Bena Charity
For Human development
جمعية بناء الخيرية
للتنمية الإنسانية

BCFHD

Financial Policies and Procedures Guide

2026

3-1

@bcfhdorg | www.bcfhd.org

<table>
<tr><th colspan="3"><u>About BCFHD</u></th></tr>
<tr><td colspan="2">Organization name</td><td>Bena Charity For Human Development (BCFHD)</td></tr>
<tr><td colspan="2">Work Scope</td><td>Republic of Yemen</td></tr>
<tr><td colspan="2">Establishment Date</td><td>20 June 1996</td></tr>
<tr><td colspan="2">Address</td><td>Yemen – Taiz – Jamal Street – Next to Yemen Soft</td></tr>
<tr><td rowspan="4">Contact information</td><td>Mobile</td><td>(+967) 771151581
(+967) 711650336</td></tr>
<tr><td>Phone</td><td>0096-4-258301</td></tr>
<tr><td>Email</td><td>bena@bcfhd.org</td></tr>
<tr><td>website</td><td>www.bcfhd.org</td></tr>
<tr><td colspan="2">Branches</td><td>Main office: Taiz – Gamal Street
Sub office 1 : Aden – Cultex roundabout
Sub office2 : Mareb – September Street
Sub office3 : Al-Mukha – Al Daery Al Shamali</td></tr>
</table>

Approved by Administrative Board

Financial and Administrative Regulations

Introduction

Purpose of the Regulation:

This manual outlines the policies and procedures governing the financial activities of the Association. The purpose of these policies and procedures is as follows:

1. To establish appropriate control standards for all financial operations.
2. To clearly define the Association's financial policies and procedures, including budgets and administrative reports, in an efficient and effective manner to support the management and organization of the Association in all its activities and functions.
3. To ensure consistency and compatibility in the implementation of policies and procedures across the functions and responsibilities of the Financial Department within the Association.

The primary purpose of these procedures is not to restrict the effectiveness of the Financial Department staff, but rather to provide a sound, consistent, and integrated basis for awareness and understanding of all aspects related to these functions, even if the personnel occupying these roles change

.

Security and Protection of Documents:

All documents must be kept in a secure place and in a proper manner. Electronic copies must also be maintained for the following documents and records:

1. Annual accounts and audit reports.
2. All agreements concluded between the Association and donors or other entities.
3. Employment contracts.
4. Lease agreements.
5. Ownership deeds.
6. Correspondence with banks, donors, consultancy offices, and others.
7. Any other documents of financial or legal importance.

Chapter One: General Provisions and Rules

General Provisions

Purpose of the Regulation:

This regulation aims to clarify the fundamental rules of the financial and accounting system that all employees of the Association must follow when carrying out financial activities. It also aims to safeguard the Association's funds and assets, regulate disbursement and collection procedures, internal control systems, and ensure the integrity of financial accounts.

Accounting Principles

Accounting Basis:

1. The Association's accounts shall be maintained using the double-entry accounting system and in accordance with internationally recognized accounting principles and standards.
2. Accounts shall be prepared according to the following general concepts and principles:
   - Assets shall be recorded based on the historical cost principle.
   - Expenses shall be recorded on an accrual basis, while revenues shall be recorded on a cash basis.
   - The Association is considered a going concern.
   - Full disclosure shall be applied in financial statements.
   - The Association shall maintain independent accounting records (according to automated systems).
   - Accounting records, financial statements, and all accounting operations must be retained in a way that allows any relevant party to access and review them at any suitable time.
   - Invoices, documents, records, meeting minutes, and decisions shall be archived scientifically and systematically in both paper and electronic formats.
   - The Association's automated accounting system shall support project accounting by linking each project with its revenues and expenditures according to the donor-approved budget, facilitating project fund monitoring and financial reporting for each project separately.

Preparation of Accounting Reports:

Reports shall be prepared on a monthly, quarterly, and annual basis, including all necessary accruals with clear and accurate disclosure of the Association's financial position and activity results.

- For projects, reports shall be prepared according to donor-required templates and submitted monthly, upon request, annually, and at the project's completion.

Monthly Account Reconciliation:

The following accounts shall be reconciled monthly:

1. Cash in banks.
2. Accounts receivable.
3. Accounts payable.
4. Prepaid amounts.
5. Advances.
6. Project accounts.

Bank Account Management

Policies for Handling Bank Accounts:

The following policies must be followed in all matters related to bank accounts:

1. All bank accounts shall be opened in the name of the Association.
2. For donor-funded projects, a separate bank account shall be opened for each project in both foreign and local currencies.
3. All issued checks must be signed by the authorized signatories according to the approved financial and administrative authority regulations.
4. All bank accounts shall be reconciled monthly.
5. Any outstanding issues identified during reconciliations must be investigated and resolved immediately.
6. All bank transfers related to the Association must be approved.
7. Closing any bank account must follow approved procedures.

