Our Financial Policies and Procedures

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ဘဏ္ဍာရေးမူဝါဒနှင့်လုပ်ထုံးလုပ်နည်းများ

Revised on 9th January 2024.

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Introduction

This financial policy is one of the internal policies of **Community Agency for Rural Development** non-governmental organization. The purpose of the policy is to clearly describe organizational procedures and financial policy and to ensure compliance of donor policy and procedures when organization implements its financial activities.

In addition, this manual to be used as a reference guide for organization staff, managers, Director and governing board members to implement day to day organizational financial activities. These revised Financial Policies were agreed and approved by all staff and members of organization and signed by Director (founder) of CAD on 9th January 2024.

If needed, some parts of this financial policy can be amended, changed, added or removed in accordance with the meeting decisions within organization. After each update, the whole document shall bereprinted as updated version and described the revised date and number. Cancellation of the prevision version should also be announced. In some cases of misunderstaning or confusion between English and Burmese versions upon this financial policy and procedures, English version shall be taken as legal version.

1. Accounting Policies

A. Currency

Organization accounts are maintained in US Dollars and Myanmar Kyat. If project fund is in Foreign Currency, the received fund is required to change to Myanmar Currency at official curreny exchange bank. Transactions in Myanmar Kyats shall be converted into USD using an average exchange rate.

B. Financial Year

The Fiscal Year runs from 1 January to 31 December.

C. Expense Recognition

Organization will apply Cash Basis. Most costs are recognized when the payment is made, except where advances are given. In this case, the expense is recognized when the advance is settled.

D. Income Recognition

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

E. Organizational Reserve Fund

(1) Money earned from income generating activities that are funded by donor must be credited back to organization's project budget.

(2) Money earned using organization's own resources, plus any donations received will be credited to the organization income account. This income can be used to pay for costs which are not funded by donors.

(3) At the end of the year, the surplus of this income over any costs will be transferred to the organization reserves account. This balance can be used to fund for future organizational activities, or may be kept as an emergency reserve fund. Separate ledger account is required for reserve fund.

F. Organizational Core Fund and Exchange Rate

(1) Organization is needed to request 10% of Indirect Costs as Organisation Core fund for Organisational Development while submitting fund proposal to donor organisaitons. That 10 % indirect cost rate shall remain as organization core fund. Bank intrestest rate will also save as CAD core fund unless donor instructs.

(2) Unless a donor of a project, gives any specification on exchange rate, CAD, under the authority of Director, will announce floating exchange rates accordingly upon the arrival of project fund. The differences from exchange rate of project fund will be credited to organizational core fund.

(3) Core Fund is allowed to be spent for salary increasement, salary which is not funded by donor, fund raising, purchasing office furniture, health support, compassionate support and disaster relif assistance. Organisatinal core fund is requreied to record in separate ledger account. Donor funds from development projects are strictly prohibited to donote for emergency fund.

G. Financial preparation for Sustainability

In accordance with organizational constitution clause no. 10 (2), received fund shall be added in organisaitonal core fund and ledger shall be recoreded separately.
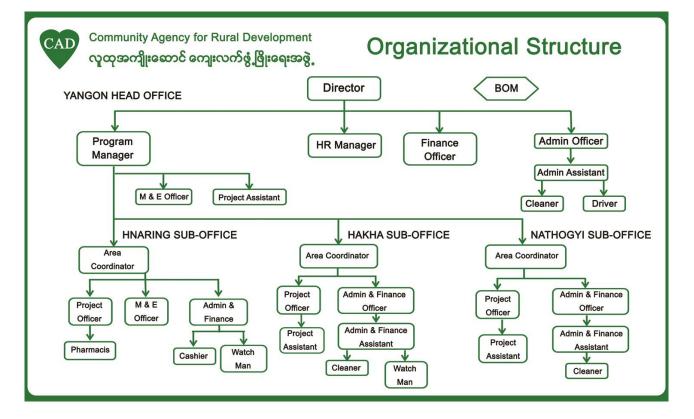
Director and management board are fully responsible for organizational management, development, and protection of any loss. Branch offices are required to follow Head-Quarter decisions for financial management matters.

H. Financial management for branch offices

Branch offices are required to report to Director for any funding opportunities from local donors and other partners. Head-Quarter will take responsiblity for signing fund agreement with donors, financial reportings and project implementations. Branch Offices must implement projects under supervision of Head Quarter.

2. Organisational Structure and Financial Responsibilities

A. Organization Structure

B. Financial Responsibilities

Setting up check and balance mechanism is one of the procedures of financial policy in order to achieve proper functioning of CAD's activities. In financial management and reporting system of CAD, proper methods are included to ensure fair job delegation. Summarized information can be seen as below;

