



**STAR  
Ghana**

Strengthening Transparency,  
Accountability and Responsiveness

# Finance Manual

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## Abbreviations, Acronyms and Symbols

|            |   |
|------------|---|
| \$         | Dollar  |
| ¢          | Cedi  |
| £          | Pound   |
| CA         | Christian Aid   |
| DANIDA     | Danish International Development Agency                               |
| DFID       | Department for International Development                              |
| E.G        | Example   |
| E.T.C.     | Et Cetera   |
| EU         | European Union  |
| GBP        | Great British Pound   |
| HR         | Human Resource  |
| IAPG       | Interagency Procurement Group   |
| ICSA       | Internal Control Self-Assessment                                      |
| ID         | Identity  |
| IT         | Information Technology  |
| K          | Thousand  |
| KPI        | Key Performance Indicators  |
| ODI        | Overseas Development International                                    |
| OOR        | On Our Radar  |
| OTC        | Other Team Costs  |
| PBS        | Procurement Bid Summary   |
| PMT        | Program Management Team   |
| PO         | Purchase Order  |
| PROMISE    | Programme Management Information System                               |
| RF         | Request For Proposal  |
| RFQ        | Request For Quote   |
| SC         | Steering Committee  |
| SCA        | Senior Commercial Accountant  |
| SD Direct  | Social Development Direct   |
| SFR        | Standard Financial Return   |
| SFRs       | Standard Financial Reports  |
| SJR        | Standard Journal Request  |
| STAR-Ghana | Strengthening Transparency Accountability And Responsiveness in Ghana |
| T-Codes    | Transaction Codes   |

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## 1.0 Introduction

This Finance Manual has been developed to support the implementation of the STAR-Ghana (Strengthening Transparency Accountability and Responsiveness in Ghana) Programme and guide day-to-day financial management activities for the first three years of the Programme period. Financial management is the responsibility of all staff working on the STAR-Ghana programme.

STAR-Ghana is a 5 year multi-donor funded Programme (by DFID, DANIDA and EU with DFID as the lead) is managed by a consortium led by Christian Aid and sits under the Commercial Services division. The rest of the consortium partners are Overseas Development International (ODI), Social Development Direct (SD Direct), Nkum & Associates, On Our Radar(OOR) and MANGO.

Christian Aid (CA) as the service provider holds the contract for STAR Ghana Programme with DFID (and DANIDA, EU). In view of this, Christian Aid policies and procedure form the base for the development of all STAR Ghana's policies and procedures. This manual therefore has been drafted in line with the overall CA policy unless in specific situations where it has been amended to suit STAR Ghana peculiarities and context and also in line with Donor requirement. STAR Ghana and Christian Aid may be used interchangeably.

The Vision of the Programme is to see an active and engaged civil society, capable of articulating citizens' demands and an effective state that is responsive and accountable to its citizens. STAR-Ghana's goal is to develop a vibrant, well-informed and assertive civil society able to contribute to transformational national development and inclusive access to high quality, accountable public services for all Ghanaian citizens. STAR-Ghana builds on the first phase of the STAR-Ghana programme (2010-2015).

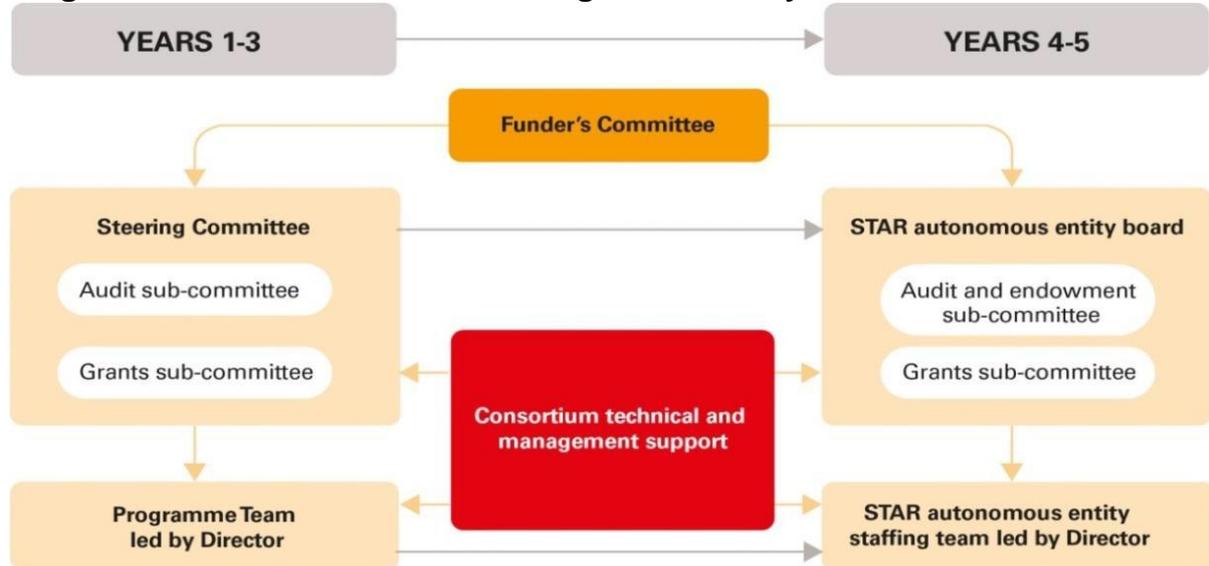
STAR Ghana has a dual focus - catalysing the efforts of citizens towards systemic change on specific issues, and working towards the creation of a Ghanaian-run corporate entity to sustain support for these efforts beyond the life cycle of the programme. This is a five-year programme, led by Christian Aid in the first three years, and then transition to an autonomous entity in years four and five.

Three key groups form the day to day operation of the STAR Programme and the Entity, interacting together. Implementation is through the Programme Team, led by the Programme Director in Ghana. This team comprise the core staff of the autonomous entity to be created, so will transition from employment by Christian Aid in years 1-3 to employment by STAR-Ghana in years 4-5. The STAR Programme team therefore comprises the range of functions essential for the effective functioning of an autonomous organisation.

The Steering Committee continues from STAR 1, but with an expanded role that will transform into the governance structure after three years. The role of the Steering Committee is to provide strategic direction for STAR-Ghana, as under phase 1 with significant increase in its responsibility. The Programme Director reports to the Steering Committee and this relationship is not only of a purely advisory nature. In addition, following transition to an autonomous entity, the Steering Committee (or STAR board) will have fiduciary responsibility to ensure that funds are managed effectively.

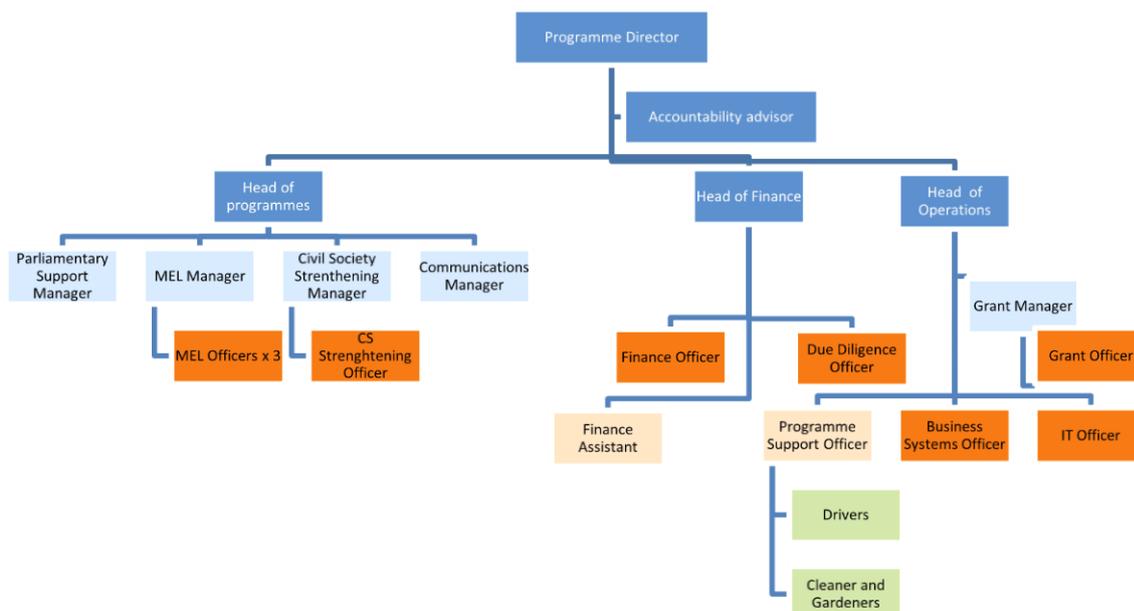
The role of the consortium throughout the five years will be played through a Technical and Management Support function. In contrast to many Grant Making supplier contracts, there is a degree of independence from the steering committee and management team. The support functions therefore focus on providing the means to the Steering Committee and Programme Team to fulfil their own functions, and to manage their transition to an autonomous entity.

**Diagram 1: STAR-Ghana Transitioning to Autonomy**



The Programme Team is the body implementing STAR-Ghana, and will become, during transition, the independent STAR staff team. The team design is developed from the outset, even before formal incorporation, to be able to operate with autonomy and credibility with an agile and resilient structure fit for the future. The structure allows for scaling up or down in line with programme delivery, influencing and business models.

**Diagram 2: A programme Team Prepared for Autonomy**



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For further information, please visit the STAR-Ghana website, [www.STAR-Ghana.org](http://www.STAR-Ghana.org)  
The main process and procedures of STAR Ghana for years 1-3, which is what this document focuses on is based around Christian Aid's International processes and procedures but may have been adapted to suit the context and specific need of the STAR-Ghana programme. Processes will be reviewed after year 3 to reflect the autonomous entity nature as necessary.

If you have any further questions on the issues discussed in this document then please contact Head of Finance – STAR Ghana in the first instance or Senior Commercial Accountant-Christian Aid.

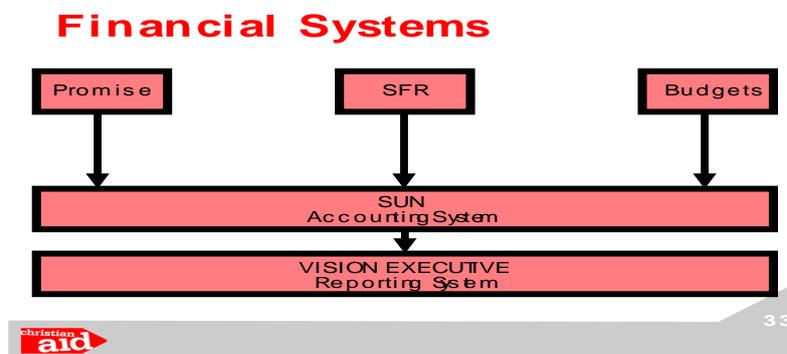
## 2.0 Accounting and Finance Systems

**2.1 SUN:** This is Christian Aid’s (CA) accounting package and main financial system that will also be used by STAR-Ghana. It holds the organisation’s budget and it records all income and expenditure transactions.

SUN shares a common language and interface with other databases used for financial purposes at Christian Aid e.g. Ascent and Promise (see below) enabling data to be imported from them, into SUN. Other financial systems e.g. SFRs (standard financial reports) and payroll are also imported into SUN, ensuring SUN holds a complete financial picture of the organisation.

STAR Ghana does not have direct access to SUN, it accesses relevant information held in SUN via the reporting tool Vision Executive e.g.: for budget monitoring purposes. STAR Ghana financial transactions are entered into the SFR and submitted to CA international office, UK for review, control checks and then uploaded into SUN

**Diagram 3: Other STAR-Ghana financial systems and how they link with SUN**



**2.2 Budget Pack:** This is an excel spread-sheet which holds all the financial data of STAR Ghana programme budget including salary costs, OTC (Other Team Costs; also known as ‘operating costs’ or ‘internal costs’) and programme costs. Once the budget pack has been approved, it is imported into SUN by Corporate Planning Accountant in London and it can then be viewed by STAR Ghana using a report run from Vision Executive.

**2.3 Promise:** PROMISE stands for **PRO**gramme **M**anagement **I**nformation **S**ystem. It is the computer system used across Christian Aid offices worldwide to manage the work Christian Aid delivers and how funding is spent. STAR –Ghana will follow the same procedures for all grantees of the programme. Please refer to the grant manual for more details on PROMISE procedures for more details.

**2.4 SFR (Standard Financial Return):** These are for STAR-Ghana monthly accounts. All transactions incurred within and by the programme and office are recorded in an SFR template which is held in Excel. The spread-sheets are then sent to London Finance where they are imported into SUN.

**2.5 Vision Executive:** This is a reporting tool which is an 'add on' to SUN. It enables users to pull information out of SUN in an accessible format using a number of pre-designed reports. All ID staff (can) have access to Vision Exec once they have completed an online training module.

### 3.0 Coding and Chart of Accounts

Every organisation has a sequence/series of account codes called a chart of accounts at the heart of its accounting system to identify the different activities with which it engages. STAR-Ghana will use the At Christian Aid the chart of accounts (see Table 1 below):

| Code starts... | Type                              | Description  | Type of Account        |
|----------------|-----------------------------------|--|------------------------|
| 0              | Unrestricted Income               | This is general core income, raised from supporters and not restricted to a specific purpose e.g.: funds raised from CAW, CA harvest or Christmas appeals, income from currency gains and investment interest  | Income                 |
| 1              | Restricted Income                 | This is income from institutional donors and appeals for specific activities   |                        |
| 2              | Sales Income                      | This is income derived from the trading activities of Christian Aid Ltd  |                        |
| 3              | Ordinary Expenditure              | This is general operating costs. The account codes fall in the range 311-399 and include costs such as salaries, travel, office rent, bank charges.  | Expenditure            |
| 4              | -                                 | No account codes   |                        |
| 5              | -                                 | No account codes   |                        |
| 6              | -                                 | No account codes   |                        |
| 7              | Partner Costs                     | Grants are debited to account code 7 while other partner programme costs are debited to account code 701 although this is used rarely and only when specific criteria have been met (see <a href="#">(Grants) Use of 701 Policy</a> )  | Assets and Liabilities |
| 8              | -                                 | No account codes   |                        |
| 9              | Bank/Cash & Control accounts      | All CA bank and cash accounts have a unique account code, starting with 9 (9B for bank accounts and 9C for cash). Control accounts such as 91C33 for floats and 96T for overseas staff loans also start with 9.  | Assets and Liabilities |
| A-Z            | Purchase Ledger & Staff Creditors | Supplier account codes in the UK purchase ledger begin with C e.g. CKEY01 is Key Travel; while all staff has a unique employee code. UK staff codes start with the initial letter of their surname, followed by three digits; while overseas staff codes are preceded by the letter Z. |                        |

## 3.1 Transaction Codes (also known as T-Codes)

Transaction codes in SUN are used to provide more information about a transaction, so reports and inquiries run from Vision Executive are more useful and efficient.

