Equality Myanmar

FINANCE POLICIES AND PROCEDURES MANUAL

VERSION 5.2

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I. Introduction

Finance & accounting management is an area within the organization that needs better definition. The purpose of this manual is to outline the current standard policies and procedures in use in a way that makes them more understandable, effective, facilitates follow-up and makes reporting more consistent.

The following policies and procedures govern the entire administration of EQMM's programs and all financial transactions undertaken by EQMM personnel (staff members, consultants/resource persons, interns, and volunteers) and EQMM-supported network partners in carrying out approved organizational activities.

These policy and procedures are regularly reviewed and updated to reflect changes in staffing, and organizational policy. The purpose of these policies and procedures is to specify roles and responsibilities for authorized finance personnel, financial planning, and reporting.

Failure to comply with these policies and procedures may result in disciplinary action, which can include dismissal and/or withholding payment of salaries.

II. Vision, Mission *and Core Values Statement*

The Equality Myanmar (EQMM), formerly known as the Human Rights Education Institute of Burma (HREIB), is a nongovernmental organization that facilitates a broad range of human rights education activities, advocacy programs, and research projects which target civil society organizations and grassroots communities. EQMM conducts trainings of trainers (ToTs), basic and thematic human rights trainings, community events, and in-depth workshops at its centers in Yangon and Mandalay as well as throughout Myanmar. The organization also provides customized human rights trainings to organizations working on various issues around the country.

Since its establishment in 2000, EQMM (formerly HREIB) has trained over 1,000 women, university students, monks and pastors, activists, school teachers, and community leaders, building a strong network of human rights trainers and advocates across the country as well as along Myanmar's border regions.

With administrative offices in Myanmar and Human Rights Education Training Centers based in Yangon and Mandalay, EQMM aims to formalize civil society networks dedicated to coordinating advocacy efforts, hosting community awareness events, and dialoguing with other stakeholders on human rights issues.

EQMM has played a central role in coordinating a wide range of advocacy campaigns over the years to raise awareness about the human rights situation in Myanmar at local, national, regional, and international levels. Additionally, the organization produces human rights educational materials, audio/visual tools, and other multimedia resources to address the lack of human rights information available in Burmese and ethnic languages. The resources, including TV episodes, booklets, posters, animations, and magazines, provide those who cannot attend traditional face-to-face trainings with an opportunity to learn about various human rights issues.

Vision

"EQMM envisions a peaceful, tolerant and democratic society built on respect for dignity and human rights for all in Myanmar."

Mission

EQMM's mission is to empower the people of Burma through human rights education to engage in social transformation and promote a culture of human rights.

Core Values

EQMM subscribe to a human rights based approach. This approach integrates the norms and principles of the international human rights system into all aspects our work and our organization. The principles are defined as: Inalienability, indivisibility and interdependence of human rights; Empowerment and participation; Equality and non-discrimination; and Accountability.

Inalienability, indivisibility and interdependence human rights

EQMM promotes the norms, standards and goals of the International Human Rights Framework. Through the human rights based approach, EQMM anchors the principles of human rights into our grassroots education and defines who we are and how we operate.

Empowerment and Participation

EQMM takes a rights based participatory approach. We believe that education is the root of change and the empowerment of rights holders through education can transform society. EQMM human education reflects the experiences and lives of the rights holders we work with. Their experiences and knowledge informs our methodology and the way we train so that we treat every trainings as a mutual learning experience. EQMM creates an enabling environment for staff to participate in decision making about the strategic direction of work, program design and our operations.

Equality and non-discrimination

Promoting equality and non-discrimination is a fundamental element in our training and our operations. We promote respect for each other, not only with rights holders but also with our staff. We believe in creating a supporting environment and building team work. We design our programs to reduce inequality and discrimination in society so that abuses against the most vulnerable are reduced

Accountability

EQMM will maintain a strong governance structure that promotes and ensures a high level of accountability, ensuring transparency and responsibility at all levels of our organization, with our financial management and with our donor organizations and rights holders. To ensure transparency and accountability to our stakeholders, EQMM is an independent organization and maintains a strict policy of non-alignment to any political party.

III.   Accounting Management

Policy

EQMM maintains a record of all financial transactions at its headquarters in Yangon, Myanmar. The organization uses a double entry book-keeping system consisting of Excel based day books and a consolidated ledger of accounts format based on the Intuit 'Quick Book' accounting application software. Financial statement is prepared on a modified cash basis which expense and revenues are recognized when they are paid rather than incurred or earned. Exceptions are audit expenses, consultancy fees for project evaluation and short term loan.

Procedure(s)

1. Accounts: Policy

Accounts are financial records that register all financial transactions. The purpose of these records is to appraise the organization's current financial position with reasonable accuracy. Annual accounts are maintained in four parts: the '**Balance Sheet'**, the '**Income & Expense Statement'**, the '**Statement of Cash Flow'**, and the **'Statement of Budget vs. Actual Expense'.**

Procedure(s)

The Finance Coordinator 1 organizes the receipts and payment accounts according to calendar months and reconciles each twice a month. H/she submits these accounts to the Finance Manager for verification.

Reconciled accounts are kept by the Finance Coordinator 1 and Finance Manager on their respective organizational computers. These computer records are backed-up at least monthly. All backups are stored in a secure off-site location.

2. **Accounts Payable: Policy**

Accounts payable is the amount owed by the organization to its suppliers or service providers for goods and services purchased on credit (only for audit expense, consultancy services, short term loan and reimbursement claims when project ends). An accounts payable is recorded in the Account Payable sub-ledger at the time an invoice is vouched for payment. Vouchered, or vouched, means that an invoice is approved for payment and has been recorded in the General Ledger or AP sub-ledger as an outstanding, or open, liability because it has not been paid.

Procedure(s)

Goods or services expenses and staff reimbursement claims are received by the Finance Coordinator 1 for processing and payment. Expenses are process by all staff members depending on their specific responsibilities. The Finance Coordinator 1 enters the purchase invoices or approved staff reimbursement claim into the Excel based day book AP sub-ledger. The Accountant 2 records the payable accounts into the computerized Quick Book accounting system general ledger.

3. **Accounts Receivable: Policy**

Accounts receivable are monies due to the organization provides short term loan to the project when the fund payment is delayed. An accounts receivable is recorded in the Account Receivable sub-ledger when the short term loan is made to the project.

Procedure(s)

Goods, services or donation payments and staff reimbursements are received by the Finance Coordinator 1 for entry into the appropriate financial ledger and then deposit into the designated bank account**.** Receivable are processed by the Finance Coordinator 1 in accordance with the organizations financial accounting rules and regulation into the Excel day book AR sub-ledger. The accountant 2 records the receivable accounts into the computerized Quick Book accounting system general ledger.

4. **Balance Sheet: Policy**

The organization always endeavors to maintain a positive net worth by ensuring that it's assets less its liabilities result in a positive accounts balance. EQMM believes that an organizations **'Balance Sheet'** can be analyzed to determine financial health.

Procedure(s)

i.) Headquarters

Quarterly and annually, the Accountant 2 prepares balance sheets for donor projects and the overall organization. The accountant 1 assists in this preparation. The Finance Coordinator 2 verifies the accuracy and correctness of each balance sheet.

ii.) Remote offices

The Finance Officer prepares balance sheets including bank balance and cash on hand for the monthly administrative & overhead '**Expense Report**', and project **Expense Report**' then submits each balance sheet to the Finance Coordinator 1 for verification of accuracy and correctness. If there isn't a need for an advance payment during the first week of the subsequent month, cash on hand in the balance sheet over 500,000 MMK is re-deposited into the project bank account.

5. Cash Management: Policy

The organization must always ensure that it maintains sufficient financial/cash liquidity to pay its current financial obligations. Cash at headquarters must be kept in a safe box under the control of the Finance Coordinator 1 & Operations Manager or delegated M-COM member and at each remote office location by the Finance Officer and Program Coordinator or Operations Officer.

Procedure (s)

a. Cash Book: Policy

EQMM must maintain a '**Cash Book**' form for each project it manages.

Procedure(s)

i.)   Headquarters

Cash books are updated daily by the Finance Coordinator 1 who is responsible for handling organizational cash and for the oversight of all bank transactions. The Finance Coordinator 1 maintains a detailed record of all cash added and taken from the projects cash book. Projects cash book are submitted to the Finance Manager for verification and cash count every two weeks. Daily cash count is conducted jointly by the Finance Coordinator 1 and Operations Manager.

Cash books are maintained on the Finance Coordinator's office computer. The Finance Manager is responsible for checking the accuracy of each book and performing monthly or more often computer backups. All computer backups are stored in a secure off-site location.

Cash on hand is limited to a maximum of MMK 1,000,000. Exceptions to this limit can be authorized by the Finance Manager.

The Accountant 2 enters the data from each project's '**Cash Book**' form into the computerized Quick Book accounting system every two weeks. The Finance Coordinator 2 checks the accuracy of this consolidated general ledger on the last workday of each week which is normally a Friday.

Project based cash book is updated daily by the project Finance Officer who is responsible for specific project cash handling. The project Finance Officer submits on a monthly basis a 'Cash **Book**' to the Finance Coordinator2. The Finance Coordinator 2 checks accuracy of the ledger on a monthly basis. Cash on hand is limited to a maximum of MMK 500,000. Exceptions to this limit can be authorized by the Finance Coordinator 2.

'**Credit Voucher'** and '**Debit Voucher'** are used for cash receipt and payment. Cash disbursement form/to finance department can only be operated as following. Emergency and unforeseen cases can be considered the exception as case.

Every Monday and Friday; 10:00 AM to 12:00 Noon
Every Tuesday, Wednesday and Thursday; 10:00 AM to 2:00 PM

II.)   Remote offices

Cash books are updated daily by the Finance Officer who is responsible for handling remote office's cash and for the oversight of all remote office bank transactions. Cash books are maintained by h/she on the remote office computer. Daily cash count is conducted jointly by the Finance Officer and Program Coordinator/Operations Officer. The Finance Coordinator 1 is responsible for checking the accuracy of each book and performing monthly or more often computer backups. All computer backups are stored in a secure off-site location.

