



International Institute for Human Rights, Environment and Development (INHURED International)

Lalitpur, Nepal

FINANCIAL POLICY

Introduction

This Financial Regulation has been prepared to help INHURED staff to understand the budgeting and accounting system of INHURED and the context within which they exercise financial management. It is intended primarily to be used by the finance staff and other staff with financial responsibilities.

Chapter 1 Preliminary

1. Short Title

- a) The title of this regulation shall be "Financial Regulation 2064" of INHURED.
- b) This regulation shall come into force immediately after the Executive Committee has approved it.
- c) All the financial transactions of INHURED shall be operated in accordance with this regulation.

2. Definition:

- a) "Statute" means statute of INHURED.
- b) "Regulation" means Financial Regulation of INHURED
- c) "Fiscal Year" means the period between Shrawn 1st to end of Ashadh
- d) "Institution" means INHURED
- e) "Specified" means as specified in statute and regulation and otherwise as specified by Executive Committee
- f) "Executive Director" means Senior Staffs of the INHURED
- g) "Program Director" means handling the all projects and programs of INHURED
- h) "Staff" means any staff on the job of INHURED or any volunteer serving at this institution
- i) "Committee, sub-committee" means the committees that may be constituted as specified in the statute, and regulation

Chapter 2 Financial Resources and Fund Raising

Financial resources and fund raising means finance or cash (financial resource) and property necessary to operate INHURED. The institution therefore shall actively adopt strategies for arrangement of financial resources and fund raising.

- a) Membership fee
- b) Cash or award, grant, boxes etc. from various agencies and individuals
- c) Grant received from donors



- d) Bank interest
- e) Membership renewal fees
- f) Fund to be collected from various activities
- g) Fund to be earned from various publications

Chapter 3

Fund Operation and Management

INHURED is common representative umbrella organization of the human rights organizations. Since all the organizations are affiliated to INHURED, the liability and rights and the financial and physical property are also common. Therefore, INHURED, for its activities of financial resource and fund raising, shall be accountable towards its Executive Committee, staff, donors and human rights community as such. Following arrangements shall be made for financial transaction.

1. Operation of Bank Account

The Bank Account of INHURED shall be operated with joint signatures of Chairperson or General Secretary and Treasurer (mandatory). Two signatures shall suffice for any bank transactions with a mandatory signature of the Treasurer.

2. Core Fund

This account shall be separately maintained at a bank for the fund to be collected from various internal sources of INHURED. This bank account shall be maintained in a joint signature of Chairperson or General Secretary and Treasurer with a provision that any two signatures with a mandatory signature of the Treasurer. Membership fee and renewal and any money received from any other sources shall be maintained in this account.

3. Program/Grant Account

This account shall be operated to maintain the financial support received from the donors for INHURED. This type of account, either saving or current, shall be operated in a joint signature of Chairperson or General Secretary and mandatory signature of the Treasurer for transaction. Moreover, depending upon the nature of the programme, concerned Project Coordinator or Executive Director may be one of the signatories of this account.

4. CIT Fund Account

This account shall be operated separately at Citizen Investment Trust (CIT). An arrangement shall be made to be recorded every staff's individual name which shall be controlled by the Executive Committee. Every staff shall be entitled to withdraw entire amount from his/her provident fund account when s/he is relieved from INHURED for any reason.

5. Social Security Fund

A Social Security Fund for the staffs members of the organization is under active consideration as per the directives and regulation issued by the of the Government of Nepal. Nevertheless, the procedure will be formalized upon negotiation with organization's resource partners.



Chapter 4 Cash Procedures

2.1 Cash Procedures

- 2.1.1 As accounting system of INHURED is accrual basis.
- 2.1.2 Proper and adequate supporting should be attached with the payment voucher and the practice of obtaining the recipient's acknowledgement should be strictly followed.
- 2.1.3 In order to avoid chances of double payment, a stamp reading 'PAID' should be affixed on all supporting/bills along with the Cash payment voucher against which payment of cash is made.
- 2.1.4 Finance Assistant/Associate or Finance Officer should normally prepare cash voucher, Senior Finance Officer should check, Program Director or Executive Director verify and after then Chairperson or Secretary General should be approved. While approving the cash payment voucher, following precautions shall be taken.
- The date is correctly marked on the date column of cash voucher.
 - The amount of the voucher is matched with the amount of supporting.
 - The supporting attached with the voucher prima facie appears to be genuine.
 - The supporting documents signed by the authorized person as a mark of approval on the face of it.
 - Accountant should be conscious about the genuineness of the expenditure incurred.
- 2.1.5 All the cash receipt and payment vouchers should be serially numbered and entry should be made accordingly.
- 2.1.6 All cash receipt and cash payment voucher along with the supporting documents shall be filed in the separate index files. These vouchers shall be filed sequentially in accordance with the voucher No. in order to ease in tracing out any voucher required.
- 2.1.7 The starting and ending voucher number should be specified on the face of the index file.
- 2.1.8 Cash Book shall be updated on daily basis for which all the cash transactions made during the day should be recorded on the same day. It should physically tally the cash balance shown at the end of day on daily basis.



- 2.1.9 If any differences between the cashbook balance and physical balance are noted, it should be brought in the notices of the Executive Director or Secretary General. The differences should be analyzed on the same date and necessary adjustments should be made immediately.
- 2.1.10 In the event that the cash differences are not sorted out within three days from the date of notice of such differences, it should be informed to Executive Director or Secretary General.
- 2.1.11 Executive Director or Secretary General should physically verify the cash balance lying with cashier at the end of day on surprise basis at least once a quarter and a report as per Format No. 2.1 should be made and held in record for future reference.
- 2.1.12 The INHURED will maintain average cash balance not exceeding Rs. 20,000 for daily petty expenses purpose and shall maintain on imprest system.
- 2.1.13 Cash should be kept in fireproof safe and restricting access to the safe by any other persons.

