

# Management & Administrative Policies for KAD: Personnel, Communications, Procurement and Finance Policies

KAD is an organized institution that not only delivers services but also manages staff personnel, oversees administration and maintains cash **funds**. As a recipient of **grants** from various channels and project holders of welfare activities, KAD has to uphold principles of accountability and transparency. One of the strong indicators of these principles is keeping policies and manuals in place, based on which the day-to-day operations of KAD are to be carried out. In this regard, we have come up with the **management** and administrative policies for KAD as follows:

## **1. Purpose and Categories of Personnel**

### ***1.1 Purpose***

The purpose of the Personnel Policy is to set down the policies, conditions, rights and obligations of KAD employees subject to their performing of the duties and responsibilities in their respective job descriptions. From the time of hiring, each employee will have access to this policy, so that he/she can adhere to it with full knowledge and information. The policies described below may at any time be subject to modification if the Board of Members of KAD deems it necessary. In such cases, employees will be fully informed of the changes made.

### ***1.2 Categories of Personnel***

All personnel working for KAD are classified into following types

#### ***1.2.1 Employees***

Employees designate salaried individuals who, after a probationary period, are given ongoing assignments, either part-time or full-time, and are paid on monthly basis. They will be contracted on long-term basis subject to periodic evaluations and performance assessments. They will have the responsibility towards the day to day functioning and/or in any one of more ongoing/prospective **projects** of KAD.

All the employees of KAD are classified into categories. These categories are as follows:

#### 1. Management Category:

a. Executive Director

#### 2. Professional Category:

a. Program Manager

b. Project Manager

c. Financial Manager

d. Administrative Manager

3. Support Category:

- a. Administrative Assistant
- b. Program/Project Assistant
- c. Financial Assistant

4. Implementing Category:

- a. Teacher
- b. Trainer
- c. Community Development Worker
- d. Health Educator
- e. Health Service Provider
- f. T-Shirt Weaving Staff

### ***1.2.2 Consultants***

Consultants are professional experts hired by KAD on short-term basis only for the completion of specific tasks and assignments related to KAD or one or more of its projects. Separate and limited contracts, defining their job description, timeline, deliverables, reporting procedures and payment details will be issued to consultants. They will be paid on daily/monthly/weekly basis depending upon the nature of their assignment. They will not be considered as full-time or part-time employees of KAD.

## **2. Volunteers and Personnel Recruitment**

### ***1.2.3 Volunteers***

Volunteers are individuals who work at KAD out of their own choice or have been deputed at KAD by other **organizations**. They will be assigned tasks from time to time as deemed necessary by KAD. KAD will have a limited contract with **volunteers** and will not provide any compensation except under special conditions. They will not be considered as full-time or part-time employees of KAD.

### ***1.3 Personnel Recruitment***

KAD believes in equal employment opportunity to each individual, regardless of race, color, gender, religion, age, sexual orientation, national or ethnic origin, **disability**, marital status, veteran status, or any other occupationally irrelevant condition. This policy applies to recruitment and advertising; hiring and job assignment; promotion, demotion and transfer; layoff or termination; rates of pay and benefits; selection for training; and the provision of any other human resources service.

### ***1.3.1 Notice of Vacant or New Position***

It is the responsibility of the Board of Members to fill vacant positions as well as new regular positions and new temporary positions of a duration exceeding more than six months. The Board must make sure that the positions can be filled under the organizational budget.

For all new positions, a job description shall be established and include the following elements:

- position summary,
- description of duties and responsibilities,
- conditions of work,
- qualifications.

Notice of a new or vacant position must be approved by the Board before it is released publicly. Recruitment for a new or vacant position can be opened to internal and external **competition**. For external recruitment, positions in the professional category can be advertised publicly through newspapers if they are regular positions, or if there is a limited tendering process for consultation.

### ***1.3.2 Interview and selection***

As a general rule, a selection committee comprising of, at least two members shall be assembled for filling all positions. The committee will go through the applications received, retaining those that show the best qualifications. It will evaluate each candidate's application with the help of an evaluation form created beforehand, containing well-defined criteria. A list of the candidates chosen to be interviewed will be shortlisted by the Selection Committee. The interviews will serve to make a final choice and also to establish a database of potential future candidates.