The Finance Officer submits on a monthly basis a '**Cash Book**' form to the Finance Coordinator 1. On a weekly basis the Finance Officer enters the data from the project's cash book into the remote offices ledger of accounts. The Finance Coordinator 1 checks the accuracy of the ledger on a monthly basis.

Cash on hand is generally limited to a maximum of MMK 500,000. Exception to this limit can be authorized by the responsible program coordinator. '**Credit Voucher'** and '**Debit Voucher'** are used for cash receipt and payment.

b. Petty Cash: Policy

A petty cash fund may be established in the operations department to improve the efficiency of departmental operations. These funds are available to purchase office operations related items, repairs and maintenance, and utilities, etc.

Procedure(s)

i.)   Headquarters

Administrative Officer prepares the petty cash fund request twice a month. The Operations Manager authorizes the petty cash fund request. The Administrative Officer maintains a detailed

record of all cash added and taken from the petty cash. The Administrative Officer submits a 'Petty Cash Book' form to the Operations Manager every two weeks. The Operations Manager makes cash count every two weeks. The Accountant 1 checks the accuracy of the petty cash book every two weeks.

Petty cash must be held in a locked cash drawer or locked safe box under the control of Administrative Officer and Operations Manager.

ii.) Remote offices

Admin & Logistic Officer/Operations Officer prepares the petty cash fund request once a month. The Operations Manager authorizes the petty cash fund request. The Admin & Logistic Officer/Operations Officer maintains a detailed record of all cash added and taken from the petty cash. The Admin & Logistic Officer/Operations Officer submits on a monthly basis a **'Petty Cash Book'** form to the Operations Manager. The Finance Officer makes cash count on a monthly basis. The Finance Officer checks the accuracy of the petty cash book on a monthly basis.

Petty cash must be held in a locked cash drawer or locked safe box under the control of Admin & Logistic Officer/Operations Officer and Finance Officer.

c. Institutional Account(s):

Policy

Income on receipt must be allocated and deposited into its designated organization's bank account.

Procedure(s)

i.) Headquarters

Bank accounts are established or closed with the approval of chairperson of board of directors or delegated-M-COM staff. EQMM uses both commercial checking accounts and saving accounts. Bank accounts are operated with the organization name; Equality Myanmar. Bank account holders' signatories include three (3) staff that are members of M-COM or delegated staff. All bank account withdrawals require two authorized signatories.

Bank account books are kept in a locked safe box under the supervision of the operations manager or delegated M-COM member, and the operational responsibility of the finance coordinator 1.

Bank account withdrawals are in cash or by bank transfer. The '**Bank Withdraw Authorization**' form is prepared by the finance coordinator 1 and authorized by the Deputy Director. If Deputy Director is not available, it can be authorized by Development Manager.

Bank transfers attached with a completed '**Advance Request**' and supporting documents can be approved by employee with delegated expenditure approval authority. Bank transfers are limited to transmitting funds to project bank accounts. Interest earned by project bank accounts must be

paid to the organization through finance staff along with the bank statement or relevant scan copy of bank book on a quarterly basis. It will be recorded as the organization's other income.

ii.) **Remote offices**

EQMM uses both commercial checking accounts and saving accounts for remote offices. Bank accounts are established or closed with the approval of the Finance Manager or Program Manager. Bank account holders' signatories include the Program Coordinator and Finance officer. All bank account withdrawals require two (2) authorized signatories.

Bank account books are kept in a locked safe box under the supervision of the Program Coordinator or Operations Officer if Program Coordinator is not available, and operational responsibility of the Finance Officer.

Bank account withdrawals are done weekly or based on advance payment and expense requests either in cash or by bank transfer. The '**Bank Withdraw Authorization**' form is prepared by the Finance Officer based on agreed planned activities with the project teams and authorized by the Program Coordinator.

Bank transfers attached with a completed '**Advance Request**' and supporting documents can be approved by employee with delegated expenditure approval authority. Bank transfers are limited to transmitting funds to project bank accounts. Interest earned by project bank accounts must be paid to the organization through finance staff along with the bank statement or relevant scan copy of bank book on a quarterly basis. It will be recorded as the organization's other income.

6. Computerized Accounting System: Policy

EQMM accounting records are maintained for donor and government reporting, and auditing purposes in recognized non-profit accounting (i.e. Quick Book) and financial management (i.e. Excel) software systems.

Procedure(s)

The Accountant 2 updates daily the accounting records using the computerized accounting system. Reconciled computerized accounts are kept on the Finance Coordinator's and Finance Manager's office computers using the Excel financial management system. These account records are backed up at least monthly. All computer backups are stored in a secure off-site location.

The **'Chart of Accounts'** will be utilized, reviewed annually and updated as required. The lists of chart of accounts are provided to all staff members. The **'Principle of Records in the Accounting System'** (see – Appendix 5) is developed to standardize the accounting records.

7. Foreign Currency Exchange Management: Policy

Foreign currency is all currencies other than the Myanmar Kyat (MMK).The organization's functional and internal or external reporting currencies in the accounting system are maintained in Myanmar Kyat. The presentation

currency may sometime develop in another currency such as USD or EUR based on the donor or funding agencies' requirement.

Procedure(s)

Each time a currency other than the Myanmar Kyat is used to pay an expense based on the actual rate of the day's exchange rate from a recognized foreign exchange source (bank, money changer, etc.). The exchange rate document must be attached when the expense is reported. The exchange rate document from the sites such as www.xe.com, or www.oanda.com is acceptable however the day's exchange rate must be the same date with the expenditure.

The weighted average actual exchange rate is used for reporting purposes when the reporting currency is other than Myanmar Kyat (MMK) and there are different actual exchange rates per remittance from donor. The Finance Manager maintains the exchange rates tracks per project. The average actual exchange rate is calculated by the Finance Coordinator 2 under the supervision of the Finance Manager.

The Finance Manager monitors the operations exposure which reflects of the exchange rate movements due to different budgeted and actual exchange rates then reports to the program management staff for further project management decision.

The exchange rate is referring from www.xe.com or www.oanda.com when the budget currency is other than Myanmar Kyat (MMK).

8. **Income Management: Policy**

EQMM receives funding from foundations, individual charities/donors, and government organizations. It remains however politically independent of all funders. It acknowledges that public money is entrusted to it and that all money received goes to agreed beneficiaries and activities in line with the mission and goals of the organization.

Procedure(s)

i.) Headquarters

The Finance Manager provides income information to the accountant 2 through Finance Coordinator 2 when it is earned and the grant has signed. The Accountant 2 prepares the income statement by entering verified incomes into the computerized accounting system. The computerized system produces the required income statement on demand. The Finance Manager acknowledges the receipt of donor income and ensures that the income is deposited into the correct account.

ii.) Remote offices

The Finance Officer is responsible for the '**Acknowledgement**' of the receipt of funds transferred by the Finance Coordinator 1 and ensures that the funds are deposited into the correct bank account. H/she prepare income statement for manual entry into the remote offices consolidated bank account transaction report.

9. Overhead: Policy

EQMM charges an overhead percentage on each donor project in order to recover the non project related cost of the organization's operations.

Procedure(s)

The Finance Manager prepares the overhead percentage to be applied to each donor project budget at the time of the next annual budget preparation. The Finance Coordinators assist in developing this overhead percentage as well as its application to individual project budgets.

The overhead or in direct costs can include general administration and management expenses (i.e. management staff salaries and benefits), infrastructure costs (i.e. rent and utilities, transportation, supplies, maintenance & repairs, communication, etc.), and program support staff salaries and benefits (i.e. admin, HR and finance staff salaries and benefits).

The cost driver to calculate overhead cost rates is number of employees. The methodology used to compute overhead is as follows; the percentage for overhead apportionment is the numbers of employee (direct project staff) divided to total workstations in the office (for example: the number of employee (direct project staff) is 2, the total workstations is 20, the percentage for apportionment is 2/20 = 10%)

Each year the percentage for overhead apportionment is recomputed. M-COM is responsible for approving the overhead calculation for the next budget year.

IV.   Financial Management

Policy

EQMM maintains its' financial transaction records at the organization's headquarters in Yangon, Myanmar. These financial records provide the organization with the means to make sound and prudent financial decisions.

EQMM financial management is divided into: **Long-term decisions** - Capital investment decisions on which projects should receive investment. **Short-term decisions** - Deals with the short-term balance of current assets and current liabilities with a focus on managing cash.

Procedure(s)

1.   Budgeting: Policy

The annual organization budget covers the planned activities for the Financial Year starting on 1 January and ending on 31 December. The budget is prepared on zero based budgeting (ZBB) method. This budget is updated upon receipt of new projects on a rolling basis throughout the year.

a.)   Organization Budget: Policy

The organization budget is established annually but may be updated upon receipt of new grants on a rolling basis throughout the year.

Procedure(s)

i.)   Annual budget

The Finance Manager initiates the annual as well as a periodic financial planning process. Annually, h/she organizes an M-COM team retreat (in July/ August) as part of the development of the next year's organization budget and three (3) year strategic plan.

The Finance Coordinators assist the Program Manager and Finance Manager in this annual process by developing and modifying (as required) the annual organization budget. H/she also reviews the annual budget to ensure its easy translation into the organizations budget and accounting categories (Quick Book - **Chart of Accounts**), so that core expenditures can be properly summarized, recorded and monitored.

Once the annual budget is approved, the Program Managers authorize the expenditure of funds by authorized personnel. In addition, h/she balances project accounts in accordance with the organization rules to insure that over expenditure does not occur.

Periodically during the financial year the Finance Manager conducts review meetings with M-Com to assess the financial health of the organization in light of funding and external economic conditions.   Annual budget modifications and adjustments may be the outcome of these meetings.

The annual organization budget is prepared using two (2) parts: a) in-direct/overhead and b) project/program direct expenses. The in-direct/overhead groups expenses by administrative entities and object. In-direct/overhead budgets provide for comparison and budgeting of selected object groups and their previous and future expenditure levels within an organization ('In-direct/Overhead budget'). The project/program direct budget aligns activities with objectives, streamline costs, looks at results and the activities that created them and create more accurate financial forecasts (project/program direct budget). The annual budget cycle begins in July/August and the financial year begins on 1 January.

ii.)   Multi Year (Strategic Plan) budget

The multi year budget follows the same preparation procedures as for the annual organization budget except that it is for a longer operational period. Normally, multi year budgets are prepared when developing the organization's strategic plan.

b.) Program (Project) Budget: Policy

Project budgets are established for the life of the specific donor (s) grant but are updated on receipt of additional grant funding commitments received throughout the project.