Chapter 5

Payments and Receipts

3.1 Introduction

- 3.1.1 All payments in excess of Rs. 5,000 should be made by cheques and these cheques should be crossed to the extent practicable. Any payment in excess of Rs. 50,000 or equivalent should be made through the crossed and account payee cheque. (needed to study Tax act)
- 3.1.2 However, the above requirement may be relaxed by the Executive Director or Secretary General in exceptional circumstances only where he is fully satisfied that non-compliance with the above provision will benefit the organization or payment by way of other than the crossed cheque is necessary in the given circumstances.
- 3.1.3 Before making the payment, the Finance department should verify that the genuine supporting documents are available and they are approved by possible double payment of any expenses, a stamp reading 'PAID' will be expenses voucher after making the payment.

3.2 Authorization

- These provisions represent the rules for spending money within approved budgets in INHURED's programs. For project implemented under donor funding, more stringent donor required rules might apply. The rules are based upon a fully functioning budgeting (and budget approval) system.
- 3.2.1 The Secretary General or Executive Director (see below) should authorize purchases and requisitions. The act of authorization implies taking full responsibility and accountability for the use of INHURED's fund for a particular purpose for which budget is approved.



- 3.2.2 Authorized expenditure is ultimately a responsibility of budget holders. Budget holders are responsible for ensuring that their budget is properly managed; budget holders are only authorized to spend according to and within approved budgets.
- 3.2.3 For project the budget holder are Executive Director or Secretary General, although a Unit head may be nominated budget holder for specific projects being implemented by INHURED.
- 3.2.4 Only on occasions, it is appropriated for budget holders to delegate authority (including responsibility and accountability) for authorizing expenditure to specify others.
- 3.2.5 It remains a responsibility of budget holders to assure them that their delegates are acting in a responsible and accountable manner, and to take firm action when they are not.
- 3.2.6 The following guidelines describe the eligibility to authorize the expenditure.
- Items costing more than Rs.100,000 will be authorized by Finance Committee and endorsed by Executive Committee. If any genuine urgency or reason the Chairperson or Secretary General will be authorized on the basis of a request from concerned department. However, this notice should be reached to the Executive Committee.
 - Secretary General or Executive Director may authorize expenditure for items for their units/projects costing less that Rs.100,000.
- 3.2.7 This authority including responsibility for ensuring that all other procurement rules are adhered to.
- 3.2.8 INHURED standards and rules concerning technical specification must be adhered to.
- 3.2.9 Spending from budget should be accountable and transparent to all.
- 3.2.10 Details of the use of INHURED's fund should be available to all concerns including the member organizations. Debates and dialogues concerning the appropriate use of INHURED's fund will be encouraged throughout the INHURED team.
- 3.2.11 Within this structure, and in the interests of accountability and team learning, it is an important role of finance staff to audit and question specific uses of INHURED fund.

Authorization

- 3.2.12 The Finance Assistant/Associate or Finance Officer is responsible for supporting and ensuring the smooth running of the day-to-day expenses of the projects.
- 3.3.12 The Secretary General or Executive Director has authority to approve independently expense of all programme budgets in consultation with the Chairperson.

Process:

- 3.3.13 Those authorizing expenditure are responsible for ensuring that their requisition or purchase is within budget (by budget line) for their project where the relevant budget line is insufficient, a revision of the budget must be approved prior to the purchase by the Secretary General or Executive Director. However, if there is any clause with donor agency's agreement, will be done based on the agreement between organization and donor agencies.
- 3.3.14 Except in the cases where items are to be consumed immediately, authorizing a requisition or purchase also incurs an additional responsibility to ensure that the purchased items are recorded in an inventory.



3.3 Invoice Procedures

- 3.3.1 All the payments shall be made only against original invoice, cash memo etc. addressed in the name of the INHURED.
- 3.3.2 Normally, before making the payment or preparing the payment voucher, the following factors shall be confirmed.
- The invoice is in printed form and signed by the authorized person.
 - The invoice shall have a serial invoice number.
 - The name and address of the vendors have been clearly mentioned in the invoice.

The particulars of the goods or services specified in the invoice is actually received or availed by the INHURED.

- 3.3.3 Payment against a simple handwritten note or a bill having no identification of supplier i.e., a printed bill readily available in the market should be avoided. However, if the bill is genuine and if the bill of the above standard could not be obtained in the given circumstances, payment may be made only if authorized by the Executive Director on the recommendation of the Finance team.
- 3.3.4 The payments to all regular suppliers should be made through debit to his account and booking. The expenses directly through cash payment should be avoided.
- 3.3.5 There should be genuine supporting for all the expenses incurred. Every payment voucher shall be attached with the required supporting for making the payments. The approving authority shall pass the payment voucher only when s/he is satisfied that the supporting attached with the payment voucher is genuine and adequate for the purpose. The adequacy of the supporting depends on case and from time to time. However, following documents may be treated as sufficient supporting and following checks should be made before passing vouchers.
- 3.3.6 No payments should be made until all relevant documents have been duly checked and approved by appropriate authorities.



Account Head	Required documents	Other requirements
Rent payment	<ul style="list-style-type: none"> ❑ For all initial payment of rent, copy of an agreement made with the landlord kept in a separate file should be attached with the voucher. ❑ For all subsequent payments, the preparation of payment voucher is enough. ❑ If cash payment is made, an acknowledgement of cash receipt is required to be attached with the voucher. <p>If there is any increment/deviation in the rent paid, the page of the agreement containing such enhancement clause or mutual agreement reached for such enhancement is required to be attached with the voucher.</p>	<ul style="list-style-type: none"> ❑ The Income tax should be deducted at the applicable rate and the same is deposited with the concerned Tax Office within the time stipulated. ❑ At the end of each year, a detail of the rent paid account should be prepared. This detail should be prepared in order to ascertain that the rent is recorded correctly during the year and to confirm that all the adjustments for rent prepaid or outstanding rent have been taken into consideration.
Insurance expenses	<ul style="list-style-type: none"> ❑ For the payment of insurance premium for the first time, a photocopy of insurance cover including the premium receipt note should be attached with the voucher. ❑ For subsequent payments, premium paid receipt note should be attached with the voucher. 	<ul style="list-style-type: none"> ❑ All the property of the INHURED including the office equipment, vehicles or a building should be insured with the reinstate value. ❑ The property insured should be owned by the INHURED. In exceptional circumstances, if the property not owned by the INHURED is required to be insured, the same should be brought to the notice of the Secretary General or Executive Director.
Traveling expenses	<ul style="list-style-type: none"> ❑ Travel order form ❑ Travel bills including air, bus tickets etc. 	<ul style="list-style-type: none"> ❑ Travel bill should be presented within one week after return from the tour.

