



Climate Smart Solutions (CSS)

C/o Oikos East Africa, Haile Selassie Rd., Plot 12,
House No 165, P.O. Box 23101, Arusha, Tanzania.

Email: info@climatesmartsolutions.or.tz

Website: www.climatesmartsolutions.or.tz

Financial Management Policy

Document Status: Approved

Date Issued: 01st January, 2022

Lead Author: George Mbyazita Karwani, Managing Director

Approved by: CSS Board of Directors on 20th December, 2021

Date for Review: December, 2025

Financial Management Policy

1. Purpose and Scope

The purpose of this policy is to ensure that the finances of CSS are managed, documented and authorised in a responsible manner.

This policy contains information for the Board of Directors, the Chairperson, C.E.O and administration staff to ensure compliance with the statutory and financial requirements of the General Accounting Standards, the Tanzanian Tax Office, the Tanzanian Office of Registrar and the CSS constitution.

2. Definitions

Fraud is the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.

3. Principles

CSS financial decisions are made within a sound accountability framework, using robust and transparent systems.

Cost effectiveness, value for money and protection of finances enable the organisation to maximise finances available for application to CSS strategic objectives.

4. Outcomes

Full compliance with financial related legislation and funding body requirements.

Financial management is transparent, documented, authorised and endorsed by the Board of Directors.

Financial planning, budgeting and expenditure ensure the sustainability of the organisation.

Financial risk is mitigated by applying best practice in financial management.

5. Functions and Delegations

Position	Delegation/Task
Board of Directors	Develop and endorse the Financial Management Policy. Comply with Financial Management Policy. Endorse annual activity and financial reports, budgets and forecasting. Endorse annual audited financial accounts. Authorise Board reimbursement for expenses.

	<p>Resolution of escalated financial disputes.</p> <p><u>The Chairperson/CEO</u></p> <p>To act on the Board's behalf on financial matters when action is required in advance of a Board meeting.</p> <p>Co-authorise funding agreements as required.</p> <p>Co-authorise committee reports and annual audit report.</p> <p>Co-authorise Certificate of Compliance (Annual Statement) to Tanzania's NGOs Coordination Office.</p> <p>Recommend annual audited finance report to the membership and/or Board at annual general meeting.</p> <p>Co-authorise audit requests.</p> <p><u>Secretary</u></p> <p>Co-authorise funding agreements (as required).</p> <p>Co-authorise Certificate of Compliance</p> <p><u>Cheque Signatories</u></p> <p>Co-authorise cheques on behalf of the organisation (1 cheque signatory plus Chairman, Vice Chairman or Secretary).</p>
Management	<p>Comply with Financial Management Policy.</p> <p>Contribute to development of Financial Management Policy.</p> <p><u>Chairperson/Chief Executive Officer</u></p> <p>Oversee financial management of the organisation.</p> <p>Co-authorise funding agreements (as required).</p> <p>Approval to incur expenditure on behalf of the organisation.</p> <p>Authority to hold business credit card for organisation related expenditure.</p> <p>Authorise contractual relationships (e.g. consultancy agreement).</p>

	<p>Perform responsibilities of Public Officer.</p> <p>Co-authorise Certificate of Compliance</p> <p>Co-authorise audit requests.</p> <p>Co-authorise management representation letter (annual audit).</p> <p><u>Treasurer</u></p> <p>Develop all financial reporting for CEO and the Board.</p> <p>Review budgets, forecasts and annual audited financial accounts and provide recommendation to Board.</p> <p>Approval in principle <u>planned</u> expenditure in Chairman of board if CEO absence.</p> <p>Authorise Supplier Claim Forms.</p> <p>Co-authorise cheques on behalf of the organisation</p> <p>Co-authorise management representation letter.</p> <p><u>Administration Officer</u></p> <p>Process petty cash expenditure.</p>
Staff	Compliance with Financial Management Policy.

6. Risk Management

CSS has systems in place to protect finances and ensure financial reporting is accurate.

CSS provides professional development to Board and staff in financial management practice, including fraud awareness, prevention, detection and investigation.

The organisation undertakes regular reviews of financial systems and engages in independent audits.

7. Policy Implementation

All staff, organization's members and Board members are responsible for understanding and adhering to this policy.

Financial management is an integral part of the organisation's operation and its application is reviewed, endorsed and documented on a quarterly basis by the Board and the relevant staff.

8. Policy Detail

The Board has ultimate responsible for the financial management of CSS, ensuring it operates within a responsible, sustainable financial framework.

The financial management framework of CSS includes:

- compiling, monitoring and reviewing the budget
- generating and managing income
- managing expenditure
- Security and reporting.

