

Legal Aid Service Providers Network (LASPNET)

Finance Manual

July 2014



- Abantu for Development Uganda 1.
- Acid Survivors Foundation of Uganda 2.
- Action Against Violence 3.
- Action for Poverty Reduction and Livestock Modernisation in Karamoja 4.
- Advocats Sans Frontieres 5.
- African Centre for the Treatment and Rehabilitation of Torture Victims 6.
- Alliance for Integrated Development 7.
- Association of Human Rights Organisations 8.
- Centre for Public Interest Law 9.
- Defence for Children International 10.
- Facilitation for Peace and Development 11.
- Foundation for Human Rights Initiative 12.
- Human Rights Awareness and Promotion Forum 13.
- Inter Religious Council of Uganda 14.
- Justice and Rights Associates 15.
- Kamuli Community Based Paralegals Association 16.
- Kawempe Division Legal Rights Initiative 17.
- Land and Equity Movement in Uganda 18.
- Law and Governance Advocates-Uganda 19.
- LDC Legal Aid Clinic 20.
- Legal Action for Persons with Disability 21.
- Legal Aid Project of the Uganda Law Society 22.
- Micro Justice Uganda 23.
- MIFUMI 24.
- Muslim centre for justice and Law 25.
- Omaninan Community Development Initiative 26.
- Platform for Labour Action 27.
- Public Defender Association of Uganda 28.
- Refugee Law Project 29.
- Right to Improved Child Health 30.
- Teso Legal Aid Project 31.
- Uganda Association of Women Lawyers 32.
- Uganda Christian Lawyers Fraternity 33.
- Uganda Gender Resource Centre 34.
- Uganda Land Alliance 35.
- Uganda Muslim Supreme Council 36.
- Uganda Network on Law, Ethics, and HIV/AIDS 37.
- Uganda Youth Development Link 38.
- War Child Canada 39.
- World Voices Uganda 40.
- Youth Justice Support Uganda 41.

The Secretariat
Plot 3, Kent Lane, Kamwokya.
Kampala – Uganda.

Monday, July 21, 2014

Offer
Seunganda Taffer
21/07/2014

Our ref: LASP171/14

Dear Sir/Madam,

SPECIAL RESOLUTION

Having reviewed the Financial Management and Systems Manual previously adopted in year 2012 the meeting of the LASPNET Board, held on Friday 04th April 2014, resolved and passed several amendments as follows:

1. That LASPNET reviews its Financial Management and Systems Manual to reflect changes in the organisation’s vision and mission as well as the name of the Steering Committee, its Sub-Committees, and the titles of Secretariat staff.
2. That the approved Financial Management and Systems Manual shall be adopted by LASPNET with immediate effect.

PASSED AND ADOPTED ON: Monday, 21st July 2014.

Signed:

.....
Board Chairperson,
Salima Namusobya

.....
Board Treasurer,
Prossy Imela

.....
Executive Director,
Richard N., Muganzi

OUR VISION:

An effective and professional legal system that is accountable, affordable, sustainable and accessible for all
P.O. Box 8488, Kampala-Uganda Tel: +256(0)312513733 Email: secretariat@laspnet.org Website: www.laspnet.org

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SECTION 1.0 Introduction

1.1 Background of LASPNET

The Legal Aid Service Provider Network (LASPNET) is a not-for-profit and membership-based civil society organisation that was registered in Uganda as a Company Limited by Guarantee on 21st April 2004.

On 16th March 2012 LASPNET was then registered as a Non-governmental Organisation in Uganda dedicated to coordinating and harmonising the different legal aid services of members countrywide.

Mandate

To coordinate and harmonise/standardise legal aid services provided by the different service providers.

Vision

An effective and professional legal system that is accountable, affordable, sustainable and accessible for all.

Mission

To strengthen access to justice for all by utilizing the synergies of legal aid service providers

Customer value proposition

LASPNET will build and strengthen the technical competencies of the members to deliver quality legal aid services to vulnerable people in Uganda

Core Values

Transparency, Accountability, Integrity, Cooperation, Team work, and Quality

Focal Project Areas

Capacity building and institutional development is a continuing process in which all stakeholders participate in creation of an enabling environment with appropriate policy and legal frameworks, human resources development and strengthening of managerial systems. LASPNET focuses on efforts to improve governance, leadership, mission and strategy, administration (including human resources, financial management, and legal matters), programme development and implementation, fundraising and income generation, diversity, monitoring and evaluation, strategic planning, as well as various skills in personal and professional development.

Research and advocacy is collectively carried out as a search for knowledge through a systematic investigation, with an open mind, to establish relevant novel facts and thereby support viewpoints that influence policy, regulations, and standards-setting. LASPNET promotes collaborative legal research among its members for heightening awareness of pertinent issues before key decision-makers. The research findings facilitate an action learning process for enabling a deeper understanding of the issues involved, a reflective reassessment of the identified problems, and an exploration of the ways forward.

Publicity and information management are employed to protect and strengthen the credibility of the Network through a number of ways that enhance image, develop goodwill and influence attitudes. On the other hand, such initiatives are complemented with efforts to capture, manage, preserve, store and deliver the right information to the right people at the right time. It involves the organisation of and control over the structure, processing and delivery of information. LASPNET ensures proper application of policies, processes, technologies and best practices through an elaborate process of information management.

Sector-wide collaboration and dialogue enables the participation of legal aid service providers in the existing cross-institutional development and sector-wide initiatives so as to encourage consistency and generate efficiencies. This is intended to enable information sharing among the sector players as well as increase mutual cooperation, ensure effective collaboration and communication. In this way, the large institutions and smaller institutions can work together to create efficiencies, increase discoverability, and share expertise. LASPNET enables the membership to measure impact, reuse and access information.

The Legal Aid Service Providers Network (LASPNET) sustains these programmes through resource mobilisation towards self-sustainability in collaboration with development and strategic partners.

1.2 Purpose and Scope of the Manual

This Manual provides a comprehensive description of LASPNET's finance and accounting policies as well as procedures that guide the organisation of accounting functions and operating systems. It shall guide all the LASPNET staff, Organs and Members involved in the day-to-day running of the Network.

On the other hand, it is also intended to provide the required checks and balances that are expected to enhance LASPNET's ability to prepare comprehensive, accurate, and reliable financial and operating reports in order to build the confidence of its Members, donors and other stakeholder's in its various undertakings.

It contains finance and accounting procedures adopted and used by LASPNET to guide the following:

- Recording of all financial transactions
- Monitoring and control of expenditure
- Satisfying the reporting requirements of the Secretariat
- Providing timely and accurate financial and management reporting
- Serving as a reference material for staff in the performance of accounting tasks and as a training document for Accounts staff
- Serving as a reference for auditors, consultants, and donors who want to understand as well as evaluate LASPNET's finance and accounting system

Management shall select accounting policies so that the financial statements comply with the requirements of the International Financial Reporting Standards (IFRSs) and the terms of the agreements between LASPNET and its partners/donors/financiers.

The objective and purpose of this Manual is to amend all previous LASPNET Financial Rules and Regulations and to give the Executive Director comprehensive direction and authority to implement policies, methods and approaches which will ensure transparency, integrity, and value for money in all financial transactions of LASPNET. Risk management, reasonable, and due diligence shall be given attention in all financial transactions and dealings of LASPNET.

This Manual rather than seeking to amend the existing financial policies and procedures seeks to overhaul and recommend that the existing financial policies and procedures are repealed and replaced with the provisions of this Manual following hereunder.

1.3 Responsibility for the Manual

The primary and ultimate responsibility for the establishment and maintenance of this Manual rests with the Board which delegates the Committee of Finance and ICT Systems since their responsibilities require them to provide assurance regarding utilisation of the organisation's resources to LASPNET Members, Government of the Republic of Uganda, Development Partners/Donors and other stakeholders.

However, the implementation and operative use of the Manual is a responsibility of all LASPNET Staff since they are required and expected to produce information used in strengthening the Manual and/or take other actions needed to effect control. All the employees of LASPNET are responsible for communicating identified operational problems, deviations from established standards, and violations of policy or laws pertaining to this Manual.

1.4 Applying the Manual

This Manual is to be read and complemented by the following documents:

- LASPNET Constitution (as amended)
- LASPNET Human Resource and Administration Manual
- Laws and Regulations governing operations of NGOs in Uganda
- Memoranda Of Understanding
- Financing agreements and Funding Agreement with Development Partners/Donors
- Board Guidelines and instructions
- The Employment Act and other relevant Laws of the Republic of Uganda.

Subject to the provisions in the instruments above, and other instructions as may be issued and approved by LASPNET, the Financial Policies and Procedures in this Manual are under the general management and supervision of the Executive Director, but it is also the duty of all Members of Staff to ensure that these Policies and Procedures are observed by all Officers and Staff in the execution of their duties.

The employees or officers concerned and mandated with the collection of revenues, disbursement of funds, safe custody of LASPNET resources and other property and/or the generation of reports are required to internalise and observe the Policies and the Procedures laid down in the Manual to ensure compliance.

All queries, misunderstanding and differences on the interpretation of this Manual or matters not covered should be addressed to the Executive Director.

1.5 Modifying the Manual

Any amendments to and approvals of this Manual shall at all times be made with the authority of the Board. The Executive Director shall ensure proper update of this Manual following such amendments.

1.6 Non-Compliance with the Manual

There shall be no exceptions to the rules laid down in this Manual. This Manual shall be used in all situations of executing the financial operations of LASPNET. Any action or omission, commission, resulting into non-compliance with the Manual will be met with strict disciplinary action as stipulated in the LASPNET Constitution as well as the Human Resource and Administration Manual.

Where a staff member foresees or identifies a situation of non-compliance with the Manual he/she should immediately notify his/her line manager or immediate supervisor who is equally expected to inform the Executive Director for appropriate action and advice.

SECTION 2.0 Financial Accounting

2.1 Significant Accounting Policies

Management shall select accounting policies so that the financial statements comply with the requirements of the International Financial Reporting Standards (IFRSs) and the terms of the agreements between LASPNET and its partners/donors/financiers. These policies include the following:

2.1.1 Basis of Accounting

The financial statements shall be prepared on an accrual basis.

2.1.2 Consistency of Presentation

The presentation and classification of items in the financial statements shall be retained from one period to the next unless there has been a significant change in the operations of LASPNET or a change in presentation is required by a change in the reporting requirements.

2.1.3 Disclosure

Full disclosure shall be made of all matters relating to the financial position of the Secretariat as required by the terms of agreements between LASPNET and its donors/financiers. Obligations and commitments shall be reported in full.

2.1.4 The LASPNET Financial Year

The LASPNET financial year shall run from 1st July of each year to 30th June of the consequent year.

2.1.5 Expenditure Recognition

Expenditure comprises expenses incurred directly for the activities under LASPNET. No payments shall be made out of the funds of the entity unless that activity is part of the approved budget estimates. LASPNET shall recognise, pay/reimburse and include in the financial statements costs that are adequately supported, reasonable and included in the approved budget.

2.1.6 Capital Expenditure

All purchases of items that are capital in nature shall be capitalised in accordance with the accrual principle.

2.1.7 Receipts Recognition

- a) **Grants and donations** - Grants shall be recognised as income as they are received in the period necessary to match them with the related costs that they are intended to compensate, on a systematic basis.
- b) **Other Income** - This comprises income from membership and annual subscription fees as well as other donations or services in kind which may include consultancy, research, training and outreach services. All these shall be recognised when received.
- c) **Interest received from Bank Deposits** - This shall be recognised as income when received.

2.1.8 Foreign Currency Translation

All transactions in foreign currency are recorded using the exchange rate ruling at the date of the transaction (spot rate). Foreign currency monetary items are translated at the closing rate. Any gains or losses from settlement or translation are recognised in the income and expenditure account.

2.1.9 Reporting Currency

The books of accounts and financial statements of the LASPNET shall be maintained in Uganda shillings (UGX). However, foreign currency reports may be prepared when required by a specific partnership /donor agreement.

2.2 Roles & Responsibilities of Actors

The roles and responsibilities of different Staff of LASPNET stipulated in this Manual reflect the following main priorities for financial management of LASPNET Resources:

- I. To provide relevant, timely, clear, and reliable information to the management so as to enable prompt and effective decision making.
- II. To provide technical comments and inputs during programme planning and implementation to ensure consistency with funding realities and Development Partners/donor requirements.
- III. To fulfil Development Partners/Donor requirements with respect to reporting formats and deadlines for the financial statements.
- IV. To add value to LASPNET's core business by conducting analysis to assist the Board and Senior Management in guiding the work of LASPNET.
- V. To ensure financial control and disciplined financial management by establishing appropriate financial management systems, controls, procedures, rules and regulations for the organisation.
- VI. To provide for appropriate procurement and stores management procedures

2.2.1 Responsibilities of the Board

a) *The Chairperson*

The chairperson shall:

- Preside at all meetings of the General Assembly and the Board
- Coordinate all the activities of other Board members
- Be charged with the smooth running of the Network generally, but only as a collective voice of the General Assembly and the Management Committee
- Represent and act on behalf of the Network generally, but only as the collective voice of the General Assembly and the Board
- Monitor the implementation of its objectives, policies, decisions and programmes.
- Be a signatory to the report of the Board, made to the General Assembly
- Enforce observation of the Rules and Regulations of LASPNET
- Be a signatory to the Consolidated Bank Account of LASPNET
- Perform such duties as determined by the Constitution.

b) *The Vice Chairperson*

In the absence of the Chairperson, the Vice Chairperson shall preside at all governance meetings of LASPNET and shall have the same powers as the Chairperson while doing so.

c) *The General Secretary*

The General Secretary shall:

- Ensure that a full, complete and up-to-date record of the Network's affairs is kept,
- Take and keep, or cause to be taken and kept, minutes of the meetings of all the Board and the General Assembly;
- Be a signatory to the Consolidated Bank Account of LASPNET
- Perform such duties as determined by the Constitution.

d) *The Treasurer*

The Treasurer shall:

- Keep or cause to be kept, proper and up-to-date books of account which shall adequately reflect the financial standing of the Network;
- Keep or cause to be kept, proper records of the assets of the Network, and control their use and deployment;
- Collect or cause to be collected, membership and subscription fees, and all other monies to which the Network is entitled;
- Open bank accounts on the instructions of the members and ensure that all drawings from the accounts are approved;
- Collect, receive and deposit to the credit of the Network's bank account, all or any such funds as may be authorised by the Board;

- Prepare or cause to be prepared periodic financial reports and a balance sheet for presentation to the Board and the General Assembly;
- Prepare or cause to be prepared, an annual operating budget of the Network and table it before the Board for consideration and approval;
- Ensure that every year audited accounts of the Network are prepared and presented to the General Assembly;
- Involve in budget planning, monitoring, resource mobilisation and utilisation for LASPNET;
- Ensure that financial policies of LASPNET are adhered to in accordance with the policies and procedures (Rules and Regulations) of LASPNET;
- Chair the Finance and ICT Systems Committee of the Board;
- Be a signatory to the Consolidated Bank Accounts of LASPNET;
- Perform such duties as determined by the Constitution.

2.2.2 Responsibilities of the Executive Director

The Executive Director has the overall responsibility for the financial management and operations of the Secretariat as determined by the Board. The Secretariat shall supervise all the activities of LASPNET to ensure rationalisation and harmonisation of common activities of LASPNET members. This role shall as well entail proper and timely accountability of funds to members of the Network, donors, partners, and all relevant bodies and stakeholders.

The Executive Director can delegate his/her responsibilities to the other staff in writing. The scope of key responsibilities includes:

- Be the head of the Network and shall devote his/her full time to the affairs of the Network;
- Shall attend all Board meetings of the Network as an ex-officio member and shall in the absence of the Secretary, be responsible for taking of the minutes and keeping all records relating to the business of the Network;
- Be in-charge and have overall control of correspondence, publicity and publications of the Network;
- Generally make provision for the safe custody and preservation of all valuable documents, dossiers, records and files of the Network;
- Manage the Assets of the Network;
- Be an Accounting Officer of the Network and shall be a principal signatory to the Network's bank accounts;
- In Consultation with the Chairperson, and in writing under his/her hand, delegate any of the duties conferred on him/her, or authorised under the constitution to any member of staff of the Network, provided that whenever s/he delegates any of his/her duties, s/he shall accordingly inform the Board;
- Do all such acts as are necessary for the efficient and effective running of the Network and the Secretariat;
- Manage and administer the day-to-day activities of LASPNET;
- Ensure timely preparation and submission of proposals, work plans, budgets and activity progress reports to the LASPNET Members, Board, Development Partners and other relevant donors and stakeholders;
- Manage and administer Secretariat resources - finance, personnel and equipment with due diligence and in accordance with LASPNET policies and practices as instructed by this Manual;
- Oversee the implementation of the policies, rules and procedures set out by the Board of LASPNET and ensure the compliance of all staff in a transparent manner;
- Ensure that all LASPNET activities are planned, monitored and evaluated systematically and lessons learned are re-integrated into the system to enhance performance, transparency and accountability;
- Ensure the establishment of an Information Management System (IMS), which includes measurable performance indicators and benchmarks to be used as a basis for monitoring, evaluation and impact assessment;
- Oversee the procurement of goods and services for LASPNET and ensure that it is conducted in line with laid down procurement procedures and Development Partners/Donor rules and procedures and in a transparent and accountable manner;
- Undertake any other duties as stated in the constitution, and directed by the Board.
- Provide assistance to the Secretary of the Board in developing minutes.

2.2.3 Responsibilities of the Finance & Administration Officer (FAM)

The FAM shall be responsible for the overall financial and administrative operations of LASPNET, contributing to the development, supervision, coordination and evaluation of LASPNET financial systems and controls to ensure that the necessary systems to safeguard the assets and financial operations are in place and functional.

