



FINANCE AND ACCOUNTING POLICIES AND PROCEDURES

The processes in this document were taken by the Board of Directors of the Sınırlı Sorumlu İnogar Sosyal Kalkınma Yardımlaşma İnovasyon ve Proje Danışmanlığı İşletme Kooperatifi on 01.03.2021. Unless a different decision is taken by the Board of Directors, the processes in the document are valid.

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1. INTRODUCTION

In line with INOGAR's operation and objectives, this department carries out all accounting activities of the organization. In addition, the department is obliged to fulfill the legal obligations related to INOGAR's financial activities. Financial and Accounting Department is responsible for;

- Control and reconciliation of bank accounts,
- Preparation and implementation of institutions' overall budget,
- Creation and follow-up of the cash flow report and,
- Proper and correct maintenance of customer, vendor and other current accounts,
- Management of tax payments and return processes.

Head of the finance department also leads the budget work that needs to be carried out and followed up with the projects and to ensure the interpretation of the corporate reports.

2. BANK RECONCILIATIONS AND PAYMENT TRANSACTIONS

This section of INOGAR Operational Manual establishes in-house procedures associated with bank relationships (eg, selection of bank and financial institutions, bank agreements) and safe routines (eg, payments, receipts, safe cash management).

2.1 Selection of Banks and Financial Institutions

The cooperative works with banks and financial institutions approved by the Executive Board.

- 1.) After the approval of the Executive Board, the legal representative signs the agreements according to the cooperative's warrant of attorney.
- 2.) The Board shares original agreements to Finance Department personnel
- 3.) The Finance Department must maintain these agreements for five (5) years in accordance with the conditions set forth in national law.

2.2 Bank Agreements and Relations

- 1.) Reconciliation of the daily payments, receipts and journal book,
- 2.) Monthly bank reconciliations in order to align the journal balance sheet with the bank statements,
- 3.) The Accounting Department employee must properly file approved reconciliations with relevant supporting documents.

The follow-up of the above-mentioned items is notified to us with approval by QNB Finansbank, which we have an agreement with. Our accounting staff in the institution compares the expenditure documents with the documents from the bank. The relevant documents are verified by the Finance Director. Afterwards, the documents audited by Board Members then they are approved and the process is completed.

3. FINANCIAL STATEMENT AND REVIEW AND REPORTING

Financial statements are prepared and reviewed by appropriate authorities on predetermined timelines. Additional review items are determined where regular Board reporting and as such will be necessitated.

Table 1: Delegated Authorities of Financial Statements' Review and Approval

Financial Statement Review	Monthly Quarterly Yearly	Approver	Responsible
Income Statement	Monthly	Executive Board	Finance Director and Accounting Staff
Balance Sheet	Monthly	Executive Board	Finance Director and Accounting Staff
Cash Flow	Weekly	Executive Board	Finance Director and Accounting Staff
Unforeseen Liabilities	Weekly	Executive Board	Finance Director and Accounting Staff
Project Based Financial Statements	Monthly	Executive Board	Finance Director and Accounting Staff and Related Project Coordinators - Budget Holders

Periodic and Yearly Project Budget Reporting and Approval Requirements

Appropriate decision making structures are defined and followed based on predetermined indicators.

Table 2: Delegated Authorities of Budget Review and Approval

Actual vs Budgeted Deviation Amount for each Budgeted Item	Monthly Quarterly Yearly	Approver	Responsible
%5	Quarterly	Finance Director	Project Coordinators - Budget Holders
%10	Quarterly	Finance Director and	Project Coordinators -

		Executive Board	Budget Holders
Budget Review and Allocation	Quarterly	Executive Board	Finance Director and Project Coordinators

4. PAYMENTS AND CASH FLOWS

4.1 Payment Processes

1.) Payment Preparations:

- a.) The accounting staff prepare and update the journal on a weekly basis based on payment terms of invoices.
 - i.) The finance director selects invoices to be paid in the journal on a weekly basis to create a payment list based on payment terms with the accounting staff.
- b.) The accounting staff is required to indicate the advance payments in the payment list.
- c.) Advance payments to the suppliers must be approved in advance by the project coordinators - budget holders.
- d.) In addition to the payment list, accounting staff provides necessary supporting documents such as; approved invoices and/or purchase orders, good/service received documents.

2.) Approval and Processing

- a.) Payment list being approved by the Finance Director on a weekly basis.
- b.) Bank transactions of payments being issued each Friday.
- c.) Accounting Staff issues the payments via online banking system, based on the approved Payment List, with the finance director.
- d.) Issued payments get final approval in online banking system by being authorized representatives. Currently President and Finance Director have authority for final approvals of payments.

4.2 Cash Outflow Movements

All cash outflow movements must be only for administrative purposes or emergencies such as cash tax, handling, notary, food payments or emergency travel advances. The Accounting Department employee is required to;

- 1.) Ensure that the Cash Payment Slips are already numbered; investigated if there is an error on numbering.
- 2.) Update the Cash Receipts Book daily,
- 3.) According to Cash Receipt Book records, regularly record (at least weekly) cash outflow movements in the Journal.

4.3 Reconciliations

After the payments and cash count, the Finance Officer performs the following operations;

- 1.) To reconcile the journal book with the results of cash count and the cash receipts book records,
- 2.) To attach supporting documents related to the reconciliations recorded,
- 3.) To investigate and resolve the non-compliances; they must be approved by the accounting manager,
- 4.) Filling the reconciliations with the relevant supporting documents,
- 5.) After being approved, the Resolved non-compliances must be recorded in the Journal book.

