



**GAM**

GROSS-ROOTS ALTERNATIVE  
MOVEMENT - GAM

**GRASSROOTS ALTERNATIVE MOVEMENT  
FINANCIAL POLICY**

**ADOPTED  
31<sup>st</sup> JANUARY 2021**

**Building a just society. with the tenets of  
fair play, equality, and justice.**

# **GRASS-ROOTS ALTERNATIVE MOVEMENT (GAM)**

## **Financial Policy**

**Whereas**, the Grassroots Alternative Movement (GAM), a legal entity registered under the laws of Liberia and the US State of Minnesota, is a social justice, political and advocacy organization committed to building a just society in Liberia with the tenets of fair play, equality, and justice;

**Whereas**, Article XI, Section 4 of the Constitution and By-Laws of GAM Mandates the Combined Executive Committees (CEC) to develop a Financial Policy for GAM in consultation with the Board of Advisors and adopted by both Convention;

**Whereas**, the Financial Policy applies to the Combined Executive Committees, Board of Advisors, Grievance Committees, members, contractors and volunteers and all those associated with GAM;

**Whereas**, this Financial Policy shall be periodically reviewed and revised by the combined Executive Committees in consultation with the Board of Advisors and adopted by both conventions as circumstances require.

NOW, THEREFORE, THIS FINANCIAL POLICY IS HEREBY PROMULGATED FOR PROPER AND ACCEPTABLE FINANCIAL MANAGEMENT SYSTEM WITHIN THE GRASS-ROOTS ALTERNATIVE MOVEMENT OR GAM

### **Article I: General Purpose**

1. The general purpose of GAM Financial Management and Internal Control Policy is to establish guidelines for control of the administration and implementation of GAM's funds in accordance with GAM goals and objectives; to appropriately safeguard the assets of GAM, make sound financial decisions, and can provide accurate financial reports.
2. This policy governs the financial management system of GAM and complies with the provisions of Title 2. Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Grant Guidance") and the Public Procurement Laws of Liberia. Central to this policy is a sound structure of financial management and control to maintain integrity, ensure accountability on the effective and efficient use of funds.

### **Article II: General Accounting Policies**

- a. GAM accounting system follows generally accepted accounting policies (GAAP)
- b. GAM financial statements are prepared using the cash basis of accounting,
- c. GAM accounting year starts from **1<sup>st</sup> January to 31<sup>st</sup> December every year.**

### **Article III: Financial Responsibilities**

- a. This policy and any later changes shall be made by the combined executive committees with the consent of the Board of Advisors. It shall be approved by the Annual Convention and endorsed by the Board of Advisors.
- b. The finance and budget authority shall be vested in the Executive Chairs. The Board of advisors shall be consulted, and their consent sought on financial matters. The Board of Advisors will delegate the finance and budget authority to the Executive Chairs and the Finance Officer. The

Finance Officer oversees the day-to-day financial management activities of GAM's funds, ensuring the accuracy of the accounting records; internal controls are in place and adhered to, financial reports are prepared and communicated timely.

- c. The Finance Officer will prepare, and maintains a chart of accounts, general ledger, reconciliation of subsidiary system of accounts such as cash management, accounts receivable, journal entries, and required reports for compliance with the Internal Revenue Service (IRS), Foundations, Corporate, Sponsors, State, Federal grant, wqfwqwqftgtntgtntng5t and host country reporting requirements.

#### **Article IV: Accounting Methods & Standards**

- a. **Accounting methods employed by GAM** shall, at a minimum, satisfy such requirements as may be prescribed by federal or state laws (including Liberia and future chapters), regulations, or guidelines. Additionally, accounting methods shall be employed to satisfy applicable government accounting standards promulgated by such competent authoritative.
- b. **Chart of Account:** GAM will develop and maintain a flexible and appropriate chart of accounts to guide present and future funding transactions. The chart of accounts will provide timely, accurate, and meaningful reporting for the GAM governing body and keep adequate control over the accounting framework.
- c. **Voucher & Forms:** GAM shall record and maintain accurate financial records, related correspondences, accounts, statements, and supportive documentation relevant to the organization through vouchers and forms.
- d. **Payment Voucher:** The payment voucher will ensure that expenditures are systematically reviewed and verified before payment is made. The voucher will be completed before a check is raised and invoiced, memos and or request related to such payment is attached. It will establish control over expenditure. A voucher must be prepared for all expenditures including for services, purchase of goods, and other payments. All payments made by cash or check shall be recorded on a voucher from where posting will be made considering various budget lines. Voucher and form shall maintain and provide a complete description of the transaction including the below:
  1. Date of preparation
  2. Voucher number
  3. Account code
  4. Name of payee
  5. Amount paid both in figures and words
  6. The specified purpose for which payment shall be made
  7. Description of items
  8. Signatures

#### **Article V: Administration**

- a. Financial duties and responsibilities are separated so that no one staff has sole control over cash, receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function. The accounting records shall be updated regularly and subject to oversight by Finance staff, the Executive Chairs, or its designee on at least a quarterly basis. The filing system shall be accessible to the board and shall be both electronic and paper base.

