

Effective as from: 20 June 2018

## **FINANCIAL MANAGEMENT AND CONTROL POLICY**

### **1. General Control Measures**

- 1.1 General financial management and control is exercised by the Director supported by the Finance Manager and Accounts Clerk. The financial situation of the Centre is reviewed on a monthly basis where special attention must be given to the cash flow of the Centre.
- 1.2 The Finance Manager shall provide appropriate information on income and expenditure to the Coordinators and Director on a regular, at least monthly, basis to enable them to keep proper controls on expenditure and remain within their approved budgets.
- 1.3 The Coordinators and Director shall be responsible for ensuring that financial controls are applied, and specifically ensure that:
- 1.3.1 Expenditure remains within the budget.
  - 1.3.2 Expenditure is only for the purposes as set out in the budget and guided by the objectives of the Centre.
  - 1.3.3. Financial documentation, such as invoices, petrol slips, petrol card slips, etc are collected and filed in an orderly manner and forwarded to the Accounts Clerk on a monthly basis.
  - 1.3.4 Should any irregularity come to the attention of the Coordinators, to report this immediately to the Director and the circumstances of the incident to be investigated without delay.
- 1.4 All members of staff generally have the responsibility to prevent financial mismanagement and should give the Management and the Coordinators their full cooperation. Should any irregularities in regard to finances come to their attention they shall immediately report this to the Director.
- 1.5 All receipts of cash from sales of publications or from whatever source shall be immediately entered into a receipt book and an invoice furnished to the client. A copy of the receipt shall be immediately forwarded to the Accounts Clerk together with the cash.



1.6 Under no circumstances whatsoever may any member of staff assist any client with the withdrawal of moneys from his or her account, nor may any member of staff receive any consideration, in the form of a donation or payment without the authority of the Director.

1.7 All members of staff shall conduct themselves in such a manner to illustrate their good faith and honesty in dealing with the financial affairs of the Centre.

## **2. Assets control**

2.1 All purchases of assets shall be subject to the current procurement procedures policy of the Legal Assistance Centre. Before any purchase the Director or relevant Coordinator should ensure that all purchases are budgeted for. In addition purchases should be in compliance with financing agreements, specific project regulations and other requirements the LAC may stipulate from time to time.

2.2 Assets purchased with donor funds, for specific projects, are expensed at the time of purchase. These assets are not capitalised, and no depreciation is charged to the donor. However for external audit purposes the assets are depreciated and capitalised by way of appropriate journal entries that are not physically processed in the system.

## **3. Asset and inventory recording**

3.1 The Finance Manager shall maintain a register of assets that clearly segregates tangible assets with a unit cost of N\$ 1000.00 and above from all other tangible assets. The register shall include at least the following information:

- Item description
- Serial number
- Model Number
- Funding source
- Date of acquisition



- Location
- Cost in Namibian dollars
- Internal identification number

3.2 All tangible assets shall be clearly marked with a label showing the internal identification number and the serial number.

3.3 The Finance Manager shall update the fixed assets register whenever new purchases or disposals are made based on approved purchase and disposal procedures.

3.4 Proper maintenance, safe custody and insurance of fixed assets shall be the responsibility of the Finance Manager and the Librarian/IT Administrator.

3.5 The Finance Manager together with the Accounts Clerk shall organise a semi-annual physical inventory of assets and any missing assets must be reported to the Director without delay.

#### **4. Chart of accounts**

4.1 Transactions shall be recorded under the appropriate account codes, as per donor budgets.

4.2 Any changes to the chart of accounts and movement of transactions between donor budgets shall be properly recorded and supported with journals and linked with appropriate supporting documentation.

4.3 The Finance manager shall be responsible for making additions or adjustments to the chart of accounts in consultation with the Coordinators and Director.

4.4. Transactions shall be posted into the General Ledger (GL), from which financial statements shall be prepared.

4.5 Transactions shall be captured into the ledger on a timely basis so as to maintain balances that accurately reflect the financial position at any given time.

4.6 LAC shall maintain the following primary records:



- General Ledger
- Cash Book
- Petty Cash books

## **5 Transaction posting and review**

5.1 The Accounts Clerk shall capture all accounting data from original source documents such as invoices, receipts, vouchers/cheque requisitions.

5.2 Any editing or correction of errors after updating to the General Ledger shall be done by way of journals prepared by the Finance Manager, approved by the Director and captured by the Accounts Clerk.

5.3 All bank reconciliations must be signed by the Finance Manager and checked and signed by the Human Resources and Administration Manager. Any difference in the balance of the bank reconciliation and supplementary cashbook must be investigated and the reasons properly documented.

## **6. Record retention**

Financial records shall be kept for 10 years in a secured place and access to these documents shall be restricted to finance staff and the Director. The trustees may request the Director to provide them with any financial information.

## **7. Statutory requirements**

Ensuring that all statutory liabilities such as PAYE payments, social security payments and workers compensation payments are made within prescribed times shall be the responsibility of the Finance Manager.

## **8. Taxation**

Employees' tax deducted from all employees with taxable income shall be paid over to the revenue authority by the 20<sup>th</sup> of the month following the month in respect of which the deduction was made. Each employee who pays tax shall be



given a tax certificate one month after the end of each financial year or upon the employees' dismissal, retirement or resignation from LAC.

## **9. Social security**

All employees' SSC deductions and company contribution shall be paid over to the Social Security Commission before the 20<sup>th</sup> of the month following the month in respect of which deductions were made.

## **10. Employees Compensation**

The return shall be submitted to the Social Security Commission by the 31st March each year for the employees that are earning above the amount legislated in this regard, from time to time.

## **11. Budgeting**

Coordinators shall prepare donor and annual budgets for their respective units in consultation with the Finance Manager. The Director shall ensure that that an organisational budget is prepared annually and approved by the trustees and shall be responsible for managing the Centre's finances in line with such approved budget.

