

Internal Control Policy

Ethics and Compliance Committee

- The goal of the Ethics and Compliance Committee is to strengthen the organization's internal control systems by ensuring that the staff adheres to Mercy Hands' bylaws, policies, and procedures.
- Inspection committee is the local term Mercy Hands uses to describe Ethics and Compliance Committee.
- The Ethics and Compliance Committee is a permanent formation linked directly to the Board of Directors. The committee is chaired by the Vice Chairman of Board, who reports to the Board of Directors. The appointment and removal of the Chair of the Ethics and Compliance Committee is the responsibility of the Board of Directors, which is done by voting.
- The Chair of the Ethics and Compliance Committee is responsible for defining the tasks and duties of the committee and appointing its members. The committee does not need the approval of the board of directors to carry out its tasks, including the inspection visits, but the Chair of the committee must submit a "results and recommendations" report to the Board after the completion of each task and within a maximum period of one week.
- The Chair of the committee or any of its members does not have executive authority. The committee is authorized to: 1) inspect any office, program, department, etc.; 2) review any document; and 3) interview or question any employee, worker, volunteer, or member of the organization at any time.
- The Chair of the committee and its members undertake to fully maintain the confidentiality of the information they obtain during the conduct of their duties and not disclose it until after obtaining the approval of the Board and to the extent specified by the Board.

Checks

- The Board of Directors assigns three signatories to sign Mercy Hands' checks. Only the Board of Directors can change or replace signatories.
- Either any two of the three signatories are required to sign the checks, and in this case the Director of the Finance Department cannot be one of the three; or the three

signatories have to sign and in this case the Director of Finance Department can be one of the three authorized signatories.

- The Chairman Board of Directors officially informs the banks where Mercy Hands has accounts about the names of the signatories.
- The Director of Finance Department keeps the checkbooks with him in a secured safe in the office.
- The Director of Finance Department writes the checks. An entry should be made into the accounting system.
- A copy of the check should be attached to the invoice and filed by the Director of Finance Department.

Deposits

- The Director of Finance Department checks with banks for any deposits made to Mercy Hands accounts.
- The Director of Finance Department should regularly inform the Executive Director of the delayed deposits and deposits made.
- The Director of Finance Department, directly or through Program Managers and/or Finance Officers, follows up with donors to ensure timely transfer of money.

Authorization

- The Executive Director can authorize Director of Finance Department to act on his/her behalf in regard to signing Mercy Hands' payment requests and financial reports.
- The Executive Director can authorize the Regional Coordinators in Iraq and Head of Missions to sign contracts, agreements, MOUs, and alike.
- The Executive Director can authorize the General Administrator to sign outgoing official letters, staff recommendation letters, internal memos, and alike.
- The Executive Director can authorize other employees but for specific purposes and for a specific period of time.
- The Board of Directors must ratify any authorization before enacting it.

Defining roles in the organization

- As stated in the Human Resources Manual, All employees to be recruited by the Organization will have explicit job descriptions that form part of the employment contract whether permanent or temporary contract.

- For all administrative intermediate and junior level jobs, the job descriptions will be prepared by the Department Manager together with the General Administrator and will be approved by the Executive Director.
- For all program intermediate and junior level jobs, the job descriptions will be prepared by the Program/ Project Manager together with the General Coordinator and will be approved by the Executive Director.
- For all jobs at Senior Management level the job descriptions will be made by the General Administrator (administrative departments) or the General Coordinator (programs or projects) and will be approved by the Executive Director.
- Executive Director together with the General Administrator/ General Coordinator and will be approved by the Board of Directors.
- For members of the Executive Administration (General Administrator, Regional Coordinators, Director of Finance Department, MEAL Director, and Director of Logistics and Security), the job description is written by the Executive Director and will be approved by the Board of Director.
- For the Executive Director, the job description is written and approved by the Board of Directors.
- Under the supervision of the General Administrator, the Director of Human Resources ensures that every employee has a job description and keeps a copy of the updated job description in the employee's personal file.

