

FINANCIAL AND ACCOUNTING POLICIES AND PROCEDURES MANUAL

2020

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DEFINITION

Tanzania Alliance for Biodiversity (TABIO) is an alliance of civil society and private sector organizations concerned with the conservation of agricultural biodiversity for livelihood security and food sovereignty.

TABIO shall be operated as a charitable not-for-profit organization with a mandate limited to the objectives set in this constitution.

GLOSSARY OF TERMS

Accounting Codes	Means characters used to classify budget centers, revenue, expenditure, assets and liabilities. Account codes constitute the chart of accounts.
Accounting Policies	Means the principles, bases, conventions, rules and practices applied by an entity, which specifies how the effects of transactions and other events are reflected in the financial statements.
Accrual Accounting Systems	Means the systems that recognize financial transactions or events by matching them to the accounting period to which they relate and not to the date on which payments are made or receipts come to hand. Accrual accounting also recognizes the differing nature of expenditure on capital assets by accounting for them by means of a depreciation charge over the life of the asset rather than by a cash charge in the period of purchase.
Accruals	Means amounts owed for goods and services supplied prior to the statement of financial position to date for which suppliers invoices had not been received.
Annual General Meeting (AGM)	Means an assembly of subscribed members held annually to discuss normal business relating to TABIO. Normal business includes approval of audited financial statements/ appointment of directors & auditors.
Assets	Means a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.
Board	Means TABIO's Board of Directors as established by TABIO's constitution as registered under NGO Act No.24 of 2002.
Budget	Means a statement showing in financial terms the spending targets for a year.
Budget Centre	Means a business or section of TABIO defined for the purpose of budgetary planning.
Capital Asset	Means an asset intended for long-term use and held as such.
Capital Expenditure	Means an expenditure on the acquisition and installation of capital assets. It is often for substantial amounts. As such, TABIO would require such items to be included in an annual budget and/or program budget and authorized by the Board.
Cash Flows	Means the inflows and outflows of cash and cash equivalents.
Current Assets	Means an asset on the statement of financial position (balance sheet), which can either be converted to cash or used to pay current liabilities within 12 months. Typical current assets include cash, cash equivalents, short-term investments, accounts receivable, inventory and the portion of prepaid liabilities, which will be paid within a year.
Current Liabilities	Means liabilities of the organization that are to be settled in cash within the fiscal year or the operating cycle of the organization, whichever period is longer.
Debtor	Means an entity that owes a debt to another entity. The entity may be an individual, a firm, a Government, a company or other legal person.

Depreciation	Means the measure of the wearing out, consumption or the reduction in the useful economic life of non-current assets whether arising from use, passing of time or obsolescence through technological or market changes.
Disposal	Means the withdrawal of a fixed asset from use upon the completion of its useful life or due to lower productivity in its later life.
Expenditure	Means the decrease in economic benefits during the accounting period in the form of outflows or depletion of assets or incurrence of liabilities that result in decrease in equity.
Equity	Means the residual interest in the assets of TABIO after deducting all its liabilities.
Financial Statements	Means formal documents of the financial activities of a business, person, or other entity that are prepared in a specific format as outlined by region's Generally Accepted Accounting Principles (GAAP) or another governing organization (such as tax legislation). It covers statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, accounting principles and notes.
Foreign Currency	Means when transactions of TABIO are denominated in a currency other than Tanzanian Shillings.
Grants	Means any form of assistance from the Government or an agency in the form of cash or transfers of assets to TABIO.
Imprest	Means an advance to meet estimated expenditure.
Liabilities	Means an obligation of an entity arising from past transactions or events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future.
Organization	Means "TABIO"
Procurement	Means buying, purchasing, renting, leasing or otherwise acquiring any goods, works or services by TABIO and include all functions that pertain to the obtaining goods, works or services including the description of requirements, selection and invitation of tenderers, preparation and award of contract.
Tangible assets	Means assets having a physical identity (e.g. buildings, plants and machinery).
Tender	Means an offer, proposal or quotation made by a supplier, contractor or consultant in response to a request by TABIO.
Terms of Reference	Means statements issued by TABIO giving the definition of the objectives, goals and scope of the service, including, where applicable, the means to be used.
Trial Balance	Means a list of balances on accounts in the general ledger extracted to ensure that the total debit balances are equal to the total credit balances.
Useful Economic Life	Means the life of an asset over which the present owner will derive economic benefits from its use.
Value for Money	Means the achievement of economy, efficiency and effectiveness in the use of resources, in order to achieve desired outcomes at the lowest cost.

ACRONYMS

TABIO	Tanzania Alliance for Biodiversity
AGM	Annual General Meeting
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards



1. INTRODUCTION

1.1. Authority

The policies, guidelines and procedures contained in this manual have been established to ensure that the financial affairs of **Tanzania Alliance for Biodiversity (TABIO)** are conducted in accordance with proper accounting principles, are compliant with current best practice in development and in conformity with International Financial Reporting Standards (IFRS's) and International Accounting Standards (IAS's).

The policies will thus provide sufficient responsibility, transparency and internal controls for TABIO to achieve the requirements of the laws of Tanzania and the accounting standards governing financial reporting.

The manual serves as a reference document for management and staff, financial and non-financial matters. Management must ensure that the policies and procedures outlined in this manual are implemented and adhered to.

The manual is also intended to provide assistance with practical day to day implementation of the policy issues covered. It contains appendices with standard forms, sample policy documents and flow diagrams and other accounting tools that are in use by TABIO.

This manual is an evolving document and Finance Section at TABIO will coordinate the updating and revising of the manual from time to time to take account of changing policies in TABIO and the wider donor community as required.

1.2. Purpose of this Manual

The purpose of this manual is to ensure that TABIO functions in an accountable, effective and efficient manner, consistent with its constitution, mission and values. It also meant to provide all employees with a clear understanding about financial operations, including the roles, powers, rights and responsibilities of employees of TABIO. Last but not least, the manual outlines the accounting and financial control procedures and policies of TABIO. They are designed to ensure:

- Lines and levels of authority are clearly defined, communicated and understood.
- Transactions are correctly recorded in the amount of detail required.
- The Organization's assets and income are accounted for and controlled.
- The Organization's expenditure and liabilities are incurred only when necessary and in estimates.

1.3. Scope and Structure of the Manual

1.3.1. This manual deals with TABIO' policy, systems, procedures and controls in the entire accounting function and covers the following areas:

- Accounting policies, procedures and controls,
- Type and manner of record maintenance, and
- Reporting requirements.

1.3.1. This manual is divided into sections, sub-sections and sub-sub-sections. The sections deal with major aspects of the accounting function i.e. chart of accounts, petty cash, receipts, payments, payroll, accounting for donor funds, general ledger and financial reports.

1.3.2. Within each section, there are sub-sections which cover:

- TABIO' policy and administration
- Procedures and control

1.3.3. For ease of reference, sub-sub-sections are used.

1.4. Issues, Revision and Maintenance

1.4.1. The **Finance and Administration Officer** shall be responsible for the control and the distribution of the manual. Any employee who requires a manual shall submit a written request to the **Finance and Administration Officer** who shall review and submit to the Coordinator for authorization.

1.1.2. The **Finance and Administration Officer** shall keep pre-numbers all copies of this manual in sequential order prior to issue and maintains a register of manual holders, which records:

- The number of the manuals issued;
- The name of the holder;
- The designation, department and section of the holder;
- The date issued; and
- The date returned.

1.4.3. Any member of staff can initiate changes to the manual, by approaching his/her head of department. All proposed changes must be submitted to the **Finance and Administration Officer** for review and the Coordinator's approval using the Manual Amendment Proposal Form (Appendix I).

1.4.4. The Coordinator shall approve, reject or defer the proposed amendment. In the latter two cases, a note would be made on the form, which is then filed.

1.4.5. For approved amendments, the **Finance and Administration Officer** shall implement the changes and prepare the revised pages for distribution to all copyholders. All amendments are identified by a unique number printed at the bottom of the revised pages along with the date of issue and the date of compliance.

1.4.6. On 30th June each year, the **Finance and Administration Officer** shall issue a list of amendments made during the previous twelve months to all copyholders. This enables manual holders to check that they have an up to date version of the manual.

1.4.7. Any amendments, which the manual holder does not have, must be requested in writing from the Finance and Administration Officer immediately.

1.4.8. A manual holder is responsible for keeping the manual in good order.

1.4.9. A manual may not be split up and pages distributed to other staff.

1.4.10. A manual holder may permit parts of the manual to be photocopied (with the express authority of the Finance and Administration Officer) under the following circumstances:

- Staff training - All photocopies should be collected at the end of the session by the instructor and returned to the Finance and Administration Officer.
- For distribution to subordinates who may require any part of the manual to assist them in their day-to-day duties. The manual holder is responsible for ensuring that the subordinates are advised of any changes to that section of the manual and for destroying outdated photocopies.

1.4.11. When a manual holder leaves TABIO, the manual shall be returned to the **Finance and Administration Officer**. It is the responsibility of the manual holder's Department Head to ensure that this is done.

2. THE ORGANIZATION

2.1. Background

The idea of TABIO was first unveiled during the stakeholders meeting in Morogoro Tanzania in 2011. TABIO is a brainchild of the stakeholders who are concerned of the deterioration of agrobiodiversity in the country. These stakeholders saw the need to have an organ that will bring them together in advocating for agrobiodiversity conservation. TABIO continues to portray its existence and coordination role as a well-established organization that has persisted to sustain and bring members and stakeholders to advocate for agrobiodiversity conservation with emphasis on recognition and support of farmer managed seed systems, which provide majority of seed requirements by smallholder farmers in the country. TABIO members have continued to advocate strongly against genetically modified Organisms (GMOs) and further weakening of the strict liability principle of the National Biosafety Regulations.

In 2013, TABIO recruited the Coordinator to facilitate the registration of the organization and sharing information on GMOs and agrobiodiversity at large.

On 22nd November 2016, TABIO was registered under the non-Governmental Organization Act, 2002 made under section (12) (2) of the Act No 24 of 2002 with registration certificate number 00NGO0008925.

Currently, TABIO has 22 members and is hosted by one of her member Tanzania Organic Agriculture Movement.

TABIO shall be operated as a charitable not-for-profit organisation with a mandate limited to the objectives set in this constitution.

2.2. The Finance Function – Current Situation

2.2.1. The Finance Department is headed by the Finance and Administration Officer who is responsible for all the financial and administration issues of TABIO

2.2.2. The structure of the Finance Department is illustrated in Figure 2.1:

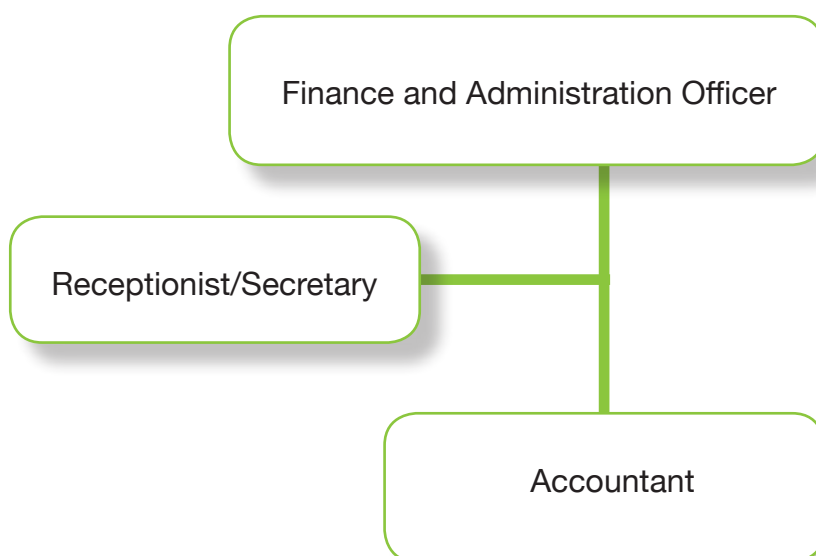


FIGURE 2.1 Finance Organogram

FIGURE 2.1 Finance Organogram

2.2.3. The **Finance and Administration Officer** oversees the overall activities of the Finance department and prepares the payroll for TABIO.

2.2.4. The **Accountant** assists the Finance and Administration Officer in assessing and managing finance and administrative needs of the project and office.

2.2.5. The Receptionist/Secretary co-ordinates all petty cash transactions for TABIO including petty cash disbursements and also serve as the storekeeper for general office supplies.