The transaction codes are as follows:

|    |                |
|----|----------------|
| T0 | Unit/Team      |
| T1 | Employee       |
| T2 | Activity       |
| T3 | VAT            |
| T4 | Grant          |
| T5 | Region         |
| T6 | Function       |
| T7 | Funding Source |
| T8 | Obsolete       |

### 3.1.1 T0: Unit

The Unit code identifies the unit/team to which the transaction is related, whether receiving the income if an income transaction or responsible for incurring the expenditure if an expenditure. STAR Ghana's unit code is 12271.

### 3.1.2 T1: Employee Code

An employee code is required for any expenditure which relates to a specific individual e.g. salary and related benefits, medical expenses, travel etc. It must also be used with floats and loans. Employees on London based contracts have codes which start with the first letter of their surnames; employees on national contracts have codes which start with Z.

### 3.1.3 T2: Activity

This is useful for linking costs which are associated but may have different funding or unit codes such as multi funded programmes or regional programmes. An activity code can also be useful for identifying a particular cost within a wider set of costs such as the cost of a workshop within a donor funded programme.

Below are activity Codes for STAR Ghana attached as part of appendix. It may be expanded with time to meet donor requirement as necessary.

### 3.1.4 T3: VAT

This relates to suppliers and invoices re the purchase ledger in London whereby charities in the UK are able to claim back some sales tax; it is not relevant to STAR-Ghana office.

### 3.1.5 T4: Grant Code

Each grant which is transferred to a partner has a unique grant code which identifies the project and the financial year. Please refer to Grant Manual for further detail

### 3.1.6 T5: Region

Each grant has a region code. The region code identifies the location of the programme. For Ghana this is WG.

### 3.1.7 T6: Function

This identifies the purpose of the grant, i.e.: towards which corporate priority it contributes. It is used for reporting at corporate level.

### 3.1.8 T7: Funding Source

This identifies where the money is coming from. STAR Ghana falls under the Commercial Contract Funds. STAR Ghana funding source code is 6DDF005.

### 4.0 Christian Aid Financial Year and Accounting Periods

Christian Aid's financial year runs from 01 April to 31 March. The accounting/financial year is named after the year in which it ends so the year beginning April 2016 is financial year 2016/17 and in SUN it will be 2017. There are thirteen accounting periods: the twelve months of the year and a 13th period, which the London Finance team use to make year-end adjustments. STAR – Ghana's financial year will be the same as Christian Aid's.

The accounting periods are as follows:

|               |              |
|---------------|--------------|
| 001=April     | 007=October  |
| 002=May       | 008=November |
| 003=June      | 009=December |
| 004=July      | 010=January  |
| 005=August    | 011=February |
| 006=September | 012=March    |

### 5.0 Accounting for Donor Funds

When a project is funded by an external donor it will be necessary to comply with both donor requirements and statutory accounting regulations. Therefore we must ensure that appropriate procedures are in place for recording income and expenditure, so that financial data can be either extracted from or reconciled with STAR – Ghana and Christian Aid head office audited accounting records.

**5.1 Fund code** is a means of analysing transactions in SUN that relate to a specific grant contract with an external donor. The fund code is allocated through the Notification of Income process. Each donor grant contract must have a fund code. This is 6DDF005 for STAR Ghana.

**5.2 Responsible programme unit** is the division, country office or other programme unit which approves and remits grants and incurs the bulk of expenditure on the project. This unit is also responsible for ensuring that this procedure is complied with.

### 5.3 Responsibilities

The responsible programme unit is responsible for the approval and transfer of grants, the monitoring of the finances of the donor funded project, including ensuring that the amounts received or receivable have been correctly matched with expenditure and entering the budget for the donor fund into SUN.

The programme funding division of CA has oversight responsibility for donor reporting, however STAR Ghana would report directly to the donor. The finance division of CA is responsible for ensuring that the donor funded project complies with statutory accounting requirements.

## 3.0 Income

Unless expressly forbidden by the external donor all income should be sent to one of the corporate Christian Aid bank accounts in London. This ensures that we are able to track all income for the project and also ensures that none of our corporate financial controls are circumvented. All income received for STAR Ghana will be coded to 175 (contract income) with the appropriate funding code (and if necessary activity code) for the donor funded project.

It is also important that the income source manager enters details of all income expected on a donor contract into PROMISE as an income tranche and the income tracking sheet is updated once an invoice is issued to DFID. This also allows the income team in the finance division of CA to identify funds paid into Christian Aid bank accounts and ensure that they are allocated to the correct donor project.

## 7.0 Expenditure

Statutory accounting regulations and good practice require the matching of income with expenditure so that it is clear that funds received for a particular donor funded project and for use in a particular accounting period have been used correctly.

In practice, this means that expenditure for a project should, as far as possible, be coded to the correct fund code (and activity code if applicable) in the first instance. Although costs incorrectly coded can be re-coded to the correct donor funding code at a later date through standard journal requests, any expenditure that needs to be accrued will be done by the Expenditure or Commercial Contract Unit in London.

## 8.0 Annual Planning and Budgeting

During the internal CA budgeting process, the STAR Ghana programme unit must ensure that an appropriate amount is available in its budget for the whole of the project in the year ahead.

All costs should be budgeted under the correct fund code and donor funded project costs (both team costs and grants) to the specific donor fund code and activity code for the particular contract budget header. Any grants to be allocated to each donor fund code should be identified during the budgeting process

### 8.1 Budgets and Budget Transfers

A budget is a plan for future income and expenditure for STAR Ghana. STAR Ghana is required to submit more detailed, operational plans on an annual basis as part of the standard CA budgeting process. Budgets are completed in the budget pack; this is a standardised Excel spread-sheet, designed and issued by the Corporate Planning Accountant, which captures information about salary, OTC (Other Team Costs) and programme budgets, disaggregated by fund code. The budget pack usually goes live in December and is open until mid-January for completion. Once finalised, this budget is loaded into the SUN financial system.

Aside the above process, STAR Ghana will have the following budgets:

- The Donor Contract Budget: the budget agreed with the donor and forming part of the contract focuses on the cost and timing of inputs and activities. It is important that estimates of utilisation/expenditure are as accurate as possible. This budget will normally be updated in the form of a forecast on a monthly basis. Forecasts will cover the period required by the donor(s), normally 12 months.
- Internal Budget: This is a tool for monitoring internal spend may be agreed between STAR Ghana and CA.

### 8.2 Budget Transfers

In certain circumstances, it is necessary to make adjustments to the approved budgets held in SUN, such as when:

- Plans change and funds are to be reallocated from one budget line to another e.g.: if a planned conference is cancelled and the funds will be spent on a consultant instead.
- Plans change and funds are to be re-phased to a later period.
- New and additional funding is received during the financial year (i.e.: that was not included in the planned budget) e.g.: a new donor contract.
- Funds are transferred from/to another team as decided by the Head of Division.
- Authorisation has been received from the donor(s) where amounts exceed their thresholds.

In these cases the Head of Finance will complete a budget transfer request form, which is to be authorised by the Programme Director and submitted to the Management Information Systems unit in London for processing.

## 8.3 Budget Monitoring (including PROMISE) and Forecast

It is essential to monitor expenditure to ensure spending is in accordance with the planned budget, to avoid under/over-spending and to identify any variances or errors which may be incurred. STAR Ghana Head of Finance, Head of Programmes and Head of Operations are responsible for monitoring expenditure against budget on a monthly basis as part of the dashboard process. In addition to this, the programme is monitored monthly against the DFID budget by the STAR senior management team (with inputs from the contracts team in London) using a forecast model which spans across the life of the programme.

## 9.0 Dashboards

STAR Ghana management team are required to complete monthly dashboard reports to report on financial and operational performance. The purpose of the reports is to:

- Provide a snapshot of the programme performance.
- Facilitate effective budget management for the programme through efficient budget monitoring including identification and resolution of variances.
- Inform and enable CA to make strategic decisions re allocation of resources
- Measure progress against organisational KPIs.
- Flag up major concerns so action can be taken to resolve problems more quickly.

The one page template comprises the following sections: Office Information, Financial Performance, Key Performance Indicators, Senior Staff and a section called 'What's keeping me awake' designed to capture the Programme Directors' key concerns. The dashboards are pre-populated with financial data drawn from SUN and with data relating to the Key Performance Indicators drawn from the Grant Policies and the Standard Financial Return traffic light report; and disseminated to country offices according to the reporting schedule which can be found at the end of the Monthly Finance and Operational Performance Guidelines. STAR Ghana has two days to complete and upload the reports online.

While it is standard practice to delegate responsibility for completing the report to the Head of Finance, the Programme Director is responsible for reviewing the reports and ensuring they are completed, accurate and uploaded by the monthly deadline. They are also responsible for ensuring any issues or variances flagged up on the dashboards are resolved.

### 10.0 Cash Flow Requests

STAR Ghana office need cash in order to operate e.g. to pay salaries, office rent and other bills, to fund travel advances and, to make grant payments to partners. Cash is drawn down from London in monthly or quarterly instalments, using a 'Country Office: Cash Flow Request Form'. The instalments are calculated according to the phasing of the annual budget.

Depending on the scheme of delegation within, STAR Ghana, the Programme director or Head of Finance may be responsible for reviewing and authorising the request form. The authoriser should check the amount, bank details; explanations for any additional amount requested and then submit the form to the grants unit in London by the 5th working day of the month. Full guidelines for completing the form can be found on the instruction worksheet of the form.

### 11.0 Bank Accounts and Banking

The Trustees of Christian Aid have a duty to ensure the funds of the organisation are used for its objectives, which includes ensuring that the correct recipient receives payment. Ensuring that funds are transferred to the correct bank account supports this objective.

#### 11.1 Christian Aid / STAR Ghana Bank Accounts

All STAR Ghana bank accounts must be held with a recognised international bank or reputable local bank registered under local laws. All STAR Ghana bank accounts must be opened with Christian Aid STAR Ghana in the bank account name.

Authority to open a new bank account should be requested from Christian Aid's Head of Finance by completing the New Bank Account Approval Form, is attached as an appendix. This form must be approved by Christian Aid's Head of Finance or Director of Finance & Operations before the bank account can be set up. When it is approved you will be informed of the account code for the bank account in SUN.

The Head of Finance will then notify the Grants Unit of new approved bank account(s). STAR Ghana bank accounts should be opened with Standard Chartered Bank. If a different bank is required the reasons for this should be explained in the New Bank Account Approval Form.

#### 11.2 Christian Aid / STAR Ghana Bank Account Signatories

All bank accounts should be set-up so that all payments (cheque and online transactions) require a minimum of 2 signatories to authorise the payment. The person responsible for processing payments should not be a signatory.

The Head of Finance for Christian Aid retains the right to be a bank signatory on bank accounts, especially in insecure countries or where significant balances are to be held. Appropriate bank signatories should be identified by the Programme Director. All payments for single items valued at £100,000 and over must be made either by the Finance Division in London, the Finance team in Ireland (this is to ensure that the relevant Directors or Trustees can sign off the expenditure).

### 11.3 Bank Signatories' Responsibilities

Prior to signing a bank payment instruction, bank signatories must be fully satisfied that all organisational policies, controls and systems have been adhered to in generating the instruction presented to them. The bank signatories must be confident that the payment is valid, appropriately authorised, supported by suitable documentation and that the bank account of the recipient is in the same name as the entity (or person) the payment is intended to (if it is not the case, the exception should be documented and properly authorised) and must refuse to sign if there is evidence that this is not the case. Key checks for bank signatories would include the following;

- Are invoices valid, on headed paper and supported by documentation?
- Are expenses valid, on the correct form and supported by documentation?
- Do the costs incurred seem appropriate given STAR Ghana's programme objectives?
- Are the payments / bank details the same as those on the invoice/ grant payment notification? Where the account details are not shown on the invoice, they should be checked against the original document held by the expenditure unit within Christian Aid.
- Is the bank account in the name of the supplier/ partner/ staff member the payment is intended to?
- Is the payment appropriately authorised?
- Do the amounts being paid agree to the amounts on the invoice / grant payment notification/ expense claim
- Have foreign exchange translations been calculated correctly?

If there is ever any doubt about any of the above then it should be clarified with the person responsible for the payment before signing the payment instruction.

### 11.4 Bank Signatories' Authority Levels

Each signatory on a bank account should be delegated a level of authority in terms of the bank payment amount that they are authorised to sign for. The following structure is to be used;

- Level A Signatory – Country Director (CA, Ghana office), Programme Director or Head of Finance for STAR Ghana
- Level B Signatory – Head of Programmes, Head of Operations or Head of Finance

The mandate for signatory is **two** to sign, one from each level. For all payments that are GBP 5,000 or more (or the equivalent in local currency) at least one of the level A signatories must sign the cheque or authorise the online transfer.

### 11.5 Christian Aid Online Banking

Many banks offer online banking and STAR Ghana may find it useful to use this facility for both reviewing transactions and making payments. However, if an online facility is used you must ensure that you abide by the following rules;

- Even if you have access to online bank statements, your bank must still send you monthly statements so that you can file them with your bank reconciliations and send copies to the Finance Division in London with the monthly Standard Financial Return
- If for any reason the bank is not able to send out statements then you will need to print them off monthly so that you can file them with your bank reconciliations and send copies to the Finance Division in London with the monthly Standard Financial Return
- If you make use of the online transactions option then you still need to abide by the signatory policy with 2 signatories authorising each transaction and a member of the finance team processing the transaction
- If the online system cannot be set up to force 2 signatory authorisation then a manual process needs to be set up instead
- There must be a clear authorisation process and audit trail for online payments

### 11.6 Supplier Bank Accounts

The team or person responsible for supplier payments within the finance team is responsible for keeping an up-to-date record of all suppliers' bank details. Details may only be entered or updated in the accounting records where they are supported by documentation which is verifiably from the supplier. This documentation must be retained as evidence of the records on the system and kept in a manner which is assessable for audit if required. Only the bank details kept on the accounting system may be used to make a bank transfer payment to a supplier.

