

ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ



អង្គការសកម្មភាពព្រះពុទ្ធសាសនាដើម្បីអភិវឌ្ឍន៍សង្គម

BSDA

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION ORGANIZATION

គោលនយោបាយហិរញ្ញវត្ថុ
និងការណែនាំពីនីតិវិធីលទ្ធកម្ម

FINANCIAL POLICY AND
PROCEDURE MANUAL

2024

Amended 8th

STATEMENTS

Statement of Management Committee

This Organizational policy and guideline is the results of joint effort in discussion and development of the Management Committee, staff member and Board of Directors of BSDA. BSDA recognizes that increasing the demand of good practice, transparency and accountability in organizational management in NGO sector from NGO community, donors, government and other stakeholders requires a clear statement of policies.

BSDA recognize that the best way to improve good governance is to produce the organizational policies and guideline based on current situation and good practice requirement to ensure organizational policies to meet the standard in Code Ethical Principle and Minimum Standard for NGOs in Cambodia.

This organizational manual is to be revised and updated every year, if necessary, in order to keep the manual respond the real situation order BSDA. This manual will play a vital role in fulfilling the obligation and obvious need of BSDA, as well as donors, and to ensure the accountability, transparency and effectiveness of organizational operation.

This personnel policy is accepted and in effect from the date of signature

Date: 01/.../May/2024

Representative of Management Committee



Mrs. Chhon Srors

Executive Director of BSDA

Signed on behalf of the SMT & Staff

Statement of Board of Director

Laws or policies are necessary for any organization to guide their practice. It is worthwhile only if it can fulfill the obvious need of the organization. BSDA is growing. It is natural that some things must be changed to fit its growth, especially its policies. This financial policy and guideline are the key tools to drive for good operational practices and it has been developed and updated in order to promote good governance and professionalism within BSDA.

This manual goes into effect from now on and it can be update when it is necessary to do so.

Date: 01./May/2024

Chairman of Board of Director

A handwritten signature in blue ink, appearing to read "Kurt Bredenberg".

Mr. Kurt Bredenberg

Signed on behalf of the Board

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ACRONYMS

BSDA	BUDDISM SOCIAL DEVELOPMENT ACTION
BCOH	Balance of Cash on Hand
BOD	Board of Director
CH	Chair Person
CSV	Community Supporting Volunteer
DSA	Daily Subsistence Allowance
DP	Partner Development
FM	Finance Manager
FO	Finance Officer
JEV	Journal Entry Voucher
OVC	Orphan Vulnerable Children
DD	Depuy Director
PC	Project Coordinator
PF	Peer Facilitator
PV	Payment Voucher
ROA	Request for Advance
SMT	Senior Management Team
UPS	Uninterrupted Power Supply
USD	United State Dollar
YTD	Year to Date

About BSDA

Buddhism for Social Development Action (BSDA) is a local NGO which was established on the 5th of January 2005 by seven monks founder at Wat Nokor Bachey and registered with The Ministry of Interior on July 05, 2005. BSDA does not work for any political party or promotes the religion of its members.

IDENTITY:

BSDA is a community-based organization founded on the Buddhist principles of M  tta to empower vulnerable people and to promote compassionate engagement in Social and Economic Development to contribute to the eradication of avoidable suffering.

CORE VALUES:

- **Serving the poor:** improving the livelihoods of poor families
- **Unity:** Building trust, honesty and respect for each other as a family.
- **Democratic Approach:** Promoting collective voice from community members, stakeholders and all levels of staff and engaging them in decision-making processes.
- **Innovation:** Providing a unique opportunity for people to develop their problem-solving through ICT and critical thinking.
- **Integrity and accountability:** In the management and use of aid; being accountable and transparent to communities, donors, and stakeholders.

VISION:

BSDA envisions a society where people are empowered to live independently and have livelihood security.

MISSION:

BSDA's mission is to empower and enhance the quality of life of vulnerable people, especially women, children and youth, through education, vocational training, social enterprise, good governance, livelihood and innovation programs, in partnership with others.

STRATEGIC CONCETRATIONS FOR NEXT 5 YEARS (2021-2025):

- Integrated & Innovative Programming
- Building strong relationships
- Sustainable Livelihoods
- Funding Sustainability
- Continuing to learn and grow
- Building staff capacity

This manual has been prepared for the BUDDHISM SOCIAL DEVELOPMENT ACTION (BSDA) to describe the policies and procedure governing the management of the financial resources of BSDA. The sound financial management of BSDA can be achieved by following sound, flexible policies that enhance the BSDA's credibility with public, existing donor, potential donor.

This manual is primarily intended for BSDA's staff. Every person in organization must follow this manual. In addition to describing general financial management policies and procedures, it also describes the accounting procedures which should be followed to maintain accurate records which will faithfully reflect the financial status of the organization.

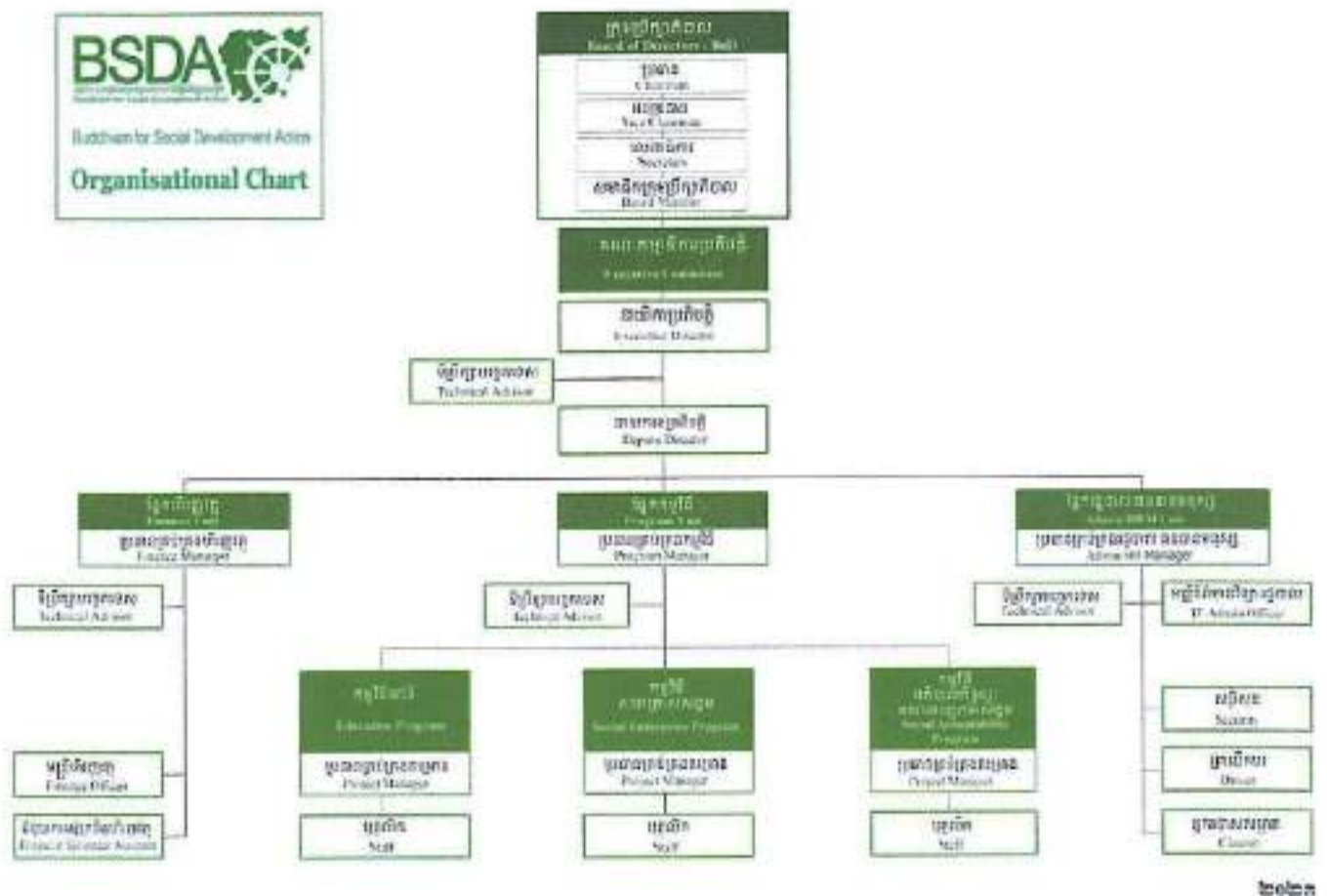
The annexes to this manual include items that are subject to periodic change which do not change the substance of the general policies and procedures. These should be updated regularly to reflect changes in circumstances.

In addition to the policies included in this manual, BSDA will comply with any further conditions set by donors and included in grant agreements.

To insure that the BSDA's policies and procedures remain responsive to external forces and allow the BSDA to continuously improve the management of its financial affairs these policies and procedures will be reviewed annually. The BSDA's SMT will be responsible for conducting this review and providing recommendations for changes as necessary.

BSDA's financial management policies and procedures must be endorsed by Senior Management Team and approved by BSDA's Board of Directors. This revised manual was approved for use by the BSDA's Board of Directors on..... Any future amendments to this manual are subject to the approval of BSDA's Board of Director.

2.1 ORGANIZATIONAL CHART



2.2 FINANCIAL RESPONSIBILITY

2.2.1 Operation Director/Finance Manager

- 1- Develop and implement policies and procedures to ensure that personnel and financial information is secure and stored in compliance with current legislation
- 2- Ensure that financial and policy and procedure are updated when necessary and adhered to on a continual basis so that transparency is always maintained
- 3- Ensure that BSDA always follows donors' financial regulations
- 4- Review and introduce new accounting control systems to staffs
- 5- Develop and maintain timely and accurate financial statements and reports that are appropriate for the senior management team or donor and in accordance with generally accepted accounting principles (GAAP)
- 6- Develop and maintain financial accounting systems for cash management, accounts payable, accounts receivable, credit control, and petty cash
- 7- Control both income and expenditure; manage cash in hand and bank
- 8- Develop, implement, and ensure compliance with internal financial and accounting policies and procedures

- 9- Prepare all supporting information for the annual audit and liaise with the Board's Audit Committee and the external auditors as necessary
- 10- Document and maintain complete and accurate supporting information for all financial transactions
- 11- Reconcile bank and accounting system
- 12- Review monthly results and implement monthly variance reporting with senior management or finance team
- 13- Manage the cash flow and prepare cash flow forecasts in accordance with policy
- 14- Oversee the bookkeeping function including maintenance of the general ledger, accounts payable, accounts receivable and payroll
- 15- Manage the acquisition of capital assets and ensure that assets are properly recorded, amortized, and disposed of as appropriate
- 16- Manage or orientate to accounting staffs
- 17- Other task as required.

2.2.2 Finance Officer

- 1- Be responsible for office cash and keeping it safe.
- 2- Issue cash in hand to team member, based on authorized documents.
- 3- Keep all record of cash in hand issued with supporting voucher in the book of cash in hand.
- 4- Issue advances to team member based on documents which have been authorized by the correct person.
- 5- Keep record of advances into advance control book
- 6- Entering transaction into the spreadsheet.
- 7- Prepare/process the payment
- 8- File voucher for all money coming in and money going out.
- 9- Keep record of all fixed assets and inventory.
- 10- Purchase office supplies

2.2.3 Cashier

- 1- Receipt grant incomes.
- 2- Withdrawn credit advice from bank.
- 3- Prepare "**Acknowledgement Receipt**" cover credit advice submit to officer record in to QuickBooks.
- 4- Prepare moneys pay to staffs or suppliers as voucher of finance officer.
- 5- Daily recording of income and expense.
- 6- Adding and withdrawing money to cash box.
- 7- Keep safe key.
- 8- Withdraw funds from petty cash into bank.
- 9- Update pass book daily or weekly
- 10- Keep pass book in safe

- 11-Withdrawn bank statement from bank monthly
- 12-Review bank transaction in bank statement with “**Pass Book**” and “**Cash Book system**”.
- 13-Performs cash count daily or weekly compared with balance system daily recorded.
- 14-Performs cash count and organizes surprise cash count by senior management team, auditors or donors.
- 15-Prepares the payroll, transfers cash funds from the main back to the payroll bank account.
- 16-Prepare for documents filling in appropriated ways.
- 17-Other task as management required.

