

**SAHELIAN SOLUTION FOUNDATION
P.O BOX 85-90200
KITUI**

**POLICY AND PROCEDURES
MANUAL**

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FINANCE MANAGEMENT POLICY MANUAL

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FOREWORD

This Financial policy Manual sets out good practices to facilitate implementation of rules and regulations, including accounting policies and procedures in compliance with Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS).

Its primary role is to provide guidance to management, staffs of SASOL, Auditors and other stakeholders. It provides minimum level of understanding of the role of financial management in the Organization and the importance of various elements, from accounting system designs, the linkage of the financial system to key indicators of the Organization’s objectives and financial reporting to final audit. It provides a framework within which the financial affairs of the Organization are conducted..

The Board of Directors, Committees serving under the Board and management have the responsibility to ensure that the financial affairs of the Organization are conducted in a regulated environment and this can only be achieved through sound policies, procedures and regulations, which are strictly adhered to.

In discharging its statutory duties, the Organization delegates various functions to the Committees, management, and its staff. It is therefore imperative that all concerned staff appreciate that they have a responsibility to safeguard the interests of the Organization in all financial dealings as mandated in this Manual.

The Organization’s financial stand is always depended upon adequate resources. It is therefore necessary that the financial management system be strong enough to provide timely, reliable and useful information for accountability and strategic decision-making process.

Accounting and auditing are major elements of stewardship for the Organization to achieve its desired goals. This requires total integration of financial and program disciplines to manage scarce resources to realize the Organization’s vision and mission as well as its objectives.

This Manual is only a guide as it may not have covered all the systems or prescribed specific solutions for specific problems.

The Manual should be read in conjunction with the appropriate sections of the NGO Coordination Act, other applicable National Legislation, donor agreements and SASOL Constitution, which shall be the superior documents. However, the Manual provides crucial direction for the Organizations’ officers in that it provides simple rules and regulations.

This Manual shall be subject to the approval of the Board before implementation. It replaces all Financial Policies and Procedures issued previously and shall be reviewed at intervals not exceeding five years.

The Manual has been approved for adoption and implementation by the Board of directors and signed on its behalf by:

Name:.....

Signature:

Date:.....

Official stamp.....

ABBREVIATIONS

AP	Accounts payable
AR	Accounts Receivable
BOD	Board of Directors
EFT	Electronic Funds Transfer
GAAP	Generally Accepted Accounting Practice
IFRS	International Financial Reporting Standards
LPO	Local Purchase Order
SASOL	Sahelian Solution Foundation
PCR	Petty Cash Requisition
PCV	Petty Cash Vouchers
PPE	Property Plant and Equipment

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PART 1.INTRODUCTION

1.1 Executive Summary

The Organization's financial stability is based upon, but not limited to, a sound system of internal control and a commitment to prudence in order to ensure short-term and long-term viability.

It is the mandate of the Organization's management to maintain a sound internal control through effective and efficient financial policies and regulations. Internal controls entail but are not limited to internal checking, internal audit and other matters relating to accounting functions. It may also include among others as delegation of authority, training programs, screening procedures of prospective employees and safe work practices. The Organization will maintain, at all times, adequate internal controls within the accounting systems and within those administrative systems that ultimately produce or relate to financial transactions.

These financial and operational regulations, policies and procedures set out the main conventions governing financial and accounting practices for the Organization. The regulations and procedures are aimed at providing a framework within which a reliable system of internal control may operate.

The Management should ensure that the Manual is fully implemented by specifically ensuring that:

- There is a system of internal controls in place, which will promote a high level of compliance with Organization's policies and procedures.
- There are policies in place to regularly review the internal controls.

1.2 Scope

This Financial Management policy describes the accounting policies, systems and procedures to be used by the organization. The Policy covers the input, processing, output, control and distribution of financial data. It has been developed to set out the accounting policies and procedures that will:

- a) Ensure that the organization's books of accounts are prepared to conform to sound accounting principles and practices.
- b) Enable the management to obtain accurate and timely financial reports on monthly basis, thereby promoting sound financial management.
- c) Ensure correct and accountable use of funds and other resources. The approach used is in line with generally accepted accounting principles and organizations best practice reporting requirements.

1.3 The main purpose of the Policy is:

- a) To assist in the maintenance of controls.
- b) To provide a training and monitoring resource.
- c) To be used as a reference document by the staff, management, auditors and other stakeholders.
- d) To be used as means of reference to management, supervisors, new and existing accountants staff, auditors, and as the basis of training staff, and ensuring that appropriate controls are in place.
- e) To provide a clearly defined list of the tasks to be carried out by each individual
- f) To be used as a timetable for processing transactions and producing reports
- g) To be used as a guide to evaluators and any monitoring consultant who may wish to review the institution's progress."

1.4 The procedures have the following objectives:-

- a) To enhance completeness and accuracy of the data posted from source documents (say invoices, payments receipts, journal and cashbook) to the computerized system.
- b) To provide accurate and reliable reports to enable management to perform effective control over the operations of the organization.
- c) To detail the operation and administration procedures for input, processing, output and distribution of data to ensure security of data and documents

PART 2. ACCOUNTING PRINCIPLES

2.1 Purpose

The Organization shall apply Generally Accepted Accounting Principles" (GAAPs) in finance management. These are the basic/main concepts, assumptions, and guidelines that provide the General framework for the preparation and presentation of financial statements. They are common set of accounting standards practiced globally.

2.2 Principles

These principles ensure important GAAPs are:

1. Business Entity Concept / Economic Entity Assumption:

For accounting purpose, SASOL being an economic unit is an entity separate from its owners. Therefore in accounting the owners will be treated as a separate people from the firm.

2. Going Concern Concept:

Recording of transactions and preparation of financial statements will be prepared based on the assumption that SASOL will continue in operation for indefinite period. That means, it will not be liquidated in the foreseeable future. Firm will not be liquidated within that period.

3. Cost Principle:

Business transactions will be recorded at actual costs. Cost is the value exchanged at the time something is acquired. Cost is the most reliable value at which an asset can be recorded. It is consistent with the objectivity principle as well

4. Objectivity Principle:

Accounting information will be supported by independent and unbiased evidence. Assets will be recorded at cost because the cost provides a definite, factual basis for valuation.

5. Monetary Unit Principles:

Transactions will be recorded in monetary units (for example in Kenya Shillings). The unit of measurement should be sufficiently constant over time.

6. Revenue Recognition Principle:

Under this principle, all revenue will be recognized when earned and not necessary when cash is received. This principle supports the accrual basis of accounting.

7. Time Period:

The time period principle assumes that the organization's activities can be divided into specific time periods for reporting e.g. monthly or yearly.

8. Matching Principle:

Under this principle, SASOL expenses will be reported in the same accounting period as the revenues that are earned as a result of these expenses.

9. Materiality Principle:

According to this principle, all material items will be properly reported in the financial statements. Any information will be considered material if it influences the decision of the user.

10. Full Disclosure Principle:

SASOL will disclose all facts necessary for a prudent person to interpret the financial statements. It can disclose the information within the financial statements or in the notes to the financial statements.

11. Consistency:

There will be consistency in the accounting methods the Organization follows. It should not change the method of accounting suddenly without any reason. If a change in the method is necessary, it should be explained fully

PART 3. BUDGETS & BUDGETARY CONTROLS

3.1 Purpose

The purpose of budget is to ensure that every activity taken up will be interpreted in financial terms and get the approval of the concerned competent authority. Such interpretation takes the form of budgets detailing each and every components of the activity so that a clear evaluation of the total activity and the components thereof can be made before approval.

However, most of the times the expenses incurred on these activities are part of the programs budget and specific grants are allocated for such expenses, and would require only a simple sanction. Therefore, the budget for such activities will be prepared at the time of preparation of the plan itself.

3.2 The Budget Process to be followed is

- a) Budget for each activity to be prepared giving break up of sub-activities and related costs.
- b) The budget has to be verified and certified by the finance/accounts manager and heads of departments to ensure that the costs are realistic as compared to the activities, and the budget captures all the required costs for such activities only.
- c) The necessary approval of the budget for incorporation into the Plan. Wherever there are procurement of supplies and services for such activities, the formalities with regard to multiple quotations, evaluations, etc. have to be followed."
- d) The whole team needs to be involved in budgeting process.
- e) Objectives of the program along with activity plans must be completed before starting the budgeting process.
- f) Changes in strategies for the forthcoming year based on the past experience have to be unanimously decided by the team and the budget should be accordingly formulated.
- g) List out the resources required to achieve these activities and cost them.
- h) All line items in the budget must flow from planned activities.
- i) Budget should be as detailed as possible with justifications and break up of costs matched against each activity.
- j) When budgeting for subsequent years/phase, cost increases due to inflation, exchange rates etc. would need to be kept in mind.
- k) All expenses have to be reviewed against the budget on a monthly basis.
- l) The project management shall verify the quarterly reports against the budget analyze causes for variance and take appropriate action."

"3.3 Budget Management

- a) A Budget is an estimate of the amount of money to be received and to be spent for a specified purpose in a given time.
- b) Budgets set a framework for reporting and analysis.
- c) Budgeting never stands completely alone, but rather flows out of the managerial process of setting objectives and strategies and of building plans. It is especially and intimately related to financial planning.
- d) While accounting, separate sub-codes to be created for every activity under the main grant code, so that the utilization of the budget can be monitored activity-wise.

PART 4. REVENUE MANAGEMENT

4.1 Purpose

- a) The purpose of the revenue management policy is to ensure completeness, accuracy and reliability in the management of cash received and that all transactions are properly captured by the General Ledger system and appropriately reported.
- b) Specifically, this section ensures that:
 - All cash received is promptly and accurately accounted for.
 - All supporting documents are properly prepared and accurately reflect the nature, purpose and authority for each transaction.
 - There is adequate segregation of duties and responsibilities in the handling of cash received from revenue.

4.2 Policy

- a) Main sources of Revenue shall consist of; donor funding received, bank interest received and any internally generated funds.
- b) The management shall ensure there is adequate security in handling the cash in and out of the premises
- c) All monies received whether by cheque, cash or electronic transfer shall be promptly and accurately acknowledged by means of an official receipt and banked within a reasonable time.
- d) The management shall ensure there is adequate segregation of duties and responsibilities between staff at all times, sufficient to guard against error and fraud.
- e) Cash in premises and in transit shall be handled strictly as per the Cash in Premises and In-Transit Policy, and in accordance with the existing cash insurance policy. The Finance Officer shall ensure that the policy is observed without any exception.

4.3 Procedure

The Finance officer will be responsible for ensuring all income received is receipted and recorded in the accounting system.

4.3.1 Donor funds received

- a) The Program Coordinator and the Finance Officer shall familiarize themselves with the provisions of the donor funding agreements, particularly with regard to treatment of income accruing from the donor funding agreements.
- b) All amounts received shall be receipted in accordance with the procedures laid down in the MOU and cash/bank management policy.
- c) The Accountant shall ensure a remittance advice is obtained for all donor funds received through bank transfer.
- d) The Accountant shall attach a copy of the receipt to the corresponding remittance advice and make necessary postings in the General Ledger to update the income ledgers.
- e) The remittance advice and copy of receipt shall be filed together in the respective Program file.
- f) The Finance Officer shall ensure that all donor regulations pertaining to donor funding received are adhered to.

4.3.2 Interest from bank deposits

- a) The Finance Officer shall obtain and familiarize him/herself with the provisions of donor agreements as well as policies developed by the Board with regard to bank interest received and official Board approvals for placing of bank deposits and any other supporting documents.

- b) The Accountant shall obtain bank statements on a monthly basis and extract from the statements interest amounts received. The Accountant shall also obtain contracts for fixed and call deposits placed with the banks and pay special attention to the amounts receivable and dates.
- c) The Accountant shall then reconcile the interest amounts receivable as reflected in the contract with interest credited in the bank statement. The Accountant shall then, advice the Finance officer to initiate a correspondence with the bank in relation to any omissions or errors noted if any.
- d) Posting to the General Ledger system shall be done on the strength of supporting statements, contracts and other supporting documents.
- e) The supporting documents shall then be filed serially by date in the interest income file. All bank statements shall be maintained in a separate file for each bank account.

4.3.2 Internally generated funds

Sasol will develop different ways as of generating internal funds allowed by the law and within the framework of NGO's act. The procedures involved will include:

There will be an officer in charge of every activity/project/business which generate internal revenue.

The person in charge will be appointed by the management depending on the skills and competency required in that particular project.

The officer in charge will keep updated records including books of accounts but not limited to: Records of Incomes, expenses, assets, receivables, payables, cash books, receipt books, bank statement and cheque books if applicable and any other record/documents which may required to be kept depending on the nature of project/activity.

The Finance officer will get monthly financial reports from the officer in charge of every project. These reports will include statement of income and expenses, assets and Liabilities among others which may be necessary.

The Finance officer will then post all these departmental transactions in the general ledger of the Organization to ensure their inclusion in the overall financial statements.

Regular checks on internal controls will be made by the management to the various projects and recommend on appropriate improvements.

PART 5. CASH MANAGEMENT

5.1 Cash Account and Transactions

Cash transactions are to be resorted only for petty expenses and when /where banking facilities are not available. As a matter of procedure and control, the attempt should be to minimize the number of cash transactions.

5.2 Daily Cash Balance

The closing balance of the cash should be recorded and signed by the Accountant. This register has to be maintained from the beginning of the financial year. A fresh register has to be started at the beginning of every financial year. Maximum and minimum cash limits have been fixed as: maximum ksh 30,000 and minimum ksh 5,000

5.3 Withdrawal of Cash from Bank

- a) The Cash Withdrawal Form/Money Indent to be filled up and signed by the staff handling cash.
- b) The cash balance available and the estimated expenses would need to be computed.
- c) The authorized persons must verify the requirement before signing the check for withdrawal of cash.

5.4 Cash Payments

- a) Cash payments will be made only after preparing the Payment voucher.
- b) All vouchers should be serially numbered
- c) The Voucher has to be approved by the Finance Officer before payment. (As per the requirement of individual projects)
- d) The Payee must sign the voucher for having received the payment.
- e) In case the Finance Officer is not present, the voucher must be verified/approved by any other person standing-in for the person before release of the payment e.g. the Account assistant.
- f) The number of cash payments has to be reduced by converting settlements through check payments.

5.5 Cash Verification

- a) The Finance officer should physically verify the cash balance occasionally and compulsorily at the end of the month.
- b) The Cash Account record should be signed by the person handling the cash and the person in charge of finance as and when the physical verification of cash is carried out.
- c) Any discrepancy noticed during the physical verification should be recorded and reported in writing to the person concerned immediately.

5.6 Controls to be exercised

- a) Third parties should not be allowed access to the accountant or the safe. Cash should be paid to them in the front office.
- b) Cash is handled by only one designated person who is responsible for it.
- c) A fixed period of time has to be fixed for cash disbursements. Only emergency payments can be released during other times.
- d) Maximum and minimum cash limits to be strictly observed.
- e) Accounting of cash receipts/payments is done on a daily basis.

5.7 Petty Cash

A petty cash fund is cash in a secure lock box, which is used for small purchases and maintained by a petty cash custodian. Petty cash shall be maintained on an imprest basis. At any given time, the cash and receipts in the cash box shall total the imprest level. The level shall be maintained at ksh 30,000.

Petty cash is still cash and even though the fund amount we are talking about may be small, there is still a risk of fraud or theft. The controls put in place and described below may help

1. Only the accountant will handle petty cash. Actual cash will be spot-checked and verified by the supervisor/finance manager at least once per week. The staff person in charge of the fund will reimburse for any discrepancies.
2. Before the petty cash fund can be replenished, the person writing the check to the petty cash fund should agree all vouchers and cash on hand to the total petty cash fund.
3. Keep the petty cash fund in a locked storage (e.g., drawer or secure lock box).
4. Don't make the petty cash fund too large which may become subject of theft.
5. In cases deemed necessary, a manager or internal auditor can perform (announced or unannounced) audits of the petty cash fund to ensure the fund and vouchers balances.
6. Petty cash vouchers should be sequentially numbered to ensure completeness and accountability.
7. All requests for petty cash must be signed by an authorized supervisor/finance manager on a pre-numbered voucher.

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PART 6. BANK MANAGEMENT

6.1 Bank Account

Bank account for the project funds shall be opened only in a nationally recognized bank or any other bank authorized by the central bank of the country. Necessary authorization to open any bank account or alter its manner of operation would need to be got in writing from the necessary authority. A separate bank account can be opened depending upon the project need and donor requirements.

6.2 Authorized Signatories

- a) Every cheque is signed by at least two signatories
- b) A staff that has access to bank account and cash account is not entitled to be an authorized signatory.

6.3 Authority to Sign

The authority to sign should lie with selected executive members of Board. The bank is authorized to undertake any written instructions, signed by two of the signatories, for transacting any financial business from time to time.

6.4 Closing of Bank Accounts

Any bank account not required to be operated must be closed immediately. The Finance/Accounts person has to take the matter with the Competent Authority and procure in writing the obtaining necessary resolution. When it is decided to close a bank account, the following actions should be completed:

- a) Transfer balance in the account (leaving the minimum amount required) to the other bank account.
- b) Surrender all the cheque leaves to the bank under a receipt.
- c) After receipt of the resolution, deliver it to the bank under receipt and transfer the balance to another account.
- d) Confirm closure of the bank account and transfer of balance to the other account.

6.5 Bank Receipts

- a) All receipts are to be acknowledged by issuing an official receipt. The date of receipt, its accounting and the date of deposit of the check/draft to the bank account should be the same. The relaxation can be only in view of banking hours or bank holidays.
- b) The bank deposit slip should be attached with the Receipt Voucher.
- c) No receipt should be issued on the last day of the month if the instrument cannot be deposited with the bank on the same day.

6.6 Bank Payments

- a) Payment Voucher has to be prepared before preparing any cheque.
- b) Cheque should not be prepared, for whatever reason, if sufficient balance is not available with bank.
- c) All Vouchers have to be verified and approved before payment is released.
- d) Payment has to be made only against original bills and claims. Any type of copy of bill or claim should not be entertained.
- e) All supporting documents should be attached with the Payment Voucher and filed according to serial number.
- f) Cheque should be written legibly and doubly ensure that the amount in words and figures are the same.
- g) All cheques have to be crossed. A Rubber Stamp stating "A/c Payee Only"
- h) Post-dated cheques are not to be issued.
- i) All cheques are stamped "for the *Name of the Organization*"

6.7 Controls to be exercised

- a) All letters/instructions to the bank should be signed by the authorized signatories only.
- b) Cheques in advance or in blank should never be signed.
- c) Un-cashed cheques should be cancelled within a reasonable period.
- d) Specimen signatures should not be left unsupervised.
- e) Cheque books should always be kept under lock and key. Only authorized persons should be allowed to handle them.
- g) A receipt after payment by cheque should be insisted.
- h) Bank reconciliation statement has to be done on a monthly basis.

6.8 Bank Reconciliation Statement

This has to be done every month to ensure the balances as per the bank and the cashbook tally. Following the reconciliation make sure that entries are passed (if any) for bank charges, interest received etc. in the books immediately."

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PART 7. SALARIES AND ADVANCES

7.1 Salaries

The following is the procedure on salaries:-

- a) All permanent employees shall be issued with appointment letters signed by the organization head and employee-signifying acceptance of the terms and conditions set forth thereto. The appointment letter shall contain the initial salary, responsibilities, duties and the general terms and conditions.
- b) Subsequent changes in salary, responsibilities, duties, terms or conditions of employment shall be communicated to the employee in writing.
- c) A personal file shall be opened for every employee. Copies of job application letters, Appointment letters and any other correspondence between employer and the employee shall be kept in this file.
- d) Salaries shall be paid monthly in arrears. A salaries schedule showing the gross pay, advances, deductions and net pay shall be prepared by the Accountant, checked and verified by the Finance manager/HR manager and approved by the organization head prior to the preparation of payment vouchers and the cheques.
- e) Salaries shall be paid by cheque through the respective bank accounts.
- f) Employees shall be issued with a pay slip every month, which will show the computation of his/her net salary.
- g) Signing the payment vouchers for the net pay, and the monthly transfer sheets where applicable shall evidence authorization of salary payments.

7.2 Salary Advances to Staff

Staff advances shall be given upon request in accordance with regulations stipulated in the personnel policies and procedures manual (by complete, signed and authorized Staff Advance Authorization form, SAAF). An Advances ledger account should be opened and reconciled at every end month. However, all advances should be approved subject to the availability of funds.

7.3 Pending Advances

A statement of funds lying with outsiders and staff should be recorded at the end of every month-end. It is necessary to review it on a monthly basis to identify whether any deposits/advances are lying unadjusted or overdue for settlement. While it is possible that the actual date of payments and the purpose of which the deposit/advance was given gets obliterated by passage of time, this report will regularly give details of such funds lying elsewhere.

7.4 Travel Expenses

Travel expenses incurred by staff or any other authorized person shall be reimbursed according to the regulations set out in the Human Resource Policies and Procedures Manual.

7.5 Travel Advances to Staff

Travel advances shall be granted in accordance with the above mentioned regulations. A separate staff debtor account shall be opened for each advance granted. Any advances not accounted for within a reasonable time after the event for which the advance was taken for, shall be recovered from the salary of the employee concerned without prior reference to the employee.

PART 8. IMPREST AND ALLOWANCES

8.1 Introduction

Imprest and allowances comprise a significant proportion of staff expense claims. Therefore, it is imperative that this expenditure be controlled and processed in the most cost effective way to obtain the best value for money for the Organization and to ensure proper use of funds.

8.2 Purpose

- a) To obtain maximum value for money from the Organization's expenditure on travel, subsistence and entertainment;
- b) To ensure that the Organization's expenditure on travel and subsistence represents only the necessary and reasonable costs incurred by or on behalf of staff who are properly engaged on Organization business.
- c) To reimburse staff promptly for expenses properly incurred on Organization business.
- d) To minimize the cost of administering this expenditure, especially indirect costs represented by the time spent by members of staff on making travel arrangements and submitting claims for reimbursement of expenses;
- e) To provide relevant information to the staff traveling to enable them control and monitor expenditure in adherence to Organization policies and procedures.
- f) To ensure that travel imprest is promptly and fully accounted for with appropriate supporting documents
- g) To ensure travel and other activities requiring imprest are adequately planned for in advance

8.3 Policy

- a) Officers travelling on official duty within the Organisation's country of residence and away from their duty station or on mission abroad will be paid a subsistence allowance at the rates stated per night as specified under subsistence allowance schedule and in line with related provisions and revisions.
- b) The policy and instructions contained in this manual are applicable to all the staff of the Organisation, failure to which it shall be termed as a breach of the Organisation's Financial Regulations and therefore, a disciplinary matter.
- c) The Organisation shall pay for travel and subsistence to cover reasonable living expenses for employees on the Organisation's official duties in accordance with guidelines and entitlements set out in the terms and conditions of service.
- d) The official travel shall be subject to the relevant provisions of the approved work plans, availability of budget, and relevance of travel to the Organisation strategic goals, mission and general requirement that the travel will not adversely affect the overall work of the Organisation.
- e) The Organisation shall use approved travel service provider, as the preferred supplier. Overseas accommodation shall be booked through the travel service provider as part of the traveller's itinerary whenever it makes economic sense to do so.
- f) Domestic travel shall be undertaken at the least expensive economy budget fare, while international travel must be in economy class (or equivalent) on long journeys. All travellers employed by the Organisation shall automatically be covered on the Organisation's Business Travel Insurance
- g) Requests for travel shall be made in a reasonable time before the intended travel date.
- h) The ticket for travelling (whether train, airline, shuttles, etc.) shall be arranged by the human resources and administration department.

- i) Upon return from mission or travel, the staff shall fill an imprest retirement/ surrender form as required and any refunds to the Organisation made within 5 working days from return of the mission. The Accountant will generate and submit to the Finance officer a monthly report by 20th of each month on all un-retired imprest per employee showing the period they have been outstanding. Imprest that remains un-accounted for, beyond the required period of return to office, will be recovered from the employee's salary.
- j) Fuel and other incidental vehicle running costs will be based on the official expenditure receipts and approved vehicle mileage books.
- k) Where use of personal vehicle is duly authorised, mileage shall be claimed based on the approved Organisation rates as may be specified by the Board. Private vehicles shall only be used when it can be demonstrated that this mode of transport represents the most economical and practical method of completing a journey. The Organisation shall not be liable for incidents arising from the use of a private vehicle on Organisation business.
- l) Employees shall be allowed to use taxis and claim reimbursement when undertaking business travel by Rail or Air. Reimbursement for taxi fares shall be claimed based on payments receipts.
- m) Staff travelling may be allowed to use hired vehicle for road journeys where this proves to be the most effective mode of travel.
- n) Staffs are prohibited from filling in overlapping travel request. Staff shall be held responsible for any travel requests with overlapping travel dates.
- o) Organisation's funds shall not be used to meet personal expenses, except where the Organisation has agreed to provide under the terms of a member of staff's contract of employment, which shall be purchased through the procurement system.
- p) Refreshments made for office use, meetings and other events involving the members of the Organisation shall be paid from the Petty cash. Reimbursement shall not be made for the cost of refreshments purchased privately.

