

Accounting Policies and Procedures

Purpose

The purpose of this Document is to set out the policies and procedures to be used in accounting for the MloD's financial transactions.

Organisational Structure

The MloD is a small organisation and all financial transactions are managed by the CEO, while the day to day accounts are handled by the Accounts and Administration Coordinator and all purchasing is handled by the Sales and Administration Executive. The preparation of Monthly Management Accounts and Annual Financial Statements is outsourced to Cays and Associates. The Audit and Risk Committee assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable accounting standards and other legal requirements.

Objectives

The MloD Accounting Policy and Procedures has the following key objectives:

- Accuracy and completeness
- Validity: all transactions accounted for must be genuine
- Economy: the prudent allocation of resources
- Effectiveness and efficiency: to ensure effective performance
- Minimise the risk of fraud and corruption
- Sufficient information for adequate control and safeguard of assets
- Relevant, reliable and consistent information
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Accounting Systems

All accounts are maintained on Sage Pastel Accounting Software.

A. Policies

1. Accounting Year

The MloD accounting year is July-June

2. Membership Year

The MloD Membership Year is January-December. New members will be billed for a half year if their application is received after July and membership applications received after 1 September will be billed pro-rata for the remaining months of the year plus the following year's full fees.

3. Financial Statements

Financial Statements will be prepared in accordance with International Financial Reporting Standards.

Assets bought will be kept on an historical cost basis. Historical cost is generally the fair value of the consideration given in exchange for assets.

4. Revenue Recognition

(i) Members' Subscription and contribution

Subscription and contribution from members will be released to the income and expenditure account over the period to which they relate.

(ii) Corporate Founders and Patrons' contributions and donations

Corporate Founders and Patrons' contributions and donations will be recognised as income over the period necessary to match them with the costs for which they are intended to compensate.

(iii) Seminar revenue

Seminar revenue will be recognised as income in the period in which the seminar is held.

(iv) Interest income

Interest income will be accounted on a time-proportion basis.

(v) Deferred revenue

Seminar revenue billed during the year for seminars held after the year end will be recognised as deferred revenue in the statement of financial position at year end.

Members' subscriptions billed during the year for the period extending beyond the year end will be recognised as deferred revenue in the statement of financial position at year end.

5. Cash and Cash Equivalents

Cash comprise cash in hand, balance at bank, demand deposits and bank overdrafts. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

6. Functional and Presentation Currency

(i) Reporting currency

The financial statements will be presented in Mauritian Rupees, which is the Institute's functional and presentation currency and represents the currency of the primary economic environment in which the entity operates.

(ii) Transactions and balances

Foreign currency transactions will be accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies at year end exchange rates will be recognised in the statement of comprehensive income.

7. Financial Liabilities

Financial liabilities, including loans from related parties, will be stated at fair value, which is normally for a loan its face value.

8. Related Parties

Related parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. See the MloD Related Party Transaction Policy.

9. Financial Instruments

Financial instruments carried on the statement of financial position will include trade and other receivables, cash and cash equivalents and trade and other payables. The particular recognition methods adopted will be disclosed in the individual accounting policy statements associated with each item.

10. Borrowing Costs

Borrowing costs will be recognised as an expense in the year in which they are incurred.

11. Trade and Other Receivables

Trade and other receivables will be stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

12. Provisions

Provisions will be recognised when the company has a present or constructive obligation as a result of past events which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

13. Impairment of Assets

At the end of each reporting year, the MloD will review the carrying amounts of its tangible and intangibles assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset will be estimated in order to determine the extent of the impairment loss. An impairment loss will be recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

B. Procedures:

1. Invoicing:

All sales invoices are to be raised daily on pastel as per the sales advice. Invoices should be sent by email in pdf format unless instructions are received to send by post.

2. Workshops and events:

Invoices are raised daily as per booking forms or email confirmations received. The total invoices raised on Pastel per seminar or event should tally with the total billings in the relevant Training File.

Pre-sold packages – at the time of billing of individual workshops, the appropriate debtors account must be credited with the correct amount. A transfer from the deferred pre-sold account should then be made to the respective debtors account in order to clear the sales invoice.

On a monthly basis, the billing amount for the each workshop per company should be checked to ensure it tallies and that the total does not exceed the pre-purchase amount paid at any time. A statement of account must be held for each company having pre-purchased a package.

