



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

FINANCE, OPERATIONS & PROCUREMENT POLICY

GLOSSARY OF TERMS	1
FOREWORD	2
1.0 INTRODUCTION	3
1.1 EXECUTIVE SUMMARY	3
2.0 BUDGET AND BUDGETARY CONTROL	13
2.1 PURPOSE	13
2.2 POLICY	16
2.3 BUDGETARY RESPONSIBILITY	16
2.4 BUDGET PROCESS	17
2.5 REPORTING PROCEDURES	18
2.6 INVESTIGATION OF VARIANCES	18
3.0 REVENUE AND RECEIVABLES MANAGEMENT	20
3.1 REVENUE	20
3.1.1 Purpose	20
3.1.2 Policy	21
3.1.3 Procedure	23
3.2 RECEIVABLES	23
3.2.1 Purpose	23
3.2.2 Policy	23
3.2.3 Procedures	25
4.0 PETTY CASH	28
4.2 PURPOSE	28
4.3 POLICY	30
4.4 PROCEDURES	30
5.0 BANK MANAGEMENT	35
5.1 PURPOSE	35
5.2 POLICY	36
5.3 PROCEDURES	42
5.4 CASH FLOW FORECASTING	42
5.4.1. Purpose	42
5.4.2. Policy	43
5.4.2. Roles and responsibilities	43
5.4.2. Procedure	43
6.0 TRAVEL IMPREST, SUBSISTENCE ALLOWANCE AND ENTERTAINMENT POLICY	45
6.1 INTRODUCTION	45
6.2 PURPOSE	45
6.2 POLICY	45
6.4 PROCEDURES	47
7.0 PAYROLL MANAGEMENT	50
7.1 PURPOSE	50
7.2 POLICY	50

7.3 PROCEDURES	51
8.0 NON CURRENT ASSETS	54
8.1 PROPERTY, PLANT & EQUIPMENT (PPE)	54
8.1.1 Purpose	54
8.1.2 Policy.....	54
8.1.3 Procedures.....	55
8.2 INTANGIBLE ASSETS.....	56
8.3 INVESTMENTS.....	57
8.3.1 Purpose	57
8.3.2 Policy.....	57
8.3.3 Procedures.....	58
9.0 INSURANCE	59
9.1 PURPOSE:	59
9.2 POLICY	59
9.3 PROCEDURES	59
10.0 PROCUREMENT PROCEDURES	60
10.1 PURPOSE.....	60
10.3 POLICY	60
10.4 PROCEDURES	62
11.0 TAXATION.....	65
11.1 PURPOSE.....	65
11.2 POLICY	65
11.3 PROCEDURES	65
12.0 FINANCIAL RECORDS AND REPORTS	67
12.1 RECORD KEEPING	67
12.2 MANAGEMENT REPORTS.....	68
12.3 FINANCIAL STATEMENTS	68
12.4 FINANCIAL MANAGEMENT STRUCTURES AND SYSTEMS	68
12.4.1 CHART OF ACCOUNTS	68
12.5.1 DISASTER RECOVERY.....	70
13.0 YEAR END CLOSING PROCEDURES.....	73
13.1 PURPOSE.....	73
13.2 POLICY	73
13.3 PROCEDURE	73
14.0 FRAUD RISK MANAGEMENT.....	76
14.1 PURPOSE.....	76
14.2 SCOPE.....	76
14.3 RISK GOVERNANCE.....	76
14.3 RISK MANAGEMENT PROCESS	76
14.4 INTEGRATION WITH OTHER SYSTEMS AND PROCESSES.....	76
15.0 APPENDICES.....	78

GLOSSARY OF TERMS

- I. *AR* Accounts Receivable
- II. *AP* Accounts Payable
- III. *CFO* Chief Finance Officer
- IV. *BOD* refers to the HAL Board of Directors of the Company, carrying out or empowered to carry out functions relating to the overall direction and management of the Company

- V. *CER* refers to the cheque expenditure request

- VI. *EFT* Electronic Funds Transfer

- VII. *Financial year* refers to the time frame covered by the company's financial statements

- VIII. *GAAP* Generally Accepted Accounting Practice

- IX. *HAL* Home Afrika limited
- X. *HOD* refers to the head of department

- XI. *IFRS* International Financial Reporting Standards

- XII. *Kshs* this is the local currency of the resident Company herein referred to as Kenya shillings

- XIII. *LPO* Local Purchase Order
- XIV. *Official Business of the company* is the authorized necessary business carried out in relation to the company and the related affiliation

- XV. *PAYE* Pay As You Earn

- XVI. *Realized foreign exchange difference* means the foreign exchange difference that arises when the monetary items denominated in foreign currency have been settled at the end of financial period year

- XVII. *Stakeholders* stakeholders refer to third parties who may be interested in the operations the Company

- XVIII. *Unrealized foreign exchange difference* means the foreign exchange difference that arises when the monetary items denominated in foreign currency have not been settled at the end of financial period year

- XIX. *VAT* Value Added Tax

FOREWORD

This Finance Operations & Procurement policy sets out good practices to facilitate implementation of rules and regulations, including accounting policies and procedures in compliance with Generally Accepted Accounting Practice (GAAP) and International Financial Reporting Standards (IFRS). It seeks to meet the requirements and regulations of Home Afrika Limited.

Its primary role is to provide guidance to management, staff and the subsidiaries of all the departments of Home Afrika Limited, Auditors and other stakeholders. It provides minimum level of understanding of the role of financial management in the Company and the importance of various elements, from accounting system designs, the linkage of the financial system to key indicators of the Company's objectives and financial reporting to final audit. It provides a framework within which the financial affairs of the Company are conducted. They translate the Company's broad policies into procedures relating to financial control to provide assurances that the resources are properly applied for the achievement of the Company's vision and strategic objectives.

The HAL BOD, Committees of the BOD and management have the responsibility to ensure that the financial affairs of the Company 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 Company delegates various functions to the HAL BOD Committees, management, and its staffs. It is therefore imperative that all concerned staffs appreciate that they have a responsibility to safeguard the interests of the Company in all financial dealings as mandated in this policy.

The Company's financial stand is always dependent 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 Home Afrika to achieve its desired goals, disciplines to manage resources and realise the Company's vision and mission.

This policy is only a guide as it may not have covered all the systems or prescribed specific solutions for specific problems. While using this policy, consultations with relevant departments, Chief Finance Officer, Committees of the HAL BOD and all related members of staff in various departments with regard to matters that require professional judgment will be vital.

The policy should be read in conjunction with the appropriate sections of the Company's Act, Memorandum and Articles of Association. However, the policy provides crucial direction for the non-accounting officers in that it provides simple rules and regulations.

1.0 INTRODUCTION

1.1 Executive Summary

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

It is the mandate of the Company's BOD 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, budgetary procedures and control, training programs, screening procedures of prospective employees and safe work practices. The Company 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 regulations, policies and procedures set out the main conventions governing financial and accounting practices for Home Afrika. The regulations and procedures are aimed at providing a framework within which a reliable system of internal control will operate. Further, they seek to make certain that the responsibilities of all the departments constituting the Company can be met through the establishment of a system of management control designed to ensure that Home Afrika conducts its business in an efficient and orderly manner. They are designed to ensure proper administration of the Company's finances and provide detailed guidance on day-to-day financial and accounting practices to achieve long-term goals.

The financial policies and procedures, which are approved by the HAL BOD, form part of the overall system of financial accountability and control. Compliance with these policies and procedures is compulsory for all staff of the Company, and any member of staff who fails to comply may be subject to disciplinary action in line with the laid down Rules and Regulations.

The HAL BOD should ensure that the policy is fully implemented by ensuring that all the issues raised in the accompanying Consultant's gap analysis are strictly adhered to. Specifically, the HAL BOD should through the Audit Committee, ensure that:

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

1.2 BACKGROUND

1.2.1 Principal Place of Business

The company offices are situated in Morningside Park, Ngong Road, near Adams Arcade.

1.2.2 Company Structure

Home Afrika Limited boasts of a highly select qualified permanent staff headed by a Group Managing Director, to manage the business on a day-to-day basis. In certain circumstances, the Company shall establish a subsidiary company or a joint venture to undertake developments on behalf of Home Afrika.

The Board of Directors of the company equals 7 members appointed by the Shareholders, and they consist: -

1. The Chairman
2. Managing (executive) Director
3. Five Non-Executive directors

1.4 Core values

The clients and other stakeholders trust us to deliver a fully professional service, observe code of ethics, professional conduct and respect their confidences. Thus, the following core values will be considered:

- i. **Passion:** - Passion for the job is every employee's emotional connection to their duties and their individual commitment to fulfilling their respective clients' needs. Passion for the organization is the employee's and company leadership's collective commitment to fulfilling the company's vision for success. Passion is a tenant of the Company's core values because it encourages the employees to remain committed to their work and to own their respective duties while serving internal and external clients.
- ii. **Respect:** - **Respect** as a company value in this instance refers to the ability to consider other people in work related interactions. The platinum rule regarding respect is if an employee requires it from others, they must also be respectful. The Company currently has a diverse client base and its interactions with them are defined by non-discrimination in all its forms and dignity of all persons. Respect amongst employees and the Company's leadership means consideration of their privacy, physical space and belongings; different viewpoints, philosophies, physical ability, beliefs and personality
- iii. **Innovation:** - Innovation is the development of new values through solutions that meet new requirements, inarticulate needs, or old customer and market needs, in value adding new ways. The Company remains committed to discussing and implementing employees' ideas for more effective policies, processes and methodologies. Employees are encouraged to engage their creative selves and contribute to the improvement of service delivery to internal and external clients.
- iv. **Discipline:** - Discipline as a core value refers to the employees' ability to understand the company's business strategy, ethical standards of conduct and expected employee output and incorporating them whilst carrying out their individual duties and decision-making processes.
- v. **Excellence:** - As a core value, excellence in the Company's context refers to the continuous improvement of the talent or quality that is unusually good and so surpasses ordinary standards. It is also used as a standard of performance. Practice makes perfect and so every employee must be allowed to keep improving his or her performance over time.

- vi. **Spirit of Teamwork:** - Teamwork is the ladder that takes any organization to the heights of success. Teamwork is defined as the cooperative effort of a group of people to achieve a specific goal. This goal cannot be attained individually. A group of people with different talents must work together to accomplish the task. Good teamwork is the essence of any organizational achievement. This brings results that are more fruitful. Thus, the spirit of teamwork is the first attribute that every leader strives to inculcate in his employees. Teamwork supports in developing remarkable moral values among the team members. At the Company, we will inculcate teamwork by encouraging the already present group prayer and team activities effort.

1.6 The Purpose of the Policy

This Finance Operations & Procurement Policy (the Policy) describes the approved procedures adopted by the Company in the performance and management of its financial function. The content herein is as approved by the Board of Directors (BOD) of the Company. The procedures are designed to suit the specific needs of the Company while conforming to GAAP, IFRS's, and Company's Act and other key compliance requirements governing its financial management function. They provide uniformity of operations and the necessary checks and balances within the Company and will be applied in all offices/subsidiaries of Home Afrika.

In addition, this policy will provide comprehensive documentation of the Company's accounting and reporting procedures.

This will enable it to also be used as follows:

- a) As a training resource for staff either new or re-deployed to the Company,
- b) As reference material by existing staff in the performance of financial management tasks,
- c) By the management in ensuring compliance with the Company's financial management policies and procedures. This enables the management to ensure efficiency of operations, including the safeguarding of assets, achievement of goals, and reliability of information reporting.
- d) By Auditors, Consultants, shareholders and other stakeholders who want to understand and/or to evaluate the Company's financial management systems.

1.7 Implementation

Upon approval by the BOD, all policies and procedures stipulated herein shall apply and be enforced by all members of staff of the Company in ensuring that all the income from all other sources are utilized and accounted for in conformity with authorised budget and laid down procedures.

The overall responsibility of implementation of these policies and procedures rests with the HAL Management. To ensure proper authorisation of subsequent amendments, documents affecting amendments will be signed by the Chief Finance Officer to authenticate that the changes are in accordance with the policy decisions of the Board of Directors.

The policy will be revised periodically 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.

1.8 FUNDAMENTAL ACCOUNTING POLICIES

The Company will observe accounting practices acceptable and in conformity with GAAP and IFRS. Where appropriate, adhere to the specific accounting policies and reporting requirements set out in other contractual agreements.

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

The Company will operate into the foreseeable future on a going concern basis and will report its activities and financial transactions over specified periods on the basis of Generally Accepted Accounting Practice (GAAP) and International Financial Reporting Standards (IFRS) framework.

The Company's fundamental accounting policies shall include:

1.8.1 FINANCIAL YEAR

The Financial year of the Company shall start on 1st January and end on 31st December of the year.

1.8.2 CURRENCY OF THE FINANCIAL RECORDS

All financial records will be maintained in Kenya Shillings and prepared in accordance with the measurement bases prescribed by IFRS. The accounts and all the subsidiary ledgers shall be maintained in the same currency and all narrative will be in English.

1.8.3 BASIS OF PREPARATION

The accounting records and financial statements thereof shall be prepared in accordance with and comply with International Financial Reporting Standards (IFRS's) under the historical cost convention as modified by the revaluation of certain property, plant, equipment, and fair value adjustments to investment property and financial instruments.

1.8.4 ACCRUAL BASIS OF ACCOUNTING

Home Afrika Limited shall apply the accrual basis of accounting for its income and expenditure. Income will be recognized in the financial statements when earned and expenditure when incurred. Income and expenditure will be recorded in the financial statements for the period to which they relate.

1.8.5 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of property and provision of services in the ordinary course of business and is stated net of rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

The company evaluates each transaction to determine whether there are any separately identified components. Revenue is recognised as follows:

- i. Revenue from sale of land is recognised when the transaction with the buyer is substantially complete which coincides with the transfer to the buyer of the significant risks and rewards of ownership and the entity retaining neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land. Remaining revenue relating to infrastructure construction is recognised using the percentage of completion method.
- ii. Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.
- iii. Dividend income is recognised when the shareholders right to receive payment has been established
- iv. Rental income is accrued by reference to time on a straight-line basis over the lease term

1.8.6 EXPENDITURE RECOGNITION

Expenses will be recognized when incurred even though payment may not have been made.

1.8.7 CONSISTENCY

Consistent accounting methods will be applied from one fiscal year to the next, any changes will be reported, and their effect on financial results disclosed in accordance with Generally Accepted Accounting Practice (GAAP) and International Financial Reporting Standards (IFRS).

1.8.8 FOREIGN CURRENCY TRANSACTIONS

Transactions, which are expressed or denominated in any other foreign currency, shall be converted into Kenya shillings as follows:

- a) All receipts from sales shall be converted into Kenya shillings at the market exchange rate prevailing at the date of each transaction;
- b) Assets and liabilities held in other currency will be converted into Kenya shillings at the mean exchange rates applicable to the Central bank of Kenya as at the balance sheet date.
- c) Exchange differences arising from the conversion of balances denominated in foreign currency will be dealt with through the income and expenditure statement in the year they occur.

1.8.9 REPORTING IN FOREIGN CURRENCIES

The financial statements of the Company shall be presented in Kenya shillings.