- b. **Revenue Generation:** Revenue shall be recognized in the accounting period in which it is earned and measurable. GAM major revenue categories are:
  - 1. **Membership Monthly Contribution:** Each registered member of GAM shall make a monthly contribution of **US\$10** or its equivalence in Liberian dollars. Register members who cannot afford, shall not be obligated to make monthly contribution but can make voluntary contributions.
  - 2. Seed Fund
  - 3. Grants (Foundations, Corporations, Individuals and Governments)
  - 4. Donations and other Contributions
  - 5. Interest on saving accounts.

#### **Article VI: Expense Recognition**

- a. **Expenses:** Expenses are generally recognized in the accounting period in which they are incurred.
- b. **Prepaid Expenses:** Expenses are recognized as they are used or consumed.
- c. **Capital Assets:** Assets are recorded at historical costs and expensed through depreciation over the useful life of the assets. The assets register shall be maintained in a bound book or on a subsidiary card. The register shall provide a sufficient description of each item including:
  - 1. Date procured
  - 2. Quantity
  - 3. Value asset
  - 4. Invoice reference number
  - 5. Physical location of item
  - 6. Serial number of items
  - 7. General condition of item when received
  - 8. Rate of depreciation of the asset

#### **VII: Accounting Records, Identification, and Source Documents**

- a. **Administration of Funds:** In the administration of funds, GAM's financial management system must provide for the following:
  - 1. Maintain adequate accounting records that are supported by source documents, which are the basis for the accounting transactions that are entered into GAM's accounting system. Examples include checks, invoices, copies of checks, and receipts, timesheets, payment vouchers, requisition orders, etc.
  - 2. GAM must maintain records that adequately identify the source and application of funds provided.
  - 3. GAM must maintain source documents that adequately support grant award, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest.

#### **VIII: Financial Reports**

- a. **Reporting Requirements:** GAM must produce accurate, current, and complete disclosure of the financial results of each of the financial activities made in accordance with the financial reporting requirements of GAM. GAM shall use the financial reports as tools to manage, control, ensure compliance, monitor, and inform partners, donors, stakeholders, the Board of Advisors, and members on its financial activities. Such reports shall include:

1. Grant Agencies Reports
2. Management and Board of Advisors Reports

### **IX: Monthly Cash Management Report**

- a. **Monthly Financial Reports:** GAM recognizes the importance of cash management to ensure there are sufficient funds to pay for expenses to operate its programs. The finance staff will monitor the daily cash flow and balances of all funds and provide monthly reports that show the cash position from all sources that are accounted for in the cash accounts, along with bank statements and bank reconciliation.

### **X: Reconciliation of Other General Ledger Accounts**

- a. **Reconciliation:** GAM Financial Officer shall review the fund balance shown on all balance sheets such as cash account, account receivable, account payable, and revenue. He/she shall review the bank reconciliations, schedules of account receivable, revenue, and overdue accounts payable/receivable to support the balances shown on the balance sheet.
- b. **GAM assets accounts** shall include cash, petty cash, pre-payment, property, and equipment.
  1. GAM cash accounts shall agree with the balances shown on the bank reconciliations for each month.
  2. Monthly petty cash shall not exceed **US\$200** or its equivalence in Liberians Dollars.
  3. The pre-payment account shall equal all advance payments made to vendors at the end of the accounting period.
  4. The property, equipment, and fixtures accounts shall equal the total generated from the audited depreciation schedules. When additional purchases are made during the accounting year, the balances in the accounts should be updated accordingly.
  5. Security deposit/Leases account shall equal the amounts paid to landlords and lessors and shall not change frequently but shall be updated as applicable.
- c. **Liabilities:** GAM Liabilities account are described as accounts payable, payroll tax liabilities, loans, and mortgages payable, and amounts due to others.
  1. Account payable shall equal the amounts owed to vendors at the end of the accounting period.
  2. Payroll tax liabilities account shall equal the amount withheld from employment paycheck as well as GAM portion of the expense for the period that has not been remitted to the government authorities.
  3. Due to others includes any amounts owed to others at the end of the accounting period shall be recorded and the balance maintained in the general ledger accounts.
- d. **Incomes:** Income account is described as income from grants, fees and contributions. The revenue charged to various cash accounts shall be reconciled with funding requests, funders, or donor grants and contribution reports
- e. **Expenses:** Expenses include restricted and unrestricted expenses such as personnel, operational, consulting fees, administrative line items, etc. Personnel, operation, consulting fees, and administrative expenses shall be added and reconciled with the amount reported quarterly.

