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Introduction

1.1. The Department Of Finance And Administration

1.1.1. The Department Of Finance And Administration (also referred to as DFA or herein “The Department”) is a section of the Eliezah Foundation constituted by Committee Of Administration And Budget of the Board of Directors Charter establishing the Organisation body (the ‘Organisation’) and under the terms of the Organisation’s statutes derived from the Board Charter and a Constitution approved by the General Assembly.

1.1.2. The Department is part of the exempt charity. An application for registered charity status is achieved however, more procedures to earn different other statuses is continuously ongoing.

1.2. Context of Guidance

1.2.1. This guidance is intended to complement the Organisation’s Financial Regulations which are approved by the General Assembly. In case of any conflict between this Manual and these regulations, the latter shall take precedence.

1.2.2. This manual is intended to provide comprehensive documentation of the strategic and operational financial management systems in operation for the use of staff and trustees. It sets out the basic principles that govern the conduct of the affairs of the Organisation as well as detailing the financial procedures operating at the organisation.

1.2.3. This manual is reviewed annually by the Executive Committee and Trustee Board. If, during the interim period, any amendments or addendums are required then these will need to be approved also. Any changes should be identified via the re-dating of the manual and the maintenance of a log recording the changes. The Manual should then be re-circulated.

1.2.4. Staff members must follow these procedures and ensure that they have the most recent version available. Failure to follow these procedures could result in disciplinary procedures being commenced.
Introduction cont...

1.2.5. Separate guidance is available for Chairs and Treasurers of Clubs, Community Groups and Projects, which can be found at: www.efiug.org/crc/tg.html

1.3. Contacts

1.3.1. If you need help with anything related to what is contained in this Manual, you can get in contact with the Finance Department, Independent Non-executive Director or Chief Executive Director.
Financial Governance

2.1. Introduction

2.1.1. This section provides an overview of the key areas of responsibility relating to the financial governance and oversight of the Organisation.

2.2. Chairperson

2.2.1. The Chairperson is ultimately responsible for the finances of the Organisation. The responsibility for the day-to-day administration of the finances of the Organisation is delegated by the Chairperson to the Senior Financial Officer (Director Administration And Budget). Day-to-day responsibilities may be allocated by the Chairperson to suitable members of staff.

2.3. Trustee Board

2.3.1. The Trustee Board is the sovereign and governing body of the Organisation and exercises all the powers of the Organisation, subject to the provisions of the EFI Constitution and its Regulations. The Board is made up of Appointed trustees, elected trustees, the President/chairperson, Non-Executive Director, Chief Executive Officer with the Sabbatical Officers, General Secretary and Senior Financial Officer/Administration And Budget Director.

2.3.2. As established in the board charter and Constitution of the Organisation, the Organisation’s Trustee Board shall be responsible in particular for:

- The Organisation’s long term objectives and strategy;
- The Organisation’s operating and capital expenditure budgets and any significant changes in them;
- Strategic oversight of the Organisation’s operations (both voluntary and commercial), including competent management, sound planning, adequate systems of internal control, adequate accounting, risk management and compliance with statutory and regulatory procedures;
- Personnel, particularly strategic re-organizations;
- Health and Safety;
- Investment or borrowing of Organisation funds; and
• Reviewing performance in light of the organisation’s strategic direction.

Financial Governance cont...

2.3.3. The Trustee Board shall:

• Approve the organisation’s Annual Report, budget and accounts;
• Approve any significant change in accounting practices;
• Approve any major capital project and contract which is significant strategically or by its size;
• Approve the remuneration of the Sabbatical Officers and organisation General Secretary; and
• Be responsible for approving without delegation any capital project or contract valued in excess of UGX 5,000,000.
2.4. **The Director Administration And Budget**

2.4.1. The appointment of the Organisation Director for Administration And Budget shall be determined by the Trustee Board on the advice of the Executive Committee and approved by the Rector or his or her nominee and he or she shall:

- Act as a payment authority for the main organisation bank accounts;
- Ensure, on behalf of the Organisation, that the organisation Financial regulations are observed;
- Be a Permanent Observer of the Trustee Board, advisory Council and Executive Committee;
- Ensure that all books and financial records pertaining to the organisation are submitted to the Secretary General’s office within 45 days of the end of the financial year;
- Be responsible for ensuring that any anomaly or discrepancy in the financial management of the organisation is reported to the Secretary general;
- If no satisfactory outcome results, the matter shall be reported to the Chairperson, and, if appropriate, to the Organisation Internal Audit section; and
- Exercise office for a maximum of five years.
Audit and Accounts

3.1. Key responsibilities

3.1.1. The Company Act 2012 and Nongovernment Organisation Act 2016 require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Organisation and of the surplus or deficit of the Organisation for that period. In preparing those financial statements, the Trustees are required to ensure that they have:

- Selected suitable accounting policies and apply them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepared the financial statements on a going concern basis; and

3.1.2. Assured themselves that the organisation is a going concern. The Executive Committee will be asked by the external auditors to sign a letter of representation each year, which acknowledges their responsibilities to this effect.

3.1.3. Charity reporting regulations, including the statutory instrument supplement No.13, place financial reporting obligations on charity trustees. The main obligation of charity trustees in preparing accruals accounts is to give a true and fair view of the charity’s incoming resources and application of resources during the year and of its state of affairs at the end of the year.

3.1.4. The Organisation’s accounts shall be approved by the Trustee Board and the Organisation’s Audit Committee prior to approval by the Department, and made available to the General Assembly following audit.

3.1.5. Accounts should be submitted to the Executive Committee for approval and signed by the Senior Financial Officer and Chairperson, in line with the timetable to be devised each year by the Finance Department.

3.1.6. The Finance Department shall co-ordinate the year-end processes required to produce a draft set of accounts in line with relevant accounting guidelines, in line with the relevant approval and audit timetables.
Audit and Accounts cont...

3.2. Format of accounts
3.2.1. The financial year runs from 1 July to 30 June.

3.2.2. From the year-ended 30 June 2017 the organisation will produce MIA2017 compliant annual reports and financial statements as appropriate for registered charities, replacing the traditional unincorporated and exempt Community Based charity format that we had been using in preparation for an upgrade in services delivery and scope.

3.2.3. Charity accounts are comprised of a Statement of Financial Activities (SOFA), Balance Sheet and related notes. The SOFA is similar to an Income and Expenditure statement (A template example of a SOFA has been included at Appendix E). A key area of difference is that expenditure needs to be presented across the following categories within charity accounts:

- Costs of generating funds (which would include the cost of sales for commercial activity);
- Charitable activities (which would typically cover the majority of expenditure, being activities delivered for the benefit of EFI Communities);
- Governance costs (related to the oversight of the entity to allow it to operate and to generate information for public accountability, such as audit and accountancy, legal advice to trustees and costs of trustees meetings among other costs).

3.2.4. The balance sheet presents recognised assets and liabilities, and the different categories of fund (including unrestricted funds and any restricted or designated funds), as at 30 June. Fund categories can be defined as follows:

- Restricted funds relate to income for which conditions or terms have been imposed which restrict the way in which the money can be used, such as in relation to any capital grants or any specific activity-related grant;
- Unrestricted funds relate to remaining areas of activity. Community Groups typically classify their block grant and commercial income, and therefore most areas of activity, as such; and
- Designated funds relate to any unrestricted funds which the Organisation has decided to ring fence for specific purposes. This can help to identify the funds which are available as ‘free’ reserves for spending, or use as a contingency.
3.2.5. The Executive Committee has determined that the reserves policy for the Organisation should be to maintain ‘free’ reserves that are capable of:

- Ensuring that free funds are available to repair, upgrade or replace facilities and equipment as needed; major developments will have their own designated funds and are thus excluded from ‘free’ reserves;

- Ensuring that staff are able to be paid full entitlements in the event of catastrophic Operation failure or reduced support from the Organisation leading to their redundancies; and

- Ensuring that Community Groups/Clubs and representation activities are able to be maintained for a full Strategic year in the case of reduced support from Organisation.

3.2.6. The accounts should be presented together with an annual report, which should be presented in line with the legal reporting requirements.

3.3. External audit

3.3.1. The Organisation’s Annual accounts must be audited by the external auditor, whose principal task is to certify that the Organisation’s Accounts give a true and fair view of the Organisation’s financial affairs.