8.1 Budget

The Board is responsible for developing and overseeing the budget in collaboration with the CEO and the treasurer. The Board conducts an annual budget planning process, reviewing actual expenditure against projected financial performance.

8.2 Income

The Board is responsible for ensuring income is generated to meet the expenditure requirements of the annual operating budget. Income generated may be categorised as funds given, funds earned and funds transferred. The Board ensures fundraising activities comply with both the values in the constitution of the organization.

8.3 Expenditure

8.3.1 Purchasing

CSS committed to ensuring that all purchases are cost effective, transparent to members and free from corruption, fraud and conflict of interest. Contracts are used for the retaining of consultants, and purchase orders issued for the purchase of assets in order to mitigate the risk inherent with these transactions.

Staff endeavours to source the most cost-effective goods and services with regard to price, quality, reliability, service, delivery and efficiency.

Project and program managers are authorised to incur expenditure that corresponds to the line items in the agreed budget in their project or program portfolios.

Unbudgeted expenditure is subject to the approval of the board. However, levels of unbudgeted expenditure can be categorised to allow either border (big expenditure), chairman or CEO to allow expenditure.

Authority to engage a consultant is subject to approval in principal by the board and the authorisation of a consultant contract by the Chairperson/CEO;

All asset purchases greater than TZS 500,000.00 in value are subject to the approval in principal of the CEO or in his/her absence the secretary;

The treasurer negotiates with suppliers to ensure assets greater than TZS 500,000 in value are the best buy for the organisation.

All purchases must be supported with a tax invoice.

8.3.2 Staff Reimbursement

The organisation provides timely reimbursement of staff expenses and ensures these transactions are duly documented and authorised, using a system which captures details of staff expenditure and associated authorisations.

All reasonable out of pocket expenses incurred by staff while performing business will be reimbursed by the organisation. Out of pocket expenses include but are not limited to parking, taxis, hire cars and hire car fuel, airfares, accommodation and meals, meeting expense, incidental office consumables and incidental travel costs. Where these out of pocket expenses are less than TZS 200,000.00 a staff member may seek to have these monies reimbursed from petty cash.

Repetition.

CSS members' reimbursement for the use of private properties (vehicles, land, machinery, premises etc) to facilitate the organization's business will be reimbursed at 80% of a prevailing market rate price per unit, while remaining 20% shall be retained as contribution to organization's upkeep and other administration operations.

CSS members, remuneration for consultancies works awarded to and/or engaging the staff of the organization shall be 90% of the agreed total daily rates with the clients, while 10% contributes to organization's upkeep and other administration operations.

All reimbursement claims must be supported with authentic appropriate documentation, e.g. a receipt or paid invoice.

8.3.3 Petty Cash

Where staff incur out of pocket expenditure in accord with the staff reimbursement (detailed above) and the out-of-pocket expenditure is less than TZS 200,000.00 a claim may be made for reimbursement from petty cash.

Petty cash claims must be evidenced by authentic appropriate supporting documentation, e.g. a receipt or paid invoice.

The petty cash float is to be secured and maintained by the Treasurer or in his/her absence the accountant.

Sufficient detail regarding the expenditure must be supplied to enable the expenditure to be recorded on a petty cash voucher.

8.3.4 Board / Organisational Representative Reimbursement

Board of Directors and selected representatives may incur costs associated with the undertaking of CSS related activities. In order to facilitate the timely reimbursement of expenses and to ensure these transactions are duly documented and authorised, a Board Member Expense Claim Form is to be used.

The CEO is responsible for authorising individuals or organisations, other than Board members or employees, to act as representatives of the organisation.

Approval in principal to represent organization and/or incur expenditure should be sought in advance from the CEO or in his/her absence the Secretary. There is an expectation that only reasonable requests will be approved.

All reasonable expenses incurred by the member of Board Directors or representatives while attending a meeting/function on behalf of the organisation will be reimbursed.

The members of the Board Directors and representatives are required to provide evidence of the expenditure, e.g. receipts and paid invoices.

Reimbursement for the use of a private vehicle for CSS business will be reimbursed at a rate equivalent to USD 0.5 per kilometre including fuel and driver.

8.3.5 Payroll

Staff payroll is run on a Monthly basis. Leave liabilities, superannuation and PAYG Withholding Tax are paid or provisioned in accordance with legislation, staff member contracts and the Human Resources Management Policy.

Full time staffs are required to complete a Leave Application Form for all absences. Leave is to be agreed in advance with the staff member's direct supervisor. A record of staff attendance and absences, in order to correctly calculate staffs pays, is coordinated and maintained by the Account cum Administrative Officer.