Procedure(s)

i.)   Annual budget

The Finance Coordinators assist the Program Manager in developing and modifying (as required) the annual project budget. H/she reviews the annual project budget to insure its easy translation into budget and accounting categories (Quick Book - **Chart of Accounts** form), so that project expenditures can be properly summarized, recorded and monitored**.**

Once the annual program (project) budget is approved, the Program Managers authorize the expenditure of funds by authorized personnel. In addition, h/she balances project accounts in accordance with the organization rules to insure that over expenditure does not occur.

Annual project budgeting is prepared using two (2) budget parts: a) 'In-direct/Overhead' budget; and b) 'Project/Program direct' budget. See 1. Organization Budget – Annual budget (above) for methodology and details.

The annual program (project) budget cycle begins in July/August and the financial year begins on 1 January.

ii.)   Project Life budget

The project life budget follows the same preparation procedures as for annual project budget except that it is prepared for a longer period. Normally, multi year budgets are prepared when developing the organizations strategic plan.

2. Computerized Financial Management System: Policy

Financial management (budget and financial planning) records are maintained for donor, government and stakeholder reporting and auditing in a recognized non-profit software accounting i.e. Quick Book and/or financial management system i.e. Excel.

Procedure(s)
The finance coordinators use the Quick Book accounting software and Excel spreadsheets on a daily basis to update the organizations financial records. Reconciled computerized financial records are kept on the finance coordinators' and Finance Manager's office computers. These financial management records are computer updated and backed up at least once a month. All computer backups are stored in a secure off-site location.

3. **Financial Planning: Policy**

EQMM's recognizes the need to follow a good financial planning methodology to progressively accomplish its organizational mission statement. This includes an annual organization budget which organizes the organization's finances and includes a series of steps and specific goals for spending and saving future income. This plan allocates future income to meet various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan can be referred to as an investment plan.

Procedure(s)

The Finance Manager initiates the annual as well as a periodic financial planning process. Annually h/she organizes an M-COM team retreat (in July/August) prior to the development of the next year's organization budget and three (3) year strategic plan. H/she also coordinates this activity with the Finance Coordinators and/or Accountant to ensure the availability of the most recent organizational and specific project financial facts & figures.

Periodically during the financial year the Finance Manager conducts review meetings for M-COM the purpose of which are to continually assess the financial health of the organization in light of funding and economic conditions. Annual budget modifications and adjustments may be the outcome of these meetings.

V. **Audit**

Policy

EQMM follows and promotes organizational financial transparency.

1. **External: Policy**

An annual audit of the organization's financial statements is required to be conducted by an independent accounting firm. The authorized public accountant, who is qualified and work according to international auditing standards, must be appointed in accordance with EQMM donor's specific audit guidelines. The EQMM's Executive Director submits the management representative letter to the appointed auditor. After the audit proposal is confirmed, the audit term of reference must be signed by EQMM's Executive Director and auditor.

The audit has to be performed according to the standard ISA 805 which is issued by International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB). The auditor who is signing the audit report can be performed for a maximum of five years. It does not mean that the organization needs to change audit firm, another auditor within the same audit firm can be performed.

Procedure(s)

The Finance Manager supervises the 'annual audit' of the organization's accounts. H/she is responsible for answering any questions from the external auditor and/or donors regarding the financial reports. H/she may also choose to delegate these responsibilities to the relevant Program Coordinators or Program Officers for program/projects technical related. The Finance Coordinator 2 is also responsible to facilitate the annual audit of the accounts under supervision of Finance Manager. The Finance Coordinator 2 facilitates the team in the preparation of the 'annual audit' report and documents.

Audited financial statements, including the auditor's opinion, audit memorandum/management letter and management response must be submitted and presented to the organization's board of directors and donors. The management response on auditor's recommendation is carried forward to the organization's internal meetings for further improvement.

2.Internal: Policy

EQMM does not have an independent internal auditor due to its size. However, the practices of internal auditing which includes appraisals, finding & recommendations, information concerning the activities reviewed, reporting, field visits, and verify the expenditure with supporting documents, etc. are responsible by EQMM Board of Directors, management committee and concerned supervisors in order to promoting effective control at reasonable cost and in the compliance as the organization's policy and procedures.

VI.   Accounting & Financial Management Reporting

Policy

Periodic internal and external accounting & financial reports are produced to meet the requirements of management (internal); donors (external); government (external); and stakeholders (external).

1. **Internal: Policy**

   Timely periodic internal financial and accounting reports are required to allow the organization to function in a financially sound and efficient manner

   Procedure(s)

   a) Expense Report - All staff in headquarters and remote offices must report their monthly or activity expenses by completing and submitting an '**Expense Report Form**' to make sure calculation and to complete all set of supporting documents in accordance with organization's financial policy to the Accountant 1 or Project Finance Officer in headquarters and Finance Officer in remote offices.

The report's expense data must be authorized by the employee with delegated expenditure approval authority. The monthly expense and activity expense reports are due on the 15th of each month for the preceding calendar month and within seven worked day after completion of the activity together with receipts and other supporting documents.

The supporting documents completeness must be checked by the checklist before submission by the staff member who prepared the expense report. The total reported amount must match the total amount of all attached receipts. The date for all expenses incurred for activities included must correspond to the date of the activity described in the narrative report.

If an expense is incurred in a currency other than the Myanmar Kyat the '**Expense Report**' must include the exchange rate. A copy of the day's official exchange rate from a foreign exchange sources (bank, money changer) must be attached. (Detail information is available in the 'Foreign Currency Exchange Management' section.)

Staff in headquarter and remote offices must inform the Accountant 1/Finance Officer and immediate supervisor and the staff with delegated expenditure approval authority by email if the report will be late; the reason it will be late; and the date it will be submitted.

 All staff must return the closing balance reported once the expense report is submitted. Staff is not allowed to use the closing balance without the approval of the staff with expenditure approval authority.

Alcoholic beverages including beer, wine, and mixed alcoholic drinks and cigarettes are unallowable. Any contingency reserve or similar provision made for the project activities, the occurrence of which cannot be foretold with certainty is unallowable. '**Certified Expenditure Letter Form'** must be submitted for the voucher which included unallowable cost.

b) <u>Consolidated Ledger of Accounts</u> - The Accountant 1 checks the monthly project expense ledger daily. H/she also provides a monthly '**Expense Report**' to the Finance Coordinator 1 for verification and entry into the computerized accounting system by the accountant 2.
The Accountant 2 is responsible for the day-to-day data entry into the organization's financial ledger (i.e. Quick Book). This entry includes: the classification of expenses; the monthly updating of bank transactions; the entry of expense data (which is then verified by the Finance Coordinator 1); the entry of honorarium payments earned by full time staff; and "other income" i.e. rental of office equipments, meeting rooms, cars, etc. The consolidated leger of accounts is verified by the Finance Coordinator 2 on a weekly basis.

c) <u>Budget Monitoring/ or Review</u>   - The Finance Coordinator 2 is responsible for preparing the overall organization monthly '**Budget Monitor/Review**' report as well as for individual project budgets and submitting each to the Finance Manager for review and forwarding to the Program Manager for action quarterly. Any recommended changes are then included in the quarterly and/or midterm donor reports.

d) Cash Book

i.) Headquarters

The Finance Coordinator 1 maintains a detailed record of cash added and disbursed from the main cash and project bank accounts. This information is produced using the organization's computerized accounting software i.e. Quick Book.

H/she also performs a '**Cash Count**' and reconciles the main cash book ('**Cash Book**' form) every two weeks. In addition, h/she also checks the '**Cash Book**' form) against the '**Expense Report**' either every two weeks or at the end of every month. All forms are submitted to the finance manager for verification and approval.

ii.) Remote Offices

The Finance Officer maintains a detailed record of cash added and disbursed from the cash and the project bank account. H/she performs a '**Cash Count**' and reconciles the cash book ('**Cash Book'**) form monthly. All forms are submitted to the Finance Coordinator 1 for verification and approval.

e) Advance Ledger - The Finance Coordinator 1 summarizes the total number of the advance requests for each project on an '**Advance Ledger'** form and forwards the form every two weeks to the Finance Manager for comparison of reconciled data.

f) Account Receivable Ledger - The Finance Coordinator 1 summarizes the total number of the account receivable for each project on an '**Account Receivable Ledger'** form and forwards the form every two weeks to the Finance Manager for comparison of reconciled data and to the accountant 2 for data entry to the computerized accounting system.

g) Account Payable Ledger – The Finance Coordinator 1 summarizes the total number of the account receivable for each project on an '**Account Payable Ledger'** form and forwards the form every two weeks to the Finance Manager for comparison of reconciled data and to the accountant 2 for data entry to the computerized accounting system.

h) Forecast Expenditure – Each program/department prepares a '**Forecast Expense Form'** on a quarterly basis and submits to the Finance Coordinator 2 on the 7th of every quarter.

i) Quarterly Financial Statement – The Accountant 2 submits quarterly individual project financial statement from computerized accounting system (Quick book) to the finance coordinator 2 for verification which includes; 1) a '**Balance Sheet**'; 2) an '**Income & Expense Statement**'; 3) a detail '**Expense Report**'; and 4) a detail 'bank account transaction' report. The Finance

Coordinator 2 prepares 'Cash Flow Statement' on a quarterly basis. The verified quarterly individual project financial statement would be approved by the Finance Manager.

2. **External: Policy**

Periodic external financial and accounting reports are required for donors, government bodies and stakeholders to allow the organization to function in a financially sound and efficient manner. Financial statement is prepared on a modified cash basis.

a. Donor

Policy

Periodic financial report(s) are provided to donors on the status of their funded project activities.

Procedure(s)

Organizational activities are funded by one or more donors. Budget categories and conditions can vary substantially from one donor to another, and can differ from the categories and line items used in the computerized accounting system. This may require developing and tracking expenditures against separate donor budgets in addition to the approved specific project budgets.

