



អង្គការប្រតិបត្តិការកុមារកម្ពុជា
Operations Enfants du Cambodge

Financial Policy

Updated 2018

Operations Enfants du Cambodge (OEC)

FINANCIAL POLICY

NAME OF APPENDIX

1. Delegation of Authority Framework
2. Procurement Conflict of Interest Statement
3. Purchase Request Form
4. Quotation Summary Form
5. Quotation Request Form
6. Sole Source Justification
7. Competitive Bid Analysis Form
8. Advance Voucher
9. Expense Voucher
10. Travel Request Form
11. Mission Activity Report
12. Per Diem, Travel & Accommodation Policy
13. Income Voucher
14. Pay slip

1. INTRODUCTION

This financial and administrative policies & procedures manual is designed to provide the best practice protocol for Operations Enfants du Cambodge's utilization of donor funding and financial management.

Donors view sound financial management policies as paramount, and Operations Enfants du Cambodge must work to ensure the use of donor funds in the most effective manner possible. To do this, strict but fair internal finance procedures are essential.

Operations Enfants du Cambodge must be diligent in conforming to all specifications or requirements of a donor in order to sustain our credibility as a competent administrator of fund and thus be worthy of continuing financial support. Project Manager (PM) should obtain detailed guidelines as to how we should spend donor money and all staff must familiarize themselves, at project start, with the donor requirements for their project /program.

Operation Enfants du Cambodge must also ensure that it has in place proper accounting procedures and internal controls so that we can assure our managers and our donors that money is spent in the manner for which it was provided.

This manual explains the approved policies and procedures to be administered within Operations Enfants du Cambodge to ensure that we may achieve our goal of showing to donors that we are competent and efficient stewards of their funds.

1.1 General Project Financial Responsibilities

The **Project Manager** is responsible for the overall running of the project. This includes but is not limited to:

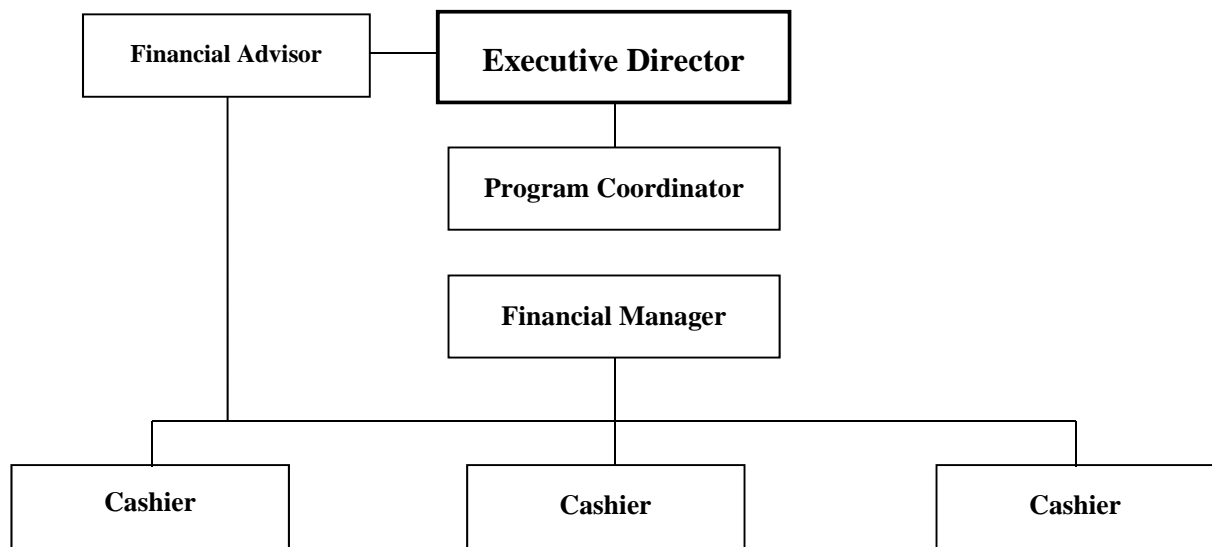
- a. Managing project activities and meeting project goals
- b. Managing project finances so they are spent as contracted
- c. adhering to the finance policy in procurement and payment activities
- d. Maintaining detailed records of project inventory
- e. Maintaining personnel
- f. Complying with donor regulations
- g. Completing required narrative reporting in a timely manner

- h. Safeguarding of project asset
- i. Safeguarding of project information
- j. Obtaining no cost extension from donors where necessary

The **Finance and Administration personnel** are responsible for:

- a. Adhering to the finance policy in procurement and payment activities
- b. Maintaining cash and bank accounts
- c. Maintaining asset/ inventory registers and labeling assets/ inventory
- d. Completing required financial reporting in a timely manner
- e. Preparing payroll information
- f. Managing office support staff
- g. Assisting Project Manager's with project finances by participating in preparation of budgets, quarterly projection, monthly financial reports and project finance re- projections

2. FINANCE ORGANIZATION CHART



3. DELEGATION OF AUTHORITY

Operations Enfants du Cambodge has determined levels of authority for a number of functions within the office. It is essential that all is aware of this delegation, as this determines who is able to perform certain assignments or make certain authorizations within the office. It is possible for staff to further delegate their authorities to staff within their programs, but any further delegation must be in writing and must be sent to the Executive Director. The Executive Director must accept delegation for it to be affective. There should always be a person in the office who is able to approve expenditures.

