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**Electricity Control Board**

Policies and Procedures Handbook

November 2012

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**CONTENTS PAGE**

1. TERMS OF REFERENCE OF BOARD COMMITTEES 2

1. EXECUTIVE COMMITTEE – TERMS OF REFERENCE 18
2. GOVERNANCE FRAMEWORK FOR THE BOARD 22
3. CODE OF GOVERNANCE AND ETHICS 28
4. IT POLICY - INFORMATION TECHNOLOGY USAGE 42
5. IT POLICY - INFORMATION SECURITY 50
6. IT POLICY – INFORMATION TECHNOLOGY GENERAL CONTROLS 60
7. DELEGATION OF AUTHORITY 82
8. TENDERING AND CONTRACT PROCEDURES 98
9. CELLPHONE POLICY 111
10. INVESTMENT POLICY 118
11. STANDING FINANCIAL INSTRUCTIONS 124
12. FINANCE, AUDIT AND RISK BOARD SUB-COMMITTEE 176
13. VEHICLE POLICY 183

1.

TERMS OF REFERENCE

OF

BOARD COMMITTEES



## POLICY COMMITTEE – TERMS OF REFERENCE

**Introduction**

The duties and responsibilities of the members of the Committee as set out in these terms of reference are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Policy Committee do not reduce the individual and collective responsibilities of Board members in regard to their duties and responsibilities in terms of the SOE Act and they must exercise due care and judgment in accordance with their legal obligations

1. **Role and Objectives**
   1. The role of the Policy Committee is to assist the Board with discharging its responsibilities with regard to contributing and responding to changes and developments in the Electricity Supply Industry (“ESI”). The Policy Committee has an independent role with accountability to both the Board and its stakeholder(s). The Policy Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.
   2. The objective of the Policy Committee is to ensure that the ECB has and maintains an effective regulatory framework that continues to meet the needs of the industry and Namibia, in accordance with its mandate. Its responsibilities can be summarised as:
      1. Evaluation of strategic issues affecting the ESI;
      2. Consideration of the impact of these strategic issues on the ECB;
      3. Development of advice to the Minister on structural changes in the ESI and their implications for its regulation;
      4. Co-ordination of the ECB’s input into strategic issues; and
      5. Systematic review of existing and new policy and regulatory issues.
2. **Membership**
   1. The Policy Committee shall be appointed by the Board and shall consist of not less than two Board Members (who are independent non-executive directors) and the CEO as an *ex officio*.
   2. The chairman of the Policy Committee shall be appointed by the Board and must be a non-executive Member of the ECB Board.
   3. The quorum of the Policy Committee shall be two members. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for the Policy Committee meetings.
3. **Meetings** 
   1. Meetings shall be held not less than four times a year, at least two weeks before a Board Meeting. The length of meetings and the agendas are to be determined in accordance with the annual plan that the Committee prepared.
   2. The CEO may, with approval of the Chairperson, request additional ad-hoc meetings if he considers it necessary.
   3. All the General Managers should attend the meetings in a non-voting capacity.
   4. The Board Secretary shall be the secretary of the Policy Committee.
   5. The detailed agendas (together with the supporting documentation) must be circulated to all Board Members at least one week prior to each meeting. Detailed agendas must be circulated to all General Managers at least one week prior to the meetings. Policy Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.
   6. Minutes of the meetings of the Policy Committee must be completed within two weeks after the meetings and circulated to the Chairperson and members of the Policy Committee. The minutes must be formally approved by the Policy Committee at its next scheduled meeting.
4. **Authority**
   1. The Policy Committee is authorised by the Board to:
      1. Investigate any activity within its terms of reference,
      2. Seek any information it requires from any employee,
      3. Obtain outside legal or other independent professional advice within the Committee’s approved budget, and
      4. Secure the attendance of outsiders with relevant experience and expertise if it considers it necessary.
5. **Duties/Responsibilities**
   1. The duties/responsibilities of the Policy Committee shall be:
      1. To consider all draft legislation, regulations, government policy statements and other proposals that may have implications for either the ESI or the ECB, and to evaluate what these implications and impacts might be.
      2. To consider the need for the ECB to formally respond to all such drafts or proposals, and to recommend to the Board appropriate submissions.
      3. In particular, to oversee the development of advice to the Minister on the regulatory implications of proposed or possible changes and developments in the ESI.
      4. Through diligent exercise of its duty of due care, and duties as laid out in this document, to monitor the appropriateness and effectiveness of the ECB’s mandate and to recommend any necessary changes to the Board, for submission to the Minister.
      5. To oversee the ECB’s engagement and communication with stakeholders with regard to strategic issues affecting the ESI and ECB policy.
      6. To review the regulatory policies and procedures of the ECB, that are not the specific responsibility of another Committee, and to recommend revision, as necessary to the Board.
      7. To maintain an oversight of the appropriateness, sufficiency and effectiveness of all regulatory policies and procedures and identify where additions or amendments are required, and to report on such matters to the Board.
      8. To consider other relevant topics as defined by the Board.
6. **Evaluation**

The Board must perform an evaluation of the effectiveness of the Policy Committee every year.

7. **Approval of these terms of reference**

These terms of reference were approved by the Chairperson of the Board and the Chairperson of the Policy Committee on ………………………..and will be due for review on …………………………

### FINANCE, AUDIT & RISK COMMITTEE – TERMS OF REFERENCE

**Introduction**

The Finance, Audit & Risk Board Committee is constituted as a statutory committee of the Electricity Control Board (“the Board”) in respect of its statutory duties in terms of the Electricity Act, No 4 of 2007 and is a Committee of the Board in respect of all other duties assigned to it by the Board.

The duties and responsibilities of the members of the Finance, Audit & Risk Committee as set out in these terms of reference are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Finance, Audit & Risk Committee do not reduce the individual and collective responsibilities of Board members in regard to their duties and responsibilities in terms of the Electricity Act, No 4 of 2007, the State Owned Enterprises Governance Act, 2006 and they must exercise due care and judgment in accordance with their legal obligations. The Board also acknowledges the need for a Finance, Audit & Risk Board Committee Terms of Reference as recommended in the Code of Governance Principles – 2009 (King III).

1. **Role and Objectives** 
   1. The role of the Finance, Audit & Risk Committee is to assist the Board with discharging its responsibility to:
      1. Continuous management of all risks facing the ECB,
      2. Safeguard the ECB’s assets,
      3. Maintain adequate accounting records,
      4. Monitor the financial position of the ECB, and
      5. Develop and maintain effective systems of internal control.
   2. The Committee has an independent role with accountability to both the Board and its stakeholder(s). The Finance, Audit & Risk Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management but will primarily make recommendations to the ECB Board.
   3. The objective of the Finance, Audit & Risk Committee is to ensure that management has created and maintained an effective environment for financial management and risk based internal control. Its responsibilities can be summarised as followed and is detailed in section 5 below:
      1. Detailed consideration of proposed budget,
      2. Review of monthly management financial statements,
      3. Consideration of need for budget variations/virements,
      4. Monitoring the use, investment and transfer of funds,
      5. Review of the internal control structure,
      6. Review of the internal audit function,
      7. Liaison with external auditors,
      8. Review of annual financial statements, interim reports, preliminary or provisional result announcements, summarized integrated information and audit report,
      9. Monitoring the compliance of the ECB with legal requirements,
      10. Have regard to all factors and risks that may impact on the integrity of the integrated report, and
      11. Monitoring compliance with Standing Orders.
2. **Membership**
   1. The Finance, Audit & Risk Committee shall be appointed by the Board and shall consist of three members of the Board (who are suitably skilled and experienced independent non-executive directors) and the General Manager: Finance and Administration, IT Specialist, Accountant and the Assistant Accountant as co-opted members. The Chief Executive Officer may attend a meeting of the Committee on invitation of the Chairperson of the Committee.
   2. The chairperson of the Finance, Audit & Risk Committee shall be appointed by the Board and must be a non-executive Member of the Board. The Chairperson of the Board is not eligible to be the Chairperson or a member of the Committee. If the Chairperson is absent from a meeting and did not designate another member, the Chairperson for that meeting must be elected from among the members present at the meeting.
   3. The quorum of the Finance, Audit & Risk Committee shall be two members. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for the Committee meetings.
   4. The Board must fill vacancies on the Committee within 60 business days after the vacancy arises.
   5. The Committee members must keep up to date with developments affecting the required skill- set.
   6. The chairman of the audit committee should participate in setting and agreeing the agenda of the committee.
3. **Meetings**
   1. Meetings shall be held not less than four times a year, at least two weeks before a Board Meeting. The length of meetings and the agendas are to be determined in accordance with the annual plan that the Committee prepared.
   2. The External Auditors or the CEO, with approval of the Chairperson, may request a meeting if they consider it necessary.
   3. The General Manager Finance and Administration, and the Accountant should attend the meeting in a non-voting capacity.
   4. At least once a year, outside of the four finance, audit & risk committee meetings, the Committee shall meet with the External Auditors with no other Board Members or staff present. Similarly, at least once a year, the Committee should meet with the Accountant with no other ECB Board Members or staff present.
   5. The Board Secretary shall be the Secretary of the Finance & Audit Committee.
   6. The detailed agendas (together with the supporting documentation) must be circulated to all Board Members at least one week prior to each meeting. Detailed agendas must be circulated to all General Managers at least one week prior to the meetings. Finance, Audit & Risk Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.
   7. If the nominated Chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairperson.
   8. Minutes of the meetings of the Finance, Audit & Risk Committee must be completed within two weeks after the meetings and circulated to the Chairperson and members of the Finance, Audit & Risk Committee. The minutes must be formally approved by the Finance, Audit & Risk Committee at its next scheduled meeting. Once approved, minutes should be circulated to all other members of the Board.

1. **Authority** 
   1. The Finance, Audit & Risk Committee is authorised by the Board to:
      1. Investigate any activity within its terms of reference,
      2. Seek any information it requires from any employee,
      3. Obtain outside legal or other independent professional advice within the Committee’s approved budget allocation, and
      4. Secure the attendance of outsiders with relevant experience and expertise if it considers it necessary.
      5. To call any employee to be questioned at a meeting of the committee as and when required to assist the Committee with the execution of its duties and responsibilities.
2. **Duties/Responsibilities**

#### Financial Reporting

#### The Committee is responsible to:

#### oversee financial reporting risks, fraud and IT risks as it relates to financial reporting;

#### monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain;

#### In particular, the committee shall review and challenge where necessary -

#### the consistency of, and any changes to, accounting policies both on a year on year basis and across ECB;

#### the methods used to account for significant or unusual transactions where different approaches are possible;

#### whether the ECB has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;

#### the clarity of disclosure in the ECB’s financial reports and the context in which statements are made; and all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);

#### To consider the draft annual budget before submission to the Board;

#### To review the quarterly management financial statements and obtain explanations for variances against budgets;

#### To consider the need for budget variations/virements and to recommend to the Board accordingly;

#### To review the use, investment and transfer of funds;

#### To review the financial policies and procedures of the ECB, and to recommend revisions, as necessary to the Board;

#### To ensure that a combined assurance model is applied to provide a coordinated approach to all assurance providers;

#### To review the expertise, resources and experience of the finance function as well as the Head of Finance and disclose the results in the integrated report;

#### To attend to all issues in connection with the appointment and remuneration of the external auditor;

#### To discuss, with the external auditor, any matters arising from the audit;

#### To review the external auditors management letter, and ECB management’s response;

#### To review and comment on the annual financial statements, the accounting practices and the effectiveness of the internal financial controls before submission to the Board;

#### Internal controls and risk management systems

#### The Committee is responsible to:

#### oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board, including the monitoring of the implementation of the policy and plan;

#### oversee that the risk management plan is widely distributed throughout ECB and integrated in the day-to-day activities of ECB;

#### ensure that risk management assessments are performed on a continuous basis;

#### the audit committee should specifically have oversight of:

#### financial reporting risks;

#### internal financial controls;

#### fraud risks as it relates to financial reporting, and

#### IT risks as it relates to financial reporting.

#### To provide oversight to the Board on the current risk exposures and future risk strategy;

#### keep under review the adequacy and effectiveness of the company’s internal financial controls and internal control and risk management systems;

#### review and approve the statements to be included in the annual report concerning internal controls and risk management;

#### Review the ECB’s capability to identify and manage new risk types; and

#### Before a decision is taken by the Board, advise the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the ECB and taking independent external advice where appropriate and available.

#### Review the effectiveness of the ECB’s internal financial controls and internal controls and risk management systems and review and approve statements to be included in the annual report concerning internal controls and risk management;

#### Compliance, whistle blowing and fraud

#### The Committee is responsible to:

#### review the adequacy and security of the ECB’s arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

#### ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action, review of the company’s procedures for detecting fraud and review of the company’s systems and controls for the prevention of bribery as well as receipt of reports on instances of non-compliance;

#### review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the company’s compliance function;

#### review the ECB’s procedures for detecting fraud and prevention of bribery and/or corruption;

#### Pro-actively and efficiently manage all risks facing the ECB.

#### Internal Audit

#### The Committee is responsible to:

#### approve the internal audit plan;

#### ensure that the internal audit function is subject to an independent quality review as and when the Committee determines it appropriate;

#### review the statement on internal control systems prior to endorsement by the Board;

#### monitor and review the effectiveness of the ECB’s internal audit function in the context of the company’s overall risk management system;

#### be responsible to the performance assessment, appointment and removal of the head of the internal audit function;

#### consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;

#### ensure the function has adequate standing and is free from management interference or other restrictions;

#### review reports addressed to the committee from the internal auditor;

#### review and monitor management’s responsiveness to the findings and recommendations of the internal auditor;

#### meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

#### ensure the effectiveness of and the co-ordination of the relationship between the internal and external auditors;

#### ensure that the internal audit function is adequately resourced and has appropriate standing within the ECB;

#### monitor compliance with Standing Orders; and

#### consider other relevant topics as defined by the Board.

#### External Audit

#### The committee is responsible to:

#### consider and make recommendations to the board, in relation to the appointment, re-appointment and removal of the company’s external auditor;

#### oversee the selection process for a new auditor and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required. The Committee will also define a policy for non-audit services provided by the external auditor;

#### oversee the relationship with the external auditor including (but not limited to) recommendations on their remuneration, fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted and approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

#### annually assess their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services and report thereon in the annual financial statements;

#### satisfy itself that there are no conflict of interest relationships (such as family, employment, investment, financial or business) between the auditor and the ECB (other than in the ordinary course of business);

#### agree with the board a policy on the employment of former employees of the company’s auditor, then monitoring the implementation of this policy;

#### monitor the auditor’s compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements. Rotation of the audit partner shall be done every 3 years;

#### assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;

#### seek to ensure co-ordination with the activities of the internal audit function;

#### meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor’s remit and any issues arising from the audit;

#### review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

#### review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

#### a discussion of any major issues which arose during the audit;

#### any accounting and audit judgments;

#### levels of errors identified during the audit; and

#### the effectiveness of the audit.

#### Reporting Responsibilities

#### The Chairperson of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;

#### The Committee shall make recommendation to the Board as it deems appropriate on any area within its remit where action or improvement is needed; and

#### The committee shall produce a Report of its activities and the ECB’s risk management and strategy to be included in the ECB’s Annual Report.

#### Secretariat

#### The Committee in disposing their duties shall require the full co-operation of the co-opted members of the secretariat.

1. **Evaluation**

The Board must perform an evaluation of the effectiveness of the Finance, Audit & Risk Committee every year.

1. **Review**

This TOR will be reviewed on an annual basis in terms of good governance guidelines and principles.

1. **Approval of these terms of reference**

These terms of reference were approved by the Chairperson of the Board and the Chairperson of the Finance, Audit & Risk Committee on …October 2012 and will be due for review on …………………………

**11. Signatures**

Chairperson of the Board

…………………………………….

**Jason Nandago**

##### HUMAN RESOURCES AND REMUNERATION COMMITTEE – TERMS OF REFERENCE

**Introduction**

The duties and responsibilities of the members of the Human Resources and Remuneration Committee as set out in these terms of reference are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Human Resources and Remuneration Committee do not reduce the individual and collective responsibilities of Board members in regard to their duties and responsibilities in terms of the SOE Act and they must exercise due care and judgment in accordance with their legal obligations.

1. Role and Objectives
   1. The role of the Human Resources and Remuneration Committee is to assist the Board with discharging its responsibilities as an employer. The Human Resources and Remuneration Committee has an independent role with accountability to both the Board and its stakeholder(s). The Human Resources and Remuneration Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.
   2. The objective of the Human Resources and Remuneration Committee is to ensure that the ECB discharges its responsibilities of attraction, learning, development and retention of the required staff competencies. Its responsibilities can be summarised as:
      1. Review of any structural changes proposed by management,
      2. Monitoring of all transformation and affirmative action issues,
      3. Consideration of annual salary increases and performance increases for staff below General Managers (increases for GMs and the CEO will be the direct responsibility of the Board with advice from the Committee),
      4. Monitoring the effectiveness and applicability of all human resource policies,
      5. Monitoring the skills and training of ECB staff,
      6. Oversight of all labour relations issues,
      7. Acting as the final appeal mechanism for grievance and disciplinary actions, and
      8. Advising the CEO on the appointment of General Manager(s).

#### Membership

* 1. The Human Resources and Remuneration Committee shall be appointed by the Board and shall consist of at least three members of the Board (who are independent non-executive directors), and the CEO. The Manager Human Resources will be co-opted to the Committee.
  2. The Chairperson of the Human Resources and Remuneration Committee shall be appointed by the Board and must be a non-executive member of the Board. In the absence of the Chairperson and/or appointed Deputy, the remaining members present shall elect one of them themselves as chairperson of the meeting. The Chairperson of the Board shall not be the chairperson of the Committee.
  3. The quorum of the Human Resources and Remuneration Committee shall be two members. Individuals in attendance at Human Resources and Remuneration Committee meetings by invitation may participate in discussions but do not form part of the quorum for the Human Resources and Remuneration Committee meetings.

#### Meetings

* 1. Meetings shall be held not less than four times a year, at least two weeks before a Board Meeting. The length of meetings and the agendas are to be determined in accordance with the annual plan that the Human Resources and Remuneration Committee prepared.
  2. The CEO or the Human Resources Manager, with approval of the Chairperson, may request a meeting if they consider it necessary.
  3. The General Manager Administration and Finance, as well as the Human Resources Manager, should attend the meetings in a non-voting capacity.
  4. At least once a year, the Committee shall meet with the Staff Representative with no other Board Members or staff present. Similarly, at least once a year, the Committee should meet with the Human Resources Manager with no other Board Members or staff present.
  5. The Board Secretary shall be the Secretary of the Human Resources and Remuneration Committee.
  6. The detailed agendas (together with the supporting documentation) must be circulated to all Board members at least one week prior to each meeting. Detailed agendas must be circulated to all General Managers at least one week prior to the meetings. Human Resources and Remuneration Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.
  7. Minutes of the meetings of the Human Resources and Remuneration Committee must be completed within two weeks after the meetings and circulated to the Chairperson and members of the Human Resources and Remuneration Committee. The minutes must be formally approved by the Human Resources and Remuneration Committee at its next scheduled meeting.

#### Authority

* 1. The Human Resources and Remuneration Committee is authorised by the Board to:
     1. Investigate any activity within its terms of reference,
     2. Seek any information it requires from any employee,
     3. Obtain outside legal or other independent professional advice within the Committee’s approved budget allocation, and
     4. Secure the attendance of outsiders with relevant experience and expertise if it considers it necessary.

#### Duties/Responsibilities

* 1. The duties/responsibilities of the Human Resources and Remuneration Committee shall be:
     1. To determine and agree with the Board the framework or broad policy for the remuneration of the CEO and such other members of the Executive Committee as it is designated to consider. No member or Executive Manager shall be involved in decisions pertaining to their own remuneration;
     2. To consider all issues in connection with the appointment and initial remuneration of General Managers, and to make recommendations to the Board thereon.
     3. To review any changes to the structure of the ECB organisation proposed by management and make recommendations to the Board thereon.
     4. To monitor and oversee all transformation and affirmative action issues.
     5. To consider and determine any proposed amendments to grading, or terms and conditions of staff.
     6. To review the human resource policies and procedures of the ECB, and to recommend revisions as necessary to the Board.
     7. To review the remuneration trends across the ECB and to obtain reliable, up to date information about remuneration in other entities;
     8. To ensure that the performance and training needs of all staff are reviewed on an annual basis.
     9. To consider and report to the Board on the percentage annual salary increases to be awarded to all staff, if appropriate, and on the parameters for performance increases for all staff below General Managers.
     10. To advise the Board on performance related increases for General Managers and the CEO.
     11. To monitor the staff training and development programmes.
     12. To hear and adjudicate on all unresolved grievances and disciplinary actions.
     13. To monitor and oversee all labour relations issues.
     14. To represent the ECB in employment related tribunals.
     15. To consider other relevant topics as defined by the Board.

1. **Evaluation**
   1. The Board must perform an evaluation of the effectiveness of the Human Resources and Remuneration Committee every year.
   2. The HR & REM Committee shall at least once a year, review its own performance, constitution to ensure its operating at maximum effectiveness and recommend any changes it considers necessary to the Board for Approval.
2. **Approval of these terms of reference**

These terms of reference were approved by the Chairperson of the Board and the Chairperson of the Human Resources committee on ………………..and will be reviewed bi-annually.

1. **Signatures** 
   1. Chairperson of the Board

…………………………………….

Jason Nandago

* 1. Chairperson of the Human Resources & Remuneration sub Committee

………………………………………

Panduleni Shimutwikeni

CUSTOMER SERVICES COMMITTEE – TERMS OF REFERENCE

**Introduction**

The duties and responsibilities of the members of the Customer Services Committee as set out in these terms of reference are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Customer Services Committee do not reduce the individual and collective responsibilities of Board members in regard to their duties and responsibilities in terms of the SOE Act and they must exercise due care and judgment in accordance with their legal obligations.

#### Role and Objectives

* 1. The role of the Customer Services Committee is to assist the Board with discharging its responsibilities with regard to the quality and continuity of services and supply. The Customer Services Committee has an independent role with accountability to both the Board and its stakeholder(s). The Customer Services Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.
  2. The objective of the Customer Services Committee is to ensure that the ECB has and maintains an effective framework for the monitoring of performance and the handling of complaints and disputes. Its responsibilities can be summarised as:
     1. Oversight of monitoring the quality of services and supply;
     2. Review of the policies and procedures for responding to customer complaints;
     3. Acting as the final mechanism in resolving disputes between distributors and consumers; and
     4. Participating in the resolution of disputes between suppliers and distributors.

#### Membership

* 1. The Committee shall be appointed by the Board and shall consist of three members of the Board (who are independent non-executive directors) and the CEO.
  2. The Chairperson of the Customer Services Committee shall be appointed by the Board and must be a non-executive member of the ECB Board.
  3. The quorum of the Customer Services Committee shall be two members. Individuals in attendance at Customer Services Committee meetings by invitation may participate in discussions but do not form part of the quorum for the Customer Services Committee meetings.

1. **Meetings** 
   1. Meeting shall be held not less than four times a year, at least two weeks before a Board Meetings. The length of meetings and the agendas are to be determined in accordance with the annual plan that the Customer Services Committee prepared.
   2. The CEO, with approval of the Chairperson, may request a meeting if he consider it necessary.
   3. Others members of the Executive Management should attend the meetings in a non-voting capacity.
   4. The Board Secretary shall be the Secretary of the Customer Service Committee.
   5. The detailed agendas (together with the supporting documentation) must be circulated to all Board members at least one week prior to each meeting. Detailed agendas must be circulated to all General Managers at least one week prior to the meetings. Customer Services Committee members must be fully prepared for Customer Services Committee meetings in order to provide appropriate and constructive input on matters discussed.
   6. Minutes of the meetings of the Customer Services Committee must be completed within two weeks after the meetings and circulated to the Chairperson and members of the Customer Services Committee. The minutes must be formally approved by the Customer Services Committee at its next scheduled meeting.

#### Authority

* 1. The Customer Services Committee is authorised by the Board to:
     1. Investigate any activity within its terms of reference,
     2. Seek any information it requires from any employee,
     3. Obtain outside legal or other independent professional advice within the Committee’s approved budget allocation,
     4. Secure the attendance of outsiders with relevant experience and expertise in an advisory capacity if it considers it necessary, and
     5. Convene sub-committees including officers of the ECB and other persons (either as individuals or as representatives) to mediate disputes between consumers, distributors and suppliers.

#### Duties/Responsibilities

* 1. The duties/responsibilities of the Customer Services Committee shall be:
     1. To consider all issues in connection with the monitoring of the quality and continuity of services and supply.
     2. To review the policies and procedures with regard to monitoring the quality of services and supply, and to recommend revisions, as necessary, to the Board.
     3. To review the policies and procedures for handling customer complaints and disputes, and to recommend revisions, as necessary, to the Board.
     4. To hear and adjudicate on all unresolved customer complaints.
     5. To convene and participate in sub-committees as necessary involving third party representatives if appropriate to mediate on disputes between consumers and distributors.
     6. To convene and participate in sub-committees as necessary involving representatives of NamPower, ALAN, ARC and others as appropriate, to mediate on disputes between suppliers and distributors.
     7. To report the outcome of all disputes to the Board and to make recommendations in respect of unresolved disputes.
     8. To recommend to the Board appropriate punitive action in cases of persistent failings by license holders.
     9. To review the policies and procedures for public hearings and to recommend revisions, as necessary, to the Board.
     10. To consider other relevant topics as defined by the Board.

1. **Evaluation**

The Board must perform an evaluation of the effectiveness of the Customer Services Committee every year.

1. **Approval of these terms of reference**

These terms of reference were approved by the Chairperson of the Board and the Chairperson of the Customer Services Committee on………………..and will be due for review on …………………………

## PRICING & TARIFFS COMMITTEE – TERMS OF REFERENCE

1. **Introduction**

The duties and responsibilities of the members of the Pricing & Tariffs Committee as set out in these terms of reference are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Pricing & Tariffs Committee do not reduce the individual and collective responsibilities of Board members in regard to their duties and responsibilities in terms of the SOE Act and they must exercise due care and judgment in accordance with their legal obligations.

###### **Role and Objectives**

* 1. The role of the Pricing & Tariffs Committee is to assist the Board with discharging its responsibility to the approval of pricing and tariff regimes and increases. The Pricing & Tariffs Committee has an independent role with accountability to both the Board and its stakeholder(s). The Pricing & Tariffs Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.
  2. The objective of the Pricing &Tariffs Committee is to ensure that the ECB has and maintains an effective framework for the assessment and approval of the prices and tariffs of licenses. Its responsibilities can be summarised as:
     1. Monitoring the effectiveness of policies and procedures relating to pricing and tariffs,
     2. Consideration of the parameters for the delegation of approvals to officers,
     3. Consideration of pricing and tariff applications outside of these parameters, and
     4. Advising the Board on their approval or otherwise.

#### Membership

* 1. The Committee shall be appointed by the Board and shall consist of three members of the Board (who are independent non-executive directors) and the CEO.
  2. The chairman of the Pricing & Tariffs Committee shall be appointed by the Board and must be a non-executive Member of the ECB Board.
  3. The quorum of the Pricing & Tariffs Committee shall be two members. Individuals in attendance at Pricing & Tariffs Committee meetings by invitation may participate in discussions but do not form part of the quorum for the Pricing & Tariffs Committee meetings.

#### Meetings

* 1. Meetings shall be held not less than four times a year, at least two weeks before a Board Meeting. The length of meetings and the agendas are to be determined in accordance with the annual plan that the Pricing & Tariffs Committee prepared.
  2. The CEO or the General Manager: Regulation, with approval of the Chairperson, may request a meeting if they consider it necessary.
  3. The General Manager: Regulation should attend the meetings in a non-voting capacity.
  4. The Board Secretary shall be the Secretary of the Committee.
  5. The detailed agendas (together with the supporting documentation) must be circulated to all Board Members at least one week prior to each meeting. Detailed agenda must be circulated to all General Managers at least one week prior to the meetings. Pricing & Tariffs Committee members must be fully prepared for Pricing & Tariffs Committee meetings in order to provide appropriate and constructive input on matters discussed.
  6. Minutes of the meetings of the Pricing & Tariffs Committee must be completed within two weeks after the meetings and circulated to the Chairperson and members of the Pricing & Tariffs Committee. The minutes must be formally approved by the Pricing & Tariffs Committee at its next scheduled meeting.

#### Authority

* 1. The Pricing & Tariffs Committee is authorised by the Board to:
     1. Investigate any activity within its terms of reference,
     2. Seek any information it requires from any employee,
     3. Obtain outside legal or other independent professional advice within the Committee’s approved budget allocation, and
     4. Secure the attendance of outsiders with relevant experience and expertise if it considers it necessary.
     5. Makes a determination on pricing tariffs and charges and if necessary conduct consultative meetings with stakeholders when determining tariffs.

###### **Duties**

* 1. The duties of the Pricing & Tariffs Committee shall be:
     1. To consider all issues in connection with the pricing and tariff policy.
     2. To review the policies and procedures in connection with the consideration and approval of pricing and tariff increases, and to recommend revisions, as necessary, to the Board.
     3. To consider and recommend to the Board, appropriate parameters for the determination of applications to be delegated to officials.
     4. To monitor the exercise of these delegated powers and the compliance of officials with the parameters set.
     5. To consider applications that fall outside of these parameters and to make recommendations to the Board on their approval or otherwise.
     6. To report to each ordinary meeting of the Board on its activities.
     7. To consider other relevant topics as defined by the Board.

1. **Evaluation**

The Board must perform an evaluation of the effectiveness of the Pricing & Tariffs Committee every year.

1. **Approval of these terms of reference**

These terms of reference were approved by the Chairperson of the Board and the Chairperson of the Pricing & Tariffs Committee on…………………..and will be due for review bi-annually



**2.**

**ELECTRICITY CONTROL BOARD’S EXECUTIVE COMMITTEE**

**(“THE COMMITTEE”)**

**TERMS OF REFERENCE**

1. **OBJECTIVES**

The objectives of the Committee include:

* 1. To take decisions, or to establish the basis on which all decisions are taken, required to execute the strategy determined by the Board, including all major operational decisions;
  2. To provide overall leadership to the Electricity Control Board (ECB) by ensuring the Vision, Mission and Values of the ECB are fulfilled for the growth and enhancement of its staff and stakeholders as well as effectiveness of management and staff;
  3. To be responsible for statutory planning, reporting and deal with urgent and delegated matters arising out of regular Board Meetings;
  4. To review activities and reports of other Board Committees and recommending appropriate Board response to such recommendations;
  5. To make recommendations to the Board in respect of needed changes to policies, procedures, budget allocations, financial management, risk management, operational management, or future directions of the ECB.  
        
     In discharging their responsibilities, the Committee members have a duty to act in the best interest of the ECB as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

1. **MEMBERSHIP**

2.1 The Committee shall consist of the following members of the senior management team:

* + 1. Chief Executive Officer;
    2. General Manager Finance and Administration; and
    3. General Manager Regulations.

1. **ATTENDANCE AT MEETINGS**

3.1 Additional Managers may be invited to attend the meetings in an observer capacity or to give briefings to the Committee as and when required. These additional managers will not have any voting right.

**4. QUORUM**

4.1 A quorum shall be two members, of whom at least one must be either the Chief Executive Officer or the General Manager Finance and Administration.

4.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by, the Committee.

**5. CHAIRMAN**

5.1 The Chairman of the Committee shall be the Chief Executive Officer.

5.2 In the absence of the Chief Executive officer from a meeting, the members of the Committee present at the meeting will select a Chair for that particular meeting.

**6. FREQUENCY OF MEETINGS**

6.1 The Committee shall generally meet once a month or as often as necessary to consider, resolve and manage the important strategic and business issues facing the ECB;

6.2 Any Committee member has the right to call an ad hoc meeting of the Committee following prior consultation with the Chief Executive officer; and

6.3 Meetings of the Committee shall not be open to the public.

**7. SECRETARY**

7.1 The General Managers shall act as secretary on a rotational basis; failing them, the Board Secretary may also be called upon to take minutes for the Committee.

7.2 All minutes of the Committee shall be submitted to the Board and should be accompanied by a summary Report.

**8. REPORTING PROCEDURES**

8.1 The minutes of all Committee meetings will be circulated to the Board at least ten (10) working days prior to the Board meetings.  
  
**9. POWERS AND DUTIES**

* 1. Powers and duties shall be delegated to the Committee, subject to the Electricity Control Board’s Strategies, Principles and Policies which have been agreed by the Board and previous decisions of the Board;
  2. The Committee shall have full power and authority to further delegate to one or more of the ECB’s Board sub-committees any of the powers and discretions of the Committee, subject to the approval of the terms of reference of such Board sub- committees;
  3. The Committee shall receive monthly Reports from the ECB’s Management Committees and all other ad hoc Committees on activities and decisions of these committees.

**In fulfilling the objectives detailed herein, the Committee shall, *inter alia*;**

* 1. develop and recommend to the Board the ECB’s Strategies and objectives, having regard to the interests of its shareholders, employees, customers and other stakeholders;
  2. review and set the Agenda for Board Meetings;
  3. execute the ECB’s strategy and objectives once agreed by the Board;
  4. direct and monitor operating and financial performance of the ECB;
  5. accept primary responsibility for the continuing Group-wide development of senior management, including training, evaluation procedures, employment conditions, reward and recognition practices;
  6. develop the ECB’s policies and practices in respect of all risk management, health, safety, corporate responsibility and environmental issues to ensure compliance with best possible practice;
  7. address areas or topics specifically referred to the Committee by either the Board or the Chief Executive Officer from time to time;
  8. provide a forum for an initial review of policy proposals being brought forward by staff members;
  9. represent the ECB at functions or other public forums requiring executive involvement;
  10. consider and recommend for its approval the draft Annual Report to the Board;
  11. review together with Management any legal action, any significant litigation, claim or contingency which could have a material effect on the ECB and bring such matters to the immediate attention of the Board;
  12. consider and recommend for approval the draft Strategic Plan and Business Plan to the Board;
  13. annually undertake human resources review activities and bring forward recommendations to the Board regarding the CEO’s performance evaluation process as follows:
      1. Annual CEO evaluation allows the Board to assess the performance of management. It is conducted in relation to the mutually agreed goals approved by the Board in the CEO’s annual objectives and the expectations set out in the CEO’s job description;
      2. The evaluation is designed to encourage a full and healthy dialogue between the Board and the CEO concerning the performance of the ECB and the CEO’s individual performance;
      3. The Committee is responsible for the CEO review on behalf of the Board. The final results of the evaluation are documented by the Board Chair and acknowledged by the Board and the CEO.
  14. act on any other matter delegated to the Committee by the Board.

**10. REVIEW OF TERMS OF REFERENCE**

10.1 The Committee will review these Terms of Reference at its final meeting in each financial year and recommend changes to the Board.

**11. EVALUATION**

11.1 The Board must perform an evaluation on the Committee of the effectiveness, the mandate and its membership of the ensuing year and will make recommendations to improve the effectiveness of the Committee as may be required.

**12. APPROVAL**

12.1 This TOR was approved by the ECB Board on ……………………………2012 and will be annually reviewed on the same date thereafter.

…………………………………………..  
Chairman of the Board



3.

GOVERNANCE FRAMEWORK

FOR THE BOARD

1. **Board responsibilities**
   1. The Board is responsible for discharging the responsibilities of the ECB as set out in the Electricity Act, 2007. Management and staff exist to support the Board in executing its responsibilities.
   2. The Board comprises a balance of executive and non-executive directors, with a majority of independent non-executive directors. The CEO is an ex officio member of the Board.
   3. The Board is ultimately accountable for the activities, operations and performance of the ECB and thus must make decisions on policy and strategic issues itself. The Board appreciates that strategy, risk, performance and sustainability are inseparable. It also has specific statutory obligations including with regard to the issue of licenses, the determination of the prices and conditions of supply, as well as the resolution of disputes and the provision of advice to the Minister. The Board acts as the focal point for, and custodian of, good governance by managing its relationship with management and other stakeholders along sound governance principles. The Board will provide effective leadership on an ethical foundation. In addition the Board will:
      1. Ensure that ECB has an effective and independent financial, audit and risk committee;
      2. Be responsible for the governance of risk and IT governance;
      3. Ensure that there is an effective risk based internal audit; and
      4. Act in the best interest on the ECB by ensuring that individual directors disclose real or perceived conflicts to the Board and deal with them accordingly.
   4. The Board’s statutory obligations will be discharged in a structured manner and where appropriate through delegations. Operational decisions will be assigned to the CEO and management. In addition, the Board may entrust the detailed consideration of strategic or policy issues to standing or ad hoc Committees of the Board.
2. **Committees of the Board**

2.1 Committees of the Board are comprised of independent non-executive ECB Board Members and the CEO, except for the Finance, Audit and Risk Committee which only consists of independent non-executive ECB Board Members, although they may also include co-opted persons with specific expertise. However, if they are to act on behalf of the Board, there must always be a majority of independent non-executive Board Members. All members of each Committee, and the Committee Chair (who must be an independent non-executive ECB Board Member), will be appointed by the Board.