2.2.6. The accounting system applied by TABIO's Finance department is Accrual accounting system using the Quick book accounting package. The accounting system consists of methods and records to identify assemble, classify, analyze, record and report the entity's financial transactions and to maintain accountability for the related assets.

2.3. Financing

2.3.1. TABIO is non-profit making organization, which has its income originating from members' contributions/subscriptions and grants from donor/development partners.

3. CHART OF ACCOUNTS

3.1. Policy and Administration

3.1.1. It is the policy of **TABIO** that:

- All transactions are classified and recorded in **TABIO's** books under the appropriate categories;
- Any changes to the chart of accounts are documented and approved by the **Finance and Administration Officer**; as a policy the chart must be approved by the Board of directors.
- There is an up to date list of Chart of Accounts and their descriptions for reference purposes; and
- There is a regular review of the chart of accounts to ensure that all reporting requirements are being met.

3.1.2. **TABIO's** accounting system is tailored to meet both internal and development partners reporting requirements. Where specified by grant agreement, additional reports will be supplied. In such instances, **TABIO** shall maintain separate records including:

- Petty cash book;
- Bank cash book; and
- Bank account.

3.1.3. These records also serve as sources of information required for internal decision-making.

3.1.4. This section:

- Gives an overview of the system which makes up the accounting function
- Describes the rationale behind the chart of accounts
- Sets out the account codes list, together with their descriptions, and
- Lays out procedures for opening or amending an account code
- Account Codes Structure

3.1.5. A chart of accounts shall illustrate the various headings under which an Organization's transactions are classified, analyzed and recorded. Not only does it create a simple and straightforward recording of process, but a well-constructed chart of accounts also provides standard account heads for budgeting and budgetary control purposes.

3.1.6. The **TABIO** Accounts codes shall be a 7-digit numeric starting from 0000/000 to 9999/999. The main classification formats are shown below:

CODE	DESCRIPTION
XX00/000	Cost Centre
00XX/000	Donor
0000/XXX	GL Account

3.1.7. The first three digits represent either the General Ledger account code or the relevant balance sheet entries code. The second level represents a specific category of income or expenditure code. In some cases, it will refer to the code allocated to a specific grant.

3.1.8. **TABIO's** Chart of Accounts is enclosed in Appendix II.

3.1.9. For reporting purposes, transactions are reported in Tanzania Shillings and where they were undertaken in a different currency, the closing rate method of reporting is used.

3.2. Account Codes Maintenance

3.2.1. Changes to the chart of accounts shall be processed through the formal procedures described below. This ensures proper documentation and also maintains an audit trail of any changes.

3.2.2. After identifying the need for it, any member of staff suggests amendments to, deletion, or the opening of a new account.

3.2.3. With the current system, account codes may be changed by “exporting” the Chart of accounts to Excel, making the changes then importing the worksheet back into QuickBooks.

3.2.4. The staff member enters his proposal on the MANUAL AMENDMENT PROPOSAL FORM, (Appendix I). Instructions on how to complete the form are given at the bottom of the form under the heading “KEY: INSTRUCTIONS”.

3.2.5. The form is submitted to the **Finance and Administration Officer** who evaluates the need for the proposed change. The **Finance and Administration Officer** submits the form to the Coordinator, who approves, defers, or rejects the proposal. If accepted, the manual is amended according to the procedures set out in the paragraphs 1.4.3 to 1.4.7.

3.2.6. In addition, the **Finance and Administration Officer** shall complete the Account Codes Maintenance Form as shown in Appendix III.

3.3.7. The **Finance and Administration Officer** shall issue an updated accounts code list to all accounts staff at the end of the month whenever an account code change is effected.

3.2.8. To match expenditure to the respective donor and grant, cost codes will be used. These will be standardized so that they can accrue or related expenditure and facilitate both donors reporting and monitoring of grants. Quick book premier has the relevant features to do this and assist in tracking expenditure.

4. PETTY CASH

4.1. Policy and Administration

TABIO shall maintain petty cash funds at its offices to enable efficient payment of small expenditures for which cheque payment is not practicable.

4.1.1. TABIO's accounting policy with respect to petty cash provides that:

- Petty cash is operated on an imprest basis, which amounts to a float of TZS 500,000;
- Petty cash payments shall be authorized by the **Finance and Administration Officer** or the **Coordinator** in the absence of the **Finance and Administration Officer**;
- No cheque shall be cashed by employees out of petty cash; and
- Reimbursement is made only after accounting has been done for all petty cash drawn.

4.1.2. Petty cash shall be maintained to permit the office to pay minor amounts immediately without having to apply for a cheque voucher every time a small amount of money is required.

4.1.3. The petty cash shall be maintained on an imprest system whereby the petty cash holder is advanced a float of a fund amount, which is always replenished. The total amount spent is accounted for using vouchers and receipts, where possible, but does not exceed the float amount.

4.1.4. The petty cash holder shall keep petty cash securely locked up in the petty cash box at all times. Petty cash funds should be kept separately from cash received.

4.1.5. Ideally, the petty cash holder should not have access to the accounting records or the cheque book other than the Cash Requisition Forms and the petty cashbooks.

4.1.6. The Accountant shall review the Petty cashbooks periodically and the **Finance and Administration Officer** shall from time to time conduct surprise cash counts to ensure funds are not misused and proper records are maintained.

4.1.7. For the time being, the **Secretary** of the Finance and Administration Officer shall manage the petty cash float and disburse payments. However, **the Finance and Administration Officer** will at his discretion and with the consent of the **Coordinator**, appoint a more suitable person.

4.1.8. For all payments made through the petty cash fund, the petty cash holder prepares Cash Requisition Form attaching the invoices, cash sales, etc.

4.1.9. The maximum amount payable from the petty cash fund for a single request is TZS 100,000.

4.1.10. The **Finance and Administration Officer** shall check the Cash Requisition Form to confirm the accuracy of the details indicated, and then signs it as evidence of approval.

4.1.11. The petty cash holder shall make the payment ensuring that the person receiving the money signs the Cash Requisition Form. The petty cash holder then files in numerical sequence with the supporting documents stamped “PAID”.

4.1.12. The petty cash holder shall enter the Cash Requisition Form amount in the petty cash book and analyses it under the appropriate expense column.

4.1.13. When the fund is utilized to about TZS 375,000 replenishment shall be initiated. The accountant shall analyze the payments made under the various codes, and then prepare a cheque voucher and a cheque for the total cash paid out.

4.1.14. The cheque voucher and supporting documents together with the cheque shall be presented to the **Finance and Administration Officer** who will then carry out final checks and sign his approval on the cheque voucher.

4.1.15. The cheque is signed by the cheque signatories and cashed by the petty cash holder.

4.1.16. The amount paid out is posted to the petty cash book under the “receipts” column together with other relevant details i.e. date, cheque number, etc., and filed in the respective petty cash box file.

4.1.17. **Finance and Administration Officer** shall conduct random petty cash counts at least once a month and counter sign in the petty cash book where the actual cash balance and the book balance agree.

4.1.2. **Finance and Administration Officer** shall maintain a snap check register, which will be used to record snap checks performed on assets such as petty cash, inventory and fixed assets.

4.1.3. The Accountant shall prepare an accurate and timely report each month of all petty cash expenditures for review by the Finance and Administration Officer and approval by the Coordinator.

4.1.4. The asset custodian, the officer performing the snap checks and/or Finance and Administration Officer, shall sign the register as shown in Appendix IV.

5. RECEIPTS

5.1. Policy and Administration

5.1.1. **TABIO**' bank and receipts policy is that:

- All cash transactions involving the bank account are correctly posted on a daily basis in QuickBooks.
- Bank reconciliations shall be prepared monthly and reconciling items are followed up and cleared as soon as possible.
- The cash book analysis is sufficiently detailed to enable appropriate analysis of receipts.
- Cash is safeguarded at all times.

5.1.2. The following are **TABIO**' objectives with regard to cash and receipts:

- To have independent accountability of cash handling that is limited to one specified individual.
- Cash receipts are properly accounted for and banked intact.
- No loss of funds occurs and, in the event of this happening, controls are in place to minimize the loss.
- Cash flow inputs into the planning and budgeting process are accurate.
- Cash is utilized and managed efficiently and effectively
- To meet both internal and donor reporting requirements.

5.1.2. Bank transactions involve receipts and payments. Besides the cashbook, bank transactions affect other balance sheet and income / expenditure accounts.

5.1.3. The procedures documented in this section shall be for the recording of both cash and cheque receipts in the Accounting system.

5.1.4. TABIO provides a receipt voucher (RV) form which serves to record that funds have been received, and also provides in a summary format the information required to post the transaction to the accounting system. As a minimum it should have space for:

- Name of the person / organization the money is received from
- Details of bank / cash account into which the money is received
- Currency and amount of receipt
- Date of receipt
- G/L code to which the receipt is to be credited
- Description of receipt
- Signature of the budget holder authorizing the proposed coding of the receipt
- Signature of the Cashier who receives the money
- Signature of the person who is paying it
- Signature of the person who posts it to QuickBooks

5.1.2. **TABIO** receipts can be classified into 3 categories: -

- 1) Donor Grants
- 2) Surrender of Imprest
- 3) Other Receipts

5.1.2. This section will document receipts under the above categories.

5.2. Donor Grants

5.2.1. Receipts from the donors shall be evidenced by bank credit advice and sometimes by cheques.

5.2.2. The **Finance and Administration Officer** shall indicate the account codes to be used in recording receipt and authorizes the Accountant to issue a receipt.

5.2.3. The **Accountant** shall post the receipt into the QuickBooks and issue a receipt (RV). If the grant is to be expended for longer than a year, it a note “deferred grants” is made in the relevant account.

5.2.4. The Accountant shall confirm from the bank statement that the bank has posted the credit advice amount on to the bank statement, on the date of the advice.

5.2.5. The documents are then filed in the bank reconciliation box file.

5.3. Surrender of Imprest

5.3.1. Imprests shall be taken for out-of-town travel. Payments are normally disbursed by cheque and then subsequently accounted for at the end of the journey.

5.3.2. Procedures followed for disbursement of travel imprest are covered in section 6. On return, the staff member completes the Imprest Accounting Form in which he accounts for the money spent by attaching receipts.

5.3.2. The Imprest Accounting Form is verified by the **Accountant**, reviewed by the **Finance and Administration Officer** and approved by the **Coordinator**.

5.3.3. The unspent imprest shall be surrendered together with the Imprest Accounting Form to the **Accountant** who shall issue a Cash Receipt (RV).

5.3.4. When the Accountant banks the money, the banking slip obtained from the bank will be attached to the second copy of the receipt and filed in a hard box file

5.3.5. On receiving the Imprest documents from the **Accountant** shall post the receipts under the appropriate code in QuickBooks.

5.3.6. The documents are then filed in hard box files together with the original documents for application of imprest.

5.4. Other Receipts

5.4.1. Other receipts for **TABIO** will include refunds on advances etc.

5.4.2. The **Receptionist** will forward any cheque received to the Accountant.

5.4.3. The **Accountant** shall issue a Cash Receipt.

5.4.2. When the **Accountant** banks the money, the banking slip obtained from the bank and filed in deposit slip file.

5.4.2. The **Accountant** shall post the receipts in the QuickBooks.

5.4.3. The documents are then filed in the bank reconciliation box file.

5.5. Reserve fund

5.5.1 TABIO hold reserves for clearly defined purposes, but may not hold a general reserve. This is an area that is likely to be the subject of review and discussion as the organization follows a policy of IFRS compliance.

5.5.2 There are conflicting pressures here. Donors give their money to run projects and improve the lives of beneficiaries. They like to see TABIO using up all of their funds in the year in which they are given, and do not like to see large reserves in the balance sheet. However, even with the best financial management in the world, it is difficult to keep an organization running smoothly through the ups and downs of donor funding that characterize NGO finances. Well managed reserves can help in this process and if they are maintained at a reasonable level, donors will generally accept them.

TABIO's policy on reserves aims to balance these conflicting concerns to come up with a position that allows us to hold a level of reserves that can be justified and audited.

5.5.3 Taking these factors into consideration the guidelines for the establishment of reserves are as follows:

- TABIO cannot hold general reserves. Each reserve must have a specific, clearly defined purpose.
- Each reserve must be the subject of a written policy.
- The policy must explain:
 - i. The need for the reserve
 - ii. How the reserve will be built up (i.e. how income credited to the reserves is calculated and where it is charged to)
 - iii. What expenditure can be debited to the reserve and who can authorize such expenditure
 - iv. Any special considerations concerning the forms in which the funds will be held (e.g. will there be a separate bank account?)
 - v. How implementation of the policy will be monitored and reviewed
- TABIO's Coordinator should formally approve the policy in writing.
- At the end of each year, management should review the balance held in the reserve to assess whether it is adequate for the purposes for which the reserve was established.
- The external auditors should also review the balance held in the reserve for reasonableness and should ensure that the entries to the reserve accounts are in line with the approved policy.
- The establishment of reserves must be in accordance with local accounting and government regulations.
- The number of reserves held by a TABIO must be kept to a minimum.

