KARAMOJA TUMAINI NETWORK · KTN

Finance and Anti-Fraud Policy

Handling every shilling with honesty and care

Policy Category Governance Policy · Classification: Public
Adopted by the Board of Directors March 2026
Status Version 1.0 · Effective March 2026 · Next review March 2029

OUR COMMITMENT

Karamoja Tumaini Network commits to handling every shilling with honesty and care. We will obey Uganda's law in full and honour every agreement we sign. We will plan our spending through approved budgets, divide financial authority so that no one person controls a transaction alone, document every payment, bank our income promptly and intact, and account for everything we hold.

We hold zero tolerance towards fraud, bribery and corruption, by anyone, at any level. We will keep honest books, welcome an independent audit every year, protect anyone who raises a concern in good faith, recover what is lost, and report what the law requires. We will measure our performance, publish what we find, and improve year on year.

WHY IT MATTERS

Every shilling KTN holds was given so that a child in Karamoja might be safer, fed, in school, or home with family. Between the gift and the child stand bank accounts, budgets, approvals and ledgers, and it is there that money is most easily wasted or quietly stolen. A typical organisation loses about five percent of its revenue to fraud each year. A shilling lost to an inflated invoice or a kickback is a child not helped, and the next grant, and the next child, depend on KTN showing exactly where the last shilling went.

WHERE IT APPLIES

Every person who works for or with KTN: board members, staff, volunteers, consultants, partners and suppliers. Every shilling and every asset, in every currency and every form: bank accounts, mobile money wallets, cash floats and advances. Every office and field location across Karamoja and along the migration corridor, regardless of the source of funding.

HOPE · HEAL · EMPOWER

Every shilling that reaches a child intact is the point.

Contents

Version 1.0 · Effective March 2026 · Next review March 2029

Sections 1 to 16 set out what KTN commits to and how it works. Annexes A to J are the tools that put those commitments into practice. Where a procedure lives in another KTN policy, this document points to it rather than repeating it.

List of Tables

The following tables are used throughout this policy.

List of Figures

The KTN mark on the cover and the colour system throughout follow the KTN Brand Style Guide, Version 1.0, and are not numbered as figures.

List of Annexes

Acronyms and Abbreviations

The following abbreviations are used throughout this policy.

Acronym	Definition	Acronym	Definition
ACFE	Association of Certified Fraud Examiners	KTN	Karamoja Tumaini Network
AML	Anti-Money Laundering	LST	Local Service Tax
CFT	Countering the Financing of Terrorism	MEAL	Monitoring, Evaluation, Accountability and Learning
CHS	Core Humanitarian Standard on Quality and Accountability	NGO	Non-Governmental Organisation
COSO	Committee of Sponsoring Organizations of the Treadway Commission	NSSF	National Social Security Fund
CPI	Corruption Perceptions Index	PAYE	Pay As You Earn (employee income tax)
ED	Executive Director	PDPO	Personal Data Protection Office
EFRIS	Electronic Fiscal Receipting and Invoicing Solution (URA)	RACI	Responsible, Accountable, Consulted, Informed
FIA	Financial Intelligence Authority of Uganda	STR	Suspicious Transaction Report
FATF	Financial Action Task Force	TIN	Tax Identification Number
HACT	Harmonized Approach to Cash Transfers (United Nations)	URA	Uganda Revenue Authority
ICPAU	Institute of Certified Public Accountants of Uganda	VAT	Value Added Tax
IFRS	International Financial Reporting Standards	WHT	Withholding Tax
INPAG	International Non-Profit Accounting Guidance		

Policy Approval

This Finance and Anti-Fraud Policy was considered and approved by the Board of Directors of Karamoja Tumaini Network in March 2026 and takes effect from that date as a governance instrument of the organisation. Compliance with it is mandatory for everyone within the scope set out in Chapter 2. The resolution reference and the signatures below complete the formal record of adoption.

Field	Detail
Policy status	Approved
Approval authority	Board of Directors
Approval date	March 2026
Effective date	March 2026
Version	1.0
Board resolution reference	KTN/BRD/RES/2026/_____

The Board Secretary enters the resolution number from the minutes of the approving meeting before the signed copy is filed.

APPROVAL SIGNATURES

Chairperson, Board of Directors

Karamoja Tumaini Network · March 2026

A Statement of Commitment from the Board

Every shilling KTN holds was given so that a child in Karamoja might be safer, fed, in school, or home with family. That is a serious trust. The people who give us money, whether a large institutional donor or a small supporter, are entitled to know that it is handled honestly, spent on what it was meant for, and accounted for in full. So are the communities we serve, whose children are the reason the money exists at all.

This policy sets out how KTN manages its money and property, the controls that keep them safe, and the firm stand KTN takes against fraud, bribery and corruption. KTN holds a position of zero tolerance towards the theft or misuse of its funds, by anyone, at any level, including this Board. That position is not a slogan. It is built into the way authority is divided, payments are approved, records are kept, accounts are audited, and concerns are heard and acted on.

We are honest about the environment we work in. Uganda scored 26 out of 100 on Transparency International's 2024 Corruption Perceptions Index, and organisations everywhere lose money to dishonesty when controls are weak. The Board does not pretend KTN is immune. We are determined to be ready: to prevent what can be prevented, to detect quickly what cannot, and to respond without fear or favour when something is found.

Good stewardship and good programmes are the same thing, not competing things. A control that stops a shilling leaking is a school fee paid, a bus fare home, a follow-up visit made. Financial discipline is how a young organisation earns the right to grow, and how it keeps faith with the children whose chance of a better life depends on the money reaching them.

The Board has adopted this policy and, through its Finance and Audit Sub-Committee, will hold the organisation to it, including itself. We will fund the systems it needs, receive the reports it requires, including the ones that tell us where we fell short, and back every person who refuses a bribe, questions an invoice, or raises a concern in good faith. It binds every one of us, from the boardroom to the furthest kraal.

Chairperson, Board of Directors
Karamoja Tumaini Network
Adopted by resolution of the Board of Directors, March 2026.

Document Control

Field	Detail
Policy title	Finance and Anti-Fraud Policy
Registered name	Karamoja Tumaini Network Limited, a company limited by guarantee without share capital, Reg. No. 80034272074698, incorporated on 1 July 2025 under the Companies Act, 2012 (Cap. 106); permitted to operate as a Non-Governmental Organisation by the National Bureau for Non-Governmental Organisations under permit number INDP000745-NB, file number MIA/NB/2026/06/7454
Version	1.0
Status	Approved and adopted by the Board of Directors
Approval date	March 2026
Effective date	March 2026
Policy owner	Karamoja Tumaini Network, acting through its Board of Directors
Policy custodian	The Finance function, on behalf of the Executive Director
Applies to	All board members, staff, volunteers, interns, peer educators, community workers, consultants and contractors, and all partners, sub-grantees and suppliers to the extent of their agreements with KTN; covering all funds and property, on every source of funding, at every KTN office and field location
Reads alongside	The Strategic Plan 2026 to 2030; the Procurement and Asset Management Policy; the Conflict of Interest Policy; the Whistleblowing and Protected Disclosure Policy; the Code of Conduct; the Human Resources and People Management Policy; the IT and AI Use Policy; the Child Safeguarding Policy; the PSEA Policy; the Complaints and Community Feedback Procedure; and the Data Protection and Privacy Policy
Definitions	Key terms are defined in Section 2.5; acronyms are listed at the front of this document
Review cycle	Three years, and earlier where law, regulation, donor requirements or experience require it
Next scheduled review	March 2029
Classification	Public
Languages	English; plain-language and Nga'Karamojong summaries are prepared as resources allow

Version Control Register

Each approved version of this policy is recorded here. The signed original of each version is kept by the Board Secretary; an electronic copy is kept in the KTN policy register.

Version	Date	Approved by	Description of change
1.0	March 2026	Board of Directors	First issue, approved and adopted as part of the KTN governance suite

Amendment History Register

Amendments between full reviews are recorded here and consolidated at the next review. No amendment takes effect until the Board has approved it.

No.	Date	Section(s) affected	Summary and approval reference

Distribution List

This policy is a public governance document. It is distributed as follows, and the controlled copy is the signed version held by the Board Secretary.

Recipient	Form	When
All members of the Board of Directors	Electronic copy; signed original with the Board Secretary	On approval and at induction
All staff, volunteers and interns	Electronic copy; briefing at induction and at annual refresher	On engagement
Consultants, contractors and suppliers	Relevant extracts with their agreements	On contracting
Partners and sub-grantees	Full copy referenced in the partnership agreement	On signature
Donors and regulators, including the NGO Bureau	Full copy on request; summary in due diligence packs	On request
Communities and the public	Available at each office and on www.karamojatumaini.org	Continuously

Contact Information

Questions about this policy, and reports or concerns under it, may be directed to any of the contacts below.

Office	Details
Kampala office	Da Joy House, Room JS05A, Waliggo Road, Komamboga, P.O. Box 10066, Kampala
Napak office	C/o Matany Trading Centre, Matany Town Council, Napak District
Email	info@karamojatumaini.org
Website	www.karamojatumaini.org
Social media	X @Karamojatumaini · Instagram @karamojatumaini · YouTube @KaramojaTumaini

Executive Summary

This is Karamoja Tumaini Network's authoritative framework for how it plans, receives, holds, spends, records and accounts for money and property, and for how it prevents, detects and responds to fraud, bribery, corruption, money laundering and the financing of terrorism. It was approved and adopted by the Board of Directors in March 2026 and applies to every person who handles, authorises or accounts for KTN's resources, in every office and field location, on every source of funding.

The policy does four things. First, it states KTN's financial commitments and the principles behind them, anchored in the NGO Act, 2016, the Companies Act, 2012 (Cap. 106), the Anti-Corruption Act, 2009 (Cap. 116), the Anti-Money Laundering Act, 2013 (Cap. 118) and the tax and social security laws of Uganda, and benchmarked against the COSO internal control framework and the Core Humanitarian Standard. Second, it builds the control environment: a clear delegation of authority, separation of duties, documented payments, disciplined budgeting, safe banking and digital finance, honest accounting and independent audit. Third, it takes a zero-tolerance stand on fraud, bribery and corruption and sets out exactly what happens when a concern is raised, from first report to investigation, discipline, recovery and lessons learned. Fourth, it establishes the governance, monitoring, reporting and audit arrangements that make the commitments real, including a named custodian, a small set of indicators, and an annual financial governance statement to the Board.

