

FINANCIAL PLANNING, PROCESSES AND REPORTING

Financial Year End

1. GL's financial year closes at the end of February each year.

Approach to funding

2. GL is a non-profit organisation that receives the bulk of its funding from external donors, including bilateral donors and foundations. Much of GL's funding is in the form of short term project funding. To strengthen its financial position GL is shifting wherever possible to multi year funding that covers operational, capital and core staff support and is aligned to GL's financial year. GL is also seeking to maximise internally generated resources through, for example, undertaking consultancy work from time to time; maximising interest; VAT returns; sale of publications and renting out its facilities.

Financial responsibility and segregation of duties

Audit Committee

3. The Directors shall appoint an Audit Committee consisting of the Chair/Deputy chair, the CEO and one other member of the Board with financial/accounting understanding.
4. The Audit Committee shall meet annually just before the annual board meeting.
5. The role of the Audit Committee is to:
 - Review the annual financial statements together with the external auditors' report and recommendations before presentation to the board.
 - Advise the board of findings from the external audit and any financial issues that may require to be tabled before the board.

The Internal Auditor

6. The Internal Auditor (IA) provides monthly oversight of all financial-related transactions; checks monthly reconciliations and reports for presentation to the CEO; checks quarterly reports for presentation to the EC; and does the final internal check of all accounts and reconciliations for the annual audit. The IA also checks all reports to funders and provides strategic advice on financial management and sustainability. The IA shall sign off monthly reports and produce a report of findings to be signed off by the CEO.

Johannesburg Office

7. The CEO is the accounting officer of GL and reports to the Executive Committee (EC) each quarter and to the Board annually, on the financial status of the organisation.
8. The Director of Finance and Corporate Services (DFC) and the Finance manager (FM) are responsible for preparing budgets, payments, annual accounts and day to day financial management under the supervision of the CEO. The DFC verifies all payment requisitions prepared by the Finance Assistants (FA) and checked by the FM before these are presented to the CEO and DP.

9. The (FA) is responsible for the day to day processing of payments, cheque requisitions and cashing of cheques; management of petty cash; reconciling all cash payments; ensuring that all creditors include the GL VAT numbers; issuing and reconciling of order numbers.
10. All financial transactions, whether by electronic transfer, bank draft or cheque, require two signatories.
11. There are two principal signatories to the GL account: the CEO and the DP. One or the other of these signatories must authorise payments by signing the authorisation space in all drafts and requisition forms. All payments processed in the CEO's absence must be presented to her in the next payments meeting.
12. The Assistant Director (AD) can only sign on the account together with one of the principal signatories and only in the event that one of the principal signatories is not available.
13. The second signatory in any financial transaction is required to verify that all the steps listed above have been followed before a payment is effected, and that all requisitions are supported by complete, original documentation as detailed under payments and conforms to the procurement policy.

Satellite Offices

14. The Programme Assistant/Intern is responsible for the day to day processing of payments, cheque requisitions and cashing of cheques; management of petty cash; reconciling all cash payments; ensuring that all creditors include the GL VAT numbers; issuing and reconciling of order numbers.
15. All financial transactions, whether by electronic transfer, bank draft or cheque, require two signatories.
16. There must be two principal signatories to the Satellite Office GL bank accounts: The first signatory must authorise payments by signing the authorisation space in all drafts and requisition forms.
17. The second signatory in any financial transaction is required to verify that all the steps listed above have been followed, that all payments are in line with the procurement policy before a payment is effected, and that all requisitions are supported by complete, original documentation as detailed under payments.
18. Funds are transferred quarterly against the office budget and reconciled on a monthly basis.
19. Satellite offices are subject to the same financial rules and regulations as those of head office; in particular:
 - Satellite offices shall establish a local GL bank account that shall have at least two signatories; the representative and a board member or person authorised to sign on behalf of the GL Board.
 - All capital items purchased shall be the property of GL and shall form part of the GL asset register.

