(Prepared March 2019)

A. Introduction
FAEO expects high standards of financial management and robust financial systems to achieve this. These standards are in line with national and international accounting and reporting standards for non-profit organisations. This procedures manual reflects those standards and acts as guidance to the Executive Committee, staff and other stakeholders in the way the system works. The manual should be read in conjunction with the Financial Management Strategy.

B. Budget setting and budgets for donors
FAEO prepares its operational and capital budget based on the needs and financial plan of the organisation. The budget is then forwarded, after the sanctioning of the Executive Director (ED), to the Treasurer of the organisation who in turn presents the document to the Executive Committee for approval and onward adoption by the Secretariat.

On the other hand, the budget for donor organisations depends on the donor/project. Such budgets are raised based on projects which is in line with the areas of common interests and then forwarded to the donor in a format advised likely by them for approval and modification as the case might be. This is would be after the approval of the Executive Committee.

C. Money received – day to day
1. Amounts received from Donors
   i. Agreement contract/Approval letter
   ii. Evidence of receipt or credit advice
   iii. Letter of acknowledgement from FAEO
   iv. Record the amount in the cash book.
   v. When the Secretariat requires fund to organise an event or function, an imprests/funds in advance* amount will be approved by the President. These imprests must be accounted for within seven days after the completion of the event with relevant receipts.
2. **Travelling Expenses**
   
   i. Calculation of cost of trip to include Visa fees, flight, Per Diem (Hotel accommodation and feeding), conferences fees and taxis fares
   
   ii. Memo requesting for approval sent to the President or the line manager depending on the role of the employees
   
   iii. Raise Cheque upon approval of the memo
   
   iv. Acknowledgment of receipts of payment
   
   v. The expenses must be accounted for to the line managers

3. **General Donation:**
   
   All monies received by FAEO are paid directly into the Federation’s bank accounts. Even funds received from sales of scrapped items are equally paid into such account accordingly. *

   **NEED PROCUREMENT POLICY AND ASSET DISPOSAL POLICY**
   
   **Bank amount** - amounts transferred directly into the bank account will appear on the bank statement. These will be acknowledged as necessary for example, by sending a receipt if funding for membership fees or a donor grant.

   **Cash amounts** – any cash received will be paid into the bank as soon as possible with a bank paying in book. It will contain a description of the money, and the stamped paying -in book/slips will be kept for audit purposes.

4. **Summary of transactions produced weekly**
   
   A summary of all the transactions for the week is prepared and balanced with the amount of any cash held.

D. **Approval and payments**

E. **Approval procedure**
   
   i. Check that the items are included in the budget. If not, seek the Executive Committee* approval before going ahead.

   ii. Seek approval for items exceeding of $250 or equivalent and above.

   iii. The president, or in his/her absence, the president-elect approves all purchases of $250 and above.

   iv. The Executive director approves purchases of under $250.
1. Payments
   i. Make sure the items to be paid for are in the budget. If not, seek permission from the Executive Committee and donor, if necessary.
   ii. Written approval for the item has been made.
   iii. Write cheque or arrange other payment.
   iv. Always obtain a receipt for any payments made in cash, and ideally for cheque payments.
   v. Make sure cheque/payment instructions are signed in accordance with the bank mandate.
   vi. Dispatch the cheque or arrange for other payment.

F. Bank Signatories
The current signatories to the bank account are:
   i. The President
   ii. The Treasurer
   iii. The Executive Director

The mandate says that any two must sign cheques and payment instructions together. Any additional signatories other than the current signatories must be approved by the general assembly.

Bank transfers
Bank transfers are currently through cheque instructions to our bankers. FAEO might explore the option of internet banking in the nearest future as the need arises.

G. Monthly transactions
End of month routines
1. Update the cash book
2. Reconcile the bank statement with the bank section of the cash book – make this is signed off by the Executive Director.
3. Payment of salaries:
   i. Identify who is to be paid and how much.
   ii. Request approval from the President monthly and at least seven day before the payday.
   iii. Raise cheque(s) for signing
   iv. Keep a record of payment in the cash book
   v. Maintain a payroll register
H. Quarterly budget reports

1. Produce quarterly summaries of transactions in the format of budget, actual and variance. These are currently prepared using Excel spread sheets.
2. Make sure each person responsible for the budget sees their section,
3. Executive Director and Executive Committee review total budget quarterly and comment.
4. Use production of budget reports quarterly to gather comments about FAEO and its programme. Contact funders, if necessary, to negotiate any changes needed.

I. Annually

1. Production of financial accounts.
2. Arrange audit of the accounts and associated documents and funds.
3. Presents audit report and management letter to the Executive Committee for approval.
4. Upload the approved account on the website.
5. Executive Committee to appoint/reappoint auditors for the forthcoming year.

J. Asset Management

Assets bought from FAEO unrestricted funds would normally be treated as assets and depreciated. If assets are bought with donor funds, assets are normally not depreciated. For donor assets, check the details of what happens when the project is complete and included in the donor funding agreement.

1. Purchase of assets
   i. Check budget for provision before purchase.
   ii. Obtain 3 quotations for identified items for anything above $250 or in accordance with the donor regulations. ALSO PRE-QUALIFIED SUPPLIERS
   iii. Choose the most cost-effective option.
   iv. Seek written approval from donor (if necessary), and from Executive Director and President or President-Elect in his/her absence before purchase
   v. Place orders with supplier.
   vi. Check quality of goods received before payment of invoice
   vii. Make payment.
viii. Keep all the paperwork for audit purposes.
ix. Update the inventory register

2. Depreciation of assets
   i. For FAEO, assets with value of $250 or more, and bought from unrestricted funds will be depreciated.
   ii. Enter such assets in the inventory.
   iii. Assets funded by donor’s restricted funding not normally depreciated.
   iv. Assets that are no longer of use need to be valued and disposed of.

3. Inventory Register
   Record the assets when purchased in an inventory register and showing:
   i. Date purchased.
   ii. Details of Assets.
   iii. Serial Number.
   iv. Cost.
   v. Location.

4. Check the inventory register
   i. Annually – make sure the register is agreed with items actually in existence.
   ii. Make sure all new items are included, and any items no longer in existence are details of how they were disposed of are shown.
   iii. Follow-up if any items are missing.

K. Copies of paperwork used in the financial processes of FAEO.
   i. Expense Approval Memo
   ii. Cash Retirement form.

L. Petty Cash
   FAEO, in order to ensure seamless running of its Secretariat, will maintain a Petty cash system. The Petty cash which is a particular amount of money is drawn from the bank and kept in the office. The Executive
Committee will decide on an appropriate amount. The amount will be kept as small as possible, but large enough to give enough flexibility.

This initial amount of money will be held in the FAEO office, kept securely and drawn upon for small items. The Business Development Manager or any person responsible for keeping the petty cash will issue cash, when approved, and keep a receipt from the person taking the cash. The person will come back with a receipt for the payment and give it to the cashier, together with any money not used. All these receipts are kept for audit purposes.

When the petty cash account goes below a certain specified amount (agreed by Executive Committee) the system is replenished. A cheque is drawn to replenish the petty cash. This will be is the exactly the same amount as the total of receipts. The amount of cash then comes back to the amount of the float.