FINANCE AND ACCOUNTING POLICY AND PROCEDURES

ADS Eastern
Secure Livelihoods

ANGLICAN DEVELOPMENT SERVICES (ADS)- EASTERN

SIGNATURE PAGE

ANGLICAN DEVELOPMENT SERVICES EASTERN

FINANCE AND ACCOUNTING POLICIES AND PROCEDURES

DEVELOPED BY THE BOARD

18th December 2025

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Board Chairman Date

18th December 2025

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Chief Executive Officer Date

ABBREVIATIONS

ADSE	Anglican Development Services Eastern
GAAP	Generally Accepted Accounting Principles and Practices
L.P.O	Local Purchase Order
P.V	Payment Voucher
P.C.V	Petty cash voucher
N.S.S.F	National Social Security Fund
S.H.A	Social Health Authority
N.I.T.A	National Industrial Training Authority
P.A.Y.E	Pay As You Earn
G.R.N	Goods Received Note
IFRS	International Financial Reporting Standards
TOR	Terms Of Reference
KRA	Kenya Revenue Authority
FBO	Faith Based Organization
CEO	Chief Executive Officer

Contents

1.0 BACKGROUND INFORMATION

Anglican Development Services Eastern (ADSE) is the development arm of the Anglican Church of Kenya (ACK), serving the Dioceses of Machakos, Kitui, Makueni, and Garissa. Established in 1987 by the Diocese of Machakos as Christian Community Services (CCS), the organization later became Ukamba Christian Community Services (UCCS) before rebranding to its current name, ADSE. The organization works in partnership with vulnerable communities across six counties: Machakos, Kitui, Makueni, Garissa, Wajir, and Mandera, predominantly within Arid and Semi-Arid Lands (ASALs).

The organization's effectiveness is grounded in its strong reputation and partnerships with state and non-state actors; deep understanding of local contexts, cultures, and languages; and extensive experience in community-based programming. ADSE applies innovative and adaptive approaches to planning and implementation, guided by Christian principles, participatory processes, and a commitment to neutrality and accountability. Its established presence in Machakos, Makueni, Kitui, and Garissa provides a strong foundation for scaling interventions in Wajir and Mandera Counties.

Guided by a five-year strategic plan, ADSE's developmental goal is to facilitate communities to realize secure livelihoods characterized by adequate food supply, potable water, stable incomes, good health, and resilience to climate change, child protection, and mainstreaming issues of governance, peace, disability, HIV/Aids and gender.

ADSE Vision

A vibrant organization transforming communities to enjoy secure and sustainable livelihoods

ADSE Mission

To empower communities through participatory approaches and Godly Principles for quality life

ADSE Mandate

To proclaim the good news of Christ to society through the social ministry of the Anglican Church of Kenya.

Organizational Core Values:

1. **Godliness:** ADSE upholds care and love rooted in Christian faith, serving all people without discrimination and demonstrating Christ's love through its actions, while fostering unity with the communities it serves.
2. **Professionalism:** ADSE delivers solutions that improve community livelihoods through competent, diligent, efficient, and ethical service, while building sustainable relationships with stakeholders.
3. **Integrity:** ADSE operates with honesty, transparency, accountability, and responsible stewardship of resources, prioritizing its reputation and consistently honoring commitments.
4. **Impartiality:** ADSE ensures equitable access to services, timely decision-making, and the provision of accurate information to all stakeholders without bias.
5. **Participation and Teamwork:** ADSE promotes collaboration, partnerships, and accountability by valuing diverse talents, strengthening communication, and actively engaging stakeholders and beneficiaries.
6. **Innovativeness:** ADSE embraces creativity, continuous improvement, and adaptive approaches to remain relevant and responsive to changing community needs.

This policy and procedure manual will be applied in conjunction with other ADSE-related policies, including, but not limited to:

1. ADSE Procurement Policy and Procedures Manual
2. ADSE Ethics Compliance Policy
3. ADSE Cost Allocation Policy
4. ADSE Children Protection and Prevention of SEAH Policy
5. ADSE Human Resource Policies and Procedures
6. ADSE Personnel Code of Conduct

1.1 Board of Directors

- The board members shall propose from amongst themselves possible candidates for the finance committee, except those who are members by virtue of their offices.
- The finance committee of the board is a consultative body of professionals established to advise the board on the financial affairs of ADS Eastern.
- The Committee should be comprised of individuals with backgrounds and/or knowledge of managing an institution's financial affairs.

Responsibilities of the Finance Committee

The Finance committee shall:

- On behalf of the board, discuss and advice the board on finance, procurement, resource mobilization and other investment issues.
- Assess and advise the board on the financing position of the organization and or any related financial risks.
- Oversee the auditing of all ADS Eastern accounts.
- Receive, discuss and act upon the audited reports (internal or external).
- Advise on financial reports of the ADS Eastern.
- Assess and advise on all and any proposed investments/Income Generating Activities.
- Oversee purchase, sales and or distribution of ADS Eastern fixed and movable assets.
- Be responsible in receiving, discussing, and advising/authorizing on annual budgets.
- Create and design guidelines for ADS Eastern financial management (policies & procedures).
- Care for all assets given charge to ADS Eastern by donors/others.
- Shall also carry out other financial obligations decreed by the ADS Eastern board.

1.2 Purpose of the Manual

This manual describes the basic financial policies, procedures and rules which must be in place within the ADS Eastern. The implementation of the controls in this manual are expected to enable the organization to maintain accurate financial records, as well as permit analysis and planning. The manual contains the policies, rules, procedures in relation all aspects of financial management that are relevant to the organization. Specifically the manual aims to:

a) Define the financial policies, controls, systems and procedures and establish a standard basis for official decisions, actions and accountabilities and the general financial operations of ADS Eastern.

b) Give guidance on financial reporting requirements and provide common financial operational basis within the entire ADS Eastern.

c) Ensure a uniform accounting practice within and across the various ADS Eastern programs or operations.

d) Overall framework of accounting principles including the chart of accounts.

e) Ensure consistency in financial management in spite of staff mobility.

f) Provide reference for responsibilities and authorities in respect of financial transactions.

g) Instil professionalism in financial management and thus ensure efficient and effective use of the ADS Eastern resources.

1.3 Manual Maintenance

The Manual will be formally reviewed every three (3) years and shall however be filed for 7 years. The management may conduct consultations with staff if needed, and submit final recommendations for amendments, revisions or policy changes to the Board for final consideration and approval.

1.4 Policy Administration

- It is the responsibility of the board to develop and implement financial policy guidelines. These policies must be in line with the general goals and objectives of the organization. Once developed and approved policies must be followed strictly.
- The manual sets out policy guidelines on the major operating issues and concerns of ADS Eastern. Should the need for clarification arise on matters not specifically provided for in the manual, the Finance Manager shall provide any such interpretation.
- The Finance Manager is responsible for the general administration of the manual. Operating mechanisms and programs will be developed in consultation with the Management Team and staff members to ensure sufficient understanding and uniform application of policies.
- Specific control, procedures or policy requirements by donors shall be implemented as per the requirements and or agreement with any such donors.
- Should any policy, rule, regulation, procedure or provisions contained in this manual conflict with National Laws of Kenya, International Accounting Standards (IAS) or Generally Accepted Accounting Standards (GAAP), the latter shall supersede the said matters contained in the manual.
- The manual supersedes any previous instructional material.

1.5 Accounting Policies

Definition: Accounting concepts are the assumptions and norms that guide the accounting process until the preparation of financial reports and statements.

- This section focuses on ADS Eastern administration especially establishment of consistent, efficient and flexible concepts to manage the goods and services as well as its human and financial resources. It applies to all ADS Eastern programs and projects.
- The major accounting concepts and policies to be applied by ADS Eastern are explained in the sections that follow:

❖ **Basis of Accounting**

ADSE accounting system shall conform to Generally Accepted Accounting Principles and Practices (GAAPP) and shall adhere to double entry concept.

The books of accounts of ADSE are prepared under the historical convention. Day to day transactions are recorded at the monetary value of the transactions on **accrual basis**.

ADSE financial reports/statements are prepared in accordance with International Financial Reporting Standards (IFRS)

- **Income**

Income is recognized when earned and not necessarily when money is received. Where cash is received in advance and services have not been rendered, it shall be recognized as deferred Income.

ADSE income comprises of grants from funding partners, fees on consultancy, disposal of fixed assets and interest on bank deposits.

- **Grant Income**

Grants are income received for specific activities/ projects from funding partners to enable ADSE provide capacity building intervention to their local partners. Grants are classified as restricted or unrestricted.

Restricted funds are those funds received with donor stipulations that limit the use of the monies. **Unrestricted** funds are those received without donor-imposed restrictions.

Amounts received during the year with regard to project activities that are commencing in the subsequent year will be charged to the Financial Statements as **deferred income**. **Grants received will only be recognized as income once expensed and that all the conditions to that grant have been complied with.**

- **Fees on Consultancy**

Before providing any services/ interventions ADSE shall ensure that;

- There exists a fully executable agreement between client and ADSE; preferably this agreement shall be in writing.
- Fees will only be recognized after the satisfactory delivery of the required services/products and billings for payment done and communicated to client.

To boost productivity, ADSE staff engaged in offering consultancy services on behalf of the organization shall be entitled to ten percent (10%) jointly of the net income/fees after deducting all related expenses over and above their normal salaries. Such amounts payable to staff shall be added to the gross pay and subjected to taxation as per the prevailing country tax laws.

- **Other Revenue Sources**

Asset disposal income, bank Interest and all other revenue shall be recognized into the books of account based on the agreements/contracts from which they arise.

- **Cost Allocation**

Project shared expenditure shall be allocated to individual projects on the basis of benefits received by those projects, and in compliance with individual donor agreements.

- **Deferred Income**

Funds received in the current financial year but designated for the next year shall be treated as deferred income and recognized in the balance sheet as a current liability.

- **Donation in Kind**

All assets donated to ADS Eastern shall be recognized in the accounts using the market value at the time of donation.

- **Capital Fund**

The cost of additional fund assets is expensed during the year of purchase. A capital fund is created to represent the organisation's equity held in fixed assets. Depreciation shall be charged to the capital fund.