These responsibilities shall include but are not limited to:

a) Planning

- Contributing to the activity planning
- Overseeing core budgeting processes of LASPNET

b) Budgeting

- To provide technical inputs in the development of proposals, plans and budgets;
- To prepare consolidated budget monitoring reports and analysis of budget variances in order to ensure optimal use of budget amounts and provide recommendations for realignment.
- To produce quarterly and periodic budget performance reports to inform management decision making.

c) Financial Reporting

- To supervise, prepare and submit financial reports to meet the reporting requirements and deadlines;
- To coordinate the preparation of the annual audit processes as well as ensure that audit recommendations are implemented;
- To monitor and advise management on the changes in local legislation, accounting practices, tax regulations and implement necessary changes as recommended by management;
- To ensure that all statutory financial obligations of LASPNET are met.
- To periodically review and maintain the LASPNET Chart of Accounts (COA);
- To code the COA in order to ensure proper harmonisation of the financial accounting and that business processes are supportive of LASPNET work flows and comply with international leading practices for non-profit organisations.

d) Accounting

- Ensure that accounting routines and procedures are in place, put into practice and needed adjustments are reported when deemed necessary;
- Establish internal controls and procedures for the organisation to safeguard LASPNET's finances and assets e.g. petty cash policy, payroll policy, etc.;
- Provide input on material procurement approvals or commitments to ensure that purchases or commitments are kept within the agreed budget, including provide input into the development of procurement procedures;
- Review the books of accounts and ensure that the financial management information system is established and applied at all levels of the Secretariat activities in order to uphold accountability, transparency and provision of timely and accurate information;
- To develop and recommend a training programme for the LASPNET staff so as to ensure knowledge of the internal financial policies and procedures is disseminated;
- To administer the financial management system by trouble shooting, updating and maintaining of the account structures, coordinating data and transaction processing;
- To provide technical support and training on usage of the accounting practices for other finance staff and ensure that backup and retention, and integration of the system for all finance data is in place;
- To ensure that the financial segregation of duties is in place and that Internal Controls are operating correctly and to recommend the necessary upgrades/improvements to the financial system periodically as necessary;

e) Supervising

- To operate, monitor and manage the Staff in the finance and administration department to ensure financial transparency and expected accountability.
- To undertake any other duties that may be assigned to him/her by the Executive Director.

2.2.4 Budget Holders

The LASPNET Heads of Departments are Budget Holders for their respective departments and projects. They shall be responsible for the efficient and effective running of Programmes and utilisation of LASPNET resources under those Programmes. They shall be responsible for the following:

- a) Undertake programme/project design and planning based on leading practices in the subject area.
- b) To participate in the preparation of budgets for the projects and Programmes;
- c) To monitor budget performance against LASPNET's work plans and implementation of the Programmes.
- d) To ensure that narrative and financial reports to the donors are prepared and submitted to the Executive Director in time.

2.2.5 Other Officers

- a) All LASPNET staff and Members shall be responsible for the due performance of their financial duties, proper collection, custody, and utilisation of money/other assets received by or under their authority and custody;
- b) All LASPNET staff and Members shall be responsible for taking initiative to ensure that LASPNET funds are used in the best possible way and ensure that the internal control measures and finance policies as approved are adhered to in the course of undertaking their duties;
- c) All LASPNET staff and Members shall be expected to produce information used in the control system and communicate identified problems, deviations from the established standards, and violations of policy or law by any staff or third party relating with LASPNET;
- d) In undertaking the above responsibilities, no staff of LASPNET will be relieved from any portion of his/her financial responsibilities by transferring to his/her subordinates the performance of duties, which he/she should have performed.

2.2.6 General Assembly

The General Assembly is the highest authority and supreme decision-making body of the Network composed of representatives of the fully paid up members whose roles generally include:

- a) To discuss, plan and make recommendations for implementation by the Board;
- b) To draw up a general policy framework and agree on priority issues to be addressed;
- c) To receive and approve minutes of previous General Assembly meeting;
- d) To receive, discuss and approve the Network's Plan of Action and budget for the ensuing year;
- e) To appoint members of the Board;
- f) To receive and approve the financial statements of the organisation;
- g) To appoint external auditors by resolution or delegation of this role to the Board;
- h) To provide oversight to the Board in safeguarding the resources of the organisation;
- i) To ensure prudent financial management practices; and
- j) To perform any such duty deemed to require the approval of the General Assembly.

2.3 Input Documents

The following list of input documents for the accounting system shall be amended whenever necessary:

- I. Cash Payment Voucher
- II. Cheque Payment Voucher
- III. Receipt Voucher
- IV. Journal Voucher
- V. Requisition Form
- VI. Local Purchase Order
- VII. Goods Received Notes
- VIII. Advance/Loan Request Form
- IX. Accountability for Advances/Imprest
- X. Monthly Bank Account Reconciliation
- XI. Schedule of Advances
- XII. Monthly Payroll
- XIII. Petty Cash Replenishment Form
- XIV. Contracts/Agreements

2.4 Input Processes

The accounting package provides for input of data from the Input Documents listed above. The software updates journals into the cashbook automatically.

The following is a diagram that shows how inputs shall be processed to give the required outputs.

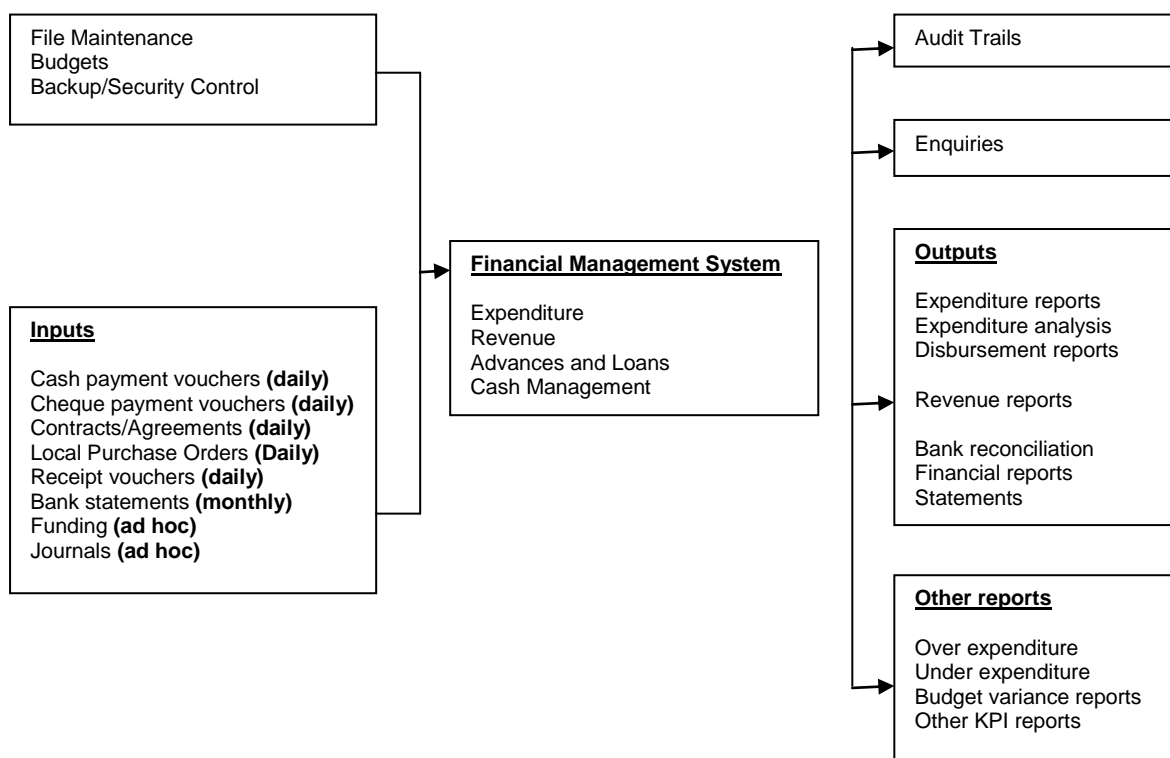


Figure 1: Accounting system overview diagram

2.5 Internal Controls

Internal control shall include all the accounting and administrative measures to protect the organisation's resources against waste, fraud, or inefficient use, evaluate performance of employees and departments within the organisation as well as ensure reliability of accounting data and compliance with management's policies.

2.5.1 General Record Keeping and Control Objectives

- a) It is the responsibility of the Finance and Administration Department to keep accounts for the funds received and utilised in accordance with sound book-keeping and accounting principles.
- b) It is the responsibility of each department to ensure that funds are administered adequately and used in accordance with the terms and conditions and the objectives of the LASPNET.

2.5.2 Budgetary Control

- a) The Executive Director shall ensure that all expenses are within budget limits. If there is need to incur expenses that shall lead to exceeding the budget limits of a specific budget line, prior approval must be sought from the Board and Specific Donor/Development Partner.
- b) Any such expenditure shall be supported with documentation from the relevant donor/Development Partner.
- c) Financial reports shall be made at the end of every quarter comparing the actual expenditure to the budget with satisfactory explanations for expense items that exceed approved/revised budget limits.

SECTION 3.0 Budgeting & Budget Controls

3.1 Budgeting

- I. A budget is a document that translates plans into monetary terms. A budget shows the money that LASPNET will need to spend to get its planned activities done (expenditure) and money that will need to be generated to cover the costs of getting the work done (income). In other words, it is an estimate or informed estimate, about what LASPNET will need in monetary terms to accomplish the entire scope of its planned activities. The budget shall cover all the revenue and expenditure items of the organisation.
- II. LASPNET shall formalize its financial plan in written budgets for every aspect of its expected operations. Budgeting will therefore be used to plan future operations, to coordinate various activities among on-going programmes, and to provide a basis for managing or controlling the costs of those activities.
- III. When budgeting for LASPNET, it is always important to remember that a budget is :
 - **A living document** that can be changed and reviewed, where necessary, as long as steps and conditions agreed upon to deal with the implications of the changes have been followed.
 - **A living tool** that must be referred to continually in conducting the day-to-day work, checked monthly, monitored constantly, used innovatively and efficiently.
 - **An optimistic and realistic cost estimate** that should not underestimate what things really cost in the hope that this will help raise the money needed.
- IV. Before developing a budget, the budgeting officer should always:
 - Have clarity of purpose, detailed planning and considerable thought on what they want to do.
 - Keep on asking the following questions throughout the budgeting process such as could we have spent less in the previous period and still achieved the same or better results, and does a review of past budgets indicate waste of resources? If so, can we then avoid the waste in the future?
- V. Know and have ideas on the following issues:
 - What is a budget; which people are involved; and, why do we budget?
 - The operational plans to guide the budgeting process
 - The process of estimating costs and mobilising sources of income
- VI. Include budget narratives to define costs in the project budget, explain line items in the budget, use attractive presentation style, and preferably abide by donor formats.
- VII. Always ensure that the expenditure budget is equal to the income/ revenue budget.

3.1.1 Purpose of Budgeting

The purpose of the Budgeting system is to:

- I. Develop realistic financial plans that shall facilitate allocation of resources according to LASPNET's activity priorities as set out in the work plans.
- II. Provide a control tool to ensure that spending is in line with time plans and budget amounts.
- III. Provide periodic variance reports of actual and budget amounts to form a basis for investigation and necessary decision-making.
- IV. Prepare annual budgets.
- V. Compare and monitor cumulative expenditure by account code to the original budget allocations.
- VI. Obtain the approval of donors for revisions to the budget

3.1.2 Budget Preparation Processes

- I. The budget preparation process should follow an eight-step approach:
 - a) Planning the Process
 - Identify who will coordinate the process and which staff or committees to be involved;
 - Agree upon key definitions, assumptions and document formats;
 - Set timelines and key deadlines;
 - Determine and schedule any briefings or key meetings.

- b) Communicating about the Process
 - Clearly communicate responsibilities to everyone involved,
 - Define and agree on the expectations and deadlines;
 - Explain and distribute forms and assumptions.
 - c) Programmatic Goal Setting
 - Determine the overall programme goal and specific objectives;
 - Estimate staffing requirements and salary and benefit assumptions;
 - Get agreement of the Board on goals and assumptions.
 - d) Information Gathering
 - Research and gather information about income and expenses;
 - Construct the various budget details by specific objectives;
 - Share the accumulated information and ideas/notes.
 - e) Compilation and Revision
 - Combine the information for consistency;
 - Provide time for review and revisions.
 - f) Budget Draft Review
 - Have the Finance and ICT Systems Committee, other appropriate staff, and Board members review the budget draft and key assumptions;
 - Allow enough time between scheduled meetings and the final approval deadline to address questions raised and adjust to the recommendations made.
 - g) Final Approval
 - Submit the information to the Board, including budget draft, programme goals and other supporting information;
 - Involve the Planning and Technical Assistance Committee in justifying the opportunities, challenges and resources behind the budget numbers;
 - Have the Finance and ICT Systems Committee or the Treasurer to present the budget proposal to the Board in order to ensure ownership.
 - h) Implementation and Management
 - Communicate budget, programme goals and timelines for the next year to staff;
 - Review actual income and expense compared to the budget on a monthly basis;
 - Update and revise the budget as there are changes during the year.
- II. Each budget holder with the help of the FAM or any delegated staff shall be responsible for preparing the draft budget for the project under their control based on activities to be undertaken during the budget year.
 - III. The FAM shall consolidate the budget for LASPNET Programmes and projects that are produced from the different department budgets for submission to the Executive Director who shall after scrutiny submit it to the Finance and ICT Systems Committee.

3.1.3 Budget Formats

- I. The annual LASPNET budget will be prepared and presented in the appropriate donor funding agreement and format. Where the donor did not provide a specific format, the LASPNET adopted format shall be used to prepare and present the budget.
- II. As a minimum requirement, any budget prepared shall contain the following basic information:
 - a) Project Name
 - b) Project Number
 - c) Project period and duration
 - d) The implementing partners
 - e) Cost centre (thematic objective) name and code
 - f) Detailed description of activities defining all items in the budget
 - g) Summary by cost centre and expenditure code
 - h) Estimated cash flow plan by month
- III. All budgets prepared shall be accompanied by a brief explanation and justification of the proposed budget at project level, as well as providing the overall distribution at cost centre /objective code level.

- IV. All budgets must include any planned income from fundraising initiatives managed by LASPNET and explained if it is earmarked for specific projects.
- V. Where a particular project being undertaken in different locations and/or regions is funded by the same donor, the budget shall be broken down into different components according to the needs and requirements of the location.

3.1.4 Key Budget Actors

There shall be three major players in the LASPNET budgetary processes comprising the Finance and ICT Systems Committee, Budget Holders (Department heads), as well as the Finance and Administration Staff.

Finance and ICT Systems Committee

- I. The composition of the Committee shall be as follows:
 - a) The Treasurer (as Chairperson)
 - b) The Executive Director (as Secretary)
 - c) The other co-opted Board members
- II. The Finance and ICT Systems Committee of the Board shall receive and review the budget proposals of the Secretariat for approval by the Board before submission to the respective donors.
- III. The Finance and ICT Systems Committee of the Board may from time to time engage the respective Budget Holders to provide detailed information and proper justification for their budget proposals before approval by the Board.
- IV. The Secretariat is required to forecast the future direction and influences of relevant factors so as to choose the best means for sustaining the planned strategies/activities.
- V. The roles of the Committee shall include:
 - a) To provide administrative control in planning, coordination and follow up of budgetary process.
 - b) To allocate the framework funding to different priority projects
 - c) To provide budgeting instructions and procedures including formats, contents and deadlines.
 - d) To review and recommend changes to the Board on the draft budgets as may be deemed necessary.

Budget Holders

- I. Budget Holders are the Heads of Departments responsible for the generation, deployment and follow up of resources within their work areas. This is to ensure proper and effective use of the agreed budgets and to maintain strict supervision of expenditures within their areas of responsibility.
- II. The Budget Holders may from time to time or as the situation demands delegate their budget holding responsibilities for specific projects and functions to programme/project officers or other relevant staff.
- III. However, where the Budget Holder has delegated part or the whole of his/her budget holding responsibility to another staff member, he/she shall still remain accountable and will not be relieved from any portion of his/her budgetary responsibility .

Finance and Administration Staff

- I. These shall comprise the following finance staff:
 - a) Finance and Administration Manager (FAM)
 - b) Accounts and Administration Officer (AAO)
 - c) Office Assistant/Driver
- II. They shall provide technical input in the budgetary processes which shall include but not be limited to:
 - a) Provision of cast information for budgeting purpose
 - b) Preparation of LASPNET master budgets
 - c) Provision of regular, accurate and meaningful budgetary and financial information needed for the budget holders to fulfil their roles and responsibilities.
 - d) Verification to ensure that correct and appropriate codes have been assigned and all computations are correct and realistic.

3.1.5 Budgeting for Overheads

- I. Overhead costs are expenses incurred while maintaining the LASPNET core structure and for administration and support of LASPNET programmes which cannot be readily identified with a particular programme or final cost objective. An overhead therefore represents a cost that cannot be directly attributed to a particular programme.
- II. LASPNET shall include a minimal charge, whenever possible or applicable, towards overhead costs in all its project budgets to ensure sustainability.
- III. However, overhead costs shall be shared between different LASPNET donors in order to reduce the burden of such expenses on the framework funds by being built in and reflected on all donor budgets and proposals at acceptable rates based on what the donor is willing to pay for.
- IV. Where a particular donor is only prepared to pay a certain maximum percentage of overhead, the proposal should reflect a proportion of the programme overheads and allowable costs as mutually agreed upon basing on the institutional practices of both parties/partners.