3.3.2. The External Auditor is appointed by Trustees and must be a member of a body of accountants recognised by Ugandan Law. To ensure independence, no person may be appointed auditor who is, or any one whose partners is, a member (including a life member) of The Eliezah Foundation Or its Subsidiaries.

3.3.3. The external auditors of EFI are currently:
Kisaka And Company Public Certified Accountants
Located On Kisaka House,
Buganda Road,
Kampala,
Uganda.
Audit and Accounts cont...

3.3.4. The remuneration of the auditor in respect of duties as Auditor of the Eliezah Foundation is agreed from time to time between the Trustee Board and the Auditor and is paid by EFI.

3.3.5. The External Auditor has the right of access at all reasonable times to the books, records, accounts and vouchers of Eliezah Foundation and of all the Community groups, hubs and cells, projects and other volunteer run activities such as PPU. The External Auditor is entitled to request from relevant officers such information and explanation as may be necessary for the performance of auditing duties.

3.3.6. The External Auditor makes a report at least once in every year, and a copy of the accounts of Eliezah Foundation together with the Auditor’s report is presented to the General Assembly.

3.3.7. The provision of external audit services should be reviewed at least every five years.

3.3.8. The draft accounts shall be supported each year by an audit file prepared by the Finance Department, in order to provide the backup and detail of all balances. The content of this file should be in line with any deliverables list obtained from the external auditor. The content of such a file would normally be expected to include copies of (or cross references to):

- Draft copy of financial statements;
- Copy of Trial Balance, referenced to the accounts;
- Month 12 Management Accounts, including any variance reports;
- Details of any significant estimates and workings;
- Fixed asset register;
- List of debtors and creditors;
- Back up for significant items (e.g. VAT return for VAT liability);
- Year-end stock count records and Key control account reconciliations;
- Details of any provisions and any other balance sheet items;
- Key contracts and agreements (e.g. grant notifications);
- Copies of bank and investment statements;
- Year-end bank reconciliation and supporting information (e.g. unpresented cheques and petty cash reconciliation sheets); and
- Access to purchase ledger, sales ledger invoices and journal files.
3.4. Internal audit

3.4.1. The internal audit function is an internal but independent Committee that provides additional technical support to EFI, through the Department.

3.4.2. The Organisation’s Internal Audit Service shall have the same rights of access to the Organisation as the external audit for the purposes of fulfilling its remit.
Financial Management, Accounting Records and Coding Structure

4.1. Finance Department

4.1.1. The Finance Department comprises of a Finance Assistant and Two Treasurers with job descriptions in place defining the specific roles and responsibilities of each post.

4.1.2. The Finance Assistant oversees all aspects of the finance function which includes:

- Being responsible for the administration of the financial affairs of the organisation;
- Provide financial advice to the Trustee Board and its officers;
- Design, implement and supervise financial control systems;
- Prepare and maintain such accounts, estimates, records and reports as the Trustee Board may require for the purpose of carrying out its duties; and
- Ensure that existing and new members of staff are informed of their responsibilities.

4.2. Financial Records

4.2.1. It is recommended that the Financial information is recorded using the SAP system.

4.2.2. The Finance Department is responsible for the secure storage of financial records and banking stationery.

4.2.3. EFI is required to retain books and records for a period of four years.

4.2.4. The financial reporting responsibilities of the Finance Department include preparing annual financial accounts and monthly management accounts, and reconciling control accounts to ensure that all relevant financial information is recorded on SAP.

4.2.5. The Finance Department is also required to prepare various statutory returns on a quarterly/annual basis. These are detailed in section 14 of this manual.
4.3. Accounts Structure

4.3.1. The Organisation undertakes a range of activities. Each transaction needs to be recorded according to its Natural Account, (e.g. stationery) and Cost Centre and allocated to accounting categories based on a 10 digit format, which is broken down into five elements, in line with the following format:

<table>
<thead>
<tr>
<th>Component</th>
<th>Digits</th>
<th>Cross Reference to listing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Account</td>
<td>First 3 digits</td>
<td>Appendix A</td>
</tr>
<tr>
<td>Cost Centre</td>
<td>Second set of 3 digits</td>
<td>Appendix B</td>
</tr>
<tr>
<td>Activity</td>
<td>Third set of 2 digits</td>
<td>Appendix C</td>
</tr>
<tr>
<td>Funding Code</td>
<td>Penultimate digit</td>
<td>Appendix D</td>
</tr>
<tr>
<td>Consolidation</td>
<td>Final digit</td>
<td>Appendix D</td>
</tr>
</tbody>
</table>
Budget Setting and Budgetary Control

5.1. Preparation and Approval of Budgets

5.1.1. The Organisation’s proposed annual budget is reviewed by the Department through the annual Planning Round. The Organisation’s Trustee Board is responsible for monitoring the Organisation’s expenditure against its annual budget and for reporting any fraudulent or irregular procedures in the management of public funds and those resulting from the Organisation’s trading activities to the Organisation’s Internal Auditors.

5.1.2. A timetable will be set each year for the commencement of the annual budget setting process, including a deadline for when the initial drafts should be completed. This should be with a view to approved budgets being in place no later than the end of March of the preceding year.

5.1.3. Individual budget holders prepare and present drafts of their respective budgets based on monthly forecasts for the year. These are presented to the Finance Assistant, Senior Financial Officer and Chief Executive Officer before incorporation into the overall budget. Budget holders shall retain copies of workings and assumptions to support subsequent analysis.

5.1.4. For community Groups, Clubs, Cells and Projects, Chairs and Treasurers will submit a request for grant money from the Organisation in January each year towards the costs of planned activities for the next financial year. Grant allocations are confirmed between July and September of the financial year. Further guidance is available for these Groups at: www.efiug.org/crc/tg.html

5.1.5. The Finance Team will co-ordinate the collation of the annual budget following agreement of the overall grant from the Board and after taking into account specific projects facilitated by the organisation and our donors.

5.1.6. Such budgets will:

- Be in accordance with the aims and objectives of the Organisation;
- Accord with workload and staffing plans;
- Be produced following discussions with appropriate budget holders;
- Enable the Organisation to achieve its strategic and operating targets
- Be prepared within the limits of available funds; and
- Identify potential risks.
5.1.7. The draft budget is presented to the Executive Committee for approval. The Executive Committee is required to propose a consolidated income and expenditure budget and a capital expenditure budget for each financial year not later than the second last quarter of that financial year.

5.1.8. Budgets may be revisited and re-circulated following any in-year review of performance against budget.

5.1.9. The proposed budgets shall be approved by the Trustee Board, after ratification by the Department.

5.1.10. The approved budgets (or individual items within them) may be varied only with the authorization of the Chairperson for amounts up to UGX 3,500,000 and the Executive Committee for all amounts in excess of this. The Chairperson may delegate authority to vire to appropriate Officers or Committees.

5.2. Budget Management and Delegation

5.2.1. The Executive Committee shall monitor the performance of the Organisation against budget during the financial year and may review the budgets in line with forecasts.

5.2.2. It is the responsibility of every budget holder to ensure that expenditure committed from his/her budget complies with the Organisation financial procedures. Budget holders must also ensure that the handling of income complies with the Organisation financial procedures.

5.2.3. The delegation of budgetary responsibility is given to named budget holders and must be accompanied by a clear definition of:

- The amount of the budget;
- The purpose(s) of each budget heading;
- Individual and group responsibilities;
- Authority to exercise virement;
- Achievement of planned levels of service; and
- The provision of regular reports.
Budget Setting and Budgetary Control cont...

5.2.4. Each Budget Holder is responsible for ensuring that:
   - Any likely material overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Chairperson; and
   - The amount provided in the approved budget is not used in whole or in part for any purpose other than specifically authorized subject to the rules of virement.

5.2.5. Community Clubs, Hubs and Project groups must ensure that any costs over and above their grant allocation must be funded by self-generated income. There is no overdraft facility available to them. Further guidance is available at: www.efiug.org/crc/tg.html

5.3. Reporting Against Budget

5.3.1. The Finance Department is responsible for the issue of timely, accurate and comprehensive advice and financial reports to the Trustee Board on a quarterly basis and for quarterly review. Financial reports are also presented to each budget holder each month, covering the areas for which they are responsible.