SECTION 3 ORGANIZATIONAL PRINCIPLES

The key principles on which BSDA based on are:

- Organization fund
- Accountability
- Transparency
- Separation of Duties
- Consistency
- Simplicity
- Flexibility

3.1 Organization Fund

- Organizational funds belong to BSDA. They should not be used for private purpose, including private grant or loan.
- Fund should be carefully used in an effective way in the best interest of the organization.
- All board and staff member are responsible for the careful and honest use of funds
- Funds granted to BSDA for a specific purpose will be used for that purpose.
- BSDA will ensure the effectiveness of managing all grants

3.2 Accountability

Management is financially accountable to donors and to beneficiaries. Accountability deals with proper utilization of resources. In the broadest sense, for BSDA, it concerns providing sufficient evidence to demonstrate in a tangible and measurable way that the resources provided by donors are used according to expectations.

It is also the responsibility of BSDA management and staff to ensure that all expenses are reasonable, necessary, allocable and allowable:

- **Reasonable:** The cost of any goods or services procured by BSDA should reflect local market prices, and the quality and quantity of goods and services procured should be appropriate to the operating requirements and financial resources of the organization.
- **Necessary:** All goods or services purchased should be clearly needed to achieve the objectives of the organization.
- **Allocable:** Expenses allocated to a particular donor must be clearly allocable to that funding source, either by prior agreement as reflected in a budget agreement.
- **Allowable:** Some donors will identify specific types of expenses which cannot be charged to their grant.

BSDA ensures that these considerations are applied to BSDA's internal operation.

3.3 Transparency

- All financial documents and reports should be available to Board of Director, all member of the board and all staff members with financial duties.
- Generally there is no reason for the Board to withhold any financial report from the staff members or senior management team.

3.4 Separation of Duties

- No one covers all financial tasks. Wherever possible, financial tasks are splitted between two or more people.
- Usually one person will DO the task and other person will CHECK the task is done correctly.

3.5 Consistency

Financial policy and system of BSDA must be consistent over time. This promotes efficient operations and transparency, especially in financial reporting. This does not mean that systems may not be refined to cope with a changing organization.

3.6 Simplicity

The financial and administration systems will be easy to understand for everyone. Input forms and reports need to be easily understood by management and non-financial people so they become a tool enabling prompt considered management decisions and, where necessary, corrective action.

3.7 Flexibility

The financial and administration systems need to be able to be adapted to the differing specific requirements of the various donors and sources of funds.

4.1 Converting Local Currency Expense

BSDA's accounts are maintained in US Dollars. Transactions in Riel shall be converted into US Dollar by using a Bank or Market exchange rate. This rate is calculated by adding all US dollars converted to Riel and dividing this amount into the sum of all Riel received. Any Riel balances from the previous month should be included in this calculation. This Bank or Market exchange rate is then used to convert all Riel expenses until the next time Riel is purchased. The Riel balance at the end of the month is converted to dollars at the average rate in effect at the end of the month. A separate control book is maintained to record all transactions in Riel.

An example of the exchange rate calculations is shown in the following table

	USD	Exchange Rate	Riel
Balance before exchange Money	100.00	4100	410,000.00
Add: Exchange money	50	4200	210,000.00
Balance	150	=	620,000.00

* Exchange rate: (410,000 R + 210,000 R=620,000 R), shall be attached exchange slip from bank or mark.

4.2 Fiscal Year

BSDA's fiscal year is used in calendar year (where January as the first month and December as the last month) which also corresponds with the Cambodian fiscal year.

4.3 Expense Recognition

BSDA uses modified cash basis. Most costs are recognized when the payment is made, except where the advances are given. In this case, the expense is recognized when the advance is settled.

4.4 Income Recognition

Funds received from donors will initially be treated as liabilities. Income will be recognized when to the equal the amount of expenditure for each project. Other income will be recognized when it is received.

SECTION 5

BUDGETS AND BUDGETARY CONTROL

5.1 Donor/Project Budget

Budgets will be prepared for each donor project according to the format required by the donor, and for the time period set by the donor. The budget will be prepared together by programme and finance staff. The budget will be reviewed and approved by the ED before being submitted to the donor.

5.2 Annual Organizational Budget

BSDA will also prepare an annual budget for its accounting year. This will incorporate the approved budgets for each donor budget, plus any other non-donor funded activities. This budget format is included in accounting forms.

5.3 Budgeting Procedures

1. Each unit of BSDA prepares annual work plan and budget plan. Time frame of these work plan and budget plan must be consistent with BSDA's fiscal year and time frame of approved budget by each donor.
2. Budget line in the annual budget plan must be consistent with the approved chart of account.
3. Consolidate these annual work plan and budget plan as a whole organization.
4. Finance unit would review budget plan against approved budget by each donor whether or not there is enough fund. In some cases there is any revision, Finance unit must discuss with other unit to revise budget plan.
5. After revision, each unit must re-submit to finance unit to review it again.
6. Then, consolidated budget plan and work plan will be reviewed and endorsed by SMT.
7. SMT presents them to the board for approval.

5.4 Monthly Budgetary Control.

The monthly budgetary control report is provided in accounting forms and is included in this Financial Policy and Procedure of BSDA. This report is produced by Finance unit on monthly basis. This report enables management to monitor the progress and make decision on Program implementation and related issue. Analysis of variations to the budget should include the identification of reasons for deviations, implications of variations and future solution.

For comparison with the budget, the budget line is required and should be prepared beforehand. The procedures shall be as follows:

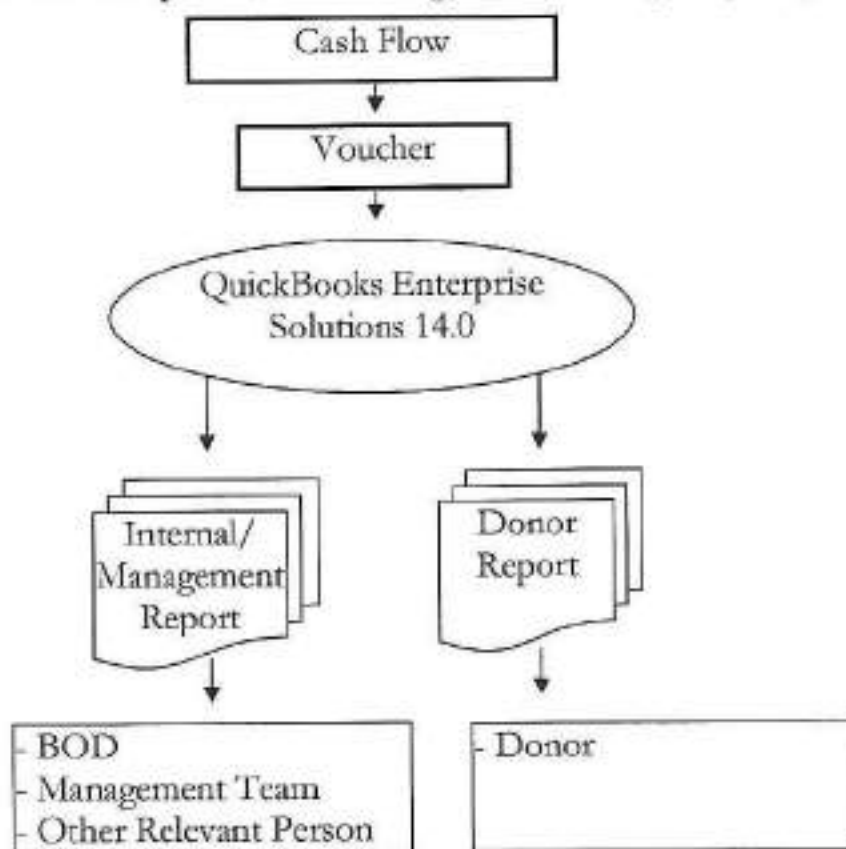
1. Prepare annual organizational budget and then submitted to ED for endorsement and to BOD for approval.
2. Post annual organizational budget into budget monitoring template
3. In the reporting period, extract expense from system and then post those expenses (both YTD expense and reporting period expense) into the budget monitoring template.
4. One report is produced for each project should be sent out to the relevant recipients within seven working days of the new month.
5. Actual income and expenditure is compared with the budgeted amount for each line of the budget.
6. The variance report is reviewed by the Finance Manager, Deputy Director, HR/Admin Manager and Program Coordinators in a meeting three working days after the recipients have received the report, with large adverse and favorable variances highlighted and an explanation given.
7. Variances can be categorized as either permanent or temporary and may be due to:
 - a) Volume changes
 - b) Price changes

- c) Timing changes
 - d) Planning changes
8. For temporary variances a necessary course of action is decided upon in order to correct the variance and ensure that the budget is followed.
 9. For permanent variances it may be necessary to contact the relevant donors in order to discuss the causes and therefore avoid any potential conflict.
 10. Now it is time that requires responsible staff to explain the reason of deviation, implications of variation, and future solution.

SECTION 6 FINANCIAL SYSTEMS

6.1 Computerized Accounting System

BSDA maintains all its organizational accounting records in a computerized accounting package – QuickBooks which has been customized to meet the specific needs of BSDA, including report requirement to its donors. This program provides reliable timely financial information for the operations of the organization using simple input and report window.



6.2 Computer Maintenance

6.2.1 Password Security

Access to all computers at ALL LOCATIONS is to be protected by using a password. This restricts access to the only person(s) entitled to see and use the information. It also prevents the possibility of accidental loss of data.

6.2.2 Virus Protection

Reliable Virus Protection programs should be installed and REGULARLY UPDATED on every computer used in the program.

6.2.3 Emergency Precaution

Electrical systems supporting IT equipment should have an appropriate Uninterrupted Power Supply (UPS) system in place complete with backup batteries.

6.3 Documentation of Transactions

Vouchers are used to record all financial transactions of the organization. BSDA uses six types of vouchers to input these into the accounting system:

1. Income Vouchers
2. Transfer Voucher
3. Payment Vouchers
4. Advance Voucher
5. Advance Settlement Voucher
6. Journal Entry Vouchers

Each type of voucher is numbered sequentially. Supporting documentation for each transaction must be attached to the voucher. Once a voucher is approved, the transaction is recorded in the accounting system. Vouchers are stored in numerical order.

6.3.1 Income Vouchers

This voucher is used to record all cash receipt – including disbursement from donor, donations and fund received in repayment of advances.

6.3.2 Transfer Vouchers

This voucher is used to record all cash transfer - bank to cash on hand, cash on hand to bank, other account, staff and suppliers.

6.3.3 Advance Vouchers

This voucher is used to record all cash advance who staff request for project implemented. The Advance must be approved by the authorized person.

6.3.3 Advance Settlement Vouchers

This voucher is used to record all cash advance settled who staff request for project implemented.

6.3.4 Payment Vouchers

This voucher is used to record all payments and supporting documents must always be attached.

6.3.5 Journal Entry Vouchers

General Journal Voucher is used to record transactions where there is no actual receipt or disbursement of funds. It is commonly used to record necessary adjustments, corrections, reclassification, amortizations, prepayments, settlement of cash advances and inter-office account transactions.

This is prepared in single copy, and should be supported by appropriate documents.

6.4 Chart of Account

BSDA has adopted the standard chart of account used as a whole organization. This chart of account must be approved by Executive Director.

Chart of account is series of account code used to show the organizational transaction. BSDA's current chart of account is included in accounting form.

6.5 Supporting Documents

Attachments (supporting documents) to payment voucher, Receipt Voucher or Journal Entry Voucher are a vital accounting control requirement and designated staff handling finance related activities must at all times ensure that supporting documents are stamp "PAID" with the logo of BSDA.

The loss and/or misplacements of such valuable documents can cause great financial damage to the office concerned. Supervisor must ensure that adequate safeguarding measures are implemented to avoid loss and/or misplacement of supporting documents.