- Accountable transfers for running costs shall be made at the beginning of each quarter.
- The GL head of office shall ensure that original receipts are kept for all expenditures.
- Satellite offices shall have the same financial year as GL (1 March- end of February)
- Satellite office accounts shall be audited annually in March each year in accordance with the laws of each country in which they are registered.
- Running costs must be kept to a minimum and must come out of the 10% administration fee charged to projects. GL will not invest in many fixed assets outside of its home base in Johannesburg.
- Streamlined office operations might involve a room from home; an administrator or intern and the representative; as well as good IT connections. The focus is more on the *presence* than on the *physical* structure. However, shared office facilities are discouraged as this often poses challenges in the long run.

Project sites

20. The FO shall open an account dedicated for GL funds and the transfer of funds must be kept minimal.
21. The field officer is responsible for the accounting of all the funds transferred to the project office.
22. Funds transfers for programme expenses mostly workshops shall be made as and when they are required and where possible, transfers for venues and catering shall be made direct to the service providers. A receipt form acknowledging receipt of the transfers must be signed by the Field Officer.
23. The FO is required to submit reconciliations for the programme funds transferred immediately after the particular event is completed and before the transfer of funds for the next event is requested. The FO must note that is important to plan well in advance and do reconciliations on time so as to avoid delays on funds transfers.
24. Funds for operational expenditure like rent, communication, transport and stationery shall be transferred and reconciled quarterly.
25. Transfers for salaries shall be made direct into the FO's personal accounts from the regional office on a monthly basis.
26. All the receipts and invoices for expenditures together with the bank statement must be kept and submitted to RO with the appropriate reconciliations.
27. All payments to suppliers must be detailed on the cash reconciliation form (**Form FN01: GL Cash requisition/reconciliation form**). The Governance Manager must check the budget line allocations on all the reconciliations and approve.
28. All running costs must be kept at a minimum.

Accounts and Audit

29. The Directors must cause all such books of accounts as prescribed by the Act to be kept.

30. The books of accounts must be kept at the registered office of the Association, or at such other place or places as the Directors deem appropriate, and must always be open to the inspection of the Directors.
31. The Directors must, from time to time in accordance with the Act, cause to be prepared and laid before the Association in the AGM such annual financial statements as required by the Act.
32. A copy of the annual financial statements that is to be laid before the Association in the AGM, must not less than twenty-one (21) days before the date of the meeting be sent to every member of the Association, provided that this regulation does not require a copy of those documents to be sent to any person whose address the Association is not aware.
33. Auditors must be appointed and their duties regulated. Auditors must be rotated every 5 years unless partners are rotated i.e. the same individual should not audit the GL accounts for more than 5 years.

Reserve Fund

34. The Directors may establish any reserve fund or funds for the purpose of meeting contingencies or for the furtherance of any of the objects of the Association, and such fund or funds may be invested, as the Directors may deem appropriate, including the creation of an endowment fund.

Endowment Fund

35. This fund generally comprises of surpluses generated by the Association through consulting work; VAT recovered; interest earned; office and conference facilities rented out and publications sold.
36. The endowment fund shall be managed by a reputable financial advisor approved by the Board and the funds must be invested with a reputable financial institution. A report on the performance of this fund must be presented at the AGM.

Budgets

37. Detailed budgets are prepared for all programmes at the time that project proposals are submitted to funders, in accordance with the five year rolling strategic plan. Budgets are adjusted according to amounts received and exchange rates.
38. The majority of GL's funding partners provide project funding. GL builds into its funding proposals a 10% management fee to cover operational costs. This covers monthly running expenses of the organisation (i.e.) levies, stationery, telephone, bank charges, courier fees, equipment maintenance and audit fees.
39. GL also builds into project proposals staff and consultant-related costs for implementing the projects.
40. Following the organisational evaluation in 2006, GL is working towards greater alignment among key donors to GL's planning and financial cycle including the provision of core funding and creation of a basket fund.