5.3.2. The management accounts will detail all income and expenditure, highlighting material variances against budget. Budget holders are expected to provide explanations to the Finance Department and the chief Executive for key variances.

5.3.3. A review of financial activity against budget is conducted on a monthly basis as part of the Activity review meetings attended by budget holders, the Finance officer and the Chief Executive.

5.3.4. Budget monitoring reports are used to inform the Trustee Board of the financial situation and how it is being managed. This will be in a form approved by the Committee, but would normally be expected to include the following information:
   - Income and expenditure to date;
   - Balance sheet;
5.3.5. In order to ensure that the month end process runs smoothly and that all jobs are completed, a month-end closedown timetable is used (see Appendix E).

5.3.6. The Finance Team should process financial adjustments necessary to ensure that monthly reports include accrued financial information, to enable consistent month-on-month reporting. Key adjustments typically include:

- Accruals for any known items relating to the period, for which invoices have not yet been received;
- Prepaid items, identified from relevant invoices; and
- Journal adjustments for notional charges, such as the release of deferred capital grants and depreciation.

5.3.7. Finance will prepare management accounts including variance analysis provided by Budget Holders which can then be distributed to Directors and the Executive Committee.

5.4. **Key Performance Indicators**

5.4.1. The establishment of Key Performance Indicators (KPIs) can assist with budgetary control, by ensuring a system is in place to monitor whether suppliers are delivering value for money against objectives relating to their contracts.

5.4.2. Staff responsible for managing contracts with major suppliers, including the Commercial Services Manager, shall ensure that there is a system in place for monitoring supplier performance through the establishment and review of KPIs. Such KPIs could include areas such as:

- Defect monitoring;
- Contract variations; and
- Contractor performance (including response times).

5.4.3. A system shall be established to ensure that these are reported regularly to the Chief Executive Officer.
Risk Management and Internal Financial Control

6.1. Introduction
6.1.1. The maintenance of a strong financial control framework helps the organisation to ensure that financial risks are managed, and is required to facilitate the signing of the Risk Management Statement by the Trustees in the annual report.

6.2. Risk Registers
6.2.1. The Trustee Board shall establish the overall internal control framework, including a risk register, which considers:

- The type of risks the Organisation faces;
- The level of risks which trustees regard as acceptable;
- The likelihood of the risks concerned materialising;
- The Organisation’s ability to reduce the incidence and impact on the business of risks that do materialise; and
- The costs of operating particular controls relative to the benefit obtained.

6.3. Internal Financial Control
6.3.1. The Chief Executive and Finance Department shall:

- Clarify the responsibility of management to implement the trustees’ policies and identify and to evaluate risk for their consideration;
- Communicate that Officers and employees have responsibility for internal control as part of their fiduciary duties and accountability for achieving objectives;
- Embed the control system in the Organisation’s operations so that it becomes part of the culture of the organisation;
- Develop systems to respond appropriately and quickly to evolving risks arising from factors within the Organisation and to changes in the external environment; and
- Include procedures for reporting failings immediately to appropriate levels of management and the trustees together with details of corrective action being undertaken.
6.3.2. A risk officer shall be identified with responsibility for maintaining and updating the risk register. Any newly identified risks should be notified to the Chairperson to ensure that the risk register is up-to-date.

6.3.3. The risk register will be reported regularly to the Executive Committee to ensure that the register is up-to-date and that there is overall corporate ownership of the risk management process.

6.4. Managing Financial Risks

6.4.1. The key financial risks affecting the Organisation should be identified and prioritised through on-going review. The individual risks which are most likely to affect the Organisation can be identified in a combination of ways, including:

- Inherent risks of not meeting financial targets, including budget targets or KPIs, particularly those linked to organisation objectives;

- Areas affected by recent changes in systems or personnel, or regulations (e.g. resulting from any change in accounting standards or legislation); Any unresolved internal control recommendations made by auditors, consultants or inspectors;

- Areas which are inherently uncertain, or difficult to budget for, e.g. in relation to demand-led areas (e.g. trading) or a new, complex project which the Organisation does not have recent experience in delivering;

- Areas subject to particular complexity from a technical and/or compliance aspect;

- Areas where there is a higher inherent risk of misappropriation or fraud, e.g. stock or cash, payments to suppliers and expenses or payroll-related items (e.g. payments which are dependent on hours stated in timesheets); and

- Any other specific issues identified relating to the Organisation.

6.4.2. The risks affecting the Organisation should be revisited continually in terms of their completeness, relevance, likelihood and potential impact. Risk ratings may change over time as a result of changes in these factors.
Many of the financial risks affecting the Organisation be addressed in part through controls referred to in this Manual. These have been cross referenced at Appendix G where appropriate, to contribute to the development of the financial risk register.

A suitable response should be identified to each identified risk, according to the level of risk. The response may involve the introduction of a new control, reference to an existing control or action to ensure that existing controls are complied with. A risk “owner” should be allocated to each response, with a timescale identified where appropriate.

6.5. Legal support

The Chief Executive Officer (or their nominated delegate) is required to authorise the engagement of legal advisors for any specific circumstance.

The Solicitors of EFI are:
Mwebesa And Company Advocates
3rd floor, Suite 3, Platinum house.
Colville Street
Kampala.
Cash and Bank

7.1. Introduction

7.1.1. This section outlines the key processes in relation to investments, borrowing, bank and cash balances held.

7.2. Investment Arrangements

7.2.1. The Executive Committee shall be authorised to invest any surplus funds or reserves after taking reasonable professional advice.

7.2.2. The majority of the Organisation’s investments are managed by the Organisation Finance Department. The Executive Committee is responsible for ensuring that they are appropriately managed on the Organisation’s behalf.

7.2.3. The Executive Committee shall periodically review management information presented via the Finance Department. This may involve a consideration of the adequacy of:

- The level of investments held and their liquidity;
- The mix of investments;
- Risk profile of investment portfolio;
- Investment performance (e.g. against market performance); and Adequacy of management information.

7.3. Borrowing Arrangements

7.3.1. The Organisation shall not borrow any external funds without the prior written authorisation of the Trustee Board.

7.4. Bank Arrangements

7.4.1. Neither the Organisation nor any constituent part of the Organisation nor any individual acting on behalf of such a part may operate a separate bank account other than that authorised in advance by the Executive Committee, in accordance with operational policy.
Cash And Bank cont...

7.4.2. The Bankers of EFI are The Equity Bank Of Uganda. Finance maintains a bank admin file with details of all bank accounts and contact numbers and ensures that bank mandates are kept up to date. The mandates are amended annually when the new sabbatical officers take office and when new staff start or a new Senior Financial Officer is appointed.

7.4.3. Quarterly bank statements are obtained by logging onto EazzyBIZ Banking Platform (the Equity Bank online banking facility for Business Entities) with the paper copies being sent in the post.

7.4.4. All bank stationery is checked on a regular basis to ensure that adequate stocks are held (i.e. banking bags, paying in books, cheque books).

7.5. Cash Holding and Banking Arrangements

7.5.1. Other than trading outlets or reception for legitimate operational purposes (as determined by the Executive Committee), no constituent part of the Organisation may hold cash without the prior written authorisation of the Senior Finance Officer. In the case of Community Clubs, Cells and Projects who individually receive cash or contributions, these should be taken directly to the bank, and receipt issued in line with the separate guidance provided in the Finance Operations Booklet for Clubs, Cells and Group Projects.

7.5.2. Cash takings shall be deposited with the Organisation’s bankers within three working days of receipt and no expenditure may be incurred from cash receipts.

7.5.3. Members and employees may carry or hold cash or other valuables with due regard to the limits set from time to time by the Organisation’s insurers. One person can carry up to UGX 10,000,000, two people may carry up to UGX 20,000,000 and for anything over UGX 20,000,000 staff must be accompanied by two organisation Security staff.

7.5.4. When goods or services must be paid for by cash in hand, it is possible to obtain an imprest which is essentially a cash advance. Imprests may only be given to a Full Member of Eliezah Foundation who agrees to be held personally liable for the amount advanced (which would apply unless otherwise covered by the Insurance arrangement referred to above).
The cash advance is granted and then the receipts and any remaining cash must be returned to the Organisation.

