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FINANCIAL REGULATIONS

To provide a framework for managing the financial affairs of NDC with the objective of fairly representing the state of affairs and business of the NDC.

1. Definitions

1.1 In these Regulations, unless the context indicates otherwise:

1.1.1 “**NDC**” means the Namibia Development Corporation incorporated by the NDC Act No. 18 of 1993.

1.1.2 “**Board**” means the Board of Directors of the Namibia Development Corporation, or their delegate(s) appointed in that capacity in terms of Section 5 of the NDC Act No. 18 of 1993.

1.1.3 “**Managing Director**”, abbreviated MD, means the person appointed in that capacity in terms of Section 15 of the NDC Act No. 18 of 1993 or his/her delegate(s).

1.1.4 “**Official**” means any member of staff to whom specific tasks or duties and responsibilities have been assigned, whether or not these are part of his/her usual schedule of duties.

1.1.5 “**Fixed Assets**” means all purchases of a capital nature in excess of a cost price of N\$2,000.00.

1.1.6 “**Regulations**” shall mean the Financial Regulations as contained herein as well as any amendments or additions thereto.

2. Status of Financial regulations

- 2.1 Unless otherwise indicated, any expression used in these Regulations shall have the same meaning as that employed in the Human-Resource , Tender and Purchasing regulations.
- 2.2 In the event of any dispute between these regulations and the Financial Regulations, the Financial Regulations shall prevail.
- 2.3 All officers are responsible for taking reasonable action to provide for the security of the assets under their control and to ensure that the use of these resources is done legally, is properly authorized, provides value for money and achieves best value.
- 2.4 The General Manager: Finance and Administration is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the MD for consideration and submission to the Board for approval.
- 2.5 Notification of the approval of such amendments shall be made by means of the distribution of a circular signed by the Managing Director.
- 2.6 The General Manager: Finance and Administration is responsible for reporting, where appropriate, breaches of the Financial Regulations to the MD.
- 2.7 The NDC's detailed financial procedures, setting out how these regulations will be implemented, are contained in the Financial Standards manual.
- 2.8 Managers and Supervisors are responsible to ensure that all employees in their departments are aware of the existence and the content of these regulations.
- 2.9 The General Manager: Finance and Administration is responsible for issuing advice and giving guidance to enforce these regulations.

2.10 All previous Financial Regulations shall upon date of signature hereof be revoked and consequently be of no force and effect.

3 Financial manuals

3.1 Financial manuals shall be subject to the Financial Regulations and should any dispute arise, these Financial Regulations shall prevail.

3.2 All Financial manuals signed by the Managing Director shall be enforceable.

3.3 All previous manuals shall remain in force until such time as revised versions become necessary and such approved versions are distributed.

4. Bank and cash

4.1 Bank accounts

4.1.1 The Corporation's banking institutions shall be any registered commercial bank in Namibia approved by the MD in consultation with the Board

4.1.2 The General Manager: Finance and Administration, in conjunction with the MD, shall invest all surplus funds at any registered commercial bank and / or registered investment entity in Namibia at the most favourable interest rate., in accordance with the Corporations investment policy

4.1.3 Except for payments from petty cash, all other payments shall be made by means of cheques and Electronic Fund Transfers drawn on the Corporation's approved bank account. All cheques issued shall be duly marked or stamped "Not Transferable".

4.1.4 The "Not Transferable" mark or stamp on cheques shall only be cancelled on approval by the MD or General Manager: Finance and Administration.

4.1.5 All NDC bank accounts or cash funds shall only be used for official purposes.

4.1.6 All cheque forms and Electronic Fund Transfer documents shall be signed by two persons duly designated for this purpose by the Board.

4.2 Bank mandate

The bank mandate document addresses the relationship between NDC and its bankers. It incorporates the following:

4.2.1 Limitations in liabilities

4.2.1.1 The General Manager: Finance and Administration is responsible to prepare and revise the bank mandate.

4.2.1.2 The Board must approve the bank mandate and all amendments.

4.2.1.3 General Manager: Finance and Administration must review the bank mandate at least every six months.

4.2.2 Opening and closing of bank accounts

4.2.2.1 The General Manager: Finance and Administration, with the approval of the MD and in consultation with the Board is responsible to close and open all bank accounts.

4.2.2.2 The General Manager: Finance and Administration will complete a motivation for opening / closing of bank accounts.

4.2.2.3 The General Manager: Finance and Administration will instruct in writing all banks and investment entities on any changes on accounts (open / closure of accounts; authorized signatories). The instructions will be signed by two (2) approved authorized signatories.

4.2.2.4 Separate bank accounts shall be opened for Agency Funds by the General Manager: Finance and Administration in conjunction with the MD.

4.2.3 Authorized signatories

4.2.3.1 Signatories are divided into the following two categories.

4.2.3.1.1 Category A:

- General Manager: Finance and Administration
- Financial accountant
- Manager: Administration
- Manager: ICT
- Chief Accountant

4.2.3.1.2 Category B

- MD
- Senior Manager: Industrial & Entrepreneurship development
- Senior Manager: Corporate Services and Human Resources
- Senior Manager: Agricultural Development

4.2.4 Approval limits for transactions

4.2.4.1 The signatures of the General Manager: Finance and Administration (Category A) and the MD (category B), or their official delegation within the same category will be required for all amounts exceeding N\$1 million or its equivalent in foreign currency.

4.2.4.2 Category A and B signatures are required for amounts below N\$1 million.

4.2.4.3 All payments shall be authorized by a category A and category B signatory. No cheques or EFT payments containing only a category A signatory or only a category B signatory are to be issued.

4.2.4.4 The General Manager: Finance and Administration in conjunction with the MD will evaluate the appropriateness of the list of authorised signatories.

4.3 Receiving of Cash and Cheques

4.3.1 Two officials in an office, business operation or enterprise shall be jointly entrusted with opening incoming mail.

4.3.2 All funds, securities and negotiable instruments received shall be entered in a Receipts Register by the two officials.

4.3.3 In case of registered postal items, the date and the number of the registered post slip shall be entered in the receipts register before the slip is signed and returned to the post office for clearance. When the postal item is received, the nature of the item and how it was processed shall be recorded in the receipt register.

4.3.4 Upon receipt of a post-dated cheque the post-dated cheques shall be entered in a separate Receipts Register by the receiving official.

4.3.5 All three receipts registers, that is, those for securities, registered postal items and post-dated cheques, shall be checked by the official on a weekly basis, to ensure that all items have been processed.

4.3.6 All cheques, postal orders shall immediately upon receipt thereof be marked or stamped "Not Transferable".

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- 4.3.7 Personnel referred to in Clause 4.3.5 shall initial each entry in the receipts register.
- 4.3.8 All cheques, postal orders and bills shall, together with the register, be taken to the cashier. The cashier shall issue an official receipt immediately upon receipt of the register. The cashier shall sign the register in the presence of the officer responsible for incoming post. All official receipts shall be marked "Received Without Prejudice to Rights".
- 4.3.9 A receipt on post-dated cheques shall only be issued on the date when the cheque is payable.
- 4.3.10 The original receipt shall be mailed to the payee. If it is not possible to mail the receipt, the original should be pasted to the duplicate in the receipt book to prevent the misuse of original receipt not dispatched.
- 4.3.11 Official receipts shall not be issued for any other purpose than the acknowledgement of the receipt of cash. Duplicate receipts will not be issued. If necessary a letter will be provided, giving particulars of the receipt originally issued.
- 4.3.12 All cancelled receipts, that is, the original and the perforated copies thereof, shall be forwarded to Finance Department together with the relevant income journal.
- 4.3.13 The cashier must perform a daily cash reconciliation between the receipts and the cash/cheques received. The cashier must complete a Bank deposit slip where the totals agree to the daily cash reconciliation. The accuracy and validity of the deposit slip must be checked by the immediate supervisor.
- 4.3.14 Post-dated cheques should only be banked on the date it is payable.
- 4.3.15 All funds shall be banked on the day of receipt of the funds, but in any event not later than the next working day following the date of the receipts.

