



FINANCIAL REGULATIONS AUGUST 2012

EFFECTIVE DATE 1 APRIL 2013

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Signed

PREAMBLE

IN EXERCISE of powers conferred on the Council of Ministers by Article 30 of the Treaty (as amended) for the Establishment of the Southern African Development Community, the Council hereby makes the following Financial Regulations.

PRINCIPLES OF SOUND FINANCIAL MANAGEMENT

1. SADC financial resources shall be administered in accordance with the principles of good corporate governance, sound financial management and enterprise risk management.
2. Good corporate governance is a combination of processes and organisational structures implemented by management to inform, direct, manage and monitor the organisations resources, strategies and policies towards the achievement of the organisations objectives.
3. Good governance principles require that where SADC personnel may be deemed beneficiaries in a transaction or have conflict of interests shall recuse themselves from decisions relating to the transaction.
4. The principles of Sound financial management of economy, efficiency and effectiveness generally apply as follows:
 - (a) the principle of economy requires that the resources used by the institution for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;
 - (b) the principle of efficiency is concerned with the best relationship between resources employed and results achieved; and
 - (c) the principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.
5. SADC financial resources shall be appropriated within its annual budget and such budgets shall be established and implemented in compliance with the principles of transparency and accountability. Whilst delegation of Authority is permitted by these regulations, ultimate accountability for the financial administration of SADC Secretariat shall always remain with the Accounting Officer.
6. Specific, measurable, achievable, relevant and time bound objectives shall be set for all sectors of activity covered by the budget.

7. Risk management measures that inform these regulations include the SADC risk management policy and framework.

CHAPTER 1 – FINANCIAL REGULATIONS

PART I - PURPOSE AND SCOPE

Regulation 1 - Purpose and Scope

1. The SADC Financial Regulations define the framework in which the financial administration of SADC shall be undertaken.
2. The purpose of these Financial Regulations is to secure sound and sustainable management of the financial affairs of SADC by establishing norms and standards and other requirements for:
 - (a) ensuring transparency, accountability and appropriate lines of responsibility in the financial affairs of SADC;
 - (a) the management of SADC revenues, expenditures, assets and liabilities and the handling of their financial dealings;
 - (b) budgetary and financial planning processes and the co-ordination of those processes;
 - (c) financial reporting;
 - (d) establishing internal control and risk management systems and processes;
 - (e) borrowing;
 - (f) supply chain management; and
 - (g) other financial matters.
3. The provisions in these Financial Regulations shall apply on all resources of SADC.

Regulation 2 - Authority of the Financial Regulations

1. All SADC staff shall be responsible and accountable to Council for their actions in the course of their official duties.
2. Any member of staff who contravenes these financial regulations or any administrative instruction issued in connection herewith shall be held personally responsible and shall be disciplined in accordance with the provisions of the SADC Administration Rules and Procedures.

Regulation 3 - Definitions

1. For the purposes of these financial regulations and procedures, unless the context otherwise states:

“Accounting Officer” refers to the Executive Secretary who has overall responsibility for financial administration of SADC resources as per Article 15(1) (g) of the Treaty;

“Adjustments Budget” refers to any Council approval of budget subsequent to the original budget approval;

“Audit Charter” means the Manual outlining the authority and mandate, duties and responsibilities and scope of the operations of the Internal Auditor;

“Audit Committee” means the Committee established for the purpose of reviewing compliance with financial, regulatory, corporate governance, accountability and transparency frameworks enacted for SADC under provisions of Article 11(g) of the Treaty;

“Budget Committee” means the Committee appointed by the Accounting Officer to deliberate on the progress in the implementation of approved RISDP and SIPO priorities;

“Council” means the Council of Ministers of SADC established by Article 9 of the Treaty;

“Controlling Officer” means any person appointed by the Accounting Officer who is:

- (a) head or principal person in-charge of a Department, Directorate or Unit; and
- (b) charged with a duty to, or who actually does collect, receive, disburse or deal in any way with any SADC funds, or a person who is charged with the purchase, receipt, or custody, or disposal of, or the accounting for, any SADC resources;
- (c) accountable to the Accounting Officer for the implementation of the appropriation of approved expenditure of vote under his/her control in accordance with approved SADC Regulations, Policies and Procedures;

“Delegations Register” means the register maintained by the DBF that displays each Vote, and KRA falling under the responsibility of each Controlling Officer;

“Deputy Executive Secretary (Finance and Administration)” (“DES-FA”) means the Deputy Executive Secretary appointed under Article 10 (7) of the Treaty “to strategically and effectively lead, direct and manage the provision of corporate support services, i.e. human resources management, financial administration, legal services, information communications technology and other administrative services within the SADC Secretariat.”;

“Deputy Executive Secretary (Regional Integration)” (“DES-RI”) means the Deputy Executive Secretary appointed under Article 10 (7) of the Treaty “to strategically and effectively lead and manage the implementation of SADC Regional Integration Programmes”;

“Development Partner” (“DP”) means any donor institution, governmental or quasi governmental organisation contributing finance for development of areas covered by the SADC mandate or objectives;

“Director” means the Head of a Directorate;

“Director of Budget and Finance” (“DBF”) means the Director appointed by the Executive Secretary “to facilitate an efficient and effective administration and reporting on the utilisation of resources at the SADC Secretariat”. The DBF is the functional head of the budget and finance directorate and principal financial advisor to Management;

“Estimates” means the statements of the proposed SADC revenues and expenditure in any financial year which when approved becomes the annual budget;

“Executive Secretary” is the head of the secretariat appointed in accordance with Article 14(2) of the Treaty.

“Extra Budgetary Expenditure” means any expenditure outside of a budget approved by Council;

“Financing Agreement” means any agreement between SADC and any Development Partner that contributes finance for development of areas covered by the SADC mandate or objectives;

“Finance Officer” means an officer within the Budget and Finance Directorate appointed as Finance Officer by the Executive Secretary to perform a delegated function in support of the DBF’s role to enable him/her discharge his/her responsibilities;

“Financial Year” means:

- (b) a period of twelve months ending on 31st March; and
- (c) in relation to a project and or specific action, its annual accounting period;

“Funds” means resources available at any given time for application to programmes, projects and activities of SADC as provided by Article 26 of the Treaty;

“Fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“Grants” means-

- (a) non-repayable receipts from Governments, Development Partners; or
- (b) non-repayable payments made by SADC;

“Gratuity Fund” means the Gratuity Funds established under the Standing Orders;

“Irregular Expenditure”, means expenditure incurred by SADC in contravention of, or that is not in accordance with, the requirements of these regulations and schedules but excludes expenditure which falls within the definition of “Unauthorised Expenditure”;

“Imprest Account” means the account authorised by the Accounting Officer for an approved vote. Controlling Officers shall spend the appropriation in the vote from imprest accounts;

“Internal Control” includes the controls adopted to ensure that within SADC:

- (a) revenue is properly collected;
- (b) expenditure is valid and correctly authorised;
- (c) revenue, expenditure, assets and liabilities are properly recorded and accounted for;
- (d) financial and operating information is accurate and reliable;
- (e) assets are safeguarded against loss or destruction;
- (f) SADC resources are employed and managed in an effective, economic and efficient manner;
- (g) there is no waste or extravagance with respect to SADC resources;

(h) outcomes and provisions are consistent with those specified in the approved Budget;

(i) relevant SADC Regulations, Policies and Procedures are being complied with;

“Internal Auditor” means the Head of Internal Audit with responsibility to supervise internal audit operations of SADC;

“In-year Reporting” means ad-hoc; and monthly; and quarterly performance reports concerned with both financial and non-financial targets. In-year reports exclude Annual Financial Statements and the Annual Report;

“Key Result Area (KRA)” means a division of the budget within a Vote that describes expected outputs for each operational objective. A Key Result Area may consist of one or more main activities to be carried out to achieve the KRA;

“Loan Guarantee” means the SADC loan Guarantee;

“Management” means the management structure comprising of the Executive Secretary, Deputy Executive Secretaries, and Directors;

“Member States” means a member country of SADC in accordance with Article 9A of the Treaty;

“Overspending” including **“Overcommitting”**

(a) in relation to the budget of SADC, means causing the operational or capital expenditure incurred by SADC during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to temporary budgets means causing expenditure to exceed the limits allowed under such temporary budgets;

“Project Management Unit” means the project management unit set up for the purpose of executing SADC approved projects;

“Records” means information established, recorded and kept by any means, includes all books, accounts, rolls, files, vouchers, receipts, cheques, records, registers, papers, documents, photographic plates, microfilms, photo static negative prints, tapes, disks, computer reels, diskettes and hard disk, perforated rolls, and any other type of written, printed, copied, magnetic tape, electronic data record or other information whatsoever, and all papers and other records relating to SADC accounting operations and practice;

“Reporting Currency” means the currency used by SADC and is the United States Dollar (US\$);

“RISDP and SIPO” means the Regional Indicative Strategic Development Plan and Strategic Indicative Plan for the Organ approved to provide strategic direction with respect to SADC programmes, projects and activities;

“Protocol” as defined in Article 1 of the Treaty means a SADC instrument of implementation established under the provisions of the Treaty and includes any amendment thereto;

“SADC” means Southern African Development Community and its Institutions established under Article 9 of the Treaty;

“Shifting of funds” means the movement of funds between one vote and another and would require an adjustment budget approval and a council resolution;

“Supply Chain Management” includes activities relating to: demand management; acquisition management; Logistics management; disposal management; risk management; and supply chain performance.