7.5.5. When the takings are bagged and sealed, details of the outlet banking the cash, the date of the takings, the amount being banked and the bag number should be recorded, along with the deposit slip.

7.5.6. All cash and cheque receipts other than outlet takings are entered into the receipt book which is a sequentially numbered document. The receipt plus any back up documentation is entered onto SAP and then filed in the petty cash receipts file in chronological order. Such items will include sales ledger cheques, float returns, machine income, collections etc.

7.5.7. Other sundry receipts and sales ledger receipts paid directly into the bank account are entered by Finance directly from the bank statements.

7.6. Cash tills

7.6.1. EFI operates a number of tills in its Offices and Hubs outlets, Display Centers, Businesses, reception and for special events.

7.6.2. All tills linked to the EPOS system must be cashed up after close of business after each shift in accordance with the procedure below:

- Cash & card takings are declared and a ‘Z’ reading (generated from EPOS) will be taken from each till;
- The Z reading and paying in slip should be attached to the cash summary sheet, issued by Finance; and
- Each outlet will perform its own banking with slips expressing outlet.

7.6.3. For standard tills, reconciliation checks should be performed of total receipts, based on stock takes or other available information (e.g. a record of attendees). Where possible two people to cash up.
Cash And Bank cont...

7.6.4. Any discrepancies should be notified to the Executive Officer, Finance Officer and general Secretary.

7.6.5. Finance shall then record actual takings onto SAP.

7.6.6. The amount of cash in each till must be closely monitored to ensure that unnecessarily large amounts of cash are not kept in vulnerable areas (i.e. tills). A maximum cash amount of UGX 4,000,000 per till will apply to each outlet, if a till goes over the limit, a Activity, Center Or cell Manager must remove excess cash to a safe.

7.7. Cash Floats

7.7.1. Cash Floats are the permanent amounts of money issued to each department to enable everyday trading.

7.7.2. Cash is received at the Organisation’s trading outlets. The Finance Office also carries an amount of cash that is used to issue change to trading outlets and pay cash expenses.

7.7.3. A float holder will be nominated for each float and be accountable for the float. Till Floats must be stored in the main department safe when not in use.

7.7.4. As an additional security check, the Finance Team will perform regular random checks of cash floats at the various outlets with the duty manager present, ensuring that cash held in the safe in each location matches the float on the system. The person carrying out the check should complete and sign a cash float reconciliation sheet which should be countersigned by the duty manager.
7.8. Cash security

7.8.1. As a security measure and in accordance with EFI’s insurance conditions, all keys are kept with Organisation Security in tagged bags.

7.8.2. The minimum number of people possible should have access to safe keys and combinations.

7.8.3. Each safe should have a safe record sheet. When monies or other valuables are deposited or withdrawn from the safes, the following must be recorded:

- Date
- Value/description
- Any reference/bag number
- Department
- Signature
- Name

7.8.4. In addition, managers should ensure safe monies are checked and handed over with a safe check sheet signed at shift changes.

7.8.5. In respect of transport of monies collected at offsite venues, a minimum of two members of staff should be present to collect and transport this away at the end of the event. In addition, the money should not be taken home by any member of staff. It should be transported to the organisation and stored securely.

7.8.6. If the values involved are high, management should give consideration to whether an external security firm should be hired to collect and safeguard the monies until the next working day.
Cash And Bank cont...

7.9. Bank Payments

7.9.1. All payments (cheques and other paper/electronic financial instruments) must be signed or otherwise authorised by the Organisation Senior Financial Officer. In the absence of the Senior Financial Officer, The Assistant Director may sign on his/her behalf.

7.9.2. All payments for amounts in excess of UGX 5,000,000 shall be counter-signed by the Chairperson. In the absence of the Chairperson, one of three other nominees may sign on his/her behalf.

7.9.3. The Executive Committee shall approve the nominee signatures on the recommendation of the Organisation Senior Financial Officer and Chairperson respectively.

7.10. Bank Reconciliations

7.10.1. Bank reconciliations are prepared by using the facility on the SAP accounting package. Reconciliations are reviewed by the Finance Officer/Director on a monthly basis in order to check if there are any old outstanding items.

7.10.2. As approved by the board in April 2016, the policy for reissuing cheques is that those on the finance system which are greater than 2 months old will be cancelled on the finance system, and the money written back to the Group, Fund, Club or Society issuing the payment. This process will be conducted on a monthly basis by the Finance Team.
Income

8.1. Introduction

8.1.1. The Organisation receives income through a variety of sources. This section outlines the key processes in relation to income received through sales invoicing, via Online Sources and daily takings; as well as the process for debt recovery.

8.2. Sales invoicing

8.2.1. Sales invoices should be raised using the efiActivities system.

8.2.2. All sales invoices raised are approved by the Finance Team before the user can download the final invoice. The Finance Team should check the sales invoice for accuracy, whilst ensuring that the VAT treatment is appropriate.

8.2.3. It is the responsibility of the Groups, Clubs & Cells Finance Officer to approve sales invoices raised by Clubs, Cells & Group Projects. Sales invoices raised by staff members are approved by the Finance Team.

8.2.4. The sales invoice should be posted to the Sales Ledger.

8.3. Website/Online income

8.3.1. Income over UGX 20000 (memberships) or UGX 200000 (other, including event ticketing) can be received online. Taking payments for any membership fees must be done through EFTs Or Mobile Money Services On the Organisation phone Number. The Online Shop is able to receive online payment.

8.3.2. Information on how to set up items in the online shop is contained in the Operating Workbench training, which outlines the detailed process for setting up new activities and products which can be sold online, as well as the process for pricing individual products. A copy is available here: https://www.efiug.org/resources/manuals/workbench-manual-351.pdf

Online Donations are acceptable through the fundraising platform.
Income cont...

8.3.3. Once prepared, the customer information should be reviewed prior to advertisement to ensure that there is a budget available for the activity and that the details (including VAT codes) are correct.

8.3.4. When goods or services (including membership) are ordered, an order number is generated if purchased through the website.

8.3.5. Payment for any goods ordered will be taken by customer credit or debit card, using the details provided when they registered. Payment will be reserved from the customer’s card at the time the order is received and taken after card details and stock availability have been checked, the order compiled and it has been scheduled for delivery. Receipts are automatically generated when a purchase is made through the system.

8.3.6. Money will appear in online transaction pages within 2 working days of someone paying. The system automatically generates lists of who has purchased which products.

8.3.7. Refunds may be provided to customers in the circumstances outlined in the terms and conditions of sale (http://www.efiug.org/termsand-conditions-shop.html).

8.4. Daily Takings

8.4.1. EFI receives income through its various activities in the form of cash, cheque, debit/credit cards and vouchers.

8.4.2. Cheques may be accepted and should be payable to Eliezah Foundation Initiative Uganda.

8.4.3. Cash receipts should be banked in a sealed bag and accompanied by the paying in slip. PDQ receipts should be collated and given to the finance office on a daily basis together with the Cashier’s Summaries and Till Z reports.

8.4.4. Finance will reconcile the master Z report to actual bankings and investigate any discrepancies with the bank. The EPOS printouts and Cashier’s Summaries are used to enter the takings onto SAP and then filed.
8.4.5. Any cash discrepancies in excess of UGX 50,000 for an individual till should have comments to explain what happened and should be brought to the attention of the outlet/activity manager, Executive Officer, Treasurer and Senior Finance Officer.

8.4.6. For procedures relating to physical cash handling, including security arrangements, please refer to Section 7 of this Manual.

8.5. Clubs, Cells and Group Project receipting

8.5.1. When club, cell and Group project Treasurers receive cash or cheques directly from individual members, the following information should be recorded in a pre-numbered duplicate receipt book:

- From whom (the individual).
- For what (itemised).
- When (the date).
- By whom (e.g. the Treasurer).
- How paid (cash, cheque).
- Cheque number (if applicable).

8.5.2. It is important that the receipt is itemised, that every item is listed at its individual price, so that the VAT can be calculated correctly.

8.5.3. Monies paid in to the Organisation’s bank account should be also recorded using the eActivities system.

8.5.4. A copy of the paying in slip from the bank should be scanned in and uploaded to eActivities as per the instructions in the eActivities for Finance Assessment booklet.