Funds not banked on the day of receipt shall be kept in a safe until the next working day when it will be banked.

4.3.16 Funds received at agricultural projects shall be banked weekly or when receipts exceed N\$5,000.00, whichever one occurs first.

4.3.17 Where direct deposits are made by the client, the Property Office and/or Accountant: Cash Book must request the client to indicate the client number on the deposit slip and to fax the bank deposit slip to NDC.

4.3.18 When a dishonoured cheque is received from the bank:

4.3.18.1 The Accountant: Cash Book must record the cheque in the RD Cheque register and reverse the transaction on the client's debtor account.

4.3.18.2 The Accountant: Cash Book and / or the property officer must notify the client that the bank returned his/her cheque and make arrangements to collect the amount in cash from the client.

4.3.18.3 Managers of business concerns shall ensure that cashiers do not accept cheques from clients that are blacklisted by NDC.

4.3.18.4 A list shall be provided and updated monthly by the General Manager: Finance and Administration or his/her delegate with the names of clients whose cheques were rejected by their bank.

4.3.18.5 All cheques rejected by the clients bank and recovered, shall be deposited separately.

4.3.18.6 Funds for rejected cheques (RD) which are not recovered within thirty days shall be handed over to the Legal department in writing for recovery and accompanied by the original cheque and a copy of the receipt if applicable.

- 4.3.19 Employees entrusted with the receipt of funds shall not simultaneously be entrusted with entries to debtor, savings and deposit accounts, unless specifically authorized thereto by the Managing Director.
- 4.3.20 The Cash Book Accountant is responsible to reconcile the transactions in the cash book on a daily basis to the bank statement.
- 4.3.21 All reconciling items must be investigated and where required necessary action must be taken.
- 4.3.22 The reconciliation must be reviewed monthly by the General Manager: Finance and Administration who together with the cashbook accountant sign it as proof of validity and correctness.
- 4.3.23 A cashier shall be solely responsible for the cash, stamps, etc. under his/her control and shall have sole access to the drawer (during office hours) or vault/vault drawer in which such items are kept in safe custody.

4.4 Surpluses, Deficits and Losses.

- 4.4.1 A receipt shall be issued for all cash surpluses at the time of the occurrence.
- 4.4.2 All cash shortages and surpluses by officials handling cash shall be paid in.
- 4.4.3 Any departure from these Regulations shall be subject to the approval of the Managing Director.
- 4.4.4 Should a staff member have any deficits owing due to negligence, a lack of vigilance, or theft, the member concerned may be requested to make full or partial compensation for such losses. The Corporation shall reserve the right to institute legal proceedings. This Regulation shall be read together with the applicable provisions of the Human Resource Regulations.

4.5 Petty cash

4.5.1 The officer in need of petty cash shall apply in writing to the General Manager: Finance and Administration for approval of such petty cash funds. The following is to be stated on the request form:

- Application of the fund
- Amount requested
- Names, signatures and identification number of the custodians the fund.
- Methods on how the petty cash will be safeguarded.

4.5.2 The float of the petty cash fund should be a conservative estimate of need, totaling no more than anticipated small expenditure for one month.

4.5.3 Individual petty cash expenses shall not exceed N\$ 500.00 per transaction. Should it exceed N\$500.00 approval must be obtained in writing from the General Manager: Finance and Administration.

4.5.4 Petty cash replenishments shall be requested via a cheque requisition and forwarded together with all the relevant vouchers to Finance department.

4.5.5 The requisition and vouchers must be signed by the fund custodian and authorized by the relevant manager of the department or his/her delegate.

4.5.6 Petty cash shall not be used to pay salaries and wages, S&T claims and advances, advances to staff or the exchange of personal cheques of staff and clients.

4.5.7 The Finance department shall have the right to physically verify the petty cash fund at the respective locations by comparing the cash at hand with the relevant documentation.

4.5.8 If the custodian is either temporarily or permanently relieved from his/her duties, an official Transfer of Duty to the replacing custodian, together with all documents and funds shall take place.

4.5.9 The relevant manager or head of department must send a copy of the Transfer of Duty form to the General Manager: Finance and Administration.

4.6 Control over cheque forms

4.6.1 The acquisition and safekeeping of all cheque forms are the responsibility of the General Manager: Finance and Administration or his/her delegate.

4.6.2 Only the Finance and Salary departments will have the authority to issue cheques. Salary department shall only issue cheques for remuneration related expenses whilst Finance shall issue all other approved NDC expenses.

4.6.3 Blank cheques must be kept in a locked safe with only the authorized custodian having access to the cheques.

4.6.4 A cheque register must be kept by the custodian wherein all cheques received and issued for printing and all damaged cheques are to be recorded.

4.6.5 The cheque register must be reviewed periodically with the unused cheques for correctness by the General Manager: Finance and Administration or his delegate. Either the General Manager: Finance and Administration or his/her delegate and the cheque register custodian must sign the register as proof of verification.

4.6.6 All cheques received back from the bank must be filed in sequence and kept in safe custody by the cash book accountant.

4.6.7 All cheques must be marked "Not Transferable" and signed by the approved signatories as stated in the bank mandate.

4.7 Transfers between bank accounts

- 4.7.1 Internal transfers between bank accounts must only be performed by the treasury accountant on instruction by the General Manager: Finance and Administration.
- 4.7.2 Internal transfers are made by means of the electronic banking transfer system.
- 4.7.3 If a transfer cannot be made through the electronic transfer system an official letter should be forwarded to the relevant bank instructing the bank to transfer the amount requested.
- 4.7.4 The transfer letter must be signed by the authorized signatories as stated in the bank mandate.
- 4.7.5 No transfers between Banks will be made unless it is recorded in the accounting program of the NDC.

4.8 Bank reconciliations

- 4.8.1 The Accountant: Cash book is responsible for the daily reconciliations of all transactions in the cash book(s), bank statement(s) and the Accpac general ledger.
- 4.8.2 The validity of each outstanding bank item must be investigated and where necessary adjustments should be made. All adjustments must be approved by the Financial Accountant.
- 4.8.3 The reconciliations must be reviewed for correctness by the financial accountant.
- 4.8.4 The reconciliation must be signed by the cash book accountant and the financial accountant as proof of accuracy. .

4.9 Manual receipt books

- 4.9.1 The procurement of receipt books is the responsibility of the Manager: Administration.
- 4.9.2 All receipt books must be pre-numbered and recorded in the receipt book register.
- 4.9.3 The Manager: Administration will be responsible to issue receipt books to all employees officially appointed to collect money.
- 4.9.4 Receipt books must only be issued against an approved requisition from the relevant authorized employee or cashiers.
- 4.9.5 The receipt book must be kept in a safe or locked cabinet with only the manager having access thereto.
- 4.9.6 A monthly reconciliation must be done between the receipt books on hand and the inventory register on the Accpac system by the Financial Accountant in the Finance department.