The policy is deliberately proportionate. KTN is a young, growing organisation with a small team, two rented offices and its first grants ahead of it, and the controls in this document are ones it can actually operate today. The policy is also built for growth: the same architecture of authority limits, registers, reconciliations and reporting scales from the first grant to a multi-donor portfolio without rebuilding, and its digital finance provisions are written to absorb new tools, from mobile money to cloud accounting to machine-assisted anomaly checks, as KTN's systems mature. Where a donor's rules are stricter than this policy, the stricter rule is followed. Where Ugandan law is stricter than either, the law prevails.

1

CHAPTER ONE

INTRODUCTION

Money is the quiet machinery behind every SHIELD pillar. Why financial integrity is mission critical for a young Karamojong-led organisation.

1 Introduction

1.1 A young organisation and a serious trust

Karamoja Tumaini Network Limited is a Karamojong-led, child-focused organisation incorporated in Uganda as a company limited by guarantee and permitted to operate as a non-governmental organisation by the National Bureau for NGOs. It exists to break the cycle that pushes children from the Karamoja sub-region onto the streets of Kampala and other urban centres, and to give those already on the streets a credible, culturally grounded route back to school, family and stable life, organised under the six pillars of the SHIELD framework: Safeguard, Heal, Integrate, Empower, Lead and Data.

Money is the quiet machinery behind every one of those pillars. A donor's grant becomes a Nga'Karamojong-speaking outreach worker's salary, fuel for the road to Napak, a school uniform, a family's reintegration support. Between the gift and the child stand bank accounts, budgets, requisitions, approvals, receipts and ledgers, and it is there, in organisations everywhere, that money is most easily wasted or quietly stolen.

> *Every shilling KTN holds was given so that a child in Karamoja might be safer, fed, in school, or home with family.*
>
> **Board of Directors, Statement of Commitment**

1.2 The stakes in numbers

The Association of Certified Fraud Examiners estimates that a typical organisation loses about five percent of its revenue to fraud each year, with a median loss of USD 145,000 per case in its 2024 global study, and that tips detect more fraud than any other means. Uganda's wider integrity environment is demanding: the country scored 26 out of 100 on the 2024 Corruption Perceptions Index. None of this means dishonesty is inevitable. It means controls are not optional.

5%	USD 145,000	43%	26/100
of annual revenue is what a typical organisation loses to fraud	median loss per occupational fraud case worldwide	of frauds are detected through tips, more than any other channel	Uganda's score on the Corruption Perceptions Index 2024
ACFE, Report to the Nations 2024	ACFE, Report to the Nations 2024	ACFE, Report to the Nations 2024	Transparency International

Figure 1. The stakes in numbers: why financial control protects children. Figures are the most recent published at the time of adoption.

1.3 Built for KTN's reality

KTN starts with advantages a larger organisation might envy: it is small enough for every transaction to be seen, young enough to build the right habits from the first shilling, and led by people whose reputation in their own community is the organisation's single greatest asset. It also carries particular risks: cash-heavy field operations along the migration corridor, mobile money as a daily payment channel, a small team where duties must be divided carefully, and donor funding that arrives with strict conditions attached. This policy is written for exactly that reality, and it is built for growth: the same architecture of authority limits, registers, reconciliations and reporting scales from the first grant to a multi-donor portfolio without rebuilding.

1.4 How this policy reads with the rest of the suite

The policy reads alongside KTN's other governance documents, in particular the Procurement and Asset Management Policy, which governs buying and the care of assets in detail, the Conflict of Interest Policy, the Whistleblowing and Protected Disclosure Policy, the Code of Conduct, the Human Resources and People Management Policy and the IT and AI Use Policy. Where those documents set the detailed procedure, this policy points to them rather than repeating them.

2

CHAPTER TWO

PURPOSE, SCOPE AND DEFINITIONS

What this policy is for, who and what it binds, and the words it uses precisely.

2 Purpose, Scope and Definitions

2.1 Purpose

This policy exists to:

1. establish a single, Board-approved framework for financial management, financial control and the prevention of fraud, bribery, corruption, money laundering and terrorism financing across all of KTN's governance, operations, programmes and partnerships;
2. make clear that KTN holds its money and property in trust for the children it serves and the donors who fund it, and to translate that stewardship into rules people can follow;
3. ensure full compliance with the laws of Uganda and with the financial conditions of every donor agreement KTN signs;
4. divide financial authority so that no single person controls a transaction from beginning to end, and set out who may commit KTN to spend, up to what limit, with what documentation;
5. protect the people who handle KTN's money by giving them clear rules, and protect the people who raise concerns by guaranteeing they will not suffer for it;
6. establish a zero-tolerance framework for fraud, bribery and corruption, with a clear response plan from first concern to investigation, discipline, recovery and learning; and
7. define roles, responsibilities, measurable indicators and reporting and audit arrangements, so that KTN's financial performance can be assessed by its Board, its donors, its regulators and the communities it is accountable to.

2.2 Who and what this policy covers

This policy applies to every member of the Board of Directors and every member of staff, and to all volunteers, peer educators, community workers, interns, consultants and contractors engaged by KTN. It applies to partners, sub-grantees and suppliers to the extent set out in their agreements with KTN, and Section 10.3 describes how these expectations are built into partnership and sub-grant documents. The anti-fraud provisions in Chapters 12 and 13 apply to everyone connected to KTN, without exception.

It covers all of KTN's money and property, whether from grants, donations, earned income or any other lawful source, in every currency, held in any form: bank accounts, mobile money wallets, petty cash, advances, assets, stock and digital records of value. It applies in every place where KTN works, including the Kampala office at Da Joy House, Komamboga, the Napak office at Matany Town Council, field operations across the Karamoja sub-region and along the migration corridor, urban outreach locations, and any premises or facility KTN establishes, and it applies to travel, events and digital operations wherever they take place.

2.3 Precedence

This policy applies to all of KTN's activities regardless of the source of funding, and whether or not a donor imposes financial conditions of its own. Where a donor's requirements are stricter than this policy, the stricter requirement is followed. Where Ugandan law is stricter than either, the law prevails. Nothing in this policy reduces any obligation under the Child Safeguarding Policy or the PSEA Policy; where money and the safety of children touch, the safeguarding obligation is always the floor.

2.4 Mandatory compliance and consequences

Compliance with this policy is mandatory for everyone within its scope. A breach by a member of staff or a volunteer is handled under the Human Resources and People Management Policy and may result in disciplinary action, up to and including dismissal. A breach by a partner, contractor or supplier is handled under its agreement with KTN, up to and including termination. Conduct that is also an offence under Ugandan law is reported to the relevant authority.

2.5 Definitions

In this policy, unless the context requires otherwise:

Term	Meaning
Fraud	Dishonestly obtaining a benefit, or causing a loss, by deception: false claims, fake or inflated invoices, forged documents, ghost workers, falsified records, or the misuse of digital payment channels.
Bribery	Offering, giving, soliciting or accepting anything of value to influence a decision improperly, including facilitation payments and kickbacks.
Corruption	The abuse of an entrusted position for private gain, including collusion with suppliers, nepotism in financial decisions and influence peddling.
Theft and embezzlement	Taking or converting KTN's money or property, including funds entrusted to a person by reason of their office.
Money laundering	Disguising the origins of criminally obtained money, or handling funds so as to conceal their source, contrary to the Anti-Money Laundering Act, 2013 (Cap. 118).
Terrorism financing	Providing or collecting funds, directly or indirectly, for terrorist acts, persons or organisations, contrary to the Anti-Terrorism Act, 2002 (Cap. 120).
Internal control	The processes designed to give reasonable assurance that operations are effective, reporting is reliable and laws are complied with, structured on the COSO framework.
Separation of duties	Dividing a transaction among more than one person so that no one initiates, approves, executes and records the same transaction.
Restricted funds	Money a donor has given for a specified purpose, which may be used only for that purpose and is tracked separately.
Unrestricted funds	Money KTN may apply to any of its proper purposes within its approved budget.
Budget holder	The named person accountable for a budget line, its spending and its records.

Advance	Money issued to a person before expenditure, to be accounted for with evidence within a set time.
Mobile money	Payment services operated over mobile networks, including organisational wallets and person-to-person transfers.
Suspicious transaction	A transaction with no clear lawful purpose, inconsistent with a person's known profile, or bearing recognised indicators of laundering or fraud.
Whistleblower	A person who, in good faith, discloses suspected wrongdoing, protected under the Whistleblowers Protection Act, 2010 and KTN's Whistleblowing Policy.
Conflict of interest	A situation where personal interest could improperly influence a KTN decision, governed by the Conflict of Interest Policy.

Table 1. Definitions of key terms. Annex J holds a fuller plain-language glossary.

3

CHAPTER THREE

POLICY STATEMENT, PRINCIPLES AND COMMITMENTS

The stand KTN takes on every shilling, the principles behind it, and ten commitments the Board can be held to.

3 Policy Statement, Principles and Commitments

3.1 The policy statement

> **POLICY STATEMENT**
>
> Karamoja Tumaini Network commits to handling every shilling with honesty and care. We will comply fully with the laws of Uganda and the conditions of every agreement we sign. We will plan our spending through approved budgets, divide financial authority so that no one person controls a transaction alone, document every payment, bank our income promptly and intact, keep cash to a minimum, and account for everything we hold. We will keep honest books, report openly, and submit our accounts to independent audit every year. We hold a position of zero tolerance towards fraud, bribery, corruption, money laundering and the financing of terrorism, by anyone, at any level. We will listen to anyone who raises a concern, protect them from retaliation, investigate fairly, recover what is lost, report what the law requires, and learn from every incident. We measure our financial performance, publish what we find, and improve year on year.

This statement is displayed at every KTN office and included in staff induction materials. It is the standard against which every financial decision in this policy is read.

3.2 Seven guiding principles

Seven principles govern every financial decision at KTN. Where a situation is not covered by a specific rule in this policy, these principles decide it.

Integrity

KTN’s funds are used honestly and only for KTN’s proper purposes. Personal benefit is never taken from KTN’s resources beyond agreed pay and entitlements.

Stewardship

Money given for children is held in trust. Everyone who touches it is a steward, and treats a donor’s shilling with more care than their own.