8.6. Debt management

8.6.1. EFI normally allows a 30 day settlement period for payment.
8.6.2. It is the responsibility of the Finance Department to follow up unpaid invoices. A “Customer Receivables Ageing” report should be run regularly and used as a basis for identifying (and prioritising) debtors for chasing.

8.6.3. When customers are contacted, the conversation (or correspondence) should be recorded to ensure there is a clear record of what contact has been made, and what undertakings (if any) the customer has made. Each record should include details of the individuals spoken to and dates. This will help to ensure that discussions can be followed up effectively and, if necessary, result in an elevation in recovery action.

8.6.4. Reminder letters should be issued where appropriate. There is no set procedure for when these need to be issued, as this needs to be judged on a case-by-case basis.

8.6.5. The Finance Team should ensure that there is an appropriate reporting system in place to elevate issues such as aged debts (particularly those over 60 days) and disputed items to the Finance officer and, where appropriate, the Executive Officer. It may be appropriate for the Organisation to engage legal support in its attempts to recover amounts due.

8.6.6. The debt management process for clubs, societies and projects balances are managed separately by the Clubs and Societies Finance Officer and a policy is in place which outlines the role of the Organisation in recovering debts over 90 days on their behalf. Organisation items are dealt with via the inter-Department process.
Expenditure

9.1. Introduction

9.1.1. This section covers ordering, invoice receipt and payment aspects of the accounts payable process.

9.2. Purchase Ordering

9.2.1. Purchase orders should be raised for all goods and services where possible. Exceptions to this rule are:

- Petty cash purchases;
- Public utility services and periodic payments, e.g. telephones, rent;
- Reimbursements to staff, officers & activity groups;
- Purchases made on the Organisation credit cards; and
- Goods or services supplied under contract, e.g. maintenance agreements.

9.2.2. Purchase orders should be raised using the eActivities system. Purchase Order requests for Clubs, Cells & group Projects can only be made by Financially Responsible Officers. Purchase orders for Clubs, Cells & Group Projects must be approved as per usual Authorisation Limits (see 9.6). Purchase Orders for staff will be referred to the budget holder for authorisation. Where the staff member raising the purchase order is also the budget holder the Executive Officer will need to approve. Where the Executive Officer is raising a purchase order the Secretary General will need to approve.

9.2.3. Any request for which no budget funds are available must be referred to the relevant budget holder or the General Manager for advice.
9.2.4. The following must be included on the purchase order:
- A description of the items being purchased;
- The supplier’s details;
- A price from the supplier, including details of any VAT;
- Details of the goods being purchased;
- The account code; and
- The name and signature of the person ordering

9.2.5. All purchase orders require Goods Receipting. It is the responsibility of the person raising the purchase order to use the eActivities system to record the delivery of goods ordered. Partial deliveries should also be recorded and noted when happy for the Finance Team to pay the supplier.

9.2.6. It is the responsibility of the Finance Team to pay the supplier once goods receipting has been completed. All invoices should be addressed to:
The Finance Office
Eliezah Foundation Initiative
254 Kanyange Road,
24660 Kampala
Uganda

9.2.7. Any invoices sent to other addresses or people should be immediately handed to the Finance Team for payment.

9.3. Supplier selection

9.3.1. Tendering procedures (not including clubs, cells and group projects) shall apply to the purchase of goods/services that are not for re-sale, which exceed UGX 4,000,000 (either individually or cumulatively), excluding VAT. To ensure that value for money is obtained, this limit shall apply to all areas of Organisation activity.

9.3.2. A minimum of 3 tenders must be sought, unless an existing Entity, public sector or National NGO body purchasing agreement can be used, which has been awarded by competitive methods.
9.3.3. The contract/agreement must normally be awarded to the lowest tender, after taking into account all relevant costs, relating to acquisition, servicing, quality, reliability, performance and disposal. The relevance of other factors, such as ethical considerations, must also be considered.

9.3.4. The Executive Committee must agree in advance, the award of a tender other than the lowest. Copies of all quotations must be passed to the Finance Department and retained.

9.3.5. For goods exceeding UGX15,000,000 to which the tendering process does not apply, and where no approved supplier or contractor exists, 3 quotations must be sought to ensure that value for money is obtained.

9.3.6. When purchasing goods under consortium arrangements, the relevant consortium rules must be adhered to.

9.3.7. East African and international Tender rules must be adhered to – the Board will be able to give advice on regulations and processes in the case of large tenders.

9.4. Declarations of interest

9.4.1. Any personal or family interest which may impinge or might reasonably be deemed by others to impinge upon impartiality in any matter relating to purchasing duties must be declared:

- To the Executive Officer;
- To the Financial Officer if it concerns the Executive Officer; and
- To the Chairperson if it concerns the Senior Financial Officer

9.4.2. Declarations of interest should be requested and filed to ensure that an up-to-date register of interests. The file shall be maintained by the Executive Officer.
Expenditure cont...

9.5. **Long term contracts**

9.5.1. Only the Se jointly with the Organisation Executive Officer shall sign a contract which commits the Organisation to any obligation that extends beyond the current financial year. Such contracts shall only be signed with the prior written authorisation of the relevant budget holder. Such authorisations shall be set out within the authorisation limits defined in Section 9.6 below.

9.5.2. All contracts must include the following information:

- Name and address of supplier
- Name of contact person
- Telephone number and email address of contact (if applicable)
- Service being provided
- Details of service provision
- Conditions of service
- Date service to be provided
- Cost of service
- VAT implications
- VAT number
- Payment conditions
- Any other conditions or information required
- “I have read and understand the conditions of the contract and agree to abide by its terms and conditions in full”
- Signature on behalf of EFI and printed name of signatory
- Signature on behalf of the customer and printed name of signatory
- All legal company compliance such as company number, registered office and the declaration that we have exempt charitable status.

9.6. **Authorisation limits**

9.6.1. Limits of Authority are specified in the Organisation Financial Regulations, as follows:

- No unauthorized member or employee may sign a contract or otherwise commit expenditure on behalf of the Organisation.
- Expenditure up to UGX 100,000 may be authorized by any financially responsible officer on behalf of their respective Club, Cell or Group Project.
- Expenditure between UGX 100,000 and UGX 1,000,000 may be authorized by any financially responsible officer on behalf of their respective Club, Cell or Group Project and their respective Management Group Chair or Treasurer. In the absence of the financially responsible officers required, the Executive Director or Assistant Director Community Services may authorise expenditure on their behalf.

- Operational managers may authorize expenditure consistent with their budgets, subject to approval by the Chief Executive Officer or Assistant Director Administration And Budget for orders or contracts in excess of UGX 2,000,000 up to UGX 15,000,000.

- The Director Finance, or, in his or her absence, the Assistant Director Community Services, shall authorise all other expenditure up to UGX 20,000,000.

- The Executive Committee shall authorize all expenditure over UGX 20,000,000 up to UGX 30,000,000.

- The Trustee Board, on the recommendation of the Executive Committee, shall authorise all other expenditure large or small.

9.7. Goods receipt

9.7.1. Goods/services received must be promptly checked to ensure that the complete order has been received.

9.7.2. If goods have been invoiced but not received or returned as faulty, a request for a credit note should be made with the supplier. Details of the request should be attached to any documentation sent to the Finance Department, who will hold the respective invoice until a credit note is received.

9.8. Invoice receipt

9.8.1. Invoices should be matched to a corresponding, authorised purchase order and delivery note when they are received.
Expenditure cont...

9.8.2. Where no matching purchase order exists, authorisations for payment of the invoice should be sought from the relevant department, who should check their records to ensure that the purchase has been made and that the prices charged are as agreed with the supplier. Any discrepancies on the invoices should be followed up by the department with the supplier.

9.8.3. An accounting code should be provided detailing the department and nature of expenditure, using the coding format described in Section 4.3.

9.8.4. Invoices will not be processed by Finance Department in the following circumstances:
- Where Documentation is incomplete; and/or
- Correct Authorisation has not been applied.