2.2 The role, duties and authority of each Committee is to be clearly stated in the Terms of Reference approved by the Board and appropriately constituted with due regard to the skills required by each committee. These can be amended at any time by the Board but must be reviewed at least annually.

2.3 In principle, all decisions of Committees must be reported to and formally endorsed by the Board. However, the Board should not duplicate the work of the Committee and, save in exceptional circumstances, should limit its intervention to probing areas of disagreement amongst the Committee.

2.4 “Sub-committees” that are not Committees of the Board – e.g. part of dispute resolution, advisory panels, working groups – may include officials of the ECB and other persons (either as individuals or as representatives). There may not be a majority of Board Members and whilst the Board may indicate the bodies/organisations to be represented, it cannot dictate which individuals do so. These forums have no executive powers.

1. **Conduct of the Board’s Business**

3.1 The Board will meet at least every three months, with additional meetings as and when required to be called in accordance with Section 7 of the Electricity Act 4, 2007**. The formal Board meetings will usually be held on Thursdays, commencing at 14:30 p.m. and should not normally last more than 3 hours**. Board meetings may be preceded and/or followed by training sessions and/or presentations on topical subjects from either officials or external speakers.

3.2 Urgent decisions outside of Board meetings will be taken in accordance with Standing Orders.

3.3 Committees of the Board will meet at least two weeks before a Board meeting, if required. It may not be necessary for each Committee to meet in every cycle of meetings.

3.4 Board decisions will, wherever possible, be based on full agenda and supporting documents circulated at least one week prior to the meetings to members of the Board and other selected invitees. Board members must be fully prepared for Board meetings in order to provide appropriate and constructive input on matters discussed. Points for decision will be clearly identified in the agenda and decisions will be recorded in the minutes. The minutes must be completed as soon as possible after the meeting and circulated to the chairman and Board members. The minutes must be formally approved by the Board at its next scheduled meeting.

3.5 Each year the Board will set time aside for a full discussion about the effectiveness with which it is conducting its business. In particular, this will include a review of the Committees reporting to the Board to ensure that the Committee structure is clear and streamlined.

3.6 In the interests of transparency and openness, all meetings of the Board and its Committees that are dealing with the ECB core regulatory functions are to be open to the public, although certain confidential items may be dealt with “in camera”. This should be only where sensitive information, that would be detrimental to an individual or organisation if it became public knowledge, is involved. Such circumstances should be exceptional and might include:

3.6.1 Performance, salary, appointment of the CEO, GMs and Board Secretary;

3.6.2 Actual or suspected fraud; or

3.6.3 Commercial – in-confidence information from a customer or supplier.

3.7 The CEO and General Managers may attend all public sessions of Board meetings. Their presence is to assist the Board by introducing reports and providing clarification and/or advice as necessary. They are the interface between the Board and staff in their Departments. The CEO and General Managers are not part of the decision making.

3.8 As a demonstration of the Board’s commitment to transparency and improved communications, other staff of the ECB should be able to observe Board meetings on a rotation basis, by application to the CEO.

3.9 Officer attendance at Committees of the Board is to be covered in their Terms of Reference.

3.10 A representative quorum for Board meetings is a majority of the members present. Individuals in attendance at Board meetings by invitation may participate in discussions but do not form part of the quorum for Board meetings.

1. **Payment of Board Member’s Expenses**

4.1 The ECB will remunerate Board Members for time spent on ECB business and reimburse Board Members’ out-of-pocket expenses properly incurred in the business of the ECB in accordance with the rates set out in the Annex to this section.

4.2 Claims for allowances and expenses of Board members should be submitted to the Board Secretary, for authorisation by the CEO. The Board will receive an annual statement of individual Members’ allowances and expenses.

1. **Standing Committees of the Board**

5.1 The Board has established five Standing Committees to help it operate effectively, as summarised below. The Terms of Reference for each Committee are detailed in Section 5 of this Handbook.

* 1. The **Policy Committee** is responsible for overseeing, and reporting to the Board on:
     1. The evaluation of strategic issues affecting the ESI,
     2. The consideration of the impact of these strategic issues on the ECB,
     3. Development of advice to the Minister on structural changes in the ESI and their implications for its regulation,
     4. The co-ordination of the ECB’s input into strategic issues, and
     5. The systematic review of existing and new policy and regulatory issues.

5.3 The Policy Committee has a minimum of three members of whom at least two must be independent non-executive members of the Board and the CEO. It is attended by all the General Managers.

5.4 The **Finance, Audit and Risk Committee** is responsible for overseeing, and reporting to the Board on:

###### The financial reporting process and the audit thereof,

###### Budgetary control and treasury management,

###### The internal control of the ECB’s activities and the review of internal control by Internal Audit and other means, and

###### The management of risks facing the ECB.

5.5 The Finance, Audit & Risk Committee has a minimum of three members of whom at least two must be independent non-executive members of the Board and the CEO. It is attended by the General Manager for Administration and Finance.

5.6 The **Pricing & Tariffs Committee** is responsible for overseeing and reporting to the Board on:

5.6.1 The pricing and tariff policy,

###### 5.6.2 The parameters for approval of tariff changes by officers, and

###### 5.6.3 Recommendations to the Board on other applicable approvals.

5.7 The Pricing & Tariffs Committee has a minimum of three members of whom at least two must be independent non-executive members of the Board and the CEO. The General Manager for Economic Regulation should also be in attendance.

5.8 The **Customer Services Committee** is responsible for overseeing, and reporting to the Board on:

* + 1. Policy on performance monitoring and enforcement,
    2. Policy on customer complaints and dispute resolution,
    3. Convening of sub-committees on dispute resolution, and
    4. Recommendations to the Board on unresolved customer disputes.

5.9 The Customer Services Committee has a minimum of three members of whom at least two must be independent non-executive members of the Board and the CEO. The General Managers should also be in attendance.

5.10 The **Human Resources and Remuneration Board Sub Committee** is responsible for overseeing and reporting to the Board on:

* + 1. Attraction, learning, development and retention of staff ,
    2. Human resource and labour relations policies,
    3. Annual staff salary increases and the parameters for performances increases,
    4. The appointment of General Managers,
    5. Nominations for new Board members,
    6. Structural changes, and
    7. Final appeals with reference to grievance/disciplinary actions.

5.11 The Human Resources Committee has a minimum of three members of whom at least two must be independent non-executive members of the Board and the CEO. The General Manager for Administration and Finance should also be in attendance.

**ANNEXURE**

**REMUNERATION AND EXPENSES OF BOARD MEMBERS**

### IN-COMMITTEE MEETING BOARD RESOLUTION ON MEMBERS’ REMUNERATION

1. Members of the Board will be paid as per the applicable directives of the SOE Governance Council and upon approval by the Minister of Mines and Energy.
2. **TRAVEL – OWN VEHICLE**

Irrespective of the engine capacity official trips will be paid of a rate of N$3,00 per kilometer travelled.

1. **TRAVEL – OVERSEAS**

For regional and international travel on ECB business the following daily rate will apply:

* 1. Pay for hotel accommodation for members on a bed and breakfast basis;
  2. Pay S + T on level of Secretary to Cabinet when Board members travel on ECB business.

1. **TRAVEL – AIR**

Members travel business class on all flights.

1. **TELEPHONE ALLOWANCE**

The Board Members will receive roaming allowance of N$2,500 per travel.

1. **HOTEL**

A minimum of a 4 (four) star hotel accommodation will be made available where possible for Board members.

1. **OTHER EXPENSES**
   1. The maximum allowance for S & T will be paid according to the ECB travel policy.
   2. Claims for re-imbursement will be made on submission of original receipt(s) only.



4.

CODE OF GOVERNANCE

AND ETHICS

### MISSION STATEMENT OF THE ECB

To regulate and control the Namibian ESI in the interest of all stakeholders with regard to price, quality and reliability

**MANAGEMENT POLICY**

### The Board and management of the ECB are responsible for ensuring that the ECB has an appropriate governance structure that will ensure the creation, protection and enhancement of stakeholder value.

The Board maintains, and ensures that management maintains the highest level of ethics. As such, this Code of Governance & Ethics (“the Code”) will be reviewed annually and, where necessary, updated on a regular basis.

Management is committed to sound business principles. All staff shall continually treat fellow employees, stakeholders, suppliers and the community at large with honesty, dignity, fairness and respect.

All staff should conduct their work with the highest ethical standards.

### CODE OF GOVERNANCE & ETHICS

### 1. GOVERNANCE

* 1. This Code sets out the principles and policies that will be applied in the governance of the ECB.
  2. All employees and Board Members of the ECB are expected to conduct the affairs of the ECB in accordance with the law, the Standing Orders and the spirit of this Code, which requires the separation between organisational and private interests and the adoption of ethical standards of business. The Code also applies to agents, consultants, contractors, temporary employees, part-time employees, casual employees, occasional employees, suppliers and other acting on behalf of, or dealing with, the ECB.
  3. This Code provides a summary of the key obligations of the Board, the management, and the employees of the ECB in meeting these standards. They can be summarised as a commitment to upholding the ECB’s core values of transparency and integrity.
  4. The Code does not replace the ECB’s conditions of employment, but should be seen as complementary to the conditions of employment and as a statement of the values that the ECB pursues in its dealings with people and organisations internally as well as externally.
  5. Although the ECB has limited legal rights to enforce the Code on its goods and service providers, the ECB can exercise moral persuasion to gain compliance with the Code or choose not to enter into business relationships with providers who do not comply.

### ETHICS

* 1. The term ethics refers to standards of conduct, which indicate how a person should behave, based on moral duties and virtues arising from the principles of right and wrong. Ethics therefore involve two aspects:
     1. The ability to distinguish right from wrong; and
     2. The commitment to do what is right.
  2. Ethical standards are necessary for the following reasons:
     1. To ensure that all stakeholders of the ECB are aware of the core values respected by its employees (including the Board and management); and
     2. To ensure accountability within the ECB in terms of fundamental ethical values and value systems.

# **RIGHTS AND OBLIGATIONS OF THE ECB BOARD, MANAGEMENT AND EMPLOYEES**

**3.1 Rights and obligations of the ECB**

* + 1. The ECB endeavors to treat its employees with respect and fairness and to promote empowerment by providing a positive working environment encouraging all employees to reach their full potential.
    2. The ECB will also strive to:
       1. Pursue a fair recruitment, selection and placement process with due regard to its empowerment and employment equity strategy;
       2. Enter into fair contracts of employment within the parameters of Namibian labour law provisions;
       3. Put performance measurement systems in place that reward achievement and discourage under-achievement;
       4. Treat people with respect and empathy (e.g. upon disclosure of serious medical condition);
       5. Create a culture of mutual trust;
       6. Ensure that discipline is seen as positive and necessary and not solely as a means to punish and persecute; and
       7. Establish fair disciplinary, grievance and labour relations policies.
  1. **Legal compliance**

3.2.1 The ECB, the Board, management, staff, agents and representatives of the ECB are expected to conduct all operations and comply with any and all obligations as imposed by both Domestic and International laws, if applicable, policies and standards associated with electricity supply and management and the Industry at large.

# **3.3 Essential Functions of the Board**

3.3.1 The purpose of the Board is to direct the affairs of the ECB in fulfilling its statutory obligations set out in the Electricity Act 4, 2007. These fall into three categories, namely core regulatory functions, advice to the Minister on strategic issues and good governance.

3.3.2 All Board Members share responsibility for its decisions. Each should only act in the interests of the ECB and not on behalf of any constituency or interest group. Board Members must ensure that their private, personal or business interests do not influence their decisions, and that they do not use their position to obtain personal gain of any sort.

3.3.3 Board Members must be meticulous about declaring conflicts of interest, in accordance with Section 9 of the Electricity Act4, 2007.

3.3.4 The essential functions of the Board are, inter alia, to:

* 1. Define and ensure compliance with the values and objectives of the ECB. The Board will therefore act as the focal point and custodian of good governance;
  2. Establish policies and plans to achieve those objectives. In addition, the Board will be responsible for the governance of risk and IT governance and provide effective leadership that is based on an ethical foundation;
  3. Approve each year’s business plan, budget and accounts prior to publication;
  4. Appoint the Chief Executive Officer who will, in its opinion, be capable of fulfilling the obligations of the ECB and confer upon him/her sufficient authority to carry out his/her responsibilities. The Board should also develop a framework for the delegation of authority;
  5. Give direction to the Chief Executive Officer in connection with the appointment of ECB staff members;
  6. Determine condition of service of staff members, including the Chief Executive Officer;
  7. Establish and oversee a framework of delegation and systems of control. The Board should also report on the effectiveness of the ECB’s system of internal controls;
  8. Make decisions on all matters that might create significant financial or other risk to the ECB, or which raise issues of principle;
  9. Evaluated itself together with its Committees on an annual basis;
  10. Monitor the ECB’s performance in relation to these plans, budgets, controls and decisions; and
  11. Satisfy itself that the ECB’s affairs are conducted lawfully and in accordance with generally accepted standards of performance and propriety.

### 3.4 Obligations of Board Members

3.4.1 The obligations of each Board Member are to act honestly, in good faith and in accordance with the ECB core values, and in particular to:

* 1. Act within their powers and in the interest, and for the benefit, of the ECB;
  2. Not to act with self interest in making short and long term decisions;
  3. Carry out their duties with appropriate skill and care and exercise their own judgment;
  4. Uphold the values and objectives of the ECB;
  5. Uphold the ECB’s core policies;
  6. Contribute to and share responsibility for the Board’s decision;
  7. Read Board papers and prepare for Board meetings;
  8. Attend applicable meetings, training sessions and other events;
  9. Represent the ECB and its ethical values, policies and decisions;
  10. Declare any relevant interest as well as any conflict of interest;
  11. Not permit the wastage of the ECB’s assets;
  12. Furnish the ECB’s internal and external auditors with all information and explanations they require;
  13. Respect confidentiality of information and not disclose confidential information about the ECB, its licensees or its staff; and
  14. Comply with the law, the letter and the spirit of this Governance Handbook.

3.4.1 All Board Members will be required to sign an undertaking on confidentiality and ethics, as set out in Annex 1.

### 3.5 Appointment of Board Members as Consultants to the ECB

3.5.1 Under no circumstances is it allowed for a Board Member to be appointed as a consultant to ECB.

#### 3.6 Responsibilities of the Chair

3.6.1 In addition to the collective functions of the Board set out above, the Chair has the following specific responsibilities:

1. To ensure the efficient conduct of the Board’s business;
2. To ensure that the views of all Board Members are sought before any important decision is taken;
3. To establish a constructive working relationship with the Chief Executive Officer and ensure his/her accountability on behalf of the Board;
4. To ensure that the Board entrusts sufficient authority to its Committees, the Chair, the Chief Executive Officer and others to enable the business of the ECB to be carried on effectively and also to ensure that the Board monitors the use of this authority and of any delegated powers;
5. To take decisions delegated to the Chair – in consultation with at least two other Board Members and with the advice of the Chief Executive Officer;
6. To ensure that the Board receives professional advice when it is required; and
7. Ensure that the ECB compiles with this Code.

### 3.7 The Chief Executive Officer

3.7.1 The essential duties of the Chief Executive Officer are to:

1. Manage the affairs of the ECB in accordance with its values and objectives and general policies and specific decisions of the Board, and be accountable to the Board for that management;
2. Assist the Board in determining the ECB’s policies and strategy;
3. Ensure that the Board receives advice on matters concerning compliance with its mandate, legislation and the need to remain solvent;
4. Draw the Board’s attention to matters that it should consider;
5. Ensure that the Board is given the information necessary to perform its duties;
6. Ensure that proper systems of control are established and maintained;
7. Supervise the preparation of documents for consideration by the Board;
8. Serve as Accounting officer of the ECB.
9. Lead and manage the staff of the ECB and ensure that their performance is appraised;
10. Represent the ECB and its ethical values, policies and decisions; and
11. Any other duties as contained in the CEO’s Contract of Employment.

### 3.8 Obligations of the Executive Management of the ECB

3.8.1 The Executive Management of the ECB consists of the Chief Executive Officer and the General Managers. The Executive Management both individually and collectively shall, in relation to the ECB, act honestly and in good faith, and in particular shall:

1. Act within their powers, and in the interests and for the benefit of the ECB;
2. Carry out their duties with the skill and care commensurate with their knowledge and experience, and exercise their own judgment;
3. Report timeously and accurately to the Board on the performance of the ECB;
4. Not permit wastage of the ECB’s assets;
5. Furnish to the ECB’s internal and external auditors all information and explanations they require;
6. Not carry on the business of the ECB negligently or recklessly;
7. Not disclose confidential information about the ECB, its licensees or its staff; and
8. Comply with the law, the Standing Orders and the spirit of this Code.

3.8.2 Management shall not place themselves in a position where their personal interests could conflict with their duties to the ECB; and actual or potential such interests must be declared and reported to the Board.

3.8.3 With regard to staff, management of the ECB shall:

1. Deal courteously with employees having regard to cultural sensitivities and individual dignity;
2. Give due attention to the training and development of employees;
3. Provide safe working conditions;
4. In the appointment, treatment or promotion of employees:
5. not discriminate on any ground which does not affect the carrying out the duties of the employee, and
6. provide opportunities for individuals whose potential has previously been restricted.
7. Recognise employees’ efforts by fair and adequate remuneration and other means;
8. Protect employees against physical, mental or emotional harassment;
9. Comply with all relevant labour legislation, including the laws governing labour relations and conditions of employment;
10. Make this Code and the importance of compliance therewith known to employees; and
11. Manage the ECB in such a way as not to unreasonably jeopardise the job security of employees.

### 3.9 Obligations of Employees

3.9.1 All employees of the ECB shall be aware of the contents of and comply with this Code. They shall perform their duties diligently and efficiently, and in particular shall:

1. Support and assist management in fulfilling the obligations of the ECB;
2. Act honestly at all times and report any harmful activity they may observe or come across in the workplace;
3. Avoid any waste of the ECB’s resources, including time;
4. Use their capabilities and develop their potential as much as possible, particularly in return for training received;
5. Commit to honouring their agreed terms and conditions of employment;
6. Refuse any bribe, and report any attempted bribe to management;
7. Not offer any bribe to anyone;
8. Declare any interest in any entity which may directly be of conflict of interest with the ECB;
9. Not divulge any confidential information about the ECB, its licensees or its staff;
10. Not intimidate or make false accusations about a fellow employee;
11. Help fellow employees meet their obligations; and
12. Join management in a commitment to improve performance.

3.9.2 All employees, including management, are required to sign an undertaking of confidentiality as part of their conditions of service, as set out in Annex 2. A separate undertaking is required from the Board Secretary, as set out in Annex 3.

**3.10 Reporting obligations of employees**

3.10.1 All employees are encouraged to report any contravention of this Code, possible violations of financial or accounting policies or any unlawful or unethical act to management or the Board.

### 3.11 Acceptance of Gifts, Entertainment and Hospitality

3.11.1 It is unacceptable for personal gifts to be solicited by Board Members or staff from current or potential participants in the ESI. Gifts of cash must never be accepted. Only small business courtesies, personal gifts or other benefits may be accepted by a Board Member, or staff, where refusal might offend and then only with the approval of the Board Chair, or Chief Executive Officer. Gifts should be properly declared to the CEO and/or the Board and accounted for and the acceptance thereof should not create the appearance of a conflict of interest.

3.11.2 Refer to the delegation of authority document for the procedures and amounts referred to for gifts.

3.11.3 Board Members and staff should not allow extravagance in any entertainment or hospitality received or given where the motive could be to influence the ECB. Where an offer or a favour is made personally to a Board Member or staff it should be reported to the Board or the Chief Executive Officer.

### 3.12 Offering of Gifts, Entertainment and Hospitality

3.12.1 Employees should not offer business courtesies, gifts or other benefits without keeping proper records thereof and obtaining management approval. No person associated with the ECB shall be part of any bribe, kickback, inducement or other illegal payment of any kind. Any type of illegal payment made with the intention of obtaining favourable treatment or for any other purpose, is unacceptable.

3.12.2 Refer to the delegation of authority document for the procedures and amounts referred to for gifts.

1. **CONFLICT OF INTEREST**
   1. An employee should not acquire any business interest or participate in any activity which would create or appear to create a conflict of interest, i.e. an obligation, interest or distraction which would interfere or appear to interfere with the independent exercise of his/her judgment on behalf of the ECB. This also applies to all members of the Board.
   2. Employees should avoid acquiring any business interest or participate in any activity outside the ECB, which would create, or appear to create the following:
      1. An excessive demand on their time and energy which would deprive the ECB of their best efforts on the job; and/or
      2. A conflict of interest, which is an obligation, interest or distraction which would interfere or appear to interfere with the independent exercise of judgment in the ECB’s best interest.
2. **USE OF THE ECB’S COMPUTER EQUIPMENT**
   1. Electronic correspondence, electronic mail and other Internet-related systems are intended to be used for the ECB’s business. In addition, all information on an ECB computer, including electronic mail, is the property of the ECB. Therefore, to ensure that computing resources are used in accordance with expectations, management may inspect and disclose the contents of electronic messages if such inspection and disclosure is made for legitimate business purposes or as necessary to protect the rights and property of the ECB.
   2. Use of computing resources to offend or harass others is prohibited. Employees who use the Internet to access sites that contain offensive materials related to pornography, gender, race or other offensive categories, or who otherwise violate these prohibitions, will be disciplined.
3. **CONTRAVENTION OF THE CODE**
   1. The ECB will consider any contravention of the Code as a serious matter. In similar vein, any investigation that is conducted into any suspected or alleged contravention will be treated confidentially.
   2. Where an employee suspects that a fellow employee has contravened the Code, this should be reported promptly and confidentially, preferably in writing, to their immediate supervisor or a person at management level. The employee making the report should not confront the suspected individual. This will facilitate the maintaining of confidentiality and impartiality of any subsequent investigation into the matter and also limit the risk of damaging the reputation of the suspected person should it be found that the suspicion is unfounded.
   3. In view of the fact that a contravention of the Code is a serious matter, it may result in either disciplinary, civil or criminal proceedings or all of these proceedings.
   4. All disciplinary procedures will be carried out with due regard to all applicable laws, policies, regulations and codes.
   5. These procedures will also be applicable to any director or person in a managerial or supervisory position, who approved of or was aware of any breach of this Code.
4. **STATEMENT OF COMPLIANCE**
   1. At the end of each financial year period, each member of the Board, Executive Committee with all applicable general managers shall sign a statement of compliance, to this Code, for their area of responsibility.
5. **MISCELLANEOUS**
   1. This Code supersedes all previous ethics policies and/or Codes.
   2. Violations are serious matters and will result in disciplinary action. Managers and supervisors are responsible for distributing copies of this Code to all employees within their departments, as well as making them aware of the importance and specific requirements of the Code.
   3. The Code is not all encompassing and questions about situations not discussed in this Code should be addressed to a manager, supervisor or the CEO.
6. **ADOPTION OF THE CODE**
   1. Code approved in accordance with Board meeting held on ………………….…………, resolution number……………………………

The minutes of the Board meeting held to approve this policy should be attached to this document.

**CODE OF GOVERNANCE & ETHICS – ANNEX 1**

**UNDERTAKING of CONFIDENTIALITY and ETHICS (Board Members)**

I, the undersigned, do hereby:

1. Undertake to treat as strictly confidential, all information which I may hold or know of, from or relating to the ECB, its licensees or its staff, however such information may be obtained – whether orally, visually or by reason of inspection of documentation or other matter, either at the ECB’s premises or elsewhere;
2. Acknowledge that the said information is made available to me solely for the purpose of performing my duties and functions as a Board Member of the ECB;
3. Agree not to disclose such information to any person whomsoever, including my employer or company, other than the executive management and the Board, except:
   1. In response to a request from a licensee regarding a matter that deals exclusively with that licensee;
   2. Information that is public knowledge and legitimately in the public domain by reason of its prior publication (other than through an Act or omission on the part of myself or other Board Members or employees of the ECB); or
   3. Where specifically authorised, and minuted in writing, to do so by the Board.
4. Agree not to directly or indirectly use for my benefit, or the benefit of any other person or organisation, any information that came to my knowledge by virtue of my being a Board Member of the ECB other than to carry out my duties and functions as a Board Member of the ECB;
5. Agree to return to the ECB, unless specifically otherwise agreed in writing by the Chief Executive Officer, all notes, record, documents or other materials which I may have prepared or obtained as a result of my being a Board Member of the ECB;
6. Acknowledge that it is my duty to ensure that my private or personal interests do not influence my decisions as a Board Member and that I do not use my position as a Board Member to obtain personal gain of any sort.
7. Agree to abide by the Code of Ethics and the Standing Orders of the ECB and in particular to declare any and or actual or potential conflicts of interest.
8. Acknowledge that this undertaking given by me will remain in force for the duration of my being a Board Member of the ECB and for a period of 3 years after the end of this period.
9. Agree that this undertaking shall form part of my conditions of appointment and service as a Board Member.

**NAME: ……………………………...…………………. (Block Capital)**

**POSITION:……………………….……………………**

SIGNATURE:…………………………………………. DATE: ………………………..…………...

**CODE OF GOVERNANCE & ETHICS – ANNEX 2**

**CONFIDENTIALITY UNDERTAKING (all employees, contractors, consultants)**

I, the undersigned, do hereby:

1. Undertake to treat as strictly confidential all information which I may hold or know of, from or relating to the ECB, its licensees or its staff, however such information may be obtained – whether orally, visually or by reason of inspection of documentation or other matter, either at the ECB’s premises or elsewhere;
2. Acknowledge that the said information is made available to me solely for the purpose of performing my duties and functions as an employee of the ECB;
3. Agree not to disclose such information to any person whomsoever other than the executive management, the Board and other staff of the ECB as appropriate, except:
   1. In response to a request from a licensee regarding a matter that deals exclusively with that licensee;
   2. Information that is public knowledge and legitimately in the public domain by reason of its prior publication (other than through an Act or omission on the part of myself or other employees of the ECB); or
   3. Where specifically authorised, in writing, to do so by the Chief Executive Officer or the Board.
4. Agree not to directly or indirectly use for my benefit, or the benefit of any other person or organisation, any information that came to my knowledge by virtue of my employment with the ECB other than to carry out my duties and functions as an employee of the ECB;
5. Agree to return to the ECB, unless specifically otherwise agreed in writing by the Chief Executive Officer, all notes, record, documents or other materials which I may have prepared or obtained as a result of my employment with the ECB;
6. Acknowledge that this undertaking given by me will remain in force for the duration of my employment with the ECB and for a period of 3 years after the end of that period.
7. Agree that this undertaking shall form part of my conditions of appointment and service.
8. Acknowledge that any breach of this undertaking is a breach of my contract of employment which constitutes a serious misconduct that entitles the ECB to take disciplinary action against me, up to and including my summary dismissal.

**NAME: ……………………………...…………………. (Block Capital)**

**POSITION:……………………….……………………**

SIGNATURE:…………………………………………. DATE: ………………………..…………...

**CODE OF GOVERNANCE & ETHICS – ANNEX 3**

**CONFIDENTIALITY UNDERTAKING (Board Secretary)**

I, the undersigned, do hereby:

1. Undertake to treat as strictly confidential, all information which I may hold or know of, from or relating to the ECB, its licensees or its staff, however such information may be obtained – whether orally, visually or by reason of inspection of documentation or other matter, either at the ECB’s premises or elsewhere;
2. Acknowledge that the said information is made available to me solely for the purpose of performing my duties and functions as Secretary to the Board of the ECB;
3. Agree not to disclose such information to any person whomsoever, including employees of the ECB, other than the executive management and the Board except:
   1. In response to a request from a licensee regarding a matter that deals exclusively with that licensee;
   2. Information that is public knowledge and legitimately in the public domain by reason of its prior publication (other than through an act or omission on the part of myself or employees of the ECB); or
   3. Where specifically authorised, in writing, to do so by the Chief Executive Officer or the Board;
4. Agree not to directly or indirectly use for my benefit, or the benefit of any other person or organisation, any information that came to my knowledge by virtue of being the Board Secretary other than to carry out my duties and functions as Board Secretary;
5. Agree to return to the ECB, unless specifically otherwise agreed in writing by the Chief Executive Officer, all notes, record, documents or other materials which I may have prepared or obtained as a result of my being the Secretary of the Board of ECB;
6. Acknowledge that this undertaking given by me will remain in force for the duration of my being Board Secretary and for a period of 3 years after the end of that period.
7. Agree that this undertaking shall form part of my conditions of appointment and service.
8. Acknowledge that any breach of this undertaking is a breach of my contract which constitutes a serious misconduct that entitles the ECB to take disciplinary action against me, up to and including my summary dismissal.

**NAME: ……………………………...…………………. (Block Capital)**

**POSITION:……………………….……………………**

SIGNATURE:…………………………………………. DATE: ………………………..…………...



5.

IT POLICY:

INFORMATION TECHNOLOGY

USAGE

# Preamble

1.1 All computer facilities and access supplied to personnel of the ECB, is the property of the entity. As such it may only be used:

* + 1. To the benefit of the ECB;
    2. As prescribed in relevant documentation; and
    3. In accordance with the guidelines and policies as laid down by the ECB.

# **Purpose**

2.1 This document provides guidelines and policy for specific situations, actions and activities that relate to the use of the ECB’s computing facilities. Because a particular activity or situation is not expressly prohibited, it does not mean that such an activity is allowed. If you have any doubt, contact the IT department for clarification.

# 

# **Scope and application of policy**

* 1. This policy applies to:
     1. All full time employees of the ECB.
     2. Fixed term contractors.
     3. Members of the Executive Management Team and casual employees.

# **Access control**

4.1 Each user is supplied with one or more means of user identification (user id’s and/or access cards), which will grant him/her access to certain specified services and/or facilities. The user will be forced to supply a password to be used in conjunction with this user id. The use of this id is strictly for the use of this person only, and passwords may not be divulged to any other party.

4.2 Change passwords frequently, and avoid using a password that could easily be guessed (e.g. own first name, name of spouse etc). Blank passwords should not be permitted.

4.3 Users must log out (sign off) when leaving for home. For short periods of absence a screen-saver that is password-protected must be used.

# **Responsibilities**

5.1 You are the owner of your data, and it is your responsibility to ensure that it is adequately protected against unauthorized access. This means that you must avail yourself of the access controls and other security measures that the ECB has provided for you and take prudent and reasonable steps to limit access to your data.

5.2 You are totally prohibited from taking part, directly or indirectly, in any form of illegal activity when using electronic communication technology or infrastructure supplied by ECB.

# **Unauthorized access to files**

6.1 You may not engage in any activity that is intended to circumvent computer security controls. This includes unauthorized attempts to:

* + 1. Crack passwords;
    2. Delete production data;
    3. Make unauthorized changes to production data;
    4. Discover unprotected files;
    5. Decode encrypted files; and
    6. Penetrate computer systems for unauthorized use.

6.2 You may not access files or directories of other users without their specific authorization to do so.

# **Use of software**

7.1 You are prohibited from loading any software on any computer system without approval from your supervisor, and the IT Specialist or the CEO of the ECB. This includes commercial software, shareware and freeware.

7.2 You are expressly prohibited from using ECB facilities to make illegal copies of licensed or copyrighted software.

7.3 Copyrighted software may only be used in accordance with its license or purchase agreement. You do not have the right to own or use unauthorized copies for yourself or anyone else.

7.4 You are prohibited from using software that is designed to:

7.4.1 Destroy data;

7.4.2 Provide unauthorized access to computer systems; or

7.4.3 Disrupt computing processes in any other way.

7.5 The use of viruses, worms, Trojan horses, and other invasive software is expressly forbidden.

7.6 ECB installs anti-virus software on all of its computer systems and employees are required to use it. You are prohibited from tampering with this software or from turning it off. All disks that are inserted into the ECB’s computers must first be scanned for viruses or other forms of malicious software. If you receive warnings about viruses, please forward the information to the IT Specialist. He/she will investigate whether the warning is a hoax, and issue a formal warning throughout ECB if necessary.

7.7 Users must immediately report any malfunction that might be related to a computer virus to the IT Specialist.

# **Use for personal financial gain**

8.1 The ECB’s computer systems are for the sole use of ECB-related business. You are expressly prohibited from using the ECB’s computer systems for personal or private financial gain, unless a General Manager has specifically authorized such use in writing.

# **Electronic communication**

9.1 Note: In this policy all references to “electronic communication” includes, but is not limited to, use of e-mail, the internet (in all its forms), the intranet and other means of electronic communication such as fax, SMS, WAP, telephones, cell phones, voice mail and file transfer protocol (FTP), etc.

9.2 All users of electronic communication must be fully aware of the vast risks involved in electronic communications. Some of the reasons why you must be careful when communicating electronically are:

* + 1. Exact records of your communication can easily be recorded and stored for future use;
    2. It is easy for any party that you communicate with, to manipulate the content of your messages and/or forward your messages to any number of parties that you never intended to be recipients;
    3. It is easy for technical people to trace the route that communication messages have followed back to the origin of the message.

9.3 Although you might sometimes feel that electronic communication is informal, this is certainly not the case. Any electronic message is now admissible as evidence in a Court of law. You must therefore always consider how the party that you are communicating with, will interpret your message. In addition you must consider the implications if a message that you have created is passed to others.

9.4 The electronic mail system is to be used for ECB-related business. Users are prohibited from transmitting fraudulent, libelous, offensive, harassing, or obscene messages or files. The sending of ‘spam’ type of e-mail is prohibited. You may not send any electronic mail or other form of electronic communication by forging another’s identity or attempt to conceal the origin of the message in any other way.

9.5 You are prohibited from creating, storing, downloading, forwarding or printing any form of communication that contravenes this policy. Exceptions in this regard are where you are requested by Management to store specific messages or where you require the communication messages as evidence, with the approval of Management, in a disciplinary or legal case hearing.

9.6 E-mails are not guaranteed to be private, as they are only encrypted while in the ECB network.

|  |
| --- |
| ECB respects your privacy but we expect you to respect ECB’s property and facilities. The realities of the workplace restrict your expectation of privacy. Therefore, employees should consider this Usage Policy to be a warning in advance that ECB may intercept all indirect communications in the course of carrying on its business. “Indirect Communication” means the transfer of information, whether in the form of speech, music or other sounds; data; text; visual images; signals; radio frequency spectrum; or in any other form that is transmitted by means of a postal service or telecommunication system. “Interception” includes any form of interception, monitoring, viewing, examining and diversion. |

9.7 If you are ill, on leave or unable to regularly attend to your official messages and if it is deemed necessary for continuity or for ECB’s business purposes, Management may obtain access to your messages.

9.8 Do not open an e-mail if the subject is not work-related and the sender is unknown to you. The e-mail, and especially any attachments, may contain a virus.

9.9 You may not distribute material that has copyright in such a way that the copyright is infringed. You are not allowed to send ECB-confidential information outside of ECB, or to unauthorized personnel, unless authorized by your supervisor.

9.10 A disclaimer is automatically added to all e-mails that leave the ECB. In no way may there be tampered with this disclaimer.

* 1. Users may use e-mail for coincidental personal purposes on condition that:
     1. It does not negatively impact upon ECB’s Electronic Mail System, either directly or indirectly;
     2. It does not expose ECB to a noticeable increase in costs;
     3. It does not interfere with the user’s daily work-related activities;
     4. Users realize that the use of e-mail is a privilege that can be taken away if it is misused.
     5. All emails must include the standard ECB email signature with a disclaimer.