- 5.5.4. A reserve fund shall be maintained to cater for periods when there is a reduced inflow of funds and hence ensure that projects currently being undertaken can be sustained.
- 5.5.5. These funds for the period they are not in use shall be invested in Government securities or other equally low risk bank investment options. The investment decision will lie with the Board. However, the Finance and Administration Officer will act as the Investment advisor and administrator of the investments undertaken.
- 5.5.6 Typical reserves maintained by TABIO will include;

- Reserve for Self-Insurance

This reserve is used for self-insure the Organization vehicles. Income for the reserve is derived from insurance charged to projects, and allowable expenditure from the reserve is for accidental damage, or to replace stolen assets.

- Vehicle replacement reserve

This reserve is used for replacement of administrative and Secretariat vehicles. This fund is generated through the sale of old vehicles and amount charged to the projects for the usage of those vehicles.

- General reserve

This reserve is for financing survey, preparation of new projects and to assure future cash flows.

5.6. Banking operations

5.6.1. For the purposes of its transactions and to reduce its foreign exchange risk exposure, **TABIO** shall maintain accounts in Tanzanian shillings, US dollar and Euro. Donor payments to **TABIO** shall be made directly to the Euro account and US Dollar account respectively. This is also intended to facilitate the tracking of payments.

5.6.2. In some instances, donors may insist on separate bank accounts for their funds. Wherever possible this should be avoided. TABIO's management should discuss this issue with the donor, pointing out that this is not necessary as the QuickBooks accounting system provides the required details on all disbursements of funds.

5.6.3. Each project shall operate (a) bank account(s) and a petty cash, where applicable and necessary. Approval to open (or close) a bank account should be obtained in writing from the Board of Directors.

5.6.4. All bank accounts must be in the name of "Tanzania Alliance for Biodiversity."

5.6.5. All bank accounts must have at least three authorized bank signatories: The **Coordinator and two other members of the Board/Treasurer** with operating mandate of either two to sign.

5.6.6. Selection of signatories to the bank account(s) shall have to be approved in writing by the Board of Directors.

5.6.7. In the event of a signatory leaving the organization, the Board of Directors should instruct the Bank in writing, to remove him or her from the signatory list immediately.

5.6.8. All monies payable to **TABIO** will be banked latest the next business day.

5.7 Interest earnings

5.7.1 Interest earned on bank accounts should be allocated to the projects. If the bank account relates to a single project, that project should have the benefit of the interest. If the bank account relates to many projects it is usually not possible to accurately allocate interest directly to individual projects. In these circumstances, interest should be credited to Organization operations and will therefore be indirectly credited to individual projects by means of a reduced allocation of Organization operations costs.

5.7.2 Exceptions to this are when a donor contract states that the interest must be returned to the funding agency. If the bank account relates to a single donor, it is easy to identify the interest. If the bank account relates to many but one donor insists a share of interest earnings is returned to them the value of that donor's share of the interest should be calculated pro rata in relation to their share of Organization / project funding for the year.

6. PROCUREMENT

6.1. Policy and Administration

6.1.1. **TABIO**' policy on purchases shall ensure that all procurement activities occur within the stipulated policies, budget provisions and by tender, where applicable.

6.1.2. The **Finance and Administration Officer** shall be responsible for most of the procurement of goods and services that are consumed or utilized by **TABIO**.

6.2. Supplier selection

6.2.1. In purchasing and procurement, the following issues should be noted:

- Procurements should be effected in a cost-efficient manner.
- Procurement should be timely and impose only a reasonable demand on staff time.
- Procedures should support the integrity of the procurement process in a manner that is demonstrable.

6.2.2. Some supplies may be required on a regular basis. In such cases, a survey shall be made to select the supplier with the cheapest price for goods of sufficient quality, after consultation with the procurement officer. A supply agreement can be signed for a period of up to one year. Contracts with fixed suppliers are renegotiated annually and will consist of only recognized suppliers (no individual persons).

6.2.3. The Internal control measures prescribe to obtain at least three quotations before purchasing goods, acquiring services or investing in fixed assets, if:

- The purchase of goods, acquirement of services and investments in fixed assets valued at more than TZS 5,000,000 or its equivalent;
- The maintenance of goods and the maintenance or alteration of premises of which the estimated costs amount to more than TZS 1,000,000 or its equivalent;
- However, we recommend obtaining quotations in all cases of (non-regular) procurement from non-regular suppliers, who are not on the fixed suppliers' database.

6.2.4. In the event that 3 quotations cannot be obtained, reasons should be documented and approval sought before awarding of the tender.

6.2.5. Quotations should be as specific as possible to allow comparison.

6.2.6. For regular supplies, copies of previous quotations can be used in order to minimize the time, but these should not be more than six months old.

6.2.7. There should be segregation of duties between staff seeking for quotes, evaluating and approving quotes.

6.2.8. Quotation evaluation procedures should consider the following:

- Price, including VAT and other taxes;
- Additional costs;
- Delivery deadline;

- Quality;
- Life-span;
- Guarantee and service;
- Reliability of and experience with suppliers;
- Continuity of the supplier;
- Market offer and market situation;
- The so-called `cost of change`, in other words: the additional costs brought about by a change of supplier or contractor.

6.2.9. When the quotation with the most favourable price is not opted for, the reasons for doing so have to be put down in writing and be filed with the order documents.

6.2.10. The procurement procedures start with the completion of a Requisition Form being by the user department. The Department Head shall approve it.

6.2.11. The level of authority for acquisition shall be determined at the beginning of the year and approved by the Board of Directors. Expenditure approval shall be in accordance with the prescribed procurement schedule that will be available from the **Finance and Administration Officer**.

6.2.12. TABIO shall maintain a list of approved suppliers. For daily use, current price lists for the appointed suppliers should be kept on hand.

6.2.13. A pre-numbered Local Purchase Order will be raised from the accounting in duplicate. The original copy goes to the supplier, the duplicate copy to the Finance and Administration department.

6.2.14. The Local Purchase Order is signed by two of the three official signatories, depending on the signatory level of authority, and dispatched to the supplier.

6.2.15. TABIO' policy on purchases will be subject to authorization limits available from the **Finance and Administration Officer** upon request. These will agree upon on an annual basis by the Coordinator and in the case of large amounts, by the Board.

6.2.16. When the goods are delivered, the **Receptionist** verifies the Delivery Note against the invoice and the goods with respect to the quantity, price and condition of the goods.

6.2.17. The invoice, Finance Department's copy of Local Purchase Order and Delivery Note are attached together to enhance preparation of cheque by the Finance department.

6.2.18. The following documents relating to procurements should be filed in such a way that they are accessible:

- The quotations and the result of the selection (if applicable);
- The order form / Local Purchase Order;
- Any correspondence regarding the order;
- Copies of insurance, customs and transport documents (if applicable);
- A certificate of delivery in accordance with the agreement;
- The invoice plus initials relating to control and authorisation for payment

7. PAYMENTS

7.1. Policy and Administration

7.1.1. **TABIO's** policy on payments shall ensure that:

- Transactions are appropriately authorized and payments are only made on the basis of approved supporting documents.
- The cashbook analysis is sufficiently detailed to enable appropriate analysis of payments.
- Payments are made at the appropriate time without incurring financial losses.

7.1.2. **TABIO's** objective with regard to payment is to ensure that only necessary and authorized expenditure is paid for.

7.1.3. **TABIO's** shall make payments on demand or due date if the latter is indicated on the invoice.

7.1.4. Bank transactions involve receipts and payments. Besides the cashbook, bank transactions affect other balance sheet and income/expenditure accounts.

7.1.5. The procedures documented in this section will be for the recording of cheque payments in the Accounting system. Payment procedures are the same for all cash transactions, except for additional procedures in purchases through tendering.

7.1.6. Foreign exchange losses or gains arising from use of different exchange rates shall be treated as finance costs and recorded as other expenses

7.1.7. **TABIO's** payments can be classified into 5 categories: -

- 1) Issue of Imprest
- 2) Suppliers' invoices & other disbursements
 - (a) Management & Technical Expenses
 - (b) Creditors
- 3) Research & Dissemination Expenses
- 4) Evaluation & Consultancy Payments
- 5) Grant Payments

7.1.8. The following sections document **TABIO's** payment procedures under the above categories.

7.2. Issue of Imprest

7.2.1. Imprest shall be taken for out-of-town travel. Payments shall be disbursed by cheque and then subsequently accounted for at the end of the journey.

7.2.2. Imprest may be paid to staff for the purpose of executing activities at the field or facilitate travel while on duty. The staff will initiate requisition by stating purpose for the imprest by showing budget line of the respective activity or supporting document for duty travel.

7.2.3. Imprest is requested through the **Finance and Administration Officer** by the requester completing an Imprest Form.

7.2.4. The Imprest Requisition Form includes estimated costs of fueling (if using a **TABIO** vehicle) and per diems. If a **TABIO** vehicle is to be used, in addition to the Imprest Requisition Form, a Transport Requisition Form is completed.

7.2.5. The **Finance and Administration Officer, Program Officer** and the **Coordinator** shall sign the Imprest Requisition Form as a sign of approval and the documents are forwarded to the **Accountant**.

7.2.6. The **Accountant** shall prepare a cheque voucher and a cheque after establishing authority justifying the preparation of the cheque voucher.

7.2.7. The **Accountant** shall pass the cheque voucher, cheque and attachments to the **Finance and Administration Officer** to authorize for payment after stamping and dating all the supporting documents with a "PAID" rubber stamp.

7.2.8. The cheque shall be signed by the cheque signatories and returned to the **Finance and Administration Officer** who then passes it to the **Accountant** for dispatch.

7.2.9. The Accountant shall record the cheque in the cheque dispatch register in ascending cheque number sequence before dispatching it to the supplier or payee. If the cheque is collected, the person collecting the cheque writes his/her name and signs.

7.2.10. The **Accountant** shall post the amounts in the cashbook, rubber stamp the payment voucher "POSTED" and file the supporting documents in the "payments" file according to cashbook and cheque number order.

7.2.11. Retirement will be effected within 14 days upon return to office from field duty or travel. The Finance Person shall check and post into respective books the retirement. Unretired imprest shall be deducted from staff salary on due month.

7.3. Supplier Invoices and Other Disbursements

7.3.1. These include payment for:

- 1) Management & Technical Expenses
- 2) Creditors

7.3.2. The **Accountant** shall attach to the supplier's invoice, the Delivery Note and the Local Purchase Order (Appendix VII), where applicable, and check the invoice for correctness of quantities, price and delivery. If a supplier statement is available, s/he reconfirms the invoice against it.

7.3.3. The **Accountant** shall prepare a cheque voucher and a cheque for each payee after establishing authority justifying the preparation of the cheque voucher.

7.3.4. The **Accountant** shall pass the cheque voucher, cheque and attachments to the **Finance and Administration Officer** for authorizing the payment after stamping and dating all the supporting documents with a "PAID" rubber stamp.

7.3.5. The **Finance and Administration Officer** shall review the invoices to:

- Confirm agreement with the voucher's correctness and accuracy
- Authorize payment by signing the voucher, and
- Pass them to the **Coordinator** or another signatory for signing.

7.3.6. Any two of the three signatories shall sign the cheque as per signing mandate.

7.3.7. The signed cheque shall be returned to the **Finance and Administration Officer** who then passes it to the **Accountant** for dispatch.

7.3.8. The **Accountant** shall record the cheque in the cheques dispatch register in ascending cheque number sequence before dispatching it to the supplier or payee. If the cheque is collected, the person collecting the cheque shall write his/her name in the register and signs.

7.3.9. The **Accountant** shall post the amounts in the system and files the supporting documents in the “payments” file according to cashbook and cheque number order.

7.3.10. Where a cheque is cancelled, the **Accountant** shall enter the cheque number in the cashbook sequentially and the cheque leaf is retained in the cheque book.

7.4. Research and Dissemination Expenses

7.4.1. In the case of research and dissemination expenses, a request for payment will be made which will be compared to the budget drawn up at the time of contracting. This budget will have been reviewed and approved by the Project Officer in advance. All payments made to researchers shall be subjected to deduction of 5% **Withholding Tax**.

