

*FINANCE POLICIES & PROCEDURES*  
*AGRICULTURAL PARTNERSHIP TRUST*

*11 HODSON AVENUE, NEW ALEXANDRA PARK*  
*HARARE, ZIMBABWE*

*PHONE: +263(4)744559*

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## **1. INTRODUCTION**

### **1.1 Objectives of Financial management policies & procedures**

- ❑ To provide a statement of APT policies on financial management
- ❑ To provide APT Field Staff with procedures and document formats which facilitate compliance with the policy requirements
- ❑ To establish preventive and detective internal control procedures over APT resources so as to reduce the likelihood of frauds and other irregularities.
- ❑ To safeguard APT resources and ensure that they are utilized in achieving the core objectives of the organization.
- ❑ To provide for systematic recording of all APT financial transactions so as to guarantee timely and accurate financial reports
- ❑ To implement best practices in APT financial management towards attaining high levels of accountability and transparency as part of good governance
- ❑ To assist management to attain economic, effective and efficient use of APT resources to achieve objectives and fulfill commitments to stakeholders
- ❑ To contribute towards the attainment of accountability towards internal and external stakeholders (inclusive of APT funding partners)
- ❑ To give APT a comparative advantage in competition for increasingly scarce resources

## 1.2 Key Financial management principles

The policies & procedures seek to establish internal control procedures on all the aspects of the APT operations based on the following universally recognized financial management principles;

- **Proper authorization** – all financial transactions, processes as well as use of organization assets should be subject to authorization by a higher authority.
- **Segregation of functions** – initiation, processing and authorization of transactions relating to funds and assets should be vested in as many people as possible to enhance transparency and reduce the risk of manipulation
- **Provision of adequate documentation** – all transactions as well as their authorization should be adequately documented on pre-numbered documents (wherever possible) with the sequence being periodically accounted for.
- **Safeguard over access to assets and records** – assets and records should be securely stored to prevent unauthorized access. Personnel responsible for custody of assets should be clearly identified.
- **Independent checks on performance and evaluation** – Cases of underperformance will be reported to management and a review process initiated.

The policies & procedures seek to establish **low level preventive controls** And high **level detective controls** that seek to ensure that the objectives of the organization are met and deviations are detected and corrected on time.

## 1.3 Approval procedure

Finance Policies and procedures will undergo the following processes

- a) Consultation and adoption by APT Staff (relevant)
- b) Approval by APT Management
- c) Endorsement by the APT Board of Trustees

Proposed amendments will be referred to APT Management who will recommend such amendments to the APT Board of Trustees.

### **Application**

The Financial management policies and procedures contained herein will apply to all APT operations in Zimbabwe.

The table of contents and Section 14 provides guidelines on the applicability of the various provisions at different levels (Programs, Field Operations and Finance).

## 2. "GOLDEN RULES" FOR APT FINANCIAL MANAGEMENT

- ✓ Always issue a receipt for money received on behalf of APT
- ✓ Always obtain a receipt for money paid out on behalf of APT
- ✓ Ensure that all APT financial dealings are supported by a written record (avoid word of mouth transactions)
- ✓ Keep an updated record of all APT receipts and payments
- ✓ Avoid leaving APT funds in insecure or accessible locations
- ✓ Avoid keeping APT funds at home
- ✓ Avoid mixing APT funds with personal funds
- ✓ Keep incoming and outgoing APT funds separate
- ✓ Signing of "blank cheques" is strongly prohibited
- ✓ Never borrow APT funds for personal use
- ✓ Never give unauthorized loans or advances using APT funds
- ✓ Always strive to live within the available means or budgets
- ✓ Ensure that every transaction or decision you facilitate on behalf of APT is transparent and does not raise questions about your integrity
- ✓ Avoid situations where you are seen to be the beneficiary of decisions or transactions facilitated by yourself

## **CHAPTER 3: ACCOUNTING POLICIES**

### **3.1 Basis of Accounting:**

- The organisation shall adopt a cash basis of accounting. Further the following accounting principles shall apply:
  - a) Transactions shall be recorded when a transaction occurs
  - b) Annual accounts are prepared on a consistent basis implying that the organisation will follow the same accounting methods from one year to the next. Any changes in the methods must be reported.

### **3.2 Revenue**

- Revenue is recognized in the financial statements on the date funds are received

### **3.3 Expenditure**

- Expenditure is recognized when a transaction occurs.
- Expenses that are directly related to a specific program are to be charged 100% to that program.
- Overheads and expenses related to more than one project are to be allocated across such projects using the approved cost allocation policy of the organization.

