

TANZANIA MENTORS ACTION



ACCOUNTING POLICIES AND PROCEDURE MANUAL

Revised Version 2023



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1. INTRODUCTION

This document was reviewed from the previous Tanzania Mentors Association following change of its name from Tanzania Mentors Association to Tanzania Mentors Action (TMA) as a result of amendment of Act number 2 of 2002 governing Non-Governmental Organizations. The document also considered four years TMA strategic plan and its constitution.

For TMA to be successful in performing its functions and attaining its goals Effective Finance Resource Management is crucial.

The following Accounting Policies and Procedures Manual is intended to provide an overview of the accounting policies and procedures applicable to the Tanzania Mentors Organization (TMA).

1.1. Our Vision

To have a society that is healthy and capable of contributing fully to the development of individuals, communities, and the nation at large.

1.2. Our Mission

To empower leaders, service providers and citizens across all levels of governance to deliver demand driven quality services by promoting both downward and upward accountability through various methods including mentorship.

1.3. TMA Core values

Excellence	We are committed to providing services that are distinctive and of high quality.
Innovation	We are innovative in our designs and operations, using technology and modern ways of doing business to further satisfy the needs and expectations of the customer.
Integrity	We value responsible character with impeccable levels of integrity for all individual members, office bearers and staff of TMA, in and outside TMA programming.



Commitment	We are fully committed to all our pledges and engagements.
Respect	We accord due regard to the feelings, wishes, and rights of others.
Transparency	We are transparent to our members, staff and stakeholders in all we do.
Accountability	We are guided by the highest possible standards of internal and external accountability to all our stakeholders, and we comply with all statutory requirements.
Equality	We believe that all human beings are equal in dignity and before the law.
Gender Sensitive	We are sensitive to gender needs and understand that equality is not the same as equity.
Diversity	We cherish and respect diversity in terms of culture, religion, political opinion, social origin and style of doing things provided the said diversity does not infringe the law.

1.4. Strategic Goal

Improved community life through strengthened and appropriate service delivery systems

1.5. Strategic Outcomes

Our strategic outcomes are derived from our thematic areas of health, education, agriculture, environment, and cooperatives. The outcomes are:

1. Strengthened Service delivery systems.
2. Strengthened Professionalism and accountability of leaders and service providers
3. Enhanced Citizen engagement in planning, budgeting and implementation of development interventions

1.6. The aim of mentoring activities and benefits

The overall aim of the mentoring activities by TMA is to bring new perspectives to LGAs and other institutions, to inspire the creation of networks in LGAs and other Institutions and to



develop competencies for strengthening the capacity of LGAs and other Institutions thus delivering a number of critical benefits to both profitable and nonprofit organizations and their employees.

These benefits include:

1.6.1 An Accelerated learning and expand the overall competency base of staff.

1.6.2 An assured organizational agility, flexibility, and resourcefulness in difficult times, drawing on the guidance of seasoned professionals.

1.6.3 An improvement on the quality of work products and services through the use of feedback loops.

1.6.4 A strengthened networks and build collaborative ties between the organizations or work units where mentors and mentees are based.

1.6.5 Protection from unforeseen liabilities, as mentor's help mentees assess risks and manage challenges.

Mentorship fosters employee loyalty and commitment, improving morale while enriching organizational culture making it more humane and accountable to community

1.7. Purpose of the Manual.

This manual shall document the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.



1.8. TMA’s Policy on Accounting Policies and Procedures

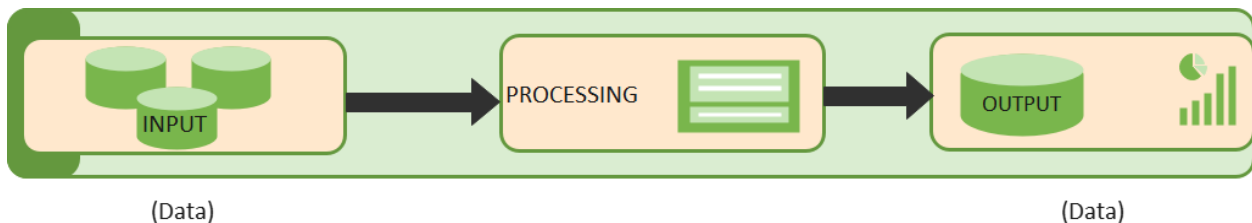
To adhere to generally accepted accounting principles (GAAP’s). If specific departments/programs and funding sources require non-GAAP accounting procedures, the department/program manager will notify the Treasurer of the exception(s), and records will be maintained as that source requires.

1.9. Preamble

Financial accounting has for long been the cornerstone of success in the organization. Transparency which is a key foundation in the Organizations can only be fostered by a reliable financial reporting framework, that this manual seeks to create. This manual shall be called TANZANIA MENTORS ACTION (TMA) ACCOUNTING POLICIES AND PROCEDURES MANUAL.

1.10. Overview of TMA Accounting System

Computerized accounting systems have replaced manual systems in many organizations including the Tanzania Mentors Action (TMA). In discussing the three stages of data processing- input, process and output-we can observe the difference between a computerized accounting system and a manual accounting system. The relationship among the three stages of data processing is shown below:



Inputs:

These represent data from source documents, such as bank deposit slips, receipts and payments by group, usually grouped by type. For example, a firm would enter receipts transactions separately from invoices.

Processing:

In manual accounting system, processing includes journalizing transactions, posting to the accounts, and preparing the financial statements. A computerized system also processes but without the intermediate steps (journal, ledger, and trial balance).



Outputs:

These are the reports used for decision-making, including the financial statements (statement of financial position, statement of financial performance, cash flow statement and statement changes in equity). Many organizations make better decisions because of the reports produced by their accounting system. From computer's viewpoint, a trial balance is also a report.

1.11. Use and objective of the manual

This manual contains policies and procedures, which will govern and guide the Accounting and Financial Procedures of the TMA. The main objectives of this manual are.

1.11.1. To present all the accounting policies and procedures to be adopted by TMA in a single document so that.

- All financial transactions are recorded.
- Expenditure is monitored and controlled.
- The reporting requirements of the department are satisfied.
- Accurate financial and management reporting is done on a timely basis.

1.11.2. To be used as a reference manual by the following:

- TMA staff: in the performance of accounting tasks and as a training document for accounts staff.
- Auditors, consultants, and donors: to enable them to understand and/or evaluate TMA financial systems.

1.11.3. Objectives of the Accounting Policies and Procedures.

- To provide efficient control and monitoring of the use of the Organization's funds and assets
- To provide the necessary accurate and timely financial information to be used by Organization management for proper implementation of Organization 's activities. The accounting system will enhance the adequacy and quality of reporting.



1.12. Reporting

1.12.1. Financial Reporting

Management shall ensure that proper books of accounts are maintained and kept enabling the preparation of relevant, reliable, consistent and comparable information to assist in assessing the financial position and performance of the organization and make accurate and timely economic decisions.

1.12.2. Financial Statements

The Head of Finance and Administration Department shall be responsible for the preparation of financial statements that show a true and fair view in all material respects. The financial statements and information that may be prepared include Statement of Financial Performance, Statement of Financial Position, Cash Flow Statements, statement changes in equity and Notes to the Financial Statements or Any other Value-Added Statements.

In addition to consolidated financial statements, it is TMA policy that each donor should get a separate report on the use of the donated funds on a periodic basis.

1.12.3. Financial Reports

Financial Statements provide information about the position, performance and cash flows of Organization that is useful to a wide range of users in making economic decisions. They also show the results of the Management’s stewardship of resources entrusted to it. There are many people who need and use the Financial Statements as shown below:

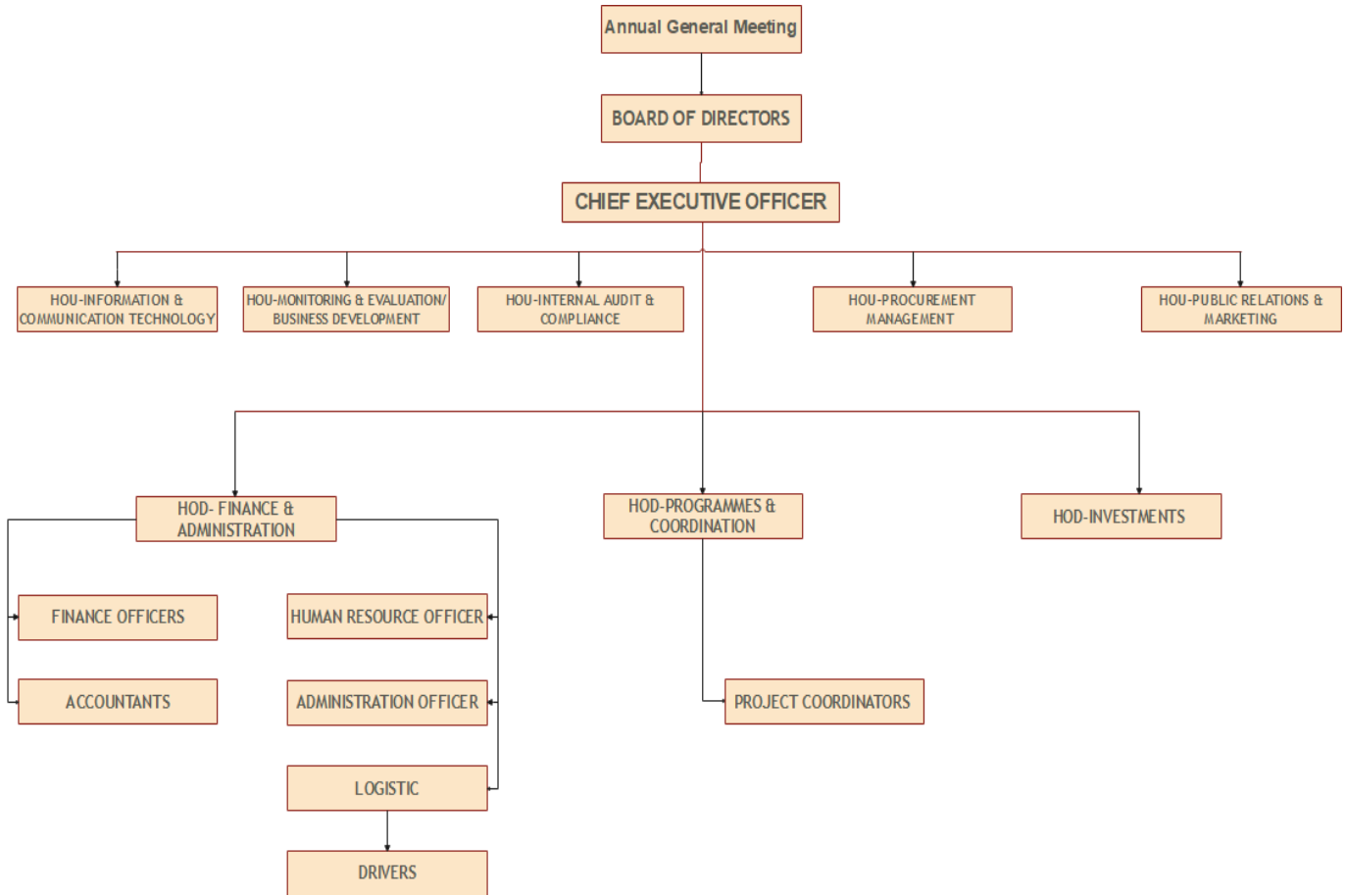
User Group	Information Needs
Donors	<ul style="list-style-type: none"> • Confirm that resources given were used as agreed. • Assess whether Organization’s objectives are being fulfilled. • Consider whether to support the Organization in future.
Board of Directors	<ul style="list-style-type: none"> • Assess the extent to which they have achieved original plans • Evaluate the extent to which they have added value. • Determine what funds are available for further work. • To help plan for future activities of the Organization.



Organization staff	<ul style="list-style-type: none">• To know how much money and resources are available for their organization activities• To assess the stability of the organization and their long- term employment and welfare prospects.
Annual General Meeting	<ul style="list-style-type: none">• To keep an eye on how funds are being used to meet the organization’s objectives
Government	<ul style="list-style-type: none">• To monitor compliance with NGO status• Ensure that taxes are paid• Source of information for development planning
The general public	<ul style="list-style-type: none">• Sources of information on Local Government Affairs and activities carried out
TMA beneficiaries	<ul style="list-style-type: none">• To know the cost of the services that are provide to them• To know what the money is used for• To assess good value for their contributions

2. TMA ORGANIZATIONAL STRUCTURE

To effectively implement TMA projects and programs, TMA must align its current organogram to facilitate achievements of its goal. In view of this, the following is a TMA organizational structure.



2.1 The role of the TMA Board of directors

TMA is governed by Board of Directors which is responsible for the oversight of the organization. Specific guidelines regarding the composition, election and duties of the Board of Directors are described in detail in TMA Constitution.

2.2 Committee Structure

The Board of Directors shall form Sub-Committees in order to assist the Committee in Executive Committee fulfilling its responsibilities. These Sub- Committees represent vehicles for parceling out the Board of Director’s work to smaller groups, thereby removing the responsibility for evaluating all the details of particular issues from the Full Executive Committee’s consideration.



Standing Level Committees of TMA consist of the following:

- Finance, Planning and Administration Committee
- Marketing, Resources mobilization and international Relations Committee
- Ethics and Audit Committee

In this manual Finance, Planning and administration Committee will be our concern.

2.3 Finance, Planning and Administration Committee Responsibilities

- i. To provide oversight of the budget processes, implementation of plans and annual audit for the Organization. Review proposed annual plan and budget and present it to Annual General Meeting of TMA. The Finance, Planning and administration Committee shall meet on quarterly bases, unless otherwise under unavoidable circumstances the meetings can be held more than four times during the year.
- ii. To Monitor income, expenditures and department activities against projections limited to a review of Quarterly Income and Expenditure reports for each department.
- iii. Receive and review the annual audit of the Organization for Executives Committee.
- iv. The CEO shall provide copies of the Finance, Planning and Administration Committee meetings minutes to Board of Directors at their regularly scheduled meetings.
- v. The Committee shall consider other duties as indicated in the TMA constitution and General rules and regulations

2.4 Chief Executive Officer

The Chief Executive Officer shall be accountable for strategic and operational management of TMA’s business, support the governance structure, stakeholders’ engagement and monitoring and evaluating the performance of the organization. In order to deliver on these responsibilities, the CEO will oversee the following functions, monitoring and evaluation, internal audit, procurement and public relations & knowledge management.

2.5 Other Organization Policies and Procedures

In addition to this policy and procedure guideline, TMA maintains a comprehensive set of policy and procedure manuals that provide guidance to management and employees on how the Organization operates as it is indicated in TMA Human Resource Manual.



3. FINANCE AND ADMINISTRATION DEPARTMENT OVERVIEW

3.1 Functions of the Finance and Administration Department

In General, the Finance and Administration department is charged with the responsibility of providing financial information for statutory reporting, for control and management decision-making. Its functions include the following:

- i. Preparation of source documents such as payment vouchers, invoices, Local Purchase order and any other documents related to Finance and Administration that are required to facilitate the management of revenue and expenditure activities.
- ii. Preparation and maintenance of proper statutory and financial books of accounts.

3.2 Organization of the Finance and Administration Department

The Finance and Administration Department consists of several staff that manage and process financial information for TMA. The positions comprising the Finance and Administration Department of TMA are as follows:

- Head of Finance and Administration
- Human Resource Officer
- Accountant
- Finance Officer
- Office Attendant
- Drivers

3.3 Responsibilities of the Finance and Administration Department

The primary responsibilities of the Finance and Administration Department consist of:

- i. Budgeting
- ii. General Ledger
- iii. Cash and Investment Management
- iv. Asset Management
- v. Grants and Contracts Administration
- vi. Purchasing
- vii. Accounts Receivable
- viii. Cash Receipts



- ix. Accounts Payable
- x. Cash Disbursements
- xi. Payroll and Benefits
- xii. Financial Statement Processing
- xiii. External Reporting of Financial Information
- xiv. Bank Reconciliation
- xv. Reconciliation of Sub-Ledgers
- xvi. Compliance with Government Reporting Requirements
- xvii. Annual Audit
- xviii. Leases
- xix. Insurance

4. ACCOUNTING POLICIES AND PROCEDURES LIST

The Accounting Policies and Procedures have been given numbers and linked for easy reference:

AP – 01 FINANCIAL REPORTING POLICY

AP – 02 THE ACCOUNTING SYSTEM POLICY

AP – 03 THE GENERAL LEDGER POLICY

AP – 04 RECORDING TRANSACTIONS IN THE GENERAL LEDGER
POLICY

AP – 05 THE JOURNAL ENTRIES POLICY

AP – 06 TECHNOLOGY AND ELECTRONIC COMMUNICATIONS POLICY

AP – 07 ACCESS TO ELECTRONICALLY STORED ACCOUNTING DATA
POLICY

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AP – 08 STORAGE OF BACK-UP FILES POLICY

AP – 09 THE REVENUE RECOGNITION POLICY

AP – 10 THE REFUNDS OF REVENUE RECEIVED POLICIES

AP – 11 THE INVOICE BILLINGS AND ACCOUNTS RECEIVABLE
POLICY

AP – 12 THE CASH/CHECKS RECEIPTS POLICY

AP – 13 THE PREPAID EXPENSES POLICY

AP – 14 THE ACCOUNTS PAYABLE MANAGEMENT
POLICY

AP – 15 THE CHECK REQUESTS POLICY

AP – 16 THE VOID CHECK(S) POLICY

AP – 17 THE STAFF ADVANCES/LOANS POLICY

AP – 18 THE PAYROLL PROCESSING POLICY

AP – 19 THE EMPLOYEE TRAVEL REIMBURSEMENT POLICY

AP – 20 THE STAFF IMPREST SYSTEM POLICY

AP – 21 THE LONG-TERM DEBT POLICY

AP – 22 THE NOTE PAYABLE RECORD-KEEPING POLICY

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AP – 23 THE PROCUREMENT FUNCTIONS POLICY

AP – 24 FIXED ASSET CONTROL POLICY

AP – 25 CAPITALIZATION & DEPRECIATION OF FIXED ASSETS POLICY

AP – 26 FINANCIAL REPORTS POLICY

AP – 27 THE INTERNAL REPORTS POLICY

AP – 28 CASH FLOW REPORTS POLICY

AP – 29 FUNDING SOURCES REPORTS POLICY

AP – 30 PETTY CASH POLICY

AP – 31 BANK ACCOUNT RECONCILIATIONS POLICY

AP – 32 TAX REPORTS POLICY

AP – 33 BUDGETING-ANNUAL WORK PLANS AND BUDGET POLICY

AP - 34 FINANCIAL MANAGEMENT POLICY

AP - 35 FINANCIAL STATEMENT POLICY

AP - 36 THE INSURANCE POLICY

AP – 37 INTERNAL AUDIT POLICY



AP – 38 EXTERNAL AUDIT POLICY

AP – 39 THE RELEASE OF FINANCIAL OR CONFIDENTIAL INFORMATION POLICY

AP – 40 BONUS POLICY

AP – 41 RECORD RETENTION POLICY

AP – 42 BRANDING AND MARKETING POLICY

AP – 43 FOREIGN CURRENCY POLICY

AP – 44 APPROVAL LIMIT POLICY

AP- 45 ALLOWABLE/UNALLOWABLE COST POLICY

AP- 46 BANK MANAGEMENT POLICY



AP-01 FINANCIAL REPORTING POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
FINANCIAL REPORTING POLICY			AP-01

1.0 Policy Statement

TMA financial reporting shall be based on International Financial Reporting Standards (IFRS’s), Generally Accepted Accounting Principles (GAAP’s), Concepts and Donor Reporting Guidelines. Accounting concepts are accounting principles which are generally accepted by the accounting profession and always observed in recording and reporting accounting information.