1.8.10 PROPERTY, PLANT AND EQUIPMENT (PPE)

PPE represents assets with a useful life to the Company of 3 years or more and having a minimum value at the point of acquisition of Kshs 10,000 either individually or collectively.

PPE are stated at cost or valuation, excluding the costs of day to day servicing less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repairs and maintenance are charged in the income and expenditure statement during the financial period in which they are incurred.

The purchase and disposal of any fixed asset shall be subject to the Company's procurement policies and procedures. Gains or losses on disposal of PPE are determined by reference to their carrying amounts and are taken into account in determining operating profit. PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

Items of PPE shall be capitalized, recorded and controlled individually by being assigned appropriate identification numbers and being recorded in a detailed Assets Register.

The Receivables Accountant shall carry out periodic physical verification of all the Company's assets. This shall be done at least once a year.

PPE are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The applicable annual depreciation rates are as follows:

i. Land	Nil
ii. Buildings	2.50 % (Straight Line)
iii. Motor vehicles	25.00 %
iv. Tractor	37.50 %
v. Computer equipment	30.00 %
vi. Office Equipment	12.50 %
vii. Furniture & fittings	12.50 %

Depreciation for PPE shall be charged in full in the year of acquisition and none in the year of disposal

1.8.11 INVESTMENT PROPERTY

Investment property is long-term investments in land that are not occupied substantially for own use. Land held with an undetermined future use is also classified as investment property. Investment property is initially recognised at cost and subsequently carried at fair value representing open market value at the reporting date. Changes in fair value are recorded in profit or loss based on the percentage of completion.

Fair value gains and losses on investment property are based on professional valuations performed by and independent valuer of the land assuming project completion has taken place.

To reflect the current value of such land given actual project development status, a discount reflecting the percentage of completion is applied to such fair values. The percentage of completion used is consistent as described under revenue recognition above.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining operating profit/ (loss).

1.8.12 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.8.12.1 Computer Software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 3 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

1.8.13 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

1.8.13.1 Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The company's financial assets fall into the following categories:

- **Available-for-sale:** financial assets that are held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate. Such assets are classified as non-current assets except where the management intends to dispose the assets within 12 months of the reporting date. Subsequent to initial recognition, they are carried at fair value with gains or losses are recognised in other comprehensive income, net of deferred tax.

Interest on available-for-sale securities is calculated using the effective interest method and is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are also recognised in profit or loss as part of other income when the group's right to receive payments is established.

- **Loans and receivables:** financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method. Changes in the carrying amount are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in the statement of comprehensive income under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss/ other comprehensive income in the year in which they occur.

Unquoted investments are classified as 'available-for-sale' financial instruments. Where fair values cannot be reliably measured these investments are carried at cost less provision for impairment.

Cash in hand and balances with financial institutions, trade and other receivables and tax recoverable and are classified as loans and receivables and are carried at amortised cost. Management classify the fair values of financial assets based on the qualitative characteristics of the fair valuation as at the financial year end. The three hierarchy levels used by management are:

- Level 1: where fair values are based on non-adjusted quoted prices in active markets for identical financial assets.

- Level 2: where fair values are based on adjusted quoted prices and observable prices of similar financial assets.
- Level 3: where fair values are not based on observable market data.

1.8.14 TRADE RECEIVABLES

Receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate. Receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the income and expenditure statement in the year of recovery.

1.8.15 BORROWINGS

Interest Bearing loans and overdrafts are initially recorded at cost, being the fair value of consideration received, net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost, and any discount or premium on settlement. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise.

1.8.16 DIVIDENDS PAYABLE

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting. The proportion of dividends declares shall not exceed 90% the surplus after tax.

1.8.17 WORK ADVANCES

Funds advanced to the staff or other persons or body of persons will be recorded as advances in accounting system until accounted for with expenditure reports and documentation.

1.8.18 EMPLOYEE BENEFITS

1.8.18.1 Retirement benefits obligation

The company and all its employees will contribute to the National Social Security Fund (NSSF), which is a statutory contribution scheme. The company's obligation under the scheme is limited to specific contributions legislated from time to time and are currently limited to a maximum of Kshs 200 per month per employee. The company's contributions to the defined contribution schemes are charged to the income and expenditure statement in the year to which they relate.

1.8.18.2 Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

- c) A written request shall be submitted to the debtor for settlement of the amount due. where a response is not received within 30 days, a remainder shall be issued to the debtor to make payments due; failure to which after 90 days the Company shall be mandated to use the services of a debt collection agent or seek legal services for recovery of the amount due.
- d) Where the debtors had made a down payment and fails to make subsequent payments within the stipulated time period as per the contract, ownership of the property shall be withdrawn after 30 days and the down payment refunded less a penalty of 10% on the purchase price
- e) Recovery of the debts shall also be done through set offs where the Company owns money to the debtor

3.2.3.1.2 Engagement of debt collection agents

- a) The Company shall only engage the services of debt collection agents after normal collection activities have being exhausted.
- b) An aged debtors report shall be generated and handed over to the debt collector and an agreed commission shall be paid to the agent upon receipt of amounts recovered.
- c) The collection agents shall have the mandate to distress the debtor, in which case the debtor shall pay the distress costs.

3.2.3.1.3 Engagement of legal services

- a) The Company shall engage legal services where the other means of collection are not successful. Prior to approving request for legal service, the Group Managing Director shall be provided with the following details by the Chief Finance Officer:
 - i. How and when the debt arose
 - ii. Evidence that the debt can be collected legally
 - iii. Collection action taken to date
 - iv. The reason for initiating legal process
 - v. Why set off actions may not be instituted
- b) Prior to issuing a request for engaging legal services the Chief Finance Officer must ensure that the debt can be collected legally, accounts receivable collection has been pursued consistently with the policy, and consider a defined payment schedule or set off where applicable,
- c) All matters considered for legal cases shall be submitted to the Head of legal affairs, who will then engage services of lawyer or advocate.

3.2.3.2 Write -off procedures

- a) The Receivables Accountant shall prepare a schedule of the amounts of debtors which are long overdue for consideration by the Board. The HAL Board shall deliberate and approve all the debts for write offs.

- b) The following debts shall not require BOD's approval for write off:
 - i. bankrupt debtors
 - ii. judgment and
 - iii. other court orders
 - iv. Restriction imposed by a statute.
- c) All write offs submissions shall include the relevant debt information, appropriately categorized including details of collection action already taken and why further collection action is not possible. Such categories shall include:
 - i. Debtors who died intestate
 - ii. Debtors who cannot be located
 - iii. Debtors whose records are lost or damaged and therefore the Corporation has no documentary evidence
 - iv. Where a debtor is declared insolvent or bankrupt
 - v. Where further expenses for collection are not justified in view of amount to be recovered or where the legal counsel has indicated that the amount involved does not warrant the prospective action of collection
- d) Adequate records of the amounts written off shall be maintained by the accountant in charge
- e) The legal counsel shall have the mandate to negotiate on a payment plan that may result on reduction of debt, then the part reduced shall be written off.

3.2.3.3 Procedures for extinguishment/waiver of a debt

- a) The Board may conclude a compromise settlement of a debt to waive some or all the debt. This could be in relation to the total debt including any interest charged.
- b) Any interest charged on debt can be forfeited upon a negotiation with the debtor in accordance with the limits imposed under section 3.2.3.2 of this Policy
- c) A request from the debtor for waiver of debt and sufficient justification shall be submitted to Chief Finance Officer, who shall review the justification and recommend for the waiver as necessary

PART 4

4.0 PETTY CASH

4.1 Introduction

Petty cash represents specified amounts of cash set aside to facilitate disbursements for relatively minor transactions and small expenditure. Petty cash payments are designated to reduce workload in acquiring and paying for small value purchases.

4.2 Purpose

The purpose of the petty cash policy is to ensure that:

- a) All cash transactions are adequately documented and controlled.
- b) All cash received is promptly and accurately accounted for and banked intact.
- c) All payments are properly verified and approved before payment is made and accompanying supporting documentation is properly stamped "PAID" immediately after payment is done.
- d) There is adequate segregation of duties and responsibilities.
- e) All cash transactions are properly captured by the General Ledger system.
- f) Cash position is determined and any surplus or shortage of funds established.

4.3 Policy

a) Responsibilities

A petty cash float shall be determined by the Management Accountant and shall be reviewed periodically for adequacy depending on the emerging needs of the Company.

It shall be the responsibility of the Management Accountant to consider any application by any administrative unit for a petty cash float. If approved, it shall be the responsibility of the Payables Accountant to manage the amount of the float and to ensure that the procedures specified in this policy are implemented appropriately.

The Chief Finance Officer shall establish a petty cash fund for the Company of Kshs 40,000 for miscellaneous payments.

Petty cash shall be maintained by the Management Accountant on imprest system.

b) Restriction on Use & Upper limit

- i. The Management Accountant shall ensure that petty cash is used to cover only those expense reimbursements for which it is not feasible, or for which it is unreasonably inconvenient, to use normal purchasing methods such as purchase

orders, and purchase cards or staff expense reimbursement. Any expense that is predictable, regular and significant should be dealt with through normal accounting procedures.

- ii. Single payments made from this fund shall not exceed Kshs 5,000. But may be made up to KES 10,000 upon approval by the Management Accountant
- iii. The limit of KES 5000 shall not be evaded through splitting of items into smaller amounts.
- iv. The maximum limit will only be increased or decreased after written approval by the Chief Finance Officer or delegated person.

c) Segregation of Duties

The Chief Finance Officer shall designate staff to approve petty cash payments on behalf of the Company. There shall be no staff regardless of position that should approve any disbursements while on probation, except if authorized in writing by the CFO.

The Chief Finance Officer shall ensure that there is segregation of duties regarding each of the following functions; posting of ledger transactions, handling of receivables, handling of cash withdrawals / collections and cash payments.

d) Compliance & Monitoring

- i. Petty cashing shall be integrated to the Accounting department for effective control and accountability.
- ii. Replenishment for the petty cash will be drawn from the bank account to a limit of Kshs 20,000 per replenishment. The replenishment shall be accomplished by processing a Requisition Form (*Appendix No. 2*) supported by required documentation; petty cash register, petty cash expenditure listing, Petty Cash Expenditure Request, Petty cash vouchers and / or expenditure receipts.
- iii. Signatories for cheques relating to petty cash replenishments shall be as set out under the section 5.2 of this Policy.
- iv. Withdrawals of petty cash replenishment amounts shall be done by the approved agents of the Company with regard to bank petty cash withdrawals, as set out under the section 5.2 of this Policy.
- v. Cash balances received from staff imprest or other activity advances should be banked intact and an official receipt is issued to acknowledge receipt.
- vi. Every obligation or proposal for incurring expenditure shall require appropriate prior approval. The recipient of the petty cash is required to provide duly authorized supporting documentation when claiming.
- vii. Sequentially numbered petty cash payment vouchers will be used to record payment made out of petty cash in the petty cash register. The petty cash voucher

must be completed with the signature of the recipient before disbursement is made and stamped paid after payment to avoid duplication of payment.

- viii. An independent check shall be performed in the presence of the Management Accountant at least once in every quarter. On weekly basis, reconciliation of the pre-numbered receipts to cash collections shall be done by the Payables Accountant and supervised by the Management Accountant. Occasionally, surprise checks of petty cash shall be conducted by the Management Accountant who shall report any emerging issues to the Chief Finance Officer.
- ix. Cash in transit must be securely transported. The Chief Finance Officer must ensure that appropriate arrangements are in place to safeguard the person carrying cash and the cash in transit.
- x. All cash in transit and on premises must be insured to mitigate loss. All cash must be locked in a safe.
- xi. Holders of petty cash shall not mix own monies with the petty cash. Any instances of overages or shortages must be reported immediately to the Management Accountant
- xii. Holders of imprest advanced shall be required to account for the prior imprest advanced before a subsequent imprest is issued. A delay in accounting for imprest exceeding one week shall be reported to the Management Accountant who shall deduct the imprest unaccounted for from the holder's wages for that month. The Receivables Accountant shall present to the Accountant an ageing list of imprest debtors by the 20th of each month.
- xiii. Handover of cash by the designated custodian can only be made to the Management Accountant or to personnel appointed by the Chief Finance Officer, and only under justifiable circumstances. All handovers must be adequately documented. No handover shall be made to employees who are employed on casual, part time or attachment basis.