## **3. Appointment Letter and Staff Orientation at KAD**

### ***1.3.3 Appointment Letter***

Any personnel employed with KAD will be issued an appointment letter prior to his/her employment by KAD. The appointment letter will officially announce his/her position within KAD, the place of assignment and the effective date of employment. The appointment letter will carry annexes, specifying the employee's job description, terms of reference, salary and benefits and other relevant terms of employment (Refer 1.4 Employment).

### ***1.3.4 Probationary Period***

A probation period of three months shall apply to all new employees from the date of hire. Exceptionally, the probation period may be extended to six months. In case, if a new employee fails to perform in accordance to expectations of KAD staff/board,

he/she will be given a notice, terminating the contract at the end of the probationary period.

### ***1.3.5 Staff orientation***

All new employees will get an orientation about KAD's mission and strategies, its structure and the staff within it, the policies and conditions of employment, the internal rules and regulations, etc.

### ***1.4 Remuneration***

KAD believes in attracting and retaining a qualified and effective workforce through a system of payment that is both appealing and fair. All employees of KAD are entitled to a basic salary, depending upon their skills, qualification and experience. The basic salary will be mentioned in the appointment letter.

#### ***1.4.1 Salary Increment***

Salary increment will be based upon an employee's position and performance. Increment will be provided to employees on annual basis after their performance evaluation. Salary increment is calculated on the basis of basic salary of the staff.

## **4. Employee Salary Benefits in KAD**

### ***1.4.2 Compensation against Accident of the staff during Service***

In the event that the staff succumbs to an accident while working for KAD, i.e. during the office hours or during field trips, he/she is entitled to receive compensation to cover the medical expenses.

### ***1.5 Working Days and Hours***

#### ***1.5.1 Working Days***

KAD will follow a 5 days a week working schedule from Monday to Friday. Saturdays and Sundays are considered non-working days. In necessary case, KAD employees will be required to work on Saturday and Sunday either.

KAD will observe some important public holidays as those prescribed by the Government for example, Khmer New Year, Pchum Ben ceremony, 7th January Liberation Day, 9<sup>th</sup> November Victory Day, Water Festival etc. The Executive Director will prepare a calendar of public holidays at the beginning of each fiscal year and circulate it to all staff.

#### ***1.5.2 Office Hours***

The office shall open from 07.30 am in the morning till 05.30 in the evening. All employees are expected to complete 8 working hours daily. There will be two hour lunch-break.

## **5. Travel Rules & Regulations at KAD**

### ***1.6 Travel***

Staff members may be asked to travel away from their usual workplaces on authorized missions. The policy on payment of travel allowances adopted KAD applies to all employees regardless of job category or status. It also applies to the consultants, when mentioned in their agreement. After reimbursable expenses are made, the person making an expense claim shall use the appropriate forms available.

The expenses will not be reimbursed if proper justifying documents (original receipts) are not attached except for per diem. Eligible expenses include:

#### ***1.6.1 Per diem***

All employees and **volunteers** are provided per diem of \$6 (Breakfast \$2, lunch \$2 and dinner \$2) to cover the cost of food for each night spent outside the office as approved by KAD.

#### ***1.6.2 Accommodation***

All employees and volunteers are entitled to claim expenses incurred for accommodation for official trips outside their office. Maximum claims for accommodation shall not exceed \$5 per night. Claim for accommodation will be reimbursed upon submission of bills/receipts.

#### ***1.6.3 Mode of Transport***

KAD will pay only surface transport as far as possible, i.e. bus, taxi car and motor bike. If any individual is using personal vehicle for KAD related work, they can be reimbursed the actual fuel cost based upon the kilometers. However, the private transport must be shared by more than one KAD member or employee.

### ***1.7 Leave and Holidays***

#### ***1.7.1 Leave***

All employees are entitled to the following leave with pay.

