ARMS WIDE OPEN
Protection. Care. Integration

ARMS WIDE OPEN ASSOCIATION

Internal Control and Accounting Policy

APPROVED BY: BOARD OF DIRECTORS

EFFECTIVE DATE: 01.01.2024

REVIEW PERIOD: AS REQUIRED, AT LEAST EVERY TWO YEARS

1. Purpose

This Internal Control and Accounting Policy establishes the financial management, accounting, internal control, and compliance procedures of Arms Wide Open Association. Its purpose is to ensure that all financial resources are managed responsibly, transparently, and in accordance with Bulgarian legislation, donor requirements, and generally accepted accounting principles.

2. Scope

This policy applies to all employees, consultants, volunteers, board members, and contractors involved in the management of the Association's financial resources, regardless of the funding source.

3. Financial Management Principles

The Association is committed to:

- **1.** Transparency and accountability in the use of all funds.
- **2.** Compliance with Bulgarian legislation and donor regulations.
- **3.** Accurate and timely financial reporting.
- **4.** Efficient and economical use of resources.
- **5.** Proper documentation of all financial transactions.
- **6.** Prevention of fraud, conflicts of interest, and misuse of assets.

4. Roles and Responsibilities

Chairperson

The Chairperson provides overall financial oversight, approves budgets, authorizes major expenditures, and ensures compliance with donor requirements.

Finance Manager / Accountant

The Finance Manager is responsible for bookkeeping, financial reporting, budget monitoring, bank reconciliations, payroll coordination (where applicable), maintenance of accounting records, and preparation of financial reports.

Project Managers

Project Managers are responsible for monitoring project budgets, verifying project expenditures, ensuring that costs are eligible under donor rules, and submitting complete supporting documentation.

5. Segregation of Duties

Whenever possible, financial responsibilities are separated to reduce risk.

- **1.** Expenditures are initiated by the responsible project staff.
- **2.** Financial eligibility is verified by the Finance Manager.
- **3.** Payments are authorized by the Chairperson or another authorized representative.
- **4.** Accounting records are maintained independently from expenditure approval.

6. Budget Management

Project budgets are approved before implementation.

Budget performance is monitored regularly. Any significant budget modifications are approved in accordance with donor requirements and internal authorization procedures.

7. Procurement

The Association follows principles of fairness, transparency, competition, and value for money.

Procurement procedures include:

- **1.** Obtaining competitive quotations whenever appropriate.
- **2.** Documenting supplier selection.
- **3.** Avoiding conflicts of interest.
- **4.** Maintaining complete procurement records.

8. Cash and Bank Controls

The Association minimizes cash transactions whenever possible.

- **1.** Project funds are primarily managed through bank transfers.
- **2.** Bank accounts are reconciled regularly.
- **3.** All payments require appropriate supporting documentation.
- **4.** Cash expenditures, where necessary, are recorded and supported by original receipts.

9. Accounting Records

The Association maintains complete accounting records in accordance with Bulgarian accounting legislation.

Accounting records include:

- **1.** General ledger.
- **2.** Bank statements.
- **3.** Invoices.
- **4.** Contracts.
- **5.** Payroll records (where applicable).
- **6.** Procurement documentation.
- **7.** Donor reports.
- **8.** Supporting financial documentation.

Financial records are retained in accordance with Bulgarian legal requirements and donor agreements.

10. Asset Management

The Association maintains an inventory of equipment and other organizational assets.

Assets purchased with donor funds are used exclusively for organizational purposes and are periodically verified.

11. Donor Compliance

Each donor-funded project is managed separately through dedicated budget monitoring.

Financial reports are prepared according to donor requirements, supported by complete documentation, and submitted within agreed deadlines.

12. Conflict of Interest

Board members, employees, consultants, and contractors must avoid situations in which personal interests could influence organizational decisions.

Any actual or potential conflict of interest must be disclosed immediately.

13. Fraud Prevention

The Association maintains a zero-tolerance policy toward fraud, corruption, bribery, embezzlement, and misuse of organizational resources.

Any suspected irregularity will be investigated promptly, and appropriate corrective measures will be taken.

14. Monitoring and Review

Financial performance and compliance are reviewed regularly by the management of the Association.

This policy may be updated periodically to reflect changes in legislation, organizational practice, or donor requirements.

15. Approval

This Internal Control and Accounting Policy is approved by the Board of Arms Wide Open Association and enters into force on the date of its adoption. It applies to all organizational and donor-funded activities unless a donor requires more stringent financial procedures, in which case the donor's requirements shall prevail.