place to safeguard Usawa Agenda resources.
- 5.4.2** Where the Executive Director delegates authority for approval, all Usawa Agenda staff shall ensure segregation of duties between different functions to ensure checks and balances.

## 6. Payroll

### Purpose

The purpose of this regulation is to establish basic guidelines for the effective management and administration of the Usawa Agenda payroll. These regulations shall be read in conjunction with the Usawa Agenda HR Manual (Policies) regarding salaries and benefits.

### 6.1 Payroll Authorization

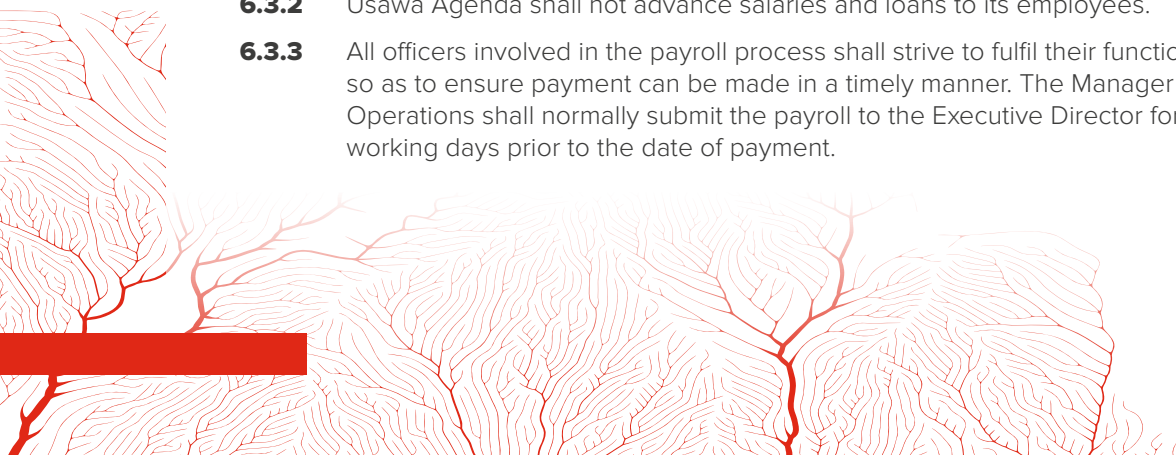
- 6.1.1** Only long-term contract employees with valid contracts who are working or on authorized absence shall be placed and appear on the Usawa Agenda payroll.
- 6.1.2** The payroll shall contain and be consistent with the provisions for salaries and benefits stipulated in the Policies and signed contracts, and authorized amendments of these.
- 6.1.3** The Accountant/HR associate shall be responsible for maintaining, updating and preparing the payroll each month, and for ensuring its accuracy and integrity.
- 6.1.4** The Accountant/HR associate responsible for Operations shall ensure that the payroll is calculated and processed using software that is professional and specialized for this purpose.
- 6.1.5** The Accountant/HR Associate may only make any additions or deletions of names, changes in the level of salaries or benefits or any other substantive change where this is supported by written documentation and is authorized in writing by the Executive Director. The Accountant/HR Associate shall clearly explain in writing all such changes and any other anomalies in relation to previous month's payroll (I.e. reconciliation statement).
- 6.1.6** All monthly payrolls including all changes, anomalies and differences shall be verified and approved by the finance manager and authorised by the Executive Director.

### 6.2 Payroll Features

- 6.2.1** The Usawa Agenda payroll shall contain the following information name of employee, position, salary grade/level, basic salary, pension payments, tax rates and calculations, and net pay. In addition, the payroll shall make provision for showing all deductions made.
- 6.2.2** The payroll shall be directly linked to the generation of pay slips which shall provide all basic information noted above. Each staff member on the payroll will receive an electronic pay slip by the last day of each month.
- 6.2.4** Payroll information shall be made available to the Executive Director, the Manager responsible for Operations, Manager responsible for Finance, and Usawa Agenda appointed auditors, the Usawa Agenda Board and relevant statutory bodies, but otherwise shall remain confidential.

### 6.3 Payroll Processing

- 6.3.1** Payment shall normally be processed by the 25th day of each month, or the prior working day if the 25th is a public holiday and weekend, in order to enable employees to have access to salaries by the last day of the month. The Executive Director may authorize payment in December to be made earlier so as to enable employees to receive payment prior to commencing the holiday season.
- 6.3.2** Usawa Agenda shall not advance salaries and loans to its employees.
- 6.3.3** All officers involved in the payroll process shall strive to fulfil their functions in a timely manner so as to ensure payment can be made in a timely manner. The Manager responsible for Operations shall normally submit the payroll to the Executive Director for approval at least 3 working days prior to the date of payment.



- 6.3.4** Payments shall normally be made by electronic transfer into the private bank accounts of each employee and a printed salary slip shall be produced each month for every employee's signature. Usawa Agenda shall normally be responsible for transfer charges if any to staff bank accounts. The relevant Accountant shall where necessary seek concessionary terms from relevant bank(s) involved so as to minimize transfer costs. In exceptional circumstances where an employee does not have a local bank account Usawa Agenda may for a temporary period provide payment by open cheque.
- 6.3.5** The Accountant shall ensure that all necessary monthly statutory payments are prepared and effected in an accurate and timely manner. These shall include income tax (PAYE), NSSF, NHIF, NITA and HELB (if owed by any employee), ensuring compliance according to the Kenyan authorities.
- 6.3.6** The Manager responsible for Operations shall prepare accurate legal annual report requirements (such as consolidated tax reports P9 and P11) and arrange to submit them in a timely manner, as well as consolidated annual reports for all other payroll aspects.
- 6.3.7** The Manager responsible for Operations shall ensure that the benefits and liabilities that apply to any employee whose contract has ended or is about to end shall be calculated in good time. All benefits due to an employee who is leaving shall only be paid upon satisfactorily completing all exit requirements, as details in the HR Manual.

## 6.4 Loans

- 6.4.1** Usawa Agenda would like to support staff to secure personal loans from financial institutions, however its first obligation is to protect the organization. Usawa Agenda will not guarantee employees or assume liability on behalf of employees, nor will it agree to deduct any money from employees on behalf of financial institutions.
- 6.4.2** Usawa Agenda will not disclose any personal or confidential information on behalf of staff, however, it can disclose, upon the written request of the employee, basic information from their own employment contract.
- 6.4.3** Where unavoidable, and understanding that written commitment to the bank is a contractual obligation, Usawa Agenda will treat all commitments made to any financial institution on behalf of employees as a contract, and must be registered in the same manner as all other contracts. This is only if the commitment does not jeopardize or put at the risk the organization or any of its staff.
- 6.4.4** Usawa Agenda will not be held liable in the event an employee defaults on their loan repayments, or leaves the organization, or changes which account to channel their salary through.

## 6.5 Consultancy Payments

- 6.5.1** Payment for consultants and other short-term employees of Usawa Agenda shall be commensurate with the terms of their contract. The consultant shall initiate the process in accordance with the terms of the contract, and submit an invoice/request for payment preferably with copy of contract, and forwarding it to his/her Supervisor. The Supervisor shall scrutinize the request and if satisfied prepare a PV with supporting documents.
- 6.5.2** Payment to casual laborers shall be in accordance to daily or hourly rates as set by the Executive Director in consultation with the Operations Manager. These payments shall be made using petty cash.
- 6.5.3** In effecting all payments, the Finance Manager shall ensure that all statutory requirements related to taxation and other relevant matters are fully complied with.

## 7. Asset Management

### Purpose

Assets obtained by Usawa Agenda be properly recorded, coded, allocated and managed in the interest of efficiency and accountability. This Policy outlines the basic guidelines for effective management of assets at Usawa Agenda. An asset is defined as equipment, vehicle, furniture, building or any other item appearing in the Usawa Agenda asset register.

### 7.1 Management

**7.1.1** The Manager responsible for Operations shall be overall responsible for the management of assets at Usawa Agenda. The guidelines stipulated herein shall be strictly observed and accurate records shall be maintained at all times. Failure to manage assets as required by this policy may constitute grounds for disciplinary action against employees responsible.

**7.1.2** Normally items valued under USD 125 (such as calculators, cell phones, standing fans) need not be treated as an asset and affixed a formal asset code, but shall be kept track of through other means.

### 7.2 Receipts and Issues

All assets received shall be entered into the assets register without delay by Manager responsible for Operations in and be assigned a unique asset number. Only then shall the asset be assigned to an employee who shall sign for it and an appropriate entry shall be made into the room asset list. No asset may be transferred outside its designated location or among employees without the express permission of the Executive Director or persons delegated by him/her. Any permanent or long-term transfer shall require an adjustment to the asset register and room list.

### 7.3 Records

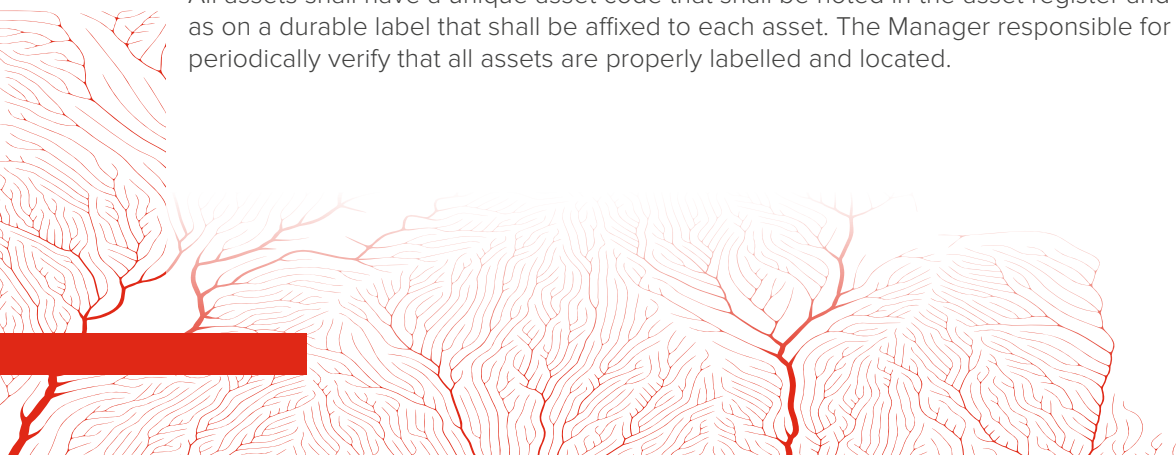
**7.3.1** Accurate records of assets shall be maintained at Usawa Agenda at all times. The Asset register shall be maintained by the Operations Manager and scrutinized by the Finance Manager to ensure full consistency with Finance records.