4.10 Funds

- 4.10.1 All funds payable to and received by the Corporation shall be deposited to the credit of the Corporation's account at a registered commercial bank or a deposit-receiving institution approved by the Board.
- 4.10.2 Investments may be made at such institutions as approved by the Board from time to time.
- 4.10.3 Re-investments of surplus funds shall be subject to the express prior approval of the Board

4.10.4 All funds payable to and received on behalf of Agency projects shall be deposited to the credit of the specific agency project or combined account at a registered commercial bank.

5. Inventory

5.1 Storage and Control

5.1.1 The following requirements shall be complied with:

5.1.1.1 An official appointed in writing shall be responsible for the receipt and storage of inventory items purchased and harvested products.

5.1.1.2 The official in charge of the store or depot shall personally be in charge of the keys thereof and no other official shall be in possession of duplicate keys.

5.1.1.3 Stock shall be properly stored and arranged in such a way that handling, checking and counting during stocktaking is facilitated.

5.1.1.4 Stock of an inflammable or dangerous nature shall be stored and handled in such a manner that person or property or other inventory items are not endangered.

5.2 Losses and Damages

5.2.1 Any loss the Corporation may suffer as a result of improper storage or control may be recovered from the official responsible.

5.2.2 Any loss as a result of burglary, theft or fraud shall be reported to the nearest police station and Head Office Administration shall immediately be

notified telephonically and followed up in writing so that a proper investigation is instituted.

5.2.3 A list of missing articles shall be compiled immediately and forwarded by the official in charge of the stores or project manager to the police and Head Office together with a written report.

5.2.4 The final police report, after the case has been concluded, shall be forwarded to Head Office Administration department.

5.3 Receipt of Goods and Inventory items

5.3.1 The official in charge shall be responsible for the accounting and control of the received stock.

5.3.2 On receipt of stock, a goods received voucher (GRV) shall be issued immediately for all goods received and recorded in the goods received register (GRR) either manually or in the inventory control program.

5.3.3 When stock is delivered, the external condition of the item and/or the condition of the parcel shall be checked and anything suspicious shall immediately be brought to the attention of the transporter whereafter the container or parcel shall be opened in his presence and the contents checked.

5.3.4 If deficiencies or damages are found, the transporter shall endorse the delivery note accordingly before the consignment is accepted.

5.3.5 A claim for damages or deficiencies should be instituted. Claims shall include transport costs of the articles so claimed.

5.3.5 If no discrepancy is found, then the transaction shall be treated as per paragraph 3.3.2.

5.3.6 All Goods Received Vouchers together with the relevant registers and documents shall be forwarded to Finance department immediately. Locations away from the NDC Head Office must submit these documentation and registers to Head Office on a weekly basis.

5.4. Recording of Inventory items

5.4.1 The Project Manager or his delegate is responsible to capture all inventory items either on stock cards (Cardex) or in the inventory control system, whichever is available.

5.4.2 The items shall be recorded per type of stock indicating the date of receipt, delivery note/GRV number, number of items received, unit composure (e.g. box or single units) and unit price.

5.4.3 All inventory items at Head office will be captured either by the official responsible for the safekeeping of inventory or by Finance Department.

5.5 Issue of Stock

5.5.1 Stock shall at all times be drawn by means of a requisition approved by the project manager or business unit.

5.5.2 The receiving Official(s) of the stock items shall sign the requisition to acknowledge receipt of the relevant goods. (Unutilized lines of the requisitions should be squared off to prevent any fictitious entries).

5.5.3 All the stock issues shall be recorded immediately on the Cardex cards (the inventory program) indicating the date of issue, requisition number, number of items issued and unit composure (e.g. 50/70 kg bags, box or single units).

5.6 Stocktaking

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- 5.6.1 Periodic (no specific time and dates) stock counts shall be performed on all inventory categories. Periodic stock counts will be the responsibility of the immediate supervisor of the stock controller. The immediate supervisor must, after signing it for completeness and accuracy forward the stock sheets to Head Office Finance to compare it to the IC program in Accpac.
 - 5.6.2 Stocktaking shall be completed twice yearly including March by employees from Head Office Finance and the responsible officer/project manager at the project. These reports (stock sheets) will be compared to the IC program for accuracy and completeness.
 - 5.6.3 Stocktaking of cattle at farms will be counted yearly in conjunction with NDC Head Office and the project managers.
 - 5.6.4 The external auditors should be invited to attend the yearly stock taking process at all locations for audit purposes.
 - 5.6.5 All shortages, surpluses and deficiencies found during stocktaking shall be investigated and corrected in conjunction with the General Manager: Finance and Administration.

5.7. Handing Over of inventory

- 5.7.1 Where a change of officials in direct control of stores, equipment or livestock takes place, a stock count will be completed as in paragraph 5.6
- 5.7.2 A handing- and taking-over certificate shall be completed using the data of the counting. If no discrepancies are found, the certificate as such will be adequate and a copy must be retained for record purposes. If, however, surpluses or deficiencies are found, it shall be dealt with as stipulated in paragraph 5.6.5.
- 5.7.2 If for any reason the official who must hand over the stock, equipment or livestock is not available, an impartial official shall be appointed in writing by a senior official to assist the official who is taking over with the

verification of the stock, equipment or livestock, and the certifying of any discrepancies.

5.7.3 Failure to comply with the requirements of handing-over as intended here above makes the official who is taking over liable for any discrepancies.

5.7.4 The original certificates shall be forwarded to Finance department and a copy kept at the project.

5.8 Marking of livestock

5.8.1 All livestock which can be marked shall be marked permanently in accordance with the provisions of the legislation in this regard, to indicate the Corporation's right of ownership.

5.8.2 Where the legislation does not provide for a certain method of branding of certain types (categories) of animals, other appropriate methods shall be used e.g. earmarks, tattoos, etc.

6. Accounts Payable

6.1 Selection of suppliers

6.1.1 Terms of payment of a supplier's accounts will be taken into account before a specific supplier is selected to provide goods and/or services to the NDC.

6.1.2 Selection of creditor's will be done on invitation to tenders, unsolicited proposals and invitation of quotations.

6.1.3 It is the responsibility of the General Manager: Finance and Administration and the relevant head of department to negotiate contracts / agreements with regards to creditors.

6.1.4 Copies of the signed contracts / agreements to purchase will be filed with the Finance Department creditors.

6.1.5 The Accounts Payable Accountant will be responsible to create new supplier accounts on the NDC accounting system.

6.2 Reconciliations

6.2.1 The Accounts Payable Accountant shall be responsible to perform a monthly reconciliation between the individual creditor accounts in the Accpac and the control account in the General Ledger.

6.2.2 The Financial Accountant or General Manager: Finance and Administration shall review the reconciliation for correctness and validity and sign it as evidence of the review.

6.2.3 The Accounts Payable Accountant shall reconcile the statements received from the creditors to the age analyses report in the AP module. All differences should be investigated and where required report to the General Manager: Finance and Administration.

6.2.4 The creditor statement reconciliation must be reviewed by the Financial Accountant who signed the reconciliation form as evidence of review.

6.2.5 The reconciliations must be performed at least once a month.

6.3 Payments to creditors

6.3.1 Payments to creditors will only be done by either computer generated cheques or Electronic Fund Transfers (EFT).

6.3.2 The issue of manual cheques will only be allowed on approval by the General Manager: Finance and Administration or the MD, and only in exceptional cases (computer downtime or power failures).

