



AIDOS MANAGEMENT AND FINANCIAL PROCEDURES

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Contents

1	Board Members' financial responsibilities.....	2
2	Controls on expenditure	5
3	Controls on income	6
4	Controls on financial accounting	7
5	Budgetary control	9
6	Controls on human resources	10
7	Controls on Procurement procedures.....	12
8	Controls on physical assets.....	12

1 Board Members' financial responsibilities

General Governance and Management

The Associazione Italiana Donne per lo Sviluppo – AIDOS - is a non-governmental organization (NGO), established as a simple association in 1981 and registered since 1991 with the Italian Ministry of Foreign Affairs (n. of registration n.°65 of the 05/28/1991). Ministry of finance recognized AIDOS as a not-for-profit organization. After the establishment of the Italian Agency for Development Cooperation (AICS), AIDOS is registered in the list of non-profit Civil Society Organizations of the Italian Development Cooperation Agency pursuant to Law n.125/2014 starting from 4 April 2016.

AIDOS Constitution lists the aims of the Organization, its legal powers, the composition of the Board, the conduct of elections and general meetings, the membership, and so on. Copies of the Constitution are held in the office and are available to all members and staff of the organization.

The roles of **the Board** are to:

- resolve on the course of action for achieving the institutional purposes of AIDOS;
- elect the President and the Deputy President;
- draft the final statement which shall be submitted to the Meeting for approval;
- draft, where required under article 14 of legislative Decree no. 117/2017, the social report;
- draft and approve internal regulations and policies of the Legal Entity, as the case may be;
- resolve on the purchase, the sale and exchange of movable or immovable property of the Legal Entity, as well as the acceptance of inheritances, bequests and donations;
- comply with all the provisions of the law, any relevant regulations and the polices provided by any competent authorities;
- resolve on membership applications;
- perform any other act of ordinary and extraordinary administration necessary or useful for the achievement of the aims of the Legal Entity.
- decide on the norms for personnel.

Insurances

AIDOS maintains adequate insurance coverage at all times. This includes:

- personal accident insurance for staff (INAIL);
- personnel social and health security (INPS);
- insurance for personnel and consultants while on mission for AIDOS (UNIPOL, SISCOS and Europe Assistance);
- ENPABIL Health – Solidarity Fund.

All insurance policies must be sighted by the President and/or Finance Manager on an annual basis. The Finance Manager is responsible for ensuring that all insurance policies are current and adequate documentation is maintained.

Financial responsibilities

Delegations or financial responsibilities represent the different acts of authority designated or assigned to different AIDOS board members, management or staff positions and roles (executive limitations). There are two key types of delegation. The first are business activity delegations, which bestow authority to take or approve actions on behalf of the organization. The second are financial delegations such as the authority to approve expenditure up to a certain limit.

The following responsibility matrix integrates the tasks described in AIDOS statute:

Position	Business Activity delegations	Financial delegations
President and Vice President (In case of unavailability or absence of the President)	Can authorize staff, board or members to represent AIDOS or speak to the media. Authority to enter into contracts (funding or operational)	Authorize expenditures. Have the authority to reallocate amounts in budget lines by up to a set amount or percentage of the budget as allowed by donor

The following responsibility matrix describes the tasks of main AIDOS human resources:

Position	Business Activity delegations	Financial delegations
Finance Manager	Prepares and approves financial reports	Verify financial documents eligibility, correctness and compliance with contracts/letters of assignment and provide administrative clearance to the payment.
Program Officers	Approve all published material including website Authorize and sign specific official AIDOS correspondence oversees or contribute to the preparation of the financial reports, liaise with partners on financial matters, whenever needed provide to partner technical assistance on financial and administrative matters so to ensure compliance with donor and audit requirements	Provide clearance with regards to service quality compliance and approve related expenditures. Have the authority to reallocate amounts in budget lines by up to a set amount or percentage of the budget as allowed by donor. In consultation with the President and Board Members may propose funding submissions, applications or expressions of interest for projects.
Other staff	Provide information for budget	

Funding & Grants

In relation to funding and/or grant submissions, the President may approve applications or expressions of interest for projects of up to 2 million Eur. For larger funding projects, Board approval should be sought. The Board will make decisions based on how the proposed new funding fits with the Strategic Plan. In situations where time constraints do not allow this, the President will consult with the Board.