Short term (3 to 12 months) staff members are required to complete contracts for each agreed term of employment and renewed when necessary, their contract approved by Chairperson/CEO of the organization and reported to the Board of Directors.

Casual staff members are required to complete a Casual Timesheets for each fortnight and the timesheet is to be approved by their nominated supervisor.

On the completion or termination of employment the Treasurer will perform a reconciliation of remuneration taking into account staff member entitlements including leave paid in advance and salary sacrifice.

8.4 Security and Reporting

8.4.1 Bank Accounts

Multiple bank accounts and/or term deposits shall be maintained by the organisation when important with the aim of alignment with the donor funded projects' requirements, maximising interest while maintaining cash flow and ensuring the security of funds. Funds may be transferred between accounts to maximise interest with approval of the Board of Directors.

All bank accounts are reconciled and records kept on a monthly basis.

All bank transactions are detailed in the bank register of the monthly financial reporting and reviewed by the Chairperson/CEO and reported to the Board's Financial Management Committee.

All cheques require two signatures and are co-signed by one Board member cheque signatory (in most cases the Treasurer) and the Chairperson/CEO.

The Chairperson/CEO and Treasurer authorise bank documentation in regard to new accounts/term deposits.

Bank accounts/term deposits comply with funding body requirements for security of funds.

8.4.2 Balance Sheet Reconciliations

The treasurer/accountant performs monthly balance sheet reconciliations and an individual reconciliation of each balance sheet account is performed. Balance sheet reconciliations are made available to the Auditor and Treasurer on request. The balance sheet reconciliation is reported in the monthly financial reporting to the Board.

8.4.3 Insurance

Comprehensive, sufficient and appropriate insurance policies are maintained to meet statutory and funding body requirements, and for the protection of office holders, staff, visitors and assets.

Where a venue is hired for the purpose of conducting a conference or other form of meeting, staffs ensure the venue provides public liability insurance for attendees of the meeting.

Insurance policies are reviewed annually to ensure adequate cover and minimise insurance expense.

Insurances are adjusted and additional insurance sought if required due to substantial purchases or ventures.

The organisation ensures insurance policies are current, sufficient and that adequate documentation is maintained and supplied to insurers/brokers.

A commercial insurance policy is maintained incorporating public liability, property, fire and theft, with the value of assets insured adjusted annually based on the asset register.

Policy information including provider, amount of cover and coverage dates is detailed in the Compliance Register.

8.4.4 Audit

To satisfy the financial reporting requirements of the Registrar of NGOs, the organisation's Constitution, and General Accounting Standards as they apply to a non-reporting entity, CSS employs an accredited independent auditor to prepare Special Purpose Financial Statements.

The appointment of an auditor is recommended by the Board Treasurer and ratified by the membership at the annual general meeting.

The Treasurer/Accountant is responsible for overseeing the audit process. The Chairperson/CEO and Treasurer provide a duly authorised Audit Requests and responds to Management Letter to the auditor.

The Chairperson/CEO recommends the approval of the audited financial report for ratification by the Board. The Chairperson and Treasurer authorise the audited financial report on behalf of the Board. The audited financial report is presented to the membership as part of the Annual Report for ratification at the annual general meeting.

8.4.5 Financial Disputes

CSS welcomes information and feedback from its clients and stakeholders to improve the quality of its products and services, including the way in which it conducts financial transactions.

CSS considers the complainant's right to privacy and will handle complaints in a fair, equitable and timely manner.

Any dispute between the organisation and its employees regarding the way in which it conducts financial transactions will be handled amicably referring to the organizations' constitution.

9. References + Resources

9.1 Internal

Human Resources Management Policy
Board Member Expense Claim Form
Staff Expense Reimbursement Form

9.2 External

External Relationship Policy

9.3 Organization's Quality Standards

9.3.1 The governing body observes the organisation's core values and strategic direction to ensure the provision of quality, safe services.

9.3.2 Governance is assisted by formal structures and delegation practices within the organisation.

9.3.3 The organisation's financial management reflects its goals and supports an efficient and sustainable service.

Evidence Questions: What is the evidence that:

- a) Systems are in place to ensure all financial reporting requirements are met?
- b) Accounting methods meet general standards and legislative requirements?
- c) Financial management is transparent and resource decisions are justifiable to appropriate stakeholders?
- d) Sufficient forward planning is undertaken for the organisation to provide an effective and sustained service and meet its financial obligations?
- e) Financial goals support the organisation's goals?