3.1.6 Budget Revision and Reallocation

- I. The Board shall authorise the reallocation and the budget revision based on advice given by the Finance and ICT Systems Committee as well as the performance reports from the different Budget Holders at regular intervals as may be required.
- II. Budget revision shall be undertaken in accordance with the specific donor and funding agreement including agreed deadlines and procedures for budget revisions.
- III. Application for budget revision shall be prepared following the appropriate standard format accompanied by a suggested revised annual work plan.
- IV. The budget revision shall take the following forms depending on the conditions stipulated in the funding agreements:
 - a) Reallocation of funds between main budget lines or sub lines within the approved annual project budget sum.
 - b) Reallocation of unspent funds from other frame work projects
 - c) Reallocation of funds from the current calendar year to the subsequent calendar year(s) for those donor agreements spanning across two or more years.

3.2 Budgeting Monitoring

- I. The Board has the overall budget responsibility for all LASPNET budgets monitoring but will delegate part of his responsibility to the relevant and authorised Budget Holders.
- II. It is the responsibility of the Budget Holders to monitor their specific sector budget. They must therefore produce narrative explanations based on the financial information from FAM for identified trends within their individual project budgets and brief the Executive Director on the monthly basis about the general compliance to the overall approved budget.
- III. As a minimum, the budget monitoring reports shall contain the following information and analysis for all the LASPNET projects:
 - a) Funds received against approved annual budget.
 - b) Actual expenditure against approved budget
 - c) Actual expenditure against project progress.

3.2.1 Budget Allowance Variances

- I. It is the requirement of LASPNET that overall approved projects and programme budget ceilings are not overspent and that the annual approved budget ceiling is not exceeded.
- II. The Budget Holders can, however, authorise specific budget line variation of less than $\pm 10\%$. This variation in over or under expenditure of $\pm 10\%$ has to be offset by an equivalent under or over expenditure on another budget line within the same project.
- III. For donor funded projects whose agreement does not provide for such flexibility, the donors' consent must be sought by the Executive Director or any delegated person before such variations are made.

- IV. Where an over expenditure of more than $\pm 10\%$ on a particular line item within the approved budget is necessary, it must be approved by the Executive Director and submitted to the donor for their consent. The Board shall be adequately informed while the respective Budget Holder shall have to properly justify and document such variations.
- V. If the budget is overspent without obtaining the necessary approval as stipulated above, the Budget Holder shall be held fully responsible.
- VI. Where an overall over or under expenditure in the budget ceiling is anticipated the variance should be addressed by undertaking a budget revision and budget reallocation as provided for under the provision of this Manual.
- VII. Monthly variance reports of actual and budget amounts shall be produced. The reports shall form a basis for investigation and necessary decision-making.

3.2.2 Compliance with the Budget

- I. The overall responsibility for compliance with LASPNET budget lies with the Executive Director under the supervision of the Treasurer.
- II. The Executive Director shall delegate part of the budget compliance responsibility to respective Budget Holders but nevertheless she still remains responsible for budget compliance.

3.2.3 Work plans

- I. LASPNET shall document the plans for the financial year/period in an annual/periodic work plan. The plans of each department and project shall be reflected in this work plan with the inclusion of all activities.
- II. For monitoring and management purposes, the annual/periodic plans shall be divided into quarterly work plans. Financial values shall be allocated to these plans. The budgeting process shall of necessity involve all the components of the Secretariat.
- III. The approved budget shall be a control tool to ensure that spending is in line with the work plans and the budget amounts.

3.3 Budgeting Workflows

3.3.1 Budget Preparation, Consolidation and Approval Process

Responsible party	Step No and Description	Reference to relevant forms
Executive Director	1. Complete the activity proposals preparation guidelines which shall include: <ul style="list-style-type: none"> • Activity proposals preparation time table. • Standard rates to be used for various items, e.g. per diems, fuel litres per kilometres. • Spread sheet format to be used, folder name and directory in the server in which the work plans/budget is to be saved. • Emphasis of the need to align components, goals and objectives with overall secretariat goals. 	Activity Proposal Guidelines
Executive Director	2. Issue the guidelines to departments for preparation of annual/periodic activity proposals and discuss requirements with respective staff.	Activity Proposals
FAM	3. When activity proposals are received, review them and make consultations before making revisions/rationalization.	Proposals
Executive Director	4. Consolidate work activity proposals into work plans/budgets where necessary. Approve with relevant comments/changes.	
Board	5. If there are required amendments, make them on the work plans/budget spread sheets.	
Executive Director	6. Present consolidated work plan/budgets to the Board for approval.	Draft Budget
Senior Management Team	7. The Board reviews the proposed budget/work plans and gives guidelines and then approves them.	
Executive Director	8. Submit proposals based on the work plans/budgets to selected financiers/donors for review.	Approved budget
FAM	9. Make amendments as requested by financiers/donors and finalize proposals.	
FAM	10. Once an agreement is made with a financial/donor, upload approved work plans/budgets spread sheet on the system.	
FAM	11. Distribute approved budget to all concerned persons and departments/secretariats.	

3.3.2 Budget Revision and Approval of Expenditure Process

Responsible	Step No and Description	Reference to relevant forms.
Secretariat/Departmental heads/Executive Director	1. Before approval of commitments or expenditure against the budget, access the budget balance and confirm availability of funds from FAM	Approved budget
Department Head / Executive Director	2. Approve commitment/expenditure request if provided for and within the available budget. If requirements are not within budget and proposed commitment and expenditure cannot be deferred, make recommendations for budget revision: Otherwise do not commit the secretariat	
Executive Director	3. Compile and paint budget revision or supplement recommendations. Forward Draft to Finance and ICT Systems Committee of the Board for review.	Budget revision recommendations.
Finance and ICT Systems Committee	4. Hold quarterly meetings to review and revise budgets as necessary and forward recommendations for revision to the donor/financier for approval.	
Executive Director	5. Receive approved, revised or supplementary budget and forward to the Board.	
FAM	6. Process revisions or supplements and upload into revised budget on system. Maintain original budget for reference purposes.	

3.3.3 Budget Monitoring

Responsible	Step No and Description	Reference to system
FAM	1) Generate monthly reports for all departments/the secretariat showing. <ul style="list-style-type: none"> • Period actual • Period budget • Period variance • Cumulative year to date actual • Cumulative year to date variance • Budget 2) Send monthly budget reports to department heads, and the Executive Director.	Accounting system

SECTION 4.0 Income

4.1 Sources of Income

The Programmes and activities of LASPNET shall be approved and financed on the basis of different types of income as follows:

- a) Income from members' subscription
- b) Funds from donors
- c) Bank interest
- d) Consultancy fees
- e) Donations
- f) Fundraising drives
- g) Trainings.

4.2 Non Cash Receipts

- I. All funds transfers shall be made directly to LASPNET through a designated bank account. The transfers shall be identifiable and shall be recorded appropriately in the books of account.
- II. LASPNET funds received by Cheque shall be banked immediately in a designated bank account in accordance with the provision under bank management in this Manual.
- III. LASPNET shall issue an official receipt for all funds received.

4.3 Cash Receipts

The registration and subscription fees paid by Members shall be recorded and treated as income. A register shall be maintained for these monies that reflects all the required details of each member.

4.4 Receipts Procedure

Responsible party	Step No and Description	Reference to relevant forms and input into System
AAO	1. Receive money and issue a receipt in duplicate. The copy shall remain in the receipt book and the original shall be given to the person paying the money	Receipt
AAO	2. Record the amount received in the cashbook	Accounting System
AAO	3. Prepare the funds for banking, and bank the funds received intact and promptly	
FAM	4. Retain bank deposit slips, and file them in safe custody	
FAM	5. For direct bank transfers, issue receipt upon being notified by bank of credit through a credit advice or bank statement	
FAM	6. At the end of the week update cash book	
FAM	7. Prepare weekly cash summary at the end of the week	Weekly cash summary

SECTION 5.0 Banking & Cash Management

5.1 Banking

5.1.1 Opening Bank Accounts

- I. The Board shall be responsible for establishing and maintaining the necessary bank accounts needed to ensure safe and continuous running of Programmes.
- II. In selecting the bank to open an account with, the financial stability of the bank is most important. In addition to the financial stability, the following factors should also be considered:
 - a) Fees charged by the bank
 - b) Accessibility to cash
 - c) Location of the bank
 - d) Reputation of the bank
 - e) Services offered by the bank.
- III. Once a bank with which to open an account has been established, the following information shall be provided to the Board for approval.
- IV. The approval will be recorded in the minutes and a resolution to the bank to open the account shall be prepared and certified as required by law.
- V. LASPNET shall keep the minimum possible number of bank accounts to reduce the cost of banking and the clerical work involved in reconciling all the bank accounts. However, the nature of funding, projects and funding conditions may determine the number of bank accounts to be opened.

5.1.2 Maintenance of Bank Accounts

- I. The use of LASPNET Bank accounts for non-official transactions is prohibited. In no circumstances may LASPNET money be lodged in a private bank account, nor may private money be lodged in LASPNET Bank account.
- II. Bank accounts operated by LASPNET shall be reviewed regularly to confirm that they are still valid, the signatories are still correct, and that there have not been any changes in the bank's financial stability and reputation.
- III. Whenever an employee or Board member who is signatory to the bank account leaves the position that is listed as a bank account signatory, he/she shall immediately be deleted as a signatory and the Board shall communicate to the bank to that effect.
- IV. All bank accounts operated by LASPNET shall be made known to the donor giving the name and number of the account, the name and address of the bank, the type of account, and the names of the authorised signatories and mandate.

5.1.3 Bank Account Signatories

- I. All banking transactions including Cheques shall be signed by the recognised and authorised bank signatories as approved by the Board for LASPNET.
- II. As a minimum, there shall at any one time be four (4) signatories to any Bank Account opened and operated by LASPNET whereby all transactions from the bank account shall be authorised and jointly signed by any two of the approved signatories.
- III. The following shall be listed as signatories to any LASPNET operated bank accounts:
 - a) Board Chairperson
 - b) Board Treasurer
 - c) Board Secretary
 - d) Executive Director (Principal Signatory)
- IV. In the event that more than three (3) signatories are away for an extended period, temporary signatories shall be introduced to the bank for that specific period.
- V. The Board shall convene a meeting and a resolution will be passed, a copy of which will be sent to the bank.

5.1.4 Changing Bank Account Signatories

- I. A notification letter to the bank for changes in bank account signatories shall be prepared by the Executive Director and shall be approved by the Board.
- II. A Certified extract of the minutes and resolution shall be sent to the bank for action.

5.1.5 Closing Bank Accounts

- I. Any closure of a bank account must be authorised by the LASPNET Board.
- II. Once determined that a bank account is no longer required, any amount being held in that account should be transferred to another bank account and the account closed as soon as all outstanding Cheques have been cleared or voided.
- III. The final bank statement showing the account balance at zero should be included in the next monthly financial report with a note in the covering letter stating that the account has been closed.
- IV. As soon as a one-off project has ended, bank account should be closed.

5.1.6 Management and Control of Cheques

- I. Cheque books should be used in place of cash whenever possible.
- II. In order to further safeguard the Cheques issued, a bank confirmation letter will be issued by one of the signatories where the organisation will confirm Cheques issued to all banks. The bank will be instructed not to pay any Cheques unless they have been confirmed by an authorised signatory on LASPNET headed letter.
- III. Cheque books when not in use must be kept under lock and key in the safe under the sole custody of the Finance and Administration Manager, Spoilt or cancelled Cheque leaves must be endorsed, punched, stapled and kept in the Cheque book.
- IV. Under no circumstances should the bank account signatories' pre-sign blank Cheques to be filled at a later time. If a situation arises where required signatories will be out of office for an extended period, the Executive Director should be notified to arrange for introduction of a temporary signatory for that duration that the authorised signatories will be away.
- V. If a Cheque book or Cheque leaf issued is discovered lost or stolen, the Executive Director with approval from the Finance Committee shall be required to immediately contact the bank to stop payment on the Cheque.
- VI. Lost or stolen Cheques shall not be replaced until it has been certified by the Executive Director that they have not been cashed.
- VII. Before a replacement Cheque can be reissued, the payee must sign an indemnity to the effect that should it be discovered that the lost Cheque had been cashed by him/her, he/she will refund to LASPNET the amount paid on the replacement Cheque and any charges that shall arise from the cancellation of such Cheques by the bank.
- VIII. The FAM is required to track the remaining supply of Cheque stock and re-order the Cheque books in time to ensure an adequate supply is available.
- IX. The FAM or any person who accepts Cheques for and on behalf of LASPNET must verify that:
 - a) They are dated correctly i.e. not post-dated or stale.
 - b) They are properly addressed to LASPNET;
 - c) They are signed by the drawer.
 - d) Cheques are not torn or mutilated and that alterations of any kind are countersigned in full by the drawer.
- X. When a Cheque previously received is unpaid (bounced), the FAM will issue a voucher to reverse the original entry and notify the Executive Director and also immediately apply to the drawer to make good the amount by issue of another Cheque.

5.1.7 Reconciliation

- I. Bank accounts maintained and operated by LASPNET must be reconciled with the balances in the cash book on a monthly basis and within 7 days after the close of the month.

- II. Bank statements must be obtained at least once every month to ensure that the cash book is reconciled in a timely manner. However, bank statements may still be obtained more frequently than once a month if needed for various official purposes.
- III. The FAM shall ensure that all bank accounts are reconciled at least on a monthly basis. All reconciliations shall be approved by the Executive Director.
- IV. The reconciliation statement must detail all outstanding Cheques, outstanding debits and credits and fully explain any differences between the balances.
- V. Any discrepancies arising from the reconciliation must immediately be investigated and resolved by the FAM within the month in which they have arisen.

5.2 Cash Management

5.2.1 Petty Cash Imprest Fund

- I. LASPNET will operate a petty cash fund of an amount capable of meeting a week's small cash transactions needs and requirements on an Imprest system in order to meet the following objectives:
 - a) Expedite acquisition of low value/frequently purchased items which are vital for the smooth and efficient running of daily activities.
 - b) Permit a commitment to expenditure at a lower level of authority.
 - c) Reduce the lead time of obtaining cash from the bank and reduce the volume of requests for payment through the bank accounts.
- II. A float of UGX 300,000 (Five Hundred Thousand) shall be maintained and replenished once the cash at hand reduces to UGX 100,000. Once the balance is UGX 100,000 the AAO shall fill a petty cash replenishment request and ensure that the total of petty cash payments agrees to the amount requested for and that all payments are adequately supported.
- III. The Cashbook shall be posted on a daily basis. The accounting software shall balance the cashbook automatically on a daily basis.
- IV. A Cheque of the established petty cash limit with the relevant approvals obtained shall be en-cashed and entrusted to the AAO for safe custody and payments.
- V. In order to ensure safe custody of cash in the office LASPNET will procure and make available to the AAO:
 - a) A safe with one key to be kept by the AAO, FAM and another one to be kept off the premises.
 - b) Pre-printed serially numbered petty cash vouchers
- VI. The AAO is responsible for the safe custody of petty cash and will be required to reimburse the appropriate account for any shortages which may occur.
- VII. The person receiving cash from the AAO should always sign and date the relevant petty cash voucher acknowledging receipt of the same.
- VIII. A change of the petty cash float can only be authorised by the Executive Director, after a request has been made in writing.
- IX. The petty cash float must be kept separate; it shall not be mixed with any other cash. Any money returned after a staff member has accounted for an advance or Imprest shall be kept separate and banked.

5.2.2 Payment from Petty Cash

- I. The maximum limit of UGX 200,000 (Two hundred thousand) per expenditure shall apply for all payments from petty cash. However, there may arise occasions when amounts of cash greater than UGX 200,000 have to be paid out. In such cases a withdrawal separate from the petty cash float shall be made from the bank. However, the withdrawal shall be made after adequate approval has been obtained from the Executive Director. The Finance and Administration Department shall be notified at least three working days in advance so that adequate actions are taken to withdraw the funds from the bank account.

- II. Request for payment from petty cash must satisfy all the purchase order requirements and must be submitted to the AAO in the same way as if a direct Cheque disbursement/payment was to be processed.
- III. Written approval by the Budget Holder(s) must be obtained on all petty cash requests before release of the cash.
- IV. All petty cash vouchers and requests must be accompanied by support documentation like receipts, invoices, purchase orders etc.
- V. After issuance of the cash, the relevant petty cash voucher and supporting documentation should be effectively cancelled - stamped "PAID" and dated.

5.2.3 Replenishment of Petty Cash

- I. The fixed float of UGX 300,000 shall be replenished periodically with the actual expenditure amount, when the balance falls below UGX 100,000.
- II. The AAO shall determine the level at which the float shall be replenished. At no time shall the AAO allow the petty cash to run out completely.
- III. Cash on the premises shall be adequately safeguarded and appropriately protected once in transit.

5.2.4 Replenishment Procedure

Responsible party	Step No and Description	Reference to relevant forms and input into System
AAO	1. Account for petty cash with relevant and supporting documents e.g. receipts	
AAO	2. Prepare a petty cash expenditure summary detailing total expenditure each time the balance falls below UGX 200,000. 3. Attach all the original receipts and petty cash vouchers ensuring all expenditure details are captured. 4. Use the summary to requisition for replenishment	Petty cash expenditure summary
FAM	5. Check expenditure summary and ensure that reimbursement amount is equivalent to the expenditure receipts and forward to Executive Director	
Executive Director	6. Approve petty cash replenishment requisition and petty cash expenditure summary and return to Account	
FAM	7. Prepare payment voucher and Cheque for the replenishment.	Cash payment voucher

5.2.5 Cash Payment Voucher (in Triplicate)

- I. **Original:** Shall be retained by the AAO and filed with the payment requisition form and supporting documents.
- II. **Duplicate Copy:** Shall be left given to the FAM who shall check all entries against a printout of the petty cash account from the system.
- III. **Triplicate Copy:** Shall be left in the book for physical back-up reference.

