FINANCIAL POLICY & GUIDELINES

1. INTRODUCTION

LEGABIBO is a registered Not for Profit Organization (NPO). As such, the organization is largely dependent on membership fees and donations to carry out its objectives. In line with its objectives LEGABIBO seeks to comply with all requirements of the Botswana Department of Civil and National Registration.

LEGABIBO’s Vision, Mission Statement and Financial Policy underpin the Organization’s commitment to conduct its financial affairs in pursuit of the highest ethical standards.

LEGABIBO’s financial policy guideline is the framework for the organization’s financial practice, systems and procedures and informs the organization’s accounting policy. LEGABIBO deem its financial policy to engender the highest degree of accountability and transparency.

A policy review will take place every 3 years or when required and any changes emanating from such review must be recommended by the Executive Secretary/Chief Executive Officer for the Executive Committee/Board’s consideration and approval. Amendments authorized by the Executive Committee/Board must be recorded in writing.

Vision
Creating a tolerant social environment where diversity is appreciated and celebrated.

Mission
LEGABIBO is a national NGO that empowers the LGBTI community and the society on sexual diversity through awareness raising and building a critical mass to promote tolerance.

2. PRINCIPLES OF RESPONSIBILITY AND ACCOUNTABILITY

LEGABIBO’s Values, Mission Statement and Financial Policy underpin the Organization’s commitment to conduct our work in pursuit of the highest ethical standards. These ethical standards are the framework for application of organizational policies and practices at all levels, such as oversight by the Executive Committee/Board and management practices. It will resonate in the organizational structure; hiring and promotional practices; training and education; employee, donor, volunteer, service providers, conduct based on integrity, transparency, accountability and in turn, the organization’s reputation and success.

LEGABIBO is committed to providing accurate and complete financial data for internal and external use by the Executive Secretary, Executive staff, Finance staff, the Executive Committee/Board Members and all stakeholders.

LEGABIBO strives to build a history of accountability to stakeholders, including members, partners, funders, employees, and the community. LEGABIBO employees are expected to bring to the attention of management any instances of non-compliance. Employees are protected under the organization’s Whistle Blower Protection policy in compliance with Country law. Employees are provided with an Employee handbook that explains policy guidelines and basic compliance features, for example, procurement on behalf of LEGABIBO, travel and other expense claims and petty cash management.
LEGABIBO’s management and employees must perform their duties in accordance with the policies and internal control as set by the Executive Committee/Board. Any observed weaknesses in internal control must be brought to the attention of the Executive Secretary immediately. Failure to adhere to policies and procedures outlined below may be considered misconduct and may be subject to disciplinary action as provided in the applicable personnel policies and National Employment Law.

Members of the Senior Management Team, responsible for administering the organization’s funds and resources have duties which include but are not limited to:

- Ethical conduct and setting a tone within the organization for ethical conduct and integrity.
- Ensuring that policies and procedures are available to and understood by those carrying out financial transactions and all staff.
- Complying with LEGABIBO’s and Donor terms, conditions and restrictions on the use of funds.
- Granting or delegating financial authority carefully, with consideration for proper segregation of duties.
- Ensuring that appropriate reviews and monitoring take place, including a timely review of operating reports and performance indicators.
- Clearly communicating expectations and holding individuals accountable for their actions when viewing institutional records or processing transactions.
- Communicating institutional information (e.g., financial reporting, performance metrics, etc.) properly and in a timely manner, and granting access to financial information only for appropriate business uses.
- Protecting assets, including data, equipment, supplies, inventory, and cash from unauthorized access or theft.

2.1 Fiduciary Responsibility

Executive Committee/Board members accept and exercise complete fiduciary responsibility for the Organization.

2.2 Legal Compliance

LEGABIBO is registered as a Society in accordance with Botswana laws.

The operation will preclude any donor from deriving any monetary advantage from monies donated except where applicable for any benefit provided to a donor through the tax laws of Botswana’s Unified Revenue Service.

2.3 Financial Management

Financial management is governed by financial policies, controls and procedures that have been approved and ratified by members of the Executive Committee/Board.

Notwithstanding the organization’s staffing capacity, financial and accounting duties are segregated wherever possible to ensure optimal control.
An external evaluation of LEGABIBO’s financial policy and controls environment will be conducted every five years. Policies, controls and procedures are updated from time to time as and when appropriate.

The Finance & Administration Manager is responsible for implementation, maintenance and review of the policies, controls and procedures pertaining to LEGABIBO’s financial activities.

The Executive Secretary/Chief Executive Officer is ultimately responsible for oversight and monitoring implementation. The Executive Committee/Board has responsibility for selection of the external auditor (through tender), oversight of financial reporting processes and assessment of fraud risk from time to time.

3. AUTHORITY

The Executive Committee/Board authorizes the Executive Secretary/Chief Executive Officer to hire and supervise staff and independent consultants, pay bills, mobilize resources, receive funds, and maintain bank accounts. The Executive Secretary/Chief Executive Officer is authorized to enter into contracts for activities that have been approved by the Executive Committee/Board as a part of budgets and or plans.

3.1 Expenditure & Payments

Funds committed and expended must serve the interests of LEGABIBO’s vision, mission and strategic objectives.