- **Property, Equipment and Depreciation**

Property and equipment are expensed to the income and expenditure upon purchase. Depreciation shall be at rates, which are estimated to reduce book values to the estimated net realizable values at the end of the useful lives of the property and equipment concerned. An asset register shall be maintained to record assets. Depreciation is computed using the **reducing balance method** over the assets estimated useful lives of the respective assets. Assets shall be valued regularly by engaging professional valuers. A revaluation reserve shall be created in the chart of account under reserves.

- **Currency**

The financial statements for the year end shall be presented in Kenya Shillings (KES) as the base currency.

- **Foreign Currency Translations**

Transactions in currencies other than Kenya Shillings are converted to base currency (KES) using rates ruling at transaction dates. Assets and liabilities at the balance sheet date are translated at the rate ruling at that date. At the balance sheet date, all assets and liabilities are denominated in KES. Transactions during the year shall be translated at the average rates prevailing during the month. Gains & losses on exchange shall be dealt with in accordance with the funding partner’s agreement.

- **Financial Year**

The financial year of ADS Eastern shall run from 1st July to 30th June each year.

- **Going Concern**

The annual accounts are prepared on a going concern basis which assumes that ADS Eastern will continue its operations into the foreseeable future.

- **Consistency**

Annual accounts are prepared on a consistent basis implying that ADS Eastern will follow the same accounting methods from one year to the next e.g. if accrual accounting basis is adopted, it should be followed for all items and for all years.

- **Prudence**

Means that no account will be taken of any promised incomes which has not yet been contracted or received; conversely anticipated losses, if any, should be included in the accounts.

- **Handling Sensitive Information**

The organization provides for identification, classification, safeguard, distribution and destruction of information, which, if disclosed to unauthorized person(s), would be detrimental to the Organization and /or any of its stakeholders. This policy applies to both written and/or oral information/data.

Access to and dissemination of information is controlled by the principle of need-to-know. A person has a need-to-know if disclosure of the information to that person assists in the performance of that person's assigned duties.

The Chief Executive Officer has the ultimate responsibility for determining need-to-know, but in most cases need-to-know will be determined by immediate supervisors.

- **Conflict of Interest**

Definition: A conflict of interest arises whenever an employee or board member has an interest in any business or property or an obligation for own personal gain that might affect the fulfilment of the employee's or board member's responsibilities.

Examples of potential conflicts include:-

- Soliciting for monies or gifts, gratuities, personal benefits or favors from a firm or persons doing or seeking to do business with ADS Eastern.
- Soliciting entertainment from any individual or company whom the ADS Eastern does or intend to do business with, primarily intended to gain favors or influence.
- Using ADS Eastern buying power to acquire goods/services for own gain.
- Performing work for suppliers and clients.
- All potential and or existing conflict(s) of interest must always be declared.

- **Chart of accounts**

Definition: A chart of accounts refers to a list of general ledger account names and associated account numbers arranged in an order to facilitate the preparation of financial statements.

- This section illustrates the chart of account categories and the coding scheme ranges for each category and the relationship of the categories in a logical, hierarchical sequence.
- In order to promote good financial management practice and ensure consolidation of ADS Eastern financial reports, all programmes and/or project(s) must conform to the standard chart of accounts. This arrangement allows the organization to prepare budgets, account for, and produce appropriate reports at varying levels.
- The basic chart of accounts includes those categories presently being used by ADS Eastern. These are: assets, liabilities, fund balances/net assets, revenues, and expenditures.
- A chart of accounts shall be maintained in the accounting system. It shall include account codes, name of account, type of account and its default currency denomination. All projects and donors

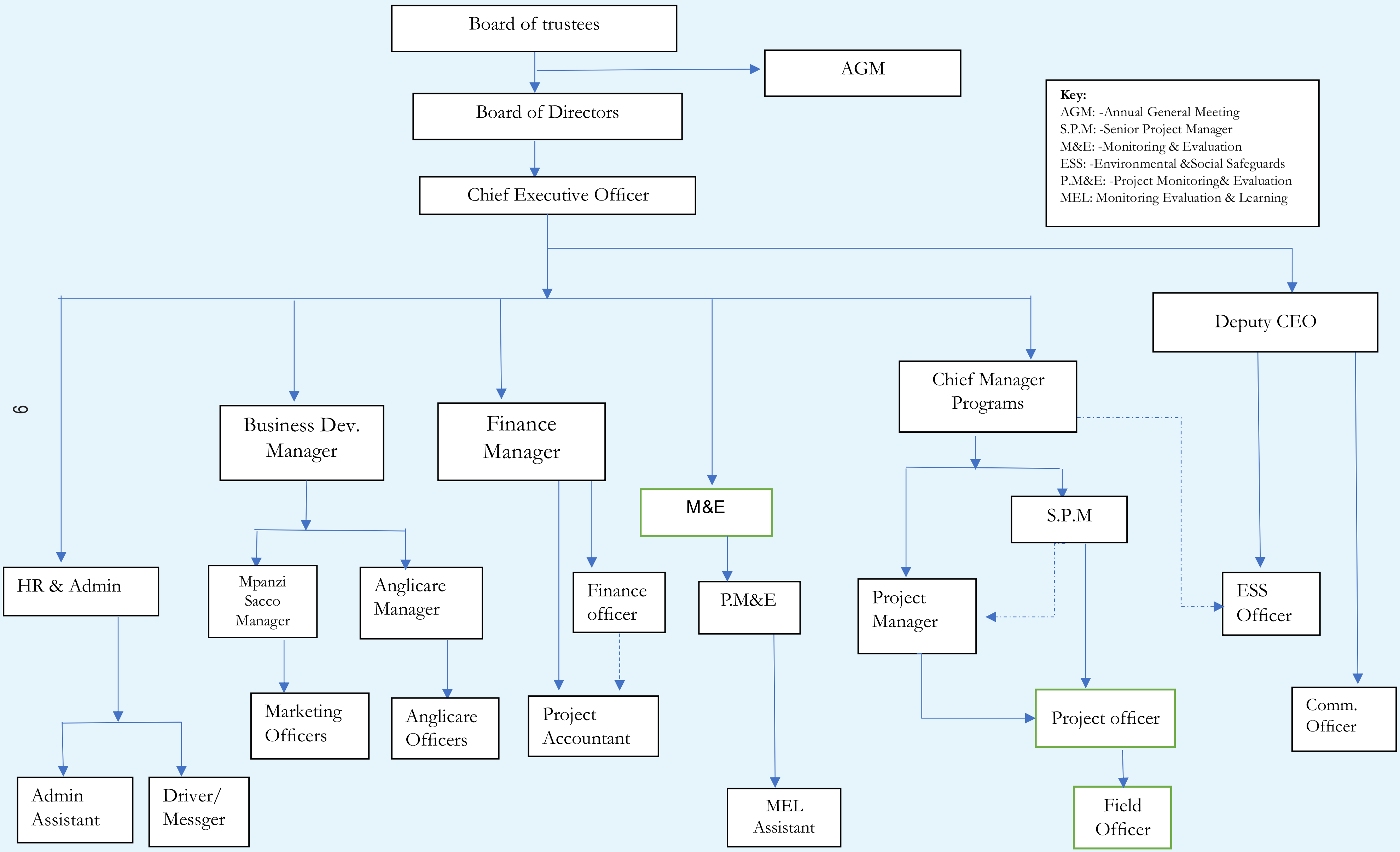
must be allocated a project and donor numbers respectively that conform to the ADS Eastern system of coding.

- Creation, allocation and modification of account codes shall only be carried out by the Finance Manager.
- Accounts classes will also be created and listed to conform to the various accounting and reporting requirements.

1.6 Measures of Internal Control

- To ensure segregation of duties, an employee should not normally have duties in all the three categories of authorization, administration and implementation. For example, an employee should not perform a procedure and approve the same procedure.
- This will ensure that the work of one staff is being cross checked by another so that problems can be identified early enough and corrective measures taken.
- In conformity with the above internal control principles there should be a clear separation of the roles and duties of the ADS Eastern Finance staff, departmental heads and the Chief Executive Officer. It should be clear which office is responsible for authorization, administration and implementation. This manual strongly recommends that these functions be separated.
- The control environment elaborated in this manual sets the tone for organizational, influencing the control consciousness of its people - it is the foundation for all other components of internal control, providing discipline and structure.
- Risk management relates to the identification and analysis of relevant risks to achievement of ADS Eastern objectives, forming a basis for determining how the risks should be managed.

ADSE ORGANOGRAM



- **The Annual General Meeting**

This is the highest decision making arm of the company. The AGM is held once every year to conduct the business of the company as per the company's stipulated procedures.

- **Board of directors**

The role of the board is to effectively represent, and promote the interests of the company with a view to adding long-term value. Having regarded to its role the board will direct, and supervise the management of the business and conduct the affairs of the company in particular:

  - Ensuring that the company goals are clearly established, and strategies are in place.
  - Establishing policies for strengthening the performance of the company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its core business
  - Appointing the Chief Executive Officer (CEO), setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the company.

- **Chief Executive Officer (CEO)**

The board will link the company's governance and management functions through the CEO. All board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the board is concerned.

2.0 FINANCIAL PLANNING AND BUDGETING

Introduction

Definition: Budgeting is the process of taking past and current information and using that information to make informed assumptions about future objectives and goals.

Budgeting is thus a dynamic and on-going process to prepare a financial road map for the coming year(s). A budget is not an authorization to spend money since unexpected circumstances may rise that necessitate changes in the original plans. Also the expense budget can only be spent when the revenue budget has been met with equally.

The monitoring of a dynamic budget will permit handling of both expected and unexpected circumstances.

At the beginning of each fiscal year ADS Eastern will prepare annual budget based on its work plan for the period based on the current strategic plan. This should include both projected revenue and expenses. This budget should be completed in the same format as the revenue and expenses statement.

The annual budget should carry the approval of ADS Eastern board. All subsequent financial activities must conform to the budget.

This policy aims to amongst others provide:

- A financial plan that quantifies the organization's programmatic goals, objectives and activities t hrough allocation of financial and human resources.
- A system for monitoring and evaluating the financial activities, performance and position of the organization during a certain period.
- A tool for controlling spending.