Accountability

Every transaction has a named person responsible for it, a document behind it, and a record that allows KTN to account to donors, regulators and communities in full.

Transparency

Income and spending are recorded accurately and reported openly. KTN publishes an annual financial statement and answers honest questions with honest answers.

Separation of duties

No single person controls a transaction from start to finish. Requesting, approving, paying and recording are different hands, and where the team is small, compensating checks close the gap.

Value for money

KTN seeks the best use of every shilling for children, judged over time: economy in what is bought, efficiency in how it is used, and effectiveness in what it achieves, never extravagance and never false economy that shifts cost onto quality or safety.

Compliance and proportionality

KTN meets its obligations under the law and its agreements in full, and designs its controls in proportion to its size and risk, so that they are strong enough to protect and light enough to follow.

3.3 Our commitments

KTN makes the following commitments. Each is mandatory, each is observable, and each is tested through the monitoring framework in Section 15.2.

1. KTN shall operate within an annual budget approved by the Board before the financial year begins, and shall not commit funds it does not have or cannot lawfully use;
2. KTN shall bank all income promptly and intact, keep cash holdings to the minimum the work allows, and reconcile every account and wallet monthly;
3. KTN shall pay only against genuine, documented obligations, approved in advance by the right level of authority under the limits in Annex A;
4. KTN shall run its payroll accurately and on time, deduct and remit every statutory obligation by its deadline, and permit no ghost workers;
5. KTN shall use restricted funds only for their given purpose, meet every condition of every grant agreement, and never move money between donor purposes without written donor agreement;

Telling a donor about a suspected fraud

Where a grant agreement sets a notification period, KTN follows it. Where it is silent, KTN notifies any affected donor in writing within five working days of the Executive Director assessing a concern as credible, before the investigation concludes, and reports the outcome and corrective action within ten working days of closure. A suspected fraud is never withheld from a donor while KTN resolves it internally. Bribery, in either direction, is governed by the Anti-Bribery and Anti-Corruption Policy, and screening against sanctions and terrorist financing measures by the Anti-Terrorism, Sanctions and Anti-Money Laundering Policy.

Sharing a cost between funders

Where a cost benefits more than one grant, or benefits both a grant and KTN’s own running costs, it is shared on a written basis approved by the Board and applied the same way for every funder. For staff time the basis is the proportion of hours actually worked on each grant, evidenced by a monthly timesheet signed by the person and countersigned by whoever supervises them. For premises, utilities and communications the basis is the proportion of direct programme cost. For shared equipment it is the proportion of documented use.

Everyone whose pay is charged to more than one source completes a monthly timesheet covering all hours worked, including core and unfunded work, and the payroll allocation for the month matches the timesheets. Each grant is opened in the accounts with its own code before the first transaction is posted. Where a donor prescribes a different basis or a fixed indirect rate, the donor’s rule applies to that grant and the difference is recorded.

KTN is small enough today that one or two people carry most shared costs. The discipline is written down now, while it is simple, so that it is already habit when the organisation is large enough for it to be hard.

6. KTN shall keep proper books of account, close them monthly, prepare financial statements within six months of year end, and submit them to independent external audit every year;
7. KTN shall hold a position of zero tolerance towards fraud, bribery and corruption, investigate every credible concern, discipline proven wrongdoing whatever the seniority of the person, seek recovery, and report to the authorities and donors where required;
8. KTN shall know the source of its significant funds, screen significant payees and partners against applicable sanctions lists, and report suspicious transactions to the Financial Intelligence Authority as the law requires;
9. KTN shall protect anyone who raises a financial concern in good faith, and shall treat retaliation against them as gross misconduct;
10. KTN shall build financial capability in its people, review its controls after every incident and every audit, and improve year on year.

4

CHAPTER FOUR

LEGAL, REGULATORY AND STANDARDS FRAMEWORK

Ugandan law, international standards and donor rules, mapped to where this policy answers them.

4 Legal, Regulatory and Standards Framework

4.1 Ugandan law

KTN's financial management operates inside a framework of Ugandan law and regulatory requirements. The register below lists the core instruments, what each requires, and where this policy gives effect to them.

Instrument	What it requires of KTN	Where addressed
Constitution of the Republic of Uganda, 1995	Accountability and the proper use of resources as founding national values; protection of property.	Whole policy
Non-Governmental Organisations Act, 2016 (Cap. 109), and NGO Regulations, 2017	Proper books of account; annual returns to the NGO Bureau; audited financial statements; operation within the permit and constitution; declared bank accounts.	Sections 8.2, 11.1, 11.5
Companies Act, 2012 (Cap. 106)	Proper accounting records for a company limited by guarantee; directors' duties of honesty, care and the management of conflicts.	Chapters 5, 11
Anti-Corruption Act, 2009 (Cap. 116) (as amended, 2015)	Criminalises corruption, bribery, embezzlement, causing financial loss, abuse of office and influence peddling; provides for recovery and confiscation.	Chapters 12, 13
Anti-Money Laundering Act, 2013 (Cap. 118) (as amended)	NGOs are accountable persons: know the source of significant funds, keep records, watch for suspicious transactions and report them to the Financial Intelligence Authority.	Section 12.4
Anti-Terrorism Act, 2002 (Cap. 120) (as amended)	Criminalises the financing of terrorism; funds must not reach proscribed persons or purposes.	Sections 12.4, 12.5
Income Tax Act, Cap. 340	PAYE deduction and remittance; withholding tax on qualifying payments; exempt-organisation rulings; TIN registration.	Section 9.4
Value Added Tax Act, Cap. 349	VAT treatment of purchases; registration only where taxable supplies exceed the threshold; EFRIS e-receipts from VAT-registered suppliers.	Sections 9.2, 9.4
NSSF Act (as amended, 2022)	Registration and monthly remittance of social security contributions for all employees, ten percent employer and five percent employee.	Section 9.4
Local Governments Act (Local Service Tax)	Deduction and remittance of Local Service Tax from qualifying employees.	Section 9.4

Whistleblowers Protection Act, 2010	Protection of anyone who discloses wrongdoing in good faith; prohibition of retaliation; reward on recovered funds.	Section 13.1
Data Protection and Privacy Act, 2019 (Cap. 97), and Regulations, 2021	Lawful, secure handling of personal data in financial records, payroll and payment systems.	Section 14.5
Computer Misuse Act, 2011 (as amended, 2022)	Criminalises electronic fraud and unauthorised access; underpins controls on digital finance.	Chapter 14

Table 2. Core legal and regulatory register. The live register, with how KTN meets each obligation and the evidence held, is maintained by the Finance function and tested at the annual audit (Section 15.3).

4.2 International standards and donor frameworks

Alongside the law, KTN benchmarks itself against international standards and the requirements its donors apply in due diligence, so that the organisation is ready for assessment by any national or international funder without rework.

Standard or framework	What it contributes	Where addressed
COSO Internal Control, Integrated Framework (2013)	The five components of internal control that structure KTN's control environment.	Section 11.3
ISO 31000 (risk management) and ISO 37001 (anti-bribery)	Benchmarks for financial risk management and anti-bribery systems, applied proportionately.	Chapters 6, 12
FATF Recommendation 8 and FATF guidance on non-profits	Risk-based protection of the NGO sector from abuse for money laundering and terrorism financing. Uganda completed its FATF action plan and left enhanced monitoring in February 2024.	Sections 12.4, 12.5
Core Humanitarian Standard (2024 revision)	Commitment that resources are managed and used responsibly, ethically and for their intended purpose.	Whole policy
IFRS for SMEs and INPAG	Financial reporting framework applied on ICPAU guidance; KTN tracks the International Non-Profit Accounting Guidance as it is finalised.	Section 11.1
UN HACT micro-assessment framework	The standard areas a UN funder assesses: governance, staffing, accounting, reporting, procurement, assets and human resources. KTN maintains readiness against each.	Sections 10.3, 15.3
Donor financial rules (for example EU, FCDO, UN agencies, US Government 2 CFR 200, foundations)	Grant-specific conditions on eligibility, documentation, procurement, cost rates, reporting and audit, tracked per grant in the donor compliance matrix.	Chapter 10; Annex F
UN, US, UK and EU sanctions lists	Screening of significant suppliers, partners and payees before funds move.	Section 12.5

Table 3. Standards, donor and good-practice register. Donor conditions are tracked grant-by-grant in Annex F.

4.3 Keeping the registers live

The Finance function maintains the compliance obligations register behind Table 2 and the evidence file that proves each obligation met, reviews both quarterly, and reports changes in law or donor requirements into the annual policy review under Section 16.2. A legal obligation discovered late is handled as a near-miss: met immediately, then examined for why the register missed it.

5

CHAPTER FIVE

FINANCIAL GOVERNANCE AND DELEGATION OF AUTHORITY

Who owns the money's integrity, from Board to budget holder, and how authority is divided so no one holds a transaction alone.

5 Financial Governance and Delegation of Authority

5.1 The Board of Directors

The Board holds ultimate accountability for KTN's financial health and integrity. It approves this policy, the annual budget, the financial statements and the appointment of the external auditor; it sets and reviews the authority limits in Annex A; it receives the annual financial governance statement and the auditor's findings; and it satisfies itself once a year that the organisation is meeting its legal obligations and its own commitments.

5.2 The Finance and Audit Sub-Committee

The Finance and Audit Sub-Committee gives detailed attention to what the full Board cannot: quarterly financial reports and variances, the financial risk register, internal control reviews, audit planning and findings, fraud reports and investigations, and the follow-up of corrective actions. It reports to the Board at each Board meeting and may meet the external auditor without management present.

5.3 The Executive Director

The Executive Director is accountable to the Board for financial management in practice: proposing budgets, operating within them, maintaining the control environment, signing within delegated authority, ensuring statutory and donor compliance, appointing the custodians of this policy in writing, and reporting honestly, including bad news, fast.

5.4 The Finance function

The Finance function, whether one officer or a future finance team, maintains the books and records, processes transactions, runs payroll, manages cash, banking and mobile money, prepares budgets and reports, maintains the registers this policy requires, supports audits, and applies the controls in this policy without exception. Finance staff raise any pressure to bypass a control directly with the Executive Director or, where the pressure comes from there, with the Finance and Audit Sub-Committee.