The Executive Secretary/Chief Executive Officer is authorized to manage expenses within the parameters of the overall approved budget, and to oversee financial reports to the Executive Committee/Board on variances and the reason for those variances.

Commitment of funds and expenditure not originally foreseen and budgeted must be approved by the Executive Committee/Board on the advice of the Finance & Administration Manager.

The Finance & Administration Manager is responsible for the initial authorizing of payments. The Executive Secretary/Chief Executive Officer will co-authorize payments that the Finance & Administration Manager has approved.

All financial transactions must be supported by appropriate documentation and vouchers. No disbursements will be made unless the relevant expenditure vouchers and authorized payment request/requisition accompany the payment claim.

All requests for payment must be supported by authorized and original receipts or invoices and an authorized payment requisition. Under exceptional circumstances, while waiting for the originals, faxed vouchers may be accepted as an interim measure.
3.2 Signing Authority

The Executive Secretary/Chief Executive Officer and Finance & Administration Manager, Executive Committee/Board Chair and the Executive Committee/Board Treasurer have the authority to commit funds for expenditure in line with LEGABIBO’s financial guidelines and budget approved by the Board annually.

No one individual may be the sole signatory for authorizing bank payments.

LEGABIBO’s Executive Committee/Board mandates the Executive Committee/Board Chair, Treasurer, Executive Secretary/Chief Executive Officer and Finance & Administration Manager as its authorized signatories for the Organization’s bank accounts.

All bank documents must bear signatures of two (2) of the four designated signatories. Two out of the four mandated signatories are authorized to make Electronic Fund Transfer (EFT) payments on behalf of LEGABIBO.

Authorization of exceptional expenses which have not had prior Executive Committee/Board approval (through the budget approval process) will be authorized as follows, provided that there are sufficient funds to cover this out of budget expense. The request for any one out of budget expense must be supported by motivation for its need and confirmation of funding to cover it:

- The Procurement Committee - amounts up to BWP 30 000
- The Executive Secretary/Chief Executive Officer - amounts up to BWP 60 000
- The Executive Committee/Board Chairperson, or in the event of incapacity the Vice-Chairperson, amounts exceeding BWP 60 000.

Any transaction of an amount of BWP 2 500 or less must be supported by a minimum of two (2) written quotations.

Expense items exceeding BWP 2 500 must be supported by three (3) written quotations.

3.3 Authorization Process

All documents and vouchers presented for payment must be signed by the staff member commissioning the service/expenditure. An authorized LEGABIBO payment requisition form must be completed and signed by the staff member requesting payment. The Finance & Administration Manager must check the validity and accuracy of all payment requisitions and supporting vouchers before forwarding to the Executive Secretary/Chief Executive Officer for co-authorizing payment.

All payment requisitions must be submitted no later than two (2) weeks, before an event/ activity. All late submissions must be accompanied by a motivation memo, explaining the reason for inability to meet set timelines, such as travel.
Responses to payment requisitions are, as far as is possible, to be given within two (2) days after review by both the Finance & Administration Manager and the Executive Secretary/Chief Executive Officer.

3.4 Method of Payment

Payments will be made by Cheque or via Electronic Bank Transfer (EFT). Cheque payments will be made under special circumstances only and those circumstances should be supported by evidence.

Procedure

- Payment requisitions with supporting documents are checked by the Finance & Administration Manager who signs the requisition to verify that the claim documents have been checked.
- The Finance & Administration Manager reviews the requisition and will authorize payment if all requirements are met.
- The Executive Secretary/Chief Executive Officer will then co-authorize payments that the Finance & Administration Manager has approved.
- The Finance & Administration Manager will prepare cheques or EFT payments which will be authorized or signed by 2 out of the 4 authorized signatories.

3.4.1 Petty Cash

Policy

The Finance & Administration Manager shall act as the custodian of petty cash. Petty Cash will be operated on the Imprest system and reconciled monthly. Monthly Petty Cash reconciliations compiled by the Finance & Administration Manager will be reviewed and signed off by the Executive Secretary/Chief Executive Officer.

Petty cash should be used only for expenditure of emergent nature hence the current limit/float for petty cash is BWPI 000 per month. The float amount will be reviewed from time to time. Examples of expenditure for reimbursement from petty cash include costs for postage, emergency meetings, and other miscellaneous expenses.

Procedure

- A single transaction from petty cash shall not exceed BWPI 300.
- All petty cash expenses and claims for refund must be supported by a supplier’s invoice, receipt or acknowledgement receipt or acknowledgement form.
- Petty cash transactions must be approved by the Finance & Administration Manager prior to implementation.
- The recipient of the refund must sign the voucher or petty cash register to indicate receipt of the cash transaction.
When a petty cash payment has been made, it is recorded in the petty cash register.

- The purpose of the expenditure and the respective funder to be charged should be indicated on the invoice/receipt.
- Petty cash payments will be reconciled monthly or when the float amount needs to be replenished.
- All paid receipts/invoices must be attached to the Petty Cash Reconciliation and filed.
- If the amount of funds in petty cash is down to BWP 200, the petty cash float must be topped up to ensure that at all times sufficient funds are available for claimable expenses.
- Petty cash shall be kept in a petty cash box, in a safe, which is to be locked at all times. The cash box is to be kept in the locked cabinet within the finance office.
- The petty cash register shall be checked by the Finance & Administration Manager on a monthly basis for accuracy of reconciliation and cash on hand versus recorded balance.
- At any given time, the Executive Secretary/Chief Executive Officer can check the petty cash and its records.