6.3.3 Payroll related payments will only be processed at Head Office by the finance department and by the human resource department..

6.3.4 Requests for payment by any official shall:

- 6.3.4.1 Be regarded as an indication that he/she has ascertained, to the best of his/her knowledge, that payment for the same claim and/or invoice has not already been made;
- 6.3.4.2 That the documents in respect of which payment is being made is in order and has been duly authorized for payment; ;
- 6.3.4.3 That the goods or services, for which payment has been made, were indeed received or delivered;
- 6.3.4.4 That the amount is consistent with the tariffs laid down in the Regulations; and/or that the prices charged are in accordance with relevant agreements or quotations;
- 6.3.4.5 That the person in whom's name the cheque is drawn is indeed the person entitled to such payment;
- 6.3.4.6 That funds have indeed been provided for this purpose in the annual operating and capital budget (refer purchasing cycle).

6.4 Interim payments and pre-payments

- 6.4.1 Interim payments to suppliers shall be requested in writing and will only be approved by the MD or General Manager: Finance and Administration.
- 6.4.2 Pre-payments to suppliers will only be made on receiving a written request attached to a certified pro-forma invoice.

6.5 Signing or authorizing and payment

- 6.5.1 Only persons authorized by the approved Delegations of Authority shall be allowed to sign cheques or authorize electronic file transfers.
Prior to signing or authorizing and payment he/she shall strictly adhere to the following procedures:
- 6.5.2 Ensure that the financial Regulations and procedures and/or other internal directives have been complied with.
- 6.5.3 Ensure that the cheque requisition or purchase order has been properly completed and signed by an authorized officer.
- 6.5.4 Ensure that the original documents are attached and certified for payment by the responsible officer. The signing of the payment request form does not constitute proof that the services were rendered or the goods delivered.
- 6.5.5 No payment shall be made on copies or faxes as per the TAX Act of the Republic of Namibia.
- 6.5.6 If a copy invoice is to be used for payment it shall be issued by the relevant supplier and clearly indicated on the invoice that it is a "COPY TAX INVOICE". This also relates to debit notes and credit notes.

7. Expenditure cycle

- 7.1 The expenditure cycle ensures that only necessary expenses are incurred and that all payments due are valid and accurate. The supplier's invoice and the purchase order documents are the basis around which the controls and accounting procedures in the expenditure cycle are structured.
- 7.2 The Managing Director shall bear responsibility for the expenditure of Corporation funds; and all expenses incurred and/or payments made in pursuance of the Corporation's administrative and operating activities shall be subject to prior approval by the Managing Director or his delegate.

7.3 It is the responsibility of Finance department to pay and account for supplier invoices. Every relevant staff member must ensure that the Finance Department is both appropriately and timeously notified of all commitments to outside parties. Under no circumstances will services and/or goods acquired be paid without the processing of a signed official suppliers tax invoice and / or accompanied by a Goods Received Voucher.

7.4 Categories of expenditure

7.4.1 Formal expenditure includes expenses where the complete set of documentation such as requisition, order, delivery note, goods received voucher and invoice is needed for payment, i.e. expenses with regards to fixed assets, inventory and other goods and services.

7.4.2 Sundry expenses includes expenses where only a supplier invoice is needed for processing i.e. standard monthly payments such as telephone, water, electricity, contract payments, rental, etc.

7.4.3 Agency project payments includes approval letters from the relevant ministry, order (if applicable), invoice, payment certificates and other payments as approved by the ministries

7.5 Formal expenditure included in the budget

7.5.1 The responsible person shall complete an Internal Requisition for all purchases. The following information must be included on the requisition.

7.5.1.1 Location

7.5.1.2 Quantity required

7.5.1.3 Stock code (if applicable)

7.5.1.4 General ledger expense code

7.5.1.5 Description of goods /services

7.5.1.6 Amount budgeted, amount expensed, budget amount available.

- 7.5.2 The initiator of the purchase shall obtain at least three quotations, where possible, from selected suppliers.
- 7.5.3 If three quotations cannot be obtained, the reason as to why not should be indicated on the internal requisition form.
- 7.5.4 The three quotations (if applicable) must be attached to the internal requisition and approved by the relevant manager as a valid expenditure for NDC.
- 7.5.5 Once the requisition is approved an official NDC purchase order shall be issued, as per the Purchase Order module of Accpac.
- 7.5.6 When the goods are received the receiving officer must inspect the goods and verify it against the purchase order and if correct, he/she completes a Goods Received Voucher (GRV).
- 7.5.7 The GRV, indicating the purchase order number must be forwarded to Finance department for capturing.
- 7.5.8 All suppliers' invoices must be forwarded to the originators' office to verify and certify that the invoice is correct and can be paid.
- 7.5.9 The invoice must be attached to the relevant requisition, purchase order, GRV and delivery note and forwarded to Finance Department for payment.

7.6 Contingency

- 7.6.1 When an invoice is received, it must be forwarded to the originators' office for verification and signing as a valid expense.
- 7.6.2 The originating officer shall:

7.6.2.1 Complete a payment request form and indicate the general ledger expense account code on the cheque request form.

7.6.2.2 Compare the expense to the annual budget and ascertain availability of budgeted amount.

7.6.2.3 If no budget is available he/she must request approval from the MD or General Manager: Finance and Administration.

7.6.3 The official forwards the approved cheque request and invoice to Finance department for payment.

7.7 If no contingency but deemed to be urgent

7.7.1 The relevant manager of the responsible cost, profit or investment centre must prepare a memorandum for all expenses not included in the annual budget or where a specific transaction will result in the annual budget being overspent. These expenses must be motivated in detail.

7.7.2 The manager must forward the motivation memorandum together with the documentation to support his/her reasons to his/her immediate supervisor for approval.

7.7.3 Once the supervisor has approved the motivation, he/she must sign it and forward it to the MD for final approval.

7.7.4 The MD must review the motivation, approve or deny the motivation, sign it and return it to the relevant cost center. Under no circumstances will expenses not budgeted for or over-expenditure be paid without the prior written approval of the MD.

7.7.5 The expenses of additional major tenders, not incorporated in the annual budget, will be approved with the tender.

7.7.6 All expenses not budgeted for or over-expenditure will be recovered from the relevant manager if approval was not sought from the MD.

7.7.7 Once the approval is obtained the normal procedures for expenses is to be followed.

7.8 Personnel expenditure

7.8.1 All permanent staff members will be required to have a bank account into which their salaries will be paid.

7.8.2 Salaries shall be payable according to the provisions set out in the Employee regulations.

7.8.3 Changes to employee records shall be made according to the provisions set out in the Human Resource regulations.

7.8.4 The personnel officer shall do a monthly reconciliation between the salary control account and the payroll report from the VIP system.

7.8.5 All reconciling items must be investigated and cleared. Differences must be reported to the General Manager: Finance and Administration or Senior Manager: HR to take the necessary action.

7.8.6 The reconciliation must be dated and signed by the personnel officer.

7.8.7 No staff member shall at any time be permitted to receive payment from the Corporation's funds before his/her appointment and basis of remuneration has been authorized by the Board or Managing Director, as the case may be, and no staff member shall be permitted to receive any increase in salary or wages or any special remuneration or allowance without the necessary authorization of the Board.