Conflict of Interest

- No employee, officer, director, volunteer or agent of Mercy Hands shall participate in the selection, award or administration of a bid or contract if a conflict of interest is real or apparent to a reasonable person.
- Conflicts of interest may arise when any employee, officer, director, volunteer or agent of Mercy Hands has a financial, family or any other beneficial interest in the vendor firm selected or considered for an award.
- No employee, officer, director, volunteer or agent of Mercy Hands shall do business with, award contracts to, or show favoritism toward a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of this procurement policy established to maximize free and open competition among qualified vendors.

Fixed Assets

(Please refer to Mercy Hands Fixed Assets Policy for detailed description of assets management)

Monitoring

- Every employee, Board director, or volunteer is responsible for monitoring financial and accounting practices within Mercy Hands.
- If an employee, Board director, or volunteer suspects an improper accounting or financing behavior then they are obliged to report it. Please refer to Mercy Hands Whistleblower policy for reporting mechanism and procedures.

Managing Cash Balance

To monitor all of the cash inflows and outflows in Mercy Hands bank accounts and identify fraud and other unauthorized cash transactions, the Finance Department will conduct Bank Reconciliation at the end of every month by comparing the cash activity in the accounting records to the transactions in the bank statement.

Agreements and Contracts with External Parties and Official Letters

Letters issued by the Executive Administration must be signed by the Executive Director - or someone authorized by the Executive Director- and a copy has to be sent to the Board of Directors.

All contracts and agreements with external parties have to be signed by the Executive Director -or someone authorized by the Executive Director- and a copy has to be sent to the Board of Directors.

All contracts, agreements, and official outgoing letters should hold the official Mercy Hands' stamp. This stamp is kept with the General Administrator.

Attending External Events (Meeting, Training, Conference, etc.)

- When a staff member receives an invitation to attend an external event, they immediately inform the General Coordinator or the Assistant Director of Public Relations Department. If the Assistant Director of Public Relations Department is informed first, then she has to inform the General Coordinator of the invitation in a timely manner.

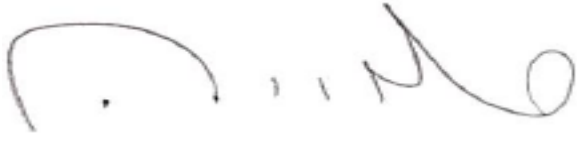
- The General Coordinator will decide who attends the event, after consulting with the invited staff member and/or their supervisor(s). The General Coordinator will then ask the Assistant Director of Public Relations Department to follow up with the assigned staff member.
- The Assistant Director of Public Relations Department will add the event to a Google calendar (the calendar shall be shared with all Mercy Hands managers).
- The Assistant Director of Public Relations Department will follow up with the assigned staff member and remind them to attend the event, at least once one day before the meeting.
- The Assistant Director of Public Relations Department will follow up with the assigned staff member after the event for minutes of meeting – or summary of the event - and share it with the General Coordinator in a timely manner.
- The Assistant Director of Public Relations Department will share all minutes of meetings with all Mercy Hands managers at the end of the month.
- The General Coordinator may request the assigned staff to give a presentation to Mercy Hands staff regarding the event.

Human Resources and Programs Staffing

- Program Managers are responsible for officially notifying (e.g. via e-mail) the General Administrator, Payroll Manager, and HR Director of any new employment, re-employment, end of employment, or change in title or salary of an employee.
- Any new employment, re-employment, end of employment, or change in title or salary of logistics or security staff of any program (driver, guard, security officer, logistician, cleaner, etc.) must be approved by the Director of Logistics and Security Department before enacting them.
- Any new employment, re-employment, end of employment, or change in title or salary of administrative staff of any program (admin assistant, IT Officer, etc.) must be approved by the General Administrator before enacting them.
- Any new employment, re-employment, end of employment, or change in title or salary of finance staff of any program (Finance Officer, Cashier, Accountant, etc.) must be approved by the Director of Finance Department before enacting them.
- Program Managers and Managers of satellite offices are responsible for monitoring their staff's attendance and reporting it to the HR Department.
- Bonuses, salary deductions, salary raises, promotions, demotions, warning letters, thank you letters, recommendation letters, or anything of that nature must be approved by the Executive Director before enacting or issuing them.

Program Implementation

- Program Manager checks with the Finance Officer for the availability of funding, before authorizing a procurement request. If there is not enough funding but the Program Manager still wants to authorize a procurement request then the Program Manager must obtain the approval of the Director of Finance.



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