

**Orange Butterflies**  
**Women Empowerment Centre**

**Finance & Administration Policies**  
**And Procedures 2021 (FAPP)**

**DOCUMENT MANAGEMENT**

**Purpose**

This section provides basic information about the importance of financial and administration policies for the efficient and effective operation of the organisation. The provisions contained herein may be added, revised, replaced, or deleted which may be necessitated because of local considerations, with the approval of the Board of Orange Butterflies/WEC

This policy aims to define, procedures and guide the employees of Orange Butterflies/WEC in financial management, general administration, accounting transactions, methods, and operational requirements of the organization.

**Document Information**

The following table provides fundamental information about the policy

<b>Document Name</b>	Finance & Administration Policies and Procedures (FAPP)
<b>Effective Date</b>	1 <sup>st</sup> January 2021
<b>Document Owner</b>	Orange Butterflies WEC

**Amendments to the Policies**

The Executive Director shall propose any amendment to this Finance & Administration Policies and Procedures in consultation and recommendations from Senior Executives, auditors, and staff meetings. All the changes, alterations, and revisions to the policy need to be approved by the Board of Orange Butterflies/WEC.

## ABBREVIATIONS

Unless otherwise indicated, the following terms used in the Policy shall have the meaning assigned hereunder;

<b>Term</b>	<b>Definition</b>
WEC /Organization	Women Empowerment Centre
Policy	Finance and Administration Policies and Procedures, 20121
Board	Board of Directors of the Organization as per the Bylaws of the Organization
Members	Board Members of Orange Butterflies/WEC
Chairperson	Chairperson of Orange Butterflies/WEC
ED	Executive Director of Orange Butterflies/WEC who holds the responsibility for the overall operation and management of Orange Butterflies/WEC
EC	Deputy Director of Orange Butterflies/WEC
FM	Finance Manager of Orange Butterflies/WEC
PM	Program Manager of Orange Butterflies/WEC
Program Officer	Program Officer of Orange Butterflies/WEC
Legal Officer	Legal Officer of Orange Butterflies/WEC
Shelter In-charge	Shelter In-charge who is responsible for regular operation and management of Child Protection Center, Woman Rehabilitation Center, Clinic of Orange Butterflies/WEC
Account Officer	Account Officer of Orange Butterflies/WEC
Admin Officer	Admin Officer of Orange Butterflies/WEC
HR Officer	Human Resource Officer of Orange Butterflies/WEC
Field Officer	Field Officer who is responsible for regular operation and management of field offices of Orange Butterflies/WEC
Senior Executives	Referred to EC, FM, and PM of Orange Butterflies/WEC
Management	The management team of Orange Butterflies/WEC comprises ED, EC, PM, and FM.
Employee	The employees of the Orange Butterflies/WEC including permanent, temporary, and contractual employees appointed by the organization
Consultant / Professionals	Consultants/professionals of the organization refer to the person(s)/firms/Organization to hold the responsibility of providing or facilitating technical support.
Fiscal Year	Complete one year from the first of Shrawan to the last of Ashadh of the following year as per the Nepali Calendar.
Goods	Goods Consumable and Goods Non-consumable of organization
Goods Consumable	Goods are Consumable within one year.
Goods Non-consumable	Goods that are durable for more than a year.

## CONTENTS

<b>1</b>	<b>INTRODUCTION.....</b>	<b>1</b>
1.1	Orange Butterflies/Women Empowerment Centre.....	1
1.2	Finance and Administration Policies and Procedures, 2022.....	1
1.3	Applicability and Amendment.....	1
1.4	Authority for Interpretation.....	2
1.5	Relationship with Other Policies.....	2
<b>2</b>	<b>ACCOUNTING PRINCIPLES &amp; POLICIES.....</b>	<b>3</b>
2.1	Accounting System .....	3
2.2	Accounting Period.....	3
2.3	Fundamental Accounting Assumptions .....	3
2.4	Consideration in the Selection of Accounting Policies .....	3
2.5	Accounting Policies.....	4
2.5.1	Revenue .....	4
2.5.2	Core Income .....	4
2.5.3	Project Income.....	4
2.5.4	Expenses.....	4
2.5.5	Property, Plant & Equipment (PPE) .....	4
2.5.6	Cash and Cash Equivalent.....	6
2.5.7	Fund .....	6
2.6	Chart of Accounts .....	7
2.7	Financial Reports.....	7
2.8	Accounting Vouchers.....	7
2.8.1	Receipt/Credit Voucher.....	7
2.8.2	Payment/Debit Voucher .....	7
2.8.3	Journal Voucher.....	7
2.9	Accounting Book of Records.....	8
<b>3</b>	<b>BUDGET AND BUDGETARY CONTROL .....</b>	<b>11</b>
3.1	Introduction.....	11
3.2	Annual Work Plan and Budget (AWAB) .....	11
3.3	Budget Period.....	11
3.4	Preparation .....	11
<b>4</b>	<b>AUTHORITY .....</b>	<b>12</b>

4.1	Delegation of Authority.....	12
<b>5</b>	<b>CASH MANAGEMENT.....</b>	<b>14</b>
5.1	Introduction.....	14
5.2	CASH PAYMENT.....	14
5.3	PETTY CASH.....	14
5.3.1	LIMIT.....	14
5.3.2	OPERATING PROCEDURES.....	14
5.4	Documents & Records.....	15
<b>6</b>	<b>BANK MANAGEMENT.....</b>	<b>17</b>
6.1	Bank Accounts.....	17
6.2	Opening and Authorization of Bank Account.....	17
6.3	Closing Bank Accounts.....	17
6.4	Cheque Signatory.....	18
6.5	Custody of Cheque Books.....	18
	<b>THE CORRECT ACCOUNT HEAD CHARGED.....</b>	<b>18</b>
6.6	Cheque Counterfoil (Cheque issuance slip enclosed in Cheque book).....	18
6.7	Cancellation of Cheques.....	18
6.8	Receipts of Cheques and Cash.....	19
6.9	Documents and Records.....	19
<b>7</b>	<b>ADVANCES PROCEDURES.....</b>	<b>20</b>
7.1	Advances.....	20
7.2	Types of Advances.....	20
7.2.1	Operational Advance.....	20
7.2.2	Travel Advances.....	20
7.2.3	Contract Advances.....	22
7.2.4	Vendor Advances.....	22
7.3	Report on Advance.....	22
7.4	Advanced Recovery & Write-off.....	23
7.5	Documents and Records.....	23
<b>8</b>	<b>PROCUREMENT PROCEDURES.....</b>	<b>24</b>
8.1	PROCUREMENT OF GOODS.....	24
8.2	Authority.....	24
8.3	Procurement Committee.....	24

8.4	Goods Requisition.....	24
8.5	Procurement Modalities .....	25
8.5.1	Procurement under Annual Supplies Contract .....	25
8.5.2	Direct Purchase and Competitive Procurement.....	25
8.5.3	Purchase Order .....	27
8.6	Receipt of Goods .....	27
8.7	Payment .....	27
8.8	Procurement of Services.....	29
8.8.1	Authority .....	29
8.8.2	Method of Procurement .....	29
8.8.3	Procurement Procedure.....	29
8.8.4	Contract / Agreement.....	29
8.9	Approved Roster.....	30
8.10	Disclosure of interest .....	30
8.11	Responsibility.....	30
<b>9</b>	<b>TRAVEL, PER DIEM, AND ACCOMMODATION .....</b>	<b>31</b>
9.1	Travel Policy .....	31
9.2	Accommodation .....	31
9.3	Per Diem.....	31
<b>10</b>	<b>PROPERTY PLANT &amp; EQUIPMENTS &amp; CONSUMABLE ITEMS MANAGEMENT .....</b>	<b>32</b>
10.1	property, plant & equipment (PPE).....	32
10.2	Class of Property plant & equipment (PPE) .....	32
10.3	Depreciation.....	32
10.4	PPE Identification Code .....	33
10.5	Property, plant & equipment (PPE) Register .....	33
10.6	Issue of Assets to Staffs.....	34
10.7	Custodianship .....	34
10.8	Insurance.....	34
10.9	Physical Verification of PPE.....	34
10.10	Disposal of PPE .....	35
10.11	Non-consumable items.....	35
10.12	Consumable Items .....	35
10.13	Consumable Items Register .....	36

