



FINANCIAL & PROCUREMENT POLICIES

PREAMBLE

These Financial and Procurement Policies are adopted pursuant to the Constitution of the CSOs Engagement Forum (CEF), the Constitution of Kenya, 2010, the Public Benefit Organizations Act, 2013, the Public Finance Management Act, 2012 (where applicable), the Public Procurement and Asset Disposal Act, 2015 (as a guiding standard), and all other applicable financial, audit, and anti-corruption laws of the Republic of Kenya.

These Policies give effect to the fiduciary responsibilities of Members and the Board under Article 9 (Responsibilities of Members) and Article 11 (Board and Management Structure) of the CEF Constitution. In the event of any inconsistency, the CEF Constitution shall prevail.

1. FINANCIAL MANAGEMENT POLICY

(Budgeting, Accounting, Audits, Reporting)

1.1 Financial Stewardship and Fiduciary Duty

All financial resources of CEF shall be managed prudently, transparently, and solely for the furtherance of the Organisation's objectives as set out in Article 5 of the Constitution. No income or assets shall inure to the personal benefit of any Member, Director, or Officer, in accordance with Article 10 (No Profits for Members).

1.2 Budgeting

- An annual budget shall be prepared by Management and submitted to the Board for approval prior to the commencement of each financial year.
- The approved budget shall constitute the primary financial control instrument of the Organisation.
- Any material budget variance shall require prior Board approval or ratification.

1.3 Accounting and Financial Records

- Proper books of account shall be maintained in accordance with generally accepted accounting principles (GAAP) and applicable legal requirements.
- All financial transactions shall be supported by adequate documentation and verifiable audit trails.

1.4 Financial Reporting



- Management shall prepare periodic financial reports for submission to the Board.
- Annual financial statements shall be prepared and presented to the General Assembly in accordance with Article 20 of the Constitution.

1.5 Audit

- An independent, registered auditor shall be appointed by the General Assembly in accordance with Article 20.1.
- Audited accounts shall be submitted to regulators, donors, and Members as required by law and funding agreements.

2. PROCUREMENT & ASSET MANAGEMENT POLICY

(Transparent Purchasing and Asset Use)

2.1 Principles of Procurement

All procurement shall be conducted in a manner that is transparent, competitive, cost-effective, fair, and accountable, guided by best practices under the Public Procurement and Asset Disposal Act.

2.2 Procurement Procedures

- Procurement decisions shall be based on approved budgets and documented procurement plans.
- Conflict of interest declarations shall be mandatory for all persons involved in procurement processes.
- Splitting of procurements to circumvent approval thresholds is strictly prohibited.

2.3 Asset Management

- All organisational assets shall be recorded in an Asset Register maintained by Management.
- Assets shall be used exclusively for official purposes and safeguarded against loss, misuse, or damage.
- Disposal of assets shall be approved by the Board and properly documented.

3. FRAUD & ANTI-CORRUPTION POLICY



(Prevention, Detection, Reporting)

3.1 Zero Tolerance to Fraud and Corruption

CEF adopts a zero-tolerance policy towards fraud, corruption, embezzlement, bribery, or any form of financial impropriety.

3.2 Preventive Measures

- Segregation of financial duties;
- Internal controls and approval hierarchies;
- Regular audits and spot checks.

3.3 Reporting and Investigation

- Any suspected or actual fraud shall be reported promptly to Management or the Board.
- All reports shall be investigated impartially, and appropriate disciplinary, civil, or criminal action taken.

3.4 Protection of Whistleblowers

Persons reporting fraud in good faith shall be protected from retaliation in accordance with the Whistleblower Protection Policy and Article 236 of the Constitution of Kenya.

4. CASH HANDLING POLICY

(Petty Cash and Bank Reconciliations)

4.1 Petty Cash Management

- A petty cash float shall be maintained for minor operational expenses only.
- All petty cash disbursements shall be supported by receipts and approved vouchers.
- Petty cash shall be replenished through an imprest system subject to verification.

4.2 Banking and Reconciliation

- All organisational funds shall be banked promptly.
- Monthly bank reconciliations shall be prepared and reviewed by a designated officer independent of cash handling functions.



5. TRAVEL & PER DIEM POLICY

(Staff and Board Travel Procedures)

5.1 Authorization of Travel

All official travel shall be pre-authorized by the Chief Executive Officer or the Board, as applicable.

5.2 Travel Expenditure

- Travel shall be undertaken using the most economical and reasonable means.
- Per diem rates shall be set by the Board and reviewed periodically.

5.3 Accountability

- Travel advances shall be accounted for within a prescribed period upon completion of travel.
- Unaccounted funds shall be recoverable as a debt due to the Organisation.

6. COMPLIANCE, ENFORCEMENT, AND SANCTIONS

Any breach of these Financial and Procurement Policies shall constitute misconduct and may result in disciplinary action, recovery of funds, termination of engagement, and/or legal proceedings, without prejudice to remedies available under law.

7. REVIEW AND AMENDMENT

These Policies shall be reviewed periodically and amended by resolution of the Board in accordance with Article 11.7 of the CEF Constitution and applicable law.

Adopted by the Board of CSOs Engagement Forum (CEF)
Date: _____



FINANCIAL MANAGEMENT & CONTROLS POLICY

1. PREAMBLE

The CSOs Engagement Forum (CEF), duly established and governed under its Constitution, acknowledges that sound financial management is fundamental to institutional credibility, donor confidence, and fulfillment of its mandate. In furtherance of its fiduciary duties and constitutional principles of accountability, transparency, and prudent stewardship, CEF hereby adopts this Financial Management & Controls Policy.