7.4.2. The Finance and Administration Officer shall make out a payment to the respective researcher or institution with the transaction being posted through the system.

7.4.3. For payments that are processed manually, TABIO shall maintain Payment Voucher (PV) books that are in triplicate and printed (Appendix V). All PVs shall be pre-numbered. In the interest of accountability and proper control of resources, payments shall only be made against Payment Vouchers that have been approved by respective Officers.

7.4.4. In the interest of enhancing understanding, transparency and accountability, and for third party and future reference, all PVs shall contain all information required and relevant supporting documentation. No payment shall be made to third parties without an invoice (or written request for payment or other similar document) or receipt if the material was purchased directly.

7.4.5. Where necessary, partial advances may be made against pro-forma invoices/quotes but in all cases final or full payments shall only be made against a tax invoice or demand for payment in case of individuals. In general, advance payments should be kept as low as possible, up to a limit of 70% where TABIO has no prior relationship with the third party and there are clear deliverables against which the final payment will be made, or withheld, as the case may be. In exceptional cases, and only with the approval of the Coordinator on a case by case basis, may this limit be waived.

7.5. Evaluation and Consultancy Payments

7.5.1. The Finance and Administration Officer shall review contract documents ensuring that the terms and conditions of payment are followed. They will also confirm that the invoice amount agrees with the amount indicated in the contract.

7.5.2. The Finance and Administration Officer shall consult the Coordinator or Programme Officer to ensure that the services have been delivered or are currently being supplied.

7.5.3. A cheque will then be written to the respective consultant.

8. FINANCIAL OPERATIONS

8.1. Financial Responsibility/Reporting

- The Coordinator, as the Accounting Officer, has the overall responsibility over the financial operations of TABIO including budgeting, financial records, application, interpretation and implementation of the financial policies and procedures manual, the internal control structure and the collection and handling of funds. Functionally, the Coordinator delegates this responsibility to the Finance and Administration Officer who relies on a team of professional and support staff for the design, development and implementation of TABIO financial policies and procedures.
- The Coordinator is responsible for reporting the financial status of the organization to the Board of Director, development partners, donors and other stakeholders

8.2 Income and Expenditure Statement Presentation

TABIO funds are broadly described as follows:

- Restricted Funds primarily include restricted purpose or time period grants and Cost Reimbursement Contracts for which the Organization has fiscal responsibility.
- Unrestricted Funds (Core Support) refer to donations received to fund the operations of the Organization, and for providing support and especially for set up and registration of the Organization. There are no donor-imposed restrictions.

Except as explained below, grants are accounted for as income in the year in which they are received.

- Unexpended Restricted and Special projects grant received during the year are recorded as deferred income and carried forward as current liabilities at the year-end.
- For Cost Reimbursement Contracts, revenue is accrued when eligible expenditure is incurred, irrespective of the date of receipt of income.
- Grant advances received during one year against the following year's commitments are treated as advances in the year of receipt and as income in the subsequent year.

8.3 Consumable stores

Consumable stores shall be stated at the lower of cost and realizable value net of provisions for obsolete stock.

8.4 Foreign currencies

Foreign exchange transactions shall be recorded using the ruling rate at the date of negotiation of bills.

Balances denominated in foreign currencies at the year-end shall be translated into TZS at the Banks' Buying Telegraphic Transfer rates of exchange ruling at the year-end. Transactions during the year shall be converted at the rates prevailing when transactions are effected. Gains and losses shall be dealt with in the Income and Expenditure account.

8.5 Doubtful Debts

Provision shall be made for doubtful debts on the basis of Management's assessment of their recoverability. These include debts e.g. debts owed by TABIO implementing partners that are unlikely to be recovered.

8.6 Grant Receivables

This relates to income that is due from developing partners that has not been received within the specified financial period or expenses incurred in excess of project funds provided by the donor.

8.7 Payables

This relates to payments that TABIO has not settled within a specific financial period. They include payment to suppliers, implementing partners, statutory and other amounts owed to third parties.

9. ACCOUNTABLE DOCUMENTS

9.1. Objective

To describe the controls and security of accountable documents.

9.2. Key Accountable Documents

- Receipt Books
- Local Purchase Order Books from the accounting system.
- Cheque books

The accounting documents shall be serially numbered.

9.3. Custody for Accountable Documents

Accountable documents shall be kept in the custody of the Finance and Administration Officer and access to these documents shall only be with his/her authority.

9.4. Accountable Documents Register

When issuing accountable documents to officers of TABIO or Auditors the recipient's details shall be entered into Accountable Documents Register that shall be updated by the Finance and Administration Officer with each movement. Each issue shall be signed for by the drawer/recipient. At no time shall a person hold more than one active accountable document of the same type.

9.5. Retention of Accountable documents and financial records

The Finance and Administration Officer shall account for all used accountable documents and their supporting financial records. The Accountable documents register shall show when such documents were completed. All documents and other records containing financial information shall be kept for a period of not less than seven years (or as otherwise required by the law) before they are destroyed to maintain an audit trail in the event of an audit or a special investigation. They may be destroyed on the authority of the Coordinator upon the expiry of such period.

9.6. Loss of Accountable Documents

The Finance and Administration Officer shall frequently check stock of Accountable documents. Loss of these documents, or part thereof, shall be immediately reported to the Coordinator. The circumstances surrounding the loss shall be investigated. The Coordinator shall decide as to whether to report the matter to the police, publish the loss in the press, or take any other action in the circumstances, in the best interest of TABIO. The Finance and Administration Officer shall maintain a Losses Register, which shall give full details of every loss incurred.

10. PROJECT FINANCE

10.1. Objective

To describe the fund-raising mechanisms, controls over such funds and donor accountability as adopted by TABIO.

10.2. Policy

The Coordinator and the Board Chairman or their designee shall sign all donor agreements committing TABIO.

10.3. Responsibility

Once agreements have been entered into between TABIO and a donor, it shall be the responsibility of the Coordinator to ensure that funds extended to TABIO have been applied and reported as per the terms of the funding agreement.

10.4. Operating guidelines

Proposals shall usually originate from the Head of Program and Project Officers or other TABIO members for specific projects or any other programme in line with the TABIO mandate.

The proposals shall provide details of coverage, time lines, and resources required, expected results and any other issues pertinent to the project object. There shall be in liaison with the Finance and Administration Officer who shall assist in the development of the detailed proposal budget.

The Management Committee shall internally review completed proposals before eventually being approved by the Coordinator for subsequent submission to the target donor.

Proposals accepted by the donor/sponsor require TABIO to sign an implementation agreement with that donor/sponsor before funds are released. All signed donor agreements shall be submitted to the Finance and Administration Officer who shall issue them with a “Budget Code” number. This budget code number will be communicated to the vote holder for budgetary management. All expenditures shall be supported by a valid requisition authorized by the vote holder and approved by the Accountant.

Per the terms of agreement, progressive reports shall be sent to the donor on a timely basis and in the agreed donor formats.

At the end of every year, the Finance and Administration Officer shall prepare a “Grants schedule” for statutory reporting purposes for the review and approval.

10.5. Internal financial control

The Finance and Administration Officer will ensure that project spending is within the approved agreement, both in terms of overall budget and individual budget codes.

The year-end Grants schedule shall be reviewed and approved by the Finance and Administration Officer.

11. GRANTS TO PARTNERS/ COLLABORATORS

11.1. Objective

To describe the practices governing grants to collaborating partners.

11.2. Policy

The Organization, upon the review of partner capacity appraisal reports, shall approve grants to partners/ collaborators.

11.3. Responsibility

It shall be the responsibility of the implementing committee to ensure that all grants to TABIO partners are well managed.

11.4. Operating guidelines

Grants by TABIO to collaborators and other partners shall only be issued after a capacity appraisal has been conducted to establish the suitability of the partnership and such partnership approved by the Management Committee. Organizations lacking the capacity to implement the program or to manage the funds shall only qualify for grants after addressing such capacity gaps. Once a partnership has been approved, grants will be made per the agreement entered with the partner.

Standards of financial management and reporting by recipients of TABIO grants shall, as a minimum, meet the requirements of the donor who will have funded TABIO for the subject grant with adequate documentation to support such reports.

Reporting requirements shall be agreed between the granting unit/department and the recipient organization prior to entering into an agreement. The reporting requirements agreed to shall be incorporated into the funding agreement.

11.5. Internal financial control

The Coordinator shall approve all such grants upon recommendation by the Management Committee. A grant agreement shall be signed for each grant.

A satisfactory Capacity assessment report shall be a basis of the granting process. Reporting requirements suitable to TABIO circumstances shall be part of the grant agreement.

12. TRANSPORT

12.1. Objective

To describe the procedures and the accounting system in place at the TABIO transport.

12.2 Policy

Services hired for Transport shall be at a fee. Rates to be charged to users of these services shall be determined from time to time and approved by the Coordinator.

12.3 Responsibility

The accountant will be responsible for fleet management.

12.4 Operating Guidelines

The Project Officer in liaison with the Administrator must approve the motor vehicle movement and management with cost charged to the respective project. The detailed procedures are in the Vehicle Policy.

13. STORES

13.1. Policies and Objectives

13.1.1. The stores procedures shall aim to ensure that:

- Materials meant for TABIO are budgeted for and rightfully acquired;
- Materials do not enter or leave the store without appropriate documentation;
- The store is kept under lock and key to prevent unauthorized people from gaining access.

13.1.2. Items kept in the store are usually stationery and other items for use in the office environment.

13.1.3. Procedures for ordering of stores items are documented in section 6 of this document, which deals with all procurement procedures. This section will deal only with the store's maintenance and the issuance of stock items.

13.2. Stores Maintenance

1.2.1. All stock items records shall be maintained on stock cards, which are kept in trays in the stores. The cards bear details of the item including description, quantities received and given out and quantity balance. The **Receptionist/Secretary** maintains these records and issues all stocks requisitioned.

1.2.2. The **Accountant** shall monitor the quantity of stock items and based on experience, places orders for replenishment when the stock level becomes low.

1.2.3. The store shall be kept under lock and the key maintained by the **Accountant**. Fixed hours for issue of stores items are kept, usually on Wednesday afternoon. However, if an item is required urgently at any other time, the **Receptionist** shall issue it.

1.2.4. The annual stock taking exercise shall be performed at year-end. It is carried out in the presence of the **Accountant**. However, the **Finance and Administration Officer** carries out surprise stock takes.

13.3. Issue of Items from the Store

13.3.1. The requester shall fill in a Stores Requisition Form indicating the items required and the quantities.

13.3.2. The requester shall sign the Stores Requisition Form and the **Finance and Administration Officer** shall authorize it.

13.3.3. The **Accountant**, shall issue the item, and indicates on the Stores Requisition Form "Quantity Issued". He then signs the Stores Requisition Form

13.3.4. The requester shall make a copy of the Stores Requisition Form and leaves the original with the Accountant.

13.3.5. The Receptionist shall update the stock card for the issued items.

14. FIXED ASSETS

14.1. Policy and Administration

14.1.1. **TABIO**' objectives in relation to the fixed assets shall be to:

- Place the responsibility to safeguard each asset to a specific member of staff;
- Ensure that assets are properly protected against damage;
- Maintain proper description and classification to facilitate proper charge for depreciation;
- Maintain adequate and accurate records of an assets repair and maintenance costs to provide the Organization with the information for decision-making regarding its usage.

14.1.2. The criteria to be used in determining whether an item should be treated as fixed asset or not includes the following:

- The estimated useful life of the asset should span over one year.
- Usage of the asset should be seen to contribute to the operational capability of **TABIO**.

14.1.3. Acquisitions must be planned for in advance through capital budgets.

14.1.4. Annual physical verifications of property and equipment shall be done and results compared to their respective registers. Variances shall be reported to the Finance and Administration Officer and investigations, whose findings and recommendation shall be reported to Coordinator. The Coordinator shall conduct unannounced checks at any point based on his/ her discretion.

14.2. Acquisition

14.2.1. Requisitions for fixed assets shall originate from the user departments through departmental heads and submitted to the Coordinator for approval.

14.2.2. Once the Coordinator approves the purchase, quotations shall be invited from at least three suppliers. The tender committee selects the supplier with the best offer.

14.2.3. A Local Purchase Order shall be prepared in triplicate. The white copy is issued to the supplier, yellow copy for Finance and Administration Department and pink copy retained as a book copy.

14.2.4. On receipt of the item, the **Finance and Administration Officer** shall verify the Local Purchase Order against delivery note and invoice. If there are inconsistencies, a follow-up shall be made.

