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Cambodian Center for Human Rights

CAMBODIAN CENTER FOR HUMAN RIGHTS FINANCE POLICY

Revised on (date): 17 January 2020

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DEFINITIONS

In this Policy, the following terms shall have the following meanings:

“Accountant”	The CCHR Accountant, a CCHR employee within the Finance and Administration Department.
“Advance Request Form”	A written request for a cash advance in the prescribed CCHR form that includes all necessary information to enable the advance to be considered in accordance with this Policy.
“Cash Book”	A written record of all cash transactions carried out using CCHR funds.
“CCHR”	Cambodian Center for Human Rights.
“Donor(s)”	An entity or entities providing financial support to CCHR pursuant to a grant agreement.
“Finance and Administration Department”	The CCHR Finance and Administration Department, which shall consist of the Finance Officer, Accountant and any other staff reporting to the Finance and Administration Director.
“Finance and Administration Director”	The CCHR Finance and Administration Director responsible for overseeing financial and administrative matters.
“Finance Voucher”	A pre-printed voucher used to record all financial transactions by CCHR.
“Fixed Asset”	An item of tangible property owned by CCHR with a value exceeding USD 100.
“Fixed Assets Register”	A document recording the details of all Fixed Assets owned by CCHR.
“Management Committee”	The Management Committee of the CCHR, which shall include the Executive Director, Finance and Administration Director and Program Director.
“Payroll Database”	A document listing all CCHR staff, their respective bank account numbers, current salary, and any applicable bonuses.
“Policy”	This Finance Policy.
“Executive Director ”	The Executive Director of the CCHR.

“Project Coordinator”	The CCHR staff member employed to coordinate a specific human rights project.
“Purchase Request”	A written request for CCHR to purchase goods or services, in the prescribed CCHR form and including all necessary information to enable the purchase to be considered in accordance with this Policy.
“Riel”	Cambodian Riel, the currency of the Kingdom of Cambodia.
“Supervisor”	Each CCHR’s employee’s direct line manager.
“USD”	United States Dollars, the currency of the United States of America.

CAMBODIAN CENTER FOR HUMAN RIGHTS

FINANCE POLICY

I. INTRODUCTION

This policy is designed to ensure effective management of the financial resources, and accountability and transparency in financial transactions of the CCHR. It is the responsibility of the Executive Director, Finance and Administration Director and all staff to ensure that all expenses are reasonable, necessary, allocable and allowable by its donors and only paid in accordance with this Policy.

The CCHR needs to be financially accountable to donors. A permanent record of transactions and approvals together with a system for safeguarding financial resources is the most effective and acceptable way of demonstrating financial accountability.

A system of internal controls ensures that proper accounting records are maintained, assets are properly safeguarded and management policies are followed. Effective internal controls should also facilitate management of operations and utilization of financial resources to effectively meet program objectives.

All staff should familiarize themselves with the contents of this policy. CCHR may update or amend the terms of the policy at any time. When changes are made, a revised version of the policy will be made available to CCHR staff.

AMENDMENT

The issue and implementation, and when necessary the revision, of this policy will be made with the approval of the Board of Directors of CCHR.

This Policy replaces all Financial Policies issued previously and shall come into effect from 17 January 2020.

II. FINANCIAL SYSTEM AND PROCEDURE

2.1 Fiscal Year:

CCHR adopts **01 January to 31 December** as the fiscal year for the beginning and ending of organizational operations and reporting. The closing balance of the fiscal year will be calculated in early December.

2.2. Currency:

CCHR accounting records shall be maintained in USD and transactions shall generally take place in USD. Any transactions in Riel or other currencies shall be converted to USD. Other currencies shall be calculated using the OANDA website: www.oanda.com

Only one exchange rate is applied for a whole month which official published by the National Bank of Cambodia (NBC) or OANDA website. The exchange rate shall be based on the last day of the previous month and if the last day of the month falls on the weekend/public holiday or unavailable, the exchange rate is moved backward one day.

For example, the exchange rate to be used for December 2019 is the exchange rate that has been issued on 30 November 2019. However, if the date of 30 November 2019 falls on weekend/public holiday or unavailable, we will take the exchange rate that had been issued on 29 November 2019 instead.

2.3 Software Configuration:

Accounting records shall be maintained in a computer-based accounting package, using QuickBooks accounting software license to record its financial transactions, and in supplementary Excel spreadsheets.

QUICKBOOKS'S FEATURES	ACCOUNTING SYSTEM
Chart of Account	Chart of Account developed based by annual if any requirement
Class	Key detail expenditure required for monitoring purpose
Customer: Jobs	Donors, employees, suppliers, consultants, contactors, and other related entities.
Recording Options	Make General Journal Entries or Write Cheques
Recording and back up	<ul style="list-style-type: none"> Records kept with password. Finance Director and Admin and Finance Officer will be responsible for setting the password. Finance Officer is responsible for making a monthly QuickBooks' back-up to external disc and to take the back-up to a safe place outside CCHR premises. The backed up file of the accounting system is also kept in the Finance Office.

2.4 Accounting Basis (Basis of Preparation):

CCHR will at all times use the standard **Modified Cash Basis** for bookkeeping, namely it will report income when earned and expenses when incurred (rather than a cash basis, which reports income when received and expenses when paid).

2.4.1 Incomes from grants, other sources and service or sales revenue: are recognized as

- income when cash or cheque is received, rather than when invoice is issued.
- 2.4.2** Accrual expenditures are recognized as payable until they are settled.
- 2.4.3** Advance payments to staff: for program activities are initially recognized as receivable and only recognized as expenditure when they have been settled by invoices supporting the related expenditures; and,
- 2.4.4** Prepayment: is recorded in the balance sheet until the related expenditure has been incurred.