10.14	Procedure.....	36
10.15	Consumable Items Physical Verification .....	36
10.16	Records.....	36
10.17	Responsibility .....	36
<b>11</b>	<b>PAYROLL SYSTEM .....</b>	<b>37</b>
11.1	Personnel File.....	37
11.2	Payroll Procedures.....	37
<b>12</b>	<b>REPORTING AND MONITORING.....</b>	<b>39</b>
12.1	Monthly Reporting.....	39
12.1.1	Activity Report.....	39
12.1.2	Financial Report.....	39
12.2	Account Monitoring and Review of Financial Report .....	39
12.3	Board Reporting.....	39
12.4	Annual Reporting .....	40
<b>13</b>	<b>MISCELLANEOUS .....</b>	<b>41</b>
13.1	External Audit .....	41
13.2	Internal Audit.....	41
13.3	Handing over the Responsibility of Old Employee to New Employee .....	41

**ANNEXURES OF FINANCE AND ADMINISTRATION POLICIES & PROCEDURES**

# **1 INTRODUCTION**

## **1.1 ORANGE BUTTERFLIES/WOMEN EMPOWERMENT CENTRE**

Orange Butterflies/Women Empowerment Centre (WEC), established in 2017, is working to promote equal opportunities to marginalized and disadvantaged women through vocational skills, awareness, advocacy, and life skill development. It also generates knowledge on economic empowerment, raises awareness, and advocates for social inclusion, and an equitable society that respects and practices gender equality.

Orange Butterflies/WEC has been focusing on vocational training that will ultimately result in employment and financial independence. The activities include training on website development, graphic designing, fashion design, handicraft, jewelry design, public skill, fashion technology, CMA, ANM, and Pharmacy based on the women's/girls' interests. It helps them become a self-employed entrepreneur or get a job. During the training, they are also oriented on the inclusions, rights, and entitlements of women, and duties as well.

## **1.2 FINANCE AND ADMINISTRATION POLICIES AND PROCEDURES, 2022**

The policies and procedures set forth herein shall be known as "Finance and Administration Policies and Procedures, (FAPP)" and shall hereinafter be referred to as "Policy".

The Policy includes rules and procedures regarding internal financial regulations of Orange Butterflies/WEC. All employees, management, and members of the Board of Orange Butterflies/WEC must be acquainted with all the current policies and procedures incorporated in this policy. The Board, at any time by notification, can supersede, cancel, or add to or delete any of the provisions of this Policy.

The purpose of the Finance and Administration Policies and Procedures is to provide direction and guidance in connection with the administration, financial management, accounting transactions, procedures, and reports to ensure uniformity, error-free, timeliness, consistency, and completeness of accounting records.

Notwithstanding anything contained in this Policy, if there is a need for complying with the Policy and provisions of the donor Organisation, this Policy shall not bar following the same and acting accordingly during the partnership.

## **1.3 APPLICABILITY AND AMENDMENT**

Finance and Administration Policies and Procedures are developed following Generally Accepted Accounting Principles (GAAP). This document is effective from 16 July 2020 and applies to all Orange Butterflies/WEC employees and others who are affected.

Any amendment to this Finance & Administration Policies and Procedures shall be proposed by ED with the recommendation from Senior Executives, auditors, and staff meetings. All the changes, alterations, and revisions to this policy need to be approved by the Board of Orange Butterflies/WEC.



#### **1.4 AUTHORITY FOR INTERPRETATION**

ED of Orange Butterflies/WEC holds full authority to define and explain any clause or provisions of the policy in case of ambiguity or conflict of ideas.

#### **1.5 RELATIONSHIP WITH OTHER POLICIES**

- a) If FAPP conflicts with other existing policies of Orange Butterflies/WEC relating to financial matters, FAPP shall prevail.
- b) If FAPP conflicts with the statute of Organization then, the Statute of Organization shall prevail.
- c) If FAPP conflicts with National laws, then FAPP shall be amended as per National laws depending upon the circumstances.

## 2 ACCOUNTING PRINCIPLES & POLICIES

### 2.1 ACCOUNTING SYSTEM

The organization's books of accounts shall be maintained in a double-entry bookkeeping system.

The books of accounts shall be preferably maintained using computerized software/ or as decided by the Board. The accounting and reporting shall be done according to Nepal Financial Reporting Standards (NFRS).

### 2.2 ACCOUNTING PERIOD

The organization shall maintain its accounting year as per the Nepalese Fiscal year i.e., from the 1<sup>st</sup> of Shrawan to the End of Ashadh.

### 2.3 FUNDAMENTAL ACCOUNTING ASSUMPTIONS

The following have been generally accepted as fundamental accounting assumptions that are consistent with those of Nepal Financial Reporting Standards.

- **Going Concern:** The entity is normally viewed as a going concern, i.e. as continuing in operation for the foreseeable future. It is assumed that the entity has neither the intention nor the necessity of liquidation or of curtailing materially the scale of the operations.
- **Consistency:** It is assumed that accounting policies are consistent from one period to another.
- **Accrual:** Revenues and costs are accrued, that is, recognized as they are earned or incurred (and not as money is received or paid) and recorded in the financial statements of the periods to which they relate.

### 2.4 CONSIDERATION IN THE SELECTION OF ACCOUNTING POLICIES

The primary consideration in the selection of accounting policies by an entity is that the financial statements prepared and presented based on such accounting policies should represent a true and fair view of the state of affairs of the entity as at the balance sheet date, the results from operations, and the cash flows of the organization. These accounting policies will be in line with the Nepal Financial Reporting Standard issued by the Nepal Accounting Standard Board. For this purpose, the major considerations governing the selection and application of accounting policies are:

- **Prudence:** Because of the uncertainty attached to future events, income/revenues are not anticipated but recognized only when realized though not necessarily in cash. Provision is made for all known liabilities and losses even though the amount cannot be determined with certainty and represents only the best estimate in the light of available information.
- **Substance over form:** The accounting treatment and presentation in financial statements of transactions and events should be governed by their substance and not merely by the legal form.

- **Materiality:** Financial Statements should disclose all material items i.e. Items the knowledge of which might influence the decisions of the user of the financial statements.

## **2.5 ACCOUNTING POLICIES**

Accounting policies encompass the principles, basis, conventions, rules, and procedures for the preparation and presentation of financial statements. Orange Butterflies/WEC shall have the following accounting policies:

### **2.5.1 REVENUE**

The revenue of the organization shall be categorized as:

### **2.5.2 CORE INCOME**

Core income includes the Membership fees, donations, and interest income of the organization. Such incomes are recognized on a cash basis as and when the amount is received by the organization.

### **2.5.3 PROJECT INCOME**

Project income includes the grant/donations received from the donors in cash or in kind. Depending upon the nature of the conditions set by the donors, Project income shall be categorized as Restricted Grants or Unrestricted Grants.