9.12 The user is responsible for managing his/her disk space on the mail server.

9.13 Electronic communication is stored and transmitted in such a way that it is highly possible to record such communication. It is important to remember that if you send messages that are not encrypted, it is the electronic equivalent of sending postcards (i.e. all confidentiality is lost) as opposed to the equivalent of using tamper-proof envelopes when encryption is used.

* 1. Here are a few pointers for *e-mail etiquette:*
     1. Where necessary, include a signature containing information where the recipient can contact you;
     2. For e-mails within ECB, include your office name and number in the signature;
     3. Be careful when sending replies – make sure you only send to a group when necessary;
     4. Do not send messages all in CAPITAL LETTERS. It looks as if you are shouting. Use capitals only for EMPHASIS;
     5. Watch your punctuation and spelling.

# **Harassment**

* 1. You may not use the ECB’s computer systems to harass anyone. This includes:
     1. the use of insulting, sexist, racist, obscene, or suggestive electronic mail;
     2. tampering with others’ files; and
     3. invasive access to others’ equipment.

10.2 In addition, users of any electronic communication facilities – such as electronic mail, networks, bulletin boards, and news groups – are obliged to comply with the restrictions and acceptable practices established for those specific facilities. Certain types of communications are expressly forbidden. These include:

* + 1. the random mailing of messages;
    2. the mailing of chain letters;
    3. “spamming” – i.e. the unsolicited sending of e-mails containing “junk” information;
    4. the sending of obscene, harassing, or threatening material; and
    5. the use of the facilities for commercial or political purposes.

# **Degrading/crashing the system**

11.1 Users may not deliberately attempt to degrade the performance of the ECB’s computer system or subvert it in any other way. Deliberately crashing the system is expressly forbidden.

# **Theft**

12.1 All hardware, software, data and computer-related supplies and documentation are the sole property of the ECB. It may not be removed from the ECB premises without prior authorization from the employee’s Manager. .

12.2 When portable equipment (e.g. notebooks) is allocated to a specific user, a permanent authorization will be supplied.

# **Waste and abuse**

13.1 Avoid any activity around your computer equipment that may result in damage to the hardware, software or data. Eating and drinking around a workstation is not recommended. Use of the computer systems for purposes other than the intended use, is prohibited.

13.2 Activities that cause a sustained high volume of network traffic are to be avoided. This includes the unnecessary downloading of files and sending of e-mails with many large attachments. Consult with the IT Specialist before such actions take place.

# **Non-authorized use of external networks and computer systems**

14.1 You may not use the ECB’s computer systems to access or attempt to access networks and/or computer systems other than those authorized for your use. This includes, but is not limited to, the Internet.

# **Authorized use of external networks and computer systems**

15.1 When external networks and/or computer systems is used, it may only be used for ECB-related business. The downloading and/or storing and/or printing and/or e-mailing of undesirable/hateful/obscene materials (pornography etc) are not permitted. Downloading and/or storing of programs and/or software that are not approved by IT are prohibited.

15.2 Use of the Internet facility may be monitored from time to time. Access to certain sites may be prohibited.

# **Hardware**

16.1 IT has the responsibility to procure, install and maintain all computer hardware. Users are prohibited from connecting, or allow someone else to connect, any hardware or computer system not supplied by IT to the ECB’s network without approval of your supervisor, and the IT Specialist or the CEO of the ECB.

16.2 Users are prohibited from disconnecting or dismantling, or allowing someone else to disconnect or dismantle any hardware or computer system (except portable equipment e.g. notebooks) from the ECB’s network without approval from the IT Specialist or the CEO of the ECB.

# **Radio Networks (Wi-Fi; 3G cards and EDGE cards)**

17.1 Users are prohibited to activate the wireless network facility on their ECB notebooks whilst connected to the ECB network. The radio LAN may be used in Wi-Fi Hotspots taking in consideration that the Anti-Virus software on the notebook is the latest version.

17.2 The activation of this function whilst the notebook is connected to the ECB network poses a risk to the network environment as this allows e.g. hacking and the entering of unknown viruses.

# **Responsibility on user’s behalf (vicarious liability)**

18.1 Ulterior activities (those activities explicitly prohibited by this policy) are outside the scope of the user’s employment contract and ECB will not accept responsibility on the user’s behalf (vicarious liability).

# **Access rights of ex-users**

19.1 Users whose connection with ECB has been terminated have no right of access to the contents of messages addressed to them – whether official or private.

# **HR processes**

* 1. HR processes must ensure the following:
     1. Notification to e-mail administration of organisational changes impacting e-mail directories (e.g. structural changes, appointments, moves and resignations);
     2. Formal contracting of this usage policy with users (e.g. as part of letter of appointment).

# **Enforcement**

21.1 The ECB will investigate any alleged abuse of its computer resources. As part of the investigation, the ECB may access the electronic files of its employees. If the investigation indicates that computer privileges have been violated, the ECB may take appropriate steps in accordance with the ECB’s disciplinary policy. Sanctions against contract employees will be in accordance with the terms of their contract. In all cases the contravention of the policy and procedures could lead to a criminal prosecution and a civil claim. Every employee of the ECB has the responsibility to ensure that this policy is adhered to, and that infringements are reported to the relevant supervisor or manager for investigation.

# **Policy control**

## 

22.1 Policy Audit

22.1.1 Periodic audits will be conducted by the Chief Executive Officer, when deemed necessary or as required from time to time, to ensure appropriate application and compliance with the Policy.

22.2 Policy Review

22.2.1 This policy is subject to annual review or when necessary by the ECB, to ensure that it is aligned to prevailing legislation and market conditions.

|  |  |
| --- | --- |
| Policy adoption date |  |
| Policy implementation date |  |
| Next Review date |  |



6.

IT POLICY:

INFORMATION SECURITY

# **Preamble**

* 1. Information security objectives are derived from a business oriented risk assessment.

1.2 Information Security deals with the preservation of:

1.2.1 Confidentiality: ensuring that information is accessible only to those authorised to have access;

1.2.2 Integrity: safeguarding the accuracy and completeness of information and processing methods;

1.2.3 Availability: ensuring that authorised users have access to information and associated assets when required.

1.3 Information Security is achieved by implementing a suitable set of controls, standards, processes and systems to ensure that the information security objectives of the organisation are met.

# **Purpose**

2.1 This is a policy document, and therefore contains guidelines and directives. It does not contain the detail methodology of the various policy statements, unless it is necessary to spell out certain requirements.

2.2 This policy addresses both data and access security.

2.3 These statements need to be supported by well-documented action plans and administrative procedures at the responsible departments.

# **Scope and application of policy**

3.1 Information, data and information systems in all its forms, including information about employees, customers and products, are among the most valuable assets of any business.

3.2 The ECB needs to protect information and information systems adequately to manage the associated risks in a highly competitive business environment. The risks could include the processing of unauthorised or fraudulent transactions, manipulation or destruction of information, unauthorised disclosure of client or confidential information or incorrect processing of information. The ECB’s information and information systems need to be protected when used internally as well as externally.

3.3 The ECB’s electronic business initiatives require sound Information Security to establish trust between parties. Therefore, as dependence on information systems increases, security is universally recognised as a quality that is pervasive and critical.

3.4 There is a need to comply with changes in statutory and regulatory requirements, which are being driven by the demands of electronic business and a greater focus on corporate governance.

3.5 The most critical aspect of Information Security is the awareness, knowledge and attitude of all the concerned parties.

3.6 The Board the ECB are committed to Information Security and have authorised the formulation of this ECB Information Security Policy, to provide management direction, support and a mandate for Information Security. This commitment is formulated as a set of formal policy statements and standards in this document and various supplementary policies and standards.

* 1. This policy applies to:
     1. All full time employees of the ECB.
     2. Fixed term contractors.
     3. Members of the Executive Management Team and casual employees.

# **The security policy management must not be outsourced**

4.1 Security management is the responsibility of the ECB. It is his responsibility to ensure that skilled staff adequately performs the implementation and maintenance of the security policy.

# **Backups**

5.1 Regular backups must be made of all files and software that need to be recovered after a failure/disaster of any kind. These backups need to be taken off-site.

5.2 A formal schedule/list/methodology must be kept up to date to ensure that the departments responsible for backups are fully aware of which backups to take, and which must go off-site.

# **Critical IT infrastructure**

6.1 ECB operational sites and IT infrastructure must be prioritized in at least two categories. Category A refers to critical sites or infrastructure. Category B is the rest.

6.2 Category A – IT infrastructure must be:

1. Located in a physical environment protected by a security system that makes it inaccessible to persons without the necessary authority.

The location may not be advertised by signboards etc.

1. Protected by alarms that detect the presence of smoke, fire, water, power cuts, and heat.
2. Protected by a system that releases fire-fighting gases in the event of a fire.
3. Protected by a system that prevents downtime as a result of intermittent power failures (UPS).
4. Protected from downtime as a result of air-conditioning failures through installation of sufficient redundant AC units.
5. Protected from water spills/seepage.

# **Disaster Recovery Plan (technology continuity plan)**

* 1. A disaster recovery plan must be drawn up for all computer environments i.e.:
     1. Mainframe, Midrange or file server.
     2. A copy of this plan must be kept at the designated disaster recovery site.
     3. These plans must be tested on a regular basis.
     4. The plan must be subject to formal change management. This means that the plan must be updated whenever major changes take place, or after formal tests were done.

# **Disaster Committee**

8.1 A disaster committee must be set up. This committee is responsible for officially declaring a disaster when required. It should consist of the General Manager: Finance and Administration, General Manager: Regulation, the IT Specialist and the CEO. Either the IT Specialist or CEO must be present to declare a disaster. If both are unavailable, a senior management representative must be present.

8.2 A disaster declaration will be considered if it is unlikely that an acceptable level of service will be available within 24 hours, and recovery at the backup environment will solve the problem.

# **Loss of Data**

9.1 Users must be aware that up to 1 day’s input may have to be re-input. The necessary documentation must therefore be kept.

# **Authorization of Payments to Clients**

10.1 An extra security measure must be in place for this purpose (e.g. swipe-cards with access codes or fingerprint readers). These cards must be in the possession of the owner, and passwords must be secure.

# **Ownership of applications/software**

11.1 Programs that were developed by programmers or contractors remain the property of ECB. Adequate procedures should be in place to safeguard the intellectual property of the ECB.

# **Assets**

12.1 All critical hardware and software, whether leased or not, must be recorded in an asset register. This enables proper control of hardware and software (e.g. for insurance, security or financial purposes). The correct hardware configuration and software version must be stated.

# **Insurance**

13.1 All hardware and computer environments must be comprehensively insured. Insurance must also cater for recovery of data and additional operational costs while running at a recovery site.

# **Licenses/contracts**

14.1 All software must be legally licensed, and may not be used, changed or copied in other ways than stipulated in the license agreement.

14.2 All licenses/contracts must be secured in a safe place, to ensure compliance to software license agreements and copyrights.

# **Reporting of security incidents**

15.1 Incidents impacting the confidentiality, integrity or availability of information resources must be identified and managed using a formally approved process.

# **Change management**

16.1 All changes that are made to critical software and hardware must be properly documented/recorded.

16.2 Testing (acceptance) criteria must be drawn up and tests must be done using these as basis.

16.3 When upgrades are planned, the hardware environment at the production and backup sites must be considered.

* 1. The change procedures should cater for the following:
     1. A contingency/fall-back plan must be part of the documentation.
     2. The time required to implement the change must be specified. This includes the estimated time that would be required to undo the implemented change.
     3. A system change impact assessment/risk plan.
     4. System change approval. Changes to critical mainframe/network software (e.g. operating system upgrades) must be approved by the Facilities Manager.
     5. Communication of the changes to all relevant parties.
     6. Post-implementation actions.

# **Incident Reports**

17.1 All incidents that are caused by system software failure and breaches of confidentiality must be documented and reviewed to enable recurrence thereof to be prevented. This may lead to preventative strategies being implemented by appropriate authorities (e.g. line management).

# **Operator/System Logs**

18.1 Copies of system and operator logs must be kept for a minimum of 30 days.

18.2 Job logs should be kept according to frequency (e.g. monthly jobs for 3 months), preferably using an archiving/retrieval package. This will facilitate auditing after security breaches and other incidents.

# **Disposal of media**

19.1 When media is disposed of, the sensitivity of the data should be determined and action taken accordingly. Media containing confidential information should be destroyed by shredding or clearing of data.

# **User Registration**

20.1 The following applies:

1. User access to applications and data must be controlled by consent from the system owners. The relevant operational manager must give written permission. This consent must be kept on record for audit purposes.
2. Users that have system level access rights may only be registered with the written consent of their specific manager.
3. All users that leave the service of the ECB must immediately be removed from the access control list. This includes contractors and other temporary profiles.
4. Whenever a user is charged to appear before a disciplinary hearing, and the offence could result in dismissal, his access rights must be suspended pending the decision of the disciplinary committee. If the offence cannot result in dismissal the manager of the user must decide whether his access rights must be suspended.
5. Access must only be given on a ‘need-to-use’ basis. Access granted must be appropriate for the business purpose.
6. Contracts of staff, contractors and service providers should specify sanctions if unauthorized access is attempted.
7. Users’ access rights should be reviewed at least once per year.
8. You may not use someone else’s access rights to gain access to a system.
9. Acceptance of the conditions of use of the electronic networks in the ECB must be acknowledged at sign-on, prior to gaining access to the capabilities of the networks.

# **Password Management**

* 1. The following password policy must be enforced:
     1. Passwords are confidential and may not be displayed or given to unauthorized persons.
     2. Passwords must be invisible when entered.
     3. Password format:
        1. At least 6 characters long.
        2. Not more than 2 repetitive characters.
        3. At least 2 numeric characters
        4. Passwords must be case sensitive.
     4. Change interval: 90 days (enforced).
     5. History: Will be unable to reuse any of the last 5 passwords.
     6. Revoke user after 4 unsuccessful password attempts, or 45 days of inactivity.
     7. Passwords may only be resumed by authorised personnel on the approval of the relevant manager.
     8. Warn users within 4 days of password change that is coming up.
     9. Addition/removal of users and groups may only be done by authorised personnel.

# **Unattended Terminals**

22.1 Users must log out (sign off) when leaving for home. For short periods of absence a screen-saver password must be used. The system should lock the user out when the user is dormant for a period (e.g. 15 minutes).

# **Data/software Exchange Agreements**

23.1 When data or software is exchanged between ECB and other parties, it must be subject to a confidentiality agreement.

# **Distribution of Data**

24.1 No distribution of ECB client or transaction data to external parties, by any means, may be done without the express authorization of the systems owner.

# **Application systems**

25.1 All application systems must be supported by documentation explaining the purpose and logic of the programs.

25.2 Testing may only be done with non-confidential data.

25.3 Systems must be supported by user documentation (manuals).

25.4 Audit trails. Systems must be developed with sufficient controls, so that the integrity of the data is always assured.

25.5 The process of acquiring, developing or maintaining applications must conform to formal Information Security practices.

25.6 When automating business processes, the Information Security requirements must be formally defined and implemented in the solutions.

# **Documentation/information**

26.1 Employees must sign an “undertaking of confidentiality” upon commencing service.

26.2 All Contracts with employees, contractors and service providers must stipulate adherence to the relevant Information Security policies/usage policies, standards and procedures.

26.3 Documentation not in use should be filed, to prevent them from fuelling a fire. Confidential documents must be locked away.

26.4 No data or information may be given to a 3rd party without authorization by an authorized ECB manager.

# **The following actions are not allowed:**

a) Attempts at bypassing security.

b) Attempts at cracking passwords.

c) Attempts at “Hacking”.

d) Attempts at releasing/importing computer viruses.

e) Attempts at modifying/deleting files that are not your own without permission.

f) Attempts at loading illegal software and games onto ECB equipment.

g) Attempts at removal of ECB’s hardware/software/data from the premises, without management authorization.

Violations must be reported to a manager or the IT Specialist. Appropriate steps can include a disciplinary hearing and subsequent dismissal.

# **Risk analysis**

28.1 The risks associated with information and systems must be analysed using formal risk analysis methods, standards and procedures.

# **The latest service packs**

29.1 The latest service packs and security releases of operating systems and their components must be assessed and, if appropriate, tested and implemented.

# **Data privacy**

30.1 The rights of clients and employees, with regard to the handling of their personal information, must be respected in accordance with statutory legislation.

# **Awareness**

31.1 Information security personnel must be trained in the security disciplines necessary to function effectively in the environments for which they are responsible.

31.2 Technical staff must be trained in the security disciplines needed for their particular technology.

31.3 All security training must include exposure to the Information Security policy.

31.4 Information Security awareness must be:

31.4.1 Created among all existing and new employees, contractors and intermediaries, and treated as an ongoing process with clear objectives, measurable deliverables and reviewed regularly for effectiveness.

# **Audits and Tracking**

32.1 Audits and tracking must be performed at regular intervals to identify potential information security risks and to assess compliance to information security policies, standards, and procedures.

32.2 The recommendations of security audits must be reviewed, action plans agreed and the implementation of these plans monitored.

32.3 Business Executive Management and Information Owners must be provided with regular reports on the level of compliance with security policies, security issues and security incidents.

32.4 Auditing and Tracking must be done on the 3 manners, namely:

* + 1. Compliance:
       1. Security audit logs on all platforms must be attained at all times and track must be kept on all exceptions.
       2. Annual informal security audits (internal or external) must be performed so that the IT Specialist has regular reports on the level of compliance with security policies, issues and incidents.

32.4.2 Proactive:

* Exception reporting must be examined immediately to be able to take the relevant corrective action before a security incident.
* The security audit logs on the critical servers must be examined on a weekly basis so that proactive corrective action can be taken.

32.4.3 Reactive:

* On request, the security logs and exception reports will be examined and in case of a possible security incident, the required corrective action must be taken.

# **Maintenance of policy**

33.1 The business Information Security policies must be:

* consistent with the ECB Group and ECB business priorities, and
* available to the ECB IT Executive to ensure that the plans and progress are visible so that alignment between Businesses can take place.

# **Acquisition/disposal of businesses**

34.1 If ECB wishes to acquire a majority shareholding of a third party ECB, we must ensure that due diligence reviews include determining the Information Security status and risks of the acquisition.

34.2 If ECB has acquired a majority shareholding of a third party ECB, we must ensure compliance of the new operation to the Information Security Policy and its supplements.

34.3 If ECB expands into the international arena we must ensure that we comply with the applicable international and country specific regulations.

# **Ownership of Information and systems**

35.1 Ownership of Information and systems must be assigned to achieve individual accountability.

# **Policy control**

36.1.1 Policy Audit

* Periodic audits will be conducted by the Chief Executive Officer, when deemed necessary or as required from time to time, to ensure appropriate application and compliance with the Policy.

36.1.2 Policy Review

* This policy is subject to annual review or when necessary by the ECB, to ensure that it is aligned to prevailing legislation and market conditions.

|  |  |
| --- | --- |
| Policy adoption date |  |
| Policy implementation date |  |
| Next Review date |  |



7.

IT POLICY:

INFORMATION TECHNOLOGY

GENERAL CONTROLS

**INFORMATION TECHNOLOGY GENERAL CONTROL POLICIES**

**Version Control & Approval**

This policy has been submitted for approval on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| **Date** | **Designation** | **Result** |
|  | Audit Committee | Recommended |
|  | Board | **Approved** |
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| **Version** | **Date** | **Details** |
| **First version** |  |  |
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**1. INTRODUCTION**

## Information Technology General Controls (ITGC’s) are the fundamental controls that apply to all applications, processes and data of an organisation. The objectives of ITGCs are to ensure the proper development, implementation and maintenance of applications, as well as the integrity of data.

## In many entities, much of the information used for carrying out monitoring of controls and control activities such as business performance reviews will be produced by the entity’s information system. Therefore, management are responsible to ensure adequate controls are in place to obtain comfort that the information is sufficiently reliable for their purposes

## With regards to IT general controls the following areas are covered:

* + 1. Access Controls
    2. Interfaces
    3. Maintenance of existing systems and change control
    4. Development of new systems
    5. Computer operations
    6. Information security management

1.4 The attached policy is not an extensive list of IT controls. Therefore, the recommended controls are not very technical in nature and should be implemented with ease by the user community and the IT Specialist.

1.5 In addition the policy sets out the control objectives supported by the specific controls.

**2. Access controls**

| Control Objective | Control |
| --- | --- |
| 2.1 All users are identified before electronically accessing the system (identification procedures). | a. Access is allowed only by a valid combination of log-on IDs and passwords. |
|  | b. Sharing of user IDs is prohibited. |
|  | c. Simultaneous use of the same user ID is prohibited. |
|  | d. User IDs are locked-out after three (3) sign-on failures |
|  | e. Idle sessions/terminals automatically log-off after 30 minutes of inactivity. |
|  | f. Standard Windows screensaver is activated after fifteen (15) minutes of inactivity with password protection. |
| 2.2 Users are authenticated before electronically accessing the system (authentication procedures). | a. Passwords are required for all user IDs. |
|  | b. Passwords are set to force-change, every 90 days. |
|  | c. A password length of at least six characters is enforced. |
|  | d. Composition of passwords is designed to prevent guessing. |
|  | e. The re-use of the previous five (5) passwords is prohibited. |
|  | f. Confidentiality of user passwords is maintained. |
|  | g. Passwords are not displayed on the terminal screen. |
|  | h. Passwords are not written on or near the terminal. |
|  | i. Passwords are not printed onto hard copy logs or reports in an unencrypted format. |
|  | j. Password files/tables are protected / encrypted. |
| 2.3 Security administration procedures ensure that changes in responsibilities are in line with system access rights. | a. For timely deletion of user IDs, HR procedures are implemented to notify the Security Administrator of resignations and dismissals. |
|  | b. Security Administrator regularly scans the profile file / table for inactive/dormant accounts. |
|  | c. User access (or changes to access rights) to processing functions (as defined in profiles) is established based on formal management approval. |
|  | d. A copy of the user access approval is retained as an audit trail. |
|  | e. User access is reviewed on a regular basis (at least once a year) and compared to the approved access control documentation. |
| 2.4 Resource security is implemented to ensure segregation of duties and restricted access. | a. User responsibilities are designed and allocated to ensure segregation of incompatible duties:   1. Business users do not have access to programming functions and program source code. 2. IT staff do not have access to business processing functions. 3. “Super-user” access is limited and approved. 4. Default accounts such as “guest” is disabled or access controlled.   (Ensure that users only have access to processing functions on a need-to-perform basis). |
|  | b. User menus and functions are restricted according to user responsibilities, and are allocated on a need-to-perform basis. |
| 2.5 An audit trail of all application processing activities is maintained. | a. All application processing activities are logged. |
|  | b. Logs of application processing activities are proactively reviewed independent of the activity. |
| 2.6 Security incident and management reporting has been implemented. | a. Incidents are defined, identified, reported and followed-up. |
|  | b. Security status is reported to management on a regular basis. |

3. INTERFACES

| **Control Objective** | **Control** |
| --- | --- |
| 3.1Information transferred via interfaces is complete, accurate and valid. | a. Reconciliations of interface data from the sub-systems to the main system are prepared and reviewed. |
|  | b. Data validation is done by the system to ensure data is accurately transferred. |
|  | c. Exception reports of data load errors are reviewed. |
|  | d. Invalid data loads are held within the system for follow-up review. These transactions are reposted timely, once corrected. |
|  | e. Interfaces are run on specified dates and only by authorised users. |
|  | f. Logs of all interface runs are kept by the system. |
|  | g. Interface data files are subject to access restrictions. |
|  | h. Interface tables are cleared on a regular basis. |
|  | i. Transactions are uniquely identified and named/titled to prevent duplication of data transfers. |
|  | j. Changes to data load scripts / procedures are documented and controlled. |

1. MAINTENANCE OF EXISTING SYSTEMS AND CHANGE CONTROL

### 

### 4.1 Management of maintenance activities

| **Control Objective** | **Control** |
| --- | --- |
| 1. A formal change control structure has been established and changes are managed through a centralised point. | a. The change control process is documented as a formal information security standard and the documented process is communicated to all development staff and business users involved in requesting and accepting changes. |
|  | b. The formal change control standard is adhered to. |
|  | c. All incidents (system errors) are logged on a helpdesk application. |
|  | d. Incident meetings are held when required to approve, prioritise, and action priority requests. |
|  | e. Change management meetings are held regularly. |
| 2. Management is directly involved in all changes. | f. Management formally approves the:   1. Change request. 2. Change specification. 3. Testing of changes. 4. Final user signoff. 5. Transfer of the source code to the live environment. |
|  | g. Management reviews the logged and authorised change requests on a regular basis to determine the progress on outstanding requests:   1. Incident meeting. 2. Program changes control meetings. |

### 

### 4.2 Specification, authorisation, prioritization, allocation and tracking of change requests

| **Control Objective** | **Control** |
| --- | --- |
| 1. Requirements are appropriately defined. | a. User requirements are clearly documented and communicated to the developers. |
| All change requests are appropriately authorised, prioritised and tracked. | b. All program change requests are reviewed, approved and prioritised during the change management meeting. |
|  | c. The target/completion dates are recorded and approved for all change requests. |
|  | d. All program change requests are logged. |
|  | e. At the change control meeting, outstanding/late requests are discussed and delivery dates adjusted if required. |
|  | f. At the change control meeting, Management receives and reviews reports on the results of testing before they sign-off the “transfer to production” document. |
| 2. Change requests are appropriately analysed and impact of changes are assessed before implementation. | a. The developer analyses the existing system documentation to determine the impact and design decisions of the change, on other components of the system. |

### 

### 4.3 Unit, system and user testing

| **Control Objective** | **Control** |
| --- | --- |
| 1. All changes are appropriately tested before being used in the production environment. | a. There are separate logical and physical environments for development, testing and production. |
|  | b. The developers do not have access to the production environment. |
|  | c. Formal testing standards/guidelines exist. |
|  | d. Unit, integration and stress testing is performed by the developers, prior to user acceptance testing, and copies of test plans and test results are retained. |
|  | e. Users perform user acceptance testing (UAT) on all changes before introduction in the production environment, and copies of test plans and test results are retained for audit or enquiry purposes. |

### 

### 4.5 Transfer to the live environment

| **Control Objective** | **Control** |
| --- | --- |
| 1. Changes are applied in a controlled manner and authorised before migrated to the production environment. | a. A separate librarian transfers code between the development, test and production environments. |
|  | b. Segregation of duties between development and transferring of applications to the production environment is enforced. |
|  | c. A formal emergency change control procedure has been designed, documented and implemented covering:   1. Documenting the event and subsequent approval of change; 2. Maintaining the correct version of the program; and 3. Test procedures. |
|  | d. Back-out procedures are available for every change. |
|  | e. At the change control meeting, Management receives and reviews reports on the results of testing before they sign-off the “transfer to production” document. |
| 2. Source code version numbers are adequately controlled. | a. There is automated version control software in place. |
|  | b. Version numbers are shown on the “request for transfer”, to ensure that the most recent version is transferred to live. |
|  | c. Source code programs cannot be used by more than one developer at the same time. Other developers can only open the program as “read-only”. |

### 

### 4.6 Updating technical and user documentation and perform user training

| **Control Objective** | **Control** |
| --- | --- |
| 1. User documentation for application functionality is readily available. | a. User documentation (standard operating procedures) for all production applications is available. |
| 2. There are formal procedures to ensure that user documentation is updated to reflect all changes to the application functionality. | a. User documentation is updated with all changes made to application functionality.  Changes to user documentation are subject to quality control. |
| 3. Technical documentation for systems is readily available. | a. Technical documentation (design charts, network charts, process flows, etc) is available and restricted to IT staff. |
| 4. There are formal procedures on how to update the technical documentation to reflect changes to the systems. | a. Technical documentation is updated with all changes made to application functionality.  Changes to technical documentation are subject to quality control. |
| 5. There are appropriate controls to ensure that all users are trained on new functionality before going live. | a. Responsibility of training has been defined. |
|  | b. All changes to application functionality are reflected in user training manuals and users are formally trained before using new functionality. |

### 4.7 Database integrity

| **Control Objective** | **Control** |
| --- | --- |
| 1. Database integrity is maintained during program changes. | a. The “request for implementation” form is signed-off by the IT Specialist or Manager responsible for the DBA function, as proof that the integrity of databases has been considered and appropriate action has been taken to ensure that the change request implemented will not negatively affect database integrity. |

## 

1. Development of new systems

### 5.1 Project initiation and project control

| **Control Objective** | **Control** |
| --- | --- |
| 1. All new developments are subject to a feasibility study. | a. A cost benefit analyses and feasibility study are completed for all major projects. |
| 2. Responsibility and accountability has been assigned for the project delivery. | a. Every project has a Project Owner (user management) and a Project Manager. |
|  | b. The Project Manager sends regular updates on project statuses to the IT specialist as well as updated project plans and scorecards. |
| 3. There is independent quality assurance for all projects. | a. Independent quality assurance is performed on all projects. |
| 4. Users are appropriately involved during the project life cycle. | a. Regular formal meetings are held between Project Managers and the business owners. |
|  | b. Users are involved through-out the project:   1. Assist with compiling the business case. 2. Assist with compiling user requirements (and sign-off). 3. Review and discuss technical design. 4. Compiling test data and test cases for UAT. 5. Complete/update user documentation. 6. Perform user training. 7. Approve transfer to live request. 8. Reconcile and sign-off data conversion. |
| 5. All projects are controlled and regular feedback is available. | a. All projects must have a formal work plan/project plan that specifies the project tasks, start and end dates, deliverables and resources required.  All new projects are delivered in accordance with the group project management methodology.  The project progress and plan deviations are presented by the Project Manager to senior management. |
|  | b. Management review appropriate reports on the status of the project, including:   1. Assessments from quality assurance reviews. 2. Actual completion of tasks against plan. 3. Actual delivery dates against planned milestone and deadlines. |
| 6. Different and conflicting business requirements/ projects are managed appropriately. | a. Conflicts are discussed and projects prioritised on a regular basis, by the relevant committees/ meetings. |

### 

### 5.2 Requirements definition

| **Control Objective** | **Control** |
| --- | --- |
| 1. Business/user requirements are appropriately defined. | a. Business requirements are defined through consultation between relevant parties (users, project team and IT staff, as required).  Requirements are formally documented and signed-off by user management. |
|  | b. Business requirements include the minimum controls (application and general computer controls) requirements and are mapped to the group security and application standards and guidelines. |
| 2. All changes to approved business/user requirements are controlled. | a. All changes to initial user requirements are:   1. Approved by the IT specialist. 2. Assessed for impact (cost and timing). 3. Controlled by the project management team through the development life cycle. |

### 

### 5.3 Design and build

| **Control Objective** | **Control** |
| --- | --- |
| 1. User requirements are appropriately translated into a specification and technical design. | a. The development team translates user requirement into technical specification and discuss and agree the solution with the users and IT specialist. |
| 2. All changes to the detail design are approved and controlled. | b. All changes to the specification and technical design are:  Approved by the Project Manager.  Discussed and agreed with the users and IT specialist. |
| 3. Development is performed in a controlled environment. | c. Development is performed in a controlled environment:   1. Access to the development area is restricted to the developer responsible for that section. 2. Change control is applicable for development activities. 3. Adequate back-ups are made of programs under development. 4. Program version control is implemented. 5. Development is subject to development standards. 6. Development is subject to quality assurance. |

### 

### 5.4 Unit, integration and user acceptance testing

| **Control Objective** | **Control** |
| --- | --- |
| 1. All functionality and system components are appropriately tested before used in the live environment. | a. A separate development, testing and production environment has been established. |
|  | b. Testing standards and guidelines exist for the group and are adhered to. |
|  | c. Unit, integration and stress testing is performed by the developers prior to user acceptance testing, and copies of test strategy, test plans and test results are retained. |
|  | d. Documented acceptance criteria has been established before management sign-off on any change or new project. |
|  | e. A formal methodology is used which acts as a formal guideline during development. |
|  | f. Users perform user acceptance testing (UAT) before the new system is introduced in the live environment. Copies of test plans and test results are retained for audit or enquiry purposes. |
| 2. Changes are not made to programs or system components after the completion of testing. | a. Modifications subsequent to initial testing are subjected to the same testing as new functionality. |
|  | b. Version control software is used to co-ordinate changes to source code. |

### 

### 5.5 Data conversion/migration

| **Control Objective** | **Control** |
| --- | --- |
| Data is migrated /taken-on completely and accurately. | a. Data in the old system is reconciled, balanced and cleaned before migrated to the new system.  Data elements changed during cleansing is authorised, reviewed and recorded. |
|  | b. The data conversion system is subject to full development controls:   1. Requirements. 2. Specifications. 3. Build and QA. 4. Testing and dry-runs. |
|  | c. Data conversion is included and managed through the project plan and project controls with technical documentation on the exact mapping of the data schemas and data tables from the old databases to the new (where applicable). |
|  | d. Data created for the new system are reviewed and formally accepted. |
|  | e. Internal Audit reviews the data conversion process. |
|  | f. User management and the project team reconcile data from the old system to data from the new system on:   1. Number of records. 2. Total values. 3. Values per area/group. 4. All numeric fields.   Tests are performed on non-numeric data to ensure complete and accurate migration of data.  Records, reconciliations and supporting documentation are retained for audit and enquiry purposes. |
|  | g. The closed “old” system and the new system with reconciled migrated data, are backed-up for reference or enquiry purposes, before any transactions are processed against it. |

### 

### 5.6 Implementation and “go live” decision

| **Control Objective** | **Control** |
| --- | --- |
| 1. An informed “go-live” decision is taken. | a. The decision to “go live” is the joint responsibility of the IT specialist, user management, the project team and IT management, and is formally taken just before the planned implementation date.  The project is compared to the baseline acceptance criteria developed during the design stage to determine the risk of “going live” and to evaluate the impact of any outstanding activities.  Senior organisation management is informed of the decision and outstanding tasks/deliverables and potential risks before “go live” to accept/reject the decision. |
| 2. System implementation is authorised. | a. A “request for implementation” form is used as approval/sign-off. The transfer to the production environment is approved by the IT specialist, MIT and user management. |
|  | b. Segregation of duties between development and transferring of applications to the production environment, is enforced. |
| 3. Back-out procedures are available for new systems. | a. Formal back-out procedures are available for new systems. |
| 4. Source code version numbers are adequately controlled. | a. Version control software is used to co-ordinate changes to source code and the transfer of code between development, testing and production environments. |
|  | b. Version numbers are shown on the “request for transfer”, to ensure that the most recent version is transferred to live. |

### 

### 5.7 Technical and user documentation and delivery of training

| **Control Objective** | **Control** |
| --- | --- |
| 1. User documentation for application functionality is prepared. | a. User documentation (standard operating procedures) for all production applications is prepared and signed-off, by user management, before “going live”. The documentation is published on the intranet. |
| 2. Technical documentation for all new systems is prepared. | b. Technical documentation (design charts, network charts, process flows, etc) is prepared by IT, before “going live” and is available and restricted to IT staff. |
| 3. There are appropriate controls to ensure that all users are trained on new functionality before going live. | c. All changes to application functionality are reflected in user training manuals.  Users are formally trained before using new functionality. |

1. COMPUTER OPERATIONS

### 6.1 Service level agreements

| **Control Objective** | **Control** |
| --- | --- |
| 1. Appropriate service level agreements are in place with all external suppliers of IT services. | a. Formal signed service level agreements (SLAs) have been established with IT service suppliers, which include:   1. Responsibilities. 2. Services to be provided including response times. 3. Penalties for non-compliance. 4. Security arrangements. 5. The rights to audit the service environment.   The delivery of services by IT suppliers, are monitored and managed. |
|  | b. The network is monitored and problems are reported to the Network Manager. |
| 2. An appropriate service level agreement is in place between IT and the user community (ECB). | a. A formal service level agreement (SLA) has been established between IT and the user community (ECB), focusing on:   1. Responsibilities. 2. Services to be provided including response times. 3. Escalation and resolution procedures.   The delivery of IT services to the users (ECB) is monitored and managed. |