Finance & Audit

The Finance Manager is responsible for monitoring significant financial planning, management and reporting matters of AIDOS, makes recommendations and delivers reports to the Board, and may serve as the Board's coordinator for external audit.

The Finance Manager has the responsibility to:

1. Make recommendations for Board approval and/or deliver reports to the Board in the following areas:
 - annual operating and capital budget;
 - annual audited financial statements;
 - appointment of auditors;
 - policies related to financial management.
2. Provide information to the Board on:
 - Significant financial planning, management and reporting issues
 - Interim financial reports
 - Reports from auditors and administration on internal control issues and other matters.

AIDOS Board is responsible for:

- external auditor selection and evaluation criteria;
- overseeing the coordination of the external auditor;
- reviewing the external auditor's report and Letter to Management;
- ensuring communication and reporting lines between the President, staff and the external auditor;
- monitoring and assessing the external audit effectiveness.

Reserves

Board Members are under a duty to balance the needs of current and future beneficiaries of AIDOS programs and projects. AIDOS needs to have sufficient reserves to allow it to cover known liabilities and contingencies, absorb setbacks and take advantage of change and opportunity.

However, AIDOS holding reserves that are greater than the needs may be subject to scrutiny and possible investigation by the regulatory authorities. As such, AIDOS will maintain a reserves policy in strict compliance with governing regulations that will be established by the Board in consultation with the President and the Finance Manager.

The benefits of developing a reserves policy:

- it is a key element of the strategic plan;
- it must feed into the budgeting and decision-making process;

- the policy will act as a benchmark to ensure that AIDOS uses its funds to good effect. Projects require detailed planning and submission of a detailed budget for approval by the Board. This will assist AIDOS in managing reserves and avoid AIDOS from being reactive rather than plan constructively;
- it focuses the fundraising activities – the reserves policy will identify AIDOS level of need for funds and what they are needed for. This will guide the fundraising plans as it is often easier to fundraise for specific items or amounts;
- it is necessary for communication with those external to AIDOS – the reserves policy will help demonstrate that AIDOS money is being used to good effect. Funders, beneficiaries, members and the wider public are entitled to know this and that AIDOS has good reasons for maintaining or seeking the certain levels of reserves.

2 Controls on expenditure

Expenditure approval

The internal control over the purchasing process is carried out through a “three way match” between the following elements:

- invoice received from the supplier;
- purchase order, service contract or equivalent document verified and confirming the details of the goods or services ordered by AIDOS;
- goods received note / acceptance certificate or equivalent document by the Program officer/ the Finance Manager confirming that these goods or services have been received to AIDOS satisfaction;
- when the three above are successfully verified, the Finance Manager prepares the payment authorization to be signed by the President or Vice-President.

This process is evidenced where possible, by marking or stamping documents as “checked by / approved by” with a signature or initials.

Bank mandates and cheque signatories

One signatory is required for cheques and electronic fund transfers up to the amount of € 40,000. For cheques and electronic fund transfers above this amount two signatories are required. The Finance/Administrative Staff is responsible for ensuring that documentation accompanying any bank payment is correct, and will seek the written approval of the President and/or the Vice President for cheques and fund transfers.

Those authorized to sign cheques and transfer funds on behalf of AIDOS are the:

- President;
- Vice President.

The Finance Manager is responsible for ensuring that signatory information with banking institutions is up to date.

Bank Accounts: One authorized signatory is required to approve a transfer of funds between any AIDOS accounts. The Finance Manager is responsible for ensuring that all bank accounts are reconciled on a regular basis. The Finance Manager reviews and ratifies the cheque register, including electronic funds transfers. The UniCredit Bank account is used for petty cash transactions and is reconciled at the end of every quarter.

