



**HUMAN RIGHTS FIRST RWANDA ASSOCIATION
FINANCE AND ADMINISTRATION POLICIES AND
PROCEDURES**

ADOPTED BY THE BOARD ON 6th JUNE 2022

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INTRODUCTION

Human Rights First Rwanda Association, here in after (HRFRA) is a non-partisan organization with an open membership made up of human rights lawyers, university professors, teachers, and community members who comprise the general assembly, which is the ultimate organ and approves the yearly budget reports. Annual activity reports and audited reports are available.

HRFRA Activities and/or Programs

Legal Aid and Access to Justice: We provide legal aid, human rights education, and protection to the Rwandan community's less fortunate and vulnerable groups, with our main office in Kigali and two liaison offices in Rwanda's southern provinces of Kamonyi and Ruhango. These offices, which are open five days a week, serve as clearinghouses for legal matters affecting the rural community in that area.

Advocacy: We play a critical role in influencing policy at the national, regional, and continental levels, and thus on a wide range of topics. We accomplish this through the distribution of position papers and concepts based on Research Based Advocacy.

Sensitization and Legal Education: We educate Rwandan communities about their inherent basic human rights, empowering them to advocate for their peers.

HRFRA is made of the following statutory organs:

- General Assembly;
- Board;
- Internal Audit Committee;
- Conflict Resolution Committee
- Secretariat.

Authority, Purpose and Objectives of this Manual

This Manual provide a set of rules, regulations, policies, procedures, authority and responsibilities within the sphere of HRFRA and comes into force after the Board approval.

It has been designed to provide means of administering the Financial and Administration Provisions, to harmonize and standardize financial and Administration procedures throughout the Organization, to facilitate effective controls and reduce the risk of errors, fraud and misappropriation of HRFRA assets and resources.

It will facilitate sound financial management and budgeting, keeping of proper books of accounts, adherence to statutory requirements and providing support within the organization. Specifically, it

will ensure that:

- Lines and levels of authority are clearly defined, communicated and understood.
- Transactions are correctly recorded in the account of detail required.
- HRFRA assets and income are accounted for and controlled.
- HRFRA expenditure and liabilities are incurred only when necessary and in accordance with predetermined estimates.
- HRFRA processes are structured in accordance with stipulated guidelines in this manual.

Scope and Structure of the Manual

This manual deals with HRFRA policy, systems, procedures and controls in the entire accounting function and covers the following areas:

- Accounting policies, procedures and controls
- Type and manner of record maintenance
- Reporting requirements
- Procurement Process
- Management of fixed assets and inventories Fraud detection and prevention

1. FINANCIAL PROCEDURES

1.1. CHART OF ACCOUNTS

A chart of accounts shall be prepared and approved by the Finance Manager. Any change in the chart of accounts is to be approved by the Finance Manager.

1.2. BUDGET PREPARATION AND MANAGEMENT

1.2.1. Budget Preparation

The Finance Department prepares a budget that covers a minimum period of one year and submits it to the Board.

Similarly, one or many budgetary revisions are prepared during the year, according among others to the level of incurring of spending, the activities planned for the remainder of the year, the resources that are actually available, and submitted to the Board.

The budget approved between HRFRA, and donors is under the Finance Manager for funds execution and the oversight of the Treasure to the Board and the Finance and Audit committee.of the Association

Each Department prepares its requisition for expenses according to the approved budget.

The finance manager controls the requisition after verification of budget availability.

The finance manager submits the requisition to the Executive Director for authorization of expenditure.

The accountant posts daily expenditure into the accounting system per budget code and activity for each project or program, records cumulative expenditure and this help to monitor remaining budget. The Finance Manager controls the costs and monitor on regular basis the remaining budget.

1.2.2. Budgetary Control

Once approved, the budget becomes a unique reference from which the recorded variations should be analyzed and justified during the financial year.

The Finance manager monitors on a weekly basis the budget execution rate to make sure that funds are used according to the approved budget and identify any deviation, underspent funds for proper actions.

During the financial reporting on quarterly basis, the finance manager is responsible for (preparation for each. project/Donor's grant the budget execution report which compares the actual and budget. Major variances are analyzed and explained under the budget execution Report submitted to the Executive Director for actions.

The difference between the amounts budgeted and the actual expenses and revenue called budget variance will be examined during an actual variance analysis or budget variance analysis exercise done by the Finance Manager on a monthly basis.

The Finance Manager will report after performing an actual variance analysis in order to:

- Identify opportunities to reduce expenses or boost revenue.
- Modify budgets to improve the accuracy and utility of next financial reports.
- Calculate how much additional financing (if any) will be required to meet targets.

The Finance manager will provide explanation on any budget variance (favorable and unfavorable) exceeding 10% or exceeding any threshold agreed in the Grant or Cooperative agreements with Donor.

The budget Vs Actual Report with explanation on the variances will be submitted by the Finance Manager to the Executive Director on a Monthly basis at least on 10th of the following month for each project Implemented by HRFRA for actions.

1.3. DELEGATED AUTHORITY RULES

Executive Director: ED

Finance Manager: FM

Board Treasurer: BT

Chair of the Board; President

Area of Authority	Applied limits	Designated Persons
Issuing and' authorising orders for goods and services	Up to 50,000 RWF	FM
	Over 50,000 RWF	FM , ED & BT
Signing cheques / bank transfer orders		FM & ED or BT
Receiving incoming cash and cheques		FM &ED

Access to the safe and petty cash		FM & ED
Checking and authorising accounting records		FM , ED & BT
Signing contracts and other legal undertakings		President of the Board & ED (prior consent of the Board required in specific cases - see note below)

1.4. CASH MANAGEMENT

HRFRA pays its expenses either through Cash (petty cash), bank accounts through bank transfer or cheque and electronic payments. Below is the summary of procedures and authorization

1.4.1. Summary of Procedures and Authorisation

Amount RWF	Forms of payment	Preparation & verification	Documents	Authorisation	Exceptional Circumstances
Up to 50,000	Cash, cheque or bank transfer	FM	Receipts or invoices	FM	by cash if approved by ED
50,000 200,000	Cheque or bank transfer	FM	Receipts or invoices	ED& BT	Payment by cash if approved by ED
More than 200,000	Cheque or bank transfer	FM	For purchase of goods, voucher supported by 3 pro forma invoices	ED, FM & BT	Payment by cash if approved by ED &BT

1.4.2. Floats

Cash floats will be given in a number of circumstances:

- For missions in country (in RWF);
- For missions out of country (in foreign currency as appropriate).