### 

### 6.2 Roles, responsibilities and IT management

| **Control Objective** | **Control** |
| --- | --- |
| 1. IT activities are adequately managed. | a. A dedicated IT Function has been established and is under the direct control of the General Manager: Finance and Administration. |
|  | b. A formal IT strategy has been prepared, with input from the business, to ensure that the business objectives are met. |
|  | c. An Internal Audit function reviews IT activities and procedures followed. |
|  | d. There is no segregation of duties within IT, has been established between:   1. IT management. 2. Development and maintenance. 3. IT Operations. 4. Database Administration (DBA). 5. Security administration. 6. Hardware and Software support   All of the duties are performed by the IT Specialist |
| 2. Procedures are in place to report and manage incidents as well as to support users. | a. A formalised helpdesk is used to log and manage all incidents/errors. |
|  | b. Incidents/errors are analysed and prioritised by the Helpdesk Operator, with input from the user. |
|  | c. Incidents/errors are allocated to responsible groups/individuals by the IT Specialist, for timely action, using the standard change control process. |
|  | d. All errors outstanding and not completed at the specified time, are identified by the IT Specialist and reported to the General Manager: Finance and Administration for follow-up. |
| 3. IT roles and responsibilities have been defined. | a. Roles and job descriptions are defined and documented.  Responsibilities per activity are documented and include at least:   1. Back-up, recovery and business continuity 2. System software and network maintenance 3. Security administration 4. Program development 5. Program maintenance 6. Help desk and client support |
|  | b. Job descriptions are updated as and when employee roles and responsibilities change. |

### 

### 6.3 Business continuity planning

| **Control Objective** | **Control** |
| --- | --- |
| 1. Adequate business continuity arrangements are in place. | a. A comprehensive business continuity plan (BCP) has been established.  Procedures are in place to regularly update the BCP.  The BCP is tested on a regular basis. |
|  | b. An IT disaster recovery plan (DRP) has been developed and documented. |
|  | c. The DRP plan addresses at least:   1. Plan objectives, contact and recover procedures. 2. List of critical, prioritised processes with recovery time scales. 3. Alternative processing arrangements. |
|  | d. The DRP is tested annually. |
|  | e. There are formal procedures in place to update the DRP on a regular basis |
|  | f. User management and IT management are involved in scoping, testing and evaluating the plan. |

### 

### 6.4 Back-up and recovery

| **Control Objective** | **Control** |
| --- | --- |
| 1. Adequate back-up procedures are in place. | a. Back-up procedures are formalised, documented and followed. |
|  | b. Full verification is done during the back-up process. The back-up run will display an error message if it encounters errors writing to tape, cd or dvd.  The results of back-ups, including errors, are reflected in the back-up register. |
|  | c. Regular full back-ups include data, programs and configuration settings. |
|  | d. Formal testing procedures are in place. |
|  | e. Daily back-ups are collected and stored off-site at a secure location. |
|  | f. Adequate back-up cycle is used:   1. Daily. 2. Monthly back-up. 3. Yearly back-up. |
|  | g. Logs of the back-ups are retained and are formally reviewed by a senior independent person. |
|  | h. The back-up tapes are dated and a register of the tapes and back-ups is kept. |
|  | l. The numbering sequence used by the back-up program is the same as that used on the back-up media. |
| 2. Restore procedures ensure that the system integrity is maintained. | a. All production restore activities are authorised by the IT Director, documented and copies retained for reference and enquiry purposes. |
|  | b. Users are informed and involved in restore activities to ensure:   1. The restore procedure is required and the impact is understood. 2. That cut-offs are identified and that no transaction has been lost. |
|  | c. Internal Audit reviews the restore procedures followed. |
| 3. Adequate emergency support procedures are in place. | a. Suppliers of critical IT services and hardware are identified and emergency support arrangements have been documented and formalised. |

### 

### 6.5 Network management

| **Control Objective** | **Control** |
| --- | --- |
| 1. Adequate procedures are in place to maintain, monitor and manage the communications network. | a. The communication network is documented.  The network documentation is kept up-to-date.  The documentation is restricted to only IT staff and key business partners. |
|  | b. The network is the responsibility of the NeIT Specialist.  Changes to the network are approved by the IT Specialist. |
|  | c. All changes to the network are subject to formal change management, i.e. same as for program changes. |
|  | d. The network is monitored and performance is analysed and documented. |
|  | e. Network disruptions are identified and corrected in a timely manner. |
|  | f. The Network Administrators monitor network operations by reviewing reports and information communicated to them by external business partners. |
|  | g. The operators prepare reports on CPU and hard drive usage of servers, and response time of logged errors. |

### 

### 6.6 Scheduling, preparing and running of batch processes

| **Control Objective** | **Control** |
| --- | --- |
| 1. Operations activities are properly allocated and supervised. | a. Operation responsibilities are formalised. |
|  | b. System activity logs (operating system and database) are produced, analysed and followed-up on a formal basis, and logs with evidence of follow-up activities are retained for reference or enquiry purposes. |
| 2. Production workloads are controlled. | a. Documentation is in place to support Operators in performing their duties via standard operating procedures (SOPs). |
|  | b. Automated scheduling software is used to control operation tasks. |
|  | c. All tasks are formally planned, scheduled and authorised. |
|  | d. All tasks to be run are documented on the daily schedule and the following information is recorded:   1. Batch number. 2. Run date and time. 3. Completed (Y/N). 4. Name of the operator. 5. Name of machine to be used. |
|  | e. All jobs executed are compared to the daily approved planner to ensure that:   1. No unauthorised tasks were executed. 2. Tasks were executed in the correct sequence. 3. All unsuccessful tasks were identified. |

### 

### 6.7 Upgrades to system software (operating system and database management software)

| **Control Objective** | **Control** |
| --- | --- |
| 1. Upgrades or changes to system software are controlled. | a. The identification and selection for new system software is motivated by the relevant Business Unit Manager and authorised by the CEO and General Manager: Finance and Administration, General Manager: Regulation, based on the recommendations by the IT Specialist.  An application form is completed. Relevant budgets are taken into consideration. |
|  | b. The change in system software is controlled via the standard change control process. |
|  | c. The new system software is tested in the test environment before introducing into the production environment.  Testing is performed with the same objectives as for application changes. |
|  | d. A complete back-up is taken of all data, programs and configuration settings, prior to the upgrade/change. |
|  | e. Inform users of the change/upgrade that will enable them to identify any change in processing or functionality. |

1. INFORMATION SECURITY MANAGEMENT

7.1 Security management and structures

| **Control Objective** | **Control** |
| --- | --- |
| 1. Adequate information security structures, policies, standards and guidelines are in place. | a. An information security structure has been established for the group including:   1. General Manager: Finance and Administration, 2. General Manager: Regulation,- Manager: Corporate Communications and Legal Services 3. IT Specialist |
|  | b. A comprehensive information security policy has been established and approved. |
|  | c. The information security policy is communicated to all users and published on the Intranet.  Employment contracts for new employees refer to the information security policy. |
|  | d. All employees (users) are required to sign a confidentiality agreement upon joining. |
|  | e. A formal information security awareness campaign has been initiated and awareness posters are displayed on notice boards. |
|  | f. All contractors and third parties are required to formally acknowledge the existence and adherence to the Information Security Policies and Guidelines. |
|  | g. Detailed information security standards and guidelines have been developed, approved and implemented. |
|  | h. Compliance with the information security policy, standards and guidelines are monitored. |

### 

### 7.2 Security administration

| **Control Objective** | **Control** |
| --- | --- |
| 1. Responsibility for security administration is allocated. | a. Responsibility for security administration is allocated to the IT Specialist  Information security maintenance is segregated from operations. |
|  | b. System/security configuration settings for each network and server hosting critical applications are clearly documented, approved and securely filed. |
| 2. A formal process for security administration is in place ensuring that changes in responsibilities are in line with system access rights. | a. User access (or changes to access rights) is established based on:   1. Written user completed request (network and application access form). 2. Departmental management approval. |
|  | b. Copy of the approval is retained as an audit trail. |
|  | c. HR procedures are implemented to notify the Security Administrators of resignations and dismissals, for timely deletion of user IDs. |
|  | d. Security Administrator regularly scans the profile file/table for inactive/dormant accounts. |
|  | e. User access is reviewed on a regular basis and compared to the approved access control documentation. |

### 

### 7.3 Monitoring and reporting security incidents

|  |  |
| --- | --- |
| **Control Objective** | **Control** |
| 1. Security incidents are defined, identified, reported and followed-up. | a. Security incidents have been formally defined. |
|  | b. Security incidents are identified. |
|  | c. Security incidents are centrally recorded analysed for severity and followed-up. The security committee meets regularly to discuss and analyse all security incidents. |
|  | d. Security status, including incidents, is reported to management on a regular basis through the risk sub-committee and the risk committee. |

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### Physical security

| **Control Objective** | **Control** |
| --- | --- |
| 1. Physical access to the site/building is adequately restricted. | a. The building is physically secure. |
|  | c. Visitors are escorted by staff from the time of entry to time of departure. |
|  | d. The receptionists have a good understanding of the security procedures. |
|  | e. There is a 24-hour security presence at the building and appropriate surveillance equipment is in place over entrances to the building and computer room. |
| 2. The computer room is adequately protected. |  |
|  | b. The computer/server room has no windows to the outside and has a solid door and roof. |
|  | c. The computer room has an elevated (raised) floor. |
|  | d. The computer room is fitted with climate control that is regularly checked by the operator. |
|  | e. The servers are connected to a UPS and standby power is available. |
|  | f. The UPS and standby power are inspected / serviced regularly (every year). |
|  | g. The computer room has a fire extinguishing system that is regularly inspected / serviced. |
| 3. Removable media (such as off-line data storage e.g. tapes/cartridges) are adequately protected. | a. Formalised procedures are in place for protecting removable media. |
|  | b. When data sent off-site for storage, appropriate procedures are adopted to ensure they are protected from loss or misuse while in transit. |
|  | c. Data stored on any portable computers taken off-site, is protected (e.g. through use of password software, encryption, etc). |
|  | d. When hardware failure occurs, procedures are in place to protect sensitive information on the hard drives of servers or PCs. |
| 4. Information is classified and confidential documents are labelled and adequately protected. | a. There are standards and guidelines for classification and labelling of documents/information. |
|  | b. Sensitive/confidential data is distributed only on a need-to-know basis. |
|  | c. There is a formal process in place for destroying confidential documentation. |
| 5. Systems, network and technical documentation is adequately protected. | a. System, network and technical systems documentation is not widely available. |
|  | b. The distribution list for systems, network or technical documentation is kept to a minimum and is authorised by business management. |
|  | c. Systems documentation is locked away in cabinets. |
| 6. The disposal of discarded computer equipment and data media is secure and controlled. | a. Formal procedures exist for handling disposal of media. |
|  | b. Disk drives are “hard formatted” and tapes, CDs and other removable media are destroyed when no longer in use. |
|  | c. Disposal of all computer related items is registered, approved and a record maintained for reference and audit purpose. |

### 

### Network dial-up access

| **Control Objective** | **Control** |
| --- | --- |
| 1. Connections by remote computers are controlled. | a. All remote connections are controlled and are based on adequate identification and authentication controls. |

### 

### 7.6 External network

| **Control Objective** | **Control** |
| --- | --- |
| 1. Security is considered for all external network connections. | a. A contract is in place with third parties, which covers technical standards, legal and security requirements. |
|  | b. Information is encrypted and external users are certified (authenticated). |
|  | c. All external network connections access the network through the firewall. |

### 

### 7.7 Computer viruses and end user computing

| **Control Objective** | **Control** |
| --- | --- |
| 1. Adequate anti-virus arrangements are in place. | a. A computer virus guideline is in place and is being followed. |
|  | b. All workstations have anti-virus software installed. |
|  | c. The virus definition library for the anti-virus software is automatically updated on every workstation. |
|  | d. The e-mail server is scanned by anti-virus software. |
| 2. End-user computing is subject to the same controls as for program development. | a. An end-user computing guideline has been developed and is being adhered to. |
|  | b. Users are aware of the controls and quality assurance procedures followed during the normal development process, and apply similar principles when creating work-arounds, spreadsheets, etc. |



8.

DELEGATION OF AUTHORITY

**DELEGATION OF POWERS**

**Preamble:**

The Schedule of Authorities covers the execution of activities to deliver ECB’s strategy as vested with the ECB Board Members. The Schedule of Authorities defines the delegation and execution of authorities within the company by the ECB Board. The Schedule of Authorities should be approved by the Board and should be reviewed on an annual basis for applicability or at more regular intervals as circumstances dictate.

**Key to levels**

|  |  |
| --- | --- |
| **Level** | **Description** |
| Responsible | This level is **responsible to the accountable person/group** and is responsible to ensure that action taken, transactions and events have been reviewed, monitored and evaluated for compliance with the procedures adopted by ECB, where applicable, before submission to the accountable person/group. |
| Accountable / Approver | This level is **accountable** and has the responsibility for ensuring that the action taken, transactions and events are within the objectives of ECB, and that it occurred within the approvals framework and the procedures adopted by the Board. |
| Consult | This person/group should be consulted before any transaction or event takes place. |
| Inform | This person/group should be **informed,** timeously, throughout the duration of the event or transaction via ECB’s reporting process. This person/group may be informed in detail, if requested, or in summary for their evaluation and information. |

**Abbreviations:**

Minister : Minister of Mines and Energy

Board : ECB Board of Directors

Chairperson : Chairperson of the Board

F&A Committee : Finance & Audit Committee

P Comm : Policy Committee

HR Comm : Human Resources Committee

TC : Tender Committee

CEO : Chief Executive Officer

GM : General Manager of Department

GM: F&A : General Manager: Finance & Administration

GM: R : General Manager: Regulation

Mgr. CCL : Manager: Corporate Communications and Legal Services

HRM : Human Resources Manager

Admin Officer : Administration Officer

IT Spec : Information Technology Specialist

| Approval Category | **Value** | **Responsible** | **Accountable** | **Consult** | **Inform** | Comment |
| --- | --- | --- | --- | --- | --- | --- |
| 1. **Corporate Governance** |  |  |  |  |  |  |
| * 1. Board charter |  | CEO | Chairperson | Minister |  | Mgr. CCL to assist in preparing the document |
| * 1. Board resolutions |  | CEO | Chairperson |  | Minister |  |
| * 1. Finance and Audit Committee charter |  | CEO | Chairperson | GM: F&A |  |  |
| * 1. Policy Committee charter |  | CEO | Chairperson | GM: F&A |  |  |
| * 1. Customer Services Committee charter |  | CEO | Chairperson |  |  |  |
| * 1. Human Resources Committee charter |  | CEO | Chairperson | HRM |  |  |
| * 1. Pricing and Tariffs Committee charter |  | CEO | Chairperson | GM: R |  |  |
| 1. **Strategic plans, policies and budgets** |  |  |  |  |  |  |
| * 1. Strategic Plan/Business Plan |  | CEO | Board | Minister | GM |  |
| * 1. Policies |  | GM: F&A | CEO | P Comm | Board / GM |  |
| * 1. Capital Expenditure * Overall Budget approval * Capital: Expenditure against individually approved capital budget items |  | CEO  Admin Officer | Board  CEO | F&A Committee / Minister  GM: F&A | GM: F&A |  |
| * 1. Operating Expenditure * Overall Budget approval including contingency * Expenditure from approved operating budget of individual budget holders |  | CEO  Admin Officer | Board  CEO | F&A Committee / Minister  GM: F&A | GM: F&A |  |
| * 1. Expenditure from Contingency Budget |  | GM: F&A | CEO | F&A Committee |  |  |
| 1. **Procurement** |  |  |  |  |  |  |
| * 1. Procurement of goods/services * Purchase requisitions * Purchase orders | < N$ 50,000  N$ 50,000 to  N$ 100,000  > N$ 100,000  All | Employee  GM  CEO  Admin Officer | GM  CEO  TC  GM: F&A | GM: F&A  F&A Committee  F&A Committee  CEO |  |  |
| * 1. Approval of contracts with third parties within approved budgets | <N$50,000  N$50,000 to N$100,000  >N$100,000 | GM  GM: F&A  CEO | GM: F&A  CEO  TC | CEO  F&A Committee  F&A Committee |  | All contracts to be reviewed by the Mgr. CCL |
| 1. **Banking** |  |  |  |  |  |  |
| * 1. Banking mandate including annual negotiations |  | CEO | Board | F&A Committee |  |  |
| 1. Appointment/Change of main bankers |  | CEO | Board | F&A Committee |  |  |
| * 1. Opening of bank accounts |  | GM: F&A | CEO | Board |  |  |
| * 1. Approval of signing procedures and signatories |  | CEO | Board | F&A Committee |  |  |
| * 1. Approval of electronic funds transfer (EFT) mandate |  | CEO | Board | F&A Committee |  |  |
| * 1. Approval of designated EFT persons |  | CEO | Board | F&A Committee |  |  |
| * 1. Communications and instructions to the bank not covered under 4.1 – 4.6 |  | GM: F&A | CEO | Board |  |  |
| * 1. Opening of petty cash account and replenishing float |  | Admin Officer | GM: F&A | CEO |  |  |
| 1. **Investments** |  |  |  |  |  |  |
| * 1. Setting of investment policy |  | CEO | Board | F&A Committee |  |  |
| * 1. Investments <35 days |  | GM: F&A | CEO | F&A Committee | Board |  |
| * 1. Investments >35 days |  | GM: F&A | CEO | F&A Committee | Board |  |
| * 1. Investments >89 days |  | CEO | Board | F&A Committee |  |  |
| 1. **Financing activities** |  |  |  |  |  |  |
| * 1. Guarantees / Sureties      * Authority to approve the issue of Guarantees / Sureties to third parties |  | CEO | Board | F&A Committee | Mgr. CCL |  |
| * 1. Borrowing policy and all borrowings: * Medium and long term borrowings * Short-term loans | All Values  All Values | CEO  GM: F&A | Board  CEO | F&A Committee  F&A Committee |  |  |
| * 1. Finance and operating leases (including vehicle leasing) | <N$50,000  N$50,000 to N$100,000  >N$100,000 | Admin Officer  GM: F&A  CEO | GM: F&A  CEO  TC | F&A Committee  F&A Committee |  | All contracts to be reviewed by the Mgr. CCL |
| 1. **Immovable assets** |  |  |  |  |  |  |
| 1. Strategy | All Values | CEO | Board | F&A Committee |  |  |
| 1. Acquisitions and Disposals | All Values | CEO | Board | F&A Committee | GM: F&A |  |
| 1. **Write-off / Disposals of Assets** |  |  |  |  |  |  |
| 1. Disposal of assets |  | GM | CEO | TC | Board |  |
| 1. Write-off of assets |  | Admin Officer | GM: F&A | CEO | Board |  |
| 1. **Bad Debts** |  |  |  |  |  |  |
| 1. Write-off of debtors | All values | GM: F&A | CEO | F&A Committee | Board |  |
| 1. **Claims (legal)** |  |  |  |  |  |  |
| 1. Payment of claims | All values | CEO | Board | GM / F&A Committee |  |  |
| 1. **Donations and CSR** |  |  |  |  |  |  |
| * + - 1. Donations to charitable and educational institutions, and donations relating to social upliftment of neighbouring communities and/ or business development initiatives | <10,000  >10,000 | GM  GM: F&A | GM: F&A  CEO | CEO  F&A Committee | Board |  |
| 1. **Communications** |  |  |  |  |  |  |
| * 1. Press releases and media briefings |  | Mgr. CCL | CEO | Board |  |  |
| 1. **Personnel matters** |  |  |  |  |  |  |
| * 1. Organisation   Approval of Organogram/ Establishment |  | GM: F&A | CEO | Board / HR Committee |  |  |
| * 1. Appointment contracts and salary offers: * Annual Vacancy Plan * CEO * Staff within approved Organogram/Establishment-Leadership Positions * Staff within approved Organogram/Establishment-Others * Temporary staff * Recruitment Advertising * Expenses relating to potential recruits and new staff engagements (including transfer and resettlement costs) * Relaxation on removal of 1 year moratorium on appointment of ex-ECB employees |  | GM  HRM  HRM  GM  HRM  GM: F&A  HRM | CEO  Board  CEO  CEO  CEO  CEO  CEO  CEO | GM: F&A / HRM  Minister / HRM  HR Comm / Board  HR Comm / GM:F&A  HRM  GM  HRM  GM | Board  Board |  |
| * 1. Remuneration: * Remuneration Policy – including Annual Salary Scales, S&T * CEO (including performance related bonuses, incentives, etc) * Other Staff (including performance related bonuses, incentives, etc) * S&T Allowances * Deductions from staff salaries – pension fund contributions, PAYE, loan repayments, medical aid, etc. |  | CEO  HRM  GM  HRM | Board  Board  CEO  CEO  GM: F&A | HRM / GM:F&A  HRM / Minister  GM: F&A  GM:F&A / HRM  HR Comm | Board |  |
| * 1. Staff Advance, Loans, Guarantees |  | GM: F&A | CEO | HRM |  |  |
| * 1. Temporary staff transfers for rotation      * All job grades * Job grading system and revision thereof |  | HRM  HRM | CEO  CEO | GM  Board | HR Comm |  |
| * 1. Permanent staff transfers * Grade C and below * All other managerial staff |  | HRM  CEO | GM  Board | CEO  HR Comm |  |  |
| * 1. Staff Suspension * Suspension of staff: Grade C and below      * All other managerial staff |  | HRM  CEO | GM  Board | CEO  HR Comm |  |  |
| * 1. Staff Dismissal * Grade C and below      * All other managerial staff * Redundancy * Redundancy package |  | GM  CEO  HRM  HRM | CEO  Board  Board  GM: F&A | HR Comm  HR Comm  HR Comm  CEO / HR Comm | Board |  |
| * 1. Approving of Leave * Grade C and below * Other managerial staff * CEO Leave |  | HRM  HRM  HRM | GM  CEO  Chairperson / Board |  |  |  |
| * 1. Medical Aid * Medical expenses for new engagements & General Health Checks, etc * Payments to Medical Aid Fund (Subscriptions and Surcharges) |  | HRM  Admin Officer | GM: F&A  GM: F&A | CEO  HRM |  |  |
| * 1. Pension Fund * Payment of Subscriptions and Transfer of funds to Investment fund & from ECM to ECM Pension Fund |  | GM: F&A | CEO | Manco |  |  |
| * 1. Personnel Insurance cover payments |  | Admin Officer | GM: F&A | CEO | Board |  |
| * 1. Educational Assistance      * Tertiary education assistance for staff |  | GM | GM: F&A | CEO |  |  |
| * 1. Gratuities and awards * Long service awards, flowers etc. for death, births |  | Admin Officer | GM: F&A | HRM / CEO | Board |  |
| * 1. Employee wellness initiatives under the employee wellness program |  | HRM | GM: F&A | CEO / GM | HR Comm |  |
| * 1. Entertainment, staff functions and company functions |  | Admin Officer | GM: F&A | CEO | Board |  |
| * 1. Staff Training * Approval of training and developmental strategy * Approval of training |  | HRM  GM | CEO  GM: F&A | HR Comm  CEO | GM |  |
| * 1. Business travel * Grade C and below * Other managerial staff * CEO travel * Board members |  | Admin Officer  GM: F&A  GM: F&A  CEO | GM  CEO  Board  Board | CEO |  |  |
| * 1. Personnel Sundry * Minor staff issues |  | HRM | GM | HR Comm |  |  |
| 1. **Legal issues** |  |  |  |  |  |  |
| * 1. Property and land matters |  |  |  |  |  | Refer to 7 and 8 above |
| 1. Third Party Agreements |  |  |  |  |  | Refer to 3 above |
| * 1. Legal actions |  | Mgr. CCL | CEO | GM | Board |  |
| 1. Industrial Relations and related issues (including disciplinary action) |  | HRM | CEO | Mgr. CCL / Board | HR Comm |  |
| 1. **Government liaison** |  |  |  |  |  |  |
| * 1. Relationships with Central Government on strategic business issues |  | CEO | Board | Minister |  |  |
| * 1. Authorities to sign agreements with Government Bodies |  |  |  |  |  | Refer to 3 above |
| 1. **Gate passes** |  |  |  |  |  |  |
| 1. Removal of company assets from the premises |  | GM | GM: F&A | CEO |  | The general principle is that the loan of equipment to staff is not encouraged |
| 1. **Health and Safety** |  |  |  |  |  |  |
| * 1. Amendments to company-wide and business unit health and safety policy |  | GM: F&A | CEO | Board / P Comm | GM |  |
| 1. **Business Continuity Management** |  |  |  |  |  |  |
| * 1. Compilation of and amendments to business continuity management plans |  | CEO | Board | P Comm | GM |  |
| 1. **Amendment of schedule of authorities document** |  | CEO | Board | F&A Committee |  | To be reviewed annually |
| 1. **Insurance Policy** |  |  |  |  |  |  |
| * 1. Appointment of Insurance Broker |  | CEO | Board | F&A Committee |  |  |
| * 1. Agreements with Insurance Broker |  | GM: F&A | CEO | Mgr. CCL |  |  |
| 1. **Travelling** |  |  |  |  |  |  |
| * 1. Outside the country |  | GM | CEO | GM: F&A |  |  |
| * 1. Within the country |  | Admin Officer | GM | GM: F&A |  |  |
| 1. **Authority to institute claims against debtors in circumstances of insolvency** |  | GM: F&A | CEO | Mgr. CCL |  |  |
| 1. **PC and related equipment, software and printers** |  |  |  |  |  |  |
| * 1. Long-term supply agreement |  | CEO | TC | Board | F&A Committee |  |
| * 1. Individual purchases |  | GM | GM: F&A | IT Spec |  |  |
| 1. **Granting of credits to customers** | <N$500  N$500 - N$10,000  N$10,000-N$30,000  >N$30,000 | Admin Officer  GM  GM: F&A  CEO | GM: F&A  GM: F&A  CEO  Board | CEO  F&A Committee  F&A Committee |  |  |
| 1. **Appointment of legal practitioners and the granting of Powers of Attorney** |  |  |  |  |  |  |
| * 1. General Corporate Law firm and other law firms |  | CEO | Board |  |  |  |
| * 1. Ad Hoc Competency based appointments |  | Mgr. CCL | GM |  |  |  |
| * 1. Authority to grant and sign Power of Attorney in labour matters concerning A to C band employees |  | GM: F&A | CEO | Mgr. CCL |  |  |
| * 1. Authority to grant and sign Power of Attorney in labour matters concerning D to E band employees |  | CEO | Board | Mgr. CCL |  |  |
| 1. **Delegations regarding the corporate communications and public relations function**  * Chief spokesperson on behalf of the company * Outside broadcasts and shows |  | Mgr. CCL  GM: F&A | CEO  CEO | Board  Mgr. CCL |  |  |
| 1. **Gifts**  * Public gifts register for gifts received * Issuance of corporate gifts | > N$500  All | GM: F&A  GM | CEO  CEO | F&A Committee |  |  |



9.

TENDERING AND CONTRACT PROCEDURES

TENDERING AND CONTRACT PROCEDURES

1. Duty to comply with Procedures

1.1 It is the duty of all staff and members of the ECB to comply with these Tendering and Contact Procedures. Failure to do so is disciplinary matter that could result in dismissal.

1. Formal Competitive Tendering
   1. The ECB shall ensure that competitive tenders are invited for the supply of goods, materials and manufactured articles and for the rendering of service including all forms of management consultancy services; and for disposal.
   2. Formal tendering procedures may be waived by officers to whom powers have been delegated by the Chief Executive Officer without reference to the Chief Executive Officer (except in (b) to (e) where:
2. The estimated expenditure or income does not, or is not reasonably expected to, exceed N$ 100,000 (this figure to be reviewed annually)
3. the timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender,
4. specialist expertise is required and is available from only one source;
5. the task is essential to complete a project, and arises as a consequence of a recently completed exercise and engaging different contractors / consultants for the new task would be inappropriate;
6. there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must out weight any potential financial advantage to be gained by competitive tendering.
   1. The limited application of the single tender rules should not be used to avoid competition or for administrative convenience or to award further work to a contractor or consultant originally appointed through competitive procedure. Where it is decided that competitive tendering is not applicable and should be waived by virtue of (b) to (e) above, the fact of the waiver and the reasons should be documented and reported by the Chief Executive Officer to the ECB Board in a formal meeting.
   2. Except where 2.2 above applies, the ECB shall ensure that invitations to tender are sent to a sufficient number of suitable qualified and /or experienced firms or individuals to provide fair and adequate competition. This should always be at least three (3) firms/individuals, having regard to their capacity to supply the goods or materials or to undertake the services or works required.
   3. The ECB shall ensure that normally the firms / individuals invited to tender (and where appropriate, quote) are among those on approved lists maintained by the General Manager Administration and Finance. Where in the opinion of the responsible General Manager it is desirable to seek tenders from firms not on the approved lists, the reason shall be recorded in writing to the Chief Executive Officer.

1. Statement of intent

3.1 The transactions committing the ECB shall be conducted at impeccable standards in order to ensure the highest degree of public trust. Hence, it is absolutely essential that all procurement activities be carried out in a manner above reproach, with complete impartiality and with no preferential treatment. It is important that the tender procedures of ECB are effective and efficient to ensure that procurement is carried out in an open, fair, consistent, efficient and competitive manner. This will also ensure that the best quality of goods/services is obtained against the best price.

3.2 The procurement activity within the ECB is to be conducted in a professional business manner. ECB's relations with its suppliers and customers are based on sound business principles, fair practices, competition, objectivity and transparency. Business is to be conducted within the framework of the existing laws and regulations, in accordance with paragraph 5 below, and corporate guidelines and instructions as issued by ECB from time to time. The Tender Policy shall be read and used in conjunction with the ECB Code of Ethics. It is furthermore the intention that ECB’s procurement activity is strictly controlled yet streamlined and effective in its operation.

**4. Confidentiality**

4.1 ECB honors the right of each approved supplier to require confidentiality in all procurement transactions. Therefore, all quotations and tenders received shall be treated as confidential and no information shall be disclosed to third parties unless this has been agreed upon by the tenderer/supplier or disclosure has been stipulated as a condition of quotation/tender. Information relating to the examination, clarification, and evaluation of tenders and recommendations concerning awards shall not be communicated to the public and shall remain confidential at all times. Only the names of participating tenderers and the total price of their respective tenders shall be provided to participating tenderers. No further information shall be provided to any tenderer regarding the proposal submitted by any other tenderer.

**5. Business relations**

5.1 ECB is committed to transparent and sound business relations, integrity and high ethical standard. ECB shall therefore scrutinise potential suppliers according to guidelines as set out in the procurement policy before entering into a business relationship with them. Where the Board is of the opinion that insufficient competition exists in a certain market segment it reserves the right to approach additional suppliers, during adjudicating tender documents, for information, which may allow these suppliers to be included in the register of approved suppliers.

**6. Product and service quality**

6.1 ECB’s main objective in procurement is to obtain the required quality at the best price and delivery time, while minimising business risks.

**7. Laws and regulations**

7.1 All procurement activities shall conform to existing laws of the ECB. All quotes, tenders and orders shall be executed by the Tender and Procurement division of ECB. The Board shall ensure proper application of the Procurement Policy. All quoting, tendering and ordering shall be done in writing and shall be as explicit as possible to ensure clarity and transparency at all times. All procurement activities shall conform to this Procurement Policy.

**8. Employee/consultant conflict of interest**

8.1 To maintain confidence in ECB’s impartiality, objectivity and transparency in procurement, it is of great importance that there is no conflict of interest between the personnel handling the matter and the tenderers. Any ECB employee who is involved in the procurement process has the obligation to inform the Board in writing of his/her personal interest (whether direct or indirect) in any company before participating in any procurement process.

8.2 Under no circumstance shall an ECB employee be involved in any decision regarding a purchase process in which he/she has any personal interest. No ECB employee shall be present at a Board meeting where he/she has any personal interest (whether direct or indirect) in any issues discussed at that meeting.

8.3 No employee, including a consultant, his/her firm or its subsidiary shall be allowed to tender for a project in which that employee, consultant, his/her firm or its subsidiary were involved in the development or formulation of that project or has inside information which in the sole discretion of the Board can be regarded as a conflict of interest or which shall be considered to be or create the impression of insider dealing.