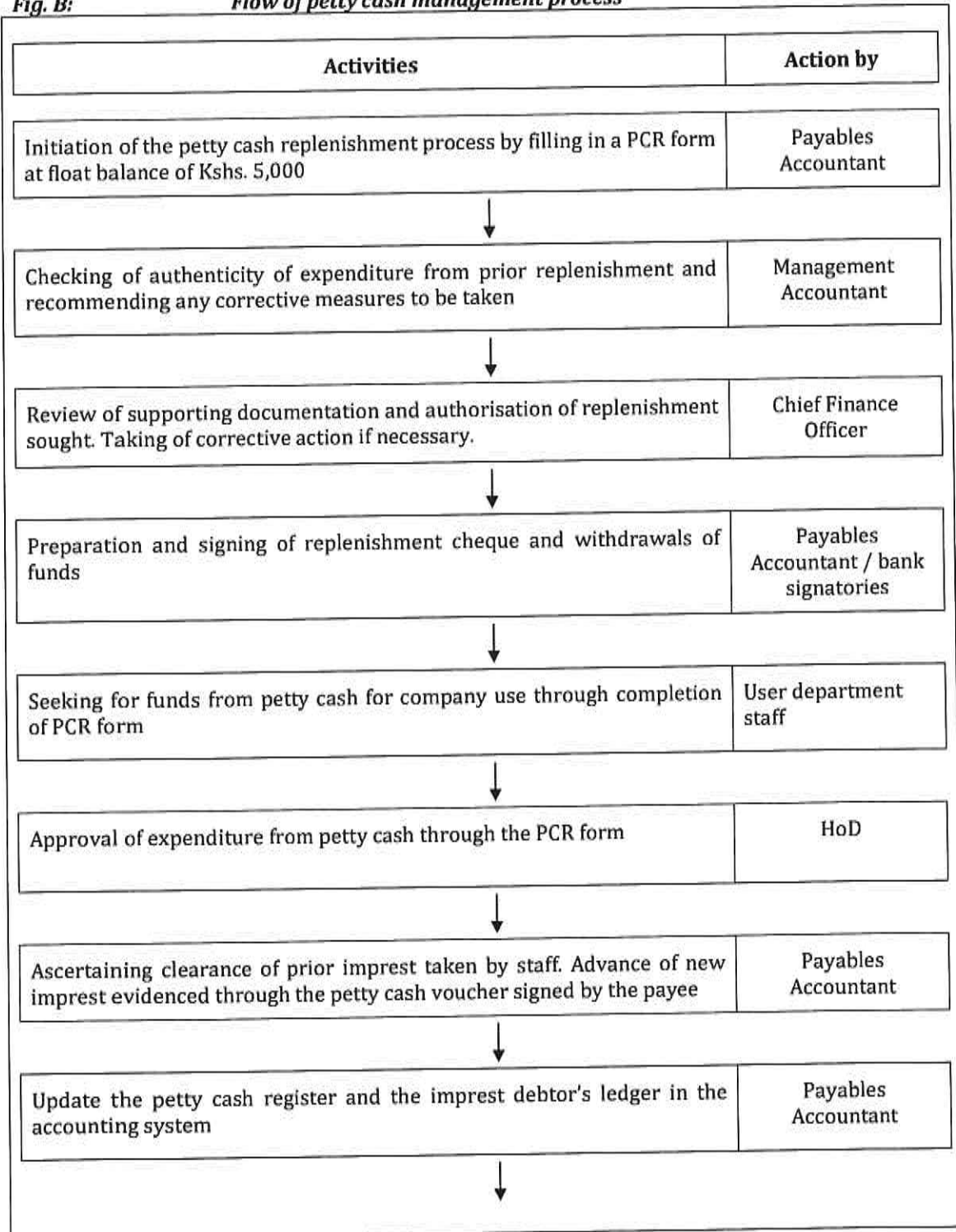
4.4 Procedures

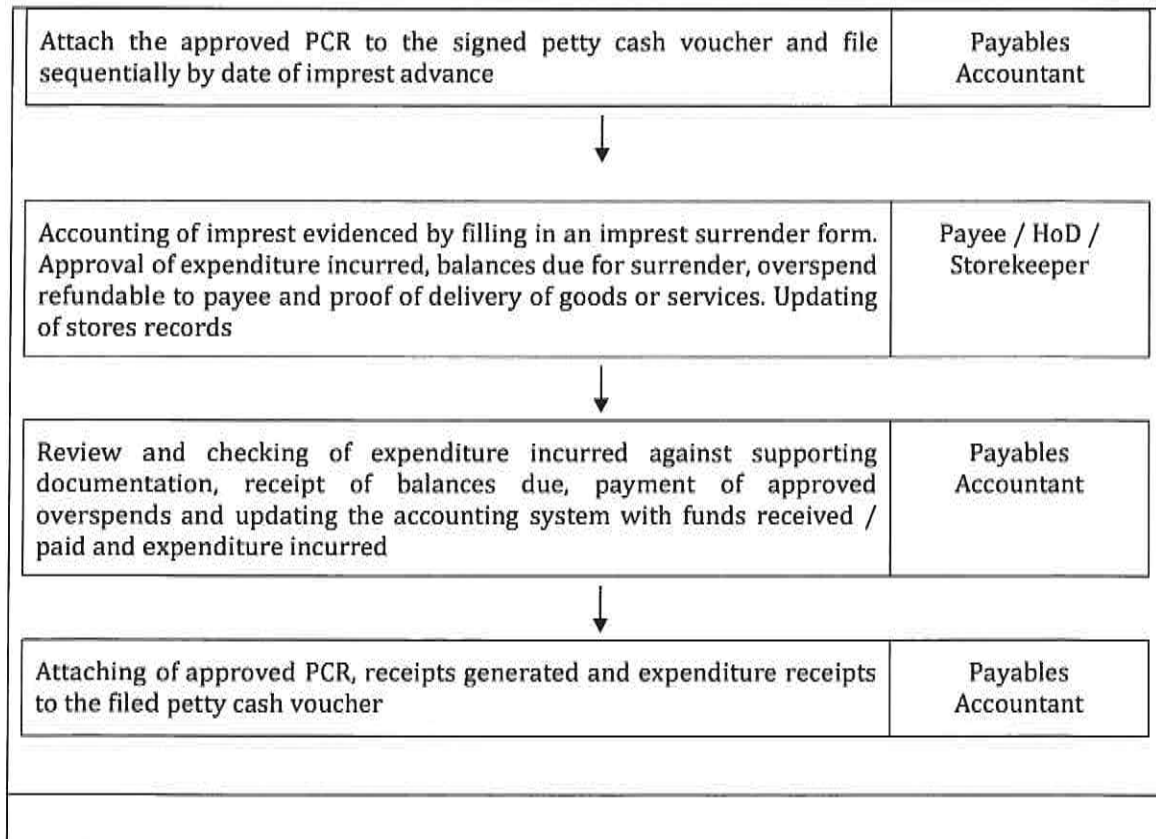
- a) A Petty Cash Requisition shall be used to seek replenishment of petty cash float while a Petty Cash Expenditure Request Form shall be used by the originating user while seeking expenditure from petty cash.
- b) The Payables Accountant shall prepare a Petty Cash Requisition (PCR) (*Appendix No. 1*) Form for replenishment of petty cash float. This shall be prepared when petty cash reduces to Kshs 5,000.
- c) The Payables Accountant shall present the PCR to the Management Accountant for checking. The PCR Form which shall be supported by:
 - i. Petty Cash register extracted from the Accounting system and reconciled to physical cash.

- ii. detailed petty cash expenditure listing for the prior replenishment
 - iii. Petty cash vouchers and / or expenditure receipts.
- d) The Management Accountant will check that:
 - i. The Petty cash register is fully reconciled to physical cash
 - ii. Petty cash expenditure for the prior reimbursement is adequately supported
 - iii. Cash Requisition Form Appendix 2 forms had been appropriately checked and approved prior to payment
 - iv. There are no overdue imprest debtors
 - v. The Management Accountant may choose to conduct a cash count to confirm the physical petty cash balance.
- e) The Management Accountant shall upon satisfaction, recommend replenishment by signing on the PCR and have it forwarded to the Chief Finance Officer together with all supporting documents for approval. The Management Accountant shall recommend corrective action to be taken for any variances noted.
- f) The Chief Finance Officer shall review the supporting documentation and upon satisfaction, authorise the preparation of a cheque seeking replenishment, in addition to taking corrective action on any discrepancies noted.
- g) The Payables Accountant shall prepare the replenishment cheque after receiving authorisation, in the name of any one of the authorised Company agents with regard to bank petty cash withdrawals. The cheque together with the approved Petty Cash Requisition Form will be presented to the signatories.
- h) Petty cash shall be withdrawn by the Company agent and presented to the Payables Accountant for custody.
- i) Staff requiring petty cash for expenditure purposes shall fill in a Petty Cash Requisition (PCR) stating the expenditure sought to be met. The PCR shall be approved by the Head of Department and presented to Management Accountant for petty cash advance. No petty cash shall be advanced without an approved PCR Form.
- j) Upon receipt of the approved PCR form, the Management Accountant shall ensure that the intended payee has cleared all prior imprest taken before generation of a petty cash voucher, a copy of which shall be signed by the payee to serve as evidence of a petty cash advance. At this point the accounting system shall update the petty cash register and the imprest debtor's ledger
- k) The Payables Accountant shall attach the signed petty cash voucher to the PCR and file the documents sequentially by date, in the petty cash file.
- l) The payee shall fill in a Petty Cash Surrender form to account for petty cash advanced and present this to the Head of department together with supporting receipts and the approved PCR.

- m) The HoD shall check the supporting receipts against the petty cash surrender form and the approved PCR. Upon satisfaction, the HoD shall approve the expenditure incurred and any overspends refundable to the payee by acknowledging this on the petty cash surrender form. Goods shall be received at the stores as appropriate and the storekeeper shall update the stores record accordingly.
- n) The payee shall present the approved petty cash surrender form together with supporting receipts, approved PCR and any unused funds to the Payables Accountant. The Payables Accountant shall check the approved surrender form against supporting receipts and receive any resulting balances.
- o) The Payables Accountant shall generate a receipt against the respective imprest debtor's ledger, issue a copy to the payee and stamp the supporting receipts and the petty cash surrender form showing overspends refundable to the payee as "PAID".
- p) The Payables Accountant shall update the General ledger system by updating the expenditure ledgers as appropriate.
- q) A copy of the receipts generated for under spends paid together with the imprest surrender form, the PCR and supporting receipts shall be attached to the petty cash voucher, which advanced the original imprest.

Fig. B: Flow of petty cash management process





PART 5**5.0 BANK MANAGEMENT****5.1 Purpose**

The purpose of this policy is to ensure that:

- a) The Company operates all its banking affairs in accordance with best practice.
- b) Funds received are promptly and accurately accounted for; all payments are properly verified and approved before payment is made.
- c) All vouchers and supporting documents are properly stamped 'PAID' immediately payment is done.
- d) There is adequate segregation of responsibilities.
- e) All cash transactions are properly captured in the accounting system.
- f) Bank reconciliations are done on a timely basis.

5.2 Policy**a) Opening and closing of bank accounts**

The Company will maintain such bank accounts as may be appropriate for the proper management of its affairs. The HAL Board shall have the mandate to approve various bank accounts upon recommendation by the Finance Committee on consideration of the Company's Asset base, Capital, Revenue, Access to Credit facilities and Revenue level.

The HAL Board shall delegate to the Chief Finance Officer the power to open and close bank accounts on behalf of the Company vide written approval

Opening and closing of bank accounts must be reported to BOD.

b) Bank Account Terms & Conditions

- i. The HAL BOD shall, upon recommendation of the Chief Finance Officer designate all banks and banking operations with reputable banks. Funds may be held in designated foreign currency accounts where in the opinion of the HAL BOD the maintenance of such accounts is in the best interest of the Company.
- ii. Home Afrika Limited shall maintain separate funds meant for investment purposes from those for Company operations. The Main bank account (s) shall be maintained for transactions relating to shareholders and investments. The Operational bank account (s) shall be maintained for income related activities and office operations.

c) Bank Account Maintenance

- i. Receipt of cash shall be by either cash deposited into the company bank account or banker's cheques or EFT. No personal cheques shall be allowed'
- ii. All cheques or transfers into the company bank accounts have to be confirmed as credits in the company bank accounts before issuance of receipt
- iii. Clear segregation of duties shall be maintained whenever possible in the management of banking transactions. All queries arising from direct debits and

Officer	Approval Level Kshs
Two Signatories with at least 1 from Class A	Up to 5,000,000
Three Signatories with at least 1 from Class A	5,000,001 to 40,000,000
2 Signatories from Class A	40,000,001 and above

credits to the accounts shall be passed to the Receivables Accountant at once to enable him to make the follow up with the bank.

d) Bank Payment Authorization

The HAL BOD shall appoint at least four alternate signatories for each of the bank accounts as shown below. Under no circumstances shall any blank cheque be pre-signed. A payee who is at the same time a signatory shall not be allowed to sign such cheques.

The account signing mandates are as follows

Class A Signatories

1. Executive Director - Managing Director
2. Non-Executive Director

Class B Signatories

1. Chief Finance Office
2. Another member of the Management executive

e) Roles & Responsibilities

- i. The Chief Finance Officer shall delegate to the Management Accountant/Payables Accountant responsibility of contacting and corresponding with the Company's bankers. Unauthorized members of staff shall not enter into any correspondence with the bank concerning the Company's affairs.
- ii. The company's appointed agent for purposes of petty cash withdrawals from the bank accounts shall be the
 - a. Management Accountant.
 - b. Payable Accountant
- iii. The HAL MANAGEMENT shall set approval limits for various levels of payments as follows:

The above thresholds shall be subject to the authorisation limits as set out in the procurement policies.

5.3 Procedures

- a) The Payables Accountant shall obtain online for weekly bank statements from the banks e-banking portal for reconciliation purpose which shall be accompanied by withdrawal instructions, debit and credit advices, where applicable.

- b) The Receivables Accountant shall prepare bank reconciliations for all bank accounts by 5th day of each Week. These bank reconciliations shall be reviewed by the Management Accountant and approved by the Chief Finance Officer.
- c) Each bank reconciliation statement shall indicate dates, names and designations of preparation, review and approval including signatures. All unreconciled items must be investigated on a timely basis and necessary action taken.
- d) Bank statements and bank reconciliations shall be arranged chronologically in a file.
- e) Private money shall not be paid into the company's bank accounts and no money belonging to the Company shall be paid into a private bank account.
- f) The Company may adopt Electronic Fund Transfers (EFTs) to pay salaries and other approved transactions or to effect inter-account bank transfers. Such transfers shall be documented and signed by approved bank signatories and the normal audit trail and accounting records shall be maintained. Cheque payments shall be made to:
 - i. Suppliers of goods and services
 - ii. Staff carrying out the Company activities in form of imprests
 - iii. Replenish petty cash
- f) All cheque payments shall be made based on duly certified supporting vouchers and other documents, which indicate that the goods, works or services have been received in accordance with the documents establishing the obligation.
- g) The Payables Accountant shall ensure that payment vouchers are prepared upon receipt of approved Cheque Payment Voucher, Goods Received Notes (GRNs), suppliers' invoices and other supporting documents.
- h) All cheques and chequebooks shall be kept and controlled under the direction of the Chief Finance Officer, who shall also be responsible for ordering of cheques. All duly signed supplier cheques shall be sent to the Payables Accountant for dispatch to suppliers and staff cheques shall be sent to the Payables Accountant for eventual collection by respective staff.
- i) Details of all the cheques issued shall be recorded in a cheque register which shall be updated on daily basis. All cancelled cheques shall be stamped "VOID" and recorded in the register with the word 'CANCELLED' in the payee space and attached to the cheque counter foil. The cheque register shall be maintained continuously and availed for independent verification on a regular basis.
- j) All payments above Kshs 2,000 shall be made by crossed cheque while bank transfers shall be made for all payments above Kshs. 1,000,000.



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

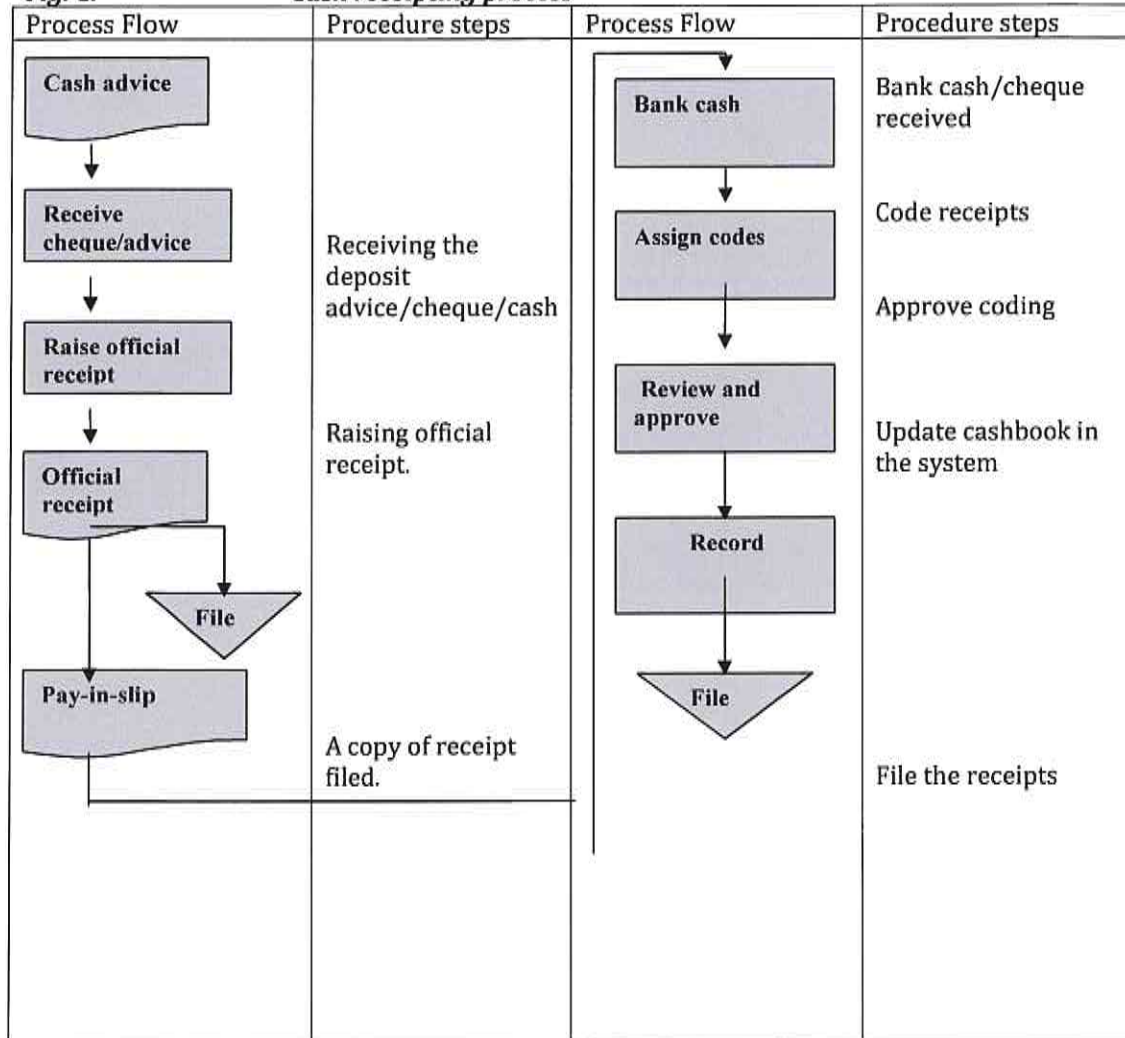
5.3.1 Receipt of cash

Where the Company has received a cheque or a bank deposit advice, the Receivables Accountant will generate an official receipt immediately upon receipt of funds and file the receipt as appropriate.