8.4 Procedures

8.4.1 Procedures for payment of travel request

- a) As and when travel need arises, staff shall fill Petty Cash Expenditure Request form (Appendix 3) and attach to it the relevant documents such as invitation letter. The form will first go to HoD for recommendation then to the Human Resources Department for provisional booking and confirmation of the number of nights for payment of subsistence allowance then to accounts department for computation of subsistence allowance payable to staff and finally to the Chief Executive Officer for approval.
- b) Such claims shall be paid once in a week and received in the accounts office on Thursday to ensure payment by the following Tuesday. Requests received after Thursday shall not be reimbursed until the following week.
- c) The Payment request form shall be filled in duplicate, original copy of the form is retained in accounts for payment, the second copy to the user department for their records.
- d) The Payment request form shall clearly indicate the purpose of travelling, date of travelling, name of staff travelling, department, the mode of travelling and the HoD's recommendations.
- e) The approved form shall then be sent to the Assistant Accountant where advances are process.
- f) The Assistant Accountant shall check to ensure that there are no errors and irregularities before processing the payments.

8.4.2 Airline/Train tickets procedures

- a) After the petty cash expenditure request form has been approved, it shall be forwarded to the Human Resources department to initiate procurement process.

- b) Tickets shall be received through mail by the Administration Officer not later than one week before the date of travelling and issued immediately to the staff(s) travelling.
- c) The travel service provider shall issue invoices on a regular basis as per the supplier agreement, and the Administration Officer certifies the invoice before its send to the Accountant for recording into the system.
- d) The Accountant shall maintain a record of all cancelled tickets and the status of refund/credit note. It is the responsibility of the Administration Officer to follow up on any outstanding refunds/credit notes with the travel service provider.
- e) The Accountant will on monthly basis, obtain travel statements from the carriers and reconcile them to the approved LPO/Credit Notes/Invoices.
- f) Where officers request for travel tickets and due to negligence do not use the issued tickets or cause them to be cancelled they shall be deducted from their salaries such monies incurred and not recoverable from such tickets.

8.4.3 Activity Advances/ Imprest Procedures

- a) Activity advances are payments advanced to staff to meet expenses on behalf of the Organisation such as organizing a workshop, seminar, fieldwork or other function.
- b) The applicant shall present a detailed budget for the activity with the Payment request form; clearly showing items requiring to be paid for from cash imprest shall follow the petty cash management procedures before payment is affected.
- c) The approved Payment request form shall be submitted to the Assistant Accountant at least one week (5 working days) before the date on which advances are required. Once an imprest is issued, it posted in accordance to the provisions in Part 5.
- d) All outstanding advances must be accounted for before any new request is approved unless there is a justified reason, which must be documented and approved by the Finance Officer or his appointee.
- e) A moratorium period of one week or five (5) working days after return from the work.
- f) A reasonable time shall be allowed for retiring/accounting for imprest advanced. This time of accountability should be stated on the activity requisition form. The retirement of imprest shall be done by completing the Imprest
- g) The surrender form shall then be forwarded to the Assistant Accountant; the staff imprest account shall be reversed and accounted for accordingly in line with the expenditure incurred and file the documents in the staff debtors file.
- h) The Assistant Accountant shall generate a monthly report on all un-retired imprest showing the period they have been outstanding. Any un-retired advances/imprest shall be recovered from the employees' salary after prior notification has not been complied to.
- i) Similarly, staff who spends more than the amount advanced shall be refunded the excess amount spent after they have accounted for the advance. The excess amount must be approved by the HoD.
- j) The Assistant Accountant shall issue a formal receipt for cash returned which will be banked intact as per the laid down regulations.
- k) Manipulation or alteration/falsification of supporting expense vouchers shall be deemed as gross misconduct and shall be dealt with in accordance with the laid down procedures. Employees shall be expected to exercise the highest level of integrity in accounting for field advances.
- l) There shall be no circumstances under which the Organisation's money shall be used for unauthorized purposes. Where this is done then disciplinary action shall be taken in accordingly.

PART 9. INSURANCE POLICY

9.1 Purpose

This policy will ensure the entire Organisation's movable and immovable properties and possible insurable risks are properly insured.

9.2 Policy

- a) The Organisation shall maintain adequate insurance cover for all its movable and immovable properties against fire, theft, damage and other perils. Such insurance cover shall include both cash held in premises and on transit.
- b) The Organisation shall maintain statutory insurance covers to ensure that employees and employers liabilities are adequately covered.
- c) The Organisation shall insure all its risks with a reputable insurance Organisation.
- d) The Organisation shall review its insurance requirements annually to cover asset additions, remove disposals, and review the insurable value.
- e) Adequate insurance registers shall be kept and policy documents kept in safe custody.

9.3 Procedures

- a) Quotations shall be obtained from pre-qualified insurance companies or registered insurance brokers for the annual insurance requirements of the Organisation in line with the existing Manual.
- b) An appointed insurance broker or other professional will advise on the most suitable insurance cover as well as provide professional insurance advice to the Organisation.
- c) In the last quarter of each insurance year, before any renewals are made, the Board and the appointed insurance firm will review each insurance cover to determine its adequacy and appropriateness for the needs of the Organisation.
- d) The CEO will advise the insurance firm of any item(s) that should be added to or removed from the list of insured property time to time.
- e) Damage or loss of insured assets shall be reported immediately to the insurance Organisation or appointed insurance brokers by the CEO who shall follow up all claims to ensure that compensation is received on time and in accordance with the provisions of each insurance policy.

PART 10. FINANCIAL RECORDS AND REPORTS

10.1 Record Keeping

10.1.1 Purpose

The purpose of this policy is to ensure that the Organisation's financial transactions are adequately recorded and reported in accordance with the generally accepted accounting practices.

10.1.2 Policy

- a) The Finance Officer shall ensure that all the financial transactions of the Organisation are recorded.
- b) An accounting system shall be used in processing the accounting records. Appropriate hardware and software will be put in place to operate the accounting system to furnish the management with accurate and timely financial information. The system shall have operational restrictions to prevent external access by unauthorized persons. The accounting system shall have the following features:
 - Ability to generate automatic activity based variance reports
 - Multi-currency reporting
 - Efficient data capture facility
 - Ability to import/export data to other packages
 - Adequately supported
- c) Records shall include both hard and soft copies.
- d) All the records shall be maintained in Kenya Shillings with translations to other currencies as may be appropriate.
- e) The accounting records should be archived in different premises from where the Organisation is physically located and shall be retained for such period as may be determined by the Board in consultation with the Organisation's Auditors. Subject to the policy adopted by the Board regarding the retention and destruction of records, the records shall be retained for a period of not less than 7 years.
- f) The Finance officer shall maintain correct, accurate and complete documents and records for the financial transactions of the Organisation. These records and documents shall include;
 - Quick book records
 - Journals and Ledgers
 - Cheque Book, Bank statements and cheque register
 - Assets Register
 - Payroll Records
 - Chart of accounts
 - Income and Expenditure records

10.2 Management Reports

The Program Coordinator shall ensure the preparation of the following financial reports on timely basis.

- a) Budget Performance report:
 - Financial performance reports showing budgeted amounts vs. actual income and expenditure accrued and incurred respectively to date and balances on budget including any approved amendments to the budgeted amounts
 - Cash flow projection reports showing overall budgeted cash flows for the Organisation vs. actual performance to date of reporting. Report should include notes on potential non receivable funds included in the approved budget and proposed revisions

- Funds management reports showing actual funds received to date vs. actual payments made, including liabilities payable and timelines on these.
- b) Programme Progress reports
- c) Bank reconciliation statements

10.3 Financial Statements

- a) The Finance officer shall ensure that detailed financial statements as at 31st December for each financial year are prepared.
- b) The financial statements shall include:
 - Statement of Comprehensive Incomes
 - Statement of Financial Position.
 - Cash Flow Statement
 - Disclosure notes
 - Supporting schedules for the balances in the statement of financial position.
- c) The annual accounts shall be completed within one month after closure of the financial year and submitted to the external auditors
- d) The draft financial statements shall be discussed by the external auditor, Finance and Management before signing.

10.4 Chart of Accounts

10.4.1 Purpose

The purpose of the chart of accounts is to establish a coding system for all accounting transactions to ensure that accounts are organized, classified and coded to ensure the application of Generally Accepted Accounting Principles, proper account grouping and consistency.

10.4.2 Policy

- a) The Organisation shall use an accounting system that allocates and reports all receipts and expenses into separate funds, for the purposes of producing management reports and financial statements for the Organisation.
- b) The chart of accounts shall be determined by the accounts department and shall separate assets and liabilities according to the degree of convertibility from the most liquid to the least liquid.
- c) The Finance Officer in consultation with the Program Coordinator shall co-ordinate all changes in the chart of accounts.

10.4.3 Procedures

An appropriate Chart of Accounts will be established by the Finance Officer showing all categories of Income, Expenditure and Balance Sheet accounts. The Chart of Accounts will be used to code all accounting documents of prime entry.

The Finance Officer may review the Chart of Accounts and make recommendations on adjustments to the Program Coordinator for approval.

PART 11. COMPUTERISED ACCOUNTING SYSTEMS

11.1 Introduction

SASOL shall put into place computer technology systems to computerize most of the Organization data and records. This will include but not limited to accounting packages e.g. Quick books. Other programs may be applied upon approval by the management on ground that they will be of help to the Organization.

11.2 Purpose

The purpose of computerized accounting system is to:

Ensure processing of accurate and complete automated data

Facilitate the production of timely periodic financial reports in the required formats.

Ensure that Organization staffs are adequately trained to maintain the accounting system and appropriate internal controls to safeguard the confidentiality and integrity of stored information.

Prevent access to data stored on the computer to any unauthorized user.

Put in place adequate controls for computer equipment, software and data.

11.3 Policy

- a) There shall be a formal IT Structure which will be managed by an IT Manager/expert.
- b) The IT Manager/expert and team members will identify appropriate computerized system which shall be able to generate the suitable financial reports for the Organization.
- c) All software bought shall be accompanied by a software license and annual maintenance contracts, which shall be stored in a fire, proof cabinet. A ledger indicating which software is stored in the cabinet shall be maintained by the IT manager.
- d) The IT department shall establish disaster recovery strategies in order to take care of the unexpected computer failure (even in case of distributed systems). Such mechanisms shall help to recover data in case of loss, damage, or natural disasters. Such mechanisms include:
 - Fire protection – fire proof Cabinets, fire extinguishers, fire sprinklers
 - Offsite back up
 - Contingency planning
- e) When there is need for software change, specific personnel will be given the responsibility for the implementation of changes by undertaking appropriate testing in the test environment, and, subject to the appropriate approvals, moving the changes to the production environment. All elements of the system will be subject to software change control procedures. There shall be a separation of responsibilities in the transfer of software from test environment into the production environment.
- f) The Organization shall ensure that appropriate priorities are set for program development and modification and that computer programs and enhancement development meet user executive needs
- g) System operation controls shall be implemented to ensure the computer facility and equipment are efficiently operated and adequate back-up and recovery are assured
- h) The information processed in the systems shall be held centrally in the server and shall only be accessed by the IT Manager/ and the authorized users. Access to information shall be restricted, hence the following controls shall be put into place:
 - Use of Passwords
 - Access to sensitive Files/Modules shall be restricted

- Physical access to computer facilities, terminals, modems and communications lines limited
- Magnetic tape, diskettes and removable hard disks, and sensitive output reports will be stored in a secure location
- Dial-up access will be limited to those with authorized passwords.
- Administration of security controls will be performed by employees with responsibilities independent of the programming unit
- i) The Local Area Network (LAN) of the Organization shall be protected from external interfaces
- j) A hardware firewall shall always be used to separate the Internet and the LAN

11.4 Procedures

11.4.1 Data entry

- a) To determine the completeness of the input, the Organization will employ one-for-one checking/batch or control totals/computer matching/computer sequence checking.
- b) To determine the accuracy of the data input, the Organization will observe the amount/quantity totals/hash totals/programmed edit checks/pre-recorded input and pre-printed input forms.
- c) Release of transactional data shall be authorized by the user. Different departments shall use suitable tools/modules to suit their operations. For instance, the finance personnel will use accounting systems while the stores personnel will use stock control systems.
- d) Transactions rejected during editing shall be identified, analyzed and corrected.
- e) Access to computer facilities, terminals, programs and data shall be restricted.

11.4.2 Handling new users

New Users will be handled as follows:

- a) Written applications must be submitted on an official form.
- b) Someone in authority must sign the application form (e.g. Head of Department, and IT manager).
- c) The applicant must present suitable personal identification.
- d) The IT department shall then provide the appropriate user names and IP address for the new users
- e) The IT department will keep the application forms in-definitely.
- f) The access level will be no higher than required as approved by the custodian.

11.4.3 Terminating users

The user ID's of persons leaving the Organization or no longer requiring access will be disabled immediately their departure is confirmed. All files will be referred to the IT Officer for disposal or backup on the need.

11.4.4 Program development, Maintenance and documentation

- a) The Organization will subscribe to a catalogue of vendor-supplier computer software packages for reference.
- b) For new programs and program modifications, a program management plan containing tasks, responsibilities and timetables will be prepared by the System Analyst with the approval of the user department.
- c) A system or system modification design will be prepared by the System Analyst with the approval of the user department.
- d) New programs and program modifications will be integrated in terms of data flow the Organization's existing programs and files.
- e) All proposed new programs and modifications will be tested and run in parallel operation with the existing program.
- f) Data transaction will be transferred completely and accurately.

11.4.5 Contingency planning

This forms part of the disaster recovery strategies and involves the following areas:

- a) Copies of files and databases shall be regularly made and stored at a distant location, so that when computer operations are restored the original position of SASOL may be recovered.
- b) Qualified Personnel shall be appointed (beforehand) to take managerial responsibility in the case of a disaster. They will need to be acquainted with procedures to be followed and with activities that are judged essential to the organization. The success of the contingency plan will depend on how these personnel adapt to the changed working conditions

11.4.5.1 Controls

- a) A comprehensive Annual Plan shall be developed to establish priorities for Program Development and Modification.
- b) Make-vs.-Buy Criteria shall be established to minimize the cost of program development. Vendor-developed software will be considered before customized programs are developed by in-house programming staff or consultants
- c) Periodic checks will be built in to review system description, program specifications, program run-in, testing and documentation.
- d) Documentation shall be prepared in tandem with programs.
- a) Management plan will be prepared and approved for each program developed and modified.

11.4.6 System operation controls

11.4.6.1 System operations

- a) A weekly/daily schedule of computer operations (e.g., running period routines, back-up, housekeeping routines) shall be prepared by the IT manager.
- b) Departures from this schedule and reasons for variations (e.g., system failures, system restart or recovery, emergency situations,) shall be noted by machine operators and followed up by the IT manager
- c) Each job will be set up and executed for each application or program in accordance with set-up instructions within processing parameters.
- d) Any changes to approve set-up instructions shall be approved by the IT manager.
- e) Internal file labels, generation data groups and automated tape management system shall be used to ensure that the correct data files are processed.
- f) A log of system activities will be maintained by the operating system and printed out at the end of each day. The daily log will be reviewed for system failures, operator actions, etc. Sequentially numbered pages, system start and stop times and restrictions on alerting logs will be observed to ensure their accuracy.

11.4.6.2 System Back-up

- a) A file or program that is changed shall be copied as soon as possible/by end of the day.
- b) After a process failure, all data files and programs shall be recovered and checked to ensure that were no unintended modifications.
- c) Program libraries shall be periodically backed up.
- d) Copies of all files and programs shall be maintained at an off-site storage facility that is secure.
- e) A contingency plan shall be prepared by the IT Officer and periodically updated to ensure continuity of operations in the event of unexpected interruptions in computer operations.

11.4.7 Computer Security

11.4.7.1 User IDs and Passwords

- a) With weekly/monthly revisions, passwords shall be assigned to employees needing to access the system.
- b) For new transferred employees, an access form shall be completed, reviewed and approved by the HoD.

- c) The HoD for terminated or transferred employees shall cancel access privileges.

11.4.7.2 Off-line Data and Programs

- a) Magnetic tapes, diskettes and removable hard disks, including back-up copies when not in use shall be stored in locked cabinets.
- b) When needed, such off-line programs shall be obtained from the Custodian during normal working hours. After hours, all such materials will be signed for before release.

11.4.7.3 Access to Output

- a) Computer outputs shall be produced according to a pre-planned schedule or when requested by the user executive.
- b) Transmittal of sensitive output to remote terminals shall be controlled by obtaining prior authorization of the user executive.
- c) Computer outputs and all copies shall be stored in a secure location and access restricted to those authorized by the user executive.

11.4.7.4 Physical Access

- a) During working hours, access to computer facilities, terminals, modems and communications lines shall be controlled with the use of passwords.
- b) On evenings, weekends and holidays, access can be only be gained by the use of standing or special authorization at the security desk, badges for access to the computer facility or room, and keys to computer equipment.
- c) For such authorizations, badges or keys, the access report form shall denote such additional authorizations.

11.4.8 LAN Security

11.4.8.1 Physical Security

The following standards of physical security on the local area network shall be implemented:

- a) Premises housing network control equipment must be physically strong and free from unacceptable risk from flooding, vibration, dust, fire etc.
- b) Internal building distribution of cables within ceiling, wall or floor cavities must be reticulated within protective conduits.
- c) Air temperature and humidity must be controlled to within equipment-defined limits.
- d) Network electronics must be powered via Un-Interruptible Power Supplies (UPS) to provide a minimum 15 minutes operation in the event of a power blackout and adequate protection from surges and sags.

11.4.8.2 Intrusion Protection

To avoid intrusion within the boundaries of the LAN the following must be observed:

- a) Non-staff members shall be indiscriminately prohibited from plugging laptop computers into any access port of the LAN network.
- b) Unauthorized access of staff to the Organization's servers shall be strictly prohibited and shall result to serious disciplinary actions.

Only those computers belonging to staff shall be allowed to function when connected to the LAN. Visiting personnel wishing to access the network must have authorization from a staff member, who must get temporary access rights by making a request from the IT manager.

PART 12. AUDIT AND INTERNAL CONTROLS

12.1 Purpose

The purpose of the audit and internal control system is:

- a) To prescribe the Organization's audit requirements and ensure effective control and security over assets, and efficient utilization of resources.
- b) To provide independent reports to the board and other stakeholders in accordance with agreed content, format and reporting time-tables
- c) To comply with statutory requirements and ensure adherence to International Standards on Auditing (ISA).

12.2 Policy

- a) The Organization will establish and maintain an accounting and financial system, with strict adherence to the requirements of relevant laws and the Generally Accepted Accounting Practices (GAAPs).
- b) The Board shall appoint an external auditor to carry out audit as per specified terms of reference, which shall be clearly stipulated in the engagement letter. The Organization shall ensure that all procedures and regulations on external audit are closely adhered to.
- c) The financial records, books of accounts and vouchers shall be open to audit at all times and audited periodically in accordance with International Standards on Auditing.
- d) The external auditor's reports shall be tabled first to the Board.
- e) Any findings/ observations noted by the auditors shall be presented in a management letter and resolved/implemented accordingly by the management.

12.3 Procedures

12.3.1 External Audit Procedures

- a) The Organization's accounts and records will be made available for audit, not later than one month (30 days) after the end of the financial year.
- b) The management will furnish such information and explanations as required by the auditor, who shall have a right of access at all times to the books of account and other relevant records of the Organization.
- c) Specifically the auditor will express an opinion on:
 - The Statement of Comprehensive Income indicating whether it fairly reflects the results of its operation.
 - The Statement of financial position of the Organisation indicating whether it fairly reflects the stated position.
 - The Organisation's internal control structure indicating its adequacy and/or shortcomings in areas of identified weaknesses.
 - The Organisation's compliance with applicable laws and regulations indicating instances of non-compliance and their impact on the financial statements.
- d) The audited accounts will then be presented to the Board for discussion before signing.
- e) All implementation of any auditors' recommendations shall be coordinated by the CEO through the respective departmental heads. He will also will keep the Board informed of the progress.

12.3.2 Internal Audit services

- a) The Board may hire the services of an internal auditor who should review, on behalf of the Board, the management systems and utilization of the resources of the Organization and advise the Board accordingly to ensure proper management of the state of affairs of the Organization.
- b) The specific roles of the internal auditor should include but not limited to reviewing the:
- Efficiency and effectiveness of all internal controls.
 - Financial information and improving the quality of financial reporting with particular attention to compliance with legal and reporting requirements.
 - Implementation of annual budgets.
 - External Auditors reports, performance and their findings.
 - Organisation's Risk management policies and procedures.
 - Safeguarding procedures of assets of the Organisation.
 - Procurement processes of the Organisation.
 - Any other duties as may be assigned by the Board.

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PART 13. END OF YEAR CLOSING PROCEDURES

13.1 Purpose

To ensure timely and proper recognition as well as accountability of the Organisation's results of operations and the financial position

13.2 Policy

- a) The Organisation's books of account shall be closed annually.
- b) The finance department shall prepare management financial reports for the whole year.
- c) The Finance Department shall be responsible for reviewing the financial data to enhance accuracy and reliability.
- d) Any discrepancies in the financial data shall be discussed with appropriate Finance personnel to allow for appropriate action.

13.3 Procedure

The following guidelines shall be used to close up the accounts of the Organisation.

13.3.1 Accounts Receivable

- a) Complete accounting processes and reconciliation for Accounts Receivable (AR).
- b) Enter and post all invoices, assessments debits and credits for the accounting period.
- c) Enter and post all payments for the accounting period.
- d) Enter deposits into system.
- e) Prepare the AR Ageing Report, to reconcile ageing balance report to the general ledger account balance for AR.
- f) Follow the procedures for write-off and/or collection steps.

13.3.2 Accounts Payables

- a) Complete accounting processes and reconciliation statements for Accounts Payable (AP).
- b) Generate all vouchers and adjustments from purchases for the accounting period.
- c) Generate and post all AP payments for the accounting period.
- d) Prepare the AP Ageing Report to reconcile the report ageing balance to the general ledger account balance for AP.
- e) A review of the official order register should be done to determine the existence of any orders where the goods and services have not been received and consequently the obligation to pay has not been recognized by the Organisation. After the outstanding official orders have been verified and values determined; entries should be made to the General Ledger to ensure that the liability is recognized.
- f) A review should be made of any other orders or contingent liabilities and report these liabilities in accordance with accounting standards.

13.3.3 Payroll

- a) Complete accounting processes and reconciliation for Payroll.
- b) Process final payroll for the financial year.
- c) Enter and post all correcting or adjusting payroll entries for the period.
- d) Update the payroll with staff leave days taken and make provision for leave days outstanding.
- e) Process year-end Payroll Report.

13.3.4 Fixed Asset Accounts

The Finance Department will prepare reports on all additions, disposals and movement of fixed assets. All monthly depreciation entries will also be posted and reconciled with annual rates.

13.3.5 General Ledger

- a) Complete accounting processes and reconciliation statements for General Ledger.
- b) Post all the regular journals for the accounting period.
- c) Process and post all correcting or adjusting journal entries for the period.
- d) Process all Financial Statements for the accounting period and all other financial reporting documents.
- e) Bank reconciling procedures:
 - Update reconciled transactions using blank reconciliation and manual update from bank statement.
 - Enter bank charges from the bank statement into bank reconciliation.
 - Compute balance.
 - Reconcile posted balance to bank balance with un-reconciled item list (outstanding cheques and deposits in transit).
- f) Generate journal entries to close revenue and expense accounts to income and expenditure.
- g) A cash count should be done at the end of the year. Prepare cash certificate and a statement reconciling the cash at hand to the imprest amount.

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PART 14. FINANCE AND ADVISORY COMMITTEE

14.1 FINANCE COMMITTEE

14.1.2 Composition

When it comes to selecting the individuals to serve on the finance committee, the board will need to consider who has the appropriate financial experience and knowledge. If an organization has a sufficient number of board members with financial backgrounds and understanding, it may be possible for the finance committee to be structured as a board committee composed solely of directors. In this case, the board will need to consider and determine the scope of authority it wishes to delegate to the committee and whether it wants the committee to be authorized to act with the authority of the board in approving the financials or otherwise. If, however, the organization has a small board or otherwise does not have a sufficient number of directors at any time, who are appropriate to serve on the finance committee, it may need to look beyond board members to identify individuals who can add valuable expertise to the committee.

14.1.3 Duties and Functions

SASOL shall have a finance committee to provide financial oversight for the organization, advise the board on the budget and financial affairs. In other words, this committee will typically be responsible for monitoring and communicating to the board about the organization's overall financial health. Its core duties will include participating in and overseeing:

- The development of the organization's budgeting and financial planning,
- The creation of the organization's internal controls,
- The preparation and distribution to the board of timely, accurate, and user-friendly financial reports, and
- The implementation of safeguards to protect the organization's assets.

The finance committee may be tasked specifically with:

- (1) Working with the staff to develop an annual and/or multi-year operating budget,
- (2) Setting long term financial goals for the organization, such as creating working capital or cash reserve funds, gross and net revenue targets, or creating a fund for maintaining or replacing equipment, and
- (3) Ensuring adherence to the budget and achievement of the adopted goals by monitoring and reporting the organization's financial activity.
- (4) Creating such internal controls and accountability policies, ensuring that they are appropriately documented in a manual or otherwise, and confirming that they are being followed.
- (5) The committee may also work with the staff to develop useful and readable formats for financial reports, set expectations regarding the desired quantity and subjects of reports, and present financial reports to the full board. In presenting the financial reports to the board, it may be prudent for the finance committee to ensure that the board is alerted to any existing or projected financial problems the organization is facing or is expected to face.
- (6) Reviewing the organization's insurance coverage to ensure that its assets are appropriately protected

14.2 ADVISORY COMMITTEE

An advisory board is not generally defined by law and is not a required entity for a nonprofit organization. It serves no legal function for the charity unless that function is spelled out in the organization's bylaws and approved by the board of directors. Advisory boards are formed by nonprofits to serve specific functions within the organization based on the needs and deficiencies of that particular charity. Nonprofits may form several different advisory boards serving different functions if they so choose.

