



Finance Policies and Procedures

As of January 2024

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Amendments and additions to the contents of this document will be as frequent as the Executive Director (ED) will deem fit.

Approved by:

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Date: 5th January 2024

Executive Director: Alice Magaka

Date: 5th January 2024

Revision control schedule

Date	Reason for Amendment	Person

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1.0 Introduction and objectives

1.1 Purpose and objectives

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These Finance Policies and Procedures set out the guidelines relating to the orPBIating, processing and accounting for all of the organization's financial transactions and all matters relating to the administration of the accounting records and controls of Pink Box Initiative.

The purpose is to ensure that resources are allocated in a timely and efficient manner and that PBI's financial actions are transparent and reflective of the organization's values.

This section sets out policies to guide PBI in its financial management and ensure sound financial management and Reporting. The Manual intends to ensure that the PBI has sound internal controls, that there is proper budgeting process, control of waste of organizational resources, fraud and abuse of resources, that there is smooth flow of information, proper funds accountability as well as adequate reporting that meets the stakeholder's expectations.

1.2 Background to financial controls

Of particular importance in the application of controls are the following: controls over assets and records, authority system, financial plans and budgets, information and documentation, independent review and performance controls, and segregation of duties.

The objectives of financial controls are to:

a) Promote efficiency and effectiveness.

This objective is geared towards protecting the organization's assets and optimizing their use through minimizing waste, loss or misuse.

Organizational assets include the organization's reputation and standing within the community we serve, and with our donors as well as the financial assets outlined in its statement of financial position.

b) Preserve the integrity of financial information.

This objective is concerned with the reliability of financial information for internal or external stakeholders (the members of the committee board, the General Assembly donors, the community we serve, employees, suppliers, and regulatory authorities etc.).

For example, management requires sound financial information to enable performance monitoring, and to aid the allocation of resources.

c) Ensure compliance with applicable legislation and policies.

This objective relates to the need for the organization to conduct its activities within the boundaries of the law, regulation and management policy.

1.3 Changes and updates to the finance policies and procedures.



The Executive Director will issue updated pages of the relevant sections of these policies and procedures. She will advise on amendments to this manual on an annual basis. In case of doubt on the use of this manual, reference should be made to the Executive Director.

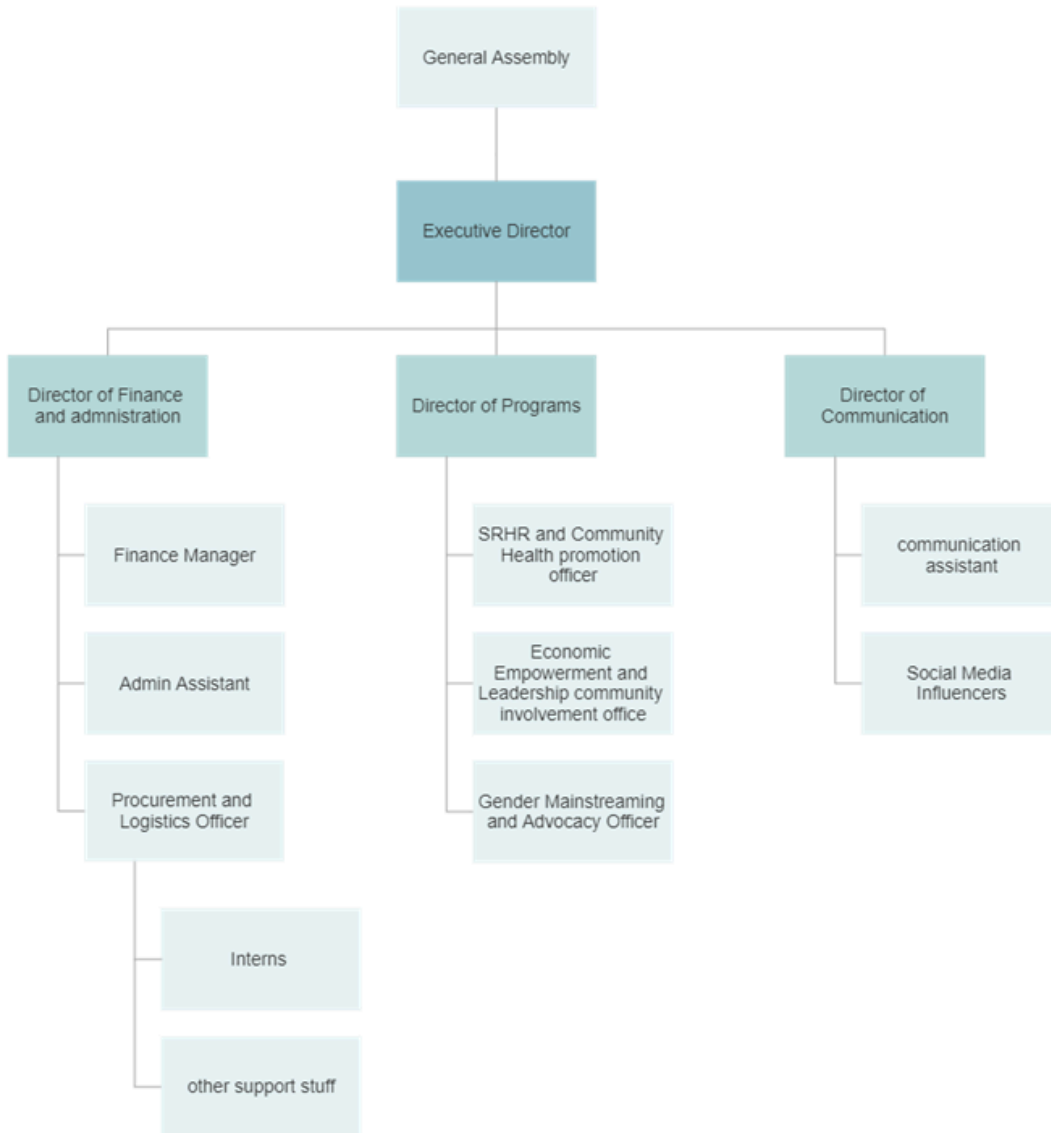
1.4 Responsibility for Financial Policies and Procedures.