Budget lines and expenses

41. Budget lines are established for each donor and for each project so that at any time reports can be generated for individual donors using the Pastel Report Writer function.
42. For management purposes, any funds designated for capital costs, human resource costs or for office operations are assigned to the capital, staff salary/consultant fees and to the operational budget lines, leaving in the project budget direct, project-related costs (e.g. workshop or publication costs).
43. Where the CEO makes direct inputs into projects on account of his/her expertise in these areas resources are designated in accordance with the time input. Approximately 5% of all human resource allocations for projects, to a maximum of the balance of the CEO's salary, are allocated to the salary of the CEO who is responsible for generating project proposals, managing all staff and consultants, as well as reporting on project implementation.

Revenue

44. All income is recognised and allocated to revenue on receipt within the bank account. No provisions and no accounts receivables are raised for future revenue. Income is allocated per donor per project within the accounting system.

Interest received

45. All monies are managed in such a way that maximise interest and the interest is invested back in the organisation.

Management of assets

46. All capital purchases shall be recorded in the asset register and depreciated according to accepted accounting standards.
47. All capital purchases shall be assigned a number and be tagged with this number.
48. All capital items shall be added to the organisation's insurance policy that shall be kept updated at all times.

Contract work undertaken by GL

49. GL may undertake contract work as part of the income generating activities of the GL Services Unit.
50. Requests to provide such services shall be referred to the Gender Links Services Manager in the first instance and a recommendation made to the CEO on whether to undertake the work based on a) programme fit and leveraging b) available capacity c) a cost benefit analysis, including income to be earned by GL.
51. GL's standard set of rates (**Annex H**) for consulting work shall be reviewed from time to time in accordance with prevailing market trends.

52. GL shall enter into detailed agreements with all clients setting out tasks, deliverables, timeframes, fees and how variations/disputes shall be managed.
53. A staff member who undertakes contract work for GL with another institution as part of GL Services shall not be permitted to resign and take a post with the client until at least a year after the completion of the contract. This shall be made clear to the client and where possible included in the contract with the client.

Cash receipts

54. All cash receipts (for example, for publications sold) are controlled by pre-numbered receipts forms.
55. The FM shall verify all cash against receipt forms.
56. The FM shall ensure the immediate deposit of any cash receipts.

Cash requisitions and reconciliations

57. The FA shall manage a petty cash float of not more than R5000.
58. The FM shall verify all reconciliations of the float against original receipts before any further cash is drawn.
59. To the extent possible, where GL is conducting work away from its base in Johannesburg, either in South Africa or the region, payments will be made by electronic transfer or bank draft.
60. Where it is necessary to make cash payments due to lack of transfer facilities; small amounts to be paid to several individuals (for example reimbursement of travel expenses); or the exact amount being unknown until after the event (e.g. due to uncertainties concerning number) programme managers must prepare a budget using the cash requisition form (**Form FN01: GL Cash requisition/reconciliation form**) spread sheet that can be found on the P drive.
61. Each line item must be detailed against the relevant quotations and budget lines. The budget must indicate the name of the project and budget line code. A contingency amount may be built into the budget but may not exceed 10% of the total prior to adding of the contingency. Quotations for venues and services are to be attached to the budget to verify the amounts requested. The budget must be totalled and attached to a cheque requisition form.
62. The payment requisition form must be completed in detail, supplying the information as requested on the payment requisition form. At this stage do not complete the account allocations. The following information is the minimum requirements to be completed on the payment requisition form: Name of payee, date, payment method, reason for payment, description of payment made, total amount, requested by signature and the date. (**Form FN02: GL Payment Requisition form**)