**7.3.2** The asset register shall be updated periodically as new equipment is acquired and old ones disposed of. Equipment moved to new locations must be updated in the register unless it is being relocated on a temporary basis (less than ten working days). Information regarding the allocation and movement of all assets shall be maintained by the Operations Manager.

**7.3.3** Records shall include key information such as asset type, serial number, brand name, asset number, quantities, date and price of purchase, location and employee responsible. The room list shall list all assets in the respective office room and it shall be signed by the employee primarily responsible for their safety and good use. The room list shall be produced in duplicate, signed and posted on the back door of the room, and maintained by the Operations Manager in the Assets file.

### 7.4 Asset Codes

All assets shall have a unique asset code that shall be noted in the asset register and room lists, as well as on a durable label that shall be affixed to each asset. The Manager responsible for Operations shall periodically verify that all assets are properly labelled and located.



## 7.5 Care and Repair of Assets

**7.5.1** All employees who are assigned assets shall take all reasonable measures to ensure responsible use, good care and safety; and do nothing that would damage the asset or invalidate its warranty.

Assets are meant to be used for the work of Usawa Agenda and may not be put to any unauthorized private use or provided to any other party without proper authorization.

**7.5.2** Movements of assets for repairs shall be recorded. The Manager responsible for Operations shall make every effort to expedite repairs and wherever possible make alternate arrangements to enable the employee to continue work. Wherever possible, full use shall be made of warranty provisions.

## 7.6 Loss or Damage of Assets

**7.6.1** In case of loss, damage or theft, the employee who is responsible for it or has knowledge of it shall immediately write a clear, accurate and comprehensive statement regarding the incident and forward it without delay to the Executive Director.

**7.6.2** In case of wilful loss, wilful damage or theft, the Executive Director having examined the situation and consulted with the Manager responsible for Operations and being satisfied that a report to the police or other authorities is warranted, shall proceed to arrange to do so. An employee who admits to theft or causing wilful loss or wilful damage, or is convicted in a court of law of it, shall have their contract terminated. In such cases the employee concerned shall be liable for 100% of the cost of replacement, even where the cost may be wholly or partially recoverable by other means, unless the Court determines otherwise.

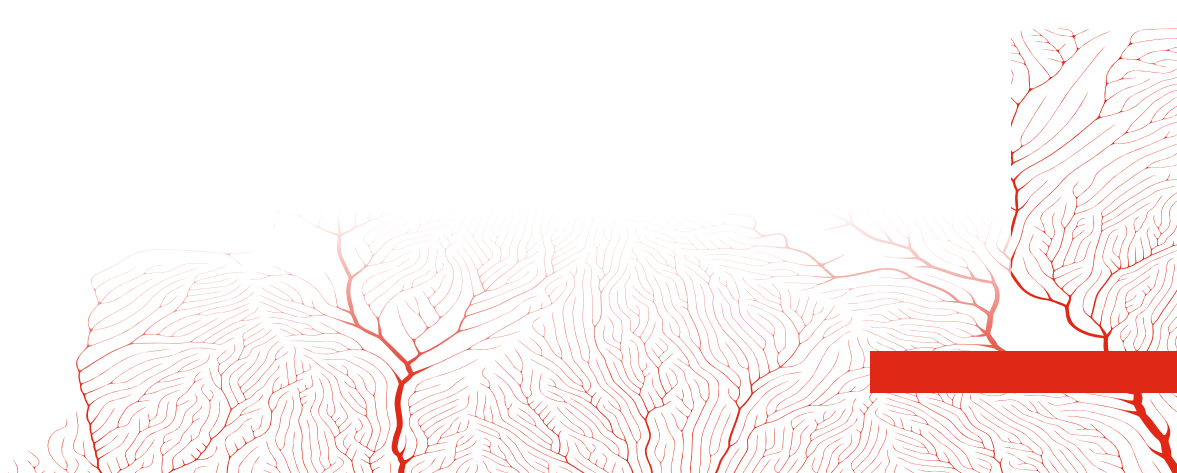
**7.6.3** In case of damage or loss the Executive Director, with the assistance of the Manager responsible for Operations, shall seek to establish the circumstances that led to the damage or loss. Where the circumstances are unclear, the employee concerned shall generally be accorded the benefit of doubt.

**7.6.4** Where the Executive Director, after consultation with the management team or relevant managers as the case may be, determines that the loss or damage of the asset is due to negligence, improper use, or any use that violates the Policies or Regulations the employee concerned may be held liable for reimbursing the full cost of replacing or repairing the asset(s) concerned.

**7.6.5** The employee facing disciplinary action shall have the right to appeal in accordance with the provisions for appeal in the Policies.

## 7.7 Reports

The Manager responsible for Operations shall produce asset status reports on or before the tenth day of each new quarter covering the previous months. Reports shall include information on receipts, issues, repairs, movements and function status of assets, analysis of the data, and explanations of any major issues or discrepancies.



## **7.8 Insurance of Assets**

**7.8.1** All major Usawa Agenda buildings, equipment and vehicles shall be insured against fire, theft, loss and damage. The Manager responsible for Operations shall promptly and no later than two weeks from date of delivery arrange for newly acquired assets to be insured, ensure that coverage for existing assets is kept current, and any claims pending are followed up on a regular basis. Procurement of insurance services may be undertaken directly or through a broker, provided that procurement guidelines stipulated herein are followed.

**7.8.2** In case of damage or loss covered by insurance the Manager responsible for Operations shall immediately prepare a report on the incident and forward it to the Executive Director with recommended actions. The Executive Director if satisfied with the report shall in consultation with the Manager responsible for Operations arrange to lodge a claim with the insurance provider, unless he/she determines that the costs of doing so (such as insurance deductibles, loss of no claim discounts, and transaction costs) outweigh the potential benefits, and in such cases shall decline to lodge a claim and document the reasons for doing so.

## **7.9 Asset Stock Checks**

**7.9.1** Assets at Usawa Agenda shall be subject to both routine and unannounced spot checks as follows:

- The Manager responsible for Operations shall examine assets to ensure good organization and consistency between movements, records and holdings from time to time.
- The Finance Manager shall undertake a systematic check around the last day of each quarter for each of the first three quarters of the calendar year.
- The Executive Director shall assign any other suitable employee and/or external consultant to undertake a comprehensive annual asset check as well as spot checks from time to time.

**7.9.2** All asset comprehensive and spot checks and their findings shall be carefully recorded and communicated to the Executive Director.

## **7.10 Keys**

**7.10.1** All Usawa Agenda keys, including acquisition, transfers and allocation, must be recorded in a special register established for the purpose. One set of spare keys shall be organized and maintained in a secure location by an officer designated by the Executive Director. Spare keys to be deemed of especially sensitive nature shall be maintained by the Executive Director.

**7.10.2** The Executive Director shall determine and authorize allocation of keys. No keys may be copied or allocated without the permission of the Executive Director. Keys shall remain the property of Usawa Agenda and employees must return them when requested and at the end of employment contract.

**7.10.3** In case of loss each employee must report the matter immediately to the Executive Director and the Manager responsible for Operations. The employee shall be held liable for the cost of changing locks and duplicating all keys needed, unless the Executive Director determines the circumstances of the loss of keys do not warrant such liability on the part of the employee.



## 7.11 Disposal of Assets

**7.11.1** Disposal of Usawa Agenda assets shall be done in a manner consistent with the provisions in the Memorandum and Articles of Association of the Organization.

**7.11.2** The Executive Director shall base decisions to dispose of obsolete assets on any or a combination of the following factors:

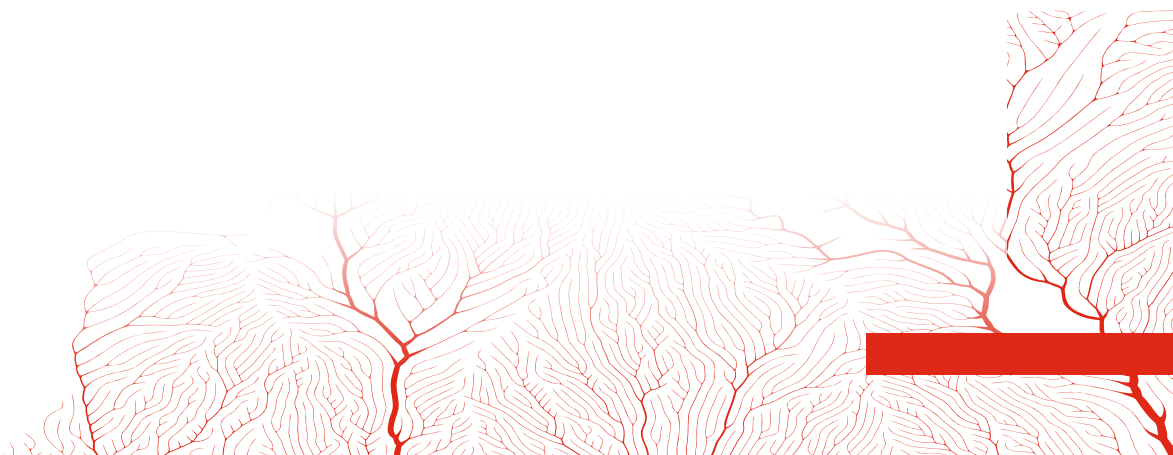
- If the asset is no longer required due to changed procedures, functions, or usage patterns;
- If the asset is occupying storage space and will not be needed in the foreseeable future;
- If the asset has reached its optimum selling time to maximize returns;
- If the asset is no longer complying with occupational health and safety standards;
- If the asset is found to contain hazardous materials harmful to the environment;
- If the asset is technically beyond repair but able to be sold for scrap;
- If the asset is confirmed to be obsolete and/or no longer of value to the organization.

**7.11.3** Assets may not be disposed, sold or given to any Usawa Agenda member, director, employee, volunteer or intern, or his/her relatives.

**7.11.4** The Executive Director in consultation with the Manager responsible for Operations may provide assets that are no longer needed by Usawa Agenda of a value of USD 3,000 or less to other non-profit organizations free of charge, provided such transfers are fully documented.