“Temporary Budget” means a budget authorised by the Accounting Officer and approved by the Chairperson of Council in terms of Regulation 30(2);

“The Summit” means the Summit of the Heads of State or Government of SADC established by Article 9 of the Treaty;

“Treaty” means treaty establishing SADC as Amended;

“Unauthorised Expenditure”, means any expenditure incurred by SADC otherwise than in accordance with the criteria set out under Part IV of these regulations concerning the Budget and includes:

- (a) overspending or overcommitting of the total amount appropriated in the SADC’s approved budget;
- (b) overspending or overcommitting of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by SADC otherwise than in accordance with these Regulations;

“Unforeseen and Unavoidable Expenditure” means expenditure that at the time of approving the budget could not have reasonably been foreseen and due to its nature (emergency or other exceptional circumstances) is considered necessary;

“Vote” means:

- (a) one of the main segments into which a budget of SADC is divided for the appropriation of money for the different functional areas established in reference to the SADC Secretariat organisational structure as either a Directorate or a Unit; and
- (b) which specifies the total amount that is appropriated for the purposes of achieving the objectives of the functional area;

“Virement” means the movement of funds between one KRA to another within the same vote and should be in accordance and within the threshold stipulated for virement as outlined in Regulation 31. This action requires the approval of the Accounting Officer. Virement within the specified limits does not require Council Approval;

Part II - Responsibilities

Regulation 4 - Council

1. The Constitution of the Council and its responsibilities shall be in accordance with Article 11 of the Treaty. Council shall specifically oversee the implementation of the policies of SADC and its programmes.
2. Council shall approve the budgets and financial regulations for the conduct of the business of SADC Institutions.

Regulation 5 - Finance Committee

1. The Committee shall recommend to Council the establishment of special funds for specific purposes such as gratuity, loan and reserve funds and also appropriations into these funds.
2. The Committee shall review financial regulations and procedures, budgets, in-year reporting on implementation of the Budget and Corporate Plan, and other related financial matters and make recommendations to Council.
3. The Committee shall serve as the principal liaison Committee between the Audit Committee and the Council by reviewing all output from the Audit Committee prior to submission to Council. The Committee shall submit the reports of the Audit Committee to Council without alteration together with any recommendations of the Finance Committee.
4. The Committee shall comprise of the SADC NCP or other official designated by each Member State as head of delegation and two senior officers (experts in Public Finance Management) from each Member State.
5. The committee may constitute a technical sub-committee for purposes as it sees fit and define its composition and terms of reference.

Regulation 6 - Finance Sub Committee

1. the Finance Sub Committee is established as a technical committee of the Finance Committee to facilitate review of financial regulations, plans and budgets, management accounts and other matters relating to the financial management of SADC institutions; and
2. The Finance Sub Committee will comprise no more than three officials from each of seven Member States with a maximum of twenty one individuals, with three different Member States joining the committee each year replacing three others on an alphabetical basis.

Regulation 7 – Audit Committee

1. The Committee's charter on its duties are specified in its Terms of Reference including review of: annual financial statements, internal controls, risk management systems, internal audit, external audit and measures adopted for the achievement of economy, efficiency and effectiveness in the operations of the Institution.
2. The Committee shall submit its reports to Council through the Finance Committee.
3. The Committee shall have five (5) serving members, appointed from nationals of Member States who possess the relevant qualifications required for the appointment to serve in the Committee. The rotation system set out in the Terms of Reference shall be followed.
4. Council shall appoint the members and the designated alternate members to the Committee.
5. The Committee shall have access to all records, books of accounts and other documents, which in their opinion are necessary for the performance of their duties.

Regulation 8 - Accounting Officer

1. The Executive Secretary as Accounting Officer is accountable to Council for financial administration of SADC resources.
2. Specific elements of fiduciary responsibilities include:
 - a) exercising functions and powers assigned to the Accounting Officer under these regulations;
 - b) providing guidance and advice with compliance of these regulations
 - c) acting with fidelity, honesty, integrity and in the best interests of SADC in managing its financial affairs;
3. Specific elements of financial administration responsibilities include:
 - a) implementing the financial regulations in accordance with principles of good corporate governance, and
 - b) seeking, within his/her sphere of influence to prevent any prejudice to the financial interests of SADC.
4. Specific elements of reporting responsibilities include:
 - a) reporting in accordance with the provisions of the SADC Treaty under Article 15, and
 - b) disclosing to the Council of Ministers all material facts which are available to the Accounting Officer for the purpose of ensuring that Council discharges its responsibilities.
5. The Accounting Officer shall be responsible to Council for:
 - a) preparation and presentation of the Medium Term Strategic Plan in accordance with the financial regulations and procedures and planning and budgeting guidelines.
 - b) formulation of implementation frameworks, specifying agreed policies, outcomes and outputs to be achieved, and taking into account the views of prior policy consultations;
 - c) preparation and presentation of annual draft income and expenditure estimates and other such estimates as may be necessary and overseeing their implementation; and
 - d) supervision of the finances, assets and liabilities of SADC, ensuring all financial transactions involving SADC resources are accounted for and

therefore ensure that adequate procedures and internal controls exist for the collection and use of resources.

Regulation 9 - Delegation

1. The Accounting Officer:
 - c) shall, for the proper application of these Financial Regulations in SADC's administration, develop an appropriate system of delegation that shall maximise administrative and operational efficiency with adequate checks and balances in SADC's financial administration;
 - d) may, in accordance with that system, delegate in writing to a member of SADC's management or any other official of SADC any powers or duties:
 - (i) assigned to an Accounting Officer in terms of the Treaty or these regulations; or
 - (ii) reasonably necessary to assist the Accounting Officer in complying with a duty which requires the Accounting Officer to take reasonable or appropriate steps to ensure the achievement of the aims of a specific provision of these Regulations, and
 - e) shall regularly review delegations issued in terms of paragraph (b) and, if necessary, amend or withdraw any of those delegations.
2. The name and or position of each person with responsibilities of a Controlling Officer shall be contained in the updated delegations register maintained by the DBF. Each Vote, or KRA falling under the responsibility of the Controlling Officer shall be listed next to the name of that Controlling Officer in such a way as to clearly indicate that officer's area of authority and all delegated authority.
3. A delegation:
 - a) shall be in writing and recorded in the delegations register maintained by the DBF;
 - b) is subject to such limitations and conditions as the Accounting Officer may impose in a specific case;
 - c) may either be to a specific individual or to the holder of a specific post in SADC;
 - d) may, in the case of a delegation to a member of SADC's senior management, authorise that member to sub-delegate the delegated power or duty to an official or the holder of a specific post in that member's area of responsibility; and
 - e) does not divest the Accounting Officer of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.

4. The Accounting Officer may confirm, vary or revoke any decision taken in consequence of a delegation or sub-delegation in terms of this regulation, but no such variation or revocation of a decision may detract from any rights and or obligations that may have accrued as a result of the decision.

Regulation 10 – Management

1. The Management of SADC’s administration as established by Council Decision consists of:
 - a) the Executive Secretary as the Accounting Officer;
 - b) any officer designated as a Deputy Executive Secretary who shall have delegated powers and assist the Executive Secretary in the execution of his or her functions: and
 - c) all Directors.
2. The DBF shall be the advisor to Management in matters of budgets and finance management.