The delegation of authority is implied in the remaining sections of this manual and where approval of expenditures is referred to this means that it is approval within the delegation framework. All staff should be aware of whether or not they have a delegation and the extent of that delegation. A copy of the delegation framework is in the Annexes 1.

Should there be any dispute amongst authorized personnel on a particular decision; the mediator shall be the Executive Director. If the dispute has still not been resolved, then the Operations Enfants du Cambodge Board of Director may be approached for mediation. Consequences of bypassing the delegation of authority is a serious matter and disciplinary measure may be taken.

4 PAYMENT PROCEDURES

4.1 Short-term Advances

An advance may be issued before receipts have been obtained for purchases. If cash is required this must be requested on a Advance Voucher (Annex 8) which clearly identifies the purchase that is to be made. The advance is to be acquitted in a timely manner. Salary advances are permitted on a case by case basis.

Detailed Advance procedures

1. An Advance Voucher must be fully completed including proper coding and must be approved by a person delegated to approve the eventual purchase.
2. The Advance Voucher must then be validated by an authorized Finance staff (according to the Delegation of authority Framework).
3. The authorized validator of the voucher must check with Cashier if the requester already has any outstanding advances, and check that all details on the voucher are complete and in with Finance Policies, and the appropriate persons have approved the advance.
4. The Advance Voucher is given to the Cashier responsible for cash, who will also check to ensure that all of the appropriate fields have been completed, and then give cash to the person requesting. Cashier is not permitted to issue advance without the authorization and validation signatures.
5. The advance should be recorded the cashbook including date given, payee, purpose, amount, and signature of advance recipient.
6. The items are purchased and proper documentation obtained
7. An Expenditure Voucher (Annex) is prepared with all required documentation
8. The Expenditure Voucher must be approved and validated again by the authorized persons to ensure correct and authentic documentation has been obtained. If supporting documentation is not sufficient the voucher will be rejecting until proper documentation is supporting the Expenditure Voucher.
9. Approved Expenditure Voucher is then passed to Cashier
10. The Advance Voucher must always become part of required Expenditure Voucher documentation. In addition to showing an audit trail of funds, this will be documentation for any refund received or additional funds disbursed.

Staff are only permitted to have **TWO cash advances** outstanding at any one time. A third advance cannot be given until the prior advances are cleared, unless there are exceptional circumstances.

Advances must be cleared:

1. Within 4-5 days of receiving the advance for purchasing of goods OR
2. Within 1 day after returning form of a trip/training/ or workshop

Consequences of Not Clearing:

- If the advance is 5 days late: The Accountant will verbally request for advance to be cleared and make a note on the Advance Voucher of this request.
- If the advance is 7days late: The Accountant will send a written request with a copy of the advance voucher to the person who took the advance and send a copy to the Finance manager. At this time the Finance Manager will either facilitate acquittal of the advance or authorize- in writing on the Advance Voucher-deduction of the amount advanced from the salary of the person who has received this advance.

Due to negative balance sheet implications, as many advances as possible should be cleared before the end of the year. All advances that have been outstanding for long than 7 days that show on the end of the month Balance Sheet must be explained and signed off as approved the Finance Manager on this from.

4.2 Long-term cash advances

Cash may need to be advanced on longer term basis, for example when transferring to an external partner or for projects carried out in location where there is not OEC office.

Advances may only be sent to partners where a contract exists between Operations Enfants du Cambodge and the partner. The contract must clearly state how much the partner shall receive and in what installments. These advances may be for up to 1 or 3 months maximum at a time.

Where advances are issued for Operations Enfants du Cambodge, the staff, who need to work mainly provincially in a non- Operations Enfants du Cambodge office, different procedures apply and will be officially determined case-by-case. Where partner or donor offices are located nearby, efforts will be taken to secure cash advances in those locations. The appropriate Team Leader or Project Manager for the project must first submit a monthly budget for anticipated expenses. The maximum cash advance shall be for \$3,000 at any one time. The maximum period for this cash advance will be for 1 month, and all advances must be cleared before accounts are closed at end of month. The Team Leader shall keep a clear and complete cashbook that shall also be submitted at the end of month. If any expenses were not anticipated, Team Leader must contact Project Manager and obtain verbal approval before spending. Surprise cash counts may be conducted at any time. All major procurement and supplies shall be purchased at the Operations Enfants du Cambodge office and transported to the located project.

4.3 Paying for goods and services by cheque

Payment of transactions, where possible, should be made either by bank transfer or by cheque. Payment by bank transfer or cheque to a company (not personal) account is required for all purchases greater than \$500. In special cases where company's do not have company bank accounts, a letter from the company owner is required stating this, with a copy of their ID card/passport, name, address, telephone number. This is to be attached as supporting document to the Expenditure Voucher. All cheque issued must be photocopied and attached to the voucher.