9.8.5. Correctly authorised/documentated invoices received by finance should be entered onto the purchase ledger on SAP.

9.8.6. Invoices are paid as per agreed credit terms and filed.

9.9. Credit Card Purchases

9.9.1. The Organisation currently holds No credit cards issued by Equity Bank.

9.9.2. If in the future the organisation Owns these, Credit card holders are responsible for the safe keeping of their cards, together with any passwords and PIN numbers for their credit card.

9.9.3. Credit cards are to be used only in the following circumstances:
- Urgent purposes, i.e. those requiring immediate action or attention;
- Where it is the only form of payment accepted at the point of purchase;
- To take advantage of a special offer that would otherwise be unavailable; and
- Flight bookings.

9.9.4. The Credit Card holder is required to follow the following procedures when using credit cards to make payments is as follows:
- A Credit Card Purchase Form should be obtained from Finance completed and authorized in accordance with the Levels of Authority;
- The purchase is made;
- A VAT receipt/purchase invoice/order acknowledgement should be obtained from the supplier and/or appropriate internet correspondence;
- Documentation should be attached to the Credit Card Purchase form and forwarded to Finance.

9.9.5. Payments should be appropriately authorised. Clubs, cells and Group Projects must ensure that they use the same approval process as for any expenditure claim (i.e., including Senior Financial Officer).

9.9.6. Finance shall check the credit card statement periodically to ensure that all transactions are fully supported by an audit trail. Any discrepancies, such as missing documentation, shall be followed up with the card holders.

9.10. **Claim Forms**

9.10.1. Claim forms are for use by Club, Cell or Group Project members to claim back personal money spent on behalf of Club, cell or Group Project.

9.10.2. Claim forms can be submitted by any Club, Cell/hub or Group Project member.

9.10.3. Claim forms should be submitted using the eActivities system.

9.10.4. Claimants are required to provide evidence for their expenditure in the form of a receipt. Acceptable forms of evidence are listed in the eActivities for Finance training manual to be found at www.efiug.org/crc/tg.html.

9.10.5. Claims are authorised as per the Authorisation Limits listed above (note 9.6).

9.10.6. Those approving a claim should thoroughly check the evidence and VAT details before approving. Claims approved without sufficient evidence should be investigated by the Financial Officer.

9.10.7. Approved claims should be paid by BACS by the Finance Team within five Working days.

9.10.8. Any claims that are considered erroneous by the Finance Team should be paid and subsequently investigated by the Senior Finance Officer.
Staff Costs

10.1. Payroll

10.1.1. The Organisation payroll is processed by the University and records maintained by the University HR department.

10.2. Permanent Staff

10.2.1. At month end, the Human Resource Division will provide files showing the gross pay cost for each individual. The charges on the payroll file are analysed and a permanent staff payroll journal entered into SAP.

10.3. Casual Staff

10.3.1. Pay scales, including hourly rates and cost of living rises, are approved by the Executive Committee annually – new rates are effective from the 1st October each year.

10.3.2. New starters must complete a New Starter Form (a Casual Worker Joining (8A) form) and letter of understanding, which should then be signed by the head Of Department. A copy of ID should also be taken in the form of a passport.

10.3.3. Payroll forms should be checked by Finance for completeness. They should be forwarded to the Senior Finance Officer for authorisation and then sent to the Payroll Division. Copies of completed forms should be filed by Finance.

10.3.4. Details of any new starters, amendments to current staff details, and any staff leaving is recorded on an Access database by the Finance Department.

10.3.5. Workers’ Payroll information is submitted to the Organisation Payroll division in accordance with the set timetable for weekly staff (paid one week in arrears) and bursary staff (paid monthly).

10.3.6. Each department must submit an authorised timesheet to the finance department. This is then entered into an Access database from which a complete payroll report is produced to be signed off by the Assistant Director Finance or in his or her absence, the Assistant Director Community Services.
10.3.7. Payslips are received from the Organisation Payroll division on the Friday (by Finance) and forwarded to Departments for

10.3.8. The actual payments to staff are reconciled to the payroll control account by Finance. Any discrepancies are followed up. It will be the responsibility of Line Managers to check their Immediate Staff costs against budget.

10.4. Pension Schemes

10.4.1. The Organisation participates in the Defined Benefits Scheme (DBS) and the Defined Contributions Scheme (DCS). Both are defined benefit schemes and are externally contracted out of the National Social Security Fund. The income and expenditure account reflects the contributions payable as stipulated by the board Trustees.
Fixed Assets and Asset Management

11.1. Depreciation

11.1.1. Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset in a straight line as follows:

- Fixtures & Fittings, Equipment and Motor Vehicles: 3-5 years
- Building Works: 20 years

11.1.2. Any Irrecorverable VAT is capitalised

11.2. Asset purchase and disposal

11.2.1. Capital expenditure (i.e. the purchase of assets) is subject to:

- The budgetary controls described in Section 5 of this Manual (particularly including the reporting of capital project spend and projected outturn); and
- The expenditure controls described in Section 9, particularly including authorization and tendering controls.

11.2.2. All staff and officers are required to provide suitable notice of the acquisition of any new assets.

11.2.3. Equipment valued in excess of UGX 200,000 belonging to the organisation or any constituent part thereof, shall not be re-sold, re-allocated or otherwise disposed of without the prior written authorisation of the relevant budget holder and the Chairperson. Authorisation shall only be granted after consultation with the Organisation Executive Director by the Chairperson.

11.2.4. Staff and/or Officers shall notify the General Manager of any potential insurance claim arising from loss, liability or damage.

11.3. Asset recording

11.3.1. It is the responsibility of all Organisation Officers, Club or cell or Group Chairs and Managers to ensure that they maintain a register of all assets and inform the Organisation Executive officer when such items are purchased or disposed of.
11.3.2. To ensure that assets are fully accounted for, a Fixed Asset Register shall be maintained by the Finance Department, which will record:

- Asset number
- Description
- Location
- Date of purchase
- Cost
- Depreciation rate applied
- Department to be charged

11.3.3. Each item on the fixed asset register will be the responsibility of a manager, who shall be held accountable for the item’s security. As part of their responsibilities, they shall be required to conduct a regular (annual) risk verification of the assets for which they are responsible. Club, Cells and Group assets are the responsibility of the group’s committee.

11.3.4. The fixed asset register should be reconciled on a regular basis to the fixed asset values in the balance sheet.

11.3.5. The Finance Department will conduct an annual review of equipment against the fixed asset register.
Stock

9.2. Introduction

9.2.1. All stock will be the responsibility of the appropriate outlet manager, who will ensure that stock is accounted for, stored safely and rotated appropriately. Outlet managers will also ensure that stock levels are appropriate for the time of year.

9.2.2. Stocks at all outlets must be entered onto the EPOS stock system as soon after delivery as possible.

9.2.3. Promotional stock, i.e. stock given to the Organisation by suppliers at nil cost, should be recorded within stock take reports, either within the ‘Purchases’ column or as an additional column. This should mean that the variance between estimated and actual takings reconciles to the till shortage/overage. If it does not, this should be investigated.

9.3. Function Hire

9.3.1. All stock will be subject to a monthly stock-take, which is performed by an external company.

9.3.2. It is the responsibility of the relevant Commercial Services Manager to ensure that the stock-taker has all relevant information.

9.3.3. A degree of wastage is inevitable in licensed premises. It is essential that this wastage is carefully controlled, recorded and monitored, in line with the following procedures:

- Wastage will be recorded at the end of each night, with an explanation as to the cause of the wastage;
- The manager must sign off all waste/write offs. This must be completed monthly and passed to the Finance;
- These must also be presented to the stock-taker when requested; and
- The manager must complete a stock report detailing the results and any action points moving forward.
9.4. **Catering**

9.4.1. All catering stock will be subject to a monthly stock-take by the Commercial Services Manager, assisted by relevant catering staff, who shall agree the catering stock-take report before the Commercial Services Manager leaves the premises.

9.4.2. Stock should be rotated regularly and all orders made should be consistent with expected demand to ensure write-offs are kept to a minimum. If it does become necessary for an item to be written off the Commercial Services Manager must authorise the write-off, investigate the reasons for it and inform Finance of the value of the stock written off.

9.5. **Retail**

9.5.1. Full stock counts will be carried out every year at the end June co-ordinated by the Retail Manager. The EPOS system stock figures are then updated to reflect the physical counts.