The Company shall also operate a pay bill number that is linked to a bank account

The company shall also operate a PDQ machine

Fig. C: Cash receipting process



5.3.2 Payment of expenditure

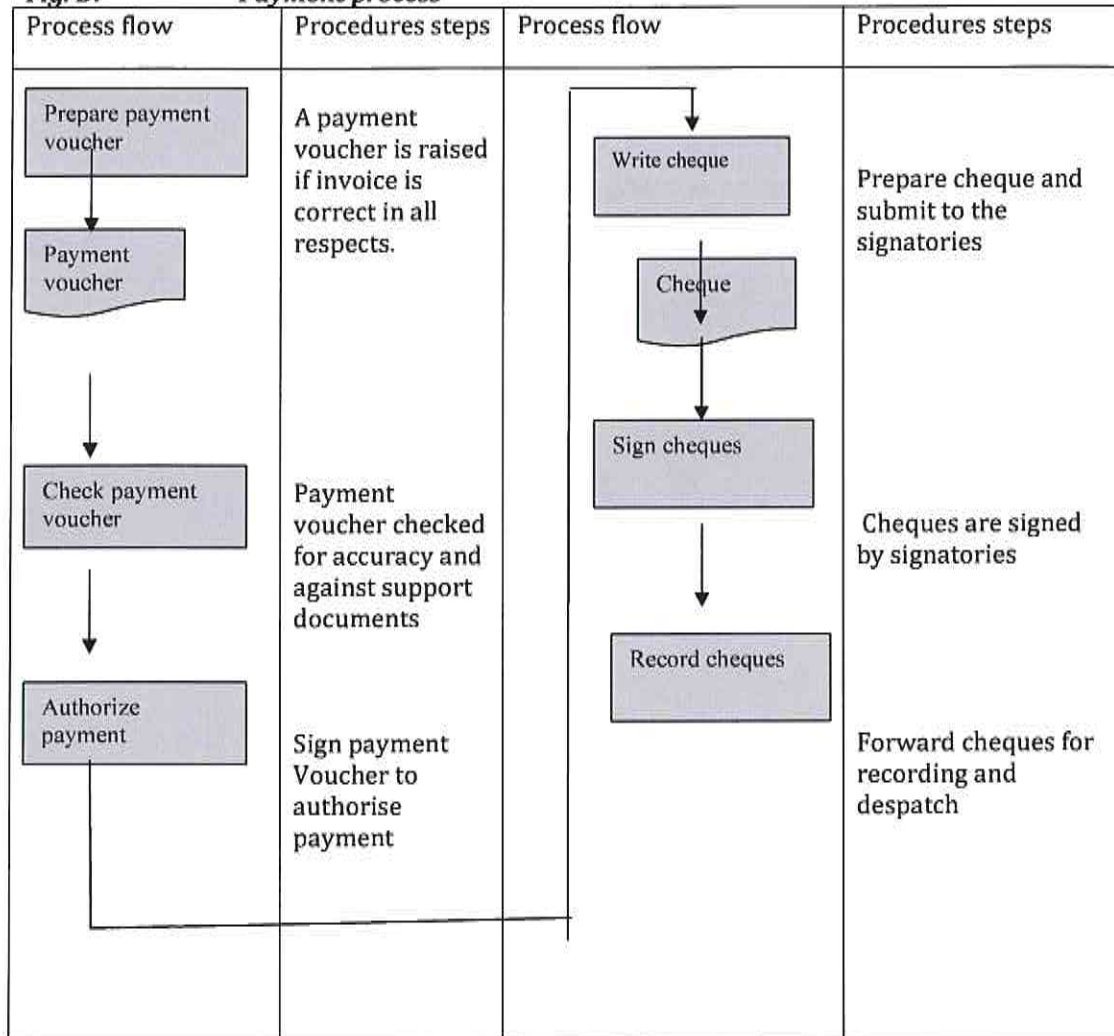
- a) To ensure that all payments are duly authorised before disbursement is made, consistent payment procedures shall be applied to all bank accounts wherever held.
- b) Prompt payment shall be made for all goods received and services rendered in accordance with the procurement policies and procedures.
- c) The user department will inform the HoD of the items or services required by filling in a Cheque Payment Voucher (*Appendix No1*).
- d) Upon receipt, the HoD will review and authorise the intended procurements and forward the authorised Cheque Payment Voucher to the Payables Accountant. The Payables

Accountant will check availability of funds and provisions of the approved budget and advise the Chief Finance Officer by filling-in these details on the Cheque Payment Voucher

- e) The Chief Finance Officer may amend the Cheque Payment Voucher by reducing items or services to be procured or decline to authorise the request in totality. However, the Chief Finance Officer may not increase items or services to be procured above those requested. For an increase in goods or services to be procured, the user department would have to issue a revised Cheque Payment Voucher.
- f) The Chief Finance Officer shall provide final approval of items or service to be procured and amounts to be spent. The Payables Accountant shall source quotations as required by the procurement procedures and may liaise with other departments in sourcing for quotations.
- g) All quotations received shall be presented to the Payables Accountant together with the approved CER Form and shall be subjected to vetting as may be required by the procurement procedures.
- h) The Cheque Payment Voucher together with any documentation required by the procurement procedures to support an authorised winning bidder shall be forwarded to the Chief Finance Officer who will authorise / recommend procurement of goods or services from the winning bidder.
- i) CER Forms shall be pre-numbered and filed, in numerical order, in the payment vouchers' file for each cheque drawn and used in support of all payments made on behalf of the Company.
- j) The HoD shall check and advise the Payables Accountant, or in his absence the Management Accountant, that:
 - i. The goods have been received, examined, meet the required specification (Delivery note to be attached where appropriate)
 - ii. Services rendered have been satisfactorily carried out in accordance with the contract of service.
- k) Payables Accountant shall raise a payment voucher through the accounting system, which shall then be checked by the Management Accountant after verifying that;
 - i. The invoiced prices are accordance with the authorised Cheque Payment Voucher
 - ii. The invoice must be certified by the user department that the work has been done.
 - iii. The invoice has not been previously paid.
 - iv. The expenditure is authorised in a Work Plan or budget.
 - v. The calculations on the invoice have been verified and the amount to be paid is correct.
 - vi. Payment is timely to meet supplier/contractor terms of trade.

- l) The Payables Accountant will draft the bank transfer instructions or prepare the cheque for signing in line with the recommendations of the Chief Finance Officer and in line with other requirements of this procedures policy. Requests for bank transfers or approval of cheques shall be supported by the Cheque Payment Voucher (Appendix 1) and other supporting documentation. These will be forwarded to the Payables Accountant who will check that :
- i. The goods and / or services have been properly received in accordance with relevant official order.
 - ii. They are properly supported by valid documents such as CER Form, Delivery Note, Invoice, copies of contract, etc.
 - iii. Cheques are properly written; correctly dated and amount in figures agrees with amount in words.
 - iv. As far as possible, cheques are not issued with any corrections or alterations and that spoiled or cancelled cheques are retained and attached to the respective counterfoils.
- m) The cheques or bank transfer instructions shall then be sent to the signatories. The authorised bank signatories shall ensure that the cheques presented for signature agree with the attached supporting vouchers. The authorised signatory should be satisfied; by reference to the supporting documents, that the following checks have been performed;
- i. Payment is a proper liability of the company
 - ii. Invoice has not been previously passed for payment
 - iii. Goods or services being charged for have been properly and fully received on behalf of the company
- n) The Payables Accountant shall record the cheques in chronological order in the cheque register showing the date the cheque was written, cheque number, payee, amount and initials of the signatories who have signed each cheque.
- o) The Payables Accountant shall notify the supplier about the cheque and the payee will come with a Receipt and proper identification document. The collector of the cheque will sign in a dispatch book upon collection of the cheque.
- p) The support documents are then filed as appropriate.

Fig. D: Payment process



5.4 Cash Flow Forecasting

5.4.1. Purpose

This policy and procedure is to implement and maintain an effective internal control framework over cash flow forecasting and cash flow management to ensure cash deficits and surpluses can be effectively managed

5.4.2. Policy

a) Use of Cash flow Forecasting

Cash flow forecasting must be performed to ensure sufficient cash is available to:

- operate the HAL business;
- ensure sufficient cash is maintained to meet commitments when they fall due;

- maximise investment opportunities, and
- minimise borrowing costs.

b) Frequency of Cash Flow Forecasting

Frequency	Cash flow forecast information
Annual	Cash flow budget estimates for the full financial year cash requirements and the broad 5-years cash flow trends for longer Term investment planning and opportunities.
Mid-year	Based on the mid-year financial review, an analysis of year-to-date actual cash flows and revised annual projections of cash balances (for period to 30 June), with a view to identifying potential surplus cash. Where appropriate, disbursement profiles to be adjusted.
Monthly	Detailed monthly estimates of cash flows for the current year.
Weekly	A weekly review of cash income and expenses to identify cash required to meet forthcoming obligations and surplus cash for investment purpose.

c) Comparing actual cash incurred against forecast

Cash forecasts must be regularly compared (at least monthly) against the actual cash flows, updated as required and reported to the Chief Finance Officer.

5.4.2. Roles and responsibilities

The Chief Finance Officer is responsible for

- Endorsing annual and monthly cash flow forecasts prepared.
- Presenting the annual and monthly cash flow forecasts to the Finance Committee for approval.

The Management Accountant is responsible for

- Preparing annual and monthly cash flow forecasts.
- Reviewing and monitoring weekly cash flow forecast to ensure sufficient funds are available to meet operational commitments and maximise investment returns.
- Providing explanations on any significant monthly cash flows variances to the Chief Finance Officer.

5.4.2. Procedure

a) Annual and monthly cash flow forecasts

- At the start of the financial year, the Management Accountant prepares: an annual cash flow forecast, and a rolling monthly cash flow forecast for the current year.
- The Chief Finance Officer endorses the annual and monthly cash flow forecasts and presents them to the Finance Committee for approval.
- The Management Accountant is responsible for monitoring cash flow performance of HAL and advises the CFO of any significant variances.

b) Mid-Year Cash Forecast

- The Management Accountant will update, on a six-monthly basis, the annual cash flow forecast based on the current assumptions and present it to the Chief Finance Officer for approval. This will ensure that at any point in time, Home Afrika Limited will have sufficient financial resources available to meet the next six months expenditure as it falls due.
- The Chief Finance Officer will present the updated mid-year cash forecast to the Finance Committee for approval.

c) Weekly Cash forecast

- Every Specified day of the week as per HAL, the Management Accountant prepares a Weekly Cash Requirement Forecast for the coming week using information provided by the accounts receivable, accounts payable and payroll systems.
- The Management Accountant reviews and monitors the Weekly Cash Requirement Forecast to ensure the timing of the HAL's payments are managed, sufficient funds are available to meet operational commitments, and to maximise investment opportunities.
- The Management Accountant reports to the Chief Finance Officer of any cash flow variances that exceed 10%, to be determined by Home Afrika Limited for monthly forecasts provided at the beginning of the week.

d) Variance Analysis & Reporting

- The Management accountant reviews monthly comparison between the cash forecasts and actual cash flows, and advises the Chief Finance Officer of any significant changes in the expected cash flows to those budgeted, on a monthly basis.
- The Chief Finance Officer advises the Responsible Body of any significant changes in cash flows to those budgeted.
- The Chief Finance Officer is responsible to provide HAL Management with explanations on identified annual and mid-year cash flow variances, when requested.

PART 6

6.0 TRAVEL IMPREST, SUBSISTENCE ALLOWANCE AND ENTERTAINMENT POLICY

6.1 Introduction

- a) Travel, subsistence and entertainment account for a significant non pay, involves the processing 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 Company and to ensure proper use of funds.
- b) While making payments for staff expense claim, the following factors shall be taken into account in assessing value for money:
 - i. Cost,
 - ii. Commercial risk,
 - iii. Comfort and
 - iv. Convenience as well as the indirect costs of making arrangements and organizing payments.

6.2 Purpose

The purpose of this policy is to:

- a) To obtain maximum value for money from the Company's expenditure on travel, subsistence and entertainment;
- b) To ensure that the Company'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 Company business.
- c) To reimburse staff promptly for expenses properly incurred on Company 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 Company 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

6.2 Policy

- a) The policy and instructions contained in this policy are applicable to all the staff of Home Afrika Ltd, failure to which it shall be termed as a breach of the Company's Financial Regulations and therefore, a disciplinary matter.
- b) The Company shall pay for travel and subsistence to cover reasonable living expenses for employees on the company's official duties in accordance with guidelines and entitlements set out in the terms and conditions of service.
- c) The official travel shall be subject to the relevant provisions of the approved work plans, availability of budget, and relevance of travel to the company strategic goals, mission and general requirement that the travel will not adversely affect the overall work of the company.

- d) The Company shall use approved travel service provider.
- e) 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 members of frequent flyer programmes must be registered with the Company in order to benefit from the programme.
- f) It is the responsibility of each employee and Director to ensure that their claim is in accordance with this policy and that the correct procedures have been followed.
- g) All travellers employed by the Company shall automatically be covered on the Company's Business Travel Insurance
- h) Requests for travel shall be made two weeks (10 working days) before the intended travel date.
- i) The ticket for travelling (whether train, airline, shuttles, etc.) shall be arranged by the human resources and administration department.
- j) Upon return from mission or travel, the staff shall fill an imprest retirement/ surrender form as required and any refunds to the company made within 1 working day from return of the mission. The Payables accountant will generate and submit to the accountant 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.
- k) Fuel and other incidental vehicle running costs will be based on the official expenditure receipts and approved vehicle mileage books.
- l) Where use of personal vehicle is duly authorised, mileage shall be claimed based on the approved company rates as set by Management 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 Company shall not be liable for incidents arising from the use of a private vehicle on Company business.
- m) Detailed receipts must be provided for all items of expenditure. Photocopies of receipts, credit/debit card statements or credit /debit card receipts alone are not acceptable. If originals are not received, future expense claims will not be reimbursed until such time as the value of the unsupported claim has been recouped.
- n) Staff travelling may be allowed to use hired vehicle for road journeys where this proves to be the most effective mode of travel.
- o) Staff is prohibited from filling in overlapping travel request. Staff shall be held responsible for any travel requests with overlapping travel dates.
- p) All expenses should be modest, measured, defensible and clearly linked to the business operations of the Company.