2.5 Finance Voucher:

The numbering of CCHR Finance Voucher reference numbers re-starts at the beginning of every year as “Year/Month/Number (1508-00001)” for each project. All numbers are in sequential order.

2.6 Budget:

This section prescribes the requirements and procedures for developing, managing, and monitoring the budget. In addition, it also aims to provide planners with an insight into various aspects of the planning process and provide assistance and guidance for the preparation of needs-based plans, particularly to be applied in developing, managing, and monitoring budgets in such a way as to achieve the organization's mission and strategic objectives.

- **2.6.1 Budget Responsibility and Development:** The Executive Director, another member of the Management Committee and Finance Director are responsible for preparing an annual global budget, including detailed program budgets. In addition, specific project budgets may need to be prepared in accordance with project activities stipulated in funding proposals. The annual budget will be prepared in September, but may vary depending on circumstances.
- **2.6.2 Budget Note/ Budget Narrative:** Budget Notes contain technical information relating to items in the summary budgets. The budget note for each item should include what the specific item is; how the specific item relates to the project; and how the amount shown in the budget was arithmetically determined.
- **2.6.3 Budget Revision or Budget Modification:** Budget revisions are sometimes necessary to reflect ongoing changes to program activities, change in staff or salary, etc., that happen after original budgets are established at the beginning the fiscal year. The changes will depend upon the current situation affecting the project activities. Budget revisions may be required as a result of:
 - Increased price of supplies
 - Changes in project objectives and activities
 - Recommendation from evaluations
 - Delays in startup
 - Requests to move funds from one program activity to another
 - Donor funding is increased or decreased

All budget revisions must be reviewed and approved by the Executive Director or the Management Committee.

2.7 Financial Report:

The Finance and Administration Director shall review all monthly reports of disbursements, and prepare financial reports for internal management and external reporting to Donors. The Finance Officer shall prepare all monthly financial statements (QuickBooks and Excel) for presentation and review by the Finance and Administration Director; and the Accountant shall prepare all vouchers for expenses, control the cash, and maintain the Cash Book. The financial report exists to monitor the progress of project implementation and the most important reports according to donor requirements. This report is prepared mainly in Excel; however, the actual expenditure is taken from QuickBooks.

- a) The Management Committee meeting should be held quarterly to discuss the financial reports.
- b) Monthly fund balance is available in CCHR's website and servers.

2.8 Cash and Bank Management: It is the policy of CCHR to ensure that there is a substantial amount of cash available at all times to perform the activities of the project.

2.8.1. Type of Bank Accounts: The Executive Director of CCHR can authorize to open new bank accounts or sub-accounts with ACLEDA Bank and other Banks as the organization needs. CCHR maintains two types of account, which are savings and current accounts. All bank accounts shall be opened in the Name of "Cambodian Center for Human Rights".

2.8.2. Account Signatories or Approval of bank transactions: All bank transactions, which are withdrawals, transfers, encashment of checks, opening or closing of bank accounts, must be signed by at least two from the Executive Director, the Finance and Administration Director, and another member of the Management Committee.

2.8.3. Currency: Bank accounts shall be set up to receive grants / income from Donors and contributors. Some Donors may request that a separate bank account be maintained for their specific donation/project with the currency USD.

2.8.4. Checks and Saving Books: The Accountant shall keep the check/savings books in the safe. They shall not be retained by any of the signatories.

- Any person who holds the checkbooks cannot be an authorized signatory on the bank accounts.
- Pre-signing on blank checks (before the recipients' name and amount of money to be paid is entered) is not allowed.
- In case there are errors or unacceptable information entered on a check, the word "CANCELLED" or "VOIDED" must be written on the check and attached to the check stub in the checkbook

2.8.5. Bank Reconciliation: shall be prepared monthly upon receipt of the bank statement/ cash savings book. A voucher shall be prepared for any miscellaneous bank charges and recorded in the accounting system. In the event of differences between the balance shown

on the bank statement and the accounting system balance, the appropriate adjustment must be explained. The Bank reconciliation shall be prepared by Finance Officer, reviewed by Director of Finance and Admin and approved by the Management Committee.

2.9 Cash Flow:

A rolling cash flow forecast shall be utilized to comment on the current cash situation for CCHR and its projects. Recommendation for possible solution should be proposed to address any short fall.

2.10 Cash on hand:

2.10.1. Cash on hand:

Cash shall be stored in a safe in the office up to a maximum USD 5,000 for all CCHR project operations. If the amount is higher than the maximum limit, a statement must be prepared by Finance Officer or Accountant to explain the reason for exceeding and it should be approved by the Executive Director. CCHR will replenish cash based on the needs of the organization.

2.10.2. Handing Over of Safe:

In case of handing over of the safe from one person to another, a document including the amount of cash in numerical figures (listed according to denomination), the same amount in words, along with a list of other contents in the safe, should be prepared and signed by both the person handing over and the receiver. In addition, there should be another person as a witness to acknowledge this handing over.

2.10.3 Cash Reconciliation or Cash Count:

Cash in hand reconciliation is the comparison between the amount actually in the safe, and amount of cash on hand in the records. A cash count must be undertaken at the end of every month, performed by the Finance Officer and reviewed and approved by the Finance and Administration Director.

2.10.4 Surprise Cash Count:

To safeguard against misuse of cash, the Management Committee shall conduct surprise cash counts at least once a month on the safe, where cash is kept. The Cash Reconciliation (by ticking surprise count option) form is filled out and signed by an independent person from the Management Committee.