Regulation 11 – Fiduciary duties of Management and SADC Officials

1. Management of the SADC Secretariat and other officers on the basis of delegation exercising financial management responsibilities shall take all reasonable steps within their respective areas of responsibility to ensure:
 - a) that the system of financial management and internal control established for SADC is carried out diligently;
 - b) that the financial and other resources of SADC are utilised effectively, efficiently, economically and transparently;
 - c) that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented;
 - d) that all revenue due to SADC is collected and duly accounted for;
 - e) that the assets and liabilities of SADC are managed effectively and that assets are safeguarded and maintained to the extent necessary, and
 - f) that all information required by the Accounting Officer for compliance with the Financial Regulations is timeously submitted to the Accounting Officer.

Regulation 12 – Director of Budget and Finance

1. The DBF as the functional head of the budget and finance directorate and principal financial adviser to management is responsible for facilitating compliance with these regulations.
2. The DBF shall be technically qualified and experienced to be the functional head of the directorate.
3. The DBF shall report to the Accounting Officer all cases of non-compliance of financial regulations.
4. In addition to the responsibilities of Controlling Officers set out in regulation 13, the DBF is responsible for:
 - a) providing financial advice to and assisting the Accounting Officer in preparing the draft estimates, periodic and annual financial statements for SADC;
 - b) issuing financial management procedures in accordance with these regulations;
 - c) monitoring the accounting systems for SADC;
 - d) co-ordinating and monitoring systems of financial management, internal control and reporting in all SADC institutions;
 - e) exercising and maintaining control and direction of all matters relating to the financial management of SADC in accordance with SADC Financial Regulations as communicated by the Accounting Officer;
 - f) collection of revenue owing to SADC;
 - g) ensuring sound financial management of donor funds;
 - h) ensures that disbursement of funds are only made where applicable procurement procedures have been duly followed;
 - i) ensuring timely management and financial reporting;
 - j) serving as the highest financial officer of SADC, and accordingly represents the organisation on matters pertaining to finance;
 - k) organising an efficient treasury function, to ensure proper management of SADC's working capital and cash flow, and
 - l) providing support to the Controlling Officers.

5. The DBF may delegate his/her authority to a finance officer in the SADC Directorate of Budget and Finance so as to ensure the effective and efficient operation of finance management. Although the ultimate responsibility for the delegated function shall be that of the DBF, the day to day responsibility for proper execution of the delegated role shall be that of the relevant finance officer. Each delegation shall be in writing and recorded in the delegations register.
6. The DBF has authority to [...] obtain full and free access at all times to all accounts and records of Controlling Officers that relate, directly or indirectly to:
 - a) the collection, receipt, expenditure or use of SADC resources and funds whether from Member States or any other source; and
 - b) to inspect and inquire into and call for any information arising from those accounts and records.
7. Where there is reason to believe that a Controlling Officer has committed financial misconduct, the provisions of Regulation 25 apply.
8. The responsibility of the DBF in relation to the financial regulations and procedures shall not be derogated merely by having exercised the power of delegation under this section.

Regulation 13 - Controlling Officer

1. Each Controlling Officer should understand their responsibility for proper financial management and is specifically responsible for ensuring that:
 - a) all expenditure is properly authorised and applied to the specific purposes for which it is appropriated;
 - b) the provisions of these regulations and procedures are complied with;
 - c) all accounts and records relating to the functions and implementation of the budget are properly maintained;
 - d) all necessary precautions are taken to safeguard the collection and custody of SADC resources;
 - e) there is no overspending or over-commitment of funds. A review shall be undertaken each month to ensure that there is no such overspending or over-commitment;
 - f) the receipt of funds is according to approved plans and estimates;
 - g) all expenditure is incurred in accordance with the principles contained in the Procurement Rules & Procedures;
 - h) any information required by any committee of Council is submitted to that committee accurately and promptly;
 - i) reports on the receipts and expenditure of SADC resources against the expected output and indicators are prepared in the format specified and submitted every three months to the Accounting Officer with a copy sent to the DBF;
 - j) an effective system of internal control is followed; and
 - k) all officers under his/her direction are aware of their duties provided for in these regulations and procedures.
2. The responsibility of the Controlling Officer in relation to the financial regulations and procedures cannot be delegated by the Controlling Officer. Only the Accounting Officer can designate alternates for Controlling Officers.

Regulation 14 - Internal Auditor

1. The Internal Auditor shall be the principal internal auditor of SADC Institutions.
2. The operations of the Internal Auditor shall be in accordance with the updated SADC Internal Audit Charter approved by Council.

Regulation 15 - Project Management Unit

1. The Accounting Officer shall approve the creation of Project Management Units (“PMUs”) for purposes of project/programme implementation. The Operating procedures of such PMUs shall be contained in the SADC Operational Manuals for Strategy Development, Operational Planning, Policy and Programme Development and Implementation Manual.
2. The Accounting Officer shall also constitute a steering committee to guide the operations of PMUs. The Steering Committee shall discharge the following functions:
 - a) recommend approval of project budgets;
 - b) approval of project monitoring reports, i.e. both non-financial and financial reports;
 - c) approval of progress reports at least quarterly;
 - d) providing management and technical guidance;
 - e) recommend approval of the steering committee operating charter;
 - f) recommends appointment of external auditors;
 - g) recommends approval of the annual financial statements of projects;
 - h) recommends in consultation with DBF approval the audit report format; and
 - i) approval of project completion report.

Part III - Financial Administration

Regulation 16 – Establishment and Application of Financial Procedures

1. Pursuant to responsibilities of the Executive Secretary, under 15(1) of the SADC Treaty, the Executive Secretary as the Accounting Officer shall promulgate Financial Procedures:
 - a) To facilitate efficient and effective application and adherence to provisions of the financial regulations;
 - b) To provide guidance on how officers with responsibilities to implement provisions of financial regulations shall discharge their responsibilities, and
 - c) To establish internal control systems and processes consistent with the provisions of the financial regulations.
2. Financial Procedures shall be consistent with financial regulations and shall be in accordance with principles of sound financial management.
3. All SADC staff shall be responsible and accountable to the Executive Secretary for compliance with the Financial Procedures.
4. Any member of SADC Secretariat staff who contravenes the financial procedures shall be held responsible and shall be disciplined in accordance with the provisions of the SADC Administration Rules and Procedures and other relevant policies.

Regulation 17 - Access to Records

1. All financial information and records shall be kept in a confidential manner to prevent SADC information and records from being utilised by unauthorised sources or unauthorised purposes. The duration for retention and disposal of financial information and records is provided for in the SADC Administration Rules and Procedures.
2. The Accounting Officer shall issue a schedule of designated officers with the responsibilities to provide custodianship over each category of records.

Regulation 18 - Critical Date List

1. A critical date list is a schedule of all dates which are instrumental to the planned and orderly conduct of an organisation's affairs.
2. The Accounting Officer shall cause to prepare a comprehensive schedule of critical dates covering the entire organisation and ensure its adherence.

Regulation 19 - Control of Accountable Documents

1. Accountable documents whether manual or electronic are original records which evidence a financial transaction and shall include but not be limited to purchase order books, cheque books, goods received note books, invoice / debit note books, and receipt books.
2. All accountable documents shall be recorded upon in indelible ink to ensure that such records are ineffaceable.
3. The DBF as the custodian of accountable documents shall ensure that they are adequately secured and accounted for at all times.
4. Further provisions relating to access and control of specific accountable documents shall be detailed in the financial procedures.

Regulation 20 - Litigation and Other Contingencies

1. All lawsuits shall be coordinated by the legal officer who with assistance of the DBF and the relevant head of directorate/unit shall determine the likely loss or gain that may accrue to SADC.
2. The Accounting Officer shall maintain an updated register for all claims, and contingent claims, made against and by SADC.

Regulation 21 – Insurance

1. All assets of SADC Institutions shall be adequately and economically insured to minimise risk of loss.
2. The Accounting Officer shall maintain an updated register for insurance policies held by SADC.