Floats will be signed for upon receipt and accounted for within one week of the mission

The procedure shall be as follows:

- Presentation of estimated costs to the Finance Department in relation to the planned expenditures (with copies of hotel reservations and other support documents where appropriate);
- Verification and approval by the Finance Manager;
- Authorisation by the Executive Director;
- Signature by recipient for reception of the float;
- Return and accounting for float - detailing clearly oil. expenditure- with receipts; on invoices attached;
- If receipts or invoices are not presented a signed declaration should be presented, using the format available at the Finance Department;
- The Finance Manager has the right to refuse payment where there is no appropriate support document(s);
- Upon approval by the Executive Director, the balance shall be returned to HRFRA or, if there is an accepted overspend the additional amount paid to the recipient;
- Only one float may be open at any one time, unless specific circumstances such as consecutive missions with no interruption or simultaneous missions.

1.4.3 Checks

Checks of the state of petty cash will be carried out by the Executive Director on a monthly basis. Random checks may also be conducted.

1.4.4 Cash loss

Any cash loss must be reported immediately to the Finance Manager, the Operation Manager and the Executive Director, who then determines an appropriate action depending on the significance of the amount involved and the nature of the loss. It may be necessary to call the intervention of the national police if the cash loss is due to theft. Ordinarily, the cashier may be required to

indemnify HRFRA for the cash loss, unless satisfactory reasons are provided to the Executive Director, who would then authorize the write-off of the loss as "miscellaneous expense".

1.4.5 Management of bank accounts

1.4.5.1. Opening a bank account

Any bank account opened on behalf of Human Rights First Rwanda Association must be in the name of HRFRA and. in no. case may any person operate an account in personal names purporting it to belong to HRFRA Furthermore, no person may use HRFRA's bank account to conduct personal affairs.

HRFRA must not be overdrawn and the Finance Manager will establish mechanisms- to prevent overdrawing accounts, except with prior authorization of the Board and Executive Director, -, as applicable. This exception would apply where a formal request for overdraft facilities for borrowing.

The overdraft preventive mechanisms may include the following:

- i. Ensuring that the bank account has sufficient funds to cover all payment orders or cheques issued, expected direct debits.
- ii. Minimizing the number of bank accounts to ease close monitoring and reconciliation.

No bank account should be closed until all transactions on that account have been completed. Any balances standing on the credit of the account at the time of closure, must be transferred to another bank account belonging to HRFRA.

1.4.5.2. Accounts signatories

The Executive Director, Finance Manager and the Board Treasurer are signatories to HRFRA accounts. At least 2 signatures have to appended on a cheque before payment to be done

Upon: any change, in the signatories, the president and the Treasurer of the Board will prepare an ad hoc letter to the bank notifying them about the change.

1.4.5.3 Maintaining Bank Accounts

HRFRA maintains bank accounts in FRW and foreign currencies as appropriate, including a separate account for HRFRA membership fees.

Bank statements shall be requested from the bank at the end of every month for bank reconciliation and at any time when need arises.

Bank accounts may be opened only after authorization by the Board of Directors.

1.4.5.4 Cheque Books

Cheque books are under the protection of the Accountant and shall be stored in the safe.

Upon receipt of a new cheque book a form will be drawn up by the Finance Manager, using the format available at the Finance Department. Entries will be entered into Accounting system and be verified after by comparing the transactions done with the number of cheques used.

Cancelled cheque leaves should be rubber stamped "CANCELLED" and retained in the cheque book, and recorded in the cashbook as "cancelled". Posted cheques are reversed when they have not yet been cashed by beneficiaries till the maturity period i.e two months. It is prohibited to sign any blank cheque leaves Unless a cheque book has been exhausted, a new one should Never be used.

For each bank account, HRFRA should maintain a register containing the following information about issued cheques: the cheque number, date of issue, amount, the person to whom it was issued (payee), the persons who signed it (authorized signatories), if hand. delivered, the. person to whom it was handed and the date of delivery.

1.4.5.5 Bank Reconciliation

At the beginning of each month, bank reconciliation of the previous month is done and verified by the Accountant and Finance Manager for all bank accounts maintained by HRFRA, using the format available at the Finance Department.

The Executive Director is responsible for ensuring that bank reconciliations statements are prepared.

The bank reconciliation should be prepared by the accountant for purposes of internal control, verified by the Finance Manager and approved by the Executive Director.

The reconciliation should be prepared within 10 days after the end of each month to allow time for

review by Finance Manager and timely preparation and submission of monthly financial report to the Executive Director.

Procedure for reconciling bank accounts

The following procedure shall be followed in carrying out bank reconciliations:

- i. Obtain the official bank statement from all banks where HRFRA has opened bank accounts.
- ii. Access the cashbook for each of the bank account in the accounting system maintained by HRFRA;
- iii. Match each cheque/OP payment to the cashbook and bank statement.
- iv. Cheques that have not been cashed by the payee within two months (outstanding of over 60 days) of the date appearing on the cheque must be written back in the cash book as they will be declined by the bank. Be satisfied from a scrutiny of subsequent bank statements that all cheques outstanding at the close of the period were accounted for in the bank reconciliation (listed under outstanding cheques);
- v. Match each deposit to the cashbook and the bank statement;
- vi. Identify all the direct debits on the bank statement that HRFRA was expecting (payments that have been made by the bank without a cheque e.g bank charges e.t.c). Verify the accuracy or reasonableness against support documents and if these had not been processed, capture through journals.
- vii. Identify all the direct credits on the bank statement, such as direct deposits by Members or other entities, and miscellaneous credits. Verify the accuracy against support documents and if these had not been processed, capture through journals.
- viii. If the credit cannot be identified, it is posted to the unidentified receipts code per the Chart of Account until information is available that will necessitate reclassification to an appropriate code.
- ix. Print the summary reconciliation statement and accompanying schedules.
- x. Details of the outstanding deposits and payments can be provided on the face of the reconciliation statement or provided as annexes. If provided as annexes, all pages of the annexes must be signed by the above signatories.
- xi. If all entries were correctly posted, the balance as per the reconciliation statement will match the balances on the bank statement. No "unidentified difference" or other balancing items must be shown on the bank reconciliation.

