



LIGHT
FOR THE WORLD



POLICY

Financial Standards

Financial Standards

for Core and Associated Members of Light for the World

The following financial minimum standards shall apply to Light for the World International and its members:

1. The legal entity shall have its financial statements drawn up according to internationally accepted accounting standards, considering the respective national regulations and relevant laws. [3.2.3.]
2. The legal entity shall have its financial statements audited or reviewed by an external independent auditor annually taking into consideration national requirements and donor requirements on spending and program implementation. [3.2.3.]. The rotation of the auditors (either a company or person within the audit organization conducting the audit) shall take place at least every ten years unless circumstances, national regulation or donor requirements require a more frequent rotation.
3. Light for the World International shall conduct internal audits and spot checks within the core-organization based on a risk assessment. Associated members shall conduct the same accordingly within their own structures. Light for the World International may request or commission internal audits if considered necessary at any legal entity. [3.2.6.].
4. The legal entity shall act according to internationally or nationally recognized quality standards for NGOs and, wherever appropriate, shall undertake the necessary audits to receive quality seals.
5. All legal entities shall undertake steps to obtain the status of national tax exemption based on the title of charity.
6. The legal entity shall have an adequate set of policies in place including policies for reserves and investments, procurement, budgeting, and payment transactions. It shall also have documented procedures in the areas of finance/accounting, program implementation, grant management and internal and external controls to secure proper allocation and use of funds in achieving key strategic objectives and to minimize the risk of funds being misused [3.2.3.]. The legal entity shall share these procedures upon request.
7. For financial transactions the “four-eyes” principle shall in general apply. Exceptions to this rule may be allowed, provided they are justified and documented. The legal entity shall adopt sufficient principles for bank signatories who uphold internal controls preventing self-payments, verifying authentic payments and prompting the removal of signatories when required.
8. The legal entity shall have appropriate procedures for the segregation of duties.
9. Budgeting based on work plans and actual-versus-planned comparisons, as well as necessary processes to guarantee regular monitoring and reporting, shall be in place.
10. The legal entity shall implement adequate liquidity management to ensure that all current financial obligations can be settled at any time without delay.
11. Light for the World International provides rules to ensure proper consolidation of group-financial figures of all Light for the World legal entities. Member organizations shall comply with these rules.
12. In line with the Partnership-Agreement, core members delegate the operationalization of the financial standards to Light for the World International.

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