Telephone bills and payment of other utilities	<ul style="list-style-type: none"> ❑ The original bills of telephone and/or other related bills. ❑ Receipt note. 	<ul style="list-style-type: none"> ❑ The telephone bills or other bills should be in the name of the landlord reflected in the contract agreement or in the name of INHURED. ❑ If the telephone bills or any other utility expenses pertaining to previous year or in the years to come, the same should be booked as expenses in the year concerned
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3.4 Cheque Payment

3.4.1 For proper internal control purpose, the authorized signatory for issue of cheques will be Chairperson or General Secretary and Treasurer only.

3.4.2 In order to bring regularity and smooth functioning of the INHURED, the alternative signatories (for rupees account only) should also be managed so that various payments could also be made through cheques.



3.5 Cheque Book

- 3.5.1 Cheque Book issued by the bank should be treated equal to cash and should be kept in tight security under the control of the Finance Department. The Treasurer should ensure for the safe custody of these cheques.
- 3.5.2 Cheques from the newly issued cheque book should be used only when all cheques from the old series are completely used up.
- 3.5.3 If any cheque is cancelled, a stamp reading 'CANCELLED' should be marked on the face of such cancelled cheque. In addition, following precautions will be taken:
- One side of such cancelled cheque should be torn off to make the cheque invalid permanently.
 - The cheque leaf should be kept in record as an evidence of the genuine cancellation of the cheque at any time in future.
- 3.5.4 The important particulars of the cheques like amount of cheque, the party to whom the payments are made etc. should be written in the counterfoil of the cheque.
- 3.5.5 If any cheque leaf or cheque-book is found to be lost, misplaced or stolen etc., the bank should be immediately requested to stop the payment of that cheque (s).

In addition, it could be considered for closing the account and opening the new account.

3.6 How to raise the cheque

- 3.6.1 Cheques are normally prepared by the Financial Associates of the Finance department. While preparing the cheque, the Officer/Assistance of the accounts department should note following points.
- The initiation for preparing /writing the cheque should be made only after the expenditure related have been approved by the concerned authority or any payment have become matured.
 - Before preparing the cheque, the Finance Officer should confirm that there is sufficient balance lying at the bank accounts.
 - The cheque should be prepared only for the approved limit of expenditure.
 - The Finance Officer should confirm that the amounts as figured in the cheque have been truly represented by the amount in words.
 - While writing the cheque, amount of the cheque should also be written by the cheque writer.
- 3.6.2 The cheque should be prepared in clear handwriting or by using machine. The amount of cheque should be photographed on the face of it.
- 3.6.3 The cheque will be crossed '& CO' or 'Account Payee' as the case may be depending upon the request of the party.
- 3.6.4 After preparation of the cheque, same should be forwarded to Chairperson or Secretary General and Treasurer along with the supporting documents for their approval. Before signing the cheque, the Program or Executive Director should confirm that the proposed



payment is justifiable, all the particulars and amount written in the cheque is correct, and the justifiable and all the particulars written in the cheque are correct and the amount specified in the cheque and the figure photographed matched.

3.7 Apportioning of expenditure

- 3.7.1 In numerous occasions, purchases made or the services availed by the organization may benefit more than one programme having the different budget heads. In such cases, the problem of apportioning the expenditure arises.
- 3.7.2 Apportionment of the expenditure should be made in the ratio in which the benefit against that expenditure is available to different programmes.
- 3.7.3 In case of purchase of goods, purchase amount may be apportioned to different budget heads at the time of purchase of goods if the division of such goods is known at the time of purchase.
- 3.7.3 However, if such division is not known at the time of purchase, all the purchases or cost of services may be debited to a common budget head and the expenses may be apportioned to different budget heads in accordance with the consumption of the goods and availing of the services.
- 3.7.4 In a number of cases, the benefit available to different programmes through specific expenses may not be identified. In such cases, apportionment may be made on some specific basis.
- 3.7.5 All the bases of apportionment of expenses should be made with the approval of Unit Heads.



Chapter 6

Advance Payment

4.1 Staff Advance for Travel

- 4.1.1 Advances shall be made to staff members for travel during official duty. The Executive Director or Project Director will approve the Travel Order (Format No.4.1) of the staff members indicating the advance required.
- 4.1.2 A bank/cash payment voucher will be prepared debiting staff advance–Travel account with supporting of travel order. Details of the payment will be entered into staff advance ledger and payments will be made by cash/bank.
- 4.1.3 Travel Statements (Format No.4.2) will be submitted by the staff immediately within one week on return from journey with the report. Fresh travel advances will not be given before the previous advance is settled.
- 4.1.4 The Account/Finance Officer will check the Travel Statement and forward to appropriate authorities for approval the same and forward to Accounts for necessary accounting entries. On receipt of travel statement, account department will check all the supporting documents and also cross check with the travel order to ensure that expenses are in line with the approved activities. Journal voucher will be prepared debiting traveling expenses and crediting staff advance.
- 4.1.5 The employee concerned, if any will return unspent amount, or excess amount spent by the employee will be reimbursed. The staff advance–travel ledger will be updated.