5.2.6 Cash Payment Procedure

Responsible party	Step No and Description	Reference to Relevant forms and input into the System
Budget holder /AAO	1. Raise a requisition, attach relevant vouchers invoices and forms and forward to department head	Requisition
Head of Department	2. Review the requisition and attached documents to ensure that it is within the budget and if satisfactory approve and forward to the FAM.	
FAM	3. Receive the requisition and ensure adequate supporting documentation. Ensure that there is a budget allocation for the activity and that the payment is within the budget.	
AAO	4. Raise cash payment voucher (CPV) filling in all the necessary details. Attach supporting documents for the payments to the supplier or individual. Pay the vendor out of the petty cash float.	CPV
Vendor	5. Receive cash, sign the CPV and/or issue a receipt.	
FAM	6. Stamp the CPV and all supporting documents "PAID" to avoid double payment.	
AAO	7. Update the cash book	Accounting system
AAO	8. File payment vouchers and supporting documents sequentially	
	If the payment is still to be accounted for:	
Vendor	9. Submit supporting documents after expenditure to the AAO	
AAO	10. Check adequacy of supporting documents 11. If adequate, prepare a journal voucher for approval to enable posting of the expense. If inadequate or not fully spent, receive a refund from the staff and bank on the relevant account. 12. File payment vouchers and supporting documents sequentially.	Journal voucher / receipt voucher

5.2.7 Security over Cash

- I. Arrangements shall be put in place to ensure security over cash when it is drawn from the bank. The AAO shall not use public means when going to collect cash from the bank.
- II. In the office, cash shall be kept in a safe; which shall be locked at all times. Access to cash is only by the AAO, who holds one of the keys to the safe. A copy of the key shall be kept off the office premises.

5.2.8 Cash Counts

- I. The FAM shall ensure that a cash count for cash held by the AAO or any other officer in charge of petty cash is frequently carried out at least once a month in addition to surprise cash count and that a certificate is issued.
- II. All cash count certificates shall be signed by the staff member carrying out the count and a witness to the cash count.

- III. The FAM or any other person who is conducting/checking the cash count is expected to physically count and check the cash balance. He should compare total cash counted and the cash book balance.

5.2.9 Discrepancy and Surplus

- I. Any discrepancy realized from the cash count which cannot be accounted for after the rechecking should be dealt with as follows:
- a) Any shortage should be paid in immediately in cash by the officer responsible, thus restoring the total cash counted to the total value of the receipts entered on the Cash Count Certificate.
 - b) If immediate payment by the officer responsible for the shortage cannot be arranged, a personal account shall be created by means of a Journal entry. Such amount shall then be deducted from the salary of the staff member on whom the shortage occurred at the end of the month.
 - c) Report of any shortage shall be made in the Cash Count Certificate.
 - d) Any surplus realized will be brought forward in the cash book and a receipt will be issued. If at a later date the reason for the surplus is discovered and a refund becomes necessary, a requisition will have to be raised and approved for payment in accordance to the provision of this Manual.

5.2.10 Cash Reconciliation

- I. The AAO shall prepare cash reconciliation daily, weekly and monthly.
- II. Cash reconciliation shall be approved by the FAM.

5.2.11 Preparation of Quarterly Cash Flow Projections

Responsible party	Step No and Description	Reference to relevant forms and input into System
Budget holders	1. The budget holders prepare their quarterly forecasts which are sent to the Executive Director for approval, who after approving sends the data to the AAO.	
AAO	2. Use the annual budget to develop an expected cash flow projection for the next quarter. This shall be done by the 20 th of the final month. Forward the projection to FAM.	
FAM	3. Prepare a schedule of the quarterly operational fund allocations and incorporate this into the expected cash flow. Then forwards the completed cash flow to the Executive Director.	
Executive Director	4. Review the cash flow projection to ensure that it is correct and forward to the Finance Committee	
Finance Committee	5. Review at the end of the quarter in comparison with the reconciliation prepared to indicate the quarterly cash position	
Board	6. Board approves the final cash flow.	

SECTION 6.0 Expenditure & Payments

6.1 Expenditure

- I. Each Budget Holder is responsible for the efficient and effective control and administration of the finances of those budgets under their management and control.
- II. The Executive Director shall have the primary duty to ensure that a sound system exists to achieve the above control, and that this Finance Manual is strictly followed.
- III. The Budget Holders shall be held financially responsible and liable for any unauthorised expenditures on those budgets.
- IV. The Budget Holders are further required to ensure that strict economy is exercised on the administration of expenditure and budget under their control
- V. Budget Holders should ensure that funds budgeted for are not spent in totality or partially unless such expenditures are necessary.

6.1.1 Requisition for Expenditure

- I. Any staff members intending to incur expenditures on behalf of LASPNET shall originate their payment requisition in the prescribed format and time frame.
- II. All requisitions for funds and cash payments should be made allowing at least 3 working days before the funds are required so as to guarantee the availability of such funds.
- III. The expectations to this requirement shall only be allowed and accommodated in special circumstances and situations of emergency which are not a result of poor or lack of planning by the concerned staff member.
- IV. All requests for payment MUST contain all relevant supporting documentation and MUST be properly and fully coded (i.e. Project codes and name, activity codes, expenditure codes and donor codes).
- V. All expenditure requisitions which do not comply with the above provisions shall not be approved.

6.1.2 Authorisation and Approval of Expenditure

- I. The first level of authority to spend funds shall be granted by the approval of the project budget by the Board and upon obtaining funding commitments from the donors and availability of funds.
- II. The second level of authority to spend project funds shall lie with the Executive Director.
- III. The Executive Director has overall budget responsibility for all budgets and can authorise payment on any project budget lines. However, he/she will delegate part of this responsibility as appropriate.
- IV. The person with budget holding responsibility must sign for all payments related to the project for which they are responsible. Expenses concerning or requested for by the budget holder must -be signed for by another staff that also has budget holding responsibility.
- V. Any staff member with no budget holding authority shall not give such approvals unless he/she has obtained an "Authorised for Delegation of Authority" by the budget holder with primary responsibility.
- VI. All budget holders shall track payments/expenditures for all projects on each budget lines on a monthly basis to help them monitor their budgets.
- VII. All expenditures will be strictly allocated to project (s) in accordance with the approved budget codes for ease of budget monitoring and reporting.
- VIII. Payment for expenditure shall only be made when they are due and the actual date of payment must be the date recorded in the account. In no circumstances shall payments be made before they are due.
- IX. Expenditure chargeable in any financial year must be accounted for within that financial year. All officers are required to ensure that all expenditure incurred and chargeable against a budget year is as far as possible paid within the financial year to which it relates.

6.1.3 Incorrect Expenditure

- I. A staff member making disbursement without proper authority will be made personally responsible for the amount and may be called upon to make good such payments and commitments.
- II. A staff member whose duties require him/her to render accountability or provide information will similarly be held responsible for any inaccuracies in the accounts.

6.2 Payment Provisions

- I. Payment for goods and services will be made as soon as possible but not later than 30 days after accounts are rendered or services performed
- II. Any negligence or delay on the part of an officer in presenting claims or in furnishing completed vouchers may result in the claim or voucher being totally or partially disallowed.
- III. No staff will certify or authorise for payment vouchers made payable to himself / herself.
- IV. All payments of UGX 200,000 and above shall be made by Cheque or Electronic Funds Transfer (EFT) with exception as approved by a Board member who is a signatory.

6.2.1 Payments for Goods, Services and Contracts

- I. All LASPNET suppliers and service providers shall only be paid after completion of the delivery of goods and services ordered for by LASPNET.
- II. All payments for suppliers except for petty cash purchases shall be made by Cheque or bank transfer within a maximum period of 30 days from the date of receipt of the suppliers invoice.
- III. When requesting payments for goods and services provided, all the relevant documents (purchase requisition, tender invitations, quotations, LPOs, Goods Received Notes, Invoices, Correspondences etc.) used must be attached and presented to the Finance and Administration Department in their original forms.
- IV. Before making any payment, FAM shall check and ensure that all internal control regulations and/or compliance issues have been observed, all the relevant attachments are available, and that the goods and services quoted have been provided and/or rendered.

6.2.2 Payment by Cheques

- I. Payments above UGX 200,000 for LASPNET purpose must be paid by crossed Cheques or EFTs drawn on LASPNET specific bank accounts.
- II. All payments for LASPNET purposes to suppliers, partners, and any other third parties shall be made by Cheque/ EFT, payable in the name of the payee.
- III. Cheques /EFTs should be made out to the payee exactly as per the amount in the payment voucher.
- IV. Cheque leaves must be drawn and issued in their strict numerical and serial number order.
- V. All Cheques drawn and issued must be recorded on a Cheque register book in the order issued. It must show exactly what is written on the Cheque.
- VI. Any cancelled Cheques must also be shown on the Cheque register book.
- VII. The Cheque signatories shall be responsible for verifying that the Cheques being issued are accurate and being processed in accordance with the internal control provisions.
- VIII. When signing Cheques, the following should be verified:
 - a. Payment voucher relating to the Cheques has been attached and fully filled.
 - b. Payee on the voucher/Cheque stub/Cheque/Cheque register is exactly the same.
 - c. Amount on voucher, Cheque stub, Cheque and Cheque register is the same
 - d. Amount in words and figures on the Cheque agree.
 - e. The Cheque is dated correctly.
 - f. Voucher supporting documents are properly authorised.
 - g. Ensure that any prior Cheque signatory has properly signed.

6.2.3 Receipt of Payment

- I. All receipts for payment will be obtained at the time of payment. Receipt of cash Cheques by the AAO will be obtained by means of a signature for the Cheque on the payment voucher and Cheque register.
- II. All persons external to LASPNET receiving payment for themselves or on behalf of a third party must identify themselves by means of a valid identity card or similar genuine documents.
- III. Staff of LASPNET shall not be allowed to receive payment directly chargeable to expenditure on behalf of third parties.
- IV. All payments on a single payment voucher will be made and received either by cash or Cheques but not by a combination of both cash and Cheques.
- V. One Cheque may cover a number of payment vouchers and one payment voucher may cover any number of invoices, provided they refer to the same payee.

6.2.4 Payee and Payee Identification

- I. All payments by LASPNET will be made only to the person or firm named on the supporting documents and the relevant payment vouchers or to their legal representatives.
- II. Any staff member who deliberately or otherwise makes payment to an unauthorised person shall be held liable for such loss and will be expected to make good such amount.

6.2.5 Loss of Payment Vouchers

- I. A replacement voucher shall be prepared for any lost payment voucher and must be certified by the FAM that the original has been lost and cannot be recovered with written explanation to the circumstances of the loss.
- II. Where a purchase requisition, LPO, or an invoice is lost, a certificate will be prepared by the FAM and endorsed by the Executive Director stating that payment has not been previously made.
- III. If an entire book (receipt book, invoice book, LPO book etc.) is lost, it must be immediately reported to the Executive Director who shall be required to handle it in accordance with the rules relating to loss of accountable documents.

6.2.6 Marking paid documents

- I. All payment requests including all original invoices and supporting documents shall be marked "PAID" when payment has been made. This can be done using a simple stamp or in clear bold print.

6.3 Payment Workflows**6.3.1 Payment Procedures**

Responsible	Step No and Description	Reference to relevant forms and input into System
Budget Holder/Staff Member	1. The individual requesting the activity shall raise the Requisition. For planned activities, the requisition shall be prepared at least 3 days before the funds are required, and forwarded to the line manager for approval.	Requisition
Department Head	2. The Head of Department shall review the requisition to ensure that it is eligible and reasonable. She/he shall approve or Reject the requisition depending on whether it is eligible. If the requisition is approved, forward it to the Finance and Administration Department for processing.	

Responsible	Step No and Description	Reference to relevant forms and input into System
FAM Executive Director	3. Review the requisition to ensure that there is a budget line for the activity and that funds are available under that budget line and forward the requisition to Executive Director for approval. 4. Review the requisition to ensure that it is eligible and reasonable. If satisfied, approve and forward to the Finance and Administration Department for processing of the payment voucher.	
FAM	Payment (Cash Payment) Voucher 5. Prepare the voucher once the requisition is signed and supporting documents are attached. For example, with payment for repairs of vehicles, the supporting documents expected are the requisition, pro-forma invoices, LPO and invoices.	CPV Requisition, Pro-forma invoice, LPO, etc.
Executive Director	6. The Executive Director approves the expenditure with a signature to confirm that the activity had been approved and that they are satisfied with the job done or service rendered. Therefore payment to the recipient can be effected.	

6.3.2 Recording of Payment Process

Responsible	Step No and Description	Reference to relevant forms and input into System
FAM	1. All payments to be made by the Secretariat shall be recorded in the cash book and general ledger 2. The payments shall be analyzed according to the codes in the chart of accounts. 3. The cash books and general ledger shall be updated on a weekly basis. 4. The bank reconciliation statements shall be prepared on a monthly basis for all accounts. 5. All staff imprest and salary advances paid shall be immediately recorded in the general ledger. (Staff Debtors Account). Listings of outstanding amounts shall be prepared every month, and up-to-date records of imprest and salary advances issued to staff monitored for accountability and recovery of amounts unaccounted for.	Accounting system Accounting system Bank Reconciliation Statement Accounting system

6.4 Payment – Working Advances

6.4.1 General

- I. Advances are sums of money disbursed to its staff to meet official anticipated costs for which the exact amount is not yet known. They are short term funds given to LASPNET staff that must be accounted for promptly on completion of the activities for which they were disbursed by producing genuine and valid support documentation such as receipts, invoices and vouchers.
- II. LASPNET money shall under no circumstances be used for private and unauthorised purposes. LASPNET employees are strictly prohibited from advancing themselves any LASPNET money except in accordance with the instructions in the Finance Manual.
- III. Application for advances must be made on the officially approved form which shall include provision for the signature of the recipient, the payer and authoriser.
- IV. All advances to any staff must be approved by the Budget Holder, concerned staff line manager and Finance and Administration Manager. Whenever a debt arises to an individual staff as a result of giving an unauthorised advance, the amount has to be repaid immediately, unless payment by installment is authorised by the Executive Director and confirmed by the Finance and Administration Manager.
- V. The amount of cash advance should be kept at a minimal level. Cheques issued directly in the name of the services provider should be made for large payments such as accommodation, meals and hall hire during workshops.
- VI. No more than one cash advance for activities should be outstanding to one member of staff at any one time. Working advances must be accounted for immediately after the purpose for which it was granted ceases and before another advance can be made. Exception to this provision shall only be authorised by the Budget Holder and Executive Director.
- VII. All requisitions for working advance must be made in accordance with this Policy in the same way as any other payment request and is subjected to the normal approval process adopted by LASPNET.
- VIII. If any staff member receives a cash advance and the activity is delayed for one reason or another, the advanced amount should be returned to the FAM and a receipt issued. A new request for the cash advance shall be made at a later date when the activity is meant to take place.

6.4.2 Accounting for Working Advances

- I. When making accountability for financial resources, LASPNET requires that its staff observe the provided guidelines but also maintain personal integrity, managerial obligations, professional conduct/ethics, legal compliances, efficiency and effectiveness.
- II. Accountabilities for working advance must be approved by the Budget Holder and/or the line manager of the staff making accountabilities before they are submitted to the FAM for retirement.
- III. Working advances not accounted for within the duration provided for shall be deducted from the salary of the staff member concerned without any consultation.
- IV. Where the working advance is in excess of the staff member's salary, instructions on the number of instalments to be deducted shall be agreed upon between the concerned staff and the FAM.
- V. Where a staff member fails to account for funds advanced to him or her and the amount of outstanding advance is in excess of his/her two months' salary, the Executive Director on advice of the FAM shall enforce the following internal control measures:
 - a) Instruct that overdue accountability is deducted from the staff member's salary.
 - b) Instruct that no further advances should be given to such staff members.
- VI. Balances on working advances must be paid back and a receipt issued to the accounting staff. An unaccounted for balance from working advance will also be deducted from the employee's salary.
- VII. Deficits realized from the working advances shall be approved by the Budget Holder and refunded immediately to the concerned staff following the normal payment procedures.
- VIII. The FAM shall be required to prepare and submit to the Executive Director quarterly staff debtors and creditors' status reports to enable them enforce recovery of such debts and credit.

6.4.3 Qualities of Accountability Support Documents

When submitting accountability for any fund advance to staff, he/she must ensure that as a minimum, the accountability documents must meet the following basic specifications:

- The documents are original and not photocopies/carbon copies.
- The documents are traceable to a particular source especially for material transactions - headed receipts.
- The documents are clearly written and readable with an average eye sight.
- The documents must not have been written by themselves but rather by the person receiving the money.
- The documents are complete and the figures total to the amount being accounted for and are mathematically correct.
- The accountabilities are in accordance with the approved plan and prescribed format. Where it is not in compliance with the approved plan, justifications for variances should be attached.

6.4.4 Travel Advances, per diems for subsistence costs

LASPNET shall pay a daily subsistence allowance (Per Diem) to their staffs that undertake official travel. Subsistence allowance shall be calculated from the start of the journey till return to duty station/home. Per Diem will be paid as per the rates approved by the Board at the time of travel.

6.4.5 Board Meeting Allowances

Whenever Board Members meet, they will be entitled to the allowances at a rate approved by the Annual General Assembly.

6.5 Working Advance Workflows

Responsible party	Step No and Description	Reference to relevant forms and input into System
Budget Holder	1. Complete an Imprest Application Form (IAF) and clearly indicate the purpose for the imprest.	Imprest Application Form
	2. Attach supporting documents to the request for imprest and submit the form to the department head for approval.	
	3. Receive and review the form. If additional information is required, instruct the officer to obtain the requisite information. Approve the form if the documents are complete and the IAF does not require amendment. Forward to the FAM for verification of the availability of funds.	
FAM	4. Review the form to ensure that there is a budget line for the activity and that funds are available under that budget line. Forward the IAF and attached documentation for the Executive Director.	
Executive Director	5. Review the form. Ensure that the form is properly supported by the attached documentation. If the form and the supporting documentation are in order, approve the request.	
FAM	6. Observe payment procedures when issuing the imprest amount.	