2.10.5 Safes and Code numbers:

CCHR has four safes, two for finance documents in the Finance and Administration Department, one for equipment and stationery in the Admin department, and one for information technology related documents in the room used by the CCHR's information technology staff.

Keys and codes shall be held only by the relevant staff member needing access to the safe, and the Executive Director also has a set of all keys and code for emergency cases and for double checking or verification purposes of the management of cash and important documents in the safe. The CCHR safes operate as follows:

- One for finance staff to keep, containing: cash in hand; saving book; checks;
- One in the finance office to keep in case of handing over of safe from one person to another, and a document including the amount of cash (listed according to denomination);
- One for IT staff and program staff to keep hard disks or any important documents and programs;
- One for admin staff to keep important documents.

2.10.6 Petty Cash:

- (a) The admin staff may advance USD 200 bi-monthly for petty cash, not exceeding a total amount of USD 50 per item or purchase. The petty cash custodian needs to replenish the cash that has been paid out every 10 days of working day. However, the custodian shall be able to get the replenishment early if the cash has been paid out before this timeframe.
- (b) Advances may also be made for the payment of expenses such as office stationary, material, meeting refreshments, local transportation, and maintenance, etc., if the vendor cannot come to CCHR, and they need to be paid at their place of work.
- (c) Petty cash may not be used as an operating fund, i.e., to pay invoices for goods or services, salaries or wages, to make advances or loans, or personal expenses, etc.
- (d) The petty cash fund has to be cash counted at least once a month by an employee assigned by the Finance and Administration Director, in order to keep the accountability of its balance and to avoid unexpected misuse by the petty cash custodian.

2.11. Cash and Check Disbursements:

- a) Payment by check, bank transfer, or bank card shall be made for transactions over USD 200. However, payment may be made in cash for sums in excess of USD 200 only in necessary or urgent cases, with proper explanation and approval by authorized personnel.
- b) Payment by cash shall be made for transactions under USD 200, except for payments to institutions requiring cheques, such as utility companies (water, electricity, etc). Cash transactions shall be recorded separately in the Cash Book which shall be updated daily.

2.12. Advances:

2.12.1 Cash Advance:

Cash advances shall be given to staff for the purpose of making payments on behalf of CCHR. If the advance is for an organization, the staff member shall not use this cash for personal

expenditure. Furthermore, cash advances shall be approved by the appropriate authorizing levels as stipulated in article 3.1. It is the responsibility of staff who make advance requests and receive cash advances to take all reasonable precautions to prevent the loss or theft of any cash advances. He or she is liable in person to CCHR; even she/he leaves the organization for whatever reasons. Waiving of this liability is only at the discretion of the prudent judgment of the MC.

2.12.2: Advance Procedure

Concerned staff shall prepare advance request forms and submit it before the date of activities implementation, payment due date and or at least two days before the event/activities. This request is reviewed by their respective supervisor. The Finance Officer or Accountant then prepares an advance voucher and submits it to the Finance and Administration Director for checking regarding completeness, eligibility, and budget availability of the request. Finally, the advance voucher and its supporting documents are submitted to the Executive Director or Management Committee for final approval.

2.12.3 Advance Settlement and Reimbursement Procedure:

- a) Cash advances shall be settled within Seven (7) working days after the completion of requested activities or any the assignment, excluding public holidays and weekends, unless otherwise authorized by the Executive Director or Management Committee. No additional cash advances shall be provided if outstanding cash advances have not been settled. However, the Executive Director or Management Committee has the authority to allow additional advances, if necessary. If cash advances are not fully settled within the agreed timeframe, CCHR has the right and responsibility to deduct any outstanding balance from the staff's salary. Any outstanding advances may be deducted from the salary of the month.
- b) In case of late settlement, the concerned staff member is required to provide written justification and get approval from the Management Committee
- c) After completing the activities, staff who have requested the advance shall prepare an Expense Report, along with complete and valid supporting documents for expenses and remaining cash, if any, for their supervisor's endorsement.

2.12.4 If the reimbursement exceeds the amount advanced, the settlement will be made according to the actual invoices/receipts. If the reimbursement is less than the amount advanced, the balance must be returned to CCHR.

2.12.5 Salary and emergency Advances:

- Salary advances must not exceed 60% of the monthly salary, and this must not happen more than 4 times in the year. All salary advances must be reimbursed to CCHR by deduction from salary in the month of the advance.
- Salary advances are not allowed by some donors, thus CCHR must allocate allowable budget only for such advances.
- In emergencies such as accident or similar exceptional cases, whereby staff require a 100% salary advance, Management Committee shall consider and approve if necessary.

2.13 Income Policies:

- **Donor Grant / Grant income):** is recognized and recorded as income by donors and the use of contributions is classified by project activities or CCHR. All documents related to grant receipt shall be retained in a chronological order of date according to each donor.
- **Interest income:** Interest income earned on each bank account shall be allocated according to the letter of donor's agreement. If the donor has not stipulated anything regarding interest, the interest will be allocated to General Fund of CCHR.
- **General incomes:** are incomes earned by individuals, visitors and others. It shall be recognized as **income** upon its receipt. This income management is stipulated in General Fund.
- The income voucher (finance voucher) will be prepared by the Finance Officer, reviewed by Finance and Admin Director, and approved by the Management Committee.

