

### Vision

Indigenous people in Cambodia exercise their rights and effectively participate in the development of the national society, in using and managing their land and natural resources for their sustainable livelihood, and maintenance of their culture identity.

### Mission

To promote indigenous communities, both women and men, to effectively and equitably participate in decision making to choose their own future, especially to assure their rights in sustainably managing, using and development their land and natural resources that are the basis of their livelihood and for conserving their culture.

### NTFP Address

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commune, Banlung  
District, Ratanakiri  
Province, Cambodia.*

### Office Phone:

*(855) 75 974 039*

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*NTFP registered with the  
Ministry of Interior on 18<sup>th</sup>  
May 2007*



## គោលនយោបាយហិរញ្ញវត្ថុ

## Financial Policy

Final Approval date: June 2017



## NTFP's Financial Policy

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## INTRODUCTION

The Financial Policy was developed by the Management Committee (MACOM) of Non-Timber Forest Products (NTFP) with the assistance of consultants from Village Focus International (VFI) and with the approval of the Board of Directors (BOD) of the organization.

The policy was developed to ensure that financial resources are managed and used efficiently and effectively.





## Article 1: Financial System

Currency of Accounts: NTFP's accounting records are maintained in US\$. All transactions in other currencies will be converted to US\$ currency equivalent using prevailing exchange rates.

Fiscal Year: The financial year of Non-Timber Forest Products (NTFP) starts the 1 (first) day of January and ends the day of 31 (thirty-first) December every year.

Bookkeeping System: Accounting records are maintained in a Quick Book System.

Account's chart: Chart of account is the main component of accounting system. NTFP set chart of account as bellow:

Account code	Account Type
1000	Bank
1100	Income
1200	Advance
1300	Cash on hand
1400	Grant Received/Grant Payable
4000	Staff salary
5000	Staff benefit and Allowance
6000	Admin Cost
7000	Vehicle Cost
8000	Asset/Equipment Cost
9000	Activity Cost

## Article 2: Bank Account

NTFP keeps its funds in a bank account in order to ensure the safety of its cash resources. The funds can be accessed through 2 (two) or 3 (three) authorised signatories as described in the table of Acticle6.

All funds, donations and other revenues received by NTFP must be deposited in the bank account and cannot be placed directly in the safe placed in the NTFP office in Ratanakiri, with no exception.

## Article 3: Bank Account Management

When cash needs to be deposited in or withdrawn from the bank, the accountant must fill in the Receipt Voucher ([Sample 1 : Receipt Voucher Form](#)). For any funds transferred from donors and other donations she/he must fill the Bank Payment Voucher ([Sample 2 : Bank Payment Voucher Form](#)). Supporting documents must be attached. The original BPV will be kept in the Bank Payment File.

In the case of NTFP opening a Saving Account, the Accountant must complete the monthly bank record and copy the updated pass book as a supporting document (no need the bank reconciliation). She/he must take the pass book to the bank for updating at the end of every month.



In the case of NTFP opening a Current Account, the accountant has to demand the Bank Statement from the bank for completing the bank reconciliation report at the start of the next month (between the first and the fifth day), submitting it to the Finance and Administration Manager for verifying and to the Executive Director for approval before the 10<sup>th</sup> of every month.

**Article 4: Cash Withdrawal**

Cash withdrawal shall be authorized to take place every week based on the weekly cash advance, with reference to the NTFP's Monthly Budget Plan ([Sample 3: Monthly Budget Plan Form](#)) and defined budget lines.

Once a cash withdrawal is completed, NTFP requires at least 2 (two) of its staff members to accompany each other, in order to safely secure the cash withdrawn. To withdraw the cash, the accountant must prepare a Monthly Cash Withdrawal Request submitting it to the Executive Director for approval.

All cash withdrawn from the bank account must, with no exceptions, be entered in the safe held by the Cashier.

**Article 5: Cash on Hand Management and Control**

**5.1 Petty Cash**

At the beginning of the month the Cashier must submit a Cash Advance Request for Petty Cash to the Finance and Administration Manager for checking and submit to the ED for approval, for daily operational expense of the office during each month.

