

# **TANZANIA COALITION ON DEBT AND DEVELOPMENT (TCDD)**



## **Financial Regulations**

**2013**

## **Regulation 1: Applicability**

1.1 These Regulations shall govern the financial administration of the Tanzania Coalition on Debt and Development (TCDD).

1.2 For the purpose of these regulations:

“The Tanzania Coalition on Debt and Development”

Means the Tanzania Coalition on Debt and development (TCDD) established under the NGO Act, No. 24 of 2002

“Steering Committee”

Means the Committee of the Tanzania Coalition on Debt and Development (TCDD)

“The Annual General Meeting”

Means the forum consisting of all members namely any Civil Society Organization to which the Steering Committee shall report annually.

“Member of the Steering Committee”

In relation to the Steering Committee, means a member of the Steering Committee elected by the Annual General Meeting.

“Executive Director”

Means the secretary of the coalition responsible to the Steering Committee

“Administrative Secretary”

Means the Officer in charge of all administrative matters

“Officer”

Means any person in the employment of the TCDD

“Financial year”

Means the accounting period for which the financial statements are prepared and audited. Twelve months from 1<sup>st</sup> January to December 31<sup>st</sup> of each year.

“Coalition” Means the Tanzania Coalition on Debt and Development (TCDD)

“Accountant”

Means the officer In-charge of financial matters

## **Regulation 2: Financial period**

2.1 The financial period shall consist initially one calendar year unless decided otherwise by the Annual General Meeting. The AGM shall keep under review the financial period.

## **Regulation 3: Budget**

3.1 The Tanzania Coalition on Debt and Development (TCDD) shall prepare a working budget annually to be tabled before the commencement of the new financial year at the Steering Committee for final approval.

3.2 The budget proposal shall be framed in such a way as to show the estimated results for the year end, the current and the proposed budgets so as to guide the members of the steering committee to consider the budget proposal.

3.3. The approved budget is the working guideline of the Tanzania Coalition on Debt and Development (TCDD). All expenditures by the coalition must be made strictly within the approved budgets.

### **3.4 Budget Review**

(i) The TCDD shall make six months financial progress report over incurrence of expenditure against the approved budget and take measures to redress the situation in the instance where unfavorable variances or abnormal favorable variances emerge.

(ii) Immediately after year end, an overall review of the actual operations of TCDD for the year ended visa-a-vis the approved budget shall be carried out, any unfavorable variances discovered should be explained for appropriate action.

### **3.5 Supplementary Budget Provision**

Supplementary provisions to the budget shall be approved by the Steering Committee, but only after source of Coalition have been identified.

## **Regulation 4: Funds**

4.1 The following are deemed to be source of funds for TCDD

- (i) Membership fee and annual subscriptions
- (ii) International Donor Agencies (including their local representations in Tanzania)
- (iii) International NGO's providing support to developmental activities
- (iv) Government of Tanzania
- (v) Multi-national Corporations with an interest in Tanzania

- (vi) Local companies and associations
- (vii) Individuals
- (viii) Foreign National cultural exchange institutions
- (ix) Any other interested parties
- (x) Local fundraising events/initiatives

#### **4.2 Receipt and deposit of funds**

- (i) An official receipt shall be issued as soon as practicable for all cash and negotiable instruments received.
- (ii) Only officials designated in the Accountant's office shall be authorized to issue official receipts. If other officials receive money intended for TCDD, they must immediately convey this money to an official authorized to issue an official receipt.
- (iii) All moneys received shall be deposited in an official bank account as soon as practicable.

#### **4.3 Voluntary contributions, gifts and donations**

- (i) Voluntary contributions, gifts and donations, whether or not in cash, may only be accepted by the TCDD management, provided that they are consistent with the nature and functions of the TCDD and the criteria to be adopted by the Steering Committee. Acceptance of contributions which directly or indirectly involve additional financial liability for the Coalition shall require the prior consent of the Steering Committee.
- (ii) Voluntary contributions accepted for purposes specified by donors shall be treated as restricted funds.
- (ii) Voluntary contributions in respect of which no purpose is specified shall be treated as miscellaneous income.

#### **Regulation 5: Custody of funds**

##### **5.1 Custody of funds**

The Steering Committee shall designate the bank or banks in which the funds of the Coalition shall be kept.