Payments

Accounts Payable: AIDOS is committed to promoting and maintaining positive business relations with its suppliers and accordingly, seeks to ensure payment within any contractually agreed terms .

The finance/ administrative staff is responsible for ensuring all purchases have the necessary approval before processing purchases. Payments to creditors may be made either by cheque or electronic funds transfer (EFT). When EFT pays a creditor, a remittance advice will be sent by e- mail.

All invoices are stamped 'PAID' and marked with the project code.

Credit cards

AIDOS has two credit cards: one designated to the President and one pre-paid card for use by the Organization designated to the Vice President. The two credit cards have a set limit. The Finance administrative officer is responsible for reconciling the credit cards on a quarterly basis.

President Credit Cards

The President may use the credit card for payment within the limits of the approved budget. Receipts must be kept and submitted to the Finance /Administrative Manager for quarterly reconciliation.

AIDOS pre-paid Credit Card

This credit card may be used for paying small amounts (such as train tickets). The documentation accompanying the Credit Card Payment is to be submitted to the Finance/Administrative Manager for quarterly reconciliation.

Petty cash

A petty cash float is maintained in the office. To claim petty cash, a staff or board member needs to provide receipts, and is reimbursed in cash up to a set Eur value of 500.00. It is preferred that a receipt is turned in at the same time, however, sometimes the cash is given out first. If unable to provide a receipt, they must provide appropriate documentation (expense claim form) stating the amount to be claimed, what the expense was, and the date it was incurred. The Finance/Administrative Staff balances petty cash and replenishes the float as necessary.

The amounts of cash and receipt totals must always add up to the amount of the original petty cash cheque. A cheque must be written for any amount to replenish petty cash and cashed. A designated person who is accountable for the funds must control petty cash. It must be kept in a secure location.

The receipts must be recorded in the appropriate accounting records or COA. The petty cash must be checked from time to time by the Finance/Administrative Manager to ensure that the funds are being properly managed, and at least every quarter.

3 Controls on income

Invoicing, debt collection and income collection

Accounts Receivable: In addition to core funding and grants, AIDOS provides a range of goods and services including:

- membership fees;

- consultancy services.

The Finance/Administrative staff manages accounts receivable and receipts/invoices are sent out monthly. Payments received are managed by the Finance/Administrative Staff, that is, processing payments and bank deposits. Cheques are deposited in AIDOS bank accounts. The Finance/Administrative staff maintains documentation.

Gifts, Donations and In-kind

Receipts: AIDOS is registered as not for profit and in this capacity is entitled to receive donations. Tax receipts must be issued under the following conditions:

- transfer of property (not services) to AIDOS;
- transfer must be voluntary;
- donor must not receive any benefit in return;
- must be philanthropic for the good of society.

Tax receipts issued must comply with the following:

- a receipt book is used.

Donation receipts must contain:

- statement that this is an “Official Receipt for Income Tax Purposes”;
- AIDOS fiscal code;
- name and address of AIDOS as recorded with the Ministry of Finance;
- place or location where receipt was issued;
- name and address of donor, including first name and initial if an individual;
- amount of cash donation or fair market value of gift;
- if cash donation – day or year when AIDOS received donation;
- if non-cash donation – day when AIDOS received donation, brief description of property;
- if another receipt is issued for the same donation, the words “this receipt replaces receipt #” must be clearly shown;
- spoiled or voided receipts are kept in the receipt book;
- receipts for other than charitable donations must be issued with other kinds of receipts.

4 Controls on financial accounting

Chart of Accounts (COA)

The chart of accounts is a detailed listing with descriptions of all of the accounts, or records of each business transaction, of AIDOS. It is used to keep track of the income and expenses of the organization. It serves as a sort of detailed table of contents for the general ledger. The structure and headings of accounts should assist in consistent posting of transactions with each nominal ledger account being unique to allow its ledger to be located.