Activity	Description	Responsible Staff
Receiving Funds	Prepare and submit grant applications/proposals	Director
	Sign grant agreements	Director (and one Board Member in case two persons necessary)
	Preparing contracts	Director
	Sign contracts	Director (and one Board Member in case two persons necessary)
	Prepare monthly, quarterly, and annual financial statements	Finance Manager/Officer (Head Quarter) Admin and Finance Officer (Branch Offices)
	Check/approve monthly, quarterly, and annual financial statements	Program Coordinator/Director (Head Quarter) Area Coordinator (Branch Offices)
Payments	Review invoices	Finance Manager/Officer (Head Quarter) Admin and Finance Officer (Branch Offices)
	Gather supporting documentation	Individual staff
	Authorize payments for invoices MMK 5,000,001 that are part of approved operation budget	Director
	Authorize payment for any invoices of up to MMK 5,000,000	Program Coordinator, Managers
Banking	Withdrawal or transfer of funds (bank signatories)	Two persons necessary (Director and one SMT Member)
Reconciling Bank Accounts	Reconcile bank accounts with chart of accounts every month	Finance Manager/Officer (Head Quarter) Admin and Finance Officer (Branch Offices)
	Review reconciliation	Director (Head Quarter) Area Coordinator (Branch Offices)
Cash Management	Conduct weekly cash count	Finance Officer and Admin Officer (Head Quarter) Project Officer (Branch Offices)
	Review Cash Reconciliation	Director or One SMT Member (Head Quarter) Area Coordinator (Branch Offices)
	Perform random checks	Director or One SMT Member (Head Quarter) Area Coordinator (Branch Offices)
Reporting	Preparation of financial reports	Finance Manager/Officer (Head Quarter) Admin and Finance Officer (Branch Offices)
	Sign and submit reports to respective donors	Director (Signed and sealed)
Payroll	Complete and submit monthly timesheets	Individual staff
	Approve and sign monthly timesheets	Respective Supervisor
	Review monthly timesheets	HR Department (Head Quarter) Adm and Finance Officer (Branch Offices)
	Prepare monthly salaries payment	HR Department (Head Quarter) Adm and Finance Officer (Branch Offices)

Activity	Description	Responsible Staff
	Approved monthly salaries payment	Director (Head Quarter) Area Coordinator (Branch Offices)
Travel Reimbursements	Review invoices and gather supporting documentation	Finance /Officer and Individual staff (Head Quarter) Admin and Finance Officer and Individual Staff (Branch Offices)
	Authorization for payment	Refer to Payments
	Enter bills into Accounts	Finance /Officer (Head Quarter) Admin and Finance Officer (Branch Offices)
Fixed Assets	Maintain fixed asset Register	Admin Officer (Head Quarter) Admin and Finance Officer (Branch Offices)
	Approve fixed asset purchase	(see above, under "Payments" for payment authorization)
	Approve fixed asset sale	Director
	Check Inventory property annually	Admin Officer (Head Quarter) Admin and Finance Officer (Branch Offices)

Note: Staff who checks or recommends expenditures or payments must not be the staff who approves those expenses.

3. Budgets

A. Donor/Project Budget

Budgets must be prepared for each donor project according to the format required by the donor, and for the time period set by the donor.

Expenditures from Budget must be prepared by Director, Program Coordinator and Senior Management Team.

Monthly forecast expenditure for each project year must be prepared based on actual expenditure and submitted quarterly to Director and senior management team for review. Director and Senior Management Team monitor the budget with the support of Program Coordinator and finance staff to prevent over/under budget within remaining project period.

B. Annual Organizational Budget

Organization will also prepare an annual budget for its fiscal year. This will incorporate the approved budgets for each donor budget, plus any other non-donor funded activities. The budget will be reviewed and endorsed by the Program Coordinator and management team, and presented to the Director for approval.

To implement activities for upcoming fiscal year, Senior Management Team must review organizational activities and upcoming project activities, and then prepared budget for each fiscal year.

If exiting funding amount is lesser than yearly budgeted expenditures, a budget should be prepared with additional fund from upcoming year and submitted to Director for approval.

C. Exchange Rate

Unless a donor of a project, gives any specification on exchange rate, CAD, under the authority of Director, will announce floating exchange rates accordingly upon the arrival of project fund.

4. Financial System

A. Accounting System

CAD's branch offices are required to record all financial transactions in spreadsheets/cash books/ ledgers. Separate Spreadsheet/cash book/ ledger must be prepared for each donor project. All accounting record must be correctly and properly updated in accordance with donor request. Daily accounting records and financial reports must be prepared by Admin and Finance Officer and reviewed and submitted by Area Coordinator to Head Quarter by not later than the 5th of every month.

CAD Head Quarter must use computerized accounting to record every financial transaction and use separate spreadsheet for donor reporting. For Head Quarter and branch offices, computerized financial transacations must be carried out by Finance Manager or Finance Officer and reviewed by Senior Management Team.

Where a computerized accounting system is used, then the coding structure will be set up so that:

- Transactions can be identified against each donor project
- A standard organizational coding structure will be used, with account codes created that are relevant and useful for the organization
- Regular back up must be conducted for approved computerized ledgers, save in external hard disc and securely store in fire proof box.

B. Vouchers

Each transaction must be recorded on a voucher. Vouchers must be numbered sequentially, and will clearly show all relevant information. Each voucher must be reviewed and approved, and have adequate supporting documentation attached.

There are 3 sets of vouchers must be used:

Receipt vouchers   Used to record all monies received – including disbursements from donors, donations, refunds from staff.

Payment vouchers   Used to record all payments (cash, cheque and bank transfers) including advances.

Advance vouchers   Used for recording advance payments and settlements.

C. Filing

All vouchers and supporting documents must be properly kept in a well-organized filing system. Following must be carried out for filing;

- Separate files should be used to categorize by types and folders clearly labeled to show their contents
- Vouchers must be kept in numerical order
- Supporting documents attached to each voucher

Where original documents are required to be sent to the donor, organization will make photocopies of the vouchers and supporting documents to keep at the office.

Brach offices are also required to copy all vouchers and supporting documents before submission to Head Quarter for office record.

