

B. FINANCIAL POLICIES AND PROCEDURES

The policies and procedures of ARSIS take into consideration the internal controls necessary to properly protect the assets entrusted to the organization for the benefit of its programs. All personnel are expected to be aware of and adhere to the policies in the manual. As policies and procedures are created they should be formulated to consider proper segregation of duties. There should also be consideration given to training and communication of the policies so staff is informed and knowledgeable.

1. Division of Responsibilities

The concept of separation of duties is implemented to the greatest extent feasible within the limitations of the size of the organization staff.

Authorization functions for purchasing, signing checks, adjusting accounts, and extending credit are not performed by individuals who also perform recording functions such as disbursements and/or receipts, maintaining accounts receivable records, or cash handling functions such as receiving and depositing funds or preparing checks.

Review and verification functions such as reconciliation of the bank statement to the record of cash receipts and disbursements are not performed by individuals who also prepare checks, record checks, receive funds and prepare bank deposits, and/or record receipts.

The following is a list of personnel who have fiscal and accounting responsibilities:

Board of Directors

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Reviews and approves all contracts
4. Reviews and advises staff on internal controls and accounting policies and procedures
5. Determines whether the organization should have an audit and, if so, chooses and contracts with the auditor
6. Reviews and approves all grant submissions

Financial manager

For a description of responsibilities of Financial manager please refer to Annex B

Accountant

For a description of responsibilities of Accountant please refer to Annex B

2. Chart of Accounts and General Ledger

ARSIS has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration) and provides appropriate account titles and numbers for Assets, Liabilities, Net Assets, Revenues, and Expenses. Moreover, the Chart of Accounts utilizes the same line item categories and the same program or function distinctions which are utilized in the comprehensive annual budget and the budgets for individual contracts or grants.

The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using our accounting software. Appropriate computer software and hardware is utilized to perform recording functions. All input and balancing are the responsibility of the accountants with final approval by the Financial Manager.

The Financial Manager reviews the general ledger on a periodic basis for any unusual transactions. All general ledger balance sheet accounts are reconciled at least quarterly. All cash, payroll liabilities, and accounts receivable control accounts are reconciled monthly.

3. Disbursements & Expense Allocations

Arsis shall pay all necessary, appropriate, and reasonable operation-related expenses incurred by staff. Staff is responsible for carefully managing the organization's resources, including financial resources. Staff should use prudent business judgment, coupled with disciplined budgetary control, when expending organization's funds for business expenses. Expenditures must be reasonable in nature and consistent with the nature of the business conducted by the organization.

This Policy establishes the foundation for business expenditures related to ARSIS' activities. In addition, this Policy and related procedures are intended to comply with donors' regulations and best industry standards.

Responsibilities

The following outlines the responsibilities of various parties under this Policy:

Staff: The individual submitting documentation, such as an invoice, will:

- Verify that all expenses requested to be paid or reimbursed by the organization are valid and conform to this Policy and related procedures.
- Attest that expenses submitted for reimbursement, in accordance with Arsis' procedures, have not been previously paid through a prior submitted expense report, cash advance, POS card, or other third party.
- Submit within time limits documented in related reporting periods.
- Remain accountable for ensuring that all expenses are incurred, and all requests for payment or reimbursement of such expenses are submitted in accordance with this Policy, even though the employee may delegate responsibility for a form's preparation to another person.

Authorizer/Approver: Individuals authorized to approve the business expenditures of others will be responsible for administering this Policy. Approvers must:

- Attest that the purpose of the expense is valid and directly related to Arsis' operations
- Request further documentation or explanation of expenses that appear to be excessive or unusual. Explanation of such expenditures will be included in documentation submitted to Accounting Department, such as invoices, Travel Form and Expenditure Voucher Form.
- Submit the approved documentation to Accounting Department on a timely basis.
- The e-banking payment system reflects the authorization of at least two signatures.

The primary responsibility for the determination of the appropriateness of expenditures rests with the individual seeking reimbursement and the individual responsible for approval and authorization. Accounts Payable will review the Travel Forms, invoices, POS card statements, and Expenditure Voucher Forms for compliance with the organization's accountable plan.

Arsis shall ensure that all costs to be paid with grant funds are reasonable, allocable, and allowable costs under the donors' guidelines.

To be allowable under an award, costs must meet the following general criteria:

- Be reasonable for the performance of the award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both financed and other activities of the organization.
- Be determined in accordance with national accepted accounting principles
- Be adequately documented.

Travel expenses and mileage allowance:

- ARSIS will reimburse the staff designated by the appropriate project manager/coordinator for their travel expenses that occur due to their duties. Project manager/coordinator must pre-approve the relevant transportation.
- Reimbursable are tickets for means of public transportation, while for distances that exceed 700 kilometers (coming and going) the abovementioned persons may use airplane.
- Whenever abovementioned persons use their own car, ARSIS will reimburse mileage allowance of € 0,16 per kilometer for transportations within Attica and Thessaloniki and mileage allowance of € 0,23 per kilometer for transportations within the mainland and the islands.
- The daily allowance for abovementioned persons in case of travels will be € 60/per day, in any case according to each program's approved budget.
- For overnights, the allowance will be €80/per day in any case according to each program's approved budget.