Regulation 22 - Reserve

1. The Accounting Officer shall, on the direction of the Council of Ministers, establish a cash Reserve Fund for the Institution, which shall be administered in accordance with the provisions of these regulations.
2. The reserve fund shall comprise such amount as the Council of Ministers may decide to transfer from surplus funds or from any other sources.
3. Investment of the reserve fund shall be carried out in such a way so that:
 - a) interest is maximised while maintaining security of capital as provided for in Regulation 51(2).
 - b) interest earned accumulates to the reserve fund's credit.
4. The reserve fund account shall be held and managed separately from other SADC funds.
5. The Chairperson of Council may at the request of the Accounting Officer, authorise drawings from the reserve fund to meet cash flow shortages caused by:
 - a) delays in the receipt of Member States contributions; or
 - b) to make good losses caused by unfavourable movements in the exchange rate provided this is necessary to meet authorised expenditures.
6. Such drawings referred to in sub regulation 5(a) shall be repaid to the reserve fund as and when late payments are received.
7. Any other utilisation of the reserve fund shall be specifically approved by Council and the exact drawings and terms of repayment stated in the resolution.

Regulation 23 - Financial Administration Forms

1. Financial administration shall be facilitated by mandatory application of appropriately designed forms.
2. The Accounting Officer shall determine the custodianship and authorise such forms for official use.

Regulation 24 - Changes, Additions and Modifications

1. All suggested changes, modifications or additions to the regulations shall be approved by Council before incorporation.
2. The DBF shall ensure that approved updates are incorporated in the regulations and circulated to all staff.
3. Financial management procedures may be revised with approval of the Accounting Officer provided that:
 - a) they are in compliance with these regulations;
 - b) any revision of procedures should be restricted to once per annum prior to commencement of the preparation of the Budget and Corporate Plan; and
 - c) the Accounting Officer may revise procedures more frequently than once per annum in exceptional circumstances where existing procedures are deficient to such an extent that poor financial management practices are prevalent and resulting in adverse consequences.

Regulation 25 - Financial Misconduct by SADC Officials

1. The Accounting Officer, or any member of Management commits an act of financial misconduct if he/she deliberately or negligently:
 - a) contravenes a provision of the financial management regulations or procedures;
 - b) fails to comply with a duty imposed on the Accounting Officer by a provision of the financial management regulations or procedures;
 - c) fails to exercise due care when exercising powers of delegation;
 - d) makes, or permits, or instructs another SADC official to make, an unauthorised, irregular or fruitless and wasteful expenditure; or
 - e) provides incorrect or misleading information in any document which in terms of the financial management regulations or procedures shall be:
 - (i) submitted to the Council, Chairperson of Council, Committee of Council, Board of Auditors; or
 - (ii) made public (on the SADC web site).
2. The DBF commits an act of financial misconduct if that officer deliberately or negligently:
 - a) contravenes a provision of the financial management regulations or procedures;
 - b) fails to comply with a duty imposed on the DBF by a provision of the financial management regulations or procedures including a delegated duty as contained in the delegations register;
 - c) fails to exercise due care when exercising powers of delegation;
 - d) makes, or permits, or instructs another SADC official to make, an unauthorised, irregular or fruitless and wasteful expenditure; or
 - e) provides incorrect or misleading information to the Accounting Officer.
3. A Controlling Officer or any other official exercising financial management responsibilities and to whom a power or duty was delegated in terms of the financial management regulations, commits an act of financial misconduct if that official deliberately or negligently:
 - a) fails to carry out the delegated duty;
 - b) contravenes or fails to comply with a condition of the delegated power or duty;

- c) makes an unauthorised, irregular or fruitless and wasteful expenditure; or
 - d) provides incorrect or misleading information to the Accounting Officer.
4. Any other SADC staff member commits an act of financial misconduct if that official deliberately or negligently exercises a duty or power that he or she is not authorised in the form of an instrument of delegation duly issued in accordance with these regulations.
 5. The DBF shall immediately notify the Accounting Officer in writing as soon as he or she is made aware of an allegation of financial misconduct.
 6. The Accounting Officer, upon notification, shall immediately suspend all financial management powers and duties of the officer who allegedly committed the financial misconduct. Such suspension shall be in the form of written notification to the DBF and alleged offending officer.
 7. An officer suspended from exercising their powers and duties provided in these regulations may within 7 calendar days from the date of such suspension make written submissions to the authority providing delegated authority detailing the circumstances giving rise to the unauthorised expenditure or commitment.
 8. After the expiry of 14 calendar days from the date of suspension the Accounting Officer, shall after considering any submission, remove the suspension or commence the investigation process as provided for in the SADC Administration Rules and Procedures.
 9. An investigation shall be undertaken into any notified instance of alleged financial misconduct by the Accounting Officer, DBF, or Controlling Officer unless those allegations are frivolous, speculative or obviously unfounded.
 10. If the investigation warrants such a step, disciplinary proceedings shall be instituted against the Accounting Officer, DBF, Controlling Officer, or other officer as provided for in the SADC Administration Rules and Procedures and other relevant policies.
 11. All documentation pertaining to financial misconduct including documentation relating to suspension, investigation and disciplinary proceedings shall be made available to Internal Audit, the Board of Auditors and the Audit Committee as part of their reviews of adequate systems of internal control.

PART IV - BUDGET

Regulation 26 – Medium Term Strategic Plan

1. The preparation of the budget will be informed by the SADC Medium Term Strategic Plan (MTSP) including the annual review.
2. Every five years, the Accounting Officer shall prepare a draft MTSP for approval by Council as set out in the Policy and Guidelines for Strategy Development, Planning, Monitoring and Evaluation (SPME).
3. In accordance with the Policy and Guidelines for SPME referred to above, the Accounting Officer shall conduct an annual review of the MTSP resulting in an Annual Strategy Update Brief for Council approval no later than at the August Summit Meeting each year.
4. Once approved by Council, the Accounting Officer will issue the Annual Strategy Update Brief to SADC Directors and Heads of Units to inform preparation of the Annual Corporate Plan (Operational Plan and Budget).
5. The Annual Strategy Update Brief shall be prepared in accordance with the appropriate guidelines, and shall at least:
 - a) assess the extent to which the objectives, priorities and targets are consistent with the RISDP and SIPO priorities;
 - b) assess past performance of achievement of priorities and targets and the resulting impact on future priorities and targets;
 - c) highlight the main emerging issues influencing the strategic context and confirm policy directions or recommend changes for the rest of the MTSP time frame;
 - d) provide analytical commentary on the external economic environment and its implications to the region including analysis of how the external environment has affected the region over the previous three years, the current year and forecasts for the next five years;
 - e) provide trend analysis of and assess the macro-economic situation and statistics of Member States for the previous three years and the next five years over a wide range of economic variables including the following –
 - (i) GDP Growth;
 - (ii) External Debt/GDP %;
 - (iii) Interest Rates;
 - (iv) Inflation Rates;
 - (v) Budget Deficit/GDP%;

- (vi) Balance of payments on current accounts;
 - (vii) Domestic Savings Rates;
 - (viii) Import Cover; and
 - (ix) Central Bank Credit to Government.
- f) specify the rationale and basis for selecting the priority intervention areas for the medium term planning and budgeting period, which have been approved by the Sectoral and Cluster of Ministers in accordance with the authority delegated by Council;
- g) in accordance with the principles of the Medium Term Revenue and Expenditure Framework as a component of the Five Year Corporate Plan, provide audited expenditure for two previous years, projected expenditure for the current year and estimated levels of SADC programme expenditure for the next five years to implement the priority intervention areas analysed into votes, i.e. Units and Directorates;
- h) provide audited actual results for two previous years, projected results for the current year and estimates for the next five years for the following:
- (i) outputs and indicators from implementing the programmes above;
 - (ii) operational expenditure analysed by programme and approved expenditure classification;
 - (iii) capital expenditure analysed by programme and approved fixed assets classification;
 - (iv) Member States contributions analysed by programme and by member state;
 - (v) Development Partner contributions analysed by programme and by Development Partner;
 - (vi) other income analysed by programme and by source of income.
- i) include a statement of all significant assumptions in relation to Sub Regulation 5.

Regulation 27 - Annual Budget Process

1. The Accounting Officer shall prepare the Annual Corporate Plan and Budget and is responsible for ensuring that Directors and Heads of Units submit quality information in the required formats by the deadlines determined by the Accounting Officer.
2. The Accounting Officer shall establish a Budget Committee comprising of Directors and Heads of Units.
3. The functions of the Committee shall be to prepare budget guidelines for each financial year and also ensure that procedures on budgeting are implemented, scrutinise budget proposals and compile budget estimates for submission to the Accounting Officer.
4. The Accounting Officer shall submit annual expenditure estimates and indicative Member State contributions to the Member States by end December to enable Member States to consider and provide for the Secretariat budget in Member States' budget as set out in the schedules to the financial procedures.
5. The Accounting Officer shall submit the annual budget to the Council for consideration and approval through the Finance Committee three (3) months before the commencement of the financial year.
6. Specific, measurable, achievable, relevant and time bound objectives shall be set for all sectors of activity covered by the budget.
7. Achievement of those objectives shall be monitored by performance indicators for each activity and information shall be provided by the spending authorities to the budgetary authority. Such information shall be provided annually and at the latest in the documents accompanying the preliminary Annual Estimates.
8. Immediately after approval of the Annual Corporate Plan and Budget, they shall be published on the SADC website.