5.5 Budget holders and all personnel

Budget holders plan and manage their lines, spend only what is authorised, and keep proper records. Every person covered by this policy handles KTN's money and property honestly, follows the controls, keeps documents, declares conflicts, and reports suspected loss or dishonesty promptly.

5.6 Delegation of authority and segregation of duties

Financial authority at KTN is delegated in writing, exercised personally, and never concentrated. The person who requests a spend is not the person who approves it, and neither is the person who executes the payment or records it. Bank and mobile money payments require two authorised approvers. No one approves a payment to themselves, to a relative, or to any interest they have declared, and approval limits cannot be evaded by splitting a payment into smaller parts.

Authority	Held by
Approve this policy, the annual budget, the financial statements, authority limits and bank mandates	Board of Directors
Commit and approve expenditure within Board-set limits	Executive Director, and budget holders within their delegated bands (Annex A)
Sign bank and mobile money payments	Two authorised signatories from the Board-approved mandate (Annex B)
Open, change or close any bank account or wallet	Board resolution only
Approve budget variations within a programme	Executive Director, within the tolerance the Board sets
Approve budget variations between donor lines	The donor, in writing, then the Board or its Sub-Committee
Write off a loss or debt	Board, on the Sub-Committee's recommendation

Table 4. Summary of financial authority levels. The full matrix, with monetary bands in Uganda Shillings, is Annex A and is reviewed by the Board at least annually.

Because KTN's team is small, perfect separation is not always possible. Where one person must hold two steps of a transaction, a compensating control applies: a second review of the reconciliation, Sub-Committee sampling of transactions, or Board-level sign-off. The principle does not bend: no transaction is ever one person's alone.

6

CHAPTER SIX

FINANCIAL RISK MANAGEMENT

Identify honestly, rate consistently, own individually. The risks to KTN's funds and the red flags everyone is trained to see.

6 Financial Risk Management

6.1 The approach

KTN manages financial risk the way it manages every other risk: identify honestly, rate consistently, own individually, and review quarterly. The Finance function maintains the financial risk and control register at Annex G as part of the organisational risk register, and the Finance and Audit Sub-Committee reviews it every quarter. Each risk has a named owner, a likelihood and impact rating, the key controls that hold it, and the next action that strengthens them.

6.2 Categories of financial risk

Category	Typical risks for KTN
Fraud and integrity	False invoices, ghost workers, kickbacks, misuse of mobile money, collusion with suppliers, falsified field payments.
Liquidity and funding	Donor payment delays, currency swings, over-reliance on a single funder, commitments made ahead of confirmed income.
Compliance	Missed statutory deadlines, breach of donor conditions, ineligible costs, incomplete records at audit.
Custody	Cash loss in transit or storage, theft of assets, uncollected advances, unreconciled wallets.
Systems and data	Loss of accounting data, weak access controls, electronic payment fraud, phishing of signatories.
Partner and sub-grant	Partner misuse of funds, weak partner controls, double funding, incomplete partner reporting.

Table 5. Categories of financial risk. The live register with ratings, owners and controls is Annex G.

6.3 Risk appetite

Risk appetite is set by the Board and is deliberately conservative: KTN accepts programme risk in pursuit of its mission, but it does not accept integrity risk. A control gap found anywhere, by anyone, is itself reportable under Section 13.1.

6.4 The annual fraud risk assessment

Once a year, and whenever a new grant, payment channel, location or partner changes the picture, KTN runs a structured fraud risk assessment: where money enters, moves and leaves; who touches it; which controls hold each step; and where the gaps are. The assessment updates the risk register at Annex G and drives the year's control improvements. The sector's experience says the assessment should look hardest at procurement collusion, payroll and allowances, cash and mobile money in the field, fuel, and partner transfers, and KTN does.

6.5 Red flags

Red flags are the early warnings. One alone may have an innocent explanation; it still gets a closer look, because the cost of looking is minutes and the cost of not looking is children’s money. The register at Annex C lists the warning signs KTN trains its people to notice, from invoices just under approval limits to suppliers nobody can visit to lifestyles that pay no attention to salaries. Anyone who notices a red flag reports it under Section 13.1; noticing and staying silent is itself a breach of this policy.

7

CHAPTER SEVEN

BUDGETING, PLANNING AND SUSTAINABILITY

Living within an approved budget, confronting variances early, and building the reserves that keep promises through shocks.

7 Budgeting, Planning and Sustainability

7.1 The annual budget

KTN works to an annual organisational budget approved by the Board before the financial year begins, built from the Strategic Plan, confirmed and realistically expected funding, and the real cost of running the organisation safely, including its statutory obligations, audit, insurance and reserves. Grant budgets nest inside the organisational budget and never contradict it.

7.2 Budget control and variance

Every budget line has a named budget holder. Spending is committed only against an approved line with funds available. Monthly management accounts compare actual income and expenditure against budget, and the budget holder explains any significant variance and the action being taken. The Executive Director may approve variations within the tolerance the Board sets; anything larger, and any variation that touches a donor's restricted line, follows Section 10.1. Budgets are revised through the same authority that approved them, never informally.

7.3 Honest budgeting

KTN budgets honestly: no padding, no optimistic income entered to balance a plan, and full recovery of its fair share of core costs from each grant where the donor's rules allow, so that the organisation is not quietly subsidising projects into insolvency.

7.4 Reserves and financial sustainability

Financial integrity is not only clean hands; it is staying solvent so promises to children are kept. KTN manages sustainability through the Resource Mobilisation and Sustainability Strategy: a diversified funding pipeline, full and honest cost recovery on every grant, commitments made only against confirmed funds, and early, honest conversations with donors when circumstances change.

The Board sets a reserves target of at least three months of core operating costs, built deliberately from unrestricted income as the organisation grows, and reviews progress toward it annually. Reserves exist to protect the mission through funding gaps and shocks, and may be drawn only by Board decision with a plan to restore them. KTN closes each year within its means: a deficit is confronted in-year through the budget process, never papered over and never quietly borrowed from restricted funds, which Section 10.1 forbids absolutely.

8

CHAPTER EIGHT

INCOME, BANKING, CASH AND DIGITAL MONEY

Every shilling in, banked promptly and intact. Accounts, cash floats and the mobile money rails Karamoja actually runs on.

8 Income, Banking, Cash and Digital Money

8.1 Income, grants and donations

All income is recorded when received, receipted, and banked promptly and intact into a Board-approved account or wallet. Grants are recorded against the donor, the agreement and the purpose given; donations are receipted and acknowledged; and any earned income is recorded against its source. No income is held off the books, in personal accounts, or in undisclosed funds, and nobody solicits funds in KTN's name without the Executive Director's written approval.

Before accepting significant funding, KTN applies the responsible funding test in Section 12.5: the source is known, lawful and consistent with KTN's values and safeguarding obligations, and the conditions attached are ones KTN can honestly meet. A grant agreement is signed only by the Executive Director or the Board, after the Finance function has confirmed the budget, the reporting calendar and the compliance requirements are workable. In-kind donations are valued, recorded and acknowledged like money, and enter the asset or stock records under the Procurement and Asset Management Policy.

8.2 Banking

KTN holds its funds in bank accounts opened by Board resolution with regulated financial institutions in Uganda, declared to the NGO Bureau as required. The Board-approved mandate at Annex B lists every account, its purpose, its signatories and its approval rules; every payment from any account requires two authorised signatories, and internet banking rights mirror the same dual control. Bank reconciliations are prepared monthly for every account by someone who does not execute payments, reviewed and signed by the Executive Director, and filed for audit.

8.3 Cash and petty cash

Cash is the highest-risk form of money and KTN keeps it scarce. Petty cash operates on a fixed float within a Board-set ceiling, held securely, supported by receipts, topped up only against a reconciled count, and spot-checked without notice. Field cash for outreach along the corridor is issued as a personal, documented advance under Section 9.5, carried and stored under the Health, Safety and Security Policy's rules, and accounted for within days, not weeks. Cash is never left unsecured, never moved alone where the amount is significant, and never borrowed, even briefly, by anyone.

8.4 Mobile money and digital payments

Mobile money is how money actually moves in Karamoja and along the corridor, and KTN treats it with the same discipline as a bank account. KTN uses registered organisational wallets approved by Board resolution and recorded in Annex B, not personal numbers, for organisational funds. Dual authorisation applies to wallet payments: the officer who initiates is not the person who approves, and where a provider's platform supports maker-checker controls, they are switched on. Wallets are reconciled monthly against provider statements, exactly like bank accounts.

Payments to beneficiaries, casual workers or suppliers by mobile money are made against an approved, documented list, to numbers verified and registered in advance, with confirmation records kept. Bulk payments use the provider's bulk-payment service with an approval file behind every run.

Airtime and data are bought through documented, receipted channels. Statutory levies on mobile money transactions are budgeted as a cost of doing business, and the choice between bank, wallet and cash for any payment stream is reviewed annually on cost, safety and evidence. Staff never receive organisational funds on personal wallets except as a documented advance under Section 9.5, and never lend their identity to a transaction that is not theirs.

9

CHAPTER NINE

SPENDING KTN’S MONEY

Five tests before any payment: purpose, budget, authority, evidence, recording. Payroll, statutory duties, travel and advances.

9 Spending KTN's Money

9.1 The five tests

Every payment KTN makes passes five tests before it is made: purpose, budget, authority, evidence and recording. The purpose is a genuine KTN purpose. The spend sits within an approved budget line with funds available. It is approved in advance by the right level under Annex A. It is supported by proper documents: a requisition, the procurement record the Procurement and Asset Management Policy requires, a contract or order where applicable, an original invoice or receipt, and evidence of delivery. And it is recorded accurately, promptly and to the right code.

9.2 Payment discipline

Payments are made by traceable means, bank transfer or organisational mobile money, wherever possible; cheques where used are crossed and never pre-signed; cash payments are the exception and carry full documentation. KTN requests EFRIS e-receipts from VAT-registered suppliers. No payment is made against a photocopy where an original is expected, to an account or wallet that does not match the verified payee, or to a personal account in place of a supplier or payroll payment. Invoices are paid once: paid documents are marked, and the ledger is checked for duplicates before payment runs. Splitting a payment to stay under an approval limit is itself a breach of this policy.

9.3 Payroll

Staff are paid accurately, on time, and against an approved payroll that matches real people on real contracts. Changes to the payroll, joiners, leavers, pay changes and allowances, are authorised in writing under the Human Resources and People Management Policy before they take effect, and the payroll is reviewed each month by someone who does not prepare it, comparing it to the previous month and to the staff establishment. Salaries are paid by bank or registered mobile wallet in the employee's own verified name, and each employee receives a pay statement.