14.2.1 Composition

This Advisory boards, or advisory committee, will be comprised of people who bring expert knowledge or skills that can of help to the Organization. Also, it will generally provide recommendations and important information but will not have any governing authority over the Organization.

The Organization's formal board of directors will appoints members to an advisory board where necessary. What type of people become advisory board members? It depends upon the reason for the advisory board's existence. SASOL Board of Governors may appoint advisory board members to bring additional needed expert insight into a field or special project. Sometimes it will also honor retired Organization officials or major financial contributors with advisory board seats.

This advisory committee will either be standing or ad hoc. A standing advisory board is in existence on an on-going basis. An ad hoc advisory board is temporary and is usually formed for a specific project.

14.2.2 Duties and Functions

- This committee will provide the board with information and advice to understand difficult or complex issues relating to the Organization in general. Individuals with specific expertise will be selected as committee members.
- It also offer advantages to both the committee members and the board. Committee members have an opportunity to learn more about the NGO and its board—some may be recruited later as board members.
- Also it can provide a greater division of labor and fresh new perspectives
- It can also help find resources to fulfill projects despite any funding limitations. Likewise, the organization can sometimes encounter road blocks for project completion because of a small staff, limited budget or government red tape. Advisory boards, who often represent both the nonprofit and for-profit industries, can bridge the gap and bring expert advice, affordable or free resources and connections for fundraising efforts.

NB Some critics of advisory boards warn against the formation of advisory groups believing that they can possibly lead to conflicts between formal board of directors and advisory committee members and block progress. Conflicts may occur if advisory members have unrealistic expectations or mistakenly believe they have a governing authority over the organization equal to the board of directors. These critics advise any nonprofit organization considering forming an advisory board to clearly clarify member duties and expectations to prevent confusion and conflict

14.2.3 Determining the Need for an Advisory Board/Committee

While considering the formation of an advisory board, first it's important to determine if it is necessary. Advisory boards are almost always beneficial to a nonprofit organization in some capacity. When determining if an advisory board would benefit the organization, ask the following questions:

- Does the board of directors or Organization officials need advice in a field outside of their expertise? The board of directors can appoint experts in the field to an advisory board for input.
- Is there an Organization issue that needs an unbiased opinion from a no governing body? An advisory board can analyze and provide answers from an unbiased stance because they have no governing authority over the Organization.
- Can the board of directors handle a special project with current resources? If not, an advisory board can provide input, skills or resources for the special project.
- Does the Organization need to demonstrate credibility in a particular field quickly? Appointing experts from the field to an advisory board is a fast way to gain credibility in a new field.

- Does the Organization have time to foster a meaningful and beneficial relationship between the advisory group and the board of directors? Advisory boards are only effective if they members have clearly defined roles, effective meetings and a chance to complement the board of directors.

14.2.4 Advice for Developing an Advisory Board

When forming an advisory board, the Organization will consider the following to form an effective advisory committee:

1. Clearly describe the role of the advisory board in writing. Create a set of by-laws for the advisory board that states the duties and limited authority of the advisory board.
2. Appoint a chairman who can run the advisory board, ensure effective meetings and act as an intermediary between the formal board of directors and the advisors.
3. Include a detailed description of the advisory board duties in the formal board of directors' by-laws. This makes sure that both the advisory board and board of directors members are aware of the true role of the advisors.
4. Make sure that each advisory board member knows what type of assistance the company requires from him.
5. The advisory board should meet regularly and have a detailed agenda.
6. Only create ad hoc advisory boards for special projects or events. A standing committee is more appropriate when the advisors are needed long-term.
7. Be sure to have each advisory board member sign a nondisclosure and no compete agreement

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PART 15: APPENDIXES

APPENDIX A: GLOSSARY OF TERMS

Assets

These are resources controlled by an Organization and in which it has ownership rights.eg cash, inventory and fixed assets

Liabilities

Refer to all debts incurred and owed by the Organization.

Revenue

Refers to all monies received by the Organization such as grants, investments income, interest income and cash donations

Expenditure

Refers to those costs incurred by the Organization and which are either paid in cash or credit. They also include non-cash items e.g. provisions.

Bank reconciliation

This is the reconciliation of the Quick book balance and the balance in the bank statement.

Budget

This is a statement of estimated/expected incomes and expenditure for the Organization for a given period.

Audit

This is the process of examining the books of accounts and internal controls of the Organization by an independent external auditor.

Depreciation

This is assigning or allocating of an asset's cost to expense over the accounting periods that the asset is likely to be used

Fixed assets

These are those assets which are acquired for continuous use in the business and not for conversion into cash (Trading stock) and whose lifespan extends to more than one year.

Fixed assets register

This is a record of all the fixed assets owned by the Organization.

Float

Amount of cash kept in petty cash

General Ledger

This is a summary of all transactions grouped into different accounts or budget line items. The totals on the general ledger are then posted to the Trial balance.

Imprest system

This is a method of maintaining cash or petty cash, whereby the cashier starts with a fixed sum, which is replenished at each reconciling period. All documentation supporting the disbursements should be properly authorized and maintained.

Journal entry

Journal is the point of entry of business transactions into the accounting system. It is a chronological record of the transactions, showing an explanation of each transaction, the accounts affected, whether those accounts are increased or decreased, and by what amount.

Payroll

This is the record of all salaries and benefits paid to the staffs of the Organization in a given period.

Trial Balance

This is bookkeeping or accounting report that lists the balances in each of the organization's general ledger accounts

Chart of Accounts

This is a listing of the names of the accounts which the Organization has identified and made available for recording transactions in its general ledger.

APPENDIX B: EXAMPLES OF FORMS

APPENDIX 1: PETTY CASH REQUISITION

Insert Letter head

**SASOL FOUNDATION
PETTY CASH REQUISITION (PCR)**

PCR no.

Date:.....

Name and Address of the payee:

Budget Line number	Description	Ledger Account Code	Amount and Currency
Amount in Words		Total	

..... Prepared by	..... Designation	..... Date
..... Checked by	..... Designation	..... Date
..... Approved by	..... Designation	..... Date

APPENDIX 2: PETTY CASH VOUCHER

**Insert Letter Head
SASOL FOUNDATION
PETTY CASH VOUCHER**

PCV no.

Date:

Paid To: Department:

Pay mode:

Account No.	Code	Remarks	Amount

	Prepared by	Checked by	Approved by	Received by
Name				
Designation				
Signature				
Date				

APPENDIX 3: IMPREST REQUEST FORM

Insert Letter Head

**SASOL FOUNDATION
IMPREST REQUEST FORM**

Date _____
Payee _____ Department _____
Amount in Kshs _____ In words _____
_____ Purpose of pay-
ment _____

Break down:

	Amount
Total	

	Requested by	Approved	Authorized by
Name			
Designation			
Signature			
Date			

APPENDIX 4: IMPREST SURRENDER FORM

Insert Letter Head

**SASOL FOUNDATION
IMPREST SURRENDER FORM**

Name	.....	Designation	.....
Department	.....	PV/PCV no.	.....

Purpose of mission:

Are no. of nights authorised exceeded yes/no
If yes state reasons

Extra nights authorised by:Signature.....

	Place	Date from	Date to	No. of nights	Per diem rate	Amount
A	Total per diem claimable(if air travel-attach used air ticket and flight stubs) Add: out of pocket expenses(receipts attached)					
		Amount				Total
I	Transport costs					
li	Airport tax					
lii	Excess baggage					
B	Total out of pocket expenses (i+ii+iii)					
C	Total claimable amount (a+b)					
D	Less imprest received					
E	Net amount due					
I	To me (C-D)					
li	To organization(D-C)					

I certify that the information is correct and costs incurred are exclusively for the organization

	Prepared by	Checked by	Approved by
Name			
Designation			
Signature			
Date			

APPENDIX5: BANK RECONCILIATION STATEMENT

**Insert Letter Head
SASOL FOUNDATION
BANK RECONCILIATION STATEMENT**

As at	
Account Name	
Account Number	
Name of the bank	
Branch name	
Currency	

	Amount
Balance as per bank statement	
Add: Uncredited deposits	
Date / Details	
Less: Unpresented cheques	
Date & Cheque no.	
Balance as per cashbook	

	Prepared by	Checked by	Approved by
Name			
Designation			
Signature			
Date			

APPENDIX 6: FIXED ASSET REGISTER

Item/description	Type	Location	Quantity	Purchase Date	Cost	Condition	Depreciation	Disposal	Net book value

APPENDIX 7: CHEQUE REGISTER

Date	Chq. No.	Payee	Particulars	Amount	Accounts Clerk	Finance Officer	Signature of payee

FIXED ASSET MANAGEMENT POLICY MANUAL

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1.0 INTRODUCTION

- 1.1 The assets (Property, Plant and Equipment) of SASOL are primarily for the purposes of fulfilling the Organization's missions. Therefore the Organization has a responsibility to manage, control and safeguard such Institute assets, to ensure maximum benefit is obtained from these assets. No use of assets shall be permitted which interferes with the conduct of these functions, or which is inconsistent or conflicts with the SASOL mission.

2.0 PURPOSE

- 2.1 The purpose of this document is to ensure that a documented, controlled and audited procedure exists within SASOL so that Assets are safeguarded through the proper recording of the purchase, transfer, management, control and disposal of all Fixed Assets. An integrated Fixed Assets Register must also be in place identifying each item of Fixed Asset by Historic Cost, Code, sub account, location and Net Book Value, and this procedure documents the control and maintenance of this Register.

3.0 OBJECTIVES

- 3.1 To provide an organised and accountable method of monitoring and controlling the acquisition, custody, transfer and disposal of fixed assets.
- 3.2 To ensure value for money in acquiring fixed assets and to maximise residual value in the disposal of same, where applicable.
- 3.3 To protect the organization from any conflict of interest, either potential or real, which may arise between the entities' Department/Functional Areas, services, offices etc. in the acquisition or disposal of fixed assets and any persons or groups purchasing such fixed assets from the Organization

4.0 SCOPE

- 4.1 This manual documents the procedure for the purchase, disposal, identification, physical location and audits of Fixed Assets within the organization. It also documents the way in which Fixed Assets are categorised.

5.0 DEFINITION

- 5.1 According to the Generally Accepted Accounting Practice [GAAP] and specifically **FRS 15-Tangible Fixed Assets**; Fixed Asset can be defined as an item of property, plant, equipment or fixtures & fittings etc. whose useful life exceeds one year and it is intended for continuing use, rather than a short-term. This is to include all capital items funded by donors
- 5.2 Fixed Assets are **classified** under the following major categories;

- ❖ Land

- ❖ Computer and Accessories
- ❖ Motor Vehicles
- ❖ Furniture and fittings among others.

5.3 Depreciation can be defined as the measure of the cost or revalued amount of the economic benefits of the tangible fixed asset during the period used. It is the allocation of the cost of the asset over its useful life. This is calculated on reducing balance basis using the following estimated useful lives;

❖ Land	Not depreciated
❖ Computer Equipment	30%
❖ Fittings & Fixtures	12.5%
❖ Motor Vehicle	25%

5.4 Those assets that are immovable e.g. fixtures and fittings permanently or solidly fixed to the physical structure of the building are to be capitalised and depreciated as part of the building category. Assets will be depreciated over their life time on reducing balance.

6.0 POLICY

- 6.1** All purchasing and procurement of fixed assets shall be carried out in strict compliance with the organization policy.
- 6.2** It is the entity's policy to ensure that all of its fixed assets are managed in accordance with current best practice. That these fixed assets are safeguarded by appropriate identification, recording, verification of existence and costs.
- 6.3** In this regard, all fixed assets are recorded in a consolidated Fixed Assets Register (FAR) module. This will meet SASOL obligations for internal control. The maintenance of such a register of fixed assets should be in line with the scheme laid out this manual.
- 6.4** All acquisitions of fixed assets require approval as set out in the Procurement Procedures and Policies manual.
- 6.5** All fixed assets capitalised on the asset register are depreciated on reducing balance basis using the appropriate rate.
- 6.6** Those assets that are immovable e.g. fixtures and fittings permanently or solidly fixed to the physical structure of the building are to be capitalised and depreciated as part of the building category. All other fixtures and fittings are to be depreciated at 12.5% per annum

7.0 PROCEDURE

7.1 Purchase of Fixed Assets

All fixed assets shall be purchased and procured in strict compliance with policies outline on the Procurement Procedures and Policies The Principles of openness, transparency, and value for money shall be applied.

7.2 All Fixed Assets should be recorded in the correct Asset category selected.

7.3 Donated Fixed Assets

Where organization receives assets as a gift or donation, such assets shall be valued using the market rates and recorded in the asset register.

8.0 RECORDING/CONTROL OF FIXED ASSETS

8.1 The Fixed Asset Register

The organization uses a fixed asset management system in the recording of all capitalised Fixed Assets and which meets the basic necessary requirement. It also maintain an Asset Register of capitalised assets and to physically account for the existence of these assets. Under the Fixed Assets Register (FAR), there will be common criteria for the recognition of fixed assets which is reconciled to the Financial Statement. The Fixed Assets Register (FAR) will make it easier to account depreciation, ensure accuracy in tracking and accounting for fully written off assets and disposals. The operation of asset register is solely the responsibility of the Finance Department.

8.2 Process of Recording Assets

During the financial year, a list of Fixed Asset additions is compiled on an on-going basis (monthly). At the end of each financial month, the compiled list is then reconciled to the General Ledger. This is to make sure that all fixed assets purchased for the month are correctly recorded and all items not meeting the capitalisation limit of fixed assets not captured in the asset register.

The list of additions is then included on the Fixed Asset Register, with particular attention being paid to the number of items purchased, historic cost and a description of each item. Where applicable a Fixed Asset tag number is assigned to each item. All assets are then tagged accordingly and the Fixed Asset Register is updated with the Barcode Number and location of the asset.

8.3 Information included on each individual asset

Once an individual asset is acquired, the following details will be obtained:

- ❖ Description
- ❖ Asset Class
- ❖ Supplier ID & Name
- ❖ Transaction Number
- ❖ Order Number

- ❖ Invoice Number
- ❖ Purchase Date
- ❖ Cost
- ❖ Total Capitalised
- ❖ Depreciation
- ❖ Sub Account

Other details which are optional fields but may assist in easier identification and verification of the assets (especially with certain equipment e.g. Desktops, Laptops, iPads, Notebooks etc.) are;

- ❖ Serial Number
- ❖ Model and Make
- ❖ Manufacture

All moveable fixed assets, which have been included in asset register, should be appropriately tagged with an asset tag number, to clearly identify it as being the property of the organization

8.5 Asset Tags

Assets Tagging is the process of numbering fixed assets, which allows the tracking of movable fixed assets from one location to another. Asset tags are used as part of this process.

Tagging provides an accurate method of identifying individual assets, aid in the physical tracking, control the location of all physical assets, acts as theft deterrence and provide a common ground of communication for the Finance Department and the assets users.

Asset tags should be placed if possible where they can be;

- ❖ Easily accessible for viewing
- ❖ Easily identifiable without the disturbing the operations of the asset

This will assist during fixed assets audits process.

8.6 Audit of Fixed Assets

Frequently, Fixed Assets Audits (Stock Takes) are carried out by the to monitor and control movements and transfers of these fixed assets.

This is to facilitate the auditing (checking) of all capitalised fixed assets on a cyclical basis. The process of carrying out an audit of these fixed assets is particularly relevant for the organization.

The management should facilitate periodically under-take an audit of all capitalised fixed assets. This audit is driven by a physical location, which will require the auditor to go to a particular location and physically verify all fixed assets

At the end of the audit, the scanned uploaded assets are then compared with the FAR. An **audit report** is then generated, showing assets that were **found** and assets **not found**. A list of assets not found during this process will require being investigated further and corrective action taken. This will involve communication with the asset assignee, individual user (in the case of Laptop, iPads, Notebooks etc.) and the Department /Cost Centre/Research Centre/ Budget Holder where required.

8.7 Reconciliations

Each individual functional area should keep an accurate record on a spreadsheet of all fixed assets located within the department. A monitoring system should be put in place by each department as a security measure for moveable fixed assets issued out to staffs.

9.0 RESPONSIBILITIES

9.1 All Staff

All SASOL staffs must take responsibility for protecting the fixed assets (especially moveable fixed assets) in their custody. It is the responsibility of all staffs to ensure that assets are used for authorised purposes.

9.2 Departmental/Functional Areas Responsibility

At the departmental level, Head of Department, Budget Holder is responsible for ensuring that a register of assets owned is maintained, these include; Computers, Laptops, iPads, Notebooks, motor vehicles, furniture and fittings.etc.

9.3 Fixed Assets, Finance Office

The ultimate responsibility for the maintenance and the recording of transactions within the Fixed Asset Register rests with the the Finance Department. Any queries relating to the Fixed Assets should be addressed to this department.

9.5 Transfer of Fixed Assets

If an item of fixed assets is removed from a particular location, a Transfer of Asset Form must be completed and signed by the person conducting the transfer (refer to Appendix II). The original copy of this form is then sent to the the Finance Department where Fixed Assets Register is then amended accordingly.

9.6 Disposal of Fixed Assets

- ❖ Each Head of department responsible for identifying & highlighting surplus / damaged assets – property, plant & equipment for disposal. Obsolete assets should be written off and physically disposed of on an annual basis.
- ❖ The Head of department where the asset resides is responsible for filling out a Disposal of Capital Assets Form (**refer to Appendix III**). The principle underlying this process is that it is the Heads of departments, who initiated or approved the purchases of the fixed assets for their departmental use; consequently they have the primary fiduciary responsibility to manage, control and safeguard such Institute assets.
- ❖ To ensure maximum benefit is obtained from these assets in the course of providing services and that maximum return is obtained by the organization in the event of asset disposal.
The disposal form must clearly identify
 - The relevant asset,
 - The reason for disposal,
 - The suggested method of disposal (**see notes below**),

- Memo as to Method of Disposal (Explanation to the method of disposal used; e.g if used for parts – state location of the disposed item and why it is been used for parts; if Recycle – state how this was done; if Donated – state who received the asset(s) and the process (if any) e.t.c.

- The original cost,
- Asset Tag Number/Barcode

- ❖ The next step is for the Heads of Department/Function to get approval for the asset disposal.
- ❖ on the form and passed to Governing Body for approval at the next meeting.

Only when these steps above have been completed should the form be sent to the finance office

- ❖ The Finance Department then completes the following steps:
 - (a) Updates the Fixed Asset Register
 - (b) Inserts the date on which this is done on the disposal form
 - (c) Fills out the invoice and disposal proceeds information
 - (d) Processes the necessary accounting entries to record the disposal

The operation and management of all of these procedures is subject to audit on an annual basis, in accordance with the existing procedures of the Finance Department. Discrepancies or non-conformance of this procedure are reported to the Governing Body, as appropriate.

9.7 Disposal of Fixed Assets to a Staff Member

In the case of redundant equipment or instances may arise where staff members wish to purchase equipment, in particular Computers, Laptops, IPad, Printers etc., which is no longer in use by the entity. Furthermore, a staff member who has sole use of equipment may wish to purchase it before the end of the asset's useful life. The following procedure sets out the process to be followed in such instances to facilitate staff purchases while meeting audit requirements.

9.7.1 Procedure

Where a staff member has identified an asset to be purchased, the following procedures below should be followed;

- ❖ The individual staff member should contact the Fixed Assets Team in the Finance Department, to request an independent valuation of the asset(s) being purchased.
- ❖ The Fixed Assets section will arrange, through the Procurement office to source an independent market price for the asset(s)
- ❖ The Finance Department will then approve a price (notifying the C.E O and Board if need be) and notify the individual staff member.
- ❖ The Purchase Asset **and** Disposal Forms (**see Appendix III and IV**) should then be completed and forwarded to the Fixed Assets section of the Finance Depart-

ment. The forms **must be signed** by the staff member purchasing the asset and the relevant Head of Department/ Function.

- ❖ The asset(s) will transfer to the staff member on receipt by the Finance Department of Cheque, Bank Draft or Cash for the approved price.
- ❖ A receipt will be issued to the purchaser when proceeds have been received by the Finance Department

10.0 GENERAL PROCEDURES ON FIXED ASSETS

- a) An asset register shall be maintained and shall include the following details:
 - A description of the asset
 - Manufacturer's serial number and model number
 - Acquisitions date and cost
 - Assets identifications number by classification of asset
 - The expected useful life and depreciation rate
 - Normal location ,use, and latest condition of the asset
 - Upon disposal the register will be updated accordingly
- b) **Annual revaluation** review will be conducted by the finance manager to determine whether a re-valuation must be undertaken to maintain value for PPE close to its usefulness to the organization.
- c) at least once a year the chief executive officer shall ensure that an inventory of all items of PPE is taken by person(s) independent from the one keeping the asset register
- d) The requisitioning and payment procedures shall follow that laid down procedures.
- e) the finance manager swill ensure assets are appropriately coded, recorded in the assets register and distributed to the requisitioning department
- f) Maintenance contracts will be entered into where appropriate with suitable approved dealers or suppliers to ensure all assets are kept in good working condition.
- g) The finance manager shall maintain a motor vehicle movement log (example) for each vehicle, filled in for all movement, and reviewed monthly by the chief executive officer.
- h) Unauthorized person shall not allow to travel in the organization vehicles.
- i) when a vehicle is involved in an accident ,the officer in charge shall:
 - Inform the insurance company
 - Complete a motor vehicle report, not later than the day following the day of the accident
 - Obtain copies of the police report on accident

11.0 INVESTMENTS

11.1 PURPOSE

To ensure that the organization money is invested with approved financial institutions in safe and secure assets and that such investments are managed both smoothly and prudently managers. Investment will be done in line with NGO regulations and donor agreements.

11.2 POLICY

- a) The board of directors, upon the advice of the finance department and other stakeholders will invest wisely on behalf of the organization.
- b) Funds shall be invested in safe and secure assets such as treasury bills, bonds or the fixed deposit accounts with reputable banks or any other investment portfolio.
- c) Funds may be invested in corporate shares after a thorough assessment and approval by board of directors on the recommendations of the of the finance and administration committee
- d) All securities shall be deposited in the following:
 - Duly appointed banker
 - In safe deposit vaults maintained by a recognized financial institution designated by the chief executive officers or
 - In the safe vaults of the organization under the direct control of the board of directors.
- e) Investment shall be registered in an investment ledger to be kept by the finance and administration committee, which shall show the relevant details for each investment, including the face value of the deposit, proceeds of the sale and income derived.
- f) At minimum the investment register shall contain the following details
 - Depository bank
 - Certificate deposit number
 - Date of deposit
 - Initial capital
 - Rates of interest
 - Total of principal and interest
 - Date of maturity
 - Period and dates of deposit withdrawals
 - Transfers
 - Authority of withdrawals and transfers
 - Balance as at the end of the organization financial year
- g) Any loss of cash or negotiable instrument shall be immediately brought to the attention of the board of directors who shall take the necessary measures towards holding an investigation and, if necessary, have recourse to the law enforcement agencies.
- h) Except as far as it may as it may be deemed consistent with promotion of the organization interest or good image, no amount due to the organization may be waived without the authorized of the chief executive officer in which case the persons or organization, and or the amount and the circumstances to justify the waiver shall be indicated.

- i) A member of staff who loses cash or negotiable instrument shall be personally responsible and liable for the loss incurred
- j) Interest from investment shall be reflected in the miscellaneous income account.
- k) Invested fund held by fund manager on behalf of the organization shall not be written off without the authorization of the chief executive officer.
- l) Withdrawal of assets deposited in banks and access to assets deposit elsewhere shall be subject to authorized signed by two members of staff designated by the continental coordinator.

11.3 Procedures

- a) The board of directors, upon the advice of the finance and administration committee, may establish, set aside and solicits funds for the establishment fund, as may be approved by the chief executive officer, for generating income to be applied to the organization budgetary support.
- b) Funds, which have been approved by the chief executive officer for investment, shall be transferred to the approved investment from time to time under the direction of the coordinator.
- c) Confirmation letters of initial deposits, renewal of existing deposits and rollover interest shall always be obtained and filled together with confirmed certificates of deposits in chronological order.