Bank Reconciliation:

Bank reconciliations shall be conducted according to the following procedures:

1. The accountant shall perform monthly bank reconciliations.
2. The Financial Officer shall review and approve the bank reconciliation statements.
3. Any disputed matter shall be resolved directly by the Financial Department Manager or escalated to the Executive Director (according to the authority regulations) for decision-making.

Chapter Two: Financial and Accounting Policies

General Policies

1. The fiscal year of the Association consists of twelve months, beginning on January 1 and ending on December 31 of each year. Accounting books shall be closed at the end of each month.
2. The Association shall follow internationally recognized accounting rules and practices.

Dedicated Accounting Software:

The Association shall maintain its accounts using a dedicated computerized accounting system to record assets, liabilities, expenses, and revenues.

The Financial Manager shall continuously ensure the system's suitability and compatibility with the needs of financial and accounting operations, analysis, planning, monitoring, and workflow management, while seeking to update and develop it in line with the highest accounting performance standards.

Financial Planning:

1. Financial planning aims to estimate the Association's funding needs and identify the financing sources relied upon to meet its obligations and operational requirements.
2. Financial planning is divided into:
    - Long-term financial planning related to periods exceeding one fiscal year (the Association's strategic plan).
    - Short-term financial planning related to periods not exceeding one fiscal year (the annual budget).

Financial Reporting

Financial Reporting Policy:

1. Financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS).
2. Financial statements must present a true and fair view of the Association's financial position, operational results, and cash flows for specified periods and upon request.
3. Legal updates and requirements related to financial reporting shall be continuously monitored and implemented.
4. Deadlines specified in the financial policies for preparing financial reports must be adhered to.

Procedures for Preparing Financial Reports:

1. Preparation of the final trial balance at the end of the financial period by the Finance Department.
2. Preparation of detailed financial statements for the Association by the Finance Department.
3. Compliance with all reporting requirements and disclosure obligations.
4. Final review of all financial statements, accompanied by trial balances and supporting schedules, by the Financial Department Manager, including verification of unusual variances compared to budget estimates.
5. The Administrative Board shall review and approve the financial statements during its meetings.
6. The Financial Department Manager shall be responsible for preparing the financial statements on time and ensuring their annual audit according to applicable regulations.

Chart of Accounts

Chart of Accounts Policies:

The Finance Department shall establish a Chart of Accounts based on a numerical coding system that aligns with the nature of the Association's activities. This system shall provide for multiple accounting levels, not fewer than five, as follows:

1. **Account Groups:**
   These consist of allocating separate groups for assets, liabilities, expenses and costs, and revenues.
2. **Account Categories:**
   Each account group is subdivided into main categories, each specializing in a specific type of account. For example, the assets group may be divided into current assets and fixed assets categories, and so on.
3. **Main Accounts:**
   Each account category is subdivided into several main accounts, each containing a number of general accounts.
4. **General Accounts:**
   Each general account is subdivided into a number of subsidiary accounts.
5. **Analytical Accounts:**
   These are the accounts in which transactions are recorded. A consistent methodology must be followed for deriving and classifying accounts into similar groups while ensuring clear differentiation between groups.

Preparation of the Chart of Accounts:

The Finance Department shall prepare a guide for accounting units parallel to the departmental classifications included in the Association's organizational structure, enabling the identification of assets, liabilities, expenses, revenues, and the operational results of these departments at the level of aggregation or detail required by the Finance Department.

Classification of the Chart of Accounts:

The Chart of Accounts includes the following six fields:

- **Account Code:** The specific code assigned to each main account.
- **Account Description:** The name of the main account.
- **Account Status:** A general clarification of whether the account is active or otherwise.
- **Account Nature:** Clarifies whether the account relates to the balance sheet or income statement, and whether it is a debit or credit account.
- **Account Level:** Clarifies the level of the account and whether it is detailed or otherwise.

Continuous Review of the Chart of Accounts:

1. The Chart of Accounts must be reviewed at least semi-annually to identify coding requirements for the Association's current and future needs.

2. Any intended modification to the Chart of Accounts must be referred to the Finance Manager for approval.
3. The Finance Manager shall review inactive accounts to evaluate the need for retaining or canceling them, including:
   - Accounts listed for one-time use only.
   - Accounts with zero balances and no activity during previous years.
   - Accounts proven through experience to be similar and capable of being merged with other accounts.

Amendment or Modification of the Chart of Accounts:

1. The accountant shall notify the Finance Manager of the need to open, cancel, amend, or activate a main account.
2. Upon notification, the Finance Manager shall:
   - Evaluate the need to open, cancel, amend, or activate the main account.
   - Review the list of inactive accounts to determine whether the requested account already exists.
   - Assess whether opening the requested account is feasible and justified.
3. Upon receiving the approved form, the Finance Manager shall implement, activate, and circulate it among all users of the main accounts within the Association.