There have been a number of attempted frauds where someone will contact a finance team with new bank details, claiming to represent the supplier. Often headed paper has been forged and contact details are not valid. If bank details are submitted in this way, go directly to the supplier with contact details from a reliable source and check that the communication is genuine. Do not rely on email exchanges only, a verbal (phone, Skype or face to face) confirmation is needed.

### 11.7 Employee Bank Accounts

The team or person responsible for payroll processing is responsible for keeping an up-to-date record of all employees' bank details. Only the bank details kept on the HR personnel system (Abantu) may be used to make a bank transfer payment to an employee. Changes to bank details can only be made by employees using that system; all other requests will be disregarded and staff directed to that system.

### 11.8 Partner Bank Accounts

Partners are required to keep a dedicated local currency account for STAR grants. Funds transfer into this account would be done directly from Christian Aid London. For Partner Bank Account guidelines refer to Grant Manual

## 12.0 Journals

Standard journals are used to make corrections and adjustments to the ledgers. STAR Ghana finance staff is most likely to use them to reallocate expenditure where it has been miscoded, as identified during budget monitoring/dashboard process or as notified in Standard Financial Return feedback. A standard journal request form should be completed, authorised by the Programme Director and submitted to the Expenditure unit of CA London for processing.

## 13.0 Delegation of Authority

STAR Ghana has a scheme of delegation in place which captures the delegated authority levels in the programme. It should be used as a central reference that outlines who has the responsibility for key actions and the limits of their responsibility. It should be used by staff and management to guide day-to-day office management and should ensure that all authority levels are clear and understood by all members of programme.

## 14.0 Completing the Scheme of Delegation

The scheme of delegation template includes all activities where authority levels must be documented and this template should be completed by the Programme Director in conjunction with the Head of Finance for STAR Ghana every financial year

For each activity in the template you should list the people responsible for that activity. This may be a number of people and therefore it is possible to insert additional lines into the template.

Each person will have an authority level for each activity and this will often be in the form of a financial limit (e.g. "Up to 5,000 GBP") but other methods can be used, such as risk ratings (e.g. low, medium, high for grants), partner, unit code, fund code or project to name a few. There will also be other factors to consider such as fund codes or type of expenditure. All of these details need to be noted on the template.

The form will cover the period of the authorisation for each staff in the current financial year (see columns L and M). It also should capture any temporary cover for all the activities listed in the template. On the signatory specimen tab, please keep an electronic copy of each staff member's signatory listed in the form.

Once completed the scheme of delegation template should be saved on a shared office folder on the intranet so that it is available to all local staff. A link should be forwarded to the grants unit inbox, so the Finance Division can access the form and ensure proper level of authorisation within the country office (i.e. for Budget Transfer Request, SJR and SFR documentation). The grants unit will set a document alert so any future changes to the form will be automatically updated.

### 14.1 Reviewing the Scheme of Delegation

The scheme of delegation should be reviewed at the beginning of each Christian Aid financial year (1st April) as a minimum. Ideally it should also be updated throughout the year whenever there are changes in staff, or in response to other changes in the office, such as new activities or projects beginning and whenever there is temporary cover. This review process should ensure that the all names, job titles and levels of authority are still appropriate.

### 15.0 General Rules of Levels of Authority

Even if an employee is recorded as having the correct level of authority in the Scheme of Delegation they cannot authorise either their own work or their own expenses (e.g. flight costs, professional subscriptions) or their own expenses. In these instances authorisation must come from the employee's line manager.

A budget holder cannot delegate the authority to approve their work or expenses; these must always be authorised by their own line manager or by another deputy of their manager (who is likely to be a peer).

In all cases, where a budget holder's line manager is based in another country or office or out of office, then a soft copy of the expenses should be emailed to them; they will then directly email the Head of finance –STAR Ghana and give them authority to sign (and pay) the expenses, attaching a copy of the email.

Until an employee has passed their probation period, they cannot authorise any expenditure for processing. ***This rule exempts the Senior Management Team (Programme director, Heads- Finance, Operations and Programme) to ensure that programme activity is not halted***

Employees can however, authorise work and become a cheque signatory before passing their probation if this is deemed to be critical to their role. However, this would need to be authorised by the Programme Director.

## 15.1 Authorising Expenditure

*All expenditure must be authorised for payment. Expenditure is authorised to confirm that it:*

- is in accordance with the objectives of the STAR Ghana programme *and*
- falls within the scope of authority of the staff member authorising it *and*
- has satisfactory supporting documentary evidence (see below) to prove what the funds of the programme have been spent on

## 15.2 How to Authorise Expenditure

Expenditure is normally authorised in a signed document which is passed to the person responsible for making the payment. The person preparing the payment instruction for the bank (cheque, transfer instruction etc.) or distributing cash should not be the person authorising payment. Finance must prepare a Payment Voucher or its equivalent in accordance with the payment instructions (request/authority to pay form). Payment Vouchers must be signed by the relevant signatories per bank signatory mandates

## 15.3 Salaries

Staff salaries are authorised according to policies on remuneration set by the Board and Directorate of Christian Aid. Staff numbers and salaries are agreed during the annual budgeting process. Salaries are only paid after organisational recruitment policies and procedures have been correctly followed.

Budget holders are required to notify Human Resources of any changes in staffing (e.g. leaving, maternity) and to authorise coding of salaries according to current HR procedures.

## 15.4 Supplier Invoices

Authority/Request for Payment form must be completed in full, signed by the authorised budget holder, and attached to the front of the invoice. Where the payment is to be made from a different location, scanned images of these documents will be acceptable.

### 15.5 Staff Expenses and Floats

Expenses incurred by staff members must be submitted on the standard expense return form, signed by the authorised budget holder.

To reduce the risk of handling cash, STAR Ghana will explore the possibility of loading float amount on VISA cards. An arrangement will be made with the bank to transfer authorised amount to VISA cards designated for STAR Ghana staff for this purpose. VISA card statement will be submitted by staff as part of documentation for retiring floats. STAR finance officer will be responsible for VISA card administration and will liaise with banks to ensure the smooth running of the card system.

Any receipts relating to the claim must be submitted at the same time. (See below for more details on staff expenses).

### 15.6 Authorisation and Payment of Expenses

Staff expenses may only be authorised by the claimant's line manager, or other equivalent (or more senior) member of staff. Just as no member of staff may authorise their own expenses, so no member of staff who has delegated authority may sign the expenses of the person who has delegated that authority.

Expenses will be paid to staff within four weeks of receipt of a properly authorised claim supported by receipts; where receipts are incomplete or missing a claim may be returned or reduced. Where no receipt is available, an explanation should be included on the claim form.

### 15.7 Requesting a Float

Floats may only be requested by Christian Aid STAR Ghana employees and must be requested using the correct form, and authorised in accordance with the Expenditure Authorisation Policy.

The float request form should be submitted to the relevant finance personnel at least three days before the float is required for collection. Without this Finance cannot release your float to you. Upon receiving the float, the employee should countersign the float request form and sign the float register to confirm receipt of the float.

Employees may request a float if they are going on a trip or if they require a cash float for running an exhibition, conference or workshop etc. Employees have the foremost responsibility of accounting for float to local Finance team.

Floats may only be issued to Christian Aid STAR Ghana employees and they may only have one float at any time. Floats must also be fully retired (unused balances returned and expenses submitted) before any further floats can be issued.

Individuals may not authorise payments to themselves. No individual may authorise payment of their own travel costs (including tickets purchased for their travel), nor may a person acting on the delegated authority of an individual authorise such payments.

The finance personnel in STAR Ghana are responsible for administering and accounting for floats to Christian Aid. The Programme Director is responsible for authorising float requests and for reviewing the float register as part of the month end procedures for accuracy and appropriateness. The Heads (finance, Operations and

Programme) may be delegated to authorise floats and expenses as budget holders for specific activities.

### **15.8 Spending the Float**

The employee must record all expenditure that is paid for out of the float on the relevant form and the form should be authorised in accordance with the Expenditure Authorisation Policy. Receipts should be collected and retained for all expenditure. In circumstances where it is not possible to obtain a receipt, the employee should self-receipt by creating their own record of the expenditure.

Official receipts should be obtained for all currency exchanges. In exceptional cases where receipts cannot be obtained, the traveller should make a written note of the exchange transaction including the amount exchanged, the exchange rate used and the amount received.

In exceptional circumstances an employee may be asked to transfer funds to another employee or to a Christian Aid country office during a trip. In these circumstances the employee should prepare a receipt detailing the amount of the transfer, the date of the transaction and the unit code the transfer should be charged to. Both parties should sign the receipt. Employees receiving funds from another's employee's float do so on the understanding that the float must be accounted for in accordance with this policy and procedure.

### **15.9 Accounting for Float Expenses**

|                                      |   |
|--------------------------------------|---|
| Advance/float: return of unused cash | First day back in office                        |
| Advance/float: expenses submitted    | Five working days from first day back in office |

Staff advance/float balances are to be paid into the designated STAR Ghana bank account directly by staff concerned. The bank paying in slip is to be submitted to STAR finance team as part of documentation for float retirement. This policy is to reduce the risk of potential fraud to the finance team and the STAR Ghana Programme in General.

Floats should ideally be accounted for in the same currencies in which it was taken. Any float which is not accounted for within the time limit will be deducted from the employee's salary. Floats should be accounted for in the office from which they were issued.

Receipts must be submitted as supporting documentation to the completed and authorised expenses form and should be numbered in such a way that allows each receipt to be easily identified on the expenses form. Expenses should be entered onto the form in the currency in which they were incurred and should not be converted into any other currency. If an exchange rate is required the finance team will confirm to you the correct rate to use.

Amounts owed by employee should be settled within the float retirement period or otherwise deducted from salary during the next salary payment. Amount owing to employees should be paid after necessary approval by line manager/budget holder.

The employee should keep pay-in slip of unused cash and include it when they account for their floats. In exceptional cases should the employee not be able to pay unused funds directly to the designated STAR bank account, the relevant finance team will issue a receipt for any cash or cheques returned. The employee should keep this receipt and include it when they account for their float expenses. The relevant finance staff will also update the float register to show the return of the travellers' cheques and cash. Expenses Claim/Float Returns Form filled be used for all float retirements

### 16.0 Petty Cash and Cash Management

Where possible and practical all financial transactions should be settled by cheque or bank transfer. However, situations might occur where this is not possible and therefore holding cash will be necessary. The main reasons for holding cash are;

- To pay for small items of expenditure (petty cash)
- To give floats to Christian Aid STAR Ghana employees
- In case of emergencies
- If the programme office is running a cash distribution project

A maximum limit of GBP 1,000 or local equivalent is to be held in cash in the STAR Ghana office. This amount is roughly equal the cash needs for a week. The maximum amount to be paid out of petty cash at a time is GBP 50

Petty cash amount should be reimbursed regularly to avoid cash out. A petty cash reimbursement form should be used for the process of reimbursement

If a petty cash claim is for a reimbursement of costs already incurred then:

- The claim should be made in person using a standard Authority/Request for payment form that is correctly coded and authorised with the relevant receipts attached
- When petty cash is issued, the person receiving the cash must sign the form to say they have received it
- It is not permitted for the same person to authorise, issue and receive petty cash; at least two people must always be involved in the process

If a petty cash claim is for an advance of petty cash then:

- Cash can only be advanced up to the petty cash transaction limit and the receipt and / or remaining cash must be returned in a matter of hours
- If larger amounts of cash are required or cash is required for a longer period of time then the Expenditure – Floats policy must be followed instead
- The claim should be made in person using a 2-part petty cash voucher which must be correctly filled out and authorised
- When petty cash is issued, the person receiving the cash must sign and date both parts of the voucher to say they have received it and keep one of the copies
- Both copies should also be signed by the person issuing the petty cash, who should also keep one of the copies

- The receipts and / or remaining cash must be returned within a matter of hours with an Authority/Request for payment form that is correctly coded and authorised
- It is not permitted for the same person to authorise, issue and receive petty cash; at least two people must always be involved in the process.

### 16.1 Collecting Cash

As cash is often a target for theft, care should be taken when collecting cash from the STAR Ghana programmes bank. The guidelines below are the minimum steps that should be taken to ensure the safety of the Christian Aid STAR Ghana employees involved in collecting cash.

- If possible, arrange for the bank to deliver cash directly to the office as this mitigates the risk to Christian Aid STAR Ghana employees
- If not possible, then cash should be transferred to and collected from the bank nearest the office to limit amount of travel time
- A maximum amount of cash that can be transported at any one time is GBP 3,000 or local equivalent. This limit has been set by the Programme Director.
- No movement with cash is permitted before 07:00am or after dark
- Ensure that all vehicles involved in cash transfer are mechanically sound
- Christian Aid STAR Ghana employees must not risk their lives to protect cash

For non-local currencies please also ensure that the additional rules set out in the Finance – Foreign Exchange policy (see below) around buying and selling foreign currencies are complied with. If it is considered that the rates offered by the bank closest to the office are not competitive then another financial institution within the formal banking system can be used instead; however consideration should be given to the security implications of travelling further from the office to collect foreign currency, as the risks may outweigh any financial gains.

### 16.2 Holding Cash in the Office

As cash is often a target for theft, care should be taken when holding cash in STAR office. The guidelines below are the minimum steps that should be taken to ensure the safety of cash held in the STAR Ghana office. Should Staff hold cash in relation to float, they are advised to seal it for safe keeping by Finance in the office safe until they need it or pay back into the STAR Ghana bank account, otherwise they would be held accountable for any theft or loss. Apart from Petty Cash and such money as stated above, no cash should be kept in the office. Cash to be retired should be paid back into STAR Ghana Bank account within the stipulated time allowed for retiring of float.