### **3.4 Currency**

- The financial statements are reported in United States Dollars (USD). Transactions made in local Zimbabwe Dollar currency (ZWL) or other currencies are changed to (USD) using the official bank rates of exchange ruling on the dates of the transactions.

### **3.5 Financial Year**

- The financial year of the organisation shall run from 1st September to 31st August each year.

### **3.6 Property, Equipment and Depreciation**

- All fixed property and equipment bought using APT funds will be directly charged to the asset account at the purchase price,
- All property and equipment shall be maintained in an asset register that will be updated regularly with additions and disposals.
- Property and equipment shall be depreciated using straight line method over their respective useful lives at the following rates:
  - a) Motor vehicles - 20%
  - b) Furniture and fittings - 10%
  - c) Computer equipment – 33.33%

### **3.7 Shared Costs**

All efforts will be made to promote sharing of common costs amongst active APT projects. Such sharing shall be based on, among other factors, commonality of expense, proportionate space occupied, proportionate time spent/utilized, head count, value of transactions and any other fair, justified and rational criteria.

APT shall file a signed agreement with details of costs and agreed criteria per each cost.

### **3.8 Other General Policy Guidelines**

- The Director shall ensure adequate segregation of duties. To ensure segregation of duties, an employee should not have duties in all the three categories of authorization, administration and implementation e.g. staff should not perform a procedure and approve the same procedure.
- The Director must sign all documents associated with acts of extraordinary administration for example: a) Taking any loans/debt on behalf of the organisation b) Loaning the organization's assets and or waiving debts legitimately owed to the organisation c) Initiating or responding to any lawsuits.

## **CHAPTER 4: FINANCIAL PLANNING AND BUDGETING**

### **4.1 Overall Organizational Budget Policies**

- To properly carry out its financial responsibilities, the organisation shall develop and work with financial budgets for each financial year.
- Budgets need to contain explanatory notes giving full details of how budgetary figures are arrived at
- Budgets are to be reviewed and revised if there are material external changes. Such changes will have to be approved by the management.
- Comparison of actual revenue and expenses with budgeted figures will be performed by the Finance Team monthly and shared with the whole team.

### **4.2 Project Budgets**

- The size of the budget shall depend on the activity levels of the project.
- The Finance Team shall oversee the overall monitoring and reporting.
- Budget amendments must be approved beforehand. Proposals for budget amendments are generated by the Finance Team and reviewed by the Director for approval



## CHAPTER 5: ACCOUNTING FOR INCOME, CASH & BANK

### 5.1 Cash Receipts

The projects do not receive disbursements in cash and there does do realise any cash receipts

### 5.2 Direct Transfers

- Whenever, clients make transfers directly to the bank accounts of the organisation, they should send a message about the same, indicating the exact amount transferred, the bank account to which transfer was made and the contract, invoice, grants and projects for which funds are to be used.

Entries to be posted:

Dr Bank account

Cr Income (specific )account

With the total receipt from the clients

### 5.3 Bank Management

- APT shall maintain Bank accounts for the maintenance of its funds. The number of such accounts to be opened and maintained by the organization would depend on its needs from time to time.
- All the organization's financial transactions must flow through designated bank accounts.

#### 5.3.1 Agricultural Partnerships Trust Bank Accounts and Signatories

- Each of these accounts should have a minimum of 2 signatories and the mandate would be at least two signatories to sign one of which should be a primary signatory.
- The Signatories to the bank accounts are as indicated below

Country	Bank Details	Primary Signatories	Secondary Signatories
Zimbabwe	First Capital Bank, Stanbic Bank Zimbabwe	Michael Dawes	Lorraine Ndlovu, Kennedy Mutimudye
Botswana	Stanbic Bank, Botswana	Michael Dawes	Lorraine Ndlovu, Kennedy Mutimudye

### **5.3.2 Bank reconciliation**

- The Finance and Admin Manager will be responsible for the monthly bank reconciliations of the organisation.
- Each bank account will be reconciled monthly not later than the 10th of the following month to its accounting system's cashbook.
- Any discrepancy arising from bank reconciliations should be noted and corrected as soon as possible.
- The reconciliations are to be reviewed and signed by the Director
- All bank reconciliations must be filed in chronological order.