The chart of accounts should correlate to the categories in the budget so that they can be easily compared. The chart of accounts should be as simple as possible and be revised over time as needed with detailed descriptions of categories.

AIDOS maintains a comprehensive COA. The Finance/Administrative Manager is

responsible for developing and maintaining a COA on behalf of the Board of Directors. Budgets and financial reports shall be prepared in accordance with the COA and should be correlated as such. The finance/administrative staff is responsible for complying with the COA descriptions on every business transaction.

When and if required the Finance/Administrative staff will notify and seek the approval of the Finance/Administrative Manager for any changes to the COA. The Finance/Administrative Manager will notify the Board Financial Manager of any such changes to the COA. Where such changes will render the finance reports to be non-comparable, a detailed report will be issued to the Board along with the new financial reports detailing the changes, impact on financial information comparability and a table outlining and comparing the changes for ease of tracking and understanding the changes.

Retention & Management of Financial Record

AIDOS maintains a centralized filing system for policy and project-related files. Staff are responsible for keeping the files relevant to all projects including funding agreements.

The Finance/Administration Manager is responsible for ensuring compliance with maintaining the central file(s) on each project as specified above. All financial records are kept for a minimum of 7 years.

On an annual basis, the Finance/Administration Manager will cull documents from the central filing cabinets. This ensures filing systems are current and unnecessary storage is reduced. Regular review of the files also assists in the transfer of relevant information in the event of staff turnover. When culling files, they should make a decision as to whether material should be:

- archived at AIDOS;
- disposed of.

In general, AIDOS staff are responsible for maintaining files relevant to their own projects and areas of responsibility. Copies of key documents should be forwarded to the Finance/Administration Manager for inclusion in the project file, stored in the Finance/Administration office (a project reference number will be allocated at this time).

The documents kept in the central file include:

- the funding submission;
- the funding agreement and amendments;
- the project budget;
- any correspondence with the funding agency;
- copies of all reports and acquittals;
- copies of any agreements with contractors, staff and consultants involved in the project.

In order to ensure centralized record keeping, the Finance/Administration Manager also maintains copies of:

- statutory documents;
- source documents such as insurance policies.

The Finance/Administration Manager is responsible for disposing of information and files as necessary to maintain proper records. Once no longer required, confidential documents are to be shredded. Generally, this includes Board papers, financial information, and job applications. Any personal information about individuals that is acquired should also be

shredded. General information that is not considered sensitive can be placed in the paper recycling.

Any material which is more than ten years old is usually discarded in order to save storage space, except for AIDOS (such as statute and by laws, personnel contracts and donor agreements, etc) which should be archived.

Audits

As a Non-profit organization, AIDOS has its accounts audited on an annual basis. The Board is responsible for selecting the auditor and overseeing the annual External Audit.

Reconciling cash book to bank

Bank Reconciliation: All of AIDOS bank accounts are reconciled at least on a quarterly basis. Bank statements must be reviewed and accessed by someone who is not a cheque signatory. They reconcile the account independently of the Finance Manager or the Accountant. If this is not possible then the Finance Manager or the Accountant can reconcile the bank account every quarter. However, the reconciliation should be regularly (at least quarterly) reviewed by another board member who is not a cheque signatory. This is an important internal control that must be complied with.

When the organization receives its bank statement each deposit in the cheque-book must be checked against the bank statement. The bank statement should be accessed on-line near the end of the month to avoid delays in mailed end of month statements and allow for end-of-month closing within 3-5 business days.

A file of bank statements must be maintained; cancelled cheques are returned to the bank. Statements are to be filed by quarter. Deposit slips must be stapled or otherwise as above, to each statement.

Reconciling expense ledger (cash disbursements)

Cash Disbursements Journal: AIDOS must maintain a Cash Disbursement Journal as a listing of all cash spent in the order that it was spent. Each expenditure is assigned to the appropriate category and must correspond with the line items in the COA and in the Budget.