Ghost workers are a defining NGO fraud and KTN closes the door on them structurally: no one joins the payroll without a signed contract and verified identity, payment goes only to accounts or wallets in the employee's own name, and the annual audit verifies a sample of payroll against people who demonstrably exist and work.

9.4 Statutory obligations and organisational tax

KTN deducts and remits every statutory obligation in full and on time, keeps the filings and receipts as evidence, and reconciles statutory liabilities monthly. The standing obligations are summarised below; deadlines are tracked in the compliance calendar the Finance function maintains.

Obligation	What KTN does	When
PAYE (URA)	Deducts income tax from every employee under the PAYE bands and remits with a monthly return.	By the 15th of the following month
NSSF	Remits fifteen percent of gross pay, ten percent employer and five percent employee, for every employee.	By the 15th of the following month

Withholding tax (URA)	Withholds and remits WHT on qualifying supplier and professional payments where KTN is required to do so.	By the 15th of the following month
Local Service Tax	Deducts LST from qualifying employees and remits to the local government.	Annually, per the local schedule
NGO Bureau	Files the annual return with audited financial statements.	Annually
URA (organisation)	Maintains TIN registration, files the returns applicable to an exempt organisation, and holds any exemption ruling current.	Per URA calendar

Table 6. Statutory payment and filing calendar. The live calendar with exact statutory dates for each year is maintained by the Finance function and reviewed quarterly by the Sub-Committee.

As a not-for-profit company limited by guarantee, KTN maintains its eligibility as an exempt organisation under the Income Tax Act and holds any URA exemption ruling current; exemption is never assumed where a ruling is required. Exemption from income tax does not reduce KTN's duties as an employer and payer. KTN claims only the reliefs it is entitled to, keeps the documentation behind every relief, and seeks professional advice where the law is unclear rather than guessing. The standing rule is simple: the organisation that asks the government to protect children pays the government what the law requires, to the shilling.

9.5 Travel, advances and accountability of funds

Advances exist so the work can move; accountability is the price of the next one. An advance is issued only for a genuine, approved activity, to a named person, at the rates and within the ceilings KTN sets, using the form at Annex H. It is accounted for with receipts and evidence within ten working days of the activity ending, and the balance is refunded at the same time. A person with an outstanding unaccounted advance receives no further advance, and an advance outstanding beyond thirty days without cause is recoverable from pay and treated as a reportable incident.

Travel is planned and approved before it happens, uses the most economical practical option, and is claimed at KTN's approved rates with supporting documents. Per diems follow the approved scale and are never claimed for costs a host or donor already covers. Fuel is drawn against vehicle records under the Procurement and Asset Management Policy, and field payment floats follow the cash rules in Section 8.3. Claims are honest to the shilling; a padded claim is fraud, whatever its size.

9.6 The procurement and asset interface

Buying and the custody of assets are governed in detail by the Procurement and Asset Management Policy; this policy is the financial spine those rules stand on. The Finance function pays only against procurement files that are complete under that policy: the right competition for the value, documented evaluation, a valid order or contract, and evidence of delivery. Assets bought appear in the asset register before payment is closed; stock enters the stores records; and disposals return their proceeds to a KTN account with the paperwork the Procurement policy requires. The two policies deliberately overlap on integrity: conflicts of interest, gifts, kickbacks and supplier collusion are governed by both, and the stricter provision always applies. A procurement red flag is a finance red flag, and either is reportable under Section 13.1.

10

CHAPTER TEN

DONOR FUNDS, PARTNERS AND SUB-GRANTS

Restricted money spent only as given, and partners held to the same standards KTN holds itself.

10 Donor Funds, Partners and Sub-Grants

10.1 Restricted funding

Restricted funds are spent only on their given purpose, tracked line by line against the donor budget, and reported in the donor's format on the donor's calendar. KTN does not move money between donors or between restricted purposes to cover a gap, does not charge the same cost to two funders, and does not spend ahead of a grant's start date or after its end date without written donor agreement. Currency is managed honestly: exchange differences are recorded and reported under the donor's rules. Unspent restricted funds at close-out are returned or reallocated exactly as the agreement provides.

10.2 The donor compliance matrix

Each grant has a compliance matrix opened at signature (Annex F) recording its budget, its eligible and ineligible costs, its procurement and documentation rules, its reporting dates, its audit rights and its close-out requirements, and the Finance function tracks performance against it monthly. Where a donor's requirements are stricter than this policy, the stricter rule applies to that grant; where KTN cannot meet a proposed condition, it says so before signing, not after.

10.3 Partners and sub-grants

When KTN passes funds to a partner, KTN remains accountable to its donor for every shilling. Before any transfer, KTN assesses the partner's financial capacity in proportion to the amount and risk, using the areas a UN HACT micro-assessment covers as its checklist: governance, staffing, accounting, reporting, procurement, assets and human resources. The findings set the funding modality, the tranche sizes, the reporting rhythm and the support the partner needs.

Requirement	What KTN requires of every funded partner
Agreement	A signed agreement before any funds move, carrying the budget, workplan, reporting calendar, eligible costs, anti-fraud, anti-bribery, AML and sanctions clauses, audit and inspection rights, safeguarding obligations and close-out terms.
Banking	Funds received into the partner's own registered account; no personal accounts, ever.
Records	Proper books, original documents, and retention for the period KTN's donor requires.
Reporting	Financial reports with evidence on the agreed calendar, reconciled to the partner's records, before further tranches move.
Integrity	Immediate reporting to KTN of any suspected fraud, loss or conflict of interest touching the funds.
Verification	KTN spot-checks, field verification and, where warranted, audit at KTN's election.

Table 7. Financial requirements for partners and sub-grantees. The clauses are standard in every KTN funding agreement.

Tranches follow performance: a partner with unaccounted funds or overdue reports receives nothing further until the gap is closed. Where a partner fails seriously, KTN suspends, recovers, and reports to its donor exactly as its own agreement requires. Support comes first, though: KTN chooses partners for mission fit and builds their systems where it can, because strong local partners are part of KTN’s own mission.

11

CHAPTER ELEVEN

ACCOUNTING, REPORTING, CONTROLS AND AUDIT

Honest books closed monthly, reporting on a fixed calendar, controls built on COSO, and an audit welcomed every year.

11 Accounting, Reporting, Controls and Audit

11.1 Books and records

KTN keeps proper, accurate and current books of account that show its income, expenditure, assets and liabilities, transaction by transaction, code by code, fund by fund. The books are kept in a recognised accounting system with controlled access, closed monthly against the checklist at Annex E, and reconciled to every bank account, wallet, advance and statutory liability. Original supporting documents are filed so that any transaction can be traced from record to evidence in minutes, and records are retained for at least ten years or the longer period a donor requires.

Financial statements are prepared annually within six months of year end, on the financial reporting framework applicable to Ugandan non-profit entities on ICPAU guidance, currently IFRS for SMEs adapted to a not-for-profit presentation. KTN tracks the International Non-Profit Accounting Guidance (INPAG) being finalised internationally and will adopt it as ICPAU and donor practice settle.

11.2 The reporting calendar

Report	Contents	When and to whom
Monthly management accounts	Income and spending against budget, cash and wallet position, variances and actions, advances outstanding, statutory status.	Monthly, to the Executive Director; summarised quarterly to the Sub-Committee
Quarterly finance report	Management accounts plus grant-by-grant status, risk register movements and compliance calendar status.	Quarterly, to the Finance and Audit Sub-Committee
Donor reports	Each grant's financial report in the donor's format, reconciled to the books.	Per each grant agreement
Annual financial statements	Full statements with notes, audited.	Within six months of year end, to the Board, the NGO Bureau and donors as required
Annual financial governance statement	The year's financial performance, control health, incidents, audit findings and improvement plan, in plain language.	Annually, to the Board; published in line with KTN's transparency values

Table 8. Financial reporting calendar. Dates for each year are fixed in the compliance calendar (Section 9.4).

11.3 The internal control framework

KTN structures its internal control on the COSO Internal Control, Integrated Framework, the international reference for control design, applied at a scale honest to a small organisation. The five components and what they mean at KTN:

Component	What it means at KTN

Control environment	Board-level ownership of integrity, this policy suite, clear authority, honest recruitment, and leaders who follow the rules they set.
Risk assessment	The financial risk register (Chapter 6), the fraud risk assessment (Section 6.4), and a fresh look whenever a new grant, tool or location changes the risk picture.
Control activities	Separation of duties, approval limits, dual signatures, documentation standards, reconciliations, physical and digital custody rules, payroll verification.
Information and communication	Accurate books, monthly closes, honest reporting up to the Board and out to donors, and open channels for anyone to raise a concern.
Monitoring activities	Monthly reviews, quarterly Sub-Committee oversight, spot checks, internal reviews, the annual external audit, and tracked corrective actions.

Table 9. The five components of internal control (COSO 2013), translated to KTN's scale.

Assurance is organised on the three-lines model: management and the Finance function operate the controls; the Executive Director and Sub-Committee monitor them; and the external auditor, with any donor-commissioned reviews, provides independent assurance. The key controls are registered in Annex G, each mapped to the risk it holds and tested at least annually. A control that fails is fixed and retested; a control nobody follows is redesigned, not ignored.

11.4 Internal review

Between audits, KTN runs its own internal reviews: monthly reconciliation reviews, unannounced cash and wallet counts, quarterly transaction sampling by someone independent of processing, and pre-award readiness checks against donor requirements. Where donors commission their own audits, spot checks or verifications, KTN cooperates fully and folds their findings into the same action list.

11.5 External audit

KTN's accounts are audited every year by an independent external auditor, a member firm in good standing with ICPAU, appointed by the Board on the Sub-Committee's recommendation for a defined term with rotation the Board keeps under review. The auditor has unrestricted access to records, people and premises, and may meet the Sub-Committee without management present. The audited statements are filed with the NGO Bureau and shared with donors as agreements require. Management letters are treated as free consultancy, not criticism: every finding enters a tracked action list with an owner and a date, and the Sub-Committee reviews progress quarterly until every item closes.