STAR Ghana will explore the possibility of loading float on VISA cards to reduce the risk of holding cash by staff

- There should be a safe in the office where the keys and/or code must be held with two separate people, one should be a member of the senior management team and the other should be the person responsible for administering cash
- The safe should be bolted or cemented to the wall or floor (unless they are too heavy to move) and should be located in a discrete area of the office. Whenever possible the safe should be concealed

- If there is no safe, large amounts of cash should not be held in the office
- Finance offices must not be signposted

### 16.3 Cash Counts

A Cash Count should be performed at the end of month to ensure that the amount of cash held in the country office is in line with the balance expected (as per the reconciliation in the Standard Financial Return). All cash held whether for petty cash, floats (if applicable) should be included in this count. A cash count form is attached as part of appendix

Cash counts should be completed by a minimum of two people and should be prepared and reviewed by staff in accordance with the Scheme of Delegation. A Petty Cash Establishment account will be set up for the programme. Those delegated authority to sign will approve the payment prior to a purchase being made. A copy of the approval is to be kept as part of the evidence.

The Finance Assistant is responsible for maintaining the Petty Cash system. The Grant Manager or Communication Manager is responsible for approving payments. Petty cash should be secured, counted and reconciled on a monthly basis or more regularly if supply runs low and reimbursement is required.

The Finance Officer is responsible for reconciling the petty cash system. The Head of Finance is responsible for making spot checks on the petty cash system from time to time, at a minimum once per quarter.

### 17.0 Staff expenses

Christian Aid STAR Ghana's policy is to ensure that no member of staff is out of pocket as a result of their employment. This means that any reasonable expenses incurred in the course of employment, where they are in line with STAR Ghana programme objectives and ethical principles and take account of the appropriate stewardship of charitable resources expected of all employees, will be settled on behalf of or reimbursed to staff.

What is considered reasonable in Christian Aid STAR Ghana is set out in detail below. These are expenses reimbursed to staff (whether an advance has been given or not). It takes account not only of what a member of staff could reasonably expect the charity to pay for, but also what is in line with the public image of the charity, as well as considerations of possible tax implications, both for staff and for Christian Aid STAR Ghana.

All expenses must be authorised according to the current Authorisation of Expenditure Policy. Note that even if an employee is recorded as having the correct level of authority in the Scheme of Delegation they cannot authorise either their own work or their own expenses. In these instances authorisation must come from the employee's line manager.

**18.0 Claiming Expenses**

Staff expenses by reimbursement to staff of payments they have made. All expense claims must be made using the current version of standard forms (see Appendix XX). Receipts must support all expense claims. Where it is not possible to get a receipt (e.g. when travelling in rural areas), a record of the expense, including the date, item and amount must be kept to support the claim, (a small blank receipt book or a Certificate of Honour could be used for this purpose). Ideally, the person receiving the payment should sign this document.

Expenses should be claimed within two months of the last day of the month in which the expense was incurred. In exceptional circumstances staff may be reimbursed for claims up to six months old, but in these cases a full written explanation of the reasons for late submission must be attached to the claim. No payment will be made for claims that are more than six months old.

When changing money from one currency to another a receipt should be kept. If unable to obtain a receipt a note of the amount changed, the exchange rate and the amount received should be made. Wherever possible money should only be exchanged with authorised and licensed agents and money changers; street traders should not be used.

**19.0 Expenses while Travelling**

When a staff member is required to travel away from their usual place of work, STAR Ghana will pay travel and accommodation costs, and certain incidental expenses. These are set out in more detail below. The cost of ordinary commuting between home and the permanent workplace (the office where the staff member is usually based) will not be paid.

**19.1 Per diems (daily flat rate payments) are not paid to Christian Aid/ STAR Ghana staff.** However, daily rates for an acceptable level of food & drink, Accommodation and transport have been set for STAR Ghana for *local travels* and in certain circumstances claims up to these levels may be made without production of receipts from vendor but still provide self-certified receipt. These rates may be reviewed and approved by Programme Director with time. The ideal situation is for receipts to support all expenses.

**Table 2: Per Diem Rates**

| <b>Rates for 2016/17</b> |   |                                |                  |                               |
|--------------------------|---|--------------------------------|------------------|-------------------------------|
| <b>Location</b>          | <b>Food and Drink (lunch &amp; Dinner. It's assumed Accommodation includes breakfast)</b> | <b>Accommodation per night</b> | <b>Taxi/Fuel</b> | <b>Communication per trip</b> |
| <b>Currency</b>          | <b>GHS</b>  | <b>GHS</b>                     | <b>GHS</b>       | <b>GHS</b>                    |
| Accra                    | 100   | 350                            | 30 (one way)     | 20                            |
| Outside Accra            | 80  | 250                            | 20 (one way)     | 20                            |

## **Travel costs**

When travelling on STAR Ghana business, staff should have due regard to personal safety and travel by the most cost and time effective method. Consideration also needs to be given to the carbon impact of the chosen mode of travel. Staff carrying large amounts of equipment on a journey should also consider ease of travel. Bookings should be made well in advance to take advantage of cheaper fares and discounts.

No individual may authorise payment for their own travel. Other travel costs may be settled either by direct invoice to Christian Aid STAR Ghana, or (more rarely) by the traveller in person, who is then reimbursed.

### **20.1 Flights**

Staff should travel economy class wherever possible and accept quoted fares which best meet their requirements and ensure their security and safety. It is also not always economical or best practice to purchase the cheapest ticket. If it is likely that details of a trip may change, staff should look at the cost of a flexible ticket against the cost of losing the ticket on cancellation. Charity fares often offer regular priced tickets with extra flexibility and no excess baggage costs or cancellation fees. Where excess baggage is charged due to the carrying of heavy or bulky STAR Ghana equipment required for the trip, this will be reimbursed.

In all cases, boarding cards (or stubs of boarding passes) must be retained by the traveller or returned for filing with the relevant travel expense claim, as these may be required by certain institutional donors to confirm that travel claimed for has actually taken place.

### **20.2 Other forms of transport**

Staff who are required to use their own vehicle for work-related travel receive a car mileage allowance This would be set and regularly reviewed by the Programme Director

A further allowance is payable (to the driver) for staff carried as passengers in a claimable journey who are also travelling for work purposes. Any member of staff using their own vehicle for work-related travel must ensure that it is insured for business use and that it is roadworthy and taxed in accordance with local legislation. Using a vehicle that is not properly insured may leave the driver open to prosecution.

Taxis may be used when staff is carrying heavy or valuable equipment, for reasons of personal safety or where the most common public transportation is not available (for example where there is no public transport at night.) Where taxis are used, staff should only use reputable or registered operators. Staff should record the starting point and destination of their journey and record this in their expenses claim.

Parking and other fines and penalties are not paid; they are the personal responsibility of the staff member concerned. Charges for public car parks and on-street parking will be reimbursed; where possible this should be supported by a receipt, but where a parking meter has been used and no receipt is available a note should be made of the location and duration of the stay. Charges for road tolls will be reimbursed to staff where the journey they are taking requires this.

## 20.3 Accommodation and Meals

When a member of staff is required to stay for one or more nights away from home, STAR Ghana will cover the cost of accommodation and meals. These will include breakfast, lunch and dinner during the day. Non-alcoholic drinks may be taken with any meal. Any alcohol should be paid for separately by the staff member.

Where a member of staff is not away from home overnight, but is away from home and the usual workplace for more than seven hours, they may claim one meal taken during the day. If the time away is more than twelve hours, breakfast and a second meal may also be taken (*i.e. breakfast, lunch & dinner*).

Where a group of staff members share a meal together, it is acceptable for one person to settle the whole bill; on their expense claim they should list all those who shared the meal.

Hotels should be chosen that are safe, secure and clean.

Local staff will have lists of approved hotels and guest houses, which in many cases will also have been recommended by partner organisations. Under normal circumstances, rooms should have their own en suite facilities, and breakfast and evening meals should be available in the hotel itself or within reasonable reach without compromising security. With these factors in mind staff should seek to stay in the most reasonably priced accommodation.

Staff may not choose a more comfortable hotel simply from personal preference. Where this occurs, the staff member will be expected to reimburse STAR Ghana the difference between the actual cost of accommodation and the more economical accommodation that could have been taken. However, it is recognised that it will sometimes be necessary to choose a more expensive option where, for instance, staff need to be in the same hotel as partner representatives or other NGO staff for meetings or conferences, and this should be clearly stated when claiming the expenses.

Staff members are expected to pay for their own accommodation while travelling. This can be done by receiving a travel advance, or using personal funds which are then claimed back. STAR Ghana teams hosting visitors should not be expected to pay for accommodation.

It may in some circumstances be more convenient for staff to stay with family or friends. In this case, a hospitality payment may be offered according to the rate (*local travel rates above*) set each year. This rate is set by the Programme Director and reviewed on an annual basis.

**TABBLE 3: Local Travel Rates**

| <i>Hospitality Payment for 2016/17</i> |                                |
|--|--------------------------------|
| <i>Evening meal</i>                    | <i>Accommodation per night</i> |
| <i>GHS</i>                             | <i>GHS</i>                     |
| 40                                     | 200                            |

Where the hospitality allowance is claimed for meals, these may not also be claimed separately by the staff member. Note that hospitality payments are for the host of the staff member, and are not claimable as per diem payments in place of properly receipted expenses. A self-certified receipt should be provided.

For shorter stays, and where a cash payment might not be appropriate, a suitable gift may be purchased and given to the person offering hospitality, up to the total hospitality allowance for the number of days stayed.

### **20.4 Food and drink**

Apart from the meals mentioned above, no other payment will be made for snacks, drinks, and the like taken between meals. The only exception is where drinks are required by staff working in extreme weather conditions; in these circumstances purchases of bottled water and soft drinks for the staff member and others travelling with them will be reimbursed.

### **20.5 Laundry**

Where a member of staff is away from home for seven consecutive days (six nights) or more, including travel, reasonable laundry and dry cleaning costs will be reimbursed. The amount claimed should reflect the length of stay and the nature of the environment in which the staff member is working.

### **20.6 Communications while travelling**

If away from home on an overseas trip, STAR Ghana will cover the cost of one short personal call home (not longer than 10 minutes) when they arrive and one 10 minute call a week if staying for more than one week. There may be times where personal circumstances require staff to make more than one call. This situation should be made known to line managers and acknowledged when authorising a subsequent expense claim. Any work related calls incurred when away from home can be charged to STAR Ghana at the cost of the call as shown on an itemised bill or hotel receipt. Mobile phones should only be used where they are the cheapest or only method of communication.

When travelling to an emergency prone region, STAR Ghana recognises that staff may need to be regularly in touch with one member of their immediate family, e.g. wife, husband, mother, father, partner, etc. In these circumstances the Programme Director may make special provision to permit the member of staff more than one call per week.

Staff using their own personal mobile phones for genuine business calls should only do so where they are the cheapest or only method of communication. Where this is the case, staff may reclaim the cost of the business call on production of an itemised phone bill.

Mobile phones for business use should be set up under a monthly contract, with itemised bills. However, in some circumstances it may only be possible or reasonable to use pay-as-you-go. In these cases the cost of topping up credit will be reimbursed in full, and staff members are expected to keep non-business use of such phones to a minimum. Staff should recognise, however, that this may lead to a taxable benefit for the staff member concerned, which will be the personal responsibility of the staff member concerned.

Internet use, where possible, should be confined to STAR Ghana offices due to the often sensitive nature of the information being exchanged. However, from time to time it will be necessary to use an internet connection in a hotel, internet café or similar. Even where a small proportion of the time spent relates to personal use (e.g. sending a few emails), the full cost may be reclaimed as an expense. Internet access for personal use, however, cannot be charged to STAR Ghana, and where this is included on a hotel bill the amount must be deducted from the total expenses claimed.

### 20.7 Other Incidental Travel Expenses

There are a number of items which travellers may require in order to maintain health and comfort during travel. In some cases, the traveller may need to purchase these for their work trip. The following items may be claimed:

- anti-malarial tablets and the cost of necessary inoculations
- insect repellent
- oral rehydration salts
- travel sickness medication
- Warm clothes(*for travel outside Ghana if necessary*)

Items which would be used in normal life (for example, cosmetics, deodorant, toothpaste, combs, alarm clocks, and clothing) cannot be claimed. Where necessary equipment (e.g. mosquito net, tent) has to be purchased, STAR Ghana will reimburse the traveller, and the equipment will belong to STAR Ghana and must be returned at the end of the trip, ready for issue to other staff.

### 21.0 Tips and Other Payments to Individuals

In certain cultures there is an expectation that a payment will be made for a personal service in addition to the cost of the service itself; these payments are usually referred to as tips. Prior to travel the staff member should check with local staff when these payments are expected, and what sort of amount should be given. Where there is no receipt for the payment, the traveller should note the amount on their expense claim form with an appropriate description.

From time to time, staff will be faced with situations where they are forced to hand over money to officials or persons passing themselves off as officials, in order to obtain safe passage or for some other reason. This may occasionally be described as a fine. The likelihood of this situation arising should be dealt with in the initial security briefing on arrival in country, and it is important that staff travelling follow the advice and instructions of local colleagues or partners. While such payments are not in any way condoned by Christian Aid/STAR Ghana, the safety of its employees is paramount, and no employee should put themselves at risk in order to avoid such payments. Where a member of staff is forced to make such a payment, it may be claimed in the same way as a tip. A full explanation should be attached to the expenses claim and an incident report completed.

Occasionally, staff may be put in a position where they are asked or expected to make some sort of payment in order to obtain some benefit, or enable a transaction (such as the import of some item of equipment) to take place. These are often referred to as 'facilitation payments', though the term 'bribe' is more likely to be an accurate description. Christian Aid/STAR Ghana and its staff have obligations under UK and international law to avoid the payment of bribes, and the consequences

(Including serious risk to the organisation and NGO sector's reputation) for making bribes, or being seen to bribe, is very serious indeed. No such payments should therefore be made, and Christian Aid/STAR Ghana will not reimburse such payments to a member of staff unless it can be shown that the staff member would have been at personal risk had the bribe not been paid.

### **22.0 Taxable Benefits**

Staff should bear in mind that some incidental expenses may lead to a personal income tax charge, as they are seen (within certain limits) as a taxable benefit. The responsibility for ensuring the correct amount of tax is paid rests with the claimant. Christian Aid STAR Ghana's clearly stated position on the payment of tax (and avoidance of payment) requires all staff to be diligent in ensuring that any personal tax, properly due, is paid in accordance with the law.

### **23.0 Other expenses - Cards, gifts and parties for staff**

STAR Ghana does not contribute to birthday and leaving cards and presents for staff, nor does it make contributions towards parties or lunches.