Recording Monthly Accruals:

Monthly accruals must be closed regularly, including:

1. Employee-related accruals in accordance with labor laws and Yemeni Labor Law.
2. All expenses.

Closing Annual Accruals:

When closing the monthly accrual cycle, the following procedures shall be followed:

1. At the end of each year, the Finance Manager shall ensure that employee-related accruals, such as end-of-service benefit provisions, are properly recorded in accordance with the applicable laws and regulations in the Republic of Yemen.
2. Any shortage or excess in accruals shall be adjusted, and payments shall only be processed after approval by the Finance Manager.

Recording and Closing Prepayments and Accrued Payments:

During the monthly closing of prepaid and accrued payments owed by the Association, all such payments must be properly recorded.

Capital Expenditures

Capital Expenditure Policy:

Capital expenditures shall be made according to the approved budget amount and in line with the approval and authorization procedures followed by the Association. Any asset with a value exceeding 5,000 Yemeni Riyals must be included in the fixed assets register.

Capital expenditures shall be allocated according to standard accounting practices for inclusion in fixed asset accounts.

Authority for the Use of Accounts

The authority to create, derive, merge, close, or cancel accounts at various levels, as well as the authority to use the accounting unit guide and the levels adopted by the Finance Department in distributing accounts, shall be determined by a decision in accordance with the authority regulations.

Financial and Accounting Procedures Manual

1. The Finance Manager shall prepare a Financial and Accounting Procedures Manual that must be adhered to in order to regulate and standardize financial and accounting operations within the Association. The Manager shall also propose the financial and accounting forms necessary to document, clarify, and control these procedures, while ensuring maximum use of computerized systems in processing and recording transactions.
2. The financial and accounting procedures shall include detailed explanations of the financial policies, rules, and procedures stipulated in this regulation.

Financial Obligations and Disclosure of Financial Information

Recording Financial Obligations:

Any matter resulting in a financial obligation must be documented through a written order. Verbal instructions shall not be accepted.

Disclosure of Financial Information:

1. No financial information or data concerning the Association may be disclosed to third parties without written authorization from the President of the Association or an authorized representative.
2. It is strictly prohibited to remove financial documents, reports, trial balances, financial statements, or copies thereof outside the Association without written approval from the President of the Association or an authorized representative.

Asset Management

Assets include the following:

1. **Fixed Assets:**
   These include the purchase, acquisition, and ownership of land, buildings, facilities, equipment, transportation means, and furniture necessary for operational needs and which contribute to achieving the purposes for which they were acquired.
2. **Current Assets:**
   These include the cash required for operational needs in addition to other current assets.

Asset Management Policies:

1. Fixed assets shall be acquired in accordance with approved procedures and recorded in the registers at their historical cost on the acquisition date.
2. Fixed assets recorded in the financial statements for periods following their acquisition date must be evaluated and disclosed after deducting accumulated depreciation.
3. The cost of depreciable assets shall be allocated over the useful life of the asset using the straight-line depreciation method.
4. Depreciation shall be calculated annually. Depreciation shall be charged based on the asset itself, and no depreciation shall be charged for the month in which the asset is disposed of. These matters shall be monitored by the Finance Manager.
5. Numbered tags shall be placed on each fixed asset to document the asset and its acquisition date.
   (This task falls under the responsibility of the Procurement and Logistics Department.)
6. An annual physical inventory of fixed assets shall be conducted through the fixed asset register, and the inventory results shall be compared with the fixed asset lists in the register. In case of discrepancies, appropriate adjustments must be made.
7. Disposal of fixed assets shall be carried out in accordance with approved procedures in the general ledger and fixed asset register, which must be updated accordingly. Gains or losses resulting from disposed fixed assets shall be charged to the profit and loss account.
8. The fixed asset register shall be reconciled with the balance of the general ledger at the end of each year.

Procedures for Acquiring, Modifying, or Disposing of Fixed Assets:

1. The concerned department shall complete a fixed asset purchase or modification authorization form, which shall also be used to obtain approval for purchasing an asset.
2. The purchase authorization form shall be completed and submitted to the Procurement Officer to purchase the required asset.
3. The form shall be accompanied by any quotations or catalogs obtained from the concerned departments.

4. The accountant shall review the requested authorization against the approved budget. Budget-related information must be completed, and the form with attachments shall be submitted to the Finance Manager for review and forwarding to the authorized approver according to the approved authority regulations.
5. If the asset is not included in the budget, approval must first be obtained from the authorized person before submission for authorization.
6. After obtaining approval from the authorized person, the authorization form for acquiring fixed assets shall be sent to the concerned department.
7. The concerned department shall prepare the purchase request and submit it to the Procurement Officer together with the approved authorization for purchasing the asset.
8. The concerned department shall purchase the asset, inspect it, and ensure its conformity.
9. Upon authorization, the Finance Department shall issue a check according to payment procedures.
10. After purchasing the asset, the Procurement Officer shall send the approved form, the original invoice, and the payment request form to the Finance Department.
11. After payment of the asset value, the accountant shall receive the fixed asset acquisition form and the supplier's original invoice for recording and entry purposes.