12

CHAPTER TWELVE

ZERO TOLERANCE: FRAUD, BRIBERY AND CORRUPTION

Every credible concern examined, every proven case answered, whatever the seniority. The law, the offences, and KTN's absolute lines.

12 Zero Tolerance: Fraud, Bribery and Corruption

12.1 The stand

KTN holds a position of zero tolerance towards fraud, bribery, corruption, theft and embezzlement, by anyone connected to the organisation, at any level, in any amount. Zero tolerance means three concrete things: every credible concern is looked into, every proven case carries consequences whatever the seniority of the person, and no loss is quietly absorbed for convenience or reputation. It does not mean a culture of suspicion; it means a culture where honesty is ordinary and protected.

12.2 The offences and the law

These are not only KTN rules. They are crimes, defined and punished under Ugandan law:

Conduct	Ugandan law
Corruption, bribery, influence peddling	Anti-Corruption Act, 2009 (Cap. 116), which criminalises soliciting or accepting, offering or giving, any undue advantage to influence a duty.
Embezzlement and causing financial loss	Anti-Corruption Act, 2009 (Cap. 116); conversion of entrusted funds and acts or omissions causing loss to an organisation.
Abuse of office	Anti-Corruption Act, 2009 (Cap. 116); doing or directing an arbitrary act prejudicial to another in abuse of one's position.
Theft, forgery, obtaining by false pretences	Penal Code Act, Cap. 120.
Electronic fraud and unauthorised access	Computer Misuse Act, 2011, as amended in 2022.
Money laundering	Anti-Money Laundering Act, 2013 (Cap. 118), as amended.
Terrorism financing	Anti-Terrorism Act, 2002 (Cap. 120), as amended.

Table 10. Fraud, bribery and corruption offences under Ugandan law. The 2015 amendment to the Anti-Corruption Act added mandatory confiscation of property gained through corruption.

12.3 Absolute lines

Specific KTN rules follow from this stand. No one offers, gives, solicits or accepts a bribe, kickback or facilitation payment, for any reason, including to speed a lawful service. Gifts and hospitality follow the Conflict of Interest Policy: modest, transparent, recorded, and never cash. Political contributions from KTN funds are prohibited absolutely. And no target, deadline or funding pressure ever justifies a false record; a missed target is a problem, a falsified one is the end of trust.

12.4 Anti-money laundering and counter-terrorism financing

Non-governmental organisations are accountable persons under Uganda's Anti-Money Laundering Act, 2013 (Cap. 118), and the international standard-setter for this field, the Financial Action Task Force, asks the non-profit sector to protect itself in proportion to its risk. Uganda completed its FATF action plan and exited enhanced monitoring in February 2024; the compliance culture that achieved that runs through the sector, and KTN carries its share.

Duty	How KTN meets it
Know the source of funds	The responsible funding test (Section 12.5) before significant income is accepted; donor identity and legitimacy documented at agreement.
Know who is paid	Verified identities for suppliers, partners and significant payees; payments only to accounts and wallets matching the verified payee.
Keep records	Full transaction records retained at least ten years, traceable end to end.
Watch for suspicious transactions	Staff trained on indicators; unusual routing, unexplained third parties, pressure for cash or speed, and structuring all trigger review.
Report	Suspicious transactions reported to the Financial Intelligence Authority as the Act requires, on the Executive Director's authority, without tipping off; registration and returns with the FIA kept current as applicable.

Table 11. Anti-money-laundering and counter-terrorism-financing duties. Reporting to the FIA follows the Act's procedure and timelines.

KTN does not accept anonymous funds of significant value, funds whose origin cannot be reasonably established, or funds conditioned on concealment. Cash donations above a threshold the Board sets are declined in favour of traceable channels. These rules protect the organisation, and they protect the sector's access to the financial system on which every Ugandan NGO depends.

12.5 Sanctions screening and responsible funding

Before significant funds move in either direction, KTN checks who it is dealing with. Significant suppliers, partners, sub-grantees and payees are screened against the United Nations Security Council Consolidated List and, where a funding agreement requires, the United States, United Kingdom and European Union sanctions lists, using the screening tools its donors accept. Screening is documented, repeated at reasonable intervals for continuing relationships, and always completed before first payment. A true match stops the transaction and is escalated to the Executive Director and the Board.

Responsible funding is the same test faced the other way. Before accepting significant funding, KTN satisfies itself that the source is lawful and legitimate, that the funder's purpose is consistent with KTN's mission, values and safeguarding obligations, and that the conditions attached are ones KTN can honestly meet. KTN declines funding it cannot accept lawfully or in good conscience, and records the decision. Where a prospective funder's identity or expectations raise concerns that cannot be resolved, the answer is no, however large the cheque.

13

CHAPTER THIRTEEN

RAISING CONCERNS AND RESPONDING TO WRONGDOING

Safe routes to speak, absolute protection for good faith, and a fixed path from first report to investigation, recovery and lessons.

13 Raising Concerns and Responding to Wrongdoing

13.1 Reporting concerns and whistleblower protection

Anyone, inside or outside KTN, can report a financial concern, and everyone inside KTN has a duty to. Routes are deliberately multiple: a line manager, the Finance function, the Executive Director, the channels in the Whistleblowing and Protected Disclosure Policy, or, where senior people are involved or the normal routes are not safe, directly to the Chairperson of the Finance and Audit Sub-Committee or the Board Chairperson. Concerns can be raised in person, in writing, by phone, anonymously, and in Nga'Karamojong, English or any language the reporter is comfortable in. Community members can also use the Complaints and Community Feedback Procedure; a financial concern arriving through any door reaches the same process.

Protection is absolute for good faith. Under the Whistleblowers Protection Act, 2010 and this policy, no one who raises a concern honestly will suffer for it, whatever the investigation concludes, and any retaliation, however subtle, is gross misconduct. The Act also provides for a reward to whistleblowers of five percent of funds recovered through their disclosure, and KTN will support any reporter's lawful claim. Identity is kept confidential to those who must know; the person raising a concern does not investigate it themselves and does not tip off the person concerned. A deliberately false accusation, as opposed to an honest mistake, is itself misconduct.

> *Tips detect more fraud than audits, reviews and surveillance combined. The person most likely to save KTN's money is the colleague who speaks up.*
>
> **ACFE, Report to the Nations 2024, applied to KTN**

13.2 The fraud response plan

When a concern lands, KTN moves on a fixed path, quickly and fairly. The full plan is summarised below and operates with the incident form at Annex D. Its principles: protect evidence, protect people, presume nothing, and let facts decide.

Stage	What happens	Who leads	When
Receive and record	The concern is logged on the incident form, confidentially; the reporter is thanked and protected.	Receiver of the report	Same day
Secure	Evidence is preserved: documents, records, system access frozen where needed; no tip-off.	Executive Director	Within 24 hours
Assess	Initial assessment: credible? what is at risk? who must be independent? donors or authorities to notify now?	Executive Director with Sub-Committee Chair	Within 3 working days
Investigate	Fair, confidential investigation by a person or panel independent of the matter; the person concerned is heard; findings in writing.	Appointed investigator	Normally within 30 days

Decide and act	Findings to the Executive Director or, where senior staff or the ED are involved, to the Board; discipline, recovery, referral as warranted.	ED or Board	Within 10 working days of findings
Report and learn	Donors notified per agreements; authorities engaged where the law requires; controls that failed are fixed; the register and training updated.	ED; Sub-Committee tracks	To closure

Table 12. Fraud response plan, from concern to closure. Where the Executive Director is implicated, every role passes to the Board.

13.3 Investigation conduct

Suspension on full pay pending investigation protects both the person and the process and implies no guilt. Where criminal conduct appears, KTN reports to the Uganda Police or the relevant authority and preserves evidence to criminal standards; internal discipline proceeds on its own track. Donors are informed exactly as their agreements require, at the times they require, with the honesty the relationship deserves.

13.4 Discipline, recovery and referral

Consequences follow findings, consistently and without regard to position. Proven fraud, bribery, corruption or theft by a staff member is gross misconduct leading to dismissal under the Human Resources and People Management Policy; by a volunteer or intern, to termination of engagement; by a Board member, to removal under KTN's constitution; by a supplier or partner, to termination and blacklisting under the Procurement and Asset Management Policy. Lesser breaches of this policy carry proportionate discipline, and repeated carelessness with controls is itself a conduct issue.

KTN pursues recovery of what was lost, through repayment agreement, deduction where lawful, civil action or the criminal process, weighing cost against principle but starting from the principle that stolen money belongs to children. Criminal referral is made where the law requires and otherwise wherever the evidence warrants it; KTN does not trade silence for repayment. Every closed case ends with the same question, asked in writing: which control failed, and what has changed so it cannot fail the same way again?

14

CHAPTER FOURTEEN

TECHNOLOGY, DATA AND FUTURE-READY FINANCE

Controls that survive every new tool, from mobile wallets to cloud accounting to machine-assisted checks, without rebuilding this policy.

14 Technology, Data and Future-Ready Finance

14.1 Technology-neutral controls

KTN's finance systems will change many times as the organisation grows; this policy is written so the controls survive every change. The rule is technology-neutral: whatever the tool, the five payment tests in Section 9.1, dual authorisation, separation of duties, reconciliation and documentation all still apply. New financial technology is adopted deliberately: assessed for cost, control, data protection and vendor integrity under the IT and AI Use Policy, approved by the Executive Director, and reflected in this policy's registers before it goes live.

14.2 Today's systems

KTN keeps its books in a recognised accounting system with controlled, individual user access and off-site backup, moving to cloud accounting as resources allow so that records survive any single machine. Banking and mobile money platforms run with maker-checker controls and hardware or app-based authentication in the signatories' own names; credentials are never shared, and finance devices follow the IT and AI Use Policy's security rules against phishing and fraud, which the Computer Misuse Act, 2011, as amended in 2022, also criminalises. E-invoicing through URA's EFRIS is requested from VAT-registered suppliers, and digital receipts are filed like paper ones.

14.3 Emerging tools

As its data grows, KTN will use analytic and machine-assisted checks, duplicate detection, outlier flags in expenses and payroll, vendor-pattern analysis, to strengthen human review, never to replace accountability: a person owns every decision a tool suggests, in line with the IT and AI Use Policy. Biometric or digital identity verification may be used for payroll or beneficiary payment integrity only with Executive Director approval and full compliance with the Data Protection and Privacy Act, 2019 (Cap. 97).

