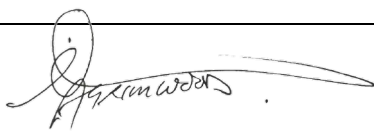




# POLICY DOCUMENT

## Finance: Accounting Routines

### Exco Review

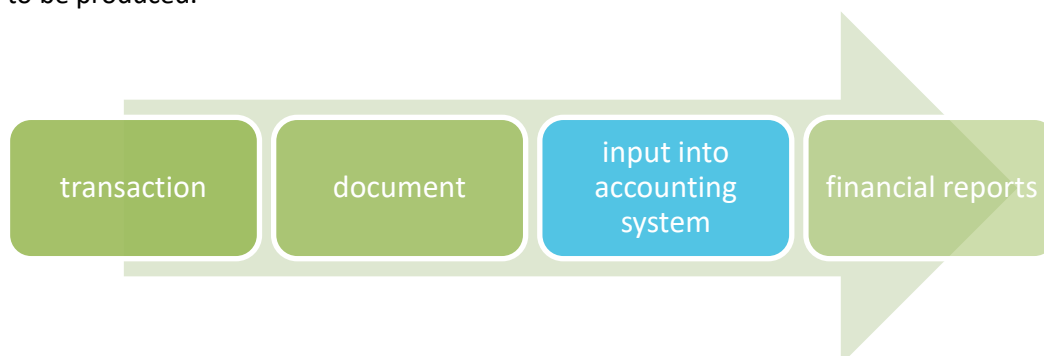
Signature Date	24 September 2025
Name	Ashraf Grimwood
Signature	



## 1 GENERAL

### Policy

Processing into the accounting system can be described in the following simple graphic. Every transaction is supported by authorised and coded documentation so that income and expenditure are processed into the correct accounts (budget lines), enabling accurate and complete financial reports to be produced.



The dimension not considered in the graphic is time and financial reports are only useful when produced within a short period after an accounting period end so that action can be taken where the need is indicated by the financial reports. It is therefore the policy of KI that its financial records are:

- carefully maintained to ensure completeness and accuracy using a reputable accounting package; and
- updated on a regular and timely basis (according to prescribed timelines); and
- independently checked on a regular basis.

It is the responsibility of EXCO to oversee the accounting process, delegating elements of that process to suitably equipped and skilled post holders.

The finance manager regularly monitor and review the accounting process to ensure that properly authorised documentation for all transactions is collected, coded, authorised, processed and then systematically filed.

The bookkeeper is responsible for completion of the monthly accounting routines; these are achieved by adherence to the following principles:

1. All transactions are documented on the properly completed and authorised **internal forms**, supported by third party documents, which are coded against the chart of accounts at the time of the transaction.
2. The documentation for each transaction is used to enter that transaction into the accounting system and is then filed in sequence so as to provide a clear “audit trail” from the documents to the accounting records and from the accounting records back to the document.
3. Entries into the accounting system are independently checked by way of:
  - Review of the cash books, ledgers and reports for reasonableness and consistency.
  - Review of income and expenditure variances and of the financial position of the organisation.
  - Obtaining of relevant explanations.
  - Confirmation of the bank reconciliations.
  - Any other relevant checks.
4. Timeliness of entries is ensured by adherence to the timelines set out in these processes.

## 2. ACCOUNTING CODES

### Policy

- The set-up of, and changes to, the chart of accounts and program/project/funder codes are approved by the finance manager to ensure that appropriate financial reports can be extracted from the accounting system to primarily, meet the needs of the management of the organisation, but also to meet the requirements of key funders.
- Each transaction is assigned the relevant accounting code(s) at the time that the organisation is committed to the transaction (i.e. on the purchase and approval form).

### Responsibility

- It is the responsibility of the finance manager, assisted by the bookkeeper, to ensure the documentation for all transactions is collected, coded, authorised and then systematically filed.
- The finance manager is responsible for checking and reviewing the accounting records.
- The finance manager/ management accountants are responsible for checking and reviewing specific funder related accounting records.

## 3. BANK ACCOUNTS AND CASH MANAGEMENT

### Policy

Cash flow is managed to ensure that cash is available to meet ongoing operational requirements, current bank accounts do not go into overdraft, and that interest earned on av

KI takes all necessary steps to ensure that cash held in bank accounts and amounts transferred to sub-recipients is safeguarded through strong and effective internal controls and accurate financial monitoring. These controls are described throughout this manual.