Monitoring the Asset Register:

The Procurement Department shall prepare and maintain the fixed asset register by:

1. Recording all newly added assets in the fixed asset register.
2. Removing all assets disposed of during the year from the fixed asset register.

The Finance Department shall be informed accordingly so that annual depreciation can be calculated for all assets, including newly acquired assets.

Warehouse Management

Warehouse:

The warehouse falls under the Procurement and Logistics Department within the Association's organizational structure.

Inventory Handling:

1. Inventory shall be recorded at cost price.
2. Inventory shall be recorded when materials are physically received into the warehouse.

Authorities:

- The authority to receive materials and issue automated warehouse receipt vouchers shall be assigned to the Procurement Department / Storekeeper.
- The authority to issue warehouse disbursements based on approved documentation and prepare automated warehouse issue vouchers shall be assigned to the Accounts Manager / Project Accountants.

Recording Inventory Purchases:

The following procedures shall be followed for recording inventory purchases:

1. The Storekeeper shall receive inventory using the inspection and receipt report.
2. The inventory shall be verified and matched with the purchase request, then entered into the inventory management and control system.
3. The Storekeeper shall send copies of the purchase order, supplier delivery note, invoice, and receipt report to the Finance Department.
4. The accountant shall review and match all documents and copies of the goods receipt voucher generated from the computer system

Adding New Materials / Items:

1. The category, quantity, and storage location of each item within the warehouse shall be identified to facilitate handling.
2. A specific coding system for inventory shall be established, taking into consideration the nature of inventory items to facilitate tracking.

Inventory Safety:

1. All inventory items must be stored in a safe place to prevent damage, with special storage arrangements for certain items to protect them from weather conditions such as high temperatures, cold, humidity, etc.
2. Access to the warehouse shall be restricted to authorized personnel only.

Issuing Materials:

The issuance of materials to different departments shall include the following:

1. Completing a material request form by the concerned department and obtaining approval from the Executive Director. The recipient of the materials must sign the form.
2. An automated warehouse issue voucher shall be prepared and recorded against the relevant expense account as well as the project number benefiting from the issued materials.

Estimated Budgets

Basis for Preparing the Estimated Budget:

1. The Association shall prepare an annual plan derived from the long-term strategic plan, including subsidiary plans such as the human resources plan. This plan shall include newly created positions required to enable the Association's departments to achieve the objectives set for the year, which are based on the long-term strategic goals. The plan shall also include the number of new employees and staff, their professional levels, their monthly and annual costs, and their employment start dates.
2. The annual plan shall serve as the basis for preparing the estimated budget.

Objectives of the Estimated Budget:

The estimated budget represents the Association's annual financial program for achieving the objectives included in the annual plan. It includes all resources and expenditures related to the Association's various activities and aims to achieve the following:

1. Financially expressing the annual work plan prepared on a scientific basis derived from realistic needs and achievable objectives.
2. Identifying the financial resources necessary to finance the activities the Association seeks to implement.
3. Assisting the Association's management in implementing and promoting its policies.
4. Measuring the overall performance of the Association.
5. Ensuring internal control and monitoring through continuous comparison between estimated figures and actual figures, enabling weaknesses to be identified and addressed.
6. Assisting the Association's management in estimating working capital requirements and the liquidity necessary to meet periodic obligations on time.

Sections of the Estimated Budget:

The Association shall prepare an estimated budget for revenues and expenditures as a financial reflection of the annual plan, including the following:

1. The estimated budget for operating expenses, including the cost of current workforce personnel, additional workforce costs for the coming year, materials and consumed services expenses, and equipment and supplies costs.
2. The estimated budget for the Association's revenues and financing sources for operational expenses and provided services.

   The estimated budget for projects expected to be implemented and funded by donors during the year, provided

   that project revenues are not less than implementation costs in addition to the administrative percentage (indirect costs).

Timeframe for Preparing the Estimated Budget:

The Finance Department shall prepare the estimated budget three months prior to the upcoming fiscal year, taking into consideration proposals submitted by the various departments of the Association.

Responsibility for Preparing the Estimated Budget:

The Finance Department shall be responsible for preparing the financial plan (estimated budget) of the Association and submitting it to the Executive Director for presentation to the Administrative Board for approval and ratification.

Commitment to the Estimated Budget:

All departments of the Association shall adhere to the estimated budget project and implement its provisions within their respective authorities.

Amendments to Budget Items:

Financial appropriations allocated to budget items may be exceeded, amended, increased, or canceled according to the approved financial and administrative authority regulations and the powers granted to the authorized person.

Basis for Preparing Final Accounts

Preparation of Final Accounts:

The Finance Department shall prepare the final accounts and balance sheet for presentation to the Executive Director, who shall review them prior to submission to the Administrative Board for approval within a period not exceeding three months from the end of the fiscal year. The balance sheet shall also be presented to the Executive Committee signed by the President of the Association and accompanied by the report of the Finance Manager approved by the President.