### 3.4.2 Cash Advances for Expenses to be Incurred

Funds for expenditure to be incurred may be advanced to members of the Board/Executive Committee, Executive Secretary/Chief Executive Officer and key staff attending key events or official LEGABIBO business. Such expenses would relate to domestic or overseas travel.

It is the responsibility of the recipient to submit to the Finance & Administration Manager an account of expenditures and all supporting documentation as soon as the expenditure has been incurred.

The Finance & Administration Manager must ensure that unspent funds returned are deposited in LEGABIBO’s bank account within 5 working days. The Finance & Administration Manager will issue a receipt for all monies returned.

LEGABIBO’s Travel policy outlines the process for requisitioning advance funds for travel to be undertaken.

### 4. BANK ACCOUNTS

Only LEGABIBO’s official bank accounts may be used for banking or issuing funds.

#### 4.1 Authority for Opening

Bank accounts may only be opened with written authorization from the Executive Secretary and the Executive Committee. Transfer of funds between bank accounts will be governed by LEGABIBO’s authorization processes described under 3.1 above.
4.2 Current Account
LEGABIBO’s main current account will be used for day-to-day transactions. Sufficient funds must be retained in this account to cater for monthly expenditure. This account should not under any circumstances be overdrawn.

4.3 Donor Bank Accounts
The Executive Secretary/Chief Executive Officer must ensure implementation of the Board’s investment strategy to safeguard Donor funds.

If necessary, donor funds will be kept in an individual donor specific bank call account where interest earned would safeguard funds against inflation. Funds needed for expenditure will be processed from specific donor bank account as and when needed.

Funds received in foreign currency will be accurately tracked and recorded with any exchange gains or losses clearly identified. Exchange gains will be placed in a reserved fund to cushion against any future exchange losses. Alternatively, it will be used to fund expenses relative to the specific grant budget. Usage of donor funds is guided by the contract agreement with the donor. A separate donor bank account will be opened if it is a requirement from the donor. Donor funds will be used for expenditure outlined in the donor grant budget. Six months before the end of the grant contract period LEGABIBO will negotiate with the funder for possible contract renewal, and use of any exchange gains. The donor’s decision will prevail.

4.5 Banking
All bank deposits shall be made once a week.

Procedure for Acknowledging Receipt of Donor Funds

When donor funds are received in the bank

- The Finance & Administration Manager notifies the Executive Secretary/Chief Executive Officer immediately.
- Within 3 working days of receipt of funds, the Finance & Administration Manager sends the donor an email acknowledging funds received.
- An official LEGABIBO receipt must be issued and attached to the email.
- All monies received by LEGABIBO shall be paid into LEGABIBO’s bank account within five (5) working days as per Section 12.6 of the LEGABIBO Constitution.

Procedure for Receiving Cash Donations

- When receiving cash donations, the Finance and Administration Manager must write a receipt and hand it to the donor. Donor contact details must be obtained and retained in Funder Contact List.
- The total of the receipt amount(s) must be reconciled with the amount of cash handed in.
- The Finance & Administration Manager will from time to time check the reconciliation of cash received and cash banked.
5. SOURCES OF INCOME

5.1 Membership Fees & Grant Income

The organization’s primary sources of funds are membership subscriptions, grants from donors for specific purposes and projects, and Government subventions.

An official LEGABIBO receipt must be issued for all monies received including donor funds. Receipt of donor funds must be acknowledged within 3 working days of receipt.

5.2 Other Sources Of Income

Other sources of income as per Section 12.5 of the LEGABIBO Constitution include;

• Annual subscription fees of LEGABIBO’s affiliate organizations and individual members.
• Sales of publications and promotional items

Monies received through income generating activities must be treated as described under 4.5 above.

5.3 Interest

With the donor’s prior permission interest earned will be used to fund the project’s indirect costs and, or project expenditure for which the grant funds were intended and at the discretion of the Executive Secretary/Chief Executive Officer.

6. FIXED ASSETS

Policy

Assets acquired will remain LEGABIBO’s property. Contractual obligations to the donor will prevail in the event that assets are acquired from donated funds.

An item is recognized as a fixed asset when:

• It is probable that future economic benefits associated with the item will flow to the organization, and
• When the cost of the item can be measured reliably.
• The cost of the item should be a minimum of BWP3000

All assets, purchased and donated (for which a value has been determined), will be fully insured at market value.

All assets must be insured before being issued.
Procedure

Assets donated to the organization –

- An Assets Donation Form must be completed for each asset donated to the Organization. The original must be handed to the donor of the item and a copy must be filed with the asset register.
- Each donated item’s market value must be assessed and determined.
- Donated assets must be recorded in the Assets register and included as part of the Organization’s Inventory.
- The Finance & Administration Manager will delegate responsibility for safeguarding assets, including the control and storage of computer software.
- Assets to be procured must be provided for in the annual budget.
- Employees are required to acknowledge receipt of assets under their control by signing the Assets Out Register. Employees must ensure that loss, damage, or theft of the organization’s asset is minimized. Any loss, damage, or theft of any asset shall be investigated and fully documented and reported.