Sufficient cash is held to meet outstanding financial commitments whilst investing the remaining cash in ways that minimise risk, maximise income and retain appropriate degrees of liquidity. This is achieved by:

- a) **Maximising cash inflows** (ensuring funding applications are submitted, and questions answered, timeously; ensuring funder reports are prepared accurately and timeously in the required formats; ensuring all amounts receivable are collected within the term specified by the credit policy of the organisation; and investing funds not immediately required in appropriate bank accounts that pay a competitive rate of interest). Refer Section – Income.
- b) **Monitoring movements on all bank accounts (daily** so that transfers between bank accounts can be made without delay **and on a rolling monthly basis** so that projected cash inflows and outflows can be taken account of when considering movements between accounts). Such monitoring also ensures that **the balances in current banking accounts are sufficient to meet the expected payments or outflows** for the day.
- c) **Controlling cash outflows** (by use of proper approval processes for expenditure commitments; by ensuring that commitments are only made when the funding to meet the relevant expense has been received; by negotiating preferential credit terms with suppliers; by monitoring and controlling the level of stocks of goods/product and by making payments to suppliers and all other creditors only when required to do so by the relevant credit terms).

## 5. DEFINITIONS

### Cash

Cash is “ready money” in the bank or within the organisation - amounts owing to the organisation, such as stocks, property, financial assets (including shares and unit trusts) or other assets, are not ready money, although they could be converted into ready money (cash) at some point in time.

### Work plan budget

This is the detailed budget attached to the agreement signed by KI with every donor or sub-recipient.

### Cash-based reporting

Cash-based reporting requires all transactions to be recorded when cash changes hands, (i.e. when cash is received by the organisation or paid out by the organisation whether by way of cash, credit card, electronic transfer or other means). Cash-based reporting is required by certain funders and, although KI and its sub-recipients are not required to account on the cash basis of accounting, cash-based reporting may be used in reporting to certain funders.

### Cash flow

Cash flow refers to the flow of cash into, and out of, the organisation over a period of time. The cash inflows are the sums of money received from funders, members/supporters, customers, financial institutions and others. The cash outflows are the payments made to employees, suppliers of goods and services, sub-recipients and other third parties.

KI seeks to have a **positive cash flow** (when cash coming “in” to the organisation exceeds the cash going “out” of the organisation) as the surplus of **cash inflows over outflows** is used to generate additional income through investment. Where that additional investment income is not immediately reinvested, it provides additional cash inflows by way of interest income. The organisation recognises that a **negative cash flow** (when cash going “out” is more than the cash coming “in”) reduces its cash resources which could lead to an inability to meet the commitments of the organisation and to continue operating. A negative cash flow can be caused by several factors, not all of which are under the control of those charged with financial management. Those factors include:

- Failure to raise sufficient funding.
- Delays in the transfer of funding.
- Slow collection of amounts due from those who owe money to the organisation.
- Entering into financial commitments that exceed projected cash inflows.
- The inability, when required, to liquidate/sell (and so turn into cash) the funds of the organisation that have been invested in property, shares, endowment funds, stocks of goods or other assets.

### Responsibility

It is responsibility of the finance manager to manage this policy and related procedures and the responsibility of EXCO and the board to use cash flow forecast to inform decisions regarding the management of the organisation.

## 6. INVOICING AND AMOUNTS RECEIVABLE

### Policy

KI provides goods/services on **credit terms of 30 days** and vigorously pursues any outstanding amounts.

KI complies with the VAT Act when issuing invoices.

KI does not issue tax invoices to funders. Funders requesting “invoices” in order for KI to request a tranche, are issued a clearly named “funding invoice”.

KI does not claim any VAT from invoices from Funders.

### **Responsibility**

It is the responsibility of the finance manager, working with relevant colleagues, to ensure that all amounts due to KI for goods/services are invoiced on a timely basis and that those amounts due are received within the credit period and that no VAT is claimed from funders.

## **7. POLICY PETTY CASH**

### **Policy**

Only the national office of KI, has its own petty cash bank account for the purposes of purchasing **office supplies**. Funds can be drawn from this account, using a bank card, to replenish the petty cash float held in the relevant office.

Note that KI's policy is that **catering, meetings, workshops and employee business advances may not be funded** from petty cash.

The petty cash float may be topped up **more than once a month**, depending on the operational requirements.

Each float must reconcile to an **amount as approved by EXCO** at all times.

No **receipts of cash** may be added to a float, except change for petty cash advanced. Note that KI does not allow any representative of the organisation to receive cash – refer "Receipting" in Section 5 – Income.

### **Responsibility**

An administrator(s) at head office is appointed as the **custodian of the bank card and petty cash** and is responsible for accounting for transactions on the bank account and from any cash withdrawn i.e. for the entire float. This includes retention of the required documentation.