**7.11.5** Any decisions to dispose of assets and the reasons for taking them shall be clearly documented alongside the asset register, and must be duly authorized by the Executive Director. That the asset has been disposed of must be clearly indicated in the asset register to ensure a clear audit trail.

**7.11.6** All disposal of assets, whether by sale or donation, shall be on an “as is – where is” basis. Usawa Agenda shall not make any representations or issue warranty, not even implied, as to the fitness for purpose, saleability, or any other condition or quality of the asset to any buyer other than as expressed in the notice to dispose the asset. Asset buyers shall be responsible for any tax liabilities due for any assets that attract such taxes.



## 8. Stores Management

### Purpose

Goods and equipment received and distributed shall be properly recorded, stored, organized and managed in the interest of efficiency and accountability. This Policy outlines the basic guidelines for effective management of stores at **Usawa Agenda**.

### 8.1 Management

The Manager responsible for Operations shall be overall responsible for the management of stores at Usawa Agenda. The guidelines stipulated herein shall be strictly observed and accurate records shall be maintained at all times. Failure to manage stores as required by this policy may constitute grounds for disciplinary action against employee(s) concerned.

### 8.2 Issues

An employee requiring materials shall state his/her request on a designated 'stores requisition form'. No item may be issued from stores without a duly authorized requisition form. Requisitions of items worth up to USD 232 may be authorized by the respective Line Manager. Requisitions of items exceeding USD 232 shall in addition require prior authorization by the Executive Director.

### 8.3 Receipts

All items received, including publications, unless used immediately and not normally maintained in stores shall be recorded by the employee responsible at the time of receipt on a form created for the purpose. All items shall be properly stored in an organized and neat fashion at all times, and all appropriate measures shall be taken to minimize theft, loss or damage, particularly for items that are not stored under locked premises.

### 8.4 Restocking

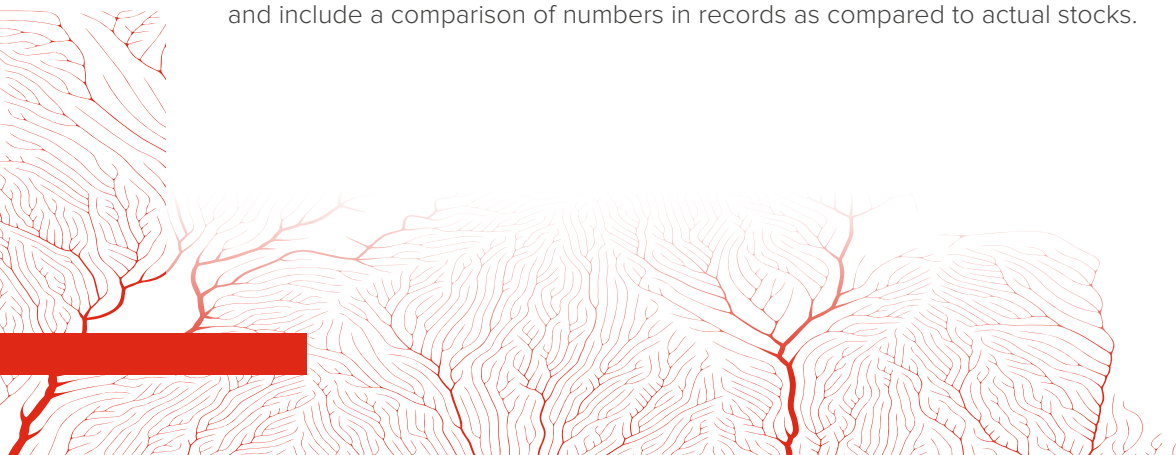
The Manager responsible for Operations shall establish minimum quantities that shall be held in Usawa Agenda stores so as to ensure smooth operations. He/she shall be responsible for procuring/ restocking items in a systematic and efficient manner and in good time before stocks are exhausted.

### 8.5 Records

The Manager responsible for Operations shall ensure accurate and timely records are maintained for all movements regarding stores. These shall include but not be limited to: receipts, requisition forms, issues, and stocks. A stores ledger shall be maintained and all transactions shall be accurately recorded in the ledger no later than one week after the transaction was undertaken. The Manager responsible for Operations shall be responsible for ensuring the safety of all records at all times.

### 8.6 Reports

The Store keeper shall normally produce reports on or before the tenth day of each month covering the previous month. Reports shall include starting stocks, receipts, issues and ending balances, analysis of the data, and explanations of any major issues or discrepancies. The Manager responsible for Operations shall also produce quarterly reports containing the same information as in monthly reports, and include a comparison of numbers in records as compared to actual stocks.





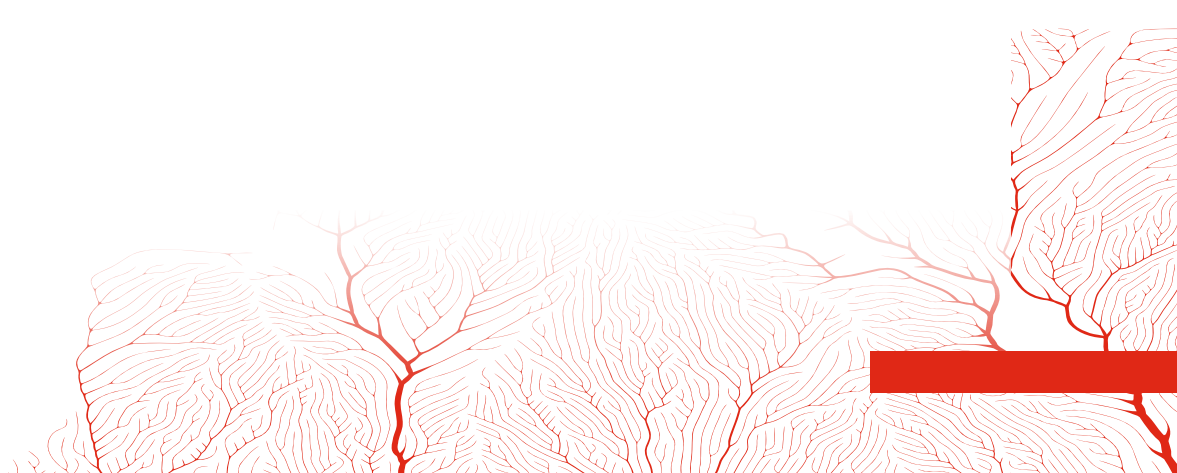
## 8.7 Stock Checks

**8.7.1** Stores at Usawa Agenda shall be subject to both routine and unannounced stock checks as follows:

- The Manager responsible for Operations shall regularly examine stores to ensure good organization and consistency between movements, records and stocks from time to time.
- The Manager responsible for Operations shall in addition undertake a comprehensive and systematic stock check around the last day of each quarter and conduct spot checks at any other time;
- The Executive Director may assign any officer or external consultant to undertake an independent verification/spot check of the physical stores and store records at any time.

**8.7.2** All quarterly, annual and other stock checks and their findings shall be accurately recorded and communicated to the Executive Director.

**8.7.3** The stores shall be subject to annual audit by the external auditors of Usawa Agenda.



## 9. Management of Vehicles

### Purpose

Usawa Agenda owns vehicles to facilitate the work of the organization. This Policy outlines the entitlements, rules and regulations for the effective use and management of vehicles and transport at Usawa Agenda.

### 9.1 Entitlement

- 9.1.1** Usawa Agenda vehicles are to be used for the work of the Organization. Only employees designated as official drivers or otherwise authorized by the Executive Director may drive Usawa Agenda.
- 9.1.2** All persons driving Usawa Agenda vehicles must be licensed to operate vehicles in Kenya.
- 9.1.3** All employees other than the Executive Director shall request vehicle use to the Manager responsible for Operations or officer delegated by him/her in the form designated for the purpose. Employees shall lodge requests as far in advance as possible. The Manager responsible for Operations shall determine the allocation of vehicles.
- 9.1.4** Where a vehicle is not available for work, the employee may use a taxi and seek reimbursement at the established country official fare rates. The rates shall be shared by Finance Manager. In case the staff/consultant did not get relevant receipt, the amount shall still be paid but must be equivalent to the established rates by the respective Government entity.
- 9.1.5** In exceptional circumstances the Executive Director may authorize an employee to use the office vehicle for personal use where this does not interfere with the functioning of the Organization. In such cases where personal use exceeds 10 km in any one month the employee shall reimburse costs for personal use at established rates.

### 9.2 Vehicle Logs and Records

- 9.2.1** Drivers/users of Usawa Agenda vehicles shall promptly, accurately and thoroughly record vehicle use in vehicle logs designated for the purpose. Information recorded shall include date, start/end mileage, start/end location, purpose (giving key details where official) or otherwise marked personal. Information about refuelling, services, maintenance, repairs, accidents and any other major happenstance shall also be recorded. An employee who fails to provide consistent, clear or adequate information as required shall be liable to pay for applicable mileage at the established rates.
- 9.2.2** The Manager responsible for Operations shall arrange to scrutinize, compile and analyse vehicle logs and other records to prepare monthly analytical reports.

### 9.3 Laws and Regulations

- 9.3.1** All drivers of Usawa Agenda vehicles shall drive cautiously and put safety first at all times.

All users shall be responsible for observing all applicable rules and regulations in the Policies, Regulations and traffic laws, including the use of safety belts at all times. No employee may use a vehicle in any manner that may invalidate its insurance coverage.