APPENDIX I FIXED ASSET REGISTER

Item/description	Type	Location	Quantity	Purchase Date	Cost	Condition	Depreciation	Disposal	Netbook value

APPENDIX II TRANSFER FORM

**SASOL
TRANSFER OF FIXED ASSETS BETWEEN DEPARTMENTS**

Date	_____
Asset Tag Number	_____
Serial Number	_____
Description Of Asset	_____

Original Location	_____
New Location	_____
Reason For Transfer	_____

APPROVAL OF TRANSFER

Head of Department - Current Location
Signature / Date

Head of Department - New Location
Signature / Date

Pass Completed Form To The Finance Office

CONFIRMATION OF TRANSFER & RECORD UPDATE

Date Fixed Assets Register Updated _____
Finance Department Signature / Date _____

Appendix III DISPOSAL FORM
SASOL
DISPOSAL OF CAPITAL ASSETS FORM

Asset Tag Number: _____

Description Of Asset: _____

Reason for Disposal: _____

Historic Cost of the Asset: Ksh _____

Estimated Current Value: Ksh _____

Method of Disposal: Recycle Use for Parts Scrap Sale
 Trade In Donated In storage (no longer in use)

Memo as to Method of Disposal: _____

Head of Department/Function Signature: _____

APPROVAL OF DISPOSAL REQUEST

Finance & Audit Committee/ _____ Director Signature/ Date _____

Date of Meeting: _____

Approved by Board _____

Date of Meeting: _____

Pass Completed Form To The Finance Office

CONFIRMATION OF ASSET DISPOSAL & RECORD UPDATE

Date Asset: Scrapped Traded in Sold Recycled
 Used for Parts

Date Fixed Assets Register Updated: _____

Finance Office Signature/ Date: _____

PROCUREMENT POLICY MANUAL

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ACRONYMS

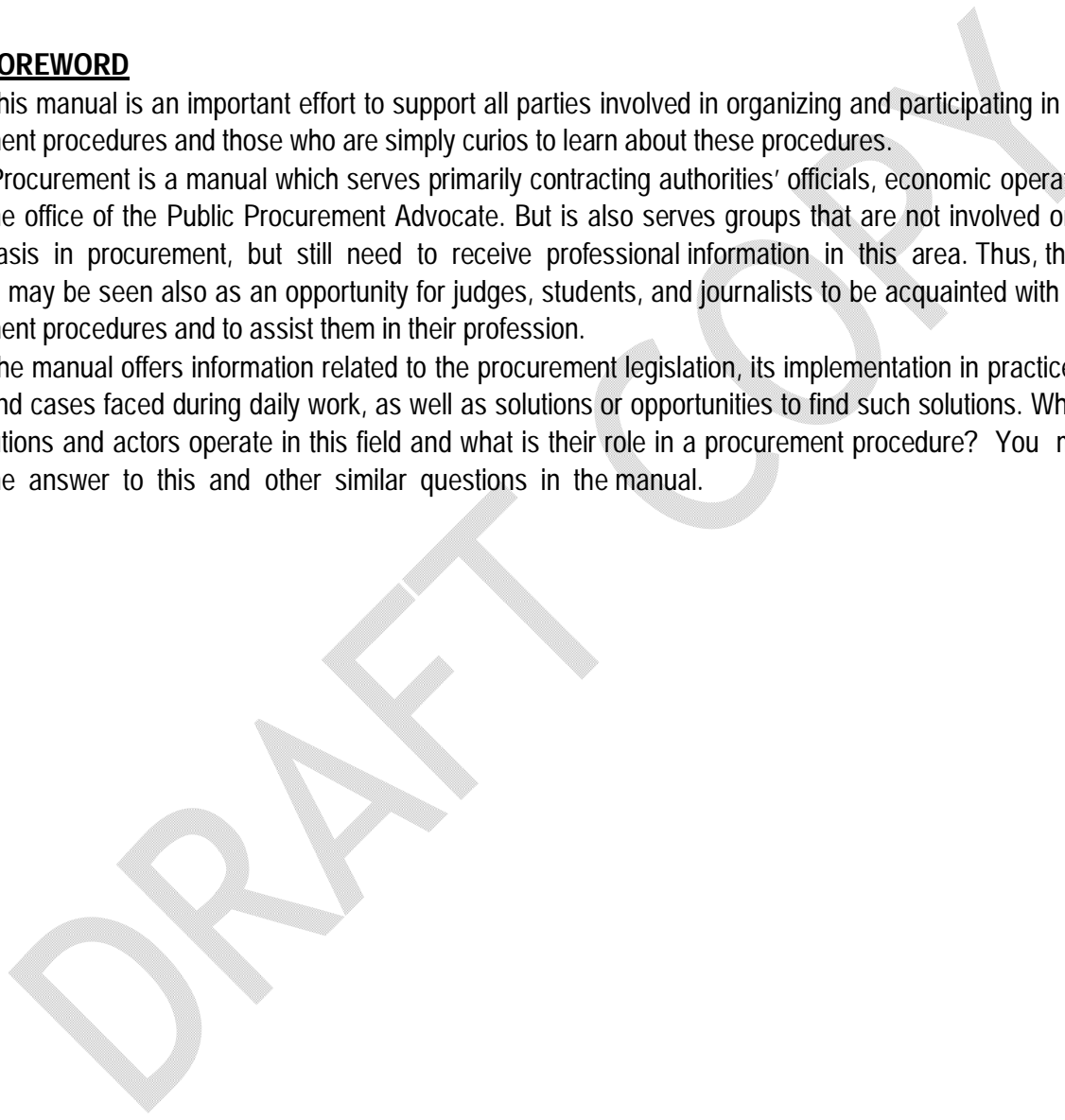
HOD.....	Head of department
ToR	Terms of reference
APP	Annual procurement plan
GRN	Goods received note

FOREWORD

This manual is an important effort to support all parties involved in organizing and participating in procurement procedures and those who are simply curious to learn about these procedures.

Procurement is a manual which serves primarily contracting authorities' officials, economic operators, and the office of the Public Procurement Advocate. But is also serves groups that are not involved on a daily basis in procurement, but still need to receive professional information in this area. Thus, this manual may be seen also as an opportunity for judges, students, and journalists to be acquainted with procurement procedures and to assist them in their profession.

The manual offers information related to the procurement legislation, its implementation in practice, issues and cases faced during daily work, as well as solutions or opportunities to find such solutions. Which institutions and actors operate in this field and what is their role in a procurement procedure? You may find the answer to this and other similar questions in the manual.



INTRODUCTION.

The purpose of this manual is to provide useful guidance to Procuring Entities (PE) and other key stakeholders dealing with procurement and management of large projects.

Why do we need a specific manual for project procurement and management?

Project procurement and management typically require the Procuring Entity to possess advanced technical expertise in project design and implementation, considerable human, financial and material resources, advanced contracting and negotiation skills, strong knowledge of dealings with international contractors. For all these reasons, it was agreed that a project procurement manual would be a valuable tool for procuring entities. The manual offers an opportunity to standardize and streamline procurement procedures for complex projects.

1. PURPOSE OF PROCUREMENT

The purpose of the procurement procedures is to:

- a) Ensure that goods and services procured are delivered in the correct quantity, quality and in a timely manner.
- b) Ensure that the Organisation obtains value for money on all the items and services procured.
- c) Achieve a high standard of ethics and integrity in dealings with the suppliers.
- d) Accord a fair opportunity to prospective suppliers to provide goods and services.
- e) Work towards a commitment to continuous improvement of supply of goods.
- f) Enable accountability and consistency in the procurement practices and process.
- g) Promote open, fair and effective competition among suppliers.
- h) Serve as a training tool for the Organisation staff, and provide on-going guidance based on best international practices
- i) Provide a point of reference against which principles and practices can be evaluated

2. THE PROCUREMENT COMMITTEE

The organization procurement committee shall be composed of board of Directors, finance, and administration representatives.

The committee shall meet when there is need to deliberate on issues pertaining to procurement.

The key terms of reference for the committee shall be to:

- i) Award tenders.
 - ii) Approve orders.
 - iii) Award contracts.
 - iv) Approve variation of contracts conditions.
- a) There shall be a Procurement Committee to deal with procurement and tendering process, which shall be constituted as follows:

Procurement values in Ksh.	Composition of Procurement Committee
Up to 5,000	N/A – (is a petty cash)
5,001 – 150,000	Administrator, Finance Officer Programme Coordinator and HoD of the user department
150,001 – 500,000	Administrator, Finance Officer, Programme Coordinator, HoD of the user department and one member of the Finance and Administration Committee.
Above 500,000	Administrator, Finance Manager, Programme Coordinator, HoD of the user department and two members of the Finance and Administration Committee.

- b) The committee shall be chaired by the Administrator and shall make its own decision, which should be supported by minutes and set out its own procurement procedures for bidding, evaluation and contract award.
- c) Approval limits applied shall be as per the above table provided.
- d) Procurement of less than Kshs. 5,000 shall be made through single sourcing from responsive or pre-qualified suppliers. Procurement valued at between Kshs. 5,001 and Kshs. 150,000 shall be accompanied by at least 3 competitive quotations. Procurement of goods and services valued at above Kshs. 150,000 shall be through Tender.
- e) Restricted tendering procedures shall be considered before resulting to open tendering. Restricted tendering shall be applied for procurements valued at between Kshs. 150,001 to Kshs. 500,000. Open tendering procedures shall be applied for all procurements valued at above Kshs. 500,000.
- f) A data base of pre-qualified suppliers shall be maintained by the Organisation. The data base shall be revised once a year with new suppliers being included and dissatisfactory supplies removed.
- g) The Administrator shall develop a Suppliers Register to identify the suppliers that will be contacted for direct purchase and quotations. Such suppliers must submit copies of their business licences for authenticity. The suppliers shall also be required to complete the "SASOL" Business Questionnaire (*Appendix No.1*).
- h) All the records on procurement including committee meetings and other decisions shall be well maintained and archived for future reference.
- i) There shall be segregation of duties between the person raising the purchase order, receiving the goods and the person certifying completion of the whole process.
- j) There shall be competitive bidding process to meet the procurement requirements depending on the value of items being acquired, to ensure the contract is awarded to the responsive supplier. This shall be by public advertisement through newspapers and electronic media.
- k) All Tenderers shall complete the Tender Form (*Appendix No. 2.*), "SASOL" Business Questionnaire Form and Performance Security Form (*Appendix No. 3*) for them to qualify for consideration.
- l) Specifications shall be used for procuring goods or works while Terms of reference (ToR) shall be used for procuring services or consultancies. Both must fully and completely state the Organisation's requirements.
- m) The minimum bidding period shall be 30 days from the date of initial publication to submission of the bids.
- n) For supplier to qualify to be awarded the contract or issue the purchase order, they shall have the necessary qualifications, capability, experience, resources, equipment and facilities to provide what is being procured.

- o) A purchasing practice shall be designed to avoid overstocking and ensure holding of stocks in the store will be based on cost effectiveness.
- p) All the Organisation staff handling procurement activities shall observe ethical principles of procurement and shall fill in a declaration of impartiality and confidentiality (*Appendix 4*) before involvement in the procurement process.

3. SEPERATION OF DUTIES

There shall be proper separation of duties between:

- i) The person who orders a particular purchase from a vendor.
 - ii) The person who satisfies that the goods supplied are satisfactory.
 - iii) The person who accepts goods into store.
 - iv) The person who authorizes payment.

4. PROCUREMENT PLANNING

Procurement planning is part of the annual budgeting process. Each departmental head is responsible for planning his/her project's estimated procurement needs on an annual basis through the use of the annual procurement plan (APP), which indicates the items to be bought in the various quarters of the year. The procurement officer will use the APP to plan for requisitions. It is crucial that the procurement committee discuss the APP at the beginning of each year and as need may arise within the year.

The APP will also require the final approval of the project coordinator, who will share it with the executive director for comments before approval

5. PROCUREMENT REQUISITION (PR)

Each specific procurement procedure process shall be initiated by procurement requisitions to the Procurement officer from the requesting department and should show detailed specifications and Requirements for the item(s) being requested. They should also indicate that the item is budgeted for. The PRs allows the departments flexibility within the overall annual plans regarding specifications, exact Quantities, delivery dates, etc. They are also used to cater for un-planned or emergency procurement.

The PR form will show the following:

- i) Items required.
- ii) Quantities.
- iii) Delivery dates and locations.
- iv) Accounting information.
- v) Whether procurement is within APP/budget or emergency or unplanned.
- vi) Signature of the preparing person.
- vii) The departmental head.

Some donors do prescribe some conditions or restrictions required to be observed in the course of Procurement pertaining to the project they fund. It is the responsibility of the procurement committee to ensure that such donor requirements and restrictions are observed in the procurement of goods and Services but within the framework of Sasol organization procurement guidelines.

All requisitions must be signed by the departmental heads or designate, who should ensure that the item are in APP or should seek authority to procure as per policy. Any persons designated to authorize requisitions in acting capacity must have the authority given in writing clearly stating the period authorized.

6. PROCEDURES.

I) Basic Procurement Principles

To ensure that the objectives of the procurement procedures as mentioned earlier are achieved the following basic principles shall be adhered to:

- a) Maximum competition
- b) Integrity in procurement process
- c) Minimize complexity of the solicitation, evaluation and selection criteria
- d) Ensure impartial and comprehensive evaluation of suppliers' bids and proposals
- e) Ensure selection of the source whose offer has the highest degree of pragmatism.
- f) Performance is expected to meet requirements stated in the solicitation documents
- g) All the members of staff involved in the procurement process own responsibility and accountability for the functions of procurement department.

II) Procurement process

- a) A Payment request form (*Appendix No.4*) shall be raised by the originating staff indicating the descriptions of the assets/goods or services required. The form shall then be approved by the HoD and then sent to the Finance Officer. The Finance Officer upon satisfaction that the intended purchases are within the approved budget and subject to availability of funds shall approve the purchase and forward it to the Executive Director for checking and onward transmission to the Administrator.
- b) The Administrator then initiates the process of procuring the items depending on the value of the items.
- c) The Administrator, in consultation with the originating staff, shall develop the Procurement Plan. This document is an essential part of the annual budget preparation process and provides an essential checklist for the approval and monitoring of procurement activity by the Procurement Committee.
- d) When the Procurement Committee approves the procurement plan, the Administrator then calls for bids through public advertisement or direct sourcing. The bidding process shall then be approved by the procurement committee.
- e) The Administrator shall finalize the contract document(s) and distribute the approved copies as follows: one copy to the winning bidder, second copy to the originating office, third copy to the Finance Manager and the Administrator retains a copy.
- f) The Administrative Assistant Officer then raises a LPO, which is approved by Administrator and the Finance Officer sends it to the supplier.
- g) The supplier upon receipt of the LPO delivers the items as per the descriptions accompanied by a delivery note and a supplier's invoice to the Stores, where the goods verified as per the descriptions in the LPO/contract documents and raises a GRN. Fixed assets shall be entered in the fixed assets register and tagged for identification.
- h) GRN is entered into the system by the Finance Officer in charge of posting against the LPO as soon as goods are received. The Storekeeper shall forward all documentation received from the supplier to the Finance Officer for approval before they are submitted to the accounts department for payment.

7. Tender Procedures

I) Restricted tendering procedures

Under restricted tendering, the organisation shall invite bids from pre-qualified suppliers based on the goods and services sought to be procured. The following procedure shall be followed:

- a) Written invitation to submit tender documents will be sent on the same day to all supplies on the list that are capable to supply the required goods or services. The invitation should include all detailed specifications with regard to financial and technical conditions
- b) The minimum period for submission of bid documents shall be 30 calendar days. The date, time and place of the tender opening shall be stated in the invitation.
- c) Depending on the nature and amount of the procurement, bid bond may be required.
- d) All tenders received will be registered upon receipt by the Administrator
- e) All tenders will be opened on the date, time and location indicated in the tender invitation. The tender will be opened by the Procurement Committee in the presence of the suppliers or their official representatives.
- f) All tenders are analyzed and evaluated against the criteria for the quality of the materials, service, price, delivery time and overall compliance with the requirements stated in the specification.
- g) Tender can be cancelled partially or fully. In circumstances of cancelling bids, the reasons shall be written on the bid analysis form and filed in Finance department.
- h) Bid bonds shall be returned to the bidders.

II) Open tendering procedures

Under open tendering, the Organisation shall make public the invitation to tender, through at least three newspapers with nationwide coverage, three national radio stations with national coverage and the SASOL website.

The following procedure shall be followed:

- a) Tender dossiers shall be published as required on the same date in all media. The tender dossiers shall include all detailed specifications with regard to financial and technical conditions
- b) The minimum period for submission of bid documents shall be 45 calendar days. The date, time and place of the tender opening shall be stated in the invitation.
- c) Depending on the nature and amount of the procurement, bid bond may be required.
- d) All tenders received will be registered upon receipt by the Administrator.
- e) All tenders will be opened on the date, time and location indicated in the tender invitation. The tender will be opened by the Procurement Committee in the presence of the suppliers or their official representatives.
- f) All tenders are analyzed and evaluated against the criteria for the quality of the materials, service, price, delivery time and overall compliance with the requirements stated in the specification.
- g) Tender can be cancelled partially or fully. In circumstances of cancelling bids, the reasons shall be written on the bid analysis form and filed with Finance department.
- h) Bid bonds shall be returned to the bidders.

III) Drafting and contents of the tender dossier

It is vital for tender documents to be carefully drafted not only for the sound functioning of the award procedure but also for the proper execution of the contract.

These documents must contain all provisions and information that candidates invited to tender need to present their tenders; the procedures to follow, the documents to provide, cases of non-compliance, award criteria and their weightings; stipulations regarding joint bids and subcontracting, etc.

The Organisation is responsible for drawing up the tender dossiers. The Organisation shall send only to shortlisted candidates a letter of invitation to tender accompanied by the approved tender dossier comprising the following documents:

- a) Instructions to tenderers, which must include:
 - The type of contract

- The award criteria and their weightings
 - Whether interviews are possible and when they are likely to be held
 - Whether variants are allowed
 - Whether, and in what proportion, subcontracting is permitted
 - The maximum budget allowed for the contract
 - Currency of the tenders
- b) The short list of candidates (stipulating that they cannot form alliance)
- c) The terms of reference, with a forecast schedule for the contract and forecast dates from the which the main experts must be available
- d) Price schedule (for completion by the tenderer)
- e) Tender form
- f) Contract form
- g) Guarantee from a bank or similar institution for
- payment of advances
 - tender (2% of the budget available for the contract)
 - performance (10% of the contract value)

8. CONTROLS ON PROCUREMENT

Goods and services will only be procured within approved budgets except in case of emergencies, which have to be approved by the executive director. Thus, in addition to being responsible for preparing the APP/budget, the departmental heads should ensure that actual procurement throughout the year remains within the budget. Each requisition should reference the APP line bearing the item or requisition and if need, be attached to the page of the APP where such line is contained.

The financial officer shall assist the procurement officer in conducting periodic checks on procurement activities to ensure that they conform to APPs, donor procurement requirements, and the organization's policies and procedures. It is the responsibility of the person who signs the local purchase order (LPO) to verify that the following have been, done whether or not he/she actually collects the goods concerned.

- (i) That the correct quantity has been received and signed.
- (ii) That the quality and price of goods is as agreed.
- (iii) That all goods delivered have been securely and inventory records appropriately updated.
- (iv) That the delivery note is checked, signed, and forwarded to the financial officer to await the invoice.

Purchases under petty cash must not exceed the maximum amount established and documented by the financial office.

Procurement staff and all members of the procurement committee will be required to sign a 'conflict of interest' document stating that they will not purchase goods or services from a company they have a vested interest.

9. VENDOR SELECTION

Careful selection of vendors should be done to ensure that best possible price, quality and delivery time available within the markets is obtained. A list of suitable vendors (the list of pre-qualified vendors), for each type of goods and services based on letters of introduction and past performance shall be maintained. This will make the process of vendor identification much faster. The vendor list shall be Reviewed and updated periodically to ensure that current known factors are taken into consideration. Once the previous year's list of vendors has been updated and approved by the procurement Committee, procurement of goods and

services can be effected. Vendor selection for inclusion on the List of pre-qualified vendors will take place once per year and will be done by the procurement Committee.

10. VENDOR SELECTION CRITERIA

The following set of criteria is essential for deciding on choice of vendors:

- i) Price
- ii) Quality of goods/services. Such a justification must be verifiable.
- iii) Availability of goods/services within the required delivery time.
- iv) After sale services, including availability of parts/supplies.
- v) Bidder's previous records of performance and service.
- vi) Ability of bidder to render satisfactory service in this instance.
- vii) Financial stability of the vendor.
- viii) Availability of bidder's representatives to call upon and consult with
- ix) Payment terms
- x) Warranty offered.
- xi) Ability to provide samples

11. TENDER PROCUREMENTS.

I) RESTRICTED TENDERING PROCUDURES.

Under restricted tendering, the organisation shall invite bids from pre-qualified suppliers based on the goods and services sought to be procured. The following procedure shall be followed:

- a) Written invitation to submit tender documents will be sent on the same day to all supplies on the list that are capable to supply the required goods or services. The invitation should include all detailed specifications with regard to financial and technical conditions
- b) The minimum period for submission of bid documents shall be 30 calendar days. The date, time and place of the tender opening shall be stated in the invitation.
- c) Depending on the nature and amount of the procurement, bid bond may be required.
- d) All tenders received will be registered upon receipt.
- e) All tenders will be opened on the date, time and location indicated in the tender invitation. The tender will be opened by the Procurement Committee in the presence of the suppliers or their official representatives.
- f) All tenders are analyzed and evaluated against the criteria for the quality of the materials, service, price, delivery time and overall compliance with the requirements stated in the specification.
- g) Tender can be cancelled partially or fully. In circumstances of cancelling bids, the reasons shall be written on the bid analysis form and filed in Finance department.
- h) Bid bonds shall be returned to the bidders.

II) USE OF DEALERS AND SOLE SUPPLIERS.

In the interest of ensuring quality, reliability and timeliness, the procurement officer may establish purchase agreements or contracts with main dealers of regularly purchased goods. Where possible due to other factors, the procurement office will negotiate rates and discounts with the supplier or a method to determine price for invoice justification. These agreements and prices (net of discounts) should be reviewed annually to ensure that they are competitive.

III) ORDER FOR RECURRING REQUISITION.

Procurement of a recurrent nature, i.e. where the same goods and services may be issued several times a year, one vendor may be selected for a period of up to one year. In some cases, particularly for services, contracts for the goods or services can be drawn up once, which may then be reference every time those

goods or services are required without requiring separate quotations and contracts on each occasion. In other cases, particularly for regularly purchased goods, vendors can be selected once, but separate contracts drawn-up on each occasion the vendors are used.

IV) CERTIFYING DELIVERY OF GOODS AND SERVICES.

The procurement process cannot be completed without certification that the goods and services Procured have been received entirely to [name of organization] satisfaction, in particular, to the satisfaction of the requisition. The procedure for receiving goods and services is therefore important in ensuring that vendors have entirely met their obligations. Once organization has certified that goods and services have been received to their satisfaction; it has little further resources to complain about a vendor's performance; and payment can then be made. In all cases, the certification of receipts of goods and services is pre-requisite to organization and the following guidelines are essential for that purpose.

- i. The procurement office should ensure that goods and services are checked against contracts, waybills, invoices, or delivery notes.
- ii. Requisition department at the time of delivery will facilitate the receiving and checking of goods and services whereby the receiving person will have to sign the delivery notes or any other documents during delivery.
- iii. Physical checking should be done by the requisitioning department and not by the procurement office.
- iv. In some cases, receiving of goods and physical checking of goods or services may be delegated to other organization officers who are so authorized by the procurement officer. Such might include cases where goods of services are delivered directly to a project field location; or where specialist's technical certification is required.
- v. Any differences between documents done physical checks should be noted and reported to the Procurement officer for action.

V) PAYMENT-PROCESSING PROCEDURE

The recipient department is responsible for preparing payment requisition which then it forwards to the Procurement office for checking and certifying.

The document is then sent to the finance department for further checking and necessary approval and authority to pay.

All payments must be made in accordance to the contractual terms between the vendor and organization and in reference to the financial policies.

12. Appendix 1: Confidential Business Questionnaire

LETTER HEAD

You are requested to give the particulars indicated in part 1 and Part 2 either (a) 2(b) or 2(c) whichever applies to your type of business.

Part I- General:

Business Name.....

Location of business premises

Plot No.....Street/Road.....

Postal Address.....Tel. No.....

Nature of business.....

Current Trade Licence No..... Expiring date.....

Maximum value of business, which you can handle at any one time;.....

Name of your bankers.....Branch.....

Part 2 (a) - Sole Proprietors:

LETTER HEAD

Give details of partners as follows:

	Name	Nationality	Citizenship
1			
2			
3			
4			
5			
6			
7			

Part 2 (c) - Registered Company

LETTER HEAD

Private or Public.....

State the nominal and issued capital of the company:

Nominal

Issued

Give details of all directors as follows:-

	Name	Nationality	Citizenship	Shares
1				
2				
4				

Date..... Signature of the tenderer

13. Appendix 2:Tender Form

LETTER HEAD

Submitted By:Date:

Dear Sirs,

RE: TENDER FOR

In accordance with your invitation to Tender No.dated,

I/We hereby enclose our bid to providein
accordance with the tender documents and conditions attached thereto.

Company name
Name of Official
Signature
Address
Date
Witnessed by:
Name of Official
Signature
Address

TENDER FOR:

TENDER NO:

Tenders are hereby invited from reputable firms or persons to provide

.....
Tender documents may be obtained from SASOL, upon payment of a non-refundable fee of Kshs.
..... between 9.00 am and 4.00 p.m. Monday to Friday.

Completed tender documents should be returned to:

The Procurement Committee, SASOL Foundation.

To be received by them not later than (Time) Date

III BUSINESS INFORMATION

Kindly provide the following particulars: -

Business Name:
Location of Premises
Plot No:.....
Postal Address:.....
Telephone:
Fax:
Email address:
Nature/Type of Business:
Current Trade License No.
PIN Number:
VAT Registration No.
Tax Compliance Certificate No Dated.....

IV MANAGEMENT

Indicate if business is registered as a Sole Proprietorship / Partnership / Limited Liability Company or other

.....