4.4 Procedures for cash and cheque payments

1. An invoice is received from the supplier and goods/services are delivered/received
2. Goods are checked to ensure that goods received are the same as what was requested and at the correct price. Once we are satisfied that this is the case then the invoice should be stamped with the "Goods Received By" stamp and signed by the person receiving the goods.
3. An Expense Voucher (Annex 9) is prepared with correct coding for goods purchased, and all appropriate documentation is attached with the voucher including:
 - a. Supplier Invoice with Goods Received Stamp and signature
 - b. Payment receipt if supplied
 - c. Approved Purchase Request Form
 - d. Quotations or reference to where they are located, if required
 - e. Summary or Quotations
 - f. Competitive Biddings documents or reference to where they are located, if required
 - g. Sole Source Justification if required
 - h. Travel Request Form (Annex) for travel expenses
 - i. Invitation letters for workshops
 - j. Mission Activity Report for any travel (Annex)
 - k. Emails of correspondence for further verification
4. The Expenditure voucher is approved for payment by an authorized person. The person approving the Expenditure voucher is indicating that all required documents are attached and correct.
5. It is then given to the Cashier responsible for disbursing cash, cheques or bank transfers who will then prepare payment

6. If the payment is by cheque the invoice is stamped as “paid” and the cheque number and date paid is written on the invoice. The signed cheque is copied and attached to the Expenditure voucher.
7. If the payment is made by bank transfer the invoice is stamped as paid and the bank transfer document is attached to the invoice
8. The supplier is contacted to come and receive payment:
9. The supplier will sign and date the Expenditure voucher to indicate that payment has been received whether paid by cash or cheque
10. The cash disbursement voucher is numbered and filed consecutively in box file
11. Expenditure vouchers are entered into QuickBooks with CLEAR descriptions of the expense in English.

Supporting Documentation Overview

Complete, accurate and adequate documentation is essential to effective internal control and provides evidence of the transaction, the amount, nature and terms thereof.

The Test

The test of adequate documentation of an accounting entry is whether someone not involved in the transaction could the documentation many years after the date of the transaction and that it clearly describes the transaction and is in accordance with policy and procedures. If a verbal explanation is required then is not enough documentation.

5. TRAVEL AND PER DIEMS (amended on 01 April 2016)

Generally, in the implementation of the action plan, all employees are required to travel to work, both within and outside its operational area and involved with other institutions, development partners, such as meetings, workshops, training courses.

Policy for the trip was organized in order to provide a framework for all the necessary actions. This policy will be implemented for all staff, OEC, government employees, partners and other stakeholders to be included in the project. Providing this framework is to comply with the principles outlined in the section below. OEC has been complied and is responsible for providing the daily allowance (Per-diem) to employees (according to the policies and interests of its own principals). The operational area refers to the location operated as defined in each employee's contract. The employees who are required to travel will receive an allowance for food, accommodation, travel costs and other expenses associated with this action.

5.1. Travel

In Country Travel

Each month, all employees have to make activity plan for managers and budget holders to be reviewed and approved.

If any employee has the responsibility to go outside working area, they are to have operating certificate, mission order or appointment or obtain prior approval of the supervisor. In case of emergency and necessary personnel request orally or via cell phone to the Manager and require official approval.

PROCEDURES:

In country travel:

- Manager is responsible for direct responsibility and controls over the local travel of staff.
- Budget holder has responsibility liable to make sure that the budget which covers the planned action is contained in the budget of the whole project.
- Employees who have to travel are responsible to fill out a form requesting permission to travel, and other supporting documents (invitation, mission order, etc.) These forms have been approved by the supervisor. After receiving approval, should submit all

documents to the administrative staff to prepare materials, transportation and record. When there are several employees traveling together, a representative is required to be responsible for organizing the travel authorization form, and liable to locate accommodations for your team.

International travel:

The administrator is responsible to authorize international travel by staff in managing the completion of regulations and accommodation.

Travel at Night:

- To maintain a safe travel, OEC staff on official duty should not travel on road after 7:30 p.m. local time and before 5:30 a.m. local time.
- Any employee who does not reach his/her destination before night should stop at the closest safe location and spend the night there and then informs your manager. If however the traveler is less than 1 hour of destination, the travel may continue unless continuing the trip is not safe.
- If night driving is required for extra ordinary situations, e.g. there is more work to be done the next day, etc. In this situation the driver or team must inform the line manager, local authorities or local cops to inquiry clearly. The travel is allowed to proceed, unless the source information indicating a safe and reasonable judgment.
- In the event that foresee that travelers cannot reach the target, the driver, team leader or employees in this group should be to make decisions themselves, have already been reported to the line manager.

Travel on week-end or holidays:

- When any employee who needs to travel official duty on weekends or holidays, OEC has no overtime allowance (the allowance is provided on travel as a normal working day).

Travel by ferry:

- To maintain policy and safe of the employee, all OEC staff traveling for OEC work related by ferry and boat should take a life jacket with them.