D. Document Retention

All accounting documents must be kept for a minimum of 5 years after end of project and settlement, or longer where required by the rules of any donor project.

E. Charging Costs Across Donor Projects

Salary costs are charged across project donors (in the case of more than one project) on the basis of Personnel Activity records, prepared each month, showing the %-age time staff have allocated to each project.

Office running costs are charged across donor projects on a fair basis. Shared costs are allocated on a percentage basis, based on the total amount of each donor budget and the amount of funding available for running costs.

5. Internal Controls

CAD will maintain a system of financial controls to safeguard resources, minimize risks, to help to ensure the reliability of financial records and reports, and ensure compliance with internal procedures and donor regulations.

The internal control system will include:

- Segregation of duties, for example so that different people are responsible for reviewing and processing payments.
- Preventing from non-finance staff is carrying out financial management tasks and those tasks are only allowed for staff who have financial management duties in his/her JD.
- Physical security regulations were written to protect assets and properties.
- Setting defined levels of authority, and setting limits on spending that may be authorised by individual managers.
- Ensuring there is a clear audit trail, so that all transactions can be traced through the system.
- Bank reconciliations and cash counts will be conducted regularly
- Recruiting staff with appropriate levels of knowledge, experience and good personal ethics, and encouraging them to develop their skills.
- PAID seal must be stamp on the receipts and supporting documents to prevent double charge.
- Performing regular back-ups of computer files.

6. Authority Levels

Procurement and financial clearances can be done as follows;

Position	Grant	Project	Cash/Bank Disbursement Authorized Payment Request Voucher/Budget Request from Sub Office	Authorized Petty Cash Payment	Internal Approval & Verification	Internal Approval and Verification Financial Verification	Approved Travel Request or Equivalent	Approved Purchase Request	Approved Bid Analysis	Approved Accounting Transaction	External Commitment Grant/Sub Grant	PO, Contracts, employment Contracts	Bank Signatory
Director	All	All	All	All	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Program Coordinator, Managers				MMK 1 to 5,000,000	Yes	Yes	Yes	Yes				MMK 1 to 7,000,000	Yes
Area Coordinator				Yes	Yes	Yes	No	Yes	Yes	Yes		Yes	Yes
Finance Officer						Yes	Yes	Yes	Yes	Yes		MMK 1 to 5,000,000	Yes

7. Bank and Cash Accounts

All cash balances, cheques book and bank pass books are required to keep properly and securely in a locled safe when they are not in use or Cheque books and bank pass books of Head Quarter should be kept securely by Director. For branch offices, Area Coordinators have fully responsible to keep cheque and bank pass books securely.

A. Bank

Organization bank account must open at government recognized banks. All incomes and expenses must be undertaken through CAD bank accounts. As per donor requirement, separate bank account for each project shall be opened. All bank accounts must open under organization name or joint bank account with three signatories from organization.

For every bank transaction at Head Quarter, Director, Finance Manager/Officer and Program Coordinator must be involved and at least two signatories are required to sign to withdraw the cash.

For branch office bank transactions, at least two signatories; Area Coordinator, Project Officer and Project Admin and Finance Officer are required to sign to withdraw the cash. Except for some townships where there are no banks, Head-Quarter will transfer required amount to nearest township bank with the name of an assigned staff.

List of organization's current bank accounts and account holders are as follows;

Type of Bank Account	Currency	Account Name	Bank Name	Bank Address	Account Holder Name/Position
Saving	Kyat	Organization	UAB Bank	Sanchaung Township, Yangon.	U Win Hlaing Oo Director
Saving	Kyat	JOINT	Yoma Bank	Bo Aung Kyaw Road Kyawtada Township Yangon	Daw Chaw Su Hlaing Senior Finance Officer
Saving	Kyat	Organization	MAB Bank	Myanmar Apex Bank (Thein Phyu Branch), Thein Phyu Road, Bo Ta Htaung Township, Yangon.	Community Agency for Rural Development
Current Account	USD	Organization	MAB Bank	Myanmar Apex Bank (Thein Phyu Branch), Thein Phyu Road, Bo Ta Htaung Township, Yangon.	Community Agency for Rural Development
Current Account	USD	Organization	UAB Bank	Myanmar Apex Bank (Thein Phyu Branch), Thein Phyu Road, Bo Ta Htaung Township, Yangon.	Community Agency for Rural Development

Head Quarter and Branch Offices, A cash book is maintained for each bank account. All bank transactions are recorded in the cash book.

A bank reconciliation is prepared every month, to reconcile the cash book against the bank statement or passbook. Timing differences are noted, any corrections to the cash book are made, and any queries on the bank statement followed up with the bank.

B. Cash in hand

The cash in hand balance should be maintained on an imprest system, with floats that are replenished to a set level based on payments made. Cash in hand floats are held:

- The maximum amount of cash in hand for each project at Head Quarter is 10,000,000 MMK. The floats are replenished when cash balance for each project is reached up to 5,000,000 MMK. Cash in hand must be properly and securely kept in the locked safe and key must be kept by Program Coordinator who are senior management staff. All financial transactions and clearances must be recorded in individual cash book for each project.

- Individual project at branch office level, the maximum amount is 5,000,000 MMK. If cash balance for each project reached up to 2,000,000 MMK, the imprest amount has to replenish. The cash must be properly and securely kept in the locked safe and the key must be kept by Area Coordinator. All financial transactions and clearances must be recorded in individual cash book for each project.