When receiving the cash, the Cashier must deposit it in the safe.

Spending this cash is the authority of the Cashier, as long as the expenses are within the defined budget lines, such as purchasing office supplies, snacks, refreshments, repairs or maintenances.

Expenses related to a non-defined budget line must have been previously approved in writing by the Finance and Administration Manager and ED.

The maximum amount of petty cash authorized to be in this safe per month is US\$ 250 (Two Hundreds US Dollars Only).

Should the available petty cash decrease to US\$ 35 (Thirty US Dollars Only) or less, the Cashier must submit another Cash Advance Request to ensure that the maximum amount is always made available.

**5.2 Project Cash Holding**

The Cashier is responsible to hold the project cash withdrawn from the bank (See the article 4) for the project operational expenses weekly.





At the end of working day, the Cashier has to count and check the actual cash against the incoming/outgoing cash records and the cash available in the safe.

The Cashier is not able to withdraw cash from the safe without the Cash Payment Voucher which noted by Accountant and approved by Executive Director.

The Cashier is not able to disburse loans to the staff members for personal use without permission of the Director.

### 5.3 Cash Checking/Surprise Cash Count

The management is authorized to check the cash (and cash books) deposited and kept in the safes without a prior notice.

Furthermore, the management can ask the Accountant to report on the financial situation of the entire organization and the Cashier on the cash, whenever required.

Two of management committee members are assigned by ED to do the surprise cash counts once within 3 months.

The accountant must prepare Cash Count ([Sample 4: Cash Control Sheet](#)) for FAM checking and count the cash balance in the safe held by Cashier before closing account at the end of every month.

## Article 6: Level of Authority

Delegated Authorisation Documents: The table below clarifies who is authorised to make decisions, commit expenditure and sign legal undertakings on behalf of NTFP. The Delegated Authorisation Documents must be approved by the BoD and should be reviewed every year to ensure it is still appropriate to current needs. The authorisation relates only to the approved work plan. It is not related to expenditure and expenses for imbursement by staff, which is explained in separate points 8.4 and 9.5.

Authority	Requested by	Amount Authorised Each Time	Amounts Authorised by the ED or Macom through the Accountant
Program Coordinator/ Provincial Program Manager	- Project Assistant - Community Facilitator - Trainers - Internship - Volunteer	≤\$750	≤\$7,000 (ED)
Program Officer/Project Manager	- Project Assistant - Community Facilitator - Trainers - Internship - Volunteer	≤\$350	≤\$7,000 (ED)
Senior Project Officer	Project Assistant - Community Facilitator	≤\$350	≤\$750 (Program)





	- Trainers - Internship - Volunteer		Coordinator/ Provincial Program Manager)
Project Officer	- Project Assistant - Community Facilitator - Trainers - Internship - Volunteer	≤\$50	≤\$750 (Program Coordinator/ Provincial Program Manager)
Finance and Administration Manager	- Admin & Finance Officer - Administration Assistant - Finance Assistant - Accountant - Cashier - Librarian - Driver - Guards - Cleaner	≤\$250	≤\$7,000 (ED)
Executive Director	- Program Coordinator - Provincial Program Manager - Program Officer - Project Manager - Senior Project Officer - Project Officer - Finance and Administration Manager	≤\$7,000	≤\$7,000 (Board)
Macom Member Representatives	Executive Director	≤\$7,000	≤\$7,000 (Board)

(See the Memorandum with ED's signature in annex 2)

#### Article 7: The Budget Planning and Management Process

**Budget Preparation and Approval:** Project Staff must prepare budget plan depending on action plans developed with the project team, partners and beneficiaries then submit this to the Executive Director. The ED carries out the budget consolidation with PCs and FAM then approves it, passing it to the FAM who enters the budget into the accounting system.

**Budget Management:** After the 3 year strategic plan has been agreed between ED, BoD and donors, the FAM must prepare a cash flow forecast (PCs/POs are responsible for developing a monthly budget plan for their project's implementation) for the year for the ED to monitor the actual cash income and cash payments against this forecast.