- q) Company's funds shall not be used to meet personal expenses, except where the company has agreed to provide under the terms of a member of staff's contract of employment, which shall be purchased through the procurement system.
- r) Refreshments made for office use, meetings and other events involving the members of the Company shall be paid from the Petty cash. Reimbursement shall not be made for the cost of refreshments purchased privately.
- s) The submission of an expense claim containing fraudulent data will constitute gross misconduct.
- t) Non-Reimbursable Expenses
The following items are not reimbursable by the Company:
- Clothing or toiletries unless caused by airline delay or overbooking and such purchases are not covered under an insurance policy;
 - Cost of a side-trip for personal convenience;
 - Fines for traffic offences;
 - Airline club memberships;
 - Clothing – for example, normal work wears such as shoes, shirts or trousers (excluding uniformed employees);
 - Personal credit card fees and interest charges
 - Personal recreation expenses (unless included as part of the incidentals allowance) such as pay-per-view entertainment in hotels; locker rentals at sports clubs; gym or health club subscriptions or entrance fees, etc.; hairdressing or beauty treatments; mini bars in hotel rooms; travel for private purposes such as to or from the gym or health club; shampoo, hair conditioners, toothpaste or other toiletries; subscriptions to charge card reward
 - Any additional cost incurred for booking a smoking room, when a non-smoking room is available.

6.4 Procedures

6.4.1 Procedures for payment of travel request

- a) As and when travel need arises, staff shall fill cash expenditure request form (*Appendix 2.*) 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 and administration 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 Finance Officer for approval.
- b) Such claims shall be paid once in a week and paid direct to bank accounts 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 Petty cash expenditure request form shall be filled in quadruplicate, original copy of the form is retained in accounts for payment, the second copy to the booking officer, third copy is retained by accounts for tracking the retirement and the last copy remain in the book with the staff.

- d) The Petty cash expenditure request form shall clearly indicate the purpose of travelling, date of travelling, name of staff(s) travelling, department, the mode of travelling and the HOD's recommendations.
- e) The approved form shall then be sent to the Payables accountant where advances are process.
- f) The Payables accountant shall check to ensure that there are no errors and irregularities before processing the payments.

6.4.2 Airline/Train tickets procedures

- a) After the petty cash expenditure request form has been approved, it shall be forwarded to the administration department to initiate procurement process.
- b) Tickets shall be received through mail by the administration assistant 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 assistant certify the invoice before its send to the accountant for recording into the system.
- d) The administration assistant or officer appointed by the HR Manager shall maintain a record of all cancelled tickets and the status of refund/credit note. It is the responsibility of the administration assistant to follow up on any outstanding refunds/credit notes with the travel service provider.
- e) The administration assistant or officer appointed by the HR Manager 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.

6.4.3 Activity Advances/ Imprest Procedures

- a) Activity advances are payments advanced to staff to meet expenses on behalf of the Company such as; organizing a workshop, seminar, fieldwork or other function.
- b) The applicant shall present a detailed budget for the activity in a Cash Expenditure 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 Cash Expenditure Request shall be submitted to the Payables 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 section 5.3
- 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 Chief Finance Officer or his appointee.
- e) A moratorium period of one week or five (5) working days after return from mission 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 surrender Form (*Appendix No 4*).
- f) The surrender form shall then be forwarded to the Payables 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.
 - g) The Payables 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.
 - h) Similarly, staff that 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.
 - i) The Payables Accountant shall issue a formal receipt for cash returned which will be banked intact as per the laid down regulations.
 - j) 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.
 - k) There shall be no circumstances under which the company's money shall be used for unauthorized purposes. Where this is done then disciplinary action shall be taken in accordingly.

6.4.4 Directors allowances

- a) The HAL Board of Directors shall be paid sitting allowance or any other amount as the Shareholders may decide from time to time for every member attending the meetings. The composition and the term of the HAL Board of directors shall be determined by the shareholders in an Annual General Meeting through election. This shall depend upon the performance of the members especially. Attendance of meetings is critical in ensuring that the HAL Board achieves the set targets. It is therefore important that HAL Board members ensure that they are present in most all the HAL Board meetings. The Company Secretary will ensure that notices for HAL Board meetings are sent in good time.
- b) The Payables accountant shall obtain a list of the members who have confirmed attendance and prepare a cheque of the amounts to be paid. Members shall be paid immediately after the meeting and sign the petty payment vouchers to acknowledge receipt.
- c) Directors' allowances withdrawn for members, who failed to turn up for the meeting, shall be rebanked immediately.
- d) Payments to the directors shall be subjected to income tax regulations
- e) Allowances payable to directors shall be restricted to attendance of main HAL Board meetings. A member who fails to attend HAL Management meetings as scheduled for three consecutive meetings shall be required to make a written explanation, failure to which an action shall be undertaken in accordance to the laid down rules and regulations.

PART 7**7.0 PAYROLL MANAGEMENT****7.1 Purpose**

The purpose of the Payroll management is to ensure:

- i. There is generation, recording, processing and safeguarding of all financial transactions on a timely manner and accurate production of relevant information to support the effective management of the company
- ii. There is complete and accurate data capture and payroll processing
- iii. Employees are paid in accordance with letters of appointment and terms and conditions of service.
- iv. There is adequate security over all payroll data
- v. Statutory and voluntary deductions are properly accounted for and promptly remitted to the appropriate authorities
- vi. Payroll expense is properly accounted for in the General ledger system.

7.2 Policy

- a. The Company management shall design an organisation structure that shall:
 - i. Reflect the basic approach to organisation, the position and reporting relationships needed to implement policies and strategic plans
 - ii. Facilitate the creation of a strong results – oriented management team
 - iii. Minimise the levels of management, thus enabling open communication and clear lines of responsibility
- b. The Human Resources Department will issue appointment letters and Job descriptions to all newly employed staff and the payroll processing will be in line with the terms and conditions of service of each category of staff.
- c. Salaries and allowances shall be paid in Kenya Shillings and subjected to statutory deductions in accordance to the laid down provisions.
- d. The office normal hours shall be from 8.00 am until 5.00pm, unless otherwise stated which shall be clearly indicated in the employment contract. Employees are expected to report to work as scheduled.
- e. All posts in the company shall be classified by title and salary scale in accordance with the respective duties and responsibilities as approved by the HAL BOD. Such classification shall be based on job analysis and continued evaluation procedures, which may lead to salary changes.
- f. Salaries shall be paid on the thirty (30th) day of each month, unless this falls on a weekend or public holiday in which case the working day immediately following the date shall be the date on which salaries are paid.
- g. No salary shall be paid to a member of staff in respect of periods of unauthorized absence from work unless such absence was caused by reasons beyond his/her control or duly certified medical reasons.

- h. The remuneration of staff may be reviewed by the HAL BOD on recommendation by the Human Resource Manager.
- i. The Payables Accountant shall only effect amendment to the payroll, which have been initiated and prepared by the Head of Human Resource and Administration and authorised by HAL BOD in consultation with the Chief Finance Officer, upon any evaluation procedures as mentioned above.
- j. The Company will comply with labour laws and regulations governing employment and provisions of specific employment contracts.
- k. Any fines or penalties imposed on company due to non-compliance with any regulation resulting from the negligence of a staff shall be recovered from that staff, in accordance to the Human Resources and Procedures Policy
- l. Members of staff shall be entitled to allowances and benefits as approved by the Management.
- m. Full time employees, their spouses and eligible children are entitled to insurance cover in accordance to the provisions cited in Insurance Company's medical policies. Such expenses shall be termed as company expenditure for purposes of financial reporting, in line with the existing provisions in income tax regulations.
- n. The Company shall remit monthly salaries, commissions and allowance via electronic transfers into employees' bank accounts to minimize the risk inherent in carrying large sums of money and to minimizing the risk of loss through payroll fraud. In particular:
 - i. All staff will be required to open and operate bank accounts through which their salaries will be paid.
 - ii. Any advances made to staff shall be dealt as stipulated in part 6 above and as per the Human Resource Policy. It will be the duty of the Human Resource Manager to ensure proper records are maintained of advances and recoveries.

7.3 Procedures

This section provides the procedures payroll preparation.

7.3.1 Payroll preparation

- a) Amendments to the payroll will be initiated and documented by the Human Resource Manager and approved by the HAL MANAGEMENT upon recommendation by the CFO. This approval will contain the following employee details:
 - i. Full name
 - ii. Position
 - iii. Department
 - iv. Bank Name and Branch
 - v. Bank Account Number
 - vi. Personal identification details and those of next of Kin
 - vii. Other registration numbers (e.g. Cooperative, etc.)
 - viii. Salary details
 - ix. Date of birth
 - x. Date of appointment

xi. Details of dependants

- b) Notification of any other changes to the payroll will be communicated through a Payroll change advice signed by the Human Resource Manager and addressed to the Group Managing Director.
- c) On receipt of Payroll change advice, the Chief Finance Officer will review, sign and pass it to the Payroll accountant for processing the payroll.
- d) The Human Resource Manager will ensure strict compliance with existing legislation regarding to administration of statutory deductions. Where applicable, all required returns for statutory deductions, will be completed by the Payroll Accountant and approved by the Chief Finance Officer before submission on a timely basis to the relevant authorities.

Particularly the following statutory deductions shall be administered as follows;

TYPE OF RETURN	DEADLINE DATE
Monthly P.A.Y.E remittances	9 th day of the month
Quarterly P.A.Y.E. returns	9 th day after each quarter
N.S.S.F. Monthly Contributions	15 th day of the month
NHIF Monthly Contributions	9 th day of the month
Annual NHIF stamped cards	31 st July
Monthly withholding Tax Remittances	Last working day falling on or before the 20 th of the subsequent month
Higher Education Loan HAL Management (H.E.L.B)	15 th day of the month
Sacco contributions	10 th day of the month
Life Insurance/ Pension contribution	10 th day of the month

- e) Each staff shall be responsible for providing the Company with all the pertinent information required by law to facilitate any applicable deductions.
- f) After receiving all payrolls' related information from Human Resource department, the Payables Accountant shall prepare the payroll that is submitted to Chief Finance Officer for verification.
- g) Monthly payroll summary including comparison of previous month together with supporting schedules will be reviewed by the Chief Finance Officer.
- h) The Chief Finance Officer will ensure the preparation of the payroll by the 26th day of each month, and an advise on salary transfers will be forwarded to the bank on or before 30th day of the month to ensure salaries are credited to employee bank accounts before the end of the month and statutory deductions thereof are remitted promptly to the respective authorities.
- i) By 26th of each month, pay slips, shall be distributed to staff after the payroll has been processed.



7.3.2 Month - end Procedures

- a) After the payroll has been approved, the period shall be closed and a system back up done.
- b) Pay slips shall then be shared on email to all staff.
- c) Remittance of all statutory deductions shall be processed promptly.
- d) Other relevant regulations shall be administered according to the applicable law.

7.3.3 Other Procedures

On quarterly basis the Payables Accountant shall be required to submit, PAYE returns by the 9th day after each quarter

- a) Provide staff with P9 forms from Kenya Revenue Authority to facilitate their filling of annual income tax returns;
- b) Make benevolent fund deductions as per Human Resources policy.

PART 8**8.0 NON-CURRENT ASSETS****8.1 PROPERTY, PLANT & EQUIPMENT (PPE)****8.1.1 Purpose**

The purpose of the Property, Plant and Equipment policy is:

- a) To ensure that all assets are accurately recorded in an asset register.
- b) To ensure that the assets register is properly maintained and appropriately designed to include all information necessary to adequately record and control the assets.
- c) To safeguard all assets by recording the details and monitoring the location, condition and usage
- d) To facilitate proper accounting for PPE.

8.1.2 Policy

- a) PPE represents assets with a useful life to the Company of 3 years or more and having a minimum value at the point of acquisition of Kshs 10,000 either individually or collectively.
- b) The Company will maintain the following items of Property, Plant and equipment:
 - i. Land and buildings
 - ii. Motor vehicles
 - iii. Computer equipment
 - iv. Telecommunication equipment
 - v. Office equipment
 - vi. Office fixtures and fittings
 - vii. Office furniture
- c) Assets shall be procured in accordance with the procurement policies and procedures
- d) Items of PPE shall be capitalised, recorded and controlled individually by being assigned appropriate identification numbers and being recorded in the Assets register (Appendix 5).
- e) The Chief Finance Officer shall ensure that assets are insured, immediately upon procurement, against damage or loss through fire, theft or other peril.
- f) Periodic physical verification will be carried out at least once a year and steps taken to ensure assets are maintained in a saleable condition and protected against loss of value other than normal wear and tear.
- g) Disposal of any asset or class of assets will be carried out in accordance with the asset disposal procedures.
- h) Property, Plant and equipment are stated at cost less accumulated depreciation. Depreciation on items of PPE shall be calculated on reducing balance method to write off cost of the assets over the estimated useful lives.

The applicable annual depreciation rates shall be as follows:

i.	Land	Nil
ii.	Buildings	2.50%
iii.	Motor vehicle	25.00%
iv.	Tractor	37.50%
v.	Computer equipment	30.00 %
vi.	Office equipment	12.50%
vii.	Furniture and fittings	12.50%

- i) Depreciation shall be charged in full in the year of acquisition and none in the year of disposal.

8.1.3 Procedures

8.1.3.1 Management Control of PPE

- a) An Asset register shall be maintained on a computerised system, and shall include the following details:
- i. A description of the asset
 - ii. Manufacturer's serial number and model number
 - iii. Acquisition date and cost
 - iv. Asset identification number by class of asset
 - v. The expected useful life and depreciation rate
 - vi. Normal location, use, and latest condition of the asset
 - vii. Date of disposal of an asset (if any)
- b) Annual revaluation review will be conducted by the Chief Finance Officer to determine whether a revaluation must be undertaken to maintain value of PPE close to usefulness to the Company.
- c) At least once a year the Chief Finance Officer shall ensure that an inventory of all items of PPE is taken by person(s) independent from the one keeping the assets register
- d) The requisitioning and payment procedures shall follow that laid down in section 5.3.2
- e) The Receivables Accountant will then ensure assets are appropriately coded, recorded in the assets register and distributed to the requisitioning departments.
- 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 Human Resources shall maintain a motor vehicle movement log, (Appendix No.13) for each vehicle, filled in for all official movement, and reviewed monthly by the Chief Finance Officer.
- h) Unauthorised persons shall not be allowed to travel in the Company vehicles.
- i) When a vehicle is involved in an accident, the Receivables Accountant shall;

- i. Inform the insurance company;
 - ii. Complete a Motor Vehicle Accident Report, not later than the day following the day of the accident;
 - iii. Obtain copies of the Police report on the accident;
 - iv. Direct the Human Resources and Administration Manager, whether or not disciplinary action shall be imposed on the driver; and
 - v. Arrange for the assessment of the damage.
- j) The driver of Company vehicle or any other staff shall not accept liability or come into agreement with a third party in case of an accident without the approval of the Chief Finance Officer or person authorized by him.