- For some circumstances, such as branch office is situated in remote area where mode of transportation matters, imprest system shall not be applied but Head Quarter will transfer the required amount and the physical cash must be properly and securely kept.

- Office staff are not allowed to borrow cash in hand floats for their personal purposes.

C. Petty Cash

Petty cash is based on small transaction and must be replenished in accordance with imprest system. Petty cash floats are held;

- The maximum cash amount of petty cash for each project at Head Quarter is 1,000,000 MMK. The floats are replenished when the cash balance for each project is reached up to 500,000 MMK. Petty cash must be properly and securely kept by Admin Officer. All financial transactions and clearances must be recorded in individual cash book for each project.

- At branch office for individual project, the petty cash amount is 500,000 MMK. If cash balance for each project reached up to 200,000 MMK, the imprest amount has to

replenish. The petty cash must be properly and securely kept by Project Officer. All financial transactions and clearances must be recorded in individual Cash Book for each project.

- Office staff are not allowed to borrow cash from petty cash floats for their prrsonal purposes.

At Head Quarter level, a cash count is performed every month to check that the amount in the cash box agrees to the cash in hand book and monthly cash balance report must be submitted to finance manager. Any differences must be reported for further investigations.

At branch office level, monthly cash balance report must be submitted to finance manager to be able to monitor cash balance and cash in hand. In case of deficit, investigation must be undertaken.

Surprise physical cash count must conduct at least once a month.

For spot-check cash count must be conducted by two senior management staff who are not cash holders. Standard Cash count form of organization must be filled after each check, then signed and recorded.

8. Income and Receipts

A. Income

A receipt voucher must be prepared for all money received, including followings. Foreign currency received as project fund must convert to Myanmar Kyat (MMK) at government recognized bank exchange counters and currency exchange pay slip describing full information on the name, signature, ID number, address, contact number has to attach and register as income.

- Payments from donors
- Refunds from staff if their advance is not fully spent
- Cash Donations

B. In all cases, the receipt voucher is prepared, showing clearly:

- The source of the funds
- The amount and the currency
- Whether the money was received by cash, cheque or bank transfer
- Which bank account the money was deposited to
- Who received the money

Receipts

The voucher is:

- Prepared by finance officer (Head Quarter)

- Prepared by admin and finance assistant (Branch Office)

- Reviewed by finance manager (Head Quarter)

- Reviewed by admin and finance officer (Branch Offices)

- Approved by Area Coordinator, Project Manager and Director, in accordance with the authority limits mentioned in Section 7.

Every transaction from all all receipts are recorded in the relevant cash book and spreadsheet.

9. Payments

All payments including cheque, bank transfer and cash must be done as per followings. Particularly, cash payment for contract services (in accordance with payment process in contract agreement) must be done by cheque.

Payments must:

- be pre-approved

- be for budgeted items and activities

- comply donor regulations

A payment voucher is prepared, showing clearly:

- The amount and currency

- A description of what the payment is for

- Who payment is made to

- The donor and budget line

- The payment method (cheque, bank transfer, cash)

- Which account the payment is made from (for cheque payment)

Payment

The Voucher is:

- Prepared by Finance Officer (Head Quarter)

- Prepared by Admin and Finance Assistant (Branch Offices)

- Reviewed by financial manager (Head Quarter)

- Reviewed by Admin and Finance Officer (Branch Offices)
- Approved by Area Coordinator, Program Coordinator and Director in accordance with level of authority metionned in Section 7.

All payments must be recorded in the relevant cash book and spreadsheet.

10. Advances and Expenses

A. Advances

Advances may be paid to staff for reasons such as to enable them to travel, conduct workshops, to implement other programme activities and for procurement, following these steps:

- The assigned staff member who will withdraw the advance has to complete the advance section of an advance request and settlement form, giving full details of the purpose of the advance, the amount, the date required, the donor and budget line the cost will be charged to.
- For travel expense request, **Travel Authorization Order or Movement Order (MO)** must be filled completely and get approval signature from respective direct supervisor. Cash advance form must be passed to Finance department together with the approved Movement Order form.
- The form is then approved by Director/Program coordinator (Head Quarter) or Area Coordinator (Branch offices), before being passed to finance department.

- Advances for up to 500,000 MMK may be paid in cash from the cash in hand float.
- Advances greater than 500,000 MMK will require approval from Director and may be paid in cash from the cash in hand float.
- Finance will complete a payment voucher, process the payment, and issue the cash to the staff member.
- The staff member must clear an advance within 5 working days of returning to the office.
- No further advance will be issued to a staff member with an outstanding advance.
- Details of advances and clearances are recorded in an advance register by Finance staff, advance request form will be filed separately for clearly showing any outstanding advances. Finance staff contact staff member to follow up on any outstanding advances.

B. Expenses

Where they have received an advance, Finance staff need to complete the advance settlement section of the advance request and settlement form to clear an advance and properly check the necessary documents and receipts submitted by the staff member to complete the advance settlement process.

Then, it needs to be attached with payment voucher after recording at advance settlement section and signed. If the actual expense is less than requested amount, the return cash from the staff must be accepted and recorded in receipt voucher and attached with payment voucher. Actual expenditure will be recorded in cash book.

For advance settlement, Finance Manager or Finance Officer has to check and Program Coordinator or Director can approve in accordance with authority level mentioned in chapter 7 from financial policy.

Where the expense is less than the advance received, the balance must be returned to finance, who will issue a receipt.