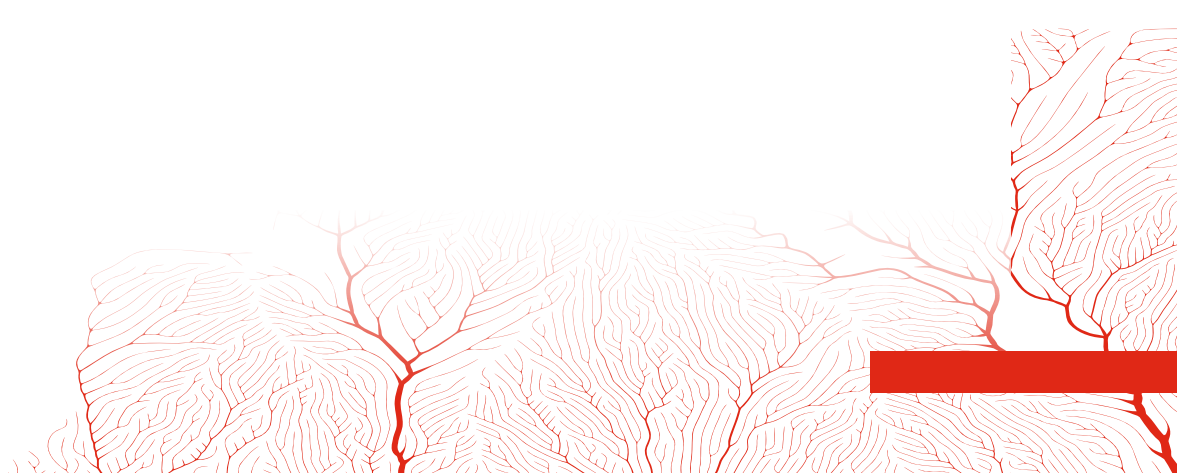
- 9.3.2** Non-staff given lifts in Usawa Agenda vehicles are doing so at their own risk as the Organization shall not be liable for whatsoever claim if accident occurs except to the extent of insurance coverage, if any.
- 9.3.3** The Manager responsible for Operations shall ensure that a copy of the Vehicle Policy is kept in all vehicles owned by Usawa Agenda. It is the responsibility of the driver to ensure that non-staff who are given lifts are shown a copy of the policy, and that they are in agreement prior to departure.
- 9.3.4** Failure to abide by traffic laws, Regulations or Policies by any employee may lead to suspension of privileges and/or disciplinary action.

## **9.4 Accident and Loss**

- 9.4.1** All accidents however minor or loss of any items from vehicles shall be reported immediately to the Manager responsible for Operations. Accidents shall also be reported to the authorities where required by law.
- 9.4.2** Any employee who has caused an accident through wilful neglect or flagrant violation of regulations may be held liable for resulting damages.
- 9.4.3** An employee or associate who suffers injury or death through accidents shall be limited to and in accordance to the Group Personal Accident insurance coverage (as provided for in the Policies) plus any vehicle insurance that may be in force and applicable.

## **9.5 Maintenance and Repair**

- 9.5.1** The Manager responsible for Operations shall ensure that vehicles are serviced on a regular basis as per manufacturer recommendations, and maintain good records for it. The Manager responsible for Operations shall also arrange to have the vehicles cleaned and checked on a regular basis.
- 9.5.2** The Manager responsible for Operations shall arrange to have vehicles refuelled once a month in a timely fashion by a supplier identified through the procurement requirements.
- 9.5.3** Any malfunction or problem with any vehicle that cannot be solved by the employee shall be immediately reported to the Manager responsible for Operations, who shall be responsible for arranging for appropriate repairs.



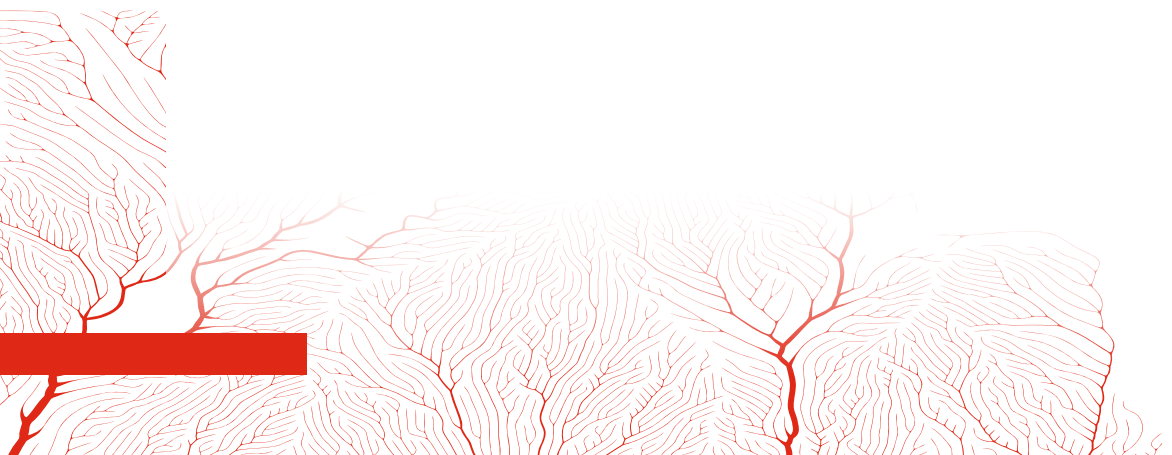
## 10. Daily Subsistence Allowances (DSA)

### Purpose

The purpose of this regulation is to establish the conditions under which employees (and affiliates) shall be eligible to receive DSA payments and provide for the levels and terms of these benefits.

### 10.1 Eligibility and Coverage

- 10.1.1** The Executive Director shall with the consent of the Board establish rates for DSA for different types of location for employees who are travelling on duty and are required to spend the night out of their normal station (i.e. night outside the city/town of work residence).
- 10.1.2** Usawa Agenda DSA rates shall be the same for all employees regardless of position or status. The same DSA rates shall generally apply for non-employee affiliates (such as Board Directors, members, partner staff and national consultants).
- 10.1.3** The DSA shall cover the cost of accommodation, meals, local transport between hotel and office/main work station, communication, laundry and all incidentals. The costs of transport between towns, between airports and hotels, and between different locations for meetings; costs of doing fieldwork and other expenses directly necessary for undertaking officially assigned duties shall be additional to the DSA and shall be reimbursed against bona fide receipts.
- 10.1.4** In cases where actual costs incurred are below DSA provided the employee shall retain the difference. In cases where actual costs incurred are higher than DSA provided, the employee shall be responsible for the difference. In exceptional circumstances of the latter case the employee concerned may petition the Executive Director (and where possible in advance of commencing the journey) to pay the difference where it can be demonstrated that actual costs were higher than provided and there were no other reasonable alternatives available, and where such expense is fully documented and supported by original receipts/proof of payment. In such cases the Executive Director shall consult with the Manager responsible for Operations and make a final determination and document the reasons for such a decision.
- 10.1.5** Where employees/delegates are expected to stay in a particular accommodation or where concessionary rates have been negotiated by the organizers with particular accommodation, employees shall be expected to stay at such a location, and in this case costs for such may be covered instead of DSA
- 10.1.6** To the maximum extent practicable, bookings shall be made in advance.
- 10.1.7** Both the Organization and employees shall at all times seek to minimize costs and obtain value for money in relation to work travel and accommodation. The Administrator/Manager responsible for Operations shall seek to establish special agreements for discounted rates with appropriate hotels in frequently visited locations, and in such cases, employees shall normally stay at these hotels or other places of their choice at equal or lower cost.
- 10.1.8** In no case may an employee receive compensation for accommodation, meals, transport or any other cost that has been covered by another entity or through other means (i.e. no double compensation may be accepted).



## 10.2 Rates

- 10.2.1** DSA rates shall be based on estimates of actual costs of staying at a reasonable, clean and safe hotel and obtaining meals, and not treated as an avenue for enhancing employee incomes. Rates shall apply on the basis of night spent out of station.
- 10.2.2** DSA and other allowance rates shall be reviewed about once a year in the context of market conditions and determined by the Executive Director. The decision of the Executive Director and the basis for it shall be subject to consent by the Board.
- 10.2.3** Rates established shall normally take effect in January and be valid for one year; however, where circumstances demand the Executive Director reserves the right to adjust the rates at any other time. To address fluctuations in local currency exchange rates, the Executive Director shall determine the rates for National Travel in local currencies at the beginning of each quarter.
- 10.2.4** The applicable tiers and rates for each year shall be provided in a separate annex as approved by the Head.

### The Applicable Tiers and Rates for 2020

Category	Hotel	Meals/Drinks	Other
<b>International travel (outside 5 East African countries) and capital cities of East Africa countries other than own resident country</b>	Reasonable clean, safe hotel room incl. internet (up to 3/4 star), based on reimbursement of actual costs against bona fide receipts	Flat coverage of \$10 for breakfast (unless provided by hotel) and \$15 for lunch and \$25 for dinner	<b>Flat \$15/day for communication, laundry, and other incidentals</b>
<b>Regional travel in East Africa outside employee resident country (other than capital cities covered above)</b>	Clean, safe hotel room incl. internet, based on reimbursement of actual costs against bona fide receipts	Flat coverage of \$8 for breakfast (unless provided by hotel) and \$15 each for lunch and dinner	<b>Flat \$10/day for communication, laundry and other incidentals</b>
<b>National travel in officially designated cities and municipalities (e.g. Mombasa, Kisumu, Nakuru, Eldoret)</b>	Flat per night USD 60.  Where lunch/dinner covered but hotel is not, Flat USD 40 per night	Included in base/hotel DSA  Where hotel covered but meals are not flat USD 6 for breakfast, and USD 10 each for lunch and dinner	<b>Flat USD 6/day for communication, laundry and other incidentals</b>
<b>National travel everywhere else and villages</b>	<b>Flat per night USD 50</b>  <b>Where lunch/dinner covered but hotel is not, flat USD 35 per night</b>	Included in base/hotel DSA  Where hotel covered but meals are not flat USD 5 for breakfast, and USD 8 each for lunch and dinner	<b>Flat USD 6/day for communication, laundry and other incidentals</b>

- 10.2.5** In the event where bus transport receipts cannot be obtained, then indicative bus fare rates given by Country Transport regulator shall be used. In the event where the indicative bus rates are not available then the country accountant will work to establish various route rates and have the rates reviewed by Finance Manager before being approved by the Director of Programs and Services.

# 11. Journal Vouchers (JV)

## 11.1 Purpose

**11.1.1** Journal Vouchers (JVs) is used to record transactions which are not processed through the payment workflow (e.g. bank charges, imprest retirement, depreciation, allocation of expenses into various budget codes, correction of errors in posting, transferring of transaction from one budget code to another, write off of asset, recording of exchange gain/ loss etc.). To ensure that JVs are processed accurately in a timely and efficient manner, the following must be adhered to.

## 11.2 Currency

**11.2.1** All JVs (other than JV used to post bank charges or to adjust transactions in bank accounts maintained in local currency) can only be entered using the United States dollar currency.