## **Banking**

### **Rule 5.1.1: Bank accounts**

The Steering Committee shall designate the banks in which the funds of TCDD shall be kept, shall establish all official bank accounts required for the transaction of the Coalition's business and shall designate those officials to whom signatory authority is delegated for these accounts. The Steering Committee shall also authorize all bank account closures. Bank accounts of TCDD are to be opened and operated in accordance with the following guidelines:

- (i) Bank accounts shall be designated "Official accounts of the Tanzania Coalition on Debt and Development (TCDD)".
- (ii) Banks shall be required to provide monthly statements
- (iii) All banks shall be required to recognize that the Accountant is an authorized person to receive, upon request or as promptly as is practicable, all information pertaining to official bank accounts of the TCDD.

### **Rule 5.1.2: Bank Signatories, authority and policy**

Bank signatories will be elected from members of the steering committee and the Executive Director on all bank accounts of TCDD including all cheques or their electronic equivalent and other withdrawal instructions including electronic modes of payment.

Bank signatory and responsibility is assigned on a personal basis and cannot be delegated. Designated bank signatories must:

- (i) Ensure that there are sufficient funds in the bank account when cheques and other payment instructions are presented for payment.
- (ii) Verify that all cheques and other payment instructions are pre encumbered, dated and drawn to the order of the named payee approved by an Approving Officer (designated in accordance with rule 6.1.4) as indicated in the accompanying disbursement voucher, payment instructions and original supporting documents.
- (iii) Ensure that cheques and other banking instruments are properly safeguarded and that when they are obsolete they are destroyed in the proper way.

### **Rule 5.1.3: Cash advances**

- (i) Cash advances may only be made by, and to officials designated for this purpose by, the Executive Director in compliance with the regulations.

- (ii) The relevant accounts shall be maintained on an imprest system and the amount and purposes of each advance shall be defined by the Approving Officer.
- (iii) The Executive Director may make other cash advances as may be permitted by the Staff regulations and rules, administrative instructions and may otherwise be approved by him or her.
- (iv) Officials to whom cash advances are issued shall be held personally responsible and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for the advances at all times. They shall account for the monies spent. Within 7 days the officials shall be required to make retirement of funds.

**Rule 5.1.4: Payments**

- (i) All payments shall be made by cheque, by wire transfer or by electronic funds transfer except to the extent that cash payments are authorized by the Executive Director.
- (ii) Payments shall be recorded in the accounts as of the date when they are made, that is, when the cheque is issued, transfer is effected or cash is paid out.
- (iii) Except where a paid cheque is returned by the bank or a debit advice is received from the bank, a payee's written receipt shall be obtained for all payments.

**Rule 5.1.5: Advance and progress payments**

- (i) Except where normal commercial practices or the interest of the TCDD so requires, no contracts or other form of undertaking shall be made on behalf of the TCDD which requires a payment or payments on account in advance of delivery of products or the performance of contractual services. Whenever an advance payment is agreed to the reasons thereof shall be recorded.
- (ii) In addition to the above, the Executive Director may, where necessary, authorize progress payments.

**Rule 5.1.6: Reconciliation of bank accounts**

Every month, unless an exception is authorized by the Executive Director, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with rule 5.1.1. This reconciliation must be performed by officials having no actual part in the receipt or disbursement of funds; if the staff situation at

TCDD makes this impracticable, alternative arrangements may be established in consultation with the Executive Director.

### **Regulation 6: Internal Control**

The responsible program officer will

- (i) Cause all payments to be made and the Executive Director shall approve on basis of supporting vouchers and other documents which ensure that the services or goods have been received and the payments have not previously been made.
- (iii) The Executive Director shall maintain an internal financial control which shall provide for effective current examination and/ or review of financial transactions to ensure:-
  - (a)The regularity of the receipt, custody and disposal of all funds and other financial resources of TCDD;
  - (b)The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Steering Committee;
  - (c)The economic use of the TCDD resources

### **Obligations**

#### **Rule 6.1.1: Authority**

The utilization of all funds requires the prior authorization of the executive Director and Chairperson, who are responsible for ensuring that the obligations of TCDD remain within the approved budget.

#### **Rule 6.1.3: Approval Limits**

The Executive Director shall approve single payment up to Tanzanian Shillings Three Million (3,000,000/=) and The Chairperson shall approve any single payment above Tanzanian Shillings Three Million (3,000,000/=)

#### **Rule 6.1.4: Approving officers**

- (i) Shall approve the entry into the accounts of expenditures relating to contracts, agreements, purchase orders and other forms of undertaking.
- (ii) Shall give their approval after verifying that:
  - (a) Payments have not previously been made;
  - (b) Supporting documents have no irregularities on their face which indicate that the payment is not properly due;

(c) Services, supplies or equipment have been received in accordance with the contract, agreement, purchase order or other form of undertaking by which they were ordered.