The normal donor financial reporting is done based on a donor's reporting cycle and includes: 1) a '**Balance Sheet**'; 2) an '**Income & Expense Statement**'; 3) a detail '**Expense Report**'; 4) a 'Cash Flow Statement'; 5) a detail 'bank account transaction' report; 6) a bank credit advice; and 7) a scanned copy of the project bank account. Donors also receive a copy of the organizations 'annual audit' report.

The Program and Finance Managers are responsible for answering any donor questions regarding financial reports, but may elect to delegate this responsibility to the concerned Program Coordinator.

b. Government

Policy

An 'annual audit' report is provided to the Myanmar government.

Procedure(s)

The 'annual audit' report is prepared based on the Myanmar government financial year and includes: 1) a '**Balance Sheet**'; 2) a '**Income Statement**'; 3) a detail '**Expense Report**'; 4) a 'Cash Flow Statement'; 5) a detail 'bank account transaction' report; 6) a bank credit advice; 7) a staff income tax advice; 8) a withholding tax advice; 9) a scanned copy of all project bank accounts; and 9) all project grant agreements.

The Program and Finance managers are responsible for answering any questions that the auditor has regarding the 'annual audit' report, but may choose to delegate this responsibility to the relevant Program and/or Finance Coordinators.

c.   Stakeholder

Policy

Annual financial information is provided to the organizations stakeholders.

Procedure(s)

The Finance Manager prepares stakeholder communications regarding the organization's finances, but may choose to delegate this responsibility to the finance coordinators, accountant, and/or Administrative Officer.

The normal stakeholder financial report is the:

Annual Report – This report is prepared under supervision of the Finance Manager and Development Manager and includes both a narrative and financial summary of the organization's work during the previous financial year. The Finance and Program staffs are involved in its preparation. The report is normally distributed to stakeholders four (4) to six (6) month after the close of the financial year on the organization's website and as printed copies.

3.   **Computerized Reporting Systems: Policy**
Program/ project performance & financial management (accounting, budgeting and financial planning) records are maintained for donor, government and stakeholder reporting as well as external auditing in recognized computerized systems: accounting (Intuit: Quick Book); program management (Microsoft: Project 2007/2010) and financial management (Microsoft: Excel).

Procedure(s)
The Finance Coordinators, Accountant and Finance Manager use each of these systems to assist them in producing internal and external organizational reports.

VII. Other EQMM Financial Policies and Procedures

Policy
EQMM adheres to various other accounting & financial policies to ensure organizational financial transparency and health.

1.   **Delegation of Expenditure Approval Authority: Policy**

Expenditure approval authority is delegated to a Myanmar Kyat value limit which is the greater of the transaction value. This authority is limited to expenditures and projects contemplated in the Annual Budget of Equality Myanmar approved by EQMM M-COM. Employees with delegated expenditure approval authority can only advance request, expenditures or reimbursements originated by positions. Expenditure approval authority is the authority of a delegated employee to initiate expenditure on behalf of the organization, and certify receipt of goods or services and contract performance and price. Approval includes original hand written signature on a relevant form (i.e., advance request form, expense report form, travel expense form, etc.).

The maximum possible delegation of expenditure approval for each staff level is according to the following limits;

From Ks	To Ks	Delegation of Expenditure Approval Authority
1	500,000	Officer, Coordinator, Manager, Director
500,001	5,000,000	Coordinator, Manager, Director
5,000,001	20,000,000	Manager, Director
20,000,001	Above	Director

Procedures(s)

Employees with expenditure approval authorities must ensure that all Equality Myanmar policy requirements are followed in the procurement of goods and services. When approving expenditure, an employee with expenditure approval authority certifies that;
   a) The expenditure is within the Myanmar Kyat value limits of delegation.
   b) The approver is knowledgeable about the purpose, and occurrence, of the expenditure or reimbursement.
   c) The purpose of the expenditure or reimbursement aligns with the project being charged, and with any restrictions related to those funds.
   d) The expenditure does not personally benefit themselves, their relatives, or their supervisors(s).
   e) The employee's approval does not create a conflict of interest.

2. **Advance(s): Policy**

Advance(s) are provided to staff members and EQMM's co-implementing partners for official as well as for urgent personal requirements. Another advance is not considered until the previous advances are cleared.

Procedure(s)
   a) Official advance

   Official advances relate to organizational expenses and are categorized in three (3) ways:

   i. **Non Project travel -** Before official travel takes place, an estimate of the travel costs is submitted by a staff member and approved by the concerned supervisor and manager on a 'travel authorization' form **- see EQMM Human Resources forms**. The concerned staff submits an official 'advance request'. When this request is approved, then h/she receives the equivalent of the approved travel cost estimate less any prepaid expense payments.

   ii. **Project travel -** Prior to travel taking place, a 'travel authorization' form **- see EQMM Human Resources forms** is completed (see 1. Non project travel above) and approved by the concerned manager and the supervisor. The concerned staff member receives an advance equivalent to the approved estimate less any anticipated expense payments to be made by the organization.

   iii. **General expense -** All personnel must complete and submit an '**Advance Request Form**' to the finance coordinator 2 after authorizations by the employee with delegated expenditure approval authority to obtain approval and receive funds.

   This form must be submitted on 7th of every month in advance of the expense to receive funds. The advance request can be submitted three days in advance than expected receipt date for unforeseen and urgent activities.

   The supporting documents must be attached for the advance request for good and services procurement. The supporting documentation can include: purchase requisition, quotation, comparative bid analysis, purchase order/service contract/consultancy service contract, invoices from the respective vendor(s).

   The concerned staff with expenditure approval authority can authorize advance payments in anticipation of an expense if the expense is to be incurred and reported within seven worked day after completion of the activity. The time period of this rule can be extended in special circumstances (for example foreign travel) with the approval of the concerned staff with expenditure approval authority.

   Payment of the official advances for headquarters or remote offices is executed by the Finance Coordinator 1 either through a cash (cash payment limitation described in 'Cash Management' section) or bank transfers. Bank transfer is paid only through the concerned project bank account.

b) Personal advance (salary)

A staff member's personal salary advance request to cover 'urgent' personal expense is sent to the finance coordinator or delegated finance staff by email. The Finance Coordinator (or) delegated finance staff has the authority to approve a personal salary advance. Personnel are entitled a personal salary advance request (not more than half of one month salary) start from 16th until 25th of the month on a one time basis. All personal advances must be repaid within the month of the advance.

3.   Asset Management: Policy

Asset Management policy & procedures are discussed in the Human Resources Policies and Procedures Manual (see III – Condition of Employment; 8. Office Administration).

4.   Compensation: Policy

A staff member is provided with a level of compensation (salary and social financial benefits) that are consistent with the organization's vision and mission to promote human rights for all. An external consultant or resource person is provided with an honorarium commensurate with their experience.

Procedure(s)

a) Salary

Monthly '**Payroll sheet'** is prepared jointly Human Resources Officer and Finance Coordinator 1 which are authorized by the Operations Manager. Staff salaries are paid by the Finance Coordinator 1 or delegated staff in cash or by bank transfer on the last working day of every month. All staff must sign a '**Pay/Salary SLIP**' form as proof of salary receipt for salaries paid. Salary payment is withheld with M-COM's decision if there is an outstanding report. Salary scales are available for review in the Human Resources Policies and Procedures Manual (see Annex 1)

b) Honorarium

EQMM pays external consultants and resource persons an honorarium for official activities when specified in the organizations, or in a specific projects budget. It also receives income from honorarium paid to certain full time staff. Income received from a staff member receives a '**receipt**'. Honorarium rate paid to outside consultants or resource person are the same as the ones charged by EQMM for the employment of its staff by outside organizations. Honorarium rates are available for review in the Human Resources Policies and Procedures Manual (see Annex 1)

i. EQMM expenses

Individual expenses exceeding a total of 75,000 MMK must be accompanied by a signed copy of the recipient's proof of personal identification. If the recipient refuses to provide a copy for personal reasons, the payee needs to discuss this issue with the finance coordinator.

Honorarium payments of more than 200,000 MMK per day must always be made in accordance with a signed contract (see Procurement Guideline –'III Procurement Procedures-D2 Contract for Consultant').

ii. **EQMM income**

The Finance Manager receives an email request from a project coordinator and/or program officer to use a staff member as a resource person together with the honorarium proposed. Personnel may also receive honorariums from outside organizations.

Full time staff must declare honorariums received to the Finance Manager who then computes the amount to be retained by the organization and the amount to be retained by the staff member based on the following protocol: a staff member receives 25% of the honorarium for a normal work day; and 75% of the honorarium for a weekend, holiday, or approved vacation day. The staff member receives a '**receipt**' for any honorarium retained by the organization

The Finance Manager provides a record with staff honorariums received to the management and finance staff. The computed amount is recorded as 'other income' into the computerized accounting system by the Accountant. Part-time personnel are entitled to keep honorariums paid directly. No full time staff may receive an honorarium for a core program activity i.e. training of trainer' course; intensive course, internship. In addition, full time staff can only receive an honorarium from a project that they do not receive a salary contribution from.

c) Social financial benefits

Health allowance & life Insurance and weekly staff lunches are discussed in the Human Resources Policies and Procedures Manual.

Health Allowance & Life Insurance: Policy

An annual individual regular staff personal 'health allowance & life insurance' policy is provided and paid by the organization in order to maintain each fulltime staffs health and well being to ensure the smooth delivery of organizational work commitments**.**

Procedure(s)

The Human Resources Officer has the responsibility to secure and paid for the annual personnel life insurance coverage (100%) of each regular fulltime staff. Family members of staff are not covered.

Individual health allowance is provided as follows:

i.   <u>National staff</u> – Individuals receive health allowance 25,000 MMK a month to give flexibility in creating a benefits package that best meets their needs while a particular medical insurance is not available.

ii. <u>International Staff</u> – Individuals receive health allowance USD 50 a month to give flexibility in creating a benefits package that best meets their needs while a particular medical insurance is not available.

iii. <u>Trainers/trainees/resource person/facilitator staff</u> – Individuals in these categories are provided by the organization with health coverage for acute illnesses during trainings. Each claimant must present a medical report that reflects this (documenting that it is not check-up). A reimbursement imitation per person is determined by the length of the training: less than 7 days only basic medicine; from 7 to 15 days 15,000 MMK; and 16 days or more 30,000 MMK. In addition, the concerned individual must inform the trainer in-charge/coordinator before they see a doctor. Reimbursement will not be covered without the consultation of the trainer in-charge/coordinator.