Immovable Property (As per Section 13 of the Legabibo Constitution)

- If LEGABIBO at any time acquires any immovable property, such property shall be vested in trustees subject to a declaration of trust.
- Trustees shall,
  - Not be more than seven (7) and not less than five (5) in number.
  - Be elected by a general meeting of members.
  - Not effect any sale or mortgage of property without the prior approval of the General Meeting of members.
- Trustees shall manage LEGABIBO’s immovable property in a responsible and productive manner and are under an absolute obligation to act solely for the benefit of LEGABIBO.
- All trustees should be able to demonstrate values such as honesty and integrity. They should be committed to LEGABIBO’s mission and values. In addition, trustees must have one or more of the skills, experiences, attributes and knowledge set out below;
  - Hard skills such as legal, financial, management etc., which are necessary to understand the complex decisions to be taken.
  - Soft skills such as team work, problem solving, decision making etc.
  - An understanding of the LGBTI community and its issues.
  - History of, or experience, working with LEGABIBO.

6.1 Procurement Of Assets

The Procurement policy and guidelines under Section 7 below apply.
6.2 Asset/Inventory Control And Depreciation Of Assets

Asset acquisition and disposal are to be properly recorded in an assets register. The assets register reflects the description, quantity, purchase price, current value, dates of purchase and disposal. All assets are tagged for purposes of identification. In addition, an inventory for all assets in each office shall be kept and not less than two checks of assets will be carried out each year. The reviewed/updated Assets register will be signed off by the Finance & Administration Manager to confirm its validity.

All fixed assets should remain at the physical location assigned to them within the Organization as shown on the Fixed Assets Register. Assets may only be removed from its location in the course of conducting LEGABIBO’s related business (i.e. equipment used for off-site research projects, for use at home or when on business travel). In such instances an Assets (equipment e.g. camera, digital projector, laptop) Out/Removal Form must be completed and signed.

All assets will be insured against any form of damage and or loss with a reputable insurance company.

LEGABIBO may deduct from the monthly salary of employees, the cost of property belonging to LEGABIBO, or the cost of repairing any damage to LEGABIBO property, where the employee responsible has acknowledged responsibility in writing for the safe-keeping of such property (recording in the Asset Register), and acknowledges further in writing that such property is missing, or acknowledges responsibilities for such damage. The decision to deduct from the monthly salary of employees will be made at the discretion of the Executive Secretary/Chief Executive Officer on a case by case basis and taking into consideration the circumstances that led to the loss/damage.

6.3. Depreciation

Property and equipment shall be stated at historical cost less accumulated depreciation and any impairment losses.

Depreciation is computed over the estimated useful lives of the assets using the straight-line method. An asset purchased for less than BWP 5 000 is expensed in full in the year it was purchased unless specified otherwise by the donor. All other assets would be depreciated at a rate appropriate to its useful life.

The basis for depreciation of assets is based on the straight line method.

- Office Furniture & Equipment- 5-10 years
- Computer equipment- 4-10 years
- Computer software- 1year (amortization)

The Finance & Administration Manager with assistance from the auditors where needed, shall prepare and maintain a Depreciation schedule annually based on the annual equipment inventory.
6.4 Intellectual Property

The Executive Secretary/Chief Executive Officer will ensure protection for the organization’s intellectual property, information and files from unauthorized access, tampering, loss, or significant damage.

LEGABIBO owns the copyrights to all work and materials that is developed by employees during the course of their employment, and work created on LEGABIBO computer systems. Any exceptions must be approved in writing by the CEO/Executive Secretary and/or the Executive Committee/Board as applicable.

The disposal of assets may only take place in consultation with the Executive Committee/Board who are responsible for authorization of disposal of surplus and or redundant assets.

The legal obligations set out by the donor with regard to the disposal of a funded asset must be taken into account and prevail.

Assets that have become redundant may be sold or donated.

Procedure for the Sale of Assets

Assets that have become redundant or are no longer in use may be sold to LEGABIBO employees, the membership or the general public. The Finance and Administration Manager must ensure that no other staff member has need for the equipment before it can be sold and set a price for the item. First preference for sales of assets will be given to employees for equipment that was allocated for their use such as computers, cameras, tables, monitors etc. The membership will be given secondary preference.

In the situation where staff members wish to purchase fixed assets, the procedure to facilitate staff purchases and the process must be known by all. Such procedure must meet audit requirements in respect of the record of assets sold.

The procedure shall encompass the following:

- The Finance & Administration Manager must list the items to be disposed together with details regarding each item’s date of purchase, current depreciated value and estimated disposal value.
- The assets list with the Executive Secretary/Chief Executive Officer’s recommendation for disposal, whether to be donated or sold, must be presented to the Board/Executive Committee.
- The Executive Committee/Board’s decision must be recorded and provided to the Auditors as part of the annual audit documents.
- A staff member wishing to purchase any of the listed items must express an interest in writing, specifying the asset they are interested in purchasing.
- The procurement committee will then consider the expression of interest and make a recommendation.
- The Executive Committee/Board chairperson will, if there is a recommendation to do so, then authorize the sale.
- All disposals should be made at the market value of the asset at the date of sale. In order to arrive at the market value, this will be determined by the netbook value.
7. PROCUREMENT

All procurement transactions shall be conducted in a manner that provides, to the maximum extent practical, open and free competition.