2.1 Budget Preparation and Approval

For consistency, revenues and expenses should be categorized in accordance with specific categories of revenues and expenses as identified in the budgeting/reporting format.

Annual programs and budget planning should be conducted in the last quarter of the preceding year or at the start of any particular project funded.

Each programme shall evaluate its previous period's performance & review the ADS Eastern strategies for all focus areas; significant operational factors and identify any major new initiative s/projects that may have an impact on the budget. The outcomes shall form a basis of input into compiling the budget for the coming financial year/project period.The budget should always balance the source amount and the total expenditure. If the budgeted expenditure is more than the funds available, expense reduction should be done or possible soliciting of additional funds be explored.

All budgets items must be supported by a justification, activity and intended outcomes (i.e. technical proposal) and should be activity based.

In the last quarter budget planning and finalization meetings to discuss the prepared budgets and projects performance reports are held between respective programs, management and finance.

The budget outcomes of these meetings are submitted to the Finance Manager for consolidation and compilation. The budgets are submitted in a recommended ADS Eastern budget format to the board by 30th June for approval**.** Any amendments proposed by the board have to be accommodated within two weeks.

2.2 Procedures for budget preparation

The various budget holders should prepare a budget for the program they direct. The program budgets must then be incorporated into the total budget for the organization before the budget can be approved by the board.

Expenses that are directly related to and are identifiable to a specific program are to be charged 100% to that program. Expenses related to more than one activity or services are to be allocated across various programs and support services using a suitable basis as staff time allocation, percentage of donor contribution to overall budget, floor space etc.

Budget preparations shall be undertaken procedurally as follows:

- Budgets shall be prepared based on previous years' performance, new activities and degree of completion of on- going activities.
- New projects budgets should be zero based (calculated from scratch).
- Each program shall be expected to plan and prepare its own budget.
- The budget should always balance the expected incomes with the total expenditure.

2.3 Budget Monitoring and Amendments

Budget monitoring shall be the responsibility of project managers or the approved budget holders. The Finance Manager shall do the overall monitoring and reporting.

The Project actual expenditure spread sheet analysis shall be done monthly. The Finance Manager shall prepare a spread sheet showing the actual amount spent in each project at the end of every month.

If the Project has not spent all the funds, check which activities are lagging behind to make sure their implementation is still within plan.

The budget should be incorporated in the financial statements and reports, to compare actual spending or revenue against what was planned.

The conditions for budget amendments include variations in expenditure of above or below 10% of the budgeted sum and or new projects during the financial year (include budgets prepared for specific funding from other partners).

Budget amendments are prepared by the Finance Manager, and the project managers/heads whose project budget is to be amended. The amended budget shall go to the management team/directors for approval.

3.0 ACCOUNTING FOR INCOME

3.1 Dealing with Donor Receipts

A record of total contributions to the organization should be kept. It is recommended that all donations be acknowledged.

Care should be taken to ensure that funding partner requirements regarding handling of their funds are strictly observed and especially ensuring that all their grants and other receipts for projects/programs are banked in separate bank accounts (if so required).

When payments are made directly to the bank, the Finance officer shall issue a receipt upon receipt of bank advice indicating the payment.

The organization shall be informed of donor receipts either upon receipt of credit advice slip from the bank, or notification from the donors. On receipt of such donor funds, an acknowledgment of receipt must be sent by the Finance Manager (signed by the Chief Executive Officer or his/her appointee) to the donor confirming how much was received and local currency equivalent.

The conversion to local currency is by using the official rate of exchange. ADS Eastern should always make efforts to negotiate in advance a favourable exchange rate with the bank.

In-Kind Contributions e.g. services are not recognized until the services are rendered. Contributed services must be given accounting recognition at their fair value if the services create or enhance non-financial assets and would typically need to be purchased if not donated.

Contributed services not meeting either criterion cannot be given accounting recognition but must be disclosed. ADS Eastern, on receipt of such services shall disclose:

- The nature and extent of contributed services received.
- A description of the programs or activities for which the services were used.
- The amount of contributed services recognized during the period.

4.0 CASH MANAGEMENT

4.1 Petty Cash Management

Definition: Petty cash refers to an account and location where cash is stored for use in purchasing or the reimbursing of inexpensive out-of-pocket expenditures. It is used to record all cash payments (incurred to meet day to day petty expenses).

- The Petty Cash Fund shall be maintained under the **Imprest System** with an authorized float level of KES 30,000 (or its equivalent in other currencies) at all times. Any changes in this maximum amount requires prior approval in writing by the Chief Executive Officer.
- All payments should be on a duly approved voucher or request form by the accounting officer, while all petty cash expenditures should be supported with valid receipt or signed acknowledgement. Petty Cash vouchers should be pre-numbered and sequentially filed.
- Cash received from third parties cannot be used to make petty cash payments nor used to reimburse the fund.
- The custody of and responsibility for the cash box shall be restricted to a duly designated custodian (Finance officer). The petty cash fund shall be physically segregated from the custodian's personal funds, kept in a cash box and locked in a safe at all times for security.
- Individual disbursements [single or collection of item(s) purchase] from petty cash shall not exceed KES 10,000 or its equivalent in other currencies. Amounts above the maximum limits shall be paid by cheque.
- Reimbursement of petty cash funds are to be accompanied by properly authorized attachment that supports the expenditures. For payment documents normally having no support the purpose is to be clearly stated.
- Upon receipt of a payment request with attached supporting documents, the Finance officer shall prepare a petty cash voucher, written in ink to prevent alterations. The information includes the following: Date; Payee; Amount (both in words and figures); Description of expense; Account Codes; Ledger or pre-numbered reference and Signatures of preparer, approver and recipient.
- The Finance officer then forwards petty cash vouchers with supporting documents for approval to the Finance Manager after which s/he pays (upon approval). The receiver acknowledges receipt by signature.
- All invoiced bills shall be paid through the cheques and not petty cash. Petty cash shall not be used to accommodate personal cash advances and/or encashment of personal cheques.
- All petty cash vouchers & supporting documents should be duly stamped "PAID" once settled to prevent re-use.
- Daily petty cash and reconciliation should be done and documented by the custodian. Cash counted & the pending unreimbursed receipts should reconcile to the maximum petty cash float balance of KES 30,000. The reconciliation, signed by the Finance officer & the Finance Manager and supported by receipts, forms the basis of posting to the cash ledger on a daily basis.
- Reconciliation of petty cash box to the cash ledger should be carried out every Monday of the week. The reconciliation shall be done by the Finance officer and approved by the Finance Manager.
- Independent verification of these funds is required at least monthly. The Finance Manager shall conduct surprise cash counts on a regular basis. Any fund shortages should be the accounted for by the Finance officer.

❖ **Replenishment of Petty Cash / Revolving Funds**

- The Petty Cash shall be replenished when funds run low or once it reaches the agreed minimum re-order 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.
- A Petty cash reconciliation report that shows the amount of cash request shall be prepared by the Finance officer and presented with paid petty cash vouchers and supporting documents to the Finance Manager for approval.
- If approved, the report will be the basis for the preparation of the petty cash cheque voucher that goes through the normal cheque approval procedures.
- The cheque should always be drawn in the name of ADS Eastern or Finance officer or any other authorized banking agent. Cash should be collected by only such person.
- Petty cash reconciliation should be done every last day of the month after all transactions for the month are posted and cash counts agreed to the accounting figures.
- The petty cash box shall be kept safely and securely in a safe when not in use or at the end of every working day. A safe should be operated by at least two persons. One holders of the key to the safe should be the person responsible for the contents of the safe. The second holds duplicate keys which must be kept in a secure location not easily accessible by any person other than authorized officers of ADS Eastern.
- The person holding the key to the safe shall be responsible for the safety of the contents of the safe and shall compile a report on the status of the safe if and when required. The safe shall securely be locked at all times.

4.2 Bank Management

4.2.1 Basic controls on bank accounts

- The opening, closing or changing the signatories of any ADS Eastern bank accounts must be supported by official written board resolutions.
- ADSE bank signatories shall include a combination of the following officials as decided by the board of directors: The Chief Executive Officer, All sitting 4 Bishops of the region, and the Board chairman.

  The signing mandates includes any three of the authorized signatories provided one is of Chief Executive Officer.
- Bank signatories should be restricted to individuals not otherwise involved in approving or recording payment transactions. Unless staffing problems mandate it, the Finance Manager should **not** be a signatory to the bank accounts.
- No cheques should be signed in blank by any of the authorized signatories. The cheques should be kept in a safe and secure place. Any change in the signatories due to death, removal, or any other reasons must be officially approved by the board/Chief Executive Officer, be documented and communicated to the bank.
- The number of bank accounts should be kept to a minimum necessary to enable transacts the business of the ADS Eastern.
- Certain donors do not permit Commingling of funds. Where this is the case a separate bank account for the donor must be opened.

4.2.2 Bank Reconciliations

Definition: Bank reconciliation is the process of verification of a bank statement balance and the depositor's cash account balance. All bank accounts must be monthly reconciled to the general ledger.

- The Finance Manager will periodically (preferably monthly) provide a statement of the bank account transactions according to the bank statements. A comparison of the bank accounts ending balance as stated in the bank statement and the ending balance as recorded in the ADS Eastern books should be done on a monthly basis (as of the last date of the month).The Finance Manager shall facilitate the online view of all the bank statements to the Finance officer(s) to enable them conduct timely bank reconciliations.
- The primary purpose of the reconciliation is to disclose any discrepancies in the banks records and those maintained by the organization.
- The Finance officer will be responsible for all the bank reconciliations of ADS Eastern. Each bank account (bank statement) will be reconciled monthly in any case not later than the 5th of the following month to its accounting system ledger each month.
- The reconciliations will be handed in to the Finance Manager for verification, who hands over to the CEO for approval by the 5th of the following month. The process of bank reconciliation shall require the following;
    a) Secure all monthly bank statements by the 3rd of the following month.
    b) Compare transactions in the bank statements against those recorded in the cash book.
    c) Compare deposits as indicated in the bank statement with the cash book. Un-cleared deposits and credits will be shown as deposits in transit
    d) Compare the paid cheques with entries in the cash book. Un-cleared cheques and payments will be reflected as outstanding cheques.
    e) Observe or note for other reconciling items such as bank charges, interest, withholding taxes, bank debit and credit memos and bank/book errors.
    f) Obtain from bank copies of debit/credit memos or similar documents that are not enclosed in the bank statements.
    g) Prepare journal entries for other reconciling items.
- Discrepancies in the two balances attributes to difference in timing requires no special treatment except to include them in the bank account reconciliation so the bank's and ADS Eastern records reconcile.
- Likewise, any payment cheques written but have not cleared the bank would need to be listed as a reconciling item on the reconciliation also.
- Closing balance cut-off should clearly be stated in the reconciliation if the actual end month date is not used as the cut off or where the statement covers a period longer than one month.
- The bank statements should be filed with bank reconciliation schedules for future use.