5. **Property: Policy**

During his/her service a staff member is provided with the use of physical and intellectual property that is consistent with their organizational role and responsibilities.

Procedure(s)

a) **Office Vehicle**

The organizations vehicle policy protects personnel, equipment, and organizational activities. This policy is available for review in the <u>Human Resources Policies and Procedures Manual.</u>

b) **Office Cash & Property**

All personnel are responsible for taking necessary and reasonable precautions to ensure the security and safety from loss or theft of cash, equipment (e.g. cameras, video recorders, TVs, LCD monitor laptop computers, etc.) or valuables in their charge. Personnel must not keep cash, equipment or valuables in checked baggage when travelling. The cash or valuables should be personally carried, locked in a hotel safe, or locked in carry-on luggage.

Insurance for office equipment used in the office or during overseas travel should be obtained where available. If cash, equipment and valuables are lost and the standard of care has been followed, such incidents will not constitute gross negligence and the organization will cover the loss. In cases of theft, burglary, pickpocket, snatching, and any instances where the cash or valuable was forcibly taken, this will not constitute gross negligence and the organization will bear the costs of the loss provided that the following procedures are followed.

An official complaint to the police or authorities concerned such as the manager of the hotel where the cash, equipment, and/or valuables were stolen must be made. This is done only if the staff member is holding official, legal travel documents. If the staff member does not have official, legal travel documents than circumstances permitting s/he shall solicit help from another staff member who does have such documents.

A '**Lost Property Report Form**' is submitted to the Operations Manager by email within 24 hours or as early as possible. The report shall specify the date, time of loss, circumstances of loss and steps taken by the staff after discovering the loss. If cash, equipment, and valuables are lost or stolen, but the standard of care has not been followed, the staff shall be liable and will pay the organization the total cost of the loss.

If the loss or theft is a result of any lapse in personal behavior (drunk, intake of prohibited drugs, or general carelessness), the incident will constitute gross negligence and the staff member shall be liable and will pay the organization the total cost of the loss. Misappropriation occurs when a staff member is required to carry cash or valuables for the organization on official duty and uses the cash or valuables for personal gain. In this case, the staff member is liable for the loss.

6. **Procurement: Policy**

Procurement policy & procedures are discussed in the Procurement Guidelines.

7. **Receipts – Policy**

A staff member as part of their work is required to keep receipts when purchasing goods and/or services.

Procedure(s)

All expenses must be receipted. Receipts must not be changed or modified. If a receipt cannot be obtain from a vendor, the '**Petty Cash Voucher**' form for expenses less than 50,000 MMK or a '**Payment Voucher**' form for expenses of 50,000 MMK or more is used.

The allowance payment for food (i.e. dinner allowance) and transportation for the activity beneficiaries groups must be used an '**Allowance Payment Form**'. The participant's attendant list is required to be submitted along with allowance payment form.

These payment forms (petty cash voucher, payment voucher and allowance payment form) should not be paid and received by the same person.

Hand-written receipts must include the following details: 1) name of the shop/place of purchase; 2) date of purchase; 3) list of each item purchased and amount; 4) total purchase amount; 5) vendor's signature and telephone number (only for handwritten receipts and receipts printed from a calculator or cash register with no letterhead); and 6) stamp indicating the item(s) has been paid for.

The original bus/train/flight ticket for each trip must be attached for travel expense. The boarding pass for each trip must be required along with flight ticket, invoice and vouchers. The justification **'Justification Sample'** is available only for missing the original bus/train ticket to second distinction which can be authorized by concerned manager.

Receipts are submitted as part of each staff member's monthly or activity '**Expense Report Form**' to the Accountant or Finance Officer and maintained in a secure filing cabinet for a minimum of five (5) years in the headquarters finance office.

The staffs members have responsible to make sure all the expenses are receipted and additional necessary supporting documents are completed by checking with **'Receipt and Supporting Documents Checklist'.**

'Translation of Voucher Form' must be used when the receipts are required to translate into English.

8. **Reimbursement - Policy**

   In situations where unforeseen expenses and urgent matters happens without advance request submission but it's with advance approval via email or text message by concerned staff with the expenditure approval authority, are eligible to reimburse after it's incurred.

   Procedure(s)

   Normally expenses are approved by the concerned staff with the expenditure approval authority in advance so their reimbursement is a standard operating procedure. To be considered for reimbursement staff must complete '**Expense Report Form**' and submit to the concerned staff with the expenditure approval authority with relevant receipts within one week of incurring an expense.

   Eligibility for reimbursement is determined on a case-by-case basis by the concerned staff with the expenditure approval authority. The Finance Coordinator 1 reimburses approved unforeseen expenses within one month of the submission of the '**Expense Report Form**'.

9. **Travel – Policy**

   Personnel or trainees who as part of their work/training undertake organizational sponsored travel are reimbursed expenses. Travel expenses including visa fees, transportation, and accommodation must, however, be included in a specific authorized budget to be reimbursed.

Procedure(s)

The staff members and participants who attend organizational activities, reimburses travel expense with approved travel budgets. All staff and participants must complete a '**Travel Expense From**' to apply for reimbursement.

The '**Travel Expense Form**' is submitted to the Accountant 1 for headquarters and the Finance Officer for remote offices. He/she checks the accompanied copy of the supporting documents (itinerary, boarding pass, receipts, currency exchange bank receipt, etc.) along with '**Expense Report Form**' which includes travel expense.

The staff must submit a copy of **'Travel Authorization Form'** which is authorized by concerned supervisor to the accountant along with other travel related relevant receipts and supporting documents.

When undertaking work approved travel outside of the town or city in which the individual is normally based, personnel are entitled to a per diem to cover food and incidental expenses: 10,000 MMK per day in Myanmar; 35 USD per day in other countries in Asia; and 70 USD per day in Europe; and 50 USD per day in America.

Personnel are not required to provide original receipts in making a claim for per diem expenses, but it must be documented in the '**Per-Diem Payment Form'** then reported in the **'Travel Expense Form'** and **'Expense Report Form'.**

Travel expenses including visa fees, transportation, and accommodation are entitled to claim expense incurred with the relevant original receipts and supporting documents (to refer 'Receipts & Supporting Documents Checklist'). Undocumented expense can't be claim to Equality Myanmar.

The composition of Per Diem is as following;

Breakfast	15%
Lunch	30%
Dinner	40%
Incidentals	15%
Total	**100%**

The breakdown of Per Diem is as following;

Country	Per Diem Rate	Breakfast 15%	Lunch 30%	Dinner 40%	Incidental 15%
Myanmar	10,000 MMK	1,500 MMK	3,000 MMK	4,000 MMK	1,500 MMK
Asia	35 USD	5 USD	10 USD	15 USD	5 USD

Europe	70 USD	10 USD	22 USD	28 USD	10 USD
America	50 USD	7 USD	16 USD	20 USD	7 USD

This table lists the full daily amount EQMM personnel receive for a singly calendar day of travel. If the trip includes meals that are already paid by project (i.e.; lunch paid by project activities, breakfast provided by hotel which room rent is paid by project) EQMM's personnel need to deduct those meals from their per diem.

Per Diem can be provided to the staff and beneficiaries as the following calculation; full day per diem can be entitled if the departure time is before 12 Noon and the arrival time is after 12 Noon, and half day per diem can be entitled if the departure time is after 12 Noon and the arrival time is before 12 Noon.

When using air travel, EQMM will pay only economy class. If any individual is using personal vehicle for worked related, they can be reimbursed the actual fuel cost based upon the mileage. Mileage log sheet must be submitted in this case. A personnel taking in the economy public bus that is not able to safely and comfortably fit in a single seat is required to purchase an additional seat. The second seat must be purchased for the same fare as the original seat provided it is purchased at the same time.

The travel expense with currency other than Myanmar Kyat must be converted to Myanmar Kyat on the actual exchange rate of the day's exchange rate from a recognized foreign source (bank, money changer, etc.) or the exchange rate of the day of each expense incurred from the sites such as www.xe.com or www.oanda.com.

Personnel attending international conferences, trainings or other events may receive per diems from another organization. Each is entitled to keep such payments, but may not make an additional claim to the organization for per diem. Personnel are also responsible for making their own travel arrangements. However, with the approval of operations manager, staff may request support from the logistic officer to book and arrange tickets.

VIII. Accounting & Financial Management Administrative Bodies & Staff Positions

Policy

The organization maintains good corporate fiscal governance through an on-going process of financial checks & balances. Accordingly, the organization has designated a specific group of employees to be responsible for and have authority over all aspects of the organization's finances.

1. **Staff Positions**
   Financial/Accounting Positions/Bodies (involved)

   i. EQMM Board of Directors (BOD)(Policy level)

   Policy

The Board of Directors determines financial and accounting policies, and reviews and endorses the annual organization and individual project budgets.

Procedure(s)

Financial policies – The Board of Directors reviews the financial and accounting policy recommendations recommended by M-Com through the Executive Director and decide the changes to implement.

Budget - The annual budgets (organization and individual project) are submitted by the Executive Director to the board at the annual strategic planning meeting for approval no later than 1 December of the year proceeding the budgeted financial year. Any changes to these board approved budgets must be reflected in amended project and organization budgets and a summary prepared by the Finance Manager. The Executive Director brings this summary to the attention of the Board of Directors at their next meeting.

ii.   Executive Director(ED) (Policy level as a board member/ General operations as the executive director)

Policy

The Executive Director can authorize and/or delegate emergency expenditures and authorize requests for additional expenditures outside of the scope of approved budgets.

Procedure(s)

Financial proposal & budget - All financial proposals and budgets submitted by M-COM are reviewed, approved and signed by the Executive Director.

Financial reports - Most donor reports prior to submission are signed by the Executive Director.

Financial & accounting policies -The Executive Director brings any financial & accounting policy and/or budget change to the attention of the board at their next meeting. The Executive Director also as a member of M-COM executes additional financial responsibilities (see M-COM below).

iii.   Management Committee- M-COM (General operations)

Policy

The Management Committee (M-COM) reviews and tentatively approves the annual organization and project budgets including the overhead percentage(s) to be applied as well as makes recommendations to the board on financial and accounting policy.