##### ***(1) Annual Leave***

All employees of KAD are entitled to 18 working days off as paid leave per year. This leave is accrued monthly at the rate of 1.5 working days.

##### ***(2) Sick Leave***

Employees are entitled to 12 working days of sick leave with pay per calendar year. Sick leave is accumulated at the rate of 1 day for every full month worked.

Employees have to present a medical certificate to substantiate claims for sick leave with pay for absences exceeding two successive days.

##### ***(3) Maternity Leave***

All female employees are entitled to maternity leave of 90 calendar days twice.

***(4) Paternity Leave***

Male employees are entitled to paternity leave of 11 calendar days twice.

***(5) Mourning Leave***

In case of death of a parent, child or spouse, employees be given mourning leave of 15 days each.

***(6) Emergency Leave***

Emergency leave is granted to employees for any serious illness of a parent, child or spouse and/or personal emergencies. A total of 7 days per year can be allowed for emergency leave.

**6. Holidays and Leave in KAD**

***1.7.2 Holidays***

All employees are entitled to 16 days of paid leave due to public holidays. Public holidays are specified in advance by the Executive Director in consultation with staff members. Employees who are required to work on public holidays are entitled to compensatory day off. KAD will keep records of number of hours/days worked by its employees on public holidays. Request for compensatory leave shall be substantiated with this record and approved in advance by the Executive Director. In the event that a public holiday is declared by the Government on a certain day without prior notice, KAD staff cannot consider it a holiday until and unless notified by the Executive Director or the Board. All public holidays are subject to the approval of the Executive Director or the Board.

***1.7.3 Leave without Pay***

- (1) Leave without pay may be granted to employees up to 36 days per year.
- (2) Leave without pay that is taken for a month or more shall not be counted as time worked, hence no benefits shall accrue to the employees during such period.
- (3) Employees on probation are not entitled to leave with or without pay but can accrue such leave during the probationary period.
- (4) Leave without pay is applicable when the employee has exhausted all his annual and sick leave.

***1.7.4 Absences***

- (1) An employee who is unable to come to the office is required to notify the office of the reason for his/her absence.
- (2) Unauthorized absences are grounds for disciplinary action. The following procedures shall apply:
  - i. An employee that has been absent for two consecutive working days without notice nor explanation shall be personally sought of by the Executive Director. He/she shall be asked to put in writing the reason(s) for his/her absence.

ii. If, after seven consecutive days of absence, the employee continues to fail to give any explanation of the cause of his/her absence, the employee will be considered to have resigned from his/her position.

iii. In cases where the employee cannot give any satisfactory answer to the cause of his/her absences, in the judgment of the Executive Director, the employee may be subjected to disciplinary action.

## ***1.8 Staff Movement***

### ***(1) Assignments and Transfers***

According to project needs, any employee can be transferred temporarily or permanently to any location where KAD conducts its activities. The transfer may be the result of a promotion, a change in role due to service requirements or other reasons. A permanent transfer to a new place of work that includes a new job mandate shall result in a contract renewal. In addition, the employee concerned shall be notified one month in advance of his change in situation.

### ***(2) Interim positions and promotions***

An employee may be called on to temporarily perform a job in a higher category. That does not automatically give him the right to the salary and benefits of this position. However, after a reasonable amount of time, KAD shall reclassify the employee in the category of the new job or return him/her to his/her former duties.

An employee who receives a promotion can be required to complete a trial period in the new position. If the trial period is successfully concluded, the employee will be reclassified in the new job category and at a salary scale level higher than his former position. If the trial period is not satisfactorily completed, the employee will be reinstated in a position at the same level as his former position.

## **7. Employee Termination Rules in KAD**

### ***1.9 Prohibition on Outside Employment and/or Engagement***

Full-time regular employees of KAD are not allowed to undertake outside employment.