14.2.5. The invoice, Local Purchase Order and delivery note shall be attached together and a payment voucher and a cheque prepared. Two signatories should sign the voucher and the cheque.

14.2.6. **TABIO** shall maintain a Fixed Asset Register. After paying for the asset, the accountant assigns each asset a unique identification code. He/She will enter the following information in the fixed asset register:

- Asset number/Code
- Description of asset
- Class/Type of the asset

- Date of purchase
- Location
- Acquisition cost
- Depreciation Rate/Useful life
- Date of sale if applicable

The Fixed Asset Register shall also indicate the depreciation charge, accumulated depreciation and net book value of each asset.

All fixed assets shall be tagged with a label showing identification and serial numbers, which will also be indicated in the Fixed Asset Register.

14.2.7. Details of the asset of the same type shall be entered in a common register especially for the small items such as calculators, chairs, tables and other items of furniture and equipment.

14.3. Repairs

14.3.1. Repairs will be processed in the same way as other operating expenses. The repairs will be expensed or capitalized based on the following criteria:

- If the repairs enhance productivity capacity; and
- The enhanced productivity benefit more than one accounting period, then the repairs should be capitalized.

14.4. Depreciation

14.4.1. The accountant will add up depreciation charge for assets in the same category and pass the following journal entry in the journal book:

Dr. Depreciation costs	xx	
Cr. Provision for depreciation		xx

14.4.2. The journal shall then be submitted to the **Finance and Administration Officer** for approval.

14.4.3. After posting the depreciation journal entry, the Accountant shall prepare the fixed asset movement schedule using the fixed assets accounts and their respective provision for depreciation accounts.

14.5. Depreciation Policy

14.5.1. Depreciation is computed on the straight line basis at the following rates:

- Land and Building (4%)
- Motor vehicles (20%)
- Furniture, fittings (12.5%)
- Office equipment (12.5%); and
- Computer equipment (30%)

14.6. Disposal of assets

14.6.1. Authority to dispose TABIO's assets

- Disposal of the programme/project and assets of value less than TZS 25,000,000/- can be authorized by the Coordinator.
- Disposal of assets valued above TZS 25,000,000 must be authorized by the Board of Directors

14.6.2. Criteria for disposal of assets

- Assets (other than motor vehicles) purchased with TABIO's duty and tax exemption facility can only be gifted or sold to agencies or organizations with similar privileges.
- Assets valued above TZS 50,000,000 must be sold through competitive bidding using sealed tenders. Such tenders shall be announced in the national press for all assets valued above TZS 50,000,000

14.6.3. Disposal Guidelines

- Each department will maintain a system to ensure adequate recordkeeping of and safeguards for assets during disposal to reduce risk of loss, damage or theft.
- When an asset item is disposed off, the asset form will be prepared and approved. Employees shall not take control of asset items, nor are they granted ownership, unless they have purchased the item through the processes described within this guideline.
- An Asset Disposal Form will be filled out when an item is lost or stolen, sold, scrapped or cannibalized to the extent that it is no longer usable for the purpose for which it was originally purchased. Further investigation may occur in the case of stolen or missing items or if circumstances point to problems related to an employee, or to a systems, policy, or procedural failure. The disposal form will outline the following details of the asset: date of disposal, asset identification number and description, serial number, disposal method, sale price and the name of buyer.

In determining the best disposal method for assets, the Finance and Administration Officer in consultation with Coordinator, will set a threshold on what is considered to be:

- Low value asset;
- Medium value asset; and
- High value asset.

Low value items will be disposed of in the most efficient and expeditious method of disposition, as guided by the Finance and Administration Officer and approved by the Coordinator. The rationale is that TABIO does not want to waste valuable management time in managing the sale of scrap items that have little or no value.

The medium valued asset items that are no longer needed by TABIO; a formal process shall be followed for the disposal of the items.

- A committee shall be established to help make determinations of valuation in order to ensure transparency.

- If the possibility exists that an item's resale value may meet or exceed its present value, the fair market value of this item shall be determined and documented. This may be the case for
- An advertisement will be placed in the local newspaper or posted in prominent locations in TABIO or other means of communication. The advertisement will include a description of the asset and the date when sealed bids are to be received. The advertisement will also include a notation that items will be sold "as is, where is".
- Sealed bids shall receive by a specific date in a predefined location (e.g., box in reception area) with the item(s) bid written on the outside of the envelope.
- An office committee will open the bids, determine the winners, and post the list of successful bidders.
- Payment for successful bids must be within 5 days and in full. Also, items must be removed from TABIO compound within 10 days.
- If the successful bidder does not meet obligations as above, then the next bidders on the list shall be awarded the purchase, in descending order.
- If a cheque is accepted for payment, the item will be turned over once the cheque has cleared the bank, and money deposited into the facility account. TABIO will not accept partial payment, payment over time or loans. Payment will be fully payable at the time the item is handed over.
- Sale proceeds from the sale of the asset shall be recorded in the books of account separately and not as part of income received from normal operations.

The high valued asset will either consider following a similar disposal process as that described for medium value assets, consider contracting the task of disposal to a third-party provider (usually for a modest percentage of the sales prices). This will enhance efficiency as less management time will be spent in the disposal process and will also reduce the chance of price fixing or special treatment.

15. PAYROLL

15.1. Policies and Objective

15.1.1. The payroll procedures shall be to ensure that:

- **TABIO's** procedures relating to personnel are adhered to.
- There is proper authorization to incur payroll costs.
- Payroll costs are properly accounted for.
- Statutory and other deductions are accounted for and remitted within the specified deadlines.

15.2. Preparation Procedures

15.2.1. The Accountant using an Excel prepares the payroll. All TABIO employees are included in the payroll including casual employees.

15.2.2. Salaries shall be paid through bank transfer.

15.2.3. The payroll shall indicate details of each employee, that is, gross pay, statutory deduction, other deductions and the net pay.

15.2.4. After individual payroll details are completed, a monthly payroll summary analysis shall be prepared and forwarded to the **Finance and Administration Officer**.

15.2.5. A sample of the payroll summary is shown below:

Gross pay as per payroll		XX
Gross Pay.	XX	
Deductions:		
P.A.Y.E	XX	
SDL	XX	
N.S.S.F	XX	
Other Deductions (to be specified)	XX	XX
Net pay		XX

15.2.6. The Finance and Administration Officer shall review the payroll summary, print and append his/her signature and send it to the Coordinator for approval

15.2.7. The **Accountant**, after approval of the payroll summary by the **Finance and Administration Officer** shall prepare a cheque voucher and a cheque for the net pay.

15.2.8. The Accountant shall prepare cheque vouchers and cheques for the various deductions as per the payroll summary analysis.

15.2.9. The **Accountant** shall pass the cheque voucher, cheque and attachments to the Finance and Administration Officer to authorize for payment after stamping and dating all the supporting documents with a “PAID” rubber stamp.

15.2.10. The cheque shall be signed by the cheque signatories and returned to the Finance and Administration Officer who will then, dispatches it to TABIO’s main bank account. The Finance and Administration Officer attaches to the cheque, a list showing a breakdown of amounts to be paid to each employee at their respective bank accounts.

15.2.11. The **Accountant** shall post the amounts in the cash book, debiting the gross salary to the salaries and wages account, stamp the payment voucher “POSTED” and file the approved payroll summary with other supporting documents in the “payments” file according to cash book and cheque number order.

15.2.12. Salary advance is acceptable to the extent of twice of monthly net pay and must be deducted from staff salary for repayment within four months.

15.13. Statutory Deductions

15.3.1. The statutory deductions should be paid by the due date to avoid penalties. These dates are as follows:

- 1) P.A.Y.E and S.D.L 7th of the following month
- 2) N.S.S.F 14th of the following month

Pay as You Earn (PAYE)

15.13.2. Deductions shall be computed according to the specified rates contained in the P.A.Y.E tax tables provided by the Income Tax Department. The tax obtained should then be reduced by the amount of relief that each individual is entitled to.

15.13.3. A copy of the monthly deductions of PAYE credit slip shall be lodged in the bank with the amount of the tax. At the end of the year, the Organization is required to furnish the following details by the 28th of February of every year: -

- Taxation deduction card for each employee, showing the tax deducted from his/her salary by month.
- P.A.Y.E supporting list showing the total tax deducted from employees for the whole year.
- Certificate of pay and tax issued to every employee-confirming amount of PAYE that has been deducted from his/her salary.

Contribution to Social Security Fund

15.13.4. Deductions are computed at 5% of the employee’s Gross pay. The employer makes a contribution equal to 15% of the employee’s Gross pay.

16. INSURANCE

16.1. Objective

To describe insurance policy and procedures applied by TABIO in safeguarding itself against potential losses.

16.2. Policy

TABIO shall at all times take appropriate insurance policies to protect the organization against losses.

16.3. Responsibility

The Coordinator shall be responsible on behalf of TABIO for effecting appropriate insurance policies with reputable insurance companies for all TABIO assets and liabilities.

16.4. Operating guidelines

After a cost-benefit analysis, management shall determine the various risks against which to take insurance cover. Normal insurance cover includes those against fire, theft, all risks, comprehensive cover for vehicles, public liability etc.

All purchases/disposals of fixed assets shall be, on a timely basis, added/deleted to/from the fixed assets register and schedule of insured property.

The Coordinator in liaising with Finance and Administration Officer shall review the insurance cover under each policy annually. The full replacement value shall be covered at all times.

16.5. Internal financial control

Any losses involving insured assets shall be communicated as quickly as possible to the insurance company. The insurance schedule shall be reviewed regularly to ensure the continued validity and comprehensiveness of such covers.

17. FAXES/ MAILES / TELEPHONE

17.1. Policy

TABIO shall bear only the official costs related to Faxes, Telephone and or mails.

17.2. Responsibility

The Administrator shall be responsible for ensuring that proper records are kept at all times and that staff recoveries are communicated to finance within the stipulated time where staff are surcharged. Personal telephone/faxes/mails shall be charged to staff personal accounts pending recovery.

18. MONTHLY CLOSING REQUIREMENTS

18.1. Policy and Administration

18.1.1. **TABIO**' policy on monthly closing procedures shall ensure that:

- The accounting books are closed and balanced every month;
- Bank accounts are reconciled monthly;
- Any issues arising from above are cleared up before the end of the following period as specified.

18.1.2. The procedures described in this section are meant to ensure that:

- A systematic approach is followed in effecting period end closing procedures to ensure accuracy and completeness.
- Proper period-end cut-off of transactions is affected and adjustments are made for all completed transactions so as to incorporate them in the financial statements.
- That appropriate documentary evidence is created to support all period end adjustments to enable verification of such amounts.
- The procedures described in this section are applied at the close of the business on the last day of the period or before the commencement of business in the subsequent period.

18.1.3. The **Accountant shall** post to each account monthly from the books of prime entry i.e. bank cashbooks, petty cashbooks. Debit entries come from grand totals for receipts in respective cashbooks and credit entries representing payments grand totals.

18.1.4. Postings to these accounts shall be done monthly when the cash and petty cashbooks are totaled, cash journals raised and other ledger postings done. The procedures for these are set out in the following sub-sections.

18.2. Journal Entries

18.2.1. A journal entry is intended for correction of posting errors, adjustments and those transactions that do not go through the cashbook.

18.2.2. A Journal entry shall be made in the journal book whenever any of the above transactions is affected. The journal entry should give full explanation of the nature of the transaction. The journal book is then submitted to the Finance and Administration Officer for approval.

18.2.3. The Accountant shall post journal entries immediately after approval. Appropriate supporting documentation should be filed in a box file to show the necessary workings.

18.2.4. Adjusting and error correction journal entries arise during reconciliation exercises, e.g. bank and fund control accounts. Bank reconciliation is covered in the next sub-section.

18.2.5. Transactions that do not go through the cashbooks include:

- Accruals and month -end (or year-end) provisions
- Apportionment of revenue grants
- Depreciation

Accruals and provisions

18.2.6. Income and expense accrual and provisions require to be made at the end of the period for income and expenses expected. The purpose of accruals is to achieve appropriate matching of grant revenues with related expenses.

18.2.7. Purchases and expenses are accounted for when they are paid. Accruals are required where supplier invoices are on hand at the end of the period but are still unpaid. These may also be made when invoices are expected and are not yet received. The purpose of accruals is to achieve recording of expenses in the correct period.

18.2.8. The **Accountant shall** prepare a list of all unpaid suppliers' invoices and submits a journal entry together with the listing to the **Finance and Administration Officer** for approval for the total amount.