4.3 Foreign Currency Exchanges

- ADS Eastern books of account are kept in Kenya shillings (KES). All payments made in the other currencies are converted to KES using the prevailing rates ruling as of the date of transaction.
- All exchange gains or losses shall be adjusted for when reporting in the income and expenditure report. Exchange gains or losses generated from restricted project funds shall be borne by the specific projects.
- To control/manage exchange losses, the Finance Manager & other staff dealing in currency exchanges should always only exchange foreign to local currency for amount enough for the month/activity and vice versa and be watchful to movements in exchange rates in order to properly speculate where a foreign currency account exists.
- The Finance Manager should also always negotiate favourable rates in advance with the bank whenever donor fund are received in foreign currency.

5.0 ACCOUNTING FOR PAYMENTS

Introduction

- The objective of this policy is to ensure that only properly authorized payments are made, accurate records are maintained and to establish a chain of accountability.

  All disbursements are encouraged to be made by cheque, RTGS, EFT, direct transfer and Mpesa platform
- Each cheque drawn in the bank is entered individually in the cash book in Kenya shillings. as of the end of each month, the months transaction are totalled and each column is posted to the appropriate account in the general ledger.
- Each expense type should have its own expense code (per chart of accounts and or budgets).
- For the purpose of this manual expenses will be allocated to the programs using a reasonable basis.
- Consistency must be the main objective in expense classification. If an expense is classified in salary today it should be salary tomorrow. Guidance and training should be given to the field staff so that they can perform the cost allocations in a consistent manner

5.1 Payment Requisition Note

- Individual payments are accompanied by vouchers on which the details of the purpose, date, payee, amounts and expense classification are detailed. Each voucher must be supported by the relevant support documentations i.e an invoice, quotatioreceipt.
- The invoice or receipt should include the date, vendor’s name, the period covered, description of the goods/services, the amount of charge and is addressed officially due to ADS Eastern.
- The buying/requesting officer should prepare a payment requisition note with attached supporting documents (see payment voucher preparation below). The Finance Manager then checks that the payment is within budget limits and budget line. The Chief Manager Programs then verifies whether the activity is in the work plan before approval.

- The requisition should be supported by any of the following documents:
  a) an original invoice from the supplier attached to a properly approved purchase order & evidence of receipt for the item purchased or satisfactory performance of the service;
  b) a properly approved Expense Report with supporting receipts;
  c) a properly approved payroll; and
  d) a properly approved request for advances.

- The preparer should check the amount needed against the line items. If it is not within the approved budget, then consult with the budget holder or his/her duly authorized representative.

- The requisition is then forwarded to the Accounts office for review to verify the completeness of the requisition with supporting documents. Check that the payment is in order, meets all procurement requirements and funds are available *(see procurement for procedures).*
- Thereafter, the Finance officer /Accountant prepares the payment voucher for payment approval.
-

5.2 Payment Voucher

After the payment Authorization form is full approved, the Finance officer /Accountant prepares the Payment voucher which is certified by the Finance Manager or his/her appointee and authorised by the CEO or his/her appointee.

At least three (3) signatories shall be required approve for all payments raised. Payment should be signed only after the mandatory signatory has examined the payment vouchers and other supporting documents and is satisfied of the completeness of the payment.

The following should be taken in to account:

- Pre-approval is not allowed.
- Cheques/RTGS/EFT drawn to "bearer" or "cash" should <u>not</u> be allowed.
- Cheque books, RTGS,EFT should be safeguarded at all times.
- All supporting documents to a payment request should be stamped "PAID" to prevent re-use.

All payment vouchers will be entered into the accounting system once approved. The entries must be reviewed before being finalized & reconciled in the system.

Payment vouchers should be pre-numbered & sequentially follow the cheque /RTGS and EFT numbers used. All payment vouchers supported with payment documents (original invoices, purchase order, tender documents, purchase request forms, contract etc) should be filed sequentially

The payment voucher should be complete with the following information:

voucher/cheque number; Date; Payee; Amount; Description; Account Codes; Ledger Reference as well as Authorized signatures for the person who prepared, certified & authorized.

5.2 General Payment Controls

- All direct bank payments e.g. telegraphic transfers, & bankers' cheques shall be subjected to the above procedures of payment voucher preparation. A letter of transfer to the bank authorizing the transfer shall only be raised and signed after the necessary supporting payment voucher and documents have been approved.
- Spoiled or voided cheques should be properly marked '**CANCELLED'**, clearly stating the reason for cancelling or voiding and stapled on the chequebook. If the cheque was already signed, signature should be mutilated by perforation.
- All stale cheques with suppliers must be recalled and letter written to the bank to `**stop payment**' on such cheques.
- All bank charges must be reviewed against the transactions they relate to by the Finance officer to ascertain their eligibility costs before recording.
- All payments made from donor funds shall be made as per the requirements/agreements with the donor. The finance staff in charge should obtain donor agreements and reference documents to understand and implement the procedures as required.
- Separate document files shall be maintained for the donor payments for posting to the accounting system.

5.3 Advances to Staff

Definition: Advances refer to funds given to officers and employees of ADS Eastern for various activities and its subsequent liquidations.

❖ **Advances Requisition**

- By the last day of the month, all staff shall prepare work plans for the following month detailing all planned travels and project activities based on the approved project work plan and submit to immediate supervisor for verification, who then will hand it to Chief Manager Programs for approval. The immediate supervisor/budget holder shall then make a requisition of the funds by completing the requisition book and after obtaining relevant authorizations submit it to the account's office; at least five business days before the start of travel or program activities to allow ample time for processing.
- The Finance officer/Accountant shall process the request by confirming the details and budgets to arrange for the requested amounts the day before travel/activity.
- The staff shall request for the funds through email/imprest authorization form to acquire authorization to collect the Travel/Project Advances from the accounts office**.** This is checked by the immediate supervisor, reviewed by the Finance Manager and approved by the Chief Manager Programs.
- No imprest shall be approved to staff before the liquidation/retirement of previous pending imprest, unless the related activities are still ongoing (maximum of two as ongoing).
- No amount of imprest shall be accrued into the next financial year.
- The withdrawn imprest shall be paid to the requesting staff no more than a day before travel / activity.
- In the accounting system, the Finance officer shall establish an Imprest Control account with the names of the staff requesting for imprest. All floats shall be posted to the respective staff imprest account in the accounting system.

❖ **Advances Liquidation**

- Accounting for the travel/activity advances shall be by use of a duly completed and signed **Imprest Return Form**, detailing the various expenses, attached with all the receipts to support all the expenses included on the form. This is checked by the immediate supervisor, Verified by the Finance officer/Accountant, Certified by Finance Manager and approved by the Chief Manager Programs or Deputy Chief Executive Officer or Chief Executive Officer.
- All project cash advances shall be properly liquidated with official receipts/supporting documents within five (5) working days from the date the expenses are incurred.
- Travel advances shall be accounted by signing on a Daily subsistence Allowance **(DSAs) form**.
- Re-imbursement for expenses in excess of the advanced amounts shall only be processed after the liquidation accounting has been approved.
- Staffs are required to make adequate request for advances as the use of personal funds for ADS Eastern activities and request for re-imbursement of such expenses is not advised.
- Ageing of advances (i.e. days within which advances should be accounted for/repaid) should be done on a monthly basis. Overdue/unliquidated amounts should be deducted against the respective staff's salary in accordance with ADS Eastern policy.

5.4 Payments to Consultants, Contractors & Other Third Parties

- Payments to contracted third parties will only be approved/made on the following basis;
    a) A valid and fully signed contract by both ADS Eastern and the third party.
    b) An approved report of job satisfaction by the procuring department or unit
    c) A copy of the Personal Identification Certificate.
    d) A valid copy of registration certificate and or National identity card of the supplier
- All payments to third parties will be subjected to all statutory requirements including withholding tax, income taxes and other applicable government charges.
- Such charges will be deducted from amounts due to third parties and remitted to the respective government agents such as Kenya Revenue Authority as required by law.

6.0 DEBTORS AND CREDITORS

6.1 Accounts Receivables

- The Finance officer/ Accountant is responsible for keeping accurate debtors records and timely preparation and distribution of invoices to debtors to ensure payment promptness.
- ADS Eastern shall recognize income when earned (accrual basis of accounting). Pledges from fundraising, promised donations and inter-project borrowings should not be recorded as accounts receivables
- Where ADS Eastern makes payments on behalf of others e.g. tickets, these shall be expensed to that partner's account and recognized as account receivable (from that partner).
- An invoice, indicating the nature and details of the payments made shall be raised, approved and sent to the partner for refund.

6.1.1 Controls on Debtors

- **Invoicing process**

Debtor's Invoicing will only be done by the account's office upon satisfactory completion of the assignment in accordance with ToR. A sequentially numbered, three-part invoice is then prepared by the Finance officer and distributed thus: the 1st and 2nd copy sent to the debtors (second copy to be returned by the debtor along with their payment) and the 3rd copy is retained to document the funds to be received. The invoice shall be sent together with final report approved by the Program Manager to a client. No consultant/ Staff is supposed to send an invoice to a client.

- **Collection of Past-Due Accounts**

Follow-up procedures consist of formal collection letters, contacts, and phone calls as may be needed. All communication should be in good taste and within standards of conduct befitting the organization.

Collection process - When an account becomes long overdue, additional collection procedures begin which may include one or more of the following actions by the Chief Executive Officer:

a. Special warning messages on the monthly statement

b. Special collection letters sent separately and in addition to the regular monthly statements

c. Phone calls/emails to debtor

- **Writing-Off Debtors**

i. Receivables due by three years may be written-off if all procedures have been followed in collecting the amount due have failed.

ii. All write offs must be approved by the Board.

