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Centre De Coordination De La Recherche Et Du Développement Agricole De L'Afrique Australe
Do Centro De Coordenação Da Investiaação E Desenvolvimento Aarário Da África Austral*

CCARDESA

FINANCE MANUAL

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1. INTRODUCTION

1.1 Purpose of this Manual

- a) The purpose of this Finance Manual is to provide Accounting and Financial Control guidelines to all staff at CCARDESA, particularly the Finance and Administration staff in implementing financial management and preparing CCARDESA's statutory financial statements for the fiscal year and other reports. Further, it will serve as a guide to the day to-day finance and accounting policies and procedures.
- b) These guidelines provide sets of operating and reporting financial standards and practices which comply with International Public Sector Accounting Standards, IPSAS, applicable to not-for-profit organizations. The implementation of sound financial and accounting systems will help govern transactions and accounts like donor funding agreements, income, disbursements, funds in bank accounts, cash, accruals, receivables, payables, inventories, property & equipment, depreciations and sources of funds.
- c) Deliberate efforts have been made to ensure that international financial guidelines and requirements such as those of Forum for Agricultural Research in Africa, FARA as well as other well managed international organizations within the not-for-profit sector have been taken into account, as necessary.
- d) This manual is endorsed and approved by the Board of CCARDESA.

1.2. Updates and Revision

This manual will be revised from time to time with the advice of the Executive Director of CCARDESA and on the approval of the Board. Revised versions have to be clearly marked with the date of the latest version.

1.3. Effective Date

Implementation of this manual will be effective from 7th December, 2012.

1.4. Structure of the manual

- a) Presentation is done following the logical order of financial management activities and transactions.
- b) Order of presentation is: Obtaining funds for operations through donor agreements, invoicing and cash inflow, disbursing funds and cash outflow, managing funds, assets and internal accounting transactions, audit and control rules and regulations.

2. GUIDING PRINCIPLES AND CONCEPTS

2.1 Accounting Method

- a) It is the policy of CCARDESA to apply the modified accrual basis of accounting as defined by the International Federation of Accountants (IFAC) during the fiscal year. The modified accrual basis of accounting is one under which transactions, other events and conditions can be recognized when cash or its equivalent is received or paid, but accruals are raised latest when annual financial accounts are closed.
- b) The concept of modified accrual means that income and expenses due have to be recognized in the statutory accounts at the end of the financial year. These transactions appear under receivables, liabilities, assets, equity. During the financial year, cash basis can be used; however, it is recommended to use accrual principle throughout the year.

2.2 Foreign Currency Transactions

- a) It is the policy of CCARDESA that all transactions in foreign currency are translated into functional accounting currency, US\$ Dollars, at the rate of exchange prevailing on the transaction date for statutory reporting but funds will be maintained in the currency of the financing agreement to facilitate implementation and reporting to the Development Partners.
- b) Year end balances in foreign currency are translated into functional accounting currency US\$, at the year-end exchange rate, for reporting purposes.

2.4. Historical Cost Principle

- a) This principle assumes that transactions will be recorded at historical cost, i.e. the exchange price on the date of the transactions.
- b) However, grants in kind received by CCARDESA such as fixed assets or services received on behalf of Development Partners will be recorded at fair values of the assets on the date of transaction or actual fees paid by donors for such services, respectively.

2.5. Fair Value Principle

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in the normal course of business. Prevailing market prices are also used to determine fair value.

2.6. Materiality

Omissions/inclusions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of financial statements. The nature or size of the items or a combination could be the determining factor judged in the surrounding circumstances.

2.7. Gifts and donations

- a) Gifts and donations, including goods or grants in kind will be recorded as assets and income when it is certain that future economic benefits will flow to CCARDESA.
- b) Goods in kind will be recognized as income when goods are received or there is a binding arrangement to receive. The same will be recognized as income when no conditions/restrictions are attached.

2.8 Disclosure Principle

This requires the presentation of sufficient information to permit the reader to reach an informed understanding of the financial statements.

2.9. Reliability

Accounting books and report have to be reliable by figures adding up and when they are free from material errors and bias and can be depended on by users to represent fairly what it purports to represent or could be expected to represent.

2.10 Links

This manual forms part of the set of manuals, rules and regulations governing CCARDESA operations. Therefore, references are made to other manuals, like Sub-Grants manual, Administration and Personnel manual in order to avoid repetitions and to keep the focus of this manual on Finance and accounting aspects of activities and transactions.

3. BUDGETING

3.1. Budgeting Guidelines

- a) Annual budgets matching CCARDESA's financial year are prepared in harmony with Strategic Plan, Medium Term Operational plan, Departmental objectives.
- b) Budget has to be based on secured funding only and they have to be realistic and achievable and in line with donor requirements. Secured funding means that grants are either pledged or confirmed or already received by CCARDESA.

- c) Activity based approach is used. Verifiable activities and work plans are prepared for projects and programs, which are quantified in monetary terms in CCARDESA's base currency, US Dollars.
- d) Budgets consist of estimated operational expenditure, project and /program expenditure and capital expenditure. Activities are presented in order of priority.
- e) Allocation of resources to various activities, projects and programs have to be consistent with CCARDESA Chart of Account for operating and capital budget items.
- f) CCARDESA's Accounting system has to be modified to include any other coding dimensions so as to enable follow up of actual expenditures and variance analysis.
- g) Operating Budget expenditures are divided into following categories: Research costs, Personnel costs, Material costs, General expenses, Travel costs and Capital expenses.
- h) It is imperative to clearly define budget holders for operational expenditure, capital expenditures, projects and programs.
- i) Annual Budgets have to be submitted for internal approval process by the end of August and for approval by the Board before the financial year end.