Approving officers shall not approve a payment if any other information known to them would bar the payment.

**Rule 6.1.5: Writing off losses of cash and receivables**

- (i) The Executive Director in consultation with the chairperson may, after full investigation, propose the writing off of losses of cash and the book value of accounts and receivables deemed to be irrecoverable. The Steering Committee shall approve or disapprove all losses of cash and receivables so incurred.
- (ii) The investigation shall, in each case, fix the responsibility, if any, attaching to any TCDD official for the loss or losses. Such Official(s) may be required to reimburse TCDD either partially or in full. Final determination as to the charges to be made against staff members or others as the result of losses will be made by the Executive Director and approved by the Steering Committee.

**Rule 6.1.6: Writing off losses of property**

- (i) The Executive Director may, after full investigation, authorize the writing off of losses of property of TCDD, and adjust the record to bring the balance shown into conformity with actual, physical property. The Steering Committee must approve or disapprove all losses of property.
- (ii) The investigation shall, in each case, fix the responsibility, if any attaching to any TCDD official for the loss or losses. Such official(s) may be required to reimburse TCDD either partially or in full. Final determination as to the charges to be made against staff members or others as a result of losses will be made by the Executive Director and approved by the Steering Committee.

**Procurement**

**Rule 6.1.8: General principles**

Procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement function of TCDD;



- (i) Best value for money;
- (ii) Fairness, integrity and transparency;
- (iii) Effective competition;
- (iv) The interests of TCDD.

**Rule 6.1.9: Authority and responsibility on procurement**

- (i) The Executive Director is accountable for all procurement functions of TCDD; He/She shall establish the procurement systems of TCDD and shall ensure that procurement functions are carried out in accordance with the relevant financial regulations and rules. To this end the Executive Director shall:
  - Establish the necessary controls, including those for delegation of authority;
  - Issue administrative instructions to protect the integrity of the procurement process and the interests of TCDD.
- (ii) No procurement contract shall be entered into on behalf of TCDD except by the Executive Director or a delegated Officer by the Executive Director, with regard to other procurement functions.
- (iii) Procurement shall be done under the supervision of the Executive Director.

**Rule 6.1.10: Competition**

Except as provided in rule 6.1.12, procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process shall, as necessary, include:

- (i) Acquisition planning for developing an overall procurement strategy and procurement methodologies;
- (ii) Market research for identifying potential suppliers;
- (iii) Consideration of prudent commercial practices;
- (iv) Formal methods of solicitation, utilizing invitation to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers; or informal methods of solicitation, such as requests for quotations. The Executive Director shall issue administrative instructions concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used.
- (v) Competition should be on as wide a geographical basis as practicable and situated to market circumstances. The executive Director may, however, in the interest of TCDD, determine that specific invitations to bid or requests for proposals shall be limited to suppliers from member organizations only.

**Rule 6.1.11: Formal methods of solicitation**

- (i) When a formal invitation to bid 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 document and is evaluated to be the lowest cost to TCDD.
- (ii) When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal is the most responsive to the requirements set forth in the solicitation document.
- (iii) The Executive Director may, in the interest of the court, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The Executive Director shall determine whether to undertake a new solicitation, or to directly negotiate a procurement contract pursuant to rule 6.1.13 (ii), or to terminate or suspend the procurement action.

**Rule 6.1.12: Exceptions to the use of formal methods of solicitation**

- (i) The Executive Director may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of TCDD:
  - (a) When there is no competitive marketplace for the requirements, such as where a monopoly exists, where prices are fixed by legislation or government regulation, or where the requirement involves a proprietary product or service;
  - (b) Where there has been a previous determination or there is a need to standardize the requirement;
  - (c) When the proposed procurement contract is the result of cooperation with a member organization;
  - (d) When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;
  - (e) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results;
  - (f) When the proposed procurement contract is for the purchase or lease of real property;
  - (g) When there is a genuine exigency for the requirement;
  - (h) When the proposed procurement contract relates to obtaining services that cannot be objectively evaluated;

- (i) When the Executive Director has determined that a formal solicitation will not give satisfactory results;
  - (j) When the value of the procurement is below the monetary threshold established for formal methods of solicitation.
- (ii) When a determination is made pursuant to paragraph (i) above, the Executive Director shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation, or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.