### ***1.10 Termination of Employment***

#### ***1.10.1 Conditions for Termination***

Employees shall lose their jobs under any of the following conditions:

##### ***(1) Voluntary Resignation***

- i. Personnel wishing to resign from post may do so by giving a resignation letter to the Executive Director stating the reasons for resignation and effective date of the same. One month of prior notice is required for such resignations.
- ii. The date in which the resignation letter is received at the KAD office is considered

the date on which notice of resignation is given. Failure to provide sufficient notice may be ground for forfeiture of all accrued employee benefits.

### ***(2) Redundancy of the Position***

Depending on the nature and volume of its operation, KAD may declare certain positions redundant. Persons occupying those positions will therefore be forced to be separated from KAD with proper notice. While doing so, KAD will give at least 2 months notice in advance.

### ***(3) Termination with Cause Grounds for employee termination are the following:***

- i. continuing inefficiency and gross negligence of duty.
- ii. fund embezzlement.
- iii. misuse of office equipment, and other properties.
- iv. repeated unauthorized absences and leaves.
- v. intoxication while on official business or within office premises.
- vi. unauthorized disclosure of official information.

### ***(4) Death***

When an employee dies, his/her salary and benefits will automatically be paid to his/her legal heirs.

### ***1.10.2 Procedures for Termination and/or Disciplinary Action***

- i. KAD will ask the employee for a written explanation on the offense deemed committed by the employee concerned, identifying the charges against him/her and the particulars of the facts relied upon to support it.
- ii. The employee is given 3 working days to submit his/her explanations.
- iii. Based on the written explanations submitted by the employee concerned and the strength of evidence presented, KAD may choose to decide on the charges or pursue further investigation of the case.
- iv. KAD can, shall it feel necessary to, suspend the employee in question from duty during the period of investigation subject to the following conditions:
  - a. should the employee be in a position to tamper with the evidence against him/her.
  - b. should the employee's continuing presence in the organization be deemed inimical to the interest of KAD.

## **8. Conflict Management Policy in KAD**

### ***1.11 Conflict Management***

#### ***1.11.1 Conflict Resolution***



Whenever a dispute arises among the KAD staff, it shall be resolved in a constructive manner, i.e. the solutions shall lead to positive changes. Employees who feel unfairly treated or who have complaints about a situation or about working conditions should notify the Executive Director immediately.

### ***1.11.2 Staff Behavior***

KAD expects its employees to adopt attitudes and behavior that maintain the good image of KAD. KAD employees shall display an exemplary level of professionalism and integrity. Furthermore, besides the usual rules every good employee needs to follow (respect, courtesy, punctuality), there are particular procedures of conduct for members of KAD which must be observed.

#### ***(1) Political Activities***

Since KAD is a non-political organization, employees shall not participate in activities of a purely political nature on work premises or during working hours. It is also prohibited to use KAD's materials for these purposes.

#### ***(2) Discrimination and Harassment***

Under the principles established by KAD, no employee, man or woman, has the right to put pressure on another, make intimate advances, give preferential treatment or show sexual favoritism at work.

#### ***(3) Conflict of Interest***

To avoid putting themselves in a **conflict** of interest with the objectives and operations pursued by KAD, employees shall respect the following guidelines:

- It is prohibited to use KAD property for illegal or unauthorized purposes.
- It is prohibited for any KAD employee having confidential information to disclose it without express authorization beforehand.
- Employees cannot at any time accept a job from another employer if this job interferes with their work schedule and their duties and responsibilities.
- Employees shall avoid putting themselves in situations where they may gain profit or derive direct or indirect interest by influencing a contract **award**.
- Employees cannot solicit or accept tips, gifts, favors or other forms of gratuities for services rendered or required to be rendered in performing their duties within KAD.

## **9. Settling Grievance Policy in KAD**

### ***1.11.3 Grievances***

If an employee feels unfairly treated by circumstances that infringe on his/her rights or change his/her employment conditions, he/she should discuss the situation with his/her immediate supervisor. If, after the matter has been discussed and corrective

measures taken, an employee feels it has not been satisfactorily settled, he/she can submit a grievance to the Executive Director, who will discuss and provide appropriate solution. All grievances shall be handled internally because there is no recourse to external mediation or arbitration.