The responsibility of developing and reviewing financial controls and procedures as well as subsequent changes is delegated to the Executive Director. The Director of Finance and Administration is responsible for ensuring that the controls are operational. She should ensure that staff are properly trained and equipped to handle various activities and comply with all applicable policies and procedures.

1.5 Scope of Finance Policies and procedures.

Financial services, as an activity, will cover financial and management accounting, external reporting, financial controls, auditing and other specialist services required by the organization.

1.6 Organization structure



1.7 Responsibilities of relevant PBI Staff to the Financial Management Process

1.7.1 Executive Director

The Executive Director is responsible for the overall strategic leadership, financial management, development, and expansion initiatives of PBI. She works closely with the team to drive program design and execution and to develop and implement a strategy for PBI's long – term growth.

1.7.2 Director of Finance and Administration

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The Director of Finance and Administration (DFA) leads all of PBI's financial and administrative efforts. She is responsible for maintaining accounting records.

1.7.3 Finance Manager

The Finance Manager supports the DFA in recording and retrieving financial details of the organization, including maintaining financial records, processing payments, and preparation of monthly and quarterly reports.

1.7.4 Procurement and Logistics Officer.

The Procurement and Logistics Officer oversees the activities of the department responsible for purchases and supports the necessary processes which are related to the administrative, logistics and supply aspects for programs organized or supported by PBI.

Section 2: Reporting

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2.1 Management reporting

	Report	Purpose of report	Due date & Cycle	Responsibility		
				Preparation	Review	Approval
1	Management report	This report will be shared internally with the management team in order to monitor and review the financial performance of the organization in the past month.	Monthly 5th day	Finance Manager	Director of Finance and Administration	Executive Director
2	Financial report	This report provides a monthly financial snapshot, important organization updates and forecasting	Monthly 8th day	Director of Finance and Administration	Executive Director	
3	Quarterly Financial report	This report provides a detailed review of the organization's financial performance for the quarter.	8 th November, 8 th February, 8 th May and 8 th August	Director of Finance and Administration	Executive Director	General Assembly

2.2 Financial Reporting

The Director of Finance and Administration shall submit the approved annual report to the Executive Director, including a copy of the audited financial statements to report on achievement of the operational outcomes established in the operational plan and on the financial performance of the organization.

The financial statements will comprise of;

- a) The statement of financial position
- b) The statement of income and expenses
- c) The statement of cash flows and
- d) The notes to the financial statements

The annual Financial Statements shall be ready within one month after the end of the financial year.

2.3 Financial year

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The Financial year of Maternity winners Organization shall run from 1st August to 30 July of the following calendar year.

Section 3: Accounting Principles, Policies and Procedures

3.1.0 Accounting Principles

These are the basic ground rules that must be followed when preparing financial information. They are the assumptions or conventions that underpin the preparation and recording of financial information.

3.1.1 Preparation and Presentation of Financial Statements (IAS 1 & 8)

The financial statements of Pink Box Initiative (PBI) shall be prepared in Tanzanian shillings, on a historical cost basis and in accordance with the International Financial Reporting Standards.