## 11.3 Approval

**11.3.1** A JV must be approved by the Executive Director or Director responsible for Programs and Services.

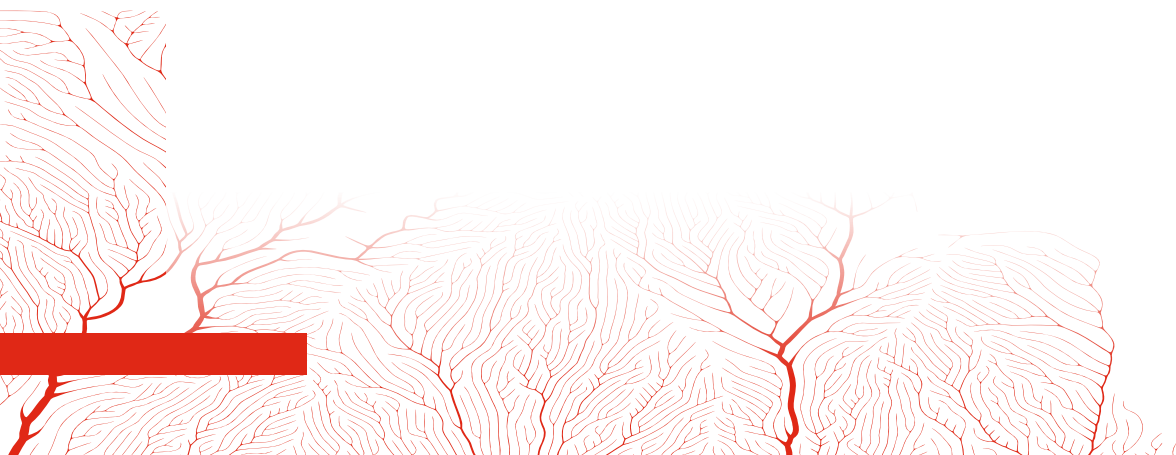
## 11.4 Supporting Documentation

**11.4.1** A JV must be supported by any or combination of the following documents. The documentation must provide enough details to satisfy any third party that was not involved in the preparation.

- Invoice, contract of LPO as appropriate
- Payroll report per cost center as generated by the payroll system (for allocating salaries between various budget codes)
- email or memo authoring the JV to be prepared
- calculation of correction, adjustment or redistribution of expense
- print out of general ledger
- cost sharing agreement
- copy of the original transaction being corrected or adjusted, payment voucher, imprest request/ retirement or JV being corrected or adjusted
- a note indicating where the appropriate supporting documentation can be found if applicable
- Others when appropriate.

## 11.5 Description

**11.5.1** An explanation is required to ensure that any questions arising regarding a JV can be answered by reviewing the transaction description and additional notes. Proper documentation is mandatory to ensure that an individual who was not part of the process may review the documentation and understand the rationale behind recording of that transaction.



# Annex I Payment Voucher (PV) details and how to prepare a good PV

Usawa Agenda is committed to being open, transparent and accountable. For payments that means we must disclose full information in a manner that is clear, complete and speaks for itself i.e. even if none of us are around, everyone would get to know the full information they need from the documentation.

Payment Vouchers (PVs) are the key document to contain that information. The PV page itself should contain all key information a decision-maker needs. The notes below provide a guide on how it should be prepared well.

## 1. Paid To/Address

Payee's full name and address; with post office box number, city, country and email address. If it is an individual also include their telephone number. The information given should be sufficient to be able to find the entity.

## 2. Payment Date

Actual date of first initiating the payment voucher (not of making the payment). For payment vouchers initiated in salesforce the payment date will be generated automatically.

## 3. Mode of Payment

We are committed to being cashless and cheque-less as much as possible. This means that generally we will only pay by electronic bank transfer. For people who do not have bank accounts we pay using mobile money payment methods. **Only in exceptional circumstances will we pay small amounts through open cheque or petty cash. If possible, even small payments of USD 20 should be paid into an account instead of via petty cash.**

Notation of request mode of how payment should be made. The options are:

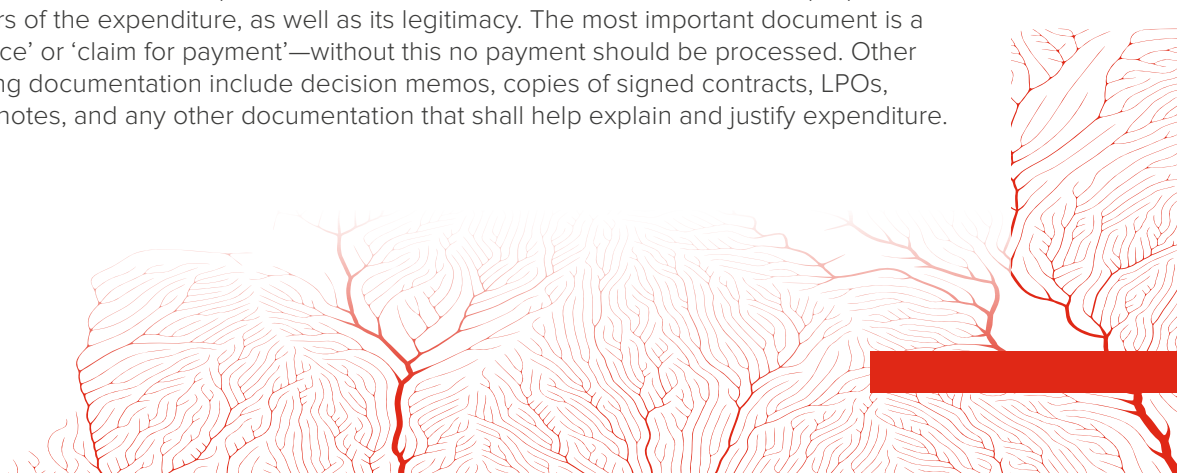
- By bank transfer (the norm/default). This is the last check box
- By Mpesa or other mobile money provider
- By Open Cheque (written in name of person, but 'opened') rare exception
- By petty cash (for up to USD 125)

## 4. Description/Purpose

We need a **detailed** explanation of the nature of expenditure, and its purpose and key aspects. Quantities and unit prices shall normally be noted here, if not possible to capture all the details in the PV, a separate sheet(s) can be used to capture details and be attached to the PV.

## 5. Supporting Documents

Further documentation that provides relevant information about the relevance, purpose and particulars of the expenditure, as well as its legitimacy. The most important document is a 'tax invoice' or 'claim for payment'—without this no payment should be processed. Other supporting documentation include decision memos, copies of signed contracts, LPOs, delivery notes, and any other documentation that shall help explain and justify expenditure.



Additionally, it is really important to add, on a separate sheet, evidence of satisfactory quality and quantity of work done, signed by the manager/budget holder. For payments done in salesforce the output analysis forms are generated automatically for contracts and LPO. The PV initiator needs to ensure that the related output analysis form has been correctly filed on the actual outputs delivered as well as recommendation of amount to be paid. Except for the very simple payments—the Manager needs to demonstrate that s/he has carefully verified that the goods/ services supplied are up to the standards/quality required, as well as of the required quantity and timeliness. The simplest way to do this is to copy paste the ‘requirements’ from the contract or LPO on the left-hand side and on the right-hand side show what was actually delivered.

Documents to be attached/linked to the PV are to be listed in the ‘Supporting docs attached’ of the PV, including unique (invoice, Decision Memo, etc.) numbers so that they can be identified. The supporting documents should be filed in clear order – and allow easy comparison and verification between figures on PV and supporting documentation. Where there are many pages, use a highlighter to circle the key info.

## **6. Amount**

The amount to be paid should be stated clearly in both numbers (with amounts for specific items listed separately) and words. Be very careful to state whether the currency is USD/KES.

## **7. Budget Description and Code**

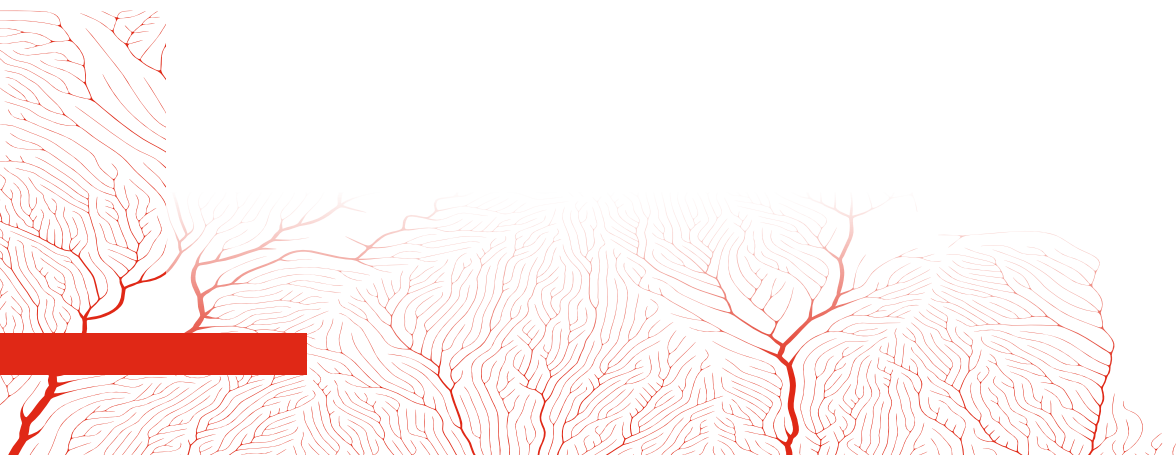
First, check in Xero that we have sufficient funds. The budget description and code to which the expenditure is to be charged. Please be accurate and use the official format. Wherever appropriate charge a program code. If it is an imprest enter the IMPREST BUDGET CODE.

## **8. Payment Voucher Authorization Process**

Signature and date in the box provided of the officers responsible to indicate that they have fulfilled their responsibilities in relation to the PV and are satisfied that the payment should be made.

The payment approval workflow and duties for each individual involved in payment process is shown on annex II “Payment procedures”.