The numbering in the tables presents a referencing challenge. Firstly the tables are not numbered, and secondly, the item numbering within the table is identical to the numbering in the main document.

|  |  |  |
| --- | --- | --- |
| **1. Invitation to Tender** | | |
| 1.1 The Department requiring the goods/services will be responsible for the tender specifications and the Department GM will be responsible to prepare the tender documents. | Department GM | Ad-hoc |
| 1.2 The CEO must review all tender documents for commercial correctness before they are issued to the tenderers. | CEO | Ad-hoc |
| 1.3 A sequential tender number must be issued by the CEO. This number must be shown prominently on the tender documents. | CEO | Ad-hoc |
| 1.4 The CEO must maintain a register of numbers issued together with a description of the tender and its issue and closing date. | CEO | Ad-hoc |
| 1.5 At least three (3) competitive bids must be obtained (where possible). |  |  |
| 1.6 Notices inviting tenderers must state the details of the required goods/services and must include the following information:   * + 1. Closing date and time;     2. Period of validity of tender;     3. That the tender will not be considered unless delivered at the latest by the closing date and time;     4. That it will be the responsibility of the tenderer to ensure that completed tender submissions are deposited in the tender box;     5. Require separate technical and financial tenders, clearly marked as such; and     6. That all the interested parties must indicate whether they will be tendering and provide their contact details should it be necessary to contact them prior to the submission date. |  |  |
| 1.7 All invitations to tender on formal competitive basis shall state that no tender will be considered for acceptance unless submitted in either:   * + 1. a plain, sealed package bearing a pre-printed label supplied by the ECB (or bearing the word “Tender “ followed by the subject to which it relates and the latest date and time for the receipt of such tender);     2. in special envelope supplied by the ECB to prospective tenderers and the tender envelope / packages shall not bear any names or marks indicating the sender. |  |  |
| 1.8 Every tenderer must have given or give a written undertaking not to engage in collusive tendering or other restrictive practice, and that their tender price is full inclusive of all costs, fees, expenses and taxes. |  |  |
| **2. Extension and clarification of tenders** | | |
| 2.1 Any formal request for an extension to the tender period must be made in writing and received by the CEO at least 5 days before the tender closing date. If accepted by the Board, it must be communicated to all the tenderers. | CEO | Ad-hoc |
| 2.2 Clarification of any matters regarding tenders should be limited to those parties involved in the tender process. All such clarifications must be communicated to all tenderers. | Designated officer | Ad-hoc |
| **3. Receipt, safe Custody and Record of Formal Tenders** | | |
| 3.1 Formal competitive tenders shall be addressed to the CEO. | CEO | Ad-hoc |
| 3.2 The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/packaging. | Designated officer | Ad-hoc |
| 3.3 The CEO shall designate an officer or officers, not from the originating department, to receive tenders on his behalf and to be responsible for their endorsement and safe custody until the time appointed for their opening, and for the record maintained in accordance with section 4 below. | CEO | Ad-hoc |
| 3.5 The designated officer must record all tenders received in a tender register. The entry in the tender register book must be signed by both the CEO and one designated official. | CEO  Designated officer | Ad-hoc |
| **4. Opening Formal Tenders** | | |
| 4.1 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders they shall be opened in the presence of two senior officers designated by the CEO and not from the originating department. | Designated officers | Ad-hoc |
| 4.2 Every tender received shall be stamped with the date and time of opening and initialed by two of those present at the opening. |  |  |
| 4.3 A permanent record shall be maintained to show for each set of competitive tender invitations dispatched:   * + 1. the names of firms/individuals invited;     2. the names of and the number of firms/individuals form which tenders have been received;     3. the total price(s) tendered;     4. closing date and time;     5. date and time of opening; and     6. the record shall be signed by the persons present at the opening. | Admin Officer | Ad-hoc |
| 4.4 Except as in 4.5 below, a record shall be maintained of all price alterations on tender, i.e. where a price has apparently been altered, and the final price shown shall be recorded. Every price alteration appearing on a tender and the record should be initialed by two of those present at the opening. | Designated officers | Ad-hoc |
| 4.5 A report shall be made in the record if, on any one tender, price alterations are so numerous as to render the procedure 4.4 above unreasonable. | Designated officers | Ad-hoc |
| **5. Admissibility and Acceptance of Formal Tenders** | | |
| 5.1 In considering which tender to accept, if any, the designated officers shall have regard to whether value for money will be obtained by the ECB and whether the number of tenders received provides adequate competition. In cases of doubt they shall consult the CEO. | Designated officers  CEO | Ad-hoc |
| 5.2 Tenders received after the due time and date may be considered only if the CEO or nominated officer decides that there are exceptional circumstances, e.g. where significant financial, technical or delivery advantages would accrue, and is satisfied that there is no reason to doubt the bona-fides of the tenders concerned. The Chief Executive Officer or nominated officer shall decide whether such tenders are admissible and whether re-tendering is desirable. Re-tendering may be limited to those tenders reasonably in the field of consideration in the original competition. If the tender is accepted the late arrival of the tender should be reported to the ECB at its next meeting. | Designated officers  CEO | Ad-hoc |
| 5.3 Technically late tenders (i.e. those dispatched in good time but delay through no fault of the tenderer) may at the discretion of the CEO be regarded as having arrived in due time. | CEO | Ad-hoc |
| 5.4 Incomplete tenders (i.e. those from which information necessary for the adjudication of the tender is missing) and amended tenders (i.e. those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt) should be dealt with in the same way as late tenders under 5.2 above. | Designated officers  CEO | Ad-hoc |
| 5.6 Necessary discussions with a tenderer of the contents of the contents of the tender, in order to elucidate technical points, etc. before the award of a contract, need not disqualify the tender |  |  |
| 5.7 While decisions as to the admissibility of late, incomplete, or amended tenders are under consideration and while re-tenders are being obtained, the tender documents shall remain strictly confidential and kept in safe keeping by an officer designated by the CEO. | CEO | Ad-hoc |
| 5.8 Where only one tender/quotation is received the ECB shall, as far as practicable, ensure that the price to be paid is fair and reasonable. | CEO | Ad-hoc |
| 5.9 Whilst price is an important consideration, it is not the only factor to be taken into account when determining which tender represents the best value for money for the ECB. Other factors to be considered include, but may not be limited to the quality of service offered and / or the ECB’s commitment to empowerment of previously disadvantaged sections of the community (see 13 below). |  |  |
| 5.11 Nonetheless, the reasons for accepting a tender other than the lowest (if payment is to be received by the ECB) must be recorded and submitted to the CEO for notification. |  |  |
| 5.12 The authorization level for the acceptance of tenders are as follows:   |  |  | | --- | --- | | Up to N$50,000 | General Manager | | Up to N$100,000 | Chief Executive Officer | | Over N$100,000 | Board | |  |  |
| 5.13 Where the form of contract includes a fluctuation clause all applications for price variations must be submitted in writing by the tenderer and shall be approved by the CEO. |  |  |
| 5.14 All tenders should be treated as confidential and should be retained for inspection. |  |  |
| 5.15 A technical analysis must be made to evaluate each responsive tender. The technical evaluation will be the responsibility of the Department requiring the goods/services in consultation with CEO. | Department GM  CEO | Ad-hoc |
| 5.16 The purpose of the technical evaluation will be to determine compliance of the tender with the technical specifications and requirements stipulated in the tender documents. A standard technical evaluation form will be used for this purpose. |  |  |
| 5.17 The financial evaluation will be the responsibility of the GM: F&A. The purpose of the financial evaluation will be to determine the cost of each technically compliant tender. The tender with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be considered the most cost effective offer. | GM: F&A | Ad-hoc |
| 5.18 Technical and financial submissions for award of tenders must be delivered to the CEO or Board, depending on the authorization level required. The proposed award of tenders must state the approved budget amount for the purchase as well as the relevant budget vote. | Department GM | Ad-hoc |
| 5.19 The award of a tender/service level agreement must be made on a consensus basis by the Board. | Board | Ad-hoc |
| 5.20 If the Board does not approve the award of a tender, the tender is referred back to the relevant Department with the reasons why the tender was not approved. | Board | Ad-hoc |
| 5.21 The Board’s decision must be notified to the tenderers in writing by the CEO. | CEO | Ad-hoc |
| 5.22 The successful awarding of tenders must be followed by an official purchase order, which must incorporate the tender references and value of the award. | Department GM | Ad-hoc |
| 5.23 When no tenders are rejected for technical or financial reasons and where the lowest cost tender is accepted, no report is required except for the written financial analysis. |  |  |
| 5.24 If a tender was rejected, the tenderers must be notified in writing by the CEO that the tender was rejected and the reasons why the tender was rejected. | CEO | Ad-hoc |
| **6. Payments to suppliers** | | |
| 6.1 Refer to the payables section regarding payments made to suppliers for goods and/or services purchased. |  |  |
| **7. List of Approved Firms** | | |
| 7.1 The ECB shall compile and maintain, and the GM: F&A shall keep, lists of approved firms and individuals from whom tenders may be invited, as provided for in paragraph 2.5 above, and shall keep these under review. The lists shall be selected from all firms which have applied for permission to tender provided that:   * 1. in the case of building, engineering and maintenance works, the Chief Executive Officer is satisfied that their financial standing is adequate;   2. in the case of the supply of goods, materials and related services, and consultancy services the Chief Executive Officer or the nominated officer is satisfied as to their technical competence, etc. and that the General Manager Finance and Administration is satisfied that their financial standing is adequate. |  |  |
| 7.2 The ECB shall arrange for advertisements to be issued as may be necessary, and not less frequently than every third year, in trade journals and local / national newspapers inviting applications from firms for inclusion in the prescribed lists. |  |  |
| 7.3 A permanent record should be made of the reasons for inviting a tender or quote other than from an approved list. |  |  |
| **8. Quotations** | | |
| 8.1 Quotations are required where formal tendering procedures are waived under 2.2 (a) or (b) above, and where the intended expenditure or income exceeds, or is reasonably expected to exceed N$20,000. |  |  |
| 8.2 Where quotations are required they should be obtained from at least three firms/individuals as per 2.5 above based on specifications or terms of reference prepared by, or on behalf of, the ECB. |  |  |
| 8.3 Quotations should be in writing unless the CEO or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation should be set out in a permanent record. | Designated officer | Ad-hoc |
| 8.4 All quotations should be treated as confidential and should be retained for inspection. |  |  |
| 8.5 The CEO or his nominated officer should evaluate the quotations and select the one, which gives the best value for money. If this is not the lowest then this fact and the reasons why the lowest quotation was not chosen should be in a permanent record. | Designated officer | Ad-hoc |
| 8.6 Non-competitive quotations in writing may be obtained for the following purposes:   1. the supply of goods/services of a special character for which it is not, in the opinion of the CEO or his nominated officer, possible or desirable to obtain competitive quotations; and 2. the goods/services are required urgently. |  |  |
| 9. Where Tendering or Competitive Quotation is not required | | |
| 9.1 Where tenders or quotations are not required, because expenditure is below N$20,000, the ECB shall produce goods and service in accordance with Standing Financial Instructions and in such a way as to ensure best value for money. |  |  |
| **10. Contracts** |  |  |
| 10.1 The ECB may only enter into contracts within the statutory powers delegated to it by the Minister and shall comply with:  * + 1. the ECB Standing orders;     2. the ECB Standing Financial Instructions; and     3. any relevant directions or guidance e.g. government manuals. | Board | Ad-hoc |
| 10.2 Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited. |  |  |
| 10.3 In all contracts made by the ECB, the ECB shall endeavor to obtain best value for money. The CEO shall nominate an officer who shall oversee and manage each contract on behalf of the ECB. | Designated officer | Ad-hoc |
| **11. Personnel and Agency or Temporary Staff Contracts** | | |
| 11.1 The Chief Executive Officer shall nominate officers with delegated authority to enter into contracts of employment, regarding staff agency staff or temporary staff service contracts. | CEO | Ad-hoc |
| 12. Disposal |  |  |
| 12.1 Competitive tendering or quotation procedures shall not apply to the disposal of:   * + 1. any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the CEO or his nominated officer;     2. Obsolete or condemned articles and stores;     3. Items to be disposed of with an estimated sale value of less than N$ 1000 (this figure to be reviewed annually); and     4. Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with relevant contract. |  |  |
| **13. Empowerment Procurement** | | |
| 13.1 The ECB is committed to a policy of empowerment procurement. This requires that special attention be paid to ensuring that previously disadvantaged and local sections of the community are firstly to be encouraged to tender or quote for ECB business, and secondly that due weight is given to empowerment considerations in the evaluation of tenders and prices. Specific requirements are set out below. |  |  |
| 13.2 When advertising for individuals or organizations to be included on approved tender lists, the choice of media for advertisements must be accessible to the previously disadvantaged section of the community. |  |  |
| 13.3 When evaluating the suitability for inclusion on tender lists, due cognisance must be taken of the lack of opportunity previously available to these individuals or organizations in terms of expertise, experience and/or financial position, for which they must not be further penalized. |  |  |
| 13.4 No-empowerment organizations that have entered into partnerships or alliances with empowerment firms or individuals, and can demonstrate a good track record and commitment to affirmative action and empowerment, should be included in preference to those that have not. |  |  |
| 13.5 When selecting potential tenderers from the approved list, the majority selected to be invited to tender should be empowerment and local organizations. Where it is considered that such organizations do not have the necessary technical expertise, they and non-empowerment organizations should be encouraged to collaborate on a joint submission. |  |  |
| 13.6 When evaluating tenders received, at least 25% of the evaluation weighting must be in respect of empowerment and affirmative action criteria. Similarly, empowerment organizations must not be penalized for their previous lack of opportunities. |  |  |
| 13.7 The Chief Executive Officer will monitor compliance with this policy and will report annually to the Board on its efficacy. This will include analysis of the number and value of contracts awarded to empowerment and non-empowerment organizations together with an appraisal of the reasons contracts were awarded to non-empowerment organizations and the proposed actions to improve the proportion of work available to previously disadvantaged sections of the community. | CEO | Annually |
| **16. Code of ethics** | | |
| 16.1 A code of ethics and conduct is developed and maintained by ECB as documented in handbook 3. |  |  |
| 16.2 A copy of the code of ethics and conduct must be distributed to all staff involved in the tendering and procurement process. |  |  |
| 16.3 Each staff member must read the code of ethics and conduct document and must sign a declaration of compliance with the code of ethics and conduct on an annual basis. |  |  |
| 16.4 The necessary and required training must be provided for all staff involved in the procurement process on ethics. |  |  |
| **17. Board Information** |  |  |
| 17.1 The following Board information must be prepared by the Board and submitted to the F&A Committee who are to communicate in a formal meeting to the Board:   * + 1. Number of Board meetings;     2. Number of tenders evaluated;     3. Cases where there were diverted from tender procedures and the risks involved (e.g. outside parties may take legal action);     4. Amount (monetary value) and total tenders awarded. | Board  F&A Committee | Quarterly |
| **18. Contract Changes** | | |
| 18.1 Contract changes are only possible when the initial terms and conditions allow for this, and include:   * + 1. Insolvency of a tenderer;     2. Inability to comply (beyond the control of the tenderer):     3. Financial problems; | CEO | Ad-hoc |
| 18.2 Breach of contract (deliberate, malicious, careless):   * + 1. Delivery conditions;     2. Warranty conditions;     3. Environment:     4. Legal involvement required;     5. Expensive;     6. Burden of proof rests with the complainant. |  |  |
| 18.3 Changes to the contract must be communicated to all stakeholders to the contract. | CEO | Ad-hoc |
| **19. Monitor contract adherence** | | |
| 19.1 All contracts concluded with tenderer must be reviewed by a legal advisor of ECB to ensure that all legal requirements have been adhered to. | Legal Advisor | Ad-hoc |
| 19.2 The Board must review all contract concluded with tenderer to ensure that the technical specifications have been adhered to. | Board | Ad-hoc |
| 19.3 All original formal contracts concluded with tenderer must be submitted to the Admin Officer for safekeeping. | Admin Officer | Ad-hoc |
| 19.4 A copy of the contract must be forwarded to the relevant Contract Manager, which he/she must use to monitor adherence to the contract. | Contract Manager | Ad-hoc |
| 19.5 The adherence to the contract must be monitored on a regular basis. | Admin Officer | Ad-hoc |
| **20. Exchange rate** | | |
| 20.1 Due to the long duration of some contracts, application of price changes based on the international Exchange Rate (ER) may be necessary when ER fluctuations outside of predetermined levels occur. |  |  |
| 20.2 The new ER should be obtained on a monthly basis. This does not imply that the ER should be applied on all contracts on a monthly basis. The applicability of the ER will be predetermined during specification of the tender. | Accountant | Ad-hoc |
| 20.3 No ER changes will be entertained on any quotes, which should be in Namibian Dollar terms at all times and fixed in accordance with conditions for at least 15 days. Exceptional cases where service delivery will occur over an extended period may be considered with approval by the CEO. | CEO | Ad-hoc |
| 20.4 The GM: F&A monitors the ER monthly and applies it to the contracts in his/her sphere of responsibility as required by the contract conditions. | GM: F&A | Monthly |
| * 1. The following generic actions are required:      1. Monitor ER monthly (formal process);      2. Decision for price adjustments (predetermined value parameters);      3. Recalculate all item prices;      4. Update price tables;      5. Make information available to Board (communication) utilising the optimum medium as required by the circumstances. | GM: F&A | Ad-hoc |
| **21. Other price adjustments** | | |
| 21.1 Some tenders may require price adjustments for reasons other than for ER. One such reason may be a dependency on international manufacturer price adjustments. The generic actions remain the same as for ER, including inclusion in the tender specification and / or response. | Admin Officer | Ad-hoc |
| 21.2 Price adjustments can only be considered where price basis were established in the original bid in accordance with the relevant prescribed format. Price Adjustments based on the CPI may also be considered on long term tenders. Labour contracts are normally entered into on this premise. | Admin Officer | Ad-hoc |



10.

CELLULAR PHONE POLICY

# **PREAMBLE**

This policy will be applicable to all staff of the Electricity Control Board. The Electricity Control Board (“the ECB”) authorizes the issue of cellular telephones (cell phones), as it deems appropriate in enhancing the efficiency of certain employees in the execution of their duties.

This policy has relevance to all qualifying employees who have been issued and are in possession of a company funded cellular telephone or allowance, as well as those wishing to apply for it.

It is the ECB policy to provide cellular telephones and allowances to certain employees whose work performance and management will be enhanced by the acquisition of such equipments.

This policy describes the conditions of the allowance or acquisition, usage and allocation of cell phones and is relevant to those staff members whose nature of work requires a cell phone.

# **POLICY**

# **General**

The ECB will facilitate adequate business-related communication for eligible staff.

# **Procurement of cellular hardware**

* + 1. The cell phone shall remain the property of the ECB.
    2. Insurance costs for cellular phones will be borne by the ECB in line with the ECB’s overall’s insurance policy.
    3. The ECB will further provide a monthly ceiling for reimbursement of business-related expenses to eligible staff in line with paragraph 2.4 below.

# **Eligibility**

It is the ECB’s policy to provide cell phones and other such related equipment as deemed necessary, at the discretion of the General Manager: Finance and Administration. The following categories of employees qualify for a cellular phone benefit:

* + 1. The Chief Executive Officer is:

2.3.1.1 Eligible to subscribe to a package of any Namibia Service Provider’s to a total of N$ 3,700 (which can change as and when the service provider updates its packages) and excludes the once-off subscription fee to be paid for the relevant package;

2.3.1.3 Roaming charges and benefits will be allocated as and when they arise.

2.3.2 All General Managers are:

2.3.2.1 Eligible to subscribe to a package of any Namibia Service Provider’s to a total of N$ 2,000 (which can change as and when the service provider updates its packages) and excludes the once-off subscription fee to be paid for the relevant package;

2.3.2.3 Roaming charges and benefits not exceeding the amount of N$ 1,500.00 per trip will be paid for by the ECB.

2.3.3 All Managers and the Public Relations Officer are:

2.3.3.1 Eligible to subscribe to a package of any Namibia Service Provider’s to a total of N$ 1,000 (which can change as and when the service provider updates its packages) and excludes the once-off subscription fee to be paid for the relevant package;

2.3.3.3 Roaming charges and benefits not exceeding the amount of N$ 1,000.00 will be paid for by the ECB.

2.3.4 Administration Officer is:

2.3.4.1 Eligible to subscribe to a package of any Namibia Service Provider’s to a total of N$ 400 (which can change as and when the service provider updates its packages) and excludes the once-off subscription fee to be paid for the relevant package;

2.3.5 Driver is:

2.3.5.1 Eligible to subscribe to a package of any Namibia Service Provider’s to a total of N$ 200 (which can change as and when the service provider updates its packages) and excludes the once-off subscription fee to be paid for the relevant package;

2.3.5.2 All other employees who may benefit from a cell phone will be evaluated on a case by case basis for which package they will qualify.

The ECB through its Finance and Administration department will be responsible to arrange for the contracts of all staff eligible to qualify for such benefit; which contracts will be issued in the ECB’s name only.

# **Monthly ceilings**

2.4.1 The ECB will bear the cost of all business-related cellular calls and service provider subscriptions, subject to the following:

2.4.1.1 CEO - N$ 2,000.00

2.4.1.2 General Managers - N$ 1000.00

2.4.1.3 All managers and Public Relations Officers - N$ 500.00

2.4.1.4 Other Staff - as determined by the GM: Finance and Administration

Amendments of ceilings will be at the discretion of the GM: Finance and Administration, after considering inflation and other operational requirements. Changes to these ceilings will be reported to the Finance and Audit Committee.

# **Setting up arrangements**

2.5.1 The ECB will set up a cellular phone contract with a Namibian Service Provider and cover the contract costs which shall not exceed the ceilings as stated in this Policy.

2.5.2 Professional staff that joined the ECB before 1 January 2008 will be required to submit detailed billings to claim for monthly business-related expenses.

# **Due care of cellular hardware**

2.6.1 It is the responsibility of all employees provided with a cellular service to take due care of the hardware to prevent loss or damage as this is an asset of the ECB.

2.6.2 All Staff will be responsible for the replacement of cellular phones if lost or damaged due to negligence, and must replace the asset within 7 days.

2.6.3 Negligence is considered to be:

2.6.3.1 Loss due to an individual being under the influence of alcohol or other intoxicating substance;

2.6.3.2 Phone left unattended;

2.6.3.3 Phone lent to other colleagues or private individuals;

2.6.3.4 Phone damaged by spilling of fluids, harmful chemicals or water; and

2.6.3.5 Phone not kept in a safe place when not used.

2.6.4 Should the loss or damage be due to reasons other than those in 2.6, the ECB will replace the asset within 7 days. The burden of proof for loss due to other reasons lies with the staff.

2.6.5 Although the ECB will insure all cell phones, employees, to whom cell phones are issued, whether permanently or otherwise, will be accountable for all usage, loss, as well as maintenance and liable for any damages, loss and theft of cell phones. And if fault for such negligence can be proven against the employee, the ECB will be entitled to claim payment from such employee.

# **Accessibility**

2.7.1 It is expected that employees issued with a Company cellular telephone should be contactable at all reasonable times whilst in possession of such issued cell phones including weekends. Once a cellular phone has been approved the employees may use the phone whether he/he is on leave or not, but subject to the provisions hereof.

2.7.2 It is the duty of the staff member to provide the ECB with the cellular phone number as soon as the facility has been provided.

2.7.3 The ECB will be responsible for fitting hand free car equipments to all vehicles of those employees eligible under this policy.

# **QUALIFYING DATE**

2.8.1 Employees qualify for the cell phone benefit with effect from the date of approval by the relevant signatories.

2.8.2 For positions that automatically qualify for the cell phone benefit, employees qualify for the benefit from the date of their appointment or promotion into such positions.

# **DEDUCTIONS FROM SALARY**

2.9.1 Employees eligible for benefits under this policy shall enter into a contract with the ECB allowing for the automatic deduction from salaries of any amounts exceeded on calls made.

2.9.2 However, should an employee exceed the amounts allocated by the ECB on calls made and such calls can be proven to be work related and necessary, the ECB will reimburse the employee accordingly. In this instance itemized billing will be required and a copy of the itemized bill will be given to the employee monthly

2.9.3 It is the duty of employees to take responsibility for the payment directly to the Namibia Service Provider or any other service provider, any amounts exceeding the benefit or subsidy.

2.9.4 No employee should hold the ECB liable to compensate them in cash for any credit remaining on the phone for a given month.

# **CELL PHONE NUMBER**

2.10.1 Employees will have the option to either keep their current contact number or obtain a new number. If they opt to keep their private number the number will become the “property” of the ECB until such time that the employee leaves the employment of the ECB for what so ever reason.

2.10.2 When employees leave the ECB they will have the option to keep the contact number as their personal number.

# **DISQUALIFICATION FROM SCHEME**

2.11.1 The ECB reserves the right to conduct periodic checks on claims submitted by employees for reimbursement and should claims be found to be fraudulent; the relevant employee will be disqualified from the scheme outlined in this policy and will be required to pay to the ECB all costs involved in procuring the service for the employee.

2.11.2 Such costs include not only the costs for all the calls made but the monthly subscription fees.

2.11.3 If misuse of cell phones is detected or excess payments are not made timeously, the GM: Finance and Administration may cancel the benefit under this scheme.

2.11.4 The ECB reserves the right to subject such employee to any form of disciplinary action.

# **TERMINATION OF SERVICE**

2.12.1 Should an employee to whom an official cell phone has been allocated, leave the service of the ECB for whatever reasons the following shall apply:

2.12.2 Should the employee leave the services of the ECB within two (2) years of receipt of a phone he/she shall have the option to purchase the phone from the ECB at the applicable remaining contract value or return the cell phone to the company.

2.12.3 If an employee has owned a company phone under the above scheme for a period longer than 2 years, the employee must purchase the cell phone from the ECB for an amount of N$ 200.00 VAT inclusive.

2.12.4 With the death of an ECB employee holding an official cell phone the widow/widower /relatives shall return the official cell phone to the ECB, except if the deceased owned the cell phone for a period of 2 (two) years or more.

| **PROCEDURE** | **RESPONSIBILITY** | **FREQUENCY** |
| --- | --- | --- |
| **1. Procurement of cellular hardware and term contracts**  1.1 Employees requiring a cell phone or allowance should submit written justification, through their line manager, to the GM Finance and Administration for consideration and approval.  1.2 General Managers and line Managers shall submit the justification to the General Manager: Finance and Administration to initiate the procurement process.  1.3 Once authorised by the Chief Executive Officer, the General Manger: Finance and Administration shall, within one week of approval, facilitate the setting up of the cellular phone service, and the costs shall include the hardware and other setting up expenses.  **2. Lost or damaged cell phones**  2.1 A staff member whose cellular phone is lost or damaged shall, within 7 days, submit an incident report to the General Manager: Finance and Administration detailing the cause of loss or damage.  2.2 The General Manager: Finance and Administration will immediately ensure that the ECB asset register is updated.  2.3 If applicable, the General Manager: Finance and Administration will proceed with the process to recover the loss from the insurance company. | General Managers, Line Managers  General Manger: Finance and Administration  General Manger: Finance and Administration  Staff member  General Manger: Finance and Administration  General Manger: Finance and Administration | Ad hoc  Ad hoc  Ad hoc  Ad hoc  Ad hoc  Ad hoc |
| **3. Payment of monthly cellular phone accounts**  3.1 In the case where the ECB has set up the contract with a service provider on behalf of the staff:  3.1.2 Billing reports shall be taken to be correct on receipt from the service provider. However, should there be queries on the invoices the ECB resolve the queries directly with the cellular service provider on behalf of the employee.  3.1.3 The Finance Division shall settle monthly bills in full and in cases of unauthorised excess, the excess amount shall be deducted from the salaries of the respective users.  3.1.4 The Finance Division shall prepare a monthly reconciliation of the cellular expenses accounts and shall submit such reconciliation for the approval of General Manager: Finance and Administrations who shall authorise allocation of ceiling breaches to respective staff accounts for salary deductions.  3.1.5 Salary deductions shall be governed by the ECB’s policies and procedures on salary deductions.  **4. Replacement of cellular hardware**  4.1 Cellular hardware will be replaced after 24 months of usage.  4.2 Staff who becomes eligible for the replacement of cellular hardware shall notify their respective Managers of the need for such a replacement, not later than 30 days before the expiry of the 24-month period, as per Policy.  4.3 The respective Manager shall complete a replacement form and submit it to General Manager: Finance and Administrations, who will facilitate the replacement within 15 days after the 24-month period.  4.4 At the end of the 24 month period, or on termination of services from the ECB, cellular hardware shall be handed over to the General Manager: Finance and Administration.  **5. Fixed asset register**  For procedures regarding the processing of hardware purchases and upgrades on the fixed asset register, refer to the procedures for fixed assets (section 4.7 of this document).  **6. Payments**  For procedures regarding the processing of payment, refer to the procedures for purchases and payables (section 4 of this document). | Staff member  Finance Division  Finance Division, Director: Corporate Services  Staff member  Manager  Staff member | Ad hoc  Monthly  Monthly  Ad hoc  Ad hoc  Ad hoc |

The policy is silent on the issue of specification of hardware and cost ceilings therefore. I would recommend that IT be involved if only in advisory capacity to the GM: F & A in this matter.



11.

INVESTMENT POLICY

## NOT reviewed

## 1. Introduction

By the nature of the Electricity Control Board’s (ECB) operations, our main source of funding is the money collected in respect of levies imposed under section 13 of the Electricity Act 4 of 2007. Funds could also flow in from other sources such as donor funding or from the Government of Namibia especially the Ministry of Mines and Energy (MME) for the projects to be executed by ECB on the Ministry’s behalf. This money is kept in the ECB’s account for some time before being applied to cover expenses for projects that the ECB is executing for MME.

The Electricity Act 2000 (Act 4 of 2007), Section 12.2, very clearly stipulates that the ECB with the approval of the Minister in concurrence of the Minister of Finance, may invest any portion of its funds not immediately required by it.

**2. Objective**

Electricity Control Board will invest portion of its funds not immediately required by it at the highest returns and at the lowest possible risk in order to enhance its financial condition.

## 3. Investment Criteria

ECB will use the following criteria to select its investment instruments:

3.1 Capital and returns must be guaranteed.

3.2 The investment period must be in line with ECB’s cash needs forecast schedule.

3.3 The rate of return must be comparably high for the investment period.

**4. Instruments and Allocation**

Funds will be invested in selected banks and other financial institutions so as to spread the risk.

To qualify for selection by ECB, financial institutions must conform to the following criteria:

4.1 Commercial banks need to be registered with the Bank of Namibia, must be registered in terms of the Namibia Banks Act and Unit Trust Control Act No. 54 of 1981.

4.2 Other financial institutions need to be registered with Namibia Financial Institutions Supervisory Authority (NAMFISA).

4.3 Should have minimum audited capital and reserves of N$50 million.

* 1. The ECB will only invest in the following:
     1. Call and other term deposits at major banks
     2. Government of Namibia Treasury Bills and Government Stocks
     3. Money Market Unit Trust Funds registered in terms of the Unit Trust Control Act No. 54 of 1981.

No investments are allowed to be done via any financial intermediary (broker) and no commissions or fees may be earned by or paid to any person on any investment of the ECB.

**5. Spread of portfolio**

Investment allocation in terms of percentage will be as follows:

5.1 Ten per cent (10%) of the funds to the operation account.

These funds will be used to contribute towards the daily operation of the ECB and will be deposited in a separate bank account opened specifically for this purpose, which will be interest-bearing account.

5.2 The rest of the funds will be managed by the GM Finance and Administration under the following principles:

5.2.1 Seventy percent (70%) of the funds to be invested in money market instruments

These funds will be invested in money markets in local banks to enable the ECB to have easy access to its funds but at the same time earn higher return on its investments. Quotations on rates will be required from all local banks and the bank with the best rates will be considered.

5.2.2 Twenty percent (20%) in government bonds (Namibia)

This is used as a long-term investment in a nearly risk-free institution. The aim of investing a certain percentage of the funds in bonds is to ensure that the ECB starts to build a strong capital base for future growth and also for stability in long-term cash-flow needs.

5.3 The proportion of investment in the above markets will be based on the financial strengths of each of them. Other determining factors are:

* + 1. Number of years in existence of the institution should be at least three (3) years.
    2. Should have recorded profits for the previous three years.
    3. Recorded a stable growth pattern of 3 to 5 years in terms of assets.

Investment will be placed with the institution with the highest quote, provided that criteria set above have been met.

|  |  |  |
| --- | --- | --- |
| **Abbreviations:**  Minister : Minister of Mines and Energy  Board : The Electricity Control Board  F&A Committee : Finance & Audit Committee  IA : Internal Audit  CEO : Chief Executive Officer  GM : General Manager  GM: F&A : General Manager: Finance & Administration  Accountant : Financial Accountant | | |
|  | | |
| Procedure | **Responsibility** | **Frequency** |
| **1. Delegation of Authority** | | |
| 1.1 The Board of Directors has delegated authority over its investment affairs to the Internal Audit of the Board, and that committee is further authorized to delegate certain responsibilities to professional experts in various fields. These include but not limited to:   * + 1. Approve or disapprove the recommendation     2. Does the groundwork for the investment of funds and make recommendation to the CEO for approval. The GM: F&A will monitor investments and recommend disinvestments. He/she will provide the CEO and the IA with monthly, quarterly and annual investment reports.     3. Assist the GM: F&A with groundwork and the reporting. | IA  CEO  GM: F&A  Accountant |  |
| **2. Investment transactions** | | |
| 2.1 Cash flow projections must be performed on a monthly basis based on historical and expected financial transactions. | GM: F&A | Ad-hoc |
| 2.2 The cash flow projection must be reviewed by a designated official for accuracy and reasonableness. |  |  |
| 2.3 Market analysis must be conducted and potential financial institutions must be contacted for quotations of what the return on investment will be. Written quotations on interest rates will be required from at least three financial institutions and the investments will be placed with the counterparty with the highest offered interest rate - provided that criteria set in paragraph 4.1 above, have been met. | GM: F&A | Ad-hoc |
| 2.4 Investment recommendation, including the recommended investment type, must be prepared by the GM: F&A for any surplus funds identified by the cash flow projections, taking the following into account:   1. Status of existing investments measured against limits; 2. Current cash funds available in bank accounts; 3. Current investments available and the type of investments; 4. Quotations. | GM: F&A | Ad-hoc |
| 2.5 The investment recommendation must be reviewed for accuracy, completeness, validity and reasonableness by the CEO. It is then forwarded to the Board for approval. No investment funds may be deposited, withdrawn, invested or transferred without the approval of the Board. | CEO  Board | Ad-hoc |
| 2.6 For the transfer of funds, refer to the “Purchases and Payables” financial policies and procedures. |  |  |
| **3. Recording of investment transactions** | | |
| 3.1 An investment register must be maintained with all the following details for each investment held.   1. par or face value; 2. maturity date; 3. date purchased; 4. purchase cost; 5. interest rate or yield; and 6. interest received. | GM: F&A | Ad-hoc |
| 3.2 Investment register must be updated by a designated official when investment related transactions are incurred. | Accountant | Ad-hoc |
| 3.3 Investment register must be reviewed by the GM: F&A to ensure the accuracy, completeness and the validity of the investment register. | GM: F&A | Ad-hoc |
| 3.4 Investment transactions must be recorded from the supporting documents on the accounting system. | Accountant | Ad-hoc |
| 3.5 The general ledger investment account must be reconciled to the investment statements received from investor companies and to the investment register. | Accountant | Monthly |
| 3.6 Differences must be investigated and resolved. | Accountant | Ad-hoc |
| 3.7 The investment reconciliation must be reviewed by a senior designated official for completeness, accuracy and validity. | GM: F&A | Ad-hoc |
| 3.8 The GM: F&A must sign the reconciliation as evidence of review. | GM: F&A | Ad-hoc |
| 3.9 Investment reconciliations must be filed for future record and review purposes. | GM: F&A | Ad-hoc |
| **4. Restricted access** | | |
| 4.1 Access to investment certificates must be restricted to authorized officials only and safeguarded in a lockable safe. | GM: F&A | Ad-hoc |
| **5. Reporting requirements** | | |
| 5.1 The GM: F&A will prepare a monthly investment report to be submitted to the CEO. The GM: F&A must highlight significant movement in the investments and advise the CEO accordingly of any development. | GM: F&A | Monthly |
| 5.2 The GM: F&A must also prepare a quarterly report for submission to the Board, highlighting performance of the portfolio in the last quarter. | GM: F&A | Quarterly |
| 5.3 The reports should highlight, as appropriate, at least the following:   * 1. Investment portfolio per institution (including maturity dates);   2. Investment portfolio per product (including maturity dates);   3. Interest received;   4. Expected cash requirements for the following period (for example month);   5. Projected investments to be made in the following period (for example month). | GM: F&A | Monthly |
| 5.4 Aside from the above, the CEO will undertake whatever monitoring they deem necessary to ensure that the funds are invested in accordance with the Investment Policy objectives. | CEO | Ad-hoc |
| 5.5 The GM: F&A assisted by the Accountant must report on any default in levy payment and recommend steps to be taken to avoid cash-flow problems in the ECB. |  |  |
| **6. Disclosure** | | |
| 6.1 If there is an actual conflict of interest or the potential for a conflict of interest to arise, as far as the investments are concerned, this conflict must be disclosed to the Board. | Board | Ad-hoc |



12.

STANDING FINANCIAL

INSTRUCTIONS

NOT reviewed

NOTE: Once the Standing Financial Instructions have been adopted by the Board they become mandatory on all Members and employees of the ECB.

## 1. INTRODUCTION

**General**

* 1. These Standing Financial Instructions set out the financial responsibilities, policies and procedures to be adopted by ECB. They are designed to ensure that its financial transactions are carried out in accordance with Law and Government Policy in order to achieve probity, accuracy, economy efficiency and effectiveness. They should be read in conjunction with Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the ECB as annexed to Standing Orders.
  2. Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the General Manager must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Standing Orders.
  3. Failure to comply with standing financial instructions and standing orders is a disciplinary matter that could result in dismissal. Refer to the HR manual section 8 for actions to be taken.
  4. Wherever the title Chief Executive Officer, General Manager Finance and Administration or other nominated officer is used in these instructions, it shall be deemed to include such other officers or employees who have been duly authorized to represent them.
  5. Wherever the term “employee” is used and where the context permits it shall be deemed to include employees of third parties contracted to the ECB when acting on behalf of the ECB.

****Responsibilities and Delegation****

* 1. The Board exercises financial supervision and control by:

1. Formulating the financial strategy;
2. Requiring the submission and approval of budgets within approved allocations/overall income;
3. Defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
4. Defining specific responsibilities placed on management and employees as indicated in the Scheme of Delegation document.
   1. The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the “Reservation of Power to the Board” document.
   2. The Board will delegate responsibility for the performance of its functions in accordance with Scheme of Delegation document adopted by the ECB.
   3. Within the Standing Financial Instructions, the Chief Executive Officer is ultimately accountable to the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the ECB system of internal control.
   4. The Chief Executive Officer and General Manager: Finance and Administration will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.
   5. It is a duty of the Chief Executive Officer to ensure that existing Line Managers, employees, and all new appointees, are notified of and understand their responsibilities within these instructions.
   6. General Manager: Finance and Administration (GM: F&A) is responsible for:
   7. Implementing the ECB’s financial policies and for co-coordinating any corrective action necessary to further these policies;
   8. Maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
   9. Ensuring that sufficient records are maintained to show and explain the ECB’s transactions, in order to disclose, with reasonable accuracy, the financial position of the ECB at any time, and without prejudice to any other functions of ECB, and its employees;
   10. The provision of financial advice to the ECB and its employees;
   11. The design, implementation and supervision of systems of internal financial control; and
   12. The preparation and maintenance of such accounts, estimates, records and reports as the ECB may require for the purpose of carrying its statutory duties.
   13. All members and employees, severally and collectively, are responsible for:
5. The security of the property of the ECB;
6. Avoiding loss through adherence to policies and procedures;
7. Exercising economy and efficiency in the use of resources; and
8. Conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.
   1. The Accountant will attend Finance & Audit Committee meetings and must report significant matters directly to the committee, the Head of Internal Audit Committee members and the Chair of the ECB.
   2. The GM; Finance and Administration shall report on a day-to-day basis to the Chief Executive Officer. The reporting system for internal audit shall be agreed between the Chief Executive Officer, the Finance and Audit Committee and the accountant. The agreement shall be in writing. The reporting system shall be reviewed at least every 3 years.
9. **Role of Management**
   1. It is the responsibility of management to ensure there are adequate systems of internal control to:
10. Ensure the reliability and integrity of financial and operational data;
11. Safeguard the assets of the ECB;
12. Ensure that only valid and properly authorized expenditure is incurred;
13. Ensure the ECB receives all the income to which it is entitled;
14. Ensure the economic, efficient and effective use of financial, human and other resources, and
15. Ensure compliance with statutory regulations and the framework of operating policies laid down by the Board.
    1. Management and staff must co-operate with external auditors and allow them access to all records, documents and assets that they may request.
    2. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Executive Officer must be notified immediately.