Any invoice or bill is approved by the person who knows why the expense was incurred. Approvals for reimbursement must be performed by an individual other than the one receiving the reimbursement, at all times. Paid invoices must have copy of the cheque used for payment.

Reconciling income ledger (cash receipts)

Cash Receipts Journal: AIDOS must maintain a Cash Receipts Journal as a listing of all cash receipts in the order they were received. Each amount is assigned to the appropriate category and must correspond with the line items in the COA and in the Budget.

The authority to approve invoicing is restricted to the President. To avoid any difficulties or complicated situations most of the invoices must originate with the Finance/Administrative Manager.

5 Budgetary control

Budget preparation and control

The Board coordinates and prepares the overall budget for the organization for the

calendar year. AIDOS financial year operates from January to December.

Once prepared, Board must approve the Budget. The President or his/her delegate presents the budget to the General Assembly for final approval. Financial reports are then prepared in relation to the Budget. Financial reports to the Board are required every year.

Budgeting for specific projects is undertaken separately. In most cases, the designated project manager will prepare a budget in consultation with the Finance/Administration Manager. The President must approve the project budgets before it is included in a submission.

AIDOS 'charges' a management service fee to projects in order to cover its costs in managing and supporting a project. The management service fee is charged according to a standard formula, which takes into account:

- operational costs (e.g. utilities, stationery, insurance);
- labor costs (project management, supervision, publications & administrative support).

Project Managers and the Finance/Administration Manager are responsible for obtaining project funds and where required, arranging an audit of project financial reports. The President is responsible for final approval prior to submission to funding bodies. In some instances, the funding body may accept a copy of AIDOS' annual audited financial reports, which includes an audit of all project activity in AIDOS financial year. Acquittals, along with audited financial reports, are then submitted to the relevant funding body. Use of any surplus funds is negotiated with the funding body where possible or returned to the funding body. Equipment purchased for a project (e.g. computers) remains the property of AIDOS unless the funding agreement states otherwise. When purchases of equipment / vehicles are carried out abroad, the ownership is transferred to the local partner at the end of the project or used by AIDOS local offices if allowed by the funding agreement.

6 Controls on human resources

Staff salaries

AIDOS payroll is run on a monthly basis. Staff is paid by EFT or by cheque. If an employee is taking annual leave, a leave request form must accompany the timesheet and must be approved by President or Senior Managers. The Finance staff or his/her delegate is responsible for entering details onto the payroll system. The Finance/Administration Manager approves payroll. Funds are then transferred electronically and/or cheques drawn up, and pay advice slips issued to staff. The President and/or the Vice President must approve changes to payroll or staff promotions or pay increases.

Staff benefits are to be administered as per benefit policy and employment contract. Finance/Administration staff is responsible for enrolling new employees and providing assistance as required under the direction of the Financial/Administration Manager.

Personnel Files

A personnel file is held for staff member. Information held on file includes contact details, a copy of the employee's contract, and contact details in case of an emergency. The file shall also include all correspondence relating to job description changes, salary changes, leave entitlements, unpaid and parental leave. Personnel files are held in file folders. This

folder is confidential and is kept in a locked cabinet in the office

Contracts of employment

On the basis of the Italian labor law, AIDOS hires human resources either with project-based contracts, according to the project financial resources and budget and / or fixed / long term contracts. Few exceptions are foreseen for certain professional profiles.

AIDOS's policy on recruitment and selection is to select on the basis of merit. The purpose of the Recruitment and Selection Policy is to ensure that AIDOS fills the association's available positions with the best possible candidate in a timely and cost-effective manner. The aims of the policy are to:

- attract the best possible candidates for the available positions;
- ensure all selections are based on merit;
- facilitate the development of existing staff;
- ensure that all legal selection requirements are met and actively practiced;
- provide the most cost-effective way of recruiting and selecting staff.