FO should check the required supporting documents during and after voucher approval. A random check should be made when closing the month end before submitting the final report and filing the vouchers.

SECTION 7 INTERNAL CONTROL

BSDA maintains a system of financial control to safeguard resources, minimize risks, to help to ensure the reliability of financial records and reports and ensure compliance with internal procedures and donor regulations.

Internal control system is included:

7.1 Segregation of Duties

- Duties shall be segregated such that no single individual or a single group of individuals has complete control over a sequence of related transactions. (For example, the person who authorizes a purchase requisition should not also be the one who buys goods and should not be the one who confirms receipt of the goods or service or the person who authorizes payment should not be the one who keeps cash).

- Inappropriate segregation of duties increases the probability of fraud, carelessness, and unreliable record keeping. Proper segregation of duties permits the work of one person to act as a check on work performed by another person.
- Major duty segregations should be differentiated to:
 - Authorize transactions;
 - Execute the transaction;
 - Record the transaction;
 - Have custody of the assets or cash involved in the transaction;
- The functions of the following in relation to goods and services shall be appropriately segregated as:
 - Ordering
 - Receiving
 - Accounting for
 - Paying for
- Persons reconciling the Bank Account are different to the persons making or approving payments.

7.2 Performing reconciliation

BSDA prepare reconciliation of some balance sheet account such as bank reconciliation, cash on hand reconciliation and fund reconciliations.

7.3 Clearly Defined Policies and Procedures

Financial Policies and Procedures Manual prepared and regularly updated. Appropriate documentation of procedures exists for all organization systems and functions such that the organization could continue to operate if key employees leave.

7.4 Organizational Chart

A current organizational chart is maintained and followed.

7.5 Separation of accountability from custodianship

An employee should not have the opportunity to convert assets to personal use and cover up the conversion by falsifying the related records.

7.8 Sufficient records

- Sufficient records, prompt recording and timely reports are important not only in accounting for the organizational resources but also in providing accurate and reliable information for management to manage activities or to detect irregularities.
- Accounting Records are neat, current and in proper order;
- Forms and Supporting Documentation shall provide for a system of authorizations before a transaction can be completed.
- Comparisons of Actual Results to Plans and Budgets shall regularly monitor transactions and detect abnormal items;

7.9 Physical control over fixed asset and cash

- Regular controls (recording, checking, inspection, verification) and proper security should be instituted to protect the institution's physical property from theft, fire and other types of losses.
- Means of protection include storing property in secure areas, maintenance of detailed property records including controls over issuance, fixed asset and inventory counts and insurance. Appropriate action should be taken promptly regarding any differences.
- Access to assets is permitted only in accordance with management's authorization.

- For the purpose of identification, all fixed assets have to tag with specific assets code and numbers which are related to location of fixed asset and inventory and sources of fund.....
 - Maintaining a fixed asset register and inventory.
- 7.10 Assignment of Authority and Responsibility**
- The requirements of integrity and prudence dictate the need for an appropriate division of responsibility whereby the work of one employee independently checks the work of another.
 - Responsibility for the custodianship of cash, inventories, fixed assets & inventory and other assets is delegated. By means of accounting and other controls, independent check shall be imposed on those who have custodial responsibilities.
 - Each higher level of the organization shall be responsible for monitoring or evaluating the activities of its subordinates.
 - There shall be a hierarchy of Approvals for Payments and Procurement and clear lines of Reporting and setting limits on spending that may be authorized by individual budget holder.
 - Approval signatory must be a different person to the preparer;
 - Employees take regular vacations and other employees then prepare their work;
- 7.11 System security**
- Set up password for the accounting software to ensure the security of data.
- 7.12 Recruiting competent staff**
- Staff selected by organization should have appropriate levels of knowledge, experience and good personal ethics, encouraging them to develop their skills and reliable and honest.
- 7.13 Audit trail**
- BSDA ensure there is a clear audit trail, so that all transactions can be traced through the system.

AREA OF AUTHORITY	LIMITS APPLIED	DESIGNATED PERSONS
Legal documents (Where not cover below)		☞ Final approval: ED
Employment Contract	All staff	☞ Final approval: ED ☞ Final approval: Board (for ED's employment contract)
Staff hire		☞ Final approval: ED
Change JD Description	All staff	☞ Final approval: ED
New position in BSDA	All Level	☞ Final approval: ED
Employment Termination	All staff	☞ Final approval: ED
Position Promotion	All staff	☞ Final approval: ED
Lease of space (Selecting the owner)	All office space	☞ Final approval: committee
Sign the leasing contract of office space	All office space	☞ Signed by ED
Open Bank account		☞ Approval: ED
Close Bank Account		☞ Approval: ED
Signing Cheques or Withdrawal or Transferring Slip		☞ ED ☞ DD ☞ SHRM ☞ SES
Cash Request from Donor	All donor	☞ Final approval: ED
Keeping the Safe's Key and Combination		☞ Safe's key authorized to: Cashier ☞ Safe's combination authorized to: Senior Admin/HR Manager
Expenditure/advance	<ul style="list-style-type: none"> ▪ 0 -≤1,000 USD ▪ >1,001-≤ 5,000 USD ▪ >5,001-≤ 10,000 USD ▪ >10,001-≤ 25,000 USD ▪ ≥25,001 USD 	<ul style="list-style-type: none"> ☞ Final approval: PC/PM/SSM ☞ Final approval : SPM ☞ Final approval DD/HR ☞ Final approval: ED ☞ Final approval: Chairman of Board
Internal Financial Report/Donor Report		<ul style="list-style-type: none"> ☞ Prepared by : FO ☞ Reviewed by: FM ☞ Final approved: ED
Time Sheet/Weekly Report or Work Plan		<ul style="list-style-type: none"> ☞ Prepare by: each staff ☞ Final approval: Supervisor

Note:

No employee has the authority to approve his/her own expense/claims.

Deputy Director approval on operation cost with review or check by Finance Manager and Senior Admin/HR Manager approval on program cost with review or check by Deputy Director. (on Cheques or withdrawal or Transferring only).

9.1 Cash Management in Bank**9.1.1 Banking**

ED of BSDA is responsible to establish the Bank Account for grant.

9.1.2 Currency of Bank Account and Type of Bank Account:

Type of bank account opened by BSDA for grant management is U.S Dollar based account and Riel based account. Bank account can be a current account or saving account where this is a donor condition. This bank account must be in the name of organization. For the control purpose, BSDA must open the separate bank account for each donor project.

9.1.3 Bank Controls

To ensure cash in bank controlled in effective manner, BSDA has to follow the policy as follow:

- ✓ Open bank account with reliable bank.
- ✓ Opening bank account by each donor.
- ✓ Opening bank account in USD – For receiving the fund from donor.
- ✓ Bank account must be opened as Saving Account and/Current account basing on the real need.
- ✓ Bank account must be opened under the name of organization.
- ✓ There are at least two signatures to withdrawal cash from bank.
- ✓ Keep recording transactions into cashbook while money in and out.
- ✓ Passbook or cheques must be kept in the safe after working time.
- ✓ First three days of the following month, FO must request for bank statement from bank (both saving account and current account).
- ✓ Cashbook must be closed on monthly basis.
- ✓ Prepare bank reconciliation on monthly basis.

9.1.4 Cheque/withdrawal/Transferring/Passbook

Cheque Books should be kept in a safe place. The maintenance of the cheque/withdrawal/transferring passbook functions is responsible by the Cashier.

If a cheque needs to be cancelled it must be stamped "Cancelled" across the signatures and the amount. It must be attached to its voucher or kept on file with the Cheque Book Journal. No cheques/withdrawal slip can be drawn payable to cash or pre-signed. Petty Cash cheques should be made payable to the name of the Cashier.

9.1.5 Bank Signatories

There are 4 signatories for each bank account: Executive Director (ED), Deputy Director (DD), Senior Admin/Human Manager (SHRM), and School Manager (SS). Two signatories are required to sign transferring or cheques or withdrawal slip to withdraw cash.

Official letter is used when it is changed above.

9.2 Cashbook

9.2.1 Maintain of the Cashbook:

- a. To effectively monitor the daily bank balances of all bank accounts and withdrawals a cashbook must be used and updated by FO. This is effective for cash management and gives information on the amount of funds credited by the bank to the respective accounts and amount of all disbursements that have been paid/issued and the related balance. This should be updated by FO on a daily basis using an Excel spreadsheet or to the computerized accounting software (QuickBooks).
- b. Disbursements shall be recorded in the Cashbook as of the date they are made, that is, when the cheque or withdrawal slip is issued or the bank transfer is requested.
- c. Enter Receipt to the cashbook using the "Receipt" section.

9.2.2 Bank reconciliation

- ✓ Bank statement should be available to be collected monthly by FO within the first three days of following month.
- ✓ Take closing bank statement balance for particular date and comparing it to the closing bank book balance for the same date.
- ✓ Reconciliation is prepared by FO every month, to reconcile the cashbook against the bank statement. Each reconciliation must be checked, reviewed and approved by authorized staff.
- ✓ A copy of the Bank Reconciliation and the supporting documents must be retained (filed) for management control and audit purposes.

All the transactions shown on the bank statement must be checked off to the cash receipts and payment records. Immediate attention should be given to out of balance accounts, old and unreconciled item. Some of reconciling items are as following:

- ✓ **Outstanding Cheques** - cheques recorded in the books but not yet presented to the bank for payment.
- ✓ **Deposit in transit** - collections already recorded in the books but not yet credited by the bank.
- ✓ **Bank Service Charges or Fees** - already debited by the bank but not yet recorded in the books.
- ✓ **Errors** - determine the nature of the error and rectify.

Quick Books Bank Reconciliation

Compare the deposits listed in the bank statement against entries in the Cashbook. Put a check mark in the bank statement to indicate its confirmation. If there are deposits that are not credited in the bank due to local clearing, add back to bank statement. If

there is interest credited or there are bank charges debited by the bank prepare the necessary entries:

Dr Cash in bank xxxx

Cr Interest Income xxxx

Dr. Bank charges xxxx

Cr. Cash in bank xxxxx

Compare each cheque issued against debit listing in the statement by putting a check mark to indicate its confirmation. If there are cheques that are not found in the listing, they are Outstanding (or Unpresented) cheques for the current month which are less the balance per statement. For the errors that appear determine the nature of the error and effect any changes.

9.3 Book of Cash on Hand

9.3.1 Control of Cash on Hand/Petty cash

- Physical cash on hand must be kept in the safe or vault
- Separate physical cash by each donor
- Personal money must not be mixed with the fund of cash in hand.
- At the end of month, prepare reconciliation of cash on hand.
- Cashbook has to be separated by each donor.
- Cash on Hand accounts are maintained on an impress basis;
- Only minimal or necessary amounts of cash on hand are kept.
- Responsibility for cash on hand account is vested in only one person.
- Cash on hand is not to be used to pay personal expense.
- Cash on hand custodian should be a full-time employee who has no responsibilities associated with accounting, accounts verification or issuing cheques.
- Cashiers/FO are prohibited from cashing personal cheques and making unauthorized advances;
- Cash on Hand accounts are reconciled monthly by the cashier/FO along with a person other than the custodian.
- Surprise counts of petty cash are made periodically by a person other than the custodian.

9.3.2 Maintenance of the Monthly Book of Cash on Hand:

The maintenance of the book of cash on hand is fairly simple is that this book is intended for the posting of receipt and payments made from cash available for the payment of amount not exceeding 300 USD or the equivalent in Riel per payment. To effectively monitor cash position, the Book should be updated daily by the Cashier.

- 1- Enter Receipt to book of cash on hand under the "Receipt" column.
- 2- Enter all Expenses / Payment Voucher amounts to the Book of cash on hand column "Payments".
- 3- For each entry in the book of cash on hand, compute the running cash balance which should be indicated under "cash balance" column.
- 4- See the procedure of cash on hand reconciliation.
- 5- In the event that the Cashier/FO goes on leave, a hand-over of funds is usually necessary. Fund accountability is determined by using Cashbook updated to the last transaction at the time of hand-over and Cash reconciliation is prepared.
- 6- Insert book of cash on hand

9.3.3 Limit of Cash in Hand

BSDA's safe in USD Dollar	100 USD for each donor
BSDA's safe in Riel	4,00,000 Riel for each donor

Note: If the payment is required that is greater than 200 USD or the equivalent in Riel per payment, then that payment must be proceed by cheque or withdrawal or transferring slip for saving account.

