



Proud Lebanon

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Financial Management Policy

1. Purpose and Scope

This Financial Management Policy outlines the financial procedures and controls for PROUD Lebanon. It aims to ensure transparency, accountability, and efficiency in our financial operations. This policy applies to all staff members involved in financial management tasks at PROUD Lebanon.

2. Budgeting and Planning

2.1 Annual Budgeting

PROUD Lebanon will prepare an annual budget at the beginning of each fiscal year. The Executive Director and Finance Officer will lead this process. Budgets are developed based on informed estimates of income and expenditure. The Executive Board must approve the final budget before implementation.

The annual budget will:

- Reflect the strategic priorities of the organization
- Be based on realistic income projections
- Include all expected expenses
- Be reviewed quarterly and adjusted if necessary

2.2 Project Budget

Separate budgets are developed for specific projects or activities. Project budgets include a management fee to cover administrative costs. The Executive Director approves all project budgets.



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3. Financial Reporting

Quarterly financial reports will be presented to the donors. These reports will be reviewed by the Executive Director and include:

- Income and expense statements
- Balance sheets
- Budget versus actual comparisons
- Cash flow projections

Annual financial statements will be prepared at the end of each fiscal year and will be subject to external audit.

4. Bank Accounts and Cash Management

PROUD Lebanon will maintain separate bank accounts for different funding sources when required by donors.

Cash on hand should be kept to a minimum, with a petty cash limit of \$500. All cash transactions must be recorded immediately and supported by receipts.

5. Income and Receivables

All income will be recorded promptly and accurately. Grants and donations will be used in accordance with donor requirements. The Finance Officer will maintain a system to track receivables and follow up on any overdue amounts.

6. Expenditure and Payables

All expenditures must be authorized in accordance with the approved budget. Expenses over \$1,000 require approval from the Executive Director. All expenses must be supported by appropriate documentation (invoices, receipts, etc.).



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Payables will be recorded when incurred and paid within the agreed terms. The Finance Officer will maintain a system to track payables and ensure timely payment.

7. Procurement

All procurement activities must follow PROUD Lebanon's Procurement Policy. This includes obtaining multiple quotations for purchases over \$500.

8. Asset Management

PROUD Lebanon will maintain a register of all assets valued at \$500 or more. This register will be updated annually, recording the purchase date, cost, condition and location of each asset. Depreciation will be calculated annually in accordance with appropriate accounting standards.

9. Financial Controls

PROUD Lebanon will maintain a system of internal controls to safeguard assets and ensure accurate financial reporting. This includes:

- Separation of duties: Different individuals should be responsible for approving expenses, processing payments, and reconciling accounts.
- Authorization limits: Clear limits on who can authorize different levels of expenditure.
- Regular reconciliations: Bank statements, petty cash, and other accounts will be reconciled monthly.
- Documentation: All financial transactions must be supported by appropriate documentation.

10. Audit

PROUD Lebanon will undergo an annual external audit. The Executive Board will select an independent auditor, and the audit report will be reviewed by the Board upon completion.



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11. Compliance

PROUD Lebanon will comply with all relevant financial laws and regulations. This includes timely submission of tax returns and other statutory reports.

12. Fraud Prevention

PROUD Lebanon has a zero-tolerance policy towards fraud. Any suspected fraudulent activity should be reported immediately to the Executive Director or Executive Board. PROUD Lebanon has a whistleblower protection policy in place to protect those reporting suspected fraud. All reports will be investigated thoroughly and appropriate action taken.

13. Record Keeping

- Financial records are maintained for all transactions.
- Records are kept secure with restricted access.
- Records are retained for the required contractual period.
- Financial records are organized and stored on a project-by-project basis.
- For each financial transaction involving staff or contractors:
 - Two receipts are obtained and signed.
 - One original receipt is retained for potential donor requests.
- A second receipt is kept for PROUD Lebanon's internal records.

The Executive Director periodically reviews record-keeping practices to ensure compliance with this policy.

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14. Policy Review

This Financial Management Policy will be reviewed annually by the Executive Director and Finance Officer.

16/09/2024



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