



Financial Policy and Procedure Manual

**UNITED ESWATINI DIASPORA**

**FREEDOM IS OUR BIRTHRIGHT WE WILL HAVE IT**

## **EXECUTIVE SUMMARY**

These Financial Policy and Procedures Manual are developed to serve as a Financial Guide to all the partners and management of UNITED ESWATINI DIASPORA and are hereby commissioned by the Board of Directors Chairperson of UNITED ESWATINI DIASPORA.

This is to provide guidance to all members and management on how to better manage the financial affairs and practices and ultimately operate in a safe, efficient and professional manner.

The manual will help all staff members and management to operate with greater proficiency and professionalism and, in so doing, help them to cope up with an increasingly complex and competitive financial environment.

Endorsed By: - Mr./Ms.....

**Board of Directors Chairperson**

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# 1. INTRODUCTION

- 1.1 Purpose and Structure of the Manual
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## 1.1 Purpose and Structure of the Manual

UNITED ESWATINI DIASPORA is a non-profit organization that has been founded to advocate and support the establishment a platform to advance freedom, dignity, and development of Emaswati, mobilizing society and the international community to act against gross violation of human rights in Eswatini and appeal for support for democratic transformation in Eswatini, and coordinating humanitarian and welfare support for crisis affected people of Eswatini.

It is a duly constituted organization according to the laws of the Government of the Republic of South Africa and affiliated to the relevant NGO sector and Consortium guided by the available regulations.

This manual aims to provide clear and reliable information in a format accessible to staff and management of the organization. It is intended to be a comprehensive guide and while it may not answer every possible question will provide a starting point for further reference.

*The manual is divided into two parts. The first part consisting of chapters 1 through to 6 focuses on the macro financial management policy and procedures with the remainder focusing on the administrative policies and procedures in place within the organization.*

## 1.2 Policy versus Procedures

Policy is approved by the Board after consultation and recommendations from Directors, staff members and compliance is mandatory. Procedures and background information is provided as a guide and is recommended as best practice.

### **1.3 Availability of the Manual**

UNITED ESWATINI DIASPORA has developed this manual in electronic copy for access and to facilitate updating, and it can be printed as hard copy on request.

### **1.4 Maintenance and Update**

The Manual will be updated and maintained on a regular basis. Updates will occur as a result of:

- Changes in policies;
- Changes in functions in a task and/or structure;
- Audit recommendation;
- Decisions from the Board, Directors and our partners.

Any suggestions regarding current or new content would be most welcome and should be directed to the Finance & Administrative Officer of UNITED ESWATINI DIASPORA.

### **1.5 Definitions**

Glossary of Terms

- Acronyms
- Definitions

#### **1.5.1. Acronyms**

- AP: Accounts Payable (Creditors) Invoice
- ITS: Information Technology Services
- PAYE: Pay as you earn taxation
  
- VAT: Value Added Tax
  
- GL: General Ledger
- AR: Accounts Receivable (Debtors) Invoice
- LLLO: United Eswatini Diaspora
- FPPM: Financial Policy and Procedures Manual
  
- HOD: Head of Department

- IT: Income Tax
- CAWSEP: Capital Works and Significant Equipment and other Projects

### 1.5.2. Definitions

**Account** - Basic unit for collating income and expenditure for an organization, cash book etc.

**Capital Evaluation Policy & Procedures** - The organization has established a process for evaluating proposed significant Capital Expenditure, or the "CAWSEP" procedure. "CAWSEP" is defined as "Capital Works and Significant Equipment and other Projects. Capital works refers to all capital expenditure on land and buildings.

**Debit** - An entry to an account with the effect of increasing expenditure, increasing an asset, decreasing a liability or decreasing revenue. Where the operations of an activity result in a debit balance the sum of expenditure exceeds the sum of revenue. In carry forward terms a debit balance is an overdraft.

**Credit** - An entry to an account which recognizes revenue or a liability, or decreases an expense or an asset. Where the operations of an activity result in a credit balance the sum of revenues exceeds the sum of expenditures. In carry forward terms a credit balance is equivalent to being in funds.

**Asset** - Resources controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity, A capital item which is expected to last more than one year. For example items of land and buildings.

**Liability** - Present obligations of an entity arising from past events, the settlement of which is expected to result in an outflow from the entity of economic benefits. An obligation to another party which arises from a past event and results in a sacrifice of service potential measurable in Lilangeni terms.

**Expense** - Decreases in economic benefits in the form of outflows or depletion of assets, or incurrence of liabilities that result in decreases in equity (other than decreases because of distributions to owners). Payment for goods or services. Amount of money required to obtain an input.

**Income** - Increases in economic benefits in the form of inflows or enhancements of assets, or decreases of liabilities that result in an increase in equity (other than increases resulting from contributions by owners). Income embraces revenue and gains.

Arises from the sale of goods or services or any income e.g. a grant. Amount of money obtained or obtainable from the supply of a good or a service

**Surplus** - Results from income exceeding expenses for a period.

**Deficit** - Results where expenditure exceeds income for a period

**Commercial Activities** - Any activity conducted from within the organization to mobilize resources and to external clients which have the creation of a financial surplus or the reduction of costs, for the organization, as its main purpose.

**Variance** - The difference between an actual value and a budget value.

These acronyms and definitions are used throughout this Financial Policy and Procedures Manual

## **2. FINANCIAL MANAGEMENT SYSTEMS**

### 2.1 Overview of Chapters

### 2.2 Requirements of Legislation

#### **2.1 Overview of Chapters**

Chapter 2 provides a brief introduction to the financial systems of the organization. It covers macro level policy and commentary on legislation and external reporting requirements of the organization including output reporting. Each of the following three chapters discusses fully the three key financial policies:

- Chapter 3 Resource Allocation (the budget)
- Chapter 4 Financial Delegation (the authority to spend)
- Chapter 5 Financial Monitoring and Control (the accountability)

This is followed by a more detailed review of the accountability and internal control requirements in Chapter 6.

#### **2.2 Requirements of Legislation**

##### **2.2.1 For Policy and Procedures**

UNITED ESWATINI DIASPORA will be registered as an organization not for gain in terms of section 17 of the Companies Act of 2009 and is incorporated under the Swaziland Companies Act of 2009 as Non government Organization.

Power is vested in the Directors/ Founders but any of its functions or powers (except the power to appoint a Financial Administrator, Program Manager/ Director) may be delegated to the Executive Director, who in turn may delegate to members of staff.

Management functions are:

- "to determine the policies of the organization in relation to the implementation of its charter, the carrying out of the statements of objectives and, the management of its business."
- "to ensure that systems are established for the co-ordination of, and accountability for, activities within the organization to ensure the responsible use of the resources."

The Executive Director of the organization manages the operations and administrative affairs and is given the power to delegate, by writing, any functions or powers given under the organization constitution and any statutory body. Hence the Director is acting for the organization's members, to put in place policies and administrative procedures which will ensure that resources are used efficiently and effectively.

The Director in turn entrusts the establishment of financial policies and procedures to UNITED ESWATINI DIASPORA.

### **2.2.2 For Funding:**

The organization is funded by the donors and well-wishers i.e. corporate, government agencies, individuals, directors and other Non Government Organizations around the world. The grants are given upon the approval of donors' contract of offer for the funding.