Where the expense is greater than the advance received, then an additional payment will be made to the staff member if the extra costs are approved. Where the extra cost is greater than 10% of the original advance, the staff member must provide a written explanation.

Where they have not received an advance, any allowable expenses must be reclaimed together with all necessary documents. CAD receipt for cash payment form shall be used for expenses up to 20,000 MMK which cannot receive the official receipts from the suppliers. In the receipt, name of supplier, address, reason of payment, cash amount (number and words) and date should be described clearly. Justification of not receiving the official voucher needed to be provided.

Where there are any travel costs, then a travel expense form must also be completed and attached with necessary supporting documents. The expenses amount claimed for travel, accommodation, Per Diem must follow the approved rates as shown in the Human Resource Policy. In some cases of donor approved rates, the travel expense amount must not exceed any donor limits.

11. Supporting Documents

The following table lists the supporting documents that should be attached to vouchers for specific transactions:

Transaction Type	Supporting Document
Receipts:	
Receive money from donor	Email from donor
Refund from staff	Advance & expense form
Bank withdrawals, transfers between accounts, bank interest & charges:	
Cash withdrawal from bank (Payment and receipt Voucher)	Cash request form Copy bank withdrawal slip or Cheque
Transfer money to Sub office	Cash request from Sub office Bank transfer slip
Exchange money between currencies	Official receipt
Bank interest received	Copy passbook or bank statement
Bank charges	Debit advice or Official receipt or copy passbook or bank statement
Payments & expenses – staff costs:	
Staff salary and benefit (bonus and health benefit)	Payroll list Personnel activity record Pay slip
Staff health benefit (in case not monthly payment)	Prescription Official Receipt
Staff capacity building	Official receipt
Payments & expenses – office running costs:	
Office rent	Rental contract Official Receipt from landlord
Office utility	Official Receipt
Office supply	Official Receipt
Office phone	Official Receipt
Send letter	Official or internal receipt
Cell card expenses	Official receipt Cell Card List receive cell card
Internet and E-mail	Official Receipt
Copy and print document	Official receipt Record list of document copy (if any)
Maintenance	Official Receipt
Gasoline (in case not monthly payment)	Official receipt Gasoline list
Payments & expenses – procurement:	
All procurement (Goods and Services)	Purchase request Purchase Order BidAnalysis Quotations Sub Contracts CompletionCertificate

Transaction Type	Supporting Document
	Official invoice / receipt
Payments & expenses – travel & programme costs:	
Travel expense	Movement Order Official receipt Travel and Per diem form
Workshop/training	Attendance list Official receipt Transportation and accommodation expense list
Vocational Training	Attendance list Official receipt Transportation and accommodation expense list
Meeting	Attendance list Official receipt Transportation and accommodation expense list (if any)
Other event	Official receipt Attendance list Distribution list (if any) Transportation and perdiem list (if any)

12. Salary

CAD will use Myanmar Kyats for staff salary payment. Monthly salary payment should be paid according to the procedures in Human Resource Policy and in accordance with written staff contract, following these steps:

A. Salary Calculation

- A personal activity record/time sheet of individual staff has to be prepared, approved and signed by direct supervisor.

- For head quarter, net salary will be calaculated by Finance Manager (by deducting income tax and any other deductions (if needed)) and summary payroll sheet has been checked by Program Coordinator and approved by Director.

- For branch office, net salary will be calaculated by finance officer (by deducting income tax and any other deductions (if needed)) and summary payroll sheet has been checked by Area Coordinator and approved by Director.

- For any staff benefits, a separate staff benefit sheet is prepared, showing calculation and allocations across donor projects.

- The payroll and benefit sheets are prepared by the Finance Manager/Officer and approved by Director.

- Salary payslips are prepared for each individual staff member

B. Salary Payments (Head Quarter and branch offices)

- Salary will be paid in Myanmar Kyats.

- Staff salary shall be paid one week before end of the month (one-week advance) if the last day of the month is Saturday or Sunday, Friday will be the pay day.

- Staff must withdraw the salary by him/herself.

- If he or she can not withdraw in person due to some illnesses, medical certificate and general power letter including the ID of the representative must be presented.

- To confirm salary amount, staff who received the salary or representative of the staff must sign on pay slip.

C. Salary grid system and its application

- CAD Staff salary amount varies depending on the positions and Broad Banding method will be used as per following table.

Sr.	Ranking	Position	Categories	Salary Rate				
				50%	14%	16%	20%	100%
				Basic Pay	Incremental Rate			Higher Salary
1	Director	Director	A	5,000,000	700,000	800,000	1,000,000	7,500,000
2	Program Coordinator	Program Coordinator	B	2,500,000	350,000	400,000	500,000	3,750,000
3	Senior Staff Manager Level	Human Resource Manager, Program Manager,	C	2,000,000	280,000	320,000	400,000	3,000,000

		Finance Manager						
4	Area Coordinatos	Area Coordinator	D	1,500,000	210,000	240,000	300,000	2,2500,000
5	Officers	Admin Officer, Admin and HR Officer, Admin and Finance Officer, Finance Officer, Monitoring and Evaluation Officer, Communication Officer, IT Officer	E	1,000,000	140,000	160,000	200,000	1,500,000
6	Assistant Officers	Asst: Admin Officer, Asst: Admin and HR Officer, Asst: Admin and Finance Officer, Asst: Finance Officer, Asst: Monitoring and Asst: Evaluation Officer, Asst: Communication Officer, Asst:IT Officer	F	700,000	98,000	112,000	140,000	1,050,000
7	Othar Rank Staff	Security, Cleaner	G	400,000	56,000	64,000	80,000	600,0000

- Salary for each position will be calculated based on pre-identified salaries from 7 steps.