STAR Ghana may pay for an annual Christmas Party. This must be organised as a single event, and be open to all staff or its equivalent if circumstances does not permit a party to be held. However, STAR Ghana will not pay for the cost of any alcohol consumed at the event, though staffs are free to purchase or contribute to the cost of alcohol for common consumption (where local laws permit this).

### **24.0 Communications**

For Members of staff that have STAR Ghana mobile phones, either of these options below is acceptable;

1. STAR Ghana loads a certain amount of call credit (threshold) for staff on a monthly basis. If call credit is exhausted during the period, Staff is required to personally buy call credit to top up unless otherwise approved by line manager. Threshold is set by Programme Director for staff depending on staff need of such to perform their duties
2. Staff uses phone which is post-paid. Staff should avoid using these to make personal calls, unless urgent. Where personal calls are made these should be kept to a short duration. Itemised bills are available at the end of each month and staff is encouraged to identify personal calls for re-imburement.

Business use of personal mobile phones will be reimbursed on production of an itemised bill. STAR Ghana will not normally pay for the cost of topping up a personal mobile phone without proper evidence of business use, as this may lead to a tax charge for the individual.

### **25.0 Entertaining**

Some staff may, from time to time, be required to entertain visitors or business contacts as part of their job. This should be kept to a minimum and only occur where it is reasonable either to show appreciation, or where business is being conducted on behalf of Christian Aid STAR Ghana. The venue chosen should take into account security issues and health and safety, as well as cost. Under certain circumstances it may be appropriate culturally to offer a beer or glass of wine to guests as part of customary hospitality. The cost of this entertainment may be claimed.

Staff visiting from other offices may sometimes be looked after by local colleagues at weekends. Visitors and local staff may claim travel and subsistence for this according to the rules set out above. However, STAR Ghana will not pay for entrance fees or other entertainment.

### **26.0 Gifts to Non-Staff Members**

Christian Aid STAR Ghana would normally only reimburse for gifts to third parties where it was clear that the gift was an appropriate way of showing appreciation for out of the ordinary effort or achievement on its behalf. This may include citations to Grant Partners etc.

Any other gifts are at the staff member's own expense. Gifts must never be offered where the intention is to gain some commercial advantage for Christian Aid STAR Ghana.

### **27.0 Purchases Made on Behalf of STAR Ghana**

When a member of staff makes a purchase (e.g. of equipment) for STAR Ghana use, this will be reimbursed on production of a receipt with the appropriate authorisation. The item must not be for personal use, even if the use is only while working for STAR Ghana (e.g. a portable alarm clock or suitcase), but must be held and available for all staff. Even in these circumstances a taxable benefit may arise where the item would ordinarily be for personal use.

### **28.0 Professional subscriptions**

Where membership of a professional body is a core competency for a role, or an advertised requirement of the post, STAR Ghana will pay or reimburse appropriate membership fees and subscriptions for staff in those roles.

### **29.0 Staff Meetings**

Where a staff meeting (or staff training event) is in the usual place of work and includes lunchtime, Members staff are expected to provide their own lunches. Where a meeting has been arranged some distance away from the normal workplace, members of staff travelling away from their normal place of work to attend the meeting may claim for lunch according to the rules in Accommodation and meals (above).

A light lunch (e.g. sandwiches, fruit) may be provided where the meeting takes place away from the office and where it is impractical to expect staff either to return to the office or to find their own lunch locally. This should be ordered by the person arranging the meeting and brought into the venue (where facilities exist for eating it). At least an hour should always be set aside for lunch to enable participants to have a proper break.

Where a mixture of non-staff visitors (e.g. trustees, advisers, suppliers) and staff meet across lunchtime in the normal place of work, lunch may be provided for all those present. In these circumstances the organiser of the meeting is required to attach to any expense claim the names of all staff attending, as well as a note of the purpose of the meeting, as in some cases this may constitute a taxable benefit to the staff.

Teas and coffees may be provided for staff in meetings only where these are held away from the normal place of work. Visitors should be offered similar liquid refreshment, and where other facilities do not exist, this may be charged to STAR Ghana. Water should always be available at all meetings. Where the STAR Ghana office provides free tea and coffee to all staff, this should be offered also to visitors rather than sending out for special supplies.

### 30.0 Disallowable Expenses

- The following items are disallowable, and will not be reimbursed by STAR Ghana.
- Membership fees and subscriptions to professional bodies where these are not a core competency nor an advertised requirement of the post.
- Staff birthday or leaving cards and gifts (with certain exceptions - see above)
- Staff lunches or parties, other than those arranged corporately and open to all staff in the office, e.g. the annual Christmas party or for staff meetings or training held away from the usual workplace
- Alcoholic drinks (with the exception of entertaining a client as above), cigarettes, chewing tobacco
- Items of personal clothing, or those ordinarily used for personal hygiene (e.g. toothpaste, comb, deodorant)
- Items of equipment for personal use (e.g. suitcases, alarm clocks, sleeping bags, tents, travel adaptors)
- Snacks, sweets, and similar (unless as part of an allowable meal as defined above)
- Fines for breaking the law, including parking tickets
- Personal entertainment, including hotel pay-per-view TV or video entertainment
- Leisure activities (e.g. sightseeing tours, museum/park/gallery entrance fees, tickets for sporting or other public entertainment)
- Personal internet access or use
- Personal reading matter (books, newspapers, magazines etc, except where there is a valid work use and they are held in the office and available for common reference)
- Car wash and valeting services for private vehicles not owned by STAR Ghana
- Gym and health club fees and subscriptions
- Insurance premiums for personal/health/travel insurance etc (these are covered by insurance policies held by STAR Ghana)
- Personal mobile phone bills, unless business use calls are itemised (in which case only the business use calls may be claimed), apart from the exceptions listed above
- Home telephone line rental
- Skype top-up payments (unless a separate business account has been set up)
- Personal Digital Assistants, Palm Top Computers, Apple i-phones or i-pads, or other computer hardware or software

### 31.0 Claims for Items outside those Set in the Policy

The first responsibility for ensuring that nothing is claimed which is not allowed under this policy rests with the staff member making the claim. The authoriser of the claim should not sign unless they are also satisfied that the policy is being followed. In the event that a claim is received in Finance for an item or items which fall outside those allowed by this policy, that amount will be deducted from the claim.

### 32.0 Procurement

Christian Aid STAR Ghana spends a significant proportion of annual expenditure on goods, services and works procured from third parties. An efficient and effective procurement process is critical to meeting the charitable purpose and maintaining public image. Suppliers include all third parties providing goods, services and works to the organisation. All suppliers, whether new or existing, will be expected to adhere to the standards set out in the policy.

The policy objective of procurement is to provide the appropriate quality and quantity of goods and services at the time and place that they are needed and in the most cost-effective manner. Obtaining best value for money from procurement ensures that we optimise the deployment of STAR Ghana resources to achieve the programme objectives. We must also ensure that our actions are consistent with the highest legal, ethical and environmental standards.

STAR Ghana staff should ensure procurement carried out by implementing agencies and partners conforms to these principles and guidelines. Staff involved in procurement or budget holders that are unsure about procurement and contracting should consult STAR Ghana's Head of Finance.

#### 32.1 Key principles of the Procurement Policy

- Reputation of Christian Aid STAR Ghana

We expect our procurement to reflect the standards we promote as a Programme advocating for transparency and accountability.

- Separation of Duties/Delegation of Authority

We ensure that no one person can initiate, approve and pay for a supply. The purchaser who is empowered to make the binding commitment must have the appropriate delegated authority.

- Value for money

We develop procedures to obtain best value for money in procuring goods, services and works. In order to achieve this, open competition is required for major procurement. Value for money is defined in its broadest sense – looking for best value over the whole life of the supply, and for all parties (STAR Ghana, beneficiaries, environmental “neighbours” etc.).

We look to develop supply strategies for key procurement areas, developing relationships with suppliers to achieve best value. These strategies will include a risk assessment of the supply (e.g. certainty of a supply, reliance on one supplier).

- Budget

We ensure that budget provision exists before committing to procurement.

- Payment on time

We ensure that payment for goods; services and works are made within the terms of the contract once the transaction is complete.

- Ethical standards

We strive to purchase goods, services and works which are produced and delivered under conditions that do not involve the abuse or exploitation of any persons. Our ethical standards are supported by our Code of Conduct for suppliers

- Environmental impact

We strive to purchase goods, services and works which have the least negative impact on the environment. Our environmental standards are supported by our Code of Conduct for suppliers

- Legal aspects

We will ensure that our procurement:

- complies with international and national laws;
- does not breach any other statutory requirements in any country or region;
- is not anti-competitive

### **32.2 Working with Suppliers**

We work with our suppliers to:

- communicate our requirements;
- understand their capacity to meet our needs;
- assess the quality, reliability, availability and performance of supply;
- negotiate cost;
- improve supply standards;
- solve supply problems.

## 32.3 Transparency and Accountability

We expect all staff involved in procurement to:

- act impartially and objectively;
- keep written records to demonstrate transparent and accountable procurement decisions (including the documentation of binding commitments);
- declare any interest in a supplier to Christian Aid STAR Ghana, and to withdraw from procurement negotiation to avoid any conflicts of interest;
- refuse any personal gifts or other inducements aimed at influencing procurement decisions (such as air miles);
- comply with both the letter and the spirit of the law of the countries STAR Ghana operates in;
- Comply with all contractual obligations entered into by Christian Aid/STAR Ghana.

## 32.4 Donor Requirements

We ensure that our procurement meets the requirements of our institutional donors, where a donor's general policies or project specific policies are more rigorous than or inconsistent with Christian Aid policies, the donor's policies must always be followed.

## 32.5 Code of Conduct in the Procurement Process

Employees engaged in procurement must abide by the Christian Aid Code of Conduct and the Procurement Policy and Procedures. In addition CA staff and partners must:

- Identify and declare any conflict of interest relating to a particular procurement
- Not solicit or accept gifts, favours or anything of monetary value from suppliers or contractors or other persons or companies related to the procurement process.
- Disciplinary action will be taken against anyone breaching the code of conduct

## 32.6 Conflicts of Interest

Conflicts of interest must be declared and managed appropriately to ensure robust, transparent and fair procurement. Staff conduct should avoid any suspicion of conflict between professional duty and personal interest.

STAR Ghana employees involved in procurement must confirm that they do not have a conflict of interest related to the procurement; if they do have a conflict this should be recorded on the Conflict of Interest Declaration Form.

All external contractors, suppliers or potential suppliers engaged in an advisory capacity to procurement should sign the Bidder Declaration form.

Conflicts of interest can be managed by:

- Removing the conflicted individual from all or part of the procurement process
- Using an independent and qualified third party to validate that the process and outcome are 'fair'
- If a supplier participates in developing or drafting specifications, these must be kept as generic as possible so as to avoid unfair advantage to that supplier

### 32.7 Business Relationships with Suppliers

Communication with existing and potential suppliers enables us to manage supplier performance effectively and to keep abreast of market developments, innovations and opportunities. To avoid providing unfair advantage and to ensure that transparency and equality of treatment remain paramount, communication and relationships need to be carefully managed. Managers should:

- Keep all quotations received confidential
- Keep suppliers informed of current and anticipated requirements
- Remain free from obligations to any supplier

### 32.8 Ethics & Sustainable Procurement

Christian Aid STAR Ghana aims to promote fair, ethical and sustainable practices in all procurement.

Sustainable procurement embeds the principles of sustainable development into spending decisions. Better spending decisions that take into account environmental, social as well as economic considerations can deliver real value for money.

Staff involved in the procurement of goods and services should consider sustainability as a factor in their purchasing decisions and should encourage suppliers to develop sustainable supply solutions. All suppliers should confirm their commitment to the STAR Ghana/CA ethical Code of Conduct (See appendix).

The three sustainability categories are:

#### Environmental

- Refer to climate change campaign information
- Refer to Christian Aid Travel Policy

#### Social

- Ensure equality and encourage diversity
- Encourage personal development
- Support and encourage local communities

#### Economic

- Use of fair trade materials
- Support SMEs (small and medium enterprises). Don't assume that larger companies provide better value, ensure procurement/operational practices do not create unnecessary barriers to working with us
- Foster innovation through supplier engagement
- Consider whole life costing
- Encourage collaboration and co-operation, internally and between suppliers

## 32.9 Governance and Authorisation

STAR Ghana is accountable to its donors for responsible stewardship of resources. Good governance ensures that decisions relating to expenditure on goods and services to meet the needs of the organisation are subject to a proportionate process and authorised at the right level to deliver value for money.

Clear delegation of roles, authority and responsibility are important in procurement to enable decisions to be made quickly and transparently, particularly in situations or contexts where individual staff members have multiple roles and responsibilities.

The Budget Holder will have primary responsibility for ensuring that the specific procedures established for the project are followed, that donor requirements, where applicable, are satisfied and that overall procurement is transparent and represents value-for-money.

Important principles to bear in mind when setting authority levels and procedures are:

- As far as reasonably practical staff involved in procurement should not authorise purchases, purchase decisions or payments. Authorisation should be carried out by the Budget Holder and monitored by the Finance team.
  - The Budget Holder or their delegate should always review the purchase to ensure that there is sufficient funding available and approve the purchase.
  - A clear set of delegated authorities should be established to authorise and sign off purchasing decisions and payments including where procurements will be evaluated by a panel and where a contract is to be signed.
  - A member of the finance team should check that the procurement procedures have been followed and that the project budget has sufficient funds.
  - The Procurement Manager or Head of Contracts in CA must approve the procurement process in advance of the purchase, for all expenditure expected to value over £50k in a year
- The Procurement Process

The procurement process is a continuing cycle comprising 7 key stages:

- 1) Identify requirements
- 2) Carry out market research (include benchmarking)
- 3) Develop specification and plan
- 4) Solicit offers from potential suppliers
- 5) Evaluate offers
- 6) Award supplier contract / place order
- 7) Manage contract/supplier performance

Identify Requirements

- Goods or services needed for STAR Ghana operations should be identified as part of the planning cycle and built into the programme budget.
- Where goods/services already being purchased, review needs and update specifications periodically rather than automatically renew supply arrangements
- Consider alternatives to purchasing new goods/services for example where existing stocks/assets could be utilised instead or where leasing may be appropriate

### 32.11 Market Research

Understand market options and limitations in terms of product and supplier availability, cost and quality options, and any applicable rules and regulations. This information will help in developing the detailed specification and project strategy.