2.14 Expenditure Policies

2.14.1 General Requirement:

Expenditure is referred to as the use of monetary resources to perform organizational activities in order to achieve the organization's objectives and goals. CCHR's expenditures may be settled via direct payments, reimbursements, or advance settlements for both budget and non-budget expenditure. All expenditures shall be carefully verified and approved by respective officers as stipulated in article 3.1 and must meet two criteria, which are permissibility and reasonability. Expenditures are permissible if they are in the line of approved budget and treated consistently with other expenses incurred within CCHR. Expenditures are reasonable if the cost is necessary for CCHR; the price is comparable with the market value of goods / services; and whether the concerned staff performs his or her duties with discretion, considering their responsibilities to CCHR. Besides, all expenditure transactions shall be supported by appropriate documentation.

All payments require the payee to supply a third party receipt or other evidence of acknowledgement of payment. Upon release of payments, all the relevant documents will stamp "PAID" on all Finance Voucher Forms, supporting invoices, and receipts, in order to prevent their re-use or duplicate payment. All will then be filed in the finance department.

Finance staff (Finance Officer or Accountant) is responsible to enter financial transactions into the computerized accounting system accurately, completely and promptly. Each "Transaction Posting" Finance voucher needs to be stamped "POSTED" to avoid double entering and be filed.

2.14.2 Reimbursement:

CCHR staff are not encouraged, unless agreed in advance, to use their own money to pay for goods / services, or activities for CCHR, and later claim for reimbursement as a matter of right.

Staff shall seek prior verbal/ written endorsement from appropriate authorized supervisor before making the payment. Reimbursement requests shall be made within 7 working days after expenses have been incurred. The Executive Director or Management Committee has the authority to approve the reimbursement made after the approved period.

2.14.3 Cost Shared: CCHR is an implementing Organization of many donors' programs and there are expenses that should be allocated among donors. These expenses should be allocated as follows:

- Costs incurred exclusively for a specific donor's programs are charged to that donor;
- Costs incurred that are not exclusive for any donor's programs are allocated among the donors' programs in proportion to their share in the annual budget of the Organization or as specified in the agreement, and / or share based on benefits receive.

2.14.4 Staff Salaries and Related Remunerations:

- a) CCHR pays salary to staff on the fourth week of each month, and in special cases CCHR may pay early, such as closing balances or government orders requiring employer to pay staff in earlier due to national holidays.
- b) The payment methods will be by bank transfer, cash or check payment
- c) All employees, including both full-time and part-time staff are to be paid according to the monthly salaries/stipend stated in their job contracts. All employees must have a job contract, signed by themselves and by the Executive Director (for the Executive Director the contract to be signed by Chair of Boards for 03 Years), another copy of which is kept in the personnel files in the finance department. All changes in monthly salaries, whether due to the annual increase or any other reason, should be notified to staff in writing, with a copy letter kept in the personnel files.
- d) A summary CCHR payroll sheet should also be completed, signed off, and filed. Payroll expenses should be authorized in accordance with the guideline on authorization and level of approval.

2.14.5 Professional Expenses:

Consultants or professional firms are hired on the basis of their qualifications, availability, competition and the reasonableness of their fees. Consultants can only be hired through a consultancy contract or an engagement letter setting out the payment and other relevant conditions.

2.14.6 Loss of Supporting Document:

In case a CCHR staff member loses his/her supporting documents or receipt and still wishes to claim for the expense, she/he shall prepare a signed statement explaining the unavailability of supporting documents, confirming the claimed amount, and stating he/she agrees not to claim for such expenses in the future.

2.14.7 Justification on Receipt/Invoice

In case the receipt/invoice is not available from the vendors, the justification letter or memo must be completed, endorsed by a supervisor, and approved by the Executive Director or Management Committee.

2.15 Travel Policies

2.15.1 Overarching Framework & Compliance:

CCHR is obliged to safeguard and use its resources in a responsible manner. Furthermore, CCHR, and its staff must guard against actual or perceived conflicts of interest in regard to the use of those resources. CCHR expects of all staff arranging and/or undertaking organization travel:

- To do so only for solely organizational purposes;
- To display prudence and professionalism;
- Not to derive personal financial gain from the mission;
- To respect required conditions with regards to the responsible use of the resources;
- To have read and adhered to these requirements and other relevant organization policies

2.15.2 Expenses Guidelines:

- a) The CCHR *per diem* policy is designed to provide a daily fixed amount to travelers to cover the cost of meals, drinks and incidental costs. This *per diem* rate will be applied to all CCHR's employees, government officials, and other stakeholders who are residents in Cambodia or non-residents when traveling domestically for CCHR business.
- b) *Per diem* is **not a benefit or a salary supplement**. In most instances, no receipts are required to be granted reimbursement.
- c) Travelers are responsible for adjusting *per diem* rates when meals (breakfast, lunch or dinner) are provided during the organizing event. In such instances, the traveler should not claim the corresponding *per diem*. It is the responsibility of the traveler and his supervisor to make sure that the daily *per diem* is reduced when meals are provided.
- d) The policy is as follows:
 - **Daily *per diem*:** USD 15 (without receipts) made up of USD 3 for breakfast, USD 6 for lunch, USD 6 for dinner. However, when CCHR has arranged suitable meals, *per diems* should not be provided.
Remark: the *per diem* is subjected to only 75% on travelling date.
 - **Accommodation:** Up to USD 15 (without receipts per night), staffs are not obliged to submit receipts/invoices for the accommodation. In case CCHR has arranged suitable accommodations, the daily *per diem* should not be provided.