1.4.6. Management of petty cash

HRFRA has petty cash in Rwandan Francs to facilitate the payment of minor expenditures and it is maintained by the Accountant. The maximum amount is set to 100,000Rwf per project. Petty

cash is used for payment of small expenses and/or advances given to staff or third parties to implement the activities on the field.

1.4.6.1 Preparation of petty cash expenditure

The Accountant should prepare a voucher for all cash payments, using the format available at the Finance Department. Vouchers should be signed and stamped by the FM and the Executive Director to the Secretariat.

Vouchers should be prepared on a weekly basis for day to day expenditure.

1.4.6.2 Cash replenishment

Petty cash will be replenished by a cheque withdrawal of up to 100,000 RWF by the Accountant following the signing off of the last petty cash accounting form. Justification should be presented for petty cash withdrawals for amounts larger than 100,000 RWF.

1.4.7. Payment procedures

In relation to payments to partners, consultants, suppliers and staff:

1.4.7.1 Good and services

- For project payments to organization partners, the Finance Manager will ensure that the disbursement sheets are properly authorized by the Executive Director to the Secretariat. After making the payment to the concerned organization partner, the Finance Manager will advise them that the payment has been made. No project payment can be made without a duly filled up and authorized disbursement sheet, using the format available at the Finance Department;
- For payments to consultants, the Finance Manager will check all supporting documents, have them approved by the Executive Director to the Secretariat and return it to the Accountant to prepare a Payment Voucher for payment. The Finance Manager will check with the Accountant to see if there are any outstanding advances, which should be deducted before making any final payment;
- For payments to suppliers, the invoices must be duly authorized by the Executive Director to the Secretariat before payment;

1.4.7.2 For any other payment

- All bills/vouchers are checked by the Finance Manager and approved individually by the Executive Director to the Secretariat;
- All bills, invoices etc., are then to be given to the Accountant who will prepare the vouchers, code them, verify the amounts, enter the amounts in the cash book and forward them to the Finance Manager for payment;
- The transactions are recorded in the Petty Cash Book or in the General Cash Book by the Accountant or by the Finance Manager;
- The Accountant prepares the bank payment, enters the relevant portion in the voucher (Chq. number or other mode of payment). The original source documents (invoices, copies of agreements, contracts, disbursement sheets, etc.) are attached to the vouchers;
- Daily or at the end of each week, the Accountant hands over all the vouchers for the day or for the week to the Finance Manager for approval of posting. The cash book (summary sheet) maintained by the Finance Manager and the payment Voucher maintained by the Accountant should match;

This summary sheet is also to be verified by the Finance Manager against the individual vouchers.

1.4.7.3. Payroll

- Individual salary payments will be based on the payroll prepared every month. This statement must be duly signed by the Finance Manager and approved by the Executive Director to the Secretariat;
- Salaries are paid using bank transfers. No salaries are paid using cash.

1.4.8. Cash Security

The Accountant and Finance Manager are responsible for cash flow and handling petty cash. Cash must be kept in a safe. Only property of HRFRA should be kept in the safe.

The key to a cash box must be handed to the Accountant in exchange of a written acknowledgement thereof. The cash box is kept in the safe. The Finance Manager is the only who hold the code to open the safe and the accountant has the key of the petty cash. A spare key should be securely kept by the Finance Manager/Executive Director. It is prohibited to procure a triplicate key for any cash safe. Loss of a key to any cash safe must be reported immediately to the Executive Director, who then arranges for the issuance of the spare key. The spare key may only be issued for the purpose of extracting the contents of the safe if the original key has been lost, and in no circumstances may HRFRA money be kept in a safe for which the original key has been reported

lost, except where the cash safe lock is replaced with a new one. The cashier is required to carefully keep the cash safe key as its loss due to negligence may result in requiring the cashier to replace the lock or the cash safe.

The accountant keeps the petty cashbook in which all payments of the small cash desk are recorded. The Cash payment vouchers which are serially numbered are used to account for the fund withdrawal.

The petty cash payment are verified and approved by the Finance Manager.

To issue petty cash, the accountant makes a requisition (after spending 75% or more) which is accompanied with supporting documents on the use of the previous supply. This requisition is submitted to the Finance Manager for review.

The Accountant submits the requisition to the Finance Manager who crosschecks and signs for approval of supply.

After approval, the Accountant issues a cheque and sends it to the Finance Manager and Executive Director who check and approve and signs.

At the end of every month, the accountant closes the transactions of petty cash and sends copies to the Finance. Manager for checking and counting.

1.5. ACCOUNTING POLICIES AND PROCEDURES

HRFRA's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and in accordance of the financial reporting instructions from donors. Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as unrestricted, temporarily restricted and permanently restricted.

Separate from Unrestricted Funds, resources for various purposes are classified for accounting and maintained for each fund. Several funds are in place for this purpose including but not limited to: Endowment Fund, Restricted Funds, Cash Management Fund, Property and Equipment Fund, etc. The Finance Manager shall prepare and present quarterly financial reports in a format approved by the Executive Director and the Administrative Council. The statements shall be presented to Executive Director for review and on annual basis the financial statements shall be presented to the Board of Director for their review and submitted to the General Assembly for their approval. Below are significant accounting policies applied by HRFRA:

Basis of accounting

The Financial Statements shall be prepared on a modified cash basis of accounting.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Income

- **Donations from donors**

Donations are recognized when received from donors.