### **5.3.3 Cancelled Vouchers**

- Cancelled vouchers should be properly marked CANCELLED, if signed, signature be mutilated.
- The vouchers are to be retained and filed in the bank payments file with the voucher clearly stating the reason for canceling or voiding.
- Cancelled vouchers should be posted to the accounting system to reflect their status to avoid future reuse of such vouchers.

## **CHAPTER 5: ACCOUNTING FOR PAYMENTS AND PROCUREMENT**

### **5.1 Procurement Process**

- The Finance Officer sources for quotations as per the specifications and compare the quotations using the quote evaluation form.
- The Finance Officer will check and sign the quote evaluation form
- The Finance and Admin Manager will check and sign the completed quote evaluation form
- The Director will approve the quote evaluation form.
- The Finance Officer will prepare the purchase order which will be checked and signed by the Finance and Admin Manager/ Director.
- The order is sent to the supplier/vendor.
- The Finance Officer will prepare the payment voucher, the Finance and Admin Manager will check and sign whilst the Director will approve
- The Finance Officer will prepare the transfer letter /load the payments on the banking platform
- The signatories will approve the payments
- The Finance Officer will send the proof of payment to the vendor
- The vendor will then deliver the goods purchased
- The Finance Officer will receive and check the goods. The quality and specifications of the goods delivered is matched to the goods requested
- The vendor will submit the Invoice and the Delivery Note
- The receiver signs on the invoice attesting that all is in order
- The receiver completes and signs the Goods Received Note.
- The documents are filed in the payments file

## 5.2 Methods of selecting a supplier

Procurement Method	Description
Sole Source	Used when there is only one suitable supplier
Prudent Shopping	Used for smaller purchases up to a maximum of USD500.00 or equivalent
Three or more quotes	Used for purchases above USD500.00, requires three or more written quotations and a quote evaluation
Preferred Supplier List	This is developed using 3 quotes which are reviewed annually.
Long Term Service Suppliers	Agricultural Partnerships Trust will enter into a service level agreement (SLA) with long term service suppliers. The SLA's will be reviewed annually

### 5.2.1 Quotations

- Quotations are used to procure good and services whose value is above USD500.00.
- In this case, the organisation shall request for quotations from various suppliers
- All such procurements must be supported by at least three quotes from independent suppliers.
- Quotations should indicate the item name, item specifications, quantity and unit costs and total costs
- The Finance Officer will evaluate the quotations based on competitive terms such as quality, price, delivery time and place.
- Once a supplier has been selected, a signed Purchase Order is issued to them requiring him/her to supply the said goods/services. The requisitioner shall be required to receive the ordered goods and confirm that they agree to the Purchase Order issued.

### 5.3 Bank Payments (USD1,000.01 and above or equivalent)

- The Finance Officer will prepare the payment voucher and sign as the preparer, the Finance and Admin Manager will check and finally the Director will approve
- The Finance Officer will prepare the transfer letter /load the payments on the internet banking platform
- The signatories will approve the payments
- The Finance Officer will send the proof of payment to the vendor
- The voucher and supporting documentation are stamped "paid" and filed in a clearly labelled file.
- The Finance Officer will; enter transactions in the accounting system based on the approved vouchers.
- The Finance and Admin Manager will review the entries to check for correctness

### General Bank Payment Controls

- Payments may be made by bank transfer and must be supported by fully approved documents.
- Every payment must be within budget and authorized by the Director.
- Two signatures are required to make any payment from a bank account, one of which should be a primary signatory
- All documents must be stamped "PAID" to avoid double presentation/ prevent re-use.
- Funds transfer letters should be signed only after the official signatory has examined the payment vouchers and other supporting documents and is satisfied of the completeness of the payment.
- Pre-signing of funds transfer letters is not allowed unless in special circumstances e.g. emergencies.
- Separate files shall be maintained for payments made from different accounts. All payment vouchers should be marked with account codes to allow for unique referencing and posting to the accounting system.

Entries posted when a payment is processed.