7.9 Unpaid salaries

7.9.1 The Human Resource Officer must follow-up on each unpaid salary and obtain the reasons therefore.

7.9.2 Information can be corrected with the Advice form in order for the information to be correct in the future.

7.10 Subsistence and travel cost and advances

7.10.1 The relevant regulations and tariffs as set out in the Human Resources Policy shall apply.

7.10.2 Advances for S&T costs may be paid to a staff member, provided that the advance is in relative proportion to his/her estimated expenditure and such advance is set off against his/her claim, which shall be submitted immediately after the staff member's return

7.10.3 In the event of staff members making use of own transport, claims are to be submitted as specified in the Regulations pertaining to such transport.

7.11 Recording of temporary employee wages

7.11.1 Every temporary worker must sign a contract stating clearly the conditions on which engagement is based. It must be approved by the relevant manager.

7.11.2 Work done by temporary workers is to be recorded daily using the Attendance register.

7.11.3 At the end of the contract period the total days, hours worked or pieces of work completed are added together and multiplied by the applicable rate to calculate the total amount payable.

- 7.11.4 The attendance register must be dated and sign by the relevant official and approved by the project manager. The manager must prepare a payment schedule, date and sign it.
- 7.11.5 The copy of the payment schedule and attendance register must be filed at the project and the original forwarded to the personnel officer in head office.
- 7.11.6 The Human Resource Officer must review the payment schedule for validity, accuracy and completeness by comparing it to the attendance register. He/she must sign and date it as proof of verification.
- 7.11.7 The personnel officer shall compile a cheque requisition that will be approved by the Senior Manager: HR.
- 7.11.8 The cheque request must be forwarded to Finance department who will either issue a cheque in the name of the employee or make an electronic transfer to the employee's bank account.
- 7.11.9 All unpaid wages must be repaid into the NDC bank account seven days after it was established that the temporary worker is not able to receive his/her wages.
- 7.11.10 Failure by the paying officer to send the deposit slip and register to the Finance department means that the money is still in the possession of him/her. He/she could be charged with misconduct and the money will be collected from him/her.
- 7.11.11 Under no circumstances may money for temporary workers be used for any other purpose.
- 7.11.12 Petty cash must never be used for temporary wages unless prior written approval is granted by the MD and / or General Manager: Finance and Administration.

7.12 Purchases by way of the receipt of written and sealed tender

7.12.1 A notice inviting tenders shall be placed in one or more newspapers or specialist magazines, as well as be brought to the attention of possible interested parties through other means.

7.12.2 The advertisement shall be placed in selected paper(s) or magazine(s) and

7.12.2.1 Contain a brief description of the proposed project and shall mention where tender documents and comprehensive information may be obtained

7.12.2.2 Specify tender deposits as well as repayment or forfeiture thereof

7.12.2.3 Specify the time and date of the closing of tenders

7.12.2.4 Specify the address to which tenders are to be posted or delivered in sealed envelopes

7.12.2.5 A tender deposit box secured with two locks shall be made available for depositing tender documents.

7.12.2.6 Two members of the tender committee or their delegates shall each keep a key to one of the two locks.

7.12.2.7 Tenders shall be opened in public in the presence of at least two members of the tender committee or their delegates.

7.12.2.8 No tender shall be considered if it was not deposited in the tender box by the specified date and time of closure.

7.12.2.9 Decisions regarding tenders shall be made by at least three members of the tender committee at a meeting or other similar gathering.

7.12.2.10 Each tenderer shall be advised in writing of the acceptance or rejection of his/her tender.

7.12.2.11 The binding agreement shall be constituted as laid down in the conditions pertaining to tenders or as otherwise determined.

7.12.2.12 A Tender Committee comprising of not less than 3 and not more than 7 members shall be appointed.

7.12.2.13 A record in respect of all tenders shall be kept for substantiation and auditing purposes.

7.12.2.14 The requirements as in Clause 7.3 shall also be complied with.

7.12.3 Where definite or any tenders are difficult or impossible to obtain, the tender committee may, at its discretion, invite written tenders from known contractors or suppliers available, and thereafter accept or reject such tenders.

7.12.4 The purchase of the following goods and services, unless determined otherwise beforehand by the Managing Director, shall fall under this heading:

7.12.4.1 Construction of new buildings.

7.12.4.2 Development of infrastructure.

7.12.4.3 Extension and replacement of existing buildings for amounts in excess of N\$300 000

7.12.4.4 Maintenance of assets in excess of N\$200 000 (vehicles, machinery and equipment included).

7.12.4.5 Hiring of services, machinery equipment, land and/or buildings in excess of N\$50 000, as the occasion arises or spread over a term.

7.12.5 A summary of tenders awarded by the tender committee must be submitted to the Board Tender Committee on a monthly basis.

7.13 Professional Services

7.13.1 The Managing Director shall decide on such service providers. .

7.13.2 Appointments in respect of the following professional services to be rendered shall fall under this heading.

7.13.2.1 Engineers and/or consulting engineers.

7.13.2.2 Architects and/or consulting architects.

7.13.2.3. Any other professional services required.

7.14 Board Tender Committee

7.14.1 All tenders exceeding N\$30 million must be considered for recommendation and such recommendation must be forwarded to the Board Tender Committee for approval.7.14.2 A Board Tender Committee of at least three members shall be appointed.

7.14.3 Decisions regarding tenders shall be made by at least two members of the Board Tender Committee at a meeting or as otherwise deemed appropriate by the Committee.

8. Revenue

8.1 The revenue cycle ensures that income is generated for all services and sales of goods to customers and establishes a legal obligation on the party receiving goods

and services; it is the main document on which accounting controls and procedures are structured.

- 8.2 No services and or goods will be provided and money received for it, without the processing of an official NDC Tax Invoice. An exception can be made when requesting funds from the Government of the Republic of Namibia or any other foreign government. Such funds from a government can be requested by a formal letter signed by the head of the division and/or the MD.
- 8.3 It is the responsibility of Finance department to ensure that official Tax Invoices are issued and to account for it. Relevant staff members should however ensure that Finance department is both timeously and appropriately notified of all invoices to be issued.

8.4 Value added tax

- 8.4.1 NDC is registered for Value Added Tax and the General Manager: Finance and Administration and Administration division will from time to time issue guidelines on how revenue related transactions should be dealt with based on rulings by the Receiver of Revenue or changes to the Value Added Tax Act.
- 8.4.2 No goods or services of the Corporation shall be sold without the approval of the Managing Director, except for commercial benefit in accordance with prescribed trade policy.
- 8.4.3 An approved selling price list of the goods supplied by the Corporation for trade purposes shall be kept by the official at such an operating/office/business concern and be regularly amended and updated, if all items in stock have not been individually marked.
- 8.4.4 No rebate or discount shall be granted to any Corporation officer unless prior approval has been obtained from the MD.

8.4.5 All Invoices for goods supplied or services rendered shall be reflected at their gross value, and any rebate or discount granted shall be shown clearly on the invoice as a reduction of the gross value.

8.4.6 An official Tax Invoice must be completed on the official accounting system of NDC by the relevant official for sales made or services rendered.

8.5 Management fees / Agency Fees receivable

8.5.1 The original contract / agreement must be filed at the Legal Department. Legal department must forward a copy of such agreements to Finance department that is responsible to issue invoice(s) according to such agreements.

8.5.2 The accountant must prepare a payment schedule by summarizing the payment terms of the contracts. The schedule should be reviewed on a monthly basis to ensure that all the information is available at month-end to issue invoices for fees due to NDC.

8.5.3 An official NDC Tax Invoice must be captured by the accountant on the Accounting System to the correct revenue and debtors account.