Guidelines for Preparing the Balance Sheet:

The following shall be observed when preparing the balance sheet:

1. Fixed assets shall be presented at cost less accumulated depreciation up to the date of preparing the balance sheet.
2. Current assets shall be presented in homogeneous groups with each group separately disclosed.
3. Other debit balances shall be presented in detail after deducting provisions up to the balance sheet date.
4. The balance sheet shall include comparative figures for both the current and previous fiscal years against each item.

Chapter Three: Payments

General Policies

Disbursement Policies:

1. Amounts shall be disbursed pursuant to a payment authorization, usually through checks or bank transfers accompanied by a payment voucher.
2. When necessary, a specific amount may be disbursed to one or more employees as a temporary cash advance for certain Association activities, provided it is settled upon completion of its purpose and in accordance with the approved financial and administrative authority regulations.
3. Payment of the Association’s obligations shall only be made after verifying that the other party has fulfilled its obligations according to the contract concluded with the Association. However, the Executive Director may authorize advance payments when necessary, provided sufficient guarantees are obtained and the approval of the President of the Association is secured.
4. Regarding donor-funded project expenses, the Association shall commit to 100% bank-based disbursement and shall not use cash payments from the cashbox regardless of the amount.

Check Issuance Policies:

1. No check shall be issued except through an automated check payment voucher signed and approved by the authorized person according to the approved financial and administrative authority regulations, and payable only to the first beneficiary.
2. A check shall not be prepared until after review, obtaining accounting recommendations, verifying compliance with the financial and administrative authority regulations, and approval by the Finance Manager.
3. The Finance Manager shall retain checkbooks received from the bank, while the accountant shall receive the required checkbooks as needed and return unused ones daily to the Finance Manager for safekeeping in the vault.
4. Signing blank checks is strictly prohibited. Voided checks must be retained with their originals in the checkbook, and any violation of this provision shall result in liability.
5. Issuing bearer checks is prohibited. In the event of a lost check, the bank branch on which the check was drawn must be immediately notified to stop payment and consider the check canceled, specifying the check number, amount, and issuance date in the notification.
6. The accountant shall review issued checks daily by tracking serial numbers and matching them with the related payment authorization while ensuring daily recording in the bank account.
7. Bank statements shall be reconciled monthly with the bank ledger by the accountant, and monthly bank reconciliations shall be prepared by the Finance Manager, presented for review, and approved accordingly.

Policy for Handling Supporting Documents:

1. Original supporting documents for payments must be retained with the checks upon signing, and documents must be marked to indicate that checks have been issued against them.

2. If supporting documents proving entitlement to a certain amount are lost, payment may be authorized by the Executive Director after verifying that the amount has not been previously paid. The claimant must provide a written undertaking accepting responsibility for any consequences arising from duplicate payment and submit a replacement copy of the document whenever possible.

Approval of Payment Authorization:

Payment authorizations shall be approved as follows:

1. The payment authorization must include all supporting documents required for payment eligibility, be reviewed and signed by the accountant, and then approved by the Finance Manager.
2. If payment is based on supplier invoices, the payment authorization must be accompanied by a copy of the goods receipt report and supply authorization signed by the responsible officer confirming receipt and conformity with required specifications.
3. The Finance Department must indicate on the invoice that its value has not previously been paid.

Policy for Handling Payments:

All payments and expenses shall be processed according to the following policy:

1. Reporting all purchases immediately upon completion.
2. Recording all purchases upon receipt through a goods receipt voucher.
3. Authorizing and approving all payments according to approved procedures.

Verification of Disbursement Operations:

Disbursement and payment operations shall be verified according to the following procedures:

1. Claimed expenses shall be verified through petty cash reimbursement requests when replenishing the petty cash account based on claims submitted by the concerned department to the Association Director.
2. Regarding the recording and posting of payment and purchase accounts, the concerned employee shall obtain approval from the authorized person and then submit the following documents to the Finance Department after receiving the materials:
    - Purchase Order.
    - Delivery Note.
    - Goods Receipt Voucher.
    - Supplier Invoice.
3. Before recording and posting, the accountant in the Finance Department shall verify:
    - Accuracy of supplier information.
    - Matching the Goods Receipt Voucher with the Purchase Order.
    - Matching the Supplier Invoice with the Goods Receipt Voucher.

Letters of Guarantee:

The accountant shall retain copies of letters of guarantee issued by the Association in favor of third parties, record them, monitor their renewal or cancellation, and submit a monthly report to the Finance Manager for follow-up.