Where specific authorization has been given via email a copy of that email showing email address, date/time sent by authorized person should be printed and attached to PV, and authorization box mark ‘By email on DD/MM/YY’



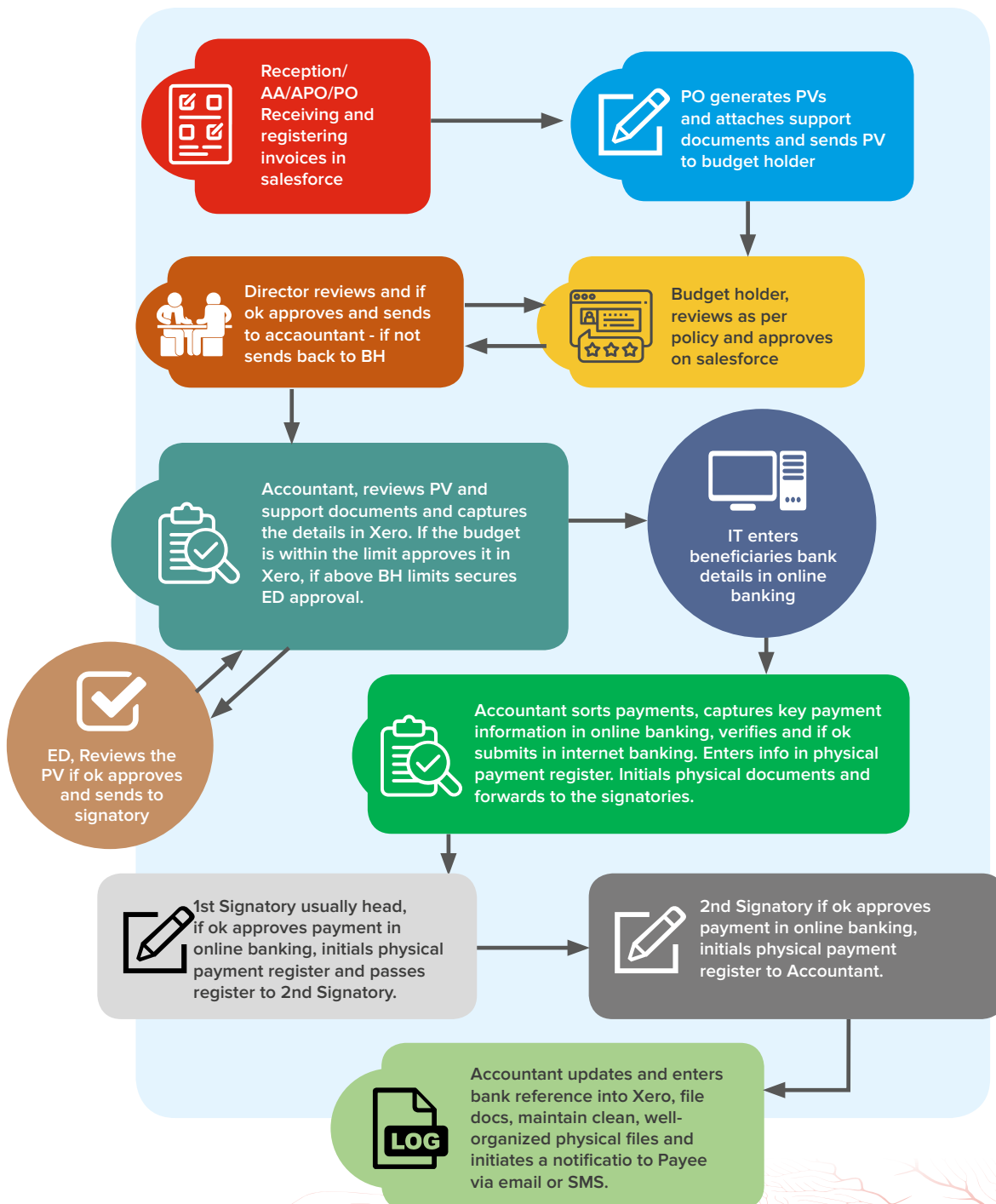


# Annex II – Payment Procedures

## Other Notes (for Payments Processed Manually):

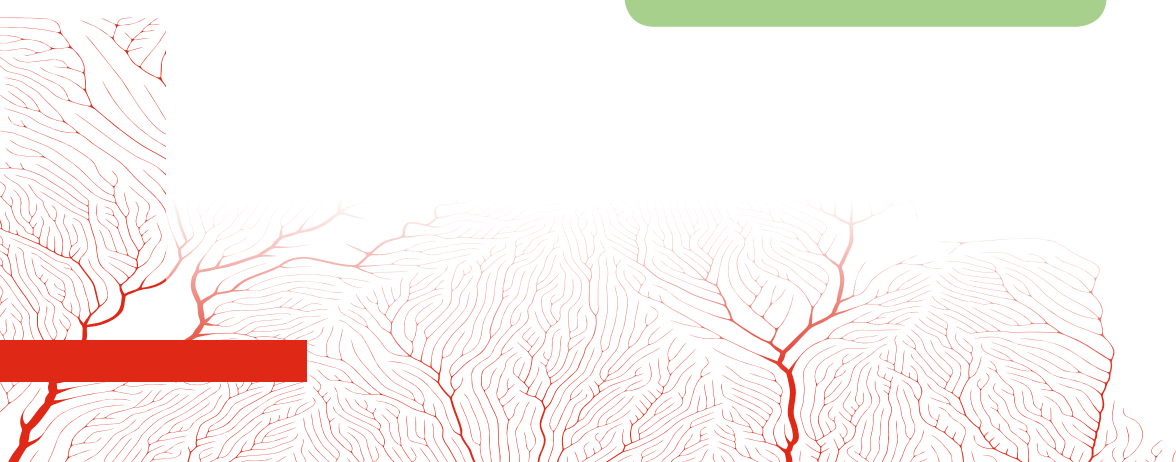
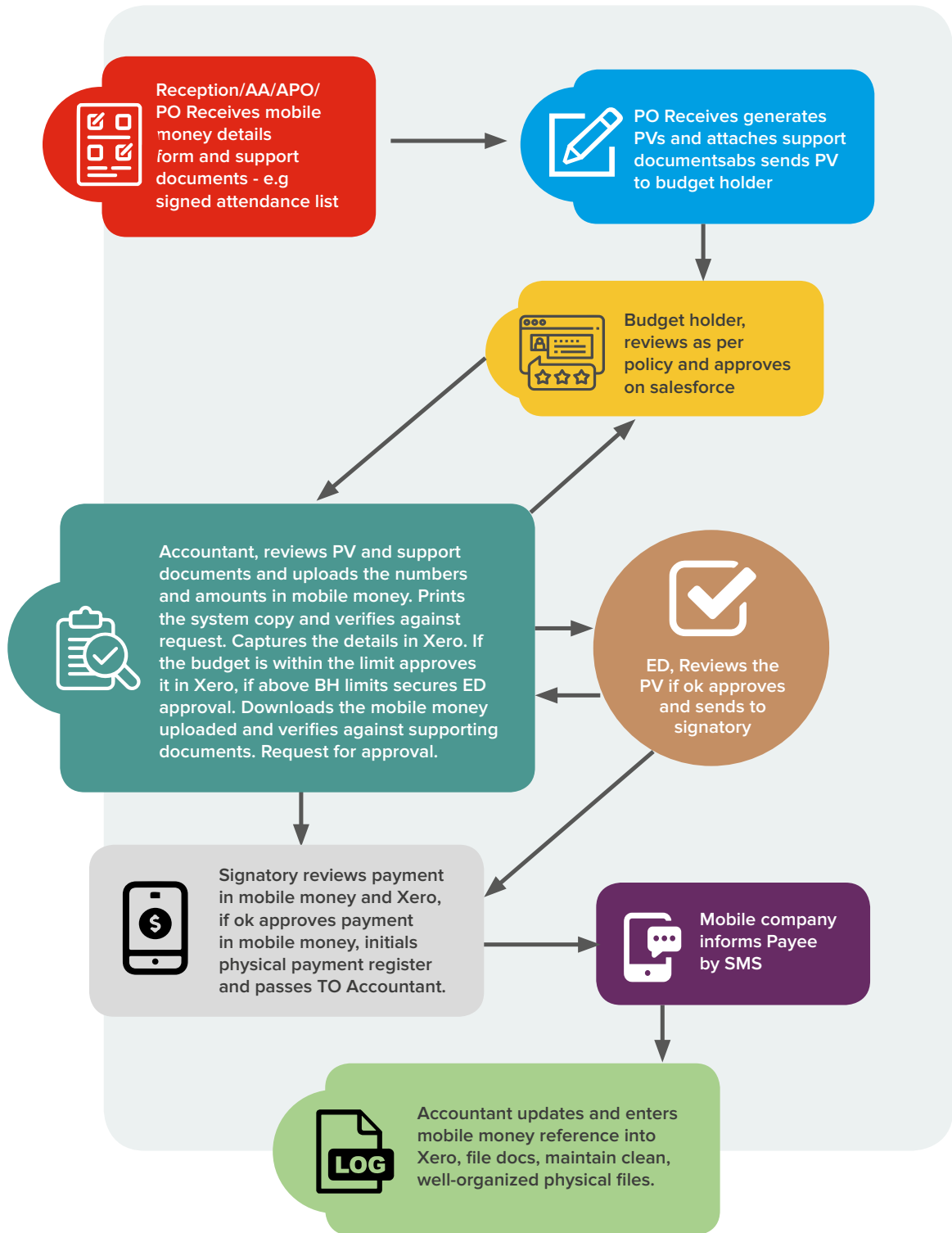
1. If there is an error made cross it out with one clear, thin line – rewrite the figure correctly next to it, and initialize. Do NOT overwrite in the same space or use white out.
2. Any changes made to figures need to be co-signed next to the change by all parties involved.