Disbursements are generally made for:

1. Employee reimbursements
2. Rents for accommodation provided to PoCs
3. Payments to vendors for goods and services
4. Taxes/license fees

Requests for disbursements are submitted to Accounting in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All invoices must have the account code written on them and approved by the Program Manager prior to being submitted to accounting.

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals and Entertainment - a receipt must be provided showing the cost of food, and gratuities, including the names of every person for whom food was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The Financial Manager Assistant reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Bookkeeper for processing

The Bookkeeper processes all payments and:

1. Immediately enters them into the Accounts Payable module
2. Prints checks according to allocation and payment date provided by the Financial Manager
3. Submits checks, with attached backup documentation, to Financial Manager for approval and signature.
4. Files all backup documentation in the appropriate file

4. Payments management

1. Three signatures (issuer, project manager and project financial manager) are required for payments authorization. The procedure is described in the Procurement Code of Arsis.
2. No authorized signatory list for all payment transactions as approved by the Board is communicated to the bank. The payments are performed mainly through the e-banking system of the bank by persons with access to the special e-banking key or by cash.
3. Payments are performed by the employees authorized by the company's Board of directors with access to the special key for bank use.
4. Payments are authorized by the Project manager and the Finance responsible person of each project.
5. Bank reconciliations are performed on a monthly basis and are officially documented. Monthly bank reconciliations are prepared by the responsible employee of the accounting department, reviewed by the Financial Manager.
6. Petty cash vouchers are signed by the employee requesting cash and is authorized by the project manager and a finance responsible person. The procedure is implemented in 2017.

7. When cash is distributed, which is rare (e.g. to refugees), detailed list of beneficiaries is approved and maintained. According to the procedure in 2017, this list is signed off by 3 individuals, coordinator, the person distributing the cash and the recipients of the cash.

5. Bank Account Reconciliations

1. The Financial Manager reviews the statements for unusual balances and/or transactions.
2. The Financial Manager gives the statements to the Bookkeeper for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Bookkeeper will verify that voided checks, if returned, are appropriately defaced and filed.
4. The Bookkeeper will investigate any checks that are outstanding over six months.
5. The Bookkeeper will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the Financial Manager.

6. Petty Cash Fund

Petty cash funds are maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. Cash reconciliation sheets are maintained by all individuals responsible for accepting cash. All cash counts are initialed by the individual preparing the initial count and the individual receiving the cash for further processing.
2. The petty cash fund is kept in a locked file cabinet at all times.
3. The Financial Manager assistant oversees the petty cash fund.
4. The Financial Manager assistant and the Bookkeeper together will periodically count the cash in the petty cash fund.

7. Personnel Records and Payroll Processing

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, authorization of payroll deductions, termination data where applicable, a signed confidentiality agreement, a signed acknowledgement of receipt of Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Operations Manager.
2. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel.
3. Written timesheets are prepared by all employees, signed by the employee, and approved in writing by the employee's direct supervisor on a monthly basis.
4. Timesheets are to be signed and dated by the employee and the employee's supervisor for submission to the Operations Manager.
5. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by an Employment Information Form and signed by the Executive Director before the change can be made.
6. The Bookkeeper will process payroll in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.
7. Employees may choose direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. The Operations Manager will review payroll expenditures and allocations monthly.
8. There is a segregation of duties between the preparation of the payroll and the authorization of the payment.
9. As per personnel expenses, a list is prepared by the employee that made the travel expenses, invoices and relevant documents are attached to the list and delivered to the local coordinator. The list is checked and signed by the local coordinator.

HR policies and procedures are clearly documented on Arsis HR Policy and consistently followed.

8. Procurement

ARSIS Supplier's Code of Conduct ("the Code") defines the non-negotiable minimum standards of business behaviour, fair trade, social and economic solidarity that we ask our suppliers and their sub-tier suppliers ("the Supplier"), to respect and to adhere to when conducting business with ARSIS. This document helps the continued implementation of our commitment to international standards and the UN Guiding Principles on Business and Human Rights, the Core Conventions of the International

Labour Organisation (ILO) and the 10 Principles of the United Nations Global Compact. For further details please refer to the “**ARSIS’ supplier’s code of conduct**”.

9. Contributions

Arsis provides donors with a receipt for any donation made, regardless of amount. The IRS requires that a written receipt be provided to donors who contribute amounts in excess of 250€. The written acknowledgment required substantiating a charitable contribution of 250€ or more must contain the following information: Name of the organization; Amount of cash contribution; Description (but not value) of non-cash contribution; Statement that no goods or services were provided by the organization, if that is the case; Description and good faith estimate of the value of goods or services, if any, that organization provided in return for the contribution; and Statement that goods or services, if any, that the organization provided in return for the contribution consisted entirely of intangible religious benefits, if that was the case.