63. The completed payment requisition together with the budget must be forwarded to the Finance department for preparation of the cheque. The FA will process the payment and the cheque, the cheque requisition and budget to the FM for checking and the DFC for approval. On approval the documentation will be forwarded to the CEO for final authorization signatory.
64. The cheque must be cashed at the bank as close to the day of departure as possible so as to reduce the amount of time in which the cash will be left in the office. The applicant is responsible for the cash from the time it is available from the bank and must sign a GL receipt form (**Form FN03: GL Cash Receipt form**) when receiving the cash and forward this to the FA. If more than one person is travelling cash amounts must be split between them to minimize chances of loss.
65. On the day of the applicants return to the office following their trip, a reconciliation of all expenditure must be completed detailing the project name, the account codes, the expense line item, the amount and the receipt numbers. The original receipts from service providers must be attached to the reconciliation and numbered accordingly. Where GL provides cash for per diem and a GL receipt form must be completed by the recipient. The receipt form must be completed in full and with as much detail as possible.
66. Should the receipts be in a foreign currency, the foreign currency amount must be entered in the appropriate column on the reconciliation, together with the exchange rate used and the Rand amount. Documentation from the bank or an exchange bureau showing the exchange rate used must be attached to the reconciliation. The reconciliation together with all documentation must be forwarded to the Finance Manager for checking, final approval and filing with the original cheque requisition, budget and receipt form. All reconciliations are signed off by the DFC.
67. Monies left over must be returned with the reconciliation to the FM and a receipt must be issued. Any monies owing to the applicant will be reimbursed to them via electronic transfer into their bank account.

Payments

68. All payments are accompanied by a completed payment requisition form, together with original invoices. The FA is responsible for verifying all requisition forms to ensure that they are supported by original invoices bearing the GL VAT number; contracts; purchase orders etc and that the payments have been assigned to the correct budget line.
69. The FA is responsible for checking all invoices to ensure that calculations are correct; raising queries and correcting these where they are not.
70. The FM is responsible for verification of monthly creditor accounts to ensure that they are supported by order forms issued during the month.
71. The FM is responsible for checking all salary payments to ensure that they comply with contracts, tax, labour and all other statutory requirements.

72. The DFC is responsible for approving payments and presenting payments to two signatories to the account for final verification before payment is effected by cheque, draft or electronic transfer.
73. The DFC is responsible for ensuring that all requisitions are signed and approved before payments are made and recorded.
74. As soon as the payments process is finalized, all documents must be stamped with paid stamp and as soon as the transactions are entered in the accounting system, all the documents must be with a captured stamp.
75. The FM shall ensure that all those to whom payments have been made are notified within two days of the date and purpose of payments made and for following up with the bank on any glitches relating to payments.
76. Expenses are allocated according to the budget lines and monitored on a monthly basis by the DFC and CEO/DP to ensure that all expenditure is within budget and to institute negotiations with donors where adjustments to budget lines might be required.
77. Where documentation is not available immediately on payment (i.e.) advance payments for out-of-town expenses, the money must be motivated with a quotation and budget for the project. The requisition is retained and a reconciliation completed together with all the necessary documentation prior to allocation to the relevant expense within the accounting system.
78. Officers who have taken cash or cheque advances as described in clause 387 are personally liable for ensuring proper reconciliation of the accounts on their return.
79. Payments are made either by cheque and/or electronic transfer. Cash payments are only made in exceptional circumstances that include: several small payments to be made for out of town expenses and out of country expenses, where GL does not have a bank account and the payments do not form part of the contract of the local consultant/ network contracted to assist with arrangements.

Accounts payable to creditors

80. In instances in which GL has accounts with creditors (e.g. travel, stationary, photocopying, courier and computer maintenance) managers are required to complete an order form from the order book that shall be maintained by the Procurement Officer.
81. Managers must fill in the donor budget line for the service being procured and **MUST SIGN THAT THEY HAVE MADE THIS ORDER**. Should the order not be a legitimate GL requirement or not have a budget line from which it can be paid the managers who have signed for these services will be personally liable for the payment.
82. Individual invoices for such services shall be filed by the FA and reconciled at the end of the month.
83. Monthly reconciliations shall be checked by the FM, and approved by the DFC and authorised by the CEO for all regular suppliers prior to payment.