2.0 Purpose

2.1 To ensure that the organization accounts shall be prepared in a double entry system, they are concerned with income and expenditure, and they terminate in final accounts in form Statement of the Financial Position, income statement, a statement of changes in equity and cash flow statement.

2.2 The financial statements must be prepared in in accordance with the International Financial Reporting Standards (IFRS’s) and get the same audited in accordance with International Standards on Auditing (ISA).

3.0 Scope

All financial transactions of the TMA.

4.0 Procedure:

The Generally Accepted Accounting Principles (GAAP’s) and Concepts shall include:



4.1.0 BASIC ACCOUNTING CONCEPTS

4.1.1 The Business Entity Concept

The concept stipulated that all accounts that are kept are distinct from those of persons owning or managing the entities.

4.1.2 The Money Measurement Concept

In accounting, economics money is used as a measure of value. It is used to express certain facts about a business and in such a way that they can be added or subtracted.

4.1.3 The Cost Concept

Resources acquired by an entity are called assets and normally the price paid to acquire an asset is recorded in the books of accounts and forms the subsequent treatment. Such values may not necessarily reflect the current value of the assets due to appreciation or depreciation over time, these values reflect the historical value of the assets, that is the price for them at the time of acquisition.

4.1.4 The Going Concern Concept

This accounting system treats the values on the assumption that the entity will continue trading or to function and that it will not be liquidated in the foreseeable future. If the business decides to liquidate or becomes bankrupt, then a different approach to valuation is required.

4.1.5 The Dual Aspect Concept

This concept stipulates that every change in one element of the assets, liabilities or equity is accompanied by another change, numerically equal but of opposite effect in another element. This principle is the fundamental rule of double entry book-keeping. It is the central core of modern accountancy. In the balance sheet this dual aspect is static since it shows the state of an entity at one moment of time. The accounts on the other hand are dynamic since they record changes in the state of the business over a stated period of time.



Briefly stated the dual aspect is for every value received there is value given and these two aspects must be recorded.

4.2.0 Accrual Concept

In accounting, it is necessary to mention the accounting period. Income accruing to the owner of a business is related to the accounting period for which it is due (even if cash is not received during the period) and must be recorded as income earned during that period. Expenses incurred in earning (even if not paid) are included in the accounting period in which they are incurred. The accrual concept is applied both in ascertaining revenue of a period and in ascertaining expenses to be charged against the revenue and expense.

4.3.0 The Realization Concept

Revenue is considered as earned on the day on which it is releasable, i.e when a legally enforceable claim arises against the customer of payer. When the customer pays in advance of the supply of goods or services, the payment remains a liability until the goods or services are rendered when the liability is then recognized as revenue.

ACCOUNTING CONVENTIONS

4.4.0 Definitions

The accounting concepts or principles permit many differences in application to actual circumstances and it is therefore, necessary to set forth a number of conventions expressing the spirit in which the accounting policies are to be applied in practice. The following conventions are generally observed in interpreting the principles.

4.4.1 The Prudence or Conservatism Convention

This convention briefly states that in case of doubt, the treatment which minimizes the reported figure of profits and/or assets valuation or maximizes the reported figure of loss and/or liability valuation shall be adopted.



4.4.2 The Consistency Convention

This states that, where there is doubt, a transaction shall be treated in the same manner as other transactions reasonably considered to belong to the same class. And accounting policies shall not be changed arbitrarily and without notice of the effects of the change to those who use the accounts.

4.4.3 The Materiality Convention

This means that the size of an amount will influence its treatment in the accounts. Where minute analysis or the calculation of a precisely accurate figure would involve problems, expenses or delay disproportionate to any advantage to be gained from such accuracy, a reasonable approximation shall be acceptable.

4.4.4 The Substance Over Form Convention

The convention states that when there is doubt, that treatment which exhibits the economic substance of a transaction rather than its legal shall be adopted.

4.4.5 Time Interval Concept

Financial statements are prepared at regular intervals, normally a year. The year-end shall be on 31st December.

4.4.6 Comparative Information

Comparative information for the previous period should be disclosed. Budget amounts shall also be disclosed for better understanding of actual results compared to approved budget.



AP-02 ACCOUNTING SYSTEM POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE ACCOUNTING SYSTEM POLICY			AP-02

1. Definition

An accounting system is the system used to manage the income, expenses, and other financial activities of the TMA.

2. Policy statement

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

This Policies includes the following:

2.1 Accounting Convention

TMA will prepare accounts under the Historical Cost Convention Day to day transactions will be recorded at the monetary value of the transaction in Tanzanian Shillings.

TMA will use the accrual basis of accounting. Under this basis all financial statements except the cash flow statement shall recognize events and when they occur rather than when cash is received or paid.

2.2 Recognition of Income

Receipts shall comprise of income, donations, and receipts in kind from donors; recognize as income on a systematic basis in line with the International Accounting Standards (IAS's). Contributions, collections, and subscriptions shall be accrued.



2.3 Operating Expenditure

Expenditure comprises of expenses incurred directly for TMA activities. Under the accrual basis, all expenditure shall be recognized at the time when services are rendered, or goods supplied and not when they are paid. Where money is advanced to a particular activity, expenditure arising out of advances shall be recognized when accountability has been provided.

3. Accounting policies

3.1 Currency of Record

The records shall be kept in Tanzanian shillings.

3.2 Accounting Method

Grant income, other income and expenses must be recorded by the accrual methods, except in those cases in which it is not possible to determine the accrued income or expense, in which case they must be kept according to the cash method.

3.3 Balances in Foreign Currency

The balances of asset and liability accounts in foreign currency are reported in Tanzanian shillings at the commercial bank rate obtained from TMA bankers on the day of the transaction. Any differences in price between the funds at the beginning and end of the month in local currency and foreign currency must be reported as non-recurring exchange earnings or losses for the period. The conversion of foreign currency to local currency by means of the sale of foreign currency shall be recorded at the actual exchange rate used on the date of the transaction.

Price differences between the funds at the beginning and at the end of the month in domestic currency and foreign currency must be reported as unrealized exchange gains or losses. Differences arising out of foreign currency that has been actually translated into local currency shall be reported as realized exchange gain or loss and shall be posted as extra ordinary gain or loss to the Income and Expenditure Statement.



4. Purpose

The main objectives of TMA accounting System are:

4.1 Recording Transactions

The primary role of accounting is to maintain a systematic, accurate and complete record of all financial transactions of TMA. These records are the backbone of the accounting system. TMA management should be able to retrieve and review the transactions whenever required.

4.2 Budgeting and Planning

TMA management and owners need to plan how they allocate their limited resources including labor, machinery, equipment and cash towards accomplishing the objectives of TMA. An important component of TMA management, budgeting and planning enable TMA to plan ahead by anticipating the needs and resources. This helps in the coordination of different segments of the organization.

4.3 Decision Making

Accounting assists in a range of decision-making process and help owners in developing policies to increase the efficiency of TMA processes. Some examples of decisions based on accounting information include the price to be charged for products and services, the resources needed to make these products and services, financing and TMA members opportunities.

4.4 TMA Performance

Using the accounting reports, TMA members can determine how well a TMA is performing. The financial reports are a reliable source of measuring the key performance indicators, so TMA members can compare themselves against their past performance as well as against the competitors.



4.5 Financial Position

The financial statements generated at the end of the accounting cycle reflect the financial condition of a TMA at that time. It shows how much capital has been invested, how much funds the TMA has used, the profit and loss, the number of assets and liabilities of the TMA.

4.6 Liquidity

A common reason for Organization's failure is the mismanagement of cash. Accounting will help in determining the liquidity of TMA which refers to the cash and other liquid resources at its disposal to pay off financial commitments. The information will reduce the risk of bankruptcy through detection of bottlenecks.

4.7 Financing

Accounting will help TMA members to prepare historic financial records as well as financial projections which can be used while applying for a loan or securing investment for TMA.

4.8 Control

By placing various checks across the organization, accounting will help in avoiding losses caused by theft, fraud, errors, damage, obsolescence and mismanagement. Internal controls will safeguard TMA's assets and avoid long-term losses.

4.9 Legal Requirements

Law requires TMA Management to maintain an accurate financial record of their transactions and share the reports with the shareholders, tax authorities and regulators. The financial statements and information are also required for direct and indirect tax filling purposes.



5. Scope of Accounting

The scope implies the field or area which accounting covers. Since accounting is pervasive in all human economic activities, the field of accounting is very wide. TMA scope of accounting shall cover financial accounting, cost accounting, management accounting, international accounting, and human resource accounting so as to accommodate its needs. Since TMA is a non-governmental organization, funds accounting system shall be used.

6. Procedure

TMA shall adopt the following eight steps which are involved in the accounting cycle using its computerize accounting package (Quick book). These are: Identifying transactions, Recording transactions in a journal, Posting Journal to ledger, Preparing trial balance, Recording Adjusting entries, Preparing adjusting trial balance, Preparing Financial statements, and Post Closing the entries.

6.1 Identify Transactions

The accounting process begins with identifying economic events that impact the financial position of the business. The economic events are the ones that can be measured in monetary terms and relate with the business organization.

This is the most important stage as all the following stages depend upon the accuracy with which the business transactions are identified and recorded.

Now, the proof of occurrence of such business transactions include documents like sales invoices, receipts, cheques etc. So, while recording details from the source document, errors of omission or commission may arise.

Such errors may result in incorrect information being recorded in the original books of entry, thus impacting financial position of the business. Therefore, bookkeeper needs to be careful while recording information from the source documents.

6.2 Record Transactions in Journal

Once the authenticity of the source document is ascertained, the next step is to record the accounting information in the book of original entry called the 'Journal'.



Journal is the book in which business transactions are recorded for the first time. This is the reason why Journal is also known as the Book of Original Entry.

Now, transactions in journal are recorded in the order in which they occur. The whole exercise of recording transactions in journal is referred to as journalizing.

Journalizing results in documenting all transactions at one place. Furthermore, they are recorded based on the principle of duality which is the foundation of double entry system of accounting. As per this system, every transaction has a minimum of two accounts i.e. a debit and credit.

Thus, all the debits must be equal to the credits done in an accounting period.

6.3 Post Journal to Ledger

The second stage in the accounting cycle is posting entries from journal to the ledger account.

Ledger is the principal book of accounting system. Whereas journal is the original book of entry. General Ledger consists of numerous accounts in which transactions pertaining to these accounts are recorded.

Basically, all the accounts involved in the journal entries form part of ledger. It is one of the most important books of accounting for a business. This is because the aggregate result of all transactions pertaining to a particular account can only be known through ledger.

Each account is opened separately in a ledger. Furthermore, all the transactions pertaining to the account are recorded collectively in the account itself.

Additionally, the accounts in ledger are opened in specific order to make posting and locating the transactions easily. Usually, accounts are opened in the order in which they appear in the profit and loss account and balance sheet.



All accounts are divided into five categories in order to record business transactions. These include assets, liabilities, capital, expenses/losses and income/gains.

Posting involves the practice of transferring journal entries from the journal to the ledger. Further, this includes recording all the transactions related to a specific account at one place. This is done to make locating and posting transactions easy and drawing the overall inference of the account in question.

6.4 Prepare Trial Balance

The closing debit or credit balances in various ledger accounts then go into the Trial Balance of the organization for a particular year.

Trial Balance is prepared basically to check if debit or credit amounts recorded in the ledger accounts are accurate. Therefore, Trial Balance is a technique for checking the accuracy of the debit and credit amounts recorded in the various ledger accounts.

It is basically a statement that exhibits the total of the debit and credit balances recorded in various accounts of ledger.

Accordingly, Trial Balance is prepared to check the accuracy of the various transactions that are posted into the ledger accounts. It is certainly one of the important accounting tools as it reveals the final position of all accounts.

Further, it is used in preparing the final accounting statements of the business.

Now, the whole idea of preparing Trial Balance is to simplify the task of preparing the basic financial statements.

Thus, a business owner or the accountant can simply draw balances of all accounts from Trial Balance rather than looking for such balances in each ledger account.

After all the balances are brought down in Trial Balance, each side of the trial balance is added. If both the sides tally, it means that the accounts were prepared with accuracy.



However, where both sides do not tally with each other, it means that the error is committed. Thus, in such a situation one needs to make adjustments to the trial balance to correct such errors.

6.5 Record Adjusting Entries

The next step in the accounting cycle is to record adjusting entries. Adjusting entries are the journal entries that are made at the end of the accounting period. This is done in order to correct the errors committed in preparing accounts before preparing the financial statements.

These entries are recorded according to the matching principle of accounting in order to match revenue and expenses in the accounting period in which they occur. Thus, the adjusting journal entries include prepayments, accruals and non – cash expenses.

So, each of these entries adjust incomes or expenses in order to match them with the revenues and expenses of the current period.

6.6 Prepare Adjusted Trial Balance

Adjusted Trial Balance is the one that records all the company accounts after the adjusting journal entries have been made at the end of the accounting period. This is the last step before preparing financial statements of the company.

Therefore, all the accounts appearing in the adjusted trial balance will appear on the financial statements.

There are two ways to prepare the adjusted trial balance. Either you can pick up adjusted account balances from the ledger accounts and list these on the trial balance. Or, you can simply add the adjustments made to the accounts directly in the unadjusted trial balance. Once, all the accounts are listed, you need to check whether debit and credit side match.



6.7 Prepare Financial Statements

Financial statements are the basic and formal annual reports. Through these fundamental accounting statements, the corporate management communicates financial information to all of its stakeholders.

These stakeholders include owners, management and employees and other external parties such as investors, creditors, tax authorities, government, etc. Such users of principal accounting statements take financial decisions based on the entity's 1) financial position, 2) operating performance and 3) financial health.

Furthermore, the financial statements reflect a combination of recorded facts, accounting principles, basic accounting assumptions and personal judgments.

Thus, financial statements includes: Statement of Performance, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity

6.8 Post-Closing Entries

Closing entries are the journal entries that are made at the end of the accounting period to close temporary accounts and then transfer their balances to permanent accounts.

Temporary accounts include income and expense accounts. Whereas permanent accounts include all assets, liabilities, and capital accounts. Thus, temporary accounts are closed at the end of every accounting period so that the beginning of the next accounting period have zero balance to start with. This concept is in accordance with the matching principle of accounting.



AP-03 THE GENERAL LEDGER POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
GENERAL LEDGER POLICY			AP-03

1.0 Policy Statement:

To facilitate the record keeping process for accounting, all ledger accounts assigned a descriptive account title and account number.

1.1 The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all financial transactions of TMA and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

1.2 The chart of accounts is the framework for the general ledger system, and therefore the basis for TMA's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. It is a list of accounts coded chronologically. It is designed such that the accounts system is able to provide the information required for providing management information, control and external reporting.

1.3 General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, revenue and expense account. Additionally, the use of departments and sub-departments are utilized to properly classify expenses by grant.

2.0 Purpose

To provide the method for assignment and maintenance of the TMA’s chart of accounts.



3.0 Scope

This procedure applies to all ledger accounts used in the Finance and Administration department.

4.0 Definition

Chart of Accounts - A listing of all the account titles and numbers used by an organization is called a chart of accounts.

5.0 Procedure:

5.1 Design of accounts

5.1.1 Accounts have titles and numbers that indicate specific ledger accounts such as Cash in Checking, Furniture, Accounts Payable-Trade, etc.

5.1.2 Accounts are arranged in the same sequence in which they appear in the financial statements, that is, asset accounts should be numbered first, followed by liability accounts, owner's equity accounts, revenue accounts and expense accounts as follows:

5.1.2.1 Asset Accounts

5.1.2.2 Liability Accounts

5.1.2.3 Reserves and Other Funds

5.1.2.4 Income Accounts

5.1.2.5 Expense Accounts

5.1.2.6 Non-Operation Prior Year

5.1.3 A sub-division among the balance sheet accounts is designated by short term to long term, (i.e., current assets precede long term assets and current debt precedes long-term debt accounts).

5.1.4 Further, accounts are numbered so that expense amounts are recorded according to the department that is accountable for the cost and the nature of the cost.



5.1.5 Unassigned number sequences should be left open within each group of accounts to provide for additional accounts which may be added later.

5.2 Description and Definition of Accounts

5.2.1 Each account is given a short title description that is brief but allows the reader to quickly ascertain the purpose of the account.

5.2.2 For training and to ensure consistent transaction coding as well as help other non-accounting officers understand why something is recorded as it is, each account is defined. Definitions are concise and meaningful.

5.2.3 The definition tells the user what can be recorded in a specific numbered account.

5.2.4 Since the definitions are reference sources, they are developed for quick and easy lookup. The account number and name are on one line.

Definitions are as follows:		
Account Range	Category	Definition
100-0000	Company Assets	100-1000 Current Assets 100-9998 Stock 100-9999 Trade Debtors
200-0000	Company Liabilities	200-1000 Current Liabilities 200-9999 Trade Creditors
400-0000	Income	400-9998 General Income 400-9999 General Sales
500-0000	Cost of Goods Sold	500-9999 Cost of Sales
600-0000	General expenses	
700-0000	Capital	700-9999 Balancing Account
900-0000	Other Expenses	900-9999 Exchange Gain & Loss



Details		
Account Range	Category	Definition
100 – 0000	Assets	<p>Assets are probable future economic benefits obtained or controlled by the Organization as a result of past transactions or events.</p> <p>Assets of TMA are classified as current assets, fixed assets, contra-assets, and other assets.</p> <p>Current Assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.</p> <p>Fixed Assets are tangible assets with a useful life of more than one year that are acquired for use in the operation of the Organization and are not held for resale.</p> <p>Contra Assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable.</p> <p>Other Assets include long-term assets that are assets acquired without the intention of disposing them in the near future. Some</p>



		examples are security deposits, property, and long-term investments.
200 – 0000	Liabilities	<p>Liabilities are probable future sacrifices of economic benefits arising from present obligations of the Organization to transfer assets or provide services to other entities in the future because of past transactions or events.</p> <p>Liabilities of TMA are classified as current or long-term.</p> <p>Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.</p> <p>Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements.</p> <p>An example is the non-current portion of a mortgage loan.</p>
400– 0000	Revenues	Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an



		organization’s ongoing major or central operations. Revenues of TMA include contributions received from donors and grants received from government agencies.
600 – 0000	Expenses	Expenses are outflows or other use of assets or incurrence of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute TMA’s ongoing major or central operations.
700-9999	Balancing Account	Any adjustments from prior year for balancing purpose
900-0000	Other Expenses	Any extraordinary expense beyond the budgeted activity
900-9999	Exchange Gain & Loss	Any exchange difference whether gain or loss arise from exchanging money from local currency to foreign currency or otherwise.

6. Distribution of Chart of Accounts

All TMA employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts shall be distributed to these individuals promptly.