10. Inventory Policy and Procedures

The purpose of the inventory Policy and Procedure is to lay down procedures and processes for the procurement management and control over inventory (stock) items in accordance with all relevant regulations and legislations and other ARSIS policies and directives. The envisaged outcome is an efficient and effective control and inventory management tool for ARSIS.

The Supply and Logistics Coordinator of ARSIS must ensure that processes (whether manual or electronic) and procedures are in place for effective, efficient, economical and transparent use of the organization’s inventory and amongst others has to maintain a proper record keeping system for inventory Items.

Arsis maintains a detailed list of inventory and property and equipment records. Inventory should be at a minimum on a quarterly basis to ensure that the amount on hand is reconciled with the accounting records. The same is true for property and equipment.

Property and equipment, also known as Fixed Assets, can be defined as assets which cannot be easily converted into cash. Examples of property and equipment are land, buildings, motor vehicles, furniture, fixtures, office equipment and computers. Each of the items listed have a useful life beyond the current year and will be retained by the organization until their useful life expires. Because the life of the equipment is

often longer term, detailed records of the purchase of such equipment are maintained not only for accounting purposes but also for management replacement purposes. Property and equipment is depreciated according to guidelines established by Greek GAAP.

Warehouse procedures: Storekeeper is member of ARSIS' staff and in constant communication with ARSIS' Procurement/Logistics Department.

The storekeeper shall be responsible for:

1. The safekeeping of inventory items
2. The receiving and issuing of items of inventory from the store rooms.
3. The performance of such other tasks as may be assigned to him or her according to the relevant job description or the procedures.

Safe keeping of inventory items:

1. Inventory shall, until it is issued, at all times be safeguarded and kept in a suitable protected area. Wherever practical such area shall be in an enclosed place, the entrance to which shall be locked and fully fire protected.
2. No unauthorized entrance to any such area is permissible. Authorization to enter such area may be granted only by the Supply and Logistics Coordinator or delegated person.
- 3 No person other than storekeeper, or any other person designated by the Supply and Logistics Coordinator, may have access to any key for such area.
4. No person other than the storekeeper, or any other person designated by the Supply and Logistics Coordinator, may have control over the administration of the inventory items.
5. When items are moved from one location to another, it should be done safely and with maximum care. Care will also be taken to ensure that employees are not injured whilst moving heavy items.
6. Inventory will be insured against common dangers (fire, theft, flooding etc) in a well-known Greek insurance company for an amount of at least € 10.000.

Receiving of inventory items:

1. All items received by the Receiving Committee should be verified with the purchase order and inspected for proper quantities, quality to ensure receipt of what was ordered.
2. After receiving of the items, Storekeeper should tag the equipment, before the delivery.

Shelving: The Storekeeper should categorize and organize storage areas for efficient, logical and safe storage of all supplies.

Issuing of inventory items:

1. Only the Storekeeper shall be authorized to issue goods from the warehouse.
2. No item of equipment should be permitted to leave the warehouse without a delivery note completed and signed by the Storekeeper.
3. The Storekeeper and the recipient of goods must agree that the goods requisitioned, agree to the goods.
4. The storekeeper and the recipient of goods must agree that the goods requisitioned, agree to the goods drawn from warehouse which is consistent with the issue register.

Equipment Records:

1. Equipment control records shall be maintained for each item of equipment identified by a serial number.
2. The following information must be entered in the Prosvasis inventory system:
 - I. Description
 - II. Serial or manufacturer identification number
 - III. Original cost
 - IV. Purchase order number (if applicable)
 - V. Acquisition date
 - VI. Disposition date
 - VII. Category
 - VIII. Location

Stocktaking / Counts

1. The Supply and Logistics Coordinator will ensure that the stock count (physical inventory) takes place on quarterly basis.
2. Internal Auditors need to be invited to witness the stock take/count during the third quarter.
3. All stock items counted should be placed under serial number control.
4. An inventory reconciliation shall be performed to ensure that the actual and recorded inventory amounts are the same.

Status of items

1. Status changes are to be reported by the accountable unit as they occur. The Supply and Logistics Coordinator will update the inventory to reflect the change.

2. Whenever an equipment item is temporarily (less than 6 months) or permanently transferred between locations, the unit initiating the transfer must keep a record of its new location.

3. Whenever an item of equipment is found missing or believed to be stolen, this must be reported immediately to the Supply and Logistics Coordinator.

Inventory Levels: The following should be determined to maintain the optimum stock levels: minimum, maximum and re-order levels.

Record Keeping: All files and documents must be recorded and maintained in the inventory management unit for Issues, Receipts and Stock Counts