9.3.4. Monthly closing of the Book of Cash On Hand (BCOH)

BCOH is recommended, however, the cash on hand can be replenished more frequently, as the need may arise during a particular month. Doing so shall require the closing of the book of cash on hand by balancing it and preparing the payment voucher to which all cash on hand supporting documents are attached together with the reconciled book of cash on hand. A cheque or withdrawal or transferring slip should be issued in the amount of the actual expenditures to bring back the cash on hand to its original operating level.

9.3.5. Safe or Vault

For the proper safeguarding of cash on hand, all cash on hand must be kept in the safe. The cashier holds the key to the safe and the Senior HR/Admin Manager (HR/AD) holds the safe combination. The keys to lockable box or vault must be kept in a secure place in the office.

9.3.6 Statement of Cash on Hand reconciliation

Cash count should be performed by FO/cashier on a weekly basis and FO on regular basis to reconcile the actual cash held against balance in book of cash on Hand. This is made by cashier and is checked by FM. This is supported by cash count sheet. Any discrepancies between the cash balance counted and balance per book of cash on hand

should be investigated immediately and has to report to line of management on the form where indicated.

Cash count sheet must be prepared showing the actual date, time of count. On monthly basis, cash count sheet is signed off by FD who has counted the cash and properly acknowledged by cashier. Then, this Cash Reconciliation Statement has to be approved by ED.

- A WEEKLY cash count and reconciliation should be carried out by the custodian/FO to reconcile with cash book.
- A SURPRISE check should be made at least one other than time during the month.

9.3.7 Surprise Cash Counts

Surprised cash count is performed at least one time per month. This is made by authorized staff who does not get involved in the custody of cash on hand. Authorized staff is not allowed to inform the cashier/FO in advance about the surprised cash count.

- 1- Authorized person/FO cash count by themselves.
- 2- After that, he/she record all cash counted into cash count sheet.
- 3- The cash count sheet is signed off by authorized person who count the cash and properly acknowledge by cashier.
- 4- Reconcile balance in cash count sheet against balance in the book of cash on hand
- 5- Before preparing reconciliation sheet, authorized person/FO must check voucher by voucher in cashbook to make sure that transactions in the book are accurate and there is supporting documents enough for payment and/receipt.
- 6- Finally, authorized person/FO prepare reconciliation sheet for approval.

9.3.8 Replenishment of Cash on Hand

Impressed Fund Method must be used in the replenishment of fund. When cash on hand is low level of equivalent to 20% of the limit amount is allowed for replenishment.

The Custodian must reconcile the fund between the book balance and the physical cash balance and submitted documents for authorization.

The amount of replenishment should be the amount of total expenditure occurred for the period to return to original level of cash on hand. It is replenished by cheque/withdrawal slip payable to the custodian. The Custodian should cash the cheque immediately at the bank, and place the cash back in the petty cash fund.

Procedural Step in Opening fund of Cash on hand

- 1- The Cashier prepares a Request for opening a petty cash fund using the Request form. FD of finance unit checks the request and makes the appropriate the recommendation on the request. The form for replenishment of cash on hand is included in accounting form.

- 2- The request should be approved by the Executive Director.
- 3- The approved request will be forwarded to the FO for cheque or withdrawal or transferring slip preparation. After approval of disbursement voucher the cheque shall be cashed by the Cashier through the bank.
- 4- The receipt of fund shall be automatically posted in the "Receipt" column of Book of Cash on Hand.
- 5- The entry in the General Ledger to record the establishment of petty cash fund is:

Dr. Petty cash fund	xxxx	
		xxxx
Cr. Cash in Bank		

9.3.9. The Claim of Cash on Hand/Petty Cash

- All expenditures should have the approval of the budget holder responsible for the budget.
- Payment Voucher (PV) with appropriate supporting document must be used for every payment from cash on hand fund and for reference to record into a Book of Cash on Hand.
- The payee must sign for the receipt of the payment and the Custodian must sign that the payment has been made.
- All receipts and/or vouchers that are submitted for reimbursement should be annotated "paid" in a manner that will prevent their reuse.

9.3.10 Financial Loss

The cash custodian's supervisor shall commit following action to the case of financial loss:

- Prepare a narrative report and submit it to line of management describing the confirmed or suspected financial loss;
- Discusses the financial loss with the supervisor;
- Follow up and add comments to the report;
- Ensure the confidentiality, especially in "suspected" matter of financial loss;
- Response to the direction of the line of management;

SECTION 10 EXPENSE AND PAYMENTS

10.1 Expenditure Processing

Fund will be disburse in 4 ways

1. Cheque drawn on the bank
2. Money transfer
3. Cash on hand/Petty Cash
4. Withdrawal slip from bank

10.1.1 Payment Policy

- ✓ The responsibility for disbursement procedures is clearly documented and assigned to specific personnel;
- ✓ Disbursement vouchers shall be in order number;
- ✓ Name of the payee and fairness of price are checked before payment;
- ✓ Controls are established to assure that all payments are made on a timely basis and in accordance with all purchase orders and contracts;
- ✓ Voucher system should be used in the utilization of fund, where all payments of expenditures must be documented properly by appropriate controlled vouchers, properly signed and approved by the authorized signatory before the actual disbursements occurs. This ensures proper and regular review of all disbursement.
- ✓ All payment should be made by cheque, money transfer or withdrawal slip and cash transaction should be minimized, except for cash on hand expenditure.
- ✓ Blank cheques are to be kept in locked storage under the control of a designated, responsible employee. Access to blank cheques is limited to this employee and a designated alternate.
- ✓ All eligible expenditures shall be utilized based on the approved budget allocation.
- ✓ Payment Vouchers are to be signed by the person who receives the cheque or cash.
- ✓ Expenditures are controlled through formally established expense authorization and approval limits.
- ✓ Before making the payment to supplier for purchasing of goods or office supplies or services, the financial person must verify on the receiving of goods or completion of services.
- ✓ Expenditures must be complied with donor rule and NGO's policies.
- ✓ For purpose of internal control, the Accountant is not allowed to approve the payments because they have access in the funds and recording of the funds.

10.1.2 Permitted expenses

- ✓ Permitted expenses are defined as following the policy of BSDA, the contract made with the funding donor, the above mentioned financial policy and procurement policy.

10.1.3 Un-Authorized expenses

- ✓ Expenses not covered by the project budget and implementation planning.
- ✓ Bribes of any kind
- ✓ Personal expenses not related to work.
- ✓ Money used to purchase any kinds of drugs and alcohol or to pursue gambling or prostitution.
- ✓ Money used to pay fines or finance/settle illegal activities.
- ✓ Money used to buy all kinds of weaponry.
- ✓ All other improper payments, as defined in BSDA policies and donor policies such as USAID.

10.2 Account Verification

10.2.1 Contracts

Original copies of all contracts are to be with Admin and Finance unit. Disbursements will be checked against the purchase order, contract and work progress before payment.

10.2.2 Verification

Verification process must ensure that:

- ✓ There is proper authority for expense;
- ✓ The price charged is in accordance with the contract or, if not specified in a contract that it is a reasonable price;
- ✓ Quantity ordered and delivered and quotation are checked against the delivery receipt and invoice;
- ✓ An authorized employee has signed to acknowledge receipt of the goods or services rendered;
- ✓ Applicable discounts have been deducted and computation of the amount payable is correct;
- ✓ Compliance has been made with all donor rule and regulation and other directives that supersede this manual;
- ✓ If an advance or progress payment is being made, the requirement should be provided for in the related contractor agreement;
- ✓ Complete and relevant documents supporting the payment (e.g. contract, purchase, invoice.....) are attached; and
- ✓ The financial coding is completed and correct and the correct category, activity code and project component, donor code, account code has been allocated correctly.

10.2.3 Supplier Accounts

Supplier trade accounts for goods and services should be paid, as far as possible, within 30 days and must be paid only on invoice (quotations cannot be used as invoices) and acceptance of goods and services.

A supplier must be notified in writing within 15 working days if there is a problem with the goods or services, or a problem with the invoice. The 30-day payment period begins upon the receipt of the replacement goods or services, or the revised invoice.

If only some items on a multiple item invoice are in question, the portion of the invoice that is not in dispute may be paid within the original 30-day period based on a request from the supplier explaining the reason for the delay.

10.2.4 Payment Term

Each payment shall be paid within two weeks after its voucher is duly signed by an Authorized Officer.

If agreed or specified, the latest due date for the payment of a supplier account is 30 calendar days from the date of the goods or services are received in acceptable condition.

Payments or reimbursements cannot be made longer than 2 months after the obligations have been fulfilled and the precise reason shall be provided in this case.

10.2.5 Payee

Payments must be made by cheque made payable to the shop, company or business name.

Where the supplier finds it impossible to collect their payment an Authorization Letter must be presented and attached to the payment. This Authorization Letter must be approved by the authorized officer.

10.3 Bank Account Payment

10.3.1 Disbursement through Local Bank Accounts

- Payment Voucher should be used to authorize payment of expenditures.
- Expenditure is recorded in the Payment Voucher and the corresponding cheque/withdrawal slip should be attached. This voucher is presented to the signatory for the purpose of authorization the expenditure, and then the signatory affix his nature on the voucher and cheque/withdrawal slip.
- Payment voucher should be in order number to control its use; any break in the number may mean a discrepancy.
- Payment voucher should be approved by authorized persons using approval limits.
- To avoid duplication of payment, all paid vouchers together with the supporting documents must be properly stamped "PAID" when check is signed.
- Cheques are pre-numbered.
- Cheques are filed out before being presented for signature.
- Someone maintains physical control of cheques other than persons who sign cheques.
- Spoiled or voided cheques are retained and the signature blocks on the cheques are removed.
- At least two signatures are required are required on all cheques.
- Original bills or vouchers and other supporting documents are presented with cheques for signature.
- Someone approves bill for payment other than the persons who sign cheques.

10.3.2 Cheque/Withdrawal Slip Payments

Guidelines for the preparation of cheques/withdrawal slip

- The cheque/withdrawal slip should be prepared for the exact amount of the required payment.
- Blank cheque/withdrawal slip should be in the custody of the responsible financial officer until needed.

- The amount should appear in word as well in number.
- Voided cheques should be clearly marked as cancelled

Procedures to prepare payment voucher

1. The payment voucher shall be prepared by Finance Assistant/Accounting Assistant on the basis of appropriate documents.
2. Payment voucher will be presented to finance officer/manager for review of authenticity and reliability of documents.
3. Payment voucher and attached cheques/withdrawal slip will be approved and signed by authorized persons on the basis of approval limits. (see the section 8)
4. After processing of the cheque together with the payment voucher by executive director, ask for payee to draw their payments.
5. Release of the cheque/withdrawal slip is responsibility of Finance assistant. In releasing the cheque/withdrawal slip, should be signed off to confirm the amount received by collector and FA should ask for receipt for the payment made by the program.
6. Record that payment into the cashbook and Quickbook.

10.3.3 Filing Procedure

Payment voucher should be filed together with the supporting documents and should be filed in the payment voucher file. Payment voucher should be file in its numerical sequential order and by month.

10.3.4 Money Transfer

Payment by money transfer is used for payment to supplier, contractor, and advance for branch that has bank account. Signature of supplier/contractor is required to sign in the form as acknowledgement of the payment from the program.

This kind of payment shall also be supported by Payment voucher signed off and approved by authorized person and other supporting documents shall also be attached. Procedures will be the same as in Cheque/withdrawal slip payment.

10.4 Payment through Cash on hand/Petty Cash

10.4.1 Cash on hand/Petty cash Limits

Cash on hand/Petty cash is to be used for disbursement lower than 200USD per payment. Cash on hand/Petty cash control shall be accordance with section 9.3 above.