Responsible party	Step No and Description	Reference to relevant forms and input into System
Budget Holder	<p align="center">Accountability</p> <p>7. The officer who received the imprest shall account for the advance using the Accountability Form (AF). The accountability shall include evidence of the use of the funds such as invoices, receipts, signed copies of disbursements.</p>	
Budget Holder	<p>8. Staff imprest shall be accounted for as soon as expenditure is complete, within five (7) days of completion of the activity for which the imprest was requested. The accountability Form shall be forwarded to the FAM for review and approval.</p>	
FAM	<p>9. On receipt of a completed Accountability Form, the FAM shall review it to ensure that all expenses are properly accounted. If an officer does not account for the imprest as indicated above, the total amount of the imprest shall be recovered from the officer salary at the end of the month if it remains unaccounted for till then.</p>	Accountability Form (AF)
FAM	<p>10. On approval of the Imprest and payment of funds, the transaction shall be recorded promptly in the cash book. The amount of the imprest shall be recorded in the staff imprest account.</p> <p>Example: Dr Staff Imprest account Cr Cash book</p> <p>The general ledger should be promptly updated whenever the imprest amount is accounted for,</p> <p>Example: Dr Expense Account Cr Staff Imprest Account</p> <p>11. The AAO shall keep a register of staff imprest advances that shall be updated each time an imprest is made accounted for.</p>	Payroll Schedule Accounting system, Journal Voucher

SECTION 7.0 Payroll System

7.1 General

- I. The purpose of the payroll is to ensure:
 - a) Complete and accurate data capture and payroll processing
 - b) Production of all required reports in a timely manner
 - c) Employees are paid in accordance with terms of employment or revision thereof.
 - d) Statutory and voluntary deductions are properly accounted for and remitted to the appropriate authorities.
- II. The payroll system is maintained by the Finance & Administration department or of outsourced then supervised by the Finance and Administration department.
- III. All salaries shall be paid through the bank(s) on the 21st of every month and if the 21st day of the month falls on a weekend or public holiday the salaries shall be paid the next working day. All allowances shall be paid on the last working day of every month.

7.2 Personnel Records

- I. The Human Resource Officer (or an officer designated to handle human resource matters) shall maintain the main personnel records. This information shall serve as a permanent record of standard data to be included in the monthly payroll for each employee. The source documents for personnel data include:
 - Passport Photos
 - Letters of Employment
 - Resignations and Discharges
 - Promotion notification
 - Transfer notification
 - Notification of changes in basic pay
 - Leave entitlement
 - Performance appraisal reports
 - Map to residence
 - Next of Kin
 - Blood Group.
- II. The Human Resource Manager shall ensure that a schedule of all changes during the month is prepared. A copy of this schedule shall be given to the FAM. All staff shall provide the FAM with information of their bankers and bank account numbers. All salaries shall be paid through the bank. There shall be no cash payments of salary.

7.3 Processing of Payroll

- I. The FAM shall ensure that monthly payroll for all salaried personnel and other authorised notifications are prepared for all the staff. They should be timely, accurate and within the stipulated deadlines.
- II. The payroll will show for each staff of LASPNET the following information:
 - a. Month of payment
 - b. Names and staff number of employee
 - c. Gross pay
 - d. Statutory deductions
 - e. Other itemized deductions (salary advance, contribution to and recovery of staff saving scheme and other non-statutory deductions etc.) as may be applicable
 - f. Net pay.
- III. All staff shall be paid by means of an Electronic Funds Transfer or Cheque to their bank account through a remittance schedule signed and approved by the Cheque signatories.
- IV. No salary payment Cheque shall be opened for any staff member.

- V. No cash payment for salaries will be made to any staff member except those who have just been recruited and have no bank accounts. This shall, however, apply only in the first month of joining the service of LASPNET.

7.3.1 Drawing of Bank Payment and Cheques Schedules

- I. The AAO shall extract a monthly pay schedule for all staff members in the payroll for a particular bank showing:
- a) Date and month of payment
 - b) Name of staff
 - c) Bank name and branch
 - d) Cheque number
 - e) Account to be credited (i.e. account name, number and amount)
 - f) Total amount payable to each bank.
- II. Instructions to the receiving bank shall include the directives for the bank to deduct bank charges and other fees from the LASPNET bank account. LASPNET shall, however, not meet the banking costing charged by the staff member banks for handling their individual banking transactions.
- III. The schedule shall be signed by the authorised bank account signatories.
- IV. The payment schedule will support the payment voucher for a Cheque to be drawn, payable to the relevant bank and branches. The Cheques will be drawn following the normal payment procedures.

7.3.2 Statutory Returns

- I. The FAM shall ensure that the relevant monthly statutory returns are prepared and remitted to the relevant government departments by their respective due dates.
- II. At the end of the year, the FAM shall prepare LASPNET's annual statutory returns for all the relevant government bodies reconcile them to the monthly returns made for the year and submit them within the specified deadlines.

7.4 Preparation of Payroll – Workflow

Responsible party	Step No and Description	Reference to relevant forms and input into System
FAM	1. Receive a memo from Administration/Human Resource Officer with a schedule of all changes during the month such as increments and recruitment. This memo shall be issued by 10 th of every month.	Internal memo
FAM	2. Use the schedule to update the payroll amounts, prepare the payroll for the month and attach the memo and schedule.	Payroll schedule
FAM	3. Forward the payroll and attached documents to the Executive Director. This shall be done by the 15 th of every month.	
Executive Director	4. Review the payroll and make any amendments as required. Ensure computations are correct. If no other amendments are required, approve the payroll and forward to the FAM for processing.	

Responsible party	Step No and Description	Reference to relevant forms and input into System
FAM	5. Prepare a payment voucher for the payment of salary and deductions, prepare bank instructions for signature. 6. Generate payroll reports i.e. pay slips and remittance advices. 7. Review the payment instruction for consistency with the approved payroll. If the instructions are correct, sign them off and forward the payroll to the Executive Director for authorisation.	Pay slips
Executive Director	8. Sign the letters and Cheques authorising the bank transfer salary amounts to personal accounts of staff. Forward the payroll and documents to the second signatory.	Bank advice letter, Cheques
2 nd Signatory	9. Sign the letters and Cheques authorising the bank to transfer salary amounts to personal accounts of staff.	
FAM	10. Dispatch letter and Cheques to the bank for money to be transferred to individual employees bank accounts for all staff, at least 3 working days before the 21st of each month. Use the payroll and attached documentation to update the general ledger.	Accounting system

7.5 Staff Salary Advances

A salary advance shall be a payment issued to an employee in the form of a short-term loan, for emergency situations, on a date in advance of the official scheduled pay day.

- I. The amount of the advance payable to the employee shall be based on a percentage of the net of forthcoming wages.
- II. The following special conditions shall apply to this type of payment:
 - a) Employee Emergency:
 - A financial hardship against the hours or period worked to date in the current month largely based upon the payroll deadlines
 - Unexpected, tragic, and isolated events that place the employee in financial hardship which may affect job performance
 - Varying circumstances of emergency hardship whereby each employee's request shall be given individual consideration
 - b) Administrative Error or Timing Issue:
 - A salary advance may be requested by an employee when a payroll payment cannot be made on the scheduled payment date due to administrative error or timing, resulting in financial difficulty to the employee.
 - A salary advance may be requested by an employee based on a reasonable argument resulting from unfavourable timing in the salary remittance. However, not every occurrence of late submission of time and attendance records or late hires can be accommodated with an advance. Employee must demonstrate financial hardship as a result of the delay.

SECTION 8.0 Fixed Assets, Transport & Stores Management

8.1 Fixed Assets

- I. The purpose of the fixed assets system is to ensure that:
 - All assets are safeguarded by recording their details and monitoring their location, condition and usage.
 - There is proper maintenance of a computerized fixed assets register, approximately designed to include all information necessary to properly record and control fixed assets.
- II. All assets shall be recorded in the general ledger and tracked for depreciation at prescribed rates. A number shall be permanently engraved or marked on all assets belonging to LASPNET.
- III. A team of senior managers appointed by the Executive Director shall carry out an annual asset survey at the end of every financial year to ensure that assets exist, are in good working condition, are in safe custody, and are being used for Secretariat activities.

8.1.1 Classification and Depreciation

LASPNET's fixed assets shall be classified and depreciated as per the following categories:

No	Fixed Asset Category	Depreciation Method	Depreciation Rate
1	Land – Freehold	Straight Line	0%
2	Land – Leasehold	Straight Line	Over the lease life
3	Buildings	Straight Line	5%
4	Computer Equipment and Accessories	Straight Line	25%
5	Office Equipment	Straight Line	20%
6	Furniture and Fittings	Straight Line	20%

8.1.2 Maintaining of Fixed Asset Register

Responsibility	Step No and Description	Reference to relevant forms
FAM	<ol style="list-style-type: none"> 1. Maintains a fixed assets register showing the following minimum details: <ul style="list-style-type: none"> • Description • Asset Identification number • Location • Responsible officer • Date of purchase (acquisition) • Serial number – if applicable • Total cost 2. Update the register with all additions 3. Amend the register to reflect any disposals. 	Fixed Asset Register

8.1.3 Disposal of Fixed Assets

- I. All assets shall be treated in the manner specified in the agreement between LASPNET and the Development Partner/Donor/Provider of the asset(s).
- II. In the event that the donor/provider allows for disposal of assets by LASPNET, and the agreement does not specify the disposal process, the following shall apply:
 - a) Disposal of an asset shall be done when an asset can no longer be used.
 - b) The Board shall be responsible for the approval of any decision to dispose an asset in the organisation.
 - c) Disposal shall be by auction or donation, with the auction being carried out internally to begin with, before external auction is considered.
 - d) When the asset cannot be disposed offered by auction, it shall be donated to a worthwhile cause.
 - e) Proceeds from the disposal of assets shall be treated as other income for accounting purposes.
 - f) In the case of high-value assets like motor vehicles and computers, express authority for disposal must first be acquired from the donor related to that asset(s) and the proceeds shall be credited to the specific donor's account.

8.1.4 Disposal of Assets Procedure

Responsible	Step No and Description	Reference to relevant forms and Input into System
Executive Director	1. Recommend sale of asset to the Board giving adequate reasons.	
Board	2. Approve the disposal ensuring all assets disposal regulations are adhered to where appropriate	
Executive Director	3. Disposal of the assets as per the applicable procedures	
FAM	4. Make Journal entries to recognise income	Accounting system
	5. Update the fixed Assets Register with the disposal	Fixed Asset Register

8.2 Transport System

The LASPNET transport policy shall ensure an effective and efficient system that provides guidance on:

- Roles and power of key duty persons in management of transport for LASPNET.
- Procedures to requisition for transport and administration of fuel usage in the performance of duties.
- Management of repairs and maintenance of transport means entrusted to or owned by LASPNET.

8.2.1 Transport Policy

- I. A comprehensive motor vehicle insurance policy must be procured for all vehicles of the LASPNET Secretariat to minimise costs in the event of an insurable risk.
- II. Only LASPNET officers with valid driving permits are authorised to drive the Secretariat's vehicles but any other licensed drivers may be authorised to drive them when the need arises.

- III. LASPNET vehicles shall operate as a pool and a logbook shall be maintained for each vehicle.
- IV. The Human Resource Manual and the employment letter shall grant some employees the right to LASPNET vehicles whenever needed in the execution of their official duties.
- V. LASPNET vehicles shall not be used for private purposes except in emergency situations, and only with the express approval of the Chairperson.

8.2.2 Responsibility

- I. The FAM shall be responsible for the LASPNET's fixed assets including motor vehicles. The FAM shall establish a system of maintaining a logbook for each motor vehicle to record:
 - a) The date of the trip,
 - b) The destination and purpose for the trip,
 - c) The mileage at the beginning,
 - d) The mileage at the end of each trip, and
 - e) The mileage at which a motor vehicle was filled with fuel.
- II. Staff members shall be charged for trips taken for private purposes using LASPNET motor vehicles. The rates shall be determined by the Board from time to time.
- VI. The Executive Director shall ensure safe custody for all the relevant documents relating to the pool of vehicles owned by LASPNET Secretariat.
- VII. Drivers shall have the initial responsibility for supervising the repairs and maintenance of the vehicles assigned to them. They shall periodically check the vehicle to confirm that the service is due or follow the scheduled mileage log by the service garage depending on which one falls earlier.
- VIII. Any possible repairs shall be assessed by a reputable pre-qualified garage or workshop and thereby a quotation or proforma invoice be generated for the suggested repairs and/or maintenance.

8.3 Stores System

- I. The purpose of the stores system is to ensure the following:
 - Accurate recording of store purchases and stock issues.
 - Accurate determination of store balances.
 - Controls over movement of store items.
 - Determination of re-order levels to eliminate stock outs, ensure that commodities are available when required, and avoid excessive stock holding.
- II. LASPNET's main store items are office stationery and printed project materials and other office consumables.
- III. Store items shall be held in the stores for day-to-day usage. Additional store items shall be bought or requisitioned as and when the need arises, for instance in anticipation of activity requiring store items.
- IV. Stores of commonly used items such as stationery shall be maintained at reasonable levels. This shall ensure that on-going activities are not affected by store-outs. As a minimum, it is recommended that at least fifteen days of stock be held in respect of commonly used store items.
- V. If the required items are not in store, the requisition/procurement procedures as established shall be observed.
- VI. Store items shall be issued on a First in First out (FIFO) basis and arranged in such a manner that those with the earliest expiry dates are used first.
- VII. On a regular basis (minimum twice a year), the items shall be counted, valued and compared with the book records. Any variances shall be investigated and reconciliation statements and adjustments for any differences done.
- VIII. A manual stores ledger card shall be maintained in the stores. This is updated for all receipts and issues of store items.
- IX. The FAM shall ensure proper store maintenance, establishing stock re-order levels, preparing stock-take procedures and supervising stock counts.

8.3.1 Stores Control Procedure

Responsible	Step No and Description	Reference to Relevant forms and Input into System
Stores In-Charge	1. Review the level of store items held and determines whether any items need to be purchased. This shall be done at least once a month.	Stores Ledger GRN Accounting system
Stores In-Charge	2. Observe procurement procedures to purchase required items.	
Stores In-Charge	3. Observe receipt of goods process	
Stores In-Charge	4. Update the stores ledger. The stores ledger may be manual or a spreadsheet on the computer	
Stores In-Charge	5. File the GRN sequentially	
FAM	6. When payment is made, update the cash book.	

8.3.2 Stores Issuance

Responsible	Step No and Description	Reference to Relevant forms and Input into System
Head of Department	1. Raise and sign a store Requisition Form (SRF) in duplicated and forward to the FAM for approval.	SRF SLC
FAM	2. Approve the store Requisition Form and forward it to the Stores In-Charge.	
Stores In-Charge	3. Issue store item(s) against approved SRF. Indicate on requisition which items were issued and both secretariat officer and Stores In-Charge sign.	
Stores In-Charge	4. Update the Stores Ledger Card (SLC) with the issue and file the SRF.	
Stores In-Charge	5. On a monthly basis, extract summaries of store usage indicating usage by staff and department	
FAM	6. Review and carry out ad-hoc checks. Forward to the Executive Director for information.	

8.3.3 Stores Unit

- I. All stock items shall be expensed upon payment for them.
- II. The Unit shall maintain control over the LASPNET inventory of goods; carry out a complete inventory of all LASPNET goods every six months; and prepare loss reports for submission to FAM.
- III. The Stores Unit is responsible for the following procurement activities:
 - preparing the estimated requirement, cost and delivery scheduling of LASPNET stock items;
 - taking into consideration existing stock levels and established annual usage patterns; seasonal usage patterns, current stock levels, average purchase quantities;
 - determining anticipated requirements for the next Financial Year in consultation with Originating Units/Departments, and estimated prices in consultation with the Procurement Unit;
 - preparing detailed schedules of the annual requirement for stock items, the costs analysed between detailed Account Codes, to the Procurement Unit for inclusion in the annual budget and Annual Procurement Plan;
 - Using the annual procurement plan and budget to initiate required purchasing actions during the new financial year.
 - maintaining a stock of commonly-used goods (stock items) for draw-down by Originating Units/Departments;
 - where items requested from the Stores Unit on a Stores Requisition are not available within the stores, raising a Purchase Requisition to the Procurement Unit;
 - receiving all goods procured by LASPNET; initiating the creation of attendance at the time of delivery by an appropriate LASPNET Officer and the Supplier;
 - taking charge of all accepted stock and non-stock items; entering all items into inventory;
 - issuing a Goods Received Note for all items received in the Stores, certifying by signature that the items were received according to the requirements of the appropriate contract or purchase order;
 - receiving invoices from Contractors, certifying by signature that goods were received in accordance with a contract or purchase order, and that payment is to be made to the Contractor;
 - maintaining a list of pending deliveries (items ordered but not received); updating the list as orders are received; forwarding on a monthly basis the updated list of outstanding deliveries to the Procurement Unit for follow-up;
 - raising a procurement requisition to the Procurement Unit for action when the stock level for a stocked item reaches the minimum operational requirement, or when a specific item requested is not in the inventory;

SECTION 9.0 Procurement

9.1 General Framework

- I. Procurement is the sequence of formal processes for acquiring property, plant and/or equipment, goods, works or services through purchase, hire, lease, rental, license, tenancy, franchise, or any other lawful contractual means.
- II. All the procurement transactions at LASPNET shall be carried out in accordance with the provisions of this Manual.
- III. LASPNET procurement activities may be carried out according to procedures other than those set forth in this Manual when a particular funding agreement requires the organisation to use other prescribed procurement procedures.
- IV. LASPNET shall carryout all procurement and disposal activities in a manner that maximises through the use of methods such as open and/or restricted bidding, request for proposals and quotations. Open bidding shall be the most preferred method of procurement.
- V. The following principles shall receive due consideration when undertaking the procurement activities:
 - a) Best Value for Money;
 - b) Effective competition
 - c) Fairness and Integrity
 - d) Transparency
 - e) Facilitation and promotion of local industry and economic development in the country
 - f) Interest of LASPNET and its Stakeholders
- VI. LASPNET shall use the most efficient and effective processes to select its providers of goods, works and services.
- VII. There shall be segregation of duties in all LASPNET procurement processes.
- VIII. The Finance and ICT Systems Committee shall supervise, and where necessary establish, the following units so that each acts independently in relation to its respective procurement roles:
 - a) Negotiation Unit
 - b) Procurement Unit
 - c) Administration Unit
 - d) Evaluation Unit, and
 - e) User/Originating Unit.
- IX. The following records shall be maintained by the Administration Unit:
 - a) Procurement Action File
 - b) Contract Management File
- X. LASPNET shall use appropriate forms of security to protect its financial and operational interests before and during the performance of a contract.