- Staff JD shall be identified based on positions. Positions and JD are identified different steps based on experience and skill needs.

D. Leave benefits

Staff will get leave benefits as mentioned in staff manual.

Procurement Process

Procurement of goods and services encompasses the whole procurement process of stocks, spare parts, tools, office equipment and supplies, services from individual or group of experts, sub contracts and other services. Except for some circumstances which need compliance of donor requirements, CAD must follow the policy from the manual. In some cases of dispute, CAD must follow donor's policy unless CAD's action can reflect the image of organization or situation that organization to take responsibility. For those cases, Director and Senior Management Team members shall discuss and make decisions.

The following procurement principles should be followed:

- Aim to make the most effective use of resources in procuring goods and services.
- Make decisions on the basis of price, quality, delivery times and other relevant factors.
- Purchase from reasonable suppliers who can perform successfully.
- Carry out procurement in a transparent manner, and keep full documentation.
- Ensure there is open and free competition as far as practical.
- Ensure there is no fraud or collusion in the process.
- No one with a conflict of interest should take part in the process.
- Comply fully with any donor conditions.
- Some procurement activities must be carried out with the prior approval of donor.

The procurement process includes the following activities.

A. Responsibilities for Procurement

Director and staff have responsibility to ensure full implementation of procurement procedure from procurement manual.

For Head-Office

- Admin Officer/Assistant – shall take duties of procuring goods and services
- Director – shall make approval for procuring goods and services value of 5,000,000 MMK and above.

- Program Coordinator/Manager – shall make approval for procuring goods and services value up to 5,000,000 MMK
- Finance Team – the team composes of project officer and finance staff and responsible for cash payments and documentation of procurement records.

For Branch Offices

- **Admin and Finance Assistant -** shall take duties of procuring goods and services.
- **Area Coordinator -** shall make approval for procuring goods and services value up to 5,000,000 MMK
- Finance team - the team composes of project officer and finance staff and responsible for cash payments and documentation of procurement record.

1. **Staff –** Procurement requests for individual or total value above 500,000 MMK are required to submit Purchase Request form. For branch office, procurement requests for individual or total value above 500,000 MMK are required to request with purchase request form.
2. Finance manager (Head Quarter)/Admin and Finance Officer (Branch Office) are required to check the request forms and Area Coordinator, Project Manager and Supervisor have to approve.
3. Admin Officer/Assistant (Head Quarter) and Admin and Finance Assistant (Branch Offices) shall start purchasing.

B. Documentation of Procurement records

Finance Team must fully and transparently document with a procurement file for each procureent with following documents;

1) Purchase Request
2) Quotation
3) Bid Analysis
4) Purchase Order
5) Voucher

Steps for Procurement Process

1. Quotation

Procurement request form must be filled with full information of what does the program or staff need, when does it need and require to submit with the value of individual or total above 1,500,000 MMK (Head-Quarter)/ 300,000 MMK (Branch Office). Quotation must request to Suppliers or contractors with following conditions.

Amount Procure	Quotation Need
MMK 8,000,001 and Above	3 Quotation (by written documents)
MMK 5,000,001 to MMK 8,000,000	2 Quotation (by written documents)
MMK 1,500,000 to MMK 5,000,000	1 Quotation (by written document)

2. Procurement with no tendering

- Only one supplier submitted the quotation
- Unusual circumstances (natural disaster, civil unrest)
- Pre-identified supplier mentioned in donor contract
- Single tender method shall be used for limited suppliers or sole representative or distributor. Project focal must provide duly justification to receive approval.

D. Procurement Policies

1. Fair Competition

All suppliers who submit quotations must be treated equally and equal information must be provided during pricing and tendering process.

2. Price or Expenses Analysis

It is recommended to form procurement team from different departments and sectors if applicable. The bids will be evaluated by team based on the price, quality, quantity, delivery times, and payment terms. The bids will be evaluated based on the price competition, quality/services and background history of suppliers.

Individual bid must be reviewed and evaluated to decide relevancy, efficiency and possibility. Evaluation of the prices, price in the market and similar information must be included in price analysis process. For goods or service selection, summary of justification must be submitted and Director/Program Manager must approve the selection.

3. Approval to Purchase

Purchase order must be issued for every procurement amount of 1,000,000 MMK and above. It means approval of all detail information of goods and services from suppliers. Asset received record or process completion signature must be used for all goods and services and must be recorded in asset register.