Revenue Grant Apportionment

18.2.9. Revenue grants require apportionment where the donor provides funding covering more than one financial period. The purpose of apportionment is to achieve appropriate matching of grant revenues with related expenses.

18.2.10. Cash received for revenue grants is initially credited to deferred grants through the cashbook. At month end, the amount of grants utilized is transferred to Revenue Grants by journal entries as follows:

Dr. Deferred Grants	XX
Cr. Revenue Grants	XX

18.2.11. The **Finance and Administration Officer** shall add up depreciation charge for assets in the same category and pass the following journal entry:

Dr. Depreciation costs	XX
Cr. Provision for depreciation	XX

18.3. Bank Reconciliation

18.3.1. At the end of each month, the **Accountant** shall reconcile the cashbooks against the respective bank statements

18.3.2. The **Accountant**:

- 1) Ticks off on each cash book and its bank statement, transaction entries that have been cleared with the bank
- 2) Effects the posting of items that appear on the bank statement but are not yet posted in the cashbook. This is done by preparing a journal entry in the journal books. The journal book is submitted to the **Finance and Administration Officer** who reviews and authorizes the journal entry.

- 3) Totals up all the cashbook columns, with appropriate page “carry forward” and “brought forward” amounts. She does a cross cast for each page. This confirms that the grand “total amount” agrees with the sum of all the analysis column totals.
- 4) Identifies the outstanding items i.e. those remaining unticked on both the cashbook as well as the bank statement.
- 5) Prepares the reconciliation statement as shown under Appendix VI. The reconciled cash book balance must agree with the bank statement balance, otherwise, any differences are investigated immediately and corrected.

18.3.3. The **Finance and Administration Officer** shall review the reconciliation statement and initials the statement to confirm this, followed by the **Coordinator’s** approval.

18.3.4. The **Finance and Administration Officer** shall follow up on items, which have been outstanding on the bank reconciliation statements for more than two months. The same is done for unusual items appearing on the bank statement but not originating from the cashbook. All bank statements are retained in a file for future reference. Copies of all deposit slips are also retained in the same file.

19. FINANCIAL REPORTS

19.1. Policy and Administration

19.1.1. **TABIO**' policy shall aim at ensuring that:

- The Organization prepares timely
 - Monthly management reports;
 - Monthly trial balance;
 - Year-end financial statements and reports within two months after the year end;
 - And donor reports as and when required
- Management runs the Organization efficiently through effective monitoring and control systems.

19.1.2. The reports to be produced and their frequency are as follows:

REPORT TITLE	FREQUENCY
Trial balance	Monthly
Income and Expenditure Statement	Monthly
Statement of financial position	Monthly
Statement of cash flows	Quarterly
Donor reports	As required

19.1.3. QuickBooks will easily produce Donor Reports if these are designed as some of the desired output report.

19.1.4. **TABIO**'s financial year runs from January 1st to December 31st.

19.2. Trial Balance

19.2.1. To facilitate the extraction of monthly transaction balances, the trial balance schedule has year-to-date totals for 'this month' and 'last month'. The difference shows the incremental amounts which represent transactions for the current month.

19.2.2. At the end of each month, the **Accountant** shall extract from QuickBooks the:

- Cash journals;
- Provisions journals;
- Accrual journals; and
- Correction journals. (These are manual accounting system)

19.2.3. The **Finance and Administration Officer** totals all the debt entries, then all the credit entries in each account. By calculating the difference between the two totals, obtains the month's closing balance for the account.

19.2.4. The **Accountant** enters the closing balance in pencil in the ledger account, after the last entry of the month. If the account has a debit closing balance, the pencil entry is made in the credit column of the ledger. The opposite is done when the closing balance is a credit.

19.2.5. The **Accountant** prepares the balancing schedule for each control account as follows:

- Prepares a detailed listing schedule of all the subsidiary accounts balances then calculates a grand total for the schedule.
- Extracts the control account balance from the spreadsheet;
- Determines the difference between the two accounts investigates and corrects any errors identified.
- Prepares any correction journal entries arising from the control account balancing exercise and identifies any accounts with outstanding reconciliation differences.

19.2.6. The **Accountant** then passes the journal entries to the **Finance and Administration Officer**.

19.2.7. The **Finance and Administration Officer** checks and authorizes the correction journal entries and guides the Accountant on further actions to be taken to resolve the outstanding reconciliation differences.

19.2.8. The **Finance and Administration Officer** rules off each ledger account and carries the closing balance forward, which becomes the next month's opening balance. This is done before posting any entries for the following month.

19.2.9. The **Finance and Administration Officer** extracts the closing balances and enters them in the trial balance schedule. He/she casts the trial balance schedule, establishes whether the debit column total balances with the credit column total and resolves any balancing differences.

19.2.10. The **Accountant** and the **Finance and Administration Officer** together resolve any trial balance schedules, which are out of balance and finalize.

19.3. Income and expenditure account

- 19.3.1. The income and expenditure account shall be prepared monthly in the form prescribed for **TABIO's** published accounts while meeting the requirements stipulated in the **International Financial Reporting Standards (IFRS)**.

19.4. Balance Sheet

- 19.3.1. The balance sheet shall be prepared monthly in the form prescribed for **International Financial Reporting Standards**. The balance sheet should include notes to the financial statements, including Fixed Assets Summary Movement Schedule.

19.5. Cash flow statements

- 19.5.1. This statement is prepared on a quarterly basis and at the end of each year in the form prescribed by the **International Financial Reporting Standards**.

20. TIME RECORDING AND OVERHEAD ALLOCATION

20.1. Time Recording

All employees working with the TABIO head office to keep time sheets. Each month the time sheets will be costed, and the costs will be charged to projects. Each month non-staff costs will also be charged to projects. These charges will be calculated in an open and transparent manner that can be provided to funding agencies, when required.

20.2. Overhead Allocation

All expenditure in the Organization operations will be allocated to projects each month, according to the budgeted rates. Organization Operations may show small balances at the end of each month, but at year-end the balance in Organization Operations must be zero.

Procedure for time recording and overhead allocation will be as follows.

Step 1: Creating an Annual Time Budget for each staff member – Refer to Appendix IX, Annual time budget of staff member

- Each staff member sets an annual time budget.
- The Coordinator approves the time budget.
- The time budget shows the number of days expected to be spent on each project.
- The time budget also shows the amount of time on core (i.e. Non-project tasks) activities during the year. Number of working days in the year is calculated on the following basis: -

▪ 52 weeks in a year, each with 5 potential working days	260
▪ Less: 5 weeks holiday entitlement	(25)
▪ Less: allowance for national/religious holidays	(10)
▪ Less: allowance for sick days during the year	(10)
▪ Number of working days in the year	215

Step 2: Creating a Project Days Summary – Refer to Appendix X, Example of Project's Days summary

- The Accountant prepares staff time budgets for all staff into a project day's summary. The summary provides the total budgeted time worked for each project and for core activities, resulting in a grand total for all staff.
- Staffs are listed in the department/unit in which they work.

Step 3: Establishing the Organisational Budget – Refer to Appendix XI

- The Organisational budget should have a separate line item for all expenditure.
- The example in the appendix shows the minimum list for Organisation's accounts.
- There should be two sections in the budget. One section should be for staff salaries and benefits, and the other section should be for other non-staff, costs.
- A separate schedule should be produced to show the total salary and benefits for each member of staff. That is, the schedule should show the base salary in one

column, and each salary-related benefit such as Social Security, etc. should be in a separate column.

- Other benefits such as housing, travel and other allowances should be included in the schedule. It is suggested that there is a sub total column after salary and the benefits related to salary, and before the columns related to housing allowances, etc.

Step 4: Establishing a Daily Cost of Employing Each Staff Member – Refer to no. 3 in the Appendix XII

- The daily cost of employing each staff member is calculated by dividing the total annual cost of salaries and benefits, by the working days in the year.
- Details of the total cost for each staff member are provided in the salaries and benefits schedule mentioned above under Step 3.

Step 5: Setting the Individual Charge Out Rate for Each Staff Member – Refer to no. 4 in the example in Appendix XII

The charge out rate is based upon the individual's total cost of employment. That is, it reflects the cost to the Living Wage as recommended by the Living Wage Foundation (LWF) of the staff member working on the project.

- The charge out rate includes a mark-up to ensure that total employment costs for all staff are covered in the charges to projects.
- The charge out rate includes non-project days and non-project staff.
- In the example in no. 4 of the Appendix XII, the formula for calculating the charge out rate has been provided for all staff members.
- In order to ensure that the charge out rate is accurate, it is advisable that a schedule be set up to check the calculations. Refer to the example in no. 5 of the Appendix XII. Columns A and F should have the same total.

Step 6 Setting the Shared Office Cost Rate – Refer to no. 6 in the example in Appendix XII

- The shared office cost rate is a daily rate and it must cover the total costs of non-staff expenditure.
- It is a flat rate for all employees, regardless of their salary.
- The flat rate basis of this charge is the fairest way to spread the non-staff overhead costs as, for instance, the Representative is likely to use approximately the same amount of stationery, computer capacity, electricity, etc. as any other staff member.
- The shared office cost is charged to each project on the basis of chargeable project days.

Step 7: Establishing the Budget for Shared Office Costs Chargeable to Projects – Refer to no. 7 in the example in Appendix XII.

The budgeted shared costs for each project are calculated by taking the total forecast chargeable projects days for each project (see the number of days in the column Total Chargeable Project Days in Appendix X) and multiplying each total with the shared office cost rate.

Step 8: Preparing a Budget for Staff Costs and Non-Staff Costs Chargeable to Projects – Refer to the example in Appendix XIII.

- A budget schedule for all staff costs and non-staff costs can now be set up.

- The grand total in the column Total Amount Charged should be the same figure as the Budget for Organisation.

Step 9 Preparation of Time Sheets for Each Staff Member – Refer to example in Appendix XIV

- A monthly time sheet should be prepared for each staff member.
- Times are recorded in hours.
- The time sheet should be filled in on a daily basis throughout the month.
- The time sheet should be signed and countersigned at the end of the month and handed to the finance section.
- The time sheet is costed on a separate schedule and the costs charged to projects at the end of each month.

20.3. New Projects

When a new project is commenced, the above budgets, schedules and charge out rates may need to be recalculated in order to include the new project. It will depend upon the size of the new project. An example would be the occurrence of a major emergency.

20.4. Adjustments for Actual vs. Budget

The budgets, schedules and charge out rates should be regularly checked against actual costs and expenditure.

21. BUDGETARY CONTROL

21.1. Budget Preparation

21.1.1. The annual budget shall be prepared at the beginning of the year and presented to the Board of Directors for approval before the beginning of the financial year.

21.1.2. The various department heads shall prepare individual departmental budgets and submit them to the **Finance and Administration Officer** for review and consolidation.

21.1.3. The proposed budgets shall be deliberated in a budget meeting attended by the heads of department, **Finance and Administration Officer, and the Coordinator**.

21.1.4. The **Finance and Administration Officer** shall consolidate the amended departmental budgets to produce an overall annual **TABIO** budget. The Coordinator then submits this budget to the board for approval.

21.2. Management Information Reports

21.2.1. At the end of each month, the **Accountant** shall prepare monthly budget reports for each department.

21.2.2. The budget report shall compare actual results with the budgeted amounts. The variance is indicated and an explanation for difference enclosed under the remark column.

21.2.3. The Finance and Administration Officer at the monthly management meetings, which are attended by the Officers, shall present the monthly budget report.

21.3. Budget re-allocations

21.3.1. To describe the procedures and policies governing budget re-allocations within TABIO.

21.3.2. The donor organization shall approve budget variations that will have the overall impact of increasing the overall annual budgets.

21.3.4. The Coordinator may approve re-allocation of funds from one expenditure line to another within the same programme/project/unit, provided that the funds available for the particular programme/project/unit are not exceeded. This may also depend on the donor agreements that TABIO has signed.

21.3.5. It shall be the responsibility of Coordinator to ensure that there is adequate and proper budget for all TABIO activities and that spending is within approved budgets.

21.3.6. Budget re-allocation of funds shall be allowed where there is an urgent need for expenditure for which there was no allocation in the approved estimates or where the estimates are insufficient and such expenditure was unforeseen at the time the estimates were prepared and which cannot be postponed for consideration in the subsequent period's funding without serious injury to the interests of TABIO.

21.3.7. Vote holders and or Project Officers communicate, in writing, their needs and estimates for additional budgets to the TABIO Coordinator at the earliest opportunity on detecting budget shortfalls. The Coordinator shall review the request and through discussions with the concerned donor organization(s) take appropriate action to resolve the shortfall.