3.2. Sub-Grant Budgets

- a) CCARDESA's Grants System Manual refers for detailed procedures in governing sub-grants.
- b) Sub-Grantees have to submit their proposals to the CCARDESA budget holders before the end of the third quarter, in time to be included in CCARDESA's annual budget and subsequent follow – up, monitoring procedures.

3.3 Budget revisions

- a) Quarterly meetings are held to consider budget revisions based on changes in objectives, goals, priorities and activities.
- b) Quarterly meetings review also required changes in available resources.
- c) Budget reallocation within budget lines up 15% variations can be allowed subject to the Executive Director approving this based on written justification. Bigger

variations have to be endorsed by the financing partners unless otherwise stipulated in grant agreements.

- d) Requests to over and above approved budgets have to be approved by the Board.
- e) CCRDESA's accounting system is updated with the revised budgets.

3.4 Budget monitoring and reporting

- a) All budget holders are given access to their respective accounts and budgets in CCARDESA's accounting system.
- b) All budget holders monitor implementation of their budgets and ensure that expenditures are in line with approved budgets and within resource limits.
- c) Budget holders monitor jointly with Finance Unit that funds are available for effective implementation. This requires timely fund request taking into account lead times as stipulated in grant agreements.
- d) Finance Unit prepares quarterly budget variance reports and draws the attention of Budget holders and the Management of bigger than 15% variances.
- e) CCARDESA's official Annual Audited Financial Statements include budget variance report prepared with comments by the Auditors.

4 REVENUE, OTHER INCOME AND CASH INFLOW

4.1. Income Recognition

- a) CCARDESA will disclose all income by major category or classes in its financial statements.
- b) It is the policy of CCARDESA that grants are recognized as income upon receipt of the funds into CCARDESA's Bank account and upon fulfilment of the requirements of IPSAS standards and written agreements with Development Partners.
- c) IPSAS standards stipulate that grants are recognized as income when disbursed and expensed in the accounting system.
- d) Grants will represent support with donor conditions and could be restricted or unrestricted. Unrestricted grants will be received in support of agreed research and development agenda and for general administration.

- e) Restricted grants are received in support of specified projects or activities mutually agreed upon between the CCARDESA and Development Partners.
- f) Interest Income earned will be recognized on time prorate accrual basis in compliance with IPSAS.
- g) Matching Principle, i.e. accrual principle, states that income is reported when earned and expenses are reported as incurred and should be matched against income.
- h) It is the policy of CCARDESA to send acknowledgements of receipt on CCARDESA's letterhead acknowledging all contributions, regardless of the amount. The letters and receipts will indicate the amount contributed in the funding currency and the local currency equivalent, where necessary.

4.2 Reserve Fund

- a) The reserve fund will only be accessible in the event that CCARDESA is faced with cash flow problems rendering it unable to meet its essential operational costs
- b) The proceeds from the reserve fund shall be exclusively used to meet secretariat salary and administrative costs
- c) Any proposed utilisation of the reserve fund other than on secretariat and administrative costs shall be approved by the CCARDESA Board Chair.

5 DISBURSEMENTS, PAYMENTS AND CASH OUTFLOW

5.1 Procurement Procedures

CCARDESA follows the procurement policies and procedures as detailed in relevant sections of CCARDESA's procurement manual. This section covers funds outflow as regards payments to vendors and suppliers of goods and services.

5.2 Payment Procedures

- a) All bills/invoices will be attached to a payment voucher. All payment vouchers (**Annex 1**) will include the following information:
 - (i) Amount of cheque.
 - (ii) Name of payee.
 - (iii) Appropriate account code.
 - (iv) Appropriate Program/Project code

- (v) Appropriate Unit code.
 - (vi) Appropriate Function code.
 - (vii) Appropriate Donor Code
 - (viii) Appropriate workshop/conference code
 - (ix) Appropriated activity code
- b) All payment request forms will be checked and certified by the budget holders, endorsed by the Head of Finance and approved by the Executive Director. Once payment request have been approved, a payment voucher and a cheque will be prepared.
 - c) The cheque number will be entered in the appropriate space on the payment voucher form.
 - d) All cheques must be issued in numerical order.
 - e) All cheques issued will bear two signatures based on management's defined signatory limits. These are specified in chapter 10 of this manual.
 - f) For amounts in excess of US\$ 10,000 (or equivalent), all cheques and transfer letters have to be signed by the Executive Director of CCARDESA and any Secretariat Management Committee member with delegated authority from the Director.
 - g) Under no circumstances will blank cheques be signed.
 - h) It is the policy of CCARDESA to stamp on each paid invoice with the words PAID" upon payment.

5.3 Bank Payments

- a) It is the policy of CCARDESA to keep unused cheque supplies safeguarded under lock and key.
- b) All cheque disbursements will require approved invoices and payment vouchers.
- c) Signed cheques that have not been mailed or distributed will be placed in a lockable drawer at the end of the day.

5.4 Voided Checks

- a) It is the policy of CCARDESA to maintain voided cheques log and document every cheque that has been voided regardless of the reason.
- b) If voided cheques are physically available, they will be stamped "VOID" and filed with the cancelled cheques for that month.

5.5 Outstanding Cheques (Over 90 Days old)

- a) It is the policy of CCARDESA to call or write to the vendor/employee and inquire whether a cheque was received or not.
- b) If the cheque is lost CCARDESA will issue an immediate stop payment and consider issuing a replacement cheque upon verification by the bank that the check has not been cashed.