The preparation of financial statements under International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised.

3.2 Cash flow Statements - Cash and cash equivalents (IAS 7)

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments.

3.3 Revenue (IAS 18)

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the organization and the revenue can be reliably measured.

3.4 Effects of Changes in Foreign Exchange Rates (IAS 21)

Items included in the financial statements are measured and presented in Tanzanian shillings. Foreign currency transactions are translated into Tanzanian shillings using the exchange rate prevailing at the dates of the transactions. Monetary items are retranslated at spot rates at the date of the Statement of financial position. Foreign exchange gains and losses resulting from the



settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rate are recognized in the income statement.

3.5 The statement of Income and Expenses.

The statement of income and expenses presents a summary of the revenues and costs for the organization and will be prepared on a monthly, quarterly and yearly basis. The statement of income and expenses will be used to examine overall and specific revenues and costs over similar time periods. It also monitors progress towards the organization's goals and revises performance standards if necessary.

The statement of income and expenses consists of these major components:

- a) **Revenue** - the total donations/contributions received by the organization with a clear distinction of the restricted and the unrestricted components.
- b) **The Change in Net Assets** - the difference between donations received and the functional expenses
- c) **Expenses** - the costs of running the Pink Box Initiative Activities.

The expenses will be clearly broken down into functional expenses into expenses incurred on program expenses, development & fundraising expenses and administrative expenses.

6.2 Planning process responsibilities and approval.

The Annual Work Plan shall be the control and guiding tool in financial operations of the organization. All financial transactions shall conform to the provisions of the Annual Work Plan and the Budget. Activities shall be financed on the basis of available funds from the approved budget less expenditure incurred to date for each item.

The table below defines the responsibilities in the planning process:

	Responsibility			
Plan report	Preparation	Review	Challenge	Approval
Capital Expenditure	Director of Finance & Administration	Executive Director		General Assembly
Statement of Income and Expenses.	Finance Manager	Director of Finance & Administration	Executive Director	General Assembly
Cash flow forecast	Executive Director			General Assembly



Budget Revisions	Director of Finance & Administration	Executive Director		General Assembly
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4.0 BUDGETING

4.1 Overview

Budgeting is an integral part of any organization in that it is concerned with the translation of PBI's goals and objectives into financial and human resource terms.

A budget should be designed and prepared to direct the most efficient and prudent use of the organization's financial and human resources.

A budget is a management commitment to a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the organization's programs and activities simultaneously in light of the available resources.

4.2 Budgeting Policy

4.2.1 Preparation of the Budget

The budget process will be spearheaded by the Director of Finance and Administration and shall follow the following steps:

- i) At the start of every financial year, the Executive Director will work closely with all the staff to produce an annual work plan. The work plan must indicate all the activities to be undertaken in the year and must be the basis of the budget.



i) PBI's Directors will prepare their projections of expenditures for planned services, projects and programs, and these will be submitted to the budget committee as well as the Director of Finance and Administration

ii) Establishment of the budget committee. A budget committee of not more than 5 persons shall be put in place and will be headed by the Director of Finance and Administration. The budget committee will consider historical data along with future growth plans, in compiling the annual budget.

iii) All budget creation will be done in Excel and linked through numerous spreadsheets.

iv) Planning the scope and level of the organization's activities with sufficient funds earmarked for all goals or projects approved by the General Assembly. The Executive Director will issue guidelines/instructions with respect to the planning and budgeting process. The following details will be included in the planning instructions.

a) Donations targets and budget ceilings as per the chart of accounts. We shall have a breakdown of the donation record types into grants, major gifts, individual donations and the expenses into Program, Development & Fundraising as well as Administration Expenses.

b) Time table – giving guidance on the timelines and responsible parties of the specific budget activities.

c) Key business indicators – number of new donors, number of training held, number of women impacted.

iii) Estimating sources of revenues for the budget period.

iv) Estimate the use of funds for the budget period and specify how services are to be provided and where they are applied or used.

v) Prepare a list of all assumptions used in the budget preparation.

vi) Prepare a narrative support statement for each budget line item.

iii) Once the budgets are complete, they will be submitted to the Executive Director, along with their justifications, for review and approval.

4.5 Budget Approval

The budget must be approved by the Executive Director and General Assembly who may request revision as they deem necessary.

Once the budget is approved, the management team and Directors of PBI have to implement the budget plan.



6.3 Budget Monitoring and Compliance

Pink Box Initiative will maintain an or PBI General Assembly approved budget for external and reporting purposes and a revised budget for internal purposes. Budget details will be maintained in Excel. Management should monitor monthly performance against budget to ensure that the organization is on course to achieve its planned objectives. Explanations of budget variances will accompany the analysis.