Procurement transactions shall be overseen by the Procurement Committee. The Committee shall comprise the following structure:

1. Representation from Finance Office
2. Representation from Programs Office
3. Representation from Management
4. Representation from hosted organizations

The Executive Secretary/Chief Executive Officer appoints the Procurement Committee members and the Chairperson of the committee. The tenure of the Procurement Committee will be determined by the Executive Secretary/Chief Executive Officer and any changes to representatives of the different departments will be made at his/her discretion.

7.1 Procurement Committee Duties

- They review all procurement requisitions
- They give guidance and recommendations on the submissions
- They consider expressions of interest from staff members wishing to purchase LEGABIBO equipment that is up for sale/disposal
- The Procurement Chairperson signs and approves requests
- The committee must keep procurement minutes to document process
- Procurement committee must form a quorum of 3 members

Procurement Officer
Is the finance representative within the committee

For procurements that are above BWP30,000 the Procurement committee only makes recommendations to the relevant authority.

7.2 Procurement Process

Service, quality and cost efficiency, are LEGABIBO’s main criteria for selecting Service providers.
On the basis of past experience of service excellence, current quotations, and for a more efficient process, LEGABIBO will select and name its preferred service providers on an annual basis. The Finance & Administration Manager and Procurement Team will compile a Service Providers list annually and update when needed. It will be made available to all staff.

Where there is an approved budget, three (3) quotations must be obtained for purchases/service contracts exceeding BWP 2,500. Any purchases of an amount of BWP 2,500 or less must be supported by a minimum of two (2) written quotations. Based on the written quotations received, the recommendation made by the staff member who is purchasing will include the reason(s) for recommending the particular service provider/supplier’s quotation. A Comparative Quotation Summary must be used to record quotations received and the rationale for recommendations.

If there is no budgetary provision for an item or service needed, the procurement Committee, Executive Secretary/Chief Executive Officer or Executive Committee/Board’s authorization must be obtained before any procurement.

Once the Procurement Committee has reviewed and approved procurements, the Procurement Chairperson must make and sign a recommendation to the Finance & Administration Manager and the Executive Secretary/Chief Executive Officer who will co-authorize any payments.

For all authorized procurements a Purchase order form will be made and signed by the Procurement Chairperson.

- Obtain 2 or 3 quotations depending on procurement policy requirements.
- Investigate options to ensure that best choices are being made.
- Check the quotes against your project budget.
- Complete the Comparative Quotations Summary Schedule.
- When the quotation has been accepted and authorized, complete a purchase order form and sign it.
- Send purchase order to the supplier.

7.3 Free-Lance and Consulting Services

LEGABIBO will select consultants for any specialist services on the basis of these criteria.

- Skills and ability
- Previous LEGABIBO experience
- Quality of work
- Recommendation by a consultant previously employed for the same service or whose contract with LEGABIBO is terminating and cannot be renewed for personal reasons.
- Ability to work with LEGABIBO team and within the Organizational ethos.
- Charge rate is within LEGABIBO’s range of rates for consultants.
- Any other criteria deemed necessary by the Procurement Committee.

7.3.1 Charge rate for consultants - Refer to LEGABIBO’s Remuneration Scales.
7.4 Consulting Services and Supplies of a Technical Nature

Consultancy services that cost between BWP 25 000 and BWP 150 000 such as auditors, IT, technical evaluation specialist should be procured on the basis of the guidelines set out above.

Procedure for engaging a Consultant -

- Specify what needs to be done (put together a “brief” in writing, provide details of expected outputs, time frame and payment arrangements).
- Obtain 3 quotes and follow procedure for compiling comparatives
- If relevant, agree on an hourly or a job rate and ask for a quote for the assignment (even if it is an estimate).
- Check the quote against the project budget.
- Sign the quotation and if applicable the contract.
- On completion of the assigned work, request an invoice.
- If in order, sign the invoice and write the date and “Approved” on the invoice
- Submit brief, quote and invoice to Finance & Administration Manager.
- The Procurement Committee will then assess the applications.
- Best value price, quality and other factors will be key criteria for consideration.
- The Procurement Committee will provide a written account of the selection process for LEGABIBO’s records.

Unless otherwise agreed payment to service providers will be made in stages; up to 25% of contract price on commencement of work, 40% on receipt of a progress report, 35% on completion and where applicable, a retention fee of 10% for up to 30 days after completion.

- A formal contract must be signed with the consultant using LEGABIBO’s authorized contract template.

7.5 Consulting Services and Supplies Above BWP 150 000

The procurement process will be open to the wider public through advertising a call for expression of interest in the local media.

- The advertisement will contain an accurate description of the requirements for the material, product, or service being acquired so that a fair and equitable comparison of price and/or cost can be made. It must specify all required criteria.