84. All creditors are required by law to quote GL's VAT registration number.

Monthly reconciliations and reports

85. Bank reconciliations are completed on a monthly basis for all the bank accounts. Uncleared items older than six months are investigated and written back. All clearing accounts are balanced prior to closure for month end.
86. A trial balance is printed and all figures are downloaded into the monthly management report. The monthly management report details the total income/expenditure per project, the amount of funds available per project and the amount of funds available within the provision accounts.
87. All monthly bank reconciliations must be reviewed, signed and dated by the DFC.
88. A detailed monthly report must be printed from the accounting system per programme for the CEO/DP to monitor expenditure against budget.

Quarterly reports

89. A quarterly report is compiled detailing total revenue received versus total expenditure within the broad spectrum of accounts (i.e.) capital; human resource, programme and operating expenses. An analysis of these expenses is compiled and then presented to the EC of the Board of Directors.

Compliance with funding agreements

90. The DFC is responsible for compiling a register of all donor contracts with all specific requirements and report dates and ensuring that these are met.
91. The DFC is responsible for liaising with donors on the timely transfer of funds.
92. Programme managers are responsible for preparing detailed budgets for their work and ensuring that these budgets are complied with; that any variances are explained and are within the accepted limits of specific donors; and for initiating any changes in budget lines in a timely fashion. Programme managers will be held accountable for budget overruns that are not identified and managed properly. While programme managers will be assisted in identifying potential problems by the CEO/DP and DFC during the monthly budget and programme review meetings, it is the primary responsibility of programme managers to manage and monitor their budgets; to initiate donor reports and to draft all narrative reports.
93. Budgets must be informed by the activities as outlined in the project proposals. Expenditure has to be tracked vigilantly. This process can be done through analysing the accounting reports, checking the actual expenditure against the budgeted amounts and the planned activities. At any one time the Programme Manger should know how much is already spent on the project, the funds still available and whether the planned activities can be covered.

94. If a Programme manager suspects any major deviations from the budgets, this must be communicated to the DFC and she/he will help with compiling the actual expenditure together with projected expenditure by converting the accounting report to excel and comparing with the estimated expenditure. If it is confirmed there may be an over expenditure, the programme manager must take appropriate steps for seeking approval for amendments to the budget lines from the donors.
95. The DFC is responsible for preparing donor reports per specification in contracts and ensuring that these are submitted (together with narrative reports by programme managers) at the correct times.
96. The CEO/DP shall check all reports to donors before these are sent and furnish explanatory notes on any variances.
97. The CEO/DP shall ensure that any queries raised by donors are attended to immediately and to the satisfaction of GL's donors.

Value added tax

98. Where value added tax is paid on expenses, this amount is claimed on a bi-monthly basis and allocated to a provision account for future expenditure. At the end of the financial year this is invested back into the organisation.
99. Where GL charges for any of its services, a VAT charge is levied and this is paid over to the Receiver of Revenue every two months.

Statutory requirements

100. The FM and DFC shall ensure, and IA verify, that all statutory requirements with regard to company tax returns; income tax; Unemployment Insurance Fund; annual audit and any other requirements by the Registrar of Companies and Department of Social Development are complied with.

Security and controls

101. All financial records, petty cash and cheque books are kept in a secure location and that financial records are archived for five years as required by the law.
102. All cancelled cheques are marked cancelled.
103. All staff records are stored on the R drive to which only the CEO, DFC and the HRA have access.
104. All shared finance records are stored on the L drive that is only accessible to the Corporate Services staff.
105. All electronic records are backed up on site and off site.
106. All contracts whether received or issued by GL are scanned and filed electronically on the P drive as well as being filed in hard copy. The hard copy file is kept in a steel cupboard.

107. Computer passwords to financial records are issued only to the CEO, DFC, FM, FA and IA and are regularly changed.

E signatures

108. The ED's E signature shall be kept on the secure R drive and it shall be passworded.
109. All contracts issued by GL shall carry the original signature of the ED except in exceptional circumstances as authorised by the ED in the form of an email that shall be attached to the contract.
110. GL shall not honour any contracts that carry the ED's signature without the express written consent of the ED.