### **2.2.3 For Reporting:**

The reporting of financial performance is based on the requirements of the organization management, the funders, the government and the International Financial Reporting Standards. The form of these statements must comply with Generally Accepted Accounting Practice (GAAP) or the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

### **The Annual Report includes:**

- financial statements including an Income Statement, Statement of Financial Position, Statement of Cash Flows and Statement of Accounting Policies
- Non-financial statements (called a Statement of Service Performance) reporting on the achievement of the targets outlined in the Statement of Objectives approved by management and presented to the donors.

The annual report is subject to audit and audited accounts must be available no later than 4 months after the end of the financial year (31<sup>st</sup> March).

## **3. RESOURCE ALLOCATION & BUDGETING**

### 3.1.Introduction

### 3.2.Financial Procedures

#### **3.1 Introduction**

The organization's system of budgetary and financial controls allows the devolution of financial responsibility to the individual members in the organization. Each individual member has a key role in ensuring that organization's objectives are met and outputs are produced.

#### **3.2 Financial procedures**

##### **3.2.1. Purpose**

The purpose of this policy is to establish a link between the outputs in the organization's strategic plan and the provision of resources; to establish a link between funding based revenue generated donors and well-wishers and the resources allocated; and to allocate funds in the form of budgets for all operating and capital expenditure as stipulated in the contract of the funds.

##### **3.2.2. Overview of Resource Allocation**

The resource allocation system comprises:

- a preparation of action plan
- a budget round for every fund available
- a funding model to allocate funds to the necessary requirements
- a capital works budget for specific funding

### **3.2.2.1 Procedures for preparation of action plan**

The action plan of UNITED ESWATINI DIASPORA is developed every five years, and its elaboration refers to the documents of the development sustainable goals (DSGs), to the Swaziland action plans and poverty reduction strategies, and to the needs of beneficiaries.

Each year, UNITED ESWATINI DIASPORA develop an annual action plan basing on the organization's five years action plan and proceeds thereafter in developing the organization's budget.

Both the action plan and budget are developed in accordance with the goals of the organization and then they are adopted by the Board before the end of the fiscal year beginning on 1<sup>st</sup> April of each year.

It is reported that the activity that was not foreseen in the Action Plan is executed on the authorization of the Board of Directors and annexed to the budget that was adopted by the Board.

### **3.2.2.2 Budgeting**

The budget is developed according to the action plan with respect to the organization's programs. Programs are codified and enforced in the budget lines provided.

Once a budget line is finished before the budget review period, the Finance Administrator in consultation with the Executive Director may reallocate funds not exceeding 30% of that budget line.

The action plan is made by an internal team of the organization, coordinated by the Finance Administrator. An internal or external team develops a budget execution report quarterly and annually.

Budget submissions will be prepared in a standard format and will be debated by staff members prior to being approved by the board members.

#### **3.2.2.2.1. Budget Overview**

The budget is prepared annually and is usually scheduled over two months, typically from February to March each year, and presented to the Directors and Board for approval. Prior to this it is considered by the management team of budget.

The budget preparation is an important process and everyone has a responsibility to ensure that the budget is fully fledged with necessary information to suffice the objectives of the organization.

#### **3.2.2.2.2. Budget Review**

The budget review takes place in June each year. The Funding Model is recalculated to correlate it with the available resources. The Budget Review is also used to correct any major errors and allow for any major changes in objectives and outputs. The approval process for the budget review is similar to that for that original budget.

The objectives of the budget review are:

- Review the funding allocations
- Recalculate organization expenditures based on actual income earned
- Correct major errors or omissions
- Adjust for major timing differences
- Review for any new or discontinued initiatives

#### **3.2.2.2.3. Timing**

The budget will be prepared from February to March for the following financial year with a budget review in September of the budget year.

#### **3.2.2.2.4. Budget Approval**

The Budget and the Budget Review will be approved by the Board after consultation with the budget management team.

#### **3.2.2.2.5. Capital Expenditure**

Capital expenditure budgets will be prepared in accordance to the funding or availability of resources for such expenditure.

#### **3.2.2.2.6. Relating Budgets to Income Earned**

In order to establish a link between the funding that the organization receives and the income it earns, expenditures will be classified according to funding status once actual year end results are known. The classifications are:

**Over-funded** where the budget is greater than 115% of income earned

**Neutral** where the budget is between 85% and 115% of income earned

**Under-funded** where the budget is less than 85% of income earned

While there is no requirement that funding allocations will be adjusted according to the classification (priority) of expenditure, it is expected that the organization will adjust budgets where possible to move budgets to a neutral classification.

#### **3.2.2.2.7. Funding Model**

The purpose of the funding model is to allocate resources as speculated in the funding contract and in the budget.

## **4. PROCUREMENT PROCEDURES**

4.1. Overview

4.2. Principles of references

4.3. Tender and Procurement

4.4. Procurement of Goods

4.5. Selection and use of Consultants

4.6. Treatment of direct Purchase invoice

### **4.1. Overview**

Procurement is made in the manner described herein and adopted by the procurement team of UNITED ESWATINI DIASPORA:

- Supply contracts;
- Works contracts;
- Services contracts.

Procurement methods for supply contracts are:

- The National Bid or International Bid for the acquisition of information and technology equipments, vehicles;
- Short list for the purchase of office equipment, furniture and software;
- Consultation with suppliers at the national level for purchasing small amounts of material.
- For intellectual services, methods of selection are those listed by the public procurement code:
  - Quality and Cost Based Selection (QCBS),
  - Consultant Qualification Based Selection (QC),
  - Selection under a Fixed Budget (FBS),
  - Select by mutual understanding (SSS),
  - Least-Cost (MSC),
  - Selection of individual consultants.

### **4.2. Principles of reference**

For the selections of consultants and suppliers UNITED ESWATINI DIASPORA must operate by the following principles of reference:

#### **4.2. 1. Independence**

The administration relations of UNITED ESWATINI DIASPORA with partners are governed by the Agreements signed with them.

In carrying out its activities, the Administration of UNITED ESWATINI DIASPORA and its partners shall not seek or not take instructions from an outside organization other than those related specifically to UNITED ESWATINI DIASPORA contractual commitments under the Conventions or the aforementioned laws and the applicable law regulations.

#### **4.2. 2. Impartiality**

In their relations with different parties such as beneficiaries of the activity of UNITED ESWATINI DIASPORA, suppliers and service providers, or any person or institution interested in any activity or results of UNITED ESWATINI DIASPORA, the Administration of UNITED ESWATINI DIASPORA should refrain for:

"Any favoritism" and respect "the strict obligation for not to favor any of the applicants, never rule in favor of one of them by other methods of assessment as those contained in this manual."

#### **4.2.3. Efficiency**

The exploration of maximum efficiency compared with the overall objectives of UNITED ESWATINI DIASPORA must guide, in all things, the decisions of all actors and the practical procedures of UNITED ESWATINI DIASPORA.

#### **4.2.4. Economy**

Subject to the principle of efficiency above statement, the minimization of cost must be a constant concern of UNITED ESWATINI DIASPORA and each beneficiary. Recipients should make use of services other than those strictly necessary for the efficient operations of UNITED ESWATINI DIASPORA.

#### **4.2.5. Confidentiality**

The management of UNITED ESWATINI DIASPORA must ensure that all persons involved in the activities of UNITED ESWATINI DIASPORA keep confidentiality vis-à-vis different parties, for the mission duration and at the end of it, and any confidential nature of information about the study.

### **4.3. Tender and Procurement**

#### **4.3.1. Tender involved in the procurement process of United Eswatini Diaspora**

All UNITED ESWATINI DIASPORA's tenders will be executed under the provisions of this manual.