## ***1.12 Performance Evaluation and Skill Training***

### ***1.12.1 Performance Evaluation System***

The performance evaluation system is a means by which KAD can increase its efficiency and that of its employees. The purpose of the system is for KAD to fulfill its mission by attaining its objectives and for employees to grow and feel fulfilled through proactive performance supervision.

The system enables, among other things, the harmonizing of individual employee objectives with those of KAD, the measuring of employee potential and work performance and the support of employee improvement by working with them on their **development** needs.

The annual performance evaluation seeks specifically to:

- promote communication between employees and their supervisors;
- clarify expectations concerning objectives and performance;
- improve employee performance through on-going monitoring and feedback;
- assess and reward individual performance;
- allow employees to express their career aspirations.

The performance evaluation focuses on the individual employee in relation to the tasks and responsibilities assigned to him. It is not necessarily a comparison of one employee's performance with that of another. Thus, the employee's work performance is to be assessed in relation to absolute procedures, that is, according to the evaluator's performance criteria and not according to relative procedures.

The performance evaluation also allows KAD to assess the quality of human resources in their department or organization, note important information concerning expectations and needs and clarify decisions concerning transfers or work assignments.

## **10. Performance Evaluation System Policy for KAD**

### ***1.12.2 Elements of the Performance Evaluation System***

A performance evaluation system is composed of three main stages that generally take place over a period of a year:

#### ***(1) Performance planning***

The performance planning stage enables employees and supervisors to come to an agreement on what is to be accomplished during the year and how it will be carried out. The following procedures and tools are used to facilitate this stage:

***a) Job description or list of duties***

Each employee must have an up-to-date job description defining the purpose of the work and the responsibilities involved.

***b) Setting of objectives***

For each key responsibility associated with a position, at least one objective should be established for a particular period. The objectives should be clear and quantifiable, and the assessment criteria should be mentioned.

***c) Individual action plan***

The individual action plan is a planning tool used to specify the steps to be taken to achieve the objectives set beforehand. The action plan should be prepared jointly with the immediate supervisor. It may also involve new initiatives facilitating improved productivity or personal capacity **development**.

***(2) Performance Monitoring and Management***

Staff performance and productivity should be managed on an on-going basis throughout the year. The following elements, among others, are involved:

***a) On-going Supervision***

This means taking the time to observe, examine sources of difficulty and seek solutions.

***b) Regular Communication***

This involves regular exchanges so that employees can receive feedback about their performance and receive the necessary supervision.

***c) Periodic Evaluation***

This involves formal, scheduled meetings between an employee and supervisor to discuss activities carried out, end results and the adjustment of the action plan and objectives, if necessary. A minimum of one meeting every six months is suggested to ensure satisfactory results.

**11. Policy for Annual Performance Evaluation at KAD**

***(3) Annual Performance Evaluation***

The annual performance evaluation is the analysis, based on documentation from previous stages of the process, of an employee's work record. The evaluation addresses two fundamental questions. The first relates to the past and involves verifying what was accomplished qualitatively and quantitatively during the year.

The second relates to the future and consists of identifying means to be considered to ensure the employee continues to grow and develop.

The performance evaluation form should include all the sections needed for the evaluation. This includes a section relating to performance evaluation in relation to the objectives established at the outset and in relation to the responsibilities of the position, a section that specifies or targets what is needed for the employee's **development** and finally a section allowing the employee and the evaluator to express their comments and affix their respective signatures. The form should also include a performance level classification and a definition of each of these levels.

The annual performance evaluation does not have any financial impact on salaries. It is first and foremost a tool to evaluate the employee's performance and take remedial action if necessary.

### ***1.12.3 Skill Training and Professional Development***

Depending on available **funds**, KAD should foster the professional development of its employees in order to be as effective as possible in its activities. The training programs chosen should address the actual needs identified and expressed during performance evaluation sessions.