6.2 Liabilities (Accounts Payable)

- Liabilities are debts. Organizations sometimes find it convenient to purchase supplies and equipment on credit rather than to pay cash at the time of each purchase. At the end of an accounting period, some expenses will have been incurred but not yet paid for. These will be brought into the accounts as liabilities.
- The liability arising from the purchase of goods/services on credit is classified as accounts payable and includes amounts owed by the project.
- Liabilities should be kept at a minimum level at all times and should be settled as soon as possible. All accounts payable should be reconciled at least once a month.
- Where commitments will have been made with suppliers for items financed within the current budget, but not yet paid for, these will need to be noted for inclusion in the reports to the donors as unpaid obligations (liabilities).

❖ **Controls over Liabilities**

- Where the organization is not be able to pay all its bills on time, or has credit facilities, accounts payable account shall be recorded. The amount owed should be recorded in the correct expense accounts, and credit accounts payable instead of a cash account.
- ADS Eastern should not write checks when it does not intend to mail them immediately to avoid loss or stealing of checks. Accounts payable should be recorded instead.

6.3 Property Insurance and Risk Management

- The Finance officer shall work with the HR& Admin officer to ensure that all insurance matters of ADS Eastern are timely addressed. By 30th June of each year the insurance company through a broker contracted by ADS Eastern shall provide **cover notes and confirmations** for all policies held, which shall be filed and properly referenced.
- The Finance officer shall ensure that all the necessary policies are in place at all times and any new adjustments within the years of insurance due to acquisition, disposal or change in risk factors and amounts are effected with the insurance firm immediately to avoid any insurance losses.
- The Finance officer shall lodge any claims due to insured losses immediately a loss is incurred and adequate compensation done by the insurance firm.
- The Finance officer shall ensure that all premiums are paid on time and only after receipt of **Debit Notes** from the insurance firm.

6.3.1 Internal Control and Procedures

- An adequate annual insurance program should be maintained. Decision of insurance should be based on the degree of exposure to risk, assets value and the cost of insurance.
- Every year (or at any time new assets are acquired) the Chief Executive Officer together with the Finance Manager should analyze ADS Eastern assets and operations to determine the values at risk and the nature and degree of exposure.

- A listing of all property and equipment indicating their location and exposure to hazards (i.e. fire, flood, earthquake and other natural calamities or own damage). This may be done through the assistance of an insurance appraiser.
- A list of all liquid assets and the degree of exposure to risks (e.g. theft, burglary, fraud etc) or liabilities arising out of their use or maintenance should be maintained.
- The services of an insurance broker may be used to identify appropriate insurance company, based on financial stability, service and record of settlement of claims.

7.0 MAINTENANCE OF ACCOUNTING RECORDS

7.1 Accounting Software

ADSE uses a computerized accounting system. This allows finance staff to record transactions easily, find information quickly, and generate specific financial reports, such as balance sheets, budgets, budget versus actual (burn rate), monthly expense and also reports per donor and/or project. The accounting software permits the user to specify the required level of detail and reporting period on a screen-led process for both the standard and user defined reports.

- **Chart of Accounts**

The Chart of Accounts contains the General Ledger Accounts. The chart of accounts is uploaded into the accounting software to facilitate correct account coding on requisitions, payment vouchers, receipts and journals. No changes may be made to the General Ledger Account numbers without express permission from the ADS Eastern Finance Manager.

- **Requesting and Authorizing Changes to the Chart of Accounts**

The following procedure will be followed:

The user identifies the need to amend the chart of accounts and informs to the Finance Manager. The Finance Manager assesses the need and if there is need to need to make the amendment the Finance Manager updates. If according to the Finance Manager there is no need to make the amendment this is discussed with the user.

Modules and Records of the Accounting System

The General and Control Ledgers

- The general ledger is a collection of individual summaries of all accounts used by the organization. Monthly, all transactions for the month should be posted to the appropriate accounts in the general ledger to facilitate generation of various monthly reports and to allow accounts' reconciliations.
- The general ledger thus provides a period-to-date record of financial activity in summary form and should be used in the preparation of monthly or yearend financial reports.
- Control Ledgers on the other hand contain the totals of subsidiary accounts, the detail of which is reflected in their respective accounts in the General Ledger. Subsidiary Ledgers should be maintained for the following:

- Accounts Receivable/Advances to Officers and Employees (Balance sheet item)

- Payroll/ Salary items(balance sheet item)

- **Sub-ledgers**

The system has the following sub-ledgers;

Cash Book, Accounts Receivables, Accounts Payables, Fixed Asset and Payroll.

- **Journal Entries**

The objective of this policy is to ensure that accurate records are maintained for all items of original entry not otherwise recorded as a bill.

Supporting documents should be attached to the journal entry and stamped as '**POSTED**' (for non payment entries) or '**PAID**' (for payment adjustments).

Journal entries shall be used to record amongst others Liquidation of cash advances; Depreciation of fixed assets; Payroll and fringe benefits distributions; Bank reconciling items such as bank debit and credit memos; Investment transactions; Expensing prepayments; Accrual of revenues and expenses; Foreign currency transactions such as foreign exchange gain or (loss); Expense and/or overhead allocations and Adjusting and correcting entries;

- **User Access and Rights**

A log-in name and password is assigned for each user to enable them access the system. Certain rights are given to each user group (finance and programs staff) depending on the tasks they have to do. The super user password is given to the administrator and also kept under key and lock by the Chief Executive Officer. The systems administrator is in charge of resetting passwords.

7.2 Processing and Posting Transactions into the System

The user enters the transactions and journals into the system; these are checked by the Finance Manager before posting into the system.

All financial transactions shall be clearly documented and recorded in the system in a manner that will facilitate comprehensive financial reporting, easy referencing and create a clear audit trail.

7.3 Standards for Recorded Financial Transactions

Recorded financial transactions must be complete, valid, accurate, and supported by complete source documentation.

Complete:

Each payment must be supported by documentation, including:

- Pre-numbered payments vouchers with a verifiable invoice or fee note and/or vendor's receipt, and /or correspondence for the purchase of the allowable item
- An imprest authorization form, signed by an authorized staff member
- Confirmation from payee that funds were received, such as a signed receipt or canceled check

- Paid invoices and its subsidiary documentation stamped PAID
- A goods-received receipt/note, or other statement attesting that the goods and/or services purchased were in fact delivered

Note: One payment voucher (and therefore one cheque) can be used to pay a number of invoices of the same supplier/creditor.

Valid:

A payment is valid if it is made to a verifiable vendor for an allowable expense, and if the documentation exists to show that the goods or services paid for were actually received.

Accurate:

The record of a transaction must show the exact value, and be charged against the appropriate General Ledger (GL) Account

Allowable Costs:

ADSE classify costs as allowable or unallowable.

A cost is considered allowable if it is:

- Necessary (i.e., provided for in the work plan budget)
- Reasonable (i.e., appropriate to the good or service and the intended use)
- Allocable (i.e., can be charged to a program)

By contrast, an unallowable cost fails to meet all the above criteria. Examples of unallowable costs include, but are not limited to, alcoholic beverages, bad debts, contingency provisions, entertainment, fines and penalties, fundraising and investment management, interest on loans, and lobbying.

7.4 Year End Adjustments: Accruals Prepayments

This is a process done to ensure that the account include all transactions for the year. Adjustments are necessary for payments made in advance and advance incomes.

- ***Adjustment for "accrued" expenses:*** An accrual is an amount owed for services and or goods received but for which an invoice has not yet been received from the supplier. All expenses incurred but not yet settled should be determined and included in the accounts.
- ***Adjustments for "prepaid" expenses:*** A prepayment is an amount paid in advance to a supplier for goods/services to be received at a later date. Examples of prepaid expenses are rent and insurance. Only the portion of prepaid expenses that relate to the reporting period should be included in the reports under accrual basis of accounting

8.0 PROPERTY, PLANT AND EQUIPMENT MANAGEMENT

Introduction

Definition: *Property, plant and equipment are tangible assets with an estimated useful life of more than one year. The major categories of physical assets include Land, Land improvements, Buildings, Office equipments, fixtures and Fittings, Computer hardware, Motor vehicles and Motor cycles.*

- Accounting records are to designate the physical location of assets in sufficient detail to facilitate physical inventories of assets and fix responsibility for custodianship.
- 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.
- It is the policy of ADS Eastern to expense all amounts spent in acquiring assets and other property but control the use and custody through the asset register.
- All property and equipment including all electric and electronic items valued in excess of KES 5,000 shall be identified at the time of receipt.
- An inventory number shall be assigned & affixed to the property/equipment using painted numbers, adhesive labels or any comparable identification tags. An alphanumeric fixed assets code/reference number is recommended for ADS Eastern. Each item in the code number signifies the type of fixed assets and Assets identified number.
- The HR & Admin officer shall be responsible for the receipt, issuance, maintenance, movement and transfer of all property and equipment. An **Asset allocation form** shall be prepared on the issuance/assignment of the property or equipment to any user.

8.2 Fixed Asset Records

- **Fixed Assets Inventory/Listing**

ADSE shall keep a fixed assets inventory listing. The Assets inventory shall be updated whenever there is a change in the pool of the fixed assets either due to Disposal or when a new asset(s) acquisition is completed. The Fixed Assets Inventory listing shall be maintained by the HR and Admin officer.
The inventory listing shall include the following information:

- Date of purchase
- Asset code/ Identification tag/brand number
- Description of asset and category of the asset
- Serial Number of the asset
- Purchase price
- Donor
- Location (place where the item is stored)
- Name of staff member currently responsible for the asset
- Present condition (usable or non-usable)

- **Fixed Assets Register**

ADSE shall maintain a Fixed Assets Register to record all the items capitalized both fixed and movable. The Finance Manager shall be the custodian of the Fixed Assets register and shall ensure that the Fixed Assets register is updated whenever there is a change in the pool of the fixed assets either due to disposal or when a new asset(s) acquisition is completed.