#### **4.3.2. Planning of the procurement**

Procurement should be done on the basis of a wide-ranging procurement plan (PPM), detailed and approved by the Team management. The above plan will be updated annually. The Procurement Plan will be implemented as it is approved by the Team Management.

#### **4.3.3. Persons involved in the procedure for procurement**

For procurement UNITED ESWATINI DIASPORA will establish a Tender committee:

The Tender committee is responsible for preparing tenders, receiving, counting and awarding contracts.

It is chaired by the Finance & Administrator whereas the Secretary deals with the secretariat.

If necessary, the committee may request assistance from any person it deems having useful expertise.

In all cases, the Director shall approve the minutes of the tender Committee and shall sign procurement contracts.

#### **4.3.4. Tender follows up**

All contracts are monitored by UNITED ESWATINI DIASPORA. Management and monitoring of the dossiers are provided by the department heads that collect and classify all contract documents.

## **4.4. Procurement of goods**

### **4.4.1. Description of the procedure**

Methods of procurement of supplies used in the activities of UNITED ESWATINI DIASPORA are the following:

- The National / International Tender;
- Short lists (asking quotation) for contracts not exceeding E 50,000.00;
- Direct Agreement;
- Consultation of suppliers.

### **4.4.2. Step of Tender Procedure: The National / International Tender**

The tender procedure is divided into seven (7) steps:

- Preparation of tender dossier;
- Review and approval of the tender dossier;
- Publication and submission of tender dossiers;
- Receipt of offers and analysis;
- Review of bids and award proposal provisional;
- Provisional notification and signing of contracts;
- Final notification and monitoring of contract performance.

#### **Step 1: Preparation of tender documents**

The Finance & Administrative Officer and the head of department concerned by the market assisted by the Secretary of the tender Committee and, if compulsory, supported by other persons with needed skills prepare the tender dossier.

This dossier should contain all the information required for making the offer. The file will be developed to allow and encourage competition. It shall describe in detail the services to be provided, their location, completion dates and warranty and any other opportune arrangements.

The dossier will also indicate the elements that will come into consideration when evaluating bids and how these elements will be quantified and evaluated.

### **Step 2: Review and Approval of the tender document**

The elaborated tender dossier is taken to the Tender committee for review and approval. After approval, the tender dossier is sent to the Finance & Administrative Officer for publication.

### **Step 3: Publication and submission of tender document**

The Finance & Administrative Officer prepares the notice of publication in newspapers broad dissemination in the country. The notice is published after its validation by the Director. The Finance & Administrative Officer is responsible for delivering bidding files to interested persons.

### **Step 4: Reception and analysis**

The reception and the opening of bids are conducted by the Tender Committee. Minutes of analysis are referred to the Executive Director for approval.

### **Step 5: Evaluation of the bids and temporary award of proposal**

The evaluation of proposals is carried out by the Tender committee of UNITED ESWATINI DIASPORA. The reports of tender evaluation and award are compulsory subject to the approval of the Board of Directors.

### **Step 6: Provisional notification and contract signature**

The provisional notification to the winner is made by the Executive Director. Markets or contracts must be signed by the contractor and the Executive Director of UNITED ESWATINI DIASPORA.

## **Step 7: Final notification and monitoring.**

The signed market/contract is sent to the winner who takes the necessary arrangement to begin the execution of the contract. The Finance & Administrative Officer is responsible for ensuring the proper performance of contracts. He must make an exhaustive ranking for all markets of UNITED ESWATINI DIASPORA.

### **4.4.3. Procurement of supplies**

#### **4.4.3.1. Procurement consultation team**

The restricted consultation procedure to the national level is essentially identical to the national competitive bidding except the following

- A minimum of three (3) suppliers or contractors, selected by UNITED ESWATINI DIASPORA are invited to bid on the basis of the same tender documents but that is useful for a market not exceeding E 50,000.00.
- At UNITED ESWATINI DIASPORA level, the restricted tender document is prepared by the Executive Director and the Finance & Administrative Officer with the support of the Procurement & Logistics Officer or any other useful person.
- Markets and contracts awarded through a limited consultation are signed by the contractor and the Executive Director.

#### **4.4.3.2. Direct purchases: Description of the procedure**

##### **4.4.3.2.1. Expression of needs**

Goods purchased are expressed by the need of UNITED ESWATINI DIASPORA agents and materialized by a sheet of internal need.

This application is signed and forwarded to the Finance & Administrative Officer. The internal sheet of need is established on basis of a pre numbered document and presented as follows:

- Date of application;
- The applicant;
- Quantity of items;
- Description of article;
- Observations;
- Visa of applicant.

The internal sheet of need is established in three (3) copies distributed as follows:

- Two (2) copies to the accountant who will class a copy and send another copy to the Finance & Administrative Officer for appreciation then transmit it to the Director;
- A copy to the applicant.

#### **4.4.3.2.2. Purchase order**

- On the basis of internal need sheet approved by the Director, the Finance & Administrative Officer consult at least three (3) suppliers?

After receiving the invoices Performa, the file is forwarded to the procurement commission member for a selection of suitable supplier.

- Once the board of procurement selects the provider, the record is attributed to the Accountant for settlement of the purchase order.
- The established order is submitted to the Finance & Administrative Officer and Executive Director for signature.
- The signed order is sent to the supplier for fulfillment for a term not exceeding one month.

#### **4.4.3.2.3. Reception of goods**

- Any goods are received upon delivery by the Commission of Reception composed by the accountant and the head of department concerned.
- A delivery note includes all relevant information to verify the item delivered is prepared in two copies.
- A copy is attached to the invoice and the Purchase Order, and then another copy is filed.
- The Commission provides minutes of reception for item receipt.

### **4.5. Selection and use of consultants**

#### **4.5.1. General Principles Overview**

The intellectual services contracts are awarded for education and training financed by UNITED ESWATINI DIASPORA in collaboration with its partners. The selection methods set out below may be used:

- Selection Based on Quality and Cost;
- Selection Based on Consultant Qualifications;
- Selection Based on a Fixed Budget;
- Selection by direct contract;
- Selection by lower costs;
- Selection of individual consultants.

#### **4.5.2. Principles of reference**

##### **4.5.2.1. Intellectual services**

The services are performed by national Swaziland consultants or foreign consultants selected in accordance with the approved procedures for the selection of providers. Consultants and consultancy firms are the providers of services. Their selection will be made under the responsibility of the procurement committee from procedures described in this manual.

#### **4.5.2.2.Procedures for selecting consultants**

Once the request is approved by UNITED ESWATINI DIASPORA, the selection of consultants is carried out using the following method:

- Selection Based on Quality and Cost;
- Selection Based on Consultant Qualifications;
- Selection Based on a Fixed Budget;
- Selection by direct contract;
- Selection by lower costs;
- Selection of individual consultants.

The selection procedure described below is the same for all methods, which differs only in the evaluation and attribution.

The selection of consultancy firms is made on the basis of a shortlist drawn up following the publication of a request for expressions of interest in a national and international newspaper (if necessary).

#### **4.5.2.3. Steps for selection of consultant**

The procedure can be summarized in the following steps:

- Preparation of Tender Dossier and its approval;
- Preparing a short list;
- Preparation and issuance of Request Proposals;
- Receipt of proposals and evaluation;
- Approval of evaluation results;
- Assignment and negotiation;

- Preparation and signing of the contract notice
- Publication of results of the allocation.