7.6 Sub Grants and Contracts

From time to time LEGABIBO will enter into contracts with organizations and or individuals to assist with implementation of its programs.
Procedure

- Services contracted will be governed by LEGABIBO’s Procurement, Human Resources and sub-granting policies.

- Services will be contracted to align with funder agreements where required.
- A template for contracts to be used for this purpose is available from the office.
- The contract stipulates the brief, completion dates, fees/remuneration, payment process and dates, and all conditions pertaining to the relationship.
- The Executive Secretary/Chief Executive Office provides oversight, monitoring and support to ensure quality of implementation and delivery of the brief.

8. FINANCIAL YEAR

LEGABIBO’s financial year is from 1st January to 31st December.

8.1. Confidentiality and Records Security

Access to Financial records is limited to the Executive Secretary/Chief Executive Officer, Finance staff, the Executive Committee/Board.

Safety and Security is in line with the LEGABIBO Risk Management Policy and IT Policy

8.2 Document Retention

Financial documents are retained for a period of time in keeping with Donor contract and State law.

9. FINANCIAL ACCOUNTING

Policy & Principles

LEGABIBO’s accounting principles will be consistent with all applicable laws. These include Generally Accepted Accounting Principles and principles and rules applicable to the Non-profit sector.

LEGABIBO uses an accounting computer software package appropriate to the accounting needs for recording all financial transactions.

The Organization records transactions on the accrual basis of accounting. The Finance & Administration Manager captures financial data on the system and produces the necessary financial reports monthly. In order to present accurate and consistent financial statements, the revenues and expenses attributable to each period will be reflected in that period to the degree possible.
Duties will be segregated as far as is possible within the limits of a small team of Finance and administration office staff.

9.1 Reconciliation of Bank Statements

The Finance & Administration Manager reviews the bank statements each month and will check for out of the ordinary items or changes.

The bank statements are reconciled by the Finance & Administration Manager on a weekly basis.

Procedure

- Upon receiving the bank statement, the Finance & Administration Manager prepares a bank reconciliation statement.
- The bank reconciliation will reconcile the bank balance to the general ledger balance.
- After the general ledger is reconciled to the bank statement, it is checked and signed off by the Finance & Administration Manager.
- The monthly bank statement and the actual reconciliation report are filed.
- The bank reconciliation statements should preferably be signed off by someone other than the person preparing it.

9.2 Salaries

Procedure

- Salaries are processed monthly and paid by the 25th of each month based on the annual salary schedule prepared by Finance and Administration Manager at the beginning of every year.
- In the event the 25th of any month falls on a weekend, or public holiday, payment will be made on the working day immediately prior to this date.
- The Finance & Administration Manager receives approved timesheets at the end of each month.
- The Finance & Administration Manager compiles a schedule, which reflects each employee’s gross salary, statutory and any other deductions made and the net salary payable.
- Salaries are paid by EFT into the staff member’s bank account at a registered commercial bank, building society or post office savings bank. An employee should provide details of their bank, branch and account number at the commencement of employment. Should an employee opt to change the bank details, he/she should notify LEGABIBO not later that the beginning of the month on which the employee wishes to adopt this change.
Salaries are reviewed annually. LEGABIBO’s Executive Secretary/Chief Executive Officer will assess whether funders and or Organizational budgets provide for an inflationary increase. Should the Executive Committee/Board agree to the Executive Secretary/Chief Executive Officer’s recommendation for an inflationary increase, it would be awarded to full time staff across the board.

- LEGABIBO does not bind itself to increase basic salary ranges annually, notwithstanding any increase in the cost of living, or any general increases, which may have been awarded by the government or the market.

- LEGABIBO shall adopt January 1st as the date of reviewing salaries and other substantive issues.

9.5 Journal Entries

All journal entries to be passed must be reviewed and signed off by the Finance & Administration Manager.

9.6 End Of Year Accounting Procedures

- Assisted by the auditors or an accounting consultant, the Finance & Administration Manager prepares the year-end financial statements.

- The Finance & Administration Manager is responsible for preparing for the annual financial audit and for working with the external auditors to complete the audit.

- The Finance & Administration Manager and Executive Secretary/Chief Executive Officer reviews the draft financial statement before they are finalized by the auditors.

- Input is discussed with the auditors. Relevant input is implemented into the next draft of the Audited Financial Accounts Statements (AFS).

- The final drafts of the Audited Financial Statements are presented at LEGABIBO’s Executive Committee/Board meeting for scrutiny and approval.

- The Finance & Administration Manager presents the Audited Financial Statements to an Executive Committee/Board meeting for consideration and approval.

- The Auditor’s Report to management is also presented together with a matrix showing how and when implementation of the auditor’s recommendations would be made.

- LEGABIBO Executive Committee/Board approves the year-end financial statements. They are formally adopted at the Annual General Meeting.
10. FINANCIAL REPORTING

Policy

LEGABIBO’s financial statements aim to be optimally informative and transparent to all its stakeholders.

10.1 Management Reports and Cash Flow Management

- The Financial & Administration Officer will submit monthly management reports to the Executive Secretary/Chief Executive Officer.
- The Finance & Administration Manager will submit quarterly management reports to the Executive Committee/Board.
- Financial reports will reflect budget versus actual income and expenditure per donor and variances.
- Explanation of variances will be fully reported.