7. Control of Chart of Accounts

TMA's chart of accounts is monitored and controlled by the Head of Finance and Administration include the handling of all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the Head of Finance and Administration, who ensures that the chart of accounts is consistent with the structure of



TMA and meets the needs of each department. The Head of Finance and Administration department is responsible for maintaining account code combinations in the Exact System.

AP-04 RECORDING TRANSACTIONS IN THE GENERAL LEDGER POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
RECORDING TRANSACTIONS IN THE GENERAL LEDGER POLICY			AP-04

1.0 Policy Statement

The Finance and Administration department is responsible for the proper posting of journals and entries to the general ledger and for the maintenance of the accounts to ensure accuracy, validity, and reliability of financial records.

2.0 Purpose

To describe the functions for recording transactions and maintaining the general ledger.

3.0 Scope

The policy applies to all accounting personnel with involvement in recording accounting transactions.

4.0 Procedure

4.1 Posting Transactions and Journals.

4.2 The computerized accounting system aids in the maintenance of journals and posting of transactions to general ledger accounts. The following functions are performed on a monthly basis to update the general ledger for the month's activities:

4.2.1 All transactions are required to have proper coding at minimum to the individual fund, department, grant and general ledger codes.



4.2.2 All activities recorded in journals will be posted to the general ledger using the computerized posting feature. These journals include:

4.2.2.1 General Journal.

4.2.2.2 Cash Receipts Journal.

4.2.2.3 Cash Disbursements Journal.

4.2.2.4 Payroll Journal

4.3 The recurring adjusting journal entries will be posted via the general journal. Recurring journal entries will be established for adjustments that occur equally each monthly accounting period. Recurring journal entries can include the following:

4.3.1 Amortization of prepaid expenses

4.3.2 Depreciation of Fixed Assets

4.4 Recurring journal entries are reviewed monthly and adjusted accordingly.

4.5 Adjusting journal entries: Adjusting journal entries are prepared for transactions that have not been recorded in other journals or to correctly restate account balances to accurate amounts. The need to make adjusting journal entries may be due to any of the following:

4.5.1 Accrual of income and expense items.

4.5.2 Correction of errors.

4.5.3 Recording of non- cash transactions.

4.6 All journal entries are reviewed and authorized by the Head of Finance and Administration before being posted. Adequate supporting documentation will be prepared and maintained for each journal entry.



AP-05 THE JOURNAL ENTRIES POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE JOURNAL ENTRIES POLICY			AP-05

1. Policy Statement No.1

To ensure efficient processing and record keeping. All journal entries must be properly prepared and reviewed by appropriate accounting supervisors. With emphasis, that all journal entries not originating from subsidiary ledgers shall be authorized in writing on the posted transactions report by initialing or signing the entries.

2. Purpose:

To describe the process for preparing journal entries.

3. Scope:

All journal entries made to general ledger system.

4. Procedure:

4.1 All general ledgers entries that do not originate from a subsidiary ledger shall be supported by journal vouchers, which shall include a reasonable explanation of each such entry. Examples of such journal entries include:

- 4.1.1 Recording of noncash transactions (in-kind).
- 4.1.2 Corrections of posting errors.
- 4.1.3 non-recurring accruals of income and expenses.
- 4.1.4 Adjusting and reclassification entries.

4.2 Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

- 4.2.1 Depreciation of fixed assets.
- 4.2.2 Amortization of prepaid expenses.



4.2.3 Accretion of discounts on promises to give.

4.2.4 Accruals of recurring expenses.

4.2.5 Amortization of deferred revenue.

4.3 Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, in the form of a memo explaining the purpose of the transaction and the signature of the authorizer.

5. Policy Statement No.2

It is the policy of TMA that all journal entries not originating from subsidiary ledgers shall be authorized in writing on the posted transactions report by initialing or signing the entries.

5.1 Procedure

The following procedures are performed by a designated clerk or accountant when recording a general journal entry:

5.1.1 A standard entry form is filled out including the program name and date, account numbers, description of the transaction and amounts.

5.1.2 The clerk records the entry in the system as a journal voucher, referencing the document number assigned to the entry form.

5.1.3 After all data is entered, an Un-posted Journal Transaction report is reviewed and checked for accuracy, then the batch is posted in MIP.

5.1.4 All necessary documentation is attached to the journal entry voucher.

5.1.5 All journal entries are reviewed and approved by Head of Finance and Administration.

5.1.6 The documentation is given to the accounting clerk to file in accordance with the filing policy and procedures.

5.1.7 The document is posted in accordance with the posting policy within the accounting system.



6 Trial balance

6.1 After posting all journals and adjusting entries, a trial balance is printed. The trial balance is reviewed to ensure that the general ledger is in balance. Next, all control accounts in the general ledger are reconciled to subsidiary ledgers. Any differences will be investigated, and appropriate adjustments are made.

6.2 The Head of Finance and administration will make a final review of the trial balance for accuracy and proper reflection of account balances before printing financial statements

AP-06 TECHNOLOGY AND ELECTRONIC COMMUNICATIONS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
TECHNOLOGY AND ELECTRONIC COMMUNICATIONS POLICY			AP-06

1.0 Policy Statement

Computer systems and networks are an integral part of business in TMA and the Organization will continue to use these to simplify its work.

2.0 Purpose

The purpose of this policy is to identify guidelines for the use of TMA technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the Organization’s technologies and communications systems.

Furthermore, the policy seeks to protect the Organization’s investment, safeguard the information contained within these systems, reduce business legal risk and protect the good name of TMA.



3.0 Scope.

All full time and contract employees are allocated or have access to IT network. The term “user” as used in these policies refers to employees (whether full-time, part-time or limited term), independent contractors, consultants, and any other user having authorized access to, and using any of, the Organization ’s computers or electronic communications resources.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, standalone computers, laptops, printers, fax machines, phones, on-line services, E-mail systems, bulletin Executive Committee systems, and all software that is owned, licensed, or operated by TMA.

4. Procedure

4.1 Acceptable Use of Organization Property

Use of the Organization’s computers and electronic communications technologies is for departmental/Unit and business activities of TMA. All use of such resources shall be in an honest, ethical, and legal manner that conforms to applicable license agreements, contracts, and policies regarding their intended use. Although incidental and occasional personal use of the Organization’s communications systems are permitted, users automatically waive any rights to privacy.

In addition, the information, ideas, concepts and knowledge described, documented or contained in the Organization ’s electronic systems are the intellectual property of TMA. The copying or use of the Organization ’s intellectual property for personal use or benefit during or after employment (or period of contract) with TMA is prohibited unless approved in advance by the Chief Executive Officer (CEO)

All hardware (laptops, computers, monitors, mice, keyboards, printers, telephones, fax machines, etc) issued by TMA is the property of the Organization and should be treated as such. Users may not physically alter or attempt repairs on any hardware at any time. Users must report any problems with hardware to the Head of IT Unit (HOU)



4.2 Password Security

Users are responsible for safeguarding their log-in passwords. Passwords may not be shared, nor should they be printed or stored on-line. Users should not leave their computers unattended without logging off.

4.3 Confidentiality

All information about individuals, families or Organizations served by TMA is confidential. No information may be shared with any person or Organization outside TMA without the prior written approval of the individual, family or Organization and the Chief executive Officer

4.4 Installation of Software

The installation of new software on the computers of TMA without the prior approval of the Chief Executive Officer or his designee is prohibited. If an employee desires to install any new departments onto TMA computer, written permission should first be obtained.

The following procedures should be followed when performing a system update:

- 4.4.1 The Chief Executive Officer (or his designee) reviews the monthly information letter from the software company and contacts the software provider for any needed clarifications.
- 4.4.2 The Chief Executive Officer (or his designee) copies and routes the letter to the Head of Finance and Administration and obtains any feedback on the proposed updates.
- 4.4.3 The Head of Finance and Administration reviews the proposed updates to identify any concerns and to remain informed of changes.
- 4.4.4 The Chief Executive Officer (or his designee) performs a complete backup of all department files.
- 4.4.5 The Chief Executive Officer (or his designee) installs the update according to the instructions from the software provider. The date of the actual install is then noted on the instruction sheet.



4.4.6 The Chief Executive Officer (or his designee) tests the updated systems to check for errors or problems.

4.4.7 The instructions and correspondence with the software provider is filed in the Updates file.

4.5 Disciplinary Action for Violations

TMA requires all users to adhere to this policy. Violations of this policy will result in disciplinary action, which could include termination of employment or cancellation of contracts.

4.6 Reporting of Suspected Violations

4.6.1 Suspected violations of these policies should be immediately and confidentially reported to your immediate supervisor. If you prefer not to discuss it with your supervisor, you may contact the Head of Finance and Administration or the Chief Executive Officer

4.6.2 TMA reserves the right to appoint a person that monitors employee use of the Internet and electronic communication systems and to act on any violations of these policies found through use of such departments. TMA further reserves the right to examine any and all electronic communications sent or received by employees via the Organization 's electronic communications systems.

AP-07 ACCESS TO ELECTRONICALLY STORED ACCOUNTING DATA POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
ACCESS TO ELECTRONICALLY STORED ACCOUNTING DATA POLICY			AP-07



1.0 Policy Statement

It is the policy of TMA to utilize passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords from the Head of Finance and Administration that allow access to the system.

2.0 Purpose

To describe the process of using passwords to restrict access to accounting software and data.

3.0 Scope

All Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than quarterly.

4.0 Procedure:

4.1 The Administration of passwords shall be performed by a responsible individual independent of departmental functions.

4.2 Each password enables a user to gain access to only the software and data files necessary for each employee's required duties.

4.3 The Head of Finance and Administration will also:

4.3.1 Ensure the file server remains locked at all times unless in use, and observe all work being done by outside parties to the accounting computer network.

4.4 The accounting staff's responsibilities relating to electronic security will :

4.4.1 Provide the Head of Finance and Administration with personal passwords for both the network and the accounting software.

4.4.2 Upon completion of using a department or terminal, exit from the department.

4.4.3 Will not share passwords with or log-on for anyone.



4.5 If a password has been shared, the staff is required to notify the Head of Finance and Administration immediately and a new password will be assigned.

4.6 Finance Department

4.6.1 Locks will be maintained on the doors to the offices of the TMA Finance Department. These doors shall be closed and locked in the evenings and whenever the Finance Department is vacant. The keys to these locks will be provided to all accounting personnel and the Chief Executive Officer

4.6.2 The TMA corporate seals, blank check stock and signature CD shall be stored in a fireproof file cabinet in the Finance Department. This cabinet will be locked with a key that is kept in the Finance Department. Access to this file cabinet shall be by keys under the control of the Head of Finance and Administration and the Chief Executive Officer

4.6.3 Petty cash is stored in a drawer locked with a key. The Petty Cashier and the Head of Finance and Administration will be the only employees with keys to the petty cash drawer.

AP-08 STORAGE OF BACK-UP FILES

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
ACCESS TO ELECTRONICALLY STORED ACCOUNTING DATA POLICY			AP-08



1. Policy Statement

It is the policy of TMA to maintain back-up copies of electronic data files off-site in a secure, fire-protected environment. Access to back-up files shall be limited to individuals authorized by management.

2. Purpose:

To describe the process for maintaining back-up copies of electronic data files off-site in a secure, fire-protected environment.

3. Scope:

All back-up copies of electronic data files and access limited to individuals authorized by management.

4. Procedure:

The IT Technician will be responsible for the backup procedures which will include:

4.1 Perform daily incremental backup Monday through Friday using an online data storage facility.

4.2 Perform a full back-up on Saturday using an online data storage facility.

4.3 Complete a full back-up on the last day of each month using an online data storage facility.

4.4 A duplicate copy of all data is stored at a secondary online data storage facility. Both archives are readily available to authorized personnel at any time.



AP-09 THE REVENUE RECOGNITION POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE REVENUE RECOGNITION POLICY			AP-09

1. Policy Statement:

All categories of revenue will be recorded on the accrual basis of accounting.

2. Purpose:

To ensure that all categories of revenue will be recorded.

3. Scope:

All categories of revenues are recorded in the general ledger.

4. Procedure:

TMA receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of TMA in the following manner:

4.1 Grant income - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards)

4.2 Miscellaneous Revenue - Monthly accrual, based on the terms of each agreement. Such revenue includes interest and dividends etc



4.3 Fee for Service income – Monthly accrual, based on services provided eg workshop fee etc

4.4 Contributions - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income.

AP-10 THE REFUNDS OF REVENUE RECEIVED POLICIES

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE REFUNDS OF REVENUE RECEIVED POLICIES			AP-10

1. Policy Statement:

The following policies apply to refunds associated with revenue collected by TMA:

1.1 Security Deposits:

Tenant security deposits will be refunded in accordance with the specific terms of each tenant's sub lease with TMA.

2. Purpose:

To describe the process for refunding Tenant security deposits.

3. Scope:

All Tenant security deposits of each tenant's sublease with TMA.

4. Procedure:

4.1 Funding Sources:

Grant payments may be refunded if, at the completion of accounting for all activities, the fiscal department calculates an overpayment. In addition, a funding source may request a refund based upon information gathered during a monitoring visit or upon review of final report submission. The Treasurer will work with the appropriate program manager to assure such calculations are correct, and to approve the refund.

4.2 CONTRIBUTIONS RECEIVED

Definitions:

The following definitions shall apply with respect to the policies described in this section:

1. Contribution - An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization 's liabilities, in a voluntary nonreciprocal transfer by another entity acting other than as an owner.
2. Condition - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets.
3. Restriction - A donor-imposed stipulation that specifies a use for the contributed asset that is more specific than broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in TMA's articles of incorporation and bylaws. Restrictions on TMA's use of an asset may be temporary or permanent.
4. Nonreciprocal Transfer- A transaction in which an entity incurs a liability or transfers assets to TMA without directly receiving value from TMA in exchange.
5. Promise to Give - A written or oral agreement to contribute cash or other assets to TMA.



6. Exchange Transaction - A reciprocal transaction in which TMA and another entity each receive and sacrifice something of approximately equal value.

4.3 Distinguishing Contributions from Exchange Transactions

TMA receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. TMA shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. TMA's intent in soliciting the asset, as stated in the accompanying materials.
2. The expressed intent of the entity providing resources (i.e. does the resource provider state its intent is to programs or that it anticipates specified benefits in exchange?);
3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of TMA (contribution)
4. Whether payment received by TMA is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by TMA, or the cost of those assets plus a markup (exchange transaction);
5. Whether there are provisions for penalties (due to non-performance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution); and
6. Whether assets are to be delivered by TMA to individuals or organizations other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or organizations closely connected to the resource provider.



4.4 Accounting for Contributions

TMA shall recognize contribution income in the period in which the Organization receives restricted or unrestricted assets in nonreciprocal transfers, or unconditional promises of future nonreciprocal asset transfers, from donors. Contribution income shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions.

Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) of TMA in the period that TMA receives evidence that a promise to support the Organization has been made. Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management. Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value. Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to TMA at the time the Organization receives a promise from a donor.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

When it receives support in the form of volunteer labor, TMA shall record contribution income and assets or expenses if one of the following two criteria is met:

1. The contributed service creates or enhances a nonfinancial asset (such as a building or equipment), or
2. The contributed service possesses all three of the following characteristics:



- a) It is the type of service that would typically need to be purchased by TMA if it had not been contributed,
- b) It requires specialized skills (i.e. formal training in a trade or profession), and
- c) It is provided by an individual possessing those specialized skills.

Examples of contributed services received and recorded as income and expense by TMA include volunteer services and use of certain facilities.

Contributed services that meet one of the two preceding criteria shall be recorded at the fair market value of the service rendered or in accordance with funding source policies.

AP-11 THE INVOICE BILLINGS AND ACCOUNTS RECEIVABLE POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE INVOICE BILLINGS AND ACCOUNTS RECEIVABLE POLICY			AP-11

1. Policy Statement:

Head of Finance and Administration Department is responsible for the timely preparation and distribution of invoices/billings to optimize cash flow and payment promptness by funding sources/grantors. Accounting maintains accurate records over accounts receivable and abide by proper internal controls.

2. Purpose:

To explain the methods for preparation of invoices and accounts receivable records processing and supporting documents.



3. Scope:

This procedure applies to all grantors/funding sources provided to the Organization.

4. Procedure:

4.1 DONOR/CUSTOMER BILLINGS AND REVIEW

4.1.1 Head of Finance and Administration Department prepares billings to grantors based on the funding source recommendations but no later than every three months. Documentation as recommended by the funding source must be provided. This may include payroll registers, time sheets, patient information and any other related document.

4.1.2 As part of the review process, all billings must be reviewed for accuracy to comply with established terms agreed upon by the contract. Any disallowed costs will be reviewed to determine if resubmission of billing data is required.

4.1.3 The billing information will then be posted to the revenue Journal and the Accounts Receivable ledger in batch with other daily billing information.

4.2.0 ACCOUNTS RECEIVABLE

4.2.1 The Finance and Administration Department receives and processes payments from funding sources in accordance with the Cash Receipts procedure.

4.2.2 On a monthly basis, The Finance and Administration Department generates an aged trial balance of funding sources accounts with individual billing information and days outstanding and will forward to the Treasurer for cash forecasting activities.



4.2.3 The Finance and Administration Department is also responsible for issuing credit memos to accounts upon receipt of cash and notification from billing clerk that disallowed costs will not be resubmitted.

AP-12 THE CASH/CHECKS RECEIPTS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE CASH/CHECKS RECEIPTS POLICY			AP-12

1. Policy Statement:

Accurate internal control of cash receipts and deposits are always maintained. Cash/checks deposits are made within twenty-four hours of receipt except in real occasions and must be intact.

2. Purpose:

To establish the procedures according to generally accepted accounting principles to be followed for separation of duties regarding receiving, documenting, applying and depositing cash receipts.

3. Scope:

This procedure applies to all cash/checks receipts received by the Organization

4. Procedure:

Grant Income and Donations

4.1 Operating Grant income

TMA being a non-predominantly donor funded organization; grants/donations will be only become operational only and only if they are put to their intended use.

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4.2 Recording

4.2.1 The Head of Finance and Administration shall maintain a schedule for the expected and budgeted grants/loans to be received from donors and government and when they are expected to be received.

4.2.2 On receipt of an email or actual cash or any form of advice that money has been remitted to TMA Bank Accounts, a receipt (from a pre numbered receipt) shall be issued.

Recognition of assets grant in TMA books

DR: Respective Bank Account

CR : Deferred Income Account

4.2.3 On fulfilling the conditions relate to the Grant which may be by timing or by action or otherwise, the deferred income shall be recognized as income as follows:

Recognition of assets grant in TMA books

DR: Deferred Asset Grant

CR : Donor Income

4.2.4 Analytical codes shall be used to identify the source of the funding.



AP-13 THE PREPAID EXPENSES POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE PREPAID EXPENSES POLICY			AP-13

1. Policy Statement

Procedures are followed to ensure that prepaid expense amounts are properly identified and recorded in the general ledger.

2. Purpose:

To outline the steps for recording prepaid expenses.

3. Procedure:

3.1 Identification of prepaid expenses

Prepaid expenses represent amounts that have been paid but the related service or benefit due the Organization has not yet been received. Types of these expenses can include:

- 3.1.1 Deposits
- 3.1.2 Insurance Premiums
- 3.1.3 Lease Payments
- 3.1.4 Rent

3.2 Recording of prepaid expenses

3.2.1 The Accountant is responsible for identifying and preparing records of prepaid expense amounts. After properly identifying prepaid amounts, the accountant determines the portion of the amount paid that is prepaid. For example, if the Organization pays its six-month insurance premium in



advance, the amount recorded as prepaid after the first month would be five/sixths of the premium.