### **Task 1: Preparation of the limited consultation**

According to estimates budget, the Coordinator with the assistance of the Secretary and the Head of Service concerned prepares a proposal request which is composed by the following sections:

- A letter of invitation to tender;
- Instructions to consultants;
- The terms of reference;
- Contract types.

### **Task 2: Evaluation of tenders and award of the contract**

The reception, analysis and evaluation of bids are made by the Procurement Commission of UNITED ESWATINI DIASPORA.

The Procurement Commission shall establish a technical committee for evaluating bids. This Committee is composed of agents of UNITED ESWATINI DIASPORA chosen depending on the specifics of the services requested. A tender evaluation report is prepared by the Procurement Commission on the basis of the Technical Committee Report with proposals for provisional attribution of contract.

The contract is awarded solely on the basis of clearly defined criteria in the Request for Proposals (RFP).

The minutes of analysis, evaluation and attribution of contract are subject to review by the Executive Director for approval.

### **Task 3: Notification and contract signature**

The contract or agreement must be signed by the contractor and the Executive Director of UNITED ESWATINI DIASPORA in case of his absence, the Coordinator may sign in behalf of the Executive Director.

#### **4.6. Treatment of direct purchase invoices: Description of the procedure**

The procedure includes four (4) tasks:

- Receipt of invoice;
- Certification of invoice;
- Checking the bill or invoice;
- Ranking and filing the invoice.

##### **Task 1: Receipt of invoice**

Invoices are received by the Secretary of UNITED ESWATINI DIASPORA and make a recording and transmit it to the Executive Director.

After computation, the Secretary:

- Registers the invoice in the invoice register;
- Affixes the stamp "incoming mail" on the invoice;
- Forward to the Manager, accompanied by the registry for discharge.

##### **Task 2: Certification of invoice**

The Head of Department who initiated the command will certify the invoice; send it to the Coordinator for resolution. This makes the necessary checks before settlement.

##### **Task 3: Checking the wad (bundle) of bills**

The Finance & Administrative Office:

- Fate of his filing the Internal need form, Order and Delivery form corresponding to the invoices or certification of services performed;

- Verifies the mathematical accuracy of invoice;
- Control the conformity between invoice, ranking sheet, need internal Purchase Order and Delivery order / or certification of services performed.

#### **Task 4: Registration and Classification**

After verification of the bundle, the Accountant:

- Captures the invoice and affix the seal "recognized";
- Files the bundle in the division of pending settlement.

## **5. FINANCIAL DELEGATIONS**

### 5.1. Overview

### 5.2. Financial Delegation policy

#### **5.1 Overview**

Financial devolution is a key feature of the organization's financial systems with considerable autonomy given to members to spend the budget. Delegations allow the Executive Director to operate the business of the organization by allowing specific members' authority to expend funds.

#### **5.2 Financial Delegations Policy**

##### **5.2.1. Purpose**

The purpose of this policy is to provide appropriate financial authority to management to expend their approved budgets.

##### **5.2.2. Policy**

5.2.1.1. Subject to specific organization policy, management is free to spend their approved budget for business related operating expenditure and capital expenditure in the manner that best achieves the objectives of the organization and, in the case of externally funded activities, meets the obligations in the contract between the organization and the external funding provider.

5.2.1.2. Budget allocations may be transferred from operating expenditure to capital expenditure or vice versa with the authority of the Finance & Administrative Officer.

5.2.1.3. All expenditure must be business related and must be properly authorized. The management must approve all invoices that are to be charged against the budget.

5.2.1.4. All expenditure must be adequately supported by invoices and/or receipts

### **5.2.3 Signing Organization Contracts**

Any contract between UNITED ESWATINI DIASPORA and any other organization must be signed by the Executive Director and the Finance & Administrative Officer of UNITED ESWATINI DIASPORA. If the other party requires more than two signatories, the management will decide which extra people to sign on such contracts.

## **6. FINANCIAL MONITORING**

### 6.1. Overview

### 6.2. Financial Monitoring and Control Policy

#### **6.1. Overview**

Accountability is a key feature of the financial systems. The budget is the financial plan for the year. It is essential to monitor actual progress against this plan to ensure that the desired fiscal result will be achieved. The organization has a monthly reporting and monitoring program to facilitate this. The monthly reports are the main tool of financial control enabling management to monitor income and expenditure against budget.

#### **6.2. Financial Monitoring and Control Policy**

The purpose of this policy is to provide a framework for monitoring, reporting and controlling financial performance and incentives for good financial management and penalties for inadequate financial management. The organization will make in place financial management team for authorizing monthly expenditures and to monitor the financial system. Finance & Administrative Officer is the chair person for the financial management team. The staff member's management meetings of UNITED ESWATINI DIASPORA are the ones who choose the other members of the financial management team.

## **7. REPORTING**

7.1.Introduction

7.2.Report format

7.3. Annual report

### **7.1. Introduction**

All financial performance will be measured against the budget.

The financial management committee will monitor the financial results of the organization monthly and will take corrective action where necessary.

The Financial & Administrative Officer will provide a monthly, quarterly and annual report to the Executive Director, donors and at staff meetings.

The Financial management committee is required to ensure that there is proper monitoring and control of carry forward balances.

The monthly reports are the main basis of financial control, enabling management to monitor income and expenditure and budgets. The cash book summary is produced to check the incomes and expenditures for the month. This is after reconciliation with the bank statement.

### **7.2. Report Format Policy**

Reports have the same format as:

- Income
- Expenses
- Equals Surplus (Deficit)

### **What to look for in the reports?**

All financial performance is measured against the budget (Organization Policy). However, the budget is a forecast of the future and it is inevitable that there will be variances on a line by line basis.

The key result is the bottom line of the expenditure budget and it should not be exceeded unless approval is given by the Executive Director.

A common reason for variances is timing differences between actual events and the budget. It is accepted that timing can be difficult to predict. However it is recommended that management endeavor to apply some methodology to monthly budget splits rather than adopting the all too common practice of simply dividing the budget total by twelve.

### **Errors**

Where unexpected transactions appear in the reports they should be followed up to ensure they are correct and properly authorized.

Where errors are found, correcting journals should be prepared by the Financial Controller of UNITED ESWATINI DIASPORA, with sufficient supporting documentation to enable the correction to be confirmed and processed.

## **7.3. Annual Reports**

### **7.3.1. Public Annual Report Policy**

The reporting of financial performance is based on the requirements of the organization, donors/Funders and government. The form of these statements must comply with Generally Accepted Accounting Practice (GAAP) or the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and the report must be published in the public news paper.

### **7.3.2. The Annual Report includes Policy**

- financial statements including an Income Statement, Statement of Financial Position, Statement of Cash Flows and Statement of Accounting Policies
- Non-financial statements (called a Statement of Service Performance) reporting on the achievement of the targets outlined in the Statement of Objectives approved by staff management and presented to the donors.

*The annual report is subject to audit and audited accounts must be available no later than 4 months after the end of the financial year (31<sup>st</sup> March).*

## **8. ACCOUNTABILITY, INTERNAL CONTROL AND AUDIT**

- 8.1. Overview
- 8.2. Accountability specific
- 8.3. Internal accountability
- 8.4. Internal control
- 8.5. Internal audit

### **8.1. Overview**

This chapter covers the forms of accountability, some comments on basic internal controls, and introduces the internal audit function.

