UFUK
İnsani Yardim Derneği

UFUK ASSOCIATION FOR RELIEF AND DEVELOPMENT

Financial Policies and Procedures

1. Purpose and Scope

This Financial Policy and Procedures document outlines the principles, rules, and processes that guide the financial management of the **UFUK Association for Relief and Development** (hereinafter referred to as "the Association").

The purpose of this policy is to:

- Ensure **transparency, accountability, and integrity** in all financial transactions;
- Establish a **standardized framework** for budgeting, accounting, procurement, and reporting;
- Protect the Association's assets and funds from misuse, fraud, or mismanagement;
- Comply with **national laws**, **international accounting standards**, and **donor requirements**.

This policy applies to **all financial operations**, including donations, grants, project funds, procurements, payroll, and petty cash, across all departments and field offices of the Association.

2. Guiding Principles

- **Transparency:** All income and expenditures must be fully documented and traceable.
- **Accountability:** All staff handling funds are accountable for their use.
- **Integrity:** Financial activities must comply with legal and ethical standards.
- **Accuracy:** Records must reflect true and fair financial positions.
- **Segregation of Duties:** No single person has complete control over any financial transaction.
- **Compliance:** All procedures align with donor agreements, organizational policies, and Turkish law.

3. Financial Planning and Budgeting

- Annual budgets are prepared by the finance department in collaboration with program teams and approved by the Board of Directors.
- Each project has a separate **budget line structure** matching donor requirements.
- **Budget revisions** require prior approval from management and, when applicable, the donor.
- Spending must remain within approved budget limits.

4. Accounting and Record-Keeping

- UFUK maintains its accounting records in accordance with **Generally Accepted Accounting Principles (GAAP)** and **Turkish NGO financial regulations**.

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- All financial records are stored securely (digitally and physically) for at least **10 years**.
- Every transaction must be supported by original documentation (invoice, receipt, voucher, etc.).
- Monthly and annual financial statements (balance sheet, income statement, and cash flow) are prepared and reviewed by management.

5. Cash Management and Bank Accounts

- All organizational funds must be held in official bank accounts under the Association's name.
- Cash transactions are minimized; where necessary, **petty cash** is limited and subject to strict controls.
- Bank reconciliations are conducted monthly and reviewed by the Finance Manager.
- All payments above defined limits require **dual authorization** (two signatories).

6. Procurement and Expenditure Control

- All procurement must comply with the **Procurement Policy** and follow principles of **value for money, fairness, and transparency**.
- Competitive quotations are required for all purchases above the specified threshold.
- All expenditures must be approved using **purchase requests, payment vouchers, and approval forms**.
- Procurement and finance departments must ensure compliance with donor procurement guidelines.

7. Payroll and Human Resources Payments

- Employee salaries are processed monthly through official bank transfers.
- Overtime, bonuses, or other benefits must be pre-approved by management.
- Payroll records are maintained with employee contracts and timesheets for audit verification.
- All tax and social security contributions are remitted in accordance with Turkish labor laws.

8. Donor Funds and Project Financial Management

- Each donor-funded project is tracked separately through **project-specific accounting codes**.
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- All donor reports include both **financial and narrative summaries**, reconciling expenses with approved budgets.
- Any interest earned on donor funds must be reported and managed according to donor regulations.
- Unused or misallocated funds must be promptly reported and corrected.

9. Internal Controls and Auditing

- The Association maintains strong internal control mechanisms, including:
  - Segregation of duties
  - Authorization limits
  - Monthly reconciliations
  - Periodic spot checks
- Internal audits are conducted at least once a year to verify compliance.
- External audits are performed annually by an independent certified audit firm.
- Audit findings are reviewed by the Board, and corrective actions are implemented.

10. Financial Reporting

- The Finance Department prepares monthly, quarterly, and annual reports for management and donors.
- Financial reports include variance analysis between actual and budgeted expenditures.
- Management reviews all reports to ensure accuracy and alignment with organizational objectives.
- The Annual Financial Report is publicly available and shared with relevant authorities and partners.

11. Anti-Fraud and Whistleblowing Mechanism

- Any suspected financial misconduct, fraud, or misuse of funds must be immediately reported through the **Whistleblowing Policy** or directly to the Executive Director or Board.
- All reports are treated confidentially and investigated according to the **Fraud Prevention Policy**.
- Staff found guilty of financial malpractice will face disciplinary and legal action.

12. Review and Updates

This policy will be reviewed **annually** or whenever necessary to reflect changes in legal requirements, donor expectations, or organizational structure.

Sincerely,

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

For detailed questions, please contact,

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