### ***1.13 Bond***

As part of the staff and **organizational development** activities, KAD may at times decide to send a designated staff person for trainings and/or further studies both abroad as well as at local level. KAD will bear the full/partial costs of the trainings/studies for this. However, the designated staff sponsored for the trainings/studies is required to sign a bond with KAD that requires him/her to complete the full tenure of working with KAD.

## **2. Communications Policy for KAD Office Management**

### ***2.1. Purpose***

The purpose of this policy is to control and reduce the communication cost in an effective way. Telephones are the most convenient and fastest mode of communication but for long distance communication, they are expensive.

There are other modes for fast communication such as courier, fax or e-mail. And out of these, e-mail is fast and more affordable. KAD prefers to use e-mail for out of station correspondence to reduce the communication costs. Telephones can be used for local calls and in emergency for national & international long distance calls.

Internet service at the office can be used to download and send email and to conduct work-related research.

## ***2.2 Guidelines***

KAD provides the following guidelines to its staff to control telephone use:

- a. Telephone users are requested to keep their conversations short in order to keep the cost down and to keep the lines open for other people in and outside the office that need to use the telephone.
- b. In general, employees should avoid using phones for non-official calls and are encouraged to use STD/ISD facilities available outside the office. However, the non-official calls will be billed to employees at prevailing rates. To keep track of such calls, a record sheet is provided to each employee working in the office in order to make it easier to remember to record the long distance calls (STD / ISD). All long distance calls should be recorded on this sheet along with all required information and submit to the finance division each month.
- c. In order to minimize communication costs as much as possible, email should be used rather than fax or direct long distance calls.
- d. Copies of all in-coming and out-going official communications (fax, letters sent or received) should be filed. The employees sending / receiving important e-mails should be responsible to print and file such e-mails. A copy should go in the central file system.
- e. Efforts should also be made to keep fax messages short and to send long documents by fax only in urgent cases.
- f. Regarding international phone calls, the need for the official call should be discussed verbally with the Executive Director, unless exceptional circumstances make this impractical.

## **3. Computer Policy for KAD Office Management**

### ***3.1 Purpose***

KAD seeks to effectively manage the computer system for guiding the use, maintenance and security of the computer equipment. Employees are responsible for ensuring that the procedures and policies suggested here are followed.

### ***3.2 Use***

Using computer equipment requires particular care because of its fragility and high cost. Access to the equipment should thus be strictly reserved to KAD employees only. Those employees who are unable to handle commonly-used software will be given an orientation by the senior staff on request. At least one KAD employee will be trained in handling minor maintenance of computers and accessories at the office.

### ***3.3 Security***

- a. In order to safeguard the computers against viruses, the external drives (CDs/DVDs/floppies/pen drives) that are at KAD office are only to be used. In the same way, no external drive from any source other than from sealed packets shall be used in the computers, unless it is first scanned with a latest anti-virus software.
- b. In order to safeguard computers from viruses, antivirus software has been installed in the computers. The virus list for this program should be updated on a regular basis. It is the duty of the employee who has been assigned a computer to update the virus list on her / his computer.
- c. There should be at least two backups of all important documents. One copy should be on the hard disk of the computer assigned to the concerned employee and a second copy on a CD/DVD kept in the office.
- d. The computers of KAD should normally be used by its employees. Consultants and **volunteers** should seek prior permission of KAD employee before using his/her computer in the office.

### ***3.4 Saving documents in the Computers***

In order to streamline the procedure to save documents in the computers and to make it easier for people to find documents and make back-ups of important documents, each employee should have a c:/my documents directory in his/her computer. This directory should be broken down into sub-directories to facilitate retrieval of important documents. Each employee will include a copy of all their important documents to be backed up on a directory entitled backup.

### ***3.5 Back-ups of Documents***

In order to safeguard important documents and other work done by the staff, the back-up directory of the employee shall be backed up on CD/DVD once every week (every Friday) and the CD/DVD stored by the employee.

## **4. Procurement Policy for KAD**

### ***4.1 Purpose***

The purchase of goods and services is necessary for the smooth operation of the organization. The aim of the internal control system for the supplying of goods and services is to ensure orders are handled by individuals having skills in evaluating what purchases are required from suppliers offering the best deals, to ensure purchases made do not exceed the budget provided and to ensure purchased goods and services conform with the quantity and price specified in the order.