5.6 Payroll Payment Procedures

- a) Payroll will be handled on a monthly basis, at the end of every month, by the designated finance officer following the guidelines in the CCARDESA personnel manual.
- b) Any changes in payroll will be done in writing and approved by the Executive Director.
- c) The designated finance officer will process the payroll via Excel or any such software as approved by the Executive Director of CCARDESA.
- d) Payroll payment vouchers will be endorsed by the Head of Finance and approved by the Executive Director.
- e) Prior to distribution of payroll cheques, the Head Finance will verify availability of funds in the payroll account (budget).
- f) A Payroll record will be maintained to record all payments to employees for salaries and wages. The payroll record will reflect the amounts of gross salary, statutory withholdings, other deductions and net pay.
- g) Pay slips showing all the transactions relating to the staff's monthly payroll are issued to staff on a monthly basis.
- h) Posting to the General Ledger will be made by way of a journal voucher at the end of each month.
- i) It is the policy of CCARDESA to make provisions for unutilized staff leave up to a maximum of 15 working days and other entitlements on a yearly basis and a proportion of the repatriation cost for regionally recruited staff, based on the percentage of each individual staff member's contracts covered up to the date of the financial statement of financial position. CCARDESA's HR manual refers.

5.7 Consultancy contracts

- a) Engaging consultants follows the procurement guidelines as spelled out in the CCARDESA Administration Handbook. The need for a consultant will be identified, documented and endorsed by the Executive Director of CCARDESA.
- b) All work to be performed by a consultant will be based on written contracts, which clearly define the services to be performed.
- c) The selection of consultants will be done by comparing qualifications and fees as given by the current market in the particular field he/she represents. CCARDESA's defined fee rates for consultants range between US\$400 to US\$ 500 depending on qualification, expertise and experience. In exceptional cases, rates higher than the defined rates may be applied only if approved in writing by the Executive Director.
- d) When engaging a consultant, a minimum of three bids must be obtained unless it is a repeated engagement.
- e) The Executive Director will approve all consultancy contracts.
- f) Payments follow same steps as under section 5.3.payments procedures.

5.8 Travel related payments

Detailed guidelines of travel policy are contained in the Administration Handbook. However, the following issues should be noted.

- a) Since staff and partners will be supported by CCARDESA to travel in diverse situations, only general guidance can be given in this policy manual. CCARDESA will ultimately rely on the commitment of each traveller to efficiently use the funds entrusted to CCARDESA by her investors.
- b) Every traveller on CCARDESA business will be expected to exercise restraint in incurring expenses that a prudent person of moderate means would exercise if travelling on personal funds.
- c) All travels, whether international or local will be approved by the Executive Director.
- d) The Executive Director of CCARDESA will be responsible for ensuring that each trip is for official CCARDESA business and that there is sufficient funding in the budget.

- e) Travel Expense Claim (TEC) forms (**Annex 2**) will be filed within ten days of returning in order to provide evidence of travel and to account for the advance. Any unspent advances will be repaid to CCARDESA at that time.
- f) DSA and Per diem rates used by CCARDESA will be based on the Official United Nations Per Diem Stipend Rates. These are obtainable from the following website: <http://icsc.un.org/resources/getData.asp>

5.9 Transfers to sub-projects

- a) It is the policy of CCARDESA to make payments to sub-projects hosting institution by issuing cheques or bank transfers on the basis of a Project Contract duly supported by a budget, which has been approved by the Grant Management Unit and a proposed schedule of payments. CCARDESA's Grant System Manual refers.
- b) The initial advance, to be paid upon the signing of the Sub-project document, will cover the estimated costs of mobilisation (reimbursable costs) for one quarter. Thereafter, Implementers will submit to CCARDESA a financial report of expenditures along with its projected expenditures for the following quarter. The reports will be used to liquidate the previous advance and a basis to calculate the subsequent advance payments.
- c) All funds will be transferred from CCARDESA to each sub-project and will be expensed in the statutory accounting system.
- d) It will be the responsibility of the Head of Finance, in consultation with the Head of Programmes to monitor all cash transfers to sub-projects, on the basis of financial reports received from the Sub-project Leader. All excess up to 15% of budget line item will be authorised by the Head of Programmes and any excess above 15% require Executive Director's approval. The Project financial reports should cover in sufficient details, all areas of expenditure and that only eligible expenditures should have been paid which justify the transfer of additional funds.
- e) The Sub-project Team Leaders will be responsible for planning and monitoring project cash flow needs, ensuring that the sub-project budget is not exceeded at both the line item level and at the total level. They will report all expenses incurred to Project Account and advise of further cash needs at a minimum of 10 working days in advance.
- f) In conjunction with the Project Team Leaders and GMU, the Head of Finance will update the cash flow from field projections on a quarterly basis based on actual expenses incurred and any additional funds approved and progress of Project activities with respect to the annual work plan.
- g) All final payment requests will be accompanied by a financial report,

termed Project Expenditure Report signed by the Head of the Host Institution.

- h) All supporting documentation related to the use of CCARDESA funds will be filed separately and properly maintained. The original source documents will not be attached to the periodic financial reports to be submitted to CCARDESA. However, these documents will be available to CCARDESA and appointed auditors at all times for review. All originals will be retained for at least 3 years after completion of the Project.