3.2.2 Prepaid expense amounts are properly recorded in the ledger. Information includes the description of the type of service or benefit, supplier, benefit period, amount paid, amortization amount and any other pertinent information. The prepaid expense amounts is then properly coded and recorded in the general ledger via a journal entry. The accountant also reviews schedules of existing prepaid expense amounts for any changes that may alter the amortization or recorded amounts.

AP-14 THE ACCOUNTS PAYABLE MANAGEMENT POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE ACCOUNTS PAYABLE MANAGEMENT POLICY			AP-14

1. Policy Statement:

Proper internal controls are followed to ensure that only valid and authorized payables are recorded and paid. Accounting procedures are implemented to ensure the accuracy of amounts, coding of general ledger accounts and appropriate timing of payments.

2. Purpose:

To explain the procedures for documenting, recording and issuing payments for accounts payable transactions.

3. Scope:

This procedure applies to all purchases including reimbursement of travel and expense reports.



4. Procedure:

4.1 Documenting accounts payable

4.1.1 The following documents are forwarded to accountant on payable for temporary filing and subsequent matching to form an accounts payable voucher package:

4.1.1.1 Purchase Order if applicable.

4.1.1.2 Packing Slip with receiving report if applicable (D/note).

4.1.1.3 Supplier invoice.

4.1.1.4 Check request with proper approvals as noted on Authorization Limits Guidelines (Required for all payments whose nature is not a utility bill or contractual agreement on file by the Finance and Administration Department)

4.1.2 Once the Finance and Administration Department has all of the above documents, the following steps are performed to ensure proper authorization, validity of purchase, receipt of purchased items or services and accuracy of amounts:

4.1.2.1 The Suppliers invoice will be stapled to the check request. When applicable, the packing slip(D/note) and purchase order should also be attached.

4.1.2.2 The purchase order should be evaluated for proper authorization and the nature of the purchase and pricing as shown on the invoice reviewed for validity.

4.1.2.3 The quantities shown shipped or delivered on the invoice will be compared to the packing slip. Any discrepancies must be followed-up and resolved prior to commencing with the voucher process.

4.1.2.4 Check requests should include proper general ledger account coding. This coding should reasonably describe the expense to be incurred as well as correspond with approved and allowable budgetary items.

4.1.2.5 Calculations on the invoice will be recomputed such as quantities received multiplied by unit price and totals. Sales tax/VAT amounts listed on the invoice will be reviewed so that when appropriate, sales tax/VAT exempt notifications can be sent to the supplier.

4.2 Recording

4.2.1 Once the accounts payable voucher package has been properly assembled the voucher package is then batched and entered the computerized accounts payable system.

4.2.2 A preliminary batch report is printed on for review by the Accountant/ Head of Finance and Administration. Once this review has occurred and all necessary corrections made the batch is posted to the account's payable ledger.

4.2.3 Voucher Register reports and accounts payable aging reports are then printed and filed in respective journal folders.

4.2.4 The voucher package is then temporarily filed by due date in the unpaid invoice files to await payment.

4.3 Payment of accounts payable

4.3.1 Accounts payable invoices are selected for payment according to their terms for payment. Accounts payable should normally be paid according to the availability of fund upon approval of Treasurer or Chief Executive Officer. Any debit

balances (amounts owed to the Organization) are applied to credit amounts when determining payment.

4.3.2 A check edit list is printed and reviewed by the Treasurer. Upon approval, checks are then printed for the accounts payable invoices to be paid.

4.3.3 After the checks are printed, they are matched to the voucher package and submitted to an authorized signer for signing. Upon return of the checks to Accountant.

4.3.4 Positive Pay procedures have been implemented for check writing security and fraud prevention. Procedures include forwarding to the bank a Check List file with check numbers, amounts and payees for the bank to clear only those checks listed. This file is sent after checks have been signed and approved by an authorized check signer.

4.4 Manual checks payments

4.4.1 All requests for Manual Checks are to be originated and authorized through preparation of a Check Request Form and accompanied with an invoice, proper approvals, and general ledger account coding. The Treasurer reviews the check package and presents it to an authorized signer for check signatures.

4.4.2 The Manual Check voucher package will be batched and entered into the computerized accounts payable system. A preliminary batch report is printed for review by the Treasurer. Once this review has occurred and all necessary corrections made the batch is posted to the general ledger and year to date purchases updated to supplier files.

4.4.3 Check stub is filed alphabetically in the paid supplier file.



AP-15 THE CHECK REQUESTS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE CHECK REQUESTS POLICY			AP-15

1. Policy Statement:

To ensure efficient processing and record keeping. All check requests are Prepared on a written check request form.

2. Purpose:

To describe the process for completing a check request form.

3. Scope:

All check requests.

4. Procedure:

4.1 Origination

4.1.1 The Check Request form is required for all payments whose nature is not a utility bill or contractual agreement on file by the Finance and Administration Department. The Check Request form should be completed with all pertinent information and receive departmental approval. All transactions are required to have proper coding at minimum to the individual fund, department, grant and general ledger codes. All check requests must be on the proper division coding sheets. Return any incorrectly coded check requests to the originator.



4.1.2 Check requests require proper approvals as noted on the Authorization Limits Guidelines.

4.1.3 Check requests include proper general ledger account coding. This coding should reasonably describe the expense to be incurred as well as correspond with approved and allowable budgetary items.

4.2 Processing

4.2.1 The form is then forwarded to the Finance and Administration Department for check preparation and signature by an authorized check signer.

4.2.2 If a check is to be mailed directly to the supplier, any applicable documentation such as order forms, etc., should be attached to the form.

AP-16 THE VOID CHECK(S) POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE VOID CHECK(S) POLICY			AP-16

1. Policy Statement

The Organization 's policy prohibits the practice of voiding checks, and instead promotes the process of invoice expense and reporting. This policy is to ensure that proper payments and reimbursements to suppliers occur in an accurate and timely basis.

2. Purpose:

To describe the process which prohibits the practice of voiding checks.



3. Scope:

All payments and reimbursements to suppliers.

4. Procedures:

4.1 A check request is filled out after the invoice has been approved by the Head of Finance and Administration Department and the amount has been verified.

4.2 Check requests are submitted to the Finance and Administration Department for payment to the supplier for supplies or for professional services rendered.

4.3 If an error occurs in the processing of payment, the printed check may need to be voided due to an error. An error may occur when:

4.3.1 The amount is greater than the amount owed which will result in overpayment,

4.3.2 Reimbursement from funding source has not been received, or the amount and items are not budgeted or approved by the funding source,

4.3.3 Multiple invoices paid to supplier in error, when each site requests individual checks.

4.3.4 If and when there is sufficient information to justify voiding a check, a Void Check Request Form is completed and must be approved by the Treasurer and the Chief Executive Officer.

4.3.5 The Organization promotes accuracy and consistency in reviewing and approving check processing.



AP-17 THE STAFF ADVANCES/LOANS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE STAFF ADVANCES/LOANS POLICY			AP-17

1. Policy Statement:

1.1 Staff loan should not go beyond 24 months. Staff are not allowed to take advance before full retirement of previous loan. or if the staff takes another loan deduction per months should be doubled.

1.2 Staff advances and loans may be paid to and recovered from entitled staff in accordance with the staff terms and conditions of service in force.

2. Purpose:

To describe the process for payment of staff loans and advances.

3. Scope:

All types of staff loans and advances to all employees

4. Procedure:

4.1 Request for personal advances and loans are submitted on appropriate forms to the Head of Finance and Administration. The staff can request salary advance up to 2/3 of one’s Basic Salary and all personal loans are approved by CEO on the advice of the Head of Finance and Administration.

4.2 On receipt of an application for a salary advance or loan, the Head of Finance and administration passes the application to the payroll section to establish the following: -



- 4.2.1 That the application has adequate security in the total employee's contribution towards the staff pension schemes at the time of the application. Contributions towards the National Public fund are not considered security for the purpose.
- 4.2.2 That the advance does not exceed that available security.
- 4.2.3 That the employee does not have previous out standings which when added to the advance requested the total recoveries will cause financial problems to him/her.
- 4.3 The Payroll Accountant passes the applications with his/her comments to the Head of Finance and administration for review in accordance with 4.2.2 above.
- 4.4 Salary advances are limited to a maximum of one month's basic salary and recovered within three months. Loans are granted in accordance with the regulations on forces and the recovery period is determined at the time the loan is approved.
- 4.5 The payroll section maintains a ledger for all loans and advances to employees and the recoveries made. Each employee has a ledger card/page which reflects the outstanding balances at any time. The first page of the ledger contains a summary of all advances and loans and recoveries made. The net balances of the loans and the balances made are reconciled monthly with the general ledger control account balance in respect of staff loans and advances.
- 4.6 Accounting entries
- PAYE'S is a form of withholding tax from an employee's gross pay recorded as follows:
- On recognizing the liability**
- DR: Salary Expense.
- CR: PAYE Payable on payment



On paying the liability

DR: PAYE Payable

CR: Bank Account

4.7 Remittance of deductions

4.7.1 Social Security Contributions

Social Security contributions deductions shall initially be credited to a liability account under National Social Security Fund (NSSF) payable pending remittance to the NSSF. TMA shall also comply with the time frame stipulated in the NSSF Act so as to avoid penalties levied by the NSSF deductions. In total 10% of each employee's gross pay shall be remitted to the NSSF by the 15th of the month following the month of deduction (e.g. deductions for the month of May shall be remitted by 15 June etc). TMA shall submit the NSSF return and obtain a receipt for the payment made as evidence that the liability has been settled.

4.7.2 PAYE

TMA shall also comply with the time frame stipulated in the regulations and Act so as to avoid penalties levied by the TRA Authorities.

4.8 Payment

4.8.1 Salary Pay Slips

For each employee, a pay slip will be generated to provide an explanation of his/her net emoluments. The pay slip shall be issued to each employee and shall serve as notification of emoluments. The accountant shall ensure that each employee receives a pay slip which shows the Gross pay; deductions for LAPF, PAYE and/or advances/loans, and net pay.

4.8.2 Salary Bank Accounts

Where feasible, each employee shall open an account preferably in the same Bank of the Organization for quick processing of salary. The net pays as indicated on the pay slip shall be credited to employee bank accounts by the end of the last working day. Cash payment of salary shall be under very exceptional circumstances.

4.8.3 Accrued expenses

The accountant is responsible for preparing records of accrued expenses at the end of each month. Accrued expenses represent amounts due for services or benefits that the Organization has received but are not yet payable. Types of these expenses can include:

- 4.8.3.1 Payroll
- 4.8.3.2 Payroll Taxes
- 4.8.3.3 Rent
- 4.8.3.4 Utilities
- 4.8.3.5 Interest
- 4.8.3.6 Lease Charges
- 4.8.3.7 Audit Fees

4.8.4 The Accountant determines the proper amount of each expense that should be accrued.

4.8.5 Once all amounts have been determined, the accrued expenses are recorded in detailed ledgers and the expense amount properly coded, a journal entry will then be prepared for recording to the general ledger after proper review and approval by Head of Finance and administration.

4.8.6 The Head of Finance and Administration reviews all existing accrued expenses recorded from prior periods and ensures that reversing accounting entries are made.



4.9 EMPLOYEE TRAVEL REIMBURSEMENT AND OTHER EXPENDITURES

4.9.1 Accounting procedures

4.9.1.1 Initiation of payments

Users shall raise a request that shall be recommended by the Head of Finance and Administration for authorized by the Chief Executive Officer before it can be processed for payment.

4.9.1.2 Authorization of payments

In line with budget limits and any other managerial considerations, payments or any advance claims shall be verified, approved by the Head of finance and administration for payments below TZS. 2,000,000/- Payments above TZS. 2,000,000/- require the CEO's (or his designee) approval or as how this amount shall be determined from time to time.

4.9.1.3 Refunds

In the case of refunds, a refund claim form shall be filled in and accompanied by proper supporting documents. In the case of allowances not paid through the payroll an authorization form must be attached to the claim. Refunds represent commitments, which are brought to the attention of management post-mortem i.e., they do not go through the usual requisition and approval procedure. When approved, refunds shall be posted as follows:

DR: Expense Account

CR: Petty Cash or Bank Account



AP-18 THE PAYROLL PROCESSING POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE PAYROLL PROCESSING POLICY			AP-18

1. Policy Statement:

Payroll is processed to ensure accuracy; validity of transactions and proper internal control procedures are maintained to assure that disbursements are for valid services performed.

2. Purpose:

To outline the steps for payroll processing activities.

3. Scope:

This procedure applies to all accounting personnel involved with payroll processing.

4. Procedure:

4.1 Personnel records, management, and changes

Personnel records for hiring, classification, rate changes and termination are performed by Finance and Administration department. Payroll processing is performed in conjunction with the following related procedures performed by the Human resources and approved by Head of Finance and administration and the Chief Executive Officer

4.1.1 Employee Hiring and New Employee Orientation.

4.1.2 Job Descriptions.

4.1.3 Payroll Funding Source or Allocation.



- 4.1.4 Paid and Unpaid Time Off.
- 4.1.5 Pay and Payroll Matters.
- 4.1.6 Performance Appraisals and Salary Adjustments.
- 4.1.7 Disciplinary actions.
- 4.1.8 Resignations and Terminations.

4.2 Payroll procedures

- 4.2.1 The payroll for the month shall be prepared by the 15th of each month.
- 4.2.2 Before salaries are paid the accountant/administrator should ensure that the salaries, monthly statutory and other deductions are correctly computed.
- 4.2.3 The Head of Finance and Administration shall review the pay-roll and sign it for approval, send it for authorization by the Chief Executive Officer before bank advices are raised.
- 4.2.4 Once the summary has been approved, the Payroll Accountant processes payroll disbursements and transfers data to the accounting system General Ledger. Reports are then generated and used as back up to transfer funds to the payroll bank account authorized by the Chief executive Officer.
- 4.2.5 All salaries shall be paid directly to the bank accounts of each staff, there shall be no cash payments except for casual labour. All staff shall therefore inform TMA accountant of their bank account numbers.
- 4.2.6 TMA accountant shall update the cashbook after raising the dispatch letter to the bank for money transfer to the individual bank accounts of all staff.
- 4.2.7 TMA accountant shall ensure that all statutory deductions (e.g. NSSF, P.A.Y.E) are submitted to the relevant authorities by the 15th day of the next month.

4.3 Payrolls documentation procedures

4.3.1 Payroll and pay slip preparation

The payroll shall be prepared monthly and shall reflect the emoluments due to all employees. For each employee, a pay slip will be generated to provide an explanation of his/her net emoluments. The pay slip shall be issued to each employee and shall serve as notification of payment of emoluments.

4.3.2 Payroll detail

The payroll shall indicate each employee's name, staff code, basic pay, other earnings, gross pay, deductions and recoveries and net pay.

4.3.3 Inclusion of employee on payroll

Additions into the payroll of an employee's name and pay will be carried out on the basis of an appointment letter supplied by the appointing authority i.e. The Executive Committee as appropriate depending on the category of the staff.

4.3.4 Payroll data and structure

The payroll shall be prepared with due regards to recruitment, promotion, transfers, demotions, and termination of services. The payroll shall also be prepared with due regard to the functional departments under which employees fall.

The payroll shall not be expected to differ from period to period, unless a notice by way of a "change note" is received by the Head of Finance and Administration from the CEO.

4.3.5 Salary payments

The payroll will use data from TMA Database, which will have the details of the staff employed, salary scales, bank account numbers, overtime rates where applicable, leave terms etc. Pay slips will also be printed to provide evidence and advice to staff about the pay for the relevant month.



4.3.6 Overtime

Approved employee categories in accordance with the staff regulation, who will be required to work beyond the normal working hours, on weekends and public holidays may be paid overtime allowance at the prevailing government rates.

Overtime worked shall be properly documented to reflect the supervisor on the job, the reason for working overtime rather than the normal working time, the time worked and the supervisors’ approval of details.

AP-19 THE EMPLOYEE TRAVEL REIMBURSEMENT POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE EMPLOYEE TRAVEL REIMBURSEMENT POLICY			AP-19

1. Policy Statement:

It is the policy of the organization to reimburse employees for expenses incurred on official business. Expenses for public transportation, lodging, meals, and related items are allowable

when they are incurred by an employee, volunteer, consultant or intern on official business which is directly attributable to the contract or required for administration of the organization.

2. Purpose:

To describe the process for reimbursing employees for expenses incurred on official business.



3. Scope:

All expenses for public transportation, lodging, meals, and related items incurred on official business.

4. Procedure:

4.1 By approval of the CEO on special occasions the Organization can reimburse employees for business use of personal vehicles. The expenses for transportation are allowable when they are incurred by an employee, volunteer, consultant or intern on official business which is directly attributable to the contract or required for administration of the Organization.

4.2 All acknowledgement receipt received by staff should be endorsed by the staff before presenting it to CEO.

4.3 Employees whose jobs require regular travelling for business must be able to meet the approved standards of this policy at all times. In addition, employees holding those jobs must inform their supervisors of any changes that may affect their ability to meet the standards of this policy for example, employees who lose their license must report this within 24 hours to their immediate supervisor.

4.4 Supervisors must approve employees' travel in advance for Organization related activities, and to attend conferences, seminars, and community meetings and to conduct planned events.

4.5 Employees should provide their supervisor with the required and completed Claim/Retirement forms within 14 days before departure and after travel, requesting approval for the expense's reimbursement.

4.6 Employee's expenses for approved travel are paid or reimbursed when properly document by the employee and approved by the supervisor.

4.7 Fuel is reimbursed/paid for, not to exceed URT published rates per Kilometre. On DPs the rate is based on the level of funding from the respective agencies, i.e., DPs. The kilometre rate is consistent with the URT guidelines.

4.8 Employees may not drive Organization vehicles without prior approval of the CEO.



4.9 For all other jobs, driving is considered only an incidental function of the position.

4.10 Accountable advance

4.10.1 Designated officers traveling off-station on TMA duties will be entitled to an advance, to be called, “accountable advance”. The heads of delegation/teams will be required to fill in a Request for Accountable Advance Form, stating amount and reasons for the imprest. The recipient shall be required to sign a voucher form receiving the advance. Posting shall be as follows: -

DR: Head of delegation advance account

CR: Petty cash or bank account or Cash on Hand

4.10.2 On return, the officer will provide accountability attaching the relevant documents within fourteen (14) working days including evidence (receipts) of having paid back to TMA any balance. Any debit balances in one’s advance accounts shall be paid by cash or recovered from one’s salary within the same month. Accounting entries shall be as follows: -

DR: Travel/accommodation/allowances

DR: Petty cash or current bank account

CR : Head of delegation advance account

5.0. Staff per diems

5.1 These are payable to all staff staying outside their working stations and cannot return home for business reasons

5.2 When staff travel and stay overnight outside their home will paid per diem to cover their accommodation and meals.



- 5.3 If necessary, staff traveling with a child below one year of age for business activity outside the office and spend the night outside the home, 50% equivalent per diem of that officer will be provided to staff to support costs for baby care. The request should be approved prior by the CEO.