21.3.8. Budget re-allocation is in writing. When re-allocation is made within the same programme/project/, the original expenditure line budget from which the re-allocation was made shall be reduced accordingly and it shall be ensured that the revised estimate shall not be exceeded during the year.

21.3.9. The donor organization approves budget re-allocations that increase the overall budget for the period; this may however differ amongst the different donors and shall be based on the funding agreement.

22. REPORTING RESPONSIBILITIES AND PAPER TRAILS

Finance and Administration Officer

Responsibilities	Documents
<ul style="list-style-type: none"> Controlling the distribution and amendment of the Finance Policies and Procedures Manual 	Finance Policies and Procedures Manual
<ul style="list-style-type: none"> Efficient operation of an imprest petty cash system 	Petty Cash vouchers and Petty Cash Book
<ul style="list-style-type: none"> Ensure adequate cash and cheque receiving controls 	Receipts, Bank Deposit Slips, Bank Statements, Bank Reconciliation Statements
<ul style="list-style-type: none"> Oversee and co-ordinate purchasing procedures Approve purchases 	Purchase requisition, LPO, Cheque
<ul style="list-style-type: none"> Authorization and control of all payments 	Imprest Requisition Form, Cheque And Cheque vouchers
<ul style="list-style-type: none"> Approval of stock requisitions from the store and from suppliers Surprise stock takes 	Stores Requisition Form
<ul style="list-style-type: none"> Ensure proper controls are in place to safeguard the assets of the institution Approve purchases of fixed assets 	Fixed Assets Register, LPO
<ul style="list-style-type: none"> Approve the payroll summary and co-ordinate the payment of salaries and payroll taxes 	Payroll summary, Tax return forms
<ul style="list-style-type: none"> Periodic reporting on the financial position of TABIO 	Income and Expenditure Statements, Statement of Financial position, Statements of cash flows, Bank Reconciliation Statement
<ul style="list-style-type: none"> Periodic evaluation of financial performance 	Budget reports

Accountant/Finance Assistant

Responsibilities	Documents
<ul style="list-style-type: none"> Periodic reviews of Petty Cash Books 	Petty Cash Book, Receipts
<ul style="list-style-type: none"> Documentation of all receipts 	Receipts, Cash Book, Bank Statements
<ul style="list-style-type: none"> Banking of cash and cheque deposits 	Cash and Cheque Deposit slips, Imprest Accounting Form
<ul style="list-style-type: none"> Documentation of all payments made 	Imprest Requisition Form, LPO, Supplier's Invoice, Delivery Note, Cash Book

<ul style="list-style-type: none"> Monitoring of stock levels Places orders for replenishment Supervision of annual stock take 	Store Ledger Cards, Local Purchase Order
<ul style="list-style-type: none"> Maintenance of fixed assets records 	Fixed Assets Register, LPO, GL
<ul style="list-style-type: none"> Preparation of payroll documents and of the related tax documents 	Tax Return forms, Payroll Summary
<ul style="list-style-type: none"> Preparation of periodic financial reports 	Income and Expenditure Statement, Balance Sheet Statement, Cash flow Statement, Bank Reconciliation Statement, Trial Balance
<ul style="list-style-type: none"> Preparation of budget reports 	Budget reports

Receptionist/Secretary

Responsibilities	Documents
<ul style="list-style-type: none"> Disbursement of Petty Cash 	Petty Cash vouchers and Petty Cash
<ul style="list-style-type: none"> Replenishment of Petty Cash 	Book, Receipts
<ul style="list-style-type: none"> Issue of office supplies from the stores 	Requisition Form, Stock Ledger Cards

23. YEAR END PROCEDURES

23.1. Objective

To describe the nature and type of financial reports and financial information produced at year-end.

23.2. Policy

Audited financial statements shall be submitted to the Board of Directors for approval by the end of the third month following year-end.

23.3. Responsibility

It shall be the responsibility of the Coordinator to ensure that year-end reports are accurate, complete, and timely and that they are distributed to the respective end users and external auditors.

23.4. Operating guidelines

The reporting currency of TABIO will be in TZS this may vary based on funding requirements. The following financial reports and statements, as a minimum, shall be produced at year-end:

- Bank reconciliations
- Petty cash reconciliations
- Grants schedule
- Trial balance
- Income, Expenditure and Variance reports
- Balance sheet

An audit file shall be set up to provide supporting schedules and information for the year-end financial statements.

The following timetable of year-end events shall be adhered to:

Year-end event	Due date	Responsibility
Annual cut off	31 December	Finance and Administration Officer
Annual Stock take	31 December	Accountant
Start of final statutory audit	15 February	Finance and Administration Officer
Filing of statutory PAYE returns	28 February	Finance and Administration Officer
Presentation of final accounts to the Board of Directors	20 March	Finance and Administration Officer

24. WRITE OFF OF LOSSES

24.1. Objective

To describe the policy and control procedures adopted by TABIO in the management of losses related to asset write-off.

24.2. Policy

The Board of Directors shall approve write-off of all losses affecting the Organization.

24.3. Responsibility

The Finance and Administration Officer shall be responsible for the correct identification and accurate reporting of all items requiring write-off.

24.4. Operating guidelines

The Finance and Administration Officer shall, prepare a list for the review by the Coordinator of all expected write offs in each year as represented in the accounts submitted for final audit, with accompanying explanatory notes on the circumstances necessitating the requested write off for each individual item or class of items. The Coordinator may request for further explanations or investigations into any item on the list. Once satisfied, s/he shall issue his recommendation before submission to the Board of Directors for approval.

24.5. Internal financial control

All items for write-offs are correctly identified and reported. The list of write-offs is reconciled to final accounts and is a subject of an independent audit. Full investigation and report is prepared on each potential write-off item. Only the Board of Directors has the authority on write-offs.

25. DAILY SUBSISTENCE ALLOWANCES (DSA)

25.1 Objective

To establish the conditions under which employees (and affiliates) shall be eligible to receive DSA payments and provide for the levels and terms of these benefits.

25.2 Eligibility and coverage

25.2.1 The Coordinator shall with the consent of the Board establish rates for DSA for different types of location for employees who are travelling on duty and are required to spend the night out of their normal station (i.e. night outside the city/town of work residence).

25.2.2 TABIO has different DSA rates for her employees as well as non-employee affiliates (such as Board Directors, members, partner staff and national consultants), depending on Position or status (Refer to TABIO Human Resource Manual for detailed breakdown).

25.2.3 The DSA shall cover the cost of accommodation, meals, local transport between hotel and office/main work station, communication, laundry and all incidentals. The costs of transport between towns, between airports and hotels, and between different locations for meetings; costs of doing fieldwork and other expenses directly necessary for undertaking officially assigned duties shall be additional to the DSA and shall be reimbursed against bona fide receipts.

25.2.4 In cases where actual costs incurred are below DSA provided the employee shall retain the difference. In cases where actual costs incurred are higher than DSA provided, the employee shall be responsible for the difference. In exceptional circumstances of the latter case the employee concerned may petition the Coordinator (and where possible in advance of commencing the journey) to pay the difference where it can be demonstrated that actual costs were higher than provided and there were no other reasonable alternatives available, and where such expense is fully documented and supported by original receipts/proof of payment. In such cases the Coordinator shall consult with the Finance and Administration Officer and make a final determination and document the reasons for such a decision.

25.2.5 To the maximum extent practicable, bookings shall be made in advance.

25.2.6 Both the Organization and employees shall at all times seek to minimize costs and obtain value for money in relation to work travel and accommodation. The Finance and Administration Officer shall seek to establish special agreements for discounted rates with appropriate hotels in frequently visited locations, and in such cases, employees shall normally stay at these hotels or other places of their choice at equal or lower cost.

25.2.7 In no case may an employee receive compensation for accommodation, meals, transport or any other cost that has been covered by another entity or through other means (i.e. no double compensation may be accepted).

25.3 Rates

25.3.1 Employees required to undertake overnight travel in the course of their duties in the country are entitled to get per diem to cover for accommodation, food, and incidentals such as laundry, etc. amounting to Tshs 120,000/= for City and Municipality and 100,000/= for Regional and District Towns. Whereas Board members shall get Tshs 150,000/= or 130,000 respectively. Where lunch is provided by the host, the per diem will be reduced by Tshs 10,000/= and where full board is provided a stipend of Tshs 50,000 shall be paid per day.

25.3.2 DSA and other allowance rates shall be reviewed about once a year in the context of market conditions and determined by the Coordinator. The decision of the Coordinator and the basis for it shall be subject to consent by the Board.

25.3.3 Rates established shall normally take effect in January and be valid for one year; however, where circumstances demand the coordinator reserves the right to adjust the rates at any other time.

25.3.4 DSA rates for overseas travels for TABIO's staff, member of board, or volunteers shall be equivalent to the prevailing rates for public transport means as shown in Appendix XV. The rates may change depending on availability of funds.

25.3.5 In the event where bus transport receipts cannot be obtained, then indicative bus fare rates given by National Transport regulator i.e. SUMATRA shall be used. In the event where the indicative bus rates are not available then the accountant will work to establish various route rates and have the rates reviewed by Finance and Administration Officer before being approved by the Coordinator.

26. ANNUAL STATUTORY AUDIT

The financial year of the organization shall begin on 1st of January and end on the 31st of December in each year to which day the accounts of the organization shall be balanced.

These financial statements shall be audited as provided below:

- A qualified independent external public auditor shall perform annual statutory audits with extensive experience in donor related audits.
- The External public auditor shall be accountable to the Board of Directors.
- The financial statements, together with the supporting schedules, shall be ready for audit with- in two months after year-end, giving the auditor adequate time in which to conduct and complete the audit.
- Any internal control issues that the independent auditor may come across during their statutory audits shall be communicated to the Board of Directors by way of a Management Letter by March 20th of the year following the year of audit.
- Upon appointment by the Board of Directors, the auditor shall sign a **“Letter of Engagement”** acknowledging appointment and the scope of work and terms of the engagement.
- The auditor shall produce a draft audit report and present it to the Coordinator who shall respond to the issues raised, in consultation with management, before a final report is produced.
- The auditor shall submit audited financial statements to the Board of Directors through the Director for approval by March 20th of the year following the year of audit.
- TABIO management shall ensure that audit observations and recommendations are implemented, or otherwise disposed of before the next audit.

The preparation and presentation of financial statements shall be the responsibility of TABIO Board of Directors. The auditor shall be responsible for expressing an independent opinion on the statements based on their audit, i.e. whether they show a true and fair view of the state of affairs of TABIO as at that particular date.

27. FRAUD AND IRREGULARITIES

TABIO employees who have information or have reason to suspect financial impropriety on the part of any other TABIO employee shall pass this information to the Board of Directors.

Major types of frauds and irregularity will include, but not restricted to:

- Theft
- Deception
- Manipulation of accounting entries records
- Concealment of financial information
- Bribes
- Corruption, etc.

Further action on the employee involved in fraud and irregularity may be taken in accordance to the Human Resources policies as contained in the Human Resource Manual.

28. EFFECTIVE DATE AND APPROVAL

These policies and procedures are designed to ensure that all TABIO assets are properly accounted for and controlled. These policies and procedures shall apply effective from the date of approval by the Board of Director and shall supersede all other provisions in force before that date and contrary to these provisions.

This manual may be reviewed, amended or modified in order to accommodate information technological developments and changes within the accounting profession or within TABIO. Any such amendments and revisions may only become effective upon approval by the Board of Director.