Accountability requirements exist at several levels within the organization (internal accountability) and between the organization and external parties (external accountability). External parties include the Government agencies, donors, regulatory bodies and the public.

### **8.2. Accountability specific**

In the Organization we have two key reports which are:

- Statement of Objectives
- Annual Financial Statement

The Statement of Objectives, which forms a part of the annual Organization Profile, specifies the outputs produced by the organization and the financial performance achieved during the year.

The provisions relating to the annual report include:

Preparation of annual financial statements in accordance with generally accepted accounting standards.

**The financial statements are to include:**

- Statement of financial position
- Income Statement
- Statement of cash flows
- Statement of service performance reporting outputs produced against targets established in the statement of objectives
- Statement of accounting policies, commitments and contingent liabilities

A management statement including a statement of management's responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

### **8.3. Internal Accountability specific**

The organization is governed by board, management and staff the constitution of which is set by the members of the management who are appointed by various interested parties.

The functions of managements are:

*“To determine the policies of the organization in relation to the implementation of its charter, the carrying out of the statements of objectives and, the management of its affairs”.*

*“to ensure that systems are established for the co-ordination of, and accountability for, activities within the organization to ensure the responsible use of resources”.*

An internal system of financial accountability is hierarchical and follows the organizational structure. The budget provides targets for financial performance for which managers at all levels of the organization are accountable. The monthly financial reporting system allows comparison of actual results achieved with the budget. Any variances from planned performance are analyzed in a financial report from the Finance & Administrative to the Executive Director.

## **An audit report**

The financial statements must be audited within 4 months of the end of the fiscal year.

The Charter, the Profile (including the Statement of Objectives), and the Annual Report form the basis for the organization's accountability to external parties. All three documents will be available at the Office of the UNITED ESWATINI DIASPORA.

## **8.4. Internal Control**

### **8.4.1. Definition**

Internal Control is required by the Organization:

*"all the policies and procedures adopted by the board of an entity to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information."*

### **8.4.2. Basic Principles of Internal Control Policy**

Internal controls are put in place to manage risk and hence to help ensure that the organization resources are used efficiently and effectively. Risks should be continually assessed and controls put in place which ensures that the risks are minimized. Internal controls will not eliminate all risks - to do so would create inefficiency - but the controls should reduce the risk to an acceptable level.

### **8.4.3. Composition of Internal Control System**

#### **8.4.3.1. Training and Supervision of Personnel and Definition of Responsibilities:**

It is essential that personnel are given clearly defined lines of responsibility and authority. It is also essential that personnel are trained and supervised in the tasks that they are asked to perform.

#### **8.4.3.2. Adequate Segregation of Duties:**

The ability to adequately segregate duties depends upon the staffing levels and circumstances of each cost. However, as a guide to best practice the following may apply:

- Separation of financial functions
- Separation of the authorization of transactions from custody of the related assets
- Separation of operating duties from financial record-keeping
- Separation of custody of the assets from maintenance of the related accounting records

#### **8.4.3.3. Existence of Adequate Documentation and Records:**

Compliance with the policies and procedures for the procurement of Value Added and the payment of accounts will help ensure that documentation is maintained to a suitable standard.

### **8.4.4. Internal Audit Recommendations**

The organization's Internal Audit considers that the major financial controls that managers should be concerned with are in the areas of receipting, order/invoice authorization and the control of fixed assets and inventories.

The recommendations of best practice, which were approved by the Executive Director, are:

#### **Receipting:**

- All funds should be receipted and the receipt numbers recorded on the banking summary sent to the bank
- Cash boxes should be securely locked with access limited to two staff
- Banking should be performed as soon as cash is received.

### **Order/Invoice Authorization**

- Orders should be completed for all purchases, both internally and externally;
- All orders should be signed as authorized;
- Orders should be filed sequentially with internal and external separated;
- Invoices should be authorized for payment only after being referenced to the original order and ensuring that the goods/services have been received,
- Management should review the order authorization and invoice authorization to ensure that they are segregated and not done by the same staff member.

### **Control of Fixed Assets and inventories**

- Fixed assets are those items with a useful life in excess of one year, including computers. Management should ensure these are listed in the organization's asset register with an adequate description and the serial number.
- All attractive assets should be engraved with the organization's name.
- Management should regularly check the asset register listing (available from the Finance & Administrative Office) against the physical assets in the organization.

### **8.4.5. Embezzlement, Fraud and Theft**

Organization policies, procedures and systems ensure that the organization is publicly accountable for its assets. Organization assets are its buildings and property; equipment including motor vehicles and computing hardware and software; services and utilities, computing and telephone networks; consumables; and all income received by the organization, whether in cash or in kind.

It is the responsibility of all organization staff to ensure that organization assets are used only for approved organization purposes and that private or improper use of any organization asset does not occur. Embezzlement, theft or fraudulent or improper use of any asset constitutes serious misconduct and may result in dismissal or criminal proceedings.

## **8.5. Internal Audit**

### **8.5.1. Role**

The organization management is responsible for ensuring that satisfactory systems of internal control are in place to ensure that the financial information produced is reliable, that organization assets are safeguarded and that the organization resources are used efficiently and effectively in achieving the desired outcomes of the organization.

One of the mechanisms for ensuring that these objectives are achieved is the establishment of an independent internal audit function. The Internal Auditor reviews accounting records, management information systems and other administrative policies and practices throughout the organization. The role includes the identification and recommendation of measures to achieve greater effectiveness, efficiency and economy and to remedy practices that expose the organization to undue risk and vulnerability.

The Auditor identifies practices that do not comply with organization's policy, or with the requirements of external regulatory bodies. The Internal Audit Unit contributes to measures to prevent fraud and corruption.

### **8.5.2. Independence**

To ensure that the functions can be carried out effectively it is necessary to ensure that the independence of the Internal Auditor is maintained. For this reason, the Internal Auditor reports directly to the Executive Director.

### **8.5.3. Access Issues**

In order to carry out its duties effectively the Internal Audit Unit must have unrestricted access to the organization's records. In obtaining such access the unit will endeavor to provide sufficient notice of its requirements. Assistance may be requested from responsible parties, who should respond promptly to such enquiries.

## **9. FINANCIAL ACCOUNTING SYSTEMS**

- 9.1. Introduction
- 9.2. Revenue and receipting
- 9.3. Cash Banking
- 9.4. Treatment of VAT and Receipts
- 9.5. Purchasing
- 9.6. Procedures
- 9.7. Taxation
- 9.8. Bank Accounts
- 9.9. Physical Assets
- 9.10. Insurance
- 9.11. Travel and Travel Related Costs Policy

### **9.1. Introduction**

The financial software used by the organization is the open source Microsoft excel, word and Pastel Sage or QUICKBOOKS or any other suitable accounting system available.

This is where most of the financial transactions are dealt with. It houses the following accounts;

- Cashbook
- Accounts Payable
- Accounts Receivable
- General Ledger
- Bank reconciliation
- Purchasing and Assets

### **9.1.1. Cash book**

The cashbook is the worksheet where all cash transactions, i.e. receipts and expenses are posted for procession to the general ledger.

### **9.1.2. Accounts Payable and Receivable**

The Financial & Administrative Officer is responsible for the checking and processing of all organization Creditor and Debtor accounts including performing account reconciliations.

### **9.1.3. The general ledger**

The general ledger summarizes all the accounts in the books of accounts.

### **9.1.4. Fixed Assets**

A detailed list and history of all organization fixed assets is available on the work sheet.