10.4.2 Utilization of Cash on hand/Petty Cash

Cash on hand/Petty Cash will be utilized on the basis of appropriate documents and controlled vouchers, procedures shall be as follow:

1. The staff will use the Request for Cash on hand/ Petty cash for claim of cash on hand/petty cash or Request for advance if we prepare advance for staff through cash on hand/petty cash (see the advance procedure in section below)
2. The form must filled properly with all the information asked in the form.
3. This form shall be checked by FO and approved by authorized person.
4. When approved, Cashier/FO cash on hand custodian, shall attach a payment voucher.

5. Payment voucher should be check by FO/FD and approved by executive director.
6. The fund will be release to the staff or claimant on the basis of the approved voucher.
7. Acknowledgement of payment from the cash on hand fund/petty cash fund is by affixing signatures in the "received by" column.
8. Paid expenses will be posted into cashbook and accounting system accordingly.
9. The cashier/FO shall keep the voucher for file.

10.4.3 Filing Procedures

Request for Cash on hand/petty cash should be filed together with the payment voucher and its supporting document in its numerical sequential order and by month.

10.5 Completion of Payment Vouchers

- A- Payment voucher Number (Serial number of the payment voucher)
- B- Amount of payment and Currency
- C- Exchange rate to convert local currency into US Dollar
- D- A description of what the payment is for
- E- Who payment is made to
- F- Donor and budget line/ Account code
- G- The payment method (Cheque, withdrawal slip or cash)
- H- Signature of Preparing, reviewing, certifying and approving
- I- Supporting documentation requirements are that: Payment Voucher must be supported by appropriate and complete documentation: original invoice, payee's receipt and other relevant documentation supporting the transaction.
- J- Disbursement to vendors must be supported by the original invoice or receipt and must include verification that the goods have been received.

SECTION 11

ADVANCE POLICY

This section refers to funds paid in advance for anticipated expenditures necessary for the operation of the organization including field trip, workshop or other program activities or for procurement. These are treated as Cash Advance. Receipts and proof of expenses must be submitted before or within the time frame. Any excess is refunded or any shortfall is paid (settlement or liquidation). Next advances will not be made if the previous one is not yet liquidated and if the requestor does not settle within the deadline due to an emergency or unforeseen failure the requestor has to explain the reasonable failure or fair reason by writing an official letter, which needs to be approved or verified by the Finance Director and Executive Director. Any new cash advance required will be attached to the letter and submitted to the Finance Director. Moreover, if long outstanding in excess of 30 days, the advance can be recovered from the salaries of recipients at the next payroll excess of 30 days, the advance can be recovered from the salaries of recipients at the next payroll.

11.1 Advance Policy

1. Cash advances are only allowed for official project transactions, not for the personal use.
2. Cash advance must be authorized by Management based on the expense authorization and approval limits.

3. No cash advance should be approved for any staff who has previously unliquidated or unsettled cash advances.
4. Cash advances should be settled or liquidated at once, or in the following time frame:

Inside the Province	7 days of working day
Outside the Province	1 month of working day

5. Any violation on this aspect shall be subject for disciplinary actions under the sanctions by not providing cash advance any more or request for refunding of the previous advanced amount.
6. Cash advances to staff carrying out project work in the sub-offices have to be settled within 3 weeks.
7. Cash advance to staff for gasoline have to be settled within one month.
8. Settlement claims must also have supporting official proof of purchase documents attached (For example clear evidential expend document – including address, shop, telephone number, name of receiver, purchase date and signature).
9. Settlement of cash advance by the use of liquidation form or voucher advance settle.

11.2 Advance Procedure

- The staff member completes the advance section of advance request form, giving full details of the purpose of the advance, the amount, the date required, and the donor, budget line/Acc. code and ending date of activity.
- This request is then approved by authorized person, before being passed to Finance.
- Finance staff will prepare payment voucher, process the payment, issue the cash to staff member.
- Recording cash advanced into accounting system based on payment voucher
- Staff needs to complete the settlement section of the advance request and settlement form to clear an advance, or to reclaim any allowable expenses where they have not received an advance, and attach all supporting documents.
- Where there are any travel costs, then a travel expense form must also be completed and attached as a supporting document. Expenses claimed for travel, accommodation, DSA, must follow the approved rates as shown in the organization manual and must not exceed any donor limits (See in personal policy).
- The advance settlement form is prepared by the staff member and approved by PC or ED (depending on the value, using the authority limits in section 8).
- Where the expense is equal to the advance received, Finance staff must prepare Journal Entry Voucher to record advance liquidation.
- Where the expense is less than the advance received, the balance must be returned to finance, who will issue a receipt.
- Where the expense is greater than the advance received, then an additional payment will be made to the staff member if the extra costs are approved. Where the extra cost is greater than 10% of the original advance, the staff member must provide a written explanation.

11.3 Advance Book/Register

The purpose of Advance Register/Book is to establish effective control and monitoring of all cash advance. This book/register must be closed on monthly basis to check the overdue advances.

11.4 Recovery of Advance

FM should review the advance control book/register on monthly basis. Long outstanding advances need to be followed-up immediately and if necessary recovered by payroll deduction.

If an employee is finishing work with organization, FM must check if an employee is finishing work the Administration Section must check with the salary.

11.4 Salary Advance Policy

To be consistent and compliant with donor rule in providing salary advance

to staff member, BSDA's staff must follow policy as follow:

- BSDA provide salary advance to staff if it is allowed by donor.
- Salary advance is provided to staff for emergency purpose.
- BSDA provides only 50% of total current salary.
- When salary is paid, staff who receive salary advance must immediately settle salary advance.
- Documents must be adequately documented while providing advance to staff or settling the advance with staff.

11.5 Salary Advance Procedure

1. Staff members write a request letter for salary advance to their line of management.
2. This request is then submitted to their direct supervisor for comments and Executive Director for final approval.
3. Staff members must complete the advance section of advance request form by attaching the request letter for salary advance.
4. This advance request must be approved by authorized person before being passing to finance unit.
5. Finance staff will prepare payment voucher, process the payment, issue the cash to staff member.
6. Staff member needs to complete the settlement section of the advance request and settlement form to repay immediately.
7. This settlement request must be prepare by staff member and approved by supervisor or ED (see the authority limit in section 8).
8. Finance staff prepares Receipt Voucher to settle this salary advance by attaching supporting documents.

Asset Purchases

The purchase of assets must follow the Procurement Policy where applicable, i.e. where assets exceed the minimum threshold for obtaining quotations. For asset items that fall below the Procurement Quotations threshold, the standard advance and expense vouchers can be used that are proved by the appropriate designated Manager.

Fixed Assets are assets that intended to use in the project activities. These assets are set to have a useful life of more than one year. To ensure consistency in recording, assets which purchase cost is more than 200 USD must be recorded as fixed asset. Certain other items with a lower purchase cost, such as office furniture, are also considered as fixed assets.

12.1 Fixed Asset and Inventory Group

Assets are grouped according to their nature and using the 3 characteristics (e.g. FE = For Equipment, FF = For Furniture, FV= For vehicle)

12.2 Acquisition cost

The acquisition costs includes, not only the cost price or the value of assets contributed “in-kind” but also includes freight, in-transit insurance, storage, assembly, special foundations and testing to ready the asset. These costs should all be part of the capitalized asset and absorbed into the asset purchase price.

12.3 Register of Fixed Asset and Inventory

The fixed asset register must be maintained by every each donor in order to establish level of control on the movement and disposal. The register must be updated on a monthly basis with all fixed assets additions and disposal. This is extracted from the cashbook. It is prepare by HR/Admin director in excel spreadsheet. Format is included in the **Annex**.

12.4 Fixed Asset Stickers/Tagging System

Each capitalized asset such as Equipment, furniture and project vehicle should be assigned an identification to establish ownership and accountabilities. This is useful in identifying which acquired by BSDA. The fixed asset and inventory stickers indicate the following:

- a) NGO's name
- b) Location
- c) Assets number
- d) Furniture/Equipment or vehicle name
- e) Serial Number
- f) Date purchased
- g) Donor

12.5 Physical Count of Fixed Assets

Physical count must be conducted periodically in order to determine the actual existence, conditions/damages or loss. This shall be conducted at quarterly basis and approved by executive director. Surprise count shall be performed depending on the circumstances.

Focal person from finance staff or administrative staff will attend the physical count and they must sign on the physical count list as evidence of counting.

The fixed asset and inventory register is printed out and the physical count is marked off against the register list. Any missing, damage fixed asset or inventory shall be identified and reported to the management.

Reconciliation is prepared and a record of the count is retained to be made available to the auditors for checking.

12.6 Reconciliation

Reconciliation shall be performed between the actual quantities counted and the quantities shown in the Fixed Assets and Inventory Register. Any differences arising from the reconciliation shall be investigated and be reported to the line of management.

Ledger Account must be periodically checked against the Fixed Assets Register at least in every semester.

The person who has conducted the physical count must sign on the physical count list as evidence of counting. After the counting they must prepare Fixed Asset and Inventory Physical Count Summary which should consist of the following information:

- ✓ Date of count
- ✓ Fixed and Inventory Name
- ✓ Fixed Asset and inventory Code
- ✓ Location
- ✓ Quantity
- ✓ Direct user
- ✓ Remarks for any unusual items or condition of the asset

Any missing, damaged or obsolete assets shall be identified and must be reported to the management immediately. Only with management approval, accounting records and the asset register should be amended.

12.7 Inventory

Inventory items are defined as items with a purchase cost between \$10 and \$200 and a lifetime of greater than one year. BSDA must maintain a register of inventory items.

12.8 Project Vehicle

Vehicle logbook must be used for all project vehicles. The logbook must be updated very travel. They must be used for project purposes and must be check and signed by authorized person.

The program should provide vehicle insurance for all vehicles used in the implementation of the program. This insurance should cover the vehicles from being lost and damaged.

12.9 Depreciation

At this stage the organization does not use Accrual Based Accounting so Depreciation is not calculated.

12.10 Asset Disposals

Asset disposal may generally take 3 forms:

- Sale of Assets
- Garbage Disposal of Assets
- Donations/Transfer of Assets.

Appendix 23 provides the format for any form of Asset Disposal

If the asset was purchased with donor funding, and is no longer to be used for the original purpose/project intended, or to be sold or discarded of, donor regulations and contracts may stipulate pre-authorization in which case permission must be sought from that donor, before any such disposal.

Sale of assets

Assets may be sold when they are no longer needed, but still have some residual value, to allow recuperation of some of the cost price.

For the purposes of deciding on a minimum sales price for assets; the HR/Admin Manager must consider the depreciation of the asset as well as the fair market value (how much a buyer would be willing to pay for the item in a fair market).

There should be no warranty offered on assets sold or donated, and the assets are sold on an “as is, where is” basis and the buyer is responsible for removing the asset at their own risk.

If an asset is to be sold, at least 2 competitive bids should be obtained, particularly where BSDA staff are given priority to make bids. This is to ensure a fair market price is being offered. When the asset is made available to sale, the minimum asking price must be communicated. The asset should be sold to the highest bidder.

Income made from selling an asset should be fully documented, by way of the Income Voucher and official receipt.

All asset sales disposals must be pre-approved by Executive Director, and comply with donor regulations if applicable.

Garbage disposal of assets

Where assets are broken, no longer needed, are obsolete, and have no residual value, they may be discarded appropriately. All garbage asset disposals must be pre-approved by Program Director, and comply with donor regulations if applicable.

Donation/Transfer of assets

Assets may be transferred from one location to another or from one program/project to another. If the transfer is from one BSDA project to another the item must be added to the asset/inventory register of the project that receives it. This form needs to be signed by receiver and transferor, as well as Executive Director for approval.

SECTION 13 PERMISSIBLE RATE FOR DSA, INCENTIVE AND ALLOWANCE

13.1 DSA for BSDA

To consistently charge to the project, BSDA must set out standard rate as follow personal policy (Article_11 Daily Subsistence Allowance)

Note:

DSA rate covers for meal , transportation and accommodation, BSDA will not require accommodation or meal receipt/invoice for the attachment.DSA is only for shareholders and local authorities. Please see DSA's guideline.