Dr Expense Account

Cr Bank

### 5.4 Cash Payments

#### General Cash Payment Controls

- Cash shall be kept in the Finance Office, up to a maximum of USD1,000.00. Any changes in this amount must be approved in writing by the Director.
- All cash payments should be supported and covered by duly approved cash payment vouchers. Cash vouchers should be pre-numbered and sequentially filed.
- The custody of cash shall be the responsibility of the Finance and Admin Manager. The cash shall be kept in a locked in a safe always as a security measure
- Cash shall be used to pay for goods and services which would ordinarily attract a higher charge if paid for using bank transfer method. N. B see note under "Authority Limits for Expenditure"
- The Finance and Admin Manager should conduct monthly spot checks and produce signed and verified cash counts.
- The Cash shall be replenished when funds run low or once it reaches the agreed minimum reorder level amount of 25% of the approved cash float. The Finance Officer will prepare a transaction report, conduct a cash count and reconcile the balances.
- **Excerptions to the cash limit shall be documented and filed for reference purposes**

The entries in the cash ledger system will be as follows

Cash withdrawal from the bank:

Dr Cash Account

Cr Bank Account

With the amount of the withdrawal from the bank into the cash box.

Cash payment:

Dr Expense Account

    Cr Cash Account

With the amount paid out for each expense

## **CHAPTER 6: MAINTENANCE OF ACCOUNTING RECORDS**

### **6.1 The General Journal**

- All Journal Vouchers raised should be numbered consecutively, be per the authorized format and properly signed by the preparer, reviewer & authorizer. Supporting documents should be attached to the voucher and stamped as POSTED or PAID (for payment adjustments).
- The Journal Voucher shall be used to record amongst others liquidation of cash advances; depreciation of fixed assets; payroll; accrual of expenses; expense and/or overhead allocations and adjusting and correcting entries.
- The Journal Voucher should be completed with the following information: Date; Account codes; Description or explanation; Amounts; Signature of preparer & approving authority as well as Stamped supporting documents.
- Properly approved journal voucher shall be posted into the accounting system by the Finance Officer.
- Completed journal vouchers should be filed in properly labeled files.

### **6.2 The Trial Balance**

- The trial balance is a periodic statement prepared after all transaction entries have been made into the accounting software that lists all of the balances in the ledger. It is recommended that it should be prepared at the end of every year.
- The trial balance is intended to test that the debits and credits agree, if they not then there is a problem. Check for and correct any mistakes

6.3 Statement of Income & Expenditure – shows the income and expenditure amounts for a period. This report should be shared monthly

6.4 Statement of Financial Position - Shows the organisations assets and liabilities and should be prepared and shared monthly

## **CHAPTER 7 : PROPERTY AND EQUIPMENT MANAGEMENT**

### **7.1 Introduction**

- In Agricultural Partnerships Trust, assets refers to all items with an individual value of USD 200 or above and a lifespan of more than a year.
- Assets and property shall include, motor vehicles, furniture and fixtures, computer equipment and accessories, printers, etc.
- The organisation shall keep a Fixed Asset register to record all fixed assets to ensure that: a) all fixed assets are properly acquired, recorded and maintained b) the location and conditions of all fixed assets are monitored during their useful life c) all disposals of fixed assets are properly authorised and recorded d) key assets are properly insured.
- All fixed assets are under the overall custody of the finance department. Every asset is assigned to a staff member. The staff member is responsible for keeping all such assets in good condition and secure.
- The objective is to control the use, receipt and disposal of each type of property and equipment and its balances in the books of account.
- All assets shall be assigned an asset number which will be affixed to the asset using adhesive labels or any comparable identification tags. The number will indicate the organization's reference number and will also appear in the asset register.
- The Finance Officer shall be responsible for the receipt, issuance, maintenance, movement, transfer and disposal of all property and equipment as well as the maintenance.
- An Asset Disbursement form shall be signed by everyone to whom an asset has been assigned.
- Annually, a physical inventory of property and equipment will be conducted every end of the financial year and reconciled with the asset register.

### **7.2 Acquisition of Fixed Assets and Property**

- Capital Expenditure (CAPEX) covers all purchases of property/ equipment with a valued at more than USD200. Capital expenditure should be included in the organisation's annual budget unless if necessitated by a new project won during the year. All capital expenditure must be approved by the HBDPM or the Managing Director. Requests for CAPEX will follow the regular procurement procedures.

### **7.3 Disposal of Property and Equipment**

- The organisation assets may be disposed through either selling, donating or scrapping it at the end of its useful life.
- Sale of assets should be on a competitive bid basis where possible and be duly documented.
- The property and equipment register shall be marked DISPOSED, SOLD or DONATED upon disposal with clear reference to the sale documents.