- 5.4 All staff should complete a Travel Advance Expenses Requisition form and show clearly.
 - 5.4.1 Reason for overnight stay (should be linked to work plan).
 - 5.4.2 Date of overnight stay.
 - 5.4.3 Authorization and approval of overnight stay payment.

- 5.5 Any payments of staff per diems without proper procedure will be classified as Disallowed/unallowable expenditure, (this type of payment should be deducted from their salary or by any amount required to be paid to the staff or any other means of recovering the same from the staff).

- 5.6 Staff who will work overnight means above 12.00 am the half per-diem will be paid after approval of CEO.

6. Hotel Accommodation and meals

- 6.1 If the staff or any other participants will be booked into hotels or inns. Rates shall be negotiated to obtain the best deal in that locality. The invoices/receipts obtained from the hotel shall be the supporting documents for the expenditure on accommodation. However, the per diem will be deducted as follows: If breakfast will be provided 10% will be deducted, if lunch will be provided 15% will be deducted, if dinner will be provided 10% will be deducted and if accommodation will be provided 40% will be deducted.



- 6.2 The TMA Officer-in-charge of the activity should ensure that he/she negotiates with the training centres/hotels proprietors that payment shall be for the actual attendees but not the booked number.

7. Travel allowances

The TMA Officer-in-charge of the activity shall establish a travel allowance for all participants based on either the distance or region, but within the overall activity budget. The participants must sign for their allowances indicating the place they have travelled from.

8. Activity Supplies

The Supplies could include papers, pens, flip chart paper, markers, writing pads, etc. The following shall be required:

- 8.1 Approved invoices and GRNs supporting these expenses.

- 8.2 Details of quantities issued during the training session.

- 8.3 Details of quantities remaining for the next workshop/training.

9. Costs Charged by the Hotel

These include venue hire, meals and other related costs charged by the hotel. The TMA office-in-charge of the Activity should obtain all supporting invoices/receipts detailing all the charges incurred in relation to the workshop e.g., hotel bills. He/she should present an accountability showing budget against actual expenses within 14 days after the end of the activity. Thereafter any balances/deficits should be refunded/claimed to/from the Head of Finance department and Administration. Any balance to be refunded to Cashier and the receipt to be issued immediately instead of being refunded to Head of finance and administration any claim should be made to the CEO according to the limit of his/her authorization.



10. Honorarium

10.1 TMA staff already receiving monthly salary may also be entitled to receive fees in respect of Facilitation, Report Writing, and Consultation etc. however such activity need to be approved by CEO

10.2 Under Donor funded activities. TMA Staff will be paid level of efforts budgeted for and approved by CEO and Board of Directors

10.3 On special assignments honorarium will be paid to TMA Staff subject to approval of the CEO.

AP-20 THE STAFF IMPREST SYSTEM POLICY

POLICY	EFFECTIVE DATE	DATE ISSUED/REVIEWED	POLICY NUMBER
THE STAFF IMPREST SYSTEM POLICY			AP-20

1. Policy Statement:

Staff imprest shall be accounted for not later than two weeks from the date when the activity was completed. Any cash balances on completion of the activity shall be returned to the cashier immediately and a receipt issued or banked to TMA bank account directly. The banking slip should be presented together with other accountable documents and the cashier can base on that to issue the receipt

2. Purpose:

To explain the methods used to pay and retirement of Staff Imprest i.e. funds given to staff for a planned activity to be carried out in the near future, for which the payee must give full accountability after completion of the activity for preparation of invoices and accounts receivable records processing and supporting documents.



3. Scope:

This procedure applies to all employees and any other person paid by the Organization using sources provided to the Organization.

4. Procedures:

4.1 Designated officers traveling off-station on TMA duties will be entitled to an advance, to be called, “accountable advance”. The Imprest Applicant will be required to fill in Imprest Requisition Form, stating amount and reasons for the imprest. The recipient shall be required to sign a voucher form receiving the imprest.

4.2 On return, the officer will provide accountability attaching the relevant documents within fourteen working days including evidence (receipts) of having paid back to TMA any balance. Any debit balances in one’s advance accounts shall be paid by cash or recovered from one’s salary within the same month. Nonretirement within 14 days will attract the following penalties: within one month: 5% of salary to be deducted. Following month Interest rate prevailing Bank will be charged on the amount outstanding deducted 3rd month the whole salary to be committed to pay the outstanding imprest.

4.3 The officer responsible for the staff imprest shall prepare the Imprest Accountability Form and attach all the supporting documents such as invoices, receipts, signed copies of disbursements.

4.4 The Accountant/Administrator shall check the Imprest Accountability Form for accuracy and coding, and TMA Head of Finance and Administration shall approve the payment voucher. The payment voucher should be prepared and supported by a copy of Imprest application form.

4.5 The retirement JV s and supporting document should be kept into batches as the way PV are kept for audit purpose.



4.6 All acknowledgement receipt for any expense met shall be properly indorsed by the staff that did the transaction.

AP-21 THE LONG-TERM DEBT POLICY

POLICY	EFFECTIVE DATE	DATE ISSUED/REVIEWED	POLICY NUMBER
THE LONG-TERM DEBT POLICY			AP-21

1. Policy Statement:

The Finance and Administration department works in conjunction with the Executive Committee and the Chief Executive Officer in securing new debt on behalf of the Organization. Further, procedures are implemented to ensure that the debt transactions are properly recorded paid and that the terms of debt agreements are kept in compliance.

2. Purpose:

To describe the steps for authorizing, recording and handling of long term debt transactions.

3. Scope:

This procedure applies to the handling of all long term debt including notes payable, lease transactions or other financing arrangements.

4. Procedure:

4.1 Authorization and review of new debt

Before new transactions are completed, the Treasurer ensures that the following authorization procedures are implemented.

4.1.1 Review of terms: The terms of the agreement (e.g. interest rates, penalties, payback periods, etc.) are reviewed for reasonableness and the ability of the Organization to comply with these terms.



4.1.2 All debt covenants and collateral agreements are reviewed to ensure that there not conflicts with existing agreements or operations of the Organization.

4.1.3 The Executive Committee authorizes the issuance of new debt and prepares a written resolution so indicating their approval.

4.2 Recording new debt

4.2.1 The issuance of new or amended debt agreements are properly documented and recorded in the general ledger.

4.2.2 A detail file is maintained for each debt arrangement. The information can include:

4.2.2.1 Copy of debt agreement and Executive Committee resolution.

4.2.2.2 Summary of debt covenants.

4.2.2.3 List of assets used as collateral.

4.2.2.4 Amount and method used to determine capital leases

4.3 Debt summaries and transactions

4.3.1 A detailed summary of current and long-term debt including acquisitions of debt, repayments, current balances due along with accrued interest and interest expense is prepared. This summary is used to reconcile debt balances, accrued interest and interest expense with the general ledger. Interest accruals are computed on long-term debt according to the terms of the agreement and are recorded on a monthly basis.

4.3.2 Debt payments made by the Organization are recorded to ensure that payments are properly allocated to interest and principal amounts. These amounts are then used to record to the appropriate general ledger account.



AP-22 THE NOTE PAYABLE RECORD-KEEPING POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE NOTE PAYABLE RECORD-KEEPING POLICY			AP-22

1. Policy Statement:

It is the policy of TMA to maintain a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

- 1.1 Name and address of lender.
- 1.2 Date of agreement or renewal/extension.
- 1.3 Total amount of debt or available credit.
- 1.4 Amounts and dates borrowed.
- 1.5 Description of collateral, if any.
- 1.6 Interest rate.
- 1.7 Repayment terms.
- 1.8 Maturity date.
- 1.9 Address to which payments should be sent.
- 1.10 Contact person at lender



2. Accounting and Classification

2.1 An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due with the next year shall be classified as a current liability in the statement of financial position of TMA.

2.2 The principal portion of payments due beyond one year shall be classified as long-term/non-current liabilities in the statement of financial position.

2.3 Demand notes and any other notes without established repayment dates shall always be classified as current liabilities.

2.4 Unpaid interest expense shall be accrued as a liability at the end of each accounting period.

2.5 A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable.

2.6 Periodically, the amounts reflected as current and long-term notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated.

AP-23 THE PROCUREMENT FUNCTIONS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE PROCUREMENT FUNCTIONS POLICY			AP-23

Revised Version 2023



1. Policy Statement

1.1 Procurement functions shall be done as per Public Procurement Act 2011 and its Regulations.

1.2 Stocks and Consumables: Inventories and consumables will include those items, which are purchased but not immediately used until they are required. These include:

1.2.1 TMA promotional materials

1.2.2 Office stationery including computer, cartridges etc

1.2.3 Vehicle Spare parts held for use

2. Purpose

2.1 In order to comply with Public Procurement Act 2011 and its Regulations. TMA shall engage a certified professional firm or individual who shall take a lead in procurement activities.

2.2 TMA will have an ANNUAL PROCUREMENT PLAN that will be the basis for developing a retainer contract with the professional firm/individual.

3. Procedure:

3.1 Procurement:

All procurements shall be competitive, and a quality of goods and services shall be the priority to provide value for money. Huge procurement exceeding 150,000,000.00 (one hundred and fifty million shall be outsourced.

3.2 Receipt of Goods

After goods have been received, the relevant documentation shall be sent to the Finance Department. This documentation shall consist of the invoice, LPO, GRN and delivery note.

Accounting transaction:

DR: Inventory/Expense/Asset

CR: Accruals in the purchase's ledger

3.3 The CEO through the Procurement Officer is responsible for ensuring that purchases are initiated, purchase orders placed, and progress control is exercised over receipt of goods and services in accordance with the established procedures. The Head of Finance and Administration is responsible for ensuring that the relevant accounting procedures are implemented properly.

3.4 The subject of stocks and stores and purchase control combines three major functions, namely purchasing, issuing and store keeping. It is therefore imperative that effective, control measures should be taken to cover these functions.

3.5 Accounting Controls on Procurement

There are three distinct steps into which accounting controls on procurement may be divided. These are:

- 3.5.1 Authorizing,
- 3.5.2 Receiving (custody) and
- 3.5.3 Accounting (recording).

3.6 Authorizing

3.6.1 The Departmental/Unit Head shall prepare a "Purchase Requisition" in duplicate giving details of goods, quantity and date when required. The first copy shall be sent to the Procurement Officer while the second copy shall be retained by the user department.

3.6.2 The Procurement Officer shall liaise with the Department concern and scrutinize the purchase requisition for the following:

3.6.2.1 Budget for item(s).

3.6.2.2 Quantity.

3.6.2.3 Type Specification etc.

3.6.3 After scrutinizing the purchase requisition, the Procurement Officer proceeds as per Organization policy. The outsourced Firm/Individual will place an order with suppliers from pre-selecting tenders considering the following:

3.6.3.1 Decide where to buy the items.

3.6.3.2 Obtain quotation from the list suppliers if there are many suppliers for the items required, who have been previously selected through tender procedures.

3.6.3.3 Obtain Pro-forma Invoice.

3.6.3.4 Liaise with Stores or user department as to the quotations obtained.

3.6.3.5 Choose competitive suppliers, taking the following considerations:

- (a) Quantity
- (b) Discount allowed if large quantity is bought
- (c) Financial standing of the supplier
- (d) Delivery time.

3.6.4 Local Purchase Order (LPO) shall be prepared in quadruplicate in favor of the selected supplier. The LPO shall be sent to the Head of Finance and Administration and Chief Executive Officer for approval and authority respectively and distributed as follows:

3.6.4.1 Original and duplicate shall be sent to suppliers.

3.6.4.2 Triplicate shall be sent to Accounts

3.6.4.3 Quadruplicate - Book copy.

3.7 .0 Receiving.

3.7.1 The Stores Officer receives the goods and ascertains whether such goods are in order in all respect pertaining to:

- 3.7.1.1 Quality
- 3.7.1.2 Quantity
- 3.7.1.3 Weight
- 3.7.1.4 Specification
- 3.7.1.5 Packing
- 3.7.1.6 Any defects
- 3.7.1.7 Short/Over Delivery
- 3.7.1.8 Damages

3.7.2 The Stores Officer shall sign the delivery note with necessary remarks (whether goods delivered are in good order or damaged or short/over delivery) and shall issue a Good's Received Note (GRN) in triplicate.

3.7.3 The GRN shall be distributed as follows:

3.7.3.1 Finance Department for entry in the Stores Ledger and subsequent agreement with supplier's invoice.

3.7.3.2 A copy shall be retained by the Stores Officer and the goods shall be recorded in the appropriate Bin Card.

3.8 Accounting

3.8.1 After the goods have been received by Stores the invoices duly verified, shall be forwarded to the Head of Finance and Administration or Accountant where independent verification of the supplier's bill shall be done before entering the same in Purchase Day Book and effecting payments.

3.8.2 The Accountant in charge of creditors shall upon receipt of supplier's invoices perform the following steps: Matching suppliers invoice with

3.8.2.1 Local Purchase Order

3.8.2.2 Goods Received Note.

3.8.2.3 Comparing the supplier's invoices with appropriate LPO, GRN to agree with quantity invoiced with quantity actually ordered and received.

3.8.2.4 Comparing the suppliers invoice price with the price on LPO. If there is any disagreement, the matter shall be referred to the CEO.

3.8.2.5 Checking of calculations and casting.

3.8.2.6 After goods have been received, the relevant documentation shall be sent to the Finance Department. This documentation shall consist of the invoice, LPO, GRN and delivery note.

3.8.3 The accounting transaction will be:

DR: Inventory/Expense/Asset

CR: Accruals in the purchase's ledger

3.9 Accounting for Promotional materials, Office stationery including computer, cartridges, and vehicle spare parts.

3.9.1 Purpose

This section describes the system and procedures to be followed and the documentation to be used in accounting for promotional materials, office stationery including computer, cartridges and vehicle spare parts stocks.

Stocks are maintained on perpetual inventory system and physical stock checks are carried out continuously. Stock balances in the financial accounts

if there are discrepancies, after investigation of significant items are written off as miscellaneous losses or profits.

3.9.2 Responsibility

The Administration officer is responsible for the safe custody of stocks and for maintaining detailed stock records. The accounts department is responsible for the evaluation and summarization of all transactions.

3.9.3 Documents Used

The main documents used are illustrated under Appendices and are:

3.9.2.1 Stock Control Record Card; - Appendix 17

3.9.2.2 Combined Stores Requisition/Issue Note

3.9.2.3 Material Return Note Appendix 18

3.9.2.4 Materials Issue Summary Appendix 19

3.9.4 Stock Control

3.9.4.1 The basic form of stock control is the Stock Control Record Card. It shows physical receipts and issues and the balance in stock after each transaction.

3.9.4.2 The Stores Clerk enters the goods received on the basis of retained copies of the goods received notes, while the stock account is debited from the analysis of purchase invoices as described under Purchase Accounting.

3.9.4.3 Requisition for materials from the store are prepared by the Head of the User Department in quadruplicate using the Combined Stores Requisition/Issue Note and approved by the supervisor.

3.9.4.4 The first three copies are sent to the stores clerk who after issuing the materials, completes the forms and returns the third copy with the materials, sends the original to the accounts department and retains the second copy for his records.

3.9.4.5 If the materials issued are no longer required, they must be returned to the stores accompanied by a Material Returns Note stating the reason for their return.

3.9.4.6 At the end of the month the material requisition/issue notes are summarized by the Stores Accounts Clerk on the Material Issues Summary (Appendix 19) and evaluated using the average weighted price shown on the stock ledger cards. The stock consumption as per summary are then charged to the accounts using the standards journal voucher.

3.9.4.7 Periodic stock checks are carried out by a team of checkers drawn from the Finance and Administration and user departments. Discrepancies between physical stocks and the stock records are investigated, and any necessary residual adjustment made to the stock records. These adjustments are made in the accounts as and when they arise, using a standard journal voucher.

3.9.5 Damaged Stocks

3.9.5.1 Damaged stocks should be removed by the storekeeper to a separate stores area reserved for damaged stocks and clearly marked as damaged. The storekeeper should open a separate bin card for damaged stocks.

3.9.5.2 The storekeeper should complete a two-part pre-numbered Damaged Stocks Note (DSN) illustrated at Appendix 20 and distributes it as follows:

3.9.5.3 Original to Treasurer for follow-up action

3.9.5.4 Duplicate for use by the storekeeper on completing:

3.9.5.4.1 The issues side of the bin card in which the damaged stocks were originally recorded.

3.9.5.4.2 The receipts side of the bin card specifically opened for the damaged stocks.

3.9.5.5 The Treasurer should then pass the following entries in the books of account by a journal:

DR: Damaged Stocks Account:

CR: Appropriate Stock Account for the items damaged.

3.9.5.6 After receiving the DSN the Treasurer should examine all damaged stocks and report to the Committee of Survey dully appointed by the Chief Executive Officer which will take the following steps: -

3.9.5.6.1 Inspect and report to him on the condition of the stores and recommend on the method of disposal.

3.9.5.6.2 If the damaged stocks can be sold at a reduced price the Committee of Survey would recommend to the Chief Executive Officer on the sale of the damaged stocks.

3.9.5.6.3 If the goods cannot be sold at the reduced price, the Committee of Survey would recommend to the Chief Executive Officer on for the write-off of the goods. The Chief Executive Officer would examine stocks and after being satisfied as to their condition authorize the write-off of the goods.

3.9.5.7 Head of Finance and Administration and the Chief Executive Officer should jointly complete the stocks Write-off Note illustrated at Appendix 21 copies of which should be remitted as follows:

3.9.5.7.1 Original to accounts

3.9.5.7.2 First copy to storekeeper for updating bin cards Second copy - book copy.

3.9.5.8 When the goods are sold the following entries shall be passed in the books of account:

DR. Cash/Bank or Debtor

CR. Damaged Stocks Account with the value realized on sale.

3.9.6 Obsolete Surplus and Slow-moving Stocks

3.9.6.1 Obsolete, Surplus and Slow-moving stocks should be identified as a result of analysis of the annual stock take, when all stock record cards are reviewed. If an item has not been issued during the previous year, details should be referred to the Chief Executive Officer about it being possibly obsolete. Through the Committee of Survey dully appointed by the Chief Executive Officer which will take the following steps:



3.9.6.1.1 Inspect and report to him on the condition of the stores and recommend on the method of disposal.

3.9.6.1.2 The Committee will compile a list of obsolete, Surplus and Slow-moving stocks and submit a report of their findings to the Chief Executive Officer duly signed by the Chairperson.

3.9.6.2 Only the Chief Executive Officer can agree to stock being classified as obsolete, Surplus, and Slow moving. He should inform the Treasurer of Obsolete, Surplus, and Slow-moving stock and the steps outlined in paragraphs 3.9.6.1.1 and 3.9.6.1.2 above should be followed.

AP-24 FIXED ASSET CONTROL POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
FIXED ASSET CONTROL POLICY			AP-24

1. Policy Statement

Proper control procedures are followed for all capital asset acquisitions, transfers and dispositions in order to provide internal control of capital equipment and to assist in reporting. Department Officers are responsible and accountable for furniture, equipment, machinery, and any other capital assets in their departments and maintain some type of control over capital assets. Accounting assists and evaluates any department's capital asset control procedures.



2. Purpose:

To outline the procedures for acquiring, disposing and maintaining control of capital assets.