13.2 Incentive and Allowance

To consistently apply incentive and allowance rate as whole organization, BSDA must follow the rate in table below:

Cash Allowance for communication and Incentive**	Rate per month (USD)
Incentive for CSV's incentive, OVC, Intern and Volunteer.	20-100 USD
Phone Card for DD/ED, Office Desk	25-50 USD
Phone Card for PD,OD, Senior Technical Advisor	20-40 USD
Phone Card for SHRM,FM,PM,PC/Staff Management	10-30 USD
Phone Card for Field staff/Cleaner /Security &Driver/Assistant/PO/Clerk/IT & Admin /Procurement Officer/FO/Care Giver/Educator and Support Staff.	5-20 USD

** Note: Payment for phone cards are based on Donors as well as.

SECTION 14 HAND OVER INTRUCTION OF FIANCIAL MATTERS

The Generally accepted accounting requirements for the hand-over of financial matters by the designated officer to other designated officer due to foreseen prolonged absences, either on annual or sick leave, or due to termination of employment, are:

- A written hand-over note listing the contents of the office safe, i.e., blank cheques books and lose cheques....
- A book of cash in hand reconciliation, together with supporting document justifying the expense paid by cash in hand and cash count sheet to these financial policy and procedure signed by both person acting as receiver and provider.

15.1 Payroll

The payroll is calculated by Admin/HR unit using the staff contract and other information such as time sheet and then approved by Executive Director and structure level.

Original staff or consultant contracts are forwarded to finance unit, copy retained at administration unit.

As far as possible confidentiality of salary information must be maintained at all times.

Salaries are calculated on the 25th of the month payable to the end of the month, calculated on a 22 day per month basis.

15.2 Payroll Policy

- Responsibilities for supervision and time keeping, personnel, payroll processing and disbursement should be assigned to provide segregation of duties.
- Proper records of attendance/time sheet, leave, overtime and performance must be kept;
- Salaries must be paid from the appropriate funding sources;
- Salaries shall be paid through bank transfer to the individual bank account.
- Detailed records of hours worked are maintained and approved, as appropriate.
- Payroll charges, including fringe benefits, are reviewed before disbursement and should be recorded accurately and promptly.
- Written procedures are required for authorization, recording, and controlling sick leave, vacations, holidays, overtime and compensatory time.
- Payroll records should be adequately safeguarded.

15.3 Payroll Procedures

15.3.1 Time Sheet

Daily time record must be a basis for the payroll computation, under time, absences, leave are necessary information for payroll computation and is the responsibility of the Administration Section.

15.3.2 Employment Contract

Employment contracts for staff and consultants are the responsibility of the Administration Section which provides the finance unit with a complete original copy of each employment contract. These contracts are the basis for payment of services rendered for the Program. Appointments, Salary increments and adjustments, Termination and Resignation must be formally documented in writing. Finance Unit must be advised for the payroll computation.

15.3.3 Payroll List/Payroll Register

The Payroll List/Register shows the details of the employees' payroll computation, showing gross salary (including basic salary plus bonus and other allowance) and net salary (after tax and any other deductions), and salary allocations across donor projects for all staff. Payroll List/Register must be prepared by the authorized person who must preserve the confidentiality.

In the preparation employee details must be compared with the employment contracts.

Payroll Register should be submitted to FM for thorough verification and proper check.

Payroll Register shall be presented to the Executive Director for approval before payment is made.

The Payroll soft copy file in computer should be protected with password to prevent unauthorized access.

15.3.4 Pay Slips

The Pay Slips should be given to each employee showing each pay period's basic pay, overtime, allowances, taxes, NSSF other deductions and net pay if donor require . In this case, BSDA will not be given to each employee if Donors do not requires and With this, BSDA already detail in Bank transferring Slip as well as.

15.3.5 Payment Procedure

To minimize cash transactions, for safety and ease of preparation the Program shall use the Bank Payroll Facility. The procedures are as follows:

1. BSDA will apply for bank payroll facility from the bank (formal negotiation and request).
2. If approved applications forms for opening a bank account are distributed to the employees. The bank issues a passbook for each employee and advises the name and account number.
3. Time sheet/personal activity record is used for payroll calculation.
4. Based on Time Sheet/PAR, Payroll list is prepared by filing all inform required
5. This payroll list is prepared and reviewed by finance unit and approved by ED.
6. Salary pay slips are prepared for each individual staff member, that agree to the payroll list.
7. HR/Admin Unit prepares letter to bank to request bank for transfer salary payment to each staff's payroll account.
8. This request must be signed off by authorized person.
9. Salary payments are made to each staff
10. Each staff signs a copy of the pay slip to confirm the amount they have received if donor required.

15.3.6 TAX

BSDA pays two types of tax, submitted by the 15th day of the following month:

☛ **Salary and fringe benefits**

- ☒ Applicable to residents and non-residents
- ☒ Variable tax rate is applied to salary and a fixed 20 % rate applied to fringe benefits

☛ **Withholding tax**

- ☒ The withholding tax are royalties and interest from minerals, income received from any rented properties, interest received from fixed term deposit account, and interest received from non-fixed term savings account according to the law of tax of Kingdom of Cambodia.

SECTION 16 SUB-GRANT AGREEMENT WITH CHAPTER ORGANISATION

- BSDA may enter in to a sub-grant agreement with its chapter organization – BSDA Implementing Partner (IP)
- Details of the agreement will include purpose of the agreement, the implementing period, amount and repayment terms
- BSDA (IP) is responsible for preparing its own funding proposals and project budgets but will submit to BSDA Kampong Cham for sanity check and approval
- Sub-grant maybe provided on either an 'advance basis' or 'full grant' depending on agreement
- BSDA IP will submit periodical finance and activity reports for monitoring purposes

SECTION 17 FINANCIAL REPORTS

17.1 Overview of Reporting

The approved Chart of Accounts is established and maintained to provide financial statements according to Generally Accepted Accounting Practice.

17.2 Reporting Principle

- Full Accountability for all donors.
- Compliance with agreement and other rule regulation.
- Adequate Disclosure of all material information
- Fair and clear presentation of all material aspects of financial performance of status.
- Clear presentation of accounting policies in presentation.
- Format response to donor and other stake holders.

17.3 Reporting Timeframe

Finance Unit is committed to produce:

- Monthly financial report and management report within 15 days of the end of the month.
- Annual financial report and management report to Executive Director for check approve within 35 days of the end of the fiscal year.

- Report to donor and/stake holders within the deadline requested by donor and/stake holders.
- Project Audited reports together with management letter to be submitted to donor not later than 10 days after auditor issues final audit report.
- Annual audited report together with management letter to be submitted to donor and relevant stakeholder not later than 15 days after auditor issues final report.

17.4 Type of Report

The two types of report are required to be produced by finance unit to support effective monitoring of the Program's financial position and progress and to support the sound management decision making. These are:

- Donor Report
- Internal Report
- Board Report

17.4.1 Donor Report

Financial reports are prepared and submitted to donors using the format required by the donor, and to meet the deadline set by each donor. The reports must be based on actual costs, as shown in the accounting records and vouchers.

The reports are:

- Prepared by: Finance Unit
- Approved by: Executive/Deputy Director

17.4.2 Internal Report

Financial reports showing total organizational performance are prepared and presented to the management team at on monthly basis. The reports show the performance against budget of each donor budget, and a consolidated performance against the annual organizational budget,

The reports are discussed with the management team to understand variances and to agree any follow up actions

17.4.3 Monthly Financial Report for BSDA

- a) Budget Monitoring report (it is one tool for management to make decision and take any action)
- b) Receipt and Payment Statement
- c) Income statement
- d) Balance Sheet
- e) Statement of Cash flow forecasting

To ensure the accuracy of report, Finance Unit is required to prepare reconciliation of balance sheet account as follow:

- a) Bank reconciliation
- b) Reconciliation of Cash in hand

17.4.4 Procedures to Prepare Internal Report

1. Finalized trial balance and close all books of accounts
2. From TB Finance Unit starts to prepare reconciliation of balance sheet accounts (using excel spreadsheet).
3. Start to made adjustment if any during the reconciliation.
4. Prepare income statement (from Accounting system)
5. After Income statement fully completed, start to prepare balance sheet by each donor (from System) and summary of balance sheet (Spreadsheet)
6. Prepare Budget Monitoring report (see the procedure in section)
7. Prepare receipts and payments Statement (Spreadsheet)
8. After finishing statement of receipts and payments, start to prepare statement of cash flow forecasting.

17.4.5 Board Report

Summary financial report is prepared and presented to the Board at least 2 times per year. The reports will give an overview of the performance against budget for each donor project, and explain some of the main financial issues for BSDA.

SECTION 18

FILING & ARCHIVES

18.1 Records Management

It is the responsibility of the Program management team to ensure that there is proper record management and security of information for Programs. The Program management is responsible for ensuring that all personnel in the Program are aware of, and comply with the responsible for ensuring that all personnel in the Program are aware of, and comply with the record management policies and procedures.

18.1.1 Program File

A Program File is required to be maintained by the Program management in a safe and secure location. This is a permanent file and the Program/Deputy Director is responsible program file.

18.2 Document Retention

All financial records will be subject to periodic internal audit, audit from donor as well as external independent audit. In this case, all accounting documents must be kept at least ten years beyond the date of final completion of the grant, or longer where required by rule of any donor project.

18.3 Protection of Financial Records and Documents

Original financial documents and records must not be disposed of prior to the period referred to in section 6.5 above. Measures to safeguard and protect BSDA financial records include the following:

- When the offices are closed, cheque books, passbook, all payment, cash on cash and office accounting forms must be safeguarded.
- All supporting document must be kept under lock to ensure that no one tampers with such official original supporting documents.
- The all files must be backed up into CDs, external hard disk or flash drive every weekly and monthly and it must be place in the safe place.
- A whole year backup must be done at the close of the year and sent to head of finance unit for storage.

18.4 Computer Financial Data

Correct filing of Financial Data is essential for easy retrieval and for attaining transparency.

Each Unit must maintain a proper <Directory (Folder)> in the computer so that the information can be opened quickly for Internal or External Audits or routine inspection/query by authorized person.

A whole year backup must be done at the close of the year and sent to head of finance unit for storage.

The financial data must be managed in a uniform file management system throughout organization.

SECTION 19

AUDIT

There are two types of audit that may be conducted – a donor audit and an organizational audit.

19.1 Donor audit

In this case, the auditor is usually selected and contracted by the donor. If BSDA is required to engage the auditor, then donor procedures will be strictly followed.

The audit may cover organizational policies and procedures, internal controls, financial transactions relating to the donor project, as well as programme implementation and donor compliance.

Staff in all departments should be informed in advance of the date and purpose of the audit, and should give full cooperation to the auditors.

Finance staff should prepare for the audit, and make sure that all relevant documents, vouchers and supporting documents are complete, are available, and are filed in the correct order.

Where there are any audit findings and recommendations, then the Senior Management team should ensure that follow up actions are implemented.

19.2 Organizational audit

Where funding is available, BSDA may engage an audit firm to conduct an audit of the complete organization.

The auditors would be expected to:

- prepare annual financial statements, based on BSDA financial information
- review internal controls and procedures, and test a sample set of transactions
- write a management letter to explain any weaknesses they have found and give recommendations

The Senior Management Team would need to:

- Write a management response to the audit recommendations, and ensure that any actions are implement.

SECTION 20

BENEFIT COSTS

The BSDA benefit cost was created to provide social insurance for BSDA staff in recognition of the lack of publicly provided safety nets in Cambodia. The benefit cost is funded through a 10% Surcharge (5% for medical and other costs and 5% for a severance fund) added to the staff salary cost for each project. The 10% will be calculated on the employee's gross salary that they receive every month. Surcharges added for administrative and support staffs are pro-rated in line with the percentage salary allocation defined in the budget plan agreed for each project.

The Fringe cost Benefit fund is used to provide social insurance to BSDA employees in the following situations:

- Work injury, disability benefit or death in service benefit (processed through NSSF)
- Insurance and Legal fees
- Sick pay
- Maternity pay
- Severance or Redundancy pay

The Severance/Redundancy Fund, 5% of the Fringe Cost, will be placed in a Severance/Redundancy Fund Account. When the employee has completed their employment at BSDA, the Finance Officer will pay what is owed to the employee. This payment will be equal to the amount that has been paid into this account on behalf of the employee since the start of this process.