- **Membership fees**

Membership fees are recognized when received from HRFRA members.

Expenditure

Expenditure is recognized in income and expenditure statements when they are incurred.

Fixed assets

Fixed assets are not capitalized in the statement of financial position, they are written off in the income and expenditure statement. An asset register is held and regularly updated.

Receivables

Receivables mainly relate to loans and advances which are recognized at the time of disbursement.

Payables

Payables mainly relate to invoices for goods and services which are outstanding on the date of the closure of the reporting date. They also relate to loans and advances to the* organization which are recognized as liabilities at the time of disbursement.

Cash and cash equivalent

Cash and Cash equivalents comprise cash in and bank accounts balances.

Currency

Functional, currency

Functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. The functional currency of The Human Rights First Rwanda Association is Rwandan Francs.

Presentation currency

The presentation currency of The Human Rights First Rwanda Association is Rwandan Francs (FRW).

Foreign currency

Transactions in foreign currency are translated into Rwandan Francs applying the spot exchange rate at the day of transaction. The monetary items at the reporting date are translated using the spot exchange rate at the closing date.

1.6. COMPULSORY BOOKS OF ACCOUNT

The following books of accounts in HRFRA are regularly filled-in:

- a) Check-books;
- b) Payment order/voucher;
- c) Statement of Revenues and Expenditures;
- d) Statement of Financial Position;
- e) Budget execution report;
- f) Reconciliation Report;
- g) Financial Cash flow;
- h) Cash books; and
- i) Trial Balance,
- j) The General Ledger

All books and accounts supporting documents are prepared with a clear serial numbering.

1.6.1 Keeping of accounting documents

Accounting documents are kept by the Financial manager and access to them is limited only to authorized personnel.

The Finance manager keeps a cheque and account registry. At any moment, a staff member does not use more than one accounting document of the same type.

The supporting documents for accounting records are kept for at least five years (5) years. After 5 years, they are destroyed following an authorization from the Administrative Council and under the supervision of the organisation's auditor. A statement is established for this purpose.

1.6.2 Control of accounting documents

The Finance Manager examines the accounting documents on a regular basis in order to ensure that they are accurately and correctly recorded, and appropriately filed and carefully stored. The loss of all or part of these documents is immediately reported to the Executive Director. An investigation is initiated in order to elucidate the circumstances surrounding that loss. The internal auditors and the Executive Director decide on the necessity to report the matter to police.

Any requisition of a cheque book/payment order booklet must be approved in writing by the Executive Director and the Head of finance department.

1.7. FINANCIAL REPORTING

The accounting period of HRFRA starts on 1 January and ends on 31 December of each year.

Monthly, Quarterly and annual financial reports are prepared by the Finance Manager for presentation to Executive Director and have to give complete information on the following:

- Income and expenditure statement;
- Budget Execution report with explanation of the variances;
- Budget Forecast
- Bank reconciliation statement & Accounts balances;
- Any other statement required by the management.

In addition, within one month of the previous calendar year, the following reports (together with appropriate explanation notes and annexes when needed) are required:

- Bank Reconciliation;
- Cash Control;
- Income and expenditure statement;
- Budget execution report at the closing date;
- Statement of Financial Position;
- Statement of cash flow
- Assets inventory.

Financial reporting arrangements

The Finance Manager of HRFRA shall ensure that financial reports are submitted to the Executive Director and the Project Manager/coordinator before 10th of the subsequent month for monthly reports and before 31st of January of the subsequent year for annual reports For Donor Funded activities, the related Budget Execution Reports will be submitted to the Project Managers in charge of the Projects, to plan and undertake corresponding corrective actions.

After review of the Financial Reports by the Project Managers and approval by the Executive Director, the Financial Reports will be submitted to the Internal Audit Committee and to the Donors.

In case Donor agreement specifies shorter deadlines, management will ensure the deadlines agreed with the Donor are complied with.

Otherwise, the deadline for submission of the Financial Report to the Internal Audit Committee will be 15 days after the end of the Month, Quarter or Semester and on 15th February of the following year, for the annual reports.

The Finance Manager should pay special attention to the consistency of closing and opening balances of accounts to ensure that they match from one accounting period to the next.

The Finance Department is responsible for preparation of the financial statements.

1.8. CASH FLOW MANAGEMENT

For a better management of the cash flow movements, HRFRA will prepare different reports with regards to cash flow. The reports on cash flow movements will be submitted to management for review and approval with other financial reports. The reports with regards to cash flow will help management to take informed decision taking into account of their impact on the cash position of the organization.

The cash flow reports to be prepared by management are the following:

- The cash flow bud set: the cash flow bud set will show expected income and expenditure for a full twelve-month period. This report will be prepared and submitted to management with the budget prepared for the year.

The cash flow forecast: the cash flow forecast will be a break down on monthly basis prepared based on when HRFRA expects the money to actually be spent or received. The cash flow forecast will be prepared by the Finance Manager and submitted to the executive Director with other monthly financial reports before by 15th of the following month.

Cash flow statement: **a cash flow statement will be included in the set of annual financial statements prepared by management** that provides aggregate data regarding all cash inflows **the Organization** receives from its ongoing operations and external sources. It also includes all cash outflows that pay for business activities during a given period, **and highlight the cash balances.**

The Cash flow planning *shall be essential to ensure that HRFRA has* cash in the bank to pay the bills when they will fall due. HRFRA shall stay on top of its cash flow to prevent the institution to run out of money and when so it can prepare ahead of time.

The above shall be very critical because, the organization might be doing well, and considering expanding into new investment or new activities, taking on bigger premises, or recruiting new staff. Having an accurate cash flow projection will help the management to see if HRFRA can afford to take the plunge.

1.9. TREATMENT OF LONG OUTSTANDING ITEMS (ACCOUNT RECEIVABLES AND ACCOUNT PAYABLES)

An item (account receivable or account payable) will be considered as long outstanding if it has last more than two (2) years in the books of accounts without movement. The long outstanding items should be written back in the account of HRFRA following defined policy and procedures.