3. Scope:

This procedure applies to all capital equipment with a value of TZS 500,000 or more and with useful life greater than one year. This procedure also applies to IT purchases of a value of TZS 500,000 or more and with a life greater than one year.

4. Procedure: Acquisitions

4.1 Procurement functions shall be done as per Public Procurement Act 2011 and its Regulations.

4.2 Purchases of assets require the approval of the Secretary General. Department officers may source the supplier for purchase of the capital assets.

AP-25 CAPITALIZATION & DEPRECIATION OF FIXED ASSETS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
CAPITALIZATION & DEPRECIATION OF FIXED ASSETS POLICY			AP-25

1. Policy Statement

Asset acquisitions with a useful life expectancy of greater than one year and with a cost of TZS.500,000. or greater will be capitalized by the Organization and depreciated.

2. Purpose:

The purpose of this procedure is to delineate the capitalization and depreciation methods for various asset groups.



3. Scope:

All acquisitions of capital assets for the Organization.

4. Procedure:

4.1 Capitalization

4.1.1 All assets with a useful life of greater than one year and costing more than TZS 500,000 will be capitalized and will be recorded in the depreciation records. Any asset that does not meet the above criteria will be expensed such as small tools and equipment or repairs and maintenance. All purchases of capital items shall be capitalized upon payment. TMA shall also keep fixed assets listing of all capital items, which shall be updated whenever purchase and disposal of assets is made. Each asset category shall have its own set listing e.g. motor vehicles, furniture, equipment etc. The fixed assets listing shall contain the following details:

4.1.1.1 Name of item

4.1.1.2 Make,

4.1.1.3 Reference number

4.1.1.4 Date of purchase,

4.1.1.5 Value,

4.1.1.6 Invoice number,

4.1.1.7 Location,

4.1.1.8 Supplier,

4.1.2 The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price, freight charges and installation if applicable.

4.1.3 Leasehold improvements including painting are to be capitalized if they relate to the occupancy of a new office or a major renovation of an existing office. Expenditures incurred in connection with maintaining an existing facility in good working order should be expensed as a repair.

- 4.1.4 The cost of buildings should include all expenditures related directly to their acquisition or construction. These costs include materials, labor and overhead incurred during construction and fees, such as attorney's and architect's and building permits.
- 4.1.5 Donated assets should be capitalized at their market value at the time of donation.
- 4.1.6 Where assets are bought in a batch but individually cost less than the capitalization threshold, but in total exceed it e.g. tools, furniture, these should be capitalized.
- 4.1.7 All property, plant and equipment shall be recorded at cost or valuation less accumulated depreciation.
- 4.1.8 The Chief Executive Officer or Management team should decide on which capital items to be comprehensive insured

4.2 Depreciation

- 4.2.1 In general, the depreciation method/life for assets should be selected for consistent financial reporting and tax purposes.
- 4.2.2 Leasehold Improvements Remaining life of Lease term including option renewals
- 4.2.3 Depreciation shall be calculated straight line method as per percentage to write down the cost of each asset at their residual values over their estimated useful life.
- 4.2.4 The lowest life permitted by tax regulations for asset classes should be selected to optimize depreciation deductions.
- 4.2.5 Depreciation is charged on assets from the date when they are ready for use and stops on the date when the asset is derecognized by the Centre.



4.2.6 Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

4.2.7 Land is not depreciated. Depreciation on other assets is calculated using the straight-line method at a given rate per annum as detailed below:

S/N	Asset Description	Rate per Annum (%)
1	Buildings	5.0
2	Office Equipment	25.0
3	Office Furniture	10.0
4	Household Furniture	10.0
5	Computer & Accessories	33.3
6	Plant and Machinery	10.0
7	Motor Vehicles	20.0
8	Fixtures and Fittings	10.0



4.3 PHYSICAL CONTROLS

4.3.1 Physical Inspections

The fixed assets shall be physically inspected on an annual basis to coincide with TMA Year-End. An inspection report shall be prepared by Finance and Administration Department and submitted to management for action. The results of the inspection shall be documented and where necessary, adjustments shall be made to the fixed assets register and general ledger.

The Chief Executive Officer may carry out the inspection at the TMA offices or other person assigned other than the accountant.

4.3.2 Engraving / Coding of Fixed Assets

All moveable property such as furniture/fittings and computer equipment shall be engraved with unique reference numbers for easy identification. These identification numbers shall be indicated against the relevant item in the Fixed Assets Register. These numbers shall be used during the annual physical inspections. All assets should permanently be marked as belonging to TMA.

4.3.3 Insurance of Property

Authorized to be insured property shall be insured with a reputable insurance firm. The terms of the insurance policies shall be followed in order to avoid loss. Those assets should be insured under comprehensive policy at their market values. The amount insured should be reviewed periodically and at least one a year.

The person handling cashes (on hand, on transit and on safe) shall be ensured to safeguard the TMA funds against theft and her/his life.

4.3.4 Safe Custody

A person using the assets shall take particular responsibility over each asset item in his/her possession and to ensure its proper use and custody.



4.4 RETIREMENT AND DISPOSAL

An item of fixed assets shall be eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal shall recognize as a gain or loss on disposal of fixed assets in the general ledger.

All assets not required by the organization should be disposed off after obtaining prior written approval from the executive committee.

4.5 TRANSFER OF ASSETS

Transfer of assets between offices should be documented on a transfer form and must be approved by the Head of Finance and Administration or Chief Executive Officer. The following details should be shown on the form i.e:

- 4.5.1 Name of transferring office
- 4.5.2 Name of receiving office
- 4.5.3 Asset name and specific identification number and engraved number.
- 4.5.4 Terms of transfer (permanent or temporary).
- 4.5.5 Signatures of receiving officer.
- 4.5.6 Approval signature of responsible officer

4.6 Definitions:

4.6.1 Capitalization

Capitalization is the process of recording the purchase of a fixed asset that is generally recorded individually on an asset schedule.

Examples of capital expenditures are purchases of land, buildings, machinery, office equipment, leasehold improvements and vehicles.



4.6.2 Depreciation

Depreciation represents the write-down or write-off of the cost of the asset over its estimated useful life.

AP-26 FINANCIAL REPORTS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
FINANCIAL REPORTS POLICY			AP-26

1. Policy Statement

To ensure timely completion of reports required by the management, Sub Committees, Executive Committee and Annual General meeting to adequately monitor operations.

2. Purpose:

To describe the process for preparing the necessary Committees reports.

3. Scope:

Reports presented to management, Sub Committees and the Executive Committee, Annual General meeting.

4. Procedure:

4.1 Financial Reports:

Consists of Summary Income Statements, including review of revenues and expenses.

4.2 Cash, Accounts Receivable and Accounts Payable Snapshot Report Consists of summary data noting Cash balances, Accounts Receivable and Accounts Payable for each department and on a consolidated basis.



4.3 Budget Variance Report

Consists of variance analysis of each department’s actual revenue and expenses compared to budgeted revenue and expenses including a brief explanation for cause of variance.

4.4 Audit Reports

Final Audit reports will be presented to the Finance, planning and administration Committees and Annual General Meeting. Audit will confirm to guidelines established by grant or government funding source.

4.5 Timing of Reports

4.5.1 Monthly reports

Monthly Reports shall be available for Management meeting, It is essential that the Head of finance and administration and Organization Management Team review these reports beforehand and thus, the reports must be completed as per the deadline depicted in the schedule below of each month.

Report Name	Deadline	From	To
PAYE and NSSF return Accountability Report	5th of the following month	Accountant	HOD finance
PAYE & NSSF return Accountability Report	Before or 7th of the following month	Treasurer	TRA/LAPF
Bank reconciliation	15th	Accountant	HOD finance
Financial report (Budget Variance Analysis)	20th	Head of Finance and Administration	CEO

4.5.2 Quarterly reports

Quarterly Reports must be available for the Finance, planning and administration Committee meeting held on each following Quarter. It is essential that the



Treasurer and Organization Management Team and the Finance and Administration Committee review these reports beforehand and thus, to be reported to Executive committee.

4.5.3 Annually reports

Annual financial report should be submitted to auditor within 3 months after closure of the Financial Year i.e on or before 30.3 of the following Financial Year. It is essential that the Treasurer and Management Team should review these reports beforehand and thus, the reports must be completed as per the deadline depicted in the schedule below of each month.

Report Name	Deadline	From	To
Annual Financial Report	By February	Treasurer	CEO
Financial Statements	By March	CEO	External Auditors
Fixed Asset Survey Report	By March	Treasurer	CEO
Management Letter	By April	External Auditors	CEO
Audit Report	By May	External Auditors	CEO

AP-27 THE INTERNAL REPORTS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE INTERNAL REPORTS POLICY			AP-27

1. Policy Statement

Timely completion of reports is required by the Finance and Administration department to ensure all monthly transactions have been properly posted.



2. Purpose:

To describe the process for preparing the necessary accounting and other internal reports.

3. Scope:

Reports that provide the framework to ensure all transactions have been posted with considerable accuracy.

4. Procedure:

4.1 Description of Required Reports Monthly financial report.

4.2 Timing of Reports

These reports must be prepared and presented to management on or before 5th of the following month.

AP-28 CASH FLOW REPORTS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
CASH FLOW REPORTS POLICY			AP-28

1. Policy Statement

To ensure proper use of resources and to ensure that payroll, accounts payable, and other critical payments are made on a timely basis.

2. Purpose:

To describe the process for ensuring that adequate cash flow is on hand.



3. Scope:

Reports that analyze the receipts and disbursement aspects of the Organization.

4. Procedure:

4.1 Description of Required Reports Cash Flow ins and outs Schedule

4.2 Timing of Reports

These reports are produced regularly for management decision making purpose

AP-29 FUNDING SOURCES REPORTS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
FUNDING SOURCES REPORTS POLICY			AP-29

1. Policy Statement

To ensure timely completion and accurate transmittal of reports required by the various funding sources of the Organization.

2. Purpose:

To describe the process for preparing the necessary reports required by the Organization 's funding sources.

3. Scope:

Reports that are required by the funding sources.

4. Procedure:

4.1 Description of Required Reports

4.1.1 Financial reports as per donors' requirements.



4.1.2 Annually Audited Financial Statements with disclosures according to generally accepted auditing standards.

4.1.3 Other reports required.

4.1.4 These reports shall be prepared according to the donors own due dates and cycles. It is essential that the accounting staff verify the required due dates and ensure that these reports are submitted timely.

AP-30 PETTY CASH POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
PETTY CASH POLICY			AP-30

1. Policy Statement:

To facilitate minor organization expenses, a petty cash fund will be available to employees.

2. Purpose:

To outline the disbursement and reimbursement of petty cash.

3. Scope:

These procedures apply to all employees of the Organization.

4. Procedure:

4.1 Fund Control

4.1.1 The Head of Finance and administration must designate on a specific individual to act as Cashier of the petty cash fund (who will be called petty cashier).



4.1.2 The petty cashier may be appointed from any department but not from finance department

4.1.3 The petty cashier should not be a head of department

4.1.4 The Petty Cashier as a Cashier will be required to sign a Petty Cash Receipt Acknowledgement Form to indicate his/her understanding of the responsibilities and requirements as Cashier of a petty cash fund. In addition, the Head of Finance will also be required to sign, indicating his or her acknowledgment of the policies and procedures associated with the petty cash fund.

4.1.5 TMA accountant / cashier shall maintain petty cash journal and all petty cash transactions and a fixed cash float, which shall always be kept under lock when not in use. The amount of the float is Shs.2,000,000/= and should not be mixed with other cash.

4.1.6 The petty cash float will be replenished periodically with the actual expenditure amount when the balance runs below Shs.400,000/= Head of Finance and administration shall determine the level at which the cash float should be replenished from time to time. There must be special form to replenish claim of Petty cash which will be supported by the Petty cash vouchers paid in previous by the P/Cashier

4.1.7 Petty cash shall be used to pay for small office expenses.

4.1.8 A single petty cash payment shall not exceed TZS.100,000/- The applicant shall raise the requisition, which will be reviewed and approved by the Head of department incurring the cost

4.1.9 No Petty cash will be claimed before retirement of the previous petty cash.



4.2 Cashier Responsibilities:

4.2.1 The TMA Finance and Administration Department issues a check payable to the Cashier to establish the petty cash fund. The Cashier remains accountable for the petty cash until custody is formally transferred to another employee or until the fund is formally closed. It is the responsibility of both the Cashier and the Department Head to acquire a thorough knowledge of the applicable policies and procedures and to ensure the funds are properly safeguarded.

4.2.2. Protect petty cash funds such that access to cash funds must be restricted to the Cashier only. To prevent access by anyone except the Cashier, petty cash must be kept in a locked strong box in a locked desk or cabinet whenever not in use or whenever the Cashier is absent.

4.2.2.1. It is prohibited to issue petty cash funds to staff with pending petty cash retirements

4.2.2.2. Petty cashier must ensure that all payments made are acknowledged by the staff receiving the funds and follow up of supporting documents after payment by submitting to the cashier genuine receipts

4.2.2.3. In case of theft the TMA Finance and Administration Department must be notified.

4.2.2.4. The Head of Finance and administration/or Internal Auditor should periodically inspect the records and count the cash (in the continual presence of the Cashier) in the petty cash fund to ensure proper accountability.

4.2.2.5. If the Cashier fails to provide receipts or a reconciliation of petty cash when asked, the balance unaccounted for will be charged to the Cashier and TMA may choose to prosecute him/her.

- 4.2.2.6. It is the responsibility of the HOD's incurring the expenditure to verify the quality and quantity of good and services procured
- 4.2.2.7. The receipts to retire petty cash expenses should be reviewed and approved by supervisor incurring the expenditure before submission to the Head of Finance and administration for authorization
- 4.2.3 Change of Cashier- One Cashier may not informally transfer a fund to a new Cashier without obtaining written approvals as required on the Petty Cash Receipt Acknowledgement Form. The petty cash fund must be physically counted and reconciled before it is accepted by the new Cashier.
- 4.2.4 Absence of the Cashier- During absence or vacation, a Cashier may place the petty cash fund with a temporary Cashier.
The temporary Cashier and the regular Cashier must physically count the petty cash box and prepare a list of cash, receipts and replenishment requests in process. These must total the authorized value of the petty cash fund. The temporary Cashier signs a copy of the reconciliation as a receipt. This receipt is retained by the regular Cashier since that individual is transferring personal responsibility for the value of the fund. When the regular Cashier returns, the same procedures must be followed with the receipt retained by the temporary Cashier
- 4.2.5 Change of Location or Purpose of Petty Cash Fund - If the physical location or the original purpose of the petty cash fund should change from that which was stated and approved on the original Petty Cash Receipt Acknowledgement Form, the Cashier should immediately submit a new Petty Cash Receipt Acknowledgement Form to TMA's Finance and Administration Department for approval.



4.2.6 Confirmation of Petty Cash Funds - Cashier may receive an annual request from TMA's Finance and Administration Department or Annual Auditors to confirm the amount of the petty cash fund.

The funds will be subjected to a surprise audit of cash and records to ensure proper accountability of funds and proper application of policies and procedures.

4.2.7 Summary of Responsibilities of Cashier

4.2.7.1 Assumes personal responsibility for the cash in the fund.

4.2.7.2 Maintains physical security of the fund (i.e., in a locked container or safe in secured area).

4.2.7.3 Ensures that the sum of cash plus accumulated receipts equals the fund balance.

4.2.8 Department/Unit Head/Designated Approver

4.2.8.1 Establishes departmental procedures for use of petty cash.

4.2.8.2 Exercises prudent judgment and ensures compliance with policy and procedures.

4.2.8.3 Approves disbursements of petty cash and replenishments.



PETTY CASH RECEIPT ACKNOWLEDGEMENT FORM

DEPARTMENT:
I hereby acknowledge that I understand my responsibility and requirements as Cashier of Petty Cash: (Cashier sign here) _____
I hereby acknowledge that I understand my responsibility and requirements as Department / Unit Head of Petty Cash: (Department Head sign here) _____

4.2.9 Draws

4.2.9.1 When an employee requests a petty cash draw, the employee should fill the fund application form which will be approved by Head of Finance and Administration before payment.

4.2.9.2 Cashier will record the amount advanced, date of disbursement, reason for the draw and name of the employee receiving the advance.

4.2.9.3 The employee should, return the receipt(s) and any change to the Cashier as soon as possible after procuring the intended items.

4.2.9.4 A petty cash voucher will then be completed with the receipt attached i.e., the Petty cashier shall:

- Prepare PCV and attach necessary Cash receipts for the head of finance and administration approval.



- Stamp the documents and other supporting documents ‘PAID’ to avoid the invoice being presented again for payment
- On payment, the following entries shall be passed.

DR: Travel/accommodation/allowances

CR: Petty Cash

4.2.10 Claims more than cashier’s limit

4.2.10.1 Where a duly authorized claim exceeds the petty cash payment limit (100,000) payments will be made through bank transfer after the accountant has prepared a Payment Voucher (PV).

4.2.10.2 The Head of Finance and Administration or any other signatory of the cheque as appropriate shall verify the Payment Voucher. The cheque number shall also be entered on the Control Voucher and expense code will be attached as corresponding to the expense heads under which the expenditure falls.

4.2.10 Replenishment

4.2.10.1 At the end of each month or whenever the petty cash fund drops below a balance of TZS 200,000, the Cashier completes the reimbursement paperwork from the journal with the itemized descriptions of expenses, and attaches all vouchers and submits to Accountant for review.

4.2.10.2 Once the Accountant has reviewed for accuracy and reasonableness of account code data and expenses, the accountant / cashier prepares petty cash expenditure summary whenever replenishment is due. Prepares requisition for replenishment.

4.2.10.3 The CEO/Head of Finance and Administration approves petty cash replenishment requisition which will be attached with prior paid petty cash documents and petty



cash expenditure summary after which a payment voucher and cheque for the replenishment shall be prepared.

4.2.10.4 The Cashier is then issued a check in the amount of the reimbursement and will be responsible for obtaining cash from the bank to replenish the cash box.

4.2.10.5 The coded petty cash payment voucher should be included into the monthly report according to their coded accordingly.

AP-31 BANK ACCOUNT RECONCILIATIONS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
BANK ACCOUNT RECONCILIATIONS POLICY			AP-31

1. Policy Statement

Errors or omissions can be made to the cash records due to the many cash transactions that occur. Therefore, it is necessary to prove periodically the balance shown in the general ledger. Cash on deposit with a bank is not available for count and is therefore proved through the preparation of a reconciliation of the Organization 's record of cash in the bank and the bank's record of the Organization 's cash that is on deposit.

2. Purpose:

To outline the procedures for preparation of a monthly bank reconciliation and record keeping of any adjustments and a timely review of all cash reconciliations by the Treasurer.

2. Scope:

This policy statement applies to all bank accounts maintained by the Organization



3. Procedure:

4.1 Format

The bank reconciliation will be completed within the accounting system of TMA each month. A printed copy of the completed detail reconciliation will be attached to the appropriate original bank statement each month.

4.1.1 Preparation and Reconciling Items

4.1.1.1 Upon receipt of the monthly bank statement including cleared checks, deposit slips and any other transaction notifications, the monthly bank reconciliation is prepared by the Treasurer. The Treasurer will sign TMA checks as the first signatory. Any check signed by the Treasurer will need to get a second signature by the second authorized signers.