Advances, Permanent and Temporary Cash Custody

Policies for the Use of Financial Advances:

1. The Chairman of the Association, or his deputy, shall approve a system for permanent and temporary advances, which shall be maintained by the Association’s administration based on the applicable procedures and practices. The system shall include determining the value of advances, cases in which they may be used, the maximum limit for each advance, identifying the custodian of the advance, and the person authorized to approve it. The value and maximum limit of advances shall take into consideration the nature of the activities requiring expenditure from the advance.
2. The person responsible for disbursing permanent advances must submit supporting documents or invoices proving the expenditure together with the reimbursement form, after detailing the expenditure items in the said form, to the Finance Department in order to facilitate the review of documents, which must comply with the disbursement conditions stated in the reimbursement form.
3. Financial advances shall be disbursed, monitored, and recorded in the accounting books as specified in the Association’s Financial and Accounting Procedures Manual through an advance registration form, a copy of which shall be forwarded to the Finance Department for recording accounting entries. Advances may be registered as a general advance against Association departments or any user entity, or as a personal advance assigned to a specific employee and recorded against him/her.

Policies for the Use of In-Kind Custody:

4. In-kind custody items may not be purchased for storage purposes; purchases shall be made according to actual need. Exceptions may be allowed within limited scope and with the approval of the Executive Director for frequently used and rapidly consumed items if such purchases result in financial savings for the Association.
5. Devices, equipment, tools, furniture, furnishings, computer equipment, communication devices, and means of transportation that are issued or purchased and placed under the custody of an employee or a group of employees for the purpose of performing their duties or for personal use shall be recorded in the “In-Kind Custody Register” and documented as custody assigned to a specific employee, who shall be responsible for their safety, maintenance, proper use, and return to the Association upon request.
6. The Procurement and Logistics Department, in coordination with the Human Resources Manager, shall prepare a special custody system to facilitate the tracking, recording, return, and settlement of custody items.
7. End-of-service benefits shall not be paid, and clearance certificates shall not be granted to any employee whose services are terminated unless all custody items recorded against him/her are returned or the value of unreturned items is settled.

Disbursement of Temporary Advances:

The Executive Director shall approve temporary advances for a specific employee to meet urgent needs that require immediate cash payment for the Association or projects, according to the approved and applicable system. The disbursement request shall specify the method and duration of settlement, and the advance must be settled immediately upon completion of the purpose for which it was issued..

Salaries and Wages

Salary Payments:

Salaries and wages of the Association's employees shall be paid within the last five days of the month at the latest, provided that attendance records are submitted for the period from the 1st to the 25th of the month, while the remaining days shall be included with the following month's attendance records, and so on.

- Salaries shall be paid through bank checks accompanied by deposit slips into employees' bank accounts (especially project-funded employees' salaries).
- Some cases may exceptionally be exempted from bank payment upon the approval of the Executive Director and endorsement of the Chairman of the Association.

Salary Payment Procedures:

1. The Human Resources Specialist shall prepare employees' entitlements, print payroll statements from the automated system, sign them, and then forward them to the Accounts Department.
2. The accountant shall review and sign the payroll statements, then submit them to the Internal Auditor for review and signature, and thereafter deliver them to the Finance Manager for review and approval.
3. After approval by the Internal Audit and Finance Department, the payroll statements shall be submitted to the Executive Director for authorization and payment approval.

Cases of Salary and Wage Payment Before the Due Date:

1. Official seasons and holidays, and similar occasions, subject to the approval of the Chairman of the Association or his deputy.
2. If the employee is on an assignment outside the Association and will remain away beyond the scheduled salary payment date.
3. Upon entitlement to annual leave or any other exceptional leave.

Petty Cash Management

Control of Petty Cash Expenses:

(Specific to the Association's minor expenses, excluding project expenses)

1. The petty cash and emergency fund shall be replenished after disbursement up to a limit of Yemeni Riyals 500,000, and accordingly all expenses paid from the petty cash fund shall be recorded and posted.

2. Petty cash funds shall be safeguarded in accordance with the approved spending limits.

Replenishment of the Petty Cash Fund:

1. When the amount spent from the petty cash fund exceeds a specified percentage of the approved amount, the responsible employee shall complete a petty cash reimbursement form detailing the expenses and attaching the supporting invoices.
2. The form shall be signed by the relevant department manager after reviewing the supporting documents.
3. The form and attached invoices shall then be sent to the Finance Department.
4. The accountant shall match the amounts listed in the form against the attached invoices.
5. The accountant shall prepare the payment form specifying the reimbursement amount.
6. The Finance Manager shall sign the payment form for approval.
7. The accountant shall issue a check for the required amount, attach the payment form, and send it to the Finance Manager.
8. The check shall be submitted to the Secretary-General or his deputy, according to the authority regulations, for signature.
9. The check shall then be sent to the concerned department manager to cash and replenish the petty cash fund.

Employee Loans and Advances

Authority to Grant Advances:

1. Personal advances may be granted to employees of the Association for necessary reasons. The authorized person shall determine the amount and repayment period, provided that the advance does not exceed the equivalent of two months' salary and the repayment period does not exceed six months. Employees may not obtain more than one advance simultaneously, and the advance amount must not exceed the employee's accrued entitlements at the time of the request.
2. If an employee requests leave while still owing an outstanding advance to the Association, the advance must first be repaid.
3. An annual amount shall be allocated for employee advances by decision of the Executive Board.