10.2 Cashflow Forecasts

Cash-flow forecasts assist in managing cash inflow efficiently by ensuring that sufficient funds are available to cover expenses for at least a 6 month period.

Operational funds in reserve and funds received in advance will be invested in an interest bearing account.

Procedure

- The Finance & Administration Manager will prepare and present to the Executive Secretary/Chief Executive Officer and Executive Committee/Board regular Cash flow reports on LEGABIBO’s current cash position as well as cash inflow and outflow projections for at least the following six (6) months.
- Projection of monthly Personnel expenses would be based on the donor and Organizational budgets.
- All other expenses are based on activities planned for the period.

10.3 Donor Reporting Requirements

The Finance & Administration Manager will ensure that LEGABIBO’s accounting records and reports comply with the donor’s stated reporting requirements.

LEGABIBO’s accounting records will distinctly track the budget, income and expenditure for each donor.

In the quarterly management accounts the Finance & Administration Manager will report on income and expenditure and balance of funds relating to the budget of each donor contract.
II. BUDGET

LEGABIBO’s programme work plan for the coming year is prepared by Programme Managers and the Executive Secretary/Chief Executive Officer in the last quarter of the current year and contains the priority work activities, along with indicative budget allocations required.

This is further developed into the Organizational budget by the Financial & Administration Manager and the Executive Secretary/Chief Executive Officer and presented for the Executive Committee/Board’s consideration and approval prior to the new financial year.

11.1 Programme Activity Costs

Expenditure projections are based on planned activities for implementing the Organization’s objectives in the coming year. They are categorized as Programme expenses with the various objectives, activities and costs listed.

11.2 Allocation Of Direct Costs

Costs that are directly related to a project such as auditing, management, project support, legal fees will be allocated to each of LEGABIBO’s individual projects and or functions (cost centres).

11.3 Allocation Of Indirect Costs

These are administrative costs pertaining to the overall operation of the Organization. Projections are based on the actual costs of the previous year, the estimated costs for the current year, and projected costs for the following year with a provision for inflation and or project growth. Indirect costs items include auditor’s fees, bank charges, rent, insurance, telephones, printing and copying, postage/courier, stationery, subscriptions, travel, maintenance, and administrative personnel and related costs.

Indirect costs will be allocated to a project on the basis of the ratio of the project’s costs to the Organization’s total costs.

LEGABIBO’s management will endeavor to keep indirect costs within a limit as stipulated by a donor.

Interest income earned and any self-generated income could provide an income stream to fund indirect costs in the longer term.

11.4 Personnel Costs

The Executive Secretary recommends the amount to be budgeted for personnel expenditure for the financial year.

Budgeted capital expenditure will be for replacement, equipment upgrades or new equipment/facilities needed to enhance efficiency. LEGABIBO’s policy for procurement will apply.
11.6 Projected Income

Calculation of projected income is based on:

- Donor funds earmarked for the forthcoming year
- Unspent donor funds carried forward with the donor’s prior approval
- Committed and expected donor/grant funding
- Membership fees and subscriptions
- Other sources of income e.g. interest, sale of products and charges for services.

11.7 Identification of Donor Funds and Expenditure

LEGABIBO’s budget will be formatted for clear identification of the specific project and related expenditure allocation of donor’s grant funds.

The LEGABIBO’s accounting records will distinctly track the budget, income and expenditure for each donor. In the quarterly management accounts, the Finance & Administration Manager will report on income and expenditure and balance of funds relating to the budget of each donor contract.

If circumstances necessitate the use of one donor’s funds as a short term measure to bridge anticipated gaps in funds due in from another donor(s), the Finance & Administration Manager will bring this to the attention of the Executive Secretary/Chief Executive Officer and Executive Committee/Board for prior authorization at least 30 days before such eventuality. The donor’s written permission will be obtained before this is done.

11.8 Allocation of Staff Costs

Staff time on various programmes will be allocated to programmes and donors on a pro rata basis and in line with donor grant budgets.

11.9 Activity Budget

An activity budget is a breakdown of the amounts shown for each activity in a programme budget. An Activity Budget template is available electronically and in hard copy.

- An Activity Budget Is Necessary When There Is Multiple Expense Types In The Activity/Event Planned.
- Follow Above Procedure For Obtaining Quotations.
- Use The Activity Budget Template To Insert Figures Of Your Projection For Each Line Item Of Expense To Be Incurred. The Calculation Of Extensions And Totals Are Configured In The Template.
- Sign And Submit For Authorization By Executive Secretary/Chief Executive Officer And Finance & Administration Manager.
12. TRAVEL

Policy

Only employees that are required to travel for business purposes may be entitled to a travel allowance. If a travel allowance is justified, the allowance will be determined in line with the stipulated guidelines of the Botswana Unified Revenue Services.

Should employees who do not receive a travel allowance be required to use their personal vehicle for business purposes, they may claim reimbursement on submission of a valid claim form and other supporting documents, in accordance with and subject to LEGABIBO’s travel guidelines. The rate of reimbursement aligns with the rate stipulated by BURS as a tax-free fringe benefit in respect of employees’ tax.

