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Financial Management Policy for CESEL

Purpose

This policy establishes the principles, procedures, and controls to ensure responsible and transparent financial management at [Organization Name]. It supports the organization's goals by fostering financial integrity, sustainability, and accountability.

Scope

This policy applies to all departments, employees, contractors, and financial operations of CESEL, including budgeting, procurement, accounting, cash management, and reporting.

Key Objectives

- **Accountability:** Ensure all financial transactions and resources are managed in a responsible and transparent manner.
- **Transparency:** All financial activities are open to scrutiny by stakeholders, ensuring accurate and clear reporting.
- **Sustainability:** Financial planning will ensure the long-term sustainability of the organization's programs and operations.
- **Compliance:** The organization will comply with local and international financial regulations, such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS).

Budgeting

- **Annual Budget:** Each year, [Organization Name] will prepare an annual budget outlining income, expenses, and anticipated funding, aligned with strategic objectives. The budget will be approved by the Board of Directors or governing body.
- **Budget Monitoring and Control:** Monthly financial reports will be prepared, comparing actual performance against the approved budget. Variances will be identified, analyzed, and corrective actions taken to ensure proper management of funds.

- **Budget Adjustments:** Any budget revisions must be approved by the Board, ensuring flexibility while maintaining financial control.

Financial Controls

- **Segregation of Duties:** Financial tasks will be divided to prevent fraud and ensure accuracy. Different staff members will be responsible for initiating, approving, and recording transactions.
- **Approval of Expenditures:** All expenditures must be approved by authorized personnel within predefined limits, as documented in the organization's authorization matrix.
- **Reconciliation:** Bank statements and financial records will be reconciled monthly to ensure accuracy and identify any discrepancies.

Procurement and Purchasing

- **Procurement Procedures:** The procurement process will follow fair and transparent procedures, ensuring that suppliers and service providers are selected based on cost, quality, and adherence to ethical standards.
- **Competitive Bidding:** For purchases above a certain threshold, competitive bidding or tendering will be conducted to ensure the organization receives the best value for money.
- **Vendor Selection:** Vendors will be evaluated not only for price competitiveness but also for compliance with environmental, social, and governance (ESG) criteria.

Accounting and Record-Keeping

- **Accurate Record-Keeping:** All financial transactions will be recorded promptly and accurately, ensuring that financial statements reflect the true financial position of the organization.
- **Internal Controls:** Financial records will be maintained in accordance with applicable accounting standards and policies. Proper documentation and a clear audit trail will be maintained for every transaction.
- **Audits:** The organization will undergo both internal and external audits regularly to verify the accuracy of its financial statements and the effectiveness of its internal controls.

Financial Reporting

- **Monthly Financial Reporting:** Detailed financial reports will be prepared and reviewed by management each month, covering income statements, balance sheets, cash flow, and variances against budget.

- **Annual Financial Reporting:** At the end of each fiscal year, a comprehensive financial report will be prepared, audited externally, and made available to key stakeholders, including funders, regulators, and the public, where applicable.

Cash Management and Liquidity

- **Cash Flow Management:** The organization will prepare regular cash flow forecasts to ensure that it has adequate liquidity to meet short-term and long-term obligations.
- **Investment of Surplus Funds:** Any surplus funds will be invested prudently, in line with the organization's investment policy, with a focus on capital preservation, risk management, and ethical investment practices.
- **Reserves Policy:** A minimum cash reserve will be maintained, equivalent to [X] months of operating expenses, to ensure the organization's stability during periods of financial uncertainty.

Asset Management

- **Asset Register:** A detailed asset register will be maintained, listing all assets owned by the organization, including property, equipment, and intellectual property.
- **Depreciation:** Assets will be depreciated in accordance with accounting standards, ensuring that financial statements reflect the true value of the organization's assets.
- **Asset Disposal:** The disposal of assets will be conducted in a transparent manner, ensuring that the best possible value is obtained and that no conflict of interest arises during the process.

Audit and Compliance

- **Internal Audits:** The organization will conduct regular internal audits to assess the efficiency of financial processes and controls, and to identify any areas of risk or inefficiency.
- **External Audits:** Annual external audits will be conducted by a certified auditing firm to ensure compliance with legal and regulatory requirements. Audit findings will be addressed promptly, and management will implement corrective actions as needed.

Roles and Responsibilities

- **Board of Directors/Governing Body:** Responsible for overseeing the organization's financial health, approving the budget, and ensuring that financial controls are in place.
- **Finance Director/Chief Financial Officer (CFO):** Oversees the implementation of financial policies, ensures compliance with internal and external standards, and manages financial planning and reporting.

- **Program Managers:** Responsible for managing program budgets, ensuring that funds are used effectively and within budgetary limits.
- **Employees and Volunteers:** Must comply with all financial policies and procedures in their daily activities, ensuring that the organization's financial resources are used efficiently and ethically.

Policy Review

This Financial Management Policy will be reviewed annually, or as required by changes in legislation or organizational strategy. Any revisions to the policy must be approved by the Board of Directors

Yours sincerely,

A handwritten signature in black ink, appearing to read "Patrick Tolani". The signature is written in a cursive style with a horizontal line above the first few letters.

Dr Patrick Tolani

Director/Chief Executive Officer.