



# FINANCE MANAGEMENT POLICY

**Healing. Dignity. Empowerment**

**Mission Statement:** Maryben Foundation exists to heal communities, restore dignity, and empower individuals through mental health, inclusion, and leadership

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Document Control

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## Introduction

The entity of an organization is separate from that of the individuals who are authorized to operate finance and accounts. The top management shall be responsible for ensuring that, all the transactions and activities of the organization are carried out within the framework of its aims and objectives, as well as based on the decisions and policies adopted by the Executive or General body.

As a registered non-profit organization, we must adopt rigorous financial controls and procedures throughout the organization. This will enable us to fulfill the expectations of the stakeholders and ensure financial viability for the future of the organization. This policy has been designed to be flexible enough to allow the organization to grow.

The finance and accounting system of our organization should integrate both, activities as well as expenditures to be able to effectively analyze, understand, comply and present inter-relationships between the various activities undertaken and expenditures incurred for which it is meant.

Maryben Foundation (**MBF**) believes that timely, free- flowing information in accessible language, form, and format is essential for ensuring accountability to its stakeholders, learning, trust, and excellent performance.

### Maryben Foundation's financial management:

It involves the following four building blocks:

- Keeping records
- Internal control
- Budgeting
- Financial reporting

## Keeping Records:

The foundation of all accounting is keeping records that describe the organization's income and expenditure. This includes the funding and letters for money we receive, the receipts, and debits for our expenses.

These records prove that every transaction has taken place. They are the cornerstones of being accountable. We must ensure that all these records are carefully filed and kept safe.

We must also ensure that the details of each transaction are written in a 'payment voucher' - which is a description of how much we spent, on what and when.

## Internal Control:

MARYBEN FOUNDATION'S has proper controls in place so that money cannot be misused. However, some controls that are often used include:

- Keeping cash in a safe place (ideally in a bank account).
- All expenditure is properly authorized; by the Board of Trustees.
- Following the planned budget.
- Financial monitoring (how much money has been spent on what every month).
- Employed qualified finance staff.
- Conducting both internal and external annual financial audits.

## Budgeting:

For good financial management, MARYBEN FOUNDATION'S prepares accurate budgets to know how much money is required to carry out our work. A budget is only useful if it is worked out by carefully forecasting how much is expected to be spent on each activity/project.

## Financial Reporting:

The fourth building block used by MARYBEN FOUNDATION'S is writing and reviewing financial reports. A financial report summarizes our income and expenditure over a certain period.

Financial reports are created by adding together similar transactions and summarizing the information held in the cash accounts/vouchers. This is normally done using a system of budget heads, to allocate transactions to different categories. These categories might often be defined by donors/project budget heads.

## Receiving Funds:

Donors usually make grants to organizations that they have confidence in. All our dealings with donors should aim to build up their confidence in our organization, for instance by:

Describing how to use funds - through clear plans and budgets. Demonstrating proper controls in place, including good management. Providing honest and accurate reports of our work.

## Reporting to donors:

Sending reports late is guaranteed to reduce a donor's confidence in the organization. MARYBEN FOUNDATION'S always identifies the donors' reporting requirements and sets up a reporting timetable as per the donor's format and timing of reports.

## Board of Trustees

The Board of Trustees is responsible for:

- Safeguarding the assets of the organization
- Preventing fraud
- Avoiding mistakes
- Keeping financial records in accordance with the governing document and relevant legislation.
- Preparing Annual Accounts in accordance with the governing document and relevant legislation.

The Board of Trustees' responsibilities are achieved through designating responsibilities to the Executive Director.

To enable the Board of Trustees to carry out these responsibilities, the Finance Policy must be followed at all times by all Board of Trustee members, staff, and volunteers.

This policy in exceptional circumstances may be overridden with the approval of the ED; any such override will be immediately reported by the ED to the Board. A Board decision may also override the policy in exceptional circumstances.

A copy of this policy will be given to all Board of Trustee members on their election/appointment to the Board, and to all relevant staff and volunteers.