5.2 Travel Advances

- Employees on official travel may request and take a travel advance to cover any costs likely to be incurred while traveling as per the current per-diem and accommodation rate.
- An employee who is authorized to travel can also undertake the trip without travel advance. In this case, she/he pays the expenses and claims the reimbursement on his/her return. The same rules described earlier regarding acquittal will apply.
- No travel advances will be approved if there are previous unsettled advances.
- Only OEC staff can request a travel advance; for external persons such as volunteers, interns and secondment; staff member supervising or travelling with the external person will request and acquit travel advance on their behalf.
- Travel advances must be taken and accounted for in the office where the staff is based.
- Within 5 working days of returning to the based working area the advance should be acquitted by submitting a per-diem Claim Form and program advance return form supported by receipts, mission report and documentation for all expenses except per-diem which should be based on the per-diem rates. All travel expenses must be approved by the supervisor of the employee and the budget holder.
- The per-diem Claim Form must be attached an Expense Claim Form approved by a person delegated to do so.

- All unspent amounts must be returned.
- When acquitting an advance for international travel, the exchange rate will be calculated based on the actual exchange rate presented in the receipt.

5.3 Per-diem and Accommodation

- Per-diem and accommodation are travel allowance provided to travelers on official trip to cover costs for meals, other food, drinks and other incidentals based on location. Per-diem is not a benefit or a salary supplement. In most instances, no receipts are required to claim reimbursement, except international travel.
- Per-diem is treated as a travel allowance, the per-diem claim form need to be completed to determine the total amount of per-diem they are entitled. Each employee must inspect for proper timing of the departure and the time of day back to get a daily allowance.
- In case the OEC or any third party fees for seminars or training courses, such as providing food for the participants, the employees who are entitled to participate in activities should not require any more food allowance.

Based on the time of travel conditions to get a daily allowance will be implementing the following statement:

Travel outside normal base working area:

- Breakfast: departure before 7:30 am local time
- Lunch: departure before 12 noon and return after 12:30 p.m. local time
- Dinner: on the day of return from an overnight trip, dinner is not payable. In case of distance (a distance of over 100 km) and return journey dinner later than 19:00 pm, travelers can get a subsidy free dinner.

Travel within normal base working areas:

- Breakfast: departure before 7:30 am local time
- Lunch: departure before 12 noon and return after 12:30 p.m. local time
- Dinner: On the day of return from an overnight trip, dinner is not payable. In case there are organizing workshops, training courses or meetings of any official and where to arrange this far from home / location work. On the other hand to push the process in preparing the ceremony that fared better and timely, employee may be required to stay the night, if the approval of the line manager. In such situations, or staff member can request a free dinner allowance for the day, accommodation allowance and free breakfast for the next day.

Travel Destination	Per-diem			Other expenses	ស៊ីវិល	Accommodation
	Breakfast	Lunch	Dinner			
Travel outside normal base working area	\$4	\$5	\$5	\$2	\$14	\$15
Travel within normal base working area	\$2	\$4	\$4		\$10	\$10

Summary of Per-diem, travel, Accommodation and Other Expenses

N°	Description	Per-diem Rate in US						Accommodation	Total	Others
		Overnight				Half Day	Full day (no over night)			
		Breakfast	Lunch	Dinner	Total					
1	Province to Phnom Penh	4	5	5	14	N/A	N/A	15	29	This rate includes

2	Phnom Penh to Province	4	5	5	14	N/A	N/A	15	29	meeting, workshop or training.
3	Province to Province	4	5	5	14	N/A	N/A	15	29	
4	District to Province	2	4	4	10	N/A	N/A	10	20	
5	Province to District, Commune, Village	2	4	4	10	N/A	N/A	10	20	

Notice: For the daily food allowance, travel and accommodation for the staff at the mission depends on the principle, as stated above (without bill).

The overnight stay condition: The overnight stay is based on the following conditions:

A) Normal road condition

- Km (one way) > = 40km
- Participant list (with distance of road)

B) Difficult road condition:

Boat, ferry, slippery, raining and insecure areas

- Time : travel required to destination and event end time
- Season : Raining season
- Insecure areas
- Other justified reasons

5.4 Per-Facilitator and Technical Team Fee

Fee for facilitator, during the training, workshop or other meeting is not considered as Per-Diem. Facilitator fee will be paid based on the number of day that s/he facilitates the workshop or training session to deliver quality program.

N°	Facilitator	Level	Fee Rate
1	Project counterpart or none that not received monthly allowance	Ministry	\$30/day
		Province	\$20/day
		District	15/day
		Commune/Community/School	\$10/day
		All level	\$10/day
2	Project counterpart that received monthly allowance	All level	\$10/day

Notice: If there any rate requested from facilitator/trainer different from the standard rate of Operations Enfants du Cambodge, the request is required appropriate justification and get approval from line manager before paying off.

* Refreshment and Training Session/Workshop Supplies

- Refreshment for each participant = \$1.50 (full day)
- Materials/Supplies for each participant = \$1,00 (The maximum number and options for lower cost is encouraged).
- Materials/Supplies for training session/workshop: Actual spending needs, good choice for the cost is very low, if possible.
- Accommodations for partners and counterparts: the cost of accommodation is included the package of daily allowance (DSA) and the rate of stay stated in the table above, so no need to have the bill, but, however, the attendance list is required to attach with.