SECTION 21

OVERHEAD COST ALLOCATION

21.1 General Policy

BSDA strives to self-fund a proportion of general running costs utilizing profits from their social enterprise and cash donations collected locally but a funding gap still exists. To assist with meeting the institutional and administrative overheads of running the BSDA organization a 13% overhead charge is added to project and program budget lines.

On-going costs not directly associated with project implementation include, but are not exclusive to the following:

- Staff development and training
- Retention of key project staff between programs of work
- Program and proposal development
- Procurement Management and Administration costs
- Costs associated with Board meetings, recruitment of board members and Executive Directors

21.2 Specific Exclusions

- Budget lines for direct payments to beneficiaries, for example scholarships for students and care parcels for HIV sufferers do not have the 13% allowance added.

SECTION 22

COST SHARE

22.1 General Policy on Cost Share Reporting

Cost Share Reporting refers to the process by which BSDA identifies and validates the allocation of resources to supplement funds from another donor for a given project. Some donors encourage cost share to leverage the resources that can be allocated to a specific project. Requiring a contribution to supplement a project's budget is also seen as a way to increase ownership and interest in a project by local implementers.

Cost Share Reporting is not required for all projects but may be required by certain donors, particularly bilateral ones. Cost Share Reporting, therefore, need only be undertaken if it is required in a project contract.

22.2 Specific Guidelines for Identifying Cost Share Contributions.

The following guidelines should be observed in identifying cost share contributions for projects requiring a contribution from BSDA.

1. **Cost Share Sources:** Cost Share contributions do not need to be from BSDA's own internal resources alone and may include funding from other donors that are co-funding or contributing in some way (sometimes indirectly) to the same project. Support from local government to a project (e.g., use of training rooms or buildings for office space) or partner organizations may also be counted as a form of cost share contribution.
2. **One-time Uses of Cost Share:** A contribution from a particular source can only be allocated to one project at a time. If a cost share contribution from a particular source is reported to a donor, the same contribution from that source may not also be reported to a different donor.
3. **Cost Share Contributions from Departments of the Same Donor or Government Agency:** In the case of government agencies, UN bodies, multilateral agencies or any other large donors, a cost share contribution from one department cannot be used to fulfill a cost share requirement from a different department of the same government. For example, funding from the US Department of Labor for a specific project may not be used to satisfy a cost share requirement from the US Agency for International Development (USAID) because both agencies derive their funds from the same source, i.e., the US Government.
4. **Forms of Cost Share:** Cost Share may take the form of cash and/or in-kind resources such as personnel, volunteered time, existing vehicles and equipment allocated to a project, food (e.g. school breakfast program), physical facilities, and other forms.

5. **Monetizing In-kind Cost Share:** In-kind resources that are used for cost share contribution must be monetized using a process that ensures the fair market value of the resource.
6. **Location of the Allocated Resource:** The resource identified as cost share must be allocated to the same geographical target area that the recipient project is working in. For example, if a School Breakfast Program is being implemented in a location outside of a recipient project's target area, those resources cannot be included in the cost share contribution.

22.3 Reporting Guidelines for Cost Share

1. **Frequency of Cost Share Reporting:**

- Cost Share Reporting should be reported as per the donor's requirements but at least once a year and preferably quarterly.

2. **Recording Cost Share Contributions:**

- Cost share contributions must be reported in a monetized form.
- Recording cost share contributions should use the same budget format that was submitted and approved by the donor.
- Cost Share reporting summarizes the total cost share contribution promised for each budget line and a quarterly statement of the monetary amount for that line, as well as the source of the contribution.
- The Cost Share Report should specify the period for which the cost share contribution is being reported.
- Cost Share contributions need not occur for each line promised in the budget. However, the total amount of reported cost share should equal or exceed the amount promised. A shortfall in reported cost share contribution may require a written explanation to the donor.
- The report should be reviewed/signed by the Finance Manager and approved by the Executive Director or Vice Director.

3. **Validating Cost Share Contribution**

Cost Share Report claims in an official report need to be validated. A standardized Cost Share Receipt has been developed to help projects to validate reported cost share contributions. This form is provided in Annex 3 (see Form 3A). The receipt form indicates the following information:

1. Project name
2. Contract number of the project indicated above
3. Cost share period claimed
4. Source of funds
5. Contract details (if any) of agents providing cost Share
6. Supporting documentation provided
7. Total cost share provided
8. Agent providing support (if applicable)
9. Short description of support provided

One receipt needs to be completed for each cost share line item stated in the spreadsheet report form. The budget line to which the receipt refers should be indicated in the upper right hand corner of the receipt. Each receipt needs to be reviewed/signed by the Finance Director and approved by the Executive Director or Vice Director.

1. RATIONALE

To ensure the most effective use of BSDA resources in the process of acquiring goods and services.

2. SCOPE

These guidelines are applicable for all procurement of goods, services and construction works for all programmed of Buddhism for Social Development Action.

3. GENERAL PROVISIONS

a. BSDA makes every effort to purchase quality goods and services at competitive prices. Purchases should be made only with responsible vendors who can perform successfully. Vendor integrity, past performance, financial and technical resources and access to other necessary resources should all be considered in selecting vendors.

b. All procurement is carried out in a transparent manner. This means, at a minimum, solicitation documents include sufficient information for responsible bidders to respond, all responsible sources are given the opportunity to bid, exceptions to full and competitive bidding are reasonable and well justified and that each procurement is completely and accurately documented.

c. There is no fraud or collusion in the procurement process. Employees do not accept gifts, commissions or bribes from vendors.

d. No employee, officer or agent of BSDA will participate in the solicitation, selection, award or administration of a contract or other purchase if a real or apparent conflict of interest is involved. A conflict of interest exists if the employee, officer or agent or any member of his or her immediate family, or an organization which employs or is about to employ any of them, has a financial or other interest in the firm selected.

e. Employees, officers and agents may not solicit or accept gifts, commissions or any item or service of monetary value over 10 USD from vendors or contractors. If a vendor offers a commission as standard or any special incentive to purchase goods or services, that commission is to be treated as a credit to BSDA. Violation of these standards of conduct is grounds for disciplinary action, including termination of employment.

f. All purchases of goods by BSDA will follow any provisions, prohibitions or restrictions as described in Donor policies.

4. APPLICABILITY

These policies and procedures apply to all solicitations and contracts to purchase goods or services from a supplier, distributor, vendor, consultant, contractor, lessor, subcontractor or other person or organization valued over 501 USD that will become or generate inventories or assets of BSDA.

Including, but not exclusive to:

- Computer equipment
- Construction materials

- Contract laborers
- Program implantation equipment
- Motor vehicles
- Office furniture and equipment
- Rental space
- Training and educational services
- Financial Audit Services

The policy does not apply to hiring, grants, or other awards of financial assistance to persons or organizations.

5. RESPONSIBILITIES IN PROCUREMENT

- Overall monitoring of procurement is the responsibility of the Human Resource and Administration Director.
- It is the responsibility of BSDA staff to decide what they need and request support from Human Resources and Administration Department in contacting vendors and suppliers for quotations.
- All staff involved in procurement are individually and jointly responsible to ensure the integrity of the solicitation process; to ensure there is no collusion or corruption in awarding business, declare any conflict of interest; and to select vendors who offer the best price for an appropriate level of quality.

4.1 BSDA Management Team Procurement Responsibilities

- The BSDA Management Team will hold procurement meetings to oversee supplier selection and purchase for all items or groups of items estimated to cost more than 501 USD.
- The BSDA's Senior Management Team who is a procurement committee must attend all procurement meetings. Three member of senior management team is available for procurement committee meeting without appointment letter. At each meeting the Project Coordinator or other Requestor and the individual who prepared the quotation summary documents must also attend. This group will form the procurement committee for each purchase.

Procurement committee meeting without senior management team procurement committee has to need the appointment letter by Executive Director of BSDA.

Supplier select by procurement committee will be ordered for next 6 months if BSDA need equipment or material more without procurement procedure again.

6. PROCUREMENT APPROVAL

- The BSDA Management Team plus Project coordinator/requestor and person responsible for preparing the quotations will act as the procurement committee and review the suppliers to decide which offers the best combination of price and quality.
- All members need to be come to a unanimous agreement on which supplier to choose. When there is disagreement, more information will be collected or a re-quote requested, until all members of the procurement team agree on the supplier of choice.
- The following positions are authorized to approve expenditures for their assigned project or unit:

Position	Defined Limit for Approval
Project Coordinators /Project Mangers/HR	Up to and including \$600
Program /Operation Directors	Up to and including \$5,000
Executive Director	Up to and including \$20,000
Board Director (additional approval)	More than \$20,001
Procurement Committee	Oversees all procurement processes for purchases in excess of \$501.

7. TYPES OF PROCUREMENT

There are four types of procurement used in BSDA:

- Cash & Receipt
- Single Quotation
- Simple quotations
- Open Tender

Process	Global Emergency Thresholds
Cash & Receipt	\$0-200
Single Quotation	\$201-500
Simple quotations (Min. 3)	\$501-10,000
Open Tender	\$10,001+

Quote/tender processes

-No quotations (global procedure threshold <200 USD)

For low value items that can be bought with petty cash eg. batteries, light bulbs etc, it is not necessary to use a Procurement Request or Purchase Order; petty cash can be requested from the Finance department, using a Petty Cash Voucher. The goods can then be bought from the supplier, and subsequently the receipt and any remaining funds returned to the Finance Department at which point the Petty Cash Voucher is updated and signed off.

-Single Quotation (global procedure threshold 201 - 500 USD)

- From its Supplier Database or knowledge of the market, the Procurement team can find suitable suppliers to request a quotation from. A quote is required back from at least one supplier.
- Quotes can be taken from a company catalogue, e-mailed from a company e-mail address, written on paper with the supplier's letterhead, or marked with the supplier's official stamp.

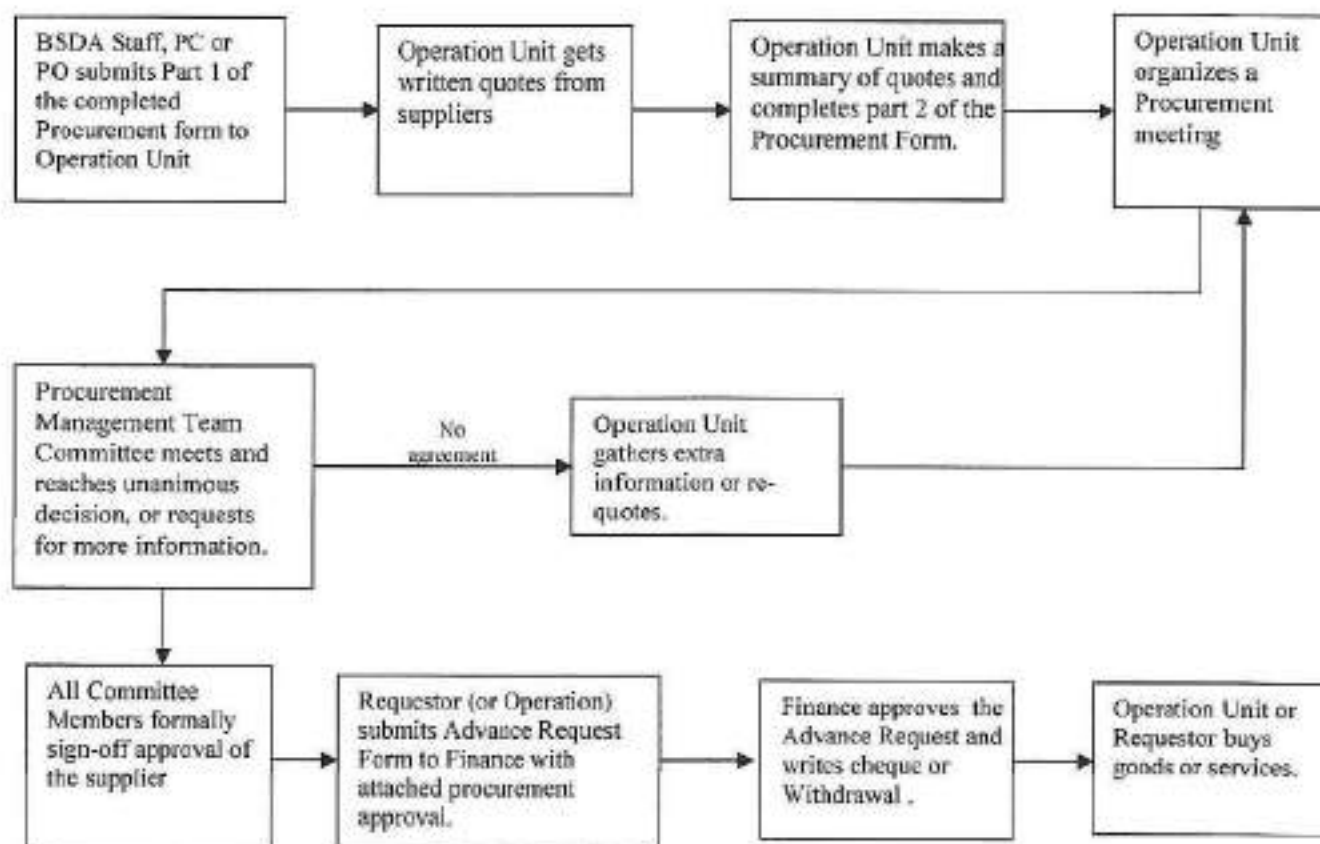
-Simple quotations (global procedure threshold 501 – 10,000 USD)

- Again the Supplier Database can be used to find suppliers to bid; it is suggested to send a Request for Quotation form to several suppliers, as quotations from at least 3 separate suppliers must be received back.