9.5.2. All items written-off during should be recorded on the EPOS system and a report submitted at each month end showing descriptions, quantities and cost prices for items written off along with a reason for each write-off.
Inter-Department Account

13.1. The Department has an inter-Department account with the Organisation, within which balances owed to and from the Organisation are identified.

13.2. Each month, a report is received from Organisation Finance summarising their accounts receivable and accounts payable balances for the Organisation. This statement is reconciled by EFI Finance to information on the SAP system.

13.3. A copy of the reconciliation is saved in the month end folder.
14.1. Statutory Returns

14.1.1. The following statutory returns must be completed during the course of a year:
- PRS (NSSF) return (Annually)
- PAYE Return
- ITR (income tax)
- VAT return (semiannually)

14.1.2. All forms should be completed before the related deadline and copies taken for future reference.

14.2. VAT

14.2.1. The Finance Department should implement mechanisms, including reference to external advice where relevant, to ensure that it is fully compliant with all VAT regulations.

14.2.2. VAT is charged on business supplies. Exceptions include grants (outside the scope of VAT), supplies of Organisation representation, welfare and support (of individuals and any separate Clubs, Cells & Groups and their Projects) - which are not for business purposes as they are provided for free and any zero rated items, such as basic foodstuffs (not plated meals or hotel services). VAT is not charged in relation to exempt supplies but cannot be recovered on related purchases.

14.2.3. Income can be treated as exempt for “fundraising” events, providing that certain conditions are met. In particular, in a single financial year the same type of fundraising event should be held no more than 15 times in the same location and the event should be clearly held out as a fundraiser on all ticketing and advertising.

14.2.4. In deciding which events to treat as exempt, it should also be considered in advance whether charging VAT, and recovering costs on associated purchases would be more advantageous. This may also be appropriate, for example, for events with a higher volume of purchases where a higher proportion of VAT may potentially be recoverable.
Statutory Returns and VAT cont...

14.2.5. Cultural event income (which could include admission charges to a theatrical, musical or choreographic performance of a cultural nature) can qualify as VAT exempt, again with certain conditions applying (for example, a normal disco would not be seen as cultural, but it could be argued that a DJ creating new music could be seen as a cultural event). In order to take advantage of the exemption, the organisation must be an eligible body.

14.2.6. The conditions for eligible body status are:

(a) The organisation must be non-profit making;

(b) Profits must be applied from relevant exempt income to the continuance or improvement of the facilities made available by means of the supplies; and

(c) The events must be managed and administered on an essentially voluntary basis, by people who have no direct or indirect financial interest in the activities of the Organisation.

14.2.7. VAT costs directly and solely related to taxable supplies are fully recoverable. Supplies will be taxable at the standard rate of 20%, unless they specifically fall within the 2% and 18% (e.g. Medical Supplies, Hotel Services), zero rated or exempt categories.

14.2.8. VAT costs directly and solely related to exempt supplies may be fully recoverable. VAT costs directly and solely related to non-business supplies are generally not recoverable. Standard rates provided by URA will apply for specific calculations.

14.2.9. Partial exemption calculations are applied to activities which include a mixture of taxable and exempt supplies. There is a rate for Organisation activities based on a staff hours calculation, which identifies the percentage working on taxable activities, a separate rate for Catering where 6.6% of gross sales is currently deemed standard rated and a third rate for Vans based on the total days vans have been used for taxable activities.

14.2.10. Transactions are VAT coded at the point of entry and checked by Finance. This enables information to be prepared for the VAT return from SAP. It is important, therefore, that transactions are accurately coded to ensure that VAT returns, and amounts, are correct. The following codes are provided:
<table>
<thead>
<tr>
<th>Purchase Codes</th>
<th>Sales Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>P0 – Zero rated</td>
<td>S0 – Sales Zero Rated</td>
</tr>
<tr>
<td>P1 – Standard rated</td>
<td>S1 – Sales Standard Rated</td>
</tr>
<tr>
<td>PPU – Standard Rated Partial Organisation</td>
<td>Third set of 2 digits</td>
</tr>
<tr>
<td>PPC – Standard Rated Partial Catering</td>
<td>Penultimate digit</td>
</tr>
<tr>
<td>PPU – Standard Rated Partial Vans</td>
<td>Final digit</td>
</tr>
<tr>
<td>PE – Exempt</td>
<td>SE – Sales Exempt</td>
</tr>
<tr>
<td>PN – Outside scope</td>
<td>SN – Outside Scope</td>
</tr>
</tbody>
</table>

Adjustments may be required where reports do not differentiate sales according to these categories. Particular attention is paid by Finance to Charing Cross sales, Catering and Free Sales items: manual adjustments are processed, using agreed partial exemption rates where appropriate.

14.2.11. A tax invoice for any claims in excess of £250 in value requires a full VAT invoice/receipt. A VAT invoice must state the following:

- An identifying number;
- The date of the supply;
- The date when the VAT invoice is issued;
- Supplier details (name, address and VAT registration number);
- The recipient’s (i.e. the Organisation’s) name and address;
- A description sufficient to identify the goods or services supplied, including the quantity or extent of services supplied and rate of VAT applicable for each description; and
- The total and VAT amounts charged, expressed in Shillings.

14.2.12. The Organisation is required to complete an annual VAT return to the Uganda Revenue Authority (within Six Months of end of organisation financial year ends to 31 December), which identifies any net amounts due to or from the Revenue.

14.2.13. The VAT return is submitted online via logging onto the URA Portal website. All calculations for the return shall be retained on the shared drive. Relevant log on details shall be retained and shared with the Finance Officer.
# Appendix A - Natural Codes

## Assets

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
</tr>
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<tbody>
<tr>
<td>000</td>
<td>Fixed Assets - Additions in year</td>
</tr>
<tr>
<td>005</td>
<td>Fixed Assets – Cost</td>
</tr>
<tr>
<td>010</td>
<td>Fixed Assets - Disposals Cost</td>
</tr>
<tr>
<td>015</td>
<td>Fixed Assets - Disposals Accumulated Depreciation</td>
</tr>
<tr>
<td>020</td>
<td>Fixed Assets - Accumulated Depreciation</td>
</tr>
<tr>
<td>040</td>
<td>Investments - Cost</td>
</tr>
<tr>
<td>045</td>
<td>Investments - Unrealised Asset Value</td>
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<tr>
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<td>Stock</td>
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<tr>
<td>100</td>
<td>Account Card Sales Debtor</td>
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<td>Deposits Paid Out</td>
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<tr>
<td>110</td>
<td>Prepayments</td>
</tr>
<tr>
<td>115</td>
<td>Accrued Income</td>
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<tr>
<td>120</td>
<td>Debtor Control</td>
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<tr>
<td>122</td>
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<tr>
<td>125</td>
<td>Loans to Staff</td>
</tr>
<tr>
<td>130</td>
<td>Short Term Deposits</td>
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<tr>
<td>150</td>
<td>Cash – Bank</td>
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<tr>
<td>151</td>
<td>Cash - Bank - Deposit A/C</td>
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<tr>
<td>152</td>
<td>Cash - Bank – Clubs/Groups A/C</td>
</tr>
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<td>Cash – Float</td>
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<td>160</td>
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### Creditors

<table>
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<tbody>
<tr>
<td>200</td>
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<td>205</td>
<td>Deferred Capital Grants</td>
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<tr>
<td>206</td>
<td>Deferred Capital Grants - Building Redevelopment</td>
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<td>210</td>
<td>Online Sales (Third Party) Creditor</td>
</tr>
<tr>
<td>215</td>
<td>Credit Card Control Creditor</td>
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<td>220</td>
<td>Deposits to Us</td>
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<td>Organisation Interdivision Creditor</td>
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<tr>
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<td>Unknown Receipts Creditor</td>
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<tr>
<td>234</td>
<td>Voucher Issue Creditor</td>
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<td>235</td>
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<td>VAT Creditor</td>
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<td>Clubs and Groups Sales Suspense</td>
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### Capital & Reserves

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<td>Designated Fund</td>
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<td>260</td>
<td>Surplus - Accumulated - Retained Surpluses</td>
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<tr>
<td>270</td>
<td>Revaluation Reserve</td>
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### Appendix A - Natural Codes cont....