Restricted as well as Unrestricted Grants received are recognized as Deferred Income in the respective project. The organization shall recognize the Income to the extent of expenditure incurred during the period in the Statement of Income and Expenditure.

In case of interest income from the project fund which is restricted in nature, such income will be treated as part of the income of such project and accordingly will be treated as part of such fund. The cash basis of accounting shall be followed for the recognition of interest income.

### **2.5.4 EXPENSES**

Expenses are recognized in the Statement of Income & Expenditure on a hybrid basis of accounting. Expenses are recognized when paid rather than incurred except for those statutory dues, payables, and advances as decided by the management.

#### **2.5.4.1 COMMON COST ALLOCATION**

Any cost items which is related to more than one project will be allocated between the projects according to the nature of the expense and fund availability in the projects. Normally, Allocation should be done in the following way considering the budget availability:

- a) Personal costs shall be allocated based on their time by the relevant personnel committed to each project.
- b) Operating Expenses shall be allocated among the projects based on their nature, usage, occupancy, and budget availability.

### **2.5.5 PROPERTY, PLANT & EQUIPMENT (PPE)**

Property, Plant & Equipment are to be reflected at historic cost. Historic cost shall include such costs as the price of assets and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items.

Property, Plant & Equipment shall be classified under the following heads;

- Freehold Land
- Freehold Building
- Plant & Machinery
- Office Equipment
- Furniture & Fixtures
- Motor Vehicles
- Others

In the case of the regular maintenance cost, it will not be recognized as capital cost and rather will be expensed as revenue cost. However, where there is the replacement cost for part of the PPE which is to the value of a PPE or increases longevity, such cost is recognized in the carrying amount of the PPE & cost for earlier (which is replaced) will be derecognized from the carrying amount.

Orange Butterflies/WEC shall follow the following method for the accounting of PPE:

**A. PPE purchased from its unrestricted fund:**

- i. PPE that is purchased from the unrestricted fund or its source, then such assets are capitalized in the year of the purchase or from the month it is put to use whichever is earlier.
- ii. PPE valued less than NPR 5,000 (five thousand Nepalese rupees) which do not fall under the categories of furniture, fixtures, equipment, vehicles land and buildings, etc., and having less than one year of life, shall not be capitalized. Such costs are expensed off in the year of purchase.
- iii. All PPE recognized by the organization is expensed off as revenue value except NPR.1 (per book) which shall be included in the PPE for control purposes. The list of such expenses off PPE will be recorded separately.

**B. PPE purchased from Grant or under a specific project**

PPE purchased from Grant or under the specific project shall be expensed off as project expenditure during the year of purchase. Such PPEs are re-recognized as PPE by crediting the corresponding amount to the Accumulated Fund.

**Depreciation**

Depreciation is provided on items of property, plant, and equipment except for Freehold Land to write off their carrying value over the expected useful economic lives. PPE purchased during the year will be capitalized at historic cost and depreciation shall be charged from the following fiscal year of acquisition/capitalization of PPE.

Depreciation is computed on the Written Value Method as per the estimated useful life of the asset. The rate of depreciation has been prescribed in Clause 10.3 of this policy.

## **Revaluation cost**

Revaluation of PPE is undertaken to determine the current value of the PPE owned by the organization. The organization carries out this activity in addition to the usual depreciation of an asset that goes through during its useful life.

The reason for carrying out the revaluation is to determine the fair market value of the PPE and provision for the replacement of old PPE at the end of their useful lives. PPE is initially recorded at the cost but subsequently, its carrying amount is increased/ decreased to account for any appreciation/depreciation.

Upward revaluation is directly credited to the revaluation surplus. Revaluation surplus holds all the upward revaluations of an organization's PPEs until those PPEs are disposed of.

Downward revaluation is subsequently valued down due to impairment, the loss is first written off against any balance available in the revaluation surplus and if the loss exceeds the revaluation surplus balance of the same PPE, the difference is charged to the income statement as an impairment loss.

### **2.5.6 CASH AND CASH EQUIVALENT**

Cash and cash equivalents are defined as cash in hand, demand deposits, and short-term highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

### **2.5.7 FUND**

The organization shall have the following funds:

#### **A. Accumulated Fund**

Accumulated funds include any surplus/deficit of the funds remaining that can be used at the discretion of the Board, in furtherance of the general objectives of WEC. Such funds shall not be designated for any specific purpose.

Any PPEs procured from the projects are expensed during the year in the respective projects. Such PPEs shall be recognized as PPEs by crediting the equivalent amount to the Accumulated Fund.

#### **B. Designated Fund**

WEC shall create designated funds for specific purposes. The designated fund shall be:

##### **i. Orange Butterflies/WEC Fund**

Orange Butterflies/WEC shall create a separate Orange Butterflies/WEC Fund for specific purposes foreseeing the requirement of the organization in case of non-funding by donors for meeting its objectives. Control over the fund resides within Orange Butterflies/WEC as its Board is the approving authority for the disbursement of the Fund.

**ii. Orange Butterflies/WEC Gratuity Fund**

Orange Butterflies/WEC shall create a separate Orange Butterflies/WEC Gratuity Fund for mitigating the Gratuity liabilities of the organization towards the employee. Gratuity expenses charged to the project shall be transferred as a fund to the Orange Butterflies/WEC Gratuity Fund.

**iii. Orange Butterflies/WEC Endowment Trust Fund**

Orange Butterflies/WEC shall create an Orange Butterflies/WEC Endowment Trust Fund for the organization's sustainability and future emergency needs.

**2.6 CHART OF ACCOUNTS**

The organization shall use a uniform chart of accounts approved by the Board.

**2.7 FINANCIAL REPORTS**

The financial reports shall be prepared monthly or as decided by the board. The financial statements shall consist of the following;

1. Statement of Financial Position
2. Statement of Profit or Loss and Other Comprehensive Income
3. Cash Flow Statement
4. Fund Accountability Statement
5. Significant Accounting Policies & Other Explanatory Notes to Accounts

**2.8 ACCOUNTING VOUCHERS**

Orange Butterflies/WEC shall maintain vouchers as generated by the approved accounting system of the organization or manually. These vouchers are to be numerically and chronologically controlled. For each financial year, the voucher number commences from 1 or a separate donor voucher can be maintained ensuring separate chronological numerical numbers as and when required basis. The types of accounting vouchers shall be:

**2.8.1 RECEIPT/CREDIT VOUCHER**

Any amount received in cash or bank by the organization through donation, grant, membership fee, interest income, advance settlements, collection against dues, etc. shall be accounted for through a Receipt/Credit Voucher.

**2.8.2 PAYMENT/DEBIT VOUCHER**

Any amount paid through cash or bank (Cheque, draft, account transfer, telegraphic transfer, etc.) by the organization such as incurring expenditures, purchase of assets, settlement of accounts, advance payments, etc. shall be accounted for through Payment / Debit Voucher.

**2.8.3 JOURNAL VOUCHER**

A Journal Voucher is prepared for non-cash transactions, where receipt or payment of cash/bank is not involved. Journal Voucher shall be used for transfer or adjustment of ledger account balances from one account to another account, booking of receivables and payables, depreciation of fixed assets, accounting of deducting of withholding taxes, all sorts of

rectification entries, creating provisions and other transactions not covered by any other vouchers.

Cash payments made for the petty expenses of the organization shall be recorded through a Petty Cash Voucher. Petty expenses maintained on the petty cash register shall be recognized through the Petty Cash Voucher.

## 2.9 ACCOUNTING BOOK OF RECORDS

The accounting books and registers are important for recording financial transactions. These books and registers are treated as documentary evidence of financial transactions. The Finance & Accounts department shall maintain necessary books of accounts and registers for recording the financial transactions and related information, either manually and/or by using the accounting software.