Name(s) of Proprietor, Partners or Directors Name

1	
2	
3	
4	
5	
6	
7	

V) CONDITIONS OF TENDER

1. Bidders must be qualified and

.....

2. The successful bidder should be able to deliver within Days, from the date of appointment.

3. SASOL reserves the right to accept or reject any tender either in total or in part and is not bound to accept the lowest or any bid or give to reasons for such rejection.

4. Any dispute or difference in respect of interpretation effect or application of this tender shall be decided solely by SASOL whose decision shall be final and binding.

5. The tenderers shall be issued with a receipt for payment of the tender document fee.

6. The tenders shall not be accepted unless correctly made in the approved specified format.

7. Tenders for which the appropriate fees have not been paid shall not be considered.

8. Any tenders received later than the stipulated date and time will be disqualified.

This is to certify that I / we have understood and accept the above conditions:

Name of Official:
Designation:
Signature:

Name of Bidder:
Address:
Tel. No. :
Date:

VI) MEMBERS OF STAFF (APPLICABLE FOR PROCUREMENT OF SERVICES)

	Name	Nationality	Qualifications	Experience
1				
2				
3				

VII) ORGANIZATIONS YOU HAVE RENDERED SERVICES (APPLICABLE FOR PROCUREMENT OF SERVICES)

	Name	Contract size	Type of services	Kshs
1				
2				

VIII) COST

Total quoted sum of bid inclusive of all taxes and disbursements in Kenya Shillings

.....

IX) TIME FRAME

The earliest start date for delivery estimated duration

X) OTHER RELEVANT INFORMATION

In a separate sheet of paper, please give any other relevant information.

14. Appendix 3: Performance Security Form

LETTER HEAD

To: **SASOL FOUNDATION**

WHEREAS [Name of tenderer]
(hereinafter called "the tenderer") has undertaken, in pursuance of Contract No. -
.....[reference number of the contract] dated20.....to
Supply.....

[description of goods] (herein after called "the Contract").

AND WHEREAS it has been stipulated by you in, the said Contract that the tenderer shall furnish you with a bank guarantee by a reputable bank for the sum specified there in as security for compliance with the Tenderer performance obligations in accordance with the Contract.

AND WHEREAS we have agreed to give the tenderer a guarantee:

THEREFORE WE hereby affirm that we are Guarantors and responsible to you, on behalf of the tenderer, up to a total of

[amount of the guarantee in words and figures], and we undertake to pay you, upon your first written demand declaring the tenderer to be in default under the Contract and without cavil or argument, any sum or sums within the limits of

[amount of guarantee] as aforesaid, without your needing to prove or to show grounds or reasons for your demand or the sum specified therein.

This guarantee is valid until theday of20

Signature and seal of Guarantors

.....[Name of bank]
.....[Address]
.....[Date]

15. Appendix 4: Declaration of Impartiality and Confidentiality

LETTER HEAD

I the undersigned hereby declare that I agree to participate in evaluation of the above-mentioned (*tender procedure*). * By making this declaration, I confirm that I have familiarized myself with the information available to date concerning this (*tender procedure / call for proposal*)* including the provisions of applicable guidelines (*list as appropriate*) relating to the evaluation process.

I shall execute my responsibilities impartially and objectively.

I hereby declare that I am independent of all parties which stand to gain from the outcome of the evaluation process. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable, which might call into question my independence in the eyes of any party; and, if I discover or should it become apparent during the course of the evaluation process such a relationship exists or has been established, I will declare it immediately and cease to participate in the evaluation process. I declare that I have not been employed by any of the tenderers, their consortium members or sub-contractors within the previous 3 years.

I further declare that to the best of my knowledge, I am not in a situation that could cast doubt on my ability to evaluate the tender(s). I agree to hold in trust and confidence any information or documents("confidential information") disclosed to me or discovered by me or prepared by me in the course of or as a result of the

evaluation and agree that it shall only be used for the purposes of this evaluation and shall not be disclosed to any third party. I also agree not to retain copies of any written information or prototypes supplied. Confidential information shall not be disclosed to any employee or expert unless they agree to execute and be bound by the terms of this Declaration.

Name	
Signature	
Name	
Signature	
Name	
Signature	

16. Appendix 5: Payment Request Form

LETTER HEAD Date _____
 Payee _____ Section _____
 Amount in Kshs _____ In words _____

 Purpose of payment _____

Break down:

	Amount
Total	

	Requested by	Approved	Authorized by
Name			
Designation			
Signature			
Date			

GRANT MANAGEMENT POLICY MANUAL

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PART 1: INTRODUCTION

The Purpose of the Manual

The purpose of this policy is to provide a framework of management procedures for grants awarded through donors which forms part of contractual obligation and also ensure that guidelines and principles are established and that grant recipients implement their programs in accordance with set regulations in a manner that contributes to Sasol's strategic objectives.

In addition, this manual will provide a comprehensive documentation of the Organization's accounting and reporting procedures thus set guidelines and principles based on Sasol's regulations and requirements by which grants will be managed.

It contains detailed information on the design, award, and management, monitoring and close out of all new grants by providing examples of standard formats and documentation that will form the basis of each grant agreement.

Implementation

Upon approval by the Board, the policies and procedures stipulated herein shall apply and be enforced by all staff members and stakeholders of SASOL in ensuring that all funds and incomes from other sources are utilized and accounted for in conformity with authorized purposes and laid down procedures.

Briefing

At the beginning of each grant award, training and technical assistance will be available to relevant staff in the organization on any of the mechanisms that have been implemented or agreed upon. Follow-up training and technical assistance may be provided depending on the organization's staff turnover, problems, which are identified as the programme is implemented.

Responsibility

The overall responsibility of implementation of the policy rests with the Grant Management Officer on behalf of the Board. To ensure proper authorization of subsequent amendments, documents affecting amendments will be signed by the Grant Management Officer to authenticate that the changes are in accordance with the policy decisions of the Board.

Amendment/Reviews

The Manual will be revised periodically, but in any case within intervals of not more than five years, to update the established manual based on changes in SASOL policies and procedures in relation to Grants Agreements and practical implementation which may demand amendment of an element or elements of this Manual in response to emerging accounting financial reporting standards. However, the policy herein shall entirely be subject to the applicable provisions of the governing documents.

Fundamental Accounting Policies

SASOL observe accounting practices acceptable and in conformity with GAAP in conjunction with the financial policy. Where appropriate, adhere to the specific accounting policies and reporting requirements set out in other contractual agreements with Donors.

The Board will ensure disclosure of all significant accounting policies adopted by the Organisation in the preparation and presentation of its financial statements.

SASOL will operate into the near future on a going concern basis and will report its activities and financial transactions over specified periods based on GAAP framework.

The Organisation's fundamental accounting policies shall include:

Revenue Recognition

Revenue is recognized in the books when received by the Organization and is recorded in the financial statements for the period when received, with the exception of subscriptions receivable, which are recognized on an accrual basis and recorded in the financial statements for the period to which this relates. Revenue majorly comprises of donor funds received and partial bank interest received.

Expenditure Recognition

Expenditure comprises of expenses incurred directly for Programme activities. Expenses will be recognized when incurred even though payment may not have been made.

Foreign Currency Transactions

Transactions, which are expressed or denominated in any other foreign currency, shall be converted into the Kenya Shilling.

Reporting in Foreign Currencies

The financial statements of the Organization shall be presented in the Kenya Shillings.

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PART 2: GRANT SEEKING PROCESS

This process will factor in the following things:

A. Ethical considerations

This will help SASOL to decide on whom to accept or decline donations from. The policy must balance the needs of the organization with its values and principles.

The key ethical questions to ask when assessing a potential financial supporter include:

1. Donor's objectives in line with the organization mission

There is a risk of 'mission drift' if funding is accepted to follow activities that are not in line with the organization objectives. It is important to be true to the mission or the organization could lose support from the community and existing supporters.

2. View of the existing supporters/Donors to the new donor

Some donors may have their own ethical objections to working alongside certain companies, faith-based organizations or government agencies. The result could be less financial support in the future. Therefore Sasol will always consider if the existing donors/financial supporters will accept Organization support from the prospective donors.

3. Community satisfaction.

Some communities might object to donations from certain companies or external government agencies, due to previous bad experiences or security fears. The activities undertaken by the organization must be accepted by the community in areas of its operation.

4. Conditions attached to the donation

Before accepting the donation, the organization will have to consider if it will be able to meet all the attached conditions.e.g.the cost and risk involved.

5. Ethical practices of the Donor.

Sasol will only partner with those donors whose ethical standing is good .e.g. history of using child labor, poor working conditions, poor environmental practices, supporting the arms trade, or any other illegal activities. If the donor is not well known to the organization or does not have a record of regular giving, SASOL will always satisfy itself, that the donated funds are not linked to money laundering or corrupt practices.

6. Products offered by the donor.

The product offered by the donor should not conflict with the Organization activities.

7. Other things to consider

It's also important to remember that the ethics of fundraising also extends to how the organization apply for and manage donated funds. SASOL will always be honest about what it can achieve when asking for funds and the organization will submit realistic budgets, and faithfully use the funds for the purpose intended.

B. Grant seeking plan

The purpose of this plan is to promote a strategic approach to grant seeking, to enhance Sasol's ability to coordinate grant activity on a wide basis and provide an annual overview of department-level needs that have the potential for being met through grant funding.

Procedure

- a.) Each department that seeks grant funding must produce a prioritized list of needs to the Grant manager that can potentially be met through grant funding on an annual basis.
- b.) These needs shall be aligned with Sasol's strategic plan and department plans.

C. Pre-application assessment

This help to encourage the pursuit of grant opportunities that support Sasol's strategic priorities, while ensuring that possible costs are identified and considered as early as possible. The departments shall ensure the grant record is updated and complete at the time of application.

Respective department considering an application for a grant will be responsible for pre-application assessment, which will give the directions on whether to proceed with application or not.

D. Application submission

The purpose of this policy is to ensure that each grant application submitted by or on behalf of Sasol is aligned with an established priority ,meets Sasol's expectations of document quality, has matching funds available if required by grantor, and that the means for continuation of the project or program after the grant period ends has been given realistic consideration.

The department submitting the grant application is responsible for ensuring that pre-application assessment factors have been evaluated and completed prior to submission.

- Grant applications must be reviewed prior to submission. The Grant manager will provide critical review of grant applications to ensure accuracy, document quality & coordination. Multiple applications should not be submitted unless otherwise approved, and that policy and procedures are followed.
- The grant manager is responsible for obtaining required authorized written signature at the time of application submission and for submitting the grant application to the grantor by the grant application due date. Grant applications must be clearly labelled at each location that requires a signature with a "sign here" label.
- The grant manager shall prepare a council agenda item for Board approval to submit a grant application if required by the grantor at the time of submission.

PART 3: BUILDING RELATIONSHIPS WITH DONORS

All dealings with donors should aim to build up their confidence in the organization. Donors usually make grants to organizations that they have confidence in. This will be achieved through:

- Describing good plan on how to use the funds through clear plans and budgets.
- Demonstrating that the organization has proper controls in place, including good management.
- Providing honest and accurate reports of the organization work.

In order to strengthen Donor relationship, some of the key things to consider include;

1. Communication with donor

In all aspects of grant management there will be clear and regular communications with grants officers through writing unless stipulated otherwise. This will help to avoid problems with the donors.

2. Project start and end dates

The organization will not make payments or enter into commitments before the agreed contract start date. All invoices must be dated between the official start and end dates. It is okay to spend right up to the of the end of contract date as long as the invoice is dated before the end of the project as the expenses can be accrued.

3. Project targets

The activities covered in the project proposal should match the activities carried out and the amount of money spent.

Beneficiaries and project officers will always be informed about who the donor is and what their conditions and restrictions are. Regular meetings will also be held with other staff (e.g. project and administrative staff) to discuss the donor's conditions, and to review progress compared to the project plans agreed with the donor.

4. Under-spending/Over-spending

Under-spending is not as much of a problem to the donor as over-spending is. Donors have targets to meet too and they really don't want the hassle of funds being returned to them. Therefore significant variances between the actuals and the budgeted amounts should be avoided as much as possible. The variance should only lie within the donor recommended range, normally 10%.

5. Multiple donors

In multiple-donor funded projects, great care will be put in place on each donors project allocations to avoid under- or over-spending. Though overall expenditure might reflect that target is achieved, each donor's accounts must be observed to avoid spending money outside the budget. In case of shared costs e.g. administrative costs, allocation will be done according to the agreement between each donor and the organization. Basically, the principle of equity will be applied by the organization to determine how much each donor will bear towards the shared costs. Some of the key determinants include;

- a) Number of staffs involved in project
- b) Time spent by staffs in the project
- c) Duration of the project
- d) Type of the project, competency and skills involved
- e) The amount of funding.
- f) Overall budget for the shared costs.
- g) Donors' negotiation and acceptance.

The underlying concept is to spread the cost burden to all the donors and reduce undue pressure on a few. To achieve this, the organization must agree with every prospective donor to fund an agreed portion of the shared costs, before signing of the MOU.

6. Donor reports

The organization will always create adequate time to prepare donor reports. The reports must always be real, timely, and accurate and be in the donor prescribed formats. This is because; putting financial and narrative report together may sometimes take longer time than expected. Some of the hindrances to be avoided include; delayed reporting from the field and poor follow up at the office to chase reporting. This often leads to under- or over-spending going unnoticed for too long to be rectified. In addition, all expenditure will be reported in the correct period. For instance:

- Working advances should not remain unreconciled for longer than necessary.
- No changes will be made to previously reported budget or actual figures.

If a previously reported figure is wrong, the figures will not be changed. Instead, adjustment to the current figures should be made by use of notes to explain situation.

8. Contract files and budget notes

The organization should put dates and notes on all papers relating to the grant. It will then always be clear to whoever manages the project implementation. Likewise, clear contract files for every donor should always be kept in the safety.

10. Donors surprises

If there are possibilities of not to meeting the reporting deadlines or fulfill other conditions, donors will be warned as soon as possible. It may be possible to negotiate on unrealistic terms and conditions. Similarly, is better to explain this to donors in advance and they will often respond favorably. In addition, if certain budget items are going to cost more than budgeted due to unforeseen changes, donors should be given advance notice.

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PART 4: GRANT MANAGEMENT TASKS

This will involve:

a) Contract review and negotiation

The organization will always ensure that it requires the funds and it will meet the required donor conditions. A contract will then be signed before receiving the donor funds. This will provide an opportunity to build up a shared understanding about what the organization is trying to achieve and how to work together.

Donor rules and conditions will first be read, understood and accepted, before SASOL sign the agreement. The Organization will always negotiate with donors about their conditions. Where it feels certain conditions are not okay, negotiations will be made at the beginning than sign the contract and fail to comply.

b) Implementation

Restricted funds will only be used for the purposes agreed with the donor; they cannot be used to pay for any other costs. Therefore, all restricted funds will be tracked separately and carefully.

This means (a) having a clear understanding of exactly how donors will allow the organization to spend restricted funds, and (b) tracking expenditure and income very carefully for each project that receives restricted funds.

c) Monitoring and reporting to donors

Reporting will be done in the donor specific formats. They will include both narrative and financial reports, which should match and complement each other. Sasol will always meet donor reporting conditions to maintain donor confidence. The key to easy reporting at the end of a period is setting up systems properly at the beginning.

d) Grant closure

Grant closure means end of a project. Preparation for the closure will begin prior to the end date of the grant. Key considerations include:

- Accurately forecasting expenses and any adjusting entries that need to be made
- Ensuring maximum usage of remaining fund
- Ensuring that all supporting documents are filed safely and securely, ready for audit
- Applying for 'no cost extensions' if appropriate
- Arranging for proper disposal of assets and equipment
- Making arrangements for departing staff
- Preparing the final donor report
- Organizing the final audit

PART 5 BUDGETS AND MONITORING

➤ Effective budgeting

The purpose of budget is to ensure that every activity taken up will be interpreted in financial terms and get the approval of the concerned competent authority. Such interpretation takes the form of budgets detailing each and every components of the activity so that a clear evaluation of the total activity and the components thereof can be made before approval. The following will be considered to enhance effective budgeting:

1. Good coordination.

The process of preparing a meaningful and useful budget will be undertaken when all the involved groups and staffs work in good harmony. The budget process will involve asking a number of questions:

1. What are the objectives of the project?
2. What activities will be involved in achieving these objectives?
3. What resources will be needed to perform these activities?
4. What will these resources cost?
5. Where will the funds come from?
6. Is the result realistic?

In addition, to encourage participation and a sense of local ownership, representatives of all beneficiary groups will actively be involved in setting the budget.

2. Setting up a timetable

The following stages will be involved in constructing a budget: Gather information together, discuss activities with different members of staff and beneficiaries, estimate costs, negotiate with funders, see how different team budgets fit together across the organization and finally have the budget approved by senior staff or donors. It makes sense to prepare a budgeting timetable and start the process early. This should be a few months before the start of the financial year.

3. Notes and assumptions

Many different people will need to use the budget for different purposes. So they should all be able to pick it up and understand it without any additional explanation. Therefore it is crucial to present all information clearly, particularly if staff changes during the life of a project. Similarly, notes on all budgeting assumptions and how calculations have been made, will be kept and attached to the budget.

4. Use consistent budget headings

During setting up or reviewing a budget, it is important to pay attention to the budget headings. This is because the budget items also appear in the financial accounts and reports. If the budget items and accounting records use the same descriptions and budget headings, then it will be much easier to produce regular budget monitoring reports. One way of achieving consistency is to prepare a budget outline. For instance, this could be listing all of the main types of income and expenditure that a project or department might have in a typical year. It can help jog people's memories and remember all the relevant costs.

5. Estimating costs

All calculations must be justifiable when estimating costs. Previous year's budget will be very helpful as a starting point; but it might also be misleading and contain inaccuracies.

One approach will be making a list of all the required things, for each specific activity, and then work out the number and unit cost of each item. From this detailed working sheet it is simple to produce a summarized budget for each budget heading. It is also very easy to update if quantities or unit costs change

6. Forgotten costs

There is a tendency in NGOs to under-estimate the true costs of running a project for fear of not getting a project funded. This shouldn't be the case. All costs related to a particular project should be included in the budget.

❖ Budget monitoring reports

These are financial reports that shows actual income and expenditure for a certain period compared to the budget for the same period. They are the most important tools for managers, allowing them to check that projects are still on track, in financial terms. Any areas that are not on track can be identified, and action can be taken to put things right before any situation gets critical. Finance staff will be preparing budget monitoring reports regularly throughout each project; normally once per month. Programme staff and managers will also review the reports straight away, once they are prepared. There will also be regular review meeting, including both Programme and finance staff, to discuss the financial position and decide on any actions that need to be taken. The following will help in budget monitoring;

1. Date of the report

- Reports are only really useful if they cover a period that is pretty recent. Therefore, to enhance good reporting, all reports should be timely.

2. Bottom line

This will require addressing the following questions;

- What is the total expenditure to date compared to the total amount in the budget? Is it about what you would expect for this period?
- What is the overall difference (or 'variance') from the budget? Plus or minus 10% is generally acceptable.
- Is total income what you expected? Have you received all the income you were expecting from your donors?

3. Budget variance column

The following has to be addressed;

- Identify significant variances – i.e. where actual expenditure is more than 10% different from the budgeted amount, or where the actual expenditure is a significant amount.
- What, if any, reasons are given for these variances? Are they reasonable?
- Are the variances temporary (i.e. a timing issue that will work through eventually) or are they permanent (i.e. where you have really spent more or less than the budget)?
- How can the funds be found to pay for any permanent negative variances (i.e. where expenditure is more than the budget)?

4. Percentage of the budget (or grant) that has been used

The questions to consider are:

- Generally, is expenditure for each line about the level you would expect for this period?
- What message does expenditure to date on project-related costs tell you? Are there any items showing zero expenditure which might cause concern?

5. Linked budget items

It is important to consider if;

- Different budget items are behaving consistently? e.g. if training activities are delayed, then all training-related budgets should be underspent to a similar level, perhaps including venue hire or travel as well as trainers costs.

7. Unusual or unexpected expenditure or income

In this case, the question to consider is:

- Could this be an indication of either miscoding or abuse of funds / fraud?

8. Narrative reports

The reporting person needs to consider;

- Does the narrative report tell the same story as the budget report? For instance, if the narrative report says that some activities are delayed, and then expenditure should be reduced too.

9. Solutions

To find out the solutions, the following questions should be addressed;

- Can any permanent underspends be used to fund permanent overspends? Be very careful about conditions that donors may have placed on restricted funds – you may not be able to change how you are planning to spend money.
- Can any areas of overspend be controlled or reduced in future months? Note that some costs are fixed and so cannot be controlled.
- Can you find additional sources of income, if you need them?
- Do you need to think about the exact timing of when you receive funds and when you schedule expenditure? Maybe some big expenses could be delayed, if needs be.
- Does the budget still describe the activities you are actually carrying out? If the budget is out of date, then it may be worth re-doing it. This normally needs negotiation with the donors, staffs and the people / organizations you are aiming to help. It is not something to do too often.

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PART 6 PROCUREMENT PROCESS

SASOL will apply its procurement policy put in place to avoid confusion and to get value for money when buying goods or services. The policy also removes the suspicion of fraud.

The organization will always comply with donor rules and regulations so having the internal stages clearly defined help to compare and adjust to donor regulations as required. Where donor's rules are stricter than SASOL internal policies the organization will make sure it comply with the donor rules for that particular grant agreement. The typical stages in a procurement process are illustrated below.

1. Check the budget and the specification of goods or services to be purchased

The exact quantity, standard and guide price of the goods or services required, as described in the project budget, must be checked to ensure funds are available and the correct items are purchased.

2. Prepare a purchase requisition

An internal request on a standard form is prepared to formally request the purchase of the goods/services specified.

3. Authorize purchase requisition

This will usually be checked and authorized by the budget holder or another nominated person to verify that there is a genuine reason for the purchase. The available budget is re-checked at this stage.

4. Obtain quotations

Quotations from reputable independent suppliers are obtained, as specified by the internal rules and/or donor rules.

5. Select the supplier

Quotations are reviewed and a supplier is selected based on price, quality, and delivery and 'after sales' terms to ensure value for money. For larger purchases, it is usual to have a 'Purchasing Panel' or 'Procurement Committee' to select the supplier.

6. Issue purchase order (PO)

After the supplier is selected a Purchase Order, authorized by the budget holder, or other authorized signatory, is sent to the selected supplier with a copy kept on file. The quotation will be attached to the PO.

7. Receive goods from supplier

When supplies are delivered/received, they must be checked against the purchase order to ensure they are the correct items. A Goods Received Note (GRN) is usually signed and a copy filed.

8. Receive and check supplier invoice

Once received, the invoice should be checked and matched up with the GRN, PO and quotation to make sure the goods have been received and the prices charged are as agreed.

9. Prepare and authorize the payment

The Payment Authority form is attached to the invoice and all the supporting documents. It includes budget and accounting codes and must be checked and authorized by the budget holder or another nominated person

10. Pay the supplier invoice

Payment should be made to the supplier within the specified payment terms, usually 30 days. However, in some countries suppliers require payment on delivery or even before delivery.

11. Enter payment into the accounts

The final stage is to record the payment in the organization's books of accounts.

PART 6. REVENUE MANAGEMENT

The purpose of the revenue management policy is to ensure completeness, accuracy and reliability in the management of cash received and that all transactions are properly captured by the General Ledger system and appropriately reported. Specifically, this section ensures that:

- All cash received is promptly and accurately accounted for.
- All supporting documents are properly prepared and accurately reflect the nature, purpose and authority for each transaction.
- There is adequate segregation of duties and responsibilities in the handling of cash received from revenue.

❖ Donor funds received

- g) The organization staffs shall familiarize themselves with the provisions of the donor funding agreements, particularly with regard to treatment of income accruing from the donor funding agreements.
- h) All amounts received shall be receipted in accordance with the procedures laid down in the MOU and cash/bank management policy.
- i) The Accountant shall ensure a remittance advice is obtained for all donor funds received through bank transfer.
- j) The Accountant shall attach a copy of the receipt to the corresponding remittance advice and make necessary postings in the General Ledger to update the income ledgers.
- k) The remittance advice and copy of receipt shall be filed together in the respective Program file.

The Finance Officer shall ensure that all donor regulations pertaining to donor funding received are adhered to.

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PART 7. FINANCIAL RECORDS AND REPORTS

The purpose of this policy is to ensure that the Organisation's financial transactions are adequately recorded and reported in accordance with the generally accepted accounting practices and the donor agreements.

❖ General Records and reports

- g) The Finance Officer shall ensure that all the financial transactions of the Organisation are recorded properly.
- h) An accounting system shall be used in processing the accounting records. Appropriate hardware and software will be put in place to operate the accounting system to furnish the management with accurate and timely financial information. The system shall have operational restrictions to prevent external access by unauthorized persons.
- i) Records shall include both hard and soft copies.
- j) All the records shall be maintained in Kenya Shillings with translations to other currencies as may be appropriate.
- k) The accounting records should be archived in different premises from where the Organisation is physically located and shall be retained for such period as may be determined by the Board in consultation with the Organisation's Auditors. Subject to the policy adopted by the Board regarding the retention and destruction of records, the records shall be retained for a period of not less than 7 years.
- l) The Finance officer shall maintain correct, accurate and complete documents and records for the financial transactions of the Organisation.