Activities:

- Engage existing and potential suppliers
- Find out what else is available in market
- Are there many suppliers or only few?
- What do other humanitarian aid organisations do, is there opportunity to collaborate
- What laws or regulations apply to purchasing the goods/services
- Identify risks

The paragraphs below provide further guidance:

### 33.11 Local Regulations

Staff should be aware of the specific laws and government restrictions in the country of operation. Factors to take into account include import duties, VAT, inflation, restriction of tenders to local sourced goods and restrictions on the use of second-hand goods.

### 32.12 Taxes

Local VAT and other taxes must be considered carefully when setting project budgets. It is important that an exemption certificate is obtained before any purchasing takes place. Suppliers can normally only quote and invoice without tax if they hold a copy of the exemption certificate.

Some donor grants and contracts may specifically exclude paying taxes so that if any tax is suffered it will be treated as ineligible expenditure and cannot be claimed from the donor.

### 32.13 Consultancy Services

The Christian Aid HR Independent Contractors policy enables the use of independent consultants for specific and clearly defined pieces of work that would be better provided by an external consultant, who would normally be self-employed, than by Christian Aid or STAR Ghana. The policy states how the service should be commissioned and contracted.

The standard Christian Aid consultant's contract must be used and, for services valued £10k or more, should be part of a competitive process.

### 32.14 I.T. Equipment

IT equipment needs should always be referred to the Information Services Division in Christian Aid Head office and no hardware or software may be purchased without the permission of the Head of that Division. This is to ensure that appropriate and common standards are applied across the whole organisation (including standards of ethical purchasing). However, it may often be that case that local purchase (which also avoids shipping costs and any environmental impact these might have) is more economical, with better after-sales service. It should also be noted that the installation of unauthorised software on any item of Christian Aid or STAR Ghana IT equipment may constitute a disciplinary offence.

### 32.15 Pre-Approved Suppliers

The STAR Ghana office can set up procedures to pre-approve suppliers; this may include visiting suppliers' premises and meeting the management, and obtaining financial and customer references, catalogues and price lists. This will also be an opportunity to confirm conformity with the ethical and environmental policies.

### 32.16 Procurement Strategy and Planning

The value of the goods/services required will determine the type of procurement procedure, market research gathered at stage 2 should inform the strategy and details of the plan. The timescale and resources available to work on the project will be determined by the Budget Holder. The project plan should:

- Define the aims and objectives of the project
- Identify stakeholders
- List who will be involved including roles and responsibilities
- Key activity and reporting dates
- Evaluation plan
- Authorisation and approval process
- Implementation plan
- Risk log

Operation, Programme and Finance should agree a timetable of procurement activities and responsibilities to ensure the timely delivery of goods and services where and when they are needed.

A procurement plan should be presented to DFID for pre-approval before purchases are made. This may exclude procurement of small value items

#### Specification

The specification should detail the type and quantity of goods/services as well as additional terms and conditions such as relating to delivery, payment and key performance indicators. There are two basic approaches to a specification:

- input based, details the product or service wanted; or
- Output based, describes aims/objectives, allowing the supplier flexibility to shape their proposal to meet those aims/objectives. More suitable for service contracts.

In developing the specification:

- Engage all stakeholders
- Consider appropriate volume for goods
- Buying in bulk does not necessarily require delivery in bulk, be aware of the capacity for stock holding and associated risks
- Technology may render some products obsolete before high volume contract expires
- Equipment is likely to require maintenance and consumables
- Determine minimum quality standards
- Involve suppliers to learn about new innovations, not just familiar standards
- Consider delivery and payment scheduling
- Consider environmental or ethical considerations
- Consider how will the contract be managed

Guidance and support for writing a specification can be obtained from the STAR Ghana Head of Operations. A specification writing template is included in the Appendix.

### Solicit supplier offers

This stage is where suppliers are formally informed of STAR Ghana requirements and invited to quote to supply. The value of the goods/services required determines the procedure to be followed.

### Types of Procedure and Thresholds

The level of expenditure for the particular purchase over the anticipated duration of the supply arrangement, determines which procurement procedure should be undertaken and the respective policies for expenditure approval and delegation of authority. The flow chart in the appendix summarises the process.

Each of the procurement procedures requires a series of steps, documentation and approvals to ensure compliance and effective implementation of the procurement principles as detailed later in this document.

The table below shows the applicable STAR Ghana expenditure thresholds for each procedure.

**Table 4: Expenditure Thresholds**

| Anticipated Total Value Up to - |   |
|---------------------------------|---|
| £                               | Procedure   |
| 1,000                           | Negotiated procedure single quotation                                     |
| 5,000                           | Single quotation: approved suppliers otherwise minimum of three quotation |
| 50,000                          | Negotiated procedure: minimum three quotations                            |
| > 50,000                        | Competitive Tender  |

Donor guidelines must always be checked carefully in case lower thresholds or specific requirements apply.

### Artificial Splitting of Contracts

The estimated value of a contract or purchase must be considered as a whole and not artificially split in order to avoid a more rigorous procedure threshold.

For example, if goods/services worth approximately £160k are required, it is not acceptable to split this into two separate procurement processes valued at £80k each. Where goods/services will be provided in a series of deliveries rather than a single delivery, the total value should be used to determine the type of procurement procedure.

### Negotiated Procedure: single quotation

Small value items under £1,000 can be purchased directly based on a single quotation using a Purchase Order form and/or providing Authority/Request for payment to Finance to enable invoice processing. Although competitive bidding is a key principle for obtaining and evidencing value for money, it is not cost effective to apply it to low value items.

Time spent doing market research should be proportionate to the value of goods required and any associated risks. If the aggregate value is below £1,000 but the purchaser expects to place multiple orders there may be efficiency savings by negotiating price, delivery and payment arrangements in advance (i.e. to reduce administration costs). If aggregate value of multiple purchases exceeds £1,000, multiple quotes should be obtained.

**Negotiated Procedure:** minimum of three quotations

For items valued between £1,000 and £50,000 it is mandatory to obtain at least three written quotations to enable the identification of the best value provider (unless you are procuring from a pre-approved supplier in which case items valued up to £5,000 can be purchased directly based on a single quotation).

A Request for Quote (RFQ) or Request for Proposal (RFP) should be drawn up and provided to a sufficient number of suppliers to ensure receipt of three quotations. The process must be managed in a fair and transparent manner including the selection of suppliers to contact. The Procurement Bid Summary report (PBS) should be completed and signed by the Budget Holder/Programme Director to evidence approval of the supplier selection process. Guidance for creating an RFQ or RFP can be found in the appendix.

**Competitive Tender**

For items valued £50,000 or more quotations should be sought by competitive tender to obtain best value through fair competition and transparency of process. The tender process involves inviting potential suppliers to provide a formal response to a specification and set of directions. Tenders are either Open or Restricted in nature:

- An Open tender is advertised and allows for any organisation or potential provider to make a bid
- A Restricted tender procedure is one where tender documents are only sent to a restricted group of potential suppliers. These suppliers may have been approved in advance, or be approved as part of a pre-qualification process in response to an advertisement or market research

**Exceptions to Three Bid Rule/Tender Process (Waiver)**

There will be circumstances where a minimum of three bids or quotations cannot be obtained and the reasons for this and for proceeding without 3 quotations must be given by the Programme Director.

Exceptions may apply to both items over £1,000 normally requiring three quotes and to larger items requiring competitive tender. The reasons for this can include:

- Repeat contracts to an existing supplier where the terms of the original contract have not been substantially altered.
- The supplier performance is consistently good
- The extension must not be for a longer period or higher value than the original contract
- Contracts can only be renewed twice in this way
- Goods are only obtainable from one source for technical or intellectual copyright reasons

- Additional purchases from an original supplier are permitted where standardisation of goods/spare parts and their compatibility with existing equipment is necessary
- Where the political or security situation makes it impractical
- Where unforeseen circumstances necessitate ordering additional goods or services up to 50% above the original purchase or contract value
- Where, despite soliciting quotations, less than three are obtained
- For the rent, lease or hire of property such as office, storage or warehousing, whatever the estimated value of the contract, and after prospecting the local market.

Donor requirements should be checked to confirm whether donor derogation is specifically required where three quotes cannot be obtained. Derogation is where a donor gives a specific waiver to the application of a rule.

### Records & Tender administration

Procurement documentation must be completed correctly and stored appropriately to demonstrate that fair and transparent processes have been followed and appropriate due diligence carried out on potential suppliers. This is particularly necessary for all material decisions regarding tendering and to provide a valuable record of market information.

The basic principles of documentation are:

- Procurement records must be adequate to allow someone other than the buyer to understand the choice of supplier for each purchase; this should be evidenced. This is particularly important where the most competitive priced bid was not chosen and where fewer than three bids was obtained.
- All decisions made, justifications and procedures adhered to must be documented and approved by staff members with the appropriate level of authorisation.
- Retain all documentation submitted by suppliers even if they were ultimately unsuccessful in their bid.

Due diligence must be carried out on suppliers as part of the approval process in proportion to the value and risks associated with the requirements.

### Tender communications and Advertising

Advertising tenders may be beneficial for reasons including:

- To discover new suppliers where the known provider pool is very small
- To source lower cost providers
- To enable best value appraisal
- To avoid unfairly favouring existing suppliers
- To discover innovations or new products
- To increase competition (price or quality)
- To encourage small/medium enterprises.

Communication with bidders during the tender process must be restricted to ensure equality and fairness. Material information provided to any bidder must be provided to all.

A reasonable time limit for receiving responses to an advertisement or to the tender documents should be determined by the project plan; a minimum of 21 calendar days from the date on which the advertisement/communication is published is advisable. The response time may need to be longer depending on the complexity of the tender requirements.

### Receipt of Bids (RFP/RFQ/Tenders)

- Where projects are implemented by partners, staff should work closely with partners to establish bid opening, recording and decision-making procedures. Partners may have their own procurement procedures but they may need enhancing to comply with the general principles set out here.
- All Bids must be registered on receipt
- Bids received prior to the closing time specified in the tender should be kept secure and unopened until the bid opening date. However, bidders may choose to withdraw or modify their bid up to the appointed deadline.
- The acceptance of late bids is up to Budget Holder/Programme Director's discretion. If it is necessary to extend the submission deadline, all bidders should be informed in the same way and all bids so far received will remain unopened until the new bid opening date.
- An adequate time must be allowed for bidders to produce a comprehensive bid to meet the specification.
- Bids that do not comply with all the terms and conditions as issued, without material modification should be classified as non-responsive and set aside.
- Bids shall be open by at least two staff authorised by the management team, who should record at a minimum, the submission date, name of the bidder and the total bid. They should be independent of the staff involved in procurement and would normally be senior finance and technical staff.
- All submitted bids must be retained as a part of the tender file for seven years.
- No bidder is allowed to modify non-responsive bids after bid opening to make them responsive. However, the bidder may be asked to provide clarifications of the bid as long as no material modification is made.

The Contracts and Procurement Team should be consulted in the preparation and evaluation of all tenders.

### Evaluation

It is important to manage procurement along value-for-money lines the best price is not necessarily the lowest price, it is a combination of cost, delivery, quality and servicing to meet the needs of the organisation as described in the specification.

The evaluation of bids must be fair and equitable to all bidders. The criteria for evaluating the best value responses for all procedure levels should be created in parallel with the specification and any competition questions.

Evaluation criteria should take into account:

- Quality of the goods/services proposed
- Delivery schedule and lead time
- Payment terms
- The price including any necessary on-costs such as transportation, insurance, handling or import costs
- Account management and reporting
- Evaluation criteria should also aim to reward suppliers that aspire to achieve high ethical and environmental standards.

These base criteria may be weighted to reflect the areas of most importance.

Evaluators

Evaluation should be carried out by individual or a team of stakeholders in proportion to the value of the project and as identified in the project plan and to include a finance representative to assess any financial plans. These people will have input to the specification and will have understanding of the requirements and a degree of involvement in the resulting supply relationship.

The Head of Operations should be involved in all tender evaluations. Where this person will have day to day involvement in the resulting contract, their function will be to oversee the evaluation process and facilitate and chair group discussions.

For negotiated procedures and tenders

The Procurement Bid Summary form (PBS) should be used to summarise the results of the procurement process and to obtain and record authorisation to proceed to contract (See appendix).

- The three highest scoring proposals after evaluation should be detailed in the table.
- The scores for other bidders and those who did not respond should also be noted.
- The scoring of the qualitative criteria will be used along with price to arrive at the best Value for Money bid which should be documented on the summary form.
- If the lowest priced proposal is not recommended, the evaluation report must give the specific reasons for recommending the selection of a higher proposal.
- Where a purchase is to be divided between suppliers to obtain the best prices item by item, detail should be provided in the PBS.
- The recommendation of the staff involved in procurement and the management's decision are recorded on the PBS.
- Where three bids cannot be obtained the reasons should be clearly set out in the PBS.

### Awarding a contract

The authority to award a contract following evaluation or the requirement to report the results (to person/committee) in order to obtain approval to award must be clearly stated within the procurement plan.

The supplier with the highest score after evaluation is nominated as the selected supplier subject to agreeing a contract. Once authority to proceed is given the selected supplier should be contacted and the two parties proceed to contract agreement.

The detailed results of the evaluation process should be retained within the department as they may be required in the event that a contract cannot be agreed with the selected supplier.

### Communicating evaluation results

For all procedure types all bidders must be informed of the outcome of the procurement process and the selected provider. Where a tender has been publicly advertised the result should also be advertised in the interests of transparency.

It may be appropriate to offer a debrief summary to unsuccessful bidders in order to recognise their efforts and support their future development. The Christian Aid Head of Contracts or Procurement Manager should be consulted before giving debriefs, and care taken to avoid giving away sensitive commercial information.

### Formal Contracts

A contract clarifies the agreement and responsibilities of the parties; Christian Aid STAR Ghana has a standard contract document suitable for goods and services which includes detailed terms and conditions.

Legally a contract can be made verbally whereby commitments made by the parties are later relied on so it is vital that staff take care not to make commitments without the proper authority or approval. It is preferred to use Christian Aid STAR Ghana standard terms and conditions for the supply of goods and services. Staff must not sign supplier terms and conditions documentation without agreement from the Head of Operations-STAR Ghana.

### Reasons for creating a formal contract:

- To manage risk
- To clarify complex service/ supply arrangements
- Where delivery and/or payment will be made in stages rather than a single requirement
- To describe any performance targets and measures
- To enable terms and conditions to be agreed once and applied to multiple purchases
- Where there is risk that would require court action to resolve (e.g. Intellectual Property rights, reputation)
- Over-rides any terms and conditions attached to purchase orders, order acknowledgements and other transactional documentation.