### USAWA AGENDA Finance Workflow Bank Payment



# USAWA AGENDA

## Finance Workflow Mobile Money



## Annex III – Usawa Agenda Principle Accounting Policy

Accounting Policy	Guidelines
<p><b>Accrual basis of accounting</b></p>	<p>Accrual basis of accounting records income when it is earned and when promises/pledges from donors/funders have been made; regardless of whether the income has been received.</p> <p>Similarly, expenses are recorded when they are incurred or as assets are used up not when a payment is made.</p> <p>In conformity with the accounting concept of accrual, at the end of each accounting period i.e., 31st December, Usawa Agenda shall record in the books of accounts all accounts payable as at that date.</p> <p>The accounts payable include unpaid telephone bill, internet and electricity expenses and accrued audit fee among others.</p> <p>Usawa Agenda shall prepare journal entries in relation to accruals at the end of each financial year as follow:</p> <p><b>Debit:</b> expense account e.g., telephone and</p> <p><b>Credit:</b> accrual account</p> <p>When accounts are finally paid (at the beginning of a new accounting year) Debit accrual and credit cash at bank.</p>
<p><b>Recognizing and recording Payables and Accruals</b></p>	<p>Payables are expenses incurred but not paid for.</p> <p>An account payable is an outstanding bill from a vendor that an organisation has an obligation to pay.</p> <p>Usawa Agenda shall recognize its payables when it has an obligation to pay for services rendered/ goods procured. The payables shall be recorded when they are incurred</p> <p>For example: to record payable of electricity bill</p> <p><b>Debit:</b> Electricity</p> <p><b>Credit:</b> Accounts payable</p> <p>Once the electricity bill has been paid the following entries are made</p> <p><b>Debit:</b> Accounts payable</p> <p><b>Credit:</b> checking account</p> <p>Accrued expenses are those bills in which an invoice or bill has not been received. Hence, they could sometimes be an estimated amount of what is owed, which is later adjusted to the exact amount once the invoice has been received.</p> <p>An example of accrued expense is recognizing and recording audit fee for the fiscal year ending 31 December 2021 in 2021 final financial statements. In essence, the audit fee will be paid in 2022 when the audit will be conducted. However, the audit fee is recognised in 2021 fiscal year even though the actual audit will be done in 2022.</p> <p>Usawa Agenda shall recognize, and record accrued expenses on the statement of financial position at the end of its fiscal accounting period.</p>
<p><b>Recognition of Revenue/Income</b></p>	<p>Usawa Agenda shall apply the guidance for recognition of revenue as issued by the Financial Accounting Standards Board (FASB) for not-for-profit organizations. This includes Accounting Standards Update (ASU) 2014-09 and ASU 2018-08.</p> <p>ASU 2014-09 (Topic 606) deals with Revenue from contracts with customers, while ASU 2018-08 Clarifies Accounting guidance from Contributions and Grants.</p> <p>The guideline is as follows:</p> <p>Grants without conditions to give shall be recorded as revenue in the year the grants/awards are made.</p> <p>Grants with conditions that are not yet fulfilled by the end of the financial year shall be recorded as liabilities/payables.</p> <p>Cash donations shall be recorded at the time of the donation.</p> <p>Conditional promises to give will not be recognised as revenue or income receivable until such a time as the conditions are substantially met</p> <p>Grants and donations shall be reported as deferred income if they do not relate to the current financial year (that is, if the project activities are to be implemented in future financial year(s).</p> <p>Interest income will be recognised on a time proportion basis by reference to the principle outstanding and effective interest rate applicable.</p> <p>Donations in kind and equipment shall be recorded at their fair market value.</p>

Accounting Policy	Guidelines
<b>Accounting for Receivables</b>	<p>Receivables are monies/funds owed to an organization by another party; and/or funding promises made by donors which have not been received.</p> <p>Receivables include:</p> <ul style="list-style-type: none"> <li>• Grants' receivable (<i>commitments from organization's donors/funders</i>)</li> <li>• Pledges' receivable (<i>promises to give made by donors</i>)</li> <li>• Accounts' receivables (<i>money owed by customers who have already received a service</i>)</li> </ul> <p>Usawa Agenda shall record a receivable when:</p> <ol style="list-style-type: none"> <li>i) A promise to give money/funds has been received by the company.</li> <li>ii) Or a service has been rendered to earn revenue for the company.</li> </ol> <p>However, a promise to give will only be recorded on receipt of a signed award letter. Similarly, there should be clear documentation on the promised amount and the approximate time period under which it will be paid. For example, to record a promise to receive funds from donor A, the following entries will be made in the books</p> <p><b>Debit:</b> Accounts receivable <b>Credit:</b> Donor A contributions.</p> <p>To record receipt of the promised grant</p> <p><b>Debit:</b> Checking account <b>Credit:</b> Accounts Receivables</p>
<b>Functional and presentation currency and Foreign Currency translation</b>	<p>Usawa Agenda shall comply with IAS 21 in accounting for transactions in foreign currency and translating the accounts of foreign currency while preparing financial statements.</p> <p>At the end of the financial year, while consolidating all the donor/funder financial reports and preparing final accounts; Usawa Agenda shall harmonize the various reports in its reporting/presentation currency (<i>United States Dollar</i>). Similarly, for purposes of statutory reporting, Usawa Agenda shall present the accounts in both the local currency (<i>in this case Kenya Shillings</i>) and the presentation/reporting currency (<i>in this case United States Dollar</i>).</p> <p>Usawa Agenda shall therefore undertake the following procedures in dealing with foreign currency translations:</p> <ol style="list-style-type: none"> <li>i) Year-end procedures: Assets and liabilities at the statement of financial position date which are expressed in foreign currencies will be translated in Kenya Shillings at the exchange rate prevailing at that date.</li> <li>ii) During the year procedures: Incomes and expenses in foreign currency during the year will be converted to Kenya Shillings at the rate ruling at the transaction date.</li> <li>iii) Fixed Assets (<i>capital purchases</i>) Fixed assets shall be recorded at the applicable rate at the time of purchasing the asset. The resulting differences (<i>gain/loss</i>) from conversion and translations will be dealt with in the statement of incomes in the year in which they arise.</li> </ol>
<b>Disclosure of financial information to the company's donors and other users of the financial statements</b>	<p>Disclosure of financial information provides additional information about the specific data on the company's financial statements. Disclosure notes add weight to the financial data and enhances users' understanding and interpretation of the accounts; hence enabling users to make informed decisions.</p> <p>Usawa Agenda shall disclose the following financial information:</p> <ol style="list-style-type: none"> <li>i) Provide additional notes indicating the various sub-activities undertaken during the period; and their respective expenses to support the main expense items reported in the financial data.</li> <li>ii) Provide additional note that reveal the source of incomes/revenues reported and their corresponding amounts. Similarly, disclose conditional promises to receive from donors/funders which have not been included in receivables.</li> <li>iii) Disclose any changes to company's accounting policies and procedures, such as change in depreciation method and change in application of GAAP among others.</li> <li>iv) Disclose accounting errors (<i>if any</i>) which led to correction and/or amendments to previous period financial statements.</li> <li>v) Disposal of company Asset.</li> <li>vi) Any other item requiring disclosure, for example, events that occurred that made a significant impact on the current financial period.</li> </ol>

# Annex III – Usawa Guide on Imprests

This Annex III summarizes the type of information required on imprests.

## What is an Imprest?

An imprest is an advance payment to a staff person or partner to undertake a specific set of activities over a short, defined period. They are expected to undertake the activity and within set times retire it— account for outputs delivered and funds spent.

## Why should we avoid Imprests?

Usawa discourages imprests to staff and partners, because it constitutes a risk in financial management. For example, Imprests to staff are viewed poorly by finance people since they can be seen as loans to staff. At all times wherever possible we should seek to avoid using cash and giving out large advances. Therefore, imprests should only be used where other means are not possible; as an exception; and in those cases, with very small amounts. Because setting up non imprest arrangements can take time, officers responsible should plan and act in good time. “We don’t have time left to make alternative arrangements to imprests” shall generally not be accepted as a reason to grant imprests.

## Who can be issued with Imprest?

Imprests are an advance of cash to organizations or individuals, and the organization must take reasonable measures before such funds are given out (just like banks do the same). Imprests may therefore only be given as follows:

1. Legally registered partner organizations that have undergone and passed due diligence. The head of the organization or another senior officer if authorized by that organization’s head must sign to accept responsibility for the imprest. Imprests may not be issued to or paid into accounts of individuals.
2. Confirmed long-term contract employees or long-term consultants (long term = with contract of 12 months or more).

Only one imprest can be issued at one time; therefore, a partner or employee whose previous imprest has not been fully retired/cleared may not request and may not be issued with an imprest.

Imprests SHALL not be taken by one person on behalf of another either.

## What are Imprest Limits?

Imprest amounts and times should be kept as low/short as possible. But they should not exceed the following:

	Amount Limit	Time Period to Retire
<b>Orgs after due diligence</b>	USD 6000 or equivalent	Pref 1 month, max 3 months
<b>Confirmed Employees</b>	USD 2000 or equivalent	Pref 2 weeks, max 6 weeks

Activities that are expected to take longer than the above limits should be broken down in smaller parts and funds requested for a part at a time. Exceptions to the above limits may be granted by the Executive Director in exceptional circumstances; but reasons for the exceptions need to be stipulated by the Budget Holder in a detailed memo sent well in advance.



## Imprest Retirements

Imprests should be retired (i.e. fully accounted for) as soon as possible as and not later than the imprest retirement date stated on the request. Delay in retirement constitutes a gross violation of Usawa Policies.

## How to Request and Retire Imprests

### Requests

To enhance transparency, automatic checks on previous unretired imprests and casting all Imprest requests should be made via Salesforce by responsible individuals.

#### 1. DM (or AM) and Unit

Officer should fill in the unit whose budget will pay for activity, and the approved DM or AM number. Leave blank here the activity does not require DM/AM.

#### 2. Activity Description

The officer will clearly describe the activity he/she will be doing in a manner that any third party can understand. They will write the corresponding activity number from the Annual Plan.

#### 3. Activity Start Date and End Date.

The officer will fill in the activity start date and end date. The importance of knowing the dates is to avoid issuing early imprest and expose the organization to risk and also knowing when the activity ends will help knowing when the imprest is due. The time period should be as short as possible and within limits stated above.