6 INTERNAL TRANSACTIONS AND JOURNAL ENTRIES

6.1 Managing CCARDESA Assets

- a) Procurement and payments of CCARDESA's fixed assets will follow the guidelines in the procurement manual and the section 5.1. of this manual.
- a) It is the policy of CCARDESA that all non-current assets, i.e. fixed assets are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.
- b) It is the policy of CCARDESA to expense assets in the period purchased if these assets cost USD500 or less individually. Assets costing in excess of USD500 will be capitalized and depreciated in accordance with the organization's depreciation policies.
- c) Repairs and improvements to real property and leasehold improvements will be capitalized if they cost in excess of USD 500 individually.

6.2. Depreciation of Non-Current Assets

- a) It is the policy of CCARDESA that depreciation of all its non-current assets is calculated on straight line basis at rates estimated to write off the cost of each asset over the estimated term of its useful life.
- b) Fully depreciated non-current will remain on the organization's statement of financial position until they are disposed off or otherwise deemed worthless.
- c) Assets will be capitalized in accordance with the organization's capitalization policy.
- d) The following are the rates of depreciation to be applied on all assets in CCARDESA.
 - (i) Computers and Accessories..... 3 years
 - (ii) Furniture and Fittings 5 years

- (iii) Motor Vehicles 4years
- (iv) Assets purchased for specific projects 100% during
the year (expensed)

It is the policy of CCARDESA that a full year's depreciation is charged on all additions during the year. No depreciation will be charged in the year of disposal.

7 TREASURY MANAGEMENT, CASH AND BANKING

7.1 Managing CCARDESA Bank Accounts

- a) It is the policy of CCARDESA that all bank accounts must be reconciled monthly by an identified accounting staff member, reviewed and approved by the Head of Finance.
- b) No CCARDESA budget holders will be allowed or authorized to secure loans, guarantees or overdrafts or deficits in their respective operations in related banks.
- c) CCARDESA bank accounts will be specifically intended for official CCARDESA transactions and should not be used for deposit or payment of personal items.
- d) To reduce the impact of devaluation of the local currency, CCARDESA will keep funds in hard currency accounts and convert to local currency only when needed to be spent in local currency.
- e) Available funds will be kept in interest bearing or term deposit accounts, if accepted in the grant agreements.
- f) Bank statements will be received on a monthly basis and bank reconciliations will be prepared and reviewed monthly and not later than 10 working days after the end of the month in reference.

7.2 Bank Reconciliation Statements

- a) It is the policy of CCARDESA to have bank statements prepared monthly and reviewed and approved by the Head of Human Resources, Finance and Administration.
- b) Bank reconciliation statements (**Annex3**) will be prepared by the responsible Finance Officer or assistant.

- c) The completed bank reconciliation statements and documentation of voided cheques will be made available for review and approval by the Head of Human Resources, Finance and Administration on a monthly basis.

7.3 Guidelines for Preparing Bank Reconciliation Statements

- a) Bank reconciliations will be prepared monthly not later than 10 working days after the end of the month in question.
- b) The ending date of the bank ledger and the bank statement should be the same.
- c) The bank name, account number, and currency will be clearly indicated.
- d) The bank reconciliation will be prepared by an officer who cannot authorize disbursements.
- e) The bank reconciliation will include a copy of the bank statement and accounting records (the ledger balance) when it is presented to the Head of Finance for final review and approval.
- f) All cheques not cashed after two months (60 days) from the date of issue will be investigated by the Head of Finance. Stale cheques will be written off immediately they become invalid.
- g) Any unexplained differences between the bank statement and the accounting records will be promptly investigated by the Head of Finance.
- h) Where the reconciling item requires an adjustment to the accounting records, a journal voucher is used, and the reference for the subsequent adjustment will be noted on the reconciliation.
- i) Where the bank has made an error, documentation will be obtained from the bank giving the explanation and the adjusting entry made. Copies of this notice will be attached to the bank reconciliation.
- j) Bank statements covering a financial year will be filed together with the bank reconciliation statement.

7.4 Criteria for Choosing CCARDESA Banks

- a) Sound international and local reputation and management.
- b) Large capital base in the country.
- c) Widespread bank network in the country and region.
- d) Adequate links with correspondent banks to facilitate transfer of funds.

- e) Satisfactory rating according to an independent agency.
- f) Appropriate services, cheques and payment facilities.
- g) Competitive fees charged.
- h) Good interest rates paid.

7.5 Petty Cash Management

- a) It is the policy of CCARDESA that the amount of cash to be held in the office be reduced to a bare minimum in order to reduce the risk of fraud or theft.
- b) The amount to be held will be determined on the basis of the daily cash requirements at CCARDESA.
- c) In any event, a maximum cash limit of Botswana Pula Two Thousand (BWP2, 000) and United States Dollars Five Hundred only (USD500) should not be exceeded without the express written authority of the Executive Director of CCARDESA.
- d) Petty cash will be used only for small payments and all recipients of cash will sign the pre-printed petty cash payment voucher (**Annex 4**) and attach the proper supporting documentation.
- e) All cash transactions will be supported adequately by receipts.
- f) No cash receipts will be deposited into petty cash at any time. All cash receipts from whatever source, other than replenishment of imprest will be receipted and banked into a CCARDESA account. Imprest limits of US\$500 or BWP2, 000 should not be surpassed.
- g) The petty cash box will be locked and stored in a safe location when not in use. Only designated custodians of the petty cash will have access to the box. At all times, the petty cash box will be kept in a safe.
- h) Petty cash will be counted regularly. On the last day of the month, petty cash will be counted so that expenses can be reported within the month they occurred.
- i) Petty Cash balance Certificate will be issued after the cash count.

8. ACCOUNTING SYSTEM AND CHART OF ACCOUNTS

8.1 General Policy

CCARDESA will maintain its accounting records in accordance with IPSAS.

