# Liana Financial Policy

**Approved by:** Liana Board
**Date:** 16th May 2025

### 1. Purpose

This Financial Policy outlines the financial management procedures and responsibilities for Liana, ensuring transparent, accountable, smooth and efficient use of resources in line with legal obligations, good governance practices, and donor requirements.

### 2. Scope

This policy applies to all financial activities within Liana, including donor-funded projects, small projects and activities, partnerships, and other organizational financial transactions.

### 3. Financial Responsibilities

#### 3.1 The Board

- Holds ultimate responsibility for the financial management and integrity of the organization.
- Approves annual financial statements, organizational budgets, and project budgets.
- Authorizes individuals to operate or access Liana's bank accounts through official Board decisions recorded in meeting minutes, as required by the bank.
- Reviews financial reports and ensures compliance with statutory, donor, and organizational requirements.

#### 3.2 Project Coordinator (Members)

- All projects and activities within Liana are initiated and managed by members (see more in *Liana Strategy and Operating Principles*).
- The member initiating a project or activity becomes the designated Project Coordinator, responsible for the project, including its financial management, budgeting, expenditure tracking, reporting, and maintaining financial records.
- Must ensure that any partner organizations or individuals receiving funds have appropriate financial skills, procedures and reporting systems in place.
- Are accountable for ensuring that financial reporting from partners complies with project-specific donor requirements, this Financial Policy, and written project-specific *Management instructions* that are compiled by the Project Coordinator to meet the requirements of the donor and this Financial Policy.
- Must submit financial reports and supporting documentation to the designated person within Liana at agreed intervals (monthly or quarterly) for integration into Liana's overall bookkeeping and financial management system.

## 4. Budgeting and Approval

### 4.1 Activities and Small Projects

- Budgets for activities and small projects initiated by members are either:
    - Approved within the *Action Plan and Budget*, prepared by the Board and ratified at the Annual Meeting, or
    - Approved separately by the Board at any time during the year.

### 4.2 Donor-Funded Projects

- Budgets for donor-funded projects initiated by members are first internally reviewed and approved by the reviewers selected by the Board before submission to the donor.
- Once a donor approves the project and its budget, this budget forms a strict framework for the financial management of the project.
- Any amendments to an approved donor-funded project budget require formal approval from the donor and must be reported to the Board.

## 5. Financial Reporting

- Project Coordinators must provide financial reports to the designated person within Liana on a monthly or quarterly basis, as agreed for each project or activity.
- Financial reports must include:
    - Income and expenditure report.
    - Journal and ledger (list of transactions by date and by budget item line).
    - Explanations for significant variances and changes.
    - Supporting documentation as agreed.
- All financial records and reports must be prepared using double-entry bookkeeping principles, ensuring that every transaction is recorded both as a debit and a credit in the appropriate accounts.
- Project Coordinators must ensure that partners provide timely and accurate financial reports in line with project-specific donor and Liana requirements as spelled out in a written project-specific *Management instructions*.
- A final financial report must be submitted within one month of project or activity completion.

## 6. Record Keeping

- Project Coordinators are responsible for maintaining all financial records for their projects or activities.
- Records must be retained for a minimum of 6 years, or as required by national legislation and donor agreements.
- Copies of key financial records must be submitted to the designated person in Liana for organizational archives and audit purposes.

**7. Banking and Payments**

- Liana maintains a central organizational bank account, with signatories approved by the Board through formal Board meeting minutes.
- Project funds may be managed through this account or a dedicated project account with prior Board approval.
- Project Coordinators are fully authorised to handle all financial management of their respective projects within the approved project budget and this Financial Policy, including initiating payments and transfers of funds to partners, managing project-specific accounts (where applicable), and overseeing financial reporting.
- All payments must be supported by appropriate documentation, in accordance with commonly recognised financial management and bookkeeping standards, including the use of double-entry bookkeeping.
- Project Coordinators may not approve and execute payments to themselves, except for regular salary payments disbursed according to the approved project budget. Payments such as travel reimbursements and reimbursements for purchases made personally by a member must be approved by a Board member with signatory powers.
- A purchase which is already specified in the approved budget with detailed price information, model, or equivalent specification, may be executed without separate approval.

**8. Financial Oversight and Partner Accountability**

- Liana's finances are subject to annual audit or financial review as determined by the Board.
- The Board may conduct financial reviews or spot checks on project finances and partner organizations.
- Project Coordinators must fully cooperate with audits, financial reviews, and any oversight measures.
- Project Coordinators must ensure that any partner organizations or individuals receiving funds have proper financial procedures and protocols in place, appropriate to the scale of the partnership.
- Project Coordinators are responsible for the financial oversight of partners. It includes:
    - Agreement on reporting formats and schedules.
    - Verification of submitted financial reports and supporting documentation.
    - Inclusion of partner financial reporting within the overall reporting to Liana and donors.

**9. Procurement and Asset Management**

- Procurement must follow principles of transparency, fairness, and value for money.
- Project Coordinators are responsible for procurement within their budgets and for maintaining proper procurement records.
- Tendering is required for purchases exceeding the tendering threshold set for each project. This threshold must be clearly stated in the project budget, donor requirements and/or the *Management Instructions* given to the partner organisation.
- Assets purchased with project funds remain the property of Liana unless otherwise agreed.

**10. Handling Financial Irregularities**

- Any suspected financial irregularity, misuse, or fraud must be reported immediately to the Board as described in *Liana Ethical Principles*.
- The Board is responsible for investigating reported concerns and taking appropriate action in accordance with *Liana Ethical Principles* and relevant legal frameworks.

**11. Policy Review**

This Financial Policy will be reviewed by the Board every 4 years or as required.