The following paragraphs highlight the course of actions to be performed on long outstanding items.

Write-off of long outstanding account receivables

Write-offs of receivables should be carried out by the Executive Director after seeking authority from the Board to write-off from their books of accounts long outstanding and irrecoverable assets and long outstanding liabilities.

The following guidelines should be followed while writing off accounts receivables (debts):

Consideration and submission of request for write off

Debts should be considered for write-off if any of the following conditions apply:

- i. The debtor has died leaving no known estate;
- ii. The debtor cannot be located;
- iii. The debtor is not resident in Rwanda and there are no means of collection or indication that the debtor has family or business ties that might encourage him to return to Rwanda;
- iv. The debtor has disputed liability and the success in collecting is unlikely;
- v. The debtor is a company that has ceased to operate and has no assets; or
- vi. The court has ruled in favour of the debtor to the effect that he/she does not owe to HRFRA
- vii. It has been proved that the cost of collecting the outstanding debt is more than the amount to be received;

Once the above has been considered, a submission to the Administration Council for the write-off of debts should include the following information:

- i. Specific circumstances, including the dates, under which the debt arose and the way in which the debtor's liability was established;
- ii. A summary of collection actions taken and their results;
- iii. Details of legal action taken and legal opinions sought;
- iv. A list of directors, if the debtor is a corporation;
- v. Whether corrective action can be taken or has been taken to prevent recurrence of a similar failure of collection action; and,
- vi. An indication as to whether the debtor individual(s) or organization and its principals as applicable have had debt owed to other Organizations which was previously written off.

Writing back long outstanding liabilities

The Executive Director shall seek authority from the Board, to write back from HRFRA books of accounts long outstanding and irrecoverable assets and long outstanding liabilities.

The request for writing back of long outstanding liabilities will indicate their age and a summary of their background.

1.10. AUDIT OF FINANCIAL STATEMENTS

HRFRA accounts are to be audited annually by an external qualified and legally registered audit firm and within 4 months after the end of the accounting period.

The choice of auditor should be evaluated by the Board. The board determines a period of the contract (not exceeding 3 years).

1.11. FOLLOW UP OF IMPLEMENTATION OF AUDITORS' RECOMMENDATIONS

At the end of each audit assignment (internal or external audit), HRFRA will have a list of auditors' recommendations following the audit exercise. It is the commitment of HRFRA to ensure the auditors recommendations are implemented as soon as possible to ensure that the Organization is taking benefit from the audit exercise.

The following paragraphs highlight the procedures to be performed for the implementation of previous audit recommendations.

To provide a basis for staff to monitor and follow-up on actions taken on audit recommendations, the follow-up system is properly designed, as outlined below.

The Executive Director is responsible for the audit work and is responsible for follow-up. He should ensure that audit recommendations are implemented and closed as soon as possible

Procedure to be performed before the close of audit.

Before recommendations are made, discussions with the Audit managers or Audit Partner—particularly during the exit conference—should establish that corrective action is needed and that it will be practical to implement. Also, the audit report should document a strong recommended course of action, that will help management to mitigate the risk associated to the identified audit issue considering its cause.

Procedures to be performed after the close of Audit

After the close of the audit, a Status of monitoring and follow-up of implementation will be prepared by management that involves taking actions that help to get effective implementation, design the responsible person for implementation, and define the deadline for implementation.

Determining Progress

To determine progress, a follow-up report should be prepared and submitted by the Finance Manager to the Executive Director on a quarterly basis latest the 10 of the month following each quarter. After submission of the Report on Status of Implementation of the auditor recommendation, this report will be discussed in the Management Meeting to monitor the status of action on all recommendations until they have been implemented.

The progress that can be expected depends on the type of recommendation. Some

recommendations for action that seek to solve complex problems can take years to implement. The objective is to ensure that no audit recommendation last more than 2 years after the recommendation is made.

2. ASSETS MANAGEMENT PROCEDURE

2.1. ACQUISITION, RECORDING, LABELLING AND DISPOSAL OF ASSETS

Acquisition and recording of assets

Any HRFRA acquisition of assets is subjected to the same procurement procedures stipulated under procedure on procurement of goods and services.

After all tender procedures have been accomplished; A Purchaser order is established in the name of the selected supplier. At the time of delivery, the Operations Manager appoints an ad hoc receiving team. -

The recording of the acquired asset into the accounting system of HRFRA is done in conformity with the accounting systems in force in accordance with its chart of accounts, recording in journals and general ledger, computing of movements and depreciation as well as disposal and its related expenses and incomes.

The In Charge of logistics holds a register of assets containing the following details:

- a) Description of the asset;
- b) Serial number or model;
- c) Date of acquisition;
- d) State of the asset;
- e) Purchase price in Rwandan Francs;
- f) Internal reference number;
- g) Annual depreciation rate;
- h) Depreciation per year;
- i) Accumulated depreciation; and
- j) Net book value.

2.1.2 Labelling and disposal assets

All HRFRA's assets are marked with a label specifying their identification and serial number. The serial numbering adopts a coding system which may ease the universal numbering and reading of items codes.

The disposal of the assets of the HRFRA is carried out in conformity with regulations in force. The recording of the disposed assets into the accounting system of HRFRA is done in conformity with the accounting systems in force, such as entering the disposal transactions in the account book, entering them into the general ledger, computing inflows and outflows.

Annual periodical physical verification is carried out and results compared to the register or directory of assets. The in charge of logistics updates the registry of assets in accordance with the changes that occurred.

The annual physical inventory of assets will be organized by the Operation Manager and implemented by the In Charge of logistics. The Operations Manager reconciles the register of fixed assets with the results of the physical inventory. Any unexplained difference is communicated to the Executive Director for appropriate measures.

The monitoring of the maintenance and the conservation of office equipment are the responsibility of the Operations Manager through the in charge of logistics. Any alteration to the equipment is to be immediately reported to the Executive Director who takes appropriate measures.