E. Records and Forms

    a. Purchase Order Template

    b. Request for Quotation Template

    c. Bid Analysis Template

    d. Asset Register

    e. Asset Disposal

    f. Delivery Report

    g. Good Received Note

    h. Vehicle Log Form

F. Procurement Threshold/Level Table

Goods (Program Supply/ Office Supply)		Services (Construction/ Training/ Maintenance/ Rentals/ Trnasportation)	
Procurement Threshold	Process of Procurement	Procurement Threshold	Process of Procurement
Under 500,000 (HO) Under 300,000 (Sub Office)	Petty Cash Petty Cash	Under 500,000 (HO) Under 300,000 (Sub Office)	Petty Cash Petty Cash
200,001 – 1,500,000	PR, Official Voucher from Vendor, GRN, Payment	200,001 – 5,000,000	PR, Official Voucher from Vendor, Small Contract, Certificate of Completion, Payment
1,000,001 – 4,000,000	PR, 1 Quota, PO (500000>), Official Voucher from Vendor, GRN, Payment	1,000,001 – 4,000,000	PR, 1 Quota, Official Voucher from Vendor, Service Contract, Certificate of Completion,

			Payment
4,000,001 – 8,000,000	PR, 2 Quota, PO, Official Voucher from Vendor, GRN, Payment	4,000,001 – 8,000,000	PR, 2 Quota, Official Voucher from Vendor, Service Contract, Certificate of Completion, Payment
8,000,001 – 10,000,000	PR, 3 Quota, Bid Analysis, PO, Officail Voucher from Vendor, GRN, Payment	8,000,001 – 20,000,000	PR, 3 Quota, Bid Analysis, Service Contract, Official Voucher from Vendor, Certificate of Completion, Payment
Above 10,000,000	Tender	Above 20,000,001	Tender

15. Fixed Assets and Inventories

A. Fixed Assets

Fixed assets are defined as any items with a purchase cost greater than Kyats 50,000 and a lifetime of more than one year.

Organization will maintain a register of fixed assets, recording details for each item including the asset number, description, location, date purchased, purchase price, donor, current condition.

Assets code has to create for each asset (eg. Organization name, donor name and sub recipient donor name). A label showing the unique asset number will be placed on each asset. Donor logos will be placed on assets where required by donor regulations.

The asset register will be physically checked at least one time per year by Admin Assistant (Head Quarter) and Admin and Finance Officer (Branch Offices), to confirm the existence of assets, and check their current condition.

Where the Organization wishes to dispose of any assets, then:

- Donor approval should first be obtained (if required by donor conditions)
- The Senior Management Team must give their approval
- Any money received from selling an asset must be recorded and a receipt issued
- Disposal details should be recorded in the asset register

B. Inventories

Inventory items includes distribution materials (eg. Medecine, IEC materials).

Organization will maintain a register of inventory items, with details including item description, date purchased, location, purchase price and donor.

C. Receiving inventory

(a) Check the condition of stocks

(b) Check the type and quantity of stocks

(c) Report after stocks have been received

(d) All stocks are needed to be registered in stock record book. For immediate distribution stocks are not needed to register but distribution has to be recorded.

(e) Stock received are in less quantity, bad condition, broken, expired or closed to be expired medicines are required to record by using Goods Received Notes.

D. Stock distribution

Stock distribution is required to check previous distribution list and distribution to be made for actual required type and quantity of stock. After each distribution, type and stock balance must be recorded regularly. After end of each project, stock balance list has to be prepared.

E. Storage of stocks

For systematic storage of stocks,

(a) Types of stock must be differentiated

(b) Expensive, fragile and attractive items to people are required to keep separately and securely.

(c) Items which are frequently moved in and out should be kept separately.

(d) Make arrangements to protect from rats, cockroaches, ants and other insects.

(e) Make arrangements to prevent from fire hazard and theft.

F. Physical Count

To reduce the risk of damage and loss of stocks of organization and projects, physical stock checks are required to conduct.

(a) Physical check team should conduct physical stock check at the end of the calendar year. Bi-annually for medical stocks (end of June and 31st December)

(b) During project period, responsible person should prepare physical stock check record. Spot check stock ledger and actual number by project responsible person and regular physical check shall be conducted. Update stock record with explanation for differences.

(c) Check the stock condition. If some potential for damages are found, the responsible person shall do some necessary arrangements.

(d) Damaged stocks are required to dispose, put up for sale and remove from the list by the physical stock check team.

16. Financial reports

A. Branch Office Reporting

Financial report must be prepared by Finance and Admin Officer, monthly reviewed by Regional Coordinator and submitted to Head Office together with supporting documents not later than the 5th of every month.

B. Donor reports

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

The reports are:

- o Prepared by Finance Officer/Manager
- o Checked by Program coordinator
- o Approved by Director

C. Internal financial reports

Financial reports showing total organizational performance are prepared and presented to the Director at least every quarter.

The reports show the performance against budget of each donor budget, and a consolidated performance against the annual organizational budget.

The reports are discussed with the Program Coordinator and Director to understand variances and to agree any follow up actions

D. Reports to Organizational Board

Summary financial reports are prepared and presented to the Board at least 1 times per year. The reports will give an overview of the performance against budget for each donor project, and some of the main financial issues of the organization must be explained to Board by Senior Management Team.

17. Auditing

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

A. Donor Audit

In this case, the auditor is usually selected and contracted by the donor. If Organization is required to engage the auditor, then donor procedures will be strictly followed and Organization is required to engage one of the private audit firms organized by Certified Public Accountant. Audit report has to be submitted to donor by Director within the agreed period.

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

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

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

Where there are any audit findings and recommendations, then the Program coordinator and Director should ensure that follow up actions are implemented.

B. Organizational Audit

Where funding is available, Organization must engage an audit firm organized by Certified Public Accountant to conduct an audit of the complete organization.

The Organization should carry out before auditing:
- prepare annual financial statements, based on Organization financial information

- review internal controls and procedures and test a sample set of transactions

The Program Coordinator and Director has to carry out following actions:

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

18. Anti-fraud policy

(a) Rationale

- The CAD has a commitment to high legal and ethical standards. The purpose of this Statement is to set out the policy of the organization towards the prevention and detection of fraud and the procedures to be followed if fraud is detected or suspected.