**3. Abbreviations:**

Minister : Minister of Mines and Energy

Board : Board members

F&A Committee : Finance & Audit Committee

CEO : Chief Executive Officer

GM : Line Manager

GM: F&A : Line Manager: Finance & Administration

Admin Officer : Administration Officer

Accountant : Financial Accountant

HRM : Human Resources Manager

IT Spec : Information Technology Specialist

# **2. MONTH-END PROCEDURES AND MANAGEMENT INFORMATION**

| Procedure | **Responsibility** | **Frequency** |
| --- | --- | --- |
| 1. Timetable | | |
| 1.1 A timetable, indicating month-end processing, data submission and reporting deadlines, must be prepared by the GM: F&A and must be adhered to by all staff members. | GM: F&A | Beginning of financial year |
| 1.2 A list of all the items to be included in the management report as well as the individual responsible to prepare the information must also be included in the timetable. The timetable should be distributed to the parties responsible for completing the tasks listed in the timetable. | GM: F&A | Beginning of financial year |
| 1.3 The timetable must be communicated to all business units and staff members by way of hard copies. An electronic copy can also be placed on the server for staff to view. | GM: F&A | Beginning of financial year |
| 1.4 The timetable should be used on a monthly basis to monitor the progress of month-end procedures and adherence to deadlines. As each step is completed, the GM: F&A should record the date on which the specific month-end procedure was completed. | GM: F&A | Monthly |
| 1.5 During month-end closing, business units and staff must be monitored against the set deadlines in terms of the timetable and action must be taken where deadlines are not met. | GM: F&A | Monthly |
| 2. Basic accounting routines | | |
| 2.1 The Accountant must ensure that all transactions for the month have been processed, including any adjusting journal entries. | Accountant | Monthly |
| 2.2 The balances on control accounts have to be reconciled with the balances in the relevant subsidiary ledgers and/or supporting documents. | Accountant | Monthly |
| 2.3 The GM: F&A is responsible for the verification and signing of reconciliations. | GM: F&A | Monthly |
| 2.4 The monthly financial accounts and reports must be printed by the Accountant. | Accountant | Monthly |
| 2.5 Unusable or obsolete fixed assets have to be written off. | Accountant | Annually |
| 2.6 The Accountant is responsible for the certification of cash in the hands of officers. | Accountant | Monthly |
| 2.7 An age analysis of all the debtors has to be prepared. A provision for bad or doubtful debts (if any) has to be made. | Accountant | Monthly |
| 2.8 The statement of balances has to be certified. | GM: F&A | Monthly |
| 2.9 The general ledger has to be reviewed to identify those expenses, which have been prepaid and assess the nature and value of those accruals for which provision will be made. | Accountant | Annually |
| 3. Reporting requirements | | |
| 3.1 Reporting requirements for management information must be identified by management, EXCO and the Board and must be relevant in addressing the current and future needs of management, EXCO and the Board. | Management | Continuously |
| 3.2 The reporting requirements must be reviewed on a continuous basis and discussed during management, EXCO or board meetings. This is to ensure that management reporting stays relevant and continuously addresses management’s, EXCO’s and the Board’s changing needs due to the changing environment. | EXCO | Continuously |
| 3.3 Existing management information and reporting requirements must however be reviewed formally on at least an annual basis to establish whether it is still relevant and adequate to address the needs of management and must be updated accordingly. | Management | Annually |
| 3.4 New reporting requirements must be documented through minutes of management meetings or board meetings and forwarded to the GM: F&A. Instructions on new reporting requirements must be specific and must be conveyed in such a manner that the person responsible for compiling the information clearly understands the requirements. | Management / GM: F&A | Continuously |
| 3.5 The GM: F&A must continuously consult with the Business Unit Manager, Legal Advisor and External Auditors on an informal basis to ensure that existing reporting requirements comply with the relevant accounting standards, regulations and laws. | Management / GM: F&A / Accountant | Continuously |
| 4. Monthly Management Reports | | |
| 4.1 The income and expenditure statements and the month-end balance sheet have to be prepared from the fully reconciled final trial balance. | Accountant | Monthly |
| 4.2 The GM: F&A must ensure that the balances on the various accounts appear reasonable in relation to the corresponding balances in the previous month, budgets and his/her knowledge of the transactions undertaken during the month. | GM: F&A | Monthly |
| 4.3 The GM: F&A must ensure that all large and unusual transactions have been properly authorised, analysed and classified. | GM: F&A | Monthly |
| 4.4 The GM: F&A is responsible for the preparation of management information reports, which include monthly management accounts, budget variances, notes and supporting schedules for submission to the Board. | GM: F&A | Monthly |
| 4.5 For a normal set of monthly accounts, working papers and documents supporting the month-end procedures should be filed. | Accountant | Monthly |
| 5. Quarterly Management Reports | | |
| 5.1 A quarterly management report should be prepared from the monthly reports including a detailed budget vs. actual report. | GM: F&A | Quarterly |
| 5.2 The quarterly management reports must be made available for discussion to the F&A Committee on such a date as specified by the Committee. | GM: F&A | Quarterly |
| 5.3 During the discussions of quarterly management reports action plans should be formulated to address critical issues. | GM: F&A | Quarterly |
| 5.4 Formal approved minutes of F&A Committee meetings need to be kept to ensure that all issues discussed and action plans formulated during meetings are recorded and actioned. | F&A Committee | Quarterly |
| 5.5 The amendments made to the report by the F&A Committee must be processed by the GM: F&A. | GM: F&A | Quarterly |
| 5.6 The report must be tabled at the Board meeting. | GM: F&A | Quarterly |

# **3. ANNUAL ACCOUNTS AND YEAR END PROCEDURES**

| Procedure | **Responsibility** | **Frequency** |
| --- | --- | --- |
| **1. Timetable** | | |
| 1.1 The GM: F&A is responsible for issuing a timetable showing the dates by which the various stages of month-end procedures must be completed and by whom. | GM: F&A | Annually |
| 1.2 The timetable should be distributed to the parties responsible for completing the tasks listed in the timetable. | GM: F&A | Annually |
| 1.3 All staff have a duty to co-operate with external audited accounts. | All staff | Annually |
| 1.4 The timetable should be used to monitor the progress of year-end procedures and adherence to deadlines. As each step is completed, the GM: F&A should record the date on which the specific year-end procedure was completed. | GM: F&A | Annually |
| 1.5 Review the progress made in terms of the timetable, and take corrective actions when necessary. | GM: F&A | Annually |
| **2. Annual accounts information** | | |
| 2.1 Compilation of annual report and issue of guidance to management as to the required content, format and timing of departmental contributions. | GM: F&A | Annually |
| 2.2 Each General manager, with the assistance of the accountant, is responsible for providing the information requested by the GM: F&A in the required format to enable him/her to prepare the accounts. This will include, but may not be limited to   * + 1. Year-end debtors and creditors;     2. Provisions; and     3. Details of petty cash and assets under the control of the department. | Line manager | Annually |
| **3. Preparation of the annual accounts** | | |
| 3.1 Preparation of the annual accounts of the ECB in accordance with the requirements of the Act. The financial statements will include:   * + 1. Statement of income and expenditure     2. Balance sheet reflecting the financial position at the end of the financial year;     3. Any notes thereon;     4. Statement of the accounting policies adopted;     5. The Auditors Report     6. Directors’ report (or its equivalent in the case of ECB). | GM: F&A | Annually |
| **4. Year-end accounting routines** | | |
| 4.1 Prepare a year-end audit file which contains the following  information:   * + 1. Reconciled final trial balance     2. Reviewed reconciliations of all applicable general ledger accounts     3. Supporting documents / printouts as proof of general ledger account balances. | Accountant | Annually |
| 4.2 All source documents during the first two (2) months of the new financial year have to be scrutinised carefully at the time of approval. Any transactions relating to the previous year’s accounts must be marked clearly for inclusion as liabilities in the previous financial year. | Accountant | Annually |
| **5. External Auditors** | | |
| 5.1 The Board’s books and records of accounts and financial statements must be audited annually by an auditor or auditors engaged in public practice as defined in section 1 of the Public Accountants and Auditors Act, 1951 (Act No. 51 of 1951) | CEO and GM: F&A | Annually |
| 5.2 The external auditors must be appointed by the Board with the prior approval of the Minister. | Board | Annually |
| **6. Recommendation to the Board** | | |
| 6.1 Once audited, the accounts together with auditor’s report will be recommended to the Board within 6 months after the end of the financial year. | GM: F&A | Annually |
| **7. Annual report** | | |
| 7.1 The Annual Report must be submitted to the Minister within 6 months of the financial year end. | CEO | Annually |

# **4.** **BANK ACCOUNTS**

| Procedure | **Responsibility** | **Frequency** |
| --- | --- | --- |
| **1. Banking institution** | | |
| 1.1 The Board should select and approve the banking institutions where accounts are to be held. Any decision to change the bankers requires the approval of the Board. | Board | Ad-hoc |
| **2. Bank Accounts** | | |
| 2.1. Ensure bank accounts are held with approved banks only. | CEO | Ad-hoc |
| 2.2 Every bank account shall have documented rules of operation and the specific transactions that are permitted from each account, together with a list of authorised signatories. | CEO | Ad-hoc |
| **3. Bank mandates** | | |
| 3.1 The GM: Finance & Administration is responsible for preparing the bank mandate. | GM: F&A | Ad-hoc |
| 3.2 The bank mandate must stipulate the relationship with the bankers and must address the following aspects:   1. limitation in liabilities; 2. opening and closing of bank accounts; 3. authorised cheque signatories; 4. responsibilities to prevent fraud and liabilities if fraud should occur; 5. and approval limits for transactions. | GM: F&A | Ad-hoc |
| 3.3 The bank mandate as well as amendments to the bank mandate must be approved by the Board, signed by the signatories and should be tabled at the Finance and Audit Committee meetings for information purposes. | Board  Signatories | Ad-hoc |
| 3.4 The bank mandates must be reviewed at least every 6 months and revised properly for personnel changes. | CEO | Bi-annually |
| **4. Opening of bank accounts** | | |
| 4.1 Bank accounts of the ECB may only be opened or closed by the Chief Executive Officer provided that he has the advance approval of the Board. Any such opening or closing must be reported at the next Board meeting. | CEO | Ad-hoc |
| 4.2 The following process must be adhered to:   1. Request to open a bank account must be made to the Chief Executive Officer who should prepare a proposal to submit to the Board. 2. Written approval must be obtained from the Board to open a bank account. 3. Signatories for the bank account to be opened must be proposed and approved by the Board. Aspects to be taken into account include: seniority, segregation of duties and availability. 4. Forms to open the bank accounts should be obtained from the bank for all signatories to complete. 5. The selected signatories must complete the specimen signatory list which will be submitted to the bank. 6. The Chief Executive Officer must sign the bank indemnity form as instruction for the bank to open the bank account. 7. Bank accounts must be assessed periodically to determine the necessity for the accounts. 8. Bank records of open bank accounts must be maintained with all relevant account details and documentation. | CEO  CEO and Board  Board  GM: F&A  CEO and F&A Committee  CEO  GM: F&A  Accountant | Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Annually  Continuously |
| **5. Closing of bank accounts** | | |
| 5.1 The following process must be adhered to:   1. Request to close a bank account must be made to the Chief Executive Officer who should prepare a proposal with sufficient and valid reasons for the closing of the bank account to submit to the Board. 2. Written approval must be obtained from the Board to close a bank account. 3. Forms to close the bank accounts should be obtained from the bank for all signatories to complete and sign. 4. Forms to close the bank account must be returned to the bank and the CEO should follow up with the bank to ensure that the bank account has been closed. 5. The remaining funds should be deposited into the new or existing bank account of ECB. | CEO  CEO and Board  GM: F&A  CEO  CEO | Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc |
| **6. Signing authority and changes** | | |
| 6.1 All cheques, payments and other banking instructions shall be signed by two authorised signatories; the Chief Executive Officer, at least one Line Manager or the Manager: HR. | CEO and at least one GM or Manager HR | Ad-hoc |
| 6.2 Changes to signatories on bank accounts must be motivated by the Chief Executive Officer and require the authorization of the Board, through the Finance and Audit Committee. | F&A Committee | Ad-hoc |
| 6.3 Payment limits and authorizations must be determined and revised by the Finance and Audit Committee. | F&A Committee | Annually |
| **7. Safeguarding of cheque books and maintaining a cheque book register** | | |
| 7.1 When a new manual cheque book is requested from the bank an application for the cheque book must be completed by the requestor. | GM: F&A | Ad-hoc |
| 7.2 The application for a cheque book must be signed by at least two authorised signatories. | Signatories | Ad-hoc |
| 7.3 When new cheque books are received from the bank, the GM: F&A should check these to ensure that all cheque leaves are intact. The cheque books received should then be recorded in the Cheque Book Register | GM: F&A | Ad-hoc |
| 7.4 The Official requesting a chequebook must record the date and his/her signature in the Cheque Book Register when receiving a cheque book. | GM: F&A | Ad-hoc |
| 7.5 All cheque books should be safely guarded from unauthorised use by locking these away in, for example, a safe. The key to the safe should be kept by the GM: F&A only. | GM: F&A | Daily |
| 7.6 The Accountant should on a monthly basis review and compare the physical cheque books with the cheque book register to ensure that the cheque book register is regularly maintained and updated. | Accountant | Monthly |
| 7.7 All cheques must be issued by the GM: F&A, who will also be ultimately responsible for ensuring that all cheques issued are properly recorded in the books of account. | GM: F&A | Continuously |
| 7.8 Cheques issued must be crossed and marked “Payee only / Not transferable”. | GM: F&A | Continuously |
| 7.9 All paid cheques received back from the bank must be filed in a sequential number and locked in a lockable cabinet. | Accountant | Continuously |
| 7.10 The Accountant must ensure that all the cheques received back from the bank are in sequence. Missing cheques must be indicated as outstanding items on the bank reconciliation. | Accountant | Continuously |
| 7.11 Cancelled cheques should be clearly  marked by writing “cancelled” on them and  should not be removed from the cheque books | Accountant | Ad-hoc |
| 7.12 The GM: F&A will be responsible to issue blank cheques to be prepared for payment. These will be recorded in a cheque register. The recipient of blank cheques must sign the register as acknowledgement of receiving the specific range of cheques | GM: F&A | Continuously |
| 7.13 Unused blank cheques must be returned to the official responsible for safekeeping of the cheques. These cheques must be recorded in the cheque register as received back. Both parties must sign the register as evidence to confirm acceptance of responsibility. | Accountant | Continuously |
| 7.14 A monthly reconciliation must be performed between the cheque register and blank cheques on hand in the safe by a staff member other than the official responsible for the safekeeping of the cheques. This reconciliation consists of comparing the first and last numbers of blank cheques according to the register with the physical cheques and ensuring that the sequence of unused cheques are still complete. | Accountant | Monthly |
| **8. Cash receipts and banking of cash and cheques** | | |
| 8.1 The GM: F&A is responsible for safeguarding unused receipt books, which should be kept in a safe. All purchases of receipt books should be recorded in a receipt book register. | GM: F&A | Continuously |
| 8.2 Receipt books must be requested by the Accountant. The date of the request and date of issue must be recorded in the receipt book register, which must be signed by the Accountant and the GM: F&A. | Accountant  GM: F&A | Ad-hoc |
| 8.3 The Accountant should ensure that issued receipt books are safely guarded from unauthorised use by keeping it in a safe. In circumstances where the Accountant is not available to perform his/her duty as custodian of the receipt book, the GM: F&A takes over this responsibility. | Accountant | Continuously |
| 8.4 The Accountant should record and sign for all receipts of cash or cheques in the receipt book and a copy of this receipt should be issued to the payee. | Accountant | Ad-hoc |
| 8.5 Cancellations of receipts should be authorised and signed by the Chief Executive Officer. The original receipt should be kept in the receipt book. | CEO | Ad-hoc |
| 8.6 The GM: F&A should review the receipt book register for the following on a monthly basis:   1. All receipts are signed by the Accountant; 2. The sequence of the pre-numbered receipts is complete; Cancelled receipts were authorised and signed by the Chief Executive Officer. | GM: F&A | Monthly |
| 8.7 The Accountant must record all receipts from the receipt book in the cashbook. | Accountant | Monthly |
| 8.8 Deposit books must be requested by the GM: F&A. He should ensure that these are safely guarded from unauthorised use by keeping it in a safe. | GM: F&A | Continuously |
| 8.9 A deposit slip must be prepared in duplicate by the delegated official in the Finance department. | Accountant | Continuously |
| 8.10 The deposit slip must be checked by a senior official, independent from the person who is responsible for banking, by comparing it to the cash and cheques on hand and the receipts issued since the previous banking. | GM: F&A | Continuously |
| 8.11 The deposit slip must be signed by the person who prepared it as well as the senior official who checked it. | Accountant  GM: F&A | Continuously |
| 8.12 The deposit slip, in duplicate, together with the physical cash and cheques must be taken to the bank that same day or at latest the next day. | Accountant | Continuously |
| 8.13 A copy of the deposit slip with an official date stamp of the bank recorded on it must be returned to the Accountant. | Accountant | Continuously |
| 8.14 The deposit slip must be filed in date sequence for future reference by the Accountant. | Accountant | Continuously |
| **9. Payments received by means of direct deposits** | | |
| 9.1 The depositor must be requested to fax or send a written confirmation (e.g. deposit slip, payment confirmation or summary report) to the Accountant. | Accountant | Continuously |
| 9.2 The Accountant must compare the written confirmation to the bank statements. | Accountant | Daily |
| 9.3 The Accountant must process the direct deposit in the cashbook of the Accounting system once it was confirmed on the bank statement. | Accountant | Daily |
| 9.4 The Accountant must account for all unidentified direct deposits on the bank statement in a suspense account. The entries in this suspense account must be followed-up and cleared. | Accountant | Daily |
| **10. Bank reconciliations** | | |
| 10.1 Separate bank reconciliations must be performed for each bank account held by the ECB to verify all processed transactions in the cashbook. Reconciliations must be performed not later than the 15th working day of the following month. | Accountant | Monthly |
| 10.2 Bank reconciliations should be performed by the Accountant at least once a month, or more frequently if a large number of transactions have been incurred. Only original bank statements are to be used for reconciliation purposes. Preliminary statements which can be obtained from the bank or the Internet will not suffice for this purpose. | Accountant | Monthly |
| 10.3 Reconciling items between the General Ledger and bank statements must be followed up and corrected if necessary. | Accountant | Monthly |
| 10.4 Reconciliations should be presented to the GM: F&A for review to ensure the accuracy of bank reconciliations. | Accountant | Monthly |
| 10.5 The GM: F&A should review the bank reconciliations as follows:   1. The bank statement balance as per the reconciliation should be agreed to the actual bank statement balance; 2. Reconciling items which are older than two (2) months should be investigated by the GM: F&A and appropriate action taken to rectify the reconciling items. 3. Unusual reconciling items should be investigated and corrected, where necessary; 4. Closing balance according to general ledger must be confirmed with the final trial balance for the month; and 5. The GM: F&A should sign the bank reconciliation as proof of review. | GM: F&A | Monthly |
| 10.6 Bank reconciliations and reconciled original bank statements must be filed and safeguarded for record and review purposes. | Accountant | Monthly |
| **11. Transfers between bank accounts** | | |
| 11.1 Transfer request letter must be prepared by GM: F&A for approval by the cheque signatories. | GM: F&A | Ad-hoc |
| 11.2 Transfers require authorization by at least two authorised signatories. The following officials can authorise transfers:   1. the Chief Executive Officer; 2. and at least one Line Manager. | Signatories | Ad-hoc |
| 11.3 Letters must be personally taken to the bank to authorise transfers between accounts. | GM: F&A | Ad-hoc |
| 11.4 The bank mandate must clearly state that the bank will be held liable for bank transfers, which were processed based on faxed bank transfer request letters. | GM: F&A | Ad-hoc |
| 11.5 The bank must fax or mail a transfer confirmation letter to the Accountant once the transfer was made. | Accountant | Ad-hoc |
| 11.6 The letter authorising the transfer and bank transfer confirmation letter or bank statement must be used to process the transaction on the accounting system. | Accountant | Ad-hoc |
| 11.7 The approved transfer letter and bank confirmation letter must be filed for future reference. | Accountant | Ad-hoc |
| 11.8 The timeliness, accuracy and completeness of the transfers and the accounting thereof must be reviewed by the GM: F&A when bank reconciliations are performed. | GM: F&A | Ad-hoc |
| **12. Bank overdraft or loan** | | |
| 12.1 A bank overdraft or loan should only emanate from a totally unforeseen event which was not contemplated during the budget process. The additional expenditure would have to be approved by the Board during the same process to approve the bank overdraft or loan. | Board | Ad-hoc |
| 12.2 The Chief Executive Officer, with the assistance of the GM: F&A must prepare a detailed proposal and explanation in this regard for approval by the Board. | CEO  GM: F&A | Ad-hoc |

1. **PETTY CASH**

| Procedure | **Responsibility** | **Frequency** |
| --- | --- | --- |
| **1. Petty cash float** | | |
| 1.1 Petty cash funds are maintained on an imprest basis on the approval of the GM: F&A. | GM: F&A | Continuously |
| 1.2 The responsibility for maintaining a petty cash float and making disbursements resides with the Accountant. | Accountant | Continuously |
| 1.3 All claims from petty cash must be authorised by the GM: F&A. If it is a claim for expenses already incurred, the associated receipt must be attached to the claim. | GM: F&A | Continuously |
| 1.4 The size of the petty cash float is determined by the CEO from time to time taking into account the amount of cash disbursements. The amount for the float is subject to the approval by the Chief Executive Officer. | GM: F&A  CEO | Ad-hoc |
| 1.5 Petty cash float of N$2,000 are to be maintained by the Accountant for meeting emergency or small-scale expenses. The type of expenditure that can be paid out of petty cash are as follows:   * Stationery * Refreshments * Travel expenses, * Sundry hardware and cleaning, * Registered post, stamps and * Flowers * Parking Fees   Petty cash shall not be used to pay for:   * creditors’ invoices * staff loans or travel advances * wages for casual labour * cashing of personal cheques for staff members | Accountant | Continuously |
| 1.6 The maximum amount that can be paid from petty cash for the above types of expenditure is N$2,000 on any one voucher. | Accountant | Continuously |
| **2. Petty Cash Safeguarding** | | |
| 2.1 The Accountant should have a lockable petty cashbox, and a safe where the box and the petty cash register can be locked away. | Accountant | Daily |
| 2.2 The Accountant must ensure that the cashbox and the petty cash register are locked away and that access is restricted to authorised officials only. | Accountant | Daily |
| 2.3 The key of the petty cashbox should not be kept in the same place as the petty cashbox, and should not be available to any unauthorised persons. | Accountant | Daily |
| 2.4 The duplicate petty cashbox key can be kept by the GM: F&A. | GM: F&A | Continuously |
| 2.5 Where circumstances necessitate the transfer of responsibility from the Accountant to someone else, the GM: F&A must perform the following in the presence of the Accountant and the person taking responsibility for the petty cash:   1. open safe and cashbox; 2. count physical cash on hand; 3. compare the physical cash on hand to the petty cash summary expenditure sheet; 4. any cash transferred must be recorded by the relief petty cash custodian for future reference; and 5. the relief petty cash custodian, Accountant and GM: F&A must date and sign a custodian relief form to indicate that all information recorded and physical cash on hand are complete and accurate. | GM: F&A | Daily |
| 2.6 Petty cash on hand must be regularly spot checked by the GM: F&A. He/She should perform this in the presence of the Accountant and both should date and sign a petty cash calculation sheet.  The invoices/cash vouchers should be inspected with every count to ensure validity and that it adds up to the cash spent. | GM: F&A | Ad-hoc |
| 2.7 Differences identified during the spot count must be recorded, investigated and corrective actions should be taken. | GM: F&A | Ad-hoc |
| **3. Recording of petty cash transactions** | | |
| 3.1 All money received as petty cash and all expenses paid from the petty cash must be recorded diligently in the petty cash book. | Accountant | Daily |
| 3.2 A Petty cash request form must be approved by the relevant official who requests the funds and must be approved by his/her immediate supervisor. The following information must be included in the petty cash request form:   1. name of requestor; 2. signature of requestor; 3. date of request; 4. amount requested; 5. budget or department account number; 6. purpose for request; 7. signature of approver; 8. name of cash recipient/payee; 9. amount issued; 10. signature of official receiving the cash; 11. signature of custodian issuing the cash; 12. signature of GM: F&A authorising the claim. | Accountant | Daily |
| 3.3 Accountant must ensure that proof of cash receipts/invoices (were such receipts/invoices could be obtained) is received together with the balancing amount (if change were received) from the official who received the cash. | Accountant | Daily |
| 3.4 Actual expenses and the cash received back from the cash recipient must be recorded on the petty cash request form. | Accountant | Daily |
| 3.5 Receipt/invoices must be attached to the petty cash request form and filed in the petty cash file. | Accountant | Daily |
| 3.6 Accountant must follow-up in a timely manner on outstanding petty cash request forms for which receipts/invoices were not received. | Accountant | Daily |
| 3.7 Petty cash request forms and attached receipts/invoices must be stamped as “PAID” to prevent duplicate processing of petty cash request and voucher forms. | Accountant | Daily |
| 3.8 The Accountant must capture the petty cash request forms on a petty cash calculation sheet for reconciling purposes. | Accountant | Daily |
| **4. Reconciliation of petty cash** |  |  |
| 4.1 The Accountant will do a weekly reconciliation between the petty cash calculation sheet, petty cash vouchers issued, supporting documentation for cash issued, and the physical cash on hand, and ensure that each voucher reflects the purpose of the expenditure. | Accountant | Monthly |
| 4.2 The petty cash reconciliation must be dated and signed by the Accountant and forwarded to the GM: F&A with all relevant documents. | Accountant | Monthly |
| 4.3 The GM: F&A must review the petty cash reconciliation before signing it. The following must be reviewed to ensure the completeness and accuracy:   1. reconciling items have been followed up and corrected on a timely basis; 2. expense recorded on the petty cash calculation sheet is substantiated with original documents; 3. outstanding petty cash request forms are indicated on the petty cash reconciliation; and 4. conduct a physical count of cash on hand before signing off the reconciliation. | GM: F&A | Monthly |
| 4.4 The GM: F&A will review and authorise the petty cash reconciliation and will sign the reconciliation as proof of review. | GM: F&A | Monthly |

**5. PETTY CASH DISBURSEMENT**

| Procedure | **Responsibility** | **Frequency** |
| --- | --- | --- |
| 5.1 The Accountant must complete a petty cash reimbursement form which must include the following information:   1. date of request; 2. total petty cash expense (attached petty cash expenditure calculation sheet); 3. total physical cash on hand; and 4. amount to be reimbursed. | Accountant | Ad-hoc |
| 5.2 The petty cash reimbursement request must be reviewed for validity, accuracy and completeness by comparing it to the petty cash expenditure summary report. | GM: F&A | Ad-hoc |
| 5.3 The petty cash reimbursement request must be approved by the GM: F&A after reviewing the reimbursement request for accuracy. | GM: F&A | Ad-hoc |
| 5.4 A cheque requisition must be prepared by the Accountant for cheque payments. The following must be completed on the cheque requisition:   1. payee; 2. cheque number; 3. cheque date; 4. cheque amount; 5. description for payout request; 6. preparer; 7. reviewer; and 8. the cheque requisition authoriser. | Accountant | Ad-hoc |
| 5.5 The reimbursed cheque must be made out to the Staff member requesting the reimbursement. | Accountant | Ad-hoc |
| 5.6 The appropriate bank signatories must compare the cheque amount to the attached documentation before authorising the cheque for the petty cash reimbursement. | Signatories | Ad-hoc |
| 5.7 The Accountant must date and sign the cheque requisition as proof of receiving the reimbursement cheque. | Accountant | Ad-hoc |
| 5.8 The official responsible for updating the cash book with the relevant petty cash reimbursement must ensure that the correct accounts is debited and credited in the correct timeframe. | Accountant | Ad-hoc |

**6. PAYMENT TO EMPLOYEES**

**Introduction**

The employees of ECB form a large asset for the organisation and it is therefore important to ensure that pay policies reflect a transparent and defendable approach. ECB will ensure that employees will be remunerated competitively in relation to external market and equitably for similar positions within the organisation.

Each employee’s contract of employment, as amended from time-to-time, states their terms and conditions of service and remuneration levels. Salaries and other allowances are paid on the 25th of each month in equal installments. Any variations (for example in respect of unpaid leave, sickness, overtime etc) must be authorized by the employee’s immediate superior and submitted to the GM: Finance and Administration/Accountant.

Similarly, claims for travel and subsistence incurred whilst on ECB business must be duly authorized and submitted to the Accountant.

Furthermore, it is important that employees will be rewarded according to their personal efforts for performance and not failure.

It is important that ECB will ensure compliance to all SOE remuneration frameworks for executives, labour and tax related legislation.

Lastly, it is very important to ensure that controls over salaries and wages are adequate and money is only paid to actual employees and for actual work done.

