



UFUK
İnsani Yardım Derneği

UFUK ASSOCIATION FOR RELIEF AND DEVELOPMENT

Finance Policy



1. Purpose and Scope

This Finance Policy establishes the overall principles, standards, and framework for financial management at **UFUK Association for Relief and Development** (hereinafter referred to as the “Association”).

The purpose of this policy is to ensure that all financial activities are conducted in a **transparent, ethical, and accountable** manner, supporting the effective delivery of the Association’s humanitarian and development objectives.

This policy applies to:

- All programs and operations of the Association (in Türkiye and abroad),
- All departments, employees, and volunteers involved in financial processes,
- All funds received and managed, regardless of source or currency.

2. Financial Management Objectives

UFUK’s financial management system is designed to:

1. Ensure **responsible stewardship** of all funds entrusted to the Association.
2. Maintain **integrity, accuracy, and transparency** in all financial transactions.
3. Support **strategic decision-making** through timely and reliable financial information.
4. Ensure **compliance** with applicable laws, donor regulations, and accounting standards.
5. Promote **efficiency and cost-effectiveness** in the use of financial resources.
6. Protect the Association’s **assets and reputation** from misuse, fraud, or mismanagement.

3. Guiding Principles

The following principles govern UFUK’s financial management system:

- **Accountability:** All financial resources are used solely for their intended humanitarian and development purposes.
- **Transparency:** Financial decisions and records are open to internal and external review.
- **Integrity:** All staff are expected to act with honesty and professionalism in handling funds.
- **Compliance:** All financial operations adhere to national legislation and donor-specific financial guidelines.

- **Value for Money:** Funds are used efficiently to achieve maximum humanitarian impact.
- **Risk Awareness:** Financial risks are identified, mitigated, and monitored through proper controls.

4. Financial Governance Structure

- **Board of Directors:** Holds ultimate responsibility for financial oversight, approves budgets, and reviews audited reports.
- **Executive Management:** Ensures that financial policies are implemented and adhered to across all departments.
- **Finance Department:** Manages day-to-day accounting, reporting, and compliance with policies and procedures.
- **Project Managers:** Accountable for financial integrity at the project level and adherence to donor budgets.
- **Internal Auditor:** Provides assurance on the adequacy and effectiveness of financial controls.

5. Financial Planning and Budgeting

- All financial planning must align with the Association's strategic plan and annual objectives.
- Budgets are developed annually and approved by the Board before implementation.
- Project budgets are based on **realistic needs assessments** and **donor agreements**.
- Budget performance is reviewed regularly, and necessary adjustments are made transparently.

6. Financial Reporting and Transparency

- The Association maintains accurate, up-to-date financial records using recognized accounting software.
- **Monthly, quarterly, and annual financial reports** are prepared and shared with management.
- Financial statements are audited annually by an **independent external auditor**.
- Donor-specific financial reports are produced in accordance with donor formats and timelines.
- Key financial information (e.g., audited reports) is shared publicly to promote transparency and trust.

7. Internal Controls and Risk Management



UFUK

- Financial activities are subject to strong internal control mechanisms, including:
 - Segregation of duties,
 - Dual authorization for payments,
 - Regular reconciliations,
 - Documented approvals and reviews.
- Financial risk management is integrated with the organization's **overall Risk Management Framework**, addressing risks such as fraud, misuse, exchange rate losses, and donor non-compliance.

8. Ethical and Legal Compliance

- The Association maintains a **zero-tolerance policy** toward corruption, bribery, fraud, or misuse of funds.
- All staff must comply with the **Anti-Fraud Policy, Anti-Money Laundering Policy, and Code of Conduct**.
- Financial practices comply with **Turkish accounting regulations, IFRS standards, and donor requirements**.

9. Use of Funds and Asset Management

- All funds are used solely for purposes approved by the Board or donors.
- Restricted and unrestricted funds are tracked separately.
- Physical assets (e.g., vehicles, equipment, inventory) are recorded in an **asset register** and periodically verified.
- Disposal or transfer of assets must be approved in writing and documented.

10. Procurement and Expenditure Control

- Procurement follows transparent and competitive procedures to ensure **value for money**.
- Expenditures require proper documentation, authorization, and approval before payment.
- Conflict of interest in procurement or contracting is strictly prohibited.

11. Cash and Bank Management

- All funds are held in official bank accounts under the name of the Association.



- Cash usage is minimized; electronic transactions are preferred.
- Two authorized signatories are required for any payment or transfer.
- Bank reconciliations are conducted monthly and reviewed by management.

12. Financial Sustainability

UFUK is committed to financial sustainability by:

- Diversifying funding sources (individual donors, institutional donors, foundations, and partners),
- Ensuring cost recovery and administrative overhead coverage in all grants,
- Building reserves to ensure continuity of operations during funding gaps,
- Investing in capacity-building and digital systems for efficiency.

13. Monitoring, Evaluation, and Audit

- Financial monitoring is integrated with the organization's MEAL (Monitoring, Evaluation, Accountability, and Learning) system.
- Regular internal reviews ensure continuous improvement in financial performance.
- Annual independent audits verify compliance, integrity, and accountability.

14. Review and Updating

This Finance Policy shall be reviewed **annually** by the Finance Department and approved by the Board of Directors.

Revisions may be made as needed to reflect changes in legal requirements, donor expectations, or operational realities.

Sincerely,

The Board of Directors and Legal Team of UFUK Association for Relief and Development

For detailed questions, please contact,

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