## **9.2. Revenue & Receipting**

### **9.2.1. Introduction**

A significant amount of income is derived from donors and well-wishers in the form of cash and cheques as well as direct debits. All this income is deposited into the organization's bank account. Issues relating to banking are covered in this chapter including the procedures to be followed in preparing for banking, the issue of receipts, special receipts etc.

## **9.2.2. Sources of Income**

### **9.2.2.1 Grant**

The organization's main source of income is grants received from other nongovernmental organizations, and other well-wishers. These grants are specified as specific and non specific. Specific grants are those grants that are given to the organization for a specific purpose. These funds are expended in line with the content of the contract for such funds. Non specific grants are those funds given to the organization for non specific expenses. These are expended according to the budget and in line with the statement of objectives.

### **9.2.2.2. Investment Income**

Cash, surplus to monthly requirements, is invested in accordance with the organization's Investment Guidelines. A comprehensive cash management function is performed by the Finance & Administrative Officer in conjunction with the Executive Director to ensure that the optimum return is achieved from day to day cash management. The level of income derived is very dependent on interest rates and the cash flow patterns in the organization.

The management of the cash flow can have a significant influence on this income by ensuring:

- any sales are for cash not credit
- any invoices issued are processed promptly and paid on time
- banking of cash is performed regularly

## **9.3. Cash Banking**

### **9.3.1. Introduction Banking**

Cash and cheques received by the organization as part of the day to day management of the organization. The receipts may result from fundraising or funding from donors and well-wishers. This section describes the procedures for collecting (receipting) and banking (organization's banking) cash and cheques.

The Finance & Administrative Officer of UNITED ESWATINI DIASPORA is responsible for the administration and supervision of all organization banking.

### **9.3.2. Security of Cash on organizational Premises**

- No individual can hold the organization's cash and cheques. One member of staff should be responsible and ensure that all monies are kept in a safe or lockable cash box secured in a locked cupboard or drawer with secure overnight storage. Cash should be counted out of public view.
- Where a member hold petty cash for cash requirements, the Finance & Administrative Officer must be contacted for any development concerning such cash.
- Where significant amounts of cash are likely to be collected appropriate security should be arranged to ensure the safety of staff.

### **9.3.3. Frequency of Cash Banking**

- Banking should be done as soon as cash is received and where necessary all payments must be made direct to the organization's bank account

### **9.3.4. Standard Banking Procedure: There are 2 methods of banking**

Through depositing into the bank account

Direct lodgment to organization's bank account

#### **9.3.4.1. For banking through depositing**

- Deliver banking to the Finance & Administrative Officer who will check the cash and cheques and the validity of the deposit slip while the person depositing the banking is present. Then the deposit slip together with the cash should be deposited in the bank account and the copy of signed and stamped deposit slip should be forwarded to the Finance & Administrative Officer for posting to the books of accounts.

#### **9.3.4.2. For direct lodgments to the organization's bank account**

- Deliver the banking to a branch of the Standard bank or any other bank account for deposit to the organization's bank account. Deposit slips for this purpose can be found at the bank. Once the deposit has taken place, a signed and stamped copy of the banking summary form must be sent to identify the deposited credit to the organization's bank account.

### 9.3.5. On Receipt

- All cheques must be made payable to **UNITED ESWATINI DIASPORA**, not any other name.
- The organization is the only payee for all inwards remittances. It is recommended that the organization obtain a stamp to cross cheques made out in person - "UNITED ESWATINI DIASPORA - Not Transferable".
- Overseas drafts or cheques must NOT be stamped on the front and should be entered on a separate banking summary form. Overseas cheques in foreign currency will be converted to Swazi currency (Emalangen) by the Finance & Administrative Officer at the current day's exchange rates and the converted amount will be credited to the nominated debtor or ledger account.
- Overseas drafts/cheques must meet certain criteria in order to be banked.
- When paying in person, the payees should also put their name, local address and telephone number on the back of the cheque or a letter to the bank. This saves time in pursuing dishonored cheques should this occur.
- **Surpluses/deficits** - ideally there should be none but if these occur they are to be advised in the first instance to the Finance & Administrative Officer who will advise procedures.
- **Dishonored Cheques** - If a cheque is dishonored by the bank as "Refer to Drawer/Account Closed or Payment Stopped," the deposit entries will be reversed by journal and a copy of this and the cheque sent to the payee to obtain repayment - it is recommended this be in cash or a bank cheque.

## 9.4. Treatment of VAT on Receipts

### 9.4.1. General Banking

- All sales of goods or services, including second-hand goods, are subject to Value added tax (VAT) of 15%.
- VAT can be calculated by dividing the gross total by multiplying the net by 0.15. The result is the VAT content and this will be paid to the Swaziland Revenue Authority. But UNITED ESWATINI DIASPORA is exempt from paying VAT.

#### **9.4.2. Donations and "Unconditional Gifts exempt from VAT"**

- Extra care must be taken with "donations". If the donation is made as a result of the provision of goods or services then SRA do not consider this a donation and the payment must have VAT deducted. The donation must be given without conditions and this exemption will apply only in rare instances.
- If a remittance is received from a non-profit body and is believed to represent an "unconditional gift" the cheque must be forwarded to the Finance & Administrative Officer, together with full supporting documentation. The Finance & Administrative Officer will ensure that the VAT treatment is correct based on the information supplied. If there is any doubt, the organization will set out in a letter its understanding for the receipt to clarify the most appropriate VAT treatment. It is likely that VAT will be deducted from the receipt as the SRA impose severe penalties where tax is not returned according to the law. Hence we take a conservative approach in evaluating these situations.
- An unconditional gift has a special meaning for VAT purposes. Generally it is a payment made to the organization where the donor receives no "identifiable direct value benefit" as a result. However, if a donor is provided with a VAT tax invoice in respect of a sum received the parties are acknowledging that there has been a supply of Value Added.
- A donor may be assumed to have made an unconditional gift even though a condition, specifying the purpose for which it may be used, is attached to the gift. This is provided the gift is voluntary, for the purposes of the organization, and the donor received no "identifiable direct value benefit".
- It is only in circumstances where the entity paying the organization is not registered for VAT where this will make any difference. This is because the VAT component of any payment made by a registered person will be recovered from the SRA.

#### **9.5. Purchasing**

##### **9.5.1. Introduction Banking**

All purchasing shall be carried out in accordance with the best practice of purchasing and in line with the budget approved by the Board. Below is a summarized procedure for all purchases.

### **9.5.2. Procedure**

The organization requires goods to be purchased and raises purchase requisition

Approval by selection committee, standard purchase requisition detailing exact requirements raise

### **9.5.3. Suppliers identified and chosen**

For standard items – review standard supplier catalogues and identify most appropriate

For non-standard items or for orders in excess of preset limit obtain separate quotations and select the most appropriate

### **9.5.4. Raise order**

- Match order to requisition and quotations
- Raise sequentially numbered order form

### **9.5.5. Receipt of goods**

- Match receipts to purchase order
- Check quantity, condition and contents of each receipt
- Raise sequentially numbered Goods Received Notes (GRN) and pass copy to accounts

### **9.5.6. Supplier sends invoice**

- Match invoice to Goods Received Notes (GRN) order
- Sequentially number invoices received
- Arithmetical checks on invoice calculations
- Invoices recorded

### **9.5.7. Payment to supplier made**

- Supplier accounts are regularly monitored and beneficial discounts taken
- Cheques signed by three/two signatories responsible
- Cheques signed only upon sight of invoice
- Invoices stamped paid
- Supplier accounts promptly updated

### **9.5.8. Statements received from suppliers**

- A person other than the selection committee performs supplier statement reconciliations and differences are promptly and correctly followed up

### **9.5.9. Monthly management accounts and reconciliations**

- Reconcile purchase ledger to purchase ledger control account, cash book to bank statement
- Perform detailed variance analysis and investigate adverse and favorable variances
- Compare cash flow to forecast

## **9.6. Procedures**

### **9.6.1. Cheque payments**

- Cheques should be raised only on the basis of authorization, for example a purchase invoice which has been suitably authorized by Finance & Administrative Officer.
- Cheques should be signed by people other than those who approve invoices.