4.1.1.2 All cleared transactions on the bank statement will be reconciled and cleared in the accounting system. After all cleared items for the month have been selected, the book ending balance and the bank ending balance must match with a zero difference.

4.1.1.3 Any discrepancies between these two balances will require research to determine the cause, such as recording errors, omissions, mis-postings, etc. This can also include recalculation of the bank statement for any possible errors made by the bank.

4.1.2 Adjustments and Journal Entries.

4.1.2.1 Any book reconciling items such as interest, bank charges and any recording errors are summarized and drafted in journal entry form for recording to the general ledger. All supporting documentation will be maintained for audit purposes.

4.1.2.2 Further, any outstanding checks including payroll checks over six months old will follow the state rules for reporting of unclaimed property or stale checks.



AP-32 TAX REPORTS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
TAX REPORTS POLICY			AP-32

1. Policy Statement

To ensure proper submission of required tax reports. TMA as an NGO is not exempted from paying taxes.

2. Purpose:

To describe the process for ensuring that the required tax reports are submitted timely.

3. Scope:

Reports that provide the URT with the required information on the TMA Tax obligations which include payments of withholding tax, PAYE, VAT, corporate tax and other related tax information.

4. Procedure:

4.1 Description of Types of Required Tax Reports

4.1.1. PAYE

- This is tax that is calculated from staff employees’ basic salary.
- The tax is calculated after deductions of contributions to social security.
- The salary amount remained after deductions of contributions to social security is subjected to TRA tax calculator to determine PAYE amount.
- PAYE report and payment is filed before the 7th of every month after the end of the previous month separate from SDL
- Delay of filing and payment of PAYE is penalized to the organization currently amounting to TZS 225,000/= for every month delayed

- The penalty has a 10% interest for every monthly delay of payment of the principal tax and penalty
- The party responsible (accountant/manager) for the delay will in turn be penalized by the organization

4.1.2. Skills Development Levy (SDL)

- This tax is imposed on the organization if it consists of at least 10 employees. TMA will pay this tax if at any time, TMA has at least 10 employees
- SDL amount is calculated as a percentage rate of gross emoluments of employees
- The rate of tax is determined by the TRA guidelines as provided from time to time
- The tax is paid by the employer and not staff
- SDL report and payment is filed before the 7th of every month after the end of the previous month separate from PAYE

4.1.3. Withholding Tax (WHT)

- This tax is retained by the organization when making payments to other parties in exchange for services rendered
- WHT rate depends on TRA regulations as provided from time to time
- TMA finance team are required to visit TRA website regularly to identify the WHT rates charged on specific services
- Any consultant engaged by TMA is subject to WHT
- Before engaging a consultant, TMA management will conduct due diligence to ensure a consultant complies with tax regulations of the URT

4.1.4. Value Added Tax (VAT)

- VAT is charged on both locally produced goods and services and on imports.
- VAT is charged by persons/firms registered for VAT only
- TMA is not eligible to be registered as a VAT agent due to her status as a nonprofit NGO



- TMA pays VAT as a final consumer of goods and services
- Whenever goods and services are procured, the procurement officer is required to perform a due diligence of the vendor to ensure that they are duly registered before paying VAT

4.1.5. Other Taxes

- TMA is obliged to comply with any other taxes not stated above as required by TRA

4.2 Timing of Reports

These reports each have their own due dates and cycles. It is essential that the accounting staff verify the required due dates and ensure that these reports are submitted timely.

AP-33 BUDGETING-ANNUAL WORK PLANS AND BUDGET POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
BUDGETING-ANNUAL WORK PLANS AND BUDGET POLICY			AP-33

1. Policy statement:

To facilitate attainment and measurement of progress to the approved goals of the Organization.

2. Purpose:

To provide a planned guidance for the revenue and expenditures of funds

3. Scope:

This procedure applies to all departments/units/sections in the Organization.



4. Procedure:

4.1 Preparation of plan and budget.

- 4.1.1 The financial year of TMA starts in January and ends in December
- 4.1.2 The planning and budgeting process starts no later than 15th August every year
- 4.1.3 The Head of Finance and administration is assigned the role of coordinating the process of preparing the annual plan and budget every year
- 4.1.4 The Head of finance and administration will issue a plan and budget template to staff to guide them
- 4.1.5 HOD's and units are responsible for involving all staff in their departments or units to identify their priority needs during the next financial year
- 4.1.6 It should be emphasized that the planning and budgeting process should be participatory for all staff
- 4.1.7 The HOD's and units should explore potential revenues and expenditures for the year in line with their departmental and unit expectations
- 4.1.8 The budget submitted should be aligned with the current vision, mission, objectives and thematic areas of the organization
- 4.1.9 By 30th August, all HOD's and units should submit their compiled plan and budget to the HOD Finance.
- 4.1.10 TMA Management shall conduct a meeting to review the plans and budgets submitted by HOD's and units up to no later than 15th September every year
- 4.1.11 TMA Management will scrutinize the plan and budget, and consolidate to form the annual plan and budget
- 4.1.12 The budget should include all revenues expected from different sources including different projects in TSH currency
- 4.1.13 TMA Management will call all TMA Standing Committee to meetings and present the budget the consolidated budget no later than 15th October
- 4.1.14 TMA Management will consolidate inputs from the Standing Committee meetings and improve the plan and budget not later than 30th October



- 4.1.15 The management, will convene the Board of Directors meeting to discuss the budget, no later than 15th November
- 4.1.16 The Board of Directors in consultation with TMA Management will convene the Annual General Meeting to approve among others the annual plan and budget for the coming year no later than 10th December
- 4.1.17 TMA Management shall consolidate the inputs from the AGM and provide feedback to all staff on the approved plan and budget for the next year
- 4.1.18 The approved budget shall be used to control spending so that it is in line with the work plans and budget amounts. Approval should be sought on any spending which is excess of allocated budget and expenditure. Periodic variance reports of actual and budget amounts will be produced. These reports will form a basis for investigation and necessary decision-making.
- 4.1.19 The CEO shall prepare a consolidated monthly budgetary performance report which will be presented to the Finance, Planning and Administration Committee quarterly. This report shall show comparison between actual income and expenditure and cash flows against budget. The variances in value and percentage shall be shown together with detailed notes explaining the causes of the variances. In addition, the corrective action to be taken shall be indicated.

4.2 Preparation and Adoption

Annually, a budget is prepared for each department based on their activities to be performed during that year. Budgets are prepared on accrual basis due to funding sources requirements. Budgets are submitted to the Head of Finance and administration for review of compliance with contract provisions. The Finance and Administration Committee also reviews and approves each budget before presenting the consolidated budget to the Board of Directors for approval and finally to the Annual General Meeting for adoption.



4.3 Organizing

This shall include orderly and coordinated use of resources e.g. staff and volunteers, vehicles, property, money. etc. The Finance and Administration department shall ensure that its staff know what to do, where, when and how in order to avoid duplication of effort, time wastage and unnecessary delays or lags. Possible tools to apply shall include; reference to TMA constitution, organization charts, flow diagrams, job descriptions, chart of accounts, financial manual, budgets and year work plans

4.4 Financial Monitoring

4.4.1 The finance and Administration department will produce regular and timely information for Chief Executive Officer and stakeholders for monitoring purposes. This will involve comparing of actual performance with plans, to evaluate the effectiveness of plans, identify weaknesses early and take corrective actions if required.

4.4.2 Financial monitoring tools will include budget monitoring reports, cash flow reports, financial statements, donor reports, audit reports and other evaluation reports for staff. Budget variance analysis reports shall be produced on timely basis.

4.5 Financial control

4.5.1 This will involve a system of controls, checks and balances as to ensure proper application of procedures and resources. A system of internal control (preventive, detective, corrective, directive, and compensating) shall be put in place to safeguard TMA assets and manage internal risk. The internal controls shall deter any opportunistic theft or fraud and detect errors and omissions in the accounting records. Risk Management Policy will be used.

4.5.2 Financial tools that shall be used are Budget reviews, efficient procurement procedures, periodic reconciliation of all bank accounts and other general ledger

accounts, internal and external audits, existence of a reconciled fixed assets register, vehicle policy, insurance policy, effective finance and audit committee and a fraud policy.

4.6 Budget Modifications

Budget modifications may occur through the year depending on the requirements of each department and funding source. If the funding source must approve a modification, the Head of Finance and Administration reviews and approves the modification request prior to submission.

4.7 Audit

4.7.1 Preparation for the Annual Audit

TMA shall be actively involved in planning for and assisting with the organization's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Finance and Administration Department shall provide assistance to the independent auditors in the following areas:

4.7.1.1 Planning - The Head of Finance and Administration is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

4.7.1.2 Involvement - Organization staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

4.7.1.3 Interim Procedures - To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the Organization's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced.

Organization staff will as much as possible in order to provide requested schedules and documents and to otherwise assist the auditors during any interim audit fieldwork that is performed.

4.7.1.4 Throughout the audit process, it shall be the policy of TMA to make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

4.8 Concluding the Audit

Upon receipt of a draft of the audited financial statements of TMA from its independent auditor, the Head of Finance and Administrations Hall perform a detailed review of the draft, consisting of the following procedures:

- 4.8.1 Carefully read the entire report for typographical errors.
- 4.8.2 Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of TMA.
- 4.8.3 Review each footnote for accuracy and completeness.
- 4.8.4 Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Finance and Administrative Manager.
- 4.8.5 It shall also be the responsibility of the Head of Finance and Administration to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.



AP-34 FINANCIAL MANAGEMENT POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
FINANCIAL MANAGEMENT POLICY			AP-34

1. Policy Statement

Financial management for Inter-Governmental Organizations and more specifically that of TMA will be assessed on its Financial Plan (Budget).

2. Purpose:

To describe the process for assessing financial management of TMA.

3. Scope:

The entire Financial Management System of TMA.

4. Procedure:

The process for assessing financial management of TMA will be done using the following tools

4.1 Financial Planning-Budgeting

4.1.1 Budgeting is an integral part of managing TMA in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. TMA budget should be designed and prepared to direct the most efficient and prudent use of the Organization 's financial and human resources. TMA's budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the Organization 's departments and activities simultaneously in light of the available resources.



4.1.2 The budget plays an important role in monitoring the use of funds. Basic tools under financial planning shall include a Strategic plan, a Business plan, Activity plans, Budgets, Work plans, Cash flow, and forecasts e.t.c. These shall be prepared and referred to by the Finance and Administration department.

AP-35 FINANCIAL STATEMENTS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
FINANCIAL STATEMENTS POLICY			AP-35

1. Policy Statement

Preparing Financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

2. Purpose:

To describe the process for preparing journal entries.

3. Scope:

All Financial Statements: Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Change in Equity.

4. Procedure:

4.1 These reports will be created in the MIP system.



4.2 Frequency of Preparation

The objective of the Finance Department is to prepare accurate financial statements in accordance with generally accepted accounting principles, or on another comprehensive basis of accounting (OCBOA) as prescribed by a funding source and distribute them in a timely and cost-effective manner.

The basic financial statements of TMA that are maintained on an organization-wide basis shall include:

- 4.2.1 Statement of Financial Position - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non-current/long-term.
- 4.2.2 Statement of Comprehensive Income - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted).
- 4.2.3 Statement of Cash Flows - reports the cash inflows and outflows of the organization in three categories: operating activities, investing activities, and financing activities.
- 4.2.4 Statement of Change in Equity – presents the changes in the Organization ’s equity between two balance sheet dates reflecting the increase or decrease in its net assets during the period.

AP-36 THE INSURANCE POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE INSURANCE POLICY			AP-36

1. Policy Statement

It is the policy of TMA to maintain adequate insurance against general liability, as well as coverage for buildings, and other assets.



2. Purpose:

To describe the process for insurance coverage within TMA.

3. Scope:

Adequate insurance against general liability, as well as coverage for buildings, and other assets.

4. Procedure:

4.1 As a guideline TMA will arrange for the following types and levels of insurance as a minimum:

S/N	Type of Coverage
1	Comprehensive Liability
2	Automobiles,
3	Escorts Fidelity Bond for all employees
4	Fire and Water Damage Coverage for all items with acquisition cost greater than
5	Chief Executive Officer and staff (with an appropriate deductible level)
6	Theft Coverage for all items with acquisition cost greater than TZS
7	Workers' Compensation:

4.2 Listing of insurance policies:

To the extent required by law, TMA shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

- 4.2.1 Description (type of insurance).
- 4.2.2 Agent and insurance company, including all contact information.
- 4.2.3 Coverage and deductibles.
- 4.2.4 Premium amounts and frequency of payment.
- 4.2.5 Policy effective dates.
- 4.2.6 Date(s) premiums paid and check numbers.



4.3 Insurance Definitions.

4.3.1 Workers’ Compensation and Employer's Liability.

Contractors are required to comply with applicable URT workers' compensation and occupational disease statutes. If occupation diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy except when contract operations are so commingled that it would not be practical to require this coverage.

4.3.2 Fidelity Bond.

For all personnel handling cash, preparing or signing checks, TMA shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the organization will determine the TZS500,000 limit of this coverage.

4.3.3 Comprehensive Liability.

This type of coverage may include the CEO and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery

AP-37 INTERNAL AUDIT POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
INTERNAL AUDIT POLICY			AP-37

1. Policy Statement

The internal audit function shall be conducted monthly to determine whether the Internal controls are effectively implemented and maintained.

2. Purpose:

It aims to add value and improve TMA operations helping accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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3. Processes & Procedures:

Internal audit functions will be carried out by observing the following processes and procedures:

- 4.1 The Unit shall prepare the Risk audit plan at the beginning of the year and get it approved by the Audit Committee of the Board. The plan is developed using a risk-based approach, including input from Management. Prior to submission to the Audit Committee for approval, the plan is shared with Management.
- 4.2 The Unit shall list any non-compliances found in the department/unit and discuss the issues with the Head of the Department/Unit to write the corrective and/or preventive actions. The auditors will set a time frame for corrective/preventive actions to be taken before the follow-up visit to the Department/unit to verify the effectiveness of the corrective/preventive actions.
- 4.3 The auditee shall implement the preventive and/or corrective actions within the given time.
- 4.4 The unit shall continuously monitor the implementation of all the recommendations.

However, the following issues should be considered:

- Independence and Adding Value: Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- Risk assessment: The actual areas reviewed by the internal audit should be determined by a risk assessment done by the Organization management that guides internal audit planning
- Internal Audit operations: Should operate in partnership with management by helping to enhance their accountability, transparency and corporate governance. This is achieved by identifying and evaluating their internal control systems and making recommendations for improvements and refinements to these systems.
- Internal Auditor and the Accounting Officer: Assists Accounting Officers by evaluating and reporting on the elements of the internal control system for which the Accounting Officer is responsible. It is not, however, an extension of, or a substitute for, effective



internal controls. Responsibility for internal control rests fully with the Accounting Officer, who should ensure that appropriate and adequate effective internal controls are in place and functioning.

- Audit Committee: Accounting Officer should be responsible to an Audit Committee for ensuring that prompt and effective action is taken to address internal audit's findings. An Audit Committee may assist in ensuring that prompt and effective action is taken in response to audit recommendations.

AP-38 EXTERNAL AUDIT POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
EXTERNAL AUDIT POLICY			AP-38

1. Policy Statement

To arrange for an annual audit of the Organization 's financial statements to be conducted by an independent auditing firm. Donors Fund can be audited by other audit firm according to their preference.

2. Purpose:

The auditor shall produce a report at the end of the audit that shall give an opinion as to whether TMA accounts present a true and fair view of the activities of TMA.

3. Scope:

This procedure applies to all departments/unit in the Organization.

4. Procedure:

4.1 The auditor shall produce a report at the end of the audit that shall give an opinion as to whether TMA accounts present a true and fair view of the activities of TMA. The auditor shall also write a management letter outlining weaknesses observed in the internal control system of TMA and suggested recommendations that can help improve TMA internal



controls. Organization Secretariat shall provide the auditors with comments to the issues raised in the management letter, which shall be included in the final management letter.

4.2 The audited annual accounts of TMA and the final management letter shall be presented to the Annual General Meeting (stakeholders) within 3 months of the close of the year.

4.3 The Management of TMA shall be responsible for the preparation on the books of accounts so that they are ready for audit, and they shall provide the external auditor with all the necessary explanations and records required by him to carry out his work.

AP-39 THE RELEASE OF FINANCIAL OR CONFIDENTIAL INFORMATION POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
THE RELEASE OF FINANCIAL OR CONFIDENTIAL INFORMATION POLICY			AP-39

1. Policy Statement

The releases of financial, statistical, or other information that may be of a confidential nature to the Organization are controlled and every request is referred to Treasurer, or Secretary General

2. Purpose:

To provide a means for the control of information to banks, investors, investment houses, media, credit bureaus, or other agencies and Organizations.

3. Scope:

Any requests by an outsider to an employee regarding financial, donations, grants marketing or client information on the organization. If in doubt, verify with the Treasurer or Secretary General.

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4. Procedure:

4.1 Written requests

4.1.1 Typical requests are for additional information concerning details of the published financial statements, litigation progress, insurance coverage, names of investors, etc.

4.1.2 If the request is by letter or other written correspondence, the material is forwarded to the Treasurer who will decide what information may be released or routed to the Treasurer or SG and who is authorized to reply.

4.2 Telephone/personal requests

If the request is by telephone or a personal visit to our office, the requester is referred to the Treasurer or CEO. If either one is unavailable, the requester is asked to provide their name, Organization, telephone number and address, if possible. Also, they are asked the reason for the request and a brief description of the information desired. This information is written down and forwarded to the Treasurer for follow-up.

AP-40 BONUS POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
BONUS POLICY			AP-40

1. Policy Statement

Our organization rewards employees/members for their outstanding individual performance, as well as their contributions that help us achieve our goals.

2. Purpose:

TMA may award lump-sum bonuses (one-time bonus payments) to employees who show exemplary performance. We define “exemplary performance” as:

- Exceeding goals, either financial or nonfinancial.

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- Performing additional duties from what is expected.
- Serving as a good example of professional behavior to other employees/members (e.g. teamwork, ethics, leadership.)

3. Scope:

3.1 Incentive bonuses to encourage employees to achieve annual company financial goals.

These are company-wide bonuses that may be announced at the beginning of the year by the CEO. [These bonuses may be calculated with a tiered system (e.g. 5% for hitting 80% of the goal, 10% for hitting the goal and 20% for exceeding the goal.)] HR should give a formal payout plan to each employee.

3.2 Incentive bonuses for achieving or exceeding individual and team targets.

Department Heads are responsible for formulating these plans and setting specific goals. For example, they may decide to pay a quarterly bonus (a percentage of individual sales) to marketing teams that exceed their targets or revenue targets. Department Heads should submit their plan to HR and the CEO for approval [within the first quarter of the year.]

3.3 Incentive Bonuses to write project proposal.

This is paid when staff /member designs and develops project that attracts funds to TMA. For new project proposal, the staff/member or team participated in the design and or development of the proposal or project will be awarded a bonus not exceeding 10% of the gross surplus/excess of the project implementation costs. This policy includes any project that will be attracted to the organization. This policy does not exclude follow on projects.