5.5 Travel Insurance

Staffs traveling out of Cambodia are automatically covered by travel insurance provided that the travel information is communicated to the human resources focal point.

5.6 Taxis and Bus travel

- Employees are encouraged to take taxi or bus that has insurance, covered by the reliable company.
- Taxis and buses can be used mainly for work related activities only and also includes the journey from home to the airport and from the airport to the place / meeting.

5.7 Travel Allowance

The rate of travel allowance will be based on the distance and road conditions following

A/ Distance Outside Working Area

Nº	From	To	Distance (km)	Cost Rate	Others
1	Battambang	Banteay Meanchey	68	\$12	
2	Battambang	Pailin	80	\$12	
3	Battambang	Pursat	105	\$12	
4	Battambang	Poipet	119	\$12	
5	Battambang	Siem Reap	173	\$12	
6	Battambang	Kampong Chhnang	200	\$16	
7	Battambang	Phnom Penh	291	\$16	
8	Battambang	Kandal	308	\$20	
9	Battambang	Kampong Thom	301	\$20	
10	Battambang	Takeo	368	\$25	
11	Battambang	Prey Veng	381	\$30	
12	Battambang	Svay Rieng	413	\$50	
13	Battambang	Kampong Cham	415	\$30	
14	Battambang	Odor Meanchey	238	\$24	
15	Battambang	Preah Vihea	313	\$30	
16	Battambang	Kampong Speu	413	\$30	
17	Battambang	Kep	455	\$35	
18	Battambang	Kampong	439	\$35	
19	Battambang	Kratie	606	\$40	
20	Battambang	Preah Sihanouk	520	\$40	
21	Battambang	Koh Kong	592	\$40	
22	Battambang	Stoeng Treng	746	\$50	
23	Battambang	Mundulkiri	813	\$60	
24	Battambang	Rattanakiri	879	\$60	

B/ Distance and Condition in Working Area

Rate/Km	Paved Road (Return)	Non-Paved Road (Return)	Most Difficult Road Condition such as through the jungle or to destination where road instruction almost non-exists (Return)
1-2Km	\$1.00	\$2.00	\$3.00
3 –5 Km	\$2.00	\$3.00	\$4
6 –10 Km	\$3.00	\$4.00	\$5
11 –15 Km	\$4.00	\$5.00	\$6
16 –20 Km	\$5	\$6	\$7
21 –30 Km	\$6.00	\$7.00	\$8.00

31 –40 Km	7.00	\$8.00	\$12.00
41 –50 Km	\$8.00	\$9.00	\$14.00
51 –60 Km	\$9.00	\$10.00	\$16.00
61 –70 Km	\$10.00	\$11.00	\$18.00
71 –80 Km	\$11.00	\$12.00	\$20.00
81 –90 Km	\$12.00	\$13.00	\$21.00
91 –100 Km	\$13.00	\$15.00	\$22.00
101–200Km	\$15.00	\$17.00	\$25.00
201-300Km	\$17.00	\$20.00	\$28.00
301-400Km	\$20.00	\$25.00	\$30.00
401-500Km	\$25.00	\$30.00	\$35.00
More 500Km	\$30.00	\$35.00	\$40.00

The above rates will be provided only when partners or stakeholders use their own transportation and are inclusive maintenance costs and this rate will not require receipt for reimbursement, however, the traveler has to sign or print thumb on the list that indicates the amount of transportation allowance received prepared by the administration or organizer. Budget holder/manager is responsible to define road conditions and to make sure that the travel distance is accurate.

Notice: In case travelling across the river/water, travel rate will add up \$1 per return trip.

5.8 Acquittal of Travel Advance

- Staff should acquit their travel advance within 5 working days of arrival at duty station. Travelers on extended work assignments must file expense reports at least once a month. Failure to do so may subject the offender to disciplinary action.
- All spending is not necessarily a receipt or bill, but is attached with other forms and supporting documents (missions order, reports or minute, agenda, attendance list...)
- The acquittal of travel expenses must be in the same currency as the original advance. Other currencies used whilst travelling need to be converted into the currency of the advance. For example, if the advance is in USD and currency paid for expenses is in Riel, it should be converted to USD using the exchange rate e.g. USD\$1.00 = 4000 Riel or USD1.00=38.22 Thai Baht. Receipt of currency exchange should be included as supporting documentation.
- The traveler must personally sign and date the expense report. Signing or initialing another person's name is not allowed and not officially recognized.
- Travel expense can be reviewed by finance team.
- Before approval by Managers, the review will be to ensure that the following are proper:
 - Approval signature;
 - Goal and work activity clearly described.
 - Correct budget code;
 - Correct total;
 - Supporting documentation and receipts where required;
 - Policy exceptions have been properly documented and approved.

5.9 Partners/Spouse/Children's travel

- Where there is seat available, a staff of a partner organization, a spouse or child or other close relatives may accompany an employee on a business trip at the employee's expense,

as long as their travel expenses are paid separately, not charged to Save the Children, and do not cause any Save the Children employee or agency additional work. Priority will and must always be given to staff over relatives.