### Contracts Register

Hard copies of contracts should be held by the Programme Director.

### Purchase Orders

A Purchase Order (PO) is a commitment to buy and authorises the supplier to deliver and demand payment. A PO includes:

- All orders placed using order books
- All types of communication that requests a volume of goods/services from a provider and an explicit or implied commitment to pay.

When a PO is accepted by the supplier it becomes a contract and has legal force. Where the goods are collected with payment following delivery the PO is a guarantee to the supplier of payment. Where the supplier requests advance payment a PO signed by the supplier acts as a guarantee of delivery. The Budget Holder must ensure sufficient funds are available in the budget before issuing a PO.

For low value items less than £1,000 a PO should be issued to the supplier following approval from the Budget Holder or delegated authority.

The sum of orders placed under a formal contract agreement should not significantly exceed the estimated value of the contract at the time that it was entered into. For larger value transactions a PO is prepared and issued to the supplier once the Procurement Bid Summary is authorised and/or the contract terms are agreed.

Any changes to a PO after it has been accepted by a supplier should be in writing. A new Purchase Order, referenced to the original should be sent to the supplier with details of the changes. Cancellation of orders wholly or partly must be documented in writing.

The preferred method of payment should be detailed in the information provided to suppliers and confirmed in the PO. Payment should not be made in advance of receipt of the goods or services. In the case of expenses that require advance payment approval must be obtained by the Budget Holder.

### New suppliers

Before authorising payment to a new supplier for an invoice of £5k or more, Finance will require a copy of the PBS report signed by the Budget Holder to evidence that an appropriate procurement process has been followed.

### Preferred and Pre-approved suppliers

Designate preferred suppliers where it is preferable to retain one or more suppliers for ad hoc future purchases up to £5k each, without a formal contract, e.g. hotel services. Building a relationship with a preferred supplier (whether informal or contractual) may result in overall cost reduction through significant discounting.

When selecting a preferred supplier for the STAR Ghana programmes it is advisable to consult the database of the Interagency Procurement Group (IAPG), available on their website <http://www.iapg.org.uk>. The suppliers are reviewed to take into consideration costs and ethical issues. (Christian Aid Humanitarian Division maintains some contact with IAPG but Christian Aid is not a full member).

### Supplier and Contract Management

Effective contract management ensures supplier performance is monitored and maintained, and that Christian Aid STAR Ghana meets its obligations under the agreement. Supplier relationship management can build strong and productive relationships, foster innovation and remove process costs through open discussion and examination of activities and tasks.

### Schedule of Meetings

Whether communication between the parties is daily or occasional it is important to meet on a regular basis to review the performance of the agreement.

As a minimum an annual review meeting should be held with all suppliers for contracts over 1 year and for all high value contracts (above £50,000 per annum). It is recommended that quarterly meetings should also be held to track progress, manage any issues and ensure that the specification and performance continue to meet Christian Aid STAR Ghana's objectives.

Supplier review meetings should:

- Focus on the performance of both parties
- Track key performance indicators
- Discuss issues and agree actions
- Include feedback and commentary from stakeholders
- Confirm on-going requirements or agree any changes
- Update key contact information and ensure people within each organisation know their key contact points.

### Escalation Procedures

All contracts should include an escalation procedure and name specific contacts in case of dispute or significant performance issue. In addition the Christian Aid Head of Contracts should be consulted and included in communications with suppliers where serious issues exist.

Staff responsible for agreements with suppliers should be aware of the end date of all contracts and ensure they provide sufficient time to prepare what will happen when the agreement formally ends. Staff must not try to exit an existing supplier contract earlier than prescribed in the contract without obtaining agreement from the Christian Aid Head of Contracts.

### 33.0 Fixed Asset Register and Asset Control

This policy deals only with assets purchased for the continuing and direct use of Christian Aid STAR Ghana

- Any equipment with a purchase price of above GBP 1,000 or 'desirable items' shall be considered to be capital items and should be recorded in the STAR Ghana specific fixed asset register/inventory. Desirable items are often those that are at higher risk of theft and often portable and easily resold (e.g. laptops, cameras, printers, scanners, smart phones/tablets, etc.).
- Any equipment purchased under the project shall not be changed, sold or disposed of without the DFID's prior written approval. Any loss of theft of equipment purchased with STAR Ghana funds should be reported to DFID immediately.

The ownership in equipment shall vest in DFID unless transfer of ownership to the Implementing Partner, sub-grantee or beneficiaries of STAR Ghana is expressly approved in writing by DFID.

DFID will retain ownership through the life of the project. At the end of the project DFID will make the decision on how the asset should be treated based on what it considers is best value for money, either transferring the assets to another programme, selling them, or gifting them for continued use.

#### 33.1 Assets purchased from Donor Funds

Assets from donor funds do not belong to Christian Aid STAR Ghana and therefore do not need to be capitalised. Once the correct authorisations have been obtained the purchase can then proceed as long as it follows the Christian Aid STAR Ghana procurement procedure (see above). When these assets are purchased, they should be posted to account 346 regardless of their value against STAR Ghana funding code 6DDF005 and equipment budget activity code YST201

#### 33.2 Asset Register

All assets of value £1,000 must be entered in the STAR Ghana Asset Register. The standard layout for the Asset Register may be found as part of appendix

#### 33.3 Disposal and Sale of Assets

**No disposal of assets can be made without the prior approval of DFID.**

Fixed assets are disposed of for three reasons:

- Asset no longer required by STAR Ghana
- Asset no longer fit for use within STAR Ghana
- Asset no longer exists as it has been lost or stolen

For assets purchased with donor funds the donor should be contacted and the process and how to treat the income agreed directly with them before any sale is made.

When an asset is no longer required by STAR Ghana, DFID should be notified and a proposal made for the asset. If a sale of asset is approved by the donor the following procedure should be proposed to the donor for approval:

- Notice of the sale of the asset should either be made by a formal tender process with invitations to tender or made publicly available in a manner appropriate to the asset (e.g. advertising a car in a local car magazine).
- The notice should state clearly the asset being offered for sale, the manner in which offers should be made and, where relevant, a date and time by which offers must be received.
- When appropriate an independent valuation should be sought prior to the notice of sale being published.
- Significant differences between valuation and realised sale value should be explained in documentation supporting the income recorded on the accounting system.

If a formal tender process has been instituted:

- All envelopes for the return of the offers should be included with the invitation to tender. These should clearly show the name of the individual to whom the offer should be addressed and provide a reference to enable the addressee to identify the correspondence relates to the specific asset sale.
- As offers are received, the envelopes should be left unopened and marked with the date and time of receipt.
- All offers should be opened by two members of staff at the stipulated closing date/time for offers. Details of all offers should be detailed and the offer letters retained as proof of the offers received.
- The highest comparable offer price should be accepted unless sound business reasons, adequately documented, are provided for accepting a lower offer. Failure to do so may constitute a misapplication of funds.
- No sale to a staff member should be completed without a comparable, independent third party offer and/or valuation.
- The successful purchaser should be advised their offer has been accepted and a time arranged for them to collect the asset and make payment to Christian Aid STAR Ghana. Payment must be received and cleared before the asset is released from STAR Ghana premises.
- All supporting paperwork and sale proceeds should be forwarded to the Finance team.
- The fixed asset register is to be updated and paperwork retained to support the proceeds on the accounting system.

Asset no longer fit for use:

Where an asset is deemed to be no longer fit for use, consideration must be given as to whether the asset can be sold on to a third party or whether the asset will simply have to be scrapped. If the asset may be sold it should be sold in the manner stated above. Assets may be scrapped in the following circumstances:

- Cost of repair exceeds replacement cost, or
- There is no market for the sale of the asset, or
- There is a significant health and safety risk from continued use.

Before an asset is scrapped, DFID must provide approval and Christian Aid will propose the following procedures to be followed:

- Contact DFID to explain why the asset is no longer suitable for use.
- Where the asset is repairable quotations should be obtained for repair work and assessed against the replacement cost of the asset.
- The disposal of the asset should be arranged by the disposing team
- The member of staff arranging the disposal must sign to confirm the asset has been scrapped. This certification along with any collection note from the company/individual taking the item away and a copy invoice for any scrap cost/income should be retained with the fixed asset register.

### **33.4 Asset has been lost or stolen**

Immediately it is discovered an asset has been lost or stolen, DFID and member of staff responsible for insurance must be informed. The insurers will then be made aware of the loss. Wherever possible, local police should also be informed and a crime number/report given to the member of staff who has lost the asset/from whom the asset has been stolen. These details should also be passed to the person responsible for insuring the asset. If the asset is not recovered details of the loss and any insurance receipt should be retained with the fixed asset register, and the loss recorded in the register as a disposal.

For assets purchased with STAR Ghana funds the following procedure should be followed whether the asset was capitalised or not:

- For expensive assets notice of the sale of the asset should either be made by a formal tender process with invitations to tender or made publicly available in a manner appropriate to the asset (e.g. advertising a car in a local car magazine). For less expensive assets the notice of the sale can be less formal but should still ensure that those who might be interested are aware of the sale. In both cases the notice should state clearly the asset being offered for sale, the manner in which offers should be made and, where relevant, a date and time by which offers must be received.
- For expensive assets an independent valuation should be sought prior to the notice of sale being published. For less expensive assets the market value should be ascertained by reference to external sources. Any significant differences between the valuation and sale proceeds should be explained in the sale documentation.

- If a formal tender process has been followed, envelopes for the return of the offers should be included with the invitation to tender. These should clearly show the name of the individual to whom the offer should be addressed and provide a reference to enable the addressee to identify the correspondence relates to the specific asset sale. As offers are received, the envelopes should be left unopened and marked with the date and time of receipt. All offers should be opened by two members of staff at the stipulated closing date/time for offers. Details of all offers should be detailed and the offer letters retained as proof of the offers received.
- The highest comparable offer price should be accepted unless sound business reasons, adequately documented, are provided for accepting a lower offer. Failure to do so may constitute a misuse of funds.
- No sale to a staff member should be completed without prior permission from DFID and an independent valuation.
- The successful purchaser should be advised their offer has been accepted and a time arranged for them to collect the asset and make payment to Christian Aid STAR Ghana. Payment must be received and cleared before the asset is released by STAR Ghana to the purchaser.
- The sale documentation must be held locally. The income received should be coded to account code 9CF in the SFR and a note made that this income is from the sale of a non-capitalised asset. The sale and disposal of the asset should also be recorded into the Office's Asset Register.

### **33.5 Donating Assets to Partners**

At the end of their useful life to Christian Aid, assets can be donated to partners if donor requirement allows it. For more information on refer to Grant Manual.

### **34.0 Use of Log books**

Log books should be kept for all STAR Ghana Vehicles. The Log book must be kept in a safe place in the vehicle all the time. Log books should be fully updated at any point in time to indicate the following:

- Date and time of travel or vehicle movement: time in and out of the office
- Purpose of travel/ movement from the office
- Signature of driver/officer travelling with driver
- Signature of officer, in cases where an officer has an approval to drive STAR Ghana vehicle. Such officers should have a valid driving licence
- Vehicle mileage
- Date, time and cost of fuel purchased into the vehicle

Log books should be inspected regularly by the Head of operations. This duty can be delegated as appropriate. The finance team could make ad hoc inspection from time to time.

All vehicles belonging to STAR Ghana must only be driven by authorised STAR Ghana staff and are covered by the insurance policy. Before using a vehicle a vehicle usage form should be completed and the details of the journey must be recorded in the vehicle log book. All vehicles must only be used for STAR Ghana activities and should be returned to the STAR Ghana office after use. If a vehicle is needed due to an early start or late finish authorisation from the Programme Director / Head of Operations is required beforehand.

### 35.0 Misuse of funds

#### 1. Summary

If STAR Ghana programme money or other assets are used for any purpose outside of its charitable objectives then there has been a misuse of funds. Any suspected misuse of funds should be reported internally within Christian Aid using a standard form attached as an appendix. An attempt to misuse funds that did not result in an actual misuse should also be reported. Action should be agreed between the Christian Aid Head of Division, Internal Audit, Finance Division and other relevant colleagues.

The Christian Aid Internal Audit team monitors all misuse of funds cases and reports progress on them to the Audit and Risk Committee in each of its meetings. These in turn are reported to the Charity Commission in the UK as part of the annual return. Any matter meeting the criteria of a serious incident is separately reported to the Charity Commission at the time it is discovered.

It is vital that we report misuse of funds so that we can minimise any losses, ensure that we meet our statutory responsibilities, meet the requirements of our supporters, donors and other stakeholders and make sure that we learn – by improving our ways of working so that we reduce the risk of losses in the future. We also want to ensure that we support colleagues through resolving these issues.

Christian Aid STAR Ghana reputation could be damaged if it was thought that it did not act properly in response to a possible misuse of funds.

#### 35.1 Definition - what is a Misuse of Funds?

“Funds” in this policy means money and assets that belong to Christian Aid/STAR Ghana (including institutional grants received). Any use of funds which is not in accordance with STAR Ghana objectives is a misuse of funds, whether or not there was an intention to misuse funds. For example, if a member of staff loses a cash advance then that is a misuse of funds, even though they did not mean to lose the money. This policy covers the full range of misuses of funds, from the criminal (e.g. theft) to the purely accidental (e.g. cash lost while travelling) and therefore reporting a misuse of funds issue does not mean that any fault is implied.