HRFRA Staff responsible for assets take care of them in the most appropriate manner. Any theft or loss of assets shall be communicated to the Operations Manager. The latter investigates the matter and reports the findings to the Executive Director who takes appropriate measures.

2.2. EXPENSING AND MOVEMENT OF ASSETS

2.2.1 Expensing of assets

HRFRA's fixed assets are expensed in the statement of income and expenditures and are not capitalized in the fixed assets. Assets with the value equal or higher than FRW 25,000 are included in the assets register and are considered as a non-capitalized asset, though, by nature, they will serve the institution for more than one year the assets are therefore expensed.

2.2.2 Assets movement

All movements of assets from one place to another or from one department to another either for administrative purpose, permanent transfers or for any other reason are well coordinated and authorized by the Operations Manager.

Any movement of assets is done after filling up in a transfer form, and request for the necessary indicated signatures.

2.3. VEHICLES MANAGEMENT

All new vehicles of HRFRA must be insured against all risks (omnium) for the first three years following their purchase and have only third-party insurance from the 4th year onwards for the following years HRFRA's vehicles may only be driven by the driver(s) recruited to this end. The driving by an occasional driver or by another staff member must be previously and formally

authorized by the Executive Director, or by the Chair or Deputy Chair of the Board for the Executive Director.

Any movement of a vehicle of HRFRA must be previously authorized by the Operations Manager or by In Charge of Logistics. A logbook of the use must be duly filled-out for each movement and regularly checked by the In Charge of Logistics.

Vehicles are to be parked at HRFRA Office and all vehicles keys kept under lock by the Operations Department. During missions, vehicles are to be parked at secure places and in the principle at the hotel where the staff members are accommodated.

The driver(s) of each vehicle is/are responsible of its good state and must inform the In Charge of Logistics without delay of any problem or need of maintenance.

Transportation request should be done in advance to the Operations Department:

- For trips within Kigali city on office hours: at least two hours before the planned departure time;
- For trips within Kigali city outside office hours or for trips outside Kigali city: at least 24 hours before the planned departure time.

3. STOCK MANAGEMENT PROCEDURES

3.1. MANAGEMENT OF STOCK OF SUPPLIES

HRFRA has a stock of office supplies for its operations.

The Operations Manager administers the management of HRFRA operation premise. The in charge of logistics keeps a registry of all keys to the operation premise used by HRFRA which contains door numbers, their respective key reference numbers, and names of Staff possessing entry keys.

Every purchase of inventory (stock or store of supplies) is carried out according to the needs of the institution and the approved budget. The purchase procedures defined in this Procedures Manual, in relation to the procurement of supplies and services, are applicable herein, without exception.

Stock cards are kept to record the movement of goods (these cards may be replaced by a computerized system). The in charge of logistics regularly updates the stock cards that contain the following information:

a) b) c) d) e)

- a) Date of acquisition or issue;
- b) Description of supplies or goods;
- c) Number of delivery note of goods received note;

- d) Number of order form;
- e) Name of supplier;
- f) Quantity entered and released
- g) Stock balance; and
- h) Value of stocks.

The in charge of logistics receives all items bought by the institution and:

- a) Examines them in collaboration with the in Charge of Procurement and User or requesting Unit, where need be, to make sure that they correspond to the specifications established on the purchase order;
- b) Counts them in order to verify quantities and compares the price on .the purchase order with the one mentioned in the supplier invoice;
- c) Signs the delivery note for the quantity received with a reservation note for any possible anomalies in terms of quality; and
- d) Any anomaly discovered is reported to the Operations Manager who takes appropriate measures. The in charge of logistics follows up and monitors rectification with the supplier.

When goods are damaged or when delivered service is below the agreed level, the goods or services are rejected and the supplier is immediately informed as soon as possible through a formal note. All the rejected goods are sent back to the supplier in the same conditions as received.

The stock releases are done by means of a release voucher including ICT items prepared and certified by the Head of User Unit/Department, and approved by the Operations Manager. All stock releases requests are submitted to the in charge of logistics two days before.

The staff or any other person that receives the stock items signs the requisition form for reception. The in charge of logistics uses the requisition form to update the stock cards.

The in charge of logistics prepares a monthly stock report and sends it to the Operations Manager.

The in charge of logistics together with the head Operation Manager and a staff from finance department carries out a quarterly stock inventory to justify any difference where applicable. In case deemed necessary, the stock inventory is carried out at any time.

Any damaged, obsolete or unusable stock is registered on a quarterly basis and the list is submitted to the Operations Manager for approval of disposal. After which the Operations Manager with consultations with the Executive Director determines the mode of disposal or liquidation on request.

Any use of ICT items requires authorisation by IT Officer after consulting the Operation Manager. The in charge of logistics is in charge of keeping and distributing such items on request in which

case the requisition form indicates the following:

- a) Names of the requesting staff;
- b) Make and serial number of the ICT item requested;
- c) Status of the item; and
- d) Proposed date of return of the item.

3.2. MANAGEMENT OF FUEL SUPPLIES

The fuel shall be purchased on the basis of purchase order signed by the Executive Director and the Finance Manager according LAF procurement procedures. No physical fuel stocks will be kept by HRFRA except the few one for Generator; instead arrangements shall be made with the selected supplier to provide HRFRA with fuel coupons. The fuel coupons shall be stamped with the HRFRA stamp.

Fuel purchase is done on a monthly basis. All vehicles have to be refilled regularly.

The in Charge of Logistics shall keep a fuel register or stock card in which all fuel purchases are recorded with identification of vehicles and their drivers.

Before every departure, the Driver or the vehicle user shall carry out the following operations in the log book:

- ❖ Take the log book from the logistic officer;
- ❖ Write down the reason for movement;
- ❖ Sign in the fuel register for the fuel coupons taken;
- ❖ Record the Mileage;
- ❖ Time of take-off.

Every month the In Charge logistics officer shall:

- ❖ Prepare a summary of information on the use of the vehicles indicating kilometers covered and fuel consumption for the month
- ❖ Calculate the average fuel consumption or kilometer covered
- ❖ Report cases of excessive consumptions to the Operations Manager and the Executive Director.