5. ADVANCE PAYMENT OPERATIONS (FOR EXAMPLE BUSINESS, SALARY AND TRAVEL)

5.1 Advance Payment Requests

a.) Salary Advance:

- 1.) The employee requests a salary advance must fill in **“the Advance Request Form”** via Google Forms and send an information/confirmation email to the manager s/he is affiliated with,
- 2.) The Human Resources Department is obliged to check the financial and debt situation of the employee who requests advance payment and if necessary, inform the accounting department about the number of previous advance requests,
- 3.) After necessary checks and approvals made, advance payment requests are processed by the accounting department,
- 4.) The employee also is obliged to indicate which payment method should be used in the form with the required amount of the advance payment,
- 5.) Requests that are deemed eligible to pay, are transferred into the salary account of the staff.
 - a.) The Accounting Department makes payments. Salary advances are achieved by the Human Resources Department and a copy of it is delivered to the Accounting Department.
- 6.) Foreign Exchange: The requested amount in the Advance Payment Request Form is provided in foreign currency. For foreign currency requests, transactions must be made at least 5 days in advance.

b.) Business Advance:

- 1.) The employee who requests a business advance must fill in **“the Advance Request Form”** via Google Forms and send an information/confirmation email to the manager s/he is affiliated with,
- 2.) The Accounting Department is obliged to check the financial and debt situation of the employee who requests advance payment and if the employee is in debt, the advance payment request is not given till the previous debt amount is paid off. Then, the necessary payment is made to the Accounting Department.

- 3.) Travel advances are also included in the business advance. Travel advance can be provided in TL, \$ and € currency depending on the nature of the work to be performed or the country to be used. The currency must be clearly stated in the Advance Payment Request Form,
- 4.) Employees who received the business advance payment, must fill in **the Expense Form** based on their expenses with the supporting documents attached and submit it to the Accounting Department after getting approval from the relevant manager,
- 5.) An electronic copy of the completed Expense Form must be stored in the created folder named Expense Forms on Google Drive. The file name format must include the date of expense declaration and the name of the staff. For example: 03.05.2019-Cansu Uludağ,
- 6.) An electronic copy of the completed Expense Form must be stored in the staff created Form Expense Forms folder on Google Drive. The file name format must include the date of expense declaration and the name of the staff. For example: 03.05.2019-Aydan Aydın.xls,
- 7.) While creating an expense list of business advances, only expenses of that month should be indicated. For example, for both March and April Month Expenses, the expense lists must be prepared separately.
- 8.) In the expense list, the related project codes must be specified. Expense lists with missing project information, should be reviewed and completed by the employee who prepared it,
- 9.) The expense lists must be delivered to the Accounting Department at the latest day of the relevant month. Business advances that are not closed within this period will be deducted from wage earnings,
- 10.) Approved expense lists are recorded in the current account of the relevant employee and deducted from the advance received,
- 11.) In principle, new job advances cannot be requested without the previous job advance debts being cleared (except in cases of extraordinary situations such as urgent business travels etc.).

6. TICKETING AND RESERVATIONS

Services such as ticketing and hotel reservations for domestic and international business trips are organized by Executive Assistants. The travels are organized according to the top position employee and the subordinates participating in the trip are evaluated in the same group. Traveling with economy class tickets is essential for domestic and international travels due to the personnel's duty. Otherwise, the difference is paid by the staff who will travel. General Manager and Assistant General Managers can travel with the "Business Class" section on flights exceeding six (6) hours and transportation expenses are covered by the cooperative.

Hotel invoices must include all expense details and should be created as an electronic invoice if it exceeds 5.000 Turkish Liras due to which we are obliged to create our invoices as electronic invoices.

Expenses exceeding the determined limits due to compulsory reasons are paid if the invoices are submitted and approved by the relevant manager.

According to the country status to be traveled and periodic hotel densities, the cooperative management can make situational changes in spending limits.

6.1 Travel Expenses and Clear the Debts

Domestic travel expenses and hotel accommodation expenses for business purposes shall be absolutely documented. Undocumented expenses are not covered by the cooperative. After business travel, INOGAR's employees are obliged to submit their Expense Forms related to the expenses with all the expenditure documents to the approval of the relevant managers within working 3 days from the date of returning to the office. After the relevant manager has checked and approved them, s/he delivers the expense form and related documents to the Finance Department for recording.

6.2 Expenditures to be Documented except for Meals & Accommodation

Required and mandatory travel expenses such as fax, telephone, customs, parking fee, urban and intercity roads must also be documented.

7.3 Travels with Private or Cooperative Vehicles

When traveling with cooperative vehicles, it is obliged to get gas from the stations that INOGAR has an agreement with. In places where the station is not available, the expenses made against the invoice are accepted if the license plate number of the vehicle, the amount of the liter received and the mileage of the vehicle are written down on it.

- 1.) The relevant parts of the Expense Form must be completed on a project basis and approved by the relevant project coordinator - budget holder.
- 2.) The documents must be stapled and submitted to the Finance Department by the last day of the related month within the approval of the related coordinator,
- 3.) In addition, the vouchers/ invoices given in return for transportation support must be delivered to the Accounting Department by the expense form until the 25th day of the relevant month and on Fridays at the latest.

Forms and Documents:

- [Advance Request Form](#)
- [Expense Form](#)
- [Purchase Request Form](#)

7. BUDGETING OPERATIONS

Cooperative and Projects Budgeting Calendar:

January - February	Finance updates the multi-year budget framework according to the project proposals prepared.
Mid - February	Finance offers its own budget recommendations to the Executive Committee for next year and next year.
End of February	For each project expenditure area, the Executive Board budget sessions are held in which the total income and expenditure levels in the next and next year are accepted.
1st of March	Executive Committee submits its budget to the Board Members
March (Second Half)	Finance allocates the appropriations to the projects and Purchase Department for their own spending areas.