8.5.4 The invoice must be verified by the supervisor and forwarded to the client.

8.6 Credit Notes

8.6.1 When a client presents a claim requesting credit, he/she must be referred to the office where the original invoice was created. .

8.6.2 The manager of the office where the invoice was issued / originated must complete a request for credit clearly stating the reasons why the credit must be provided. He/she must attach the original invoice and other documentation (If applicable) and approve the request. He/she must send it to Head Office, Finance department.

- 8.6.3 The Official at Head Office will issue an official NDC Tax Credit Note according to the approved request for credit
- 8.6.4 The supervisor at Head Office must verify and approve the correctness of the credit note before it is forwarded to the client.
- 8.6.5 Cancelled Credit Notes must clearly be marked as cancelled and the original and all copies must remain in the Credit Note book and simultaneously therewith be cancelled in the system.

8.7 Control over books with monetary value.

- 8.7.1 The ordering of books with monetary value such as Invoice / Credit Notes / Requisition books will be done by Head Office: Administration.
- 8.7.2 When the books are received it must be registered in the Stationery Register by an official at Administration who signs the register as proof that the order is complete.
- 8.7.3 All books received must be recorded in the Inventory Control module of Accpac by the official.
- 8.7.4 The Manager: Administration will be responsible for issuing the books to the different departments and/or projects.
- 8.7.5 The books will only be issued on an approved internal requisition from the relevant department/project. The internal requisition must be approved by the manager in charge of the requesting department/project.
- 8.7.6 The book(s) issued must be recorded in the Stationery Register and must indicate the office to which the book(s) are sent.
- 8.7.7 The internal requisition, after issuing of books, must be recorded in the Inventory Control module.

8.7.8 All books that have been fully utilized must be forwarded to the Administration Department for safekeeping. After the books have been received the date it was so received must be recorded in the Stationery register.

8.7.9 A monthly reconciliation must be performed between the physical stock and the stock register on the Inventory Control module as well as the Stationery Register (If applicable) and all differences investigated.

9. Acquisition of fixed assets

9.1 Capital expenditure (CAPEX) during any financial year shall be subject to the approval of the Board or the Managing Director, in accordance with the capital plan, as set out in the delegation of powers, and subject to the prescribed procedures.

9.2 Whenever a need arises for fixed assets within a department/division/project, a Purchase Requisition form must be completed in detail.

9.3 The following information must be entered on the Purchase Requisition form and forwarded to the Manager administration:

- Date requested
- Department
- Fixed asset description
- Proper funding
- Proper authorization.

9.4 The initiator of the CAPEX must ensure that provision was made for proper funding to be available for the acquisition of fixed assets and it must be verified by the head of the division of the initiator.

9.5 If no approved budget is available the Managing Director or the Board shall decide on and approve the purchase of such assets as per the delegation of authority.

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- 9.6 In the event of uncertainty as to how a specific purchase should be classified for the purpose of these Regulations, the relevant department shall address a submission to the General Manager: Finance and Administration.
- 9.7 All movable property which can be marked and is not yet marked appropriately shall be marked with NDC's identification marks. These marks can be applied to the asset by painting, dymo tape, engraving or stenciling or by any other approved technological means.
- 9.8 The position of the markings should be clear and easy to find. The marking will be the system generated asset number or as per the physical asset verification procedural manual.
- 9.9 The Manager Administration is responsible to ensure that all NDC's assets are insured at an approved insurance company at their replacement value or net value, whichever is the highest.
- 9.10 The officer in Finance department is responsible to update the Fixed Asset Register (FAR) with the details of the acquisition.
- 9.11 The Finance and Administration Department is responsible to ensure that all assets acquired which require registration of ownership (e.g. land, vehicles, etc.) are in fact so registered and insured. If the asset(s) require registration by title deed, the relevant documentation should be forwarded to the office of the Legal Adviser for registration.
- 9.12 Depreciation of assets shall be dealt with according to the straight-line method, at such rates as approved by the General Manager: Finance and Administration. The categories and the expected useful lives of the fixed assets are as follows and will be reviewed annually:
- Land -Not depreciated
 - Buildings -50 years (2%)
 - Plant, Machinery and equipment -4 years (25%)

- Tractors and Farming implements -5 years (20%)
- Office equipment -3 years (33.33%)
- Computer Hardware -5 years (20%)
- Computer Software) -3 years (33.33%)
- Office furniture -5 years (20%)
- Motor vehicles -4 years (25%)
- Irrigation equipment
 - Center pivot sprayers -10 years (10%)
 - Engines and pumps -10 years (10%)
 - Underground pipes -20 years (5%)
 - Pipes –Manual system -5 years (20%)
- Reservoirs -10 years (10%)
- Development cost -10 years (10%)

10 The sale or alienation of any assets

- 10.1 The sale or alienation of any assets (excluding land and buildings) shall be subject to the approval of the Tender Board at the most favourable offer.
- 10.2 The tendering and approval process of the sale or alienation of assets shall be according to the tender procedure.
- 10.3 The Secretary of the Tender Committee will forward the information of the sale or alienation of the assets to Finance department who will update the FAR with the correct information.
- 10.4 The Manager Administration shall ensure that all assets sold that requires deregistration of ownership are in fact deregistered and removed from the inventory list of the insurance company.
- 10.5 The Managing Director shall decide on the alienation of land and buildings in conjunction with the Board.

11 **Write off and disposal of assets.**

11.1 The authority to submit recommendations to write-off or scrap assets rests with the manager who is in control of such asset.

11.2 Fixed assets can be written off or scrapped if the asset is stolen, damaged and cannot be repaired, or has become obsolete.

11.2.1 A Fixed Asset Disposal or Scrapping Request form must be completed in detail.

11.2.2 The following information must be entered in detail.

- Date requested
- Asset number / barcode number
- Location
- Reason for sale or disposal
- Condition of asset
- Fixed asset description
- Make and model
- Serial number

11.2.3 All requests for write-off or disposal of assets shall be submitted to the Management Executive Committee and such submission shall be recommended by the General Manager: Finance and Administration. The Managing Director, in conjunction with the Management Executive Committee, shall decide on and approve the write-off or scrapping of assets.

11.2.4 The approved Fixed Asset Write-off or Disposal Request form must be forwarded to Finance department to update the Fixed Asset Register.

12 **Maintaining of the corporate Fixed Asset Register (FAR)**

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- 12.1 The maintenance of the FAR is the responsibility of the Finance department in conjunction with the relevant department in control of such assets.
- 12.2 It is the responsibility of each departmental head or project manager to submit adequate data to Finance department in order for the Finance department to record the acquisition, transfer / movement, disposal of fixed assets on the NDC's FAR.
- 12.3 The following approved forms must be used to update the FAR.
- Suppliers invoice for new acquisitions.
 - An Asset Transfer / Movement form.
 - A fixed asset Disposal request form
 - A Fixed asset Write-off / Scrapping Request form.
- 12.4 The FAR shall be periodically updated with data obtained from fixed asset audits scheduled by Finance and Administration to verify the existence and status of the asset.
- 12.5 The Financial Accountant should perform a monthly reconciliation of the general ledger and FAR. Differences should be investigated and corrected. The reconciliation must be signed by the General Manager: Finance and Administration to verify correctness and validity.