Regulation 28 – Funding of Expenditure

1. An annual budget shall only be funded from:
 - a) realistically anticipated revenues to be collected;
 - b) cash-backed reserves as approved by Council; and
 - c) borrowed funds

2. Revenue projections in the budget shall be realistic, taking into account:
 - a) projected revenue for the current year based on collection levels to date, and
 - b) actual revenue collected in previous financial years.

3. Donations and grants shall be included in the budget where there are signed financing agreements and only where they can be realistically anticipated to be received during the year. The DBF shall review all signed Financing Agreements to confirm the existence and value of the grants included in the Annual Estimates.

Regulation 29 - Annual Budget Statement

1. The Accounting Officer shall issue an Annual Budget Statement assessing the extent to which it is consistent with the approved Medium Term Strategic Plan, RISDP and SIPO priorities.
2. The Annual Budget Statement shall also:
 - a) assess SADC's absorptive capacity relative to the resources in the proposed Budget;
 - b) assess the current year's actual expenditure and projected outturn for the period against the current year's approved Budget;
 - c) assess sustainability of funding to the programmes;
 - d) assess the underlying challenges and measures to overcome them;
 - e) assess the emerging opportunities and efforts to position SADC to take full advantage of them, and
 - f) recommend the annual budget for approval by Council.

Regulation 30 - Authority of the Budget Appropriations

1. The authority to expend cash or incur expenses or liabilities under an approved Budget shall strictly commence and lapse at the start and end dates of the financial year to which that Budget relates.
2. In the event that the SADC Annual Budget has not been approved and therefore the funds not being available on the first day of the financial year, the Accounting Officer shall with the approval of the Chairperson of the Council, authorise, as a temporary budget, that funds be used from reserves for member state funded budget items and from project accounts where appropriate.
3. Such temporary budgets shall be submitted for ratification by Council.
4. Funds required in terms of 2 above:
 - a) may be used to defray current and capital expenditure in connection with votes for which funds were appropriated in the approved budget for the previous financial year; and
 - b) may not:
 - (i) during any month, exceed eight per cent (or approximately one month in twelve) of the total amount pending approval for current expenditure, which percentage shall be scaled down proportionately if revenue flows are not at least at the same level as the previous financial year; and
 - (ii) exceed the amount actually available.
 - c) are not additional to funds appropriated for the budget year, and any funds withdrawn in terms of such temporary budgets shall be regarded as forming part of the funds appropriated in a subsequently approved annual budget for the budget year.
5. Following approval of the Budget, the related contributions or grants from individual Member States becomes receivable.
6. Controlling Officers are required to strictly adhere to provisions in respect of Budgetary Control in the financial regulations and procedures to ensure that there is no unauthorised expenditure or committed funds in excess of the approved limit or commits or expends funds where there is no budget or appropriation permitting such expenditure and also that resources are used efficiently and economically.
7. Controlling Officers shall be committing an offence of financial misconduct as stated in Regulation 25 by authorising expenditure or committing funds in

excess of the approved vote limit or where there is no budget permitting such expenditure.

8. Upon the annual Estimates, receiving the approval of Council, the DBF shall make funds available to the respective votes according to the cash flow forecasts agreed between the Controlling Officer responsible for the vote and the DBF.

Regulation 31 - Virement

1. All expenditure shall be debited to an appropriate approved KRA.
2. The Accounting Officer may authorise virement of budget between KRA's within the same Vote subject to:
 - a) the over expenditure in one KRA can be offset by savings under another KRA within the same Vote;
 - b) the objectives of the supplementing KRA not being affected; and
 - c) the particular virement does not result in the revised budget of any single affected KRA being 15% more or 15% less than the approved budget taking into account the cumulative effect of all virements to the approved budget.
3. Should further movement of budget be required beyond the percentages described in c) above, the provisions for Extra-Budgetary Expenditure apply.

Regulation 32 - Extra-Budgetary Expenditure

1. Extra-Budgetary expenditure is expenditure outside of the approved budget and may be classified as either:
 - a) unforeseen and unavoidable; or
 - b) unauthorised, irregular or fruitless and wasteful.
2. The following regulations on Unforeseen and Unavoidable or Unauthorised, irregular or fruitless and wasteful expenditure apply as appropriate.

Regulation 33 – Unforeseen and Unavoidable Expenditure

1. Where Council approves expenditure not included in the approved budget which is considered necessary and was unforeseen at the time of budget approval, it shall at the same time approve the funding source for that expenditure.
2. In all other cases where there is no provision in the budget and it would not be in the best interest of SADC to defer the expenditure until a subsequent year, the Accounting Officer if satisfied that it should be incurred shall prepare a written justification. This should indicate how he/she proposes to fund it. This justification should be forwarded to the Chairperson of Council, who may in his/her discretion authorise the expenditure as a matter of urgency pending Council approval (refer to Regulation 35(2)(a)), or direct that the matter be deferred to the next meeting of Council. The Accounting Officer shall report such expenditure to the Council for ratification at the next meeting, indicating how it is proposed to meet the expenditure.
3. Any such expenditure shall:
 - a) be in accordance with prescribed procedures;
 - b) not exceed the prescribed percentage (to be approved annually by the Accounting Officer) of the approved annual budget;
 - c) be reported by the Accounting Officer to Council at its next meeting; and
 - d) be appropriated in an adjustments budget.
4. If such adjustments budget referred to in 3 d) above is not passed at the next Council meeting immediately after the expenditure was incurred, the expenditure is unauthorised and therefore the provisions relating to unauthorised expenditure in Regulation 34 apply.

Regulation 34 – Unauthorised, irregular, Fruitless and wasteful Expenditure

1. Without limiting any liability in terms of the common law or other legislation, the Accounting Officer, or any official who deliberately or negligently committed, made or authorised expenditure deemed unauthorised, or irregular or fruitless and wasteful, is liable for that expenditure.
2. The SADC Secretariat shall recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure according to regulation 63 pertaining to surcharges and the SADC Administration Rules and Procedures.
3. Unauthorised expenditure may be, certified as irrecoverable and written off by Council after an investigation by a committee appointed by Council.
4. The writing off of any unauthorised, irregular and fruitless and wasteful expenditure as irrecoverable is no excuse in criminal or disciplinary proceedings against a person who deliberately or negligently committed, made or authorised such unauthorised, fruitless and wasteful expenditure.
5. The Accounting Officer shall report to the relevant police authority all cases of alleged:
 - a) irregular expenditure that constitute a criminal offence; and
 - b) theft and fraud.
6. The Council shall take all reasonable steps to ensure that all cases referred to sub Regulation 4 above are reported to the relevant police authority where the institution is located if:
 - a) the charge is against the Accounting Officer; or
 - b) the Accounting Officer fails to comply with that sub regulation.

Regulation 35 – Adjustments Budget

1. The Accounting Officer may recommend revisions to an approved annual budget through an “adjustments budget” to be approved by Council.
2. An adjustments budget:
 - a) shall consider and either ratify or reject unforeseen and unavoidable expenditure;
 - b) shall adjust the estimates of revenue and expenditure downwards if there is material under collection of revenue during the current year;
 - c) may appropriate additional revenues and expenditures that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
 - d) may appropriate additional revenues and expenditures associated with signed finance agreements with Development Partners and where the receipt of funds will realistically occur during the current financial year;
 - e) may authorise the utilisation of projected savings in one Vote towards spending under another Vote (shifting of funds);
 - f) shall incorporate approved virements to date.
3. An adjustments budget shall be in the form set out in the financial procedures.
4. The Accounting Officer shall table an adjustments budget to the Council and an adjustments budget shall only be tabled within any prescribed limitations as to timing or frequency.
5. When an adjustments budget is tabled, it shall be accompanied by:
 - a) an explanation on how the adjustments budget affects the annual budget and the objectives in the annual budget including a motivation for any material changes to the annual budget and or objectives in the budget; and
 - b) an explanation of the impact of the adjustment budget on the annual budgets for the next two financial years and objectives of those budgets.