The books of accounts and registers are important documents that should be maintained and preserved for proper documentation. **The organization should ensure that these are prepared carefully, avoiding overwriting, tampering, and unauthorized destruction/damage, Eraser/correction fluid will not be used.** Correction entries will be initiated by an authorized person. Depending on the needs of the organization, the organization should maintain the following standard books and records:

S.N.	Description	Maintained by	Checked by	Approved by
1	Control Ledger /General Ledger (System-generated)	Account Officer		EC/ED
2	Petty Cash Register	Petty Cash Holder	FM	ED/EC
3	Receipt /Credit voucher	Account Officer	FM	ED/EC
4	Payment /Debit voucher	Account Officer	FM	ED/EC
5	Journal voucher	Account Officer	FM	ED/EC
6	Receipt Register	Account Officer	FM	ED/EC
7	Bank Reconciliation Statements	Account Officer	FM	ED/EC
8	Monthly, Quarterly, Annual Financial Reporting	Account Officer	FM	ED/EC
9	Correspondences with Government Agencies, Banks, others			ED/EC and Senior Executives
10	Salary Sheet	Account Officer	FM	ED/EC
11	Fixed Asset Register	Admin Officer	FM	ED/EC
12	VAT register	Account Officer	FM	ED/EC
13	TDS register	Account Officer	FM	ED/EC
14	Advance Requisition Forms	Respective	FM	ED/EC

S.N.	Description	Maintained by	Checked by	Approved by
		Staff		
15	Advance Settlement Forms	Respective Staff	PM/FM	ED/EC
16	Attendance Records	HR Officer	EC	ED
17	Time Sheet	Respective Staff	Supervisor	ED/EC
18	Leave Records	HR Officer	Respective supervisor	ED/EC
19	Travel Requisition Forms	Respective Staff	Supervisor	ED/EC and Senior Executives
20	Asset movement register	Admin Officer	FM	ED/EC
21	Asset Issue Register	Admin Officer	FM	ED/EC
22	Inventory Register	Office Assistant	FM	ED/EC
23	Goods Requisition Forms	Respective Staff	Immediate supervisor	ED/EC
24	Purchase Orders	Administration Officer	Senior Executives	ED/EC
25	Goods Receipt Notes	Procurement Assistant	FM	ED/EC

Note: Approval of books and records shall be the responsibility of the EC. However, the EC may delegate any of the authority in written form to the ED.

The frequency of recording transactions in the books and records will be as follows;

Activities	Frequency
Transaction—cash and non-cash	As and when it takes place
Adequacy of documents of transactions	For each transaction
Approval of transaction	For each transaction
Payee's acknowledgment	For each transaction
Receipt voucher	For each transaction
Posting to the cash book	Daily basis
Balancing of cash book	Daily basis
Obtaining bank balance confirmation	Monthly/quarterly and as demanded by the project



<b>Activities</b>	<b>Frequency</b>
Preparation of bank reconciliation statements	Monthly basis
Journal voucher	As and when it takes place
Adequacy of document of journal voucher	For each transaction
Posting to all types of ledgers	Daily basis
Balancing of all ledgers	Daily basis
Posting of the fixed asset register	As and when it takes place
Posting of Inventory Register	As and when it takes place
Financial Reporting	Monthly/Quarterly/Yearly Basis

## **3 BUDGET AND BUDGETARY CONTROL**

### **3.1 INTRODUCTION**

A budget is a predetermined statement of receipts and payments of an organization for a specific period, which includes the projection of resources and estimated expenditures, required to achieve organizational goals in numeric terms. The purpose of preparing a budget is to ensure the proper utilization of limited resources to their maximum potential, for which adequate planning, organizing, and controlling are essential.

### **3.2 ANNUAL WORK PLAN AND BUDGET (AWAB)**

The Annual Work Plan and Budget shall be prepared based on activities to be carried out and sources of funds available from different funding agencies.

### **3.3 BUDGET PERIOD**

The AWAB should be prepared annually every year as per the English Calendar (January to December).

### **3.4 PREPARATION**

For the preparation of AWAB, the AWAB Preparation Team (APT) under the chairmanship of ED/EC comprised of Finance Manager (FM), and Program Manager (PM) as members. Initial preparation of AWAB shall be initiated by the EC, FM & PM for coming up with a draft AWAB.

The preparation process of AWAB will commence two months before the annual budget forecast. Every department will design its plans, programs, and annual work plan along with the projected expenditure. The Finance department will provide technical inputs in preparing the systematic budget as per the plans and programs designed by the respective departments. The AWAB shall compile the work plan and budgets from all existing projects and forthcoming projects. The budget for each project shall be in line with the respective agreements with the funding agencies

Draft AWAB shall be presented and submitted to APT for final review and shall be finalized after incorporating the comments of all members. ED shall examine or verify the AWAB within the 15<sup>th</sup> of December and submit it to the Board for approval. The Board shall approve the AWAB after reviewing it within the December end or fiscal year-end as directed. The implementation of the AWAB shall be the responsibility of the ED.

The highlight of AWAB shall be presented to the General Assembly by ED.

#### **Project Budgets**

The Project budgets shall be prepared for the respective projects for approval from the funding agencies. Project budgets are prepared separately for each project. Period of budget, the format of the budget shall be as prescribed by the funding agencies. However, all separate project budgets shall be integrated into the AWAB of the Organization.

## 4 AUTHORITY

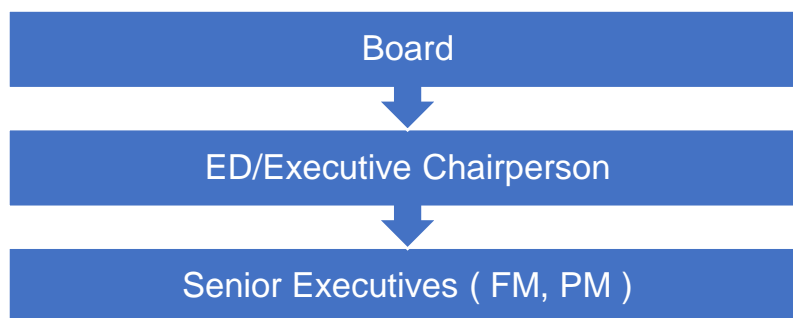
### 4.1 DELEGATION OF AUTHORITY

#### Principles of Board Delegation

The Board retains exclusive accountability for its role and responsibilities as documented in the Board Charter and the matters reserved for Board decision detailed in Terms of Reference of Board.

- The Board and ED are bound by the financial authority thresholds as detailed in **the Level of Authority**.
- Any action taken exercising a delegated authority allowed must be undertaken
- within the limits of the delegation.
- Unless otherwise specified, powers and authorities are delegated to a position and not to a person.
- Unless otherwise specified, power and authority delegated to a position extend to any
- person acting in that position.
- The delegations of the Board's power and authority are made under the Articles of Association of the Organization. These provide that the business of a corporation is to be managed by or under the direction of EDs and that the EDs may, by resolution, delegate any of their powers to the ED, a committee of EDs or an individual ED.
- The law requires the Board to remain accountable for matters for which it has delegated
- authority.
- The board may delegate the chairperson as the ED/Executive Chairperson to handle and monitor the day to day program of the organisation as or when required.