Procedure(s)

Budget - M-COM reviews and tentatively approves the annual organization and individual project budgets as well as the overhead percentage(s) to be applied and submits them to the board for approval endorsement.

Financial & accounting policies & procedures - M-COM recommends to the Board of Directors all policy amendments and changes to the 'Financial & Accounting Policies and Procedures' manual. M-COM retains approval, however, for financial operating procedures. M-COM relies on unscheduled meetings called by any M-COM member. M-COM reviews its operating procedures annually.

Income - M-COM delegates to the Finance Manager the deposit of all income received into its appropriate organization or project bank account.

Finance Team

iv.   Finance Manager(FM) (Day-to-day operations)

Policy

The Finance Manager manages the day-to-day financial and accounting operations by establishing as a member of M-COM the necessary procedures that ensure compliance with this manual as well as meet accepted internationally approved accounting standards.

Procedure(s)

Financial & accounting policies & procedures - The Finance Manager monitors and evaluates policies and procedures and recommends to M-COM for their modification or change. M-COM seeks the approval of the board on policy changes but decides on its own all procedural changes which the finance manager in turn then communicates to personnel.

A financial & accounting budget operation - The Finance Manager supervise and checks the work of the finance officer; oversees cash flow management; maintains internal budget controls; and ensures the efficiency of the finance and accounting staffs. H/she executes these responsibilities by supervising and checking the day-to-day operations which among other tasks includes every two weeks updating of financial management reconciliation data ('**Cash Book**' form), and cash count ('**Cash Count**' form).

The Finance Manager also prepares the overhead percentage rate(s) calculation as well as the annual organization budget with assistance from the finance coordinator and advice of Deputy Director. In addition, h/she updates the budget as and when changes are required. Further, h/she supervises the monthly updating of all projects '**Budget Review**' forms. All documents relating to grant proposals and budgets are kept in paper and electronic copy formats by the Finance Manager.

Audit - The Finance Manager oversees the annual auditing process and answers any questions from the external auditor and/or donors regarding financial reports. H/she may also choose to delegate these responsibilities to the Finance Coordinator or the relevant Program Coordinator/ Program Officer.

Banking - The Finance Manager authorizes the Finance Coordinator to make bank withdrawals and supervises their recording in the computerized accounting software i.e. Quick Book. Bank accounts are also subject to M-COM financial oversight. Bank account books are kept in a locked safe box in the office of the Finance Manager under his/her supervision. The Finance Manager also provides a '**Donor Acknowledgement**' for donor bank deposits and verifies overall donor deposits for completeness.

Donor, government, stakeholder and internal financial reports - These reports are prepared by the Finance Coordinator, verified by the Finance Manager and submitted by h/she in a timely manner. In addition, h/she supervises the external annual audit of the organization accounts.

v. Finance Coordinators(FC) (Day-to-day technical financial & accounting operations)

Policy

The Finance Coordinators are responsible for the day-to-day technical financial and accounting operations.

Procedure(s)

Financial & accounting operations - The Finance Coordinators assists the Finance Manager in the management and implementation of the organizations financial and accounting systems. The Finance Coordinators provide management oversight to the finance and accounting staffs whether they are at headquarters or at a remote office location.

These forms and reports include: 1) the monthly '**Budget Review**' form and report; 2) the monthly '**Cash Book**' form and report; 3) the monthly '**Cash Count**' form and report; 4) the monthly '**Expense Report**' form; 5) the monthly '**Bank Book**' transaction report; 6) the monthly '**Project Advance Request Ledger**'; as well as periodic donor and/or other financial/accounting reports. In addition, h/she reviews the monthly financial reports prepared by the accountants after whom staff member balances are cleared and data entries are made into the computerized accounting system.

The Finance Coordinators also maintain the organizational records of all financial and accounting transactions.

Banking - The Finance Coordinators maintains the main organization bank account as well as each project bank accounts records. H/she completes the '**Bank Withdraw Authorization**' form with the necessary authorized signatures when withdrawing funds. Once the funds are disbursed the Finance Coordinator maintains a record of the transaction in the appropriate Finance Office files and in the computerized accounting system i.e. QuickBooks. The Finance Coordinator pays in cash and/or by direct project bank account transfer deposits all financial compensation due to staff and non-staff personnel.

Budget - The Finance Coordinators assist the Program Manager and Finance Manager in developing and modifying (as required) the annual organization and project budgets. H/she also reviews the annual budgets to insure their easy of translation into organizational budget and accounting

categories, so that expenditure can be correctly summarized and recorded, and project budgets monitored. Once a budget is approved, only then can the expenditure of funds by authorized personnel take place. In addition, h/she balances accounts in accordance with the organization and project budgets to insure that over expenditure does not occur.

Advance/reimbursement/payment - The Finance Coordinator verifies advances, reimbursements and payment requests based on the approved annual organization budget. The Finance Coordinator informs the Finance Manager of advance or reimbursement requests which deviate from the approved annual organization budget. H/she prepares a project '**Advance Request Ledger'** form for review by the Finance Manager every two weeks.

The Finance Coordinators verify advance payments in anticipation of an official expense if it will be incurred and reported. This report is due on the 15th of each month for the preceding calendar month for monthly expense report and within 7 worked days of activity completion for activity expense report together with receipts and other supporting documents on the '**Expense Report**' form. The Finance Coordinators also reviews the reason why if a monthly or activity '**Expense Report**' form is late; when it will be submitted; In addition, the Finance Coordinators verify all expenses and provides them to the accountant for entry into the organization's computerized accounting system i.e. Quick Book.

The Finance Coordinators receive and verify all requests for staff reimbursement within five (5) working days of an unforeseen expense. H/she consults as required with the Finance Manager or Program Manager.

Audit - The Finance Coordinators under the supervision of the Finance Manager and in coordination with the Accountant assists in the external annual audit of accounts.

Cash management - The Finance Coordinators are directly responsible for headquarters cash management and the safe keeping of petty cash in a locked safe box. Cash management in remote office location(s) is supervised by the finance coordinators but on a day-to-day basis is managed by the Finance Officer. The Finance Coordinators also maintain a detailed record of all cash added to and disbursed from petty cash. H/she performs a '**Cash Count**' every two weeks and reconciles the petty cash book ('**Cash Book**' form) at headquarters and monthly at the remote office site locations. H/she checks the '**Cash Book**' form versus the '**Expense Report**' forms either every two weeks or at the end of every month.

Donor, government, stakeholder and internal financial reports - These reports are prepared by the Finance Coordinators with the assistance of the accountants and submitted to the Finance Manager for verification. The Finance Coordinators assist the Finance Manager in answering any donor questions regarding financial reports. All financial reports are prepared in close coordination with the relevant staff. H/she also maintains the organization's financial calendar.

Honorarium - The Finance Coordinators receive the '**Honorarium'** report form monthly and records the computed amount as other income in the organization's computerized accounting system i.e. Quick Book.

vi. Accountants(AC)

Policy

The Accountants are responsible for the day-to-day technical financial accounting operations at headquarters.

Procedure(s)

Financial accounting operations - The Accountants are responsible for the day-to-day financial accounting operations. This includes the checking of project and administrative expenditure reports; and staff reimbursements with their respective supporting receipts and approved budget. H/she also provides an immediate finance follow up related to staff questions and comments on expenditure reports and receipts. After which the '**Expense Report**' is provided to the Finance Coordinators for final approval and entry by the Accountant into the computerized accounting software system i.e. Quick Book. The Accountant prepares the payment voucher for bank transactions only. In addition, the Accountant maintains the organization's financial files and records in the finance office and provides assistance to the Finance Officer withdrawing approved funds as required.

The Accountant performs the day-to-day data entry into the organization's financial ledger (Quick Book). This includes: classification of expenses; monthly updating of bank transactions; entering expense data (which is then verified by the finance officer); and entry of honorarium payments earned by full time staff, and office car income under "other income".

Budget - Annually, the Accountant as part of the strategic planning process provides financial and accounting information on the organization's performance.

Donor, government and/or internal financial reports - The Accountants prepare all financial accounting reports (Quick Book format) for donors and submits to the Finance Coordinators for review prior to sending. Under the supervision of the Finance Coordinators, h/she also facilitates the preparation of the 'annual audit' report including the preparation and submission of the fixed assets report. Further, h/she advises the Finance Coordinators on the non-release/ approval of funds when financial reports are not submitted within the required time period. The minimum time requirement is provided in this manual (see expenses and reimbursement procedures).

vii. Finance Officers(FO)

Policy

The Finance Officer is responsible for the financial accounting operations of a remote office and specific projects.

Procedure(s)

Balance sheet – H/she prepares the monthly the project balance sheet including the bank balance and cash on hand for administration & overhead, and project and then submits to the Finance Coordinator for verification of accuracy.

Internal financial reports- H/she reports all finance and accounting matters including the monthly project '**Expense Report**', '**Cash Book**' form to the finance coordinator at headquarters. H/she also maintains the records of all financial and accounting transactions and reports of the remote office and respective projects.

Banking - H/she maintains a record of all local bank account transactions. H/she prepares the '**Bank Withdraw Authorization**' form on a weekly basis based on payment request by project staff.

Cash Management – Daily h/she updates the '**Cash Book**' form on the remote office computer and maintains a detailed record of all cash added and taken from the office petty cash. H/she also maintains the local petty cash in a securely locked safe box. On a weekly basis h/she enters the data from the '**Cash Book**' form into the remote office consolidated ledger of accounts.

Income Management – H/she prepares an '**Acknowledgement-Fund Transfer**' receipt of funds transferred by the Finance Coordinator and insures the income is deposited into the correct account.

Advances/reimbursements/payments -The Finance Officer checks '**Advance Request Form** 'for project activities and remote office operations. H/she also withdraws funds weekly from the local bank account to meet approved office and trainings expenses, i.e. travel, honorariums, meeting expenses, etc.

Asset Management – H/she checks each remote office asset or respective project related assets when physical asset count is done.

Program Team

viii.   Program Managers(PM) (Day-to-day project budget operations)

Policy

The Program Manager is responsible for the day-to-day project(s) budget operations.

Procedure(s)

Project financial operations - The Program Manager integrates the grant project narrative and financial plan prior to submission to a prospective donor.