- However, if there is a clear need for a nursing mother to travel with her child and baby sitter, with the authorization of the employee's supervisor OEC may bear the cost of travel expenses incurred by the afore-mentioned.

Telephone Usage:

Communication is improving rapidly and mobile phones have become essential working tools for all professional entities. In line with this development, based on the need in the particular field office, each OEC staff is encouraged to use mobile phone to perform their jobs of the project or/and of the whole organization.

Employees' mobile phone:

OEC also recognizes that in moving towards an organization that serves more partners, more of its staff are traveling between different locations and need to be reachable wherever they are and be able to contact their partners outside their offices. In order to enhance work, OEC provides mobile phone subscription for work situations that they cannot be reached on landlines or cannot use landlines to reach all partners for business communications most of the time.

Table sponsorship amount for the monthly phone subscription card

Category of Staff	Type of Subscription	Monthly Credit Amount
All Program Managers and all specialists	Cell Card	\$30 - \$50
All Field Based Officers/Assistants	Cell Card	\$20 - \$30
All support staff managers, Accounts and Cashiers	Cell Card	\$10 - \$20
Vehicle Driver	Cell Card	\$5 - \$10
Night Guard/Cleaner	Cell Card	\$5 - \$10

Desk phone:

An office telephone system is provided for all staff to use to enable them to make telephone calls as part of their work for Operations Enfants du Cambodge. Desk telephones are provided in all rooms across the office. Telephones are also provided in all broken out meeting rooms. External phone calls are allowed to use communicating with OEC's work.

When staffs make or receive calls, it is important:

- To speak at a medium volume and avoid shouting or loud exclamations, this will disturb colleagues.
- When the call quality is poor and the user has to speak more loudly, they should transfer the call to a phone in a nearby break out room, or if using a mobile phone they should move to sit inside the break out room.
- Where staffs receive frequent phone calls on their mobile phone, this can be very disturbing for colleagues. All staff should set the ring volume on their mobile phones to a low level, or to vibrate when sitting in the office. OEC office phones are provided to enable our work to be carried out effectively. Staff should not use the office phone for personal calls.

6. Receiving money

It is necessary to ensure that we have procedures in place to ensure that there are controls when cash is received. All cash received must be receipted and income voucher (Annex 13) must be created. The receipts should be pre-numbered and in triplicate and the original will be signed by the Cashier and given to the person paying money.

The following procedures apply when funds are received:

- 1) The Cashier shall keep a pre-numbered receipt book which is in triplicate;
- 2) On receiving money a receipt is to be prepared ensuring that all donor and purpose of donation details are provided for. The receipt should be signed by both the person receiving the money and the Cashier and then approved by a person with delegated authority.
- 3) The original will be issued to the person paying the money.
- 4) The second copy is attached to the Income Voucher (Annex 13). The income Voucher is completed with name of payer, (Email) address, date, method of payment, amount, fund category etc which is then checked and signed by Finance Manager or Finance Coordinator;
- 5) The third copy of the receipt is retained in the receipt book.
- 6) At the end of each month, Finance Manager should page through the receipt vouchers and make sure that all receipt sum numerically accounted.

The Income Voucher must also have attached, any credit advice from the bank, if payment was made by bank transfer, or a copy of the cheque, if payment made by cheque, and any related communications, e.g. emails from donors saying that funds have been transferred etc.

7. PAYROLL

Salaries must be processed latest by the last working day of the month. All national employees are entitled to a 13 month bonus in line with the Operations Enfants du Cambodge Regulations. The bonus is based on the fiscal year (January-December). The 13 month bonus is payable to staff in 2 installments; 50% on 31 March for Khmer New Year and 50% on September for Pchum Benh. Employees that have not worked a full year prior to the bonus payment will receive pro rata bonuses, calculated by number of days worked in the year.

All employee contractual salaries stated gross (before salary tax deduction. CONTENTS calculates tax on salary monthly and deducts from staff salaries. Operations Enfants du Cambodge pays tax on salary to the Tax Department monthly before 15th of every month).

The promotion of the welfare of employees: OEC staff everyone gets health care allowance of ten dollars (\$ 10) a month according to the consent of donor.

The payroll procedures are follows:

1. Finance Manager prepares the payroll spreadsheet showing staff name, positions, base salary, the tax on salary, any overtime and salary adjustments. The pay slips (Annex 14) must detail clearly the base salary and any additions or deductions, and finally allocation to donors with budget lines.
2. All pay slips must send to finance manager checking at least 3 days before payroll is due to be processed.
3. After finance manager has checked all payroll records, Cashier will process payroll.
4. Program Director or Program Coordinator must approve all pay slips. Pay slips for Program Director or Program Coordinator are approved by Executive Director.
5. Salaries are paid by bank transfers, cheque and in special circumstance by cash. All are processed after approvals.
6. Accountant to raise and Expenditure Voucher for the total payroll, to which all signed pay slips are attached. This must be approved by Finance Coordinator.
7. Employees must sign their pay slips one by one in privacy for confidentiality purposes. A listing of salaries on which all employees sign for their pay is NOT acceptable.