This Document of policies and procedures of FINANCE POLICIES AND PROCEDURES MANUAL was approved by the Board of Directors on the

Next Review and Approval Date

CHAIRMAN On Behalf of the BOARD OF DIRECTOR

29. APPENDICES

APPENDIX I: MANUAL AMENDMENT PROPOSAL FORM

TANZANIA ALLIANCE FOR BIODIVERSITY
MANUAL AMENDMENTS TRACKING FORMS

Amendment Reference:	Section __ (A) __	Subsection __ (B) __	Paragraph __ (C) __		
<p>Proposed Amendment _____ _____ _____</p> <p>Amendment Objectives _____ _____ _____</p> <p>Proposer's details: (E)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> Name _____ Dept / Unit _____ </td> <td style="width: 50%; border: none;"> Designation _____ Signature _____ </td> </tr> </table> <p>Head of Department (F) _____</p> <p><input type="checkbox"/> Recommended</p> <p>Signature _____ Date: _____</p> <p>Finance and Administration Manager (G)</p> <p><input type="checkbox"/> Approved <input type="checkbox"/> Deferred <input type="checkbox"/> Rejected</p> <p>Signature _____ Date _____</p> <p>Amendment No. _____ (H) _____</p> <p>Executive Director (I)</p> <p><input type="checkbox"/> Approved <input type="checkbox"/> Deferred <input type="checkbox"/> Rejected</p> <p>Signature _____ Date _____</p>				Name _____ Dept / Unit _____	Designation _____ Signature _____
Name _____ Dept / Unit _____	Designation _____ Signature _____				

MANUAL AMENDMENT PROPOSAL FORM

MANUAL AMENDMENTS TRACKING FORMS

TITLE OF FORM:	MANUAL AMENDMENT FORM
COMPLETED BY:	MANUAL HOLDERS
PURPOSE OF THE FORM: FOR APPROVAL	TO DOCUMENT PROPOSED AMENDMENTS
KEY INSTRUCTIONS	
A	Enter the section number of the manual to which the amendment refers.
B	Enter the subsection number of the manual to which the amendment refers.
C	Enter the paragraph number of the manual to which the amendment refers.
D	Write details of proposed amendment and its objectives.
E	Enter details of the person making the proposal.
F	Tick to indicate that proposal is recommended by the Head of Department.
G	Tick to indicate that proposal is approved / deferred / rejected by the Finance and Administration Manager
H	The Finance and Administration Manager inserts amendment reference number after the Executive Director's final approval.
I	The Executive Director ticks to indicate whether approved / deferred / rejected.

MANUAL AMENDMENT PROPOSAL FORM

APPENDIX II: CHART OF ACCOUNTS

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APPENDIX III: ACCOUNT CODES MAINTENANCE FORM

TITLE OF FORM: ACCOUNT CODE MAINTENANCE FORM

COMPLETED BY: **FINANCE AND ADMINISTRATION OFFICER**

PURPOSE OF THE FORM: TO DOCUMENT PROPOSAL AND ACCOUNT
 CODE DETAILS, FOR AMENDMENT OF,
 DELETION OF, OPENING OF AN ACCOUNT

KEY	INSTRUCTIONS
A	Finance and Administration Officer enters account code list details.
B	The Finance and Administration Officer indicates whether the account is a balance sheet or income and expenditure statement item.
C	The Finance and Administration Officer enters the account code category as well as its description.
D	The Finance and Administration Officer enters the account code update type, i.e. whether account code categories are being added, deleted or amended.
E	The Finance and Administration Officer prepares signs and dates the form to authenticate the whole process for the Coordinator's approval, for the Accountant to effect the changes in the general ledger.
F	The Accountant , once the ledger system is computerized, effects the changes, signs and dates to confirm this.
G	The Finance and Administration Officer checks and confirms by signing, that the change has been effected.

Sheet 2 of 2

APPENDIX IV: SNAP CHECK REGISTER

TANZANIA ALLIANCE FOR BIODIVERSITY

SNAP CHECK REGISTER

Date	Asset Description	Amount as per records	Amount physically verified	Snap checked by	Custodian	Remarks

APPENDIX V: VOUCHERS

A. Payment voucher

TANZANIA ALLIANCE FOR BIODIVERSITY			
PAYMENT VOUCHER			
PV No. XXX/20XX			
A/C	Details	TZS	Cts

Cheque No			A/c
Prepared by			Checked by:
Designation			Designation
Approved by:			Date:
Designation			

APPENDIX V: VOUCHERS (CONTINUED)

B. PETTY CASH VOUCHER

TANZANIA ALLIANCE FOR BIODIVERSITY

PETTY CASH VOUCHER

Claimant _____
/20XX

Petty Voucher No. XX

Date	Account	Particulars	Receipt No.	Amount

Amount in words

Checked by			Recipient's signature:	
Approved by			Date paid	

APPENDIX VI: BANK RECONCILIATION

TANZANIA ALLIANCE FOR BIODIVERSITY

BANK RECONCILIATION

Bank reconciliation as at _____

	<u>TZS</u>	<u>TZS</u>
Balance as per bank statement	XX	
Add: Uncleared debits on bank statement	XX	
		XX
Deposits on cashbook not credited by bank		
Less: Unpresented cheques	(XX)	
Uncleared credits on bank statement	(XX)	(XX)
Balance as per Cash Book		XX

Prepared by		Checked by:	
Designation		Designation	
Date:		Date:	

APPENDIX VII: LOCAL PURCHASE ORDER

TANZANIA ALLIANCE FOR BIODIVERSITY

LOCAL PURCHASE ORDER

No. XX

Date _____

To _____

Please supply the material described below.

Item/service	Quantity	RF No.	Cost	Discount	Net cost

Checked by _____

Approved by _____

APPENDIX VIII: PAYMENT REQUISITION FORM



P.O. BOX 70089 Dar es Salaam; Mob: +255 784 311179

Email: tabiosecretariat@gmail.com. Website: www.tabio.or.tz

PAYMENT REQUEST FORM

Date:

Name of payee:

Project:

Activity:

Details of payment:

Budget Code	Description	Amount
	TOTAL	

Amount in words:

Requested by:..... **Sign:**..... **Position:**.....

Date:.....

Reviewed by (Name):..... Sign..... Position.....

Date.....

Checked by (Name):..... Sign..... Position.....

Date.....

Approved by (Name):..... Sign..... Position.....

Date.....

APPENDIX VIII: IMPREST ACCOUNTING FORM

Retirement Form

Name	
Date	
Links to advance sheet	



Project Name:.....

Date	Description	Budget Code/Line	Expenditure (Tsh)

Amount taken		Verifying officer	
Amount spent		Name	
Balance		Title	
Signature		Signature	
Date		Date	

APPENDIX IX: EXAMPLE OF ANNUAL TIME BUDGET – FOR FINANCE AND ADMINISTRATION OFFICER

	Total Days	Core	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7
Produce annual donor report									
Produce quarterly donor report									
Produce monthly donor report									
Project visits									
Review and submit monthly reports to donors									
Management meetings									
Annual finance seminar									
Audit									
Prepare annual accounts									
Provident Fund									
Monitoring cash flow									
Budgeting									
Staff appraisals									
Negotiation with suppliers									
Others									
TOTAL DAYS									

Notes

.....

Signed

Finance and Administration Officer

Date

Signed

Supervisor

Date

APPENDIX X EXAMPLE OF PROJECT DAYS SUMMARY
Staff No.

	Total Days	Total Core Days	Total Chargeable Project Days	Project 1	Project 2	Project 3	Project 4	Project 5
Governance Office:								
Co-ordinator								
Project Assistant								
Secretary								
Finance Office:								
Finance Manager								
Accounts Clerk								
Procurement Office:								
Logistics Officer								
Secretary								
Driver								
Personnel Office:								
Personnel Officer								
Support Staff:								
Administration Manager								
Reception/Telephone								
Office Assistant								
Driver								
Cleaner								
Security Guards (3)								
TOTAL DAYS								

APPENDIX XI: ORGANISATION'S OPERATIONS BUDGET

Description	Amount	Total
Salaries and benefits		
National staff - salaries and benefits		
National staff – others		
Sub total	xx	
Other Expenditure		
Advertising		
ALTO Fees (Assignment, Leaves, Termination for staff)		
Audit fees		
Bank fees		
Computer and accessories		
Legal expenses		
Maintenance – office building, furniture and equipment		
Meeting expenses		
Office consumables		
Office equipment -new		
Office furniture- new		
Photocopy expenses		
Postage and courier		
Printing - general		
Rent - office		
Staff training		
Stationery		
Subscriptions- journals, magazine		
Telephone, fax and emails		
Translation expenses		
Travel - international - tickets		
Travel – international - others		
Travel – local tickets		
Travel – local others		
Utilities		
Vehicle expenses		
Sub Total		
GRAND TOTAL		xxxxxxx

APPENDIX XII: CALCULATION OF CHARGE OUT RATES

1 Total Budget for Organisation Costs:

Salaries and benefits	xxx	xx%
Other expenditure	xxxx	xx%
	xxxxxx	

2 Forecast Number of Chargeable Days:

Total Chargeable Project Days taken from Appendix X **xxxx days**

3 Establish the Daily Cost of Each Staff Member

The calculation for each staff member is:

The full cost of employment

215 (working days in the year)

A

B

Staff No.		B=A/215	
		Full cost of employment USD	Daily cost of employment USD
1.	Co-ordinator		
2.	Project Assistant		
3.	Organization Office secretary		
4.	Finance Manager		
5.	Chief Accountant		
6.	Accounts Clerk		
7.	Logistics Officer		
8.	Logistics Assistant		
9.	Logistics Secretary		
10.	Logistics Driver		
11.	Personnel Officer		
12.	Administration Manager		
13.	Reception/Telephone		
14.	Office Assistant		
15.	Office Driver		
16.	Cleaner		
17.	Security guard		
18.	Security guard		
19.	Security guard		
	Budgeted Total Salaries and Benefits	-	

4. Set Individual Charge Out Rate for Each Staff Member:

$$\text{Charge out rate} = \text{daily cost} \times \frac{\text{Net value of staff costs to be recovered}}{\text{Total cost of forecast chargeable days}}$$

	A Full cost of employment	B $B = A/215$ Daily Cost of Employment	C Forecast number of chargeable days	D $D = B \times C$ Cost of forecast chargeable Days
1.	Organization Coordinator			
2.	Project Assistant			
3.	Finance Manager			
4.	Chief Accountant			
5.	Accounts Clerk			
6.	Logistics Officer			
7.	Personnel Officer			
	Net value of staff costs to be recovered (Total A)		Total C	Total cost of forecast chargeable days (Total D)

Net value of staff costs to be recovered (Total A)

Total A

Total cost of forecast chargeable days (Total D)

=

Total D

=

E

Examples:

Charge out rate for staff no. 1 = $A \times E = G$ per day

Charge out rate for staff no. 7 = $A \times E = G$ per day

In order to check the above calculations, see the schedule on the next page

5. Schedule to check the calculations in no. 4 on the previous page:

	A	B	C	D	E	F
Staff No.	Full cost of employment (USD)	B = A/215 Daily Cost of Employment (USD)	Forecast no. of chargeable days (Days)	D = B x C Cost of forecast chargeable days (USD)	E = B x total A/ total D Charge out rate USD	F = E x C Forecast income from chargeable days (USD)
1						
2						
3						
4						
5						
6						
	Total A		Total C	Total D		

6. Set the Shared Office Cost Rate:

Net value of non-staff costs to be recovered (Other expenditures) _____

Forecast number of chargeable days (Total C)
= **USD XX per day**

7. Budgeted Shared Office Costs Chargeable to Projects:

	Forecast days	x	Flat daily rate	=	Annual charge
Project A	---		---		-----
Project B	---		---		-----
Project C	---		---		-----
Project D	---		---		-----
Project E	---		---		-----
Project F	---		---		-----
Project G	---		---		-----
	Total				Total

APPENDIX XIII EXAMPLE OF BUDGETED STAFF COSTS AND NON-STAFF COSTS CHARGEABLE TO PROJECTS

	Charge out rate	Total amount charged for all projects	Project A		Project B		Project C		Project D		Project E	
			No. Days	USD	No. Days	USD	No. Days	USD	No. Days	USD	No. Days	USD
Governance's office	USD	USD										
1. Coordinator												
2. Project Assistant												
3. Secretary												
Finance Office:												
4. Finance Manager												
5. Account												
Support Staff:												
0. Office Assistant												
1. Cleaner												
Total Staff Costs												
Non-Staff Costs												
GRAND TOTAL												

APPENDIX XIV EXAMPLE OF TIME SHEETS

Day	Time Allocation in Hours									Comments
	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	TOTAL	
01										
02										
03										
04										
05										
06										Saturday
07										Sunday
08										
09										
10										
11										
12										
13										Saturday
14										Sunday
15										
16										
17										
18										
19										
20										Saturday
21										Sunday
22										Public Holiday
23										
24										
25										
26										
27										Saturday
28										Sunday
29										
30										
31										
TOTAL										

I certify that I have worked the hours reported above on the date(s) stated.

Signed by Authorized by

Date Date

APPENDIX XV: OUTSIDE THE COUNTRY PER DIEM RATES

Position	Rates
Board Directors/Coordinator	US\$ 365
	EUR 280
	GBP 180
Senior Officers	US\$ 310
	EUR 240
	GBP 155
Middle Management Level	US\$ 200
	EUR 130
	GBP 100
Others	US\$ 145
	EUR 90
	GBP 70

Note: These are the applicable rates in public sector in Tanzania.