Rs 0 invoices will be raised for participants from Founders and Patrons attending free CG Byte workshops and having pre-purchased a training package as per the current conditions to enable the Accounts Department to keep track.

3. Membership Fees for new members

Invoices are raised within 7 days of membership applications being approved by the Membership Committee and as per the approved list. A check should be made on Pastel to ensure the total invoicing tallies with new applications approved by the Membership Committee.

4. Membership Fees -renewal

Invoices are raised as per the membership register in November every year for the following year. A check should be made on Pastel to ensure the total invoicing tallies.

5. Founders and Patrons' Contributions

Founders are invoiced in July every year. Patrons are invoiced annually corresponding to the month their patronage started.

6. Affinity Partners

Invoices are raised as per agreements generally in March every year.

7. Invoicing Controls

A control of total invoicing raised on Pastel should be made monthly against original data. Any difference should be queried and appropriate action taken. Any discrepancy should be highlighted in the monthly accounts package.

8. Deposits

When a cheque, cash or bank transfer is received, a receipt must accordingly be raised on Pastel within 48 hrs. Henceforth, the account of the client will be credited and cash control debited. The amount credited on the client's account should be allocated against the corresponding invoice on Pastel. Any unallocated amounts should be queried monthly and appropriate invoices raised or appropriate action taken. Any discrepancies should be highlighted in the monthly accounts.

All receipts (for cash or cheques) should be recorded on a bank deposit form and banked accordingly. A copy of the bank deposit form should be made & filed sequentially by date in the bank deposit file. On Pastel, the cash control should then be credited and the bank account debited by the corresponding total bank deposit.

All receipts should be banked within 48hrs and any deposits which stay overnight in the office premises should be kept in a designated locked drawer or cupboard.

All deposits should be made in to the MloD account at HSBC Ebene and regular transfers must be made from the MloD HSBC account to the MloD Savings Account at MPCB Port Louis. The maximum amount to be kept on the HSBC Current Account is Rs 50,000 and transfers should be made at a minimum every 15 days. The MPCB Savings and Current Accounts should never be overdrawn.

9. Purchase Orders

In accordance with the MloD's Procurement Policy, three written quotations are required for any purchases under Rs 100,000. Written quotations should include details of price, time required for delivery, trade or early payment discounts, any other costs associated with delivery and carriage and, where appropriate, the cost of maintenance. All quotation responses should be recorded on the MloD Quotation Summary Form. If 3 quotes for the product or service required cannot be obtained, or it is impractical to do so, then approval must be given by the CEO to waive this and the waiver recorded on the Quotation Summary Form. The Sales and Administration Executive is responsible for all purchases which must be approved by the CEO.

A Purchase Order Form serially numbered should be used for all purchases and monthly checks should be made to ensure all invoices have been received.

For purchases above Rs 100,000, see the MloD Tender Process

All expenditure under Rs 100,000 must be approved by the CEO. Any expenditure over Rs 100,000 must be approved by the Board.

10. Supplier Invoices

All supplier invoices should be checked by the Sales and Administration Executive responsible for purchasing and matched with the corresponding approved purchase. The invoices will then be approved by the CEO and recorded on Pastel. After recording, the supplier invoices will be kept in the Unpaid Supplier Invoices File kept in order of the GRV number generated by Pastel.

11. Payments

All payments should be made within 30 days of the receipt of the invoice unless payment conditions specify otherwise. All payments should be made on time.

For any payment to be effected, a remittance advice must be raised on Pastel. It is understood that the supplier invoice should have been recorded beforehand. All payments must be made by cheque and the cheque payment must be effected as per the remittance advice with the cheque number clearly stated therein, and the corresponding supplier invoice attached for signature. All remittances advice must be checked by the Sales and Administration Executive and approved by the CEO.

After signature, the remittance advice together with the attached supplier invoice should be kept in a Payment File. The filing should be made sequentially by cheque number.

Once signed, the cheque, together with a copy of the remittance advice, will be sent either by post to the supplier or collected by the supplier within the deadline. All postage or collection must be correctly recorded in the post book.

Payment may also be made by on line bank transfer from HSBC and must be approved by 2 directors on line. In this case the Accounts and Administration Coordinator will follow the same process approval on paper and, after signature of the CEO, will raise a transfer request on-line with the approval of the CEO. 1 director will then be required to validate the payment on line.

All payments should be made from the MloD current account at MPCB Port Louis or by internet bank transfer from HSBC Ebène.

