

SUSTAINABLE HUB FOR POLICY INITIATIVES



FINANCIAL POLICY

SUSTAINABLE HUB FOR POLICY INITIATIVES
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MUSOMA

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1.0 INTRODUCTION

This policy details the various financial management guidelines that are relevant to the organization as far as the enhancement of proper controls is concerned. It will ensure that cash is disbursed only upon proper authorization of management for valid organization purposes and that all disbursements are properly recorded. It will also ensure that a record of the activities for which the money was disbursed is kept. Petty cash and other working funds are disbursed only for proper purposes, are adequately safeguarded and properly recorded. It will also ensure payroll disbursement are made only upon proper authorization to organization employees, that payroll disbursements are properly recorded and that related legal requirements i.e. NSSF & PAYE deductions are complied with. fixed assets are acquired only upon proper authorization, are adequately safe guarded and properly recorded.

2.0 FINANCIAL YEAR AND RECORD KEEPING

The Organization financial year shall commence on 1st July every year and end on 31st June of the financial year. Proper books of account shall be kept by organization's accountant who shall record all the organization's financial transactions and facilitate the extraction of financial statements at intervals specified by the organization management from time to time. Accountant shall keep a record of the entire organization's expenditure for preparations of Financial Statements.

At the end of each quarter, accountant shall ensure that report is submitted to Management committee. The report shall be submitted by the 15th day of the month following the quarter being reported on.

In addition, at the end of each financial year, shall prepare the final financial statements which shall be ready for auditing by the 30th May of following the close of the year.

3.0 BUDGET FORMULATION

Every may, the executive committee will budget for their respective departments/areas. Their budgets will be forwarded to the SHPI executive director for discussion before a consolidated budget is forwarded to the board of directors for review by the 20th day of June. The board chairperson shall submit the budget to annual general meeting for approval before 30th June of the respective financial year.

4.0 BUDGET IMPLEMENTATION AND CONTROL

It shall be the responsibility of the accountant to ensure that no expenditure is incurred outside the provisions of the budget.

In pursuance of the above objective, the accountant shall from time to time bring to the notice of the Executive Director, any budget line which is about to be exhausted and any big expenses which were not budgeted for. In addition he/she shall submit monthly reports to the Executive Director showing amounts allocated to each budget line, amounts spent at the time of reporting and the balance thereof.

Redirection of funds from one budget line to another to cover expenses that were not originally budgeted for will be discussed in the PRECC Management Committee before a request for redirection is forwarded to Board of Directors for approval.

5.0 PAYROLL

The cashier will submit the names, account numbers and NSSF numbers of any new employees to accountant by the 15th day of each month to ensure that salaries are processed and credited to employees' accounts by the end of the month.

Cashier will prepare the payroll which will be approved by the organization accountant. The payroll will then be forwarded to the SHPI director who will check to see if it is in order.

Accounting department will effect the deductions of Pay as You Earn tax and 10% NSSF contributions from employee salaries. The Organization will contribute 10% of employees' salaries to NSSF contributions. The NSSF & PAYE cheques will be forwarded to the accountant who will ensure that these are paid to the respective authorities not later than the 7th day of the subsequent month.

(See appendix 2 for basic salary)

6.0 PURCHASING PROCEDURES

The Heads of sections for a Organization area requiring any items/services that have to be externally sourced should prepare a detailed description of the items/services required including their specifications, quantities and scientific names where applicable. In cases of consultancy or other professional services, detailed terms of reference should be developed. This requirement also applies to venues for meetings or training workshops. The detailed descriptions will be forwarded to the accountant before its further forwarded to the procurement committee.

