EREDA

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Ethiopian Real Estate Developers Association

Finance and Procurement Manual

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Article 1 Purpose

This manual establishes a comprehensive framework for financial management, budgeting, procurement, and internal controls at EREDA. It ensures transparency, accountability, operational efficiency, and alignment with the association's strategic objectives.

Article 2 Scope

2.1 The manual applies to all financial and procurement activities of EREDA, including operational expenditures, capital investments, grants, sponsorships, member contributions, and project-based transactions.
2.2 The manual covers all employees, management, and board members involved in financial decision-making or procurement processes.
2.3 It distinguishes between internal financial transactions, external collaborations, and project-based activities for clear accountability and reporting.

Article 3 Financial Management Policies

3.1 Accounting and Reporting

3.1.1 All financial transactions must comply with Ethiopian accounting standards and international best practices
3.1.2 Maintain separate accounts for operational, capital, and project funds
3.1.3 Prepare monthly, quarterly, and annual financial reports for submission to the GM and Board of Directors
3.1.4 Reports must include income and expenditure statements, cash flow statements, budget versus actual analysis, and balance sheets

3.2 Budgeting

3.2.1 Prepare annual and five-year operational and capital budgets aligned with strategic objectives
3.2.2 Board approval is required prior to implementation

3.2.3 Variances between budgeted and actual expenditures must be documented with explanations

3.3 Cash Management

3.3.1 Record all cash receipts immediately
3.3.2 Bank accounts require dual signatories: GM and Finance Officer, with approval and recognition from the Board and Board Finance Committee
3.3.3 Petty cash standard limit is 30,000 ETB. Urgent needs up to 50,000 ETB may be approved by the Financial Head of the Board with justification
3.3.4 All purchases must include receipts. Exceptions up to 5,000 ETB require documented justification and GM approval

3.4 Revenue and Incentives

3.4.1 Employee-generated revenue from projects, collaborations, or sponsorships must be reported according to policy
3.4.2 Employee incentives: 5–10 percent of initial revenue until formal contracts are executed
3.4.3 Collaborative ventures: Minimum 20 percent profit share for partners; EREDA's share pre-agreed
3.4.4 Independently secured sponsorships: At least 70 percent of total value allocated to EREDA

Article 4 Procurement Policy

4.1 Procurement Principles

4.1.1 Adhere to transparency, fairness, competitiveness, and value for money
4.1.2 Comply with Ethiopian Private Sector Procurement Proclamation
4.1.3 Declare conflicts of interest and obtain approval before procurement

4.2 Procurement Process

4.2.1 Needs Assessment: Department identifies requirements

4.2.2 Specification and Budget Alignment: Finance and requesting department verify funds and specifications

4.2.3 Quotation/Tender: Minor procurement 50,000–100,000 ETB minimum 3 quotations; Major procurement above 100,000 ETB requires public tender or competitive bidding

4.2.4 Evaluation and Approval: Selection based on quality, price, and delivery; approval by GM and Board for high-value items

4.2.5 Contract Management: Signed agreements include deliverables, timelines, penalties, and payment terms

4.2.6 GM may approve expenditures up to 200,000 ETB. Amounts above require Board approval

4.3 Vendor Management

4.3.1 Maintain a pre-qualified vendor list

4.3.2 Conduct annual performance reviews

4.3.3 Avoid single-source procurement unless justified and documented

Article 5 Asset Management

5.1 Record all fixed assets in an asset register

5.2 Assets include furniture, vehicles, IT equipment, and office facilities

5.3 Conduct annual asset verification

5.4 Disposal or sale of assets requires Board approval

Article 6 Internal Controls and Audits

6.1 Segregation of duties: Authorization, record-keeping, and reconciliation performed by different personnel

6.2 Conduct annual external audits by certified auditors

6.3 Conduct quarterly internal audits

6.4 Report audit findings to Board with corrective actions

Article 7 Roles and Responsibilities

- ***General Manager GM:*** Approve high-value expenditures, contracts, and procurement; oversee financial management; submit reports to Board
- ***Finance Officer / Manager:*** Maintain accounts, prepare reports, monitor budgets, ensure compliance
- ***Procurement Officer:*** Manage procurement, evaluate suppliers, ensure transparency and value for money
- ***Department Heads:*** Identify needs, submit budget requests, approve small expenditures
- ***Board of Directors:*** Approve budgets, major procurement, and financial policies; review audit reports

Article 8 Financial and Procurement Approval Limits

8.1 Expenditures up to 200,000 ETB: GM approval

8.2 Expenditures above 200,000 ETB: Board approval required

8.3 Project-based transactions follow the same limits unless strategic benefits justify higher approvals

Article 9 Monitoring and Reporting

9.1 ***KPIs:*** Percent expenditures aligned with budget, percent procurement on time, percent compliance with tender procedures, audit recommendations implemented

9.2 ***Reports***: Daily petty cash log, weekly procurement summary, monthly financial statements, quarterly budget analysis, annual audit report

Article 10 Compliance

10.1 All financial and procurement activities comply with Ethiopian Commercial Code and Private Sector Proclamation

10.2 Activities follow international best practices in financial management and transparency

Article 11 Strategic Revenue and Contractual Agreements

11.1 Individuals, groups, or companies may collaborate with EREDA for mutual profit if strategically aligned and legally compliant

11.2 Internal staff facilitating such initiatives are entitled to incentives equivalent to external collaborators

11.3 Contractual agreements up to 5 million ETB require GM approval; above 5 million ETB require Board approval

11.4 Payments up to 1 million ETB require GM approval; above 1 million ETB require Board approval

Article 12 Commissions and Benefits

12.1 Staff or external partners generating revenue through strategic collaborations are eligible for commission

12.2 Commission is based on policy-defined percentages and approved by GM or Board depending on amount

12.3 Profit-sharing arrangements must follow legal contracts

Article 13 Projects and Financial Processes

13.1 Project-based transactions must be separated from normal operational finances

13.2 Financial approvals, reporting, and audits tracked independently for project and non-project funds

13.3 Finance signatures and approvals required for all project and non-project transactions according to thresholds

Article 14 Liability and Accountability

14.1 All personnel involved in financial and procurement activities are personally and institutionally liable for negligence, unauthorized actions, or misconduct

14.2 Liability applies to internal and external financial transactions including projects and partnerships

14.3 Exceptions or extraordinary cases may be presented by GM to Board for review and approval

14.4 Breaches may result in reimbursement, disciplinary action warning, suspension, termination, or legal action

14.5 Board members or GM are liable only for decisions outside approved policies or without proper consultation

14.6 Internal controls and insurance mechanisms mitigate exposure to liability

Article 15 Dismissal Disciplinary Actions and Reimbursement

15.1 Progressive disciplinary framework applies warning, suspension; termination

15.2 Disciplinary actions documented and escalated to GM or Board depending on severity

15.3 Employees responsible for financial or operational losses must reimburse EREDA according to policy

Article 16 Special Cases outside Policy

16.1 Any issue not addressed by this manual may be presented by GM to Board for review if it provides strategic benefit to EREDA

16.2 Board may approve exceptions through administrative decisions as special treatment