- Organization is committed to the elimination of any fraud within the organization. The policy of organization is to promote awareness among staff of the risk of fraud, to establish and maintain controls aimed at preventing and detecting fraud, and to take effective action whenever fraud is discovered or suspected.

- Organizationconsiders it the duty of all employees to act honestly and with integrity at all times, and to report any suspected irregularity without delay. Therefore, it is also organization policy that no employee will suffer in any way as a result of reporting reasonably held suspicions.

(b) Responsibilities

- The Board, Director and Senior Management Team of the organization are responsible for ensuring that appropriate systems, procedures and controls are in place to minimize the incidence of fraud within the organization.

- All directors are responsible for ensuring that, through a system of line management, employees are aware of the risks of fraud and alert for any indications of irregularity. Similarly, directors and line managers are responsible for ensuring that employees comply with systems established to prevent and detect fraudulent activity.

- All employees have a duty to act honestly and with integrity at all times, and to report any suspected irregularity without delay.

(c) Procedure for reporting suspected fraud

- An employee who is concerned about the actions of a colleague or colleagues and suspects that a fraud has been committed or planned should not give the suspect any idea of their suspicions, as this would jeopardize any investigation. The details should be reported immediately by the employee to the Director, or to another member of the Senior Management Team.

(d) Procedure for responding to reports of fraud

- If the Director concludes that the allegations have substance, an investigation should be initiated. Such an investigation will aim to establish the extent of the fraud, identify the perpetrator, and determine whether other individuals are involved. It will also consider whether a lack of adequate systems and internal controls allowed the fraud to be perpetrated, or whether the problem arose due to a failure to ensure compliance with existing systems

- Non-compliance with existing systems may be evidence of negligence on the part of management, and those responsible will be subject to due disciplinary process. Serious negligence on the part of any manager or employee will be considered grounds for dismissal.

- The Executive Director must report the matter immediately to its designated grant management officer at Khana if the fraud concerns Khana funds, together with details of the organization's response to the problem.

- Where it is believed that fraud has been committed, then the case will be reported to the police, who may then wish to take criminal proceedings. Disciplinary action, which may result in dismissal, will be taken against the employee concerned.

- An allegation which proves to be unfounded and of malicious intent could be considered an act of gross misconduct on the part of the employee concerned. Disciplinary action, which may result in dismissal, will be taken against any employee making such an allegation.

19. Conflict of interest policy

(a) Principles

Staff should perform their duties impartially. They should not be in a position where they have a personal interest that might obstruct their judgment

(b) Disclosure of a Conflict of Interest

- All staff members have a duty to disclose: the existence of any conflict of interest (possible, apparent or potential) and the nature of that conflict of interest, whenever he or she becomes aware that a conflict actually exists or is likely to occur.

- Staff should talk to their direct supervisor if there is a conflict of interest. If the supervisor is him/herself part of the conflict of interest, s/he should talk to a member of the SMT.

- The supervisor will decide how to deal with the conflict of interest in the particular circumstances of the conflict. Where a conflict of interest exists, the affected staff member will not participate in the matter that has given rise to the conflict.

(c) Nondisclosure of a Conflict of Interest

There is nothing wrong with having a conflict of interest and staff will in no way suffer for reporting one. The problem arises when a staff member does not report an actual, potential or apparent conflict of interest and participates in a decision where the conflict could influence that person's judgment.

In cases where an employee has failed to report a conflict of interest:

- If a decision has been made when a participant had a conflict of interest, the Executive Director can declare the decision null and void and re-do the decision or vote without the affected member.

- The non-disclosure may constitute serious misconduct and lead to disciplinary action being taken against the employee, up to and including dismissal.

(d) Conflicts with Financial Interests

Financial interests may cover such things as directorships, shareholdings, real estate or trusts which have the potential to conflict with their position. An example of this type of conflict is where an employee owns a building that organization is considering renting.

(e) Conflicts with Personal Interests

Personal and other interests may include family, romantic or other relationships. An example of a conflicts between personal or other interests and employment duties is where an employee in a selection panel has a personal relationship with an applicant for the position

(f) Conflicts with Gifts, Commissions or Bribes

CAD staff are strictly prohibited from soliciting or accepting gratuities, favors or anything of monetary value over $10 from suppliers or contractors. It is permissible to accept gifts that are not of significant monetary value such as calendars, inexpensive handicraft products or foods. These gifts will be considered to be the property of CAD.

Annex 1: Forms

#	Description	Section in Manual
Vouchers		
1	Receipt voucher	6. Financial System & 10. Income & receipts
2	Payment voucher	6. Financial System & 11. Payments
Bank and cash		
3	Cash book	9. Bank & cash
4	Cash count	9. Bank & cash
5	Bank reconciliation	9. Bank & cash
Advances & Expenses		
6	Advance request and settlement form	12. Advances & expenses
Salaries		
7	Personnel activity record/ Time Sheet	14. Salaries
8	Staff payroll sheet	14. Salaries
9	Payslip	14. Salaries
Procurement forms		
10	Requisition form	15. Procurement
11	Request for quotation	15. Procurement
12	Internal Quotation form	15. Procurement
13	Summary evaluation	15. Procurement
14	Purchase order	15. Procurement
Registers		
15	Fixed asset register	17. Fixed assets & inventory
16	Inventory register	17. Fixed assets & inventory