4.2 Program Advance for Expenses

- 4.2.1 The authorized person will approve the Advance Requisition (Format No. 4.3) of the staff member for 80 per cent for local purchase or incurring other expenses from the specified budget. Rest of the amount shall be paid within 15 days from the completion of the specified activities. Before advance is paid, staff advance ledger will be checked to ascertain whether prior advances have been properly settled. No further advance will be made to the concerned staff if prior advance has not been properly settled or satisfactory justification is presented.
- 4.2.2 Bills will be submitted immediately after the expenditure has been incurred. However, submission of bills should not exceed 15 days from the date of advance taken. In case the bills are not submitted before completion of 15 days from advance, the salary of concerned employee will be withheld till adjustment of advance or after acceptance by proper authority with satisfactory justification for non–settlement.
- 4.2.3 The Finance Officer will check the bills and forward to appropriate authorities for approval. A journal voucher will be prepared debiting concerned expenditure head and crediting staff advance–expense.
- 4.2.5 The employee concerned shall return unspent amount if any or excess amount spent by the employee shall be reimbursed. The staff advance ledger will be updated and necessary entry



will be made in General Ledger. However, reimbursement of excess amount will not generally be encouraged as it represents the unauthorized expenditure.

4.3. Salary Advance

- 4.3.1 Staff may be granted a maximum of three month's salary in advance in special circumstances with the approval of Chairperson or Secretary General for Executive Director and Executive Director or Project Director for other staff. Such advance shall be repaid by deducting from the salary of the subsequent months.
- 4.3.2 Concerned employee will submit an application for salary advance to the authority indicated in 4.3. for approval and the Account Section shall release such advance upon the approval of the authority.
- 4.3.3 Account Section will scrutinize the staff advance account to ensure that the staffs Concerned do not have any unsettled previous advance.
- 4.3.3 A payment voucher will be prepared and necessary entries will be posted in cashbook and staff advance register.
- 4.3.4 A record of the staff advance should be maintained in the employee's payroll of the immediately succeeding month and post the amount deducted through salary in the staff advance register.

4.5 Fund Transfer

Cash Transfer Request can be made to Donor on prescribed form as per grant agreement or when the balance at the Bank Account is below 1000,000.

Chapter 7 Payroll

Payroll systems deal with all locally recruited staff, in terms of salaries, allowances, staff advances and loans. The staff salaries are paid through the INHURED payroll systems. This chapter explains some of the key accounting issues and controls regarding the payroll.

5.1 Payroll Management

The Account/Finance Officer will be responsible for computation of salaries and other staff payments, ensuring proper disbursement and deposit of statutory dues relating to such payments and accounting.

Personal records should normally include the following basic information.

- A list of employees is useful for reconciliation of monthly payroll to headcount, and for calculation of long-term obligation provisions at year-end.
- A structure of pay scales linked to job grading has the advantage of clarity and administrative simplicity.
- Personal files should be maintained for each employee.



5.2 Payroll Accounting

Monthly salary sheet shall be prepared on the basis of following information.

- Copy of appointment letter of fresh appointees
- Copy of promotion letter, if any
- Copy of resignation letter duly accepted, if any
- Annual increments/retirements notification
- Outstanding advances to be deducted from salary
- Statement of attendance and leave without pay (if any)
- Statement of staff loans and salary advances (if any)

Monthly salary sheets will be prepared containing following details:

- For employees who have availed leave without pay, the salary will be calculated on pro-rata basis i.e. by deducting from the total number of days in the calendar month, the number of holidays in that month (in average 30 working days in a month).
- For those employees who have been fresh appointed, salary will be calculated on the basis of the number of days till the end of the month from the date of appointment.
- For employees who have resigned, the number of days for which salary will be paid is calculated on the basis of number of days from the beginning of the month till the date of resignation.
- Salary will be calculated by multiplying the number of days for which pay is due by the average daily salary.
- Allowances will be calculated by multiplying the number of days for which pay is due by the average daily allowances.
- Deduction on account of lien, salaries advance.
- Tax deducted at source.
- Outstanding advances to be deducted from salary.

The amount of fund deducted from the salary of staff should be deposited in a separate account opened in individual name of employees concerned at the Citizen Investment Trust (CIT).

For employees whose salary will be paid in cash, a bank payment voucher will be prepared for withdrawing cash from the bank by debiting cash account and crediting relevant bank account. Cash will be paid to each employee by obtaining his or her signature in salary sheet.

For employees whose monthly salaries are directly transferred to their bank account, a salary payment advice will be prepared in duplicate listing the employee's name, bank details and the amount to be transferred. These two copies will be distributed as:

- One copy to bank
- One attached with voucher

A bank payment voucher will be prepared for the total amount to be transferred debiting salary payable A/C and crediting the relevant bank A/C.

Income tax should be deducted at the prescribed rate and it should be deposited with the revenue department within the time stipulated.



The payroll or the salary sheet will be prepared by assistant/ officer of the Accounts Department and respective project coordinator should review and Executive Director or President will approved the same.

Chapter 8

Procedures for Monthly Field Returns

6.1 Introduction

It is requirement to report to the Finance Department by way of monthly accounts, and at year-end. Monthly accounts are the mechanism by which field accounting information is reported for input to the INHURED computerized accounting system, which records all INHURED's transactions for accounting and financial planning purposes.

6.2 The procedures

6.2.1 Data Entry

It is important to enter the data into the computer on a regular basis in order to be ready for carrying out the month end procedures. Data entry on a regular basis is also important in order to avoid the backlog of work, which makes it harder to meet the deadlines and increase the risk or errors. Final processing of expenditure from cash and bank, transfers, loan repayments and income should be processed as closed as possible to calendar month end.

6.2.2 Reconciliation of Cash Accounts

By first working day of the new month reconciliation of cash accounts should be ensured. Any discrepancies should be identified and investigated.

The differences may arise due to omission to record cash vouchers. In such cases, the omitted vouchers should be recorded before carrying out the month end procedures.

After the physical counting of the cash balance, the Account/Finance Officer and Executive Director should sign on the cash physical verification report (Format No.2.1). The signature is put as a proof of the fact that the cash balance at the month end matches with accounting software's balance.

6.2.3 The closing balances of the debtors, creditors and control accounts should be reviewed and settled where necessary.