❖ Donor records and reports

a. Records

In addition to the general accounting records, the organization will similarly maintain records as per the donor requirements. The records be prepared and kept in accordance with the donor prescriptions. They will include;

- ✓ Signed contracts and any amendments
- ✓ Donors address and contacts
- ✓ Budget proposals
- ✓ Pre-application questionnaire
- ✓ Request for reimbursements among others.

b. Reports

Reporting will be done in the donor specific formats. They will include both narrative and financial reports, which should match and complement each other. Sasol will always meet donor reporting conditions to maintain donor confidence. The key to easy reporting at the end of a period is setting up systems properly at the beginning. They include;

- ✓ Activity progress reports
- ✓ Fiscal reports among others

PART 8. PROJECT EVALUATION

Evaluation plan is integral part of a grant proposal that provides information to improve a project during development and implementation. This will most often apply to the larger projects but not the small ones.

➤ **Evaluation process**

This will involve series of steps such as; preparation, implementation and interpretation

It therefore involves;

- ✓ Developing a conceptual model of the project and identify key evaluation points. This will ensures that all participants and stake holders understand the project's structure and expected outcomes, and helps to focus on the project's most important elements.
- ✓ Creation of evaluation questions and defines measurable outcomes. Outcomes may be short term and long term
- ✓ Developing an appropriate evaluation design. A successful evaluation both highlights the most useful information about the project's objectives and addresses its shortcomings.
- ✓ Collection of data for evaluation process.

There are two types of evaluation plans to be applied.

➤ **Formative evaluation plan**

This will involve the following;

- ✓ Assess initial and on-going project activities. This should begin during project development through implementations.
- ✓ Provide new and sometimes unanticipated insights into improving the outcomes of the project.
- ✓ Involve review by the principal investigator, the steering or governance committee and either internal or external evaluator depending on the grant requirements.

➤ **Summative evaluation plan**

This takes place after the completion of the project. It involves the following;

- ✓ Assess the quality and success of a project in reaching stated goals.
- ✓ Present information collected for project activities and outcomes.
- ✓ Involve review by the principal investigator, the steering or governance committee and either internal or external evaluator depending on the grant requirements.

PART 9. PROJECT CLOSE-OUT GUIDELINES

Purpose

The purpose of this document is to provide guidance on the practice called Project Close-Out and to describe the practice overview, requirements, best practices, activities, and key terms related to these requirements. In addition, templates relevant to this practice are provided at the end of this guide.

Practice Overview

The practice of project close-out finalizes all project activities completed across all phases of the project to formally close the project and transfer the completed or cancelled project as appropriate. The purpose of project closeout is to assess the project, ensure completion, and derive any lessons learned and best practices to be applied to future projects. However, in multi-phase projects, the close-out practice may be applied at various stages of the project; upon deliverable completion, upon phase completion, upon iteration completion, at designated times during the project's life, or at whatever other juncture represents a completed segment of project work. Applying the close-out practice in this manner closes out only the portion of the project scope and associated activities applicable to that portion of the project.

The practice of project close-out will consist of two main activity groups:

- ❖ **Administrative Closure** – This process will define activities, interactions, and related roles and responsibilities of the project team members and other stakeholders involved in executing the administrative closure procedure for the projects. It will thus include integrated activities to collect project records, analyze project success or failure, gather lessons learned, transfer the project products or services to production and/or operations, and archive project information for future use by the organization. Among other activities administrative closure includes:
 - Confirming the project has met all sponsor, customer, and stakeholder requirements
 - Verifying that all deliverables have been delivered and accepted
 - Validating exit criteria have been met
- ❖ **Contract Closure** — Contract closure will include activities and interactions needed to settle and close any contract agreements established for the project, as well as those related to supporting the formal administrative closure of the project. It will involve verification that all work has been completed correctly and satisfactorily, updating of contract records to reflect final results, and archiving information for future use. Among other activities contract closure will also include:
 - Confirming if the project has addressed the terms and conditions of the contracts
 - Confirming completion of exit criteria for contract closure
 - Formally closing out all contracts associated with the completed project
- ❖ **CLOSE-OUT SCHEDULE:**

Project close-out will always be anticipated and planned as early as possible in the project lifecycle even though it will often be the last major process of a project's life. It will include a detailed implementation plan and schedule for closing out the project that details the disposition of property and equipment; the termination of staff; the finalization of all audits, evaluations and required reports; the settling of claims; and other critical activities. Some of the key activities will include:

- Convene a meeting with project leadership, project managers and appropriate team members
- Discuss activities on the closeout checklist
- Assign leads to relevant activities to make sure the closeout activity is completed
- Conduct a post-project survey
- Compile a close-out report showing final status of deliverables, changes, risks, & costs
- Consider rolling unresolved issues and changes into the next phase of the project Obtain final, formal approvals on deliverables

- Conduct formal contract close-out
- Conduct formal administrative closure
- Remove sensitive information from computers and project work areas
- Return borrowed equipment
- Reassign remaining project staff to other assignments
- Conduct project audit
- Conduct post-project training for project team, customers, and/or operations team
- Regulatory close-out requirements
- Conduct lessons learned review meeting
- Conduct a client wrap-up meeting or project close-out meeting
- ❖ **LESSONS LEARNED:**
A brief summary of lessons learned from the project that might be relevant to design, implementation and evaluation of other projects will always be prepared.
- ❖ **FINAL REPORTS:**
Any reports (e.g. final report, Annual Results Report, Final Evaluation) required either in the project agreement or in writing by the donors will be prepared.
- ❖ **BEST CLOSE OUT PRACTICES**
 - **Involve Stakeholders** - Involve all project participants and stakeholders in the **Close**-out process.
 - **Use a Checklist** - Review the close-out checklist template to make sure all key items have been completed.
 - **Solicit Feedback** - Conduct a post-project survey to solicit feedback on the project from the project team, customers, and stakeholders who were well-acquainted with the management of the project.
 - **Identify Lessons Learned** - Convene a lessons learned session to promote the success of future projects.
 - **Archive Data** - Archive all project data in a central repository. Include best practices, lessons learned, and any other relevant project documentation.
 - **Celebrate** - Celebrate and reward project success.
 - **Phased Close-Out** - The project closing process is generally phased over a period of time, rather than being a single event. Depending on the project type, project close out can begin as deliverables are completed, iterations/phases closed, or at the end of the project. The project manager must ensure that the sponsor and steering committee understand and support the project closing process to reduce final project implementation risks.
 - **Manage Resources** - The project manager may face requests to release staff from the project team before all project closing tasks are finished. The project manager should anticipate these requests, considering both project goals and staff capabilities.
 - **Confidentiality** - Upon closing subcontractor contracts, consider the confidentiality of the contracts before potentially sharing with the client.

**BOARD OF GOVERNANCE
POLICY MANUAL**

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INTRODUCTION

A Board Policy Manual is a useful tool to orient and guide Board members in their functions on the SASOL Board that they serve on. It provides them with the vision, mission, policies, guidelines and principles that chart the course of actions and establish objectives for the operation and services of the organization.

It is recommended that each Board member be given a Board Policy Manual from the start of his/ her service to ensure that all Board members have the necessary reference information to carry out their governance role on the Board.

The ultimate goal of good governance is to ensure the effectiveness, credibility and viability of the organization.

This should be the property of the organization, loaned to and kept up-to date by each board member. When someone leaves the board it should be turned over to new board members.

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EXECUTIVE SUMMARY

Sahelian Solutions (SASOL) Foundation is a Non-Governmental Organization registered under the Non-Governmental Organization bureau under the government of Kenya. The organization was registered in 1994 (Reg Number. OP 218/051/9369/328)

SASOL was initially started in 1990 and registered in Netherlands on 29th November 1991 and later incorporated in Kenya on 12th February 1992 as a company and transformed into a company limited by guarantee on 4th May 1994.

SASOL provides in its own right together with assistance of donor organizations of the same social nature, technical and financial assistance for the development of arid and semi-arid lands by solving water problems, land, shelter, health and education. Thus by doing this improving the physical and social environment as it is imperative to sustain rural production in the republic of Kenya

Organizational structure

The BoD shall oversee all the day-to-day operations of the Organisation through the Executive Director assisted by the HoDs. The Organisation's operations shall be classified into different departments in accordance to their functions. Such departments shall include Finance, Programmes and Administration departments. Each department shall be managed by the Head of Department.

The departments shall be as shown in the Organisation's organogram (Appendix no. 1)

VISION STATEMENT

To be a leading organization enhancement of sustainable community development in Africa

MISSION STATEMENT

To empower vulnerable communities through enhancement of local structures and skills to improve their livelihoods

CORE VALUES

- Integrity
- Professionalism
- Innovation and creativity
- Client first
- Equity and equality

Implementation

Upon approval by the Board, all policies and procedures stipulated herein shall apply and be enforced by all members of board and staff of SASOL in ensuring that all activities are utilized and accounted for in conformity with authorized purposes and laid down procedures.

The overall responsibility of implementation of these policies and procedures rests with the Executive Director on behalf of the Board. To ensure proper authorization of subsequent amendments, documents affecting amendments will be signed by the Executive Director to authenticate that the changes are in accordance with the policy decisions of the Board.

The Manual will be revised periodically, but in any case within intervals of no more than five years, to update the established practices and procedures in response to emerging accounting financial reporting standards. However, the policies and procedures herein shall be subject to the applicable provisions of the governing documents

SASOL GOVERNANCE

The governance framework reflected in this Board Governance Manual (the "Board Manual") defines the roles and responsibilities and the processes for accountability of the Board, Directors and the CEO, and establishes guidelines that outline how the Board will carry out its duties of stewardship and accountability. The Board Manual incorporates the Board's responsibilities as set out by the Organization and Procedure By laws / constitution

The organization is run by a seven member board of directors with a 2 member advisory committee whose composition includes experts and community representatives.

Board Charter

1. Roles

The Board is responsible for managing the affairs of SASOL. The Board discharges its responsibilities by delegating certain duties to Committees of the Board and to management.

2. Responsibilities

The fundamental responsibilities of the Board are set out below.

2.1 Human Resources

The Board has responsibility to:

- Appoint and replace the CEO, as appropriate, and monitor and evaluate the CEO's performance;
- Approve the CEO Position Description and annual goals and objectives;
- Approve the CEO's compensation;
- Review the organizational structure and appointment of senior executive team members;
- Approve the compensation philosophy and guidelines for SASOL;
- Oversee CEO and management succession planning and ensure there is:
 - A process that would respond to an unplanned situation which required an immediate replacement of the incumbent CEO
 - Criteria and processes for recognition, promotion, development and appointment of management consistent with the future leadership requirements of SASOL
- Provide advice and counsel to the CEO in the execution of the CEO's duties.

2.2 Strategy

Management formulates the strategic plan and other plans and the Board assesses and ultimately approves them. The Board has responsibility to:

- Adopt a strategic planning process
- Participate with management on the development of, and approve, SASOL's strategic plan;
- Review and approve SASOL's Vision, Mission and Values;
- Approve and monitor SASOL's annual operating plan;
- Review and approve, by resolution, SASOL's annual budget plan and capital plan
- Monitor, on a regular basis, performance against strategic and business plans with a focus on key risks and strategies;
-

2.3 Risk Management

The CEO of SASOL is responsible for establishing processes, procedures and mechanisms by which key matters of financial and non-financial risk are identified, and ensuring that strategies are developed to manage such risks.

The Board has responsibility to:

- Understand the key financial and non-financial risks of SASOL's operations;
- Take reasonable steps to ensure, through regular reviews and assessments, that management has established appropriate systems to identify and manage these risks;
- Require appropriate certification from management that SASOL is in compliance with laws, regulations and policies;
- Review and approval of the business continuity/disaster recovery plans for SASOL following its review by the Finance and Audit Committee; and
- Receive regular reports on the management of material risks to SASOL

The principal mechanisms through which the Board reviews risks are the strategic planning process and an annual risk review by the Board, supported by the Board Committees as appropriate

2.4 Financial Information, Systems and Internal Controls

The Board has responsibility to:

- Take reasonable steps to verify that management has established and is applying appropriate audit, accounting and financial reporting principles;
- Take reasonable steps to verify that internal financial, business control and information systems are in place and functioning satisfactorily;
- Review and approve the annual audited financial statements;
- Approve the appointment and remuneration of any external advisors;
- Approve the release of financial information that goes to the public; and
- Take reasonable steps to ensure compliance with the financial requirements

2.5 Material Commitments

The Board has responsibility to:

- Approve financial or other commitments outside of the ordinary course of business that may have a material impact on SASOL
- Obtain reasonable assurance that SASOL has established a proper framework for contracting with service providers; and
- Approve the commencement or settlement of litigation that may have a material impact on SASOL.

2.6 Monitoring and Reporting

The Board has responsibility to:

- Direct management to develop, implement and maintain a reporting system that accurately measures SASOL's performance against the performance expectations set out in its strategic plan;
- Monitor SASOL's progress toward the objectives set out in the strategic and business plans, and to revise and alter its direction through management, in light of changing circumstances;

2.7 Board Code of Conduct and Business Ethics

The Board has responsibility to:

- Establish, and update from time to time as required, a Code of Conduct guidelines and a Conflict of Interest policy(ies) for Directors, CEO and senior management, other officers and employees,
- Obtain reasonable assurance that SASOL operates at all times within the Code of Conduct and within applicable laws, and to the highest ethical and moral standards; and
- Approve and monitor through management, compliance with all significant policies that govern SASOL's operations

2.8 Quality and Service

The Board has responsibility to:

- Review and approve appropriate standards applicable to access to, and quality of, services provided by SASOL;

2.9 Communications

The Board has responsibility to:

- Ensure SASOL has a plan in place to communicate effectively with employees, stakeholders, the provincial government and the public;
- Take reasonable steps to ensure financial results are reported fairly and in accordance with generally accepted auditing principles; and
- Report annually on the Board's stewardship for the preceding fiscal year.

2.10 Board Effectiveness and Governance

The Board retains responsibility for managing its own affairs including responsibility to:

- Regularly review the Board's ability to be effective in fulfilling its roles and responsibilities;
- Regularly review and update the mandates of the Board, Board Committees, the Board Chair and individual Directors;
- Develop a plan for long term Board composition and maintain a Board Competency Matrix;
- Provide comprehensive orientation and development and education sessions for Directors; and
- Implement processes to annually examine the effectiveness of the Board, its Committees, and the Board Chair.

2.11 Reliance on Management and Advisors

In carrying out its responsibilities, the Board:

- Relies on management to provide it with accurate and fulsome information; and
- Is entitled to retain and rely on external professional services firms, consultants and advisors as needed to fulfill its mandate.

DIRECTOR POSITION DESCRIPTION

1. Introduction

The Board has developed this Director Position Description to clarify Directors' duties and to set out how the Board expects Directors to go about discharging their duties and responsibilities.

2. Standards of Conduct

In discharging his or her responsibilities, each Director shall:

- Act honestly and in good faith with a view to the best interests of SASOL; and
- Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In keeping with these standards, Directors are required to:

- Act in the best interests of SASOL and not in his or her self-interest or in the interest of a particular group
- Avoid potential, perceived or actual conflicts of interest that are incompatible with service as a Director, and disclose any personal interests that may conflict with the interests of SASOL;
- Keep confidential any information about SASOL that has not been publicly disclosed, including Board discussions;
- Comply with applicable SASOL corporate policies, including the Code of Conduct; and

3. Relationship with Management

Each Director shall be available as a resource to management.

Directors may direct questions or concerns on the performance of management through Board and Committee meetings or through the Board Chair to the CEO.

Directors must respect the organizational structure of management.

4. *Public Statements*

Each Director has an important role as an ambassador of SASOL, but should not speak on behalf of SASOL without appropriate authority from the Board Chair.

5. Information Requirements

Directors must devote the necessary time and attention to be able to make informed decisions on issues that come before the Board. While management will provide Directors with all of the information management thinks Directors need in order to discharge their responsibilities, Directors have a responsibility to ask for all information they believe necessary to make an informed decision. Requests for information should be directed through the Board Chair.

Directors are expected to be knowledgeable about SASOL's mandate, goals and objectives, and operations. Directors must also maintain an understanding of the communities and political environment within which SASOL operates.

6. Board Activity

During meetings, each Director is expected to:

- Be prepared and well-informed on relevant issues (through pre-read material or otherwise);
- Bring his or her own experience, wisdom, judgment and influence to bear constructively on issues;
- Interact with fellow Board members and management in a respectful and constructive manner; actively participate in SASOL Board functions; speak and act independently while remaining a "team player";
- Express opinions in a clear, organized and respectful manner;

- Express points of view for the Board's consideration even if they may seem contrary to other opinions previously expressed;
- Ask probing questions;
- Listen to, and exercise tolerance for, other perspectives; be adaptable, flexible and open-minded in the consideration and implementation of change; exercise a logical, rational approach to problem solving;
- Analyze issues from many perspectives and consider the impact of decisions on SASOL's internal and external environments (e.g., staff, stakeholders, community);
- Be innovative and/or resourceful in finding or developing solutions; advise the Board Chair and CEO in advance of introducing significant and previously unknown information;
- Exercise good judgment;
- Focus inquiries on issues related to strategy, policy, implementation and results rather than issues relating to the day-to-day management

7. Attendance

Except in justifying circumstances, Directors are expected to attend all regular meetings, special meetings (such as Board planning sessions) and Committee meetings for those Committees on which the Directors serve.

A Director may participate in a Board meeting or Committee meeting by telephone or other electronic means that permits all participants to hear each other, and is not required to be physically present to be counted as part of the quorum. However, participation in person is strongly encouraged.

8. Orientation and Professional Development

Directors are expected to take full advantage of SASOL's director orientation program and to commit to ongoing professional development (for the Board or for an individual Director) as recommended by the Board. Directors are also expected to undertake any required Director training and take time to educate themselves on governance duties and broad issues of the sector, and actively participate in self and peer assessments.

9. Resignation

A Director's resignation becomes effective at the time SASOL receives a written resignation from him or her or at the time specified in the resignation, whichever is later.

10. Re-Appointment

A Director who is eligible for re-appointment shall inform the Board Chair at least six months ahead of the end of the Director's term whether he or she intends to seek re-appointment for a further term.

11. End of Term

Upon a Director's term ending, the Director is required to return to SASOL all materials and other items belonging to SASOL, including confidential Board materials.

12. Director Compensation and Expenses

a. Compensation

Board members are compensated for attending business meetings other than meetings of the Board or the Board Committees if approved in advance by the Board Chair.

b. Expenses

Board members incurring transportation, accommodation, meal and out of pocket expenses in the course of their duties as members of the board will be reimbursed.

Expenses incurred for transportation to and from meetings, including where a personal vehicle is used, are eligible for reimbursement

BOARD CHAIR POSITION DESCRIPTION

The following describes the role and responsibilities of the Board Chair.

1. Appointment

The Board Chair is appointed by the Board under the Bylaws/constitution of the organization.

2. Role

The principal role of the Board Chair is to provide leadership to the Board. The Board Chair is accountable to the Board, acts as a direct liaison between the Board and management, and represents the Board internally and externally, including acting as a spokesperson for Board decisions where appropriate.

3. Duties and Responsibilities

3.1. Working with Management

The Board Chair is responsible to:

- Act as a liaison between management and the Board;
- Foster a constructive and harmonious relationship between the Board and management through periodic contact with the CEO;
- Act as a sounding board, counselor and confidant for the CEO, including helping to review strategies, define issues, maintain accountability, and build relationships;
- Ensure the CEO is aware of concerns of the Board
- Review and approve the CEO's monthly expense and perquisite reimbursement;
- Keep abreast generally of the activities of SASOL and its management; and
- Ensure that management presents to the Board all matters necessary to enable the Board to effectively discharge its responsibilities.

3.2. Board Operations

The Board Chair is responsible to:

- Recommend an annual schedule of the date, time and location of Board and Committee meetings;
- In concert with the CEO and Manager, Administration develop and set the Board meeting agendas and oversee pre-meeting information packages;
- Chair Board meetings;
- Call meetings of the Board;
- Recommend to the Board the Committees necessary for the effective functioning of the Board;
- Recommend to the Board the Chairs and Board members for each Committee;
- Develop and monitor Board budget expenses;
- Ensure proper minutes are recorded and presented to subsequent meetings;
- Oversee issues raised with respect to conflict; and
- In his/her absence, appoint a person to preside as Chair at Board meetings.

3.3. Board Effectiveness

The Board Chair is responsible to:

- Ensure the Board fulfills its governance responsibilities as set out in the Board Charter;
- Ensure Board meetings are conducted in an efficient, effective and focused manner;

- Maintain the boundaries between Board and management responsibilities;
- Ensure that Directors are properly informed and that sufficient and timely advance distribution of all background information is provided to enable the Directors to form appropriate judgments;
- At meetings, encourage participation of all Directors and promote a spirit of collegiality where robust questioning and discussion is encouraged by all Directors;
- Build consensus and develop teamwork within the Board;
- Foster ethical and responsible decision-making by the Board and individual Directors;
- Ensure that each Director is contributing to the Board's work;
- Be available to individual Board members for questions, counsel and discussions relating to SASOL;
- Provide new Directors with information on their duties and responsibilities and encourage ongoing Director education;
- Ensure the Board has cohesion of direction and purpose at a policy and strategic level;
- Keep the Board up to date on all significant developments of SASOL; and

4. Board Chair Evaluation

The Board evaluates the Board Chair as part of the overall Board evaluation process.

The objective of the Board Chair evaluation is to improve the overall performance of the Board by providing feedback to the Board Chair on his/her performance and identifying areas of strength and opportunities for improvement.

The Board Chair evaluation process is led and carried out by the Governance and Human Resources Committee with external resources as appropriate and involves feedback from all Directors. Typical areas covered by the evaluation process include:

- Quality of the Board Chair's interaction and relationship with management;
- Ability to manage the Board and its activities; and
- Effectiveness in representing the Board internally and externally.

The Chair of the Governance and Human Resources Committee will meet with the Board Chair to review feedback and develop recommendations if necessary.

BOARD TREASURER POSITION DESCRIPTION

1. Appointment

The Board treasurer is appointed by the Board under the Bylaws/constitution of the organization

2. Role

The treasurer is assigned the primary responsibility of overseeing the management and reporting of an organization's finances.

3. Duties and responsibilities

The Treasurer may have many important duties specific to its role, including:

- Bank account maintenance – Selecting a bank, signing checks, and investing excess funds wisely
- Financial transaction oversight – Being knowledgeable about who has access to the organization's funds, and any outstanding bills or debts owed, as well as developing systems for keeping cash flow manageable
- Budgets – Developing the annual budget as well as comparing the actual revenues and expenses incurred against the budget
- Financial Policies – Overseeing the development and observation of the organization's financial policies
- Reports – Keeping the board regularly informed of key financial events, trends, concerns, and assessment of fiscal health in addition to completing required financial reporting forms in a timely fashion and making these forms available to the board
- Finance Committee – Serving as Chair of the Finance Committee

4. Board Treasurer Evaluation

It is essential for the evaluation of the Treasurer's performance periodically in order to assist both the Board and the Treasurer in the proper discharge of their responsibilities and to enable the Board to provide SASOL the best possible leadership.

Typical areas covered by the evaluation process include;

- The effectiveness of the finance and Audit committee
- Presentation and implementation of the organization budgets

BOARD SECRETARY POSITION DESCRIPTION

1. Appointment

The Board treasurer is appointed by the Board under the Bylaws/constitution of the organization.

2. Role

The secretary plays a critical role in fostering communication and diligence through proper management and utilization of important records such as meeting minutes and the organization's bylaws.

3. Duties and responsibilities

- He or she is an active conduit for communication by giving proper notice of any meetings
- Timely distribution of materials such as agendas and meeting minutes.
- Additionally, the secretary should be knowledgeable of SASOL's records and related materials, providing advice and resources to the board on topics such as governance issues, amendments to the state laws, and the like, that will assist them in fulfilling their fiduciary duties.
- As the custodian of SASOL's records, the secretary is responsible for maintaining accurate documentation and meeting any legal requirements such as annual filing deadlines.
- The secretary is responsible for reviewing and updating documents as necessary and ensuring all documents are safely stored and readily accessible.
- The Secretary ensures that an up-to-date copy of the bylaws is available at all meetings.
- The Secretary ensures that official records are maintained of members of the organization and Board. He/She ensures that these records are available when required for reports, elections etc.

4. Evaluation of the Secretary

The Secretary is accountable to the Board of Directors (if elected or appointed by them) as specified in the bylaws. Through the Board of Directors, certain duties of the Secretary may be delegated to the Executive Director, Board members and/or committees as appropriate; however, the accountability for them remains with the Secretary.

Evaluation of the secretary will centre around these areas

- Availability of proper custody of the organization's documents e.g. By laws, Important certificates.
- Availability of all minutes duly signed by the chairman and the secretary as a tool for reference
- Timely communication of meetings schedule to the directors

CHIEF EXECUTIVE OFFICER POSITION DESCRIPTION

1. Appointment

The Board appoints the CEO on terms and conditions it considers appropriate.

2. Role

The CEO serves as the chief executive officer of SASOL, having overall responsibility for the general management of, and control over, the businesses, activities and other affairs of SASOL, in accordance with the strategies, plans and policies approved by the Board. The CEO does so by leading and managing SASOL through the development and implementation of strategies and policies, the management of its human and financial resources, and efficient and effective operations.