The ED shall be responsible for the efficient operation of the organization and shall be accountable to the Board. ED has the power to represent and manage the organization. ED delegates, the authority to incur/approve transactions to designated authorities of the organization. The hierarchy of authority designated and approving transactions shall be as follows;





## **5 CASH MANAGEMENT**

### **5.1 INTRODUCTION**

It is the policy of the organization to minimize cash transactions as far as possible to minimize the risk associated with cash such as embezzlement, theft etc. Cash transactions comprise all the receipts and payments received in cash in and from the counter of the organization. This does not include receipt or payment made by or through Cheque. The cash transaction of the Organization should be considered as one of the important functions and should be operated responsibly.

### **5.2 CASH PAYMENT**

The payments through cash must be avoided at all times except for payment through petty cash. The payment must be made through the Cash Payment Form.

### **5.3 PETTY CASH**

The petty cash fund is maintained to meet day to day payments of a small amount for uninterrupted operations on a routine basis or it is impractical to make payment through cheques.

Petty cash funds are to be maintained on an imprest basis, which means the amount of the fund remains constant. Currency and coins plus petty cash receipts in the fund should always equal the authorized amount of the fund.

#### **5.3.1 LIMIT**

The limit for petty cash is NPR 20,000. The maximum limit for payment out of petty cash shall be NPR 5,000.00 at a time for normal transactions.

#### **5.3.2 OPERATING PROCEDURES**

The Admin Department and Shelter Department or as specified by the management shall operate petty cash fund. The following shall be the operating procedure for operating petty cash:

##### **5.3.2.1 PETTY CASH CUSTODY**

For Head Office, –EC/ED shall delegate the custodian authority to the designated employees. Admin Department, shall take custodian and maintain petty cash register in the prescribed format.

##### **5.3.2.2 PETTY CASH PAYMENTS**

Expenses paid from a petty cash fund can only be made for the purpose(s) for which the fund was authorized and must be supported by receipts, which should contain the following information:

- Date of purchase or payment;
- Name of vendor or payee;
- Evidence that a payment was made, i.e., a cash register receipt or a handwritten receipt on which the word "Paid" appears;
- Amount paid;

- Description of the goods purchased (entered by the vendor if a handwritten receipt is obtained, or by the purchaser if a cash register tape is issued), or of the services provided;
- A signature indicating receipt of purchases or services; and
- Telephone number of the supplier

*The total receipts plus the cash on hand must equal the specified amount of the petty cash fund at all times.*

### **5.3.2.3 REIMBURSEMENT OF FUNDS**

Reimbursements made to a fund custodian for petty cash expenditures are based on a Petty Cash Register, which must be supported by purchase receipts and adequate supporting evidence of expenditures.

Such requests must be approved for payment by personnel prescribed in the authorized limit. Reimbursement should be requested as needed, but the fund should always be reimbursed by the end of each month and the fiscal year.

### **5.3.2.4 PHYSICAL SECURITY**

The cash should be maintained safely in a locker. In the event of a theft, the loss must be reported immediately to the FM and ED.

### **5.3.2.5 CHANGE IN CUSTODY OF PETTY CASH FUND**

When custody of a petty cash fund is transferred to another custodian, the existing fund should be settled, and a new check is requested for payment to the new custodian. The transfer documents should be prepared and well documented.

### **5.3.2.6 INTERNAL CONTROL PROCEDURE**

A surprise cash count of petty cash funds, including a review of the documents on hand, must be performed annually or more frequently if the accounting officer or the head of another department determines that this is necessary. The following procedures must be followed:

- An employee from another department must perform the count.
- The employee should be selected to perform a specified cash count only for this one instance, i.e., the designation should terminate upon completion of the assignment.
- If the cash count is performed by a non-accounting office employee, the results must be reported to the Accounts Department. Any major discrepancies disclosed by the cash count should be reported to FM and ED.
- Petty Cash Verification Form should be prepared in the prescribed format. FM/ED/EC shall carry out such verification.
- The Surprise Check of petty cash should be done at least twice a year by ED/EC.

### **5.3.2.7 RESPONSIBILITIES**

The Accounts Department is responsible for reviewing receipt documents provided in support of requests for reimbursement of petty cash expenditures, and for reimbursing the fund custodian.

## **5.4 DOCUMENTS & RECORDS**

**Documents:** Receipt voucher, bill & cash payment voucher.

**Records:** Petty cash register

**Responsibility:** It shall be the responsibility of the authorized person to maintain the petty cash register and incur expenditures through the petty cash. It shall be the responsibility of FM to ensure that the petty cash is being accounted for and handled appropriately.

## 6 BANK MANAGEMENT

The organization shall hold its cash in a bank account. It shall be the policy of the organization to make payment through a bank except in a peculiar situation.

### 6.1 BANK ACCOUNTS

The organization should maintain the bank account as per the nature of currency transactions if possible. The Bank Accounts shall be as follows;

Purpose of Account	Name of Account
Deposit of Grants to be received in Foreign Currency	Bank – Dollar Account
Deposit of Grants to be Received in National Currency	Bank – NPR Account
Deposit of Other Income	Bank – Revenue Account
Core Fund Management Account	Bank – Core Account

There will be separate bank accounts operated for project funds if donor requirement is a compulsion. The Board by a resolution shall delegate the authority to handle such bank account.

### 6.2 OPENING AND AUTHORIZATION OF BANK ACCOUNT

The bank account shall generally be opened in reputed banks and financial institutions preferably commercial banks classified as Class 'A' by Nepal Rastra Bank. The bank account shall be opened upon justification and recommendation by ED by passing a resolution through the Board Meeting. On receipt of the resolution, the same will be submitted to the bank for completion of the formalities required.

The Finance Section will maintain in a separate file, the following;

- a. A list of Bank Accounts / Accounts being operated by it.
- b. Copies of Board Resolution authorizing the opening of each Account as listed (a) above
- c. A list of signatories currently operating the listed accounts

### 6.3 CLOSING BANK ACCOUNTS

The closure of Bank Accounts shall be justified and recommended by FM/Account Officer and shall be closed only upon approval of ED and by passing through the Board Resolution.

#### 6.3.1.1 CLOSURE PROCESS

Bank Statement up to the date of closure shall be obtained. The Bank Reconciliation statements should be prepared to determine any outstanding cheques and payments before the closure of the bank account.

The Account Officer should invalidate all unused checks and hand them to FM. FM should ensure that all unused cheques have been accounted for, voided and remaining cheques are handed over and submit them to ED.



FM prepares a written request/bank account closing letter and sent it to ED for approval along with Bank name, Bank Account number, Closing Bank Statement and Bank reconciliation statement, unused/voided cheques.

#### **6.4 CHEQUE SIGNATORY**

The signatory of the Cheque shall be as determined by the Board Resolution with dual signatory and a Board Treasurer's signature must be a compulsion for bank operation.

Whenever a new signatory is intended to be included or has to be cancelled from the list of signatories, approval from the ED should be obtained along with Board resolution. On receipt of the same, it should be sent to the bank for registration. Bank accounts will be operated only with a dual signatory.

#### **6.5 CUSTODY OF CHEQUE BOOKS**

FM/ED/Account Officer shall take custodian of Cheque Books. The FM may delegate subordinates for the custody of the cheques.

The Cheque books shall be kept securely under proper lock and key. In case of transfer of the custody of the Cheque books, the transfer shall be well documents along with the remaining number of cheques & undelivered cheques during the transfer.

### **CORRECT ACCOUNT HEAD CHARGED**

The organization shall issue "Account Payee" cheques compulsorily above **NPR 10,000** except for making statutory legal payments such as tax payments and legal registration renewal fees and any other such cases. Where Account Payee Cheques cannot be issued, justification should be made in written and approved by ED.

The cheques shall be delivered to the concerned party/vendor as soon as possible and shall not be retained.