6.2.4 Reconciliation of Bank Accounts

The bank statement should be obtained at the latest by the fifth working day of the month. All the items of receipts and payments in the bankbook should be ticked with items of bank statement and carry out Account Allocation. The Bank Reconciliation Report will be generated automatically once the Account Allocation process is completed.



If the bank statement is received late, the month end procedures shall not be delayed by more than 5th working day of the month. In such cases, bank reconciliation statement preparation should be completed as soon as the same is received and any additional transactions identified to should be recorded in the current period even if they relate to earlier periods.

If any inaccurate debit or credit entry is noticed in the statement obtained from the bank, necessary correspondence should be made to the bank immediately to ascertain the nature of entry. The correspondence and necessary follow up should be made within next day from the receipt of the statement.

Chapter 9 Year End Procedures

7.1 The Financial Year

INHURED's financial year runs from 1st Sarwan to End of Ashad. For example, 16 July (1st Sarwan) to 15 July (End of Ashad) the 12-month period).

7.2 Retained Reserves

- 7.2.1 At the end of each financial year, all income and expenditure accounts are closed and zero balance carried forward to the new financial year. However, balance sheet accounts are not closed and the closing balance is carried forward to the new financial year.

In the organisation's account, difference between the income received during the year and that total expenditure incurred is referred to as the Retained Reserves as it represents income received from donors, which is retained and then spent in further years. Each year the value of Retained Reserves carried forward to the next financial year must be recognized in the accounts.

Chapter 10 Budget and Budgetary Control

8.1 Introduction

Budgets are important tools in helping management to plan for the future. They are estimate of income and expenditure for a specific future period, which express future plans in financial term. Effective budgeting enables to plan and priorities activities. It should result in realistic, achievable, plans for the foreseeable future which reinforce broader strategic and programme planning objectives.

Budgets are precise financial expression of plans, which can provide a benchmark against which to monitor progress toward achieving those plans

Budget solves following purposes:



- Budget can be used to clarify the roles of various staff like the budget holder is the individual who holds the authority and has the responsibilities, associated with the delegation of the budget.
- Budget can be used to define clear financial limits of each individual for making financial decisions.

8.2 Objectives of Budgetary Control

- Establishing targets and accountability for each functional area to meet overall objective.
- Establishing higher management to review actual performance against budget on a regular basis.
- Inducting areas where effect is needed to remedy crisis situation without delay.

8.3 Preparation of Operational plans & Budgets

Operational plans and budgets are prepared each year. Budget will be prepared for each programme linked to core areas to be carried out during the year. Under each programme budget will be allocated to each account head. All these expenses are of recurring nature and budget estimation is zero based and prior-year outturn basis. Finance Officer with the help of other concerned staff member prepares these budgets.

Budgets estimation of capital expenses is made separately and they are separate from program budget. Excluding capital items of low cost, which are covered by budget under equipment, all other capital expenses are separately budgeted and their approval is obtained from Donor.

All the budget estimations are made in local currency.

8.4 Revision of Budget

The annually approved budgets can be revised during the outturn process in the light of actual activity and rest of the year's plan within the approved cash limit.

8.5 Monitoring of Budget

Monitoring of budget is the most important step in budgetary control. For effective budget control, actual expenses are compared with budget on monthly basis. In case where expenditure pattern is even, equivalent budget for each month can be calculated as or twelfths of the annual budget. And comparison could be made with actual results each month. Where the pattern of expenditure is not even and depends upon the specific active like workshop, considering each such activity should do comparison.

For each account code variance will be calculated by comparing budget with actual expenditure and reason for such variance shall be analyzed and its impact in future should be identified and necessary safeguards should be taken.

Chapter 11 Grants



The grant is a specific amount of money for a specific piece of work and for a specific period of time with written agreement or contract between recipient and the donor. In INHURED, such grants are often referred to as grant funds.

The project concept paper will be prepared for all grant proposals. The financial approval and grant monitoring should be completed when the application for grant funding is proposed to donor.

Chapter 12

Procurement, Purchasing, Tendering and Contracting

- 10.1 INHURED procures goods both within and outside the country. As, there is no separate department for procurement of goods, Administration and Finance Department and finance committee is responsible for all the purchase made.
- 10.2 Purchase requirement of the office will be met out of the budget fixed for the year.
- 10.3 Purchase requisition
- 10.4 will be raised for any goods required. Same will be approved by Finance Committee with consultation with Executive Director after considering the budget available.
- 10.5 The office in-charge of the INHURED, may procure necessary items for not exceeding Rs. 25,000 for procurement or repair and maintenance.
- 10.6 While spending a sum between Rs. 25,000 and 10,0000 for procurement or repair and maintenance, quotations should be collected as per rules and prior approval should be taken from the Chairperson or any member of the Executive Committee assigned by the Chairperson.
- 10.7 Procurement or repair and maintenance exceeding one hundred thousand rupees should be made upon the collection of quotations and review by finance committee and prior approval should be taken from the Executive Committee.
- 10.8 Tender and quotations shall not require while procuring goods from Government of Nepal, Department, Offices and Corporation.
- 10.9 The above rules shall be mandatory in regards to use external assistance, consultancy and construction.
- 10.10 After selection of appropriate supplier, purchase order will be raised on 3 copies, which will be approved by Executive Director. The 3 copies of purchase order will be distributed as follows:
 - One copy to the supplier
 - One copy will be filed in the purchase order file.
 - One copy will be filed in the finance department.



- 10.11 As far as purchase of goods of routine nature such as stationery is concerned, quotations will not be required in each and every purchase. Quotations will be invited at least for a year and reviewed annually.
- 10.12 On receipt of goods the same will be verified with purchase order and invoice. Any shortage/damage identified during inspection will be adjusted against supplier's bill.
- 10.13 Advances to supplier will be made strictly as per the items and conditions of the contract and against pro-forma invoices only.