The register shall include the following information:

- Date of purchase
- Asset code/ Identification tag/brand number
- Description of asset and category of the asset
- Serial Number of the asset
- Purchase price
- Donor
- Depreciation charge
- Accumulated depreciation

- Periodic physical inventory of property and equipments should be conducted every end of the financial year and reconciled with the asset register/inventory listing.

8.3 Acquisition

- Fixed Assets may only be acquired if they have been included in the annual plan and budget or revised budget, approved and funded.
- The acquisition process shall follow the Procurement policies & guidelines.
- Donated assets are Valued at fair market value as at the date of acquisition for purpose of insuring the asset.
- A Request for Capital expenditure (CAPEX) is done by the requesting programme using a **Purchase Requisition form**, which must be completed in **triplicate** together with appropriate supporting justification details and approved by the departmental head, Finance Manager and Chief Executive Officer or their designees. Such requests must certify that the requisition meets all the requirements and procedures of procurement. The approved requisition is used to raise a Local Purchase Order which is distributed as follows: White copy to supplier; Pink copy to Accounts and Book copy remains.
- Payment for the acquired asset shall be made by cheque and can only be processed when the following are met and presented to finance;

a) Minimum of 3 quotations supported by all correspondences requesting for quotations.

b) Quotation analysis and procurement committee minutes detailing reason(s) in favour of the successful bid.

c) LPO copy & Delivery note, duly signed received by authorized officer.

d) Invoice from supplier

- When the acquisition process is completed and delivery done, the purchase documentation shall be channeled to the HR and Admin Officer. S/he shall raise a unique identification number/ Asset code and tag the asset by placing the label on a visible area on the asset for easy identification; and put in the Inventory register. S/he shall then pass over the purchase documentation to the Finance Manager for recording the asset in the fixed assets register and/or for filing.

8.4 Depreciation

- ADS Eastern will maintain a depreciation schedule. The annual depreciation will be based on the full acquisition cost of the asset, net of its residual value. The rate will apply from the year of acquisition to its disposal, written off or fully depreciated, whichever occurs first.
- Depreciation is computed using the reducing balance method as follows:

Asset Class	% Rate
Buildings	NIL
Motor vehicle/cycles	20.0
Computer & IT Equipment	30.0
Office Equipment	12.5
Furniture& fittings	12.5

8.5 Disposals

- ADS Eastern assets may be disposed through either sale, transfers to projects, donations to other parties or abandoned for the case of unserviceable/ junked items.
- To propose the assets for disposal to the Chief Executive Officer, Finance Manager shall use the following criteria to determine which assets are due to be disposed:-

a. When an asset attains the following number of years from its purchase date:-

Asset Class	Useful Life
Office Equipment	8 years
Computer & IT Equipment	4 years
Furniture& fittings	8 years
Motor vehicle/cycles	5 years

b. Following each annual assets verification and inspection, those assets, which are found to be in poor condition and that no longer in use.

- S/he shall propose a disposal list detailing the Asset description, purchase date, cost of acquisition and the residual value of the asset. The Chief Executive Officer shall then convene the management meeting to discuss the proposed list to agree on the disposal list to table to the board for approval.
- Sale of assets shall be on a competitive bid basis. After the selection process is completed and the potential buyer selected, a deed of sale shall be signed by the buyer and CEO. Unserviceable or junked items of property and equipment maybe disposed in bulk on a “where is, as-is” basis upon approval by the Board.
- The disposal price will be the net realizable price or revaluation cost of the asset at the time of sale.
- For every disposal, a disposal form shall be raised with details about the buyer, the item description and agreed sale price; and duly signed by the buyer and the CEO or his/her designate.
- A copy of the **disposal form** shall be forwarded to finance/accounting department and attached to the applicable sale documents. A numerical file of all disposal form supported by a copy of the official receipt for sale proceeds shall be maintained by the Finance officer in charge.
- The list of dispossed assets shall then be taken to the HR & Admin officer and Finance Manager for removal from the inventory/fixed assets register respectively.

- **Other General Controls over Property**

- Fixed assets should be accorded adequate physical control and be adequately covered by insurance. Management follow-up on any assets reported as missing or damaged.
- Documents of title should be registered and kept in safe custody by the HR & Admin officer.
- An alphanumeric fixed assets code number is recommended for ADS Eastern. Each item in the code number signifies the type of fixed assets and Assets identified number.
- Once code numbers are assigned to the fixed asset as indicated above they will be entered in the appropriate space in the Assets Inventory/ fixed assets register and the number written/tagged on the fixed asset.
- All assets purchased by ADS Eastern for use by partners and or staff in implementation of ADS Eastern activities shall be (unless otherwise stated in the agreement) registered in the name of ADS Eastern and shall be the property of ADS Eastern. The latter shall be responsible for the security of the assets.
- The responsible person shall have no authority over the disposal of the asset and shall use the asset only for the benefit of ADS Eastern. The HR & Admin officer shall from time to time inspect and report to ADS Eastern the status of these assets. Any reported misuse of ADS Eastern assets shall lead to the recalling of such assets from the affected partner.
- Physical verification shall be conducted every end of the year and a report issued on the status of the assets by the Finance Manager. The ADS Eastern should verify that the existing assets are owned by the entity and the value is appropriate.

Control on phone system

- ADS Eastern has developed substantial funds to equipping its officers with modern telephone system. The phone system like all other ADS Eastern equipment is intended for use on its Business and Activities.
- ADS Eastern permits employees to make occasional incidental use of this equipment for personal purpose. Employees should understand however, that any information or messages transmitted through the system may be monitored and charges levied.
- Employees therefore should not use this equipment to transmit messages that they consider sensitive.
- ADS Eastern conducts a great deal of its business by telephone. Employees who deal with the public have to be courteous, helpful and positive representatives of the organization.
- To ensure the quality and appropriateness of these contacts ADS Eastern may occasionally monitor the phone conversations of representatives. ADS Eastern may at times have other legitimate needs to monitor phone use.

8.6 Controls over Motor Vehicles

- ADS Eastern shall provide vehicles for staff, so that its official business can be handled effectively. It does not provide vehicles for the personal use of any office staff. All purchases or donated vehicles must be listed on the fixed assets register.
- During office working hours all vehicles will be used for official ADS Eastern use only.
- Every vehicle must have a work ticket (log-sheet), kept in the vehicle. The work ticket should have columns for recording e.g. Date, the starting & closing mileage, purpose of the journey, officer approving the journey, Quantity of petrol bought, price, project, 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 ADS Eastern vehicles must be registered in its name only.
- ADS Eastern name, official address and or logo should be on all its vehicles.
- ADS Eastern vehicles should as much as possible be housed at the office and be fully insured and depreciated accordingly.
- Security is the primary care in holding vehicles after office hours. If a staff residence is equal or more secure than other locations, vehicles may be kept at that residence. The location for all the vehicles overnight parking must be registered with the office of the Chief Executive Officer.
- Where applicable, vehicle acquisition, use & disposal must follow the donor contractual agreements where purchased for a specific programme or project of that donor.
- After office hours, on weekends or legal holidays, if a staff member uses ADSE vehicles for personal use, a reimbursement at the rate of Kshs 10 per Kilometer will be charged. In addition, the concerned official will meet the expenses of a staff driver who may be used to drive on personal business or errands. Any staff member or Board member who makes a requisition to use a company vehicle on personal business will be required to pays Kshs. 10 per kilometer traveled and also meet fuel expenses. Incase of misuse, offenders shall be surcharged in addition to any other disciplinary action, which may be taken against them.
- All officers are responsible for maintaining a log of vehicle usage whether for personal or official business. This log should be submitted to the Finance Manager on a monthly basis.
- ADSE vehicle must not be retained or used for personal use during the personal leave of a staff member.
- To manage motor vehicle related risks, the Finance Manager shall keep up to date insurance coverage; maintain all vehicles in a good working condition; ensure safe packing of vehicles; carry only authorized passengers or goods and in the right quantities; maintain safe speeds and ensure that all vehicle occupants must belt up while traveling
- All vehicles will carry adequate insurance as is appropriate. Any accident or theft or fire occurring during official use of the vehicle should be covered by the office and its insurance policies deductible charges will be covered by ADS Eastern.
- Replacement of vehicles is done on an as need basis with the coverage replacement time being every five years (variations to be approved by the board). The disposition of any vehicle must be authorized by the board and/or as per the partner’s agreement and be recorded on Assets inventory/ fixed assets register.

❖ Vehicle Maintenance

Any driver of an ADSE vehicle must be an ADSE staff member who holds a valid driving license. Hired drivers must be contracted through firms, which hold proper credentials and insurance.

The Finance Manager will have responsibility of the maintenance of all the vehicles.

A maintenance and repair log will be maintained for each ADSE vehicle. All vehicles must be serviced as required.

All vehicles will have adequate insurance and road license as required. This will include accident, theft and fire.

❖ Vehicle Running Costs

Vehicle running costs will be recovered from the project(s) based on the distance covered when carrying out the project activities during a particular period.

The use of the vehicle should be captured and documented on the vehicle work ticket which captures the mileage (in Kms) travelled by the vehicle and locations visited, which should match the approved assignment.

Use of organization vehicles must be authorized against the approved work by the HR & Admin Officer.

At the end of the month, the vehicle work ticket should be captured and summarized in a spreadsheet that

computes the mileage covered during the period.

Mileage rate per km will keep on changing from time to time according to the prevailing AA rate or a justifiable rate as agreed with the donor. This rate should cover the vehicle fuel, drivers time and depreciation cost.

9.0 PAYROLL

9.1 Basis of Payroll

Employee's employment contract/ letter of appointment shall act as the primary source document in the preparation of payroll. The officer preparing the payroll shall also take into consideration any other matters that might affect the payroll including and not limited to: - changes in the state of staff, such as promotions, notification of changes in pay, and leave entitlement, only based on written instr uction from the Chief Executive Officer. .

Timesheet/Activity Reporting

In order for ADSE to recover from donors the cost of employee salaries and benefits, all employees must keep accurate monthly records of the amount of time/activity they devote to a given project. Each timesheet must account for the total hours for which employee's work, which is required in fulfillment of their obligations to ADSE. Timesheets must be prepared at least monthly and must coincide with the pay period.