Authorization of Advances:

Advances shall be granted through authorization from the Executive Director specifying the following:

1. Name of the beneficiary.
2. Amount of the advance.
3. Purpose of the advance.
4. Expiry date of the advance.
5. Repayment method.

Repayment of Advances:

1. Advances shall be recovered from the beneficiary according to the authorization decision issued by the Executive Director at the time of disbursement and shall be accounted for in accordance with standard accounting practices.
2. Total deductions for repayment of personal advances must not exceed 25% of the employee's monthly salary.

General Provisions:

1. The Finance Manager is not authorized to grant advances to any employee except by decision of the authorized person or his deputy. Proper payment vouchers must be prepared in the name of the borrower. Any advance disbursed using unofficial documents without an official voucher shall render the accountant responsible and subject to administrative accountability.
2. The Finance Manager is responsible for monitoring the repayment of advances on their due dates and must inform the Executive Director in writing of any delay requested by the employee and any resulting rescheduling.
3. Cash custody funds may not be used to grant personal advances to employees of the Association. The employee responsible for the custody fund shall bear administrative responsibility in case of violation.

Chapter Four: Receipts

Cash Receipts

Depositing Cash into the Treasury:

1. The Finance Manager shall prepare cash receipt orders for the treasury in accordance with the Association's procedures, and such orders shall be signed by the Finance Manager, Internal Auditor, and Executive Director. The related accounting classification for the amount shall also be specified.
2. The cashier shall issue a receipt for the amount received, signed by both the cashier and the Finance Manager as proof of deposit. Such receipts must be sequentially numbered and generated through an automated receipt voucher system.
3. The accountant shall conduct a daily review of treasury operations, particularly the actual cash count of the daily treasury balance, and shall sign the daily treasury register confirming the accuracy of the count or noting any observations, if any.

Policies for Cash Amounts Held in the Treasury:

(Not applicable to project funds)

1. The maximum cash amounts to be retained in the Association's treasury shall be:
   - Yemeni Riyals: 3,000,000
   - US Dollars: 1,000
2. The cashier shall be responsible for all cash, checks, and valuable documents under his custody. The cashier must deposit any excess cash balance and received checks into the Association's bank account no later than the following day and provide the deposit notification to the Finance Manager. In cases where depositing excess

amounts or checks into the bank is not possible for any reason, the Finance Manager must be notified immediately.

Monitoring the Association's Receivables:

The accountant shall monitor the Association's receivables upon their due dates and prepare reports for the Finance Manager regarding any outstanding amounts that cannot be collected so that appropriate actions may be taken. No receivable of the Association may be waived unless all possible means of collection have been exhausted. Debts owed to the Association may be written off by a decision of the authorized person after all available collection methods have been exhausted.

Incoming Checks

Incoming Checks:

1. Incoming checks shall be transferred to the Finance Department, where the accountant shall review and verify the correctness and ownership of the amount before directing it for bank deposit.
2. The accountant shall prepare the bank deposit slip according to the instructions of the Finance Manager, retain copies of the check and deposit slip, and send the originals to the bank. The accountant shall follow up upon receipt of the signed and stamped copy of the bank deposit slip confirming completion of the process.

Chapter Five: Sources of Funding

Responsibility for Providing Liquidity

1. The Administrative Board shall be responsible for providing the liquidity necessary to meet the Association's current and capital expenditures as approved in the estimated budget, while avoiding unnecessary idle surplus liquidity.
2. The Administrative Board shall also seek various sources of financing and conduct the necessary comparisons to select the best source based on the guidance of the Board of Directors, which has the authority to approve the appropriate financing method.

Reserves

Reserves shall be formed annually by a decision of the Board of Directors, and expenditures from the Association's cash reserves shall be made in accordance with the approved Financial and Administrative Authority Regulations.

Insurance and Guarantees

Types of Insurance or Guarantees:

1. Insurance or guarantees provided by third parties: These include cash amounts, bank guarantees, and similar instruments, as well as guarantees provided by third parties as security for contracts or obligations to be executed in favor of the Association.

2. Insurance or guarantees provided to third parties: These include cash amounts, bank guarantees, and similar instruments, as well as guarantees issued by the Association to third parties as security for contracts or obligations.

Recording Insurance or Guarantees:

1. Insurance or guarantees submitted or deposited by third parties shall be settled in accordance with their contractual terms and returned to their owners once the purpose for which they were provided has ceased, subject to the approval of the authorized person or his delegate.
2. Guarantees held by third parties shall be recorded against the benefiting entities and recovered in full or in part in accordance with the terms of the related contracts or upon the cessation of the reasons for which they were issued.

Safekeeping of Insurance and Guarantee Documents:

Documents relating to insurance or guarantees provided to the Association, as well as copies of guarantees issued by it, shall be maintained in a dedicated file within the Finance Department. These documents shall be reviewed periodically to ensure their continued validity or identify their expiry. The Finance Manager shall be responsible for the accuracy of the related accounting records and for monitoring their recovery upon maturity.