4. PROCUREMENT PROCEDURES

4.1. GENERAL GUIDELINES

- Except as otherwise provided for in these procedures, supply of goods, works and of services to the HRFRA shall be procured on basis of competitive bidding;
- HRFRA shall procure all products having regard to economy and quality;
- All requisites for procurement to be initiated shall be made on Procurement forms duly prepared by the in Charge Of Procurement Officer and authorized by the Operations

Manager;

- HRFRA will ensure that any Person or entity, engaged to provide services have the necessary managerial and technical qualifications, experience and financial capabilities to carry out the assignments;
- The Operations Department and the Department procuring the services shall prepare terms of reference clearly stating the scope of the assignments and the required qualifications and experience. Selected Persons or entity would be requested to submit bids and the tender committee would determine most suitable firm or individual for contract award.
- The Tender Committee shall competitively appoint approved suppliers for common user goods and services on an annual or term basis and the list of these approved suppliers shall be maintained and monitored by the in Charge of Procurement.
- Except as otherwise provided for in this manual, all formal contract documents shall be in the custody the Operations Manager;

4.2. TENDER COMMITTEE

HRFRA shall have in place a Tender Committee comprising of three (3) persons. The appointments shall be for three years' renewable only once.

Such committee shall be appointed by the Board. The Board may change any member or the entire committee if there are relevant reasons to do so.

The Tender Committee should have a Chairperson and a Secretary. The In Charge of procurement is a permanent member of the tender committee and acts as its secretary;

For donor's funded project, the tender committee shall be also the same as of the HRFRA activities except that the project has its own procurement officer who acts as secretary of the tender committee in the case of the procurement of goods, works and services funded by the project;

The tender committee shall be in charge of the opening and evaluation of bids as well as making the award recommendation for procurement contracts. The tender committee may seek the assistance from consultants. However, the consultant shall not have any interest directly or indirectly in the concerned tender or have any relationship with bidders;

The resolutions of the tender committee shall be valid when at least 2/3 members of the committee are present for the purpose. The consultant invited shall not participate in taking decisions.

The tender committee shall make a brief report on the bid evaluation comprising the evaluation process and comparison of bids and it shall be signed 'by all the evaluation committee members present.

The chairperson of the tender committee stipulated in this order shall be the coordinator of the whole process of the evaluation of bids and shall be required to act in an impartial and transparent manner. Members of the tender committee taking decisions in relation to the evaluation of bids shall be generally responsible for the consequences that may arise from the decisions taken by the

committee.

The Secretary to the tender committee shall be assigned the following duties: Preparing the report of the tender committee; Filing the reports of the tender committee and any other documents related to the tender. The evaluation of bids shall be done within a period not exceeding twenty- one (21) calendar days from the date of the opening of bids except when there are clear reasons indicated by HRFRA and the bidders must be notified.

4.3. PROCUREMENT METHODS

4.3.1 Procurement by open competitive bidding

- Competitive open bids shall be invited in all cases by advertising in newspapers, posting notices in strategic places, radio announcements, Website etc.
- Bidding Documents shall contain sufficient details and shall allow adequate time to enable prospective bidders respond appropriately. The documents shall spell out how bids will be evaluated and specify that the contract will be awarded to the bidder;

4.3.2 Single source or direct contracting

Where it is established that only one firm or source can provide required categories of goods, works or services, procurement may be made directly without going through competitive bidding provided.

The Tender committee shall consider and approve the method, contract and proposed contract conditions, including contract price.

4.3.3 Selective Bidding

For procurement of specialized items, e.g. printing of special documents or acquiring specific services, only firms with capacity and credibility for such work will be invited to bid. Before initiating bidding, all selective bidding must be approved by the Tender Committee.

4.3.4 Value of Tender and recommended method

Value (Rwf)	Method	Number of minimum vendors
<200,000	Single Source	One
>200,000- 3,000,000	Selective Bidding	Three

>3,000,000-10,000,000	Selective Bidding	Four
<10,000,000	Open competitive	Five

4.4. Bidding and Quotation Rules

All prospective bidders shall be required to comply with the following conditions: (a) all bids and quotations shall be forwarded to the Tender Committee in plain sealed envelopes bearing only such endorsements or labels as may be specified in the invitation notice provided that no name, mark or identity of the bidder shall appear on the envelope; (b) all bids and quotations must be addressed to the Executive Director or Operations Manager (c) all bids and quotations must be delivered by post, by courier or by hand or by messenger or through the tender box within the time specified in the notice. Bids or quotations by telephone or telegram or fax will not be accepted unless so allowed in the invitation to quote; (d) the Tender Committee shall not be bound to accept the lowest or any tender; and (e) all inquiries relating to any tender shall be addressed to the Operations Manager or Procurement Officer.

4.4. BIDDING DOCUMENTS

bidding documents shall specify the evaluation criteria to be used, and the tender committee may accept any bid other than the lowest one having due regard to, inter alia, quality, standardization policy, delivery duration, after sales service, experience in the market place, and other relevant matters as specified in the bid evaluation criteria,

in adjudicating bids, the tender committee shall, inter alia, take into account the following factors:-

(i) Compliance with specifications; (ii) the best price quoted and whether it is considered realistic judging from the prevailing market price for similar goods or services; (iii) qualifications and guarantees offered by the bidders; (iv) experience of the bidders with previous, contracts; (v) technical advice by experts; (vi) delivery period; and (vii) special conditions of bid e.g. validity of prices, fluctuations of currency, taxation and transport costs, d) Bids shall ordinarily be awarded to the lowest evaluated bidder and whenever this is not done, the reason thereof shall be clearly given in respect of each of the lower bidder.

4.5. CODE OF CONDUCT IN THE PROCUREMENT OF HRFRA

4.5.1 Anti- corruption measures

It is strictly prohibited to solicit directly or indirectly, offer to any employee of HRFRA, a bribe in any form, an offer of employment or any other service or anything of value meant to compromise

someone with respect to any act or decision in connection with the procurement proceedings. The Tender Committee shall reject any bidder's offer where it is established that the latter was engaged in any corrupt or fraudulent practices. HRFRA shall promptly notify this rejection to the concerned bidder.