The Program Manager also advises the Finance Manager and Finance Coordinator in the development of the annual organization & project budgets. If costs are outside of the total budgeted project projection or outside of the scope of a line item, approval of executive director or delegated M-COM members is sought.

The Program Manager authorizes all the advances, expense and reimbursement of a project/program budget. The Program Manager also answers donor questions regarding a project's financial reports in consultation with the Finance Manager, but may choose to delegate this responsibility to the relevant Program Coordinator or Program Officer.

The Program Manager authorizes the significant variance to budget and make sure the reasonable justifications are provided. H/she monitors the program/project budget and actual expenditure status on the monthly basis by review 'budget review' report provided by finance team. H/she has responsible to organize the meeting for budget review on a quarterly basis with finance and development team to make further management decision.

The Program Manager in consultation with the Finance Manager and Development Manager determine whether or not additional funds are required for any new activity.

ix.   Development Manager(DM) (fundraising, project budget development & donor project monitoring /reporting)

Policy

The Development Manager is responsible for donor project fundraising, budget development and monitoring/reporting/liaison.

Procedure (s)

Project fundraising – The Development Manager is the principle staff responsible for the grant (project) proposal, its proposed budget, and the resolution of project issues as well as all progress and summary reports.

Project budget development – He/she coordinates with the finance manager the development of each new grant (project) proposals budget.

Project monitoring/reporting – He/she monitors each project budget and accordingly maintains an on-going dialogue with the project donor (s).

x.   Program Coordinators(PC) (day-to-day technical project budget operations)

Policy

The Program Coordinators are responsible for the day-to-day technical project budget operations.

Procedure(s)

Project budget operations - Each Program Coordinator or similarly designated position i.e. Audio Visual Coordinator, Core Human Rights Education Program Coordinator, etc. monitor and follow their agreed project activities budgets. In addition, each program coordinator ensures that their '**Advance Request form'** and '**Expense Report form'** are submitted on schedule. Specialized donor reports are developed by each Program Coordinator in close communication with the Finance Officer/Finance Coordinator. H/she has responsible to track the significant variance to budget and make sure to report it to the Program Manager.

The Program Coordinator is also responsible for every aspect of their project including the grant (project) proposal, the proposed budget, and the resolution of issues as well as all progress and summary reports.

xi. Project Coordinators (PC)

Policy

The Program Coordinator is responsible for certain technical project/program budget operations.

Procedure(s)

A project/program budget operation - Each Program Coordinator creates and manages their approved budgets. Specifically, h/she is responsible for project expenses and requests for funds (advances and reimbursements). Project budgets are consolidated from awarded grants originally prepared by the Program Officer and/or Program Manager. Specialized donor reports are developed by the Finance Officer in close communication with the Program Officer or Project Coordinator.

xii. Project Staffs (to be designated)

Policy

The organization assigns based on organizational and project requirements additional staff members to exercise certain additional limited financial accounting activities.

Procedure(s)

These staffs are assigned by the Program Officer or Project/Program Coordinator to undertake the following types of activities either at headquarters or remote office locations. The activities include: advances, reimbursements, and expense reporting. The exact financial functions exercised by the selected staff can be found in their individual position descriptions (see Human Resources Policies & Procedures Manual).

Operations Team

xiii. <u>Operations Manager (OM)</u>

Policy

The Operations Manager is responsible to oversee operations departmental financial operations at headquarters and remote offices.

Procedure(s)

<u>Administrative expenses</u> - The Operations Manager authorizes the on-going headquarters and remote offices administrative expenses. H/she prepared the annual administrative budget in discussing with administrative staff. H/she verifies the assets register reports every two months which is prepared by the administrative officer at headquarters and operations officer at remote office.

<u>Human Resources expenses</u> – The Operations Manager authorizes the monthly payroll prepared by Human Resources Officer. H/she reviews salary scale and benefit on a regular basis in consultation with M-COM. H/she prepares annual human resources budget which includes staff salary, fringe benefit, etc.). H/she supervises Human Resources Officer on taxes payment preparation.
<u>Procurement and Logistic expenses</u> - The Operations Manager oversees day-to-days logistical and procurement operations in the accordance with organization's policies & procedures. H/she reviews and updates procurement guidelines annually in consultation with M-COM.

<u>IT and Web expenses</u> - The Operations Manager prepares IT and web related budget in discussing with IT and Web officers annually.

xiv. <u>Supply Chain Coordinator(SCC)</u>

Policy

The Supply Chain Coordinator is responsible to manage for certain defined logistical and procurement financial operations at headquarters and remote offices.

Procedure(s)
<u>Procurement and Logistic expenses</u> - The Supply Chain Coordinator manages day-to-days logistical and procurement operations in the accordance with organization's policies & procedures organized by logistic and procurement officers.

xv. <u>Administrative Officer/Operations Officer(AO/OO)</u>

Policy

The Administrative Officer/Operations Officer is responsible for certain defined administrative financial operations at headquarters.

Procedure(s)

<u>Administrative expenses</u> - The Administrative Officer/Operations Officer manages the on-going headquarters administrative expenses as verified by operations manager and authorized by the operations manager. This includes procedures relating to office expense requests (advances, reimbursements and payments); miscellaneous personnel expenses (visa, medical, etc); preparation of the '**Advance Request**'; and the administrative & overhead '**Expense Report**'. H/she also submits each of these documents first to Operations Manager for verification and authorization and then to the accountant for cross checking of the expenditure reports and receipts prior to data entry into the computerized accounting system i.e. Quick Book.

<u>Financial Records</u> - H/she also maintains a paper and electronic record of all grant proposal documents i.e. budget.

<u>Asset Register</u> – H/she records each asset when it is purchased in the consolidated 'asset register' (**Fixed Assets Register Form**) together with the office location and assigns each a unique identification number. Fixed assets reports are submitted to the Operations Manager for verification every two months. H/she maintains this consolidated 'asset register' and annually as part of the year end closure of accounts audits each listed assets location and condition. H/she prepares the assets label to each asset once it's registered. Annually physical count is conducted along with finance staff to each office location.

xvi. <u>Human Resources Officer(HRO)</u>

Policy

The Human Resources Officer is responsible for certain defined Human Resources financial operations at headquarters and remote offices.

Procedure(s)
<u>Human Resources expenses</u> – The Human Resources Officer prepares the monthly payroll. H/she assists to the Operations Manager to reviews salary scale and benefit on a regular basis. H/she assists in preparing annual human resources budget which includes staff salary, fringe benefit, etc.). H/she arranges Human Resources Officer on taxes payment preparation.

xvii. <u>Procurement & Logistic Officers (PO/LO)</u>

Policy

The Procurement & Logistic Officer is responsible for certain defined logistical and procurement financial operations at headquarters and remote offices.

Procedure(s)

<u>Procurement and Logistic expenses</u> - The procurement and logistic officer arranges day-to-days logistical and procurement operations in the accordance with organization's policies & procedures.

Financial/Accounting Operational Structure (see **Diagram**)

Level 1 – Financial/Accounting Policy – Board of Directors

Level 2 – General Financial/Accounting Operations – Executive Director/M-COM

Level 3 – Day-to-Day - Financial/Accounting Operations – Finance Manager
                              Project Budget Operations – Program Manager
                               Office Operations – Operations Manager
                               Fund Raising – Development Manager

Level 4 – Technical Financial/Accounting Operations – Headquarters – Finance Coordinators
                               Technical Project Budget Operations – Program and Projects Coordinator/
                               Development Coordinator/Supply Chain Coordinator

Level 5A - Technical Financial/Accounting Operations –Headquarters – Accountant, Finance Officer,
                               Administrative Officer, Operations Officer, Human Resources Officer,
                               Procurement & Logistic Officer
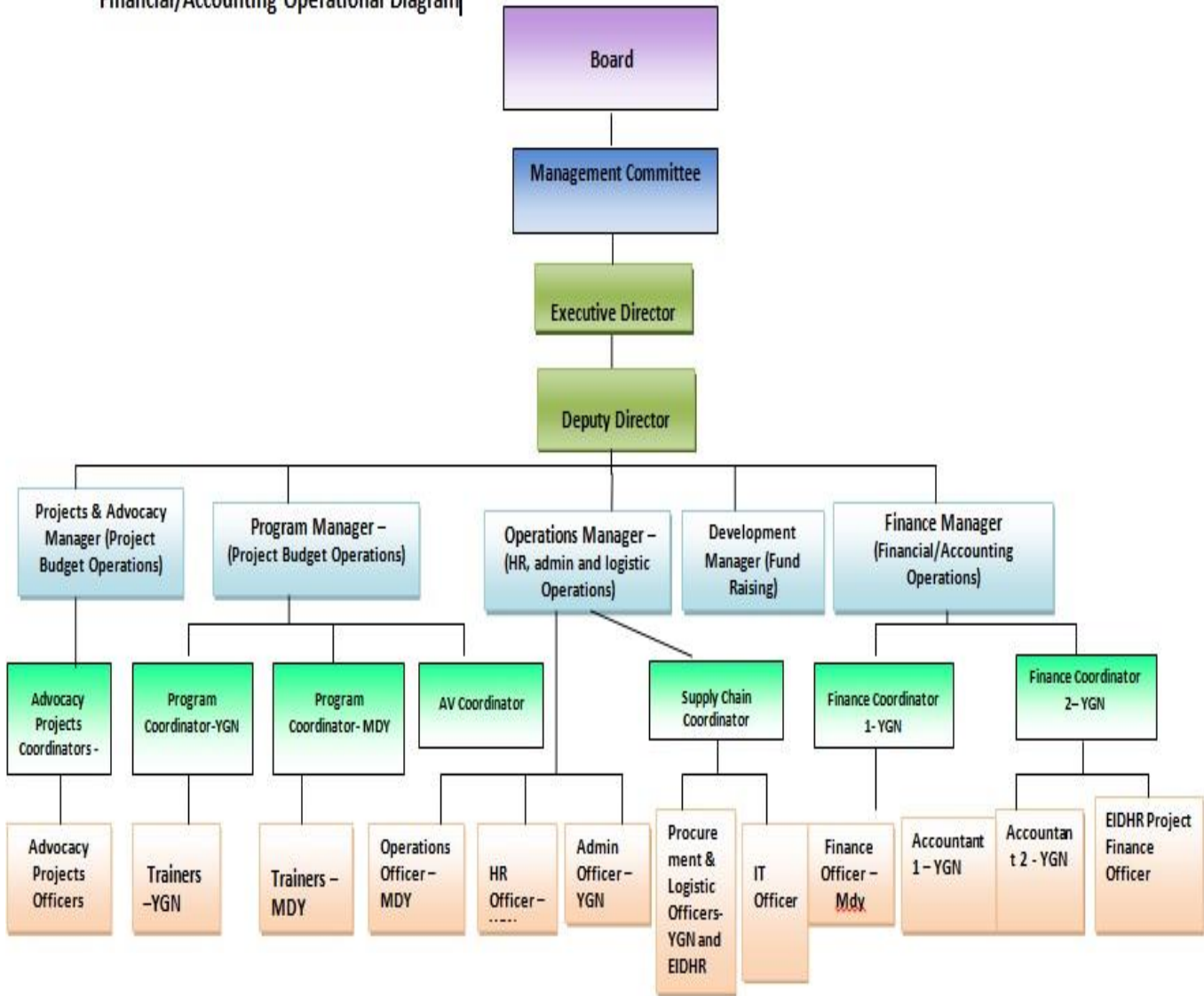   Technical Project Budget Operations – Program & Project Officers