In order to be clear, staff must prepare monthly activity and budget plans early each month, submitting these to the Accountant/Finance Assistant for checking against the





annual budget plan, then submitting them to the ED for approval. Doing this aims to avoid under or over expenditure of 5 % in the items approved by the donors.

**Budget Revision:** The PCs/POs can request to revise the budget by providing the information of funds needed with concrete reasons to the ED. The FAM provides detail of budget expenditures to ED. The ED coordinates the revision and approves it, sending it to the Donor for approval. If the Donor approves this revision, the FAM enters the revised budget into the accounting system.

## **Article 8: Payment**

### **8.1 Supporting Documents:**

Supporting documents refer to all written evidence to show that the NTFP budget has been used properly and transparently. The supporting documents should be understood easily by others, such as Auditors.

All receipts/invoices must be submitted as originals, which are expected to show:

- Dates
- Descriptions
- Quantities
- Unit prices and total amounts
- Name, address and signature of the sellers and receivers of payments
- Name and signature of buyers

Amending or deleting any part of the receipts/invoices is not accepted (in necessary cases, changes can be made by drawing a line with confirming signature).

The receipts should include proper accounting of expenses ([Sample 5: Community Travel Allowance Form and Motor taxi Allowance Form](#)), food expenses ([Sample 6: Community Food Allowance Form, Staff Travel Per-diem Form and Government Food Allowance Form](#)).

NTFP requires all staff to provide official supporting documents for all expenses such as program schedule, agenda, minutes, report and attendance list. Hand written paper as receipts is accepted only in where official supporting document is not available. The hand written supporting document shall contain signature of receivers and providers with clear dates, address and phone numbers.

### **8.2 Evidence of Exchange Rate :**

Exchange rates from one currency to another should be supported by a receipt from a bank or money changer. Exchange rates can differ from one area to another. However, exchange rates from recognized money changers in each location should be provided. The receipt of exchange rates should be on the same or at least one day before the day of the activities. NTFP will not accept exchange rates receipts done after completion of activities.





The accountant shall communicate with the money changer to ensure the exchange rate is official.

### 8.3 Reimbursements :

Unless agreed beforehand, NTFP staff are not encouraged to use their own money for prepayment of goods or services for the organisation's activities and subsequently claim reimbursement. Any purchase of items by staff without approval or consultation with line managers will not be reimbursed. The ED can refuse a claim for reimbursement where this has occurred and is of the view that the expenditure is not justified.

However, reimbursement may be necessary for small expenses where direct payment is not possible (purchasing cell card for mobile phone, paying motor-taxi,, domestic travel to other provinces, repairing motorbike, and spare part of materials/equipments, etc.). Where possible staff should seek to inform their line supervisors.

Supporting documents are required for claiming reimbursement as specified for I payments above.

Expenditure of the proposed budget which exceeds US\$10 will not be reimbursed if the project/admin/finance staff did not discuss or consult with the Line Manager in advance. Expenditure with the expectation of reimbursement is not allowed.

## Article 9: Cash Advances

### 9.1 General Requirements

Within NTFP, there are two types of advance – Formal and Informal.

**Formal Advance:** Cash advances are used only where direct payment is not possible, and only for approved project activities. Examples are workshops, meetings, trainings are being held in the target villages and travel of staff.

The following guidelines should be followed:

- Staffs are responsible for making Cash Advance Requests ([Sample:7](#)) for activities under their responsibility. The request will indicate full details of the activity including activity budget, the budget line, the name of the staff responsible for handing the advance, and the date agreed for settlement of the advance.
- Staffs should submit the Cash Advance form to the Accountant at least two working days before the activity is taking place so that the Accountant will have enough time for preparation.
- In urgent cases, staff can discuss with the ED a cash advance for any immediate activities. There must be note for evidence, even verbal approval
- The Accountant will check the budget details, comparing these with the annual budget plan, and submit the CAF to the Line Manager for approval.
- After approval from Line Manager, the Accountant must prepare a Payment Voucher ([Sample:8](#)) for the ED's approval then pass it to the Cashier to release the money.