PART V - FINANCIAL RESOURCES

Regulation 36 - Member States Contributions

1. The Accounting Officer shall upon approval of the SADC Secretariat budget initiate collection efforts of Member States contributions.
2. Member State contributions are due on the first day of each financial year.
3. The DBF shall cause to raise interest on contributions outstanding for more than one year, at current applicable bank overdraft rates.
4. The DBF shall inform the Accounting Officer of the operation of the Treaty (amended) provisions in Article 33 in respect of the arrears. Sanctions shall be imposed in accordance with the provisions of paragraph 3 of article 33, depending on the length of the arrears and without reference to the Summit or Council except that the application of the sanctions shall be subject to the Secretariat notifying:
 - a) the Member State(s) in default prior to any meeting of SADC, and
 - b) Member States at the beginning of any meeting of SADC

Regulation 37 – Development Partner Funds

1. Pursuant to principles of sound financial management the Accounting Officer shall align the SADC Financial Regulations with international standards and best practice.
2. The Accounting Officer shall consult development partners on harmonisation of aid delivery systems and processes with SADC financial regulations in accordance with their commitments made under the Windhoek Declaration.
3. SADC project personnel formalising financing agreements shall ensure that the term period of such financing agreements are aligned to the SADC financial year.
4. As most financing agreements confirm that the signing date of such agreements is the effective date, consideration should be provided to the timeframe required for pre-conditions to be met. The time required for such pre-conditions to be met should be agreed with Development Partners before the agreements are signed.
5. Development Partner Funds (“DP Funds”) shall be included in the budget and be utilised in accordance with the relevant financing agreement. This shall include:
 - a) application of funds in accordance with the approved budget;
 - b) commitment and procurement procedures;
 - c) disbursement and payment procedures including claims and other retirements of funds;
 - d) reporting procedures; and
 - e) auditing procedures.
6. DP funds in the approved budget shall only be recognised as income when committed in accordance with procedures in the financing agreements.
7. Expenditure which is to be reimbursed by any DP in accordance with financing agreements shall be recorded as recoverable programme expenditure (debtors) until the donor funds are received.

Regulation 38 – Suspense Account

1. Suspense Account shall be established by the Executive Secretary for purposes of receiving funds that are yet to be appropriated in a budget and/ or held in trust; and
2. The Executive Secretary shall cause a statement of movements in the suspense account to be compiled annually and be part of the annual external audit process.

Regulation 39 - Special Funds

3. Council may establish special funds Article 28 (1) under the Treaty. The purpose and limits of any special funds shall be clearly defined by Council.
4. Unless otherwise provided by the Council, the special funds shall be administered in accordance with SADC Financial Regulations and Procedures and all other relevant SADC rules and procedures.

Regulation 40 – Other Income

1. Other income shall not include the following:
 - a) contributions to the annual budget by Member States;
 - b) grants and donations; and
 - c) direct refunds of expenditure made during the current year.
2. Items described at 1 a) and b) shall be disclosed separately
3. Refunds, of expenditure of prior financial years shall be credited to other income accounts.
4. Unless otherwise provided by Council and or DPs, such funds shall be administered in accordance with these Regulations.

Regulation 41 - Doubtful Receivables

1. Adequate provisions shall be made in respect of accounts receivables:
 - a) in accordance with applicable accounting policies;
 - b) in respect of dues from DPs (pre financing) any provisions shall be made with consideration of the terms of the relevant financing agreements, and
 - c) in respect of dues from Member States with consideration to any applicable Council decisions.

PART VI - PROCUREMENT

Regulation 42 - Authority and Threshold for Procurement Method

1. Procurement shall strictly be conducted in accordance with provisions in the SADC Procurement Policy which is consistent with the principles of:
 - a) maximising value for money;
 - b) participation;
 - c) transparency, accountability, and ethical standards; and
 - d) fair and equitable treatment.
2. The SADC Procurement Policy, as amended from time to time, shall define the authority, threshold and method of tender award.
3. The authority and threshold for issue of contracts or purchase orders after the award of the tender shall be in accordance with that specified in the SADC Procurement Policy.
4. The DBF shall maintain a schedule of names and signatures of the Accounting Officer and officers authorised to sign contracts, including purchase orders.

PART VII - FIXED ASSETS AND INVENTORY

Regulation 43 - Receipt of Assets

1. The administration of these regulations and procedures relating to Assets shall be in accordance with the SADC Administration Rules and Procedures.
2. The Director of Human Resources and Administration or his designated representative shall cause all SADC assets to be immediately inspected on delivery to ensure that their condition is satisfactory and in accordance with the terms and conditions of the related purchase contract. Proof of verification shall be effected by way of signature on the relevant documentation.

Regulation 44 - Recording and Control of Assets

1. The Accounting Officer shall ensure:
 - a) the maintenance of complete and accurate records of all SADC assets;
and
 - b) a complete physical inventory of assets at the end of each financial year.
2. Assets shall be recognised in accordance with the nature of the expenditure and in accordance with international standards and best practice.
3. The Accounting Officer shall cause the development of appropriate accounting policies for the recognition and treatment of assets.
4. Movement of assets from one location to another shall be documented in accordance with the SADC Administration Rules and Procedures.
5. Any obsolete assets shall be treated in accordance with the SADC Administration Rules and Procedures.

Regulation 45 - Issue of Assets Kept in Inventory

1. Assets kept in inventory including supplies shall be issued in accordance with the SADC Administration Rules and Procedures.

Regulation 46 - Disposal of Assets

1. SADC Institution assets shall be disposed in accordance with the SADC Administration Rules and Procedures and the Procurement Policy and Guidelines.

Regulation 47 - Loss of Assets

1. The Head of Internal Audit shall have the responsibility of investigating losses of cash, inventory and other SADC assets.
2. Disciplinary procedures relating to losses of SADC assets shall be dealt with in accordance with SADC Administration Rules and Procedures.

PART VIII - CASH AND BANK OPERATIONS

Regulation 48 - Authority and Thresholds for Payments

1. All SADC officials involved in the approvals or payment processes shall exercise due care in the process of committing SADC funds.
2. Payments shall strictly be made in accordance with the detailed provisions as stipulated in the Procedures.
3. The Accounting Officer shall designate officers of the Secretariat as authorised bank instructions signatories.
4. SADC Institutions shall operate on a two panel payment approval process with authority limits as approved by Council from time to time and provided in a schedule to these regulations.
5. Panel A shall consist of the DBF and officials at a level of Finance Officers and above.
6. Panel B shall consist of non-finance officials at Officer level and above.
7. The signing mandate for all payment instruments shall include one member from each panel.
8. No officer shall issue and sign a payment document such as a cheque in a situation where he/she is the direct beneficiary. In such circumstances the payment shall always be signed by another officer duly authorised to make such payment.

Regulation 49 - Receipt of funds

1. Official receipts shall be issued for all funds received by SADC Institutions.
2. All cash and cheques shall be banked not later than the following business day.
3. Cash and cheques not yet deposited in an official bank account shall be kept in an official safe in the Budget and Finance Directorate.

Regulation 50 - Bank Accounts

1. Bank accounts of SADC Institutions shall be maintained with registered commercial banks in the host country of the Institutions and opened and closed with the authority of the Accounting Officer.
2. The Accounting Officer shall establish the criteria for the selection of banks.
3. Bank reconciliations shall be completed promptly after the end of each month, not later than the 5th of the following month.
4. The DBF shall issue operating instructions of the Special Accounts/Imprest Accounts and the specific transactions that are permitted.
5. SADC Institutions shall minimise transaction exposure by ensuring where possible that expenditure and commitments are made in the currency held in the bank account.
6. SADC Institutions shall not engage in speculative activities in foreign exchange transactions.
7. A register of authorised signatories to bank accounts shall be maintained by the DBF and updated immediately following a change in circumstances.

Regulation 51 - Investments of Funds and Custody of Securities

1. The Accounting Officer shall authorise investment of surplus funds based on its cash flow forecasts.
2. Funds shall be invested in safe and secure instruments.
3. All investments shall be deposited in any of the following:
 - a) duly appointed bank; or
 - b) in a safe maintained by a registered recognised financial institution.