Where no IPSAS guiding principle exist in relation to a transaction, event or condition, CCARDESA management will use its judgment in developing and applying an accounting policy that results in information that is relevant to the decision making needs of users, and reliable in the financial statements:

- (i) represent faithfully the financial position, financial performance and cash flow of CCARDESA;
- (ii) reflect the economic substance of CCARDESA's transactions, other events and conditions and not merely the legal form;
- (iii) are neutral, i.e. free from bias,
- (iv) are prudent;
- (v) and are complete in all material respects

8.2 General Ledger

- a) A general ledger will be used to summarize, on a year-to-date basis, all accounting transactions.
- b) The accounting transactions will be classified according to the chart of accounts and account descriptions.
- c) Posting to the General ledger will be made from the books of original entry e.g., Income ledger, Cash books, Receivable & Payable ledger, Payroll register and Journal vouchers directly to the general ledger..

8.3 Charts of Accounts

- a) The chart of accounts (**Annex 5**) will be the essential component of the general ledger system. The chart will be broken down into its various divisions – Assets, Liabilities, Fund Balance, Income and Expenses.
- b) Each section will be defined by Primary Account Number, Sub-Account Number, Unit/Department, Programme/Project Number, Activity, and Description.
- c) All staff involved with account coding or budgetary responsibilities will be issued with a chart of account. The chart will be updated on a routine basis and any /additions are approved by the Finance Manager.

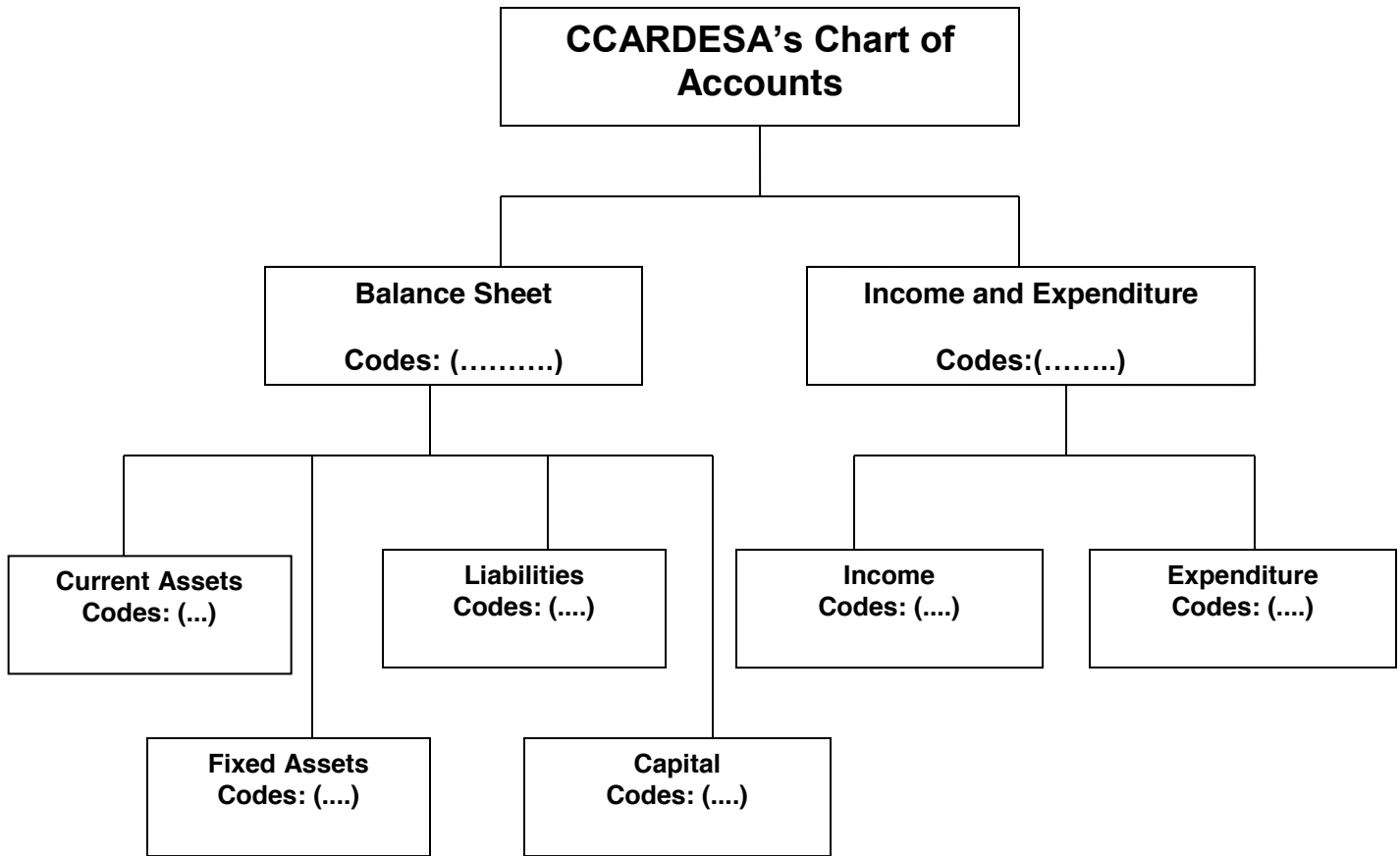


Fig. 1. CCARDESA's Chart of Accounts

8.4 Operating Accounting Software

- a) Financial and accounting transactions at CCARDESA will be processed using preferably the SUN Accounting System. CCARDESA will endeavour to make regular updates of the software appropriate for the needs of its operations.
- b) Regular back-ups of the accounting system are made to ensure maximum security of the software.
- c) Backup copies of the data will be kept off-site by the Head of Human Resources, Finance and Administration of CCARDESA on a weekly basis.