A payment voucher shall be prepared for payment through Cheque. The voucher should be approved by the ED and should be posted in the bank ledger.

#### **6.6 CHEQUE COUNTERFOIL (CHEQUE ISSUANCE SLIP ENCLOSED IN CHEQUE BOOK)**

While issuing cheques, the counterfoil of the Cheque shall also be filled with necessary particulars, e.g. date of issue, and name of the payee, amount, purpose and initials of the signatories.

#### **6.7 CANCELLATION OF CHEQUES**

Cheques become stale when they are not presented for payment in the bank for more than six months from the date of issue. Once the Cheque becomes stale, the expenses/advance charged at the time of issue of the Cheque should be reversed and the concerned bank account debited by the corresponding amount. Entries into the bank book or ledger or correcting entries in the bank book or ledger mustn't be made by crossing, whiting out or changing the original entry. The original must remain and a new entry is made to correct the error.

For any cancellation of cheques, the cancelled cheques shall be crossed out and marked "Cancelled" in the face of the Cheque and signed by the ED/EC The portion bearing the signature shall be torn off. The cancelled Cheque shall be stapled along with the Cheque foil.

## 6.8 RECEIPTS OF CHEQUES AND CASH

- a. Immediately on receipt of cash/cheques/drafts/pay orders a serially pre-numbered receipt will be made out and details of the receipts will be recorded thereon, and details
- b. of the same will be posted in the cash book. All fresh receipts book and unused
- c. stationery will be kept in the custody of the FM or his/her designated employees.
- d. A receipt pad will be and issued after entry in a controlled register.
- e. Receipts must indicate Cheque/draft/etc. The number and where cash is received the word
- f. CASH noted.
- g. Segregation of cash and cheques on the cash book by marking cash, Cheque, draft, fax
- h. should be done.
- i. Cash/draft/Cheque received must be deposited, as far as possible, in the bank on the
- j. date of receipt, or, if received after banking hours, on the following day.
- k. In case cash receipt is cancelled, the original should be kept along with the duplicate
- l. and marked with the word "CANCELLED" on the face of all the copies.
- m. Cheques/drafts/pay orders should, immediately on receipt, be endorsed with the
- n. rubber stamp, indicating the bank where this amount will be deposited and marked
- o. 'A/C Payee Only'. All incoming draft/cheques should be recorded in a register, giving
- p. particulars of the draft/Cheque number, party's name and amount and date of receipt.
- q. No alterations in the cash receipts once prepared are allowed. Double-sided carbon
- r. must be used whilst making cash receipts.
- s. At the end of each month, the total receipts as per the cash/bank book should be
- t. separately made for cash and Cheque/drafts. The total of Cheque/drafts received should
- u. be reconciled with the incoming Cheque/draft register. Evidence of such reconciliation
- v. having been made should be available in the cashbook.

## 6.9 DOCUMENTS AND RECORDS

**Documents:** Receipt voucher, Payment voucher along with adequate supporting documents

**Records:** Cheque Issue Register, Bank Reconciliation Statements

**Responsibilities:** The Finance Manager is responsible for maintaining records related to the bank account, custody of Cheque, preparation of documents and following procedures for Cheque payments and preparing bank reconciliation statements.

## **7 ADVANCES PROCEDURES**

### **7.1 ADVANCES**

The organization can provide an advance to staff and others in the course of its operation. Advances can be provided against operational expenses, purchase of materials & supplies, travels, etc.

Orange Butterflies/WEC, in course of its operation, is required to give advances to staff or others. Advance for a regular type of revenue expenditure/capital expenditure within the approved annual

work plan and budget. The advances are classified as below:

- Operational Advances
- Advance against Salaries
- Travel Advances
- Contract Advances
- Vendor Advances

### **7.2 TYPES OF ADVANCES**

#### **7.2.1 OPERATIONAL ADVANCE**

If any staff member requires advance for operational expenses of the organization, then he/she shall request the advance in the prescribed advance request form.

Operational Advance can be granted for procurement of goods and services, for conducting training/workshops/seminars or other related activities.

The following procedures shall apply for administration of Operational Advances;

- A request for operational advance in a prescribed format shall be submitted along with identification of purpose and a detailed breakdown of estimated cost.
- The advance request form shall be checked by the FM and approved by ED.
- Advance requests must be completed at least 3 working days after the activity is completed. Advances shall be provided to the staff at least 1 working day before starting an activity.
- No fresh advances shall be disbursed before the settlement of the previous advances. However, in case of emergency or if the settlement delay is justified, a fresh advance can be disbursed upon approval of ED.
- The advance for the operational purpose shall be settled within 7 days of the date of completion of the activity. Advance settlement form shall be filled during the settlement of advance. The advance settlement form shall be checked by the PM and the FM and approved by the ED as per the level of authority. An activity completion report should be submitted at the time of submitting advance settlement documents.

#### **7.2.2 TRAVEL ADVANCES**

Travel Advances shall be provided to staffs for official travel related to the organization.

### 7.2.2.1 PROCEDURE FOR TRAVEL ADVANCE

The staff should fill the Travel Request Form which shall be forwarded to the ED for approval. The advance shall be provided to staff through Account Payee Cheque as far as possible.

The following procedures shall be applied for travel advance;

- Board Members, Staff appointed by Orange Butterflies/WEC and government or other organizations' officials and consultants related to and assigned by Orange Butterflies/WEC are entitled to travel advances.
- In the case of the staff and consultants related to and assigned by Orange Butterflies/WEC, before undertaking an official trip, a travel order must be duly filled and forwarded for
- Approval to ED/EC with the recommendation of the immediate supervisor, if applicable.
- In the case of an international visit by a Board Member or ED, the decision should be passed through the Board Resolution.
- Travel advance shall be provided against the approved travel order where details of travel advance are also mentioned if required.
- Before departure, Orange Butterflies/WEC will process advance to cover anticipated travel costs. This advance will consist of the following:
  - Per diem: 100% of the rate of per diem prevailing on the date of advance
  - Air or other modes: 100% of the cost of travel (Economy Class or other)
- Air or other modes (economy): 100% of the cost of travel. No fresh advances shall be disbursed before the settlement of the previous advances. However, in case of emergency or if the settlement delay is justified, a fresh advance can be disbursed upon approval of ED/EC.
- All forms must be completed and approved at least 2 working days before the
- departure. Advances shall be provided to the concerned individual at least 1 working day before the departure date.
- Travel advance must be settled within 7 working days from the completion of travel.
- The employees shall submit their travel claim along with supporting documents and travel reports for advance settlement. Following documents shall be presented to the Finance Department for settlement of Travel Advances
  - Travel Advance Settlement Form approved by the department head
  - Airfare Invoices and Boarding Pass
  - Accommodation Invoices and Receipts ( In case of visits of travel of delegates/donors, external monitoring and evaluation team, food items invoice is also required)
  - Local Transport Claim Sheet
  - Travel Report
  - Evidence of attending program/seminars (if applicable)
- Cash remaining from the advance amount, if any, should be refunded while submitting the travel claim. The refunded cash should be immediately deposited in the bank account. Such cash should not be mixed with any other cash balances.
- Orange Butterflies/WEC will not reimburse staff for advances given to other staff members by such staff. These should be settled with a concerned individual by staff him/herself.

