

A: Administrative Policies

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Financial Policy

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| Date of Implementation: | 01/11/23 |
| Date of last review: | n/a (New) |
| Date of next review: | Scheduled with manual review |
| Related Documents: | <ul style="list-style-type: none">● Authorisation policy● Purchase order book● Grocery inventory list● Inventory record |

1. Reasons for this policy:

- Protect the assets of MEA.
- Ensure the maintenance and accurate record keeping of its financial activities.
- Provide a framework of operating standards and behavioral expectations.
- Ensure compliance with Botswana's and international industry's best practice legal and reporting requirements.

2. Who does the policy apply to?

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

3. Description

Our accounting is divided into 2 systems, one that is simplified and operated internally in Excel, and the second one that is a dual entry accounting system called Quick-books in which our accountant also prepares the official financial statements which get submitted to CIPA as annual company returns.

Company secretary and official auditing firm: The Company Secretary is Smart Stand Proprietary Limited, Plot 70, Bosele, Ghanzi, Botswana and our auditor is Tarisai Masenda, Plot 53 Unit 17, Gicp, Galosabanyana, Botswana. Financial statements are prepared on an accrual basis by Smart Stand and our fiscal accounting year ends on the 31st of December each year.

Accounting records: These are updated regularly and subject to the oversight of a Director as a minimum (being a second person different then the General Manager). Furthermore the books are sent to our partner organizations regularly. A filing system accessible to the Managing Director and other Directors is maintained for all financial records and for auditing purposes.

Audit: The annual audit will be conducted by an independent CPA (Certified Public Accountant) after the close of each fiscal year only if funds are made available or have been fund-raised for this purpose.

Banking: Our banking institution for both our checking and savings accounts is First National Bank Botswana.

Petty Cash

The petty cash account is momentarily managed directly by our Managing Director but Line Managers and Project Leads or future inclusions of a Financial Officer may require the utilization of multiple cash boxes "Wallets". Budget Holders/Line Managers may be appointed

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to manage a wallet but this applies only to larger projects with their own compartmentalized accounting. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a debit card payment and/or does not have a bank account. Petty cash disbursements are limited to a maximum of BWP 15.000,00 unless specifically authorized by a Director being a second person other than the Managing Director/Line Manager/Budget Holder.

Petty cash can be disbursed only with the approval of the Managing Director or Line Manager. The funds are kept in a locked box. Whenever possible, separate persons are responsible for coding, preparing, and authorizing disbursements.

All cash disbursements have to be accompanied with a properly filled *Cash Requisition Form, Appendix A* to this document. The budget holders, or assigned financial personnel in charge of managing a wallet shall fill a *Monthly Cash Reconciliation Table, Appendix B* to this document. Team members that advance company expenses with their own personal funds, can request reimbursement of advanced money by submitting a *Cash Reimbursement Form, Appendix C* to this document.

Invoices are paid in a timely manner, generally on a weekly basis.

Reimbursements: A requisition form is prepared and approved when requesting reimbursement for operational expenses paid with personal funds by personnel, Directors and volunteers. Relevant invoices and receipts have to be attached and a quick justification should explain the need and purpose for the expenditure.

Kilometer reimbursements In the case you have been authorized to use your own vehicle for work travel, the following rates will apply as aligned to government rates:

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|---------------------------|----------|
| Motor vehicles on tar: | BWP 2.75 |
| Motor vehicles on gravel: | BWP 4.45 |
| Motor vehicles on sand: | BWP 6.00 |

These mainly apply during project execution with temporary staff, trainers, project leads and line managers.

Account Reconciliations: Bank reconciliations are done monthly. Our aim is to have the bank statements reconciled by someone other than the signatory of the account, but due to budgetary reasons this is not applicable at this time since all finances are overseen, managed and accounted for by our School Lead. As soon as growth allows we will evaluate the recruitment and training of a dedicated human resource. Account reconciliation for the simplified account system is done at least bi-weekly.

Capital Expenditures: Tangible assets exceeding BWP 5.000,00 with a lifespan expected to be longer than a year, are classified as capital assets and included in an *Inventory Record, Appendix D*. The capital assets inventory record contains descriptions, serial numbers, dates of purchase or receipt, and item locations. A depreciation schedule is held and updated annually by our Company Secretary.

In kind contributions: Donated capital assets are recorded at fair market value if it can be

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reasonably estimated. The nature and amount of the donated capital assets are disclosed. The value of donated materials and services is recorded at a reasonable estimate and does not exceed the value at which the organization could have purchased those materials and services at the time of the contribution.

Cash Donations: All cash donations are split 20:80. The 20% is allocated to cover MEA's overhead and operational costs and 80% is directed to the school unless otherwise specified in the fundraising campaign or a specific project. Should the accumulated 20% of all donations exceed the budgeted and necessary forecasted overhead costs, this remaining amount shall be transferred to our savings account as reserve.

Savings Account: Thanks to our partner organizations efforts during the past two decades we were able to set up a savings account which earns enough interest to cover a few employees monthly salaries. Our aim is to be able to accumulate a yearly surplus to support this trend in order to slowly but progressively grow more financially independent. (Marketing Plan: Endowment Strategy).

Grant Donations: These will be executed, managed and aligned to a separate budget with its own contractual obligations, log frame and all other necessary requirements set forth by the relative financing authority.

Payroll: All personnel salary and wage rates, recruitment activity and in any other activities arising in the Human Resources department, are authorized by the Managing Director (School Lead) or the Board of Directors and are paid on a monthly basis. All changes in employment are also authorized by the Managing Director or the Board of Directors. For personnel hired for specific projects this responsibility can be passed to the relevant project leads or line managers.

The school's team is exempt from time sheets as the employees coming from Ghanzi live on the premises during the week and the employees living in D'Kar utilize our bus transport in the morning and evening for coming to and from work. Attendance of full time employees is kept by our Kitchen Lead, the acting managing director and the Lead Teacher. They are required to maintain a **Staff Attendance Register**.

Project staff, for specific donor funding projects, are normally responsible for maintaining a daily **Time Sheet Register - Appendix G** to this document, to justify the hours billed. This also applies to offsite personnel that may be hired for a specific purpose. If not specified on a weekly basis, the final timesheets are due on each employee's last working day of the month. All time sheets must be signed and dated by employees and their supervisors.

The **Out of Office Time Sheet - Appendix H** is mainly used for line managers, trainers, project leads, temporary experts, or consultants who are working on a mission or implementing a project. It is also used for when staff members are sent on transfers or have to record overtime hours worked.

Personnel records are kept at our offices in D'Kar at our Paolo's Preschool in the manager's office which is locked when management is not present.