Note: In the case of a Project Coordinator who is responsible for 2 or 3 projects, they are able submit Cash Advance Requests for different project in the same day.

**Informal Advance:** A staff member who experiences a personal difficulty and greatly needs financial support (beyond his/ her own means) is entitled to receive an advance on his/her pay equal to half of his/ her monthly salary or allowance.  
(See the Sub-Article 7.2 of the Article 7 of the Human Resource Management Policy).

- The ED can approve this only if they are satisfied with the reasons brought by the employee ([Sample 9: Salary Advance Form](#)). The Accountant must prepare Payment Voucher for the ED's approval then pass it to the Cashier to release the money.

During each of his/ her fixed term employment contract (see the Article 2 of the Human Resource Management Policy), a staff member is not entitled to more than 3 (three) salary advances.

The salary advance payment must be cleared within a month of its disbursement, at the latest.

### 9.2 Cash Advance Filing Requirements

The Accountant must give:

- A copy of the Payment Voucher of the CAF to the relevant staff
- A copy to the Cash Advance File
- A original copy to the Payment File

### 9.3 Cash Advance Settlement

The Advance settlement approves the specific actual expenditures (from the approved cash advance) for the goods or services, which were received. To settle an advance, staff should submit all receipts/invoices and supporting documents as described below.

The following rules apply:

- Cash Advances for all activities in the organisation should be settled within 3 to 5 working days of the activities ([See memorandum amendment in Annex 3](#)). If not, the staff handing the money must provide a reasonable written explanation of why the advance is late, recognised by the LM.
- If 2 advances are not settled within 3 to 5 working days, the next advance to the same staff may not be approved. If further delayed, the Line Manager should write a letter to inform their staff to settle the advance and copy the letter to the ED. If further delay is taking place following the written notification, the LM will consult with the Macom for immediate action.
- Cash advances issued in one currency must be settled in the same currency.

### 9.4 Supporting Documents for Advance Settlement



In addition to all receipts/invoices described above (see 8.2), staff must submit a detailed summary of all transactions ([Sample 10: Clear Advance Report Form](#)).

The Accountant will check the receipts/invoices, clear the advance report and other related documents to ensure correct accounting of the advance settlement.

Normally, there are two ways of advance settlements within the NTFP:

- 1- In case of equal or under expenditure of the budget advanced, the Accountant will fill in the Adjustment Journal ([Sample 11: Adjustment Journal Form](#)) submit to the Finance and Admin Manager then submit it to the ED for approval. If under expenditure, the staff will return the left over cash to the organization thus the Accountant has to issue the Receipt Voucher to them for the amount of returned cash.
- 2- In case of over expenditure of the budget advanced, the Accountant has to issue the Payment Voucher for disbursement of the additional cash to the staff.

### 9.5 Advance Settlement Filling Requirement

- The staff will be given a copy of the Clear Advance Report, RV and PV (in case of under or over expenditure)
- The originals of the above-mentioned form will be kept in the Accountant's file are classified below.
- All Adjustment Journal will be kept in the Adjustment Journal File, all Payment Voucher will be kept in the Payment File, and all Receipt Voucher will keep in the Receipt File.
- In case of the expenditure is over \$15 (maximum) of the total budget advanced, staff must consult with their line manager (PC, PO and FAM) to approve spending and give the reasons in a letter for the Accountant to check and for the Line Manager's Approval.

## Article 10: Financial Audits

### 10.1 Internal Audits

An Internal Auditing Team is made up by Macom Members of the organisation appointed by the BOD or the ED.

Ordinary Internal Audit: the team is appointed by the ED;

Extraordinary Internal Audit: the team is appointed by the BOD (for example, when the ED is involved in directly spending money).

An ordinary Internal Audit should be completed within 2 months prior to an external audit; the Extraordinary Internal Audit whenever decided by the MACOM.

An internal audit will include a range of checks as part of the independent review, including:

- Financial accounting systems and procedures;
- Management accounting systems and procedures;



- Internal control mechanisms.