14.4 Crypto-assets

KTN does not hold or transact in crypto-assets, which the Bank of Uganda does not recognise as legal tender; a donor wishing to give digital assets is asked to convert through a regulated channel, and any exception requires Board approval in writing. If Uganda's regulatory position changes, the Board revisits this rule at a policy review, not by drift.

14.5 Data protection in financial records

Financial records are full of personal data: salaries, bank details, mobile numbers, national IDs, sometimes the identities of vulnerable families receiving support. KTN handles all of it under the Data Protection and Privacy Act, 2019 (Cap. 97) and its Regulations, 2021: collected for lawful purposes, kept accurate and secure, seen only by those who need it, retained only as long as the law and donors require, and disposed of safely. Payroll and beneficiary payment data receive the highest protection, and any registration or notification the Personal Data Protection Office requires is kept current. Access to financial systems is individual, role-based and revoked on exit the same day. A breach involving financial or personal data is an incident under both this policy and the IT and AI Use Policy, reported and handled under whichever rules are stricter.

15

CHAPTER FIFTEEN

ACCOUNTABILITY: ROLES, MONITORING AND COMPLIANCE

Who is responsible and accountable for what, the indicators that measure it, and the readiness file any donor can test.

15 Accountability: Roles, Monitoring and Compliance

15.1 Roles and responsibilities matrix

The matrix below fixes accountability for the core financial duties in this policy. R is responsible for doing the work, A is accountable for its being done, C is consulted, and I is informed. Where KTN's team is still small, one person may hold more than one R, but A never moves without a Board decision, and the compensating controls in Section 5.6 apply.

Duty	Board / Sub-Cttee	Executive Director	Finance function	Budget holders / all staff
Approve policy, budget, statements, limits	A / R	C	C	I
Operate budgets and commit spend	I	A	C	R
Process and record transactions	I	A	R	C
Approve payments within limits	I	A / R	C	R (within bands)
Bank, cash and wallet reconciliations	I (quarterly)	A / reviews	R	I
Payroll and statutory remittances	I	A	R	I
Donor compliance and reporting	I	A	R	C
Partner assessments and funding	C	A	R	C
Risk register and fraud risk assessment	A (oversight)	R	R	C
Receive and act on concerns	A (senior cases)	R	C	R (duty to report)
External audit and corrective actions	A	R	R	C
Annual financial governance statement	A	R	R	I

Table 13. Roles and responsibilities matrix. Appointments of custodial roles are made in writing by the Executive Director; the matrix is reviewed at each policy review.

15.2 Indicators and learning

KTN measures its financial health with a small set of indicators, reported on the calendar in Section 11.2 and reviewed by the Finance and Audit Sub-Committee. Definitions live with the indicator set so the numbers mean the same thing every quarter, and results feed the annual financial governance statement and the policy review.

Indicator	Frequency	Owner
% of months closed on time against the close checklist	Monthly	Finance function

% of bank and wallet accounts reconciled within 10 working days	Monthly	Finance function
% of payments passing the five tests on sampling	Quarterly	Sub-Committee sampling
% of statutory obligations remitted by deadline	Quarterly	Finance function
Advances outstanding beyond 30 days (number and value)	Monthly	Finance function
Budget variance beyond tolerance (lines and value)	Quarterly	Executive Director
Donor reports submitted on time (%)	Quarterly	Finance function
Concerns received, investigated and closed, and time to closure	Quarterly	Executive Director
Audit findings open and overdue	Quarterly	Sub-Committee
Reserves held against the three-month target	Annual	Board

Table 14. Core finance and anti-fraud indicators. KTN develops dashboards on these as its data tools mature, in line with the Data pillar of the SHIELD framework.

Accountability runs outward as well as upward: KTN publishes its audited accounts and its annual statement in line with its transparency values, answers community questions about money honestly through the Complaints and Community Feedback Procedure, and treats every lesson, from a slow reconciliation to a fraud survived, as material for the next improvement.

15.3 Compliance, quality assurance and audit readiness

Compliance is managed as a system, not a scramble. The Finance function maintains the compliance calendar of every statutory and donor deadline, the obligations register behind Table 2, and the evidence file that proves each obligation met. The matrix below is worked through once a year by someone independent of day-to-day processing, with findings, owners and dates going to the Executive Director and the Sub-Committee.

Check	Status (Yes / No / Partial)	Evidence / action
Budget approved by the Board before year start		
All accounts and wallets on the Board-approved mandate, reconciled monthly		
Payments sampled pass purpose, budget, authority, evidence, recording		
Payroll verified against contracts and real people; statutory remittances on time		
Advances accounted within rules; none outstanding beyond 30 days without action		

Restricted funds spent to purpose; donor reports on time; no cross-charging
Partner agreements carry required clauses; partner reports verified
AML: sources of funds known; screening done; any STRs filed properly
Concerns handled per the response plan; no retaliation; lessons closed
Annual statements prepared within six months; audit unqualified or actions tracked
NGO Bureau returns filed; URA status current; registers up to date

Table 15. Compliance and assurance matrix. This checklist doubles as KTN's donor due-diligence readiness file: HACT-style micro-assessments, EU, FCDO, UN and US reviews all draw on the same evidence.

15.4 Resourcing this policy

Good financial governance costs money and KTN budgets for it honestly: the accounting system and its backup, the annual external audit, staff time for the Finance function and its development, training for budget holders and field teams, bank and mobile money charges, professional advice where the law demands it, and the modest costs of the registers and reviews this policy requires. These are core costs of being trustworthy, recovered fairly across grants where donor rules allow. The Executive Director presents the cost of financial governance as an explicit line in each annual budget, and the Board protects it: the control environment is never the first thing cut in a tight year, because it is the thing that keeps every other line honest.

16

CHAPTER SIXTEEN

IMPLEMENTATION, REVIEW AND CONCLUSION

The first year, quarter by quarter, the review discipline that keeps the policy current, and what all of it is for.

15.5 Records, Audit Trail and Retention

Financial control is only as good as the record it leaves. Every transaction, approval and decision under this policy is recorded at the time, protected from alteration, and kept for a set period rather than for as long as it happens to survive. An auditor, a donor or the Board must be able to reconstruct who approved what, when, and on what evidence.

8. **One transaction, one traceable file.** Every payment carries its requisition, approval, invoice or receipt, delivery evidence and bank confirmation under a single voucher number. A payment without a complete file is a control failure, whether or not the money was properly spent.
9. **Approvals recorded against the matrix.** Each approval names the person, the date and the band in Annex A under which it was given. Splitting a transaction to stay under a limit is a breach in itself (Section 9.2) and is visible only if the record is kept this way.
10. **No silent edits.** Ledger entries are not overwritten. A correction is a dated journal with its reason and its approver, leaving the original entry legible. The same rule applies to budgets and to donor reports once submitted.
11. **Systems keep their own log.** The accounting and banking systems record who created, approved, changed or reversed each entry and when. Those logs are retained and reviewed under this section, and are configured so a person cannot erase the record of their own activity. Shared logins defeat this and are prohibited.
12. **Reviewed, not just kept.** The internal review in Section 15.3 and the external audit each test a sample of transactions end to end against this section, including the access logs, and report what they find to the Board.

The periods below are minimums, running from the end of the financial year unless stated otherwise. Where a donor agreement, an open investigation, a tax query or a court process requires longer, the longer period applies, and nothing is destroyed while a matter it relates to is live. At the end of the period records are destroyed securely and the destruction is itself logged: what, when, and on whose authority.

Record	Minimum retention	Held by
Books of account, ledgers, journals and the trial balance	7 years from the end of the financial year	Finance function
Payment vouchers, invoices, receipts, delivery notes and bank records	7 years from the end of the financial year	Finance function
Audited financial statements, management letters and audit files	Permanent	Board Secretary
Donor grant agreements, budgets, reports and expenditure records	7 years after the final report, or as the agreement requires, whichever is longer	Executive Director

Procurement files, contracts and supplier due diligence	7 years after the contract ends	Executive Director
Payroll, statutory deductions and tax filings	10 years	Finance function
Asset register, custody records and disposal approvals	7 years after the asset leaves the register	Finance function
Fraud or loss case files, investigations and findings	10 years from closure, and permanently where a person was found responsible	Executive Director
Board and Sub-Committee minutes, resolutions and delegated authorities	Permanent	Board Secretary
System access, approval and change logs in the accounting and banking systems	12 months, with the most recent 3 months immediately retrievable	Finance function
Bank mandates and signatory changes (Annex B)	7 years after the mandate is superseded	Finance function

These periods follow the seven-year record-keeping requirement of the Companies Act, 2012 (Cap. 106), the Income Tax Act and Uganda Revenue Authority practice on payroll and tax records, the purpose-limitation rule of the Data Protection and Privacy Act, 2019 (Cap. 97), and the twelve-month audit-log standard used in ISO/IEC 27001:2022 (A.8.15) and in PCI DSS. Donor agreements frequently require longer and always override where they do.

16 Implementation, Review and Conclusion

16.1 The first year

This policy takes effect on approval, and its first year is deliberately practical: put the registers in place, train the people, run the rhythm, and prove it at audit.

Action	Lead	By	Done when
Adopt approval limits (Annex A); confirm bank and wallet mandate (Annex B); appoint custodians in writing	Board / ED	Q1	Registers signed
Open the compliance calendar, risk and control register, and incident log; set the monthly close rhythm	Finance	Q1	First close on checklist
Train all staff and volunteers on this policy, red flags and reporting routes; budget-holder training	ED / Finance	Q2	Training records
Complete the first fraud risk assessment; fix priority gaps	ED / Finance	Q2	Assessment filed; actions tracked
Screen existing significant suppliers and partners; complete donor compliance matrices for live grants	Finance	Q3	Matrices and screening on file
First unannounced cash and wallet counts; first quarterly transaction sampling	Sub-Committee	Q3	Reports to Board

First annual financial governance statement; external audit; Year Two plan	ED / Board	Q4	Statement and audit complete

Table 16. One-year implementation plan. Progress is a standing item for the Finance and Audit Sub-Committee.

16.2 Review and updates

This policy is reviewed every three years, with the next scheduled review by March 2029, and earlier where any of the following requires it: a change in Ugandan law or regulation, a new donor requirement KTN must meet, a fraud or loss incident whose lessons touch the policy, a significant new payment technology or funding channel, or audit findings that show a control is not working. Reviews assess whether the policy is being followed as well as whether it is right.