- 6.1 Based on the descriptions and after reviewing the relevant budget lines in consultation with the Executive Director, the accountant will allow the procurement committee to cause quotations and submit to accountant. For all procurements, three quotations shall be solicited.
- 6.2 For all procurements, quotations will be done by procurement committee as described in procurement policy.
The lowest priced supplier quotation received will normally be awarded the order; However other factors such as quality of the goods and services in question, credit scheme provided delivery of goods where necessary, quantities available, value for money, lead time and the reputation of the supplier are factors in then decision process.
- 6.3 Suppliers selection method/criteria
All suppliers will have to be pre-qualified and they will have to meet the following set of minimum requirements;
- ii) Have a valid operation license
 - iii) Have at least four years record of proven success in the supply of the products or services that they deal in
 - iv) Ability to offer credit facilities for a period of not less than two weeks to the Organization
 - v) Ability to deliver supplies to the SHPI office or stores as maybe required
- 6.4 Once a supplier has been selected, the decision will be communicated to the accountant by the chairman of the procurement committee. Procurement officer will then prepare a Local purchase order (LPO). The LPO will bear signatures of both the reviewers of the quotation and the person who approved the purchase before it is issued to the supplier. The LPO will also include the approved items from the submitted detailed description and the period of validity will also be clearly stated. No substitution of items is allowed to the order.
- 6.5 All approved items will be received by the Procurement Officer; They will verify the authenticity based on the Local purchase order. All goods shall first be reported as received on a duly signed Goods Received Note (GRN) before they are forwarded to the respective Organization departments/areas for distribution.

- 6.6 The invoices and delivery notes should be forwarded to the accountant who is responsible for requisitioning for the suppliers' payments. The accountant will keep the original invoices while copies should be kept by the Procurement officer and the Head of Section of the requisitioning Organization area.
- 6.7 In case of goods that are not delivered directly to the office for verification, as well as in the case of services, the procurement officer shall always seek for written endorsement from the relevant officers that the goods and services have been properly supplied before accountant effecting final payments.
- 6.8 Materials, equipment, supplies and services should not be ordered, picked up or performed until an LPO has been issued. No telephone orders of any kind should be placed by any employee of SHPI. See Appendix 1 for Procurement Guidelines for Technical and Professional Supplies for SHPI

7.0 **HANDLING OF PETTY CASH**

- 7.1 The petty cash float shall be operated on an imprest basis. The imprest level shall be set at One Hundred Thousands shillings (TZS 100,000/-) The petty cash shall be kept by the Accountant/Cashier and will be responsible for all petty cash activity. The Accountant/Cashier will ensure the safety of the petty cash funds.
- 7.2 The maximum payment that may be made from the cash imprest is TZS 10,000/-. The imprest may be topped up when the balance falls below TZS 40,000/- This level maybe amended as required with the agreement of the SHPI Executive Committee.
- 7.3 All petty cash disbursements will be made on a petty cash payment voucher. Petty cash payments shall be authorized by the accountant prior to payment and this will be evidenced by their signature on a cash requisition form raised by the person requiring the cash. The cash requisition form will detail the nature and reason for the purchase. See Appendix 2. The recipient of the cash being disbursed will be required to sign the petty cash payment voucher. See appendix 3.
- 7.4 An excel based petty cash ledger with pre-inputted computing formulae and budget categories shall be used to track the receipts and

disbursements of petty cash on a daily basis. It shall have a provision of the person counting the cash and the one witnessing the count and the soft copy maintained for backup and audit trails.

- 7.5 When replenishment is required, only those payments for which accountability has been provided should be included. Staff given money for any purpose should be instructed that a receipt is necessary and any unspent balance must be returned.

8.0 PAYMENT REQUISITIONS

- 8.1 For all items whose cost price is more than 10,000/-, payment requisitions shall be raised (See Appendix 4 for the payment requisition form). These shall be prepared by the purchasing Officer & pass through authorization process
- 8.2 Payments above 100,000/- shall be made by cheques prepared by Accounting department on the basis of the authorized requisitions.

9.0 BANK TRANSACTIONS

- 9.1 All bank reconciliation statements shall be prepared by accounting department at the month-end to ensure that any errors, omissions and discrepancies are detected and rectified in time.
- 9.2 All bank reconciliation statements shall be prepared by the account department and reviewed by the accountant and approved by executive director. All bank reconciliation statements shall have a provision showing the preparation date, the preparer, the reviewer and the reviewing date, approval and approved date.