9. FINANCIAL REPORTING

9.1 Preamble

CCARDESA's set of financial statements will comprise of the following:

- a) A statement of financial position (Balance Sheet)
- b) A statement of financial performance (Income and Expenditure)
- c) A statement of changes in net assets/equity
- d) A cash flow statement
- e) A statement of budget variances
- f) By way of notes in the financial statements, CCARDESA will provide explanations of material differences between the budgets for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents.

9.2 Financial Reporting

- a) Quarterly financial reports will be prepared and will include line item expenditures for the quarter and accumulated year to date.
- b) These reports will be done on a timely basis, but in any case, not later than 30 days after the end of the quarter under review.
- c) CCARDESA will prepare financial statements listed above. Annual audits on these statements will be conducted by an independent Certified Public Accountant at the close of each calendar year using the financial statements prepared by CCARDESA. These reports will be available to Board and CCARDESA's Development Partners.
- d) CCARDESA will prepare separate financial statements for each programme that requires distinct accountability.

9.3 Audience of Financial Reports

- a) The Board

According to the CCARDESA Charter, the Board has been delegated responsibilities and powers to "recommend for approval or ratification by the General Assembly, policies, programmes, budgets, financial statements, audit reports, agreements, contracts, protocols and bye-laws". The Board, therefore, has the supreme power to review all the financial statements presented by CCARDESA.

- b) Development Partners/Investors

Developments Partners and Investors use financial reports for decisions regarding the extent and timing of future contributions and to ensure adequate progress is made in achieving the goals of the funding contract.

c). CCARDESA Management Team

The Executive Director of CCARDESA is ultimately responsible to the Board for the financial management of the CCARDESA Secretariat. Financial reports measure the financial performance of CCARDESA, its Programmes and Projects. Financial statements become the basis of making decisions and taking appropriate action on this assessment.

d). Thematic Coordinators

The Thematic coordinators will monitor the financial progress of their Themes and sub-projects under their portfolio using regular and timely financial information to enable decisions to be made on future activities which must be within the available resources.

e). Finance Unit

It will be the function of this department to produce accurate and timely financial reports. The unit will perform the initial review of financial reports, and use their expertise to subsequently provide support and direction to the Thematic Coordinators and senior management on interpreting the reports and identifying any actions necessary relating to the financial reports.

f) Statutory accounting documents are public and should be made available to the public as required.

g). Internal management accounting reports are for CCARDESA's internal use only.

9.4. Common Information in Financial Reports

a) Funds received within the reporting period and the sources.

b) Actual spending during the reporting period.

c) Budget for the reporting period.

d) Funds brought forward from previous period, in case of an on-going Programme/ Project.

e) Funds remaining for the period of reporting.

f) Person preparing the report and date.

g) Currency of reporting.

h) Exchange rate used in case different from spending currency.

i) Dates funds transferred from donor.

- j) Programme/Project name and agreement number.
- k) Recipient of report.

9.5 Prerequisites for making Financial Reports useful

- i. **Timely:** When reports reach the intended parties on time for timely decisions. To prepare timely reports requires that all expenditure reports are processed on time.
- ii. **Relevance** - When the information contained in the report is relevant to users if it can be used to assist in evaluating past, present or future events or in confirming or correcting past evaluations. It should also be relevant to both the period and the activities.
- iii. **Comparability** – When users are able to identify similarities and differences between that information and information in other reports.
- iv. **Understandability**– Information contained in the report is understandable when users might reasonably be expected to comprehend its meaning. This is based on the premise that users have a reasonable knowledge of the activities being reported on.
- v. **Prepared in accordance with agreement** – when reports are prepared in the format agreed on with the development partner/donor (contractual obligation).
- vi. **Reliability:** Accounting books and report are reliable by figures adding up and when they are free from material errors and bias and can be depended on by users to represent fairly what it purports to represent or could be expected to represent.

10. AUDITING OF CCARDESA'S FINANCIAL RECORDS

10.1 Appointment of Auditors

Article 5.2.2.1 (ii) (d) of the Charter of CCARDESA gives the General Assembly the powers to appoint and determine the remuneration of an internationally reputable firm of External Auditors.

10.2 Auditing Financial Statements

CCARDESA's statements will be prepared in accordance with the International Public sector Accounting Standards, IPSAS

- a) CCARDESA's financial records will be audited annually by a competent and independent external auditor. Therefore, auditors will be required to express their opinion based on the IPSAS. The auditors will also be

required to conduct their audit in accordance with International Standards of Auditing.

- b) Since CCARDESA is hosted by Botswana, a SADC Member States, CCARDESA's audited financial statements will comply with local reporting requirements and the auditor's opinion will so state.
- c) The identification of the external auditor will be the responsibility of the Board of CCARDESA while the engagement will be responsibility of the General Assembly.
- d) It is the policy of CCARDESA to distribute the audited financial statements to the Board of CCARDESA and to organizations entitled to receive a copy because of contractual agreements, e.g. the Development Partners.
- e) The authority to distribute the statements to other individuals or organizations requesting for audited financial statements will be left to the discretion of the Executive Director of CCARDESA, but only after the Board has formally accepted the audit report at a duly convened Board meeting.

10.3 Issuance of Management Letter

- a) It will be the policy of CCARDESA to discuss the management letter that will be addressed to CCARDESA's Audit, Risk and Compliance Committee with representatives of the auditing firm and to direct staff as to the appropriate action required to correct deficiencies identified.
- b) Distribution of the management letter to individuals or organizations other than those entitled to a copy of the audited accounts of CCARDESA will be left to the discretion of the Executive Director of CCARDESA.