All payroll data is confidential. Any staff privy to payroll data must be able abide by confidentiality policy. Breach of this policy will be taken very seriously.

8. JOURNAL VOUCHERS

The Journal vouchers are for Finance staff usage only. The voucher can be found in the Annexes. The journal vouchers are used for all non-income and non-expense transactions such as:

- Withdrawal of cash from the bank account (Supported by cheque copy).
- Deposit of cash to bank account (deposit slip receipt attached).
- Adjustment to erroneous allocation of expense or income (with reference of original income or expense voucher)
- Advance clearance where no expense occurred, e.g. Employee takes a \$20 advance, and returns the full \$20 with no transaction occurring. (Attach Advance Voucher as supporting document)

All Journal Vouchers must have as much supporting document as is possible. The Journal Voucher ensures the all recorded transactions in QuickBooks are supported by a voucher for reference.

9. CASH MANAGEMENT POLICY

Operates predominantly in a cash economy and must therefore maintain strict control over all cash which should be managing cash are called" Cash custodians" and their position are titled" Cashiers ".

9.1 Petty Cash Balance

OEC has in place an Impress Petty Cash System. This means that there is a minimum and maximum amount of petty cash on hand. The Cashier is responsible for ensuring that there are sufficient funds on hand to meet the needs of the office on a day to day basis, as well as any emergencies.

An impress system is one which constantly maintains approximately the same maximum level of cash. When the balance of funds reaches the minimum balance permitted or we have knowledge that a large amount of payments are to be made then we will replenish the balance to the maximum balance by making a withdrawal of funds, supported by the appropriate documents.

In all instances cash withdrawals will be made to bring the cash balance bank to the amount expected to be required to implement activities. The following table shows the minimum and maximum petty cash for the OEC Head Office deemed sufficient.

Office	Minimum Balance	Maximum Balance
Head Office, Battambang	US \$500	US \$1000

9.2 Cash books

Every petty cash box must be supported by a physical cashbook. The cashbook is a prime book of entry, in which transaction related to cash only are recorded in detail. This cashbook is maintained by the cash custodian. The cashbook columns:

DATE	REF	DESCRIPTION	DR	CR	BALANCE
Date of the transaction	Voucher reference of expense/advance/ Income	Explanation of the transaction	Amount of incoming cash	Amount of outgoing cash	Running balance of the petty cash after each transaction

Every column must be completed in full with no delays. This means the cashbook entry is completed at the precise moment the cash changes hands. All staff that receive or give cash to the cashier must write their name and sign on the cashbook if they agree with the amount, date and explanation. This requires that each staff waits while the cashier completes each column.

It is not acceptable to leave the name and signature column blank, or to write something generic such as "Supplier". Where more than one currency is used, there shall be 1 cashbook for both currencies. The columns for amounts will therefore appear as:

DR US \$	DR KHR	CR US\$	CR KHR	BALANCE US\$	BALANCE KHR
		3	3,000	xxx	xxx

Where one transaction is conducted in 2 currencies, the whole transaction should only appear on 1 line. The above shows an example of the amount of \$3.75. All cashbook must be bound and taken care of. When not in use, they must be locked in the cashier's desk drawer.

If the petty cashbox changes hand a recorded cash count must be conducted both the giver and the recipient of the petty cash box, so that both parties are in agreement of the balance of the cash at the time of handover. Such instances occur, when the regular cash custodian will be on annual leave, or when they depart the organization, or even if they are out of the office on an errand.

All cash transactions must be accompanied by an approved supporting document. These documents will include:

- An Advance Voucher
- An Expense Voucher
- An Income Voucher
- A Journal Voucher

No transaction is permitted without the accompanying, appropriately approved voucher. The cash Custodian will be held responsible if such an event occurs.

9.3 Cash Counts

A "cash count" is when the physical petty cash is counted using the cash count form, to verify the balance on hand. The cash count balance is compared against the balance stated in the cashbook, which is why it is imperative that the cashbook is completed immediately upon every movement of cash. There are serious consequences if; the cashbook is not maintained as such; or if the cash count does not match the cashbook.

Under no circumstances, must a transaction be recorded if there is no movement in cash, e.g. for cash kept "aside" for an expected payment. If the cash has not left the cash custodian, the transaction must not be recorded. This would result in a discrepancy between the cash balance and the cashbook balance.

The cash custodian is expected to conduct a recorded cash count at minimum 3 times per working week. Upon these counts, only 1 signature will appear in the cash count form. A second counter is required to conduct a recorded cash count at minimum once per week. The second counter may be; Finance Manager, Assistant Accountant, Administrator. In these instances, 2 signatures must appear in the count form.

From time to time a “Surprise” cash count must be conducted. These are cash counts where the cash custodian is not expecting a cash count. Once a declaration has been made to the cash Custodian of the intention to conduct a surprise cash count, the process shall be as follows:

1. The cash count must take place immediately (not e.g. after lunch).
2. The surprise cash counter must remain present and observe the cash custodian retrieving the cashbox (from the safe or their desk drawer).
3. The cashbook and cash count book must be given to the surprise cash counter.
4. The surprise cash counter must write “Surprise Cash Count” on the cash count sheet and the date.
5. The Cash Custodian must observe the cash count being conducted.
6. The surprise cash counter should match the cash balance against the cashbook.