Timesheets must be completed and signed by each employee, reviewed and approved by the employee's immediate supervisor, and submitted on or before the last working day of the month to HR & Admin officer. When all timesheet are complete the HR & Admin officer will pass it to Finance Manager. The Finance Manager will designate a staff member to maintain all payroll and timesheet records. Delay in submitting a timesheet may re sult in significant delays in payroll processing and therefore, in salary payment.

9.2 Payroll Items

ADS Eastern Payroll is composed of staff Basic Pay, Housing Levy Benefits and Allowances

Basic Pay

Staff are entitled to basic pay based on the ADS Eastern salary scales (refer HRM policy)

Staff Benefits and Allowances

Staff benefits and allowances are part of the consolidated salary. The following are staff benefits and allowances as approved by the board;

House Allowance;

Shall be computed as a percentage of the basic salary (50%) monthly.

Duty Allowance;

A duty allowance is calculated at 25% of the basic salary per month.

Pension Scheme;

This is calculated at 10% of basic pay paid by ADSE to the scheme and the staff pays an equivalent or more as his/her savings.

Gratuity;

A gratuity calculated at 25% of basic salary paid by ADSE to the staff who are not in Pension Scheme at the end of the contract.

Leave travelling allowance;

Leave allowance is computed as a percentage of the basic salary (50%) annually for purposes of leave.

Medical Scheme;

ADSE provides medical insurance cover for its staff and their immediate dependents via reputable Insurance Providers competitively selected annually by the board. This is a non-payroll item.

Group Personal Accident Cover;

All ADSE employees shall have a Group Personal Accident (GPA) with a firm competitively sourced by the Board annually. This is a non-payroll item.

NSSF Contribution;

ADSE shall make NSSF contribution commensurate with the employee's contribution every month. This is a non-payroll item.

Housing Levy;

ADSE shall make Housing Levy contribution commensurate with the employee's contribution every month. This is a non-payroll item.

NITA Levy;

ADSE shall pay NITA levy for all staff. This is a non-payroll item.

9.3 Payroll Deductions

i) Statutory Deductions

Legal provisions covering Income Tax, National Social Security Fund (NSSF) and other Retirement Benefits, Social Health Authority (SHA), Housing Levy and National Industrial Training Authority (NITA) must be observed in the preparations of the payroll.

Remittances shall be made promptly to the appropriate authorities as stipulated by relevant legislation.

ii) Voluntary Deductions

Voluntary deductions such as contribution to Sacco's (Savings and credit cooperative Organization), staff welfare organization etc commence and terminate upon the employee's authorization.

Staffs have to put in writing the consent for such deductions to be made to the Finance Manager.

iii) Recoveries from Payroll

For employees owing the organization money, including overdue unaccounted advances or imprest , shall have an equal amount recovered from the salary payment after efforts to recover the money have failed. The employee shall first be notified in writing through a letter printed on formal organizational letter head and signed by the Chief executive officer. A copy of the letter shall be filed in the employee's personnel file for future reference.

9.4 Payment of Salaries

The payroll shall be prepared by 20th of every month by the finance officer or the designated staff, reviewed by the Finance Manager and authorized by the Chief Executive Officer before processing the payment to ensure that salaries computations are complete and accurate.

The finance officer or the designated staff shall on releasing the salary payment, provide each employee with a copy of their pay slip.

- **Receipt of Payment**

ADSE should only make salary payment through the following mechanism:

- **Electronic Transfer of Funds (EFT) to the Employee's Personal Bank Account**

Whenever possible, ADSE will make salary payments via electronic bank transfer.

Cheque

For payments by cheque, employees will have to request through writing and sign a salary payment voucher. Cheque must be delivered directly to the employee. No person may receive the cheque on an employee's behalf.

9.5 Staff Salary Advances

- Salary advances to staff **can** only be made against approved ADS Eastern procedures *(refer to Staff policies manual).* Staff **can** request for personal advances up to 50% of their monthly salary. Request for personal advances shall be through writing to the Chief Executive Officer.
- All requests for advances must be reviewed by the Finance officer to confirm any pending advances then forward to CEO for authorization. Advances are to be repaid at the end of the month in which the request was processed.
- Salary advances shall only be paid through issuance of a cheque to staff by the Finance officer
- The approved payment shall be posted to the Accounts Receivable Account of the requesting staff.
- Staff imprest not accounted for within the stipulated period shall be deducted against the monthly salary.

10.0 TRAVEL

Travel should always be arranged to serve the best interest of the organization. ADSE will meet the travel and accommodation costs of its employees who undertake work outside the assigned working area.

Employees should use the most direct route and the most economical transportation, taking into consideration travel time, expense, absence from office and convenience.

ADSE will only cater for authorized actual transportation expenses and other reasonable expenses incurred by the employee(s) while on travel status.

- ❖ **Local Travels**
- **Use of Public Transport**

Travel costs will be met by the organization at the prevailing public transport rates.

- **Use of Taxis or Personal Vehicle**

At all the times, staffs are encouraged to take the most economical means of transport incase a vehicle is not available or economical. This should however not be at the risk of one's life.

In some instances a staff may be required to hire a taxi to facilitate his/her movement which should be authorized by the Chief Manager Programs.

Below are some of the instances that may require /warrant a staff to hire a taxi or use personal vehicle.

i. If the area is not accessible by public transport

ii. Emergency cases

Reimbursement of mileage incurred while using personal vehicles will be done at the prevailing approved mileage claim AA rates.

- **Air Travel**

Travel by air shall be authorized by the Chief Executive Officer prior to the journey, bookings will always be in economy class.

- ❖ **International Travel**
- **Travel within Africa**

All staff travels within the Africa shall be authorized by the Chief Executive Officer. In case where it is the CEO travelling, authorization shall be done by the Board.

- **Travel outside Africa**

All travels outside Africa shall be authorized by the Board.

Note: All international travels will be by economy class.

10.1 Subsistence expenses

- **Daily subsistence Allowance (DSAs) for Night-out trips**

Daily subsistence allowance (DSAs) during travel shall be given according to the schedule of standard rates established by the board periodically. The Daily subsistence allowance shall comprise the total contribution towards meals, accommodation and other such payments made for services rendered during official travel. A DSA form shall be used to sign for the expenses (**refer sub-section *5.3: Advances to Staff on liquidation***).

- **Trips which do not necessitate night-outs**

Staff will be allowed to claim for lunch for trips that do not necessitate a night-out but last between 6 hrs to 8 hrs.

Such trips must be planned for under the same procedures as night-out trips and must be approved appropriately by the immediate supervisor.

The officer travelling must fill in a work accomplished summary sheet, and attach to the expenses summary.

- **Working on Holidays or Weekends**

Staff working on holidays or weekends will be entitled to a perdiem. Any claim for working on holidays or weekends MUST be approved by the Chief Executive Officer.

- **Perdiem during workshops**

ADSE will be giving perdiem to its staff to cover for incidentals when attending to workshops that are not or organized by the Organization.

- **Board Members**
  - Board members involved in ADSE activities outside meetings will be entitled to their travelling expense; this MUST be authorized by the Chairman.
  - During meetings for the Board including AGM and various committees, the members will be entitled to their travelling expenses.
  - Members of the AGM who are not Members of the Board will be entitled to travel reimbursements.

The Chief Executive Officer of ADSE must approve all payments and reimbursements for staff and Board members.

11.0 PROJECT MANAGEMENT

11.1 Procedure for submitting new projects

- New project proposals must be formulated in accordance with ADS Eastern Proposal format or donor format as well as an ADS Eastern budget format.
- When submitting a project proposal the following documents must be sent in as well: logical framework, agreements or letters of intent signed by recognized authorities.
- The correspondence about proposals, exchange of draft versions and budgets is a direct contact between the Program Head, the Chief Executive Officer and/or the Finance Manager.
- Programs can be reviewed during the implementation period.
- In case of acute emergency and at request of the program head or his/her designee, a special procedure can be started to allocate funds immediately after approval of the funding partner within reasonable period depending on the circumstances defining the emergency. The elaborated proposal must be submitted within reasonable time for review and/ or approval by the funding partner for the action to be undertaken.

11.2 Project Monitoring

- Monitoring is a continuous process of data collection and analysis throughout the duration of implementing a project or programme.
- The purpose of monitoring is to provide management with information to ensure that the program is going according to plan, that it responds to and meets identified needs and that resources are being used efficiently and effectively (according to plans).
- Different levels of information will be relevant to different groups. Managers should for instance be more concerned as to whether the project or program they are managing or supporting is having the desired results or not.
- The main point of monitoring is to verify if the program responds to the (i) beneficiary needs, (ii) has a positive impact (iii) going according to the plan (iv) if the resources are used efficiently and (v) are checks and balances in place and proper functioning.
- Monitoring systems should be kept as simple as possible for ensuring adequate and reliable management information.

11.3 Project Evaluation

- Evaluation is a tool to assess systematically and objectively the relevance, performance and success of ongoing or completed projects or programs.
- It is also a means to extract “cross-cutting lessons” from humanitarian operations, and determines the need for changes to specific activities, programs or strategies.
- Evaluations need not necessarily be saved to the end of projects, as the most useful evaluations are often done in time to identify important issues to change in the project.
- It is recommended to have the evaluation design based (tailor made) on the program and before the program starts.

12.0 FINANCIAL REPORTING

12.1 Financial Reports

Financial reporting shall be done as per approved formats, for tracking purposes; these formats are to be consistent with the budgeting formats. The Finance Manager shall submit to the Chief Executive Officer & program staff reports on a monthly basis. All months are closed on the last day of the same.

The following reports shall be prepared monthly:

a. **Monthly Financial Report:** Financial reporting formats are to be consistent with the budgets and budget formats for tracking purposes. The reports are based on actual expenditures. The project managers/ budget holders shall ensure that all project advances have been liquidated and submitted to the finance officer by 3rd of the following month. The Finance officer shall upon receiving the advance liquidations post the expenditure to the accounting software, prepare/ extract reports and share with the project managers/ budget holders by 5th of the following month.

b. **Budget verses actual expenditures reports**: At the end of every month the Finance Manager will prepare a budget versus actual analysis report to the Project managers/ budget holders and copy to Chief Manager Programs. By the 7th of the next month, explanations of the variances above 10% shall be done by the Project managers/ budget holders and submitted to the Chief Manager Programs and copied to Finance Manager.

