

Zannya Africa Foundation (ZAF) Financial Policy Manual



1. Introduction

Purpose: The purpose of this Finance Manual is to provide guidance on the financial management processes of Zannya Africa Foundation, ensuring the proper handling of financial resources in accordance with local laws, donor requirements, and best practices.

Scope: This policy applies to all financial operations of Zannya Africa Foundation, including budgeting, accounting, procurement, financial reporting, and auditing.

2. Financial Governance

Board Oversight: The Board of Directors is responsible for overseeing the financial operations of the organization. They will review financial reports, ensure compliance with financial policies, and provide strategic financial guidance.

Finance Committee: The Finance Committee, led by the Treasurer, will work with the Executive Director and financial staff to ensure sound financial management and adherence to policies.

3. Accounting Policies and Procedures

Accounting Basis: Zannya Africa Foundation uses [accrual or cash] accounting method for recording financial transactions.

Chart of Accounts: The foundation will maintain a standard chart of accounts to ensure consistency in financial reporting. Categories will include revenue, expenses, assets, liabilities, and equity.

Record Keeping: All financial transactions must be supported by proper documentation (e.g., invoices, receipts, contracts) and entered into the accounting system within 7 working days. The foundation will retain financial records for a minimum of 5 years in accordance with Ugandan law and donor requirements.

4. Budgeting and Financial Planning

Annual Budget: The Executive Director, in collaboration with the Finance Committee, will prepare an annual budget that aligns with the organization's strategic objectives. The budget will be presented to the Board for approval before the start of each fiscal year.

Budget Revisions: Any major deviations from the approved budget (e.g., 10% variance in line items) must be approved by the Finance Committee and the Board.

Financial Forecasting: Regular forecasting will be done quarterly to compare projected income and expenditures against actual figures. This will help in managing cash flow and adjusting strategies as needed.

5. Financial Transactions and Authorization

Approval Levels: All financial transactions, including expenditures, contracts, and grants, must be approved by authorized personnel before payment is made. Approval limits for different staff members are as follows:

Executive Director: Up to 50 million UGX

Finance Manager: Up to 10 million UGX

Program Managers: Up to 5 million for program-specific expenses

Payment Processing: All payments should be processed through the organization's bank account and accompanied by proper supporting documentation. Payments made outside the normal financial procedure (e.g., petty cash) must be documented and justified.

6. Procurement and Purchasing

Procurement Policy: The foundation will adhere to a transparent procurement process when acquiring goods and services. The following steps are required:

Competitive Bidding: For purchases above 10 million UGX, at least three quotations must be obtained from different vendors.

Vendor Selection: Vendors will be selected based on the quality of goods/services, cost-effectiveness, and adherence to ethical standards.

Documentation: All procurement documentation, including quotations, contracts, and receipts, must be filed and kept for audit purposes.

7. Cash Management and Bank Accounts

Bank Accounts: Zannya Africa Foundation will maintain at least one operational bank account for handling donations, grants, and operational expenses. All financial transactions, including payments and receipts, must be conducted through this account.

Cash Handling: Cash payments must be minimized and should only be used for smaller transactions. Cash expenditures must be documented with receipts and properly accounted for.

Petty Cash: A petty cash fund may be established for small, incidental expenses. The Finance Manager must maintain the fund and ensure that disbursements are adequately supported by receipts. A periodic review will ensure the fund is reconciled.

8. Financial Reporting and Monitoring

Monthly Financial Reports: The Finance Manager will produce monthly financial reports that show the organization's income, expenses, and cash flow status. These reports will be shared with the Executive Director and Board.

Donor Reporting: Financial reports required by donors will be prepared according to donor specifications and submitted on time. This includes detailed breakdowns of expenditures for funded projects.

Annual Financial Statements: At the end of each fiscal year, the foundation will prepare financial statements in accordance with [local or international accounting standards] (e.g., IFRS, GAAP). These will include a statement of financial position (balance sheet), statement of activities (income statement), and cash flow statement.

9. Audit and Internal Controls

Annual External Audit: Zannya Africa Foundation will undergo an independent external audit at the end of each fiscal year to ensure financial integrity and compliance with donor requirements and local regulations. The external auditor will review financial statements, controls, and the overall financial management system.

Internal Controls: The foundation will maintain internal controls to safeguard assets and ensure financial accuracy. These will include:

Segregation of duties: Different staff members will be responsible for authorization, processing, and recording of transactions.

Regular bank reconciliations to verify account balances and identify discrepancies.

Surprise audits and spot checks to maintain oversight.

10. Risk Management

Financial Risk: The Finance Manager will monitor potential financial risks such as currency fluctuations, liquidity issues, or changes in donor funding. Mitigation strategies will be developed to ensure the sustainability of the organization's programs.

Fraud Prevention: All employees are expected to adhere to the foundation's code of ethics, and any suspicion of fraud or mismanagement must be reported to the Finance Manager or Executive Director immediately.

11. Conflict of Interest

Policy: Board members, staff, and volunteers must disclose any personal or financial interest in the foundation's procurement or decision-making processes. If a conflict of interest arises, individuals must recuse themselves from relevant decisions.

Documentation: All conflicts of interest will be documented and managed according to the foundation's procedures.

12. Financial Compliance

Local Law Compliance: ZAF will comply with all relevant Ugandan financial laws, tax regulations, and reporting requirements. The foundation will register with the Uganda Revenue Authority (URA) for tax purposes and file taxes accordingly.

Donor Compliance: All financial activities will adhere to the terms and conditions set forth by donors, including reporting and spending restrictions.

Conclusion

This Finance Manual Policy ensures that ZAF conducts its financial affairs with transparency, accountability, and responsibility. It provides a clear framework for managing financial resources, supporting the organization's mission while complying with all legal and ethical standards. All employees, board members, and stakeholders are expected to adhere to the provisions outlined in this manual.