Regulation 52 – Advances to projects

1. Where advances are made to projects such advances should be repaid in full in the same currency as the advance.

Regulation 53 - Advance Payments for Goods and Services

1. Advance payments shall be made only where commercial practice or the interest of SADC so requires.
2. Where appropriate the Accounting Officer shall ensure security in the form of a bank guarantee is in place commensurate with the nature and size of the contract.

Regulation 54 – Payments for goods and services

1. Payment for goods and services shall be made in accordance with the payment terms outlined in the contract including purchase orders.
2. Payments shall only be processed against invoices supported by appropriately authorised documentation including contracts, purchase orders, delivery notes, and goods or services received confirmations.
3. It is the responsibility of the authorising finance officer to ensure that payment vouchers, invoices and all documents supporting a payment are stamped “PAID”
4. Panel A and B signatories have a responsibility to ensure that:
 - a) the supporting documents do not have irregularities; and
 - b) payment is not effected if any other information known to him/her would deem the payment to be irregular.
5. The date of the disbursement being made shall be the date indicated on the payment instrument and shall be recorded in the books of accounts as at that date.
6. The DBF shall be responsible for registering payments in the payments register, ensuring safe custody of cheques and ensuring that counterfoils are kept in a safe as evidence of payment.
7. Under no circumstances shall a payment be made against a duplicate voucher or invoice.

Regulation 55 - Petty Cash Float

1. The DBF shall determine requirements and appropriate authority for petty cash float and each established float shall not exceed US\$2,000 and payment from petty cash shall not exceed US\$200 per item.

Regulation 56 – Imprest

1. Imprest funds may be provided to an officer only if adequate insurance cover is in place for that officer.
2. An Imprest not exceeding US\$10,000 in total may be drawn in respect of any expenses that a staff member incurs in the course of business.
3. Imprest shall be retired within 3 days after return to the official duty station.
4. Un-retired imprest shall be recovered from the salary, wages and any other payments to be made to the staff member.

Regulation 57 – Advance for Official Travel

1. A Travel advance relates to per diem and airfares paid to facilitate official travel. These shall be retired within 3 days after return to the official duty station by submitting documents prescribed in the financial procedures.

PART VIX - STAFF REMUNERATION AND ALLOWANCES

Regulation 58 - Payments of Emoluments

1. All posts shall be classified by title, and salary scale in accordance with the salary structure and respective duties and responsibilities as approved by the Council.
2. Salaries shall be paid on the 25th of each month in arrears, unless this falls on a weekend or public holiday in which case the working day immediately preceding the 25th, shall be the date on which the salaries are paid.
3. Entry level salary and salary increment shall strictly be awarded in accordance with SADC Administration Rules and Procedures.
4. Allowances to staff shall be processed in accordance with SADC Administration Rules and Procedures.
5. The Accounting Officer shall cause adequate supporting payroll records to be kept.

Regulation 59 - Gratuity Fund

1. The Accounting Officer shall establish a SADC Gratuity Fund, which shall be administered in accordance with the provisions of these Regulations.
2. The Institution shall make monthly payments to the Fund in respect of gratuity in accordance with the SADC Administration Rules and Procedures.
3. The Fund shall be invested in interest-bearing accounts in such a way as to maximise interest, which shall accumulate to the Fund's credit.
4. The Institution shall maintain a separate record of the amounts in the Fund credited to individual staff members, and the net interest paid into the Fund after deducting any service charges shall be credited to the individual accounts. Individual employees shall be informed after the accounts have been audited of the total amount standing to their credit.
5. The Accounting Officer shall endeavour to obtain the best return available on the market in accordance with SADC's risk profile and the maturity period for such investments shall consider any cash outflow requirements from the Fund.
6. Disbursement from the fund shall be made on the authority of the Accounting Officer, and in accordance with the provisions of the Terms and Conditions of Service.
7. All members of staff shall be informed in writing of the gratuity amounts accruing to them at the beginning of each financial year.

Regulation 60 - Loan Fund

1. The Accounting Officer shall, on the direction of the Council of Ministers, establish a Loan Fund, which shall be administered in accordance with the provisions of the SADC Administration Rules and Procedures. The object of the Fund is to assist staff to meet their financial obligations as defined in the SADC Administration Rules and Procedures.
2. The Fund shall comprise:
 - a) an amount contributed by member states upon the determination of the Council of Ministers;
 - b) interest earned; and
 - c) amounts from other sources determined by the Council of Ministers.
3. The loan to an employee shall be repaid in full within the contract period of any employee. In the event that a loan is not repaid in full within the contract period, the outstanding principal and interest shall be recovered in full from the gratuity due to the employee.
4. The resources for the Fund shall be invested judiciously to maximise interest earned, while ensuring that funds are available to meet approved loan applications.
5. Interest on the outstanding principal sum shall be charged on a monthly basis at a rate as determined from time to time by the Accounting Officer.
6. A separate bank account shall be opened and maintained for the Loan Fund and proper accounting records for the activities for the Loan Fund shall be maintained.
7. Dissolution of Fund - The Council of Ministers, acting on the advice of the Accounting Officer, may dissolve the Fund if it determines that the Fund can no longer function effectively, or its purpose has been fulfilled. Any outstanding amounts shall be recovered and any balance of the loan fund shall be credited to the Institutions Reserve Fund.

Regulation 61 - Staff Loan Guarantees

1. Staff loan guarantees shall be issued to staff in accordance with provisions of the Terms and Conditions of Service.
2. All staff members whose loans have been guaranteed shall sign an agreement as per prescribed in the Terms and Conditions of Service, with the Institution to the effect that the Institution shall hold title to the item purchased until the loan has been completely discharged.

Regulation 62 - Salary Advance

1. Salary advance to staff shall be administered in accordance with the provisions in the SADC Administration Rules and Procedures.

Regulation 63 - Surcharge

1. A member of staff may as disciplinary or recovery measure be surcharged for non-compliance with set regulations.
2. The amount of the surcharge shall be up to the extent of the loss.
3. The authority for disciplinary action shall be in accordance with the SADC Administration Rules and Procedures.
4. Appeal shall be in accordance with the SADC Administration Rules and Procedures.

Regulation 64 - Allowances

1. Allowances payable shall be strictly in accordance with the SADC Administration Rules and Procedures and shall be duly authorised.

Regulation 65 - Terminal Payments

1. Final amounts due to a staff member who has terminated employment with the Institution shall be released only after completing relevant forms and procedures as stipulated in the SADC Administration Rules and Procedures.
2. The Institution shall retain up to a prescribed amount from staff. This retention shall be released after three months.

Regulation 66 - Insurance for Staff

1. The Accounting Officer shall arrange an appropriate group life insurance, total permanent disability, workers compensation and group personal accident scheme covering all employees of the Institution.

PART X - FINANCIAL REPORTING

Regulation 67 - Basis of Accounting and Records

1. The DBF shall be accountable for the preparation of proper books of accounts and maintaining an adequate record keeping system of the financial transactions of SADC Institutions.
2. Financial transactions shall be recorded in the books of accounts on an accrual basis except as may be otherwise required by the terms of any trust fund as may be authorised by Council.
3. The books of accounts and records shall indicate:
 - a) all sums of money received, paid and expected to be paid and received by the SADC Institutions;
 - b) all the purchase and sale by SADC Institutions of property, goods and services; and
 - c) assets and liabilities of the SADC Institutions.

Regulation 68 - Retention and Disposal of Accounting Records

1. The accounting and other financial records shall be retained for a period as approved in the SADC Administration Rules and Procedures.

Regulation 69 - Financial Management and Accounting Package

1. The DBF shall in consultation with the Accounting Officer secure an appropriate financial management and reporting package, which shall have the following characteristics:
 - a) ability to generate automatic activity based variance reports;
 - b) multi currency reporting;
 - c) efficient data capture facility;
 - d) ability to import/export data to other packages; and
 - e) adequately supported.

2. The package shall comprise of at least the following ledgers:
 - a) general ledger;
 - b) cash book;
 - c) accounts payable ledger;
 - d) fixed assets register; and
 - e) accounts receivable.

Regulation 70 - Chart of Accounts

1. SADC Institutions shall maintain a standardised chart of accounts to facilitate consolidation with a dictionary for income, expense, assets and liabilities codes to facilitate processing of transactions.