- Meals will be pro-rated on a quarterly basis depending on when the traveler leaves and returns to the office.
 - Quarter 1 (06:00 AM – 09:00 AM) - USD 3.00 or 20% for Breakfast
 - Quarter 2 (11:00 AM – 15:00 PM) - USD 6.00 or 40% for Lunch
 - Quarter 3 (17:00 PM – 22:00 PM) - USD 6.00 or 40% for Dinner
 - For travelers leaving and returning to the office on the same day, meals will be pro-rated on a quarterly basis.
 - Employees beneficiaries, inviting guests are subjected to the allowance rate above if the distance of mission is from 20Km (The CCHR's office is the main location to compute the distance for employee).
- e) Concerning travels to Siem Reap and Sihanouk Ville, receipts for actual accommodation costs are required, if staff could not find suitable accommodation at the rate of or less than USD 15.
- 2.15.3** In case a staff member – or a driver escorting said staff member – attends a mission that does not involve an overnight stay, the requirements under section 2.15.2 shall apply. The staff member will be entitled to a meal allowance, to compensate any meals taken during the mission. In order to claim the meal allowance, the staff member is required to submit receipts/invoices. However, meal arrangements are often granted when a staff member attends a workshop or other events. In these circumstances, the staff member is not entitled to the whole meal allowance but will receive an allowance that is reduced accordingly.
- 2.15.4** An employee requesting a travel advance may ask another employee to make the request on his/her behalf if he/she is busy and not available to make the request on time.
- 2.15.5 Transportation and Local Travel:**
- a) Staff members traveling throughout Cambodia as part of an official mission (outside project areas) shall be reimbursed based on actual costs of the local travel. The reimbursement includes taxi fee, Moto taxi fee, communication, or other transportation costs. Original receipts are required for all expenditures claimed for all items costing over USD 3. For items of up to a value of USD 3, the purchaser must complete the internal accounting form and is required to receive approval from their supervisor. In case the concerned staff member or stakeholder is not able to find the original receipt, a justification letter or a memo must be completed, endorsed by a supervisor and approved by the Management Committee.
- Transportation for employees and beneficiaries without receipts: the transportation from Phnom Penh to/from Province shall be reimbursed based on the Memorandum on Transportation Fee that might be updated from time to time accordingly to market price.

■ Local travel for employees and beneficiaries without receipts:

No.	Description	Local Travel	
		Travelling Date (Round Trip)	During the Event Date (Per Day)
1.	Employees	\$6.00	\$3.00
2.	Beneficiaries	\$10.00	\$3.00

- b) **Use of Personal Vehicles for business purpose** - An employee, consultant, volunteer, government official, lawyer and other stakeholder, is entitled to request to use his own vehicle for business purpose. CCHR will reimburse actual and necessary expenses. This includes mileage in a privately owned vehicle (POV). Mileage costs will be reimbursed as following:
- If the distance of mission is from 20Km.
 - Use of an automotive vehicle whilst on CCHR business shall be reimbursed at USD 0.25/Km per round-trip traveled.
 - Use of a motorbike whilst on CCHR business shall be reimbursed at USD 0.20/Km per round-trip traveled.
 - All requests for mileage reimbursement should include a calculation of the amount due per trip (e.g. Kilometer driven * reimbursement rate = total due).
- c) The google map is required to compute the mileage for this reimbursement. For stakeholders using their own vehicles, a prior approval from the authorized project staff is required. For the internal staff, a prior approval from the Management Committee is required.
- d) Employees traveling on official assignments to the provinces, abroad, or around Phnom Penh, must submit a cash request before the trip, and must indicate the purpose of the trip, anticipated dates, places, and the amount required.

2.15.6 Travel Allowance for Government Officials: to avoid duplicate *per diem* payments to government officials, concerned staff members are required to establish a written procedure for providing *per diem* to government officers. The details of this procedure may include the need to specify the purpose of the government officers' activities, and ensure that the invitation letter noting these activities has sufficient information to avoid duplicate payments. Examples of information required: government officer's activities; details regarding logistics and if a travel allowance; per-diem will be paid by organizer; specific reference to who will paying the per diem of the officer, etc.

2.15.7 International Travel:

- a) Due to budget constraints, expenses such as passport, visa, air ticket, tax, travel insurance and other travel expenses incur for assigned international

travels shall be covered by inviting institutions. If not, the concerned staff may be able to claim from CCHR with actual receipt. Prior approval from the Management Committee is required.

b) Other expenses on international trips

- Business communication: business related to communications must be documented. Business communication expenses, consisting of communicating with CCHR offices and business associates, are reimbursable, but should be incurred with discretion, particularly when traveling abroad. CCHR travelers should strive to keep these expenses as low as possible by using telephone calling cards instead of hotel charged phones and by keeping phone calls and telexes as brief as possible.
- Staffs who have to pay internet fees and other travel expenses such as taxi fares for work related activities can be reimbursed on submission of proper receipt.
- An approval is required for all international travel.

2.15.8 The travel advance request requires an attached statement giving details of the anticipated expenses.

- The traveler is required to receive an approval from his/her supervisor or the management committee, and a mission letter from the administrative department. The traveler shall complete in advance a cash request detailing the purpose of travel, a schedule of the trip, a concept note, and anticipated expenses.
- All requests should be submitted for review/verification to the Finance section before the travel. The Finance section should make sure that the budget supports the request by identifying the correct account code; project activity code and relevant supporting documents. After review, Finance will submit the request to the Executive Director, the Management Committee, or their designee for approval according to the Level of Approval.
- Finance will make any advances available at least one day before the travel takes place.
- Upon completion of the trip, the traveler will complete an “Accounting Form” to clear the travel advance. Original receipts/invoices and other related supporting documents need to be attached with the expense report and submitted to the finance staff for review. After review, Finance will submit to the Executive Director, the Management Committee, or their designee for approval according to the level of Approval.