Level 5B - Technical Financial/Accounting Operations – Remote office –Finance Officer, Operations
                               Officer

Level 6 -   Technical Financial/Accounting Operations – Select Project Staff

3. Financial/Accounting Operational Diagram

Equality Myanmar
Financial/Accounting Operational Diagram

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Board
  │
Management Committee
  │
Executive Director
  │
Deputy Director
  │
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- Projects & Advocacy Manager (Project Budget Operations)
  - Advocacy Projects Coordinators –
    - Advocacy Projects Officers
- Program Manager – (Project Budget Operations)
  - Program Coordinator-YGN
    - Trainers –YGN
  - Program Coordinator- MDY
    - Trainers – MDY
  - AV Coordinator
    - Operations Officer– MDY
- Operations Manager – (HR, admin and logistic Operations)
  - HR Officer– ……
  - Admin Officer – YGN
  - Supply Chain Coordinator
    - Procurement & Logistic Officers- YGN and EIDHR
    - IT Officer
- Development Manager (Fund Raising)
- Finance Manager (Financial/Accounting Operations)
  - Finance Coordinator 1- YGN
    - Finance Officer – Mdy
    - Accountant 1 – YGN
  - Finance Coordinator 2– YGN
    - Accountant 2 - YGN
    - EIDHR Project Finance Officer

IX – Appendix (see – separate documents)

1. **Forms & Reports**
2. **Forms Guidelines**
3. **Receipts & Supporting Documents Checklist**
4. **Chart of Account**
5. **Principles of records in accounting system**

X. Terminology:

Accounting – The process of recording, classifying and summarizing economic events that leads to the preparation of financial statements.

Accounts - Financial records of an organization that register all financial transactions, and must be kept at its principal office or place of business. The purpose of these records is to enable anyone to appraise the organization's current financial position with reasonable accuracy.

Organizations present their annual accounts in two main parts: the balance sheet, and the income statement (profit and loss account). The annual accounts of a registered or incorporated organization are required by law to disclose a certain amount of information. And have to be certified by an external auditor that they present a 'true and fair view' of the organization's financial affairs.

Accounts Payable - Monies the organization owes for goods or services received, but not yet paid for.

Accounts Receivable - Monies due to the organization for goods sold or services rendered for which payment has not yet been received.

Activity-based Budgeting (ABB) - ABB stands in contrast to traditional, cost-based budgeting practices in which a prior period's budget is simply adjusted to account for inflation or revenue growth. As such, ABB provides opportunities to align activities with objectives streamline costs and improve business practices. By looking at the cost structure of an organization via the processes that are actually being performed, managers can more effectively analyze the profit potential of an organization's services. Cost efficiencies can be found by comparing activities performed in different areas of the organization and consolidating or rerouting certain functions. At its essence, activity-based budgeting begins by looking at results and the activities that created them, as opposed to cost-based budgeting, which often begins with raw input and material and works outward. ABB can also help firms create more accurate financial forecasts...

Annual Report - A document sent to stakeholders that communicates an organizations version of operations and performance. Information includes earnings, revenues, balance sheet data, an auditor's statement, and management's discussion of the organizations track record and future direction. You can obtain a copy of the annual report from the organization.

Appreciation -An increase in the value of an asset.

Assets – An organization's physical or intellectual property that has financial value. Assets are things you own, such as cash, real estate, equipment. On a balance sheet, assets contribute to the positive side, and liabilities contribute to the negative side. For example, if you own a MMK 100,000 office with a MMK 60,000 mortgage, you would have MMK 40,000 of the offices equity on the assets side of your balance sheet, because you own that portion of the office; the MMK 60,000 would appear on the liabilities side of your balance sheet because you owe that amount to your mortgage lender.

Asset Register - An accounting method used to keep track of the fixed assets of an organization. The register shows the value of assets, date of acquisition and other details necessary to compute for depreciation and tax purposes. Fixed assets can include land, buildings, machineries and other items used in the business and are not for sale in the ordinary course of operation

Balance Sheet - A financial document showing the assets and liabilities of the organization. An official financial statement that includes an organizations assets (things it owns, such as cash, capital equipment, and investments) and liabilities (things it owes such as accounts payable and long-term debt). You can use an organizations balance sheet to determine its financial health.

Book Value - The total asset value of an organization minus intangible assets and total liabilities. Intangible assets include such things as good will and patents.

Budget Variance -Difference between the actual fixed overhead costs and the budgeted fixed overhead costs incurred during the period. Budget variance = Actual Fixed Overhead Cost - Budgeted Fixed Overhead Cost.

Business Plan - A written proposal for an organization or a new direction in a previously established organization. Business plans typically include a description of the organization and its products or services, a budget, an overview of current and projected financing, a market analysis and marketing strategy, and projected profits and losses. Business plans serve as an operating model for the organization and outline your financial expectations for potential donors.

Capital -The financial investment required to start and/or run an organization.

Cash Basis Accounting – Revenue is not reported until cash is received and expenses are not reported until cash is disbursed.

Cash Flow –This is the movement of money into and out of an organization. When more comes in than goes out, it is said to be a positive cash flow. A negative cash flow is when more goes out than comes in.

Chart of Accounts – This is a created list of the accounts used by an organization to define each class of items for which money or the equivalent is spent or received. It is used to organize the finances of the

entity and to segregate expenditures, revenue, assets and liabilities in order to give interested parties a better understanding of the financial health of the entity.

Depreciation - The systematic allocation of the depreciable amount of an asset over its useful life.

Direct Cost - Cost that is directly traceable to an identifiable unit, such as a product or service or department of the business, for which costs are to be determined.

Donor – One that contributes money.

Double Entry Accounting – Assets = Liabilities = Equity. Any transaction will affect a minimum of two accounts within assets, liabilities or equity. If the accounting equation is to remain in balance, any change in assets must be accompanied by an equal change in liabilities or equity or by an equal but opposite change in another asset class.

Earnings Statement –This is a standard financial document that summarizes an organization's revenue and expenses for a specific period of time, usually one quarter of a fiscal year and the entire fiscal year.

Expenses - Re the costs of doing business that result from generating revenue. They include parts, salaries, utilities, etc...

Financial Management - Concerns the financial decisions made and the tools and analysis used to make these decisions with the goal to maximize institutional value while reducing an organizations financial risk. Financial management can be divided into: **Long-term decisions** - Capital investment decisions on which projects should receive investment. **Short-term decisions** - deals with the short-term balance of current assets and current liabilities; focus is on managing cash.

Financial Statements - Documents containing accounting information presented to meet the needs of users.

Fiscal Year - A twelve-month accounting period that usually, but not necessarily, starts on January 1.

EQMM Board of Directors – Define overall and specifically financial and accounting functionality.

Income Statement - An income statement is a standard financial document that summarizes an organization's revenue and expenses for a specific period of time, usually one quarter of a fiscal year and the entire fiscal year.

Indirect cost - Cost that is spread over a number of identifiable units of the business, such as products or services or departments, for which costs are to be determined.

Liabilities – Liabilities are all of an organization's financial obligations that have a negative value.

Line Item budget - Each line in the budget relates to a function in the organization. A budget in which budgeted financial statement elements are grouped by administrative entities and object. These budget

item groups are usually presented in an incremental fashion that is in comparison to previous time periods. Line item budgets are also used for comparison and budgeting of selected object groups and their previous and future expenditure levels within an organization.

From a technical standpoint, it's easy to create a line-item budget. With a piece of lined paper and a pencil, you can list all expenses, giving each item its own line and specific dollar amount. This is why many organizations, especially very small businesses, choose line-item budgeting. It is straightforward and does not require linking budgeting to advanced accounting, such as activity-based costing, or management practices, such as performance-based budgeting.

Line-item budgets offer advantages for managers seeking to control expenses at the operational level. Line-item budgeting can give an organization flexible use of budgetary control, giving flexibility to some programs and not others based on defined criteria.

Line-item budgeting is easy to model after past budgets and other historical data. When writing a line-item budget, the budget maker can consider whether program sites, business activities etc. should receive the same level of funding as the previous year or an increase or decrease by line item.

Zero Based Budget (ZBB) Method – is a method of budgeting in which all expenses must be justified for each new period. A zero-based budgeting start from a 'zero base' and every function within an organization is analyzed for its needs and costs.

Rolling Budget – is continually updated to add a new budget period as the most recent budget period is completed.

Liquidity - The extent to which a business has access to cash or items which can readily be exchanged for cash.

M-COM – The EQMM management committee.

Overhead Cost - Cost that cannot be identified directly with products or services.

Overhead Cost Rate - Overhead cost divided by a measure of activity such as production to give a cost per unit of activity.

Safe Box – A secure container within which to keep cash or other valuables.

Standard Cost - Target cost which should be attained under specified operating conditions. Expressed in cost per unit.

Strategic Planning - Involves preparing, evaluating and selecting *strategies* to achieve objectives of a long-term plan of action.

Strategy - A plan setting out the actions and resources needed to achieve a stated objective of the long-term plan.