4.5.2 Conflict of interest

In carrying out their official duties, HRFRA Staff in procurement process should arrange their private affairs in a manner that will prevent real, apparent or potential conflicts of interest from arising. Actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain or gain for a relative or friend.

A member of Tender Committee shall not participate in tender process or carry out an auction in favor of an outside enterprise or organization in which he has direct or indirect interests.

The employee shall avoid being in conflict situation between his/her own interests and work interests.

4.5.3 Fairness in tender process

Tender documents sent to potential suppliers must be identical and all suppliers should be granted the same time to prepare their bids. Any additional information or clarification must be sent to all potential suppliers simultaneously. Technical specifications of a product or service should exactly match needs of the entity (no more no less), should be explicit and detailed and should not describe, directly or indirectly, the product of a specific supplier.

5. ANTI -FRAUD AND WHISTLE-BLOWING POLICY

Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management committee will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Corruption is the act of doing something with intent to give an advantage inappropriate with official duties to obtain a benefit, to harm or to influence improperly the actions of another party.

Actions taken to instigate, aid, abet, attempt, conspire or cooperate in a fraudulent or corrupt act, also constitute fraud or corruption.

The anti-fraud and whistle-blowing policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against HRFRA. It is the intent of HRFRA to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

5.1. SCOPE AND APPLICATION OF POLICY

This policy applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with HRFRA.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the HRFRA.

HRFRA has zero tolerance for fraud and corruption, meaning that HRFRA staff members, non-staff personnel, vendors, implementing partners and responsible parties are not to engage in fraud or corruption.

All incidents of fraud and corruption are to be reported, and will be assessed and, as appropriate, investigated, when applicable. HRFRA will pursue rigorously disciplinary and other actions against perpetrators of fraud, including recovery of financial loss suffered by HRFRA.

HRFRA is committed to preventing, identifying and addressing all acts of fraud and corruption against HRFRA, through raising awareness of fraud risks, implementing controls aimed at preventing and detecting fraud and corruption, and enforcing this Policy.

This Policy applies to all activities and operations of HRFRA, including projects and programmes funded by HRFRA as well as those implemented by HRFRA. This Policy aims to prevent, detect and address acts of fraud and corruption involving:

- i. Staff members;
- ii. Non-staff personnel, including Service Contract holders, Individual Contractors, volunteers and interns;
- iii. Vendors, including actual or potential contractors and suppliers of goods and services (collectively, "vendors"); and
- iv. Implementing partners and responsible parties engaged/contracted by HRFRA

5.2 RESPONSIBILITIES OF EMPLOYEES

It is the responsibility of all employees to carry out their work in such a way as to prevent fraud occurring in the workplace. Employees must also be alert for occurrences of fraud, be aware that unusual transactions or behaviours could be indications of fraud, and report potential cases of fraud.'

It is the responsibility of managers to be familiar with the types of fraud that might occur in their area, to be alert for any indication of fraud or improper activity and to maintain controls to avoid such occurrences.

Managers should also ensure that staff be encouraged to report suspected issues of fraud.

5.3 FRAUD PREVENTION MEASURES

5.3.1 Doing awareness on Fraud

Staff members, non-staff personnel, vendors, implementing partners and responsible parties must be aware of their responsibility to prevent fraud and corruption. In this regard, managers have to raise awareness of this Policy, and reiterate the duty of all staff members to report instances of fraud and corruption.

Managers are also required to make non-staff personnel, vendors, implementing partners and responsible parties contracted/engaged by their respective offices aware of this Policy by conducting proper and specific training on awareness of fraud.

5.3.2 Building fraud prevention into programme and project design

When developing a new programme or project, it is important to ensure that fraud risks are fully considered in the programme/project design and processes. This is especially important for high risk programmes/projects, such as those that are complex or operate in high risk environments. These programme/project risk logs shall be communicated to relevant stakeholders, including donors, implementing partners and responsible parties, together with an assessment of the extent to which risks can be mitigated.

Programme and Project Managers are responsible for ensuring that the risk of fraud and corruption is identified during the programme/project design phase. They are to consider how easily fraudulent acts might occur and be replicated in the day-to-day operations. They are also to evaluate their impact, and the effectiveness of the measures taken to mitigate risks, including systemic monitoring actions. Informed decisions can then be made on additional mitigating actions.

5.3.3 Internal control system

A strong internal control system, where policies and procedures are enforced, internal controls are appropriately implemented, and staff members, non-staff personnel, vendors, implementing partners and responsible parties are informed about fraud and corruption and its consequences, can curtail fraud and corruption.

5.4 REPORTING FRAUD

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Management Committee immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, or any other inquirer should be directed to the Management Committee. No information concerning the status of an investigation will be given out.

In order for investigations to be successful, complaints should be as specific as possible. To the extent possible, they should include details such as:

- The type of alleged wrongdoing;
- When, where and how the wrongdoing occurred; and
- Who was involved and may have knowledge of the matters being reported.

Relevant documents or other evidence should be included with the report or provided as soon as possible.

5.5 ACTION BASED ON INVESTIGATIONS

The allegations, if substantiated by the investigation, may result in disciplinary and/or administrative actions or other actions taken by HRFRA, depending on the case. The outcomes may be as follows:

- a) For staff members, disciplinary and/or administrative actions;
- b) For Service Contract holders and Individual Contractors, non-renewal or termination of their contract or other action as deemed necessary.
- c) For vendors, termination of the contract and exclusion from doing business with HRFRA or other sanctions;
- d) Referral to the Public institutions for criminal investigation and prosecution;
- e) Recovery of financial loss and/or assets suffered by HRFRA, and to return funds recovered to the respective funding sources; and
- f) Issuance of Management Letters to allow departments concerned to take corrective actions and strengthen internal controls.

**Approved by the Board on 6th June 2022 Ms Abera
Fridah**