2.15.9 Employees on an assignment should try to complete their work and come back in time to avoid an overnight stay.

2.15.10 CCHR shall reimburse staff for the actual costs incurred for official travel, where receipts are available.

2.16. Specific Requirement by Certain Donors

- For international travel, travelers must comply with specific rules required by certain donors if their fund is used to cover the trips.

III. INTERNAL CONTROL

3.1 Payments - Authorization Level Schedule:

To safeguard the interests of the organization, CCHR has to ensure adequate control over the financial transactions with an efficient and effective internal control system. The work of one person shall always be checked by another (immediate supervisor), ensuring that the possibility of irregularities is minimized. Each transaction shall be prepared, reviewed and authorized in accordance with the following table:

Transactions	Prepared by	Reviewed by	Approved by
Payroll	Finance and Administration Director	One Member of Management Committee	Executive Director
Procurement of assets and Program activity related expenses - less than USD2,500	Relevant staff	Finance and Administration Director	One member of the Management Committee
Procurement of assets and Program activity related expenses – USD2,500 and above	Relevant staff	Finance and Administration Director	Executive Director
General Operating expenses	Finance Officer or Accountant	Finance and Administration Director	Executive Director or one member of the Management Committee
Grant Agreements	Donor and or member of the Management Committee	Finance and Administration Director	Executive Director
External audit selection and financial statements audit report	Finance and Administration Director	Executive Director	Board of Directors
Internal Control	Relevant staff	Finance and Administration Director	Executive Director or one member of the Management Committee
Annual Budget	Finance and Administration Director or relevant staff in program	Finance and Administration Director and One Member of	Executive Director

		Management Committee	
Legal Documents (where not covered below)	Administration Staff	Finance and Administration Director and/or Management Committee	Executive Director
Leases on property and equipment	Accountant or Administration Staff	Finance and Administration Director and/or One Member of Management Committee	Executive Director
Bank Transactions	Finance Officer or Accountant	Finance and Administration Director	Executive Director or one member of the Management Committee
Staff Salary Advances	Finance Officer or Accountant	Finance and Administration Director	Executive Director or One Member of Management Committee
Receipt of Cash & Checks	Finance Officer or Accountant	Finance and Administration Director	Executive Director or One Member of Management Committee
Banking of Cash & Checks	Finance Officer or Accountant	Finance and Administration Director	Executive Director or One Member of Management Committee

3.2 Payment of Salaries and Expenses:

The Payroll list shall be prepared by the Finance and Administration Director, reviewed by one member of the Management Committee, and approved by the Executive Director. The Finance Officer or Accountant shall prepare pay schedules for each staff member from the Payroll list and retain them in an appropriate file.

3.3 Timesheet:

- a) Each employee must prepare timesheets based on monthly payroll. The processing periods and amounts paid to employees must match the time submitted on the timesheets. The Payroll has to be made during the fourth week of each month.
- b) Each employee is responsible for completing his/her own timesheet. Completing another employee's timesheet is strictly prohibited. Exception: any employee who has illiteracy will be assisted to complete the timesheet by his/her direct supervisor or receptionist or admin staff.

- c) Timesheets must reflect actual hours worked by the employee, with activities broken down according to the number of hours worked on each project or each day when employees work on multiple projects.
- d) Each employee's Supervisor shall monitor his/her timesheet and approve it on a monthly basis
- e) Approved timesheets shall be submitted to the Finance and Administration Department and retain them in an appropriate file.

3.4 Expenses for Meetings:

Meal expenses such as breakfast, lunch, and dinner for public relations, representations or meetings must be included in the relevant budget and agreed by the Supervisor in advance.

3.5 Telephone Usage and Allocation:

- a) Desk telephones in CCHR offices are provided for the completion of official business. Personal outgoing calls are not allowed. Staff members answering phone calls shall pass the call to the appropriate person or take a detailed message. Every outgoing phone call will be recorded in the logbook.
- b) CCHR provides prepaid phone card allowance to all staff members including local interns/volunteers.
- c) The prepaid card allowance shall be issued at the beginning of each month. In case of additional allowance needs, the staff member can file a request explaining clearly its purposes. A prior approval from the Management Committee is required.
- d) The amount of phone card allowance for an employee is based on the approved budget and approved by the Executive Director or Management committee.

3.6 Fuel:

- a) Advances shall be made to drivers to purchase fuel when visiting provinces. On their return they shall present the relevant receipts and reconciliation prepared in accordance with 2.14 above to the Finance and Administration Department.
- b) Every month the Administration Staff shall check the mileage records with actual odometers and shall also perform a cost analysis to ensure the cost effectiveness of fuel consumption. The logbook should also be reviewed and signed by an appropriate staff member.

3.7 Documentation:

All financial transactions of CCHR shall be recorded on Finance Vouchers, to which the original invoices/documentation shall be attached. Once the Finance Vouchers are approved by the relevant staff member, the transaction may be recorded in the accounting system.

3.7.1. Routine office expenses: Routine office expenses such as utilities, internet, telephone etc. shall be controlled regularly by Accountant or Administration Staff.

3.7.2 Other disbursements: Other disbursements must be approved in advance. Once payments are made, vouchers shall be signed by the payer and payee to clearly reflect status and thereby avoid any possibility of double payment.

3.7.3 Retention of Documents: all financial records, finance vouchers, invoices and receipts, and other supporting documents and accounting systems and audit reports must be retained for a period of at least ten years from the date of issuance the documents.

3.8 General Office Supplies and Other Materials:

Administration Staff is responsible for ensuring there is a reasonable stock of basic office supplies available at all times. They should review the stock on a monthly basis and prepare a Purchase Request when necessary. Staff should inform admin if they have taken the last of any item. The purchase request form shall be signed by concerned staff then submitted to the admin Department for their arrangement.