   Budget variance explanations should be provided for all items above or below 10% of the budget. Narrative reports detailing the activities of the project as implemented shall accompany such reports for review and synchronization by finance.

   Completed reports should be shared to the management and other staff as is deemed appropriate from time to time.

c. **General Ledger Report:** This report should be prepared and or reviewed by the Finance Manager prior to producing the balance sheet and statement of activities. The General ledger report should include all accounts that have registered activity during the current fiscal year.

12.2 Financial Statements

ADS Eastern shall as per requirements of Companies Act, International Accounting Standards (IAS) & International Financial Reporting Standards (IFRS) publish the following statements:

a. *Statement of Financial Position (Balance Sheet):* The primary purpose of the statement of financial position is to provide relevant information about the organization's assets, liab ilities, and net assets and about their relationships to each other at a moment in time. It shall report the amount for each of two classes of net assets – temporarily restricted net assets, and unrestricted net assets.

b. *Statement of Cash Flows:* The primary purpose of this statement is to provide relevant information about the cash receipts & cash payments of the organization during a period.

c. *Statement of Income and Expenditure:* Its primary purpose is to provide relevant information of changes in the income, expenditure and capital resources of the organization during a period.

d. *Other Statements/Supporting Schedules*: Bank reconciliations; Schedule of grants/incomes; Assets register; Schedule of advances to staff; Schedule of accounts receivable; Schedule of prepaid expenses; Schedule of accounts payable & accrued expenses and Schedule of gifts and donations.

Note: Donor reports fall due on different dates depending on contractual agreements and/or donor reporting requirements. Care must be taken to respect these deadlines, formats and or terms. Separate financial reports should be prepared for each donor project.

13.0 EXTERNAL AUDIT

13.1 Introduction

External audits are conducted annually and review ADS Eastern accounting and internal control systems with an aim to ensure that:

- The financial statements fairly, in all material respects, presents the financial position of ADS Eastern and the results of all activities & cash flows for the year then ended;
- The financial statements agree with the accounting records and reflect a true and fair picture of the operations of ADS Eastern over that accounting period.
- The financial statements have been prepared using appropriate accounting basis & policies applied, consistently from year to year and that they comply with statutory requirements and the GAAPs; IFRS for SMES.
- Proper accounting records have been maintained;

The Board shall appoint the external auditors from amongst the reputable audit firms, and it shall be the duty of the Finance Manager to arrange with the appointed auditors when the annual audits should be carried out. The Finance Manager 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 the Board.

The Board will then discuss the management letter with the auditors and the Chief Executive Officer. The latter shall ensure that corrective actions taken are communicated to the auditors.

13.2 Audit Time Table

The following audit schedule will be followed for all organizational wide annual audits.

Initial Risk assessment	2nd Week of August
Start of audit	3rd Week of August
Initial draft of Financial Statements	1st Week of September
Final draft of Financial Statements	3rd Week of September *

* Depending of time of responding to audit queries/requirements of the auditor.

Project audits may however follow agreed timings with the donors taking account of the running period and end dates of any such projects.

- **Basic Year-End Audit Requirements**

- Financial Statements (Income & Expenditure, Balance sheet and Cash flow reports).
- Budgets, Grant Agreements/Contracts for revenues recognized in the current year.
- Summary of Revenues received,
- Documentary requirements (rental agreements, insurance policies, bank statements, collaborating agency agreements, etc.)

- Supporting Schedules including:-
  a) Schedule of Incomes
  b) Schedule of Contributions Receivable
  c) Schedule of Accounts Receivable
  d) Schedule of Advances to Employees
  e) Schedule of Prepayments and other Assets
  f) Schedule of Accounts Payable and Accrued Expenses
  g) Schedule of Other Liabilities
  h) Summary of Expenses
  i) The general ledger
  j) Bank reconciliations
  k) Confirmation request for banks, grants receivable, accounts receivable, advances, accounts payable, accrued expenses and
  l) Assets register

External Audit

- An external audit will be performed once a year by an external audit firm appointed by the ADS Eastern Annual General Meeting. An auditor shall serve a maximum period of 6 years. However, this will be subject to Board review that will be done annually.
- A draft account produced by the Finance Manager will be presented to the appointed external auditors.
- At the end of each audit exercise, the auditor will submit the report to the Chief Executive Officer before a quarterly scheduled meeting of the Finance Committee outlining the key findings and any recommendations.

- A written audit report with management response agreed and incorporated will then be submitted to the committee for recommendation to the Board, where the Chief Executive Officer and the Board Chairman shall sign the audited accounts.
- The Finance Manager shall implement agreed audit recommendations after the committee has discussed the report.

14.0 STATUTORY REQUIREMENTS

❖ **Pay As You Earn (PAYE)**

The law requires ADS Eastern to pay-in the income tax deducted from its employees' pay on or before **the 9th of the month following the payroll month.** Late remittance attracts penalties as stated under the Income Tax Act, Cap 470 of the Laws of Kenya.

❖ **Withholding Tax Management**

- It is a tax that is recoverable at source upon paying persons who are liable to the tax including consultants.
- Withheld tax should be remitted to the relevant government department by 20th of the following month upon deduction and relevant official receipt filed.
- Withholding Tax Certificate will be issued to the payee to retain as evidence of payment of tax and a copy filed by ADS Eastern.
- End Year Returns should be submitted on or before 31st May.

❖ **National Social Security Fund (NSSF)**

- All permanent employees of any employer not covered by a pension scheme exempted by the Minister of Labour and daily paid workers are eligible for this deduction.
- ADS Eastern shall effect deduction of NSSF and remit the contribution to the Fund including her portion. When remitting, the amount of each contributor should be clearly analyzed using the contributions Return form as per the NSSF guidelines.

The Finance Manager should ensure that the Fund receives Contributions on or before the **15th of the month following the payroll month**.

❖ **Social Health Authority (SHA)**

- All ADS Eastern employees must register with SHA for Membership.
- ADS Eastern shall deduct from all employees amounts as per SHA schedule every month and remit to the authority.

Remittance of SHA should be done on or before **9th of every month**.

❖ **National Industrial Training Authority (NITA)**

ADS Eastern shall contribute on monthly basis Kshs 50 per employee and remit to NITA.

The management shall seek reimbursement of training costs as per NITA requirements.

APPENDIXES

Appendix 1 Imprest Authorization Form

Imprest Authorization Request Form

Name of staff…….

Project Name…….

Purpose of the imprest………..

Period of the activity (Start date)………………………………………….…………… (End date)……………………………………………

Amount in words…….

……

Expense Analysis

Account Code	
Amount	
Budget Line	

Advance Amount

Accommodation	
Meals and Incidentals	
Other expenses	

	Name	Designation	Signature	Date
Checked by:				
Certified by:				
Authorized by:				
Received by:				

Appendix II Imprest Return Form

<table>
<tr><td colspan="4" rowspan="3"><u>IMPREST RETURN FORM</u></td><td>P.V No.</td></tr>
<tr><td>Date:</td></tr>
<tr><td>Sign:</td></tr>
<tr><td>Staff Name:</td><td colspan="4"></td></tr>
<tr><td>Project Name:</td><td colspan="4"></td></tr>
<tr><td>Budget Activity:</td><td colspan="4"></td></tr>
<tr><td colspan="2">Amount received from accounts:</td><td colspan="3"></td></tr>
</table>

Date	Description	Amount	Budget code
	Total		

Imprest due to/from staff:	

	Name	Designation	Signature	Date
Checked By:		`		
Verified By:				
Certified By:				
Approved By:				

Appendix III Purchase/ Service Request Form

Purchase/ Service Request Form

Requisition No.______________________________ Requisition Date: _______________________

Department/ Project ____________________

Purpose of the Request____

____

No	Quantity	Reference No	Product/ Service Description	Delivery / Work Location

Requested by ……………………………. Designation…………………Signature ……………….. Date………..

Reviewed by ……………………………. Designation …………………. Signature ……………….. Date…………

Approved by……………………………. Designation …………………. Signature …………………Date…………

Appendix IV Payment Requisition Note

Payment Requisition Note

(To be filled in Duplicate) NO.----------------------

Name of the payee (or organization to be paid)

____

Payee's address (where necessary/application)

____

____

Amount to be paid in Ksh____

In Words____

____

Purpose of payment____

____

____

Payment requisition/Applied by

NOTE

Name______________________________

Project_____________________________

BUDGET CONTROL COLUMN

Item Budget ___________________________________

Expenditure to date ______________________________

1. All necessary third party supporting documents to be attached.
2. Budget control column to be filled by applicant.

Signature_____________ Date__________

Checked by:

Name________________________________

Signature ______________Date_____________

Payment Approved by:

Name________________________________

Signature ______________Date______________

Balance ____

Department____________________________________

Budget vote ____________________________________

Appendix V Payment Voucher

Payment Voucher

Voucher No……….. Date:………………..

Project……………..

Account No………..

Cheque No…………..

Payees Name____

Amount to be paid Kshs_______________________________ amount in words______

____

Purpose of payment____

A/C No.	**Description**	**KShs.**	**Cts**
	Total		

Payment Prepared by:

Name:___________________

Signature_________________

Date_____________________

Payment authorized by

Name___________________

Signature________________

Date____________________

Payment Certified by

Name____________________

Signature_________________

Date_____________________

Payment received by:

Name___________________

Signature________________

Date____________________

Appendix VI Vehicle Log Book/ Mileage Book

Motor Vehicle/Cycle Number: ________________________________

Vehicle/Cycle Make:____________________________ Project Name/Department:___________________

Date	Destination		Odometer Reading		KM Covered	Activity	Driver		Authorizing Officer	
	From	To	Start	End			Name	Sign	Name	Sign

*This sheet to be kept in the vehicle and to be completed by the driver - copy to be given to the accounting department each (set date and periodicity)

ADSE 003: FINANCE AND ACCOUNTING POLICIES AND PROCEDURES	
Description & Responsibility	**Date & Responsibility**
Person Responsible	Chief Executive Officer
Date of Review: Version	December 2025
Signed off By Chief Executive officer	18th December 2025
Approved By Board	18th December 2025
Next review	November 2028

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