13 Physical verification of fixed assets.

- 13.1 All fixed assets will be verified at least once a year by means of an asset audit.
- 13.2 An asset count is performed by comparing the results of the physical asset count with that recorded on the FAR.
- 13.3 The asset verifier must report on the following:

- Asset found, not recorded on FAR
- Asset not marked
- Assets not found during the asset audit.
- Assets at the wrong location

13.4 All discrepancies must be investigated, agreed on and authorized by the relevant manager.

13.5 The agreed and authorized discrepancies will be forwarded to General Manager: Finance and Administration to make the necessary adjustments in the FAR and general ledger.

13.6 The physical asset verification will be completed by no later than 31 March of the particular financial year.

14 Acquisition of assets by attachments, take over agreement

14.1 The acquisition of these assets will be the responsibility of the Legal Department in conjunction with the MD.

14.2 The following requirements, in addition to the legal processes and procedures to acquire such assets, shall be complied with:

14.2.1 The serving of an attachment order or the obtaining of recognition of handing-over without prejudice to rights, or a written take-over agreement.

14.2.2 An inventory and valuation of all land and/or buildings by a sworn valuator and an inventory of all other assets by a competent person.

14.2.3 The purchase of the following goods and services, unless otherwise determined by the Managing Director, shall fall under this heading:

14.2.3.1 Attachment in terms of loan agreement.

14.2.3.2 Management take-over in terms of loan agreement.

14.2.3.3 Complete or partial take-overs in terms of any other agreement.

15. Accounts receivable

15.1 Credit assessment of new customers.

15.1.1 Credit will only be granted if the customer is assessed for their credit standing.

15.1.2 To assess a customer a copy of their latest bank account must be obtained and detailed financial analysis shall be performed as follows:

15.1.2.1 Obtain trade and credit agency references

15.1.2.2 Completion of a credit appraisal form for the customer.

15.1.3 Credit analyses can be assessed by the head office, regional offices or projects by an officer.

15.1.3.1 Credit will be granted based on a customer's credit history and payment history.

15.1.3.2 Individuals or institutions whose names appear on the NDC black list shall not be considered for credit applications or cheque payments.

15.1.3.3 Approval of credit limits over N\$50 thousand must be done by the General Manager: Finance and Administration and submitted to the MD for approval, except for lease agreements that must be forwarded to the leasing committee.

15.1.4 The Legal Advisor in conjunction with the General Manager: Finance and Administration shall be responsible to prepare template

contracts/agreements for customers. These draft contracts/agreements shall be approved by the Management Executive Committee and signed off by the MD.

15.1.5 The terms of payment must be clearly indicated on the contracts/agreement and on all invoices.

15.2 Debtor Statements

15.2.1 An officer in Finance department shall perform monthly reconciliations between the individual customer's account in the accounts receivable program and the control account in the general ledger (GL). He/she must investigate and clear all reconciling items.

15.2.2 The General Manager: Finance and Administration or his/her delegate is responsible for the correctness and validity of the reconciliations.

15.2.3 Debtors' account statements shall be forwarded to each debtor on a monthly basis.

15.2.4 Credit balances on debtors' statements shall immediately be investigated and adjusted, where necessary.

15.3 Property Administration.

15.3.1 Properties will be allocated by the Leasing committee of NDC as per the Procedure for Rent Administration.

15.3.2 The collection of the rent for all NDC properties is the responsibility of the property officers.

15.3.3 Before occupation of a property by a prospective tenant a duly signed Lease Agreement must be in place and the following amounts paid:

- 15.3.2.1 A breakage deposit and
- 15.3.2.2 Any other amounts payable as required in the Procedure for Rent Administration.

15.3.4 Payments can be collected by means of:

- 15.3.4.1 Physical collection by the Property Officer or by direct deposits by the tenant into a designated bank account.
- 15.3.4.2 Reminder letters and/or statements.
- 15.3.4.3 Verbal notice by the Property Officer followed up by a reminder letters.

15.4 Functions of the Leasing Committee

15.4.1 The Leasing Committee is responsible for:

- 15.4.1.1 Allocation of premises,
- 15.4.1.2 Compilation of rate structures
- 15.4.1.3 Approval of rental rates
- 15.4.1.4 Doubtful debts and eviction of tenants through Legal Department.

15.5 Doubtful debts and Eviction of Tenants

15.5.1 Collection of a tenant's outstanding amount becomes doubtful if he/she is in arrears for 45 days.

15.5.2 The following guidelines should be used to initiate the Eviction Process:

- 15.5.2.1 If a tenant is in arrears for 30 days a warning (verbal or in writing) for payment should be issued by the Property Officer that is followed with a written reminder.
- 15.5.2.2 If a tenant is in arrears for 60 days, the Manager is to issue a demand letter to the tenant indicating a specific date of payment.
- 15.5.2.3 The demand letter must be handed to the tenant personally by the Property Officer. The warning letter must indicate the breach of contract, the eviction date and any arrangements with regards to repairs, cleanliness, breakage's and keys, etc.
- 15.5.2.4 A grace period, in conjunction with the Manager Property Operations may be granted after a warning letter.
- 15.5.2.5 If no payment is made by the tenant after such a demand letter, the Manager Rent Administration shall submit the relevant information on the doubtful tenant to the Leasing Committee for further action.

15.6 Tenants handed over for legal action

- 15.6.1 The Leasing Committee shall decide when a tenant will be transferred to Legal Department for legal action.
- 15.6.2 After handover to Legal department the responsibility of the Property Officer to communicate and/or collect any amounts from the tenant ceases.
- 15.6.3 When a tenant is handed over to the Legal Department, only the Legal advisor or his/her delegate can decide on any deal for payment by the tenant.

- 15.6.4 If the Legal advisor exhausts all collection methods with the tenant without success, the relevant information should be forwarded to the NDC's attorneys for collection or eviction.
- 15.6.5 After this process all communication by NDC to and from the client stops and the tenant only deals with the appointed lawyer.
- 15.6.6 The Legal advisor can decide if and when the responsibility of a tenant can be returned to the Property officer.
- 15.6.7 Should a client be evicted by the attorney, he/she will be listed with the credit control bureau.

15.7 Follow up of other Accounts Receivables

- 15.7.1 The debtors' accounts shall be analyzed once a month in accordance with the aging analysis report.
- 15.7.2 The basis of the analysis shall be the number of days in arrears and immediate steps shall be taken for the collection of the all amounts in arrears for longer than 60 days.
- 15.7.3 It is the responsibility of the project managers, property officers and Finance to collect outstanding amounts. The following follow-up actions are to be taken:
 - 15.7.3.1 All debtors' accounts older than 30 days must be followed up by telephone and confirmed with a letter.
 - 15.7.3.2 All debtors with accounts older than 60 days must be issued with final notice by registered post.
 - 15.7.3.3 All accounts in arrears for 90 days must be handed over to the legal department for collection.

15.7.3.4 The detail of the follow up actions must be documented on the age analysis with reference to other applicable documentation as necessary.

15.8 Interest on overdue accounts (other debtors and rent debtors)

- 15.8.1 Should an account not be paid after thirty days, at the discretion of the General Manager: Finance and Administration in conjunction with the MD, interest may be charged as from the date of service, sale or occupation.
- 15.8.2 Accounts in arrears will be charged with interest at 2% simple interest per month above the current prime interest rate.
- 15.8.3 The interest to be charged must be included as a standard term and condition in all contracts/agreements.
- 15.8.4 Such interest shall be calculated monthly and an invoice shall be processed.