3.9 Major Purchases:

The Management Committee is responsible for ensuring that all major purchases and installations are provided for in the annual budget, and are clearly needed to support the activities and operations of CCHR.

3.10 Processing of Payments:

Disbursements are generally made upon presentation of invoices. Very few vendors in Cambodia offer extended payment terms. The Finance Officer or Accountant prepares a finance voucher and attaches the relevant supporting documentation for review by the Finance and Administration Director and approved by the Management Committee in accordance with the following summary:

Type of Payment	Supporting Documentation	Review of Voucher and Documentation
Routine Payments	Service provider's invoice.	Check to make sure that the amount is reasonable compared with prior months, and that previous payments are correctly reflected on the bill.
Materials and Supplies	Approved Purchase Request and vendor's invoice or cash receipt.	Make sure that all items were properly approved prior to purchase.
Major Purchases	Approved Purchase Request, quotations from three suppliers, verification of budget provision & verification of receipt of goods.	Make sure that all items were properly approved in advance. If it has not been possible to obtain three quotes, the reason must be clearly explained.
Payroll	Approved Pay Schedule and employment contract is available in personnel filing	Make sure salaries are consistent with employment contracts and reflect any salary adjustments that have been approved.

Travel Advances	Statement of Expenses and relevant documents.	Check that calculations for accommodation, per diem, and other expenses are consistent with CCHR policies and are arithmetically correct.
Reimbursement of Travel Expenses	Hotel receipts, receipts for local transportation and other miscellaneous expenses	Check that calculations for accommodation, per diem and other expenses are reasonable, consistent with CCHR policies and are arithmetically correct.
All Expenses		Make sure allocations to activities and funding source are correct.

3.11 Fixed Assets Control:

3.11.1 Recognition and Controls: All purchases of fixed assets in the month of acquisition are expendable to the respective expense accounts of each project. The term fixed assets covers all capital items and equipment purchased in order to support organizational activities. To ensure the existence of physical assets, Admin shall conduct physical counts at least once a year to compare actual quantities in hand with the records. Any differences shall be identified, investigated and resolved. Adequate security and maintenance shall be provided to safeguard office supplies and materials from theft, misuse, or damage. Office supplies should be kept in a safe place such as a cupboard or small room that is locked.

3.11.2 Licenses and Names: All Fixed Assets purchased by CCHR such as vehicles and motorbikes must be licensed in the name of the Cambodian Center for Human Rights (CCHR).

3.11.3 Fixed Asset Register: All equipment or material procured/purchased in the name of CCHR shall be recorded (not in the financial reporting system) in the fixed asset register which is maintained by admin, if the unit cost is USD 100 or above and will be used for longer than one year. Fixed Assets are recorded in the following categories:

CODE	CATEGORY	DESCRIPTION	EXAMPLE
MV	Motor Vehicle	Station-wagons, cars, pick-ups, Trucks, motor bikes, etc.	Single Cabin, Double Cabin, 4x4, 4 strokes
OE	Office Equipment	Safes, electrical appliances and others. Computers, laptops, scanners, printers, and others accessories	Safe, Air Conditioner, Refrigerators, Generators, Water - Cooler, Desktop, Laptop, printers, server
FF	Furniture and Fixture	Table, Chair, Cabinet, and other furniture	Cupboards, chairs, tables, desks

- 3.11.4** The CCHR Administration shall record all Fixed Assets in the Fixed Assets Register including details as to the kind of asset, code numbers, date of purchase, serial number, unit price, fund source, and the person using the Fixed Assets.
- 3.11.5** Staff using or responsible for a Fixed Asset shall ensure it is kept in a safe place to avoid loss and damage.
- 3.11.6** There must be a physical check of Fixed Assets against the register at least once a year, and in particular at CCHR's financial year-end (31st December). Two people should carry out the verification of the assets and both sign the register after checking. It should then be signed by the Finance and Administration Director to confirm this check has been done.
- 3.11.7** Fixed Asset Tag Numbers:
The tag numbers for the fixed assets should be based on fixed asset class. An easy way of recording in the fixed asset register is to use a five-digit tag number in the format of the following; example: MV-00001. The letters MV indicate the fixed asset class (Motor Vehicle) while the last five digits represent the fixed asset number in chronological order.
- 3.11.8** Fixed Asset Transfer (External of CCHR)
- Where an asset is transferred from CCHR to an external recipient or donated to a stakeholder, the transfer must be in accordance with the provisions of the MoU or relevant contracts.
 - The transfer must be approved by the Executive Director or Management Committee, who fills in the required form in 2 copies (1 for CCHR and 1 for receiver)
 - Each Finance and/or Administration staff member is responsible for updating the asset registers and ensuring the supporting documentation is filed in the asset files.