10.0 FIXED ASSETS

- 10.1 A comprehensive asset register detailing the asset description, original cost, serial and engraved numbers, date of purchase and location shall be maintained.
- 10.2 All the organization assets with the exception of the motor vehicles and motorcycles shall be engraved.

- 10.3 A physical asset counts on a quarterly basis and sometimes at random shall be carried out by the procure officer and reviewed by the executive director.
- 10.4 The Physical Asset count shall be reconciled to the asset register and any discrepancies followed up and rectified. The executive director shall review the reconciliation. This shall ensure the safeguard of the organization assets.
- 10.5 All current and fixed assets should be insured comprehensively
- 10.6 All donor money will be insured/covered by fidelity insurance

11.0 AMENDMENT STATEMENT

These policies and procedures are subject to amendment by the SHPI Board of Directors in order to meet any changes in national legislation, recommended accounting practices and donor requirements.

STANDARD OPERATING PROCEDURE

SUSTAINABLE HUB FOR POLICY INITIATIVES

Number: SHPI//

Title: PROCUREMENT GUIDELINES for TECHNICAL AND PROFESSIONAL SUPPLIES for SHPI

Number: SHPI// Supersede Number:	Division:
Effective date:	
<i>Written by:</i>	<i>Reviewed and approved by:</i>
Name:	Name:
Designation:	Designation:
Signature:	Signature:
Date:	Date:

DISTRIBUTION LIST

SHPI Board of Director	
SHPI Managing Director	
SHPI DFA	
Director of Departments	
Project Heads	
Project staff	
SHPI Master file	

Title: PROCUREMENT GUIDELINES for TECHNICAL AND PROFESSIONAL SUPPLIES for SHPI.

1. PURPOSE

To guide the personnel involved in the procurement of Technical and Professional supplies in the organization; and to produce a uniform, consistent and transparent system of channeling supplies.

2. BACKGROUND/RATIONALE

Technical and Professional supplies are goods that require a lot of technical and professional specifications in their acquisition, transportation, storage and usage. Their procurement should always be guided by the needs of the technical end-users and should be done under approval and supervision of a representative of the necessary organization area, in this case either a Professional or a technician for certain equipments.

In respect therefore, SHPI shall employ the pull system of supplies chain management. This means that all procurement should be based on evidence of needs and as well the prevailing consumption or morbidity patterns.

3. SUPPLIES/MATERIALS:

- a) Request for quotation book
- b) Goods received note (GRN) book
- c) Pens
- d) Calculator
- e) Proforma invoices/quotations
- f) SHPI Products Quality assurance handbook

4. PROCEDURES

4.1 Quantification of needs

The quantity of supplies to order for the organization shall always be dictated by the available stock and the expected consumption of the product in the Organization.

a) Stock levels

A minimum and maximum stock level shall always be determined from time to time. The minimum stock level is that quantity of supplies required meeting current consumption of the organization for two (2) months.

The maximum stock level is the stock level required to meet the current consumption demand for six (6) months.

The reorder value of supplies is the value of stock needed to meet the current stock demand for at two and a half (2½) months.

Average monthly consumption should always be used and is determined by the formula:

Average monthly consumption= consumption of a good over last three months

Three (3)

b) SHPI Procurement lead time for supplies

The procurement lead time for Technical and Professional supplies shall be considered to be two weeks or fourteen calendar days. This is the time from placing a quotation up to delivery of the supplies to the store.

c) Methods of quantification

Two methods of quantification shall be used to estimate the quantity of a particular good to be ordered for the organization; consumption method and the morbidity method.

i) Consumption method

Here the quantity to be ordered will be that required to top up the current stock of supplies to meet the maximum stock level. It is calculated from the formula below:

$$A = B - C$$

A is the quantity to order.

B is the maximum stock level.