Dr Accumulated Depreciation

Cr Fixed Asset Account

To update accumulated depreciation as at the date of disposal

Dr Bank

Cr Gain on sale of fixed asset



#### **7.4 Other General Controls over Property.**

- All the organization's fixed assets must be protected from being damaged, stolen, or destroyed.
- Documents of title should be kept in safe custody by the Finance Officer and controlled by register.
- A fixed assets register shall be maintained
- An i.d should be allocated to each asset; this i.d is then entered in the fixed assets register and written/ tagged on the fixed asset.
- Physical verification shall be conducted every end of the year and a report issued on the status of the assets by the Finance Officer.
- All assets should be covered by comprehensive insurance

#### **7.5 Controls over Motor Vehicles**

- Every vehicle must have a log book, kept in the vehicle. The log book should have columns for recording e.g. the starting & closing mileage, purpose of the journey, officer approving the journey, Quantity of petrol bought, name of the driver etc.
- At the end of every month, a summary should be made of the mileage covered, fuel consumed, and servicing or repairs done. From these statistics, it is easy to determine the areas where heavy costs are being incurred and corrective action taken promptly.
- All the organization's vehicles must be registered in the name of the organisation and not in any individual's name.
- The organization's vehicles should be housed at the office and be fully insured and depreciated accordingly.
- The organisation vehicles shall be used strictly for official duties,
- The Finance Officer should ensure vehicles are properly managed by: - Keeping a vehicle maintenance and repairs record - Ensuring that basic regular servicing is done - Clearly spelling out actions to be taken in the event of accident - Setting up rules for personal use of the organisation vehicles - Carefully planning the usage of all vehicles with the staff and - Establishing a clear procedure for authorization and usage

## **CHAPTER 8: FINANCIAL REPORTING**

### **8.1 Financial Reporting**

- Financial reporting shall be done as per approved formats, and requirements by the donors.
- At the end of every quarter the Finance and Admin Manager will prepare a budget versus actual analysis report for the Director.

### **8.2 Donor Reporting**

- Donor reports fall due per the contractual agreements & reporting requirements.
  - The Finance and Admin Manager will be responsible for the preparation of the reports.
- The Director reviews and submits all reports

## **CHAPTER 9: EXTERNAL AUDIT**

### **Introduction**

- The organisation recognizes the importance of a external auditing system in order to achieve a credible financial discipline by applying checks and balances.
- the Board shall approve of an external auditor annually; The auditor will be provided with clear written terms of references and reporting schedule.
- The auditor shall report to management. It shall be the duty of the Finance and Admin Manager to arrange with the appointed auditors when the annual audits should be carried out. The Finance Team shall then ensure that: -
  - All audits schedules as required by external auditors are prepared on time.
  - Accurate and reliable financial statements are prepared.
  - The auditors receive information and explanations necessary for audit.
  - Corrective actions are taken regarding the auditor's management letter and that a reply to the letter is prepared in time for discussion by management.
  - Management will then discuss the management letter with the auditors. The latter shall ensure that corrective actions taken are communicated to the auditors.

## **CHAPTER 10: RECORD KEEPING (ARCHIVING)**

### **10.1 Safeguarding Computer Data: Back-ups**

- Computer data must be safeguarded against loss by backing up data regularly (weekly).
- Back up options are flask discs, removable hard drives, and writable CDs.

### **10.2 Payment Files**

- The organisation must keep for each month all vouchers to support all payments and file them chronologically by bank account.

### **10.3 Personnel Files**

- Complete individual personnel files on all current employees need to be maintained and carefully safeguarded due to their highly confidential nature.
- Access should be restricted to the Director and designated staff only.
- The files should not leave the room where they are stored but may be viewed by the respective owner in presence of authorized staff. Copies of individual documents may be made for them.

### **10.4 Record Retention Schedule**

- Storage of archival records will be maintained in a secure area safe from theft, fire and water damage. Each file box will be labeled on the front with the contents, dates covered, and destruction date if applicable.
- Ideally files should be stored only in boxes with similar items, dates and retention periods to allow for easier access and purging of records.

### **10.5 Destruction Time-lines**

- the destruction of files can only be done after they have exceeded their recognized holding period stipulated by management or the donor in the head contract.
- Department heads will be informed that the destruction of specified files will be taking place within thirty days (in case they still need some of the files)
- Destruction of the files will be performed by the organization's personnel. Care must be taken to have all documents that contain personal information such as phone numbers, addresses, and account numbers, etc. shredded before disposal.