3. Duties and Responsibilities

The CEO has specific responsibility to:

- Lead and manage SASOL within the parameters approved by the Board and its Committees;
- Develop and recommend Board-approved organizational policies and strategies, including the strategic plan, to the Board, in keeping with SASOL's vision and mandate and corresponding operational and capital plans and other supporting initiatives; and
- Develop and implement operational policies to guide SASOL within the framework of the vision and strategic goals approved by the Board;
- Seek Board approval for the annual budget plan and capital plan;
- Direct and monitor SASOL's activities in a manner that ensures the assets of SASOL are safeguarded and optimized;
- Ensure the integrity of SASOL's internal control and management systems;
- Identify, and report to the Board, principal risks of SASOL and ensure the implementation of systems to manage these risks;
- Ensure SASOL maintains a high level of ethical conduct and complies with all requirements set out in the regulators and the government.
- Develop and recommend to the Board the overall organizational structure;
- Provide the Directors, at Board and Committee meetings, with exposure to SASOL's key management and, prior to appointing individuals to senior management positions, review their appointment with the Board;
- Annually establish and maintain a Board approved plan for management development and succession;
- Act as the primary spokesperson for SASOL and oversee organization interfaces with the public and stakeholders;
- Support the Board Chair and the Board in carrying out the Board's governance responsibilities, including the timely provision of relevant information;
- Maintain a positive working relationship with all key stakeholders;

BOARD COMMITTEES

1. Introduction

Typically, boards use committees to undertake detailed reviews and to provide in-depth supervision in key areas of board responsibility.

The SASOL Board may appoint Committees as it sees fit and may delegate to the Committees any powers of the Board except the power to fill vacancies in the Board, to change the membership of or fill vacancies in any Board Committee, or to appoint or remove officers appointed by the Board.

Current Committees of the Board are:

- a) Finance and Audit committee;
- b) Advisory Committee

1.1 Finance and Audit Committee

1.1.1 Introduction and Purpose

Management is responsible for the preparation and integrity of SASOL's financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with the accounting framework and applicable laws.

The External Auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of SASOL's annual financial statements and internal controls over financial reporting.

The Finance and Audit Committee is responsible to assist the Board in fulfilling its obligations and oversight responsibilities relating to financial planning and reporting, internal and external audit, risk management and the system of internal controls. When required, the Committee will make recommendations to the full Board for approval.

In the process of overseeing SASOL's audit procedures, the Finance and Audit Committee will have unrestricted access to SASOL's personnel and documents, and will be provided with the resources necessary to carry out its responsibilities, including the authorization to engage independent counsel and other advisors.

1.1.2 Composition

When it comes to selecting the individuals to serve on the finance committee, the board will need to consider who has the appropriate financial experience and knowledge. If an organization has a sufficient number of board members with financial backgrounds and understanding, it may be possible for the finance committee to be structured as a board committee composed solely of directors. In this case, the board will need to consider and determine the scope of authority it wishes to delegate to the committee and whether it wants the committee to be authorized to act with the authority of the board in approving the financials or otherwise. If, however, the organization has a small board or otherwise does not have a sufficient number of directors at any time, who are appropriate to serve on the finance committee, it may need to look beyond board members to identify individuals who can add valuable expertise to the committee

1.1.3 Duties and Responsibilities

Subject to the powers and duties of the Board, the Finance and Audit Committee will perform the following duties:

a. Financial Planning

The Committee will:

- Review and make recommendations to the Board in respect of:
 - Financial plans and budgets forwarded to the Board for approval;

- The appropriateness and validity of any material assumptions and estimates used in the preparation of such plans or budgets;
 - The consistency of the financial plans and budgets with policies, objectives and initiatives approved by the Board;
 - The consistency of the financial plans and budgets with any other financial data; and
 - Any significant assumptions, forecasts, targets or performance goals used by management in the preparation of the financial plans and/or budgets; and
- Ensure the Board receives on a timely basis meaningful financial information regarding SASOL's current financial status and up-to-date forecasts required for decision-making.

b. Financial Reporting

The Committee will perform the following duties:

- Review the integrity of SASOL's financial statements with respect to their fair presentation in all material respects and compliance with the accounting framework.
- Review the interim financial statements and reports, and recommend their approval or disapproval to the Board; the Committee will provide an explanation if it cannot recommend approval;
- Review with management and with the External Auditor
 - The appropriateness of accounting policies and any proposed changes to those policies;
 - The important and presentation of significant risks or uncertainties;
 - Compliance with accounting standards and guidelines;
 - Adjustments arising out of the audit process and related party transactions; and
 - All estimates or judgments by management that may be material to the financial statements;
- Review with management and the External Auditor significant financial reporting issues discussed during the fiscal period and the manner of their resolution;
- Examine the audited annual financial statements in conjunction with the report of the External Auditor, which may include determining whether the statements:
 - Properly reflect the significant accounting policies selected;
 - Reflect estimates and other financial statement elements that are reasonable and consistent;
 - Adequately disclose all major transactions and issues;
 - Disclose all post-year-end significant events; and
 - are understandable, relevant, reliable and comparable;
- review with management all estimates and judgments that may be material to financial reports made publicly available; and
- Review and recommend to the Board approval of the:
 - annual audited financial statements;
 - management discussion and analysis that accompanies the audited financial statements; and
 - Significant financial reports made publicly available or required by legislation or the government.

c. External Audit

The Committee will:

- Recommend the appointment of the External.

- Determine whether the performance of the External Auditor is satisfactory, effective and meets the requirements of SASOL;
- Review all issues related to any change in External Auditor and the planned steps for an orderly transition;
- Review assurances concerning the independence of the External Auditor;
- Review the terms of the External Auditor’s engagement, and the appropriateness and reasonableness of the proposed audit fees;
- Review and recommend to the Board on an annual basis the amount of fees paid to the External Auditor;
- Review and recommend approval to the Board the audit plan with the External Auditor and management;
- Assess whether management has provided full and open disclosure to the External Auditor’s inquiries;
- Review problems experienced by the External Auditor in performing the audit, including any restriction imposed by management and all significant accounting issues on which there was a disagreement with management;
- Review the management letter containing the recommendations of the External Auditor and review management’s response and subsequent follow-up to any significant identified weaknesses; and
- Review and approve the provision of non-audit services provided by the External Auditor.

d. Accounting System and Internal Controls

The Committee will:

- Through discussions with management and the External Auditors, obtain reasonable assurance that SASOL has implemented appropriate systems of internal control:
 - over financial reporting and that these systems are operating effectively;
 - To ensure compliance with its policies and procedures and that these systems are operating effectively;
 - To identify, monitor, mitigate and report significant financial or operational risk exposures and that these systems are operating effectively
- Review the evaluation of internal controls by the External Auditor, including any recommendations for improvement of SASOL’s accounting procedures and internal controls, together with management’s response;
- Direct the External Auditor’s examinations to particular areas of concern with respect to internal controls; and
- Receive reports from the CEO and the Chief Financial Officer as to the existence of any significant deficiency or material weakness in the design or operation of internal controls over financial reporting and as to the existence of fraud, whether material or not.

e. Risk Management

The risk management responsibilities of the Committee in relation to the Board and other Committees are further articulated in the section of the Board Manual entitled Risk Management.

The Committee will:

- Provide leadership to the Board’s overall approach to risk management oversight, including organizing the Board’s annual risk review;
- Understand the material financial risks to SASOL;
- Annually review SASOL’s insurance coverage of material business risks and uncertainties; and
- Recommend to the Board when an external consultant should be engaged by management to provide the Board with an assessment of SASOL’s risk management approach.

Reporting

The Committee will report to the Board by distributing the minutes of its meetings to the Board. When a Board meeting closely follows a Committee meeting, the Committee Chair will provide a verbal report to the Board and the minutes will be circulated at the next Board meeting.

1.2 Advisory Committee

The advisory committee comprises of individuals with specific expertise selected as committee members. They provide the board with information and advice to understand difficult or complex issues such as a construction project, client demographics, trends in government support etc.

The Organization’s formal board of directors will appoint members to an advisory board where necessary. The persons to sit in the advisory committee depend upon the reason for the advisory board’s existence. SASOL Board of directors may appoint advisory board members to bring additional needed expert insight into a field or special project. Sometimes it will also honor retired Organization officials or major financial contributors with advisory board seats

Duties and Functions

- This committee will provide the board with information and advice to understand difficult or complex issues relating to the Organization in general. Individuals with specific expertise will be selected as committee members.
- It also offers advantages to both the committee members and the board. Committee members have an opportunity to learn more about the organization and its board—some may be recruited later as board members.
- Also it can provide a greater division of labor and fresh new perspectives
- It can also help find resources to fulfill projects despite any funding limitations. Likewise, the organization can sometimes encounter road blocks for project completion because of a small staff, limited budget or government red tape. Advisory boards, who often represent both the nonprofit and for-profit industries, can bridge the gap and bring expert advice, affordable or free resources and connections for fundraising efforts

BOARD CODE OF CONDUCT AND BUSINESS ETHICS

1. Introduction and Application

CLBC is committed to the highest standards of business ethics and integrity.

This Code of Conduct and Business Ethics ("Code of Conduct") provides general guidelines intended to support ethical behaviour and decision making at SASOL. The Code of Conduct applies to all Directors

2. Compliance with Law and Ethical Standards

SASOL's Directors shall comply with all applicable provisions of laws and regulations. No one in SASOL shall commit or condone an illegal act or instruct another Director to do so. All Directors are expected to follow the spirit as well as the letter of the law.

All Directors will conduct themselves in such a way as to continuously protect SASOL's reputation and in particular will conduct all business on behalf of SASOL fairly and honestly.

3. Harassment

Everyone at SASOL has the right to a workplace free from harassment. This includes harassment based on a person's race, colour, ancestry, religion, sex, age or any other prohibited ground of discrimination.

Harassment includes threats or bullying, unwanted or unnecessary physical contact, obscene jokes or other inappropriate, sexually explicit or offensive language, and excessively offensive remarks.

At SASOL, we consider it the obligation of Directors to report any incidents of harassment they may witness or of which they become aware.

4. Conflicts of Interest

A conflict of interest is a situation in which the private interests of a Director conflict directly or indirectly with his/her responsibilities to SASOL.

Every Director should avoid any situation in which there is an actual or potential conflict of interest which could, or perceived to interfere with the Director's judgment in making decisions in SASOL's best interest.

5. Confidential Information

A Director should at all times maintain the confidentiality of all confidential information and all records of CLBC and must not make use of or reveal such information or records except in the course of performance of his or her duties or unless the documents or information become a matter of general public knowledge.

Similarly, Directors may not use confidential information obtained through their association with SASOL to further their private interests or the private interests of their friends, relatives or associates.

A Director using SASOL's computer data base or electronic mail system will be expected to comply with any internal policies and procedures that guide the storage, use and transmission of information through this medium.

If in doubt what is considered confidential, a Director should seek guidance from the Board Chair.

6. Use of SASOL Property

SASOL assets must not be misappropriated for personal use by Directors.

Directors are entrusted with the care, management and cost-effective use of SASOL's property, including the use of SASOL's name, and should not make use of these resources for their own personal benefit or purposes.

Directors should ensure that any SASOL property assigned to them for business purposes is maintained in good condition and should be able to account for such property.

Directors may not dispose of SASOL property except in accordance with the guidelines established by SASOL.

7. External Disclosure of Confidential Client Information

SASOL Directors may only disclose confidential information to external third parties when disclosure is authorized or required by law or an enactment in a court proceeding. Any other external disclosure of confidential information is subject to prior approval of the Board Chair or CEO.

8. Accounting Practices and Communications

SASOL's policy is that strict compliance with prescribed accounting procedures and controls will be practiced at all times. All assets, liabilities, income and expenses shall be correctly identified and recorded in the appropriate books of account. No Director shall make any false or misleading statement to internal or external auditors or conceal or omit information necessary to make statements to such auditors meaningful. No Director will withhold any books or records relevant to any subject under review from the internal or external auditors.

9. Provisions of Code of Conduct not Exclusive

The provisions of this Code of Conduct are in addition to, and not in substitution for, any obligation to SASOL imposed upon by common law, equity or statute. Compliance with the Code of Conduct shall not relieve a Director from any such obligation.

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BOARD MEETINGS

The Board holds a minimum of four regular meetings a year. In addition, the Board holds strategy sessions at least annually and may hold additional special meetings as required

1. Location

Board meetings are normally held at SASOL's offices.

2. Agenda

The Board Chair and CEO, develops the agenda for each Board meeting.

Under normal circumstances, the agenda and supporting materials will be distributed to Directors sufficiently in advance so that there are two weekends between receipt of materials and the meeting. All Directors are free to suggest items for discussion at Board meetings and additions to the agenda.

3. Notice

Notice of Board meetings will be given to Directors at least five business days in advance.

4. Information for Meetings

Material distributed to the Directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered and the decisions sought from the Board. Materials assembled in support of Board meetings will be coordinated by the board chair and CEO.

Reports may be presented during Board meetings by Directors, management, staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to Directors, so as to maximize the time available for discussion on questions regarding the material.

5. Procedures at Meetings

The following describes general procedures regarding the conduct of meetings.

- The quorum for any meeting of the Board shall be a majority of Directors holding office.
- If more than half of the Directors abstain from voting at a meeting of the Board because of a conflict of interest, whether actual or potential, the remaining Directors constitute a quorum for that vote
- The affirmative votes of a quorum at a meeting of the Board are sufficient to pass a resolution or bylaw
- Each Director is entitled to vote at all Board meetings.
- A Director may participate in a Board meeting by telephone or other electronic means that allows the participants to hear each other, and is not required to be physically present to be counted as part of the quorum.
- Voting is by a show of hands unless determined otherwise by the Board for a particular resolution or to accommodate a Director participating by telephone conference call.
- In the event a Board meeting cannot be held due to a lack of quorum, the meeting will be deemed to be adjourned to a future date set by the Directors present at the meeting. The date of the adjourned meeting must allow sufficient time for notice of adjournment to be given to all Directors.
- A resolution in writing signed by all Directors shall be valid and effectual as if it had been passed at a meeting of Directors duly called and constituted.

6. Minutes

The Board Chair will be provided with the draft minutes of each meeting of the Board as soon as possible after each meeting. The minutes, once approved by the Board, serve as the official record of the Board meeting.

7. Board Deliberations and Confidentiality

The Board recognizes that certain materials for deliberations by the Board must remain in confidence with the Board. Directors will respect the provision that the official record of the Board's deliberations is provided through the approved minutes of the Board meeting.

8. Special Meetings of the Board

A meeting can be convened by the Board Chair or at the request of any other Director.

9. Non-Directors at Board Meetings

The Board appreciates the value of having members of management, employees or others attend Board meetings to provide information and opinions to assist the Directors in their deliberations. The Board, through the Board Chair and CEO, will determine such attendees.

10. Attendance

Board members are expected to attend all meetings.

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TRAINING AND DEVELOPMENT

Board members are to participate in ongoing training and development.

1. New Board Member Orientation:

New Board members will attend an initial orientation and training session prior to their first regularly scheduled Board meeting. Additional orientation and training sessions will be held prior to consecutive Board meetings, to ensure that new members are oriented appropriately and are familiar with the proposed information. Throughout the orientation and training, new Board members will receive the following documents for review and consideration:

- Board of Director's Governance Policy Manual
- Organization Bylaws
- Most recent audit and financial statements
- Mission Statement and Core Values
- Board Approved Operating Policies including Personnel and Finance
- Current list of all Board Members
- History/Brochures/Program Descriptions
- List of Commonly Used Acronyms

SASOL staff will assist in the orientation, which will include a tour of the organization; instruction on how to read budget and financial reports; and an overview of Board meetings.

2. In-services for Board Members:

In-services for Board members are essential to Board development. SASOL will pay for Board members to attend state or national and critical meetings of Community development. Board members who attend conferences will make a presentation at the next Board meeting of the new ideas and insights gained at the conference.

3. Ongoing Board Development:

Board development may be included in the agenda of Board meetings. A speaker may be invited to the meeting or a Board or staff member may update the Board on a relevant topics

BOARD, BOARD CHAIR AND COMMITTEE EVALUATION

The Board is committed to Board evaluation, the purpose of which is to provide Directors with an opportunity each year to examine how the Board, the Board Chair and the Board's Committees are performing, and to identify opportunities for improvement.

1. Process

The evaluation process will be appropriate to the stage of development of the Board.

The board may engage an outside advisor to assist in the design and implementation of the Board evaluation process, subject to the approval of the Board Chair.

2. Board Evaluation - Goal

The objective of the Board evaluation process is to assist the Board to:

- Assess the overall performance of the Board and measure the contributions made by the Board to SASOL in keeping with stakeholder expectations;
- Evaluate the mechanisms in place for the Board to operate effectively and make decisions in the best interests of SASOL;
- Add value to SASOL; and
- Enhance and maintain best corporate governance practices.

3. Board Evaluation - Areas to be evaluated

Board evaluation is designed to review the effectiveness of the Board. Typical assessments will evaluate the following areas:

- the appropriateness of the Board composition;
- the quality of Board meetings including appropriateness, effectiveness and sufficiency of:
 - topics;
 - time allocation;
 - pre-meeting information packages; and
 - presentations;
- Board dynamics, including the quality of the discussion;
- the appropriateness and sufficiency of the financial and operational reporting;
- the quality of the relationship between the Board and management;
- the effectiveness of the Committees and Board Chair;
- SASOL's practices with respect to business conduct and ethical behaviour;
- Director training and education;
- the effectiveness of the Board's processes with respect to strategic planning, risk review, CEO evaluation, management development and succession and compliance; and
- The Board's relationship with government, stakeholders and the public.

4. Board Chair Evaluation – Goal

The objective of the Board Chair evaluation process is to improve the overall performance of the Board by providing feedback to the Board Chair.

5. Board Chair Evaluation – Areas to be evaluated

Board Chair evaluation is based on the expectations of the Board Chair set out in the Board Chair Position Description and will cover such areas as:

- integrity and ethics;

- management of Board meetings;
- management of information flow between the Board and management;
- management of the Board’s decision-making processes;
- relationship with the CEO;
- relationship with Board members; and
- Relationship with government.

6. Committee Evaluation – Goal

The objective of the Committee evaluation process is to improve the functioning of the Committee and thus contribute to improving the overall performance of the Board.

7. Committee Evaluation – Areas to be evaluated

Committee evaluation covers such areas as:

- the appropriateness of the Committee’s mandate;
- the composition of the Committee; and
- the contributions of the Committee to the Board’s work.

8. Individual Director Evaluation

Once the evaluation procedures described above are running smoothly, the Board intends to implement a process for individual Director Evaluation.

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CEO EVALUATION

1. Introduction

The evaluation of the CEO is one of the most important responsibilities of the Board. The evaluation process provides a formal opportunity for the Board and CEO to have a constructive discussion regarding the performance of SASOL and the CEO's leadership of SASOL.

The Board as a whole is involved in approving the CEO's objectives and the final evaluation.

The main objectives of the CEO evaluation process are:

- Appropriate assessment and reward of the CEO's performance;
- Linkage of the CEO's performance to SASOL's goals;
- CEO growth and professional development; and
- Strengthening Board/CEO relations.

2. Benchmarks

The following documents constitute the benchmarks against which the review takes place:

- a written statement of the CEO's performance goals for the year under review; these goals are agreed to by the CEO and the Board
- SASOL's performance measures set out in the strategic plan;
- the CEO Position Description;
- the CEO's employment agreement; and

**ANTI-FRAUD
AND
ANTI-CORRUPTION
POLICY MANUAL**

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PART 1.INTRODUCTION

1.1 Executive Summary

Pursuant to the policy on Confidential Reporting and considering the need to promote SASOL commitment to the accountability, SASOL hereby makes a policy to provide for confidential reporting.

SASOL has deemed it necessary to establish an anti-fraud and anti-corruption policy that meets the International best practices on Anti-Fraud and Anti-Corruption.

In furtherance of its strategic aims and objectives, SASOL strives to provide services which meet the requirements of its stakeholders in accordance with its core values. In conducting its business, SASOL is committed to ensure that the opportunity for fraud and corruption is reduced to the lowest possible risk. Where a possibility of fraud and corruption occurs, SASOL will deal with it in a firm and controlled manner.

Identification of fraud risks and factors that increase SASOL susceptibility to fraud are the responsibility of all SASOL staff and shall be formalized in the SASOL risk management strategy.

SASOL Management is committed to an effective anti-fraud and corruption strategy designed to promote standards of honest and fair practices, prosecute fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover any losses, maintain strong systems of internal control.

In recent years, fraud control has become recognized as a key component of good governance. Fraud control and corruption prevention, codes of conduct and whistleblower systems all feature predominantly as essential building blocks of good governance.

It is good business practice to implement a fraud and corruption prevention strategy. The advantages of working in an ethical environment free from fraud and corruption are many and include benefits:

- Enhanced morale
- Job satisfaction
- Employment security
- Reduced stress
- Improved efficiency
- Ability to meet commitments

1.2. Scope

SASOL requires all staff at all times to act honestly, and with integrity and to safeguard the organization resources for which they are responsible. Fraud and theft is an ever-present threat to these resources and hence must be a Concern to all members of staff. SASOL views fraud and theft as an extremely serious matter and is committed to the Promotion of an Anti-fraud and theft Culture throughout the organization. This section explains Organization and staff responsibilities in relation to both prevention and detection of fraud and theft.

This policy shall apply to SASOL Management. It covers all aspects of:

- bribery
- theft
- fraud
- Collusion
- embezzlement or misappropriation of funds
- abuse of office
- blackmail
- perverting the course of justice

PART 2. DEFINITIONS

2.1 Fraud

Fraud may be broadly defined as “The intentional distortion of financial statements or other records or provision of false information by persons internal or external to the authority which is carried out misappropriately or to conceal the misappropriation (misuse) of assets or otherwise for gain”

The main factors contributing to today's increased level of fraud include:

- Growing complexity of organizations
- Ever-increasing speed of modern commerce and computerization
- History of inattention
- Understaffing of Internal Audit Functions
- Acceptance of some level of fraud as the ‘cost of doing business’
- Out-dated and ineffective internal controls
- Aggressive accounting practices
- Increasingly transient employees

Some of the common fraud types and the features that characterize them:

2.2 Fraudulent Financial Reporting:

Fraudulent financial reporting is intentionally making false assertions relating to financial statements, false statements re: compliance with specific requirements of funding sources, charging of unallowable costs to grants and other false statements to government agencies. Fraudulent financial reporting is most often committed by management and includes such misrepresentations as:

- Failing to disclose significant related party transactions.
- Failing to disclose noncompliance with debt requirements or lack of waiver of noncompliance from lender.
- Misclassifying restricted donations to mislead donors or charity watchdogs.
- Holding records open beyond the period end in order to inflate revenues.
- Misclassifying expenses to mislead donors and others regarding the funds used for programs.
- Failing to correctly value receivables, inventory, donated assets, and liabilities under Split-interest or gift annuity obligations.
- Failing to report trade payables in the correct period in order to understate expenses.
- Failing to correctly report obligations for deferred compensation or retirement Benefits

NB: *Fraudulent financial reporting often costs the organization and society as a whole much more than theft of assets.*

2.3 Perpetrator and the Fraud Triangle

Though some perpetrators are perpetual criminals who continue their actions because they aren't prosecuted or there are inadequate background checks by employers, most frauds are committed by trusted employees or ordinary persons who never thought they would engage in fraud.

There are three elements present in every fraud which are commonly known as the fraud triangle: ***perceived pressures, rationalization and perceived opportunity.***

2.3.1 Perceived pressures/incentive

Management or other employees may have an incentive or be under pressure, which provides a motivation to commit fraud. The individual could feel financial pressures for themselves or others, have a drug, gambling or spending addiction, believe that they are “under paid”, that the funds are just borrowed or the incentive may be nothing more than the fact that the perpetrator wants to see if they could get away with fraud.

2.3.2 Opportunity

Circumstances exist – for example, the absence of controls, ineffective controls, or the ability of management to override controls – that provide an opportunity for fraud to be perpetrated.

2.3.3 Rationalization

Those involved in a fraud are able to rationalize a fraudulent act as being consistent with Their personal code of ethics. Some individuals possess an attitude, character or set of ethical values that allows them to knowingly and intentionally commit a dishonest act.

Everyone experiences pressures and rationalizes, thus combining just the right level of pressure and rationalization with the perceived opportunity is what allows a person to commit fraud. Therefore, an organization should follow several steps to lessen the chance of fraud.

2.4. A Comprehensive approach to controlling fraud

Fraud is a significant potential problem for all organizations. The management should take proactive steps to prevent or detect fraud. It is only those organizations that seriously consider fraud risks and take proactive steps to create the right kind of climate to reduce its occurrence that have success in preventing fraud.” The foundation for a comprehensive approach to controlling fraud rests on an antifraud policy set by the board of directors. Examples of antifraud policy.

2.4.1 Setting the Tone at the Top

For starters, management, including directors and officers need to “set the tone at the top” for ethical behavior in an organization. Management must show employees through its words and actions that dishonest or unethical behavior will not be tolerated, even if the result of the action benefits the organization. Additionally, it should be evident that all employees will be treated equally, regardless of their position.

2.4.2 Assessing Fraud Risks and Responses

Organizations should be proactive in reducing fraud opportunities by:

- 1) Identifying and measuring fraud risks
- 2) Taking steps to mitigate identified risks,
- 3) Implementing and monitoring appropriate preventative and detective internal controls and other deterrent measures.