Regulation 71 – In Year Financial Reporting

1. The DBF shall put in place appropriate processes to facilitate preparation of monthly management reports for submission to the Accounting Officer highlighting variances against budget for each vote (including projects) to facilitate budgetary control.
2. The Accounting Officer shall establish guidelines to ensure that senior management provide leadership on reviewing in-year performance.
3. **Monthly Review:** The Accounting Officer shall by no later than 15 calendar days after the end of each month review financial performance of the Secretariat in implementing its budget. The review shall reflect the following particulars for that month and for the financial year up to the end of that month:
 - a) actual revenue, per revenue source;
 - b) actual borrowings (including bank overdraft);
 - c) actual operational expenditure, per vote;
 - d) actual capital expenditure, per vote;
 - e) value of any grants received;
 - f) value of any grants paid;
 - g) actual expenditure on those allocations;
 - h) where necessary an explanation of:
 - (i) any material variances (as defined as 10% variance either favourable or adverse from budget) of projected revenue by source, and from expenditure projections per Vote and KRA;
 - (ii) any material variances from the Corporate plan that have come to light;
and
 - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the approved budget.
4. Actual amounts reflected in the statement shall in each case be compared with:
 - a) the corresponding budget amounts in the original approved budget; and
 - b) the corresponding budget amounts taking into account subsequent shifting of funds and virement.

5. **Quarterly Review:** The Accounting Officer shall by no later than 30 calendar days after the end of each quarter prepare a quarterly performance report on the financial and non-financial performance of the Secretariat in implementing its budget. In addition to the requirements of the monthly review, the quarterly review shall also include a summary of:
 - a) a projection of the revenue and expenditure for the rest of the financial year, and any revisions from initial projections;
 - b) information relating to implementation of finance agreements with development partners;
 - c) the consolidated performance in implementing the Operational Plan, referring to actual non-financial performance compared to quarterly targets in the Original Approved Operational Business Plan;
 - d) explanations of any material variances from the original approved budget;
6. The Quarterly Review of Budget Implementation:
 - a) shall be submitted by the Accounting Officer to the Finance Committee in their next meeting following the completion of the quarter;
 - b) shall make recommendations as to whether an Adjustments Budget is necessary; and
 - c) consider the past years annual report and progress on resolving problems identified in that report .

Regulation 72 - Annual Financial Statements

1. SADC Institutions shall maintain books of accounts and records as are necessary for proper recording and reporting of transactions.
2. The Accounting Officer shall cause detailed draft financial statements to be prepared within 60 calendar days of the end of the financial year. The DBF shall be accountable to the Accounting Officer for the preparation of these statements.
3. The financial statements shall at least include all elements of the applicable financial reporting framework.

Regulation 73 - Submission of Financial Statements to the Board of Auditors

1. The Accounting Officer shall submit to the Board of Auditors draft financial statements, within 60 calendar days from the end of the financial year.
2. The Board of Auditors shall commence the audit exercise within thirty (30) calendar days of receipt of the draft financial statements.
3. The draft audit report shall be discussed between the Board of Auditors and the Accounting Officer.
4. The audited financial statements and audit report with Accounting Officer's comments shall be submitted to the Audit Committee.
5. The final audited financial statements including the auditor's report shall be signed by the Accounting Officer and the Chairperson of Council.
6. Council is the approval authority for the audited financial statements.

Regulation 74 - Annual Report and Oversight Report

1. As part of the year end reporting requirements the Accounting Officer shall cause the preparation and submission of an Annual Report to the Council.
2. The purpose of an annual report is:
 - a) to provide a record of the activities of the Secretariat during the financial year to which the report relates;
 - b) to provide a report on performance against the budget of the Secretariat for that financial year, and
 - c) to promote accountability to the Member States and Development Partners for the decisions made throughout the year by the Secretariat.
3. The annual report shall include:
 - a) the audited annual financial statements of the Secretariat;
 - b) the Board of Auditors audit report on those financial statements;
 - c) the annual performance report in a format set out in the Framework assessing the Secretariat's performance against the measurable performance objectives approved in the budget;
 - d) particulars of any corrective action taken or to be taken in response to issues raised in the audit report; and
 - e) any explanations that may be necessary to clarify issues in connection with the financial statements.
4. An oversight report shall be a report of the Council which will detail the Council's position on the Annual Report that was submitted by the Accounting Officer.
5. The Council shall consider the annual report of the Secretariat and by no later than 3 months from the date on which the annual report was submitted, adopt an oversight report containing the Council's comments on the annual report, which shall include a statement as to whether the Council:
 - a) has approved the annual report with or without reservations; or
 - b) has referred the annual report back for revision of those components that need revision.

6. Once approved by Council, the Annual Report shall be published on the SADC website

PART X1 - BOARD OF AUDITORS

Regulation 75 - Appointment

1. Council shall appoint External Auditors constituting a Board of Auditors, in accordance with the Terms of Reference for appointment of external auditors.

Regulation 76 - Scope of the Audit

1. The audit shall be conducted in accordance with the appropriate international auditing standards, which basis shall be disclosed in the audit report.
2. The Board of Auditors shall perform such audit of the accounts of SADC Institutions and projects, including all trust and special funds accounts, as it deem necessary in order to satisfy themselves:
 - a) that the financial statements are in accordance with the books and records of the Secretariat;
 - b) that the financial transactions reflected in the statements are in accordance with approved Regulations and other applicable directives;
 - c) that the securities, funds on deposit and on hand have been verified by a certificate received directly from Secretariat or by actual count;
 - d) that the internal control system is adequate in the light of the extent of reliability placed thereupon; and
 - e) that the necessary procedures have been applied to the recording of all assets, liabilities, supplies and deficits.
3. Council may request the Board of Auditors to perform certain specific investigations and issue reports on the results.

Regulation 77 - Authority of the Board of Auditors

1. The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit and shall not be subject to the direction of any person or authority.

Regulation 78 - Conduct of Audit Function

1. The Board of Auditors shall have free access to all records, books of accounts and other documents, which in their opinion are necessary for the performance of the audit.
2. Information which is classified as privileged and confidential, which is required by the Board of Auditors for the purpose of the audit shall be made available on request.
3. The Board of Auditors shall respect the privilege and confidential nature of any information so classified, which has been made available to them and shall not make use of it except in direct connection with the performance of the audit.
4. The Board of Auditors shall draw to the Council's attention any denial of information classified as privileged, which in their opinion, was required for the purpose of the audit.
5. Any audit objections arising during the examination of the accounts shall be communicated to Council.

Regulation 79 - Facilitation

1. The Accounting Officer shall cause the provision of all records, information, books of accounts and other documents and all facilities to the Board of Auditors to enable them to perform their functions.

Regulation 80 - Reporting

1. The Board of Auditors shall submit their reports to Council through the Audit Committee and Finance Committee for adoption.
2. The Board of Auditors shall express an opinion on the outcome of the audit.
3. The report of the Board of Auditors to Council on the financial operations of the period shall mention:
 - a) type and scope of the examinations;
 - b) matters affecting the completeness or accuracy of the accounts including where appropriate:
 - (i) information necessary to the correct interpretation of the accounts;
 - (ii) any amounts which ought to have been received but which have not been received;
 - (iii) any amounts for which legal or contingent obligation exists and which has not been recorded or reflected in the financial statements;
 - (iv) expenditure not properly substantiated; and
 - (v) whether Generally Accepted Accounting Principles are applied in a consistent manner and deviations having a material impact are disclosed in the notes to financial statements.
 - c) other matters which should be brought to the notice of Council such as:
 - (i) cases of fraud or presumptive fraud;
 - (ii) wasteful or improper expenditure of funds or assets notwithstanding that the accounting for the transactions may be correct;
 - (iii) expenditure likely to commit the community to unnecessary further outlay on a large scale;
 - (iv) any defect in the general system of detailed Regulations governing the control of receipts, disbursement or supplies and equipment;
 - (v) expenditure not in accordance with the intention of Council after making allowance for duly authorised transfers within the budget; and
 - (vi) expenditure not in conformity with the authority, which governs it.

- d) the accuracy or otherwise of supplies and equipment record as determined by stock and examination of the records; and
 - e) where appropriate, transactions accounted for in a previous year concerning which information has been obtained or transactions in later year concerning which it may be desirable that Council should have early knowledge.
4. The Board of Auditors shall make such observations, findings, comments resulting from the audit of the Secretariat, as they may deem appropriate.
 5. The Board of Auditors shall make use of audit exit meetings to present and deliberate their draft report.

PART XII – ENTRY INTO FORCE

Regulation 81 – Entry into Force

1. These Financial Regulations shall enter into force upon approval by Council.