- There should be two independent signatories for each cheque, for instance, the Executive Director and the Finance & Administrative Officer might act as signatories. Signatories should inspect the documents supporting the cheque to ensure that the details agree. They should also mark the document so that it cannot be reused.
- Cheques should be restrictively crossed.
- Unused cheques should be kept in a secure place. Blank cheques should never be signed.
- Cheques should be under sequential control and all numbers should be accounted for.
- Spoilt cheques should therefore be retained.
- When cheques have been signed, they should be dispatched immediately.

### **9.6.2. Creditor Invoices**

Creditor invoices can be received by the Finance & Administrative Officer of UNITED ESWATINI DIASPORA. When the invoice is received, it will be entered into Accounts, stamped and forwarded to the Director or the one delegated for coding and authorization and returned to the Finance & Administrative Officer for posting to the ledger.

#### **General Information**

- All expenditure must be supported by original receipts, which must be attached to the payment requisition form or **vouchers**.
- The payment requisition form supporting documentation should be forwarded to the Finance & Administrative Officer for checking and posting to the books

### **9.6.3. Reasoning Behind Payment Procedures: Accountability**

#### **9.6.3.1. General**

One of the main drivers behind the current procedures is accountability. UNITED ESWATINI DIASPORA is required by legislation to be fully accountable. Accountability requirements exist at several levels within the organization (internal accountability) and between the organization and external

parties (external accountability). External parties include the Government Agencies, Funders, other NGO and the public.

#### **9.6.3.2. Internal Controls**

In order to achieve this accountability, the organization must have in place internal controls. Internal controls manage risk and hence help ensure that the organization resources are used efficiently and effectively. A major component of internal controls is the existence of adequate documentation and records. Such documentation and records would be invoices and receipts. The organization's external auditors specifically examine all aspects of internal control to ensure that such controls are in place and are adequate.

#### **9.6.4. Petty Cash Banking**

The following procedures should be followed when making a petty cash payment:

- Petty cash payments should be made only on the basis of suitably authorized vouchers, which should be under sequential control. Vouchers should be retained for subsequent references. Where independent evidence is also available, for example invoices and receipts, this should be retained. All receipts must be attached to the petty cash form in the same order as they are listed on the form
- The petty cash float is maintained at a specific amount and is reimbursed at regular intervals on the basis of vouchers showing the payments which have been made. It is suggested that the float should be kept at a level of E5, 000.00 and be reimbursed on a weekly basis. Reconcile the petty cash by adding the cash on hand to the total expenditure on the request form. The total of these two amounts should equate to the total petty cash advance
- The petty cash float should be subject to periodic surprise counts by a responsible person not involved with the petty cash system. The balance in-hand should be reconciled to the account by reference to the vouchers not yet reimbursed.
- The size of individual payments out of petty cash should be subject to a maximum to be agreed by the Financial Management team.
- Staff should not be allowed to cash personal cheques or borrow from petty cash.

### **9.6.5. Invoices versus Statements**

Payments to creditors will be made on receipt of approved invoices (not statements) addressed to the organization.

An invoice must have a purchase order. A statement will summarize a series of invoices for a specific (usually monthly) period of time.

Statements are not treated in the same way as invoices. The Accounts Office in UNITED ESWATINI DIASPORA reconciles all financial transactions.

### **9.6.6. Reimbursement - Travel Costs**

Reimbursement of work related travel costs should be calculated using the most cost effective means for the organization. This should be calculated by using either the cheapest equivalent, hiring a rental car, using the standard public transport service or reimbursing the staff member for mileage rate (SZL 4.50/km) for mileage. Any reimbursement above these options will be taxable (subject to PAYE) in the hands of the employee.

## **9.7. Taxation Planning**

The organization is increasingly doing transactions with organizations outside of Swaziland. Some of the business transactions may have taxation implications and it is important to consider and plan for these before any contracts or agreements are signed.

### **9.7.1. Source Deduction Payments**

- Withholding Payments
- PAYE
- Allowances

#### **9.7.1.1. Withholding Payments**

A withholding payment is generally a casual payment or applicable where the relationship of the parties is not strictly one of employer and employee.

Certain types of payments are defined by Regulations as "withholding payments". Withholding payments are taxed at a special flat rate of withholding tax. Tax is calculated on each Emalangeneni of the gross income (income before allowing any deductions). This rate varies according to the type of work done.

Earners Premium is not deducted along with withholding tax. Earners premium is calculated at the end of the year when the payee files a tax return. The Premium is the payee's responsibility.

#### **9.7.1.2. PAYE**

The organization deducts income tax from the salary payments of its staff in accordance with the PAYE (Pay as You Earn) tables set by the Government. The organization is legally obliged to deduct the correct installments and may be prosecuted or penalized for failing to observe the correct taxation requirements. PAYE deductions are not made from payments to independent contractors.

The organization pays PAYE deductions once each month to SRA - by the 15th of the following month. Staffs must have tax codes. Employees using a special tax code last year will have to re-apply each year if a special tax code is to be used.

Every month the organization is required to file details of every individual's payments and tax deductions including the earners premium amounts to SRA.

#### **9.7.1.3. Allowances**

Allowances are treated as part of salaries and wages and taxed in the same way unless SRA has ruled otherwise.

##### **Benefit Allowances (e.g. Board and Lodgings)**

Benefit allowances are payments made as well as salary or wages which give a benefit to the employee. A benefit allowance is taxable along with the employee's wages in the pay period the wages are paid.

Benefit allowances also include food and/or accommodation provided to employees. The value of the benefit is the difference between: the value of the benefit provided, and the amount paid by the employee (if any).

## **Reimbursing Allowances**

Reimbursing allowances are payments made to employees to compensate them for expenses they have incurred while on organization business. They are not taxable insofar as they reimburse actual expenditure.

### **9.7.2. Taxation of Non-Residents**

Generally, a person who comes to Swaziland, stays less than 180 days, and does not have a permanent place of abode in Swaziland, is taxed as a non-resident. A non-resident is liable for Swaziland tax on income for personal services performed in Swaziland, and other income from Swaziland sources.

PAYE is deducted from gross income in the same way as for employees resident in Swaziland.

If the employee wishes to claim exemption under a Double Tax Agreement or the "90 day rule" visitors should claim it in their tax returns.

The "90 day rule" is where:

- the employee is not resident in Swaziland for Swaziland tax purposes, and
- the employee's visit is less than 90 days, and
- the total length of time in Swaziland, in any income year, was less than 90 days, and
- the income earned in Swaziland is taxed in the employee's country of residence (a certificate from the taxation authority in that country is required), and

## **9.8. Bank Accounts**

### **9.8.1. Introduction Banking**

All money received by UNITED ESWATINI DIASPORA shall, as soon as practicable after it has been received, is paid into the bank account of the Organization.