2.4.3 Financial and Non-Financial Systems and Controls

Management should implement both financial and non-financial systems and controls to detect and prevent fraud.

2.4.4 Among the financial controls management can implement include:

- Reconcile accounts – reconcile bank accounts as well as fundraising assets such as Raffle tickets and cash receipts. A person who doesn’t authorize transactions or have

Custody of the assets should perform the reconciliations.

- Perform ratio analysis – compare number of donors with contributions, compare Number of employees with payroll expense.
- Review all general ledger adjustments.
- Institute job rotation and mandatory vacations.
- Conduct surprise audits.

2.4.5 The organization should consider using the following non-financial controls, among others:

- Pre-screen potential employees.
- Communicate often with current employees so you will know when they are feeling Pressured.
- Communicate the consequences of committing fraud.
- Set a good example by following the rules.
- Provide a hotline.
- Conduct anti-fraud training for managers and employees.
- Implement an anti-fraud policy.

2.5 Asset misappropriation

There are two broad categories of frauds that are perpetrated against organizations

- Internal and external.

Internal frauds are committed by persons inside of the organization such as employees, officers and directors.

External frauds are committed by persons outside of the organization, such as vendors, sub-recipients, grant applicants and program participants.

Any business asset can be stolen by employees or third parties, or by employees and third parties acting in collusion. Examples of common employee and management fraud include:

- i. Direct theft of cash or realizable assets, such as stock or intellectual property, such as price or customer lists
- ii. Making false expense claims
- iii. Payroll fraud – diverting payments or creating fictitious employees
- iv. Revenue and cash receipts schemes,
- v. Purchasing and cash disbursement schemes
- vi. Non-cash asset misappropriations.

2.5.1 INTERNAL FRAUD

2.5.1.1 Revenue and cash receipts schemes

- Skimming – theft of cash before the funds have been recorded on the books. Skimming can be perpetrated by someone who either initially collects or opens Incoming mail, the person who initially

logs in cash receipts, prepares the deposit or takes the deposit to the bank, or door-to-door solicitors of charitable contributions.

Checks can also be skimmed. The perpetrator opens up a bank account in the Organization's name with themselves as a signer and simply deposits and withdraws the checks.

- Theft of donated merchandise – donated merchandise can be just as susceptible to theft as cash. While it may be a little harder for the perpetrator to carry the merchandise out, most organizations have poor controls or recordkeeping over donated items.

2.5.1.2 Purchasing and cash disbursement schemes

- Credit card abuse – perpetrators either use organization issued cards for personal use, or more damaging for the organization is the use of credit card numbers of donors.
- Fictitious vendor schemes – perpetrators set up a company and submit fake invoices to the organization for payment.

2.5.1.3 Payroll and employee expense reporting schemes

- Ghost employees – whereby either terminated employees are left on the payroll system, or fake employees are set up in payroll. Payroll checks are issued for non-existent employees and the checks are cashed by the perpetrator.
- Overstatement of hours worked – workers claiming of extra hours worked by other Employees or not worked at all.
- Fictitious expenditures – submission of fictitious expenditures for reimbursement has become a significant problem especially with the evolution of desktop publishing. The effort involved in creating a bogus invoice for reimbursement can be rather Minimal

2.5.1.4 Other asset misappropriations

- Property and equipment schemes – outright theft of an asset.
- Personal use of organization's assets and other resources (corruption) – use of organization's computers, software, and printers for personal projects. Personal long-distance telephone calls. Utilizing the organization's Internet access and e-mail for personal use. Photocopying personal documents on the organization's copy machine.

2.5.2 EXTERNAL FRAUD:

- Fraudulent billings by vendors – charging for goods or services not delivered or inflating prices, phony extra charges.
- Fraud committed by service organizations to whom organizations outsource important internal functions – using funds for other purposes before remitting, charging for false transactions, receiving kickbacks from other vendors for subcontracting services.
- Fraud by sub recipients – reporting fraudulent data or program costs to the not-for-profit that made the award from the original grant.
- Financial assistance fraud – students who falsely receive financial aid or others who fraudulently apply for or use grant funds.

The preceding examples are types of frauds committed against not-for-profit organizations; however, not-for-profit organizations also can and do commit frauds. Fundraising is a particularly sensitive area that can be ripe for fraud. Fraudulent fundraising practices include:

- Charging fund-raising costs to programs to improve expense ratios scrutinized by donors, potential donors and charity watchdogs.
- Misrepresenting the portion of donations that will be used in charitable programs.
- Misrepresenting the extent of a charitable contribution deduction to which a contributor is entitled, such as in some car donation programs.
- Failing to comply with donor-imposed restrictions pertaining to the use of a gift.
- Other fraudulent practices by not-for-profit organizations could include knowingly failing to comply with Internal Revenue requirements related to housing allowances or compensation reporting, knowingly misclassifying employees or using them as volunteers to avoid paying overtime, or using or selling donor data collected under false pretenses.

2.6 Computer Fraud

There is no such thing as 'computer fraud' per se. Rather, a computer can be the object, subject or tool of a fraud and due to increased technology we see new ways of perpetrating fraud through computers. Computer fraud is covered by the Computer Misuse Act 1990 Such frauds include:

- Diverting funds from one bank account to another, having gained unauthorized access to the bank, perhaps by hacking
- Holding out to be a legitimate business on the internet and obtaining payment for goods that are not delivered or a lower specification than that advertised
- Initiating a distributed denial of service attack on a website in order to make use of vulnerabilities in the system to gain access to records and information
- Stealing intellectual property by unauthorized access to a computer system
-

Where information technology equipment has been used to manipulate programs or data dishonestly (For example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition

2.7 Insurance Fraud

Insurance fraud covers a number of areas and varies widely in its nature; it includes, but is not limited to:

- Overstated claims
- False claims – losses that never occurred
- Multiple claims
- Obtaining cover on favorable terms on the basis of false information
- Destruction of assets to claim on insurance
- Deliberately under-insuring to reduce premium

2.8 Corruption

Corruption may broadly be defined as but not limited to, "bribery or any other behavior in relation to persons entrusted with responsibilities in the public and private sectors which violates their duties as public officials, private employees, independent agents or other relationships of that kind and aimed at obtaining undue advantage of any kind for themselves or others".

PART 3. STRATEGIES FOR PREVENTION OF FRAUD AND CORRUPTION

The most effective means of preventing fraud and other corrupt behavior is for management to foster and encourage an ethical environment and to implement control mechanisms, which minimize the likelihood of fraud or corrupt practices occurring.

This policy has been developed to convey the SASOL approach to the deterrence and detection of dishonest and/or fraudulent behavior and corrupt conduct.

The policy shall be premised on the following strategies:

3.1 Strengthening of compliance to Internal Systems and Controls

- a) Frequent Risk based Audits
- b) independent internal Audit function
- c) use of External Auditors
- d) Develop Standard operating procedures
- e) Systems Audits

3.2 Education and Awareness creation on the dangers of corruption and Fraud

- a) Development of Information, Education and Communication materials
- b) Sensitization workshops and Seminars
- c) Media and publicity
- d) Customer satisfaction surveys

3.3 Development and enforcement of code of conduct

- a) SASOL Code of Conduct
- b) Policies and guidelines in various Rulebooks/Manual

3.4 Protection of whistle-blowers and unanimous tip-offs

Develop a policy on whistle blowing

3.5 Compliance with Statutory Audits

- a) Prompt action on external audit reports
- b) Focus on both Systems and Financial Audit
- c) Rotation of External Auditors

3.7 Declaration of Assets and liabilities

All Board members shall declare their assets and liabilities when joining the Board.

3.8 Prosecution of Offenders

3.9 Strengthening the Legal framework for preventing and combating corruption

3.10 Enhancing collaboration with other relevant anti-corruption agencies

3.11 Development of a documented fraud response plan

PART 4 STRUCTURES FOR IMPLEMENTATION OF THE ANTI-FRAUD AND ANTI-CORRUPTION POLICY

4.1 Policy Level:

The Management shall appoint the anti-corruption committee for SASOL.

The role of anti-corruption Committee shall be to oversee the implementation of this policy which shall entail the following:

- a) Consider Complaints of corruption and fraud;
- b) Follow-up on challenges/constraints;
- c) Consider actions being taken to implement the policy;
- d) Carry out independent investigations;
- e) Monitor enforcement of the policy;
- f) Consider the adequacy of the provisions of the policy;
- g) Make the necessary recommendations to the council; and
- h) Developing SASOL Ethics and integrity standards.

APPENDIX A

SAMPLE ANTIFRAUD POLICY

The following is a sample policy for boards of directors (or their equivalent) that documents the Organization's underlying policies for preventing and detecting fraud. This sample should be reviewed and adapted to the specific needs of the organization.

General Statement

The organization and its board, management, employees and volunteers must, at all times, comply with all ethical principles and policies of the organization and all laws and regulations governing the activities of the organization. The board accepts its responsibility to undertake all appropriate actions to prevent and detect fraud against the organization or that may be perpetrated by anyone associated with the organization.

Fundamental Concepts

The board or board committee, with the assistance of management when appropriate, is charged with the responsibility for the following:

- Creating, demonstrating and maintaining a culture of honesty and high ethics by setting the "tone at the top". This includes preparing a code of conduct that expresses "zero tolerance" for unethical behavior and communicating it to all employees and volunteers of the organization. Management should also train employees regularly regarding the organization's values and code of conduct and document their understanding and compliance therewith at least annually.
- Regularly accessing fraud risks (including management fraud) and related risks that may occur within the organization. This includes establishing and monitoring appropriate policies, procedures and controls designed to mitigate or eliminate the risk of fraud and abuse. The assistance of external consultants may be warranted. A report regarding such fraud risks and actions taken must be made to the board at least annually.
- Creating, implementing and monitoring a strong system of controls, including

continually seeking ways to increase security in the organization's computer, record keeping and payment systems.

- Training employees and volunteers to be alert to warning signs of fraud and unethical behavior and providing a system for reporting such matters. Reporting Irregularities by creating a system for employees and volunteers to anonymously report (to the designated board representative or the board, if management is involved) illegal or unethical actions they have witnessed or suspect. This system should promote a transparency with the external auditors.
- Conducting regular (at least annually) audits of the organization's financial records including evaluating the organization's antifraud policies and procedures, internal controls systems and other relevant matters. This audit can be done by members of the audit committee, the internal audit staff, external auditors or other qualified consultants. The results of such audits are to be communicated to the board and other authorized parties.

Actions Constituting Fraud

It is the organization's policy that there is zero tolerance for actions constituting fraud. These actions include but are not limited to:

- Theft of cash, securities, merchandise, equipment, supplies or other assets.
- Unauthorized use of organization employees, property, credit cards, cell phones or other resources.
- Submission of personal or fictitious employee expenses for reimbursement or fictitious or inflated vendor invoices or payroll records for payment.
- Receiving kickbacks or other unauthorized personal benefits from vendors or others.
- Forgery or fraudulent alteration of any check, bank draft, statement, billing, record, form, report, return or other financial document.
- Intentional material misclassification or misrepresentation of revenues, expenses, costs or other data in financial statements, reports, regulatory returns, applications or other communications.
- Intentional failure to disclose material related party transactions, noncompliance with lender requirements or donor/grantor restrictions or other required disclosure matters.
- Intentional improper use or disclosure of confidential donor, client/customer, employee or organization proprietary information.
- Any other illegal or unethical activity.

The policy applies to fraud or suspected fraud by board members, employees, volunteers, vendors, contractors, consultants and others doing business with the organization.

Summary

The board of directors and management are responsible for preventing and detecting fraud and abuse within the organization. The board (or board committee) and management are charged with establishing, implementing and monitoring policies and procedures that address the fundamental responsibilities.

PART 5. THE AUDIT COMMITTEE

The audit committee is the board's primary direct representation on the antifraud team. The audit committee's antifraud role is one of both oversight and participation. The audit committee should constantly challenge management to enforce the antifraud policies of the board. It should regularly evaluate management's identification of fraud risks and their responses to those risks, including of the adequacy of the organization's internal financial controls. It should support and assess management's creation of a culture with a "zero tolerance" for fraud. The audit committee should also assess the risk of fraud by management and develop appropriate responses to those risks.

Among other things, the audit committee should:

- Remain alert to factors that might indicate management fraud, including changes in life-style.
- Consider periodically reviewing management travel and other expenses.
- Carefully review unusual and complex financial transactions.
- Consider periodically reviewing significant nonstandard journal entries, especially those near year-end.
- Monitor compliance with the organization's general code of conduct and conflict-of-interest policies.
- Identify and assess the propriety of related party relationships and transactions at all levels.
- Monitor the adequacy of the organization's information management system and other physical security measures required to protect the entity from fraud and abuse.
- Ensure that every employee or volunteer is aware that the committee is the contact point for reporting suspected fraud or abuse and that the "whistleblower" will be protected.
- Take the lead in investigating suspected fraud and abuse, including communicating appropriate matters to legal counsel and governmental authorities.
- Review the adequacy of insurance coverage associated with fraud and abuse.
- Communicate with external auditors regarding the audit committee's assessment of fraud risks, the entity's responses to those risks and any suspected or actual fraud and abuse reported to it during the year.
- Oversee the internal audit function or perform certain internal audit functions if needed.

In fulfilling its responsibilities, the audit committee should carefully document its actions and Periodically report to the full board.

APPENDIX B SAMPLE AUDIT COMMITTEE CHARTER

The following sample charter reflects some of the best practices currently in use. Since no sample charter encompasses all activities that might be appropriate to a particular audit committee, this charter must be tailored to the organization's needs and governing rules. The charter should be reviewed annually for adequacy.

Purpose

The audit committee's charge is to assist the board of directors in fulfilling its oversight responsibilities for the financial reporting process. This includes risk assessment and management through the system of internal control over financial reporting, the audit process, and the organization's process for monitoring compliance with laws and regulations and its code of conduct.

Authority

The audit committee has authority to conduct or authorize investigation into any matters within its scope of responsibility with complete and unrestricted access to all books, records, documents, facilities and personnel of the organization. It is empowered to:

- Retain outside counsel, accountants or others to advise the committee or assist in the conduct of its responsibilities.
- Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests – or from external parties.
- Meet with company officers, external auditors or outside counsel, as necessary.

Membership

The audit committee will be a standing committee and consist of at least three members of the board of directors. The board or its nominating committee will appoint committee members and the committee chair. Each committee member will be both independent from management and the organization and financially literate. At least one member shall have expertise in financial accounting and reporting for not-for-profit organizations.

Meetings

The committee will meet at least **once a year**, with authority to convene additional meetings, as circumstance require. All committee members are expected to attend each meeting, in person or via teleconference or video-conference. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

Responsibilities

The committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas; and review recent professional and regulatory pronouncements and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete,

consistent with information known to committee members, and reflect appropriate accounting principles.

- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and the external auditors, before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

Internal Controls

- Consider the effectiveness of the organization's internal controls over annual and interim financial reporting, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- Review with management and the internal audit director the charter, plans, activities, staffing and organizational structure of the internal audit function.
- Ensure there are no unreasonable restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the internal audit director.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- On a regular basis, meet separately with the director of internal audit to discuss any matters that the committee or internal audit believes should be discussed privately.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.

- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately, such as difficulties encountered during the audit.
- Review and discuss the findings and recommendations of the external auditor included in the management letter and Schedule of Findings and Questioned Costs,

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Determine that all required tax and information returns are filed with federal, state and local government agencies on a proper and timely basis.
- Review the findings of any examinations by regulatory agencies and any auditor observations.
- Review the process for communicating the code of conduct to organization personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and organization legal counsel regarding compliance matters.

Fraud detection and prevention

- Remain alert to factors that might indicate management fraud, including changes in life-style.
- Consider periodically reviewing management travel and other expenses.
- Carefully review unusual and complex financial transactions.
- Consider periodically reviewing significant nonstandard journal entries, especially those near year-end.
- Monitor compliance with the organization's general code of conduct and conflict-of-interest policies.
- Identify and assess the propriety of related party relationships and transactions at all levels.
- Monitor the adequacy of the organization's information management system and other physical security measures required to protect the entity from fraud and abuse.
- Ensure that every employee or volunteer is aware that the committee is the contact point for reporting suspected fraud or abuse and that the "whistle blower" will be protected.
- Take the lead in investigating suspected fraud and abuse, including communicating appropriate matters to legal counsel and governmental authorities.
- Review the adequacy of insurance coverage associated with fraud and abuse.
- Communicate with external auditors regarding the audit committee's assessment of fraud risks, the entity's responses to those risks and any suspected or actual fraud and abuse reported to it during the year.

Reporting Responsibilities

- Regularly report to the board of directors about committee activities, issues and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors and the board of directors.
- Review any other reports the organization issues that relate to committee responsibilities.

Other Responsibilities

- Perform other activities related to this charge as requested by the board of directors.
- Institute and oversee special investigations as needed, regarding significant matters brought to its attention within the scope of its charter.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes.
- Evaluate the committee's and individual members' performance on a regular basis.

The anti-corruption Committee shall be made up of the following;

- a) One representative from the Finance and Administration Committee
- b) One representative from the Board
- c) The Programme Coordinator

The Board shall consider and approve the decisions of the anti-corruption committee.

PART 6: EMPLOYEES

SASOL shall ensure that its employees are inducted to, and internalize the contents of this Manual and national legislation as applicable. Employees shall comply with this policy and are obliged to report to management any reasonable concerns or suspicion that may constitute an act of fraud and or corruption.

PART 7. STAFF AND MANAGEMENT

Stakeholders shall display the highest levels of integrity, honesty, professionalism, transparency, accountability and fairness in their dealings.

Stakeholders shall comply with the provisions of this policy and are under obligation to report to management any reasonable concerns or suspicion that may constitute an act of fraud and or corruption.

PART 8. FINANCE AND ADMINISTRATION COMMITTEE

Finance and Administration Committee shall play a key role in the prevention of fraud and corruption by its systematic examination of the Organization's systems and procedures, geared to maintaining strong systems of internal control. For the implementation of this policy, Finance and Administration Committee shall:

- a) Conduct reviews for identification of fraud
- b) Conduct awareness programmes to create fraud awareness
- c) Carry out spot checks and system reviews to test the probity of arrangements
- d) Carry out periodic risk assessments and advise management on gaps/inadequacies identified
- e) Make recommendations to the Board

PART 9 .MANAGEMENT OF FRAUD AND CORRUPTION CONCERNS

9.1 Detection and investigation

All cases of any suspected fraud or corruption shall be reported and investigated in accordance with the laid down guidelines as provided in this policy.

The Internal Auditor in liaison with the Anti-corruption committee shall ensure that:

- a) Suspected cases of fraud and corruption are investigated properly;
- b) All cases are dealt with by a standard process; and
- c) The interests of individuals and SASOL are safeguarded.

9.2 WHEN FRAUD IS DISCOVERED

Fraud can be suspected or discovered by many sources, such as employees, internal auditors, vendors and others. If fraud is discovered or there is a reasonable basis to believe that improprieties have occurred, the audit committee should be notified immediately and is responsible for ensuring that an investigation is conducted. If necessary, external auditors, internal auditors or certified fraud examiners may need to be engaged to assist the audit committee with the investigation. The audit committee should also consider the following actions, among others:

- Consult legal counsel on the prudent steps to take in order to protect the rights of the accused and ensure the rights of the organization.
- Inform the organization's insurance carrier of the suspected or discovered fraud loss in accordance with the terms of the insurance policy.

- Preserve the documents or other evidence that may be needed in proving the fraud.
- Repair the breach in internal controls, policies and procedures that made the fraud possible.
- In certain cases, inform law enforcement or appropriate government authorities.

The appropriate handling of such situations can minimize the harm done to the organization, the people involved and public impact of the experience.

9.3 Reporting Responsibilities and Safeguards

It is the responsibility of every director, employee or volunteer to report, preferably in writing, discovered or suspected unethical or fraudulent activity immediately to the Executive Director and the Chairman of the Board.

No reporting party who in good faith reports such a matter will suffer harassment, retaliation or other adverse consequences. Any director or employee who harasses or retaliates against the party who reported such a matter in good faith is subject to discipline up to and including termination of employment. Additionally, no director employee or volunteer will be adversely affected because they refuse to carry out a directive which constitutes fraud or is a violation of state or federal law.

Any allegation that proves to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

9.4 Confidentiality

Discovered or suspected matters can be reported anonymously or on a confidential basis. Anonymous allegations will be investigated, but consideration will be given to seriousness of the issue, its credibility and the likelihood of confirming the allegation from other reliable sources. In the case of allegations made on a confidential basis, every effort will be made to keep the identity of the reporting party secret, consistent with the need to conduct an adequate and fair investigation.

Allegations will not be discussed with anyone other than those who have a legitimate need to know. It is important to protect the rights of the persons accused, to avoid damaging their reputation should they be found innocent and to protect the organization from potential liability.

9.5 Investigation Procedures

The Executive Director, Chairman of the Board or their delegate will investigate all allegations on a timely basis. The investigation may include but is not limited to examining, copying and/or removing all or a portion of the contents of files, desks, cabinets and other facilities of the organization without prior knowledge or consent of any individual who may use or have custody of such items or facilities when it is within the scope of the investigation.

The reporting party must not attempt to personally conduct investigations, interviews or interrogations related to the alleged fraudulent activity.

9.6 Resolution Procedures

The results of the investigation will be reported to the Board of Directors. Actions taken against the perpetrator of alleged fraud will be determined by the Board in consultation with legal counsel.

9.7 Prosecution and Recovery of Losses

Where findings of an investigations show reasonable cause for prosecution, SASOL Management shall do all it can to facilitate the applicable law to take its course

9.8 Post investigation

Internal Audit shall ensure that lessons learned from the investigation are evaluated and the results applied in the strengthening of the systems involved.

APPENDIX C

SAMPLE CODE OF CONDUCT STATEMENT

The following is a sample code of conduct with emphasis on topics that have anti-fraud implications which should be reviewed and adapted to the specific needs of the organization.

Organization-Wide Code of Conduct

The organization and its employees and volunteers must, at all times, comply with all principles and policies of the organization and applicable laws and regulations. The organization does not condone or promote the activities of employees or volunteers who achieve results through Violation of law or unethical dealings. This includes any payments for illegal acts, indirect contributions, rebates, bribery or misrepresentation of any financial or other data.

All conduct should be well above the minimum standards required by the underlying philosophy of the organization or required by law. Accordingly, employees and volunteers must ensure that their actions cannot be interpreted as being, in any way, in contravention of the ethical principles or laws and regulations governing the organization's operations.

Employees uncertain about the application or interpretation of any governing principles or legal requirements should refer the matter to their superior or the audit committee.

Employee/Volunteer Conduct

The organization expects its employees and volunteers to conduct themselves in a professional manner at all times. The organization has clearly defined prohibited conduct, including use of Intoxicants, gambling, sexual harassment, pornography, accepting unapproved financial gains, improper use of organization's assets or time, as well as the reporting responsibilities and the potential consequences of such activities.

Those policies and procedures are incorporated in full in this code of conduct.

Conflicts of Interest

The organization has clearly defined possible conflicts of interest, immediate reporting obligations and annual conflict-of-interest statement requirements .

Those policies and procedures are incorporated in full in this code of conduct.

Handling Organization Resources and Records

Organization resources have been provided by donors, customers, government funding agencies and others in trust for the exempt purposes of the organization. The resources and other assets of the organization are for organization purposes only and not for personal benefit of employees or volunteers. This includes the personal use of the organization's facilities, materials, personnel, influence, equipment (including computers) and other resources.

Employees and volunteers who have access to the organization's resources and records in any capacity must follow the prescribed procedures as detailed in the Financial Policies and Procedures Manual. The organization has established and implemented a comprehensive system of internal controls. It is the responsibility of every employee and volunteer to understand and work within that system.

The organization uses records of many types to manage its activities and to meet the organization's financial and legal responsibilities. Accurate and complete records are a must.

The employees and volunteers responsible for accounting and reporting must fully record all assets and liabilities and fully disclose all matters required by accounting principles, government regulations and ethical practices.

Employees and volunteers must not engage in any false recordkeeping or reporting of any kind, whether external or internal, including:

- False attendance or enrollment reports, client service or unit delivery counts, or donor lists or similar non-financial reports.
- Misleading donor or grantor solicitations, false advertising, deceptive marketing practices, and other misrepresentations.
- False expense reports deceptive attendance enrollment or client/unit delivery, production reports, false revenue or expense classification or other financial misrepresentations.

When handling financial and personal information about donor's customers, employees, volunteers and others with whom the organization has dealings, the following principles must be observed:

- Collect, use and retain only the personal information necessary for the organization's activities. Whenever possible, obtain only any relevant information directly from the person concerned. Use only reputable sources to supplement this information.
- Retain information only as long as necessary or as required by law. Protect the physical security of this information.
- Limit internal access to personal information to those with legitimate purpose for seeking and using that information for the purposes it was originally obtained.

The organization imposes strict standards to prevent fraud and dishonesty. If employees or volunteers discover or become aware of any information that would cause them to suspect fraudulent activity, they must report such activity to the audit committee. The employee or volunteer reporting such activity can be assured that their communication will be kept in the strictest confidence and, as protected by law, will not result in any form of attribution.

Employees or volunteers who are proven to have engaged in fraud or dishonest activity will be prosecuted to the full extent of the law.

Each board member, officer, manager, employee and volunteer is required to sign the following statement. The statement must be kept on file and updated annually.