**Income**

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<td>Deferred Capital Grant Release</td>
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<td>Income Misc</td>
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<tr>
<td>510</td>
<td>Rental Income</td>
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<td>570</td>
<td>Subscriptions</td>
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<tr>
<td>580</td>
<td>Ticket Income</td>
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<td>590</td>
<td>Travel Income</td>
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## Expenditure

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<th>Code</th>
<th>Name</th>
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<td>625</td>
<td>Card Commission</td>
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<td>Consumables</td>
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<td>Depreciation of Fixed Assets</td>
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<td>Publicity</td>
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<td>Disposables</td>
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<td>Redecoration</td>
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<td>Engraving &amp; Signwriting</td>
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<td>Speakers</td>
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<td>Equipment Hire</td>
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<td>Staff Subsistence</td>
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<td>Fines Expend</td>
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<td>700</td>
<td>Fuel</td>
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<td>Stocktaker</td>
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<td>705</td>
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<td>Subscriptions</td>
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<td>Telephones</td>
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<td>707</td>
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<td>710</td>
<td>Ground Hire</td>
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<td>Training Staff</td>
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<td>715</td>
<td>Health &amp; Safety</td>
<td>890</td>
<td>Training Members</td>
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<tr>
<td>720</td>
<td>Computer Software, Licences &amp; Domain</td>
<td>895</td>
<td>Travel Expenditure</td>
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<td>725</td>
<td>Copyright &amp; Royalties</td>
<td>900</td>
<td>Uniforms</td>
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<tr>
<td>730</td>
<td>Hospitality</td>
<td>910</td>
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<td>Instructors</td>
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<td>Wages Part Time</td>
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<td>755</td>
<td>Laundry</td>
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# Appendix B - Activity Codes

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<tr>
<td>00</td>
<td>General</td>
<td>54</td>
<td>Event 4</td>
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<tr>
<td>01</td>
<td>Functions</td>
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<td>Event 5</td>
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<tr>
<td>02</td>
<td>Marketing</td>
<td>56</td>
<td>Event 6</td>
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<td>20</td>
<td>Clubs tours 20-39</td>
<td>57</td>
<td>Event 7</td>
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<tr>
<td>21</td>
<td>Tour 1</td>
<td>58</td>
<td>Event 8</td>
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<td>22</td>
<td>Tour 2</td>
<td>59</td>
<td>Event 9</td>
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<td>23</td>
<td>Tour 3</td>
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<td>24</td>
<td>Tour 4</td>
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<td>Event 11</td>
</tr>
<tr>
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<td>Tour 5</td>
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<td>Tour 7</td>
<td>64</td>
<td>Event 14</td>
</tr>
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<td>Tour 8</td>
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<td>Tour 9</td>
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<td>Tour 13</td>
<td>70</td>
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<td>Careers Fair</td>
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<td>51</td>
<td>Event 1</td>
<td>73</td>
<td>Event 23</td>
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<tr>
<td>53</td>
<td>Event 3</td>
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# Appendix C - Funding and Consolidation Codes

## Funding Codes

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<td>EFM</td>
</tr>
<tr>
<td>3</td>
<td>BOD</td>
</tr>
<tr>
<td>4</td>
<td>Viiv</td>
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</table>

## Consolidation Codes

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<tr>
<td>1</td>
<td>Organisation</td>
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<tr>
<td>2</td>
<td>Internal</td>
</tr>
<tr>
<td>3</td>
<td>TEGC</td>
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</table>
Appendix D- Monthly Accounting Timetable
Appendix E - Statement of Financial Accounts (example)

Eliezah Foundation Initiative Uganda
Statement of Financial Activities

Period Ended 30 June 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>Restricted Funds UGX</th>
<th>Unrestricted Funds UGX</th>
<th>Total UGX</th>
<th>Total UGX</th>
</tr>
</thead>
</table>

### INCOMING RESOURCES

- **Voluntary income**: x,xxx  
- **Activities for generating funds**: x,xxx  
- **Charitable activities**: x,xxx

### RESOURCES EXPENDED

- **Cost of generating funds**:  
  - **Cost of generating Voluntary funds**: x,xxx  
  - **Commercial activities**: x,xxx

- **Charitable Activities**: x,xxx  
- **Governance cost**: x,xxx

**TOTAL RESOURCES EXPENDED**: x,xxx

### NET INCOMING/(OUTGOING)RESOURCES

- **Funds brought forward**: x,xxx

**Total Funds carried forwards**: x,xxx
## Appendix F - Financial Risk Table

The following table presents generic financial risks where mitigating controls are referred to within this Manual. This is not a complete list of financial risks. Rather, it is intended to assist in the development of financial risk register:

<table>
<thead>
<tr>
<th>Potential risk</th>
<th>Example mitigating control areas</th>
<th>Chapter Ref.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts may not comply with NGO disclosure requirements, requiring extensive audit adjustments or qualified opinion.</td>
<td>• Review of financial guidance, including Company, NGO, and MIA guidelines.</td>
<td>3</td>
</tr>
<tr>
<td>Financial reports may be incomplete or not reconcile to underlying records.</td>
<td>• Coding structure within accounting system.</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>• Year End process.</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>• Control account reconciliations (including bank and payroll).</td>
<td>10</td>
</tr>
<tr>
<td>Budgets may not be set appropriately, leading to inappropriate spend being committed and potential overspend.</td>
<td>• Review of budget holder information by Finance Team and Chief executive.</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Approval and review of budgets through Trustee Board/ Executive Committee review process.</td>
<td></td>
</tr>
<tr>
<td>Expenditure may not be controlled appropriately, leading to overspends.</td>
<td>• Delegated budget management requirements, including the requirement that any likely overspending is not incurred without prior consent of the Chairperson.</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Management accounts review process.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>• Key Performance Indicators.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Scheme of Delegation controls.</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>• Payment authorization requirements</td>
<td></td>
</tr>
<tr>
<td>Management information may not be utilised effectively to ensure that expenditure is controlled.</td>
<td>• Management Accounts process.</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Key Performance Indicators.</td>
<td></td>
</tr>
<tr>
<td>Inappropriate suppliers may be engaged, e.g. without adequate tendering tests having been conducted, leading to poor value for money</td>
<td>• Declarations of interest.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>• Tendering procedure.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Purchase Order authorisation.</td>
<td></td>
</tr>
<tr>
<td>Inappropriate payroll payments may be made due to misstatement of timesheets.</td>
<td>• Timesheet authorisation.</td>
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</tr>
<tr>
<td></td>
<td>• Budgetary controls.</td>
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## Appendix F - Financial Risk Table cont...

<table>
<thead>
<tr>
<th>Potential risk</th>
<th>Example mitigating control areas</th>
<th>Chapter Ref</th>
</tr>
</thead>
</table>
| Working capital (including balances held at the bank) may not be effectively managed, leading to penalty charges and impacting on the Organisation’s ability to pay its creditors. | • Review Of Management information, including cashflow statements.  
• Regular review of bank statements and investment activity.  
• Prompt and secure banking of receipts/ Debt recovery procedures.                                                                 | 5, 7, 8     |
| Cash may not be securely managed, or recorded, increasing the risk of misappropriation. | • Bank reconciliations.  
• Regular banking and recording of cash.  
• Payment authorization requirements.  
• Security/access controls.                                                                 | 7           |
| Income due may not be collected in full, or on a prompt basis. | • Debt recovery arrangements.                                                                 | 8           |
| Actual receipts and payments may not reconcile to amounts recorded in the accounts. | • Bank reconciliations | 7           |
| Fixed assets may not be securely managed or maintained, or reconcile with inventories – increasing the risk of misappropriation. | • Fixed Asset register.  
• Verification and risk assessment.                                                                 | 11          |
| Stock may not be securely managed, or recorded, increasing the risk of misappropriation. | • Stock count arrangements.                                                                 | 12          |
| VAT claims may contain errors due to non-compliance, leading to over (or under) claims from URA. | • Coding Structure in SAP  
• Using Excel provided sheets from URA                                                                 | 14          |

Other controls will exist which mitigate the risk of fraud, such as internal audit arrangements, security/access controls and any spot checks undertaken by Finance and/or budget managers, and specific responses developed to any external inspection or review.