11. APPROVAL RIGHTS & RESPONSIBILITIES

A = Final Approval
B = Must endorse
C = Must be consulted before
D = Must be informed after
E = Originates from

1 = Donor
2 = Board
3 = Executive Director
4 = Head of Programmes
5 = Head of Finance

6 = Head of Administration & Personnel
 7 = Procurement manager
 8 = Monitoring and Evaluation Manager

Transaction and Events	1	2	3	4	5	6	7	8
Donor Agreements	A	B	AB	C	C	E	D	E
Programs and projects	D	A	A	C	C	E	D	D
Sub-Grant Agreements	Sub - Grants manual refers							
Annual Work Plans		A	B	BC	C	E	D	D
Annual Budgets		A	B	BC	BC	E	CD	CD
Asset movements			A	C	C	BE	BE	
Contracting Consultants			A	B	B	C	C	C
Budgeted expenditures			A	C	B	EB	E	
Unbudgeted Expenditures > 15% of B.		A	A	C	B	EB	E	
Payment Vouchers			A	B	B	EB	EB	EB
Bank Transfers			A	B	B	EB	EB	EB
Petty cash vouchers					A	EB	EB	EB
2 signatories of payments above US\$ 10,000.-	Executive Director has to be one of the two signatories							
Expenditure claims			A		B	EB	EB	EB
Approval of Purchase requests			A	B	B	EB	EB	EB
Travel Authorizations			A	B	B	EB	EB	EB
Fund Advances			A		B	EB	EB	EB
Clearance of Advances			A		A	EB	EB	EB
Staff Establishment		A	EB	B	B	B	EB	B
Staff recruitment			A	C	C	EB	EB	
Staff Termination			AE					
Salary scales			A		E		E	

Salary increases			A	E	E	E	E	E
Monthly Payroll			A		B			
Staff Loans			A		B		B	
Statutory Finance Reports		A	A	B	EB	D	D	D
Progress reports, technical			A	B	D	E	D	D
Progress reports, Financial			A		E	E		
Authority to use official cars			A	E	E	E	E	E

ANNEXES

ANNEX 1 – Bank Payment Voucher



BANK PAYMENT VOUCHER

Accounting

Period:.....

.....

Date:.....

Payee's Name:.....

Description/Nature of payment	Bank Account	Currency	Amount to Dr
TOTAL PAYMENTS			

Prepared by.....

Endorsed

by.....

Approved

by.....

ANNEX 2 – Travel Expense Claim Form

**CENTER FOR COORDINATION OF AGRICULTURAL RESEARCH AND
DEVELOPMENT IN SOUTHERN AFRICA**

Name: _____

Date	Expense Description	Amount in receipt currency	Exchange rate	Amount in US dollars
Total claims:				
Advance received:				
Amount due to CCARDESA/ Traveller:				

Please refund: Cash ----x----- **Cheque** ----- **Bank Transfer** -----

Account to which your reimbursement funds should be sent :(Pay to staff account, cash or cheque)

Full name and branch of your bank (do not use acronym): _____

Full address of your bank: _____

Your bank's Swift code: _____

Full name of your account (do not use acronym): _____

Account number: _____

Endorsed by:

Budget Holder: _____ **Date:** _____

Finance Manager: _____ **Date:** _____

Executive Director: _____ **Date:** _____

I _____ have received /paid \$ _____ from/to
CCARDESA as reimbursement

for _____

Signature: _____ **Date:** _____

Finance Assistant: _____ **Date:** _____

ANNEX3 – Bank Reconciliation Statement format



<i>BANK RECONCILIATION</i>	
Bank Account Name	Month Ending
General Ledger Number	\$0.00
Balance per Bank Book (Ledger)	
Add: Outstanding Checks	A \$
	Sub total \$0.00
Deduct: Receipts in the Ledger Not Yet Lodged in Bank	B \$0.00
	Sub total \$0.00
Deduct: Debit Items in Bank Statement Not Yet in Bank Book (Ledger)	C \$0.00
	Sub total \$0.00
Add: Credits (Deposits) in Bank not yet in the Ledger	D \$0.00
	\$0.00
Balance as per Bank Statement	
Unreconciled Difference	\$0.00
Prepared by	Date :
Reviewed by	Date :
Approved by	Date :

ANNEX 4 – Petty Cash Voucher



PETTY CASH VOUCHER

Accounting Period: Date:.....

Payee's Name:.....

Description/Nature of payment	Bank Account	Currency	Amount to Dr
TOTAL PAYMENTS			

Prepared by.....

Cash Received
By.....

Endorsed
by.....

Approved
by.....