### **Regulation 7: The accounts**

7.1 The Accountant shall submit to the Auditor accounts for the financial period one month before AGM. In addition, the Executive Director shall maintain, for management purposes, such accounting records as are necessary. The accounts for the financial period shall show:

- (i) The Income and Expenditures of all funds;
- (ii) The Assets and Liabilities of TCDD;
- (iii) The Status of appropriations, including:-
  - The original budget appropriations
  - The appropriations as modified by any transfers
  - Credits if any, other than the appropriations adopted by the Annual General Meeting;
- (iv) The Accountant shall also give such other information as may be appropriate to indicate the current financial position of TCDD;
- (v) The funds flow statement;
- (vi) Statement of change in equity.

7.2 The accounts of TCDD shall be presented in the local currency (Tanzanian shillings). Accounting records may, however be kept in such as other currency as may be deemed necessary.

7.3 Appropriate separate accounts shall be kept for each donor / project, such that separate financial reports can be generated for each donor or project.

**Rule 7.1.1: Principal accounts**

In accordance with regulations 7.1 and 7.3, the principal accounts of TCDD shall include detailed, comprehensive and up-to date records of assets and liabilities for all sources of funds.

The principal accounts shall consist of:

- (i) Program budget accounts;
  - (a) Appropriations as modified by transfers;
  - (b) Credits;
  - (c) Expenditures, including payments and other disbursements and un-liquidated obligations;
  - (d) Unencumbered balances of allotments and appropriations.
- (ii) General ledger accounts, showing: all cash at banks, investments, receivables and other assets, payables and other liabilities;
- (iii) The income fund and all grants or other special accounts

**Rule 7.1.2: Accrual and cash basis accounting**

All financial transactions shall be recorded in the accounts on accrual and cash basis

**Rule 7.1.3**

Accounting for proceeds from sale of property

The proceeds from sale of property shall be credited as miscellaneous income except,

- (i) Where the Executive Director has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies (any balance shall be taken into account as miscellaneous income)
- (ii) When the trade in property is not considered to be a sale, and the allowance shall be applied against the cost of the replacement property;
- (iii) Where the normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later date.
- (iv) When the proceeds from the sale of surplus equipment shall be credited to the relevant program account, provided that it has not been closed.
- (v) When equipment transferred from one program for use in another and the account of the releasing program is open, the fair market value of such equipment shall be credited to the account of the releasing program and charged to the account of the receiving program.

### **Rule 7.1.3: Financial Statements**

- (i) For all accounts of TCDD, financial statements covering the financial period, as of 31<sup>st</sup> December, shall be submitted to the Auditor in Tanzanian Shillings one month before AGM following the end of such period.
- (ii) Financial statements submitted to the Auditor for all accounts shall include:
  - (a) A statement of comprehensive income
  - (b) A statement of financial position
  - (c) A statement of cash flows;
  - (d) Such other schedules as may be required;
  - (e) Notes on the financial statements.

### **Rule 7.1.4: Archives**

Accounting records, other financial and property records, and all supporting documents shall be retained for such periods as may be determined by the Executive Director through administrative instructions, in agreement with different Donors or funding partners. This period may not be less than five years.

### **Regulation 8: Audit**

- (i) The Annual General Meeting shall appoint an Auditor, which may be an internationally or locally recognized firm of auditors. The auditor shall be appointed for a period of three years.
- (ii) The audit shall be conducted in conformity with generally accepted common auditing standards, subject to any special directions of the Annual General Meeting.
- (iii) The Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of TCDD.
- (iv) The Auditor shall be completely independent and solely responsible for the conduct of the audit.
- (v) The Annual General Meeting may request the Auditor to perform certain specific examinations such as investigative audit and issue separate reports on the results.
- (vi) The Executive Director shall provide the Auditor with the facilities required in the performance of the audit.

- (vii) The auditor shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Auditor deems necessary with regard to matters referred to in regulation 8(iii).
- (viii) The Annual General Meeting shall have the duty to approve or disapprove the audited accounts and take necessary measures emanating from the annual financial audit.

### **Regulation 9: General provisions**

9.1 These regulations shall become effective on a date to be decided upon by the AGM and shall apply to the initial financial period agreed to by the AGM and to subsequent financial periods as provided for in regulation 2.1.

9.2 These regulations may be amended by the AGM

#### **Rule 9.1.1: Effective date**

These rules shall become effective on the same day on which the Regulations become effective.

#### **Rule 9.1.2: Amendment of Rules**

- (i) These rules may be amended by the Steering Committee and approved by the AGM.