- Quotes can be taken from a company catalogue, e-mailed from a company e-mail address, written on paper with the supplier's letterhead, or marked with the supplier's official stamp.
 - Sufficient time should be allowed for suppliers to complete the process.
- Open Tender (global procedure threshold 10,001+ USD)

A good tender process can take up to three months to run, therefore it should be well planned and managed. Each tender should also be designed to specifically meet the requirements of the supply in question.

8. PROCUREMENT PROCESS FLOW



Requesting items between \$501 and \$10,000

Step 1: When a staff member needs an item or a group of items that in total are estimated to cost 501 USD or more, s/he fills out part 1 of the Procurement Form gives it to Operation Department and attaches any extra information for Operation Unit if required (for example technical specifications or specific donor quotation forms)

Step 2: Operation unit obtains at least three formal written quotes, if possible, and summarizes the information on part 2 of the Procurement Form, attaching extra information if required. If there are only one or two vendors for a particular item, this should be clearly stated on the Summary Evaluation. The fact that there are not three available vendors does not mean that the Summary Evaluation does not need to be completed.

Step 3: Operation Unit distributes the Procurement Form and supporting information to the Procurement Management Committee. If all parties agree and there is no discussion or questions approval can be given on e-mail. If approval is given on e-mail Operation Unit must collect signatures from all the approvers before the purchase is made. If there is a

complex requirement with different offers from Operation Unit must call a meeting of the Procurement Management Committee.

Step 4: The Procurement Management Committee discusses the supplier options until all agree on the supplier. If more information or a re-quote is required the meeting is closed and Operation Unit are responsible for getting the new information.

Step 5: When the Procurement Management Committee make a final decision part 3 of the Procurement Form is updated, recording the supplier, price and date of decision. In cases where the committee decides not to choose the lowest price, normally for quality reasons, an explanation should be given in the decision box on the Procurement Form. All members of the Procurement Management Committee plus the requestor and any other interested party must sign 2 copies of the completed Procurement Form in the approval section in part 3.

Step 6: Operation Unit files 1 copy of the completed Procurement Form, and gives the other copy to the person who will make the purchase.

Step 7: The person who will make the purchase (the requestor or Operation Unit) submits the Advanced Request Form to the Finance Department with the copy of the Procurement Form attached. The completed Procurement Form must be attached to the Advance Request Form. Finance may not approve the Advance Request Form if the Procurement Form is not correctly and fully completed.

Step 8: Finance approves the Advance Request Form and the staff member makes the purchase for BSDA.

Requesting items over \$10,000

The process is the same as above, except that an Officer of the Board (Chair, Deputy Chair or Treasurer) also must be included in the Procurement Management Committee in steps 3, 4 and 5 and give approval.

9. CONTENTS OF QUOTES

The quote is a binding statement of what the vendor will provide, including price and specifications. The formal quote can also include information about warranty, servicing, delivery or other considerations. The quotes should be for the exact same article or brand. If there are several similar products under consideration for purchase, then there need to be three price quotes for each model. Delivery costs are to be included in the total price for purposes of cost comparison.

To be valid in an audit, a formal quotation must always be addressed specifically to BSDA and must include the following information:

- Name and address of vendor
- Name of contact person
- Signature of the vendor's representative
- Date of issue
- Length of time for which the bid is valid
- Official company stamp

A standard price list or catalogue can serve as a formal bid only if it includes the information listed above. If the quote is received via e-mail it does not need to be signed or stamped but must meet all of the other requirements.

10. DOCUMENTATION

a. All procurement activities must be fully and accurately documented. The Senior HR/Admin Manager must document any abnormalities or changes from the policy or procedure in a purchase with a comment on the Procurement Form that is signed by the

Executive Director or his/her acting representative. Full supporting documentation must be attached that will answer any question that an auditor or external examiner may have, without them needing to ask the Administrative or Finance staff.

b. In the event that a form is void, it must be clearly marked "VOID" in bold letters across the middle of the form. All voided documents must be kept on file.

c. Documentation to be maintained on file for a minimum of five years includes:

- Original Procurement Forms
- Copy of requests for bids if published
- Original bids/quotations and Summary Evaluation (if more than 10,000 USD)
- Copy of the Advance Request Forms
- Copy of the Purchase Order Forms
- Original receipt and/or invoice
- Copy of work completion report (if contracted services or construction or major repairs)
- Original packing/shipping receipt if goods have been delivered from abroad.

The Senior HR/Admin Manager will keep the original warranties and service agreements on file in the Administrative Department.

d. Procurement Form and Purchase Order Formats

Annexes

1. Procurement Request Form
2. Purchase Order

DEFINITIONS

Advance Request: A form completed by BSDA staff to request cash or checks to purchase all goods or services, once budgetary approval has been given.

Asset: Any possession or claim on others which is of value to BSDA.

Asset register: A list of all fixed assets of BSDA giving details of value, serial number, location, purchase date etc.

Audit: The annual check on the accounts by an independent person (the auditor).

Contract: This is the process of approval over transactions, normally the decision to purchase or commit to expenditure. Authorization by a budget holder is a way of confirming that spending is in line with budget and is appropriate.

Bank reconciliation: The process of agreeing the entries and balance in the bank book to the bank statement entries and balance at a particular date. Acts as a check on the completeness and accuracy of the bank book entries.

Budget: An amount of money that BSDA plans to raise and spend for a set purpose over a given period of time.

Chart of accounts: A list of all the account codes and cost center codes that are used in BSDA's accounting system.

Contract: A written agreement, generally enforceable by law, which describes the goods or services to be provided, under what conditions, and at what price. Contracts are required for all labor or services valued at more than 300 USD and for commodities valued at 500 USD that are not received through a straight transaction in which the goods are received and paid for in full at one time. For instance, a contract would be issued when a supplier requires an advance payment and/or when the goods and services are delivered incrementally over a period of time. Contracts are also required for rental property and equipment.

Cost Centre: A system used in accounting to distinguish between different activities or projects to define where costs are incurred or income 'earned'. Cost Centre are closely linked to the idea of budget holders.

Current assets: Cash and other short-term assets in the process of being turned into cash, e.g. debtors. They can, in theory, be turned into cash in one year.

Current liabilities: Short-term sources of 'finance' (e.g. from suppliers, bank overdraft) awaiting payment in the next 12 months.

Direct cost: A cost that can be specifically allocated to an activity, department or project.

Exception report: A short narrative report that highlights significant variances and/or areas for concern to accompany the management accounts.

Fixed Assets: Items (such as equipment, vehicles, and buildings) that are owned by BSDA which retain a significant part of their monetary value for more than one year. Also known as tangible assets.

Impress: A type of cash float, set at an agreed level, which is replenished by the exact amount spent since it was last reimbursed, to bring it back to its original level.

Indirect cost: A cost which cannot be specifically allocated to an activity, department or project but which is more general in nature. Also referred to as overhead.

Invoice: A dated request for payment, including details of purchases, from the supplier to the buyer.

Journal entry: An entry in the accounts which covers a non-monetary transaction, e.g. for recording a donation in kind or an adjustment for correcting a posting error.

Liabilities: Amounts owed by the organization to others, including grants received in advance, loans, accruals and outstanding invoices.

Procurement: Acquisition, purchasing.

Procurement Form: A form issued by BSDA to record all information about the bid or quotation process and select a vendor or contractor. The Procurement Form is the formal authorization by the Procurement Management Committee to buy from a particular vendor, within specified parameters. Procurement Forms are required for all purchases over 501 USD. The form must be completed and approved before making expenditures for goods or services.

Quotation or Bid: This is a supplier's statement of the current price s/he is charging or the amount s/he would be willing to charge for a particular item or service. The terms are often used interchangeably, although the term bid is more generally used when a supplier would be providing complex services such as construction, or more expensive goods that would require warranties. The bid would describe exact specifications of the goods and/or services to be provided, standards of work, service guarantees or product warranties, and a timeframe for product delivery or project completion. In contrast, a quotation may be a simple price list of specific products, verified by the supplier and indicating the period for which the prices would be honored.

Receipt: Written evidence that a supplier for has received payment specified items.

Reconciliation: Checking mechanism that verifies the integrity of different parts of an accounting system, especially balancing the bank book to the bank statement.

Restricted funds: Income funds which have conditions attached as to how they are to be used and usually with a requirement to report back to the donor.

Specifications: The detailed and precise description of the item requested.

Unrestricted funds: Funds held for the general purpose of the organization for spending within the stated objectives.

Variance: The difference between the budget and the actual amount of income and expenditure.

Warranty: A written guarantee from the supplier to the purchaser, specifying that repairs will be made or defective parts replaced free of charge for a stated period of time, often under certain conditions.

All official documents keep at least 10 years.

All provisions contrary to this policy shall be abrogated.

SECTION 24 FORMS

Annex #	Description	Section in Manual
Budgeting and Budgetary Control		
1	Annual Budget	5.2 Organizational Annual Budget
2	Budgetary Control	5.3 Monthly Budgetary Control
Vouchers		
3	Payment Voucher	6.2 Documentation of Transactions
4	Receipt Voucher	6.2 Documentation of Transactions
5	Journal Entry Voucher	6.2 Documentation of Transactions
Supporting Documents and Chart of Accounts		
6	Chart of Account	6.3. Chart of Accounts
7	Minimum Requirement of Supporting Documents	6.4 Supporting Documents
Cash and Bank		
8	Cashbook	9.2 Cashbook
9	Bank Reconciliation Form	9.3 Bank Statement
10	Book of Cash on hand	9.4 Book of Cash on hand
11	Form of Cash on hand reconciliation	9.4 Book of Cash on hand
12	Form of Cash on hand replenishment	9.4 Book of Cash on hand
13	Cash Count Sheet	9.4 Book of Cash on hand
Advance and Expense		
13	Advance request and settlement form	11.1 Advance policy
14	Travel Claim	11.2 Advance Procedure
15	Advance Book/Register	11.3 Advance Book Register
Inventory and Asset Management		
16	Fixed Asset Register	12.1 Register of Fixed Asset
17	Inventory Register	12.4 Inventory
Salary		
18	Timesheet or weekly report or work plan	15.1 Procedure to prepare staff's salary
19	Payroll List	15.1 Procedure to prepare staff's salary
20	Pay Slip (Regarding to Donor need)	15.1 Procedure to prepare staff's salary