12.1 Air Travel

Air travel is approved for economy class only.

12.2 Accommodation

Accommodation will be provided only where the event / meeting attended takes place on more than one day, or where same-day travelling is not possible due to airline scheduling or when the distance to be travelled in relation to the time necessitates a stay over. The limit on the daily accommodation rate for staff is between BWP500 to BWP1000 per night.

12.3 Subsistence Allowance

• A daily subsistence allowance is paid to employees on official business for each night spent away from home.

• The subsistence allowance is intended to cover meals and incidental expenses.

• The rate paid is limited to the rate stipulated by the Botswana Unified Revenue Services (BURS) as a non-taxable fringe benefit in its guideline for travel reimbursement.

• Where travel costs to conferences, meetings, etc. are fully paid by a funder or the host organisation, the per diem rate paid by the funder will prevail. Should this rate be in excess of the BURS stipulated rate, the Finance and Administration Manager will use their discretion.

12.4 Reimbursement Of Travel Costs

• All staff can claim out of pocket travel and related expenses on a reimbursement basis on submission of a valid claim form in accordance with and subject to LEGABIBO’s travel guidelines.

• All claims must be accompanied by original invoices, the procedure for submitting travel expenditure claims are outlined in LEGABIBO’s travel guidelines.
• If flight tickets are upgraded for personal reasons and incur additional costs, such costs must be paid by the person travelling. Changes to flight tickets must be motivated and approved by the Executive Secretary/Chief Executive Officer or Finance & Administration Manager.

13. AUDIT

LEGABIBO’s accounting standards at all times will be in line with Generally Accepted Accounting Practice or at the least with account standards applicable to the Not for Profit sector.

13.1 Annual Audit

• The process of appointing Auditors is subject to a process that would ensure fair competition. See Procurement Policy and procedure under 8 above.

• The appointed auditors are confirmed by Executive Committee/Board annually.

• An annual financial audit will be conducted by the LEGABIBO’s appointed auditors.

• The Organization’s Annual audited Financial Statements together with the Auditor’s Reports to Management will be presented to LEGABIBO’s Executive Committee/Board members for scrutiny and for adoption at its Annual General Meeting.

• Management Reports from the auditors will be presented to the Executive Committee/Board with necessary remedial action to be taken. Management will follow up with a report matrix showing implementation of recommended remedial action.

13.2 Independent Funder Audits/Reviews

In the instance where a donor commissions an independent audit, the Finance & Administration Manager must make available to the donor’s auditor all documents and records pertaining to the grant.

Audit/Review reports together with the recommended remedial action will be presented at a meeting of the Executive Committee/Board. A report matrix showing implementation of audit recommendations will be tabled at all subsequent Board meetings.

16. RESOURCE MOBILISATION

Resource Mobilization is the key responsibility of the Executive Secretary/Chief Executive Officer and Executive Committee/Board. All staff and the Executive Committee/Board are encouraged to contribute in any way possible to LEGABIBO’s fundraising efforts.
17. CREDIT

Under no circumstances shall LEGABIBO extend credit or lend funds to other Organizations. The Executive Secretary/Chief Executive Officer will ensure that supplier/service provider credit accounts are limited to prudent and necessary levels.

Advances of salary shall only be granted in exceptional circumstances defined as extraordinary, unanticipated expenditure or unforeseen emergency. This is only available for contracted full time employees.

18. INVESTMENT POLICY

Mindful of the elements of risk and liquidity in investment, grants received in advance will be invested appropriately with reliable institutions for optimal capital growth. Interest earned will be tracked to the donor funds and used for the purpose of the grant. For its future financial sustainability, and where possible, LEGABIBO will also negotiate for donor approval of further investment of interest earned in a Reserve fund.

Refer to investment guidelines

19. RESERVE FUND

The principal objective of the Reserve fund is to finance LEGABIBO’s operation in any given year if there is a temporary gap in funding or as bridging finance in the case of late arrival of donor funds.

This will be an operating reserve for the purpose of providing stability for LEGABIBO’s on-going operation in delivering its programme, employing staff and working capital for the production of educational resources.

The fund may also be used to fund a once-off unbudgeted, unexpected expense provided that the minimum balance remaining in the fund is the equivalent of 3 months operating expenses.

Funds from the Operating Reserve used as bridging finance will be replenished as soon as the donor funds are received.

For more details, refer to LEGABIBO’s Reserve Fund.

20. FRAUD & RISK MANAGEMENT

Refer to LEGABIBO Anti-Fraud and Risk Management Policies.

21. CONFLICT OF INTEREST

Refer to LEGABIBO Conflict of Interest Policy.
APPENDICES

i. Conflict Of Interest Policy
ii. Anti- Fraud Policy
iii. Risk Management Policy
iv. Fieldwork Guidelines
v. Reserve Fund Policy
vi. Sustainability Policy
vii. Membership Guideline
viii. Hosting Policy
ix. Travel policy

FORMS/Templates

a. Payment Requisition Form
b. Activity Budget
c. Comparative Quotes Summary(CQS)
d. Contract with Service providers/Consultants
e. Assets Register
f. Assets Out/Removed Form
g. Assets Donated form
h. Assets Sold Form
i. Risk Management Register