| Procedure | **Responsibility** | **Frequency** |
| --- | --- | --- |
| **1. Appointment of New Staff** | | |
| 1.1 For appointment process, please refer to HR manual. | HRM | Ad Hoc |
| 1.2 The HRM must prepare the formal letter of employment for appointed employees. | HRM | Ad Hoc |
| 1.3 The CEO and the candidate must sign the formal offer of employment before the new employee commences service. | CEO | Ad Hoc |
| 1.4 The HRM must complete a standard Employee Input Form with the entire employee’s required payroll standing data information when the letter of appointment is signed but before close of the payroll for the month in which the new employee commences service.   * + 1. Name and Surname;     2. ID Number;     3. Bank details and account numbers;     4. Medical Aid details;     5. Tax/PAYE number;     6. Pension Fund details;     7. Social Security reference number;     8. Gross salary;     9. Job grade;     10. Relevant allowance; and     11. Applicable deductions. | HRM | Ad Hoc |
| 1.5 The GM: F&A must allocate an employee number on the Payroll system, for each new employee. The number will be used as reference for all internal communication. | GM: F&A | Ad Hoc |
| 1.6 The Payroll Administrator must capture the standard data on the payroll system. | Accountant | Ad Hoc |
| 1.7 The HRM must review the standard data as captured on the payroll system to ensure that the standard data are complete, accurate and valid. | HRM | Continuously |
| 1.8 The Accountant and the HRM must sign off the input document and the employee’s personnel file. | Accountant  HRM | Ad Hoc |
| 1.9 The GM: F&A must review the captured information for accuracy, completeness and validity. | GM: F&A | Ad Hoc |
| **2. Resignation of Employees** | | |
| 2.1 For HR aspects relating to Termination of Employment, please refer to HR manual. | HRM | Ad Hoc |
| 2.2 The employee must submit a formal letter of resignation, to be in line with Labour Act legislation, upon resignation. The CEO must receive the letter and it must be kept on the employee’s personnel file. | Employee  CEO | Ad Hoc |
| 2.3 A Termination of Service Checklist must be compiled by the HRM and the relevant Line manager must sign if they are satisfied that all the points on the checklist have been dealt with. The form should include the following details:   * + 1. Employee’s termination notification signed and last working day agreed on;     2. Last assignment has been completed;     3. Signed termination letter has been forwarded to HR department;     4. Cancellation and/or transfer of Medical Aid, Social Security, Pension Fund, Provident Fund;     5. Cancellation of payment instruction to the bank;     6. Return any property of ECB;     7. Deactivation of access to the ECB’s network;     8. Settle any amount due to or in the case of an advance of salary due by the employee, no option to negotiate any alternative; and     9. Proper handover of duties and documents have been completed.   Non-adherence to the above will be dealt with in terms of the disciplinary procedures. | HRM  Line manager | Ad Hoc |
| 2.4 The HRM must receive the completed checklist, sign it and file it on the employee’s personnel file. Any aspects which influence the final salary of the employees are conveyed to the Accountant for processing on the payroll system before the employee receives his/her final salary. | HRM | Ad Hoc |
| **3. Changes to Standing Data** | | |
| 3.1 All required changes to the standing data of an employee are done in writing. The requesting person must date and sign the written request and forward it together with the supporting documentation to the HR Department. The HR Department must receive it before the 20th of each month to make the changes for the upcoming payroll run. | Employee | Ad Hoc |
| 3.2 The HRM must review the request for validity, accuracy and completeness by comparing it to the attached supporting documentation. | HRM | Ad Hoc |
| 3.3 The HRM must complete an Employee Input Form, recording the changes to be made. | HRM | Ad Hoc |
| 3.4 The HRM must approve the Employee Input Form and distribute the form as follows:   * + 1. Original filed at HR Department in numerical sequence together with supporting documentation;     2. Copy to be put on employee personnel file. | HRM | Ad Hoc |
| 3.5 The Accountant must process the approved changes on the system on basis of the approved Standard Input Advice form and supporting documents. | Accountant | Ad Hoc |
| 3.6 The GM: F&A must agree the changes on the payroll system to the supporting documents for accuracy, validity and completeness. | GM: F&A | Ad Hoc |
| **4. Payment of Overtime** | | |
| 4.1 The Line manager in liaison with the CEO must authorise overtime of the employees in his department prior to overtime being worked. | Line manager  CEO | Ad Hoc |
| 4.2 The Employee must complete a formal/standard Overtime Form of overtime actually worked and attach the authorisation to work overtime to this schedule. | Employee | Ad Hoc |
| 4.3 The Line manager must approve the Overtime Form and must indicate whether the time has been worked at the normal or at the double rate. The Line manager has to perform the relevant calculations. | Line manager | Ad Hoc |
| 4.4 The GM: F&A must approve the overtime schedule and the calculated overtime payment. | GM: F&A | Monthly |
| 4.5 The Line Manager must forward the approved sheet to the Accountant. | Line Manager | Monthly |
| 4.6 The Accountant must enter the appropriate hours and overtime amount as per approved overtime schedule into the payroll system. | Accountant | Monthly |
| 4.7 The GM;F&A must agree the overtime entered by the Accountant onto the payroll, to the approved Overtime Form. | GM:F&A | Monthly |
| 4.8 The individual Line managers are provided with all overtime payments made to employees of the respective Line managers for confirmation and for their review. | Line manager | Monthly |
| 4.9 The overtime is then paid at month end together with the regular salaries. | Accountant | Monthly |
| **5. Leave** | | |
| 5.1 HR Department must keep a record of leave accrual of all leave accrued and taken by each on the Payroll system in the form of a Leave Accrual Register. The following details must be recorded:   * + 1. Employee name and number;     2. Date and duration of leave;     3. Type of leave; and     4. Monthly Accrual. | HRM | Continuously |
| 5.2 Each employee must complete, sign and date a Leave Application form, before the leave is taken. | Employee | Ad Hoc |
| 5.3 The respective Line manager must authorise the leave form after confirming with the leave records that the particular staff member has sufficient leave credits available. If the staff member does not have sufficient leave credits, the CEO must approve the leave application form for unpaid leave. | Line manager | Ad Hoc |
| 5.4 The approved leave form is sent to HR Department where it is reviewed by the HRM. | HRM | Ad Hoc |
| 5.5 When the leave that is being requested is correct, the Line Manager must approve the leave form and the HRM must record the approved leave days. Approval should be evidenced by date and signature. | Line Manager & HRM | Ad Hoc |
| 5.6 Any leave taken by Line managers or any other employees relating to the CEO must be approved by the CEO in a similar way as described in the paragraphs above. | CEO | Ad Hoc |
| 5.7 The HRM must keep all approved leave forms in a separate file and a copy on the employee’s personnel file. | HRM | Ad Hoc |
| 5.8 The HRM must update the leave register before the 20th of each month with the information as per the leave forms. | HRM | Monthly |
| 5.9 The GM: F&A/Accountant must review the leave register on a monthly basis against leave forms to ensure accuracy, completeness and validity. | Accountant | Monthly |
| 5.10 The Accountant must make an accounting provision for accumulated annual leave on an annual basis by using the leave balances as per leave register and the employee’s current total cost to Board. | Accountant | Annually |
| **6. Payment of Salaries** | | |
| 6.1 The Accountant must prepare the payroll schedule, by performing the preliminary pay run, detailing the payments and deductions (including repayment of advances on salaries) for each employee. | Accountant | Monthly |
| 6.2 The GM: F&A/Accountant uses the preliminary pay run reports and compares all payroll related deductions (e.g. PAYE calculations, medical aid, pension fund, housing allowances) and the salaries and allowances with the previous month and obtain explanations for significant changes. | GM: F&A | Monthly |
| 6.3 The Accountant must prepare a month-to-month Salaries and Wages Reconciliation of the gross salaries, allowances and deduction on a monthly basis to ensure inaccurate and unauthorised transactions are detected on a monthly basis. Any differences must be followed up and referenced to the supporting documentation (e.g. appointment of new employee, raise in salaries, resignations). | Accountant | Monthly |
| 6.4 The GM: F&A must sign and date the reconciliation as proof of review and authorisation. | GM: F&A | Monthly |
| 6.5 The CEO must review the reconciliation (evidenced by date and signature of reviewer) and the preliminary pay run for accuracy, completeness and validity. | CEO | Monthly |
| 6.6 The Accountant must perform the final pay run after making the required adjustments (if any). | Accountant | Monthly |
| 6.7 The GM: F&A must agree the details of the preliminary pay run to the details of the final pay run. If no differences exist, the final pay run must be approved and filed together with the preliminary pay run. The approval must be evidenced by date and signature. | GM: F&A | Monthly |
| 6.8 Payslips must then be distributed to the employees so as to give them time to raise queries before the salaries are released. | Employee | Monthly |
| 6.9 The GM: F&A must then release the salaries of the employees by the 25th of each month. | GM: F&A | Monthly |
| **7. Fixed Term Contracted Employees** | | |
| 7.1 The Line manager must complete a Fixed Term Contracted Employee Request form, stating the reasons why the employee is needed on a fixed term contract. | Line manager | Ad Hoc |
| 7.2 The CEO has to approve the above form and has to give it to the HRM. | CEO | Ad Hoc |
| 7.3 The HRM must prepare and sign a letter stating the total amount earned by the fixed term contracted employee per hour/day/month and the duration and conditions of employment. The fixed term contracted employee must sign the letter at the commencement date of employment. | HRM | Ad Hoc |
| 7.4 Fixed term contracted employees have to use an attendance register. | Employee | Daily |
| 7.5 When the HRM reviews the attendance register by the 20th of each month he/she must prepare a schedule stating the hours worked by each employee. | HRM | Monthly |
| 7.6 The employee must sign the schedule as proof that he/she agrees to have worked the amount of hours stated in the schedule. | Employee | Monthly |
| 7.7 The GM: F&A must approve the fixed term contracted hourly schedule and the calculated payment. | GM: F&A | Monthly |
| 7.8 The GM:F&A must forward the approved sheet to the Accountant. | GM:F&A | Monthly |
| 7.9 Details of fixed term contracted employees must be captured by Accountant on the Payroll system created for these employees. They will form part of the normal monthly pay run. | Accountant | Monthly |
| 7.10 Payment will be done by cheque or via electronic transfer to their respective bank accounts. | Accountant | Monthly |
| 8. **Payment of staff loans and advances** | | |
| 8.1 No staff loans shall be granted to employees. Advances on salaries shall be granted subject to the availability of funds and in emergency circumstances only, which could include the following:   * + 1. Death of a family member; or     2. Medical emergencies. | HRM  GM: F&A | Continuously |
| 8.2 No advances shall be granted to employees during their probationary period. | HRM  GM: F&A | Continuously |
| 8.3 Advances on salaries shall not exceed 1 third of one month’s net salary and shall be deducted in full at the end of the next month or in six equal instalments from the employee’s salary at the end of the following six months. | HRM  Accountant | Continuously |
| 8.4 No advances shall be granted until any existing advances have been fully repaid. | HRM  GM: F&A | Continuously |
| 8.5 In case of termination of employment, the outstanding amount of the advance shall become due immediately and shall be recovered from the employee’s termination dues. | HRM  GM: F&A | Ad Hoc |
| 8.6 The employee requiring an advance on salary in emergency circumstances must submit a written application to the HRM. The written application should state the following:   * + 1. The reason for the advance (i.e. the details of the emergency circumstances); and     2. The amount of the advance required. | Employee | Ad Hoc |
| 8.7 The HRM must review the written application for an advance on salary for reasonableness and must confirm that the amount requested does not exceed 1 third of the employee’s monthly net salary. The HRM must sign the approved application and provide it to the CEO for review and approval. Applications that are not approved must be returned to the employee with reasons. | HRM | Ad Hoc |
| 8.8 The CEO must review the application for the advance on salary and sign the application as proof of approval. | CEO | Ad Hoc |
| 8.9 The Accountant must ensure that a cheque is prepared for the advance on salaries in accordance with the expenditure policies and procedures. The signed cheque must be provided to the HRM. | Accountant | Ad Hoc |
| 8.10 The employee must collect the cheque from the HRM and must sign and date the advance application upon receipt of the cheque. | Employee  HRM | Ad Hoc |
| 8.11 The Accountant must capture the accounting details of the advance on salaries on the accounting system. | Accountant | Ad Hoc |
| 8.12 All applications should be completed in triplicate. The original shall be attached to the payment voucher, one copy shall be filed in the personnel file of the staff member for future reference and one copy shall be retained by the Accountant as supporting documentation for the deduction to be included in the following pay run. | Employee  HRM | Ad Hoc |
| **9. Updating the Accounting Records** | | |
| 9.1 The Accountant must prepare a salary journal of all salary transactions as per approved final pay run and attach all supporting documentation to the journals. | Accountant | Monthly |
| 9.2 The GM: F&A must approve the journal entries (evidence by date and signature) and the Accountant must do the postings of journals on the accounting software. | GM: F&A | Monthly |
| 9.3 The Accountant must reconcile the Salary Control Account and the Bank Control Accounts in the General Ledger. The Accountant must date and sign the reconciliation. | Accountant | Monthly |

**7. EXTERNAL INVESTMENTS**

**Introduction**

Surplus funds will be invested so as to maximize interest without jeopardizing the availability of operating funds. The investment strategy and types of investments permitted will, from time to time, be approved by the Board and should be in line with the SOE Act. Refer to the Investment policy document for the comprehensive policy on investments.

**8. CAPITAL EXPENDITURE AND FIXED ASSET REGISTERS**

**Introduction**

**1. Purchase of fixed assets**

The purpose of this document is to establish guidelines for the acquisition of fixed assets. It is important that adequate controls are in place to ensure that only valid fixed asset acquisitions, as budgeted for, are done and that these acquisitions are recorded accurately, completely and timely in the accounting records.

**2. Disposal of fixed assets**

The purpose of this document is to establish guidelines for the disposal, i.e. sale, scrapping or write-off of fixed assets. It is important that adequate controls are in place to:

1. ensure that only valid fixed asset disposals are recorded and that they are accurately and completely recorded in the accounting records;
2. ensure that the Secretariat receives due compensation for the sales.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts on revaluation and other reserves relating to that asset are transferred to retained earnings.

**4. Maintenance and safeguarding of fixed assets**

The purpose of this document is to establish guidelines for the maintenance and safeguarding of fixed assets. It is important that adequate controls are in place to ensure that fixed assets are regularly serviced to ensure that their useful life is maximised. It is also important that fixed assets are adequately safeguarded to prevent them from being misappropriated or damaged.

**5. Keeping a fixed asset register**

The purpose of this document is to establish guidelines for maintaining a fixed asset register. It is important that adequate controls are in place to ensure that only valid fixed asset acquisitions and disposals are recorded in the fixed asset register and that these transactions are accurately, completely and timely recorded. The fixed asset register plays an important role in the management of assets (including confirming the existence of assets).

**6. Depreciation of fixed assets**

The purpose of this document is to establish guidelines for making provision for depreciation on fixed assets. It is important that adequate controls are in place to ensure that only valid depreciation is recorded and that these transactions are accurately and completely recorded in the financial records.

Depreciation of fixed assets is based on a straight line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

|  |  |  |
| --- | --- | --- |
| **Fixed Asset** | **Estimated useful life (years)** | **Depreciation rate (%)** |
| Buildings  Motor vehicles  Computer equipment  Office furniture and equipment | 25  4  3  5 | 4.0  25.0  331/3  20.0 |

Land is not depreciated as it is deemed to have an indefinite life.

**7. Revaluation**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

| Procedure | **Responsibility** | **Frequency** |
| --- | --- | --- |
| **1. Purchase of fixed assets** | | |
| 1.1 All purchases of fixed assets should be in accordance with the budget approved by the Board. For any capital items not included in the budget, and then only in emergencies, the approval of the Board shall be obtained through a supplementary request, provided that sufficient funds are available. | Board | Continuously |
| 1.2 It is the responsibility of each Line Manager to anticipate their department’s own specific capital expenditure requirements as part of the annual budgeting process. | Line manager | Annually |
| 1.3 The GM: F&A, in conjunction with the Chief Executive Officer must perform an analysis to determine the most beneficial option of acquisition. Options to be considered are as follows:   1. Purchase of a fixed asset; 2. Lease/rent of a fixed asset from a service provider. | GM: F&A  CEO | Ad-hoc |
| 1.4 Prior to making commitments for capital expenditure, even though previously approved by the Board, the clearance of the Chief Executive Officer should be obtained to ensure the availability of funds. Normal purchasing (procurement) procedures must be followed in respect of all capital expenditure (refer to procurement policies and procedures). | Chief Executive Officer | Continuously |
| 1.5 Assets costing less than N$1,000 will be expensed (charged directly to the appropriate budget). They will not be recorded in the central fixed assets register including:   * + 1. the date of purchase;     2. the cost;     3. the location of the asset;     4. the expected useful life and;     5. in due course the date of disposal or obsolescence.   The assets must be clearly marked as ECB property. | Accountant | Continuously |
| 1.6 All assets costing more than N$1,000 must be clearly marked as ECB property and recorded in the fixed assets register maintained by the Accountant. They must be capitalized and written off over their useful life. The writing down of the book value of assets will be carried out by the Accountant. | Accountant | Continuously |
| 1.7 All items of a material value received by way of a grant shall be recorded as fixed assets in the accounting records at its fair value. | Accountant | Ad-hoc |
| 1.6 The GM: F&A must attach fixed asset numbers to all fixed assets when they are received to ensure easy identification of the fixed asset. These numbers must be of a permanent nature and it must not be possible to remove them easily. | GM: F&A | Continuously |
| 1.7 The GM: F&A/Accountant must add the additions to the insurance cover by communicating the details of the additions in writing to the insurer. Please refer to Insurance policies for details regarding the procedures of taking out insurance cover. | GM: F&A | Continuously |
| 1.8 Each year, Line Managers will be asked to confirm the existence and location of all fixed assets for which they are responsible. | Line manager | Annually |
| 1.9 For recording of acquisitions in the accounting records refer to section 5. | GM: F&A | Continuously |
| **2. Disposal of fixed assets** | | |
| 2.1 Disposal should take place when one of the following circumstances exist:   1. Damaged or broken;(report to be submitted to Line Manager) 2. Obsolete; 3. Stolen/Missing;(report to be submitted to Line Manager) 4. Item reached the end of its useful life. | Employee | Ad-hoc |
| 2.2 The employee, responsible for the custody over an asset, must inform the Line Manager of the relevant department if any damaged, broken, obsolete or stolen/missing assets have been identified. | Employee | Continuously |
| 2.3 The person recommending the disposal of fixed assets should, as far as possible, justify:   1. the reason for disposal; 2. the need for replacement (if any); and 3. indicate the estimated net realisable value of the asset at the time of the disposal and the estimated replacement cost. | Line manager / Accountant | Continuously |
| 2.4 The Line Manager of the respective Department shall make a recommendation by submitting a motivation letter, supported by adequate documents motivating the decision for disposing of the fixed asset to the Chief Executive Officer. The information to be provided shall include:   * + 1. the date of purchase;     2. cost price;     3. accumulated depreciation;     4. book value;     5. serial number;     6. model and;     7. the reason why the item is to be disposed of. | Line manager’s CEO | Continuously |
| 2.5 The disposal of assets can only be undertaken with the approval of the Tender Committee. | Tender Committee | Continuously |
| 2.6 Based on the document approved by the Tender Committee, the GM: F&A must decide on one of the following methods to dispose of the fixed asset:   1. Sale of fixed asset; 2. Transfer of fixed asset; 3. Scrapping of fixed asset (i.e. disposing the fixed asset without receiving any compensation for it); 4. Donation for charity 5. Writing off in case of stolen/missing asset. | GM: F&A | Continuously |
| **2.7 Sale** |  |  |
| 2.7.1 All obsolete/movable material, equipment or vehicles within ECB will be disposed of by:   1. Closed internal tender; 2. Public tender; 3. Auctions.   The Tender Committee will reserve the right to decide which method should be followed, depending on the circumstances surrounding the disposal. | Tender Committee | Continuously |
| 2.7.2 The GM: F&A must establish a fair value for the fixed asset as well as a reserve price. The book value and market value should be used as guideline. If the anticipated fair value exceeds R50,000, experts in relevant markets should be used to establish a fair selling price. | GM: F&A | Continuously |
| *2.7.3 Closed Internal Tender Procedures*   1. The list of items approved by the Tender Committee for sale is formally advertised internally requesting employees to make formal bids for items on the list. 2. Employees may make formal written bids, which must be sealed and submitted in a designated tender box, which will be opened by the GM: F&A in the presence of the Tender Committee. 3. Bids must indicate the asset number as per the list advertised and the bid amount. 4. When bids are opened, they are formally entered in a bid register that is signed off by the GM: F&A and the Tender Committee 5. If the predetermined reserve price has been offered, the asset will be sold to the highest bidder. 6. If the reserve price was not offered, the asset must be sold via a public tender. | GM: F&A  GM: F&A  GM: F&A | Ad-hoc  Ad-hoc  Continuously |
| *2.7.4 Public Tender Procedures*   1. The list of the items for sale approved by the Tender Committee is formally advertised in at least 2 daily newspapers for the public to make formal bids for the listed items. 2. When disposing of assets an advertisement should be placed in the media, or a recognised auctioneer should be used. The asset should be sold to the highest bidder. 3. Refer to paragraph 2.7.3 b) to e) above for the tender process. 4. If the reserve price was not offered, the assets will be sold to the highest bidder overall (closed internal tender and public tender). 5. A formal confirmation of the price and item sold to the individual is sent to the specific individual. | GM: F&A  GM: F&A  GM: F&A  GM: F&A  GM: F&A | Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc |
| *2.7.5 Auction procedures*   1. No obsolete equipment or vehicles shall be sold without the authorization of the Tender Committee. 2. The services of professional auctioneers will be used to conduct auctions. 3. All obsolete equipment or vehicles need to be transferred to the demarcated store area or Auction Yard. Goods will be kept locked up until such time as it will be disposed of on public auction or public tender. 4. The GM: F&A and the GM: F&A or his/her nominated representative is the only persons authorized to have keys for the Auction Yard or demarcated store area. No person shall have access to the Yard or demarcated store area without the necessary approval. 5. All obsolete equipment or vehicles need to be accompanied by a report signed by the relevant GM, indicating the asset code, quantity, description, value and reason why the equipment or vehicle seems to be obsolete. The GM: F&A or his/her nominated representative will be responsible for the receipt of the obsolete equipment or vehicles and need to keep an obsolete fixed asset register. 6. The GM: F&A or his/her nominated representative will be responsible to appoint an auctioneer after the Tender Committee has approved the disposal. 7. The GM: F&A, in conjunction with the Tender Committee, will provide reserve prices on lots or items to the auctioneer where deemed necessary. 8. The Auctioneer must sort all material in the Auction Yard into lots and prepare documentation so as to clearly indicate the prices obtained for every lot. 9. The GM: F&A maintain the right to stop auctions at any time or to withdraw lots or parts thereof at any time. 10. Articles subject to reserve prices may be withdrawn by ECB if offers equal to the reserve prices or higher are not received. 11. All obsolete equipment or vehicles presented for sale shall be sold as is, and neither ECB nor the Auctioneer is responsible for any errors in description, quality and quantity since no guarantee is given for any lot. Lots will be displayed for examination on the day before the auction and buyers should ensure that they are acquainted with the contents. 12. The auctioneer may, if he deems fit, demand a deposit from buyers to serve as a partial payment or as security, which will be refunded if no purchases are made by the buyer. In the event of purchases being made the deposit will then be set off against the sale price. Furthermore it must be understood that this is solely an agreement between the auctioneer and the buyer, and must not be seen as a condition of sale issued by ECB. 13. All potential buyers shall register before the sale commences and complete and sign a form being the agreement with the auctioneer relating to the conditions of sale. Buyers will receive a list of conditions of sale which must be studied before the auction. 14. Payment shall only be accepted by means of cash in local currency or bank guaranteed cheques. 15. VAT is payable in all purchases except when a tax clearance certificate can be produced. 16. The buyer is the highest bidder whose offer was accepted by the auctioneer. 17. As soon as an offer for a particular lot is accepted, the responsibility for the safety of such a lot becomes that of the buyer. All reasonable precautions shall, however, be taken to safeguard the buyer’s purchases. 18. If any dispute arises between two or more bidders, the relevant lot may be re-auctioned or the auctioneer may indicate the buyer. 19. Buyers are to remove lots at their own cost and risk, immediately after the auction or as agreed upon with the relevant ECB officials concerned with the auction. Only after obtaining a sales advice as proof of ownership, which will serve as a gate pass, may any property be removed from the premises. If buyers fail to remove lots within 14 days, ECB has the right to remove or do away with such lots, as it deems fit, and at the buyer’s expense. 20. Buyers, their representatives or employees, are only allowed on ECB property at their own risk and ECB accepts no responsibility for their safety. No buyer, his representative or employee, may, for any purpose whatsoever, remain on the relevant ECB property at times other than normal working hours. 21. All articles in a lot shall be removed, irrespective of the condition thereof, and no sorting of lots will be allowed on the auction premises. 22. After the auction the Auctioneer must submit a report of the revenue obtained and invoice to the GM: F&A who will then arrange for payment of the Auctioneers’ services via the normal procurement procedures. 23. It is the responsibility of the Auctioneer to collect all proceeds from the Auction. Revenue collected is to be paid to ECB within 7 days after the Auction. | Tender Committee  Tender Committee  GM: F&A  GM: F&A  Line manager  GM: F&A  GM: F&A  GM: F&A  Tender Committee  Auctioneer  GM: F&A  GM: F&A  Auctioneer  GM: F&A  GM: F&A  Auctioneer | Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc  Ad-hoc |
| 2.7.5 The Accountant must raise an invoice for the sale, based on the successful tenderer’s price. | Accountant | Ad-hoc |
| 2.7.6 The Accountant receives the consideration for the disposed asset. For procedures regarding receipts, please refer to the Accounts Receivable policies and procedures. | Accountant | Ad-hoc |
| 2.7.7 Arrangements regarding the removal of the sold asset from the premises must be made by the GM: F&A with the new owner of the asset only when full payment has been received. | GM: F&A | Ad-hoc |
| 2.7.8 The Accountant must record the disposal of the asset in the general ledger. | Accountant | Ad-hoc |
| 2.7.9 The GM: F&A must update the Fixed Asset Register with details of the disposal including the means, date of disposal and amount of the proceeds. | GM: F&A | Ad-hoc |
| 2.7.10 The GM: F&A must ensure that all sold assets, which require deregistration of ownership (e.g. motor vehicles), are in fact deregistered. | GM: F&A | Ad-hoc |
| ***2.8 Scrapping*** |  |  |
| 2.8.1 The GM: F&A must investigate the possibility of selling the fixed asset as scrap. | GM: F&A | Ad-hoc |
| 2.8.2 If the fixed asset can be sold, refer to paragraph 2.7 for further guidelines on the procedures for the sale of a fixed asset. | GM: F&A | Ad-hoc |
| 2.8.3 If the fixed asset cannot be sold, the GM: F&A must decide on the manner of discarding the fixed asset and take appropriate action. | GM: F&A | Ad-hoc |
| 2.8.4 The discarding of an asset which cannot be sold should be recorded in the general ledger via a journal entry. | Accountant | Ad-hoc |
| 2.8.5 The source document to support the scrapping journal to update the general ledger is approved by the CEO as in 2.4. | Tender Committee | Ad-hoc |
| 2.8.6 The Accountant must prepare this journal based on the document as mentioned above, and provide it to the GM: F&A for approval. | GM: F&A | Ad-hoc |
| 2.8.7 The GM: F&A must approve the journal and return it to the Accountant who is responsible for the monthly processing of journals to update the fixed assets and scrapping account in the general ledger. | GM: F&A | Ad-hoc |
| 2.8.8 The GM: F&A must update the Fixed Asset Register with details of the disposal including the means, date of disposal and amount of the proceeds. | GM: F&A | Ad-hoc |
| 2.8.9 The GM: F&A must ensure that all sold assets, which require deregistration of ownership (e.g. motor vehicles), are in fact deregistered. | GM: F&A | Ad-hoc |
| **2.9 Write-off** |  |  |
| 2.9.1 The discarding of an asset which is written-off must be recorded in the general ledger via a journal entry. | Accountant | Ad-hoc |
| 2.9.2 The source document to support the write-off journal to update the accounts in the general ledger is the request approved by the CEO as in 2.4. | CEO | Ad-hoc |
| 2.9.3 The Accountant must prepare this journal based on the document as mentioned above, and provide it to the GM: F&A for approval. | GM: F&A | Ad-hoc |
| 2.9.4 The GM: F&A must approve the journal and return it to the Accountant who is responsible for the monthly processing of journals to update the fixed assets and write-off accounts in the general ledger. | GM: F&A | Ad-hoc |
| 2.9.5 The GM: F&A must update the Fixed Asset Register with details of the disposal including the means, date of disposal and amount of the proceeds. | GM: F&A | Ad-hoc |
| 2.9.6 The GM: F&A must ensure that all sold assets, which require deregistration of ownership (e.g. motor vehicles), are in fact deregistered. | GM: F&A | Ad-hoc |
| 2.9.7 The GM: F&A must ensure that all procedures for aspects related to claiming the loss from the insurance company are addressed. | GM: F&A | Ad-hoc |
| **3. Assets under construction** | | |
| 3.1 Separate Ledger accounts must be used for assets under construction. | Accountant | Continuously |
| 3.2 All relevant expenditure incurred on assets under construction must be accounted for against the asset under construction accounts. | Accountant | Continuously |
| 3.3 Monthly management information must include progress reports comparing project plans and budgets to actual expenditure for the assets under construction. | GM: F&A | Continuously |
| 3.4 On completion of the asset under construction:   1. The GM: F&A and CEO must sign off the asset under construction as completed. | GM: F&A  CEO | Continuously |
| 3.5 The GM: F&A must ensure the transfer of the costs of completed assets from the assets under construction general ledger accounts to the fixed asset accounts and register by reviewing the additions as processed by the Accountant. | GM: F&A | Continuously |
| **4. Maintenance and safeguarding of fixed assets** | | |
| 4.1 The GM: F&A is required to take a complete inventory of fixed assets of the ECB and agree them with the fixed assets register. This should be performed twice in each financial year. | GM: F&A | Bi-annually |
| 4.2 A summary of any discrepancies should be prepared by the GM: F&A. It should reflect the value of the discrepancies, the necessary action required and adjustment in the accounts. Any discrepancies in excess of N$1,000 should be reported to the GM: F&A. | GM: F&A | Bi-annually |
| 4.3 The individual who has custody over an asset(s) is responsible for safeguarding the assets. These procedures should include, where applicable:   1. Prevent unauthorized access to the ECB premises; 2. Lock/safeguard moveable assets; 3. Protect outdoor assets to prevent damage from weather etc. | Custodian | Continuously |
| 4.4 Each Line Manager is responsible to ensure that all assets in his/her Department are regularly serviced and maintained in order to keep them in a good condition (frequency of service depends on type of asset and recommendation of supplier). | Line manager | Continuously |
| 4.5 When an asset needs to be removed temporarily from the premises, the GM: F&A must be requested to prepare an asset removal form, recording the following information:   1. Date of removal; 2. Description of asset/s to be removed; 3. Reason for removal (e.g. repairs, workshop name, etc.); 4. Signature and details of person taking custody of the asset; 5. Approval of removal (before removal takes place) by the Line Manager of the Department; 6. Date on which asset was returned (completed when asset returned); 7. Confirmation of employee taking custody of the asset (to be completed when asset returned). | GM: F&A | Ad-hoc |
| 4.6 The GM: F&A must review the asset removal forms on a monthly basis and follow-up on assets not yet returned. | GM: F&A | Monthly |
| **5. Keeping a fixed asset register** | | |
| 5.1 The fixed asset register should be compiled and maintained by the Accountant, preferably using a suitable computerised software package. | GM: F&A | Monthly |
| 5.2 A fixed asset register shall be updated on a monthly basis to provide details which should have separate categories for each class of asset, for example office furniture, equipment, motor vehicles, etc. | GM: F&A | Monthly |
| 5.3 The register should show:   1. the description of item (e.g. computer printer) 2. identification details (serial number, registration number, make, etc.) 3. the purchase cost or total cost of construction 4. the date of purchase 5. location (e.g. reception, board room) 6. other useful information if possible – such as the supplier, invoice number, colour, sponsoring donor, reasons for decision to purchase – how and by whom decision was made, etc. 7. subsequent history – major repairs, changes in use, details of eventual disposal, etc. 8. Estimated useful or economic life and its depreciation rate 9. Annual depreciation and accumulated depreciation 10. Any additional capital expenditure subsequent to commission for use 11. Date of disposal and its disposal price or date of writing off 12. Valuation and impairment, if applicable 13. Tax value | GM: F&A | Continuously |
| 5.3 Fixed Asset shall be recorded in the fixed asset register and recognised as a fixed asset at the date of commissioning for use. | GM: F&A | Continuously |
| 5.4 All fixed assets shall be adequately insured against all possible risks. | GM: F&A | Continuously |
| 5.5 All additions to fixed assets, whether acquired through own funds or grants, should be reflected in the fixed assets register as and when they are acquired. | GM: F&A | Continuously |
| 5.6 A separate inventory should be maintained of items written off in the year of purchase but which have a useful life of more than one year (e.g. calculators). | GM: F&A | Continuously |
| 5.7 From the fixed asset register, an inventory list is printed per location (e.g. office) by the GM: F&A. This list is distributed to each employee responsible for the assets in the specific location. | GM: F&A | Bi-annually |
| 5.8 The employees keeping custody of a fixed asset(s) have to confirm on a 6-monthly basis that the asset(s) still exists and that it is in a good, working condition. The GM: F&A must ensure that he/she receives the confirmations on a 6-monthly basis. | GM: F&A | Bi-annually |
| 5.9 The Internal Auditor must perform a physical fixed asset count on a surprise basis and agree the quantities on hand to the fixed asset register and the inventory lists in each office. Any differences identified should be reported to the GM: F&A and Staff members will be held accountable for any differences due to their negligence. | Internal Auditor | Ad-hoc |
| 5.10 The Internal Auditor must obtain reasons for the differences and follow up on them. Any scrapings/write offs resulting from this should be approved by the CEO. | Internal Auditor, CEO | Ad-hoc |
| 5.11 The GM: F&A must update the fixed asset register on a regular basis i.e. when fixed asset related transactions have taken place. The following transactions will affect the fixed asset register:   1. Purchases; 2. Sale; 3. Scrapping; 4. Write-off; 5. Impairment; 6. Revaluation. | GM: F&A | Ad-hoc |
| 5.12 The Accountant must review the fixed asset register by agreeing the entries in the fixed asset register to the original documentation (invoices/receipts from supplier). The Accountant must pay specific attention to accuracy, completeness and validity of the updates in the fixed assets register. | Accountant | Continuously |
| 5.13 The Accountant must reconcile the fixed asset register to the general ledger fixed assets accounts (cost as well as accumulated depreciation and revaluations/impairment) on a monthly basis. Any differences identified should be investigated and necessary corrections should be made. | Accountant | Monthly |
| **6. Depreciation of fixed assets** | | |
| 6.1 Depreciation of fixed assets shall be provided on all assets from the time the assets are brought into use and is calculated by writing off the cost of the asset on a straight line basis over their estimated useful or economic lives. Depreciation ceases at the earlier of the date on which the asset is classified as held for sale in accordance with IFRS 5 or the date the asset is derecognised. Depreciation is not ceased when assets are idle. Where possible, each significant component included in fixed assets is to be separately recorded and depreciated. However, no depreciation shall be provided on freehold land. Freehold land shall be stated at cost as modified by revaluation. | Accountant | Ad-hoc |
| 6.2 The estimated useful or economic lives and depreciation rates are as per the introduction of this procedures document. The estimated useful lives of the assets may be reviewed and revised, and any revision shall be approved by the Board. | Board | Ad-hoc |
| 6.3 The Accountant must calculate the provision for depreciation on a monthly basis by using the information in the fixed asset register. | Accountant | Monthly |
| 6.4 The Accountant must prepare a summary of the depreciation per fixed asset category. | Accountant | Monthly |
| 6.5 Fixed assets fully depreciated (i.e. book value is N$ 1.00 but the asset is still in use) are carried in the fixed asset register at N$ 1.00 value. | Accountant | Continuously |
| 6.6 The Accountant must prepare and process the depreciation journals to update the fixed assets and depreciation accounts in the general ledger. The source document to support the monthly journals is the summarised depreciation calculation. | Accountant | Monthly |
| 6.7 The GM: F&A must approve the journal after he/she reviewed it for accuracy and completeness. | GM: F&A | Monthly |
| **7. Revaluation** |  |  |
| 7.1 Assets are revalued according to the accounting policy:   1. An expert must be consulted where necessary 2. The Board reviews and approves the experts’ report | GM: F&A | Ad-hoc |
| 7.2 The accounting adjustments as a result of the revaluation are processed by the Accountant (refer to policies and procedures for the general ledger for processing of journals). | Accountant | Ad-hoc |
| **8. Information to the Chief Executive Officer, Finance and Audit Committee and Board** | | |
| 8.1 The Accountant compiles the monthly management information and submits it to the GM: F&A for review. | Accountant | Monthly |
| 8.2 The GM: F&A must present a summary on a monthly basis to the CEO and on a quarterly basis to the Finance and Audit Committee stating the following information:   1. Procurement during the period 2. Description of asset; 3. Cost price; 4. Budget; 5. Department who acquired asset. 6. Disposals during the period 7. Description of asset; 8. Reason of disposal; 9. Amount received; 10. Loss/Profit. 11. Schedule summarizing the depreciation for the period and year to date. 12. All write-offs of assets for the period; 13. Summary of kilometres travelled with pool vehicle and amount spent on the pool car (fuel, service); 14. Results of 6-monthly fixed asset confirmation by employees; 15. Results of annual fixed asset verification. | GM: F&A | Monthly |
| 8.3 A summary of fixed asset acquisitions and disposals will be reported to the Board annually. | GM: F&A | Annually |

**10. PURCHASING AND RECEIPT OF GOODS**

**10.1 Introduction**

10.1.1 All ordering for the supply of goods and services is to be done by the Administration Department.

10.1.2 For recurring of standard items costing less that N$30,000 this may be made by means of Direct Orders, otherwise a quotation to tendering process is required. For non-standard items or anything costing in excess of N$10,000, it is necessary to obtain competitive quotations, or formal tenders if the cost is in excess of N$100,000.