It is therefore imperative that the surprise cash counter decides on an appropriate time for both then to count the cash and for the cashier to be available. If any discrepancies are found, these must be reported to the Finance, Project manager, Technical Advisor and Executive Director.

Any senior management member, Project Manager, or Technical Advisor is authorized to conduct a surprise cash counter at any time.

9.4 Security of Petty Cash

Out of cash hours, all petty office will be kept in a lock safe. All safes have 2 required entry keys, which include a numeric combination and a steel key. Arrangements may be made in the office, whereby 1 authorized employee has the key to the safe, and another staff has combination code, resulting in requiring 2 person to open the safe at all times. This may not always be feasible and therefore it is not a compulsory requirement.

During cash office hours, the cash will be secured in locked desk drawer. Under no circumstance must cash be left unattended. If cashier leaves their desk, the cash must be locked in drawer and keys shall remain with the cashier. It is unacceptable for staff to take home the cash box contents, for any reason.

9.5 Discrepancies in Cash Counts

Cash custodians are expected to work with precision and accuracy at all times, as they hold a major and vulnerable asset of organization. As such, unreported discrepancies and major unexplained discrepancies will be taken very seriously.

Should the Cash custodian find a discrepancy between the physical cash balance and the cashbook balance, they must report this immediately to their Manager and Finance Manager, before attempting to resolve the difference. They must never attempt to rectify any difference by contributing their own cash or taking out cash.

Senior Finance staff may decide to rectify small differences by allowing adjustments, with the support of the Journal Voucher, however such adjustments must be infrequent and of significantly low value (e.g. US\$1 equivalent).

Cash reconciliations are conducted by a finance staff member separate from the cash custodian. The cash reconciliations will compare the updated QuickBooks petty cash

balance, against the cashbook and the cash count record. All reconciliations must be document and signed.

10. ACCOUNTING SYSTEM

A/ Accounting Procedures

- 10.1 The prime entry record to the QuickBooks system is the cashbook. As the prime entry record it is imperative that recording be correct and description listed be clear and easily interpreted by someone outside the project. The cashbooks should detail and reflect all transactions made.
- 10.2 It is necessary that the vouchers are correctly codes as these are entered on to the cashbook (see below).
- 10.3 After the cashbook, the vouchers are entered into the QuickBooks system in voucher order. This must be done daily to ensure month and reporting is not delayed.
- 10.4 Vouchers to be entered into QuickBooks (“Make General Journal Entries”) include expenditure vouchers; advance vouchers, income vouchers and journal vouchers.

B/ Voucher Coding

All vouchers must be numbered/ coded. The code in voucher identified what type of voucher it is, the month and year, and an assigned number to that voucher. Every expenditure voucher/transaction in the cashbook is identified separately by the voucher number, e.g.

2 digit code:	Number of the transaction
PV= Payment Voucher	which is consecutively
RV= Receive fund (Donor) Voucher	numbered, starting at 001

C/ Chart of Accounts

Operations Enfants du Cambodge uses a global Chart of Accounts for all transaction. All accounts have a numerical code that must be written on each expense/income voucher. When expense vouchers are entered into QuickBooks, each transaction is allocate to an account code. Monthly and annual Statement of Receipts and Disbursements are completed using the Chart of Accounts. For internal reporting purposes.

12. MONTHLY FINANCIAL REPORTING PROCEDURES

Monthly reporting must include:

1. Statement of Receipts and Disbursements
2. Statement of Financial Position (Balance Sheet)
3. Statement of Changes in Equity

The financial statements must show 2 balances that equal:

1. Surplus/deficit of fund receipts
2. Net assets/Working capital

If the 2 balances are not matching this indicates lack of double-entry use or error, and must be corrected.

All reports must be distributed by the 10th of the month to finance Manager, Project manager, Executive Director and relevant Project Management staff.

The QuickBooks files must be backed-up in the online Drop Box at minimum monthly.

12. EXTERNAL AUDITS

It is imperative that all Operations Enfants du Cambodge has an external audit conducted by internationally recognized audit company. Annual audit reports must be completed by 31 March. This may require planning in advance and scheduling audit field work months in advance. It is advised the auditors are contacted in Quarter 2 or 3 of the prior year to schedule the timely field work.

Project audits also must be required by donor for specific project being funded in accordance with donor contracts. These audits a separate audit requirement from the global audit mentioned above.

All audit reports are available for viewing to Board of Directors, donors or potential donors, employees and the general public.

Management letter issued by auditors must be shared with international Financial Manager for assistance improving on internal control weakness.



02 May 2016
Seen and approved



Vay Po

Battambang, 02 May 2016
Chairperson of MC



Chhem Vannara.

CC:

- All Project Managers
- Staff Association
- Permanent Secretariat
- For "Information/Execution"
- Admin/Archive