For internal reporting purposes there are four definitions which may be applied to a misuse of funds these are:

**Misapplication of Funds** is to be used as a term to define an incident that has occurred when due care has been exercised, appropriate Christian Aid/STAR Ghana policies and procedures have been followed, qualified advice sought and a full and honest audit trail of the use of funds is available for independent inspection. These incidents are the result of systematic rather than personal failings and are the direct responsibility of Trustees

### 35.3 Types of Misuse of Funds

Here are some examples of possible misuse of funds:

1. Theft – when STAR Ghana money or other assets are stolen by STAR Ghana staff, staff at a partner or by someone else. This includes STAR Ghana funds that have been stolen after they were granted to a partner.
2. Bribe – the offering, promising, giving, accepting or soliciting of money, a gift or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation’s activities. This includes facilitation payments. See the Bribery policy for more information.
3. Funds diverted to another project – for example, a partner receives a grant to be used for education on election call but uses them for electoral reforms without formally agreeing the change with STAR Ghana. False financial records (e.g. accounts, unsupported floats).
4. Double-funding – where one project’s expenditure is reported to 2 different donors as if they are the only donor of that project, with the surplus funds not being used for the project.
5. Ghost projects – projects that do not exist but are reported on falsely, so that funds can be used for other purposes.
6. Financial mismanagement at partner resulting in loss of funds.
7. Assets seized by third party e.g. a government freezes a STAR Ghana bank account and removes the balance.
8. Ineligible expenditure e.g. under an institutional donor-funded project, a partner rents vehicles when the agreement states that the vehicles should only be purchased or a partner spends more than agreed on a project leading to STAR Ghana not being able to recover the funds from the donor.
9. Accidental loss by STAR Ghana staff e.g. a cash advance cannot be accounted for.

### 35.4 What do you need to do?

The principles of any action taken by Christian Aid/STAR Ghana staff should be to:

- First and foremost, protect the personal security of Christian Aid and partner staff.
- Not “tip-off” anyone suspected of fraud. For example, if you suspect staff at a partner then be very careful that they do not realise that you have noticed something in case they destroy evidence or contact donors or the media.
- Secure STAR Ghana assets i.e. make sure no more funds can be lost in the same way and also recover any funds where possible.
- Secure Christian Aid’s records
- Make transparent reports -both inside Christian Aid and outside, where appropriate.
- Only share information about the issue with those that need to know
- Enable learning within STAR Ghana and partners, to reduce the risk of funds being misused in the future
- Get advice from HR on any CA staff related issues

- If you suspect a misuse of funds then you need to report it, even if you are not sure what has happened. Also, if you are aware of an attempt to misuse funds, then you need to report it, even if no funds were actually lost.

Below is guidance for what you need to do. “Reporter” refers to the Christian Aid staff member who discovered the issue. See Appendix 1 for a flowchart showing the reporting lines for a misuse of funds. If you are unsure if you should report an issue or not then please contact the Head of Finance or Head of Internal Audit and Risk Management.

### **35.5 Actions: First person to discover a misuse of funds (the “Reporter”)**

If any member of staff has any grounds for believing that funds have been misused or that there has been an attempt to misuse funds, they must immediately inform their line manager and/or country manager where the misuse relates to an overseas programme. If it is impractical or the line manager and/or country manager is implicated, the individual should report their concerns directly to their divisional head.

If money laundering is suspected then the Director of Finance and Operations should be informed immediately rather than the line manager. Money laundering is a method that criminals use to replace traceable “dirty” proceeds of crime with “clean” assets (eg. by making a donation to a charity and then asking for a refund). For further details, please refer to the Anti-Money Laundering policy.

For concerns over raising issues of a sensitive nature, reference should be made to the HR policy and guide on Whistleblowing (see appendix). Do whatever you can to secure STAR Ghana’s assets and records without endangering any colleagues or partner staff.

For example, if fraud is suspected at a partner then ensure that no further grants are transferred to the partner by raising a critical issue in PROMISE. For any grants approved recently check with the Grants Unit to see if the payment can be stopped since even after the bank payment has been processed it is possible to recall a payment.

### **35.6 Actions: Reporter, line manager or Programme Director**

Within one week of the issue first coming to the Reporter’s attention, they or their line manager must ensure that an online misuse of funds form is completed. A copy attached as appendix

The form will capture all the relevant information and notify these colleagues at CA:

- The relevant head of Division
- The Head of Internal Audit and Risk Management
- The Head of Finance
- Other colleagues as appropriate, for example:

For all institutional / government donor funds – the grant/contract manager and Head of Programme Funding. If funds from major donors or trusts – the grant/contract manager and the fundraiser who holds relationship with donor

### **35.7 Actions: Head of Division**

On receiving notification of a misuse of funds, the Head of Division should discuss the issue with the others that have been notified (see above). The completed form will show who has been notified. The Head of Division will decide on further action to be taken. This will depend on the seriousness of the issue. (See Section 5 for some more specific suggested actions.)

Sometimes the issue will simply need to be logged. Other situations will require an investigation. If initial investigations lead to sufficient grounds to conclude that something went wrong that was within the control of Christian Aid or a partner then further investigations may be commissioned, possibly using external specialist investigators. Any investigations should be planned with the help of Internal Audit to ensure that the best type of investigation is used. Certain situations may require a visit by Internal Audit, some by an external audit team and some by other Christian Aid staff. Any investigations of Christian Aid staff should be planned with the help of Human Resources, as well as Internal Audit. The decision as to whether to suspend the partner will also be made at this time.

Action should prioritise keeping STAR Ghana and partner staff safe. For example, care should be taken if considering sending Christian Aid STAR Ghana staff to meet someone suspected of a misuse of funds. Make sure that the suspicions are based in facts. Ask for more information from the reporter and line manager in order to understand what is fact and what cannot be verified.

The Head of Division is ultimately responsible for bringing all misuse of funds cases to a conclusion, either by ensuring that all funds are returned or by reporting why this will not be possible. He/she is supported in this by the Head of Internal Audit and Risk Management.

Once everything has been done to try to resolve an issue then the case will be closed with the approval of the Head of Internal Audit and Risk Management. If grant-making to a partner was suspended and it is thought that the issues have been resolved such that grant-making to the partner can resume then agreement should be sought from those involved in agreeing to suspend the partner. If deemed necessary by the Head of Internal Audit and Risk Management in consultation with relevant stakeholders, this course of action will be recommended to the Audit and Risk Committee by the Head of Programme Delivery and Operations, International and will be subject to the approval of that Committee.

### **35.8 Actions: Head of Internal Audit and Risk Management**

The Head of Internal Audit and Risk Management is ultimately responsible for keeping a record of misuse of funds cases and in supporting development of action plans to resolve them and will be made aware of all cases via the misuse of funds workflow on SharePoint.

The Head of Internal Audit and Risk Management will ensure that relevant directors and staff are informed of misuse of funds cases and that they are included on the misuse of funds workflow where appropriate. He/she will also ensure that the misuse of funds register is maintained up to date and reported to the Audit and Risk Committee in each of its meetings.

### **35.9 Actions: CA Head of Finance**

The Head of Finance will ensure that partners are suspended on Promise in the event that such as suspension is agreed. He/she will also ensure that any resulting loss or repayment of funds is appropriately accounted for. He/she will ensure that an appropriate accrual covering the risk of claw back of donor funds is made in the year-end financial statements.

### **35.10 Actions: Director of Finance and Operations**

The Director of Finance and Operations will inform the Charity Commission of any serious incidents, according to their definition, and in line with Christian Aid's Guidelines on Serious Incident Reporting. He/she will approve any legal action before it is initiated.

## **36.0 Audits**

### **36.1 External audit**

For the first three years of the Programme, STAR Ghana would be audited as part of statutory audit of Christian Aid, Ghana as it is not an autonomous entity. After year 3 when STAR Ghana has become an autonomous entity, it would be required to have its own statutory audit.

An external audit is an independent evaluation of financial statements, prepared by an external qualified accountant. Audits may be required by local law and sometimes where this is not the case the amount of investment in an office would make an audit prudent.

The Programme Director is responsible for ensuring external audits are implemented, where required and for ensuring a copy of the report is submitted to Internal Audit and the Senior International Accountant in London. Supervision of the audit process as it takes place is usually delegated to Head of Finance-STAR Ghana.

### **36.2 Selecting an Auditor**

Auditors can be selected locally. The only restrictions are as follows:

- Any auditor you choose must be qualified to produce and sign off accounts to International Standards on Auditing
- If local law says that you must select an auditor from a government approved list, you must of course select an auditor from this list
- No member of Christian Aid staff should have familial or other connections with the audit firm chosen
- The audit firm chosen must be prepared to quote for work done to a pre-agreed contract
- You must retain the evidence to prove that you have selected the auditor in accordance with Christian Aid's procurement standards (see the Procurement Policy), obtaining quotations from the required number of firms and assessing these using pre-set criteria (fees, audit coverage, quality of management letter, personnel to be used etc.).
- External Audits must be put out to tender once every 3 years. However this can be done more frequently if there are issues with the current auditors.

- After 3 years is up you must re-tender however the same Auditors can be re-appointed if they are still the most suitable
- If an Audit firm is re-appointed twice (which will mean that they have been your auditors for 9 years) in order to be re-appointed again they must change the partner responsible for the audit.
- This means that you can use the same audit firm as long as they win the tenders and also change the audit partner every 9 years.

### **36.3 Contracting with an Auditor**

You must have a contract with the audit firm. This should cover the work that the auditor must carry out and fee quotations for the work to be done must be based on this.

The required contents of such a Terms of Reference will change from country to country. As a guide, we would expect the following to be in a contract for services;

- A quotation of fees to be paid
- A list of the staff to carry out the work
- The scope of the analysis and testing to be done
- A timescale for the work
- The outputs to be produced

For Christian Aid purposes, the minimum outputs should be;

- An audit report with an audit opinion
- A management letter describing key controls and suggested improvements
- A statement from the auditor stating that a number of key checks have been made (see Appendix 1 for the statement that needs to be completed by the auditor). These have been supplied by our external auditor in the UK and will be relied upon in the UK external audit

Where Ghana law requires additional outputs. These must also be stated in the terms of the contract with the auditor.

### **36.4 STAR Ghana Responsibilities are:**

Before an audit;

- You must let Internal Audit know in the annual Legality Questionnaire whether or not an audit is required by law
- Your selection of an auditor should be signed off by the Associate Director of Finance and Operations, Head of Finance or Senior International Accountant in London

On the conclusion of an audit;

- A copy of the full audit report, the management letter and the Auditor Statement (Appendix 1) should be sent to Internal Audit and International Finance at Christian Aid in London, as soon as they have been finalised. There is no need to send draft versions, although you can if there are issues you want to raise for discussion.

If no audit is required under the terms of this policy, you must as an office keep all financial records in good order, together with all vouchers, receipts, and documents of authorisation. These records should be kept for a minimum of seven years in accordance with UK/ Ireland legislation and will be looked at as part of the periodic internal audit review. They may also be required as part of the Christian Aid UK and Ireland external audits, carried out each year.

### **36.5 External Audits by Donors**

DFID will undertake its own commissioned external audit for the STAR Programme. The other donors may also undertake some form of audit

### **36.6 Internal Audit**

While the focus of the external audit is to evaluate the statutory accounts of an office, the objective of an internal audit is to provide an independent assessment of the effectiveness of the office systems, both financial and non-financial (programme management, health and safety, HR, IT); and to ensure management controls are in place and working. The Internal Audit team try to audit each office every three years, although high risk countries and programmes may be visited more frequently.

The Internal Audit team also manages the Internal Control Self-Assessment (ICSA) process, the aim of which is to improve risk management within country offices. Every country office/STAR Ghana is required to complete the ICSA questionnaire on an annual basis. Comprising ten sections, this highlights the key controls which every STAR Ghana should have in place and the related Christian Aid policy or procedure document. The Programme Director is responsible for ensuring the ICSA questionnaire is updated on a quarterly basis and submitted to Christian Aid London and that all required actions are completed. Please contact the Christian Aid Internal Audit team for more information.

### **36.7 Partner Audits**

#### **36.7.1 Organisational/Statutory Audit**

Grant Partner organisations are required to have a full organisational audit. STAR Programme Director is responsible for ensuring all overdue audit reports are obtained by their programme teams and logged in PROMISE as per the Grant Policies. See Grant Manual for more information.

#### **36.7.2 Project Audit**

This audit will be commissioned by the STAR Ghana Programme  
DFID may commission its own independent audit for selected partners as deemed fit

### 37.0 Foreign exchange

STAR Ghana contract with donors is in GBP and reimbursement of expenses and cost by donor to Christian Aid is in GBP. STAR Ghana would keep 2 accounts:

1. GBP account to receive funds transfer from Christian Aid
2. Cedi account to keep converted funds from the GBP account for operational purposes

STAR Ghana uses the local currency (cedis) for all its day to day transactions in accordance with Ghana law with a few exceptions when need be.

STAR Ghana Grant Partners are required to have a dedicated Cedi account to which funds would be transferred directly from Christian Aid Office in London.

STAR Ghana as a Programme would report to the donors in GBP and would have to manage Exchange rate movement. Management of exchange rate movement would however be done by Christian aid, London per Christian Exchange Rate Policy.

### 38.0 Country Office Expenditure

STAR Ghana's income and expenditure is recorded in Christian Aid's accounts in the currency in which it is incurred or received. This is then translated from the local currency into Sterling using the variable monthly rate which is set at the beginning of each reporting period using the OANDA site. Any balance sheet items (e.g. bank accounts) will be re-valued at the year-end using the year end closing rate.

The effect of converting the income and expenditure accounts at the variable monthly rate and the balance sheet at the closing rate is that an exchange gain or loss arises in the period. These gains or losses can be minimised by maintaining very low levels of funds in non-Sterling bank accounts.

### 39.0 Reporting to Donors

Reporting to donors is a key part of the STAR Ghana programme Accountability & Transparency. All donor reports shall be sent out to the donors on time, in the right format with all figures in the donor report being clearly linked to the ledgers in SUN systems.

### 40.0 Risk Assessment and Insurance

A risk assessment will be conducted by the senior management on an annual basis during the planning process. An operational risk register will be created and reviewed quarterly.

To help ensure the risks of extraordinary events are managed, STAR Ghana will take out sufficient insurance to cover overseas travel, international staff and employer's liability.

As per DFID's terms and conditions, STAR Ghana shall not undertake insurance on equipment. DFID will bear all responsibility of any losses incurred if STAR Ghana is not negligent of its duties to take reasonable care of the equipment.

## 41.0 Consortium Arrangements

STAR Ghana is supported by a consortium with Christian Aid as the lead. Each consortium Partner specific task clearly spelt out in their contracts.

Budgets of all consortium Partners are within the overall STAR Ghana budget managed by Christian Aid. Payment of management fee and expenses are done directly from Christian Aid, UK after the necessary documentations and approvals completed. The Programme Director is responsible for approving payment to all consortium Partners after documents have been certified by the responsible PMT member. Programme Director would need the following documentation before approval is done:

- Timesheets of work done as agreed in service arrangement
- Trip reports if applicable
- Invoices plus receipts if expenses are being claimed