### ***4.2 Methodology***

KAD shall follow certain methods in purchasing goods, equipment and services required for the needs of it or its **projects**. Use of competitive bidding shall be a

priority practice. The first criterion in choosing a supplier shall be the lowest bid. However, if a supplier does not provide the required level of service or an adequate guarantee, then other criteria shall also be considered. KAD shall specify in the purchase file the reasons the lowest bid was not chosen.

- For purchases under \$1,000, a price survey by telephone of two suppliers will be sufficient for determining the supplier.
- For purchases above \$1,000, a quotation/invoice shall be obtained from three local suppliers.
- Purchases from a sole source shall be explained in the purchase file. The purchase file shall contain all the documents pertaining to each transaction, i.e. the purchase requisition, quotations, contact information of suppliers, purchase contracts or orders, invoices, delivery slips and any other pertinent documents.

### ***4.3 Purchases***

Employees making purchases as part of the project activity or organizational work shall follow these mechanisms:

- a. Requisition form – the employee requesting a purchase fills this form, has it approved by the Executive Director and sends it to finance division.
- b. Order form – the finance division issues the order form, after it is signed by the Executive Director. The concerned employee or the finance division will make the purchase successful on the basis of the order form.
- c. Delivery slip – After the purchase has been made, a delivery slip will be issued by the finance division for the supplier, who will sign it and give it back to the finance division.

## **5. Fixed Assets Policy for KAD**

### ***5.1 Purpose***

To carry out its activities, KAD needs material resources. The quality of these resources is dependent upon how they are used. Material resources are in large part durable goods, which need to be well-managed to be maintained in good condition. These goods include stationary, tables, chairs, shelves, computers and related accessories. The Fixed Assets Policy will aim for:

- precise identification of goods that are part of the asset base;
- sensible use of goods;
- periodic taking of physical inventory;
- effective maintenance of goods;
- replenishment of goods when required.

## ***5.2 Procedures***

At KAD, the **management** of material resources is the responsibility of the KAD staff. The procedures involved in managing these resources are:

- receiving and recording goods;
- using goods properly;
- maintaining goods;
- taking inventory of goods;
- disposing of goods.

Material resources are managed by means of records or files.

## ***5.3 Asset inventory***

The purpose of the inventory is the physical monitoring of the items belonging to a project. The inventory makes it possible to detect differences between information about goods in the records and the actual state of goods.

Inventory is usually done once a year and is the responsibility of the finance division.

## ***5.4 Procedures***

The inventory procedure is composed of the following steps:

a. Creation of record cards on which is found:

- type of item;
- description of item;
- identification code
- service user or name of manager;
- assigned location;
- previous placement of item;
- notes on condition of item;
- record updates;
- minutes of physical inventory;

b. Final removal of an item

c. Replacement of an item

d. List of annual needs



## ***5.5 Removal of items***

The inventory procedure described above permits the identification of dilapidated or defective goods whose presence in office presents more inconveniences than advantages, for various reasons:

- steep rise in operating or maintenance expenses;
- excessive cost of repair;
- any other objective reason.

The Executive Director shall give the authorization to take out of service, transfer or dispose of any items, and that should be noted in the book of assets.

## **KAD Finance Policy**

### ***6.1 Fund Receipt***

#### ***6.1.1 Sources of Funds***

KAD receives **funds** from the following sources:

- i. Dollar supported project fund.
- ii. Membership fees.
- iii. Income from short term professional services and consultancy assignments undertaken by KAD.
- iv. Grants Donations received from philanthropic **organizations** and individuals.

#### ***6.1.2 KAD Core Fund***

The following are identified as KAD's core programme:

- A. KAD's administrative expenses (house rent, utilities, administrative officer).
- B. KAD's Kampong Speu Support Unit,
- C. KAD's Ta Khmao Area Support Unit,
- D. KAD's Kien Svay Area Support Unit.