Chapter 13

Inventory Accounting and Control

- 11.1 Stock reflects expenditure, which has been incurred in cash but for which the purchase is held in reverse, for future use. The level of stock held must be kept to a minimum to avoid risk of theft and to prevent tying up of funds.
- 11.2 For effective internal control, it is important that stock accounting records are controlled by a person independent of the storekeeper, who is responsible for physical store control. However, depending upon the quantum of the store, accounting records may be handled by the storekeeper himself in the event that the quantity of store is not sizeable enough.
- 11.3 Storekeeper will enter the goods receipt into the stock record maintained.
- 11.4 Periodical reconciliation will be carried. Physical verification of stocks will be carried out in reasonable interval (quarterly/half-yearly). Such verification will help to confirm the accuracy of stock accounting records and ensure that stock controls are operating properly. Stock takes compares the physical stock counted at the store with the balance in the stock records at that time. Stocktaking can also be useful for checking the condition of stock. Staffs who are independent of the person having responsibility of day-to-day stock control should attend stocktaking. A senior member of staff who is independent of the stock function should always review the result of stocktaking and any proposed write-up. Stock write-off due to loss or obsolescence should be authorized and stock records adjusted by amending the stock balance to results of physical count.
- 11.5 Stocks re-order level is a way of systematic procedure of re-ordering rather than relying on ad-hoc monitoring. They can help to ensure that stock levels are adequate to meet field requirement without tying up fund unnecessarily.
- 11.6 Fixed Assets**
 - 11.6.1 All the fixed assets purchased will be given a sequential identification number for each category for easy identification of the assets. Such identification will be affixed on each fixed asset.
 - 11.6.2 Inventory of Fixed Assets**

The INHURED will maintain a fixed assets register in the specified format 11.1 . This register will contain the particular of fixed assets, cost, and codification, location etc. The entries in this



register will be made promptly as and when the asset is acquired or disposed off. An officer or staff member will verify the inventory of fixed asset at least twice a year. The inventory of fixed assets physically verified will be compared with the balance in fixed assets register. The fixed assets register will be checked periodically to ensure that such assets are used for official purposes.

If the old or unusable fixed assets are decided to be disposed off, an application for disposal, including information as to the type of asset, the date of purchase and cost of assets must be made in writing to the Chairperson. After reviewing the application, the Chairperson in consultation with the Executive Committee will provide written instruction to the INHURED concerning the disposal off the items. When the assets are stolen, a detail report should be forwarded to the Executive Committee. For an asset, which has been lost, a statement of the circumstances concerning the loss must be forwarded to the Executive Committee and the local police station so that it will be easy to get compensation of lost items from the insurance company.

Chapter 14

Audit

12.1 External Audit

According to the Memorandum of Understanding with Social Welfare Council (SWC), it is required that all activities of this office are subject to audits in accordance with generally accepted auditing standards.

The Executive Committee shall appoint external auditor for INHURED. An agreement between the local auditor and INHURED shall be signed which is subject to reappointment annually upon approval by the executive committee and subsequently by the AGM. The local auditor should have a degree equivalent to chartered accountant and should have registered with the appropriate government bodies, e.g. the Institute of Chartered Accountants of Nepal.

The external audit shall be carried out immediately after year-end closing, i.e. July or later each year. The audit report shall be submitted to the Government of Nepal (GoN) along with the annual report at the beginning of new finance year.



Appendices

- Appendix 1: Cash Count Form 2.1
- Appendix 2: Travel Order Form 4.1
- Appendix 3: Travel Statement Form 4.2
- Appendix 4: Advance Requisition Form 4.3
- Appendix 5: Salary Sheet 5.1
- Appendix 6: Salary Payment Advice 5.3
- Appendix 7: Purchase Requisition 10.1
- Appendix 8: Good Receipt Note 10.3
- Appendix 9: Purchase Registrar 10.5
- Appendix 10: Petty Cash 10.6
- Appendix 11: Fixed Asset Register 11.1
- Appendix 12: Vehicle Requisition Form 11.2
- Appendix 13: Meeting form 11.3
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Cash Count: Format No.2.1

INHURED, Lalitpur
Cash Count Report carried out on

Currency: NRs

S.No.	Particular	Quantity	Amount
1.	Physical Cash:		
	Denomination 1000	****	****
	Denomination 500	****	****
	" 100	****	****
	" 50	****	****
	" 25	****	****
	" 20	****	****
	" 10	****	****
	" 5	****	****
	" 2	****	****
	" 1	****	****
	Coins		*****
	Total Cash at Hand		*****
2.	Floats issued to:		
	a.		*****
	b.		*****
	c.		*****

Prepared By:

Verified By:

Approved By:



Travel Order: Format No.4.1

**INHURED, Lalitpur
Travel Order**

Name of person : _____

Designation : _____

Department : _____

Places to Travel : _____

Date of departure : _____

Expected date of Return : _____

Purpose of Travel : _____

Advance Required:

Daily Allowance : _____

Traveling allowance : _____

Other (specify) : _____

Mode of Travel : _____

Budget Code : _____

Account's Comments:

Applicant's Signature:

Approved by:



FORMAT No. 4.1

FORMAT NAME:	TRAVEL ORDER
PURPOSE:	To get approval of travel from Unit Head/Executive Director/Executive Committee/Chairperson, an approval of advance is required
PREPARED BY:	Staff on travel
NO. OF COPIES:	4 copies
DISTRIBUTION:	<ol style="list-style-type: none">1. First and second copy of Accounts2. Third filed by concerned department3. Fourth copy kept by concerned staff on travel
PROCEDURES:	The Concerned staff on travel will prepare the travel order by filling the above format. The Account/Finance Officer will sanction the same and necessary entries will be made by the Accounts thereafter.



Travel Statement: Format No. 4.2

Travel Expenses Claim Form

Purpose: _____

Project: _____

Name: _____

Designation: _____

Department: _____

Employment No. _____

Date	Description	Transportation	Lodging	Meals	Other	Total
Sub Total:						
Less: cash Advanced:						
Total owned to you:						
Total Due						

Comments:

Approved By: _____

Submitted By: _____

Date:



FORMAT NO. 4.2

FORMAT NAME: TRAVEL STATEMENT

PURPOSE: To settle the travel advance taken by the staff

PREPARED BY: Staff on travel

NO. OF COPIES: 2 copies

DISTRIBUTION: 1. First copy to Accounts
2. Second copy filled by concerned department

PROCEDURES: The concerned staff will fill up all the above columns and forward to Account for necessary settlement of the advance.