## **XI: Allowable Cost**

- a. A cost is considered accepted if it is allowable under this regulation, GAM By-Laws, standardized rules, and regulations under General Accepted Accounting Principles.
- b. No fund shall be expended for unallowable activities. In determining the allowable costs for activities, GAM must apply the following criteria to expenses:
  1. Be necessary, reasonable, for the performance of the award, and allocable under these principles
  2. Be consistent with policies and procedures that apply uniformly to both partners and or donors financed and other activities of the organization
  3. Be accorded consistent accounting treatment
  4. Be adequately documented and apply treatment of cost consistently
  5. Generally, be treated in accordance with generally accepted accounting principles (GAAP)
- c. GAM must adequately document costs to include compliance with statutory and national policy requirements and prepare reports that measure performance reports.

## **XII: Reasonable Cost**

A cost is **reasonable** if, by its nature or amount, does not exceed the cost that would be incurred by prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining the **reasonableness** of a given cost, consideration should be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation
- b. Whether the individual concerned acted with prudence in the circumstances.
- c. Restraints or requirements on the cost that are imposed by such factors as generally accepted sound business practices.
- d. Significant deviation from the established practices of the organization which may unjustifiably increase award cost.

## **XIII: Allocable Cost**

A cost is allocable to an award in accordance with the relative benefits received and if it:

- a. Is incurred specifically for the activities financed under the award
- b. Benefit the activities under the award and can be distributed in reasonable proportion to the benefit received.

Note: A cost allocable to a particular award may not be shifted to other ward or awards to overcome funding deficiencies or to avoid restriction imposed by law or by the terms of the award.

## **XIV: Financial Statements**

GAM Finance officer shall complete monthly financial statements regularly and present such reports to the Executive Committees within 10 working days at the end of every month.

## **XV: Audit**

GAM shall have a Financial Audit completed annually by a certified, external, independent accounting firm. The finance officer shall have direct responsibility for overseeing the implementation of the audit. The selection of auditors shall be competitively procured using the Request for Proposal (RFP) method to obtain a high-quality audit. The selected audit firm must provide a peer review report as part of the selection process.

Provided there are queries or concerns from the auditor, a management letter detailing such queries and concerns shall be provided to GAM for review and comments or responses prior to the release or publishing of the audit report. The final report shall formally be made available to Board of Advisors for their joint review acceptance with the representatives of GAM, the Executive Chairpersons. The Executive Chairs and the Finance Officers shall make available the completed audit report to the Board of Advisors to accept and approve. The audit shall meet the Generally Accepted Government Auditing Standards (GAGAS).

## **XVI: Banking**

- a. For the purpose of sound financial policy, GAM should have two international bank accounts: One based in Liberia and one based in the United States of America.
- b. Signatories on Bank Account(s): The authorized signatories to the account(s) of the GAM shall be the Executive Chair (EC), Vice Chair for operations and Administrative (VCA) and the Financial Officer (FO). Checks shall be approved by EC and any of the other two signatories. In the case where the VCA is acting as the EC, he or she and the FO shall approve checks.
- c. Additional Bank Account(s): With the advice of the Board of Advisors and the combined Executive Committees in Liberia and the USA, additional bank account(s) may be open in chapters of GAM. The Financial policy of chapter(s) shall be the same as the financial policy of GAM.
- d. Deposits: GAM shall receive donations and contributions through direct deposit and non-direct deposit. Whenever possible, if a fund is received by a member (through non-direct deposit), such fund should be turnover to the Finance Officers for a timely deposit. The deposit receipt shall be attached to the deposit record.
- e. Petty Cash: GAM petty cash shall be kept at GAM offices and shall be used only when necessary to pay for goods and services and shall not exceed the amount of **US\$200.00** or its equivalence in Liberian Dollar. A requisition form shall be completed for each transaction and a receipt acquired upon payment. Petty cash fund drops below **\$50.00**, the Finance officer shall replenish the cash by completing a requisition form for a check written to withdraw cash. Full documentation for such withdrawal shall be retained.
- f. Petty cash shall be disbursed only with the approval of the Executive Chairs. All requests shall be coded by the Financial Officers. Petty cash shall be managed and kept in a locker and reconciled for replenishment monthly.

## **XVII: Disbursement**

During disbursement, whenever possible, the Finance officers shall be responsible for the coding, and preparation of such disbursement and the Executive Chairs shall authorize the disbursements. All invoices

shall be paid promptly, to avoid late penalty charges to apply. No checks shall be written to “cash” or “bearer.” All payment vouchers shall be prepared by the Finance officers and signed according to XVI number 2 above.