9.1.1 Ethics in Procurement

- I. Procurement shall at all times be conducted in accordance with the highest standards of ethical conduct.
- II. The following practices are prohibited:
 - a) any corrupt practice in any procurement proceeding;
 - b) any fraudulent practice in any procurement proceeding;
 - c) collusion or attempting to collude with any other person:
 - to make any proposed price higher than it should be;
 - to have that other person refrain from submitting a tender, a proposal or a quotation or to withdraw or change a tender, proposal or quotation; or
 - to submit a tender, proposal or a price specified in a quotation or with any specified inclusions or exclusions.
- III. A member of staff or an agent of LASPNET who has an interest in a particular procurement shall not:
 - a) take part in the procurement proceedings; and
 - b) after a procurement contract is entered into, take part in any decision relating to the contract.

- IV. A member of staff shall not –
- a) Allow any supplier to access information on a particular procurement before such information is officially available;
 - b) Disclose any proprietary or official information, directly or indirectly, to any person other than a person authorised to receive such information.

9.2 Roles & Responsibilities

9.2.1 Finance and ICT Systems Committee

- I. The Finance and ICT Systems Committee of the Board shall guide procurement processes of LASPNET and headed by the Treasurer.
- II. The Committee shall be composed of the Executive Director and two (2) members of the Board appointed in their individual capacities. The Committee may also appoint any other additional, beneficial, and technical persons necessary for the purpose of this Part;
- III. The Committee shall:
 - a) consider and approve or reject submissions/bids;
 - b) review and verify that the procurement or disposal is undertaken in accordance with the provisions of this Manual, and the terms set out in bid documents;
 - c) nominate members of staff and/or the Board to attend and witness pre-bid meetings, bid closings, bid openings and contract negotiation meetings;
 - d) approve:
 - i. standard bidding documents (SBDs);
 - ii. solicitation documents and any addenda before they are issued to bidders;
 - iii. the membership of Evaluation Unit;
 - iv. technical, financial or combined evaluation reports;
 - v. the membership and objectives of a Negotiation Unit;
 - vi. the outcome of any negotiations;
 - vii. contract documents in line with the award decision;
 - viii. recommendations for any proposed amendment, modification or renewal of a contract previously reviewed by the Procurement Unit, where the amendment, modification, or renewal, increases the total estimated contractual amount by 15% or more or UGX 10 million or more, whichever is lower;
 - ix. any proposed amendment, modification or renewal of a contract previously reviewed by the Procurement Unit, where the amendment, modification, or renewal extends the duration of the original contract for a period exceeding six months;
 - x. the annual procurement plan;
 - xi. short-list of suppliers for specific procurements;
 - xii. the list of prequalified providers of goods and services;
 - xiii. the disposal of any assets of LASPNET;
 - e) recommend award of procurement contracts;
 - f) review any procurement method that deviates from the methods provided in this Part;
 - g) verify that the annual procurement plan is consistent with LASPNET's Strategic Plan;
 - h) be responsible for the management of the Supplier Registers;
 - i) review procurement reports;
 - j) recommend the debarment of suppliers to the Board;
 - k) make proposals for procurement policies, procedures and practices; and
 - l) consider any other matter relating to a contract referred to the Procurement Unit by the Executive Director or any other authorised official;
 - m) undertake any other function and duties as provided for under this Manual.

9.2.2 Administration Unit

- I. The Executive Director, as head of the LASPNET Secretariat, shall administer procurement and disposal processes of the organisation and in particular:
 - a) ensure that the annual procurement plan for LASPNET is prepared;
 - b) advertise procurement notices;

- c) communicate award decisions to the Procurement Unit;
- d) certify the availability of funds to support procurement or disposal activities;
- e) ensure that LASPNET properly manages and keeps a record of the procurement proceedings in accordance with this Manual;
- f) sign contracts for procurement or disposal for LASPNET; and
- g) ensure that awarded contracts are implemented in accordance with the terms and conditions of the award.

II. The Executive Director may delegate any of the functions above to an appropriate person.

9.2.3 User Department

The Originating Unit/Department shall:

- i. initiate procurement and disposal requirements and forward them to the Procurement Unit;
- ii. be responsible for contract management.
- iii. Verify the availability of funds for the procurement thus initiated.

9.2.4 Procurement Unit

VII. The FAM as head of the finance and administration department is responsible for the Procurement Unit and particularly shall:

- a) carry out the procurement of goods, services and works for LASPNET;
- b) provide procedural and technical guidance and assistance to the Administration Unit, User Department, Bid Evaluation Unit and any other person involved in procurement or disposal;
- c) advise the User Department on the development of terms of reference, evaluation criteria and other aspects of the procurement;
- d) review detailed specifications and requirements developed by User Departments to ensure an effective and efficient procurement process;
- e) approve the final statement of requirements and evaluation criteria;
- f) select the appropriate procurement method;
- g) prepare and issue all bidding documents;
- h) provide to the potential bidders complete information required to prepare responsive bids;
- i) prepare advertisements for bid opportunities;
- j) receive and respond in writing to any requests for clarifications or additional information from bidders;
- k) notify bidders of any approved extensions to closing dates for the submission of bids and where necessary, request the bidders to extend the bid validity of their bids;
- l) identify and propose the members of an Evaluation Unit to the Finance and ICT Systems Committee of the Board;
- m) provide relevant training to the staff of LASPNET involved in the procurement process;
- n) register bid securities and provide for their safe custody;
- o) register and maintain custody of samples submitted by bidders;
- p) co-ordinate the evaluation process and give guidance to the Evaluation Unit;
- q) submit evaluation reports to the Administration Unit;
- r) notify award of the contract to the winning bidder, and to the unsuccessful bidders;
- s) prepare the required contractual documents and obtain the required signatures of LASPNET and for the successful bidder;
- t) develop standard bidding documents and monthly reports on procurement activities.
- u) monitor contract management by the user departments to ensure that the contracts are implemented in accordance with the terms and conditions of the contract;
- v) inspect the records of the user departments relating to contract management;
- w) request for reports from the user departments relating to contract management;
- x) notify the contractor immediately in writing of any failings in the performance of its obligations including notification of shortages and discrepancies and pursue follow up measures;

- y) verify that invoices are in accordance with contractual provisions and promptly report to the Executive Director any significant departures from the terms and conditions of a contract;
- z) advise the Administration Unit on releasing and returning all securities as soon as they are no longer required by LASPNET;

9.2.5 Evaluation Unit

- I. Where procurement is above UGX 2,000,000 the Administration Unit shall establish an Evaluation Unit, with the approval of the Committee, to assess the ability of the potential suppliers to meet the minimum requirements of procurement in LASPNET, based on predetermined evaluation criteria.
- II. The Evaluation Unit shall;
 - a) evaluate bids in accordance with the criteria set out in a call for bids; and
 - b) recommend a contract award to the Procurement Unit.
- III. The evaluation Unit shall be comprised of -
 - a) an officer of the originating unit/Department;
 - b) three or more technically qualified persons who may be from within or outside LASPNET; and
 - c) a Secretary, who shall be appointed by the members of the Evaluation Unit from among themselves.

9.3 Procurement Planning

- I. LASPNET shall prepare annual procurement plans for the next financial year as part of the annual budget preparation process.
- II. The Procurement Unit shall consolidate the annual procurement plans of LASPNET and submit them together with the Annual Budget to the Administration Unit for review by the Committee.
 - I. All procurement shall be in line with the procurement plans approved by the Board.

9.3.1 Authorisation of Procurement

- I. Every procurement activity shall be initiated by an Originating Officer who shall submit a duly approved Procurement Requisition Form to the Procurement Unit
- II. All the Procurement Requisition Form shall be approved by the Administration Unit.
- III. A procurement procedure shall not commence until the Administration Unit confirms that sufficient funds are available to meet the obligations.

9.3.2 Sourcing of Providers of Goods and Services

- I. Bidding shall be invited by advertisement, except where the Committee deems that, in the interests of LASPNET, a departure from this provision is cost effective and will not affect competition.
- II. The Administration Unit shall conduct market surveys using the following methods -
 - a) pre-qualification;
 - b) request for expression of interest;
 - c) letter of Intent;
 - d) request for information;
 - e) advertisement of business opportunity;
 - f) external sources; or
 - g) internal sources.
- III. Where the estimated value of a procurement is UGX 50 million or greater, a call for bids shall be advertised on the LASPNET website and in at least one newspaper with wide circulation in the Country.
- IV. The following methods shall be used for the procurement of goods, services and works -
 - a) open bidding;
 - b) restricted bidding;
 - c) request for proposals;
 - d) request for quotations
 - e) direct procurement, and
 - f) micro procurements.

- V. The choice of the method of procurement shall be based on the following conditions -
- a) the market conditions;
 - b) the complexity of the procurement;
 - c) the estimated value of the procurement;
 - d) where applicable, donor conditions;
 - e) whether it is goods, works or services to be procured;
 - f) the exigency for the procurement; and
 - g) any other circumstances pertaining to the procurement, including location.
- VI. The estimated value of procurement shall be the main criterion for determining the procurement method to be used.
- VII. The Procurement unit shall in writing, justify the chosen method of procurement.
- VIII. The Units shall not, with the intention of avoiding a particular method of procurement, or the benefits of scale, split up procurement requirements which could be procured as a single contract.
- IX. The choice of procurement method to be used shall be in accordance with the following thresholds of estimated contract value:
- a) Open bidding: above UGX 50 million
 - b) Restricted bidding: UGX 10 million to UGX 50 million
 - c) Request for quotations: UGX 2 million to UGX 9.9 million
 - d) Micro-procurements: below UGX 2 million
- X. When a call for bids has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the one with the lowest cost to LASPNET.
- XI. The Committee may, reject bids for a particular procurement, and where the Committee rejects a bid, it shall record the reasons for the rejection.
- XII. Where the Committee rejects bids, it may –
- a) call for new bids;
 - b) use the direct procurement method; or
 - c) terminate or suspend the procurement process.

9.3.3 Open bidding

- I. Open bidding may be used -
- a) to award an individual contract or a framework agreement; or
 - b) to pre-qualify suppliers to -
 - (i) bid on a specific procurement; or
 - (ii) be listed to bid on a category or class of future procurements.

9.3.4 Restricted bidding

- I. Restricted bidding may be used where -
- (a) competition is limited to prequalified contractors, because of the complex or specialized nature of the goods, works or services;
 - (b) the time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured; or
 - (c) only a few suppliers of the goods, works or services being procured, are known.

9.3.5 Request for proposals

- I. Request for proposals shall be used where -
- a) the procurement is of services or a combination of goods and services; and
 - b) the services to be procured are advisory or of a predominately intellectual nature.
- II. When a request for proposals is issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set out in the solicitation documents and shall not necessarily be based on the lowest cost.

9.3.6 Request for quotation

- I. Request for quotations may be used where;
- a) the procurement is for goods that are readily available and for which there is an established market;
 - b) the estimated value of the goods being procured is less than UGX 10 million.

9.3.7 Exceptions to the use of competitive methods

- I. Direct procurement may be used in the following circumstances:
 - a) for micro - procurements;
 - b) where there is only one possible supplier;
 - c) for framework arrangements, where LASPNET specifies that the direct procurement method is to be used;
 - d) where the procurement requirement is of a specialized nature, or where public safety or security make open or restricted bidding inappropriate;
 - e) where there is a genuine exigency for the requirement, beyond the control of LASPNET, including emergency situations or force majeure, or other compelling circumstances which are not due to lack of planning or slow administrative process within LASPNET;
 - f) in situations of frustrated contract, where a new call for bids would prejudice a program of LASPNET;
 - g) for works of art or for reasons connected with protection of exclusive rights, such as patents or copyrights;
 - h) for additional deliveries by the original supplier which are intended either as parts replacement for existing supplies, or installations, or as the extension of existing supplies, services, or installations where a change of supplier would compel LASPNET to procure equipment or services which do not meet the requirements of interchangeability/compatibility with already existing equipment or services;
 - i) when LASPNET procures prototypes or first products or services which are developed at the request of LASPNET in the course of, and for, a particular contract for research, experiment, study or original development;
 - j) owing to unforeseen circumstances, technical and economic reasons resulting in additional construction services being required to complete the initial contract in order to comply with the objectives of the original call for bids, an award for a total value not exceeding 25 % of the original amount has to be made to the same contractor;
 - k) for new construction services consisting of the repetition of similar construction services which conform to a basic project for which an initial contract was awarded and for which LASPNET has indicated in the notice of intended procurement concerning the initial construction service, that limited or direct procedures might be used in awarding contracts for such new construction services;
 - l) for products purchased on a commodity market;
 - m) in the case of contracts awarded to the winner of a design contest, provided that the contest has been organized in a manner which is consistent with LASPNET principles and policies of procurement;
 - n) where a repeat purchase is being done within a period of three months and the price has not changed;
 - o) where there is a standardization policy;
 - p) where the bids submitted have been collusive, or are not in conformity with the essential requirements in the call for bids, or from suppliers who do not comply with the conditions for participation, (on condition, however, that the requirements of the initial call for bids are not substantially modified in the contract as awarded);
 - q) for purchase or lease of real property.
- II. A request for a bid under the direct procurement method shall be in writing.
- III. A response to a request for a bid under direct procurement shall be submitted in writing.
- IV. The Committee shall approve a direct procurement method prior to commencement of the procurement process.
- V. The contract shall only be awarded where the offer of the qualified supplier substantially conforms to the requirement of the procurement and the price is acceptable.

9.3.8 Bidding Process

- I. Standard bidding documents shall be used for purposes of soliciting for bids from potential suppliers. The use of standard bidding documents shall be mandatory.
- II. No changes in the standard paragraphs of the standard bidding documents, including the annexes, shall be made without prior clearance by the Committee.

- III. Solicitations shall consist of the following components:
 - a) letter of invitation and instruction to bidders;
 - b) definition of requirements including specifications, terms of reference, scope of work;
 - c) contractual terms; and
 - d) Offer submission forms.

9.3.9 Approval and issuance of bidding documents

- I. Bidding documents shall, before they are issued, be reviewed and approved by the Committee and/or LASPNET Lawyers;
- II. Bidding documents may be sold to a prospective bidder at a cost determined by the Committee.

9.3.10 Selection of Bidders

- I. The method for selection of bidders to be invited to bid shall be:
 - a) by publication of a bid notice;
 - b) through a pre-qualification exercise;
 - c) by development of a shortlist; or
 - d) by selection of a sole or single provider;
- II. To reach a sufficient number of prospective bidders and to ensure effective competition, a bid notice shall be published in at least one newspaper of wide circulation in Uganda.
- III. A bid notice shall be displayed on the website of LASPNET, not later than the date of publication of the bid notice and shall remain on display until after the closing date for submission of bids.
- IV. The advertising period shall start on the date the bid notice is first published in a newspaper of wide circulation and shall not be included in the calculation of the bidding period.
- V. Where suppliers have been selected, the proposed shortlist shall be recorded, with reasons for the selection of each supplier, and submitted to the Committee for approval using the short list template prior to the issue of the solicitation document.
- VI. The bidding period shall start on the date of expiry of the advertising period or where there is no advertising period, when the solicitation documents are issued to bidders, and shall end on the date for submission of bids by bidders. The advertising period, if any, shall be excluded from the calculation of the bidding period.
- VII. All addenda to solicitation documents shall be approved by the Committee prior to issue to bidders and shall be numbered sequentially.
- VIII. The Committee may cancel a call for bids after bid opening but prior to award of contract where
 - a) no valid bids were received;
 - b) the requirement of LASPNET has changed significantly, such that it would not be fair or reasonable to complete the process;
 - c) there has been a significant change in the financial position of LASPNET;
 - d) the price quoted is significantly above the budget of LASPNET.
- IX. The period of validity of a bid shall be stated in the standard bid documents and shall be stated in calendar days from the date of opening of the tender. LASPNET shall use appropriate forms of security to protect its financial and operational interests before and during the performance of a contract.
- X. The bid documents shall provide clear instructions to bidders on the marking and sealing of the bids and the method of bid submission. Bids shall be received either by -
 - a) use of a tender box;
 - b) registered mail or courier;
 - c) A dedicated and secured e-mail address.
- XI. Any unsolicited offers from suppliers who are not invited by LASPNET to bid shall be rejected.
- XII. The solicitation document shall contain instructions to bidders regarding -
 - a) the date and time of the bid opening;
 - b) the precise location of the bid opening; and
 - c) any information to be read out and recorded at the bid opening.

- XIII. Evaluation shall be conducted in accordance with the methodology and criteria stated in the bid documents and shall not be altered during the evaluation process.
- XIV. Evaluation of bids and proposals shall be completed before the validity of the offer expires. The Evaluation Unit shall prepare an evaluation report for submission to the Administration Unit.
- XV. The Committee shall consider the report and approve or reject the award decision as recommended by the Administration Unit.
- XVI. A decision to award a contract by the Administration Unit shall not amount to a contract binding LASPNET to a provider.
- XVII. The Committee may at any time cancel a procurement process. However, the Administration Unit, if it deems it necessary, shall at any time, prepare a recommendation to the Committee for cancellation of a procurement process.
- XVIII. The Procurement Unit shall give prompt notice to all bidders of the cancellation of a procurement process, and give reasons for the cancellation. The reasons for cancellation may include:
 - a) lack of adequate funding;
 - b) a significant change in the circumstances of the procurement;
 - c) a significant change in the technical details of the requirement;
 - d) significant change in the circumstances giving rise to the need; or
 - e) a lack of responsive bids.