3.11.9 Asset Acquisition and Disposal:

a) All Fixed Assets must be registered in the Fixed Asset Register immediately after purchase. Depreciation shall be calculated on all Fixed Assets using the straight-line method, as follows:

- Furniture and Fixture: 20% per year
- Office Equipment: 25% per year
- Vehicle: 20% per year

b) Fixed Assets will be depreciated in accordance with the above rates with effect from the month following acquisition. Depreciation will be adjusted in the accounting records on an annual basis.

c) The Fixed Asset Register must be updated to show the date of disposal, the sale amount and the name of the purchaser and cross-referenced to the sale documents. A receipt must be given to the purchaser.

d) If a Fixed Asset is scrapped, for example because it is broken, it must be written off in accordance with the authorization limits and recorded in the Fixed Asset Register as scrap with nil proceeds.

e) **Disposal:** There are times when fixed asset items become too old for productivity, too costly for repair (a replacement item is cheaper than repairing it) and/or is no longer needed. Annually, the fixed asset list should be reviewed and the Management Committee decides if there are any items that should be sold, donated to a local organization, or disposed of. The disposal of fixed assets shall be made with the approval of the Executive Director and in accordance with any relevant donor requirements and agreements. If it is not required by donors, proceeds of sale shall be recognized as CCHR general funds.

f) If the Item is to be sold: When an item has been determined to be too old, too costly to repair or no longer needed by the organization, the Management Committee may approve it to be sold. The item may not be offered to employees; it must be advertised internally or externally that it is being sold, either in newspapers or through other public information systems if necessary. The highest amount of money offered will be the purchaser. Any payment received shall be recognized as income of the CCHR general fund.

- **If the Item is to be disposed of:** the Management Committee shall authorize any item that has been determined to have no saleable value, other than possible salvage (recycle value). The item will be disposed of in the presence of the Finance and Administration Director. Any payment received shall be recognized as income of CCHR's general fund.
- **If the Item is to be donated:** the Management Committee shall authorize the donation of any item that is no longer needed to NGOs or CSOs. An agreement will be signed with the partner explaining the purpose of the donation, which will always be for purposes related to the public good, and not for personal gain.

g) **Loss/ Damage:** In case of missing, damaged or lost assets, an investigation will be conducted by the Management Committee. If the staff member used the asset for private purposes, the staff member may be held 100% liable. If the asset was lost or damaged while being used for organizational purposes, the staff member may also be held liable 100%; however, the Executive Director and Management Committee have the authority to waive these liabilities.

3.11.10 Asset/Inventory Reconciliation: the monthly reconciliations of the fixed assets list record which is maintained by Admin Staff is compared with all assets in the general ledger by the Accountant.

3.11.11 The asset/inventory list is reconciled monthly with the General Ledger with appropriate supporting documentation maintained. The reconciliations should be approved by the appropriate management official.

3.12 Allowable and Unallowable Costs under grant funding:

3.12.1 Allowable costs:

The cost will be reimbursed for all business activities determined by the donor to be reasonable, allocable and allowable per the terms of the approved activities. Brief definitions of reasonable, allocable and allowable costs are provided below:

- a) **Reasonable costs**: those costs which are generally recognized as ordinary and necessary and would be incurred by a prudent person in the conduct of normal business.
- b) **Allocable costs**: those costs which are incurred specifically for in the budget or grant agreement.
- c) **Allowable costs**: those costs which conform to the terms of the business activities.

3.12.2 Unallowable cost:

Any cost that are not permitted by grant agreement and they are not in line with operational ethics such as cigarette or alcohol purchase or a pleasure/entertainment purpose for individual or group that are not for operation and organizational interest

However, the special case will be asking approved from the Management commitment in advance.

IV. EXTERNAL AUDIT

A qualified professional firm approved by the Board of Directors shall conduct an audit of CCHR's accounting records and transactions, and prepare annual accounts.

- 4.1** It is the policy of CCHR to have its financial statement audited by an independent and qualified audit firm. Exception is only possible if stated in the funding agreement that no external financial audit is required. Donors' requirements and guidelines (e.g. donor's predetermined audit agreement) shall be reviewed before engaging with any audit work. In addition, terms of reference should be developed based on the scope of work and the nature of audit required by respective donors and management.
- 4.2** The Finance and Administration Director together with the Executive Director shall recommend the audit firm to conduct the audit. The Board of Directors shall approve the selection of the audit firm. The Executive Director shall sign an engagement letter (auditor format or donor format) that stipulates the fee and schedule for audit services to be rendered in the specified period. The Finance and Administration Director shall ensure proper preparation regarding the availability and readiness of documents to be audited. S/he shall also coordinate activities of the audit with the auditors/ donors.

The External Auditor shall prepare the following documents in accordance with applicable standards and guidelines and submit them to the Management Committee for review and approval at least one month in advance of the audit.

- The audit schedule;
- An audit plan (including a statement of the auditor's responsibilities and estimated fees for doing the work); and
- A list of the documents and records required.

- 4.3** The External Auditor shall conclude the Audit with a Closing Meeting, attended by the Finance and Administration Director and Finance Officer (and other key personnel, if needed or requested). In the Closing Meeting, the External Auditor shall give an overall audit opinion (e.g. qualified, unqualified, adverse, disclaimer) and review individual audit findings with the attendees.
- 4.4** The External Auditor shall submit a formal audit report, or "Management Letter on Internal Controls", describing material weaknesses identified by the auditor in sufficient detail, to the Management Committee, Finance and Administration Director, and Finance Officer within the time frame agreed at the Closing Meeting.
- 4.5** The Finance and Administration Director and Finance Officer shall prepare the Management Response to the Auditor, and submit this to the Management Committee for review and approval. Upon the approval, the Finance and Administration Director, and Finance Officer shall submit the Management Response to the Auditor.
- 4.6** External Audit and Corrective Action files shall be cross-referenced.
- 4.7 Tracking or Monitoring Issues**
The Finance and Administration Director or relevant staff member shall establish a tracking sheet to monitor or manage all audit or review findings and issues which have been highlighted, as well as the proposed reforms and progress towards the implementation of those reforms. This tracking sheet should be accurately updated and used as a resource by CCHR to demonstrate to donors the progress that has been made in addressing the organization's deficiencies.

Phnom Penh, Date: 17 January 2020