3.4 Incentive Bonuses for using TMA name /logo.

This is a bonus designed to motivate or encourage staff/member or any expert outside TMA to use organization name to attract proposals. The individual will be charged 5% of the gross project cost and the remaining 95% will be used to implement the project under TMA supervision. The experts will be closely monitored and supervised by TMA to avoid poor deliverables



4. Procedure:

4.1 Written requests

4.1.1 In order for the bonused to be paid, staff/member or individual participated should be identified by TMA leadership and management and their level of contribution in the event that group of people participated.

4.1.2 The contract to implement the proposal/project should be approved and signed by both client and TMA

4.1.3 The contract amount should be confirmed to the TMA bank account

4.1.4 For a long-term project, instalments payments will be paid to individual/staff /member on instalments basis.

AP-41 RECORD RETENTION POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
RECORD RETENTION POLICY			AP-41

1. Policy:

It is the policy of TMA to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved as per the Public Finance Regulations 2001; Regulations 139 and 140 given under Government Notice No.132 of 2001 and logged into the Organization ’s Destroyed Records Log.

2. Purpose:

To describe the duration of retaining records as required by law and to destroy them when appropriate.

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3. Scope:

All manual records of TMA.

4. Process

4.1 All classes of accounts books and records will be carefully preserved and may not be destroyed without the approval of the Accountant General and the concurrence of Controller and Auditor General

4.2 Account books and records shall be retained for the following periods:

- 4.2.1 Stores, receipt and issues vouchers 5Years
- 4.2.2 Copies of receipts, receipt vouchers, licenses 5 Years
- 4.2.3 Original Payment Vouchers and used checks 5 Years.
- 4.2.4 Abstracts, subsidiary records, stores ledgers, journal 5 Years
- 4.2.5 Main cash books, ledgers, loan, and investment registers Indefinitely
- 4.2.6 Establishment and salary records (which may be required for determining officers’ and widows’ pensions and other terminals Benefits) Indefinitely

4.3 When the CEO wishes to destroy accounting records, he/she will submit three copies of the list of documents concern to the TMA Board of Directors.

AP-42 BRANDING AND MARKETING POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
BRANDING AND MARKETING POLICY			AP-42



1. Policy:

To ensure the quality and consistency of our products and services, TMA has a policy of branding all its products and services that are meant to be shared both inside and outside the organization.

2. Purpose:

To sustain the trend and guarantee the quality of our goods and services.

3. Scope:

All TMA documents/ reports /letters heads/marketing materials including sign boards.

4. Process

4.1 TMA will follow donor funded branding and marking requirements for any external documents –including those developed with the Government of Tanzania.

4.2 There are very specific regulations on the location of the logos, for example, which must be followed.

4.3 It also helps to maintain consistency in presentation of documents produced with support from donor/prime contractors.

4.4 TMA management will be updating on the branding and making over time to address additional requirement from donor or government and partners.

4.2 The following will be the procedures, rules and regulations currently known and should be adhered to.



Technical and Promotional				
All TMA own documents/reports/letters	Incorporation of up-to-date TMA logo at the centre of the document /reports and left for all Letters	Use updated logo		
Technical reports, studies, briefing papers, policy briefs, etc.	Incorporation of DONORS/PARTNER'S identity on the top left and GOT logo on the top right. If the project is supporting GVNT initiatives	Upon production	As per	DONOR/PARTNER'S and TMA Graphic Standards Manual/Guideline
Technical reports, studies, briefing papers, policy briefs, etc.	Incorporation of DONORS/PARTNER'S identity on the top left, and TMA logo on the top right.	Upon production	As per	DONOR/PARTNER'S and TMA Graphic Standards Manual/Guideline
Technical reports, studies, briefing papers, policy briefs, etc.	Incorporation of TMA logo at the centre of the document	Upon production	As per	DONOR/PARTNER'S and TMA Graphic and TMA Standards Manual
Training materials, manuals, job aids, etc.	Incorporation of DONOR/PARTNER'S identity on the top left, and GOT logo	Upon production	As per	DONOR/PARTNER'S and TMA Graphic Standards Manual
Conference posters and presentations	Incorporation of DONOR/PARTNER'S identity on the top left, and GOT logo	Upon production	As per	DONOR/PARTNER'S and TMA Graphic Standards Manual
Audio-visual productions	Incorporation of	Upon	As per	

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including videos and PowerPoint presentations	DONOR/PARTNER’S identity on the top left, and GOT logo	production	DONOR/PARTNER’S AND TMA Graphic Standards Manual
Audio-visual productions including videos and PowerPoint presentations	Incorporation of DONOR/PARTNER’S identity on the top left, and GOT logo	Upon production	As per DONOR/PARTNER’S and TMA Graphic Standards Manual
Press releases, event signage, banners, door signs, etc.	Incorporation of DONOR/PARTNER’S identity on the top left,	Upon production	As per DONOR/PARTNER’S and TMA Graphic Standards Manual

AP-43 FOREIGN CURRENCY POLICY

POLICY	EFFECTIVE DATE	REVISED/ISSUE DATE	POLICY NUMBER
FOREIGN CURRENCY POLICY			AP – 43

1. Policy Statement

The exchange rate policy refers to the manner in which TMA staff manage currency in respect to foreign currencies and the foreign exchange market.

2. Purpose:

To guide TMA staff in treatment of foreign currency exchanges and/or conversion to local currency and vice versa



3. Scope:

This policy covers all global currencies as recognized by specific states

4. Procedure:

4.1 TMA staff may negotiate and enter into agreement/contract with another party using any recognized currency to implement any specific project

4.2 TMA will open a specific bank account in any recognized banking institution, to implement the project using the foreign currency entered in the contract

4.3 TMA team will prepare a budget to implement the project using both the foreign currency entered in the contract and the local currency using the market exchange rate of that day

4.4 Activities of a project/programmatic activities will be implemented using the local currency at the market exchange rate of that day

4.5 All labor contracts for all project staff will be entered using the contract currency

4.6 All staff employed in the projects shall open bank accounts using the currency entered in the contract in any recognized banking institution

4.7 TMA staff shall negotiate where possible, the best rate when exchanging currencies to get the best value for money

AP-44 APPROVAL LIMIT POLICY

POLICY	EFFECTIVE DATE	ISSUE/REVIEW DATE	POLICY NUMBER
APPROVAL LIMIT POLICY			AP – 44



1. Policy Statement

TMA sets the approval thresholds in order to allow senior staff in the organization to make decisions regarding the organization funds while at the same time improving accountability.

2. Purpose

To provide guidance to TMA staff on the levels of approval of funds and their limits for different expenditures

3. Scope

This policy shall apply to all types of expenditures in the organization

4. Procedure

Document/Action	Approval Limit	Position
Purchase Requests	Up to TZS 100,000	HOD's
	Up to TZS 200,00	Head of Finance and administration
	Over TZS 200,000	CEO
Petty Cash Expenditures	Up to TZ 100,000	HOD's
Workshop/meeting/training budgets	Up to 100,000,000	CEO
	Over 100,000,000	Board of Directors
Signing of Checks/Bank Transfers/ online payments	Up to 100,000,000	TMA BANK signatories
	Over 100,000,000	
Purchase of Equipment	TZS 150,000 and below	HOD's
	TZS over 150,000	CEO
In-country Travel Requests	Any amount	CEO
International Travel Requests	Any amount	CEO
Consultant Agreements	Any amount	CEO
Payroll Changes	Any amount	CEO
Staff Hire Letters	Any amount	CEO



Timesheets	Any amount	HR
Cash Flow Projections	Any amount	CEO
Voucher Approval (before check signing)	Any amount	CEO
Advances	Up to 2/3 of one's basic salary	CEO

AP-45 ALLOWABLE AND UNALLOWABLE COST POLICY

POLICY	EFFECTIVE DATE	ISSUE/REVIEW DATE	POLICY NUMBER
ALLOWABLE AND UNALLOWABLE COST POLICY			AP – 45

1. Definition of Allowable and Unallowable Cost

An allowable cost is a cost that can be paid by a contract or grant. A cost is allowable only if: The cost is reasonable; it reflects what a prudent person might pay. The cost is allocable; and only if the contract or grant that paid the expense benefits from it.

Unallowable costs are charges incurred by a program that cannot be covered or reimbursed through a contract or grant. It can be the following:

- Contingencies
- Entertainment (differs from non-profit regulations)
- Fines, penalties, and mischarged
- Independent research and development costs
- Insurances where the contractor is the beneficiary and that are not at market price
- Interests on borrowings
- Lobbying and political activity costs
- Losses on other agreements (USG or not)



- Costs associated with M&E and with planning or executing organization or reorganization of corporate business structure, and costs associated with raising capital or change in ownership.
- Patents
- Costs for relocation of an employee who resigns before 12 months for reasons within his/her control.
- Taxes for financing, refinancing, or reorganizing and organization.
- Alcohol

2. Policy Statement

This policy discusses allowable and unallowable expenditures for the procurement of supplies, materials, equipment, and contractual services, and the reimbursement of employees for business-related expenses. As a major Mentoring institution funded in part by grants and Individual contributions, TMA is held to a high level of accountability for its business practices. All expenditures of TMA funds should clearly and directly support the TMA's mission of empowering leaders, service providers, and citizens across all levels of governance to deliver demand-driven quality services by promoting both downward and upward accountability through various methods including mentorship.

When potential expenditures are questionable, or not specifically addressed in this policy, advance confirmation should be sought by contacting the Finance and Administrative Department.

3. Purpose:

To establish guidelines for the charging of allowable costs on sponsored agreement which are consistent with Contractor or grantor regulations.

4. Scope:

TMA Department/Units and staff who request and authorize expenses on procurement of goods and services.



5. Procedures for Allowable and Unallowable

In order to comply with contractor's or grantors requirements TMA has Written procedures for determining the allowability of costs which are provided in the following guidance:

5.1 Direct and indirect costs must be allowable, allocable, and reasonable in order to be charged to the Contractor or Grantors.

5.1.1 Factors affecting allowability of costs.

Except where otherwise authorized by the Contractor or Grantors, costs must meet the following general criteria in order to be allowable under Contractor or Grantors awards:

- (a) Be necessary and reasonable for the performance of the Contractor or Grantors award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Contractor or Grantors award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both Contractor or Grantor- financed and other activities of the TMA.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Contractor or Grantors award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Contractor or Grantors award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP).

Not be included as a cost or used to meet cost sharing or matching requirements of any other Contractor or Grantors-financed program in either the current or a prior period. See also Cost sharing or matching paragraph (b).

- (f) Be adequately documented.



5.2 Reasonable costs.

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the TMA is predominantly Contractor or Grantors-funded. In determining the reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the TMA or the proper and efficient performance of the Contractor or Grantors award.
- (b) The restraints or requirements imposed by such factors as sound business practices; arm's-length bargaining; Contractor or Grantors, state, local, tribal, and other laws and regulations; and terms and conditions of the Contractor or Grantors award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the TMA, its employees.
- (e) Whether the TMA significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Contractor or Grantors award's cost.

5.3. Allocable costs.

- (a) A cost is allocable to a particular Contractor or Grantor's award or other cost objectives if the goods or services involved are chargeable or assignable to that Contractor or Grantor's award or cost objective in accordance with relative benefits received. This standard is met if the cost:
 - i. Is incurred specifically for the Contractor or Grantors award;
 - ii. Benefits both the Contractor or Grantors award and other work of the TMA and can be distributed in proportions that may be approximated using reasonable methods; and

- iii. Is necessary to the overall operation of the TMA and is assignable in part to the Contractor or Grantors award in accordance with the principles in this sub part.
- (b) All activities which benefit from the TMA's indirect (F&A) cost, including unallowable activities and donated services by the TMA or third parties, will receive an appropriate allocation of indirect costs.
- (c) Any cost allocable to a particular Contractor or Grantors award under the principles provided for in this part may not be charged to other Contractor or Grantors awards to overcome fund deficiencies, to avoid restrictions imposed by Contractor or Grantors statutes, regulations, or terms and conditions of the Contractor or Grantors awards, or for other reasons. However, this prohibition would not preclude the TMA from shifting costs that are allowable under two or more Contractor or Grantors awards in accordance with existing Contractor or Grantors statutes, regulations, or the terms and conditions of the Contractor or Grantors awards.
- (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Contractor or Grantors award, the costs are assignable to the Contractor or Grantors award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.



- (e) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

5.4 Direct Costs: Costs that can be specifically and readily identified with a particular project or activity, Subpart E and the Cost Accounting Standards require costs to be accumulated and reported at the same level proposed in the budget

5.5. Facilities and Administrative (F&A) Costs that are incurred by the Institution for common or joint objectives and cannot be identified specifically with a particular project or program. These costs also are known as “indirect costs” or “overhead”. When charging costs that are typically "indirect" directly to Contractor or Grantors awards, use object codes that clarify allocability/allowability. By way of example, "long-distance calls" are usually allowed as a direct cost. "Local calls" are typically not allowable unless the nature of the award is one where an inordinate amount of local calls is required (e.g., a survey grant). Once a determination of allowability, reasonableness, and allocability has been made, it is important that all expenses be charged to the appropriate expenditure account code and program. Budget and expenditure information recorded in the accounting system serves as the basis for

- a) the preparation of the yearly financial statements of TMA
- b) department-level planning and reporting.
- c) fund-specific planning and reporting.
- d) Facilities and Administration Cost proposal preparation and rate calculation.
- e) audit reviews and many other uses.

The hierarchy to determine the allowability of a cost includes:

Contractor or Grantors Award Terms and Conditions. If the Contractor or Grantors Award Terms and Conditions does not explicitly state whether a particular cost is allowable or unallowable, then TMA shall discuss it further with contractor or grantor for clarity



AP-46 BANK MANAGEMENT

POLICY	EFFECTIVE DATE	ISSUE/REVIEW DATE	POLICY NUMBER
BANK MANAGEMENT POLICY			AP – 46

1. Policy Statement

TMA shall maintain its funds in bank accounts that are safe, and reputable, which give excellent value for money embracing cost-effective manners.

2. Purpose:

To outline the procedures and specify the manner in which all TMA bank accounts shall be operated and managed to ensure accountability, transparency and effectiveness.

3. Scope:

This policy statement applies to all bank accounts maintained by the Organization

- (a) The TMA Management team shall propose, and the TMA Finance, Planning and Administration Committee approved the appointment of bankers and the opening and closure of all TMA bank accounts. In making their determination, the TMA Board shall take into consideration the reputation of the bank, the safety and security of funds, efficient service, cost of service, value for money and other criteria that they deem to be in the interests of TMA.
- (b) Finance, Planning and Administration Committee shall also approve the rules governing the operation of bank accounts, including types and currencies of accounts, signatories and the authority levels of each signatory, minimum signatory requirement and other safety measures.



- (c) All decisions regarding the operation of bank accounts shall be documented in writing and communicated with the relevant banks in writing by the Head of Finance and administration.

- (d) All bank accounts shall be registered in the name of Tanzania Mentors Action or its abbreviated name, TMA. In the latter case, where a designated bank is required under the terms of the partnership agreement, the bank account name may also contain the name of the project without missing of the TMA abbreviation/ in full name. For example, ‘TMA- General Accounts’/Tanzania Mentors Action-General Accounts

- (e) Unless determined otherwise, TMA shall maintain separate bank accounts for funds in Tanzania shillings & foreign currency with its bankers.

- (f) TMA shall, wherever possible place surplus funds in interest-bearing accounts and seek arrangements, whereby bank charges, inter-account transfer fees and foreign exchange losses are kept to a minimum. All earnings and bank charges shall be fully accounted for and documented on a monthly basis and reflected in the accounting records.

- (g) The accountant shall prepare a payment plan for number of supplier/payees checked by the Head of Finance and Administration and approved by the CEO

- (h) The accountant shall monitor bank balances daily. To avoid incidents of ‘bouncing cheques/online payments’, penalties and jeopardizing the reputation of TMA, the Accountant shall ensure that cheques are not written, where there are insufficient funds in any bank account and notify the same the Head of Finance and Administration

- (i) It shall be a serious offence, and a breach of these Finance Regulations, for any cheques, not containing a payee name, to be pre-signed



- (j) Except for the circumstances, only a person, who is an employee of TMA holding a valid contract, shall be a signatory of TMA bank accounts. The Management to inform the Board and respective bank, whenever an authorized signatory is no longer employed by TMA. Any employee, who is serving a probation period of his /her contract, may not be a signatory of TMA bank accounts.
- (k) The accountant (or the Assistant Accounts Officer) shall normally write cheques. However, to achieve proper segregation of duties and for the check and balances, the accountant and other employees shall not be signatories to TMA bank accounts.
- (l) The Head of Finance and Administration may delegate to an Accountant with limited authority to present documents to the banks, cash cheques, make deposits, obtain bank statements and other such transactions, provided that such privileges are clearly specified in writing and cannot be construed in any way as denoting signatory authority.

Signatories

It shall require cheques, online payment transactions and other bank transactions to be signed by at least two authorized Signatories. Please refer to the below for signatories and permutations

Unless determined otherwise, signatories of TMA bank accounts shall comprise the following:

- i. Chairman of TMA Board of Directors
- ii. Treasurer of Tanzania mentors Action
- iii. Secretary of the Board of Directors/CEO
- iv. Head of Finance and Administration



The TMA shall operate as few bank accounts as possible. New accounts may only be opened with the approval of the TMA Board of Directors. Bank accounts held should be reviewed once a year by the finance council. The following persons shall be the signatories to operate the Bank Accounts.

GROUP A

- I. Chairman of TMA Board of Directors
- II. Treasurer of Tanzania mentors Action

GROUP B

- i. Secretary of the Board of Directors/CEO
- ii. Head of Finance and Administration

The signatory mandate is two to sign. To effect payment, a cheque or any other instrument must bear two signatures, one must be group A and one from group B.

At any circumstances signatories are not allowed to sign a blank cheque. All cheques shall be attached with sufficient supporting documents.

Electronic Banking Control Procedures

The following internal control procedures must be in place at all times:

- 1. Only the bank approved signatories and payment approved initiators shall be approved users with access to the online bank system.
- 2. Each approved users with access can only perform one electronic banking action, i.e., initiate, review, or approve. Only the bank signatories can approve transactions.
- 3. Board must approve any employee who will be added or removed from the list of approved users.
- 4. Approved users shall not access the online banking system from an insecure network, including a public wireless network or public computer (e.g., at an internet café).



Payment Preparation Process

1. The Accountant/Finance Officer receives the payment request or invoice and stamps it “Received” with date to indicate the date the request was received in the Accounting Office.
2. The Head of Finance and Administration reviews the payment request for completeness of documentation and allowability of costs. If the documents are not in order, he/she then returns it to the appropriate person for correction.
3. If the documentation is correct, a voucher is entered into QuickBooks by the Accountant/Finance. All vouchers must be in numerical order.
5. The packet of vouchers and the unsigned checks or unapproved electronic payments are given to the Head of Finance and Administration for review and then to the CEO for approval. The Head of Finance and Administration will review to ensure proper coding and indicate approval by signing the vouchers in the designated space and returning them to the Finance Officer.
6. Accountant/Finance initiates the payment in the bank system and notifies through email the authorized signatories to approve and release the payment.
7. The check, electronic funds transfer or mobile money payment is then prepared by the Accountant/Finance. The check, electronic payment ‘batch’ confirmation, or the mobile money initiation confirmation page are attached to a printout of the QuickBooks voucher as supporting documentation.
8. All documentation for the transaction is stamped with a “PAID” stamp to ensure that these documents cannot be used again for another cash disbursement.