The internal auditor report will highlight findings and make recommendations for action, where needed. A report is presented to the ED and Macom who respond by taking correction, perhaps changing a procedure or training a staff member.

### **10.2 External Audits**

The purpose of the external audit is to verify that the annual accounts provide a true and fair picture of the organisation's finances; and that the use of funds is in accordance with the vision and mission of the NTFP.

These must be done by an independent auditing body accredited by the government or by an international organization. They must be selected by the Macom and ED through a Memorandum of Understanding (MOU) after a comprehensive selection process (at least 3 Auditing Institutions must quote).

Such an audit must be done in the first quarter of the year after closure of the accounting books for the previous year. The audit can also be executed once an extraordinary internal audit fails to determine a financial irregularity within 15 (fifteen) days.

### **10.3 Auditors' Report**

All reports produced must be submitted to the MACOM and the ED for approval and by the NTFP's Board of Directors or donors if required.

## **Article 11: Purchase & Procurement Procedure**

A Procurement Procedure sets out the steps and conditions that have to be followed by staff to acquire goods or services. In the organization, there are three types of purchase/ procurement: Small-scale, medium-scale and large-scale, based on the total cost.

- Any purchase under 15 dollars is considered office supply and not purchase/ procurement.
- Small-scale refers mainly to the purchase of a small item or bulky items valued 15 to 100 dollars. This can be done by the Cashier only if it is shown the defined budget lines.
- Medium-scale refers mainly to the purchase of items valued 101 to 300 dollars. This must be authorized by at least 2 (two) staff members. Who must obtain at least 2 (two) quotations from different sources.
- Large-scale refers mainly to the purchase of items valued over 300 dollars. All large-scale purchases require a purchase/ procurement request signed by at least





3 (three) staff members who must obtain at least 3 (three) quotations from different sources.

#### **Article 12: Fixed Assets Management**

An assets evaluation ([Sample 12: Fixed Assets Evaluation Form](#)) must be done once a year or as required. An adhoc committee, composed of the organisation's staff members, shall be set up for this task and to produce a report. The MACOM shall review the report and forward it the ED for approval.

#### **Article 13: Kinds of Accounting Books and Closing**

##### **13.1 Accounting Book**

NTPF will keep an accurate record of financial transactions that take place to show how NTPF funds have been used. All cash transactions will use a computerized accounts system.

The Accountant maintains the daily records of all cash transactions in the bank and on hand using Bank Record, Cash Advance Record, Cash Record, General Journal, Trial Balance, Income and Expenditure Statement, Budget, Balance Sheet, Actual Expenditure Monitoring Sheet, Exchange rate Average Record and Cash Control Sheet.

##### **13.2 Accounting Book Closing**

Closing the organization's monthly accounting book is scheduled for the 30<sup>th</sup> day of every month except February. Therefore, all the receipt vouchers, payment vouchers and other pertinent documents (transacted in that month) must have reached the Accountant and the Cashier not later than the 28th day in order to ease the closure. Failing to do so, the paper-work should be transferred to the following month. Such a closure, like closing a project's accounting book, requires a different person to be responsible for preparing (the Accountant), verifying (the Finance Manager) and approving (the ED) a Financial Statement ([Sample 13: Financial Statement Form](#)).

#### **Article 14: Financial Segregation (Financial Duties Separation)**

To ensure accounting and financial accuracy in the organization, the following principles must be constantly respected:

1. The one who holds the cash (the Cashier) is not authorized to spend it unless otherwise authorised).
2. The one who spends (staff members in general) is not authorized to either take spending decision or hold the cash.
3. The one who authorize spending (the MACOM and the BOD) is not entitled to hold the cash or spend it.



**Article 15: Cashier's Responsibility**

The Cashier's responsibility is to ensure that, under all circumstances, revenues, expenses and balances (cash) are accurate and consistent, properly recorded and maintained. The Cashier must return to the organization upon request any cash lost and if failing to do so he/she shall face disciplinary action as appropriate.