#### 4. Budget Codes and Budget Description

This is where the money will be drawn from. These codes will be used when posting actual expenditure. The officer needs to use of correct code to avoid errors in posting which may result in drawing money from incorrect budgets. Three sets of codes need to be selected as follows:

Country Code	KE
Main code	The code from the Annual Plan
Functional Code	The 3-digit code that describes type of activity

#### 5. Imprest Due Date

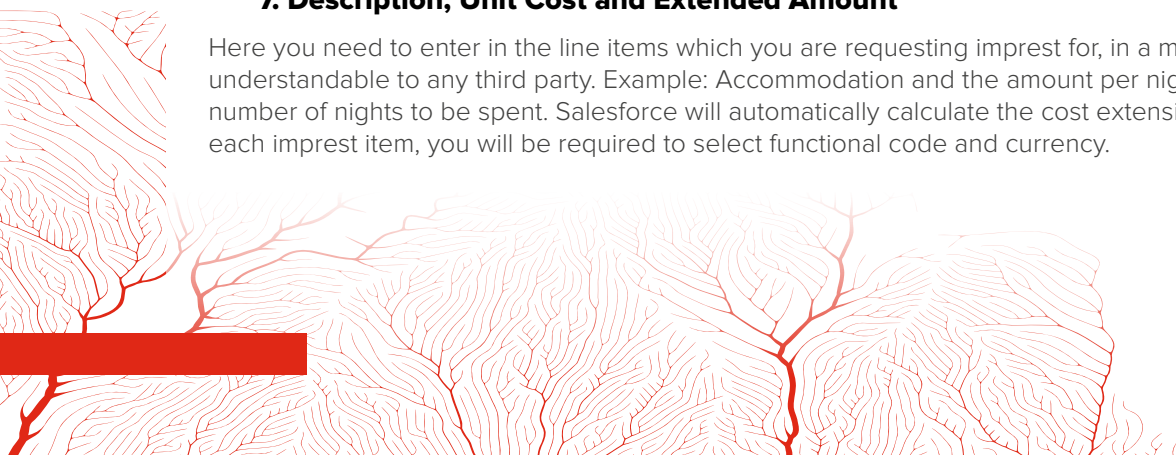
This is when the imprest needs to be retired to the Accountant (via Budget Holder) as per the policy. Funds should be retired as soon as possible after the end of the activity – usually within three working days.

#### 6. Why Imprest?

Since we prefer staff to use alternatives to imprests, explanation needed on why alternatives were not possible and why imprest is the only viable solution.

#### 7. Description, Unit Cost and Extended Amount

Here you need to enter in the line items which you are requesting imprest for, in a manner that is clear and understandable to any third party. Example: Accommodation and the amount per night followed by total number of nights to be spent. Salesforce will automatically calculate the cost extensions and totals. For each imprest item, you will be required to select functional code and currency.



## 8. Authorization Levels

Once the imprest has been completed the responsible officer will approve it. The respective Budget Holder (BH) whose code is charged needs to review the imprest information for accuracy, compliance, completeness and clarity, and when satisfied approve it. If the amount is within BH Limit (and not sensitive or conflict of interest), the imprest request is then considered approved. If above BH level then it is forwarded to the Executive Director for approval, together with PV.

### Retirements

Salesforce is designed such that imprest retirement form is linked to the imprest request form. All key data on imprest request carries over to imprest retirement form– so you do not need to fill it in again. It saves time, ensures consistency and allows comparison of the request and retirement.

The main features are:

- Compare the imprest due date and actual date retired. Imprests are expected to be retired on time. Any delays should be exceptional and fully explained.
- Compare activities/amounts requested with actuals done and delivered.
- Reference: Each activity is to be accounted for in a report or other reasonable evidence, and costs incurred supported by genuine receipts. These should be well organized so that any person can clearly and easily follow and link the explanation and totals with the supporting documentation. The Finance Unit can guide further as needed.
- The total amount is to be stated in numbers and words; salesforce will calculate totals and show balance.
- Each officer and Budget Holder approving the imprest retirement in salesforce once satisfied that the imprest retirement complies with policy and all supporting documents/ receipts are genuine to the best of their knowledge and judgement.
- Once the imprest retirement is approved it then goes to the Finance Unit.

### Conclusion

These guidelines have been written to help all of us be good stewards of resources, to enhance transparency and accountability, and to help all of us know what the requirements so that we can do our jobs efficiently. We count on each one of us to play our part. With a spirit of understanding, responsibility and cooperation, we can succeed.

**This Finance and Administration Procedures Manual was approved for implementation by:**

**Executive Director :** \_\_\_\_\_

**Usawa Agenda**

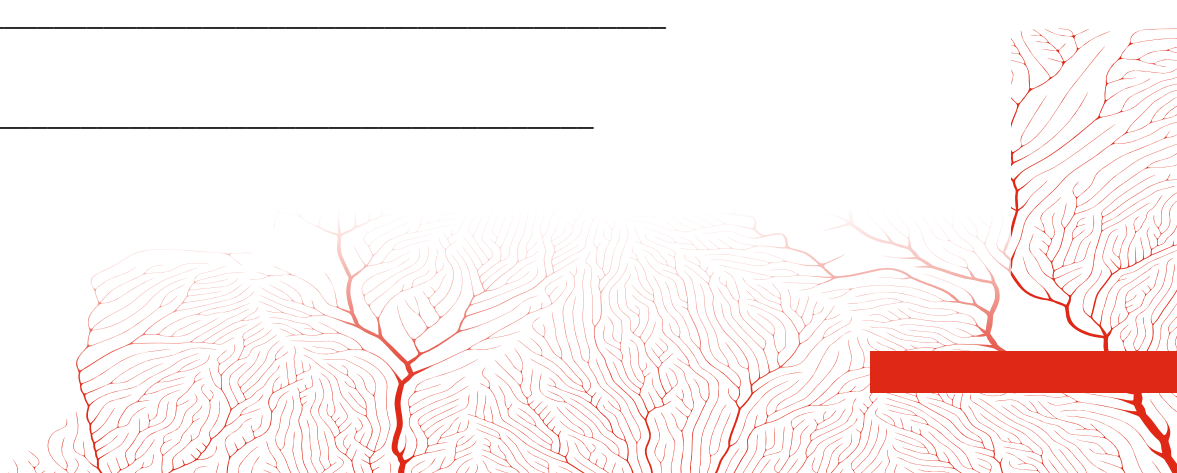
Date: \_\_\_\_\_

**Ratified By:**

**BoD Chair:** \_\_\_\_\_

**Usawa Agenda**

Date: \_\_\_\_\_



# Annex IV – Usawa Agenda Reserve Policy

## Purpose and scope

The purpose of the **Reserve Policy** is to define Usawa's Reserve Fund, and to provide guidance for how the Fund will be created, invested and replenished, and under what circumstances Usawa can utilize the funds to achieve its organizational objectives.

The Reserve Policy will ensure the stability of the programs, employment, and ongoing operations of **Usawa**. The Policy is intended to provide an internal source of funds to respond to unexpected situations that could excessively harm **Usawa** or would deny Usawa an exceptional opportunity. Such situations can include, but are not limited to: sudden increase in expenses, sudden exchange loss, time-bound opportunity or unanticipated loss in funding from donors. The **Reserve Fund** may also be used for one-time, non-recurring, unforeseen and time-bound expenses

that will build long-term capacity, such as staff development, research and development, or investment in infrastructure.

## Definitions

The target minimum **Reserve Fund** is equal to **three months** of average monthly operating costs and the maximum Reserve Fund is equal to **six months** of operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, rental, office, travel, program and ongoing professional services. Depreciation, and other non-cash expenses are not included in the calculation. The calculation of average monthly operating costs also excludes some expenses such as team building, entertainment, and any other expenses that can be avoided without disrupting the activities of Usawa.

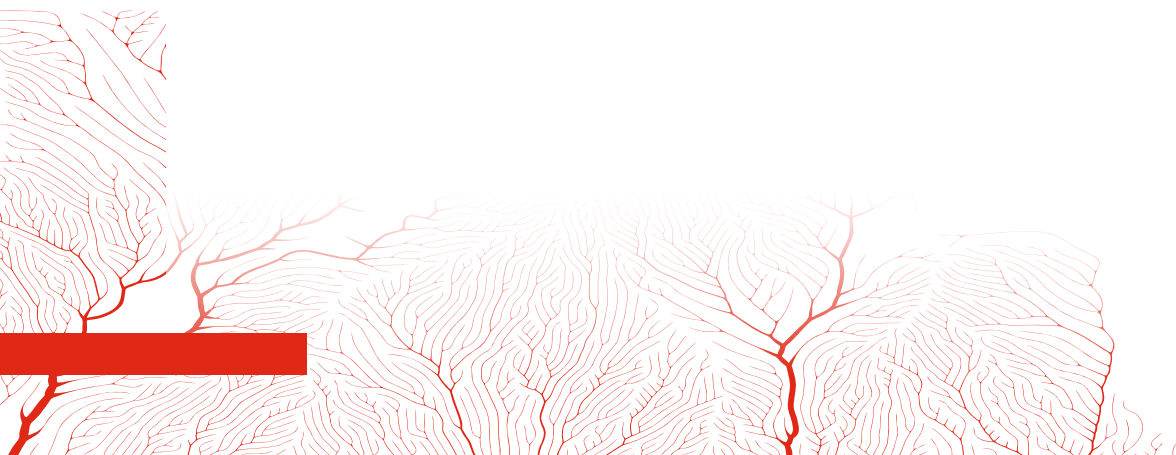
## Accounting for the Reserve Fund

The **Reserve Fund** will be recorded in the financial records as **Operating Reserve**. The Fund will be funded and available in cash or cash-equivalent funds when needed. The reserve will be maintained in a designated interest earning call deposit account. The account will be managed in accordance with the Usawa Finance and Administrative Regulations.

## Authorization to use the Reserve Fund

Authorization to utilize the reserves shall be approved by the Usawa Board upon a request in writing to the Chairman of the Usawa Board, following consultation with Usawa's management. The written request shall include a justification and shall be accompanied by a financial forecast showing:

- Current balance
- Income and its likely timing
- Planned activities and their associated costs
- Timing of payment for the activities, apportioned by weekly.





## Funding of the Reserve Fund

The Reserve Fund will be funded from the following sources;

- One-time gifts, special grants.
- Contributions received from Usawa partners for the use of the Uwezo platforms.
- Gain realized from disposal of assets.
- Allowances, contributions, honoraria, board fees and other payments received from other organizations by Usawa staff in the course of implementation of Usawa activities.
- Interest earned from the call deposit accounts.
- Exchange rate gains.
- The policy sets out up to a maximum of 15% of every grant received and recognized in Usawa Agenda bank accounts. The income will also carry the definition of unrestricted income.







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### Contact

School Lane 22, Westlands.  
P.O. Box 2907-00600,  
Sarit Centre, Nairobi, Kenya.

**Tel:** +254 0114209420

**Email:** [info@usawaagenda.org](mailto:info@usawaagenda.org)

**Twitter:** @UsawaAgenda

**Website:** [www.usawaagenda.org](http://www.usawaagenda.org)