C is the current stock balance.

ii) Morbidity method

Here order supplies basing on the expected consumption and prevailing consumption state. The quantity to be ordered shall be calculated from the formula outlined below:

$$A = (B - C) + D$$

A is the quantity to order

B is the maximum stock level

C is the current stock balance

D is the expected increase in consumption over three months' period. It is determined from the expected recruitment of new cases entering the Organization departments/areas projected over three months.

d) Drawing forecasts

For very specialized equipments, a rolling forecast of possible consumption of at least six months should be drawn and given to the prospective chosen supplier to prepare for its' importation. The head of every section shall be required to draw a three-months forecast every time and submit to the accountant for sanctioning.

e) When to order

Supplies should be ordered as soon as they fall to the reorder level. The purpose of the reorder level is to account for the possible bottlenecks to be experienced in the procurement process. All calculations should be done basing on reliable data from stores consumption records (stock cards), technician reports and baseline surveys done.

4.2 Supplies needs reconciliation with available funds in event of inadequacy of funds, the supplies needed shall be reconciled to be within the budgetary ceiling using the VEN method. Here supplies shall be classified as Vital, Essential or Non-essential hence focusing priorities on the most crucial needs.

4.3 Suppliers selection method/criteria

All suppliers for Professional or technical products will have to be pre-qualified to meet a set minimum standards or criteria as outlined below:

a) Technical and Professional suppliers should meet the following criteria:

- i. Have a valid operation license issued by the Tanzania Relevant Authority and should be under supervision of a qualified and registered board
- ii. Have at least four years record of proven success in the supply of multiple Technical and Professional products or a specialized class of service
- iii. Should be supplying products from factories that have passed CGMP (current good manufacturing practice) audits in both countries of manufacture and by Tanzania. At times proof of this will be required as well, a certificate of analysis of a product may be demanded for to ensure quality and compliance.
- iv. The product to be supplied must be appearing on the Tanzania Standard of Bureau at time of supply. In case of absence from that register, a copy of marketing authorization from the Registrar of relevant authority should be provided.

- v. A supplier must be able to offer a credit scheme to SHPI with a minimum amount of at least five thousand US dollars (US\$5,000) or TZS 7,500 as will be determined by SHPI Board of Director from time to time
- vi. Ability to meet a wide range of product/service lines as standard will be set according to type of product or service from time to time.
- vii. The cost of the product being supplied must not have a positive deviation from the average market price of that brand by 15%. Exceptions shall be taken into account for periods of scarcity of such product.
- viii. Preference in ordering will be given to suppliers with ability to deliver the supplies to the organization store.

Upon pre-qualification, the required supplier for any product shall be selected after a request for quotation has been issued. The best quotation may not necessarily be the lowest cost but will take into account the best conditions. Such conditions will include:

- ii) Credit scheme provided
- iii) Delivery of goods to store (where necessary)
- iv) Quantities available
- v) Speed of delivery
- vi) Quality of the product to be supplied i.e. source, expiry date etc.

4.4 Purchasing of Supplies

Supplies shall be purchased after a carefully evaluated process that will involve:

- a. Quantification
- b. Request for quotation
- c. Selection of best quotation
- d. Ordering of goods and setting specifications
- e. Delivery and confirmation of receipt of supplies in store
- f. Payment of the goods.

A technical person should be always involved to continuously check the quality parameters for every specified item being supplied. For all supplies, the order should always be checked and approved by head of section before a LPO is raised.

Mode of procurement:

All guidelines of the administration FM on procurement apply. It will as well include:

- a) A tendering process will be used for all supplies to be purchased at a cost exceeding twenty five million (25m) shillings.

- b) However, under emergency situations, supplies can be ordered from one or two renowned suppliers to meet the needs.
- c) Technical Product/Professional services shall have sole-source commitment with a renowned supplier who will from time to time be called upon to negotiate on prices based on the costs announced by the by respective provider(s).

Placing an order

- a) An order should be placed only on a duly signed Local Purchase order which comes in triplicate.
- b) The original should be given to the supplier, duplicate to the stores personnel expected to receive the goods/services and the triplicate should remain with the officer ordering.
- c) A copy of the quotation of the supplier should be attached to the duplicate copy of the LPO.