## Organizational Information

- a) MARYBEN FOUNDATION'S Financial Year runs from 1st January to the 31st December.
- b) **Name of Bank:** Kenya Commercial Bank
- c) **Name of Auditor:** Smip Consultancy

## Bank Accounts

- a) All bank accounts must be in the name of the organization.
- b) No account may ever be opened in the name of an individual or individuals.
- c) New organizational accounts may only be opened by a decision of the Board of Trustees, which must be minuted.
- d) Project Accounts may be opened by the ED and in turn, reported to the Board of Trustees.
- e) Changes to the bank mandate may only be made by a decision of the Board of Trustees, which must be minuted.
- f) Two people must be involved in counting and accounting cash receipts.
- g) All cheques must be signed by two signatories.
- h) The signatories are responsible for examining the cheque for accuracy and completeness.
- i) All Internet Bank Transfers must be authorized by the ED.
- j) The Finance and Admin. Officer is responsible for ensuring accuracy and completeness before transmission.
- k) The signatories are responsible for examining the payment documentation (purchase invoice etc.) before signing the cheque or authorizing an Internet Transfer.
- l) Blank cheques must never be signed.

### **Signatories to the accounts:**

Role/Job Title: Executive Director

Role/Job Title: Finance Manager

Role/Job Title: Secretary of Trustees

## Annual Budget

- a) An annual budget, setting out the organization's financial plan for the year, will be prepared so that the Board of Trustees can approve it before the start of each financial year.
- b) The draft budget will be prepared by the following personnel:
  - ED
  - Programme Manager
  - Finance and Admin. Officer
  - Input from Project Leads

## Financial Reports

- a) A monthly Management Accounts report and a Cash Flow Report will be prepared for every Board of Trustees meeting.
- b) The report will consist of:
  - Income and Expenditure Accounts
  - Balance Sheet
  - Notes to the accounts and commentary
- c) Reports will be disseminated 10 days in advance of each board meeting to enable Board members to scrutinize in readiness for discussion at the next Board meeting.
- d) All reports will be prepared by the Finance and Admin. Officer and ED.

## Accounting and other Financial Records

The organization has procedures in place to ensure that all legal and statutory responsibilities are upheld.

The organization maintains an accounting system that records:

- Cheques and cash received and banked.
- Cheque payments, Internet Banking Transfers, and other amounts paid from the bank accounts.

Every transaction will be entered into the appropriate system and will include:

- The date of the transaction.
- The name of the person or organization money was received from or paid to and the full amount
- A brief description of why the money was received or paid

## Authorization and Payment

a) A Purchasing Policy is in place to set out guidelines for staff that are engaged in purchasing activity, to ensure compliance with any statutory requirements whilst allowing the organization to meet its objectives. To help ensure that all purchasing is undertaken using the same principles and the most effective use of funds. It also aims to show that quality of service and the ethos of the organization still have their place alongside 'best price' practice in the purchasing of all goods and services.

b) Purchase orders **MUST** accompany all purchases including those made on the credit card. All purchase orders **MUST** be approved before an order is placed by the ED (or Finance Officer in their absence). In exceptional circumstances where it is unlikely that either the ED or Finance Officer will be available the next working day and not making the purchase will have a negative impact upon service delivery then the Programme Manager's approval can be sought).

c) All purchase orders must be recorded and allocated a Purchase Order reference.

d) The Purchase Order reference must be given to the Supplier and quoted on their invoice.

e) Purchases of items may be approved as per below:

- Up to 10 thousand Kenyan shillings or its equivalent – Finance Officer
- Up to 500 Hundred thousand or its equivalent – ED
- Over 500 Hundred thousand or its equivalent – Board of Trustees

f) No Trustees or staff may solely authorize payment to themselves, their partner, or relatives.

## Payments

a) Staff or Trustees may be provided a credit or debit card if a clear need can be demonstrated, after approval by the Board

- b) Provision of a card can be withdrawn by the Board or by the CEO at any time.
- c) If a card user ceases in their role with the charity, their cards will be retrieved, cancelled and destroyed with immediate effect
- d) All statements will be sent directly to MARYBEN FOUNDATION registered offices
- e) All expenses incurred using a card must go through the usual authorization processes
- f) There will be a six monthly review of card use to ensure proper practice.