- In the event of non-settlement, Finance Department may deduct the amount of advance from salary or any other payments due in the following month salary payment.
- If actual travel in the field deviates from the travel plan as mentioned in the approved travel request, the concerned staff should give a brief explanatory note for the deviation, while submitting the travel claim. However, the staff, using appropriate means, should inform about the deviation of travels to his/her line Manager.
- Where travel involves at least one overnight stay, DSA shall be paid at the rates as fixed by Orange Butterflies/WEC. Orange Butterflies/WEC, as necessary, may change the DSA rate from time to time.
- An acknowledgement shall be issued by the Finance Department for the Statement of the settlement received (including date). A receipt shall be issued for the cash refund if any, made by the respective individual who has taken travel advance.

### **7.2.3 CONTRACT ADVANCES**

Advances may be provided to contractors as per the construction contract. The advance shall be provided as per the terms and conditions of the contract. If the provision of advance is available in the Suppliers/Contractors contract/work order, mentioning the provision, the Suppliers/Contractors shall submit a request letter/application to the Orange Butterflies/WEC for the advance payment. Having approval from the authorized person, the finance department will make the payment.

- As per terms & conditions set upon issuance of advance, it will be adjusted from the bill of the contractor.
- All advances shall be adjusted before the final payment to the contractor.

### **7.2.4 VENDOR ADVANCES**

10-20% advances may be provided to vendors for procurement of goods and services at their request. However, if there is a peculiar situation and need more advance, it shall be done as per the terms mentioned in the agreement signed.

Advances to material suppliers shall be provided based on the contract or as per the terms agreed in the purchase order.

Advances to consultants/resource persons shall be provided based on the terms agreed in TOR or contract.

Acknowledgement/Receipt from the vendors/consultants shall be obtained after the disbursement of the advance. The advance shall be disbursed through Account Payee Cheque. The advance shall be settled after the submission of the final bill after the assignment has been completed.

### **7.3 REPORT ON ADVANCE**

The FM shall be closely monitoring the advance and related issues. FM shall prepare and update the advance status to the ED periodically.

#### **7.4 ADVANCE RECOVERY & WRITE OFF**

If the recovery of work advance cannot be made in the prescribed time frame, it should be recovered from his/her salary payment. If the advance is issued to the vendor and he/she fails to provide goods or services, it will be recovered based on the prevailing laws of the nation.

ED should ensure the proper recovery process has been followed for advances and any write off of advances should be done after Board Approval.

#### **7.5 DOCUMENTS AND RECORDS**

**Documents:** Receipt Voucher, Journal Voucher, Payment voucher along with adequate supporting documents, Advance Request Form, Advance Settlement Forms, Travel Request Forms, Travel Settlement Forms, Per Diem Claim Forms.

**Responsibilities:** It shall be the responsibility of the respective staff to prepare documents required for obtaining and settling the travel advances.

The Finance Department shall disburse and settle the advances and maintain records of advances & monitor the advances.

## **8 PROCUREMENT PROCEDURES**

### **8.1 PROCUREMENT OF GOODS**

The procurement transactions should always be made through open and free competition. The approval for procurement of goods shall be as per the delegated authority.

### **8.2 AUTHORITY**

The Authority for Procurement shall be as stated in Delegation of Authority

### **8.3 PROCUREMENT COMMITTEE**

There will be following members in Procurement Committee:

- |                          |                |
|--------------------------|----------------|
| • Admin Officer          | Secretary      |
| • PM                     | Member         |
| • Specific Project Staff | Invited Member |
| • ED/Chairperson         | Invited Member |

Or the procurement committee shall be formed with the resolution of the executive board in the required format.

The procurement committee shall be empowered to deal with all supplies as required/provisioned under this Policy.

The Procurement Committee shall have the following power, responsibilities and duties.

- Determination of specification of items required
- Quantity determination
- Recommending of most competitive procurement based on quotations and tenders or bids.
- Recommend procedures to be adapted for foreign procurement.
- Constitution of Technical Committee.
- Recommendation of the most competitive supplier based on comparative analysis of, quotations, sealed quotations and tenders for approval by Board where the value exceeds the authority beyond ED as per authority delegation format in the prescribed format.

Note: Based on the requirement, the organisation may change the procurement committee from time to time to ensure good governance.

### **8.4 GOODS REQUISITION**

Whenever a purchase is required, the concerned department shall raise a goods requisition with full particulars of the items needed along with justification to purchase. This requisition shall be submitted to FM for review and checking of the budgetary. The final approval shall be done by the ED/EC as per the authority.

No Goods requisition is required to be raised for recurring procurements pertaining to the daily operations of the organization with a value less than NPR 5,000. The Goods Requisition form should be sequentially pre-numbered.

## 8.5 PROCUREMENT MODALITIES

Procurement can be done under the following modalities;

1. **Annual Supplies Contract**
2. **Direct Purchase & Quotations**
3. **Tender**

### 8.5.1 PROCUREMENT UNDER ANNUAL SUPPLIES CONTRACT

When the organization requires a regular supply of goods and printing services, it can proceed to use the annual contract method of supplies.

Admin Officer shall arrange for the regular and bulk supplies from the reputed suppliers for the regular and recurring inventories items. Administration Department shall categorize inventory items into certain specific categories as below to obtain inventory items under annual contract supplies and reduce the burden of procurement procedures to be fulfilled in every purchase. The categories of inventory items can be;

- Office Stationery and Printings
- Foods and Clothes
- Miscellaneous

#### Procedure

The requirement of inventory items shall be identified along with the estimated quantity of the supplies for the next year. The Finance & Administration Department shall prepare the shortlisting documents stating the minimum terms & conditions and documents required to be submitted such as PAN/VAT certificate, tax clearance certificate, turnover, etc.

Administration Department shall collect the expression of interest along with the required documents. The evaluation of the collected documents shall be done by the Procurement Committee and should submit the Recommendation to the ED/EC. The list of shortlisted vendors shall be approved by the ED/EC.

Quotations for the procurement of goods shall be called from the short-listed parties.

The quotations shall be opened in the presence of the Procurement Committee Members. Canvass sheet for comparing the prices shall be prepared for selection and approval shall be done by ED/EC.

Negotiation shall be done with shortlisted vendors by the evaluation committee for a price reduction.

Annual Supplies Contract shall be done with the selected vendor for one year for the supply of mentioned goods in the quoted rate.

### 8.5.2 DIRECT PURCHASE AND COMPETITIVE PROCUREMENT

- a. The procurement of goods can be done directly from the market or through competitive quotations. The limit for direct purchase and quotations are as follows;

Method	Limit
Direct Purchase	up to NPR 50,000
Quotations (Minimum three)	NPR 50,001 – NPR1,000,000



Method	Limit
Sealed Quotation(Minimum three)	NPR 1,000,001 – NPR 5,000,000
Tender (Minimum three)	Above NPR 5,000,000