15.9 Credit invoices, Credit notes, Debit notes and Receipts

- 15.9.1 It is of the utmost importance that each credit invoice be signed by the client during the transaction. In the case of purchases made by the Defense Force or the Police, the Defense Force number of the person receiving the goods shall be noted on the invoice. This aims at verifying that he/she has accepted and received the goods or services and has found the relevant amount to be correct.
- 15.9.2 All manual invoices issued or system generated invoices shall be checked by a second person and be initialed to verify their completeness, accuracy of prices and calculations, before goods are handed over or sent to a client. The person checking shall also ensure that the debtor's credit limit has not been exceeded.

- 15.9.3 Manual Invoices shall be posted to the various debtors' accounts on the day following that on which the transaction was made.
- 15.9.4 Credit Notes (CNs) shall be treated in the same way as invoices, provided that only the most senior person in the business shall be permitted to authorize the issuing thereof. The CN shall show the reference number of the original document.
- 15.9.5 Manual debtor receipts shall be posted to the relevant debtors' accounts the following day.
- 15.9.6 The cashing of cheques of any persons from money received from cash sales, debtor's payments or petty cash is prohibited.

15.10 Bad debts

- 15.10.1 A provision for doubtful debts shall be created for the amounts outstanding at the end of each month and/or at such other time as determined by the General Manager: Finance and Administration.
- 15.10.2 No amount due to the Corporation shall be written off as a bad debt unless so authorized by the MD of NDC or the NDC's Board of Directors.
- 15.10.3 All requests for the write-off of any amount shall be in writing and appropriately motivated.
- 15.10.4 The writing-off of any single amount with a value not exceeding N\$ 100 Thousand will be approved by the MD.
- 15.10.5 The writing-off of any amount with a value exceeding N\$ 100 Thousand shall be submitted to the Board for its approval.

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- 15.10.6 Even where such write-offs have been approved, attempts to recover the amount shall continue to be made. Care should be taken that the cost of recovery is less than the benefits of such action.
- 15.10.6 The monthly provision for doubtful debts shall be calculated on a formula basis.
- 15.10.6.1 Arrears over 30 days -10%
- 15.10.6.2 Arrears over 60 days -60%
- 15.10.6.3 Over 60 days -100%
- 15.10.7 The percentages shall be reviewed yearly by the General Manager: Finance and Administration to ensure correctness and validity and shall be based on the history of actual write-offs.

16. **Securities**

16.1 **Keys**

- 16.1.1 Duplicate keys of safes shall be kept in safe custody by the bankers of the relevant business concern/operation/office.
- 16.1.2 Duplicate keys of safes is the responsibility of Finance department and authorisation to collect such keys from the custody of the bankers will only be given on a written request from the General Manager: Finance.
- 16.1.3 The cashier or person responsible for cash shall be in possession of keys to the cash drawer or box stored in the safe.
- 16.1.4 No individual person shall possess keys to both the cash drawer and the safe.

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- 16.1.5 Keys which allow access to the premises shall be in the possession of the most senior officer on the premises or his/her delegate.
 - 16.1.6 Any new safes purchased shall be fitted with more than one lock, in which case two officers shall each be in possession of a key to only one of the respective locks.
 - 16.1.7 Existing safes with only one lock or combination lock(s) shall be used at business concerns/offices where less important documents and/or cash not exceeding N\$2000 are kept, and/or at business concerns/offices manned by only one official.
 - 16.1.8 Where a safe is fitted with only one lock, the official in control of the business concern or his delegate shall be in possession of the keys and no other person shall be in possession of a second set.

16.2 Other Securities, Guarantees

- 16.2.1 All securities, guarantees, insurance or assurance policies and all other documents of this nature shall be kept in a safe at Head Office in the office of the Legal advisor.
- 16.2.2 Securities shall be obtained in terms of such decisions the Board or Managing Director may take from time to time, and no payments shall be made before all securities have been obtained.
- 16.2.3 At least once a month the legal official shall check that:
 - 16.2.3.1 Steps have been taken to ensure that no securities have expired or lapsed;
 - 16.2.3.2 That a guarantor has not died or become incompetent;
 - 16.2.3.3 That the securities are in all respects in order.

16.2.3.4 Failure to obtain any such confirmations shall immediately be reported to the Managing Director and copied to the General Manager: Finance and Administration.

16.2.4 Steps shall be taken by the Manager Administration to ensure that the insurance taken out to cover the Corporation's property mortgage as security for a loan has not lapsed and is regularly revised.

16.3 Books for recording purposes

16.3.1 All books comprising invoice forms, deposit vouchers or any other numbered forms or documents which are used for recording transactions, acknowledging receipt of funds or for whatever purpose, shall, once they are received from the printers, be kept by the official in such a way as to prevent un-authorized access to them. The said official shall also be responsible for ensuring that the numbering in such books is complete.

16.3.2 All books shall be issued in numerical order to officers and the documents shall also be used in numerical order.

16.3.3 All completed (full) books shall immediately be returned to the Administration Department.

16.3.4 A register shall be kept for recording the movement of books.

16.3.5 Any departure from this Regulation shall be subject to the Managing Director's authorization.

16.6 Cancelled forms shall be kept in safe custody for audit purposes.

17. Retention / Destruction of old Accounting Vouchers

17.1 Accounting and other records must be retained for periods that comply with relevant legal requirements and the Archives Act, Act 12 of 1992 of the Republic of Namibia.

17.2 The following periods provide a broad indication.

17.2.1 Expenditure records (e.g. order books, invoices) should be retained for three years plus the current year.

17.2.2 Income records (e.g. receipt books, debtor invoices) should be retained for six years plus the current year.

17.2.3 Salary records (e.g. personnel files, payment history) should be retained for as long as the person is still in the employment of NDC and 15 years plus the current year.

17.2.4 All records associated with grant funding must be retained for longer periods if required by the funding body.

17.2.4 All accounting vouchers and other documents shall be kept in safe custody by the official.

17.2 All books of first subscription (sub-ledgers) and nominal ledgers should be retained for at least 10 years.

18. **Amendment of official documents.**

18.1 The use of correcting tape or fluid, erasers and other technical means of deleting or concealing entries on original official and/or accounting documents, auxiliary books or ledgers is strictly prohibited.

18.2 The use of a pen whose ink does not immediately stabilise and is not immediately indelible, shall be strictly prohibited and shall neither be used on any official documentation nor for writing out documents such as cheques, receipts, etc.

18.3 Erroneous entries shall be deleted by means of a neat line so that it shall later be possible to determine what the original entry was in accounting records and on original documents.

18.4 The initials of the staff member who makes such an amendment shall at all times appear alongside the amendments.

19. Separation of duties

19.1 Financial procedures must be undertaken whenever possible using separate persons to undertake different parts of a sequence of operations.

19.2 No one person should authorize the whole of any transaction i.e. ordering, receiving and authorizing payment for a transaction where at least two people should be involved in the separate part of the process.

20. Non-compliance with financial regulations and procedures

20.1 If a member of staff does not comply with the requirements of these Financial Regulations and Procedures, he/she shall be subject to the disciplinary measures set out in the Human Resource Regulations.

20.2 It shall be the responsibility of each employee to report in writing to the supervising official any irregularities which come to his/her attention.

20.3 Should no adjustment be made within a reasonable period and in any event within one month, he/she shall report the matter to higher authority once it has been discussed with the control officer.

20.4 Any staff member failing to report such irregularities shall be subject to the disciplinary measures set out in the Human Resource Regulations.