All staff involved in recruitment and selection must adhere to the following:

- equal Employment Opportunity (EEO) Legislation;
- anti-discrimination Legislation;
- approved recruitment and selection policies and procedures;
- confidentiality and sensitivity;
- staff development.

Temporary staff and consultancy

Based on the projects' needs AIDOS may contract out work, rather than employing a new staff member. This may provide advantages to AIDOS if a project is time-limited or requires specialist skills. Factors taken into account when deciding to contract out work include:

- impact on AIDOS resources on-site;
- availability of skills required to complete the project;
- value for money.

When seeking to contract out work, AIDOS advertise job vacancies on its website and on the websites of organizations/institutions operating in the development cooperation sector. A shortlist of suitable candidates is prepared. Shortlisted candidates are invited to interviews and/or written tests conducted by Program Officers with the assistance of technical consultants.

AIDOS has a standard supply / consultancy agreement, which it uses with contractors and consultants. The agreement covers matters such as:

- arrangements for payment;
- project management;
- insurance;
- intellectual property;
- privacy and confidentiality;
- variations to the contract;

- resolution of disputes, and
- termination;
- compliance with AIDOS Policies

A specific schedule is attached to each contract, specifying outcomes for the consultancy.

Reimbursement of expenses

Staff are reimbursed for vehicle expenses incurred when using their own cars, according to the ACI posted mileage rate or other amount as per organizations approved policy.

The President, the Vice President or Finance/Administrative Manager should approve travel outside of the specified area in advance. The President or Finance /Administrative Manager will determine the most cost-effective method of travel. Staff members wishing to take leave in conjunction with work-related travel should claim the traveling time that the trip would ordinarily involve, and take the rest as leave.

AIDOS recognizes that volunteers incur expenses when providing a service. Reasonable expenses will be reimbursed by prior agreement with their supervisor. This means volunteers anticipating claiming such expenses should discuss the matter in advance.

7 Controls on Procurement procedures

Reference is made to AIDOS Procurement Policy

	<20.000€	20.000€- 100.000€	100.000€- 200.000€	>200.000€
Services	Direct award	Simplified procedures (3 suppliers)	Competitive bidding	Competitive bidding
Supplies	Direct award	Simplified procedures (3 suppliers)	Simplified procedures (3 suppliers)	Competitive bidding
Works	Direct award	Simplified procedures (3 suppliers)	Simplified procedures (3 suppliers)	Competitive bidding

8 Controls on physical assets

Assets Register and Depreciation

The Finance/Administration Staff is responsible for maintaining the Assets Register and Depreciation Schedule. All assets must be listed on the Register with original purchase documentation. AIDOS depreciates all capital purchases on the basis of the fiscal law. Assets purchased for specific projects are entered on the Asset Register and depreciated as AIDOS assets, however, the full cost of the purchase is charged to the project budget.

Computer equipment, software and data

All AIDOS desktop computers are networked and have Internet access. AIDOS also uses IT consultants when necessary.

All software owned by AIDOS is kept in a closed cabinet, to which access is limited.

Virus protection updates are downloaded from the internet.

Staff members are responsible for their own data storage on the computer.

The Financial/Administrative Manager has responsibility for liaising with technicians, and providing advice to management regarding IT issues. They also provide an IT orientation to new staff members and are available to provide IT support.

All staff have access to the AIDOS 'contacts' database, but editing access is limited to the Financial/Administrative Manager or the Secretary.

Other equipment

Photocopiers: Front office staff are responsible for maintaining the photocopiers on a day-to-day basis (e.g. changing toner, cartridges, supplying paper), and the lease arrangement is managed by the Finance /Administration Manager.

Telephones and Cellphones: All calls to AIDOS come to the main office numbers and are then referred to each staff member's individual extension. The President may be allocated mobile phones. Staff members who use their own mobile phone or landline for work can claim for reimbursement of costs, but this needs to be negotiated in advance with the Finance/Administration Manager.

Personal IT equipment: AIDOS staff might work remotely with its own IT equipment. Equipment maintenance may be provided or reimbursed by AIDOS.