4.5 Evaluation of suppliers' performance

Suppliers shall be constantly evaluated on their performance and adherence to the agreed upon terms. This will be used at the end of the procurement cycle to plan for future renewal or cancellation of a contract.

Departments/areas for supplier evaluation are:

- i) Technical criteria: ability to meet the desired quality and compliance with sample or specifications given.
- ii) Financial criteria: The financial stability of the supplier and what negotiating power is available.
- iii) Commercial criteria: Shall consider customer care, market coverage, supply history, experience, and number of customers.
- iv) Competitiveness: cost and quality of goods as compared to a known competitor.
- v) Environmental procedure: policy on preservation of the environment, disposal of expired products, etc.
- vi) Ethical criteria/ corporate responsibility: labour source, respect for human rights, etc.

4.6 Shelf-life Acceptance Criteria for products

All products to be received in the Organization store shall conform to the expiration requirements as mentioned in the table below:

Labeled Shelf-life	Minimum remaining shelf-life allowed
Less than 2years	60% of labeled period
2 years	14 months
3 years	25 months
4 years	33 months
5 years	48 months

i. Donations:

All donations to SHPI shall have at least 50% of their labeled shelf-life left OR 6months of the shelf-life left if the product is projected to be used within 4 months. Entry of donations to the Organization store shall always be sanctioned by either the head of services of a named Organization area or the executive director

ii. ATTACHMENTS

- a. Local Purchase Order (LPO) book
- b. Request for Quotation book
- c. Goods received note
- d. Proforma invoice
- e. Product/Service classification and blocks for SHPI

iii. DOCUMENTATION/REFERENCES

- a. Government of Tanzania, Ministry of Health; Health Information Management Systems (HIMS) guidelines.
- b. Management sciences for health; managing drug supply.
- c. Ministry of Health Tanzania, (Jul. 2002); Manual on drug logistics and Stores management procedures for Districts and Health Units.

Appendix 1:
PAYMENT REQUISITION FORM

PRF No.

Project

Name:.....

Applicant Name:.....Position:.....

Date of accountability:...../...../.....

Description (full details – attach documents as necessary)			
No.	Item	Unit	Amount(Tsh)
Total			

Amount in words

.....
.....

Requested by:

Name:Signature: Date...../...../.....

Project coordinator/Field officer/Staff

Checked by:

Name:Signature: Date...../...../.....

Accountant

Approved by:

.....Signature:.....Date...../...../.....

Executive Director

Appendix 2:
Petty Cash Voucher

SUSTAINABLE HUB FOR POLICY INITIATIVES	PETTY CASH VOUCHER	
	No.	
	Date	/ /
PAYEE:..... Position:.....		
PARTICULARS	AMOUNT(TSH)	
TOTAL		
Prepared by:	Approved by:	Received by:
_____	_____	_____
Accountant	Executive Director	Cashier/office attendant/staff

This petty cash voucher will be valid only if signed and stamped by the accountant and approved by the executive director

Appendix 3

BANK RECONCILIATION FORM

Office: _____ Currency: _____ Date: _____

Bank Statement Date:	Bank Statement Sheet Number:
-----------------------------	-------------------------------------

	Amount
Balance on bank statement	
Less payments in accounts, not on statement (e.g. unpresented cheques)	
Total Deduction:	
Less receipts on statements not in accounts (e.g. income received by bank)	
Total Deduction:	
Plus payments on statements not in accounts (e.g. bank charges)	
Total Addition:	
Plus receipts in accounts not on statement (e.g. income not yet banked)	
Total Addition:	
Adjusted balance on the bank statement:	
Balance on bankbook:	

Prepared by: _____ Date: _____

Remarks: _____

Appendix 4
Receipt Voucher

CASH RECEIPT

SUSTAINABLE HUB FOR POLICY INITIATIVES

Receipt No.

Date:...../...../.....

TIN: No.

Cash Received From.....the amount of Tsh.....

For.....

PAYMENT MADE BY	
Cash	
Cheque	
Others	

ACCOUNT	
Total Amount Due	
Amount Paid	
Balance Due	

Amount Received

by:.....