This Policy provides the framework for the lawful, efficient, transparent, and accountable management of all financial resources entrusted to CEF.

2. LEGAL AND CONSTITUTIONAL BASIS

This Policy is promulgated pursuant to:

- The CEF Constitution provisions on financial accountability, governance, and ethical conduct;
- Applicable national laws and regulations governing non-profit and civil society organizations;



- Donor requirements, grant agreements, and recognized international financial management standards.

This Policy shall be binding on all organs, officers, staff, members, and agents of CEF.

3. PURPOSE AND OBJECTIVES

The objectives of this Policy are to:

1. Ensure prudent and lawful management of CEF financial resources;
 2. Establish clear financial controls and accountability mechanisms;
 3. Promote transparency in budgeting, expenditure, and reporting;
 4. Safeguard funds against fraud, misuse, or misappropriation;
 5. Demonstrate institutional readiness and compliance with donor due diligence requirements.
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4. SCOPE OF APPLICATION

This Policy applies to:

- All funds received by CEF, including donor grants, contributions, and internally generated income;
- All financial transactions, assets, and liabilities of CEF;
- All staff, consultants, volunteers, and members involved in financial management or decision-making.

Compliance with this Policy is a mandatory condition of service or engagement with CEF.

5. FINANCIAL GOVERNANCE AND OVERSIGHT

5.1 Governing Body

The Governing Body, as established under the CEF Constitution, shall:

- Exercise ultimate oversight over CEF financial affairs;
- Approve annual budgets, audited financial statements, and financial policies;



- Ensure adequate systems of internal control are in place.

5.2 Secretariat

The Secretariat shall:

- Implement this Policy and all related financial procedures;
 - Maintain accurate financial records;
 - Prepare financial reports for management, donors, and the Governing Body.
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6. BUDGETING AND FINANCIAL PLANNING

CEF shall:

- Prepare annual and project-specific budgets aligned to its constitutional mandate and strategic plans;
- Ensure budgets are reviewed, approved, and monitored by the competent authority;
- Restrict expenditure to approved budget lines unless authorized in accordance with internal procedures or donor approvals.

Budgets shall serve as the primary instrument for financial control and accountability.

7. SEGREGATION OF DUTIES

To minimize financial risk and prevent abuse:

- Financial responsibilities shall be clearly segregated among authorization, processing, recording, and review functions;
 - No single individual shall control all aspects of a financial transaction;
 - Delegation of authority shall be documented and consistent with the CEF Constitution and internal approval thresholds.
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8. PROCUREMENT AND EXPENDITURE CONTROLS

CEF shall establish and enforce procurement procedures that ensure:

- Value for money, fairness, transparency, and competitiveness;



- Proper documentation and approval of all procurements;
- Compliance with donor-specific procurement rules where applicable.

All expenditures shall:

- Be supported by verifiable documentation;
- Be approved in accordance with established financial authority levels;
- Relate directly to approved activities and budgets.

9. BANKING, CASH MANAGEMENT, AND SIGNATORIES

CEF shall:

- Maintain official bank accounts in the name of the organization;
- Operate bank accounts through authorized signatories approved in accordance with the CEF Constitution;
- Establish approval thresholds for payments and transfers;
- Minimize cash handling and ensure secure cash management procedures.

Any unauthorized banking activity shall constitute a serious breach of this Policy.

10. FINANCIAL REPORTING

CEF shall prepare timely and accurate financial reports that:

- Reflect a true and fair view of its financial position;
- Comply with applicable accounting standards and donor requirements;
- Are reviewed and approved by authorized officers prior to submission.

Financial reports shall be submitted to donors, the Governing Body, and other stakeholders in accordance with agreed timelines.

11. AUDIT AND ASSURANCE

11.1 Internal Controls



CEF shall maintain effective internal controls to ensure:

- Accuracy and reliability of financial records;
- Compliance with laws, policies, and donor agreements;
- Protection of organizational assets.

11.2 External Audit

CEF shall:

- Commission annual independent external audits by qualified auditors;
- Submit audited financial statements to the Governing Body and donors as required;
- Implement audit recommendations in a timely manner.

12. RECORD-KEEPING AND DOCUMENT RETENTION

CEF shall maintain complete, accurate, and secure financial records, including:

- Budgets, vouchers, receipts, and invoices;
- Bank statements and reconciliation records;
- Audit reports and financial correspondence.

Financial records shall be retained for the period prescribed by law, donor agreements, or the CEF Constitution, whichever is longer.

13. FRAUD, MISCONDUCT, AND SANCTIONS

Any act of financial misconduct, fraud, or misrepresentation shall:

- Be investigated promptly and impartially;
- Attract disciplinary action in accordance with the CEF Constitution and HR policies;
- Be reported to donors and competent authorities where legally required.

CEF adopts a zero-tolerance approach to financial impropriety.



14. REVIEW AND AMENDMENT

This Policy shall be reviewed periodically to ensure continued alignment with:

- The CEF Constitution;
- Applicable laws and regulations;
- Donor requirements and best practices.

Any amendment shall be approved by the competent organ of CEF in accordance with constitutional procedures.

15. COMMENCEMENT

This Financial Management & Controls Policy shall take effect upon approval by the authorized organ of CEF and shall remain in force unless amended or repealed in accordance with the CEF Constitution.

Approved _____ by the Board: _____
Date: _____