Advance Requisition: Format No.4.3

**INHURED, Lalitpur
Advance Requisition Form**

Name:

Designation:

Advance required:

Advance Required (In words):

Purpose:

Details:

Requested By:

Approved by:

Received Amt:

Date:

Sign:



Salary Sheet: Format No. 5.1

INHURED, Lalitpur
Project :.....

SALARY SHEET FOR THE MONTH OF.....

Name	Prog/proj/ A/c Code	Basic salary	Allow.	Gross salary	PF Ded.	CIT Ded.	Salary Adv Ded.	TDS	Loan	Total

Prepared by:

Reviewed by:

Approved by:



FORMAT NO. **5.1**

FORMAT NAME: **SALARY SHEET**

PURPOSE: To record the particulars of Gross salary and Net salary and Net salary payable each month. It also serves the purpose of recording the receipt acknowledgement of the employee for receipt of salary.

PREPARED BY: Finance/Account Section

NO. OF COPIES: 2 copies

DISTRIBUTION: 1. First copy attached with voucher
2. Second copy filed by Account Section

PROCEDURES: The Account Section will compute the salary payable each month on the basis of personnel records viz attendance record. The salaries computed will be recorded in Salary Sheet.

The salary sheet will have details of basic salary, allowances, and details of various deductions viz. provident fund, salary advance and other advance of each employee.

At the time of disbursement of salary, signature of each employee will be obtained on salary sheet.



Salary Payment Advice: Format No. 5.3

**The Manager
(Bank Name)
(Address)**

Subject: Staff Salary (Debit Advice)

Dear Sir/Madam,

With reference to above, we would like to request you to kindly credit the following amounts in the respective bank account No..... maintained at your esteemed bank.

Serial No.	Name of Employee	Designation	Bank Account Number of Employee	Amount Rs
1.				
2.				
3.				
4.				
In Word, Only.				

Thanking you in advance for the kind cooperation.

Best Regards,

.....

Name
**President
General**

.....

Name
Treasurer/Secretary



FORMAT NO. 5.3

FORMAT NAME: SALARY PAYMENT ADVICE

PURPOSE: The statement enables the relevant bank to credit the salary to individual employees account.

PREPAID BY: Finance/Account Section

NO. OF COPIES: 2 copies

DISTRIBUTION:
1. First copy attached with voucher
2. Second copy to Bank

PROCEDURES: For employees whose salary is to be transferred to their bank accounts, a salary payment advice will be prepared in duplicate listing employee name, employee bank details and the amount to be transferred.

Based on the salary payment advice, a bank payment voucher will be prepared debiting salary payable account and crediting relevant account.



Purchase Requisition: Format No. 10.1

INHURED, Lalitpur

Purchase Requisition

R.F.No.

Name:

Date:

Department/Program Code:

Designation:

P. No.

S. No.	Description/ Particular	Unit/ Quantity	Reason for Requirement	Remarks

Requested by:

Submitted by:

Checked by:

Approved by:



FORMAT NO. **10.1**

FORMAT NAME: PURCHASE REQUISITION

PURPOSE: To inform the Procurement Section on the requirement of goods and then initiate necessary action for procurement

PREPARED BY: User/Store

NO. OF COPIES: 2 copies

DISTRIBUTION: 1. First copy to Procurement Section
2. Second copy field by User/Store section

PROCEDURES: The user/Store Section will prepare the requisition with the name of goods required, quantity, estimated cost on the basis of previous experience and expected date of delivery.



Good Receipt: Format No. 10.3

INHURED, Lalitpur

Goods Receipt Note

No.:

Date:

Purchase Order No:

Date:

Name of Supplier:

Invoice No.:

Date:

Serial No.	Description of Goods	Unit	Quantity Received	Quantity Accepted	Quantity Rejected	Value per Unit	Total Value	Remarks

Store Entry by:

Reviewed by:

Approved by:



FORMAT NO. 10.3

FORMAT NAME: GOODS RECEIPT NOTE

PURPOSE: To record the quantity of goods received and accepted in the store vide which entry will be made in stock card and priced store ledger. In addition, payment to creditor will be made on the basis of this report.

PREPARED BY: Store

NO. OF COPIES: 2 copies

DISTRIBUTION:

1. First copy to Supplier
2. Second copy filed in Store Section
3. Third copy to Accounts
4. Fourth copy filed in the Supplier's File

PROCEDURES: The Store Section will prepare the report by filling the receipt column after making physical count. Accepted and rejected column will be filled after inspection carried out by concerned person.



Purchase Register: Format No. 10.5

**INHURED, Lalitpur
Purchase Register**

PV No.	Date	Name of Supplier	Particular	Account head	Invoice No.	Invoice Date	Amount Rs.	Amount Rs	Remark

Prepared by:

Reviewed by:

Approved by:



FORMAT NO. **10.5**

FORMAT NAME: **PURCHASE REGISTER**

PURPOSE: To record the particular voucher and to enable the booking of expense in respective account head and credit the supplier's account.

PREPARED BY: Account Section

PROCEDURES: The particulars of purchase vouchers will be recorded in serial order in the purchase register mentioning their concerned account head.



Petty Cash: Format No. 10.6

INHURED, Lalitpur
Petty Cash Expenses Summary Book

For the period from..... to.....

Petty cash balance lying at hand on.....

Balance NPR:

Date	Description	Amount Deposited	Amount Withdrawn
****	*****		****
****	*****	****	****
****	*****		****
****	*****		****
	Total	****	****

Budget Head	Cost Amt (In Rs.)
.....	
.....	****

Total	****

Prepared by:

Checked by:

Approved By:



Fixed Assets Register: Format No. 11.1

**INHURED, Lalitpur
Fixed Assets Register**

Assets Group.....