8.1.3.2 Disposal of Assets

- a) The Company shall establish a Finance Committee in accordance to the laid down regulations, and give the Committee terms of reference and establish disposal procedures to ensure the Company achieves value for money on assets disposed.
- b) The Committee shall carry out an annual survey and prepare the list of assets for disposal for the Board's approval.
- c) The committee shall meet within the prescribed period to report on the items and subject to a technical report; recommend the best method of disposal which shall include
 - i. Transfer to the subsidiary with or without financial adjustment;
 - ii. Sale by public tender;
 - iii. Sale by public auction; or
 - iv. Destruction, dumping or burying;
 - v. Trade-in.
- d) Disposed of assets shall be replaced in line with the procurement and policies policy unless such an asset is no longer required.
- e) A record of all assets identified for disposal will be maintained.
- f) Upon disposal the Asset Register will be updated with the following information;
 - i. Authority for disposal
 - ii. Date of disposal
 - iii. Sales price and
 - iv. Gain /loss on disposal.

8.2 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of the intangible assets are assessed to be finite. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognized

8.3 INVESTMENTS

8.3.1 Purpose

To ensure that the Company's surplus funds, which are not immediately required for disbursements are invested with approved Financial Institutions, in listed companies, safe and secure assets and that such investments are managed both smoothly and prudently.

8.3.2 Policy

- a) The Payables Accountant, upon the advice of the Chief Finance Officer may invest any of the funds of the Company in securities in which the Company may invest, trust funds, or any other securities, which the HAL MANAGEMENT may approve from time to time.
- b) Funds shall be invested in safe and secure assets such as treasury bills, bonds' fixed deposit accounts or call deposit accounts with reputable banks.
- c) Funds may be invested in corporate shares after a thorough assessment and approval of the HAL Board on the recommendation of the Chief Finance Officer.
- d) All documentation relating to securities shall be deposited in the following:
 - i. Duly appointed bankers
 - ii. In safe deposit vaults maintained by a recognized financial institution designated by the BOD; or
 - iii. In the safe vaults of the Company under the direct control of the Chief Finance Officer.
- e) Investments shall be registered in an investment ledger to be kept by the Accountant, which shall show the relevant details for each investment, including the face value of the deposit, proceeds of sale and income derived.
- f) At minimum the Investment Register (*Appendix No.6*) shall contain the following details:
 - i. Depository bank
 - ii. Certificate deposit number
 - iii. Date of deposit
 - iv. Initial capital
 - v. Rate of interest
 - vi. Total of principal and interest
 - vii. Date of maturity
 - viii. Period and date of deposit withdrawals
 - ix. Transfers
 - x. Authority of withdrawals and transfers
 - xi. Balance as at the end of the company's financial year.
- g) Any loss of cash or negotiable instruments shall be immediately brought to the attention of the Chief Finance Officer 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 be deemed consistent with promotion of the Company interests or good image, no amount due to the Company may be waived without the authorization of the HAL MANAGEMENT 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 other operating income account.
- k) Invested funds held by Fund Managers on behalf of the Company shall not be written off without the authorisation of the Board.
- l) Withdrawal of assets deposited in banks and access to assets deposited elsewhere shall be subject to authorisation signed by two members of staff designated by the Chief Finance Officer.

8.3.3 Procedures

- a) Funds, which have been approved by the HAL MANAGEMENT for investment, shall be transferred to the approved investment from time to time under the direction of the Chief Finance Officer.
- b) Confirmation letters of initial deposits, renewal of existing deposits and rollover interest shall always be obtained and filed together with confirmed certificates of deposits in chronological order

PART 9**9.0 INSURANCE****9.1 Purpose:**

The purpose of the insurance policy is:

- a) To ensure adequate insurance in order to mitigate all the risks and as part of overall risk management strategy
- b) To ensure all the Company's movable and immovable property and possible insurable risks are properly insured

9.2 Policy

- a) The Company shall maintain adequate insurance cover for all its movable and immovable property against fire, theft, damage and other perils. Such insurance cover shall include both cash held in premises and on transit.
- b) The Company shall maintain statutory insurance covers to ensure that employees and employers liabilities are adequately covered.
- c) The Company shall insure all its risks with a reputable insurance company.
- d) The Company 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 by the Human resources and administration Manager.

9.3 Procedures

- a) Quotations shall be obtained from pre-qualified insurance companies or registered insurance brokers for the annual insurance requirements of the Company.
- b) The Chief Finance Officer shall seek for three quotations from reputable insurance companies or registered insurance brokers. Selection of the reputable company shall be dependent upon past experience, performance of the insurance company and ability to mitigate the risks of the company promptly. Selection shall be done by the Finance Committee and the company included in the list of suppliers for HAL. This list shall be reviewed on annual basis.
- c) An appointed insurance broker or other professional will advise on the most suitable insurance cover as well as provide professional insurance advice to the Company.
- d) In the last quarter of each insurance year, before any renewals are made, the Treasurer and the appointed insurance firm will review each insurance cover to determine its adequacy and appropriateness for the needs of the Company.
- e) The Chief Finance Officer upon recommendation by the Group Managing Director will advise the insurance firm of any item(s) that should be added to or removed from the list of insured items from time to time.
- f) Damage or loss of insured assets shall be reported immediately to the insurance company or appointed insurance brokers by the Payables accountant 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

10.0 PROCUREMENT PROCEDURES

10.1 Purpose

The purpose of the procurement procedures is to:

- a) Ensure that goods, services and works procured are delivered in the correct quantity, quality and in a timely manner.
- b) Ensure that the company 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 and contractors.
- d) Accord a fair opportunity to prospective suppliers/contractors for provision of goods and services.
- e) Work towards a commitment to continuous improvement of supply of goods and services.
- 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 Company staff, and provide on-going guidance based on best international practices; and
- i) Provide a point of reference against which principles and practices can be evaluated.

10.2 Basic principles

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

- a) Maximum competition
- b) Integrity and transparency 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.

10.3 Policy

- a) The procurement procedures shall be in accordance with the best practice, to ensure that all procurement activities add value to the Company
- b) There shall be a Procurement Committee to deal with procurement and tendering process; which shall consist of the procurement officer, the user HOD, CFO/Managing Director. The committee shall make its own decision, which should be supported by signed relevant procurement documents and set out its own procurement procedures for bidding, evaluation and contract award.

- c) There shall be authority limits applied provided funds are available. These shall be as follows;
- The CFO/MD shall authorize procurement whose value is between Kshs 10,000 to Kshs 5,000,000 through approved procurement procedure. Procurement of less than Kshs 10,000 shall be authorised by Management Accountant and this shall be by direct purchase from responsive suppliers.
- d) The procurement officer shall input supplier into the SAP system to identify the suppliers who may 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 Confidential Business Questionnaire (Appendix no. 7).
- e) All the records on procurement including committee meetings and other decisions shall be well maintained and archived for future reference, by the department in charge of procurement for at least two years after the resulting contract
- f) 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.
- g) 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/request for quotations from prequalified suppliers
- h) All Tenderers shall complete the following documents; Tender Form (Appendix no 8), Confidential Business Questionnaire Form and Performance Security Form (Appendix no. 9) for them to qualify for consideration. The tender documents shall contain enough information to allow fair competition among those who wish to submit tenders
- i) 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 company's requirements.
- j) The minimum bidding period should be thirty 30 days from the date of initial publication to submission of the bids.
- k) The suppliers shall have the necessary qualifications, capability, experience, resources, equipment and facilities to provide what is being procured, to qualify for award of the contract or issue the purchase order.
- l) A direct purchase or single sourcing shall be used and not issue a call for bids where the level of purchase is at low value, there is urgent need for goods or there is only one person who can supply the goods.
- m) A purchasing practice shall be designed to avoid overstocking and ensure holding of stocks in the store will be based on cost effectiveness.

- n) All the company staff handling procurement activities shall observe ethical principles of procurement.
- o) An employee or agent of Home Afrika Limited or member of a BOD or committee who has a conflict of interest with respect to any procurement shall make full disclosure of such conflict of interest, not participate in the procurement proceedings, and not take part in any decision relating to the procurement after contract is awarded.
- p) During and after procurement proceedings, no member of HAL, shall be required to disclose information relating to a procurement whose disclosure would prejudice legitimate commercial interests or inhibit fair competition or information relating to the contents of tender, proposals or quotations

10.4 Procedures

10.4.1 Procurement process

- a) A request shall be raised by the originating staff through a Procurement Requisition Form (Appendix no. 10) indicating the descriptions of the assets/goods or services required.
- b) The form shall then be approved by the HOD and then sent to the Procurement Officer for review and recommendation.
- c) Finally, to the Chief Finance Officer to determine the need for procurement based on the availability of funds an approval.
- d) The Chief Finance Officer after approval will send the procurement requisition form to the procurement officer (Accounts Payable) who will initiate the process of procuring the items depending on the approved purchasing mechanism (Tendering, Direct procurement, Request for quotations/proposals).

10.4.2 Tendering process

HAL shall invite for tendering from public through advertisement in the media, which shall set out the following:

- a) A brief description of the goods, works or services being procured including the time limit for delivery or completion
- b) An explanation of how to obtain the tender documents, including payment of the tender fee
- c) Explanation of the validity period (time of submitting tender documents to time of starting contract)
- d) The tender documents shall contain adequate information to allow for fair competition
- e) HAL shall require that a tender security be provided with tenders
- f) All tenders shall be in writing, signed and sealed in an envelope, bearing the tender number assigned to the procurement proceedings by HAL

- g) All tenders shall be submitted before the deadline for submitting and any tender received after that deadline shall be returned unopened. Before the deadline for submitting the tenders, a person who submitted a tender may change or withdraw it in accordance to the following;
- h) The change shall be in writing
- i) The change be submitted before the deadline
- j) The procurement committee shall consist of, HoDs, the Chief Finance Officer/Management Accountant & Procurement Officer. The committee shall assign identification number to each tender and carry out the process of opening the tenders.
- k) The Procurement committee shall evaluate and compare the responsive tenders using the procedures and criteria set out in the tender documents.
- l) The successful tender shall be the tender that offers optimum value at the lowest evaluated price. An evaluation report containing a summary of the evaluation and comparison of tenders shall be prepared. The winning bidder shall be awarded the contract.
- m) The Chief Finance Officer shall finalize the contract document(s) and distribute the approved copies as follows: one copy to the winning bidder, second copy to the originating department, third copy to the Procurement Officer and the Chairperson of the Procurement Committee retains a copy.
- n) The procurement officer shall raise an LPO, which is approved by Chief Finance Officer, and send to the supplier.
- o) 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 originating HoD; where the goods are verified as per the descriptions in the LPO/contract documents. Fixed assets shall be entered in the fixed assets register and tagged for identification.
- p) GRN is entered into the system by the Payables Accountant against the LPO as soon as goods are received. The Originating HoD shall forward all documentation received from the Supplier to the Chief Finance Officer for approval before they are submitted to the accounts department for payment.

10.4.3 Direct procurement procedures

HAL may use direct procurement in each of the following circumstances;

- a) There is only one person who can supply the goods, services or works being procured
- b) There is no reasonable alternative or substitute for the goods, works or services
- c) The company has already pre-qualified suppliers
- d) There is an urgent need for the goods, works or services being procured
- e) Because of the urgency the other available methods of procurement are impractical
- f) The circumstances that gave rise to the urgency were unforeseeable and were the result of dilatory conduct on the procuring entity
- g) The following shall apply in respect to direct procurement;
 - i. The procuring entity negotiate with the entity to supply goods or services
 - ii. The resulting contract to be prepared in writing and signed by both parties

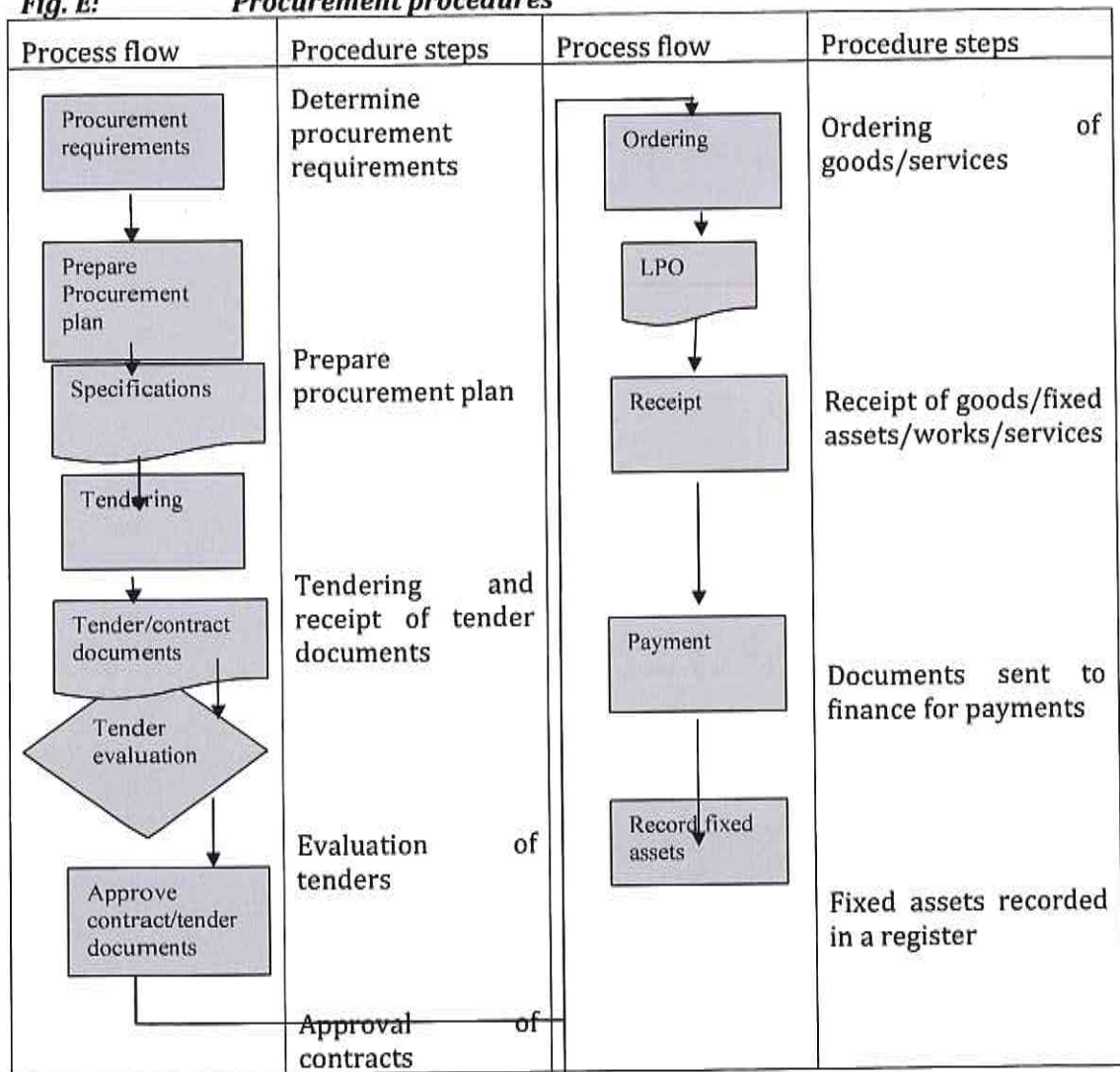
10.4.4 Request for quotations/ Proposals

The Procurement Officer shall request for three quotations/proposals for procurement where;

- a) The goods or services are readily available and there is already established market.
- b) The estimate value of the goods being procured is less than the prescribed thresh hold.
- c) The services to be procured are advisory or otherwise of a predominately-intellectual nature. In such a case, the procurement Officer shall prepare a notice inviting interested persons to submit expressions of interest.