Any programme coming to KAD must allocate some funds to support this core programme.

#### ***6.1.3 Signatories to Cheque Books***

The Executive Director of KAD, its Treasurer and one other office bearer will be signatory to KAD's cheques. Money can be released by the signatures of two signatories. However, any cheque of more than \$1,000 will require the signature of the Executive Director.

### ***6.1.4 Types of Accounts***

The following three types of accounts will be maintained by KAD:

#### ***(1) Central Account***

All income accrued to KAD will be deposited in the Central Account. The Executive Director, General Program Manager and Treasurer are authorized to operate the bank account. Two signatures of either of these officials will be required for fund disbursement.

#### ***(2) Savings Account***

KAD will keep fixed deposit savings account for its trust fund.

#### ***(3) Petty Cash Fund***

A petty cash fund of \$1,000 is kept to cover payments not exceeding \$1,000. The Accountant/Office Administrator will handle this account and is to be liquidated every two weeks.

The Executive Director and/or Treasurer will ensure proper handling of petty cash fund through surprise checks from time to time.

## **Payment Procedures**

### ***6.2 Fund Disbursement***

All payments be made either by cheque or cash.

#### ***6.2.1 Payment by Cheque***

##### ***(1) Payment for Purchases***

Payment against purchases exceeding \$500 shall be made by cheque.

##### ***(2) Payment for Services Rendered***

###### ***a. Payments for Staff Salaries***

###### ***i. Payment Calendar***

Staff salaries are paid within seven days following the completion of the month. Individual cheques are to be issued to the employee concerned.

###### ***ii. Staff payroll***

Staff payroll (salary sheet) is prepared by the Accountant as the basis of payment. The staff payroll contains information on the employees' basic salary for the month, allowances if any, deductions and net salary payable. The staff payroll is checked by the Treasurer and approved for payment by the Executive Director.

### iii. Advance Pay

KAD's employees may take advance payment of up to 3 months (after completion of 3 months probation), if urgently required. The advance must be returned/reimbursed before the end of that particular fiscal year.

For travel purposes, KAD employees shall be given cash advances for expenses covered on official trips. Request for cash advances is prepared by the personnel concerned, recommended by the Treasurer and is approved by the Executive Director. All cash advances for travel are to be liquidated within a week following the completion of the trip.

### iv. Tax Deduction at Source

KAD will deduct tax at source where applicable as per Government rules.

#### ***b. Payment for Contractual Services***

Payment for contractual services is done through cheque disbursements. The schedule of payment depends on the Terms of Reference (TOR) agreed upon by the personnel concerned and KAD. Payments are covered by a Request for Payment Form prepared by the accountant and approved by the Executive Director.

## **Policy for Book Keeping and Record Maintenance in KAD**

### ***6.2.2 Procedures for Fund Disbursements***

- All requests for payments are to be made using the appropriate forms.
  - Requests for payments are to be properly substantiated with bills/receipts and essential documents.
- Requests for payments are prepared by accountant and submitted to Executive Director for checking and approval.

## ***6.3 Book Keeping and Recording***

### ***6.3.1 Book Keeping***

The recording system of KAD's financial transactions allows to monitor bank balances, status of **funds** receipts and expenditures, and a comparative statement of budget vs. actual expenditure on a regular basis. KAD will maintain records of fixed assets, petty cash disbursements, supplies, inventory, the use and maintenance of office equipment.

### ***6.3.2 Accounting***

The following sets of financial reports will be prepared by KAD:

A. Quarterly financial reports will be prepared for review by each individual project manager of KAD's specific **projects** as well as of its core activities. This quarterly

report will be reviewed by the Board of KAD. Financial reports to donors will be submitted as prescribed in the agreement between donors and KAD.

B. Annual Balance Sheet and Statement of Income and Expenditures will prepared for each fiscal year.

#### ***6.4 Auditing***

Books of Accounts of KAD shall be audited annually by an independent auditor if required and financially supported by its donors. KAD may hire internal auditor in order to streamline its accounting systems and procedures.