9.3.11 Contracting

- I. A written contract shall be issued by LASPNET for every tender awarded. A contract shall define –
 - a) the name and address of the contracting parties;
 - b) the nature of the product being procured;
 - c) the quantity being procured;
 - d) the overall contract and the unit price of the contract;
 - e) the period of the contract;
 - f) the conditions to be fulfilled by LASPNET and the supplier, including the general conditions of the contract of LASPNET;
 - g) the terms of delivery and payment; and
 - h) the procedure for settlement of disputes.
- II. No services or works shall commence, or goods ordered, until a contractual obligation between LASPNET and the supplier has been established by signature of both parties to the contract.
- III. No modifications or additions to the standard contract formats of LASPNET including any annexes, shall be made without the approval of the Lawyers of LASPNET and the Committee.
- IV. All contracts shall be signed by the Executive Director or any other officer authorised by the Executive Director.

9.3.12 Other Matters

- I. The Committee may authorise the establishment of Framework agreements with suppliers. Open bidding procedures shall be used for the establishment of framework agreements.
- II. An official of LASPNET who wilfully purchases or causes to be purchased any goods, works and services contrary to this Part shall be personally liable for the cost of the purchase.
- III. Solicitation documents and the resulting contracts shall specify the payment terms that shall apply to a contract and these shall include-
 - a) The payment method;
 - b) the payment structure;
 - c) the payment documents;
 - d) the payment period; and
 - e) the currency of payment.
- IV. Where the procurement requirements are to be completed within eighteen months from the placement of a contract, LASPNET shall enter into a contract based on fixed and firm prices. Where procurement requirements will not be completed within eighteen months from the placement of a contract, LASPNET shall enter into a contract with price adjustment provisions.

- V. LASPNET shall not enter into a contract which requires payment in advance of the delivery of goods or the performance of contractual services, except when market forces dictate or when it is common practice within the industry.
- VI. Payments shall only be made in the name of the contracted supplier as stated in a contract except where the supplier requests and confirms in writing that the payment should be made to another person, in which case, the supplier shall give details of the person to be paid.
- VII. The period for payment shall be 7 days from the certification of the invoices, except where this is varied in the special conditions of the contract. The originating unit shall be responsible for contract management, except the capacity to amend or terminate a contract.
- VIII. Where the Originating Unit believes that a contract should be terminated, the Originating officer shall submit a recommendation for termination to the Administration Unit, with a copy of the contract.
- IX. A contract shall only be terminated on the recommendation of the Committee and LASPNET Lawyer.
- X. A contract may, before it is concluded, be terminated for the following reasons: Convenience; Mutual consent; and Default.

SECTION 10.0 Inter-Donor Borrowing

10.1 Policy

- I. Inter-donor borrowing refers to situations when funds from a certain donor are advanced to finance activities funded by a different donor.
- II. In negotiating for funds, LASPNET management will endeavour to ensure funds for implementation are received before work has started. Where conditions exist that make it impossible for this refinancing, this policy sets provisions to ensure that programme work towards the organisation's objectives is facilitated financially.
- III. Inter-project borrowing will occur only when there is an assigned funding agreement with a donor whose funds have not been remitted and one or more of the following conditions exist:
 - a) Where the donor policy is not to pre-finance projects but to reimburse on expenditure already incurred and LASPNET is not in a position to influence this policy. The funding agreement specifically spells *out* this method of funding.
 - b) Where the nature of work to be carried *out* is urgent and it is the SMT's view that it would not be appropriate to wait for all the processes at the donor office to have funds transferred into the LASPNET bank account. An example of this would be emergency work.
 - c) When there is a change in the spending plan, necessitating the project to spend more than the advance that had been received for that specific period.
- IV. Inter-donor borrowing shall not be permitted where:
 - a) Cash flow shortages resulting from internal failures in LASPNET to fulfil donor requirements such as making requests in time, submitting timely financial reports, providing work plans and budgets to the donors will not be covered through inter-donor borrowing.
 - b) There are also instances where a Cheque is issued from one account to pay for expenses from different donor funding. This does not constitute inter-donor borrowing and inter-bank transfers. To charge the appropriate donor account should be done by the Finance and Administration Department on a monthly basis.

10.2 Procedure for inter-Donor Borrowing

- I. A request to borrow funds from another project will come from the Budget Holder, who, working with the Finance and Administration Department will identify the need to pre-finance a project. The request will be made to the Executive Director giving a justification, estimating amount of pre-financing required, and stating the expected date of receipt of funds for the project.
- II. In order to mitigate risk of loss to LASPNET, the amount to be borrowed by an individual project must not exceed UGX 20,000,000.
- III. Once the request is approved, the Finance and Administration Department will get a go ahead to spend funds from the lending donor's account, which will then be refunded immediately when funding from the borrowing donor is received.
- IV. If the funds are not received on the expected date, a notification will be made by the FAM to the Budget Holder and the Executive Director. The Executive Director will authorise further action.

10.3 Inter-project Borrowing

Inter-project borrowing applies to a situation where one donor is funding more than one project. Generally, the borrowing between projects within the frame of the agreement may be acceptable with donors. This should be confirmed with the donor in advance. If it is not acceptable to borrow within the project, then the procedure above shall be applied.

SECTION 11.0 Risk Management & Fraud

- I. With the Boards approval, the Finance and Administration Department in coordination with the Senior Management Team and Executive Director shall assist in designing detailed policies and procedures (internal controls) that minimize all risks LASPNET is exposed to and combat fraud.
- II. This Manual simply gives guidance to assist in developing the detailed risk management and fraud prevention procedures.
- III. Risk management is a logical step-by-step process to protect and consequently minimize risks to LASPNET's property, interests and employees. Risk includes the chance of damage to or loss of Secretariat property and the chance of incurring second or third-party liability to non-LASPNET's entities. The risk management process shall be as shown below:
 - **Before the Incident**
Phase 1 - Identifying risks and the entities exposed to and in control of the risks.
Phase 2 - Minimizing risks and their cost.
 - **During the Incident**
Phase 3 - Containing the effects of any damaging or harmful incident
 - **After the incident**
Phase 4 - Compensating or restoring and recovering in the event of such incidents and providing feedback of information as a basis for improving the management system.
- IV. It is LASPNET's policy through its Board and Secretariat to identify and reduce or eliminate risks to its property, interests and employees and to minimize and contain the costs and consequences in the event of harmful or damaging incidents arising from those risks. It also aims to provide for adequate and timely compensation, restoration and recovery.

11.1 Policy Requirements

- I. Management must identify the potential perils, factors and types of risk to which their assets, activities and interests are exposed.
- II. Management must analyse and assess the risks identified and design and implement cost-effective risk prevention, reduction or avoidance control measures.
- III. Management must activate emergency systems and contingency plans and initiate recovery measures.
- IV. Investigate incidents to determine their causes.
- V. Assess the extent and value of damages and determine potential legal liability.
- VI. Make incident reports.
- VII. Repair or replace damaged assets and operating systems to return operations to normal as soon as possible.
- VIII. Establish new or improved measures to prevent the recurrence of incidents and to recover from disasters.

11.1.1 Responsibilities

The Board provides legal advice, opinion, arbitration and negotiation services and is responsible for all litigation concerning claims by or against the third parties and by or against its employees.

11.1.2 Monitoring

- I. The Internal audit function shall be supervised by the Membership Affairs and Stakeholder Relations Committee of the Board to review effectiveness of this policy in order to improve the effectiveness of risk management, control, and governance processes. The impact of the policy on operations and performance shall be gauged by how well the Secretariat has identified and minimised its risks, contained the effects of any damaging or harmful incident and achieved adequate and timely compensation, restoration and recovery.

- II. Feedback on the implementation and effectiveness of this policy shall be obtained from an employed or contracted Internal Auditor, monitoring information, internal and external audits, reviews and information available from other reports.
- III. The Internal audit function shall play a critical role within the organisation to broadly review the efficacy of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, as well as compliance with laws and regulations. The internal auditor shall make recommendations for enhancing processes, policies, and procedures when there is room for improvement.

11.2 Fraud Policy

- I. The Human Resource Policies and Procedures form the basis upon which LASPNET's working culture and environment shall develop and the Disciplinary Procedures to be followed when an employee commits an offence.
- II. This fraud policy is established to facilitate the development of controls, which shall aid in detection and prevention of fraud against LASPNET.
- III. The fraud policy shall operate alongside provisions of the Human Resource Policies and Procedures.

11.2.1 Scope of Policy

- I. This policy applies to any fraud or suspected fraud, involving employees as well as stakeholders, consultants, suppliers, contractors and/or any other parties with a business relationship with LASPNET.
- II. Any investigative activity required shall be conducted without regard to the suspected Wrongdoer's length of service, position/title or relationship to the Secretariat.

11.2.2 Policy

- I. Management is responsible for the detection and prevention of fraud, misappropriations and other inappropriate conduct.
- II. Fraud is defined as the intentional, false representation or concealment of material fact for the purpose of inducing another to act upon it to his or her injury.
- III. Each Department Head shall be familiar with the types of inappropriate conduct that might occur within his or her area of responsibility and be alert for any indication of irregularity.
- IV. Any fraud that is detected or suspected must be reported immediately to the Executive Director, who coordinates all investigations with the SMT and other affected areas, both internal and external.

11.2.3 Actions Constituting Fraud

- I. The term misappropriation and other fiscal wrongdoings refer to, but are not limited to:
 - a) Any dishonest or fraudulent act
 - b) Forgery or alteration of any document or account belonging to the Secretariat
 - c) Forgery or alteration of a Cheque or any other financial document
 - d) Misappropriation of funds, stores or other assets
 - e) Improper handling or reporting of money or financial transactions
 - f) Disclosing confidential and private Secretariat information to outside parties
 - g) Accepting or seeking anything of material value from contractors, suppliers or persons providing services/materials to the Secretariat.
 - h) Destruction, removal or inappropriate use of records, furniture, fixtures, equipment and/or;
- II. Any similar or related inappropriate conduct.

11.2.4 Other Inappropriate Conduct

- I. Management shall resolve suspected improper moral, ethical, or behavioural conduct.
- II. If there is any question as to whether an action constitutes fraud, contact your supervisor in the first instance and the Executive Director for guidance.
- III. In case the inappropriate conduct is at Senior Management Level, it may be appropriate to inform the Board.

11.3 Investigation Responsibilities

- I. The Executive Director has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy.
- II. If the investigation substantiates that fraudulent activities have occurred, the Executive Director shall issue reports to the Board.
- III. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation shall be made in conjunction with the Board, as shall the final decision on disposition of the case.

11.3.1 Confidentiality

- I. The Executive Director treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity shall notify the Executive Director immediately and shall not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.
- II. The Executive Director will in consultation with the Board institute an investigation into the suspected fraudulent act.
- III. The investigation team may constitute internal staff, external experts or both.
- IV. Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Secretariat from potential civil office liability.

11.3.2 Authorisation for Investigating Suspected Fraud

- I. Members of the Investigation team shall have:
 - a) Free and unrestricted access to all Secretariat records and premises, whether owned or rented;
 - b) Authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

11.3.3 Reporting Procedures

- I. Great care must be taken in the investigation of suspected improper conduct or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.
- II. An employee who discovers or suspects fraudulent activity shall contact the Executive Director immediately. The employee or other complainant may remain anonymous.
- III. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative or any other inquirer shall be directed to the Investigations team. No information concerning the status of an investigation shall be shared with third parties.
- IV. The reporting individual shall be informed of the following:
 - a. Not to contact the suspected individual in an effort to determine facts or demand restitution.
 - b. Not to discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the Investigations team.

11.3.4 Termination

If an investigation results in a recommendation to terminate an individual, the recommendation shall be reviewed for approval by the SMT, and if necessary by the Board, before any such action is taken. However, termination procedures stipulated in the Human Resources Policies and Procedures shall be adhered to.

11.3.5 Administration

The Executive Director as the head of the secretariat is responsible for the administration, revision, interpretation and application of this policy. The policy shall be reviewed annually and revised as needed.

SECTION 12.0 System Operations Control

- I. The objective of System Operations Control is to ensure the computer facility and equipment are efficiently operated and adequate Back-Up and recovery are assured.
- II. The major controls required are:
 - a) To prevent loss of the Secretariat's data files, Back-Up shall be performed daily.
 - b) Contingency Plan for Back-Up Computer Facilities and Equipment:
 - c) A contingency plan that is periodically tested in the event of unexpected interruption.

12.1 Procedures

12.1.1 System Operations

- I. The IT in-charge shall prepare a weekly/daily schedule of computer operations (e.g. running batch jobs, updating routines, back-up etc.)
- II. Departures from this schedule and reasons for variations (e.g. system failures, system restart or recovery, emergency situations, etc.) shall be noted by machine operators and followed up by the FAM.

12.1.2 System Back-up

- I. All Secretariat libraries/files shall be periodically backed up.
- II. Copies of all Secretariat files shall be maintained at a secure off-site storage facility.
- III. A contingency plan shall be prepared by the FAM and periodically updated to ensure continuity of operations in the event of unexpected interruptions in computer operations.

12.1.3 Computer Security and Usage

- I. Security is defined as "the state of being free from unacceptable risk."
- II. The objective of computer security is to prevent the risk unauthorised access to data stored on the computers. The risk concerns the following categories of losses:
 - a) Confidentiality of Information
 - b) Integrity of data.
 - c) Assets
 - d) Efficient and Appropriate Use.
 - e) System Availability.
- III. The major controls required are:
 - a) Use of Passwords
 - b) A system of user IDs and passwords with frequent revisions shall be employed.
 - c) Access to Sensitive Files/Modules shall be Restricted
 - d) The operating system shall restrict access only to authorised files/modules.
 - e) Physical Access to Computer Facilities, Terminals, Modems and Communications Lines shall be Limited.
 - f) A system of authorisations shall be required for access to the system.
 - g) CDs, Magnetic Tapes, Diskettes, Removable Hard Disks and Sensitive Output Reports shall be Stored in a Secure Location.
 - h) All off-line media shall be stored in a secure location, with Back-Up media stored at an off-site storage facility.
- IV. The personal use of ICT equipment shall be permitted subject to the following limitations:
 - a) Personal use must not be connected to any purpose or application that conflicts with LASPNET rules, regulations, policies and procedures.
 - b) Priority must be given to use of resources for the main purpose for which they are provided.
 - c) Personal use must not be of a nature that competes with LASPNET business activities
 - d) Personal use must not have a commercial or profit-making aim, including private consultancy, or any other form of personal and financial gain, unless prior written approval is obtained from the Executive Director.

12.2 Internal controls

The FAM shall perform administration of security controls.

12.2.1 User IDs and Passwords

- I. With weekly/monthly revisions, passwords shall be assigned to employees needing to access the system.
- II. For new employees, an access request form shall be completed by the employee, reviewed by the immediate supervisor and approved by the Executive Director.
- III. The FAM shall immediately cancel access privileges for terminated employees.

12.2.2 Off-line Data and Secretariats

- I. CDs, Magnetic tapes, diskettes and removable hard disks, including back-up copies when not in use, shall be stored in locked cabinets.
- II. When needed, such off-line Secretariats shall be obtained from the Finance & Administration Officer during normal working hours. After working hours, all such materials shall be signed for before release.

12.2.3 Access to Output

- I. Computer outputs shall be produced according to a pre-planned schedule or when requested by the Executive Director.
- II. Transmission of sensitive output to remote terminals shall be controlled by obtaining prior authorisation from the Executive Director.
- III. Computer outputs and all copies shall be stored in a secure location and access restricted to those authorised by the Executive Director.

12.2.4 Physical Access

- I. During working hours, access to Computer Facilities, Terminals, Modems and Communications Lines shall be controlled with the use of passwords.
- II. On evenings, weekends and holidays, access can only be gained by the use of standing or special authorisation by the Finance and Administration Manager.

SECTION 13.0 End of Year Procedures

- I. LASPNET financial year shall run from 1st July of each year and end 30th June of the consequent year.
- II. All budgets that remain unspent at the end of the year or project period shall be accounted for as available funds which shall reduce the following year's budget accordingly.

13.1 Project End / Phase Out

- I. All expenses and commitments that have not yet been paid for MUST be expenses in the project account against creditors as accruals.
- II. Unpaid expenses and commitments to be accrued must be supported with the following documentation:
 - a. Approved Purchase Requisitions
 - b. Approved Local Purchase Orders
 - c. Signed Contracts and Agreements
 - d. Invoices and other documents for supporting expenditures.
- III. All project debtors and outstanding advances must be cleared to zero.
- IV. Outstanding advances should be accounted for and recorded in the last month of the project.
- V. Accountabilities for advances produced after the end of the project period or financial year should not be admissible as expenses and should be recovered in cash from the staff member or individual concerned.
- VI. Outstanding advances at the end of the project period or financial year should be reported to the donors as part of the overall project balance which is returned to the project funder on demand.
- VII. All project balances will be refunded to the donor as per the funding agreement. Balances with partners will be paid by LASPNET and off set from the other transfers.
- VIII. End of project Narrative and Financial Report for the project shall be prepared and reconciled to avoid contradictions.
- IX. External Audit, if provided for in the funding agreement shall be conducted by a recognised appointed audit firm within a period of 3 months after the end of the project period.
- X. Project ledgers should be closed on the last date of the month for which the project ended and hence no expenditure shall be allowed to be posted on the project ledger after the end of the period.