The summary bid analysis form (Appendix 11) is used.

Fig. E: Procurement procedures



PART 11**11.0 TAXATION****11.1 Purpose**

To ensure that HAL tax matters are handled in accordance with the applicable tax legislation.

11.2 Policy

- a) The Company shall adhere to all tax regulations as may be applicable.
- b) The Company's taxable income accrued or derived from Kenya (e.g. gains/profit from business, commission, interest) shall be subjected to the Corporation tax at rates that may be prescribed by the Revenue Authority from time to time.
- c) The Company shall pay VAT on any supply of goods or services made or provided in Kenya where it is a taxable supply by a taxable person in the course of business at the rates prescribed by Revenue Authority from time to time.
- d) The Company shall pay import duty on all imports in the manner and rates that may be prescribed by Revenue Authority from time to time unless Treasury has approved such goods/services as eligible for duty remission.
- e) All taxable employment benefits payable to the employees of the Company shall be subjected to PAYE in line with the provisions of the Income Tax Act and as prescribed in the Employers PAYE Guide. Such benefits may include but are not limited to; Motor vehicle, domestic benefits, housing, employee loans, registered employee share ownership plan, staff meals, Medical benefits, Sitting allowances, telephone benefit etc.
- f) Withholding tax shall be applied to Consultancy fees, directors' fees, interest, dividends and other professional services that may be provided to the Company, in line with the income tax rules.

11.3 Procedures**11.3.1 Corporation Tax**

- a) At the end of each fiscal year, the Accountant shall prepare a tax computation schedule to determine the Corporation tax liability based on the taxable income as per the audited financial statements.
- b) The schedule shall be reviewed by the Chief Finance Officer and any tax liability settled within the timelines stipulated by the Income Tax Act (currently; within four months after end of the financial year).
- c) The Treasurer shall then ensure that Income tax returns are subsequently filed in accordance with the Income Tax Act (currently; by the end of the sixth month after the financial year end).
- d) In the year following the financial year, the Company shall pay installment taxes based on provisions of the Income Tax Act (currently; based on 110% of the previous year's tax due,



payable in four equal installments on or before the 20th day of the fourth, sixth, ninth and twelfth months of each financial year).

11.3.2 Withholding tax

- a) Withholding tax shall be charged on dividends, interest, consultancy, contractual fees, director's fees and any other professional fees, paid by the Company to third parties and remitted to the Revenue Authorities within the prescribed deadlines. (currently by 20th of the month following the month of deduction)
- b) The Company shall provide withholding tax certificates to the payees upon deduction of such tax.

11.3.3 PAYE

- a) PAYE shall be deducted from employees' taxable emoluments and remitted to Revenue Authorities within the prescribed deadlines.
- b) At the end of each calendar PAYE annual returns shall be prepared and remitted to Revenue Authorities by the stipulated deadlines (currently by the 9th day of subsequent quarter.
- c) Each employee shall be provided with a tax deduction card with which he/she shall complete his / her income tax return

PART 12**12.0 FINANCIAL RECORDS AND REPORTS****12.1 RECORD KEEPING****12.1.1 Purpose**

The purpose of this policy is to ensure that the Company's financial transactions are adequately recorded and reported in accordance with the generally accepted accounting practices and International Financial Reporting Standards (IFRS).

12.1.2 Policy

- a) The Management Accountant shall ensure that all the financial transactions of the Company are recorded and maintained accurately in accordance with the IFRS.
- b) An accounting system shall be used in processing the accounting transactions. Appropriate hardware and software will be put in place to operate the accounting system to furnish the Chief Finance Officer 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:
 - i. Ability to generate automatic activity-based variance reports
 - ii. Multi-currency reporting
 - iii. Efficient data capture facility
 - iv. Ability to import/export data to other packages
 - v. Adequately supported
- c) Records shall include both hard and soft copies.
- d) All the records shall be maintained in Kenya shillings
- e) The accounting records should be archived in different premises from where the Company is physically located. These records shall be retained for such period as may be determined by the HAL Board in consultation with the auditors. Subject to the policy adopted by the HAL Board regarding the retention and destruction of records, the records shall be retained for a period of not less than 7 years.
- f) The Management Accountant shall maintain correct, accurate and complete documents and records for the recording of all the financial transactions of the Company. These records shall include inter alia: -
 - i. Cash Books;
 - ii. Journal and ledgers;
 - iii. Cheque book and cheque registers;
 - iv. Assets register;
 - v. Payroll records;
 - vi. Chart of accounts;

12.2 MANAGEMENT REPORTS

12.2.1 Monthly Reports:

The Chief Finance Officer shall ensure the preparation of the following financial reports on or before the 15th day of the following month:

- a) Budget Performance report:
 - i. 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
 - ii. Cash flow projection reports showing budgeted overall cash flows for the company vs. actual performance to date of reporting. Report should include notes on potential non receivable funds included in the approved budget and proposed revisions
 - iii. Funds management reports showing actual funds received to date vs. actual payments made, including liabilities payable and timelines on these.
- b) Bank reconciliation statement
- c) Progress reports

12.3 FINANCIAL STATEMENTS

- a) The Chief Finance Officer shall ensure that detailed financial statements as at 31st December for each financial year are prepared.
- b) The financial statements shall include;
 - i. Statement of comprehensive income
 - ii. Statement of Financial Position.
 - iii. Statement of changes in Equity
 - iv. Cash Flow Statement
 - v. Disclosure notes and;
 - vi. Supporting schedules for the balances in the statement of financial position.
- c) The annual accounts shall be completed within ninety days after closure of the financial year and submitted to the external auditors
- d) The draft financial statements shall be discussed between the external auditor, the CFO and the Management Accountant and then signed by two representatives of the HAL Board and the external auditor.

12.4 FINANCIAL MANAGEMENT STRUCTURES AND SYSTEMS

12.4.1 CHART OF ACCOUNTS

12.4.1.1 Purpose

Finance, Operations & Procurement Policy

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 enhance compliance with GAAP, proper account grouping and consistency.

12.4.1.2 Policy

- a) The Company 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 Company.
- b) The chart of accounts shall be determined by the Chief Finance Officer and shall separate assets and liabilities according to the degree of convertibility; from the least liquid to the liquid.
- c) The Management Accountant subject to consultation with the Chief Finance Officer shall co-ordinate all revisions in the chart of accounts.
- d) Only authorised officers have access to change the chart of accounts.
- e) The chart of accounts is available for viewing by employees and contractors, and is on the SAP

12.4.1.3 Procedures

a) The Chart of Accounts – Structure & Criteria

- i. An appropriate Chart of Accounts shall be established by the Management Accountant showing all categories of income, expenditure and balance sheet accounts. The Chart of Accounts shall be used to code all accounting documents of prime entry.
- ii. The Management Accountant may review the Chart of Accounts upon recommendation of the Chief Finance Officer from time to time.
- iii. The chart of accounts utilises standardised names and codes, as follows to be determined by Home Afrika Limited:
 - standard cost centre names;
 - standard cost centre codes/numbering;
 - standard account names, and
 - Standard account codes/numbering.
- iv. The Management Accountant or delegated person develops and maintains an explanatory note to each account within the chart of accounts that describes the nature and purpose of the account.

b) Chart of Accounts Maintenance

- i. The chart of accounts is the primary tool used to capture and report all financial data in the general ledger. The Management Accountant or delegated person ensures it is:
 - properly controlled;

- _maintained and updated in a timely manner;
 - _aligned with Home Afrika Limited's objectives;
 - _aligned with Home Afrika Limited 's reporting requirements;
 - _sufficiently detailed and logically structured to allow useful and timely management reporting and financial reporting consistent with legislative and the Responsible Body requirements, and used to provide effective budgeting, reporting and monitoring of the Home Afrika Limited's performance.
- ii. The Management Accountant or delegated person ensures a relationship table between

12.5.1 DISASTER RECOVERY

12.5.1.1 Purpose

This policy and procedure apply to the effective management of the IT systems used to support the Home Afrika Limited financial operations.

12.5.1.2 Policy

a. Disaster recovery planning

The Home Afrika Limited Finance Committee ensures a Disaster Recovery Plan (DRP) for the financial management IT systems used to support its financial operations is developed, implemented, regularly tested and updated

b. Review or Disaster Recovery Planning

Home Afrika Audit & Finance Committee ensures that: -

- ✓ the direction, strategy and use of the financial management IT systems is:
 - _ consistent with and appropriate for sound financial management;
 - _ strongly supported and widely available;
 - _ secured against unauthorised access;
 - _ appropriate, relevant and up to date;
 - _ adequately resourced and technologically supported, and
 - _ supported by data integrity and authenticity;
- ✓ a review of the financial management IT systems is conducted annually;
- ✓ an annual test and assessment of the Disaster Recovery Plan and Business Continuity Plan (BCP) is conducted;
- ✓ daily data back-ups are conducted and data stored off-site;
- ✓ systems are regularly maintained;
- ✓ a register of licences for financial management software is maintained and reviewed on an annual basis (at least);
- ✓ a security assessment is conducted annually, and
- ✓ Business improvement and change request processes are in place.

12.5.1.3 Roles & Responsibilities

- a) Audit & Finance Committee approves the Disaster Recovery Plan for the IT systems used to support the Home Afrika Limited's financial operations.
- b) The Chief Finance Officer's responsibilities include:
- ✓ Communicating the Disaster Recovery Plan to employees.

- ✓ Ensuring development, maintenance, regular review and testing of the DRP (at least annually).
- ✓ Annually reviewing the IT systems used to support financial management.
- ✓ Identifying any system-based business improvements.
- ✓ Maintaining and supporting system administration and development.
- ✓ Managing system security.

12.5.1.4 Procedures

a) IT management review

The Chief Finance Officer or delegated person must: conduct an annual review (at least) of the financial management IT systems; test the formally documented DRP and Business Continuity Plan, and report the results of the review to the Audit & Finance Committee

The annual review includes:

- skills assessment of all IT staff dedicated to supporting the financial management
- IT systems;
- A report indicating whether obtaining external support is necessary; whether the current level of reliance on information technology is still considered to be appropriate;
- whether there are appropriate security and access controls over the financial management IT systems being employed;
- whether the impact of any planned changes to financial applications and IT infrastructure has been adequately assessed and understood, and
- Whether the use of spreadsheets, policy files and core financial processes could be more efficiently delivered using suitable software or other automated system.

b) Data Back Up

The Chief Finance Officer ensures:

- daily back-ups are made of the data held in the financial management IT systems;
- the backups are:
 - accessed by the authorised person; checked to ensure data quality, on an on-going basis;
 - stored in off-site fire-proof safe, secure location and periodically checked to ensure that the backups are being performed adequately, and
 - Stored for the period required as per Home Afrika Records Policy, and backup storage media is periodically replaced.

c) System Security

The Chief Finance Officer is required to conduct a formal assessment of the security on the financial management IT systems and report on the findings of the assessment to the Finance Committee, annually

The assessment ensures that:

- security controls such as firewalls, security logs and encryption must be applied to any system connected externally to the internet;

- physical access to servers and other sensitive physical IT assets is restricted to authorised users;
- security policies are adequate;
- there is appropriate segregation of duties and access to the systems commensurate with the employees' roles and responsibilities, and
- Password controls are relevant and relate to appropriate user access permissions on both applications and operating systems.
- Error logs must be identified, reviewed and followed up regularly to monitor access
- To and transactions through the financial management IT systems.

d) System changes and development

All changes made to the financial management IT systems must occur in a controlled manner to ensure the integrity of the data.

When a new financial management IT system needs to be developed or purchased and implemented a formal business case must be written and endorsed by the Finance Committee, and regular reporting of the project status must be made to the Chief Finance Officer or delegated person.

PART 13

13.0 YEAR END CLOSING PROCEDURES

13.1 Purpose

The purpose of the year-end procedures is to ensure:

- a) A systematic approach is followed in effecting end of period and closing procedures for accuracy and completeness.
- b) Proper end-period cut-off transactions are affected and adjustments are made for all completed transactions to incorporate them in the financial statements.
- c) There is proper approval of end of year adjustments
- d) Appropriate documentary evidence is created to support all period end adjustments to enable verification of such amounts.
- e) To ensure there is proper recognition and accountability of the Company's results of operations, financial position and any changes in the financial position.

13.2 Policy

- a) The books of the Company shall be closed annually and/or any other period as the management may provide from time to time.
- b) The books shall be closed and balanced at end of every financial period
- c) The books shall be tentatively closed at the end of each month and or quarterly for the purpose of internal analysis and for management reporting requirements.
- d) The Payables accountant shall carry out cash counts at the close of business on the last month of the financial year and prepare a certificate of the cash balance as at that date
- e) The Payables accountant shall be responsible for reviewing data and reconciling the General Ledger on a monthly basis.
- f) Any discrepancies shall be discussed with Management Accountant to allow for corrective action before end of the following period.

13.3 Procedure

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

13.3.1 Journal entries

- a) A journal entry is intended for correction of posting errors, for audit and year-end adjustments and for those transactions that do not go through the cashbooks such as accruals and month-end provisions.
- b) The journal shall give full explanation of the nature of the transaction and is only input after approval by the Chief Finance Officer.
- c) Upon approval, the Management Accountant shall post the journal entries immediately and the appropriate supporting documents shall be filed to show the necessary workings.

13.3.2 Year-end procedures

- a) The Management accountant shall ensure that the supporting schedules for all the balance sheet accounts are prepared and that the balances agree to the trial balance.

- b) The Management accountant shall attend and supervise counting of cash at the end of the period
- c) The Management accountant will then set-up the new financial year by creating new data files for the year and transferring the closing balances for the year ended to be the opening balances for the current financial year.
- d) A hard copy from the system report and a backup copy in an appropriate storage media shall be kept for future reference.

13.3.3 Accounts Receivable

- a) Post all invoices, assessments debits and credits for the financial period.
- b) Accrual any income earned for which invoices have not yet being raised.
- c) Post all receipts from Accounts receivables.
- d) Reconcile subsidiary ledger to the General ledger, generate the A/R ageing report
- e) Review bad and doubtful debts balances and credits and take the appropriate steps.
- f) Follow procedures for write-off and/or collection steps.