S.N	V/No.	Description	Purchase date	Amount	Quantity	Location	ID No.	Custodian	Remarks

Prepared by:

Reviewed by:

Approved by:



Vehicle Requisition Form: Format No. 11.2

INHURD International
Kupondole, Lalaitpur
VEHICLE BOOKING FORM

Name: _____ Designation: _____

Unit/Project: _____ Project Code: _____

Types of Vehicle Hire : 4 wheeler , 2 wheeler, Other: _____

Purpose: _____

Places of visit From: _____ To: _____

Duration from : _____ To: _____

Date of Requirement: _____ Name of other staffs (If any): _____

Date/Time of Requisition: _____

Signature of Requisitioner

Approving authorities

Travel agent name: _____

Telephone: _____

Advance Detail Rs.: _____

(Cheque/Cash), Date: _____

Vehicle Details: _____

Other Information: _____

Signature of vehicle In charge:



INHURD International
Kupondole, Lalaitpur

Meeting Request Form

Meeting Date:		Meeting Time:		Meeting Location:	
Requestors Name:			Date of Request:		
Date meeting needed by:					
Meeting Title:			Duration:		
			Re-occurring:		Yes <input type="checkbox"/> No <input type="checkbox"/>
			End date of series:		
Purpose of Meeting:					
Other Text to include with the invite:					
No. of Attendees/Visiting					
Refreshment:		Yes <input type="checkbox"/> No <input type="checkbox"/>			
		Please mention if yes:			
Equipment/ Other:		LCD Projector Departmental Laptop AV Tech Conference Call # _____ Leader Pin # _____ Other:			
Off-Site Meeting:		Yes <input type="checkbox"/> No <input type="checkbox"/>		If Offsite, Preferred Locations:	
Other Misc. Details:					

Requested By:	Checked By:	Approved By:



Perdiem Claim Form: Format No.11.4

Per-diem Claim Form

General Information				
Name:		Staff	Volunteer	Board Member
Email:		Contact No.:		

Expenses Claim Details				
Date	Particular	Number of Days	Rate Per Day	Total Claimed
			Total Claim	
			Less : Advances	
			... Tax (If applicable)	
			Due Total	

Amount in word,	
------------------------	--

Verified & Paid By:	Approved By:	Claimed & Received By:
Date:		Date:



Cash Payment Sheet: Format No.:11.5

Date:

Cash Payment Sheet

Name

Payment amount NPR.

Amount In Word:

Purpose of Payment:

Details:

Mode of Payment:

Payment by:

Received by

Approved by



Leave Application

Employee Name: Department:

Designation: Employment no:

Reason for Requested leave:

- Sick
- Unpaid Leave
- Personal Leave
- Others

Leave From.....To

Comments:

Number of Days:

Employee's Signature:

Date:

Approval by:



Travel on Duty Form: Format No. 11.7



INHURED International

Travel on Duty (TDY) Report

(All travel excluding Monitoring visits)

1. Name :	2. Title :
3. Itinerary:	4. Project / Programme No:
5. Name of the Project / Programme:	
6. Places visited :	
7. Purpose of visit:	
8. Persons/Agency met :	
9. Issues discussed/Major findings:	
10. Follow up Actions :	



S N	Follow up Actions to be taken	Responsible person	Time frame
1)			
2)			
3)			
11. Summary :			
12. Signature of the Traveler & Date:			
13. Comments and Signature of the Supervisor:			



STAFF DETAILS INFORMATION FORM

Personal Information			
Full Name:			
Address (Permanent)			
Address (Temporary)			
Date of Birth		Contact No.	
Email ID		Marital Status:	
Social Media (Optional)	Facebook	Twitter	Skype
			LinkedIn
Father's Name		Mother's Name	
Grand Father Name			
Citizenship No		Date of Issue	
Passport No.		Date of Issue	
Expiry Date		PAN No.	

Job Information			
Title		Employee ID	
Supervisor		Department	
Email ID		Work Phone Ext.	
CIT Account		CIT Amount	
Start Date			

Bank Account Information			
Name of Bank			
Bank Branch		Account Type	
Account Name		Account Number	

Emergency Contact Information			
Full Name			
Address			
Phone No 1		Phone No 2	
Relationship			
Blood Group			
Health Insurance Number :			



Office Rent Receipt: format No. 11.9

INHURED International

OFFICE RENT RECEIPTS

General Information:			
Payment Made to:		Month/Period	
Contact No.:	+977	Payment Date	

PAYMENTS DETAILS:		
S. No.	Particular	Amount in NPR
	Rent for the Month	
	TDs on Rent (10% of Rent)	
	Less : Advances	-
	Net Payment	
Amount in word,		

Payment made By:	Received By:
Date:	Date:



Bank Reconciliation: format No. 11.10

INHURED International			
Kupondole, Lalitpur			
A/C No. : 00405010088918			
Bank Reconciliation Statement			
as on 1st -31st October 2018			
Particular	Cheque No	Date	Amount (NPR)
Balance as per bank statement		
A. Closing Balance			-
Balance as per account statement		
Chq issued but not cashed by bank	3009932826	30/11/2018
B. Closing Balance			-
Differences (A-B)			-
Prepared By:	Checked By:		Verified By:
.....
Admin/Finance Associate	Finance Officer		President



Vehicle Log: format No. 11.11

VEHICLE LOG BOOK ⁽¹⁾

PROJECT: _____

VEHICLE TYPE AND MAKE : _____

VEHICLE CHASSIS NUMBER : _____

VEHICLE REGISTRATION PLATE NUMBER: _____

Date	Description and reason of the trip	Driver's name	Person authorising the trip	Meter at start of trip	Meter at end of trip	Mileage (or kilometers) made	Fuel utilisation			
							Liters of fuel tanked	Price paid	Voucher number	Fuel consumption (liters/100km)
						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
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						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
						0				#DIV/0!
					Totals	0	0	0.00		#DIV/0!

(1) This sheet to be kept in the vehicle and to be completed by the driver - copy to be given to the