To achieve this, the organization operates bank accounts here in Swaziland with Standard bank but it may open other accounts in any other bank in Swaziland.

### **9.8.2. Reconciliation of Bank Accounts**

The Finance & Administrative Officer of UNITED ESWATINI DIASPORA is responsible for ensuring all accounts are regularly reconciled on a timely basis e.g. bank account - monthly

## **9.9. Physical Assets**

### **9.9.1. Introduction**

An asset is defined as any item which is expected to have a useful life of more than one year. All purchases of computers, including personal computers and laptops, are to be capitalized regardless of the purchase price. All equipment which comes with the computer and is required for the computer to operate, such as keyboard, monitor and mouse is deemed to be an integral part of the computer and is to be included in the amount capitalized.

The cost of repairing or replacing computer components and ancillary equipment such as keyboards and monitors is to be expensed unless the cost exceeds E2, 000 and the expenditure increases the useful life of the computer to which it is related.

### **9.9.2. Classes of Assets**

The organization classifies assets into the following categories:

- Land
- Buildings
- Computers
- Furniture
- Leasehold Improvements
- Library Books)
- Software
  
- Transport equipment

More detailed classification is available when recording assets on the fixed asset register.

### **9.9.3. Purchase of Assets**

#### **Sources of Funds**

The capital works budget covers land purchases, new buildings (including associated equipment & furniture requirements), building improvements & upkeep and other key organization projects.

### **9.9.4. Asset Recording and Documentation**

Physical assets are recorded on a Fixed Asset Register maintained by UNITED ESWATINI DIASPORA. This register provides physical description of the asset, the date of acquisition, the identification number (the account number of the asset tracking location code and serial number), the name of the supplier, the cost of the acquisition, location, depreciation rate, cost and current book value detail for each asset. It is also noteworthy that the material of the organization must be coded and have an identification form. For example, we can codify the material as follows: Software (Sof 1), Office equipment (ofeq 1), Computer Hardware (coha 1), Office furniture (offu 1), and Transport equipment (Teq 1)

### **9.9.5. Depreciation**

All assets except Land have a limited useful life. We capitalize the asset by including it in the organization Balance Sheet and then we reduce the value of the asset by charging depreciation to the Income & Expenditure Statement. The asset is depreciated to its estimated residual value.

The organization assets are depreciated down to residual values as follows:

Buildings 10 - 100 years (1% - 10% per year)

Furniture & Fittings 5 - 10 years (10% - 20% per year)

Computer 4 years (25% per year)

Library Collection 5 - 10 years (10% - 20% per year)

Depreciation is calculated of year and charged to each respective asset. The breakdown of this year charge must be available in asset register.

### **9.9.6. Asset Disposal**

Disposal includes any sale, trade-in, loss, destruction, theft or write-off. The sale or gifting off an asset to another organization is not a Disposal. Management is responsible for the custody and maintenance

of the Organization's assets. All disposals must be made with the Executive Director's full authority in accordance with the constitution and must be properly recorded.

The actual procedure for the sale of Organization assets must ensure that the Organization gains the maximum value for such disposals and the disposal procedures are fair. VAT must be accounted for in asset sales as the Organization is VAT registered.

Disposal options include trade-in, sale to another organization, sale by auction, dismantling and public tender.

#### **9.9.7. Accounting for Asset Disposal**

Proceeds from the disposal of a fixed asset must be lodged with the Finance & Administrative Officer immediately. If there are no proceeds from the disposal still forwarded immediately to the Finance & Administrative Officer all the relevant information on the disposal.

If a Fixed Asset is traded in, the supplier's invoice must show separately the total cost of the new item and the allowance for the item traded in.

#### **9.9.8. Control of Assets**

##### **9.9.8.1. Responsibility**

The important Organization internal control objective is the safeguarding of assets. The organization's assets are widely distributed and the responsibility for their safeguarding rests with every member of the organization. All assets should be security marked and secure where ever possible. Assets should only be removed from the premises with the permission of the Finance & Administrative Officer and a system for recording the location of such assets should be in place.

##### **9.9.8.2. Physical Inventories**

A physical inventory is conducted at least once per year by a team of internal or external in the organization. The appointment of this team is made by the Board but it is also recommended to the Finance & Administrative Officer to establish a physical inventory report each quarter.

The team follows the counting and fulfills the census forms, with:

- The identification number of the asset;
- The particulars;

- Comments on the status of the asset:
- The count sheet is signed by the Financial Management team and transmits the list of assets to the Executive Director.
  
- The Executive Director shall make the approximation between the file and the physical inventory and provides the regularization of deviations necessarily approved by the Board.

## **9.10. Insurance**

### **9.10.1. Introduction**

The organization has an extensive insurance program aimed at minimizing the risk of significant loss to the organization. The policies have high levels of excess which reduces the premium costs. Hence insurance does not remove the obligation to manage risk within the organization.

The following guidelines are provided to ensure that the organization maximizes the benefits and minimizes the costs of insurance cover. No individual person may arrange any insurance without prior approval of UNITED ESWATINI DIASPORA's management.

### **9.10.2. Organization Properties**

For the purposes of insurance, organization Property comprises:

- all buildings
- all equipment, including computers
- all motor vehicles
- any equipment on loan or hire to or from the organization

### **9.10.3. Preventable Thefts**

Putting into effect basic precautions will help minimize opportunist thefts. Numerous thefts do not involve forced entry. Ensuring that offices, etc are locked while unattended and being aware of unfamiliar people wandering through non-public access areas significantly reduces the possibility of theft.

### **9.10.4. Reporting**

#### **9.10.4.1. Property Related Losses**

The loss, suspected loss, or damage to organization property must be reported as soon as possible to the management.

In the event of a theft, you must notify the relevant authority:

-who can provide claim forms and advice

-who will arrange Police contact and the necessary reports

Claims must be lodged as soon as possible to ensure that they will be considered. This requirement is irrespective of the size of the claim.

#### **9.10.4.2. Other Claims**

The organization also has stringent responsibilities for reporting potential public liability and professional indemnity claims. Should any circumstances arise which may possibly give rise to a claim under either of these policies the Finance & Administrative Officer must be informed immediately. Failure to do so could result in any subsequent claims being disallowed. To ensure that the policies respond and that losses are minimized timely reporting of claims or circumstances which may lead to a claim is crucial.

### **9.11. Travel and Travel Related Costs Policy**

#### **9.11.1. Purpose**

The purpose of this policy is to provide clear guidelines to staff members who incur travel and travel-related costs in Swaziland or overseas related to their employment with the organization.

#### **9.11.2. General Guidelines**

Travel and accommodation expenditure should be economical and efficient, having regarded to the purpose, distance, time, urgency, personal health, security and safety considerations.

The principles of a justified business purpose, and moderate and conservative expenditure, are particularly relevant.

Where a provision in this policy is inconsistent with the provisions in an employment agreement, the employment agreement will apply.

All staff can use the public transport, car hire for reasonable price and mileage for E 6.50 per kilometer.

## **10. GENERAL INFORMATION**

10.1. Disputes Procedure

10.2. Distribution

### **10.1. Disputes Procedure**

In the event of a dispute relating to this policy arising between staff members and their management, either party may refer the matter to the Board of the organization for review.

### **10.2. Distribution**

Policy released by the Executive Director and Finance & Administrative Officer

Further information available on request

Contact:

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