Chapter Six: Financial Control

Control over the Association’s Funds

Internal Control Policy over the Association’s Funds:

The Chairman of the Association shall issue the necessary decisions to ensure effective internal control over the Association’s funds and their utilization in all transactions. Such decisions shall specifically include rules governing expenditures, cash circulation, receipt documents, wages and salaries, and other aspects of spending.

Financial Control Reports:

- The Finance Department shall submit a periodic report every three months to the Administrative Board.
- The report shall include actual revenues and expenditures compared to the estimated budget.
- A semi-annual report shall also be prepared indicating the Association’s financial position and the amount of cash surplus or deficit at the end of each period. This report shall be presented to the Administrative Board as well as the Audit Committee.

Treasury Control

Treasury (Cash صندوق) Control Policies:

1. Treasuries shall be subject to periodic and surprise audits and cash counts. A periodic count must be conducted at least once per month and shall include all treasury contents in the presence of an audit representative, a representative from the Finance Department selected by the Internal Auditor, and the treasury custodian (cashier). A report shall be prepared each time summarizing the results of the count and signed by the cashier acknowledging receipt of all treasury contents listed therein.
2. In the event of any shortages or surpluses in the treasury balance, the matter shall be referred to the Internal Auditor to determine responsibility. Any surplus shall be deposited, and any shortage shall be compensated by the cashier.
3. The accountant shall prepare debit and credit notices for daily transactions. These notices must be sequentially numbered, clearly indicating the debit and credit parties, and approved by the Finance Manager.

General Provisions

General Provisions:

1. The provisions of these regulations shall apply to all financial transactions of the Association and to all matters related to safeguarding its funds and maintaining its internal control system. These regulations also govern disbursement and collection procedures, approval authorities, auditing rules, financial accounts, and rules related to the balance sheet.
2. The Internal Auditor and the Finance Manager shall be responsible for implementing and monitoring the provisions of these regulations and all related executive decisions, as well as overseeing compliance with the financial rules stipulated in the Association's other regulations. The Finance Manager and his staff shall be accountable to the Secretary-General for implementing these regulations and monitoring financial provisions in other regulations within their scope of authority. The Finance Manager shall bear ultimate responsibility before the Secretary-General in this regard.
3. Financial disbursement authorities from the various budget items shall be exercised based on requests from the concerned department in accordance with the Association's approved Financial and Administrative Authority Regulations.

Chapter Seven: Final Accounts and Periodic Reports

Final Accounts

Preparation of Final Accounts:

1. The Financial Manager shall issue the instructions to be followed for closing the accounts no later than thirty days before the end of the Association's fiscal year.
2. The Financial Manager shall supervise the completion of the annual trial balance and final financial statements, supported by their detailed attachments, and discuss them with the Association's external auditor within one month from the end of the fiscal year.

3. The Financial Manager shall supervise the preparation of the annual financial report, clarifying the results of all the Association's activities, and attach it to the final statements and the internal auditor's report. The report shall then be submitted to the Executive Director to complete the discussion procedures within one and a half months from the end of the Association's fiscal year for approval.
4. The Financial Manager shall submit all reports related to the final accounts, together with comments and recommendations, to the Executive Director for approval and presentation to the Board of Directors no later than two months after the end of the fiscal year.

Periodic Reports

Preparation of Periodic Reports:

1. The Financial Manager shall review and approve the periodic financial reports, ensure the accuracy of the data contained therein, and submit them to the relevant administrative authorities within the specified deadlines.
2. The Financial Manager shall analyze the data contained in the financial reports and final accounts using recognized financial analysis methods and submit a report on the results and implications of this analysis to the Executive Director, who may present it to the Executive Committee if necessary.

Approval of Periodic Reports:

The Chairman of the Association, or his delegate, shall review and approve the financial reports issued by the Financial Department at the end of every three months. These reports must include, at a minimum, the following:

1. The overall trial balance for the period ending on the reporting date.
2. The financial position of the Association.
3. A comparison between actual current expenditures and the allocations approved in the estimated budget.

Chapter Eight: Donations and Gifts

Providing Donations and Gifts to Third Parties

Donations:

The Chairman of the Association is authorized to donate to entities operating in the fields of charity, humanitarian work, community service, scientific, cultural, social, or sports activities, subject to the approval of the Executive Committee.

Gifts:

The Chairman of the Association may provide in-kind gifts to third parties on behalf of the Association, provided that the value does not exceed two hundred thousand Yemeni Riyals per case, and that the total value of gifts provided during the fiscal year does not exceed one million Yemeni Riyals. Approval from the Executive Committee must be obtained for these amounts.

Acceptance of Gifts or Donations from Third Parties

Acceptance of Donations and Gifts:

It is not permissible to accept in-kind or cash donations or gifts offered to an employee of the Association in a personal or official capacity, or offered to the Association as a legal entity or to any of its departments, except with written approval from the Chairman of the Association. Any employee who accepts such donations or gifts shall be considered in violation of the Association’s regulations.

Approved by Administrative Board

BCFHD