Signature

Appendix 5:
Journal Voucher

JOURNAL VOUCHER			NO: _____	
Office: _____		Month: _____	Year: _____	
Ref. No.	Description	Account Code	Debit (Payments)	Credit (Receipts)
Column Totals				
Prepared By: _____ Date: _____				
Authorised By: _____ Date: _____				

Appendix 6: Salary Sheet

SALARY SHEET

Office: _____ Currency: _____ Month: _____

Gross Pay	Allowances			Deductions		Other	Net Pay	Name	Signature
				Tax					

Prepared By: _____ Paid By: _____ Authorised By: _____
 Date: _____ Date: _____ Date: _____

CASHBOOK 1 CASH TRANSACTIONS

OFFICE NAME "OFFICE NAME" MONTH: "MONTH"
 ACCOUNT "ACCOUNT NAME" YEAR: "YEAR"

OPENING BALANCE	ENTER HERE >>>>>>>>		Analysis
Total Receipts		-	Sheet Total
Total Payments		-	
Closing Balance	=	-	-

Date	Voucher No.	Description	Acc. Code	RECEIPTS	PAYMENTS
TOTAL				0.00	0.00

Prepared By: _____ Date: _____

Checked By: _____ Date: _____

Appendix 9: Bank Transactions

CASHBOOK 2 BANK TRANSACTIONS

OFFICE NAME
ACCOUNT

"OFFICE NAME"
"ACCOUNT NAME"

MONTH:
YEAR:

"MONTH"
"YEAR"

OPENING BALANCE	ENTER HERE >>>>>>>>>>		Analysis
Total Receipts		-	Sheet Total
Total Payments		-	
Closing Balance	=	-	-

Date	Voucher No.	Description	Acc. Code	RECEIPTS	PAYMENTS
TOTAL				0.00	0.00

Prepared By: _____ Date: _____

Checked By: _____ Date: _____

Appendix 13: Committed Expenditure Register

COMMITTED EXPENDITURE REGISTER

Office: ***OFFICE NAME***

Month: ***MONTH***

Year: ***YEAR***

Date	Description	Accounts Code	Ref (inc. PO)	Where purchased	Account to be charged	Amount	Currency	Registered in accounts?	

Use this form to record all costs that have been incurred but not paid for, which you will have to pay for eventually.
 E.g.: Goods bought for the office in a different country; goods ordered but not yet paid for; goods bought on credit.

Prepared By: _____ Date: _____

Checked By: _____ Date: _____

Appendix 14: Float Register
FLOAT REGISTER

Office: *OFFICE NAME*

Month: *MONTH*

Year: *YEAR*

Date	Balance b/f	Currency	Amount	Description (inc. voucher ref.)	Name	Signature	Balance Returned		Receipts Submitted			Balance c/f
							Date	Amount	Date	Amount	Journal See NOTE	

The expenditure accounted for must be entered on the "Consolidation Form" as a journal. This will reduce the float carried forward and increase expenditure on the accounts to which the receipts refer.

Prepared By: _____ Date: _____

Checked By: _____ Date: _____

Appendix 16: Funding Grid FUNDING GRID

Office: *OFFICE NAME*

Month: *MONTH*

Year: *YEAR*

Currency: *CURRENCY*

Code	Description	Budget	Funder 1		Funder 2		Funder 3		Balance	Notes
			Amount	Status	Amount	Status	Amount	Status		
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
Total		0	0	0	0	0	0	0	0	

Note: There are three possible Funding Statuses: Received, Committed and Uncertain. Only use these statuses in the table.

Prepared By:

Date:

Checked By:

Date:

Policy approval

This policy was formulated by the board of directors to be adopted by all employees in sustainable hub for policy initiatives landscape. It was approved by the board of directors to be exercised on December,2015.

Name	position	signature
1. SINDA MANJI	BOARD MEMBER
2. TIBEZUKA FUNDISHA	BOARD MEMBER
3. NEEMA TENGERSAS	BOARD MEMBER
4. TANGANYIKA MHOJA	BOARD MEMBER