ANNEX 5 – Chart of Accounts



CCARDESA CHART OF ACCOUNTS

Account Code	Description
	<p>**ASSET**</p> <p>*CURRENT ASSET*</p> <p>*CASH AND CASH EQUIVALENT*</p> <p>**PETTY CASH**</p> <ul style="list-style-type: none"> • Petty Cash-BWP • Petty Cash-USD <p>**CASH IN BANK**</p> <ul style="list-style-type: none"> • Standard Chartered Bank SDC/FARA (USD) • Standard Chartered Bank USAID (USD) • Standard Chartered Bank RESERVE A/C (USD) • **RECEIVABLES** • Donor Grant Receivable • Staff Receivable • Other Receivable <p>CASH AND TRAVEL ADVANCES</p> <p>**INVENTORIES**</p> <ul style="list-style-type: none"> • Office Supplies <p>**PREPAYMENTS**</p> <ul style="list-style-type: none"> • Prepaid Rents • Other Prepayments <p>**FIXED ASSETS**</p> <ul style="list-style-type: none"> • Computers • Equipment • Furniture & Fittings • Vehicles • Other Assets <p>**LIABILITIES**</p> <p>**CURRENT LIABILITIES**</p> <p>**GRANTS RECEIVED IN ADVANCE**</p> <ul style="list-style-type: none"> • Donor Grant Received in Advance

	<p>**ACCOUNTS PAYABLE**</p> <ul style="list-style-type: none"> • Staff Payables • Other Payables <p>**ACCRUALS**</p> <ul style="list-style-type: none"> • PROVISION -Doubtful A/RS • PROVISION -Accrued Expenses <p>**ACCUMULATED DEPRECIATION**</p> <ul style="list-style-type: none"> • Accumulated Depreciation- Computers • Accumulated Depreciation - Equipment • Accumulated Depreciation- Furniture • Accumulated Depreciation- Vehicles • Accumulated Depreciation- Other Assets <p>**FUND BALANCES**</p> <ul style="list-style-type: none"> • Capital invested • Reserves • Operating Fund
	<p>**INCOME ACCOUNTS**</p> <p>**INCOME**</p> <ul style="list-style-type: none"> • Donor Income • Interest Income • Sundry Income • Overhead recovery <p>**EXPENSES**</p> <p>**Salary, Benefits and Allowances**</p> <ul style="list-style-type: none"> • Basic Salary • Housing • Utilities • Security Guard • Home Leave • Education Allowance - Tuition • Education Allowance -Travel • Relocation Allowance • Domestic Worker & Gardener • Medical Aid <p>** Consultants **</p> <ul style="list-style-type: none"> • Fees • Transport/Airfares • Accommodation & Per-diem <p>**Board & Committee Meetings**</p> <ul style="list-style-type: none"> • Honorarium • Accommodation & Per-diem • Air Tickets • Interpretation / Translation

	<ul style="list-style-type: none"> • Other Expenses **Other Meetings, Conferences & Workshops** • Facilitators • Accommodation & Per-diem • Air Tickets • Interpretation / Translation Other Expenses **Travel, Accommodation and DSA** • Per diem • Tickets & Visa **General Administration** • Office Rent • Vehicle Running expenses • Insurance • Stationery • Periodicals / Magazines • Computer supplies • Communication (Telephone/Postage/Email/Fax) • Maintenance • Printing & Publications • Cost Recovery/Overheads **Financial Charges**
	<ul style="list-style-type: none"> • Audit fees • Bank Charges • Exchange Gain/Loss • Provision for Bad & Doubtful d • Provision for Reserves **Depreciation** • Computers and software • Depreciation - Equipment • Depreciation expense-Furniture • Dep. Vehicle • Others **Capital Purchases** • Computers • Equipment • Furniture & Fittings • Vehicles • Others



Travel Requisition Form

PART A: DETAILS OF APPLICANT

Name: _____ Position: _____

Telephone: _____ Department: _____

Ref: ____ (as per attached approved ATA) _____

PART B: TRAVEL ITENERARY

DATE	DESTINATION	NIGHTS		UN RATE	+40% +30% +20%	TOTAL IN US\$/EURO	
		PLANNED	*ACTUAL			PLANNED	*ACTUAL

* To be completed by officer within 48 hours of return. Ticket should be attached.

PART C: CERTIFICATION BY FINANCE OFFICER

Signature: _____ Date: _____

PART D: APPROVAL BY HEAD OF DEPARTMENT

Authority to travel as requested above is granted: Yes: No:

Signature: _____ Date: _____

PART E: RETIREMENT

65% of the per diem is to be retired since accomodation was provided: Yes: No:

Refund/Claim: _____

Signature: _____ Date: _____



Centre for Coordination of Agricultural Research & Development for Southern Africa
Centre De Coordination De La Recherche Et Du Développement Agricole De L'Afrique Australe
Do Centro De Coordenação Da Investigação E Desenvolvimento Agrário Da África Austral

Payment/Receipt Voucher

NAME OF PAYEE: _____ COUNTRY: _____

MEETING: _____

PURPOSE OF PAYMENT: _____

PAYMENT DETAILS

US\$

SUBSISTENCE: _____

HONORARIUM: _____

AIR FARE: _____

AIRPORT TAX: _____

OTHER: _____

TOTAL PAYMENT: _____

RECEIVED FROM: _____

SIGNED: _____

RECEIVED BY: _____

SIGNED: _____

DATE: _____





Imprest Request/ Retirement Form

PART A: TO BE COMPLETED BY THE APPLICANT IN DUPLICATE

Name: _____ Amounts Requested: _____
 Purpose: _____ Position: _____
 Signature of Requesting Officer: _____ Date: _____

PART B: TO BE COMPLETED BY FINANCE OFFICER

The above requests is within the budget

Signature of Requesting Officer: _____ Date: _____

PART C: TO BE COMPLETED BY THE HEAD OF DEPARTMENT

Signature of Requesting Officer: _____ Date: _____

PART D: TO BE COMPLETED BY THE OFFICER WITHIN 48 HOURS OF RETURN

DATE	EXPENSE ITEM	ACTUAL (US\$)	PLANNED EXPENSE/ IMPREST RECEIVED	REFUND/ (CLAIM)	APPROVED/ HEAD of DEPT
TOTAL					

Please attach the official Receipts

Signature: _____ Date: _____