### **XVIII: Account Reconciliation**

- a. Bank accounts are reconciled monthly against the account statement. Other balance sheet accounts are reconciled quarterly using GAM reconciliation statement. All supportive documentation shall be a reference and attached.
- b. Bank statements shall be received and reviewed for inconsistent check numbers, cash balances, payees, and other discrepancies. After the review is conducted, the Finance Officers shall initial, date the bottom, and signed to ensure verification and accuracy of the reconciliation.
- c. When reconciling the bank statements, the following should be considered in the procedures:
  1. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash book or receipt journal.
  2. A comparison of donor, organization, sponsors, and internal bank transfers to be certain that both sides of the transactions have been recorded on the books.
  3. An investigation of items rejected by the bank, that is, returned checks or deposits.
  4. A comparison of wire transfer dates received with dates sent.
  5. A comparison of canceled checks with the disbursement journal to check numbers, payee, and amount.
  6. Accounting for the sequence of checks both from month to month and within a month.
  7. An examination of canceled checks for authorized signatures, irregular endorsements, and alterations.
  8. Investigation and write off checks which have been outstanding for more than six months.
  9. Prepare and adjust general ledger after the completion of the review of the bank reconciliations and copies of the completed bank reconciliations maintained as permanent records for the entity.

### **XIX: Large Purchase**

#### **a. Authorization Procedures**

1. All GAM purchases are approved by the Executive Chairs.
2. The Executive Chair shall check and authorize purchase requisition to verify that there is a genuine reason for the purchase and that budget is available.
3. GAM shall seek three quotations for all purchases greater than **\$500.00** where at least three suppliers are available for the service or product.
4. Financial staff must enforce these authorization procedures:
  - i. There shall be no payment without authorization.

#### **b. Payment Procedures**

1. Payments shall be made against original invoices only.
2. All payment must be recorded. Purchase orders shall be used as part of these procedures, to make sure that the goods being purchase are necessary for GAM activities and as a basis for verifying that goods/services have been received before payment.
3. Proforma invoices shall be used for getting an accurate price for specific goods/services before finalizing the purchase decision.



c. **Completeness of Records**

1. Accounts records shall be well ordered, complete and up to date.
2. The original receipts and invoices shall be the basic to reference documents for investigating any query about the accounts.
3. It is crucial that invoices and receipts are well kept to allow the whole accounts system to function smoothly

**XX: Dispute**

- a. In case of a dispute between GAM and its Executive Officers, Members, Contractors, and Volunteers, the final interpretation of this document shall be the responsibility of the Board of Advisors of GAM. Where a member(s) of the Board is involved with the dispute, the Grievance Committee shall preside and interpret the Financial Policy. If such disputes are not settled, the Labor Laws of the USA or Liberia reserves the right to interpret, modify, revoke, suspend, terminate, or change at any time a particular policy with a written notice to the Board of Advisors, the Executive Committee, Executive chairs, members, and volunteers of GAM.
- b. Disciplinary actions may include a verbal warning, written warning, suspension, or dismissal. The appropriate disciplinary action imposed will be determined by GAM Executives. One form of disciplinary action may not necessarily preclude another, and GAM reserves the right to establish the sequence of disciplinary action. It may at any time skip, amend, or repeat these or other punitive measures as the situation merit.
- c. In the case of misconduct or violation of GAM's policies, immediate termination may be appropriate depending on the facts and gravity obtained.
- d. GAM emphasizes that any decisions relating to a possible dismissal will be based on a careful assessment of all relevant factors with a high level of consultation and involvement by the GAM Board of Advisors.
- e. This statement of prohibited conduct does not alter or limit GAM's policy at will. A member of GAM or the organization (GAM) may terminate the membership or relationship at any time for any reason with or without cause, with or without notice.
- f. This Financial Policy shall enter into effect upon the vote of at least a two-thirds (2/3) majority of all members present at the Annual Convention.

Done in Committee Room, this **20<sup>th</sup> Day of December A.D. 2020.**  
Approved by the Annual Convention, this **31<sup>st</sup> day of January A.D. 2021.**

**Members of the combined Executive Committees are as follows:**

1. Josiah F. Joekai, Jr.  
33 Virginia Ave, Danbury, Connecticut, CT, 06810
2. Emmanuel Urey  
Pepper Wood Town, Johnsonville, Montserrado County, Liberia
3. Klubosumo Johnson Borh  
2085 Tiebout Ave, Apt 1, New York, NY 10457
4. Ansony Sieh  
984 Kettle Creek Road, Eagan, MN 55123
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# GRASSROOTS ALTERNATIVE MOVEMENT (GAM)



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