**Article 16: Accountant's Responsibility**

The Accountant's responsibility is to ensure that, under all circumstances, the records of revenues, expenses and balances are accurate and consistent, properly recorded and well maintained. The Accountant shall face disciplinary action for any irregularity in documents. The accountant is responsible for the strict implementation of this policy by all members of NTFP. He/ she must be able to clarify doubts related to the organization or project's accountings and finances.

**Article 17: Finance Manager's Responsibility**

The Finance Manager's responsibility is to ensure that the financial accounting is accurate in accordance with NTFP's principles and policies; the management accounting (compares results against goals, determines reasons for variations, helps identify corrective action, forecasting and planning and analyses information) in NTFP is true and fair. She/he ensures that staff understand their financial responsibilities and accountabilities. The Finance Manager shall face disciplinary action for any irregularity in documents. He/ she must be able to clarify doubts related to the organization or project's accountings and finances.

**Article 18: Expense Authorizer's Responsibility**

Expense authorisers shall in all cases be accountable to the MACOM, the BOD, the donors, target beneficiaries, and other stakeholders for any authorization given.

**Article 19: Spender's Responsibility**

A spender, within the organization, shall be accountable to the one who disbursed cash to him/ her and spend any funds received for the organization's cause only.

Should the spender use any portion of the funds for reasons not relevant to the organization's vision and mission; he/she will face disciplinary action as applicable.

Following each expense incurred, he/ she must return supporting documents and the balance of cash to the one who disbursed it. Any portion of the cash received that might be lost shall be reimbursed to the organization, and disciplinary action shall be taken when applicable.



**Article 20: Policy Application**

This policy shall be applied in combination with relevant articles stipulated in the Human Resource Management Policy and Administrative Policies, under instruction by the Accountant, the Cashier, Finance Manager and/or the ED. Like other policies, this must be introduced for use by ensuring every staff member has a copy for reference and understands it well.

**Article 21: Maintaining Accounting & Financial Documents**

The final budget of the organization must be completed at the end of every year. For each individual project a final budget must be completed upon its conclusion.

Accounting books should be classified and labeled by project and by year. They must be filed in systematic and secure way and well maintained at the office where only authorized staff members have access to. Any of them can be destroyed only if a joint written order by the ED and Board of Director is issued.

**Article 22: Policy Amendment**

The MaCom team must submit this policy, and any amendments to it, to the Board of Directors for approval. The Board may also ask for amendments to be made by the Macom team.

**Article 23: Effect**

This policy shall come to effect after the Board of Director has signed up and the ED promulgated.

No.	Name	Sex	Position	Date	Signatures
1					
2					
3					
4					
5					
6					
7					





**Annex 1:**

- Sample 1: Receipt Voucher Form
- Sample 2: Bank Payment Form
- Sample 3: Monthly Budget Plan Form
- Sample 4: Cash Control Form
- Sample 5: Community Allowance Form and Motor Taxi Allowance Form
- Sample 6: Community Food Allowance Form, Staff Travel Per-dieum Form and Government Food Allowance Form
- Sample 7: Cash Advance Request
- Sample 8: Payment Voucher
- Sample 9: Salary Advance
- Sample 10: Clear Advance Form
- Sample 11: Adjustment Journal Form
- Sample 12: Fixed Asset Evaluation Form
- Sample 13: Financial Statement Form (Using Quick Book System)

Annex 2: Memorandum the revised new delegation framework;

Annex 3: Memorandum amendment signed ED.





## Approval by Board of Directors

On behalf of the Board members, I am Chairperson of the BOARD, approves to promulgate this financial policies in NTFP to safeguard its assets, which are funded by donors to use it economically and efficiently, and to produce a quality, reliable, and relevant financial management report for both internal and external purposes.

Starting from effective dates, February 2017, we strongly adhere that NTFP will implement these policies and procedures accurately and adequately. In addition, we acknowledge that this policy plays its role vitally and helps NTFP to achieve objective, and also strongly encourage to all staff will put in practice and revise it if found necessary, in order to respond to need of real situation of NTFP.

  


Mrs. Yim Leang Y  
Acting of Chair Board

Dated: 21/06/2017