12. Cheque and Bank Signatures (excluding On Line Approvals)

All cheques and bank documents must have 2 Directors' signatures. Directors who are also members of the Audit Committee should not sign cheques or bank documents.

13. Credit Notes

No credit notes may be issued without the approval of the CEO.

14. Provision for Expenses

When finalising monthly management accounts, any provisions must be decided (e.g. seminar expenses) and communicated in time to the Accountant. Full accruals must be made for all events, workshops and seminars including printing, advertising, hotel accommodation for facilitators, entertaining, transport, venue costs, air fares etc

15. Control of Cheque Books

The chequebook, when not in use, must be kept in a designated locked drawer or cupboard. The keys will be held by the CEO and Accounts and Administration Coordinator. A spare cheque book should be available at all times.

16. Petty Cash

The Petty Cash Box must be kept in a designated locked drawer or cupboard. The keys will be held by the CEO and Accounts and Administration Coordinator. The maximum petty cash should not be more than Rs.4000 at any time, of which Rs 2,000 is for MQA payments.

Any staff needing to use petty cash to buy something for the office must sign the petty cash book when taking money and return the receipt of the purchase which must be recorded in the book with the employees signature. A monthly cash reconciliation will be completed and all receipts must to be attached to the request for refurbishment. Any discrepancies must be brought to the attention of the CEO immediately.

Stamps purchased with petty cash must also be kept in the Petty Cash Box.

17. Pastel Back Up

A daily backup of the Pastel data base must be made every afternoon. One copy will be kept on the server and the other with the Accounts and Administration Coordinator offsite.

Every month a full back up should be made and deposited in the Bank Safe at HSBC, Port Louis and with the Accountant, CAYS and Associates.

18. Monthly Management Accounts

Monthly Management Accounts must be ready by the 10th working day of the following month and sent to the Audit Committee.

19. Debtors

Debtors should be monitored daily and called on a regular basis. A monthly statement must be sent to all debtors by email as well as a 30 day, 60 day and 90 day reminder using the approved templates.

20. Bank Reconciliation

All bank statements should be reconciled every month and any discrepancies identified and dealt with. Any discrepancies should be highlighted in the monthly accounts package.

21. Stop payment and replacement cheque

When a cheque needs to be stopped, the Accounts and Administration Coordinator who prepared the cheque shall first determine whether the cheque has been presented and paid by the bank on which the cheque was drawn. If the cheque has not been paid, a stop payment notice shall be promptly sent to the Bank. The bank's written acknowledgement must be obtained in such circumstances before a new cheque is issued.

22. Unclaimed and stale cheques

If a cheque payment is unclaimed or stale, the Accounts and Administration Coordinator shall highlight this in the Monthly Accounts and take appropriate action to see why the cheque has not been claimed.

23. Payroll

All employees will be paid by bank transfer, approved by 2 Directors, and should receive a monthly pay slip on the date of salary payment.

24. Licenses and Statutory Payments

All license renewals and statutory payments (e.g. MRA, NPS), should be recorded on a calendar and paid on time.

25. Budget and Business Planning

An annual budget, including a Capital Expenditure plan, is prepared for approval by the CEO, along with a 3 year roll on Business Plan, and approved by the Board in May each year.

A separate statement of surplus/loss will be prepared for each MloD event.

26. Asset Register

The Accounts and Administration Coordinator is responsible for keeping an accurate register of all MloD assets

27. Insurance

Insurance cover is required for all MloD assets, third party liability, Directors and Officers Liability and Indemnity insurance for facilitators. The Accounts and Administration Coordinator is responsible for ensuring the annual update and approval by the CEO of all insurance policies in a timely manner.

28. Fixed Deposits and Reserves

The MloD places its surplus funds on fixed deposit with banks. 50% of the surplus funds are placed on one 3 year deposit and the balance is split into two 2 year deposits of approximately Rs 500,000 each. Funds can be encashed at any time in case of an emergency.

A minimum of Rs 2m is usually kept on the MPCB Savings account for current cash flow requirements.

29. Maintenance of Accounting Records

All accounting records must be kept for 7 years and may not be destroyed without prior approval of the CEO.

This policy was considered and adopted by the board of directors at its meeting held on 10 April 2013.

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CHAIRMAN (BOARD)

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CHAIRMAN (AUDIT & RISK COMMITTEE)