10.1.3 Refer to the Tendering and Contract Procedures Handbook for tender and procurement procedures.

**10.2 Authority of Approval**

Refer to the delegation of authority document for approval limits.

| Procedure | **Responsibility** | **Frequency** |
| --- | --- | --- |
| **1. Selection of suppliers** |  |  |
| 1.1 The selection of new suppliers (these exclude suppliers selected through tenders) must be done by the GM: F&A and the relevant Department requesting the purchase. | Line manager  GM: F&A | Ad-hoc |
| 1.2 The selection of new suppliers must be done based on the following set of criteria or guidelines:   * 1. Competitive prices, including bulk discounts and prompt payment discounts;   2. Quality of goods/services;   3. Timeliness of deliveries;   4. Ability to guarantee supply;   5. Financial stability of the supplier;   6. Previous performance and experience with supplier; and   7. Any other information deemed to be in the national interest of the ECB. | Tender Committee | Ad-hoc |
| 1.3 The above criteria or guidelines must be reviewed and approved by the Tender Committee. | Tender Committee | Annually |
| 1.4 A supplier list, indicating all suppliers ECB does / did business with, must be prepared and updated by the GM: F&A. | GM: F&A | Continuously |
| 1.5 The supplier list must be reviewed by the Tender Committee every six months to ensure that only authorised suppliers appear on the list. | Tender Committee | Bi-annually |
| **2. Ordering of goods and/or services** |  |  |
| 2.1 Any official requiring the procurement of goods or services must complete a requisition form in the prescribed format. | Official requesting the goods/services | Ad-hoc |
| 2.2 The Purchase Requisition must be authorised by the Line manager who has the delegated powers, or at a higher level than the person requiring the goods or services. Also refer to paragraph 7: Authority of Approval. | Line manager | Ad-hoc |
| 2.3 The appropriate person must date and sign the Purchase Requisition as evidence that he/she approved it. | Line manager | Ad-hoc |
| 2.4 The Admin Officer must obtain quotations from possible suppliers. (This will only be for purchases made with suppliers with whom ECB has no contracts/agreements.)   * 1. Recurring or standard expenditure limited to N$30,000: Direct orders;   2. Non-standard expenditure limited to N$100,000: Minimum of three (3) quotations;   3. Expenditure exceeding R100,000 and international bidding: Refer to formal tender process. | Admin Officer | Ad-hoc |
| 2.5 The Admin Officer prepares a manual Purchase Order in triplicate. The copies of the Purchase Order must be distributed as follows:   * 1. Original copy to the supplier;   2. Copy kept in purchase order book to await delivery and then forwarded to Accountant for processing; and   3. Copy kept in purchase order book for reference purposes. | Admin Officer | Ad-hoc |
| 2.6 The Admin Officer takes the purchase order with the attached quotations to the Department: Finance & Administration. | Admin Officer | Ad-hoc |
| 2.7 The GM: F&A reviews the purchase order by comparing it to the attached quotations. The GM: F&A must also perform a budget control check to ensure that the expense has been budgeted for. | GM: F&A | Ad-hoc |
| 2.8 If the GM: F&A is satisfied that everything is in order with the Purchase Order, he/she approves the Purchase Order by signing it and returning it to the Admin Officer. | GM: F&A | Ad-hoc |
| 2.9 The Admin Officer sends/fax the original copy of the Purchase Order to the supplier. | Admin Officer | Ad-hoc |
| 2.10 The Admin Officer must telephonically confirm with the supplier to that they received Purchase Order. | Admin Officer | Ad-hoc |
| 2.11 The Admin Officer must follow-up on all Purchase Orders still outstanding in the Purchase Order book at the end of each week. | Admin Officer | Ad-hoc |
| **3. Receiving of goods** |  |  |
| 3.1 When the goods are delivered, the Admin Officer compares the physical goods received to the copy of the Purchase Order to ensure that everything, which was ordered, was received and completes a Goods/Services received note. | Admin Officer | Ad-hoc |
| 3.2 The Admin Officer must physically inspect the goods received in the presence of the transport agent/supplier to ensure that they are in good condition. | Admin Officer | Ad-hoc |
| 3.3 Any exceptions noted with regards to the delivery/invoice must be recorded on the delivery note/goods or services received note. | Admin Officer | Ad-hoc |
| 3.4 The Admin Officer and the transport agent/supplier must date and sign the delivery note/invoice and the Admin Officer must forward one copy of the delivery note to the Accountant. | Admin Officer | Ad-hoc |
| 3.5 The copies of the delivery note, purchase order, purchase requisition and quotations are kept on file at the Accountant to await the invoice. | Accountant | Ad-hoc |
| **4. Processing of creditors invoice** | | |
| 4.1 All invoices received must be forwarded to a designated Accountant for processing. | Accountant | Ad-hoc |
| 4.2 The Accountant must stamp the process control stamp on the invoice. | Accountant | Ad-hoc |
| 4.3 The Accountant must record the account number as well as the VAT code on the process control stamp and forward the invoice to the respective Line manager for approval. | Accountant | Ad-hoc |
| 4.4 The budget holder must review the supplier invoice and approve the invoice for payment to ensure that equipment or goods supplied, work completed or services rendered are in accordance with the agreement with the suppliers/contractors. Should the budget holder recommend partial payment of the invoice, motivation must be submitted to the GM: F&A for approval. | Budget holder | Ad-hoc |
| 4.5 Invoices not approved by the budget holder must be followed up and communicated to the Accountant. | Budget holder | Ad-hoc |
| 4.6 Progress payment approval for projects must comply with contractual terms and be supported with a Certificate of Work Completion or Acceptance Report from the Project Manager. | Accountant | Ad-hoc |
| 4.7 The budget holder must return the supplier invoice to the Finance division after approving the invoice for payment. | Budget holder | Ad-hoc |
| 4.8 The Accountant must capture the invoice on the accounting system. | Accountant | Ad-hoc |
| 4.9 Payment should be made against the original of the invoice. In some cases, however (where the government office required the original or where it was lost), payment can be made against a copy, provided that it is certified by the Accountant that it has not been previously paid. | Accountant | Ad-hoc |
| 4.10 The Accountant must ensure that the details of the supplier invoice, the quotations, purchase order and delivery note are accurate and approved for payment. | Accountant | Ad-hoc |
| 4.11 Discrepancies must be followed-up by the Accountant with the relevant Line manager. Turnaround time for this follow-up action is set at 2 working days. If the differences cannot be resolved with the Line manager, the Accountant must follow-up directly with the supplier before payment. | Accountant | Ad-hoc |
| 4.12 The Accountant must update the accounting system to indicate that the invoice is approved for payment or that it is still an outstanding item awaiting approval. | Accountant | Ad-hoc |
| 4.13 There are 2 types of payments:   * 1. Payments based on an invoice received (normally once-off transactions); or   2. Payments after the monthly creditor statements have been received. |  |  |
| 4.14 For payments as in a) the process below will be completed with every invoice while for the type as in b) the invoices collected during the month will be agreed to the statement and the statement reconciled to the creditors ledger before payment. The reconciliation will be part of the documents supporting the payment. The process below will then be performed with the statement and not the individual invoices. |  |  |
| **5. Payment Control** | | |
| 5.1 All payments must be supported with original invoices and other relevant documents that are duly approved by the budget holder to ensure that equipment or goods supplied, work completed or services rendered are in accordance with the agreement with the suppliers/contractors and the charging of the expenses to the proper account code. |  |  |
| **6. Payment of Goods/Services** | | |
| 6.1 Each payment should be accompanied by a “payment requisition” form, to be completed by the member of staff requesting payment (see template 5.2). |  |  |
| 6.2 The requisition should be attached to the unpaid invoice and should include:   * 1. the current date;   2. the supplier’s name;   3. the amount of the proposed cheque;   4. the activity/budget line allocation; and   5. signature of the accountant as certification of completeness of documentation. | Accountant | Ad-hoc |
| 6.3 All the invoices and requisitions awaiting payment should be presented to the Accountant. The Accountant collects all payment requests in a folder named “unpaid invoices” for easy identification. | Accountant | Ad-hoc |
| 6.4 Before the cheque is prepared, the Accountant or his staff should:   * 1. review the supporting documentation attached to the payment requisition;   2. review the payment requisition for accuracy and validity; and   3. sign the payment requisition as proof of review. | Accountant | Ad-hoc |
| 6.5 The Accountant must prepare the physical cheque based on the approved supporting documents. Cheques will be crossed “Payee only, Not transferable”. | Accountant | Ad-hoc |
| 6.6 The Accountant must stamp the supporting documents “PAID” with the cheque number and date of payment stated. | Accountant | Ad-hoc |
| 6.7 Payments shall only be made on the basis of duly certified vouchers and supporting documents indicating that goods have been received in good order or services in question have actually been rendered in accordance to specifications. In this regard, the Accountant should keep a list of specimen signatures of certifying staff. | Accountant | Ad-hoc |
| 6.8 The GM: F&A, as first signatory, must authorise the payment requisition by signing it and sign the cheque as first signatory. | GM: F&A | Ad-hoc |
| 6.9 The payment requisition must be forwarded to an authorised second cheque signatory who must sign the supporting documents as well as the cheque (for more detail in this regard refer to “Operations of bank accounts” policies and procedures for payment limits and authorization). |  |  |
| 6.10 The cheque and the supporting documents are then returned to the Accountant who must capture the cheque number and payment details on the accounting system to update the accounting system. | Accountant | Ad-hoc |
| 6.11 The Accountant must send the cheque to the supplier by using one of the following methods:   * + 1. Notifying the supplier that the cheque is ready. The supplier (or his messenger) must collect the cheque; or     2. Depositing the cheque into the supplier’s bank account and faxing the deposit slip to the supplier. | Accountant | Ad-hoc |
| **7. Supplier collects cheque** | | |
| 7.1 The Accountant must phone the creditors and inform them that their cheque is ready for collection. | Accountant | Ad-hoc |
| 7.2 The person collecting the cheque must sign the payment requisition to acknowledge the receipt of the cheque. | Person receiving cheque | Ad-hoc |
| **8. Depositing the cheque** | | |
| 8.1 The Accountant must prepare a loose leaf deposit slip based on the bank details as per invoice/other standing data of the supplier on the system. The Accountant must sign the payment requisition as evidence that he/she prepared the bank deposit slip. | Accountant | Ad-hoc |
| 8.2 The Messenger must sign the payment requisition as acknowledgement of receiving the cheque and deposit slip and then deposits the cheque. | Messenger | Ad-hoc |
| 8.3 The Messenger must return the deposit slip to the Accountant who must fax it to the supplier. | Messenger | Ad-hoc |
| 8.4 The Accountant must phone the supplier to confirm that the supplier received the fax as proof of payment. | Accountant | Ad-hoc |
| 8.5 The Accountant must attach the deposit slip to the invoice and supporting documents. | Accountant | Ad-hoc |
| **9. Sundry Payments** | | |
| 9.1 Sundry payments refer to expenditure incurred where no orders are applicable, such as water and electricity accounts. |  |  |
| 9.2 For such payments, a payment requisition must be prepared by the Accountant, and be reviewed for accuracy by the GM: F&A, who must sign it off accordingly. | Accountant  GM: F&A | Ad-hoc |
| 9.3 The approval must be performed by a person with the necessary delegated powers and at a higher level than the person requiring the goods or services. |  |  |
| **10. Advance payments** | | |
| 10.1 In the event that advance payment is required by the supplier, payment should only be made upon receipt of a written request of such advance payment by the supplier. Also refer to 4 above regarding authorisation for these for these partial payments. | Accountant | Ad-hoc |
| **11. Updating General Ledger** | | |
| * 1. The Accountant must prepare the journals for:      1. Processing of other non-cash adjustments (adjustments because of incorrect allocations); and      2. Accruals (which would be processed at the end of each month). | Accountant | Ad-hoc |
| 11.2 Journal adjustments or accruals must be approved by the GM: F&A according to the procedures for “Journals” in the “General Ledger” policies and procedures document. | GM: F&A | Ad-hoc |
| 11.3 The Accountant must process the approved journals on the accounting system before the end of the period. | Accountant | Ad-hoc |
| 11.4 The GM: F&A must print the journals and review the approved journal and the accounting system details for accuracy, completeness and validity. | GM: F&A | Ad-hoc |
| 11.5 The GM: F&A must follow up any discrepancies with the Accountant. | GM: F&A | Ad-hoc |
| 11.6 The Accountant must keep journal printouts on file for review and record purposes. | Accountant | Ad-hoc |
| **12. Creditor’s Reconciliation** | | |
| 12.1 At the end of each month the Accountant must draw up a schedule per creditor, reconciling the balance as per statement with the balance as per creditor sub-ledger and indicating the proposed payment amount, based on the nature of the reconciling items. | Accountant | Monthly |
| 12.2 The GM: F&A must review the reconciliation for accuracy and completeness and sign the reconciliation as evidence of review. | GM: F&A | Monthly |
| The proposed payment amount as per reconciliation must agree to the amount as per cheque and must be attached to the cheques as supporting document. | Accountant | Monthly |
| **13. Payments made via Electronic Fund Transfer (EFT’s)** | | |
| 13.1 User access must be limited to electronic fund transfer modules (capture, validate or authorising) with only the system administrator who must have full system administrative access. | IT Specialist | Ad-hoc |
| 13.2 The delegation of authority for EFT’s will be the same as for cheque payments to allow users to have appropriate access to the electronic fund transfer system. |  |  |
| 13.3 All changes in user access and adding and deleting of users must be approved by F&A Committee. | F&A Committee | Ad-hoc |
| 13.4 The Accountant must load the proposed payments on the EFT system, based on the approved source documents and complete an EFT requisition. | Accountant | Daily |
| 13.5 A pre-payment batch report must be prepared by the Accountant, supported by the authorised source documents to ensure that the payment batch is accurate, complete and valid. | Accountant | Daily |
| 13.6 The pre-payment report and the authorised source documents must be submitted to the first approver, who must approve the payments and sign the source documents. | Approver | Daily |
| 13.7 The documents are then forwarded to the second approver, who must repeat the process. | Approver | Daily |
| 13.8 A post-payment batch report and bank payment confirmation report must be printed by the final approver. | Approver | Daily |
| 13.9 All open/rejected items in the bank payment confirmation report must be investigated and corrected in a timely manner. | Accountant | Ad-hoc |
| 13.10 The accounting system must be updated by the Accountant. | Accountant | Daily |
| **14. Cancelled Cheques** | | |
| 14.1 When a cheque must be cancelled, two lines must be drawn across the physical cheque with the word “Cancelled” clearly written on the cheque. The replacing cheque number must be recorded on the cancelled cheque. | Accountant | Ad-hoc |
| 14.2 All cancelled cheques must be dealt with in the same manner as paid cheques received back from the bank. | Accountant | Ad-hoc |

1. **INFORMATION TECHNOLOGY**

**Introduction**

Information Technology related purchases include all hardware (e.g. terminals printers, mini and main frame computers, servers) and all software (such as computer aided design systems and application packages) as well as computerized time and access control systems.

Departments are responsible for ensuring that their management of technical information needs are met, but all procurement is to be done by the Administration Department.

All PC software packages must be legitimately purchased from official software or to allow software to be copied. All employees must sign a declaration of their understanding and acceptance of this policy.

Proposed new systems, whether off the shelf packages or bespoke developments, must be fully evaluated and justified in the same way as other proposed capital expenditure.

Authorised user’ means any full-time employee; part-time or temporary employee; consultant; advisor; employee of an outsourcer or any other person holding access to ECB electronic resources.

All IT resources and access supplied to authorised users, is the property of ECB and may only be used in accordance with the guidelines and policies laid down by ECB. Access to the network server room is restricted to authorised IT personnel only.

**Refer to the IT policy documents that are documented as a separate policy to this section**.

1. **RISK MANAGEMENT AND INSURANCE**
   1. Insurance is an integral part of the ECB’s responsibility to protect and conserve all of its human, physical, natural and financial resources. The purpose of risk management is to reduce the likelihood and impact of exposure and to reduce premiums through self-insurance.
   2. To this end, all employees, within their own sphere of operation, have a responsibility to identify existing or potential source of injury, damage or loss, to eliminate or minimize these and to bring them to the attention of management.
   3. It is the responsibility of the Accountant to:
2. Recommend to the Board (through the Finance & Audit Committee) the level of self-funding,
3. Arrange cover for risks to be insured, and
4. Monitor the payment of premiums claims and recoveries.

Risk management is an Enterprise Wide process. Managing risk by an institution is essential to ensuring profitability, growth and long-term sustainability, therefore protecting the interests of ECB’s shareholders, customers, employees and other stakeholders as well as its valuable resources. A successful business has to manage risks effectively to achieve its objectives, avoid adverse outcomes, comply with corporate governance standards, achieve regulatory compliance and prevent reputational damage.

The Board is ultimately responsible for risk management. It is therefore responsible for oversight of the entire process of risk management, ensuring that proper risk management and monitoring systems are in place as well as for forming an opinion on the effectiveness of this process. The Board will ensure that an independent risk management function is established by management, with appropriate oversight by the Board. Management is accountable to the Board for designing, implementing and monitoring the process of risk management, as well as integrating it with the day-to-day activities of ECB.

1. **RETENTION OF DOCUMENTS**
   1. Retention of records must comply with the requirement of the National Archives.

The most important requirements are as follows:

1. Legislation Infinite
2. Minute Books 10 years
3. Annual Financial Statements 10 years
4. Ledgers and journals 10 years
5. Fixed Assets Register 10 years
6. Cheques 5 years
7. Creditors – Invoices, Purchase Orders 5 years
8. Goods Received Notes 5 years
   * Debtors – Invoices, Delivery Notes 5 years
   * Deposit Slips 5 years
   * Year-end Working 5 years



13.

FINANCE, AUDIT AND RISK

BOARD COMMITTEE

TERMS OF REFERENCE

* + - 1. **Introduction**

1.1 The Finance, Audit & Risk Board Committee is constituted as a statutory committee of the Electricity Control Board (“the Board”) in respect of its statutory duties in terms of the Electricity Act, No 4 of 2007 and is a Committee of the Board in respect of all other duties assigned to it by the Board.

1.2 The duties and responsibilities of the members of the Finance, Audit & Risk Committee as set out in these terms of reference are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Finance, Audit & Risk Committee do not reduce the individual and collective responsibilities of Board members in regard to their duties and responsibilities in terms of the Electricity Act, No 4 of 2007, the State Owned Enterprises Governance Act, 2006 and they must exercise due care and judgment in accordance with their legal obligations. The Board also acknowledges the need for a Finance, Audit & Risk Board Committee Terms of Reference as recommended in the Code of Governance Principles – 2009 (King III).

* + - 1. **Role and Objectives**
  1. The role of the Finance, Audit & Risk Committee is to assist the Board with discharging its responsibility, which includes but are not limited to:

1. Continuous management of all risks facing the ECB,
2. Safeguard the ECB’s assets,
3. Maintain adequate accounting records,
4. Monitor the financial position of the ECB, and
5. Develop and maintain effective systems of internal control.
   1. The Committee has an independent role with accountability to both the Board and its stakeholder(s) and will have no executive authority other than what has been specifically assigned to them herein. The Finance, Audit & Risk Committee does not assume the functions of management, which remain the responsibility of the executive committee and other members of senior management but will primarily make recommendations to the ECB Board.
   2. The objective of the Finance, Audit & Risk Committee is to ensure that management has created and maintained an effective environment for financial management and risk based internal control. Its responsibilities can be summarised as followed and is detailed in section 5 below:
6. Detailed consideration of proposed budget,
7. Assess the processes and systems that ensure reliability and integrity of the financial data,
8. Review of monthly management financial statements,
9. Consideration of need for budget variations/virements,
10. Monitoring the use, investment and transfer of funds,
11. Review of the internal control structure,
12. Review of the internal audit function,
13. Liaison with external auditors,
14. Review of annual financial statements, interim reports, preliminary or provisional result announcements, summarized integrated information and audit report (internal and external),
15. Monitoring the compliance of the ECB with legal requirements and the framework of operating policies laid down by the ECB,Have regard to all factors and risks that may impact on the integrity of the integrated report, and
16. Monitoring compliance with Standing Orders.
    * + 1. **Membership**

3.1 The Finance, Audit & Risk Committee shall be appointed by the Board and shall consist of three members of the Board (who are suitably skilled and experienced independent non-executive directors) and the Accountant as a co-opted member. The Chief Executive Officer may attend a meeting of the Committee on invitation of the Chairperson of the Committee.

3.2 The chairperson of the Finance, Audit & Risk Committee shall be appointed by the Board and must be a non-executive Member of the Board. The Chairperson of the Board is not eligible to be the Chairperson or a member of the Committee. If the Chairperson is absent from a meeting and did not designate another member, the Chairperson for that meeting must be elected from among the members present at the meeting.

3.3 The quorum of the Finance, Audit & Risk Committee shall be two members. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for the Committee meetings.

3.4 The Board must fill vacancies on the Committee within 60 business days after the vacancy arises.

3.5 The Committee members must keep up to date with developments affecting the required skill- set.

* + - 1. **Meetings**

***Frequency & Attendance***

4.1 Meetings shall be held not less than four times a year, at least two weeks before a Board Meeting.

4.2 The External Auditors, internal auditor or the CEO, with approval of the Chairperson, may request a meeting if they consider it necessary.

4.3 The General Manager Finance and Administration, and the Accountant should attend the meeting in a non-voting capacity.

4.4 At least once a year, the Committee shall meet with the External Auditors with no other Board Members or staff present. Similarly, at least once a year, the Committee may meet with the Accountant or internal auditor with no other ECB Board Members or staff present.

4.5 The Board Secretary shall be the Secretary of the Finance & Audit & Risk Committee.

4.6 The detailed agendas (together with the supporting documentation) must be circulated to all Board Members at least one week prior to each meeting. Notice in writing shall be given to all members of the Committee and other interested persons at least 10 working days prior to the date of such meeting. Finance, Audit & Risk Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.

4.7 If the nominated Chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairperson.

* 1. Minutes of the meetings of the Finance, Audit & Risk Committee must be completed within one week after the meetings and circulated to the Chairperson and members of the Finance, Audit & Risk Committee. The minutes must be formally approved by the Finance, Audit & Risk Committee at its next scheduled meeting. Once approved, minutes should be circulated to all other members of the board.
     + 1. **Authority**

5.1 The Finance, Audit & Risk Committee is authorized by the Board to:

1. Investigate any activity within its terms of reference,
2. Seek any information it requires from any employee in order to perform its duties;
3. Obtain outside legal and/or other independent professional advice within the Committee’s approved budget allocation,
4. Secure the attendance of outside stakeholders with relevant experience and expertise if it considers it necessary; and
5. To call any employee to be questioned at a meeting of the committee as and when required to assist the Committee with the execution of its duties and responsibilities.
   * + 1. **Duties/Responsibilities**

6.1 The duties/responsibilities of the Finance, Audit & Risk Committee shall be:

***Financial Reporting***

***The Committee is responsible to:***

6.1.1 Oversee financial reporting risks, fraud and IT risks as it relates to financial reporting;

6.1.2 Monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain;

6.1.3 In particular, the committee shall review and challenge where necessary –

6.1.3.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across ECB;

6.1.3.2 the methods used to account for significant or unusual transactions where different approaches are possible;

6.1.3.3 whether the ECB has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;

6.1.3.4 the clarity of disclosure in the ECB’s financial reports and the context in which statements are made; and all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);

6.1.4 To consider the draft annual budget before submission to the Board;

6.1.5 To review the quarterly management financial statements and obtain explanations for variances against budgets;

6.1.6 To consider the need for budget variations/varmints and to recommend to the Board accordingly;

6.1.7 To review the use, investment and transfer of funds;

6.1.8 To review the financial policies and procedures of the ECB, and to recommend revisions, as necessary to the Board;

6.1.9 To review the expertise, resources and experience of the finance function as well as the Head of Finance and disclose the results in the integrated report;

***Internal controls and risk management systems***

***The Committee is responsible to:***

6.2.1 Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board, including the monitoring of the implementation of the policy and plan;

6.2.2 Oversee that the risk management plan is widely distributed throughout ECB and integrated in the day-to-day activities of ECB;

6.2.3 Ensure that risk management assessments are performed on a continuous basis;

6.2.4 To provide oversight to the Board on the current risk exposures and future risk strategy;

#### 6.2.5 Keep under review the adequacy and effectiveness of the company’s internal financial controls and internal control and risk management systems;

#### 6.2.6 Review and approve the statements to be included in the annual report concerning internal controls and risk management;

6.2.7 Review the ECB’s capability to identify and manage new risk types; and

6.2.8 Before a decision is taken by the Board, advise the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the ECB and taking independent external advice where appropriate and available.

6.2.6 Review the effectiveness of the ECB’s internal financial controls and internal controls and risk management systems and review and approve statements to be included in the annual report concerning internal controls and risk management;

***Compliance, whistleblowing and fraud***

***The Committee is responsible to:***

6.3.1 Review the adequacy and security of the ECB’s arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

6.3.2 Ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action, review of the company’s procedures for detecting fraud and review of the company’s systems and controls for the prevention of bribery as well as receipt of reports on instances of non-compliance;

6.3.3 Review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the company’s compliance function;

6.3.4 Review the ECB’s procedures for detecting fraud and prevention of bribery and/or corruption;

6.3.3 Pro-actively and efficiently manage all risks facing the ECB;

***Internal Audit***

***The Committee is responsible to:***

6.4.1 Approve the internal audit plan;

6.4.2 Ensure that the internal audit function is subject to an independent quality review as and when the Committee determines it appropriate;

6.4.3 Review the statement on internal control systems prior to endorsement by the Board;

6.4.4 Monitor and review the effectiveness of the ECB’s internal audit function in the context of the company’s overall risk management system;

6.4.5 Be responsible to the performance assessment, appointment and removal of the head of the internal audit function;

6.4.6 Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;

6.4.7 Ensure the function has adequate standing and is free from management interference or other restrictions;

6.4.8 Review reports addressed to the committee from the internal auditor;

6.4.9 Review and monitor management’s responsiveness to the findings and recommendations of the internal auditor;

6.4.10 Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

6.4.11 Ensure the effectiveness of and the co-ordination of the relationship between the internal and external auditors;

6.4.12 Ensure that the internal audit function is adequately resourced and has appropriate standing within the ECB;

6.4.13 Monitor compliance with Standing Orders; and

6.4.14 Consider other relevant topics as defined by the Board.

***External Audit***

***The committee is responsible to:***

6.5.1 Consider and make recommendations to the board, in relation to the appointment, re-appointment and removal of the company’s external auditor;

6.5.2 Oversee the selection process for a new auditor and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required. The Committee will also define a policy for non-audit services provided by the external auditor;

6.5.3 Oversee the relationship with the external auditor including (but not limited to) recommendations on their remuneration, fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted and approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

6.5.4 Annually assess their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services and report thereon in the annual financial statements;

6.5.5 Satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the ECB (other than in the ordinary course of business);

6.5.6 Agree with the board a policy on the employment of former employees of the company’s auditor, then monitoring the implementation of this policy;

6.5.7 Monitor the auditor’s compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements;

6.5.8 Assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;

6.5.9 Seek to ensure co-ordination with the activities of the internal audit function;

6.5.10 Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor’s remit and any issues arising from the audit;

6.5.11 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

6.5.12 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

6.5.12.1 A discussion of any major issues which arose during the audit;

6.5.12.2 Any accounting and audit judgments;

6.5.12.3 Levels of errors identified during the audit; and

6.5.12.4 The effectiveness of the audit.

**7. Reporting Responsibilities**

7.1 The Chairperson of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;

7.2 The Committee shall make recommendation to the Board as it deems appropriate on any area within its remit where action or improvement is needed; and

7.3 The committee shall produce a Report of its activities and the ECB’s risk management and strategy to be included in the ECB’s Annual Report.

**8. Evaluation**

The Board must perform an evaluation on the Committee of the effectiveness, the mandate and its membership of the ensuing year and will make recommendations to improve the effectiveness of the Committee every year.

**9. Review**

This TOR will be reviewed on an annual basis in terms of good governance guidelines and principles.

**10. Approval of these terms of reference**

These terms of reference were approved by the Chairperson of the Board and the Chairperson of the Finance, Audit & Risk Committee on **17 November 2011.**

**11. Signatures**

1. Chairperson of the Board

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**Jason Nandago**

1. Chairperson of the Finance, Risk & Audit sub Committee

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**Gersom Katjimune**



14.

VEHICLE POLICY

**The following Policy Rules and Regulations are hereby established for the effective management of the ECB pool vehicles.**

**Policies**

**1. Introduction**

The Corporation shall acquire and maintain a fleet of pool vehicles, which shall be used for the running of day to day corporation business within the various divisions. These vehicles shall not be used by members of Management who as a general rule shall provide for their own transport.

**2. Responsibility**

**2.1 Overall responsibility**

The overall responsibility for managing the corporation’s fleet lies with the Human Resources and Administration Division.

**2.2 Day to day responsibility**

The day to day responsibility, control and maintenance of such vehicles shall be exercised by each user department to which a vehicle(s) have been allocated.

**2.3 Procurement**

The Administration Section, within the Human Resources and Administration Division, shall place orders for new cars, receive them first and open files for such cars.

**3. Departmental transfers**

Cars transferred from one department to the other shall follow a proper handover, supervised by the Administration Section.

**4. Control over Pool Vehicles by Individuals**

The Corporations’ pool and allocated fleet is available for official use only for all employees, with the exception of the CEO. At no time shall the corporation’s pool vehicles be hired for personal or private use. Any staff member authorized to use the pool vehicles are not allowed to transport private passengers, without authorisation from Finance and Administration, except ECB employees or any other person travelling on official ECB business. Nobody who is not employed by the ECB is allowed to drive pool vehicles unless it is part of a contract with the ECB that allows a private person to do so. Any losses suffered due to negligence will be dealt with in terms of the relevant disciplinary procedures.

The use of the corporation’s pool vehicles on unauthorized business or trips is a serious offence warranting disciplinary action.

**5. Driver’s license**

Nobody may drive a pool vehicle without a valid (non-endorsed) driver’s license issued in the Republic of Namibia and South Africa or internationally recognised drivers license. Only licensed drivers with six months or more driving experience can drive the Corporation’s pool vehicles. The vehicle inspection form should be completed and signed by the individual that takes custody of the vehicle.

**6. Service Provider of Fleet Vehicles**

In acquiring the Corporation’s pool fleet, the Corporation’s Management shall ensure that vehicles of different models and types are procured. No particular service provider shall enjoy monopoly over others. The financial and tender regulations shall be adhered to. (Refer to Handbook 6, Fixed Assets section for fixed asset purchases procedures).

**7. Service Providers of Technical and Maintenance Services**

The Corporation’s pool fleet shall be serviced and maintained by acknowledged service providers of the respective fleet model and/ or type.

**8. Car Rentals**

When the need arises that a car should be rented by any employee of the organisation, the approval of the rental should be done by the CEO. A preferred service provider should also be selected by the organisation and this service provider should be used whenever there is a need to rent a motor vehicle. The “coding system” used by the relevant service provider should be consulted to ensure that an appropriate vehicle is selected by the relevant employee.

**9.** **Car Allowance**

The Corporations’ pool and allocated fleet is available for official use only for all employees, with the exception of the CEO. Irrespective whether the staff member has structured car allowance on his/her remuneration package.

|  |  |  |
| --- | --- | --- |
| **1. Responsibility** | | |
| * 1. Departmental line Managers and staff must ensure that:      1. Vehicles are kept clean at all times. All papers and refuse should be removed from the vehicle at the end of each trip.      2. Vehicles are safely locked away or parked when they are not in use and that keys are handed to a central point when a staff member using the car is on leave or back from any trip or visit.      3. Vehicles are not overloaded.      4. Vehicles are not used for any illegal or hazardous purposes and that pool vehicles are not used for unlawful transportation of goods not applicable to the business of ECB or non-ECB employees or for hire.      5. Vehicles are fully licensed and are roadworthy. They should notify the Administration Section when the license of one of their vehicles is about to expire. The Administration Section will in addition maintain a record for the same purpose.      6. Money for parking meters is obtained from petty cash.      7. In cases of emergencies resulting from a vehicle breakdown or accident, arrange for the vehicle to be towed to the nearest suitable garage or location. Remember to obtain authority from relevant line manager before any expenses are being committed.      8. Vehicle tools and petrol cards are obtained from the Administration Section and are kept at all times. Properly completed petrol slips must be forwarded immediately to Administration. | Departmental Line Managers  Staff | Continuously |
| 1.2 The keys of the vehicle, the logbook and the fuel card are kept by the Administration Officer. | Administration Officer | Continuously |
| 1.3 Fuel is paid for with a fuel card. All proof of purchases has to be handed to the Administration Officer upon return of the keys, card and logbook. If no proof of purchase can be presented by the employee, the employee is held liable for the purchases. | Administration Officer | Continuously |
| 1.4 The Accountant must perform reconciliation between the monthly fuel card statements received from the bank and the logbook. He/she also has to perform a comparison between fuel used and kilometres travelled to ensure reasonability. If the fuel consumption is unreasonable the driver has to present an explanation or will be held liable. | Accountant | Monthly |
| **2. Vehicle logbook** | | |
| 2.1 The Administration Section shall issue a vehicle logbook to each pool vehicle acquired and issued. | Administration Section | Ad-hoc |
| 2.2 Whenever a pool vehicle is used, a log sheet shall be completed by the officer concerned, giving full details of the visit or journey to be made. In terms of the new vehicle log sheets, officers shall give specific details on the:   * + 1. date;     2. time when custody is taken of the car;     3. driver’s name;     4. nature of duty;     5. places to be visited;     6. speedometer reading from the place where the journey originated as well as at the place where the journey ended;     7. fuel as well as oil used shall be recorded by the user driver;     8. Records of the service history of the vehicle shall also be entered at the back of the logbook.     9. Staff members are also required to fill in the total kilometers travelled in the particular vehicle as well as the cost of fuel or oil used during the month. | Responsible Officer | Ad-hoc |
| 2.3 Journeys should be authorized by Line Manager who has sanctioned the trips. | Line Manager | Continuously |
| 2.4 A staff member shall be surcharged for unauthorized use of a corporation’s vehicle. | Staff member | Ad-hoc |
| 2.5 Line Managers shall be required to certify at the bottom of the log sheet that all the requirements (without exception) have been met and that original copies of such log sheets are submitted before or on the 3rd working day after month end of the Administration Section of the Human Resources and Administration Division. Month end will be as a rule, the last Friday of the month. Vehicles must then be refueled and the log sheets finalized for the month. | Departmental Line Managers | Monthly |
| **3. Control over Pool Vehicles by Individuals** | | |
| 3.1 The use of the corporation’s pool vehicles on unauthorized business or trips is a serious offence warranting disciplinary action. Line Managers shall be held responsible to take action for all acts of indiscipline committed by staff under their charge resulting in the misuse of the corporation fleet. | Departmental Line Managers | Continuously |
| **4. Accidents and Reports** |  |  |
| 4.1 Any vehicle accident in addition to being reported to the Line Manager must also be reported to the Head of the Administration Section as soon as it had occurred. | Staff member | Ad-hoc |
| 4.2 The driver of the vehicle must immediately complete the accident report forms within one week and submit them via the Line Manager to the Administration Section. | Staff member | Ad-hoc |
| 4.3 The Administration Section shall through the Administration Officer communicate with the relevant Insurance Company. The accident must also be reported at the nearest Police Station and a case number must be obtained for insurance purposes. | Administration Section | Ad-hoc |
| 4.4 Drivers should not admit liability, sign an admission of guilt or undertake to meet claims for damages. | Staff member | Ad-hoc |
| 4.5 A staff member should however be aware that depending on the outcome of an accident investigation, he or she may be held liable for any precautionary measures not taken. | Staff member | Ad-hoc |
| **5. Repairs and Maintenance of Vehicles** | | |
| 5.1 User departments must ensure that vehicles under their control are serviced on the scheduled date or after the vehicle had completed kilometers indicated by the service centre. | Departmental Line Managers | Ad-hoc |
| 5.2 Staff members should conduct periodic checks of oil, battery, water, tyres etc, before starting off on their daily routine. | Staff member | Daily |
| 5.3 The Driver is responsible for making arrangements with the service centre to have the vehicle serviced or repaired. An order shall be obtained from the Administration Section. | Departmental Line Managers | Ad-hoc |
| 5.4 No expenditure of any nature shall be paid with a Stannic or any Credit Card unless prior authorisation had been obtained from the GM Finance and Administration. Stannic Cards issued to the Corporation’s pool fleet are meant to cover fuel and oil costs only. | Administration Section | Ad-hoc |
| 5.5 Written orders should be requested from the Administration Section before the necessary repairs are affected. | Administration Section | Ad-hoc |
| **6. Traffic Fines** | | |
| 6.1 A staff member is responsible for paying traffic fines for offences committed whilst the vehicle was under his/her control. | Staff member | Ad-hoc |
| 6.2 All drivers of the pool vehicles must obey all traffic rules. Any transgressions will be dealt with as cases of misconduct. | Staff member | Continuously |
| **7. After Hours** | | |
| 7.1 All corporate pool fleet should be parked at the ECB premises after workings hours except in exceptional cases. A written authority must be obtained from the Line Manager or Divisional Head for their use after working hours. This authority must be produced on demand. | Departmental Line Managers | Ad-hoc |
| **8. Drinking and Driving** | | |
| 8.1 Staff members driving or traveling in the Corporation’s vehicles must at all times be sober and not be under any influence of alcohol, narcotics or suffer from mental disability. . Any transgressions will be dealt with as cases of misconduct. | Staff member | Continuously |
| **9. Urgent Corporate Business** | | |
| 9.1 Any division or department may be asked to release their pool car to any Corporation official tasked to carry out an urgent engagement. |  |  |
| 9.2 Requests of this nature should be channeled through the Head of the Administration Section and should clearly spell out the reasons why the car is required as well as the duration thereof. A formal handover shall be conducted after the car has been thoroughly inspected. On return of the car, a similar inspection shall be conducted again before the car is handed back to the allotter. | Head of Administration Section | Ad-hoc |
| **10. Use of Private Vehicle** | | |
| 10.1 Private vehicles may only be used by an employee for company business in exceptional or urgent circumstances after all efforts have been exhausted to obtain a pool vehicle. Prior written permission should be obtained from the Human Resources and Administration Division. Reimbursement shall be done at the prevailing Corporate rate. | Human Resources and Administration Division | Ad-hoc |
| **11. Handover / Transfer of Fleet Vehicles between Departments** | | |
| 11.1 A request for transfer form shall be completed and signed by the departmental line manager requesting the transfer and approved by the GM: Administration Section. | Departmental Line Managers  GM: Administration Section | Ad-hoc |
| 11.2 A formal handover shall be conducted after the car has been thoroughly inspected. The two Departmental Line Managers concerned will both sign an Acceptance of Transfer form which will be approved by and filed with the Administration Section. | Departmental Line Managers  GM: Administration Section | Ad-hoc |
| **12. Inspection** |  |  |
| 12.1 The Administration Section shall conduct vehicle inspections from time to time to ensure that vehicles are kept in a neat and roadworthy condition. The outcome of these inspections must be reported to the Management Committee. Hub cubs, jack, spare wheel, mud flaps, radio, carpets etc must be checked. | Administration Section | Ad-hoc |
| **13. Drivers License** |  |  |
| 13.1 A certified copy of the driver’s license of all users of the pool vehicles must be submitted to the Administration Section for record purposes. All divisions must also ensure that an updated list is kept of all users of pool vehicles. A copy of this list must be forwarded to the Administration Section for record purposes. | Departmental Line Managers | Ad-hoc |
| **14. Replacement** |  |  |
| 14.1 Based on a proper cost benefit analysis and a motivation, vehicles will be replaced once they have done 120 000 km or 4 years old.  Written off vehicles may be put on internal closed tender, public tender or be auctioned in public (Refer to Handbook 6, Fixed Assets section for disposal procedures) | Administration Section | Ad-hoc |