13.1.1 Outstanding Debtors

- I. LASPNET shall from time to time advance funds to its staff and other third parties in the process of conducting its operation.
- II. As a policy, no debts shall be carried forward to the next financial year except for the special advance provided for under the Terms and conditions of service.
- III. Where a staff member has not accounted for and/or cleared his/her debt, the outstanding amount shall be recovered from the concerned staff salary in that month.
- IV. In the event that the available salary cannot cover the debt, he/she shall be requested to prepare payment of the same amount to LASPNET by either cash or Cheque.
- V. Request to carry forward outstanding staff debts shall be forwarded to the FAM and approved in writing by the Executive Director.

13.1.2 Outstanding Creditors

- I. As with staff debtors, staff creditors shall be calculated and paid off within the financial year and not be carried forward.
- II. Other creditors can be carried forward and paid in the subsequent financial year but only on condition that the amount had been accrued and expensed in the financial year to which it relates.

13.2 Financial Checklist

13.2.1 Cash

- I. Count the cash, reconcile it to the cashbook and fill in the cash sheet
- II. Investigate any differences
- III. Make sure as a formal process, the manager signs the cashbook to indicate that cash has been counted and found to be correct. This minimizes the period within which mistakes might occur and makes it easier to trace them.

13.2.2 Bank

- I. Carry out bank reconciliation and follow up any queries.
- II. Write up any bank charges in the cashbook in the following month.
- III. Check the Cheque stubs against the statement and the cashbook.
- IV. Check and ensure that all top-ups requested and expected have been received.
- V. Check and ensure that the Cheque have been issued in sequence.

13.2.3 Cash Book

- I. Check and ensure that the additions and calculations are correct.
- II. Check and ensure that the cash transfers in the bank expenditures and income columns agree.
- III. Check and ensure that the rates for any currency exchange have been appropriately applied.
- IV. Check and ensure that the balance brought forward and carried forward balances agree to the cash book.
- V. The summary of expenditure appears reasonable compared with other month's expenditure and with the budget.

13.2.4 Advances

- I. Check and ensure that all advances given out are recorded in the register and in the cash book.
- II. Check and ensure that all advances refunded are recorded and that there are vouchers attached, that the expenditure is valid, and that the coding and analysis is correct.
- III. Check and ensure that there is only one outstanding advance per staff at any one time.
- IV. Check and ensure that all personal expenditure has been reimbursed.

13.2.5 Salaries

- I. Check and ensure that all salary advances given out during the month have been deducted properly from the financial salary at the end of the month.
- II. Check and ensure that all statutory deductions have been made and remitted to the relevant authorities.
- III. Check and ensure that all other advances due for deductions have been made from the affected staff members' salary at the end of the month.
- IV. Check and ensure that all salaries have been deposited into the staff bank accounts.

13.2.6 Other

- I. Check and ensure that each transaction has a voucher.
- II. Check and ensure that the vouchers are in numbered order and that none is missing.
- III. Check and ensure that all the vouchers are authorised and correctly coded.

SECTION 14.0 Financial Reporting

14.1 General

- I. In order for LASPNET to be successful in attaining its objectives, it is imperative that the constant flow of information concerning its operation be strictly monitored and maintained.
- II. Although the Executive Director is ultimately responsible for ensuring that LASPNET complies with the different donor reporting requirements, the FAM shall ensure that the financial reports and statements are prepared and submitted to the different stakeholders on a timely basis.
- III. Financial reports prepared and submitted to the donor shall be based on the information contained in the accounting system ledgers and therefore financial reports shall reconcile to those ledgers.
- IV. No staff shall directly submit the financial report to the donor without going through the Budget Holder, FAM and the Executive Director.

14.2 LASPNET Accounting System

- I. LASPNET shall deploy and implement an accounting software package that is suitable to its circumstances that shall record accounting transactions, retrieve financial information and produce financial reports. It should be a multi-user system with access to all staff involved in the financial management process.
- II. User and access levels shall depend on the level of seniority of the user and degree of transaction processing access required.
- III. The FAM shall check all entries that are posted to the General Ledger.
- IV. The software must have appropriate modules capable of handling budget lines for the different donors.
- V. The other computerized systems such as excel shall only be used to format reports to suit specific donor reporting requirements and formats.
- VI. Where other systems as defined in (v) above are used, the information contained in them shall be extracted from the system and reconciled to Accounting system ledger reports.

14.2.1 Frequency of Financial Reporting

- I. LASPNET shall generate a Monthly Financial Report (MFR) using its accounting system. The MFR which shall be submitted to the Executive Director not later than the 10th day of the month following the reporting period.
- II. In addition to the MFR, Quarterly Financial Reports shall also be prepared and submitted to the donors following the agreed reporting date lines and formats showing full income and expenditures for the quarter. The quarterly report shall be submitted alongside the subsequent quarterly estimates and appropriate analyses.
- III. The quarterly report shall also include the bank reconciliation with copies of relevant bank statements.
- IV. A budget variance report for each project accompanied by the budget variance explanation for any expenditure of plus or minus $\pm 10\%$ from the approved quarterly budgets shall be required.

14.2.2 Annual Financial Report

- I. The annual financial report shall report in the original programme budget including subsequent approvals made during the year.
- II. The report shall list programme and project expenditure and local income for the year per project implemented by LASPNET.
- III. The report shall include explanations for variances and deviations above 10%.
- IV. The annual report shall be submitted together with the Annual programme Report by 15th February each year.

14.2.3 Other Requirements

To facilitate decision making, the FAM shall, in addition to the above reports prepare and present monitoring reports on a monthly basis to Management and Budget Holders. These reports shall show expenditures against approved budget in the format agreed upon.

14.2.4 Monthly Reports

Month end procedures illustrate the steps that the Secretariat shall undertake to close off the transactions of the month.

14.2.5 Cut-off Date

The Secretariat's Senior Management Team shall determine the cut off dates, which shall be the reporting dates for the months at the beginning of the year. This shall depend on the day of the month end. Should any cut-off date be changed during the financial year, this information shall be sent to all staff and stakeholders.

14.2.6 Foreign Currency Exchange Rate

The exchange rate used for translating into Uganda Shillings any transaction in foreign currency shall be based on the actual rate of the transaction. If the exchange rate is not available, then mid-rate for the date of the transaction as published by Bank of Uganda shall be used.

14.2.7 Quarterly and Biannual Reports

All reports shall be reviewed by the Executive Director.

Responsible	Step No and Description	Reference to Relevant forms and Input into the System
FAM	1. Prepare quarterly Financial statements and forward it to the Executive Director	Fund Accountability Statement
Heads of Departments	2. Prepare biannual narrative report for the donors and forward them to the Executive Director.	Biannual Narrative Reports
Executive Director	3. Review and approve quarterly financial statements.	
Senior Management Team	4. Review and consolidate narrative reports in accordance with donor agreements and required format	
Executive Director	5. Forward biannual reports to the donors	Consolidated Biannual Narrative Report

14.2.8 Closing of Accounts

Responsible	Step No and Description	Reference to Relevant forms
FAM	1. On the cut-off date, update all transactions in the cash book and general ledgers up to the present set cut-off date and close off the cashbook and subsidiary ledgers carrying forward the balances. Ensure all analysis of transactions is done and bring down balances according to account and transaction type.	Reconcile cashbooks
	2. Reconcile the bank balance for all bank accounts	Bank Reconciliation statement
	3. Carry out monthly cash count on cut-off date.	Petty cash certificate
	4. Prepare list of outstanding staff imprest and salary advances.	Imprest and salary advances account
	5. Prepare payroll by the 15 th of each month and ensure all payroll details are posted to the general ledger.	Payroll for the month.
	6. Reconcile the payroll details.	
	7. Journalize the transactions for the month and prepare trial balances for the month	Month end Trial Balance.
	8. Forward reports to secretariat manager for review and approval.	
	9. Prepare budget Variance Report	Budget Variance Report.
	10. Review and approve month end reports and make strategic decisions.	
Executive Director	11. Carry out a surprise cash count for the petty cash each month at different dates.	
	12. File the copies of the reports made.	

14.3 Year-end and Project-end Procedures and Reporting

- I. The yearend procedures that are discussed in this section represent the procedures the secretariat shall undertake at the end of the financial year.
- II. The books of account for each financial year shall be closed after the annual audit of the financial statements relating to the year, but not later than the shorter period of three months after year-end or as per the relevant funding agreement(s).
- III. A new requisition for funding shall be made to donors every year by the Executive Director.
- IV. Any surplus monies at the end of the financial year shall be treated as per the agreement with the donors(s)/financier(s).
- V. Books of account shall be kept for up to the period stipulated in the grant agreement with the donor(s)- currently 10 years, before destroying them.

14.3.1 Cash count

Responsible	Step No and Description	Reference to Relevant forms
AAO	1. At the close of business on the cut-off date, count the petty cash held by the AAO in the presence of the Finance and Administration Manager	
Executive Director	2. Compare the results of the physical count to the cashbook and enquire about any differences between the actual count and the cashbook. Complete a cash count certificate and sign to indicate presence at cash count.	Petty cash Certificate
Executive Director	3. Ensure any other amounts of cash held on hand are counted.	
Executive Director.	4. Ensure that all the cash count certificates are prepare and signed.	

14.3.2 Verification of Assets

Responsible	Step No and Description	Reference to Relevant forms
FAM	1. The cut-off date shall be determined and communicated to all departments to ensure that all the moveable Fixed Assets are available for Verification.	
	2. Inform the external auditors of the verification exercise and the cut-off date and find out if they may wish to be present for verification exercise.	
	3. Physically verify all assets and compile all information resulting from the exercise and prepare a report.	Fixed Assets verification sheets

14.3.3 Preparation of Annual and Final Reports

Responsible	Step No and Description	Reference to Relevant forms
FAM	1. Prepare the same reports prepared on monthly basis but consolidate the reports to show the full years' activity per donor.	Fund Accountability Statement
	2. Update the fixed assets register.	Fixed Assets Register
Executive Director	3. Review the work done by the FAM	

SECTION 15.0 External Audit

- I. The books of accounts and associated financial statements shall be subject to an external audit by an independent accounting firm licensed by the Institute of Certified Public AAOs of Uganda (ICPAU).
- II. The auditor shall be appointed by the LASPNET general assembly. The general assembly may delegate this responsibility to the Board.
- III. The external auditor shall report to the general assembly of members of LASPNET as a body.
- IV. The external auditor shall continue in office for 4 years from the date of appointment after which another firm shall be appointed as independent auditors.
- V. The audit shall be carried out professionally in accordance with the International Auditing Standards and the Secretariat staff shall co-operate with the auditors.
- VI. The auditor shall have unrestricted access to all books of accounts, documents, minutes, records, explanations and other information to enable them carry on their duty as independent auditors.
- VII. The auditor shall produce a report at the end of the audit that shall give an opinion on whether the accounts produced by the Secretariat present a true and fair view of the activities of the Secretariat.
- VIII. In addition, the auditor shall identify and report on weaknesses with regard to procedures for disbursement, internal control, financial records management, stores and assets management and procurement procedures. These issues shall be included in a management letter, to which management shall reply, before it is forwarded to the donor(s)/financier(s). The auditors shall provide management with recommendations to the improvement of areas highlighted in the management letter.
- IX. The annual audit report and management letter shall be forwarded to the donor(s)/financier(s) within a time period stipulated in the agreement between LASPNET and the donor(s)/financier(s) after the end of the financial period.
- X. The audited financial statements shall be presented to the Board for approval and signature.

SECTION 16.0 Appendices

No	Description	Appendix
1	Accountability Form	AP01
2	Asset Verification Form	AP02
3	Bank reconciliation statement	AP03
4	Goods received note	AP04
5	Imprest Application Form	AP05
6	Stores Verification Form	AP06
7	Journal Voucher	AP07
8	Local Purchase Order	AP08
9	Petty Cash Certificate	AP09
10	Petty Cash Expenditure summary	AP10
11	Schedule of Advances	AP11
12	Stores Ledger Card	AP12
13	Stores Requisition Form	AP13
14	Daily Motor Vehicle Log Book	AP14

<p>LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)</p> <p>ACCOUNTABILITY FORM</p>					<p>AF No.</p>																				
<p style="text-align: right;">Name of Imprest Holder _____</p> <p style="text-align: right;">Staff Number _____</p> <p style="text-align: right;">Imprest Application Form No _____</p>																									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Expenditure Details</th> <th rowspan="2" style="text-align: center;">Department Code</th> <th rowspan="2" style="text-align: center;">Account Code</th> <th rowspan="2" style="text-align: center;">Account Name</th> <th rowspan="2" style="text-align: center;">Amount (UGX)</th> </tr> <tr> <th style="text-align: center;">Date</th> <th style="text-align: left;">Description</th> </tr> </thead> <tbody> <tr> <td style="height: 150px;"></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3"></td> <td style="text-align: right;">Total</td> <td></td> <td></td> </tr> </tbody> </table>						Expenditure Details		Department Code	Account Code	Account Name	Amount (UGX)	Date	Description										Total		
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<p>Approved By</p> <p>Names _____</p> <p>Designation _____</p> <p>Signature _____</p> <p>Date _____</p>																									

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

ASSET VERIFICATION FORM

DATE OF INVENTORY CHECK: -----

Asset No	Description	Location	Condition of Asset	Comment

Verification Done By	Description	Name	Signature	Date

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)		
BANK RECONCILIATION STATEMENT		
Bank Account Number		
Bank		
Bank Reconciliation statement as at		
	Amount	Amount
	UGX	UGX
Balance as per bank statement		Xx
ADD		
Unaccredited cheques (Deposits not recorded by bank)		
1.cheque Number	xx	
2.cheque Number	xx	
3.cheque Number	xx	
Sub-Total		Xx
SUBTRACT		
Unpresented Cheques (outstanding cheques)		
1.Cheque Number	xx	
2.Cheque Number	xx	
3.Cheque Number	xx	
Sub-Total		Xx
Adjusted Cash Balance		Xx

Represent By:		
Balance as per cashbook		Xx
ADD		
Direst Transfers	xx	
Interest earned during the month	xx	
Sub Total		Xx
SUBSTRACT (Debit on bank statement)		
Service Charge	xx	
Errors on bank statement	xx	
Other debits	xx	
Sub-Total		xx
Adjusted cash Balance (as above)		xx
Variance		xxx

	Designation	Name	Signature	Date
Prepared by	AAO			

	Designation	Name	Signature	Date
Reviewed by	Finance & Administration Officer			

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

GRN No:

GOODS RECEIVED NOTE

Date:

ORDER NO.....

RECEIVED FROM.....

Description	Quantity Delivered	Quantity Ordered	Difference

Remarks:.....

ALL GOODS Received in Good Condition? YES/NO

Goods received By:

Name:.....

Signature:.....

Position.....

Date.....

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

IMPREST FUND APPLICATION

TYPE OF REQUEST:			
<input type="checkbox"/> Establish	<input type="checkbox"/> Dissolve	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease
Department:			
Appropriation Account Number:			
Type of Fund:			
Person Accountable for Fund (Disbursing Officer):			
New Disbursing Officer		<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the previous Disbursing Officer to be removed?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
If Yes, name of previous Disbursing Officer:			
Location of Fund:			
Will Imprest Fund be retained in a bank account?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
Current Amount of Fund: UGX			
Requested Amount of Fund: UGX			
Increase (Decrease): UGX			

SURVEY OF NEED

Express comments that will justify/explain request (or attach additional memorandum):

Signed by:

Name:

Designation:

Date:

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

STORES VERIFICATION FORM

DATE OF VERIFICATION-----

DESCRIPTION Inventory	Location	Quantity Counted	Condition of Inventory	Quantity In Stores Ledger	Difference	Comment on Difference

Verification done by: Name-----

Designation-----

Signature-----

Date-----

LEGAL AID SERVICE PROVIDERS NETWORK(LASPNET)	JV No
JOURNAL VOUCHER	

Transaction	Description	Account code	Account Name	Debit	Credit

Prepared by:	Name	Designation	Signature	Date
Approved by:	Name	Designation	Signature	Date

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

LOCAL PURCHASE ORDER

To:

Please supply the following:

Item	Quantity	Description	Unit Price	Amount UGX
TOTAL				

Signed by:

Name:

Designation:

Date:

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

CASH CERTIFICATE

Date:

I..... (AAO) certify that onI held Ushs..... (amount in words)
of petty cash for LASPNET in my custody.

AAO

Executive Director

Date

Date

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

PETTY CASH EXPENDITURE SUMMARY

Date	CPV No	Payee	Amount(UGX)
Total Payment			

Amount of last replenishment	
Less: Total current Payment	
Balance in Cash Box	
Amount requested for this Replenishment	
Total Petty Cash Flow after Replenishment	

	Designation	Name	Signature	Date
Prepared By				
Approved By				

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

SCHEDULE OF ADVANCES

RECORD OF ADVANCE DISBURSEMENT					RECORD OF ACCOUNTABILITY			
Date	Names recipient	of Amount	Purpose Advance	of Due Date	Date Accounted	Amount Accounted	Amount Returned	Balance Outstanding
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
		-				-	-	-

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

STORES REQUISITION FORM

NO.	DESCRIPTION OF GOODS/SERVICES	UNIT SIZE	QTY	UNIT PRICE	STORE USE ONLY
	DELIVERY & HANDLING CHARGES				
TOTAL					

END USER'S NAME	END USER'S SIGNATURE	DATE
END USER'S DESIGNATION		REQUISITION PURCHASE ORDER NUMBER
Authorised Supervisor's Name and Signature		

LEGAL AID SERVICE PROVIDERS NETWORK (LASPNET)

Vehicle Movement Log Sheet

Month:

Vehicle Registration:

Date	Counter Reading		Mileage travelled	Departure		Arrival		Signature	
	Starting	Ending		Time	Place	Time	Place	Driver	Passenger

Prepared by: