

FINANCAL POLICIES

1-Financial Procedures

To help assist the management and financial expenditures, the Executive Committee of Star Kampuchea has developed its financial policies as follows:

A. Authorization

- Article 1:** The Program Coordinator must first approve all expenses of the project staff.
- Article 2:** The Director must approve all expenditures of Star Kampuchea except that there is an emergency and day-to-day expenses in offices in which the accountant has the right to spend not more than 50 USD (fifty dollars).
- Article 3:** In case where expense exceeds **50\$ (Fifty dollars) to 100\$** (one hundred dollars), the accountant or cashier must seek approval from the chief of administration.
- Article 4:** Expense exceeds **100\$** (one hundred dollars) including a purchase of materials and furniture shall be approved from the Executive Director or from a legally appointed person. The Executive Vice-Director, the chief of administration and other relevant persons shall monitor and make a decision in the purchase. These three components shall assign one or two persons to do a purchase.
- Article 5:** When the direct expenses of the Executive Director exceeds **1,000\$** (one thousand dollars), she must seek approval from the president of the Board of Directors.
- Article 6:** Once approved by the Executive Director, the accountant shall manage the expense items and release money for the appointee.

B. Payment

- Article 7:** All payment must be made in Riel, American dollars or in cheque.
- Article 8:** The accountant shall seek approval from the Executive Director or from a legally appointed person before paying monthly salary or an advanced salary to a staff. The accountant must make a separate pay role table and transfer the money into the bank account of the staff member.

C. Quotations

- Article 9:** The accountant shall create a list to monitor a price of the bought materials with transparency.
- Article 10:** For materials with a worth of more than **100\$** (One hundred dollars), a buyer shall obtain a quotation from at least 3 shops before deciding a purchase.

Article 11: If materials are of the same quality, a selection must be made to find out the ones that are cheaper. If the cost is the same, the materials shall be bought from the shop with the better services.

D. Receipts

Article 12: When purchasing materials, a buyer shall have a receipt with:

- a. Name of the company
- b. Address of the company
- c. Date
- d. Item description
- e. Price per unit
- f. Total price per unit
- g. Net expense
- h. Discount (if possible)
- i. Signature of buyer and seller

Article 13: All receipts must be attached with a table of quotation.

Article 14: For expense in small quantity with incomplete receipts (not falsified) or without receipts, and the buyer shall inform to the chief unit and accountant or showing evidence or witnesses in order to seek approval from the Director. In this case, the buyer shall use the Star Kampuchea's reimbursing forms.

Article 15: The accountants shall bring all improper receipts to discuss with the Executive Director.

E. Advances

Article 16: In case where a staff faces with a problem in their family, Star Kampuchea authorizes him/her to have a loan worth of his/her monthly salary, this money is an interest free loan which is to be paid back to the organization within three months.

Article 17: Additional loan is not allowed if the previous one has not been yet reimbursed.

Article 18: Chief of unit or staff of each program or cooperating organizations and networking organizations can ask for an advance for activity implementation if it is approved by the Executive Director or a legally appointed person. However, settlement shall be made in 2 weeks after the activity is finished.

F. Bank operation

Article 19: All Star Kampuchea budget shall be kept in the bank, except the regularly used budget of the coming month (s).

Article 20: A separate bank account shall be opened for an allowance, health benefit, retirement pension and other benefits set out in Star Kampuchea policies or in Cambodian Labor Code.

- Article 21:** All interests shall be transferred to the main bank account to be used for the collective project budget except otherwise stated by the donor.
- Article 22:** Withdrawal or deposit of money shall be made through the current or savings account of Star Kampuchea. Activities of each savings can be verified by the saving book or bank statement at the end of each month. Bank reconciliation shall be made at the end of each month.
- Article 23:** To open a bank account four people must sign their authorization: the Executive Director, Deputy Executive Director, Coordinator and one member from the Board of Directors.
- Article 24:** Deposit or withdrawal of money or closing of the bank account must be signed by at least 2 signatures among the above 4 people.

G. Cash management

- Article 25:** After purchasing materials or expenses, the purchasing person or expense person shall bring receipts and remaining money to be reimbursed not later than a week.
- Article 26:** The accountant is authorized to keep in hand a sum of money not more than 1000\$ (a thousand US dollars). An excess of cash shall be transferred to the bank. If necessary, the accountant can request for a withdrawal of money.
- Article 27:** In the case that the accountant is absent s/he shall give some money to the secretary or the list holder so that this sum of money can be spent for necessary need such as a day-to-day use or for a meeting.
- Article 28:** The accountant shall count the remaining cash at every second week or fourth week of each month. The counting of cash shall be made in front of the legally appointed Executive Committee members and then developing a report or filing forms to be signed by both parties.
- Article 29:** The accountant shall be liable for missing or destroyed budget of the organization.

H. Allowances

- Article 30:** Staff who are already supported by an organization that is running a workshop will receive from Star Kampuchea:
- 3\$ (three dollars) for a workshop conducted in province
 - 70\$ (Seventy dollars) for a workshop/conference in a foreign country
- For an extra period, he/she will be given 10\$ (Ten dollars) per day, but not for more than three months.
- Article 31:** Each staff receives the same amount of benefit from Star Kampuchea for Phchum Ben, Water festival and Khmer New Year.

Article 32: Each staff receives a reward proportionally to his/her salary at the end of the universal year.

Article 33: Each staff receives the same amount of health benefit not exceeding the planed budget. This health benefit is not given to the healthy staff, but it can be included in the following year. Moreover, Star Kampuchea has a policy to purchase a health insurance for staff based on its budget possibility.

Article 34: Each staff receives 80\$ (eighty dollars) for maternity.

2- Accounting process

The process of financial management of Star Kampuchea is programmed on the computer based on a cash basis. With this system, there must be a written statement in a cashbook in order to monitor the cash circulation. The financial policies are as follow:

I- Opening and closing date of account

Article 35: The opening and closing date of the Star Kampuchea's account is processed every month and calendar year. The opening and closing date is January 1 to 31 December of each year.

K. Payment and registration

Article 36: The recording and settlement system to recognize the actual income and expenses must be made according to the financial procedure and budget plan of Star Kampuchea. The accountant shall make a note in the cashbook of income/expense statements of all the cash flow in and out with a clear document source.

Article 37: In the cashbook shall be written down the date, transaction, and serial number of receipts, quantity of incomes and expenses in order to show the activities of deposit and withdrawals of money from the bank, and to recognize the income, expenses, exchanges, advances, reimbursements and external loans.

Article 38: All incomes are written down into the income statement such as:

- Venues from donor, individual charity and services
- Withdrawal of money from the bank and transferred to cash in hand
- Repayment of advances
- External loan

Article 39: All expenses are written down in the expense statement:

- General expenses, allowances and salary
- Advances

Article 40: The statement of income/expenses and resource documents shall be monitored and signed by the Executive Director or a legally appointed person. The submission for the signature is held every week and must not be signed more than 2 weeks later.

Article 41: The transaction written down in the cashbook shall be computerized every week in order to make a financial report and archive.

L- Financial report

Article 42: After closing the account, the accountant shall prepare the financial reports submitted to the Executive Director for approval not later than the 7th day and transferred it to the donor and a relevant person not later than the 10th day of the next month.

Article 43: The financial reports shall be made in monthly and yearly basis. The reports are:

- Classes-categories reports
- Balance sheet/account balance
- Register report
- Actual and budget report
- Reconcile bank accounts by account
- Other reports needed by the Executive Director and donor

M- Verification and Monitoring of reports

Article 44: The accountant shall verify the financial operation before closing the account of the following:

- Budget line expenses of the donor
- Cash balance in hand and in bank comparing to the budget plan

Article 45: The financial report must monitored by the coordinator before submitting to the Executive Director.

N- Inspection

Article 46: Annually or when requested by a donor, a financial inspection is made by a qualified, local or international, independent auditor or an external individual.

Article 47: After the financial audit, the Executive Director shall develop a report to the Board of Directors afterwards, the accountant sends the financial reports to the donor or a relevant person.

O- Inventory

Article 48: All Star Kampuchea's materials that have been used for more than a year with a worth of more than **100\$** (one hundred dollars) shall be put in an inventory. The holder of the financial list assists in managing the inventory.

Staff Severance Policy

- Article 49:** Staff who have been working with STAR Kampuchea for five years (starting the date of becoming a permanent staff) can make a staff severance request with a minimum amount 80% of the total severance.
- Article 50:** The staff detailed above can not make a request again until the next five years, starting from the date of his/her previous submission.
- Article 51:** The staff shall fill in an official fund request, clarifying the specific reasons, and then submit to the Executive Director to review, consider and approve, except the request made by the Executive Director must be submitted to the Board of Directors.
- Article 52:** Each staff can know the total amount of their own severance through communicating with the accountant in an appropriate time and the accountant must keep the staff's confidence.

P- Financial provisions

- Article 53:** All Star Kampuchea staff shall effectively practice with these financial policies.
- Article 54:** These policies take effect from this signing date.

Phnom Penh, Revised on 18th June 2009
Substitute, Executive Committee

Chair Women of the Board of Director

Ms. Prok Vanny

Ms. Chet Charya
Executive Director

Signed on the original Khmer language version