## Regular Bank Payments

There will be a quarterly review to ensure no redundant regular payments (standing orders or direct debits) are being made. If any redundant payments have been made, then a refund will be requested from the payee.

## Reimbursement of Expenses

- a) A common set of financial controls is applied to all expense payments, without exception, to all those involved with MARYBEN FOUNDATION'S whether staff, trustees or other volunteers.
- b) All expenses will be authorized and reimbursed in line with MARYBEN FOUNDATION'S Expenses Policy.

## Staff Payroll

- a) All employees (including full time and part time employees) are paid through bank transfers.
- b) All staff changes and changes to terms and conditions of employment need to be approved by the ED and will be processed by the HR Officer.
- c) Payroll and all calculations will be made by the Finance and Admin. Officer and authorized by the ED.
- d) MARYBEN FOUNDATION'S might issue loans or salary advances under critical circumstances.

## Collections, Donations and Gift Aid

MARYBEN FOUNDATION'S is aware of and will ensure that all fundraising activities are carried out in line with its legal responsibilities and best practice guidance.

A Collections, Donations and Gift Aid procedure is in place to outline what must happen to ensure that money raised is managed securely and transparently.

## Other Undertakings

All fund raising and grant applications undertaken on behalf of MARYBEN FOUNDATION'S will be done in the name of the organization with prior approval of the ED, Board of Trustees or in urgent situations the approval of the Chair, who will provide full details at the next Board Meeting.

MARYBEN FOUNDATION'S has identified a series of good practice principles which can be used as a standard in developing proper financial management systems. These principles will guide behavior and help in the development of policies and procedures. Using these principles as a checklist to identify relative strengths and weaknesses in the systems.

MARYBEN FOUNDATION'S would look upon each of these Seven Principles of Financial Management as goals to work towards;

1. **Custodianship:** This refers to the safekeeping of the organization's resources. Maryben Foundation's custodians hold the assets and funds in trust and must ensure that they are used following the constitution and any contractual agreements.
2. **Accountability:** Those who have invested not just money but also time, effort, and trust in the organization, are interested to see that the resources of the organization are used effectively and for the purpose for which they were intended.
3. **Transparency:** Systems must be established whereby all financial information is recorded accurately and presented clearly, and can be easily disclosed to those who have a right to request it.
4. **Consistency:** The financial systems of MARYBEN FOUNDATION'S should be consistent over the years so that comparisons can be made, trends analyzed and transparency facilitated. This does not mean that the systems may not be refined.
5. **Integrity:** The integrity – or honesty and reliability – of MARYBEN FOUNDATION'S and the individuals within it, has to be beyond question for proper financial management. There must be no doubts about how funds are being utilized, hence, the records must be a true reflection of reality, and proper procedures are set up and followed by all staff.
6. **Non-Deficit Financing:** MARYBEN FOUNDATION'S should not set out to achieve its objectives until it is confident that it will have sufficient funding to cover all of its activities.
7. **Standard Documentation:** The system of maintaining financial records and documentation should observe internationally accepted accounting standards and principles.

## Confidentiality

The confidentiality of employees' financial circumstances will be respected at all times.

Board members, volunteers, and employees will at all times act in the best interest of the organization and if they experience a conflict of interest they must follow the Conflict of Interest Policy.

## Policy Revisions

This policy will be reviewed every three years and amended as necessary, or earlier in accordance with any forthcoming legislation or changes to the operations or premises of the organization. All employees should pass suggestions or recommendations for the revision of any aspect of the policy through normal channels to the ED.

## Approval

Approved by:

Amb. Maryben Omollo

Executive Director, Maryben Foundation

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Date of Approval: 3/10/2024

## Annex 1: Inclusion Commitment Form

I, \_\_\_\_\_, acknowledge that I have read and understood the Maryben Foundation Finance Management

I commit to uphold equality, accessibility, and respect for all persons in my work and interactions.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Position: \_\_\_\_\_ Department: \_\_\_\_\_