A budget Vs actual variance analysis will be prepared and presented by the Director of Finance and Administration every quarter using MS Excel reporting templates and will be reviewed by the management team so as to assess and monitor the PBI's performance. Cases of budget non-compliance will be identified, evaluated and when appropriate corrective action will be taken.

4.6 Budget Revision

Budget revisions must be infrequent. Changes and revisions to the budget during the year shall be approved by the Executive Director. There should be an audit trail to show detail of transfers made between budget lines. An example of when a budget should be revised is receipt of a new significant funding source.

5.0 Cash Receipts

5.1 Overview

Cash is the most liquid asset an organization has. Therefore, internal controls should be strongest in this area.

- i) When cash is received, it shall be recorded and a receipt issued by the Finance Manager. The receipt shall include the date, what it was for, who it was received from and the amount.
- ii) All the organizational funds/cash will be kept in the organization's bank Account(s).
- iii) All cash collections will be banked intact.
- iv) No payments will be made out of cash at hand. All payments will be made through the bank accounts.

5.0 Cash Management

- i) All bank accounts will be opened following the approval of the General Assembly who will approve a resolution.



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- ii) All the bank accounts must be established in the name of the Pink Box Initiative and must be established with at least (2) two signatories. The Executive Director and the Director of Finance and Administration will jointly have the signing mandate of all PBI banking instruments.
 - iii) All expenditures as well as cash payments will be authorized by the Director of Finance and Administration as well as the Executive Director.
 - iv) All records to support the expenditure i.e. receipts, invoices, should be presented for accountability purposes.
 - v) Authorized cheque signers will never sign blank cheques. Cheques shall always be crossed unless there are compelling reasons for opening them. The opening of the cheques shall be authorized by the Executive Director.
 - vi) No private monies are to be kept on the organization's bank accounts.

5.2 Cheques

- i) All cheques will be written by the Finance Manager and signed by the Executive Director as well as the Director of Finance and Administration.
- ii) Cheques will be reviewed for date and payee to ensure that check is made out to the proper payee and that the date will permit the cheque to be cashed.
- iii) All cheques will be supported by the payee invoice or refund form.

16.0 Cash Disbursement and Accounts Payable.

16.1 Overview

Expenditure properly chargeable to the account of a given period must, as far as possible, be met within that period and must not be deferred for the purpose of avoiding an excess on the amount provided in that period's budget.

23.0 Record Retention

This is a general guide for record retention.

All the organizational records shall be kept for a period of at least 5 years. The custodians of the records must not disclose PBI's financial records to external parties unless approved by the Executive Director.

5.4 Petty Cash Reconciliation

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The balance of petty cash on the Excel Template should be the same as the value of the physical cash in the box. The reconciliation should be performed after entering all petty cash expenses on the MS Excel reporting template. This reconciliation will have to be performed regularly

Section 5. Contracting and Procurement Policy

5.1 Procurement Ground Rules and procedures

The objective of the procurement procedures is to ensure that the organization's resources are utilized and accounted for efficiently, economically and in a transparent manner for the benefit of the employees and the community we serve.

Procurement processes in the organization shall be governed by the following ground rules that shall be strictly adhered to by all staff.

- a) Procurement of all goods & services shall be channeled through the Director of Finance and Administration (DFA). Correspondence with suppliers is the responsibility of the person delegated by the DFA
- b) Staff shall not order/receive goods and services without official written approval of the DFA.
- c) No orders shall be raised without sufficient budget. The ED must approve exceptional budget overrides.
- d) As a rule, no advance payments shall be made to suppliers. The DFA shall approve those exceptional cases that may require supplier advance payment.

8.0 The PBI Audit

8.1 Audit.

Ultimately, all the financial matters of PBI will be audited by an independent party annually who will expressly give an opinion on whether the financial records give a true and accurate state of affairs of the organization's activities.

The Finance Manager is responsible for availing the auditor with any documentation he requests. All documentation must be reviewed by the Director of Finance and Administration before submission. No additional information will be given to the auditor, except that which s/he explicitly requests.



In their audit report, the auditor/(s) will suggest areas where PBI needs to improve its internal operations and compliance with donor requirements as well as regulatory bodies. The Director of Finance and Administration will ensure that all these guidelines are implemented within two weeks upon receipt.

The audit of PBI's records must be completed within three months after the end of each financial year by an auditor or auditors who should be members of a recognized accounting body duly appointed by the General Assembly at their Annual General meeting. The auditors will be recognized by the Institute of Internal Auditors of Rwanda.