13.3.4 Accounts Payable

- a) Post all suppliers invoices for the accounting period.
- b) Accrual all expenditures incurred but invoices not yet received
- c) Post all pending payment vouchers
- d) Reconcile the subsidiary ledger and suppliers' statement to the general ledger account balance for AP
- e) A review should be made of any other orders or contingent liabilities and report these liabilities in accordance with the international financial accounting standards.
- f) A review of the purchase 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 Company.
- g) After the outstanding official orders have been verified and values determined; entries should be made to the General Ledger to ensure that the contingent liability is recognized.

13.3.5 Payroll

- a) On quarterly basis, PAYE returns are prepared by the Accountant and forwarded to Revenue authority, before 9th day of the succeeding quarter.
- b) Copies of P.A.Y.E returns shall be maintained by the Accountant who shall distribute tax deduction cards to all staff for purposes of income tax returns due by 30 June every year.
- c) Process final payroll for the fiscal year.
- d) Post accrued and other adjusting payroll entries as required.
- e) Prepare reconciliation between the subsidiary ledger and the payroll summary for the whole year including narration of any discrepancies.
- f) Update the payroll with staff leave days taken and make a provision for leave days outstanding.
- g) Process year-end Payroll Report.

13.3.4 Fixed Asset Accounts

- a) The Receivables accountant prepares reports on all additions, dispositions and movement of fixed assets.

- b) The fixed assets register is updated accordingly and reconciled to the fixed assets subsidiary ledger
- c) Reviews the capital work in progress for any completed work, to determine whether to capitalize
- d) Contact physical verification exercise
- e) Review of the insurance cover for adequacy.

13.3.5 Cash and cash equivalents

- a) A cash count shall be carried out at the end of the year and cash certificate and statement reconciliation attached thereto.
- b) All imprest debtors outstanding shall be recovered by the end of the financial year
- c) Bank reconciliation;
 - i. Update reconciled transactions using bank reconciliation and policy update from bank statement.
 - ii. Enter miscellaneous charges/receipts from the bank statement into the cashbook ledger.
 - iii. Reconcile posted balance to bank balance with un-reconciled item list (outstanding cheques and deposits in transit).
- d) The Management Accountant obtains a bank confirmation

13.3.6 General Ledger

- a) Post all journal entries for the accounting period.
- b) Generate the trial balance
- c) Then set-up the new financial year by creating new data files for the year

PART 14

14.0 FRAUD RISK MANAGEMENT

14.1 Purpose

The purpose of the risk management policy is to provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability

14.2 Scope

This policy applies to all Home Afrika’s activities. It forms part of HAL governance framework and is applies to all employees, contractors and volunteers.

14.3 Risk Governance

HAL risk governance structure is as below

HAL Management	Provides policy, oversight and review of risk management
Audit and Risk Committee	<ul style="list-style-type: none"> • Reviews adequacy and effectiveness of business risk Management • Overseas regular review of risk management activities • Continuously improving risk management policy, strategy and supporting framework
Group MD	Drives culture of risk management and signs off on annual risk attestation
Outsourced Internal Auditor	<ul style="list-style-type: none"> • Tests compliance at all relevant levels • Quality assurance on risk management process • Special investigations as requested Test Compliance
Managers	Ensure staff in their business units comply with the risk management policy and foster a culture where risks can be identified and escalated
Staff and Contractors	<ul style="list-style-type: none"> • Comply with risk management policies and procedures • Exercise reasonable care to prevent loss, to maximize opportunity and to ensure that the operations, reputation and assets are not adversely affected

14.3 Risk Management Process

When undertaking a risk management process the following steps must be taken: establish the context, identify the risk, analyse the risk, evaluate the risk, treat the risk and monitor and review the risk. Refer to the risk management procedure for details on how to perform each step in the process.

14.4 Integration with other systems and processes

Risk management is factored into business planning, performance management, audit and assurance, business continuity management and project management



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

APPROVED by the Board of Directors on the [..... Day of, 2019.

Chairman of the Board.....  Date 7/1/2020.....
Seconded By:  Date 5/1/2020.....



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

PART 15

15.0 APPENDICES

1. Cheque Payment Voucher
2. Cash Requisition
3. Delivery Note
4. Imprest Surrender
5. Asset Register
6. Investments Register
7. Confidential Business Questionnaire
8. Tender Form
9. Performance Security Form
10. Procurement Requisition Form
11. Summary Bid form Analysis
12. Local Purchase order
13. Motor Vehicle Movement Log
14. Organogram



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

APPENDIX 1 CHEQUE PAYMENT VOUCHER

HOME AFRIKA LIMITED P.O BOX 6254 - 00100 NAIROBI TEL: 020 277 2000 / 254 716802070 CHEQUE PAYMENT VOUCHER	
Expensed Account: _____ Expensed Bank A/C: _____ Cheque No: _____	
Pay To: _____ _____ _____ (Name In Full To Appear On Cheque Or Bank Order)	Amount in Kshs. _____ Amount In Words: _____ _____ _____
Purpose Of Payment: Invoice NO: _____ LPO NO: _____ Invoice NO: _____ LPO NO: _____ Invoice NO: _____ LPO NO: _____ Invoice NO: _____ LPO NO: _____ Invoice NO: _____ LPO NO: _____	Prepared by: _____ Date: <u> /08/2018 </u> Signed: _____ Checked by: _____ Date: <u> /08/2018 </u> Signed: _____ Verified by: _____ Date: <u> /08/2018 </u> Signed: _____ Authorised by: _____ Date: <u> /08/2018 </u> Signed: _____
Particulars 	
Received by: Name: _____ Company: _____ Signature: _____ Date: _____	

APPENDIX 2



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

CASH REQUISITION

Date :

HOME AFRIKA LIMITED

P.O BOX 6254 - 00100 NAIROBI
 TEL: 020 277 2000 / 254 721 16802070
 717 153

Date

Reason for requisition

Item #	Particulars	Shas.	Cts
	Amount in Words		
		Total	

Requested By
 Checked By
 Authorized By

Signature
 Signature
 Signature

Date
 Date
 Date

APPENDIX 3



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

P.O Box 6254 00100
 Tel: (+254 20)
 2437628/9
 Nairobi,
finance@homeafrika.com

GOODS RECEIVED NOTE

SUPPLIER **No**.....

ORDER NO..... **DELIVERY NOTE NO:** **DATE**.....

CODE	Item Description	Quantity	Unit Price Kshs	Amount Kshs
TOTAL				

Comments:

Received by:

Signature: Signature:

ORIGINAL COPY: ACCOUNTS
DUPLICATE: GENERAL FILE

TRIPLICATE: BOOK COPY



APPENDIX 04

Home Afrika Limited
 P.O Box 6254 00100
 Tel: (+254 20) 2437628/9
 Nairobi,
finance@homeafrika.com

IMPREST SURRENDER FORM

Name.....designation.....
 Department.....

Purpose of mission

Are no. Of nights authorised exceeded yes/no

If yes state reasons

Extra nights authorised by:
 signature.....

	Place	Dates Date from	Date to	No. Of nights	Per diem rate	Amount in Kshs
A	Total per diem claimable(if air travel-attach used air ticket and flight stubs) Add: out of pocket expenses(receipts attached)					
		Amount Kshs			Total Kshs	
I	Transport costs					
ii	Airport tax					
iii	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)					
ii	To organization(D-C)					

I certify that the information is correct and costs incurred are exclusively for the organization
 Signature of claimant..... Date
 Checked by Date.....

Approved by..... Date.....



APPENDIX 05

Home Afrika Limited
 P.O Box 6254 00100
 Tel: (+254 20) 2437628/9
 Nairobi,
finance@homeafrika.com

ASSET REGISTER

(A) INDIVIDUAL ASSETS RECORD

DESCRIPTION.....

MANUFACTURE'S SERIAL NO..... FOR M/VEHICLE REG. NO.

DATE OF PURCHASE.....SUPPLIER.....

SUPPLIER'S INVOICE/RECEIPT NO COST(VALUE).....

FLEET TRAVEL IDENTIFICATION NO (CODE).....SERIAL NO.....

METHOD OF DEPRECIATION.....DEPRECIATION RATE

ASSET MOVEMENT RECORD

LOCATION

DATE	FROM	TO	AUTHORIZED BY	PERSON IN CHARGE

DEPRECIATION RECORD

YEAR	DEPRECIATION KSHS	ACCUMULATED DEPRECIATION USD

DATE	COST KSHS	DISPOSAL ACC. DEP KSHS	DISPOSAL PROCEEDS KSHS	GAIN / LOSS USD

ASSETS REGISTER



(B) ASSETS RECORD PER CATEGORY

CODE NO.....DESCRIPTION.....
 POSITION AS AT

SERIAL NO	COST			DEPRECIATION					NET BOOK VALUE KSHS
	BAL B/ F KSHS	PURCHASE/ ADDITION KSHS	DISPOSAL KSHS	TOTAL KSHS	BAL B/F KSHS	DEP CHARGE KSHS	ACC. DEP DISPOSAL KSHS	ACC. DEP KSHS	
TOTAL									



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

APPENDIX 06

Home Afrika Limited
P.O Box 6254 00100
Tel: (+254 20) 2437628/9
Nairobi,
finance@homeafrika.com

INVESTEMENT REGISTER

DEPOSITORY BANK	CERTIFICATE DEPOSIT NO.	DEPOSIT DATE	INITIAL CAPITAL	INTEREST RATE	TOTAL PRINCIPAL & INTEREST	MATURITY DATE	PERIOD & DATE OF DEPOSIT WITHDRAWAL	TRANSFERS	AUTHORITY FOR TRANSFERS	BALANCE

APPENDIX 7

CONFIDENTIAL BUSINESS QUESTIONNAIRE

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

You are advised that it is serious offence to give false information on this Form.

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 times; KES.....

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

Part 2 (a) - Sole Proprietors:

Give details of partners as follows:

Name	Nationality	Citizenship Details	Shares
1
2.
3.
4.
5.

Part 2 (c) - Registered Company

Private or public

State the nominal and issued capital of the company:-

Nominal Kshs.....



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

Issued Kshs.....

Give details of all directors as follows:-

Name	Nationality	Citizenship Details	Shares
1.
2.
3.
4.
5.

Date..... Signature of the tender.....



APPENDIX 8

Home Afrika Limited
P.O Box 6254 00100
Tel: (+254 20) 2437628/9
Nairobi,
finance@homeafrika.com

TENDER FORM

Submitted By:Date:

To: HOME AFRIKA LIMITED
P.O Box 6254 00100,

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.

II COMPANY NAME:

NAME OF OFFICIAL:

SIGNATURE:

ADDRESS:

DATE:

II WITNESSED BY:

NAME:

SIGNATURE:

DATE:

TENDER FOR:

TENDER NO:

Tenders are hereby invited from reputable firms or persons to provide

Tender documents may be obtained from the office 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:



HOME AFRIKA LIMITED
P.O Box 6254 00100, Tel: (+254 20) 2437628/9
Nairobi, Kenya

To reach him 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 Licence 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.

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. HOME AFRIKA 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 reasons for such rejection.
4. Any dispute or difference in respect of interpretation effect or application of this tender shall be decided



solely by HOME AFRIKA 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:

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

	NAME	NATIONALITY	QUALIFICATIONS	EXPERIENCE
1.
2.
3.
4.

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

	NAME	CONTRACT SIZE	TYPE OF SERVICES (Kshs)
1.
2.
3.
4.

VIII. COST

Total quoted sum of bid inclusive of all taxes and disbursements in United States Dollars



.....

TIME FRAME

The earliest start date for delivery estimated duration

OTHER RELEVANT INFORMATION

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



APPENDIX 9

Home Afrika Limited
P.O Box 6254 00100
Tel: (+254 20) 2437628/9
Nairobi,
finance@homeafrika.com

PERFORMANCE SECURITY FORM

To:

[Name of procuring entity]

WHEREAS [Name of tenderer]

(hereinafter called "the tenderer") has undertaken, in pursuance of Contract No. _____

[reference number of the contract] dated _____ 20 _____ 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 the _____ day of _____ 20 _____.

Signature and seal of Guarantors

[Name of bank]

[Address]

[Date]

APPENDIX 10

Home Afrika Limited
 P.O Box 6254 00100
 Tel: (+254 20) 2437628/9
 Nairobi,
finance@homeafrika.com

PROCUREMENT REQUISITION FORM

1. Staff requisitioning the goods/services			
2. Department			
3. Details of Goods/Services required			
4. Head of Department Signature		Recommended/ not recommended Date	
5. Budget Department: a) Fund available Yes If yes KSHS..... b) Activity code (project) Signature Date			
6. Procurement officer Recommended Supplier			
S/N	Supplier	P/Invoice	Amount
1			
2			
Reason for recommendation: Signature Date If cost is Kshs 30,000 and above attach 3 comparative quotations, if it exceeds 30,000, attach signed minutes of procurement committees			
7. Chief Finance Officer		Date	
Signature		Date.....	
11. LPO Issued		Date	

APPENDIX 11
Summary Bid Form Analysis

HOME AFRIKA LIMITED							
P.O BOX 6254 - 00100 NAIROBI							
Summary Bid Form Analysis							
Contractor Name							
Product/Service Description	Qty	Price/unit	Total Cost	Price/unit	Total Cost	Price/unit	
							Total Cost
Totals			0.00		0.00		
							0.00
Selected Supplier :							
Justification :							
Prepared By :	Checked By:		Approved By:				
Sign :	Sign :	Sign :					
Date :	Date :		Date :				



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com



APPENDIX 12

HOME AFRIKA LTD P.O. Box 6254-00100 Nairobi, Kenya Telephone : +254 (020) 2772000 PIN NO : P051227233X Email: info@homeafrika.com
Supplier Details:

LOCAL PURCHASE ORDER

PO Date	:	
PO NO	:	10
Payment Terms	:	Days
Due Date	:	
Ship/Deliver To :		
HOME AFRIKA LTD P.O. Box 6254-00100 Nairobi, Kenya Tel: +254 020 27720		



Home Afrika Limited | 5th Floor, Morningside Office Park | Ngong Road, P.O. Box 6254 – 00100, Nairobi. Tel: +254 (0) 20 272000
info@homeafrika.com | www.homeafrika.com

THIS IS NOT A TAX INVOICE

Please supply the following goods and/or services as mentioned below

Description	Quantity	Rate	VAT	() Row Total KES
			0.00	0.00

Tax Details

Tax %	Base Amount	Tax	Gross
0.00	0.00	0.00	0.00

NET Amount : KES 0.00
VAT Total : KES 0.00
Total : KES 0.00

--

Prepared by: Purchasing Officer _____

Authorised by: _____

Finance _____

Quote above PO Number on all delivery Notes and/or Invoices
 This Order is issued without any erasures and is invalid without an authorised signature and company stamp

--

OFFICIAL COMPANY STAMP



APPENDIX 13

Home Afrika Limited
 P.O Box 6254 00100
 Tel: (+254 20) 2437628/9
 Nairobi,
finance@homeafrika.com

VEHICLE MOVEMENT LOG

REG. NO.....

Date	Destination	Time		Mileage		Total KM Covered	Driver sign on completion	Authorized		Remarks
		In	Out	Start	End			Start	End	

APPENDIX 14

ORGANOGRAM

Home Afrika Limited
 P.O Box 6254 00100
 Tel: (+254 20) 2437628/9
 Nairobi,
finance@homeafrika.com