Amendments between reviews follow Section 5.6's authority: the Board approves every change, the Amendment History Register records it, and staff are briefed on what changed and why. The Finance function watches the horizon on the Board's behalf: developments such as the International Non-Profit Accounting Guidance, changes to tax and NSSF law, FIA guidance, and the evolution of digital payments in Uganda are reported into each review so the policy stays ahead of, not behind, its environment.

16.3 Conclusion

KTN asked for the trust of donors, communities and the children of Karamoja before it had a long record to point to. This policy is how that trust is repaid in the meantime: authority divided, money documented, books honest, audits welcomed, dishonesty confronted, and the people who speak up protected. None of it is dramatic. All of it, done every month without exception, is what makes a young organisation worth funding and worth believing.

The measure of this policy is not its pages but its habits: the reconciliation done on the tenth working day, the second signature that was really a second look, the advance accounted before the next one, the question asked about an invoice that seemed slightly wrong. Every shilling that reaches a child intact is the point. Everything in this document exists for that.

A

ANNEXES A TO J

ANNEXES

The working tools: limits, registers, red flags, forms and checklists that turn this policy into daily practice.

17 Annexes

Annex A: Authorisation and Approval Limits Matrix

Amounts are set and reviewed by Board resolution and entered here in Uganda Shillings. All bank and mobile money payments require two authorised signatories regardless of amount.

Type of spending or decision	Approval required
Petty cash item up to UGX 100,000	Finance function, within the float
Expenditure up to UGX 500,000	Budget holder, within an approved line
Expenditure up to UGX 5,000,000	Executive Director
Expenditure above UGX 5,000,000	Board or Finance and Audit Sub-Committee
New grant or funding agreement	Executive Director sign-off; Board approval above UGX 20,000,000
New supplier or contract above UGX 2,000,000	Executive Director, on a complete procurement file
Partner or sub-grant funding (any amount)	Executive Director, on a completed capacity assessment; Board above UGX 10,000,000
Asset disposal	Per the Procurement and Asset Management Policy
Write-off of loss or debt	Board, on Sub-Committee recommendation
Budget variation within programme	Executive Director, within Board tolerance of 10%
Budget variation between donor lines	Donor in writing, then Board or Sub-Committee

Table 17. Authorisation and approval limits matrix. Splitting transactions to evade a limit is a breach of this policy (Section 9.2).

Annex B: Bank and Mobile Money Mandate Register

One row per account or wallet. Changes only by Board resolution, recorded here with the resolution reference.

Account / wallet	Institution / provider	Purpose	Signatories and approval rule
[name / number]	[bank / telecom]	[operations / project / collections]	[two signatories from: _____]

Table 18. Bank and mobile money mandate register. The register is reconciled annually against bank and provider confirmations at audit.

Annex C: Fraud and Corruption Red Flags Register

Warning signs KTN trains its people to notice. One sign asks for a closer look; a cluster asks for a report under Section 13.1.

- documents missing, altered or photocopied where originals are expected; invoices without detail, sequential numbers from one supplier, or amounts just below an approval limit;
- duplicate payments, round-sum claims, or spending that accelerates as a deadline or year end approaches;
- suppliers nobody can visit, suppliers sharing contacts or bank details with staff, or only ever one quotation;
- pressure to pay urgently, to skip a step, to use cash, or to keep something off the record;
- payroll names nobody knows, salaries to numbers not in the employee's name, or per diems for travel that left no trace;
- mobile money floats that do not reconcile, wallet payments to unregistered numbers, or airtime bought outside documented channels;
- advances rolling from month to month, reluctance to take leave, or work never handed over;
- reconciliations late, unbalanced, or balanced by unexplained adjustments;
- a lifestyle that pays no attention to a salary;
- partners whose reports arrive perfect, identical and late.

Annex D: Fraud or Loss Incident Report Form

Completed by whoever receives the concern, marked confidential, and passed under Section 13.2. The log of all forms is kept by the Executive Director; forms touching the Executive Director go directly to the Board.

Field	Entry
Date and time received; received by	
How the concern arrived (route, anonymous or named)	
What is alleged or observed (facts, not conclusions)	
Money, property or records involved (estimate)	
People and suppliers possibly involved	
Immediate steps taken to secure evidence and funds	
Notifications made (ED / Board / authorities / donor)	
Assigned investigator and date	
Outcome, recovery, discipline, referral	
Control gap found and fix implemented	
Date closed and closure approved by	

Table 19. Fraud or loss incident report form.

Annex E: Monthly and Year-End Financial Close Checklist

Worked through every month by the Finance function and signed by the Executive Director; the year-end items are added in the final close before audit.

- all transactions of the month entered, coded and supported; paid invoices marked;
- every bank account and mobile wallet reconciled to statement, differences resolved, reviewer signed;
- petty cash counted and reconciled to the float; unannounced count noted if done;
- payroll reconciled to contracts and establishment; PAYE, NSSF, WHT and LST remitted with proof filed;
- advances listed and aged; items beyond rules escalated;
- grant ledgers reconciled to donor budgets; reports due next month diarised;
- management accounts produced, variances explained, sent to the Executive Director;
- backup of the accounting data confirmed off-machine;
- year end: accruals, asset register agreement, confirmations, statements drafted within the six-month statutory window, audit file assembled.

Annex F: Donor Compliance Matrix

Opened for each grant at signature and kept live to close-out.

Item	Entry for this grant
Donor, agreement reference, currency, dates	
Budget and any flexibility rule (e.g. 10% line tolerance)	
Eligible and ineligible costs; cost-share	
Procurement and documentation rules	
Reporting: financial and narrative dates and formats	
Payment tranches and conditions	
Audit and verification rights; record retention	
Anti-fraud, AML, sanctions and safeguarding clauses	
Visibility and communications conditions	
Close-out: unspent funds, assets, final reports	

Table 20. Donor compliance matrix template.

Annex G: Financial Risk and Control Register

The live register is maintained with the organisational risk register; the starter rows below are reviewed and re-rated at first use. L is likelihood, I is impact, each rated 1 to 5; the score is L multiplied by I.

Risk	L	I	Key controls	Owner and next action
Cash or wallet float diverted in the field			Advance rules; dual wallet control; unannounced counts	
False or inflated supplier invoicing			Five payment tests; procurement file; duplicate checks	
Ghost worker or payroll manipulation			Contract-to-payroll match; independent review; name-matched payment	
Donor funds spent outside purpose			Grant ledgers; compliance matrix; monthly grant review	
Statutory deadline missed			Compliance calendar; monthly close; quarterly review	
Partner misuse of sub-granted funds			Capacity assessment; tranche control; verification	
Electronic payment fraud or phishing			Maker-checker; device rules; verification call-back for changes	
Loss of accounting records			Off-machine backup; access control; cloud migration plan	

Table 21. Financial risk and control register, starter rows.

Annex H: Advance and Accountability Form

Field	Entry
Name and role of recipient; activity and budget line	
Amount, channel (bank / wallet / cash) and date issued	
Approved by (per Annex A)	
Due date for accountability (within 10 working days of activity end)	
Receipts and evidence attached; amount accounted	
Balance refunded / payable; date cleared	
Finance sign-off	

Table 22. Advance and accountability form. No new advance issues while a prior one is outstanding (Section 9.5).

Annex I: Key References

- Constitution of the Republic of Uganda, 1995.
- Non-Governmental Organisations Act, 2016 (Cap. 109), and the NGO Regulations, 2017.
- Companies Act, 2012 (Cap. 106).
- Anti-Corruption Act, 2009 (Cap. 116), and the Anti-Corruption (Amendment) Act, 2015.
- Anti-Money Laundering Act, 2013 (Cap. 118), as amended, and Financial Intelligence Authority guidance.
- Anti-Terrorism Act, 2002 (Cap. 120), as amended.
- Income Tax Act, Cap. 340; Value Added Tax Act, Cap. 349; URA public notices on PAYE, WHT and EFRIS.
- National Social Security Fund Act, as amended by the NSSF (Amendment) Act, 2022.
- Whistleblowers Protection Act, 2010.
- Data Protection and Privacy Act, 2019 (Cap. 97), and the Data Protection and Privacy Regulations, 2021.
- Computer Misuse Act, 2011, and the Computer Misuse (Amendment) Act, 2022.
- COSO, Internal Control, Integrated Framework, 2013.
- ISO 31000:2018 Risk management; ISO 37001:2016 Anti-bribery management systems.
- FATF, Recommendation 8 and Best Practices on Combating the Abuse of Non-Profit Organisations; FATF statement on Uganda, February 2024.
- Transparency International, Corruption Perceptions Index 2024.
- ACFE, Occupational Fraud 2024: A Report to the Nations.
- Core Humanitarian Standard on Quality and Accountability, 2024 revision.
- United Nations, HACT Framework and micro-assessment guidance.
- US Government, 2 CFR 200 Uniform Guidance (2024 revision).
- Humentum and CIPFA, International Non-Profit Accounting Guidance (INPAG), Part 1, 2025.
- KTN Strategic Plan 2026 to 2030 and the KTN governance policy suite.

Annex J: Glossary

Plain-language meanings of terms used in this policy, for induction and community use.

Accountability: being answerable for money and able to show what happened to it.

Advance: money given before spending, to be explained with receipts.

Audit: an independent check of the accounts.

Budget: the approved plan for income and spending.

Fraud: getting money or benefit by dishonesty.

Kickback: a secret payment for steering a decision.

Reconciliation: matching KTN's records against the bank's or provider's.

Funds: money given for one purpose only.

Sanctions list: an official list of people and bodies who must not be funded.

Whistleblower: a person who honestly reports suspected wrongdoing.

Tumaini: Swahili for hope, the name and the point of the organisation.

SHIELDING PASTORALIST CHILDREN · BUILDING FUTURES · LEADING CHANGE

Behind every number is a child with a name.

Every shilling KTN holds was given by someone who believed it would reach a child. This policy is how that belief is honoured, and how KTN proves it, in a record any donor or auditor may ask to see.

Karamoja Tumaini Network

Hope · Heal · Empower

info@karamojatumaini.org · www.karamojatumaini.org

FINANCE AND ANTI-FRAUD POLICY · VERSION 1.0 · EFFECTIVE MARCH 2026