- b. The quotations shall be obtained from the market through direct contact or emails (with VAT Registration). Tenders shall be made by notice published in the daily newspaper.
- c. Generally, where sufficient quotations/sealed quotations or tenders are not received then re-invitation shall be made. Even then, if there are no sufficient quotations and there is reasonable ground to believe that further quotations/tenders are unlikely, ED on the recommendation of Procurement Committee mentioning the clear reasons for such waiver shall have the power to waive the requirement of competitive procurement depending upon the situation and shall recommend alternative procurement procedures.
- d. The competitive procurement can be waived in case of procurement of goods from the manufacturer; sole authorized dealer and government undertaking.
- e. The evaluation shall be done based on the quality and price quoted by the supplier. In doing so, the quality assessment shall also be an important part of the assessment. Negotiation margin shall also be discussed with each supplier for a possible price reduction.
- f. The initial analysis of the comparative chart of quotations shall be done by Admin Officer and reviewed by the evaluation committee or senior executives and suggested the best supplier be awarded the contract to the Procurement Committee/ED. The competitive chart shall be prepared after obtaining quotations and the final selection shall be done upon the decision of ED/EC.
- g. In the case of sealed quotations/tenders, the document shall be opened in the presence of the Procurement Committee. Analysis should be done jointly by the procurement committee and Recommendations along with a Comparison chart should be provided to ED for approval. The final decision shall rest with the ED/EC.
- h. For the procurement of goods and services obtained through Tender, the bidder needs to deposit 2.5% ( or as decided by the management) of - bid money in the Orange Butterflies/WEC bank account or provide a bank guarantee which will be returned/released to the bidder if not awarded. The successful bidder needs to deposit an additional 2.5% of the agreement in the WEC Bank account or the remaining % of the retention amount will be deducted from the running bill and such deducted amount will be deposited as a retention fund by Orange Butterflies/WEC. A retention amount total of 5% will be returned to the successful bidder after the successful completion of work.
- i. All limits prescribed for procurements policy are inclusive of VAT and other applicable
- j. taxes, duties etc.
- k. During the time of emergency/urgency (e.g. earthquakes, natural calamities, disease outbreak, lifesaving supplies, the urgency of goods in a certain time, and like national festivals-Dashain, Tihar etc) the board can waive these procedures and purchase such goods through the board decision with full justification for waiver of the procurement process. The board waives this procedure upon receiving a waiver request from the procurement committee with a detailed justification for doing so. If any purchase does not fall in the given procedure, the board will be indulged to make a decision and purchase goods thereby suggesting amendment in the policy.

### **8.5.3 PURCHASE ORDER**

A Purchase Order must be prepared for procurement above NPR 50,000 by the Admin Officer for procurement of goods, or contract for services and be issued to the concerned supplier. Terms and conditions shall also be attached to the purchase order.

The purchase order shall be prepared in three copies. One copy should be kept in the Administration department, second shall be sent to the vendor and third copy shall be sent to the finance department.

The Purchase order form should be sequentially pre-numbered.

### **8.6 RECEIPT OF GOODS**

The Admin Officer shall forward copies of the approved purchase requests and purchase orders to the store in-charge. The designated employee by ED or store in-charge will inspect the goods delivered with the purchase orders and deface the purchase orders and purchase requests with a goods-received stamp

The GRN shall be issued in duplicate- one copy along with bill/ Challan to Finance Department, one for retention in the store for recording posting in the ledger. The Store in-charge in the inventory record will document the receipts of all inventory items. A copy of the invoice and purchase request and purchase orders will be retained by the Store Section.

The inventory record will be updated with every receipt and every issue made. GRN will be kept in a separate file. The GRN shall have preprinted number and filed chronologically. The recipient signature must be obtained from the staff/person taking delivery of the goods.

All goods and services received must be verified for assurance of quality by a staff member not involved in the approval or accounting process.

### **8.7 PAYMENT**

Payment shall only be released by the Finance Department after verification of all documents related to procurement such as Invoice, Goods Requisition/Received Note (GRN) and suppliers Delivery Note from the Store In-charge or concerned recipient.

Approval of any payment will require the following steps.

- The purchase of goods or services must have been duly approved.
- The goods must have been delivered (delivery notes dully signed for reception).
- All payment requests shall be done through the Payment Request Form. The Payment Request Form must be supported by the submission of appropriate bills or invoices.
- Before making any payment, the FM shall ensure that the bill or invoice, payment vouchers is properly approved by the ED/EC.
- Invoices, bills, receipts, quotations, contract of procurement (if any) etc. must be attached with vouchers.

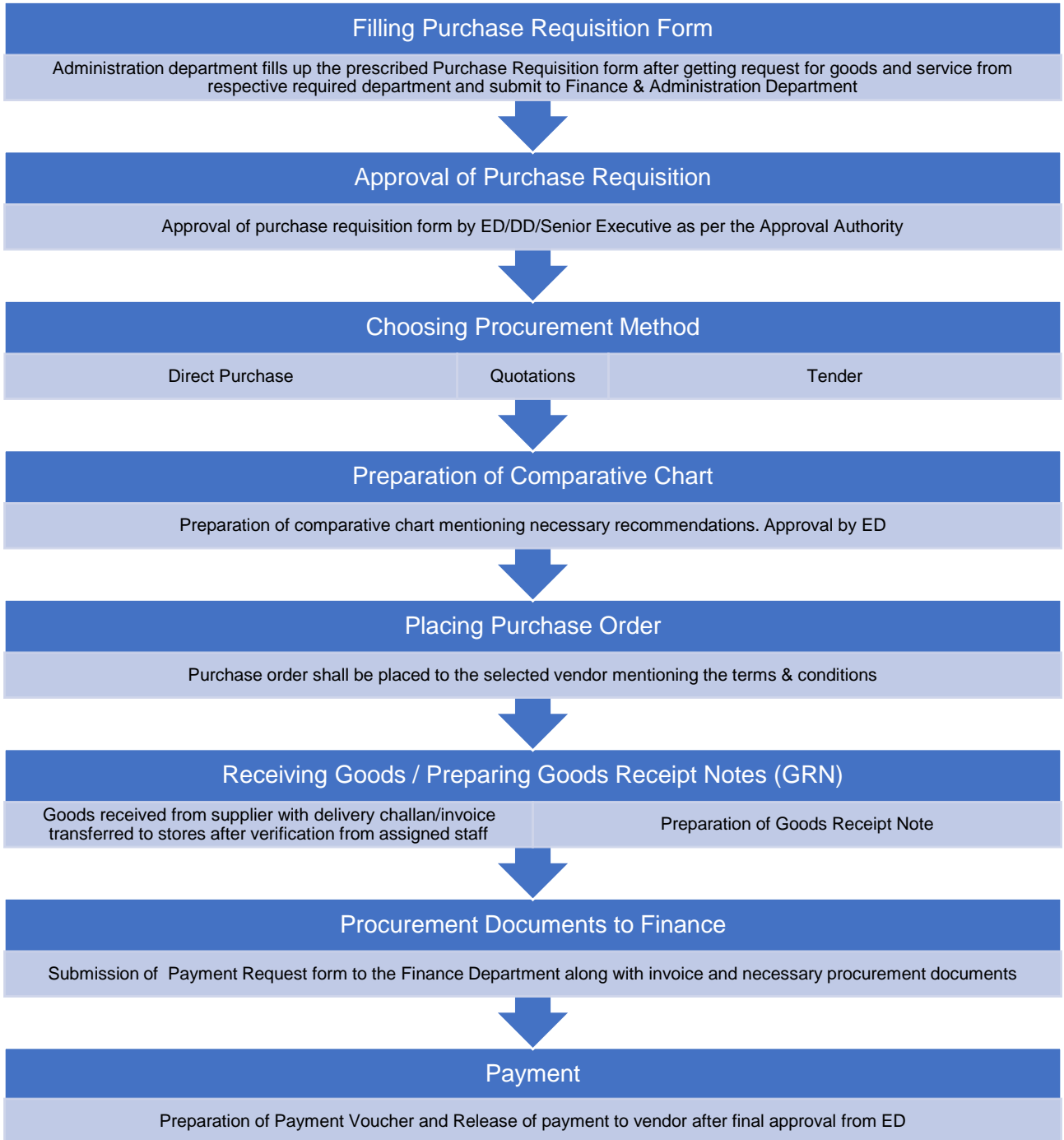


Figure 1 Procurement Procedures

## 8.8 PROCUREMENT OF SERVICES

### 8.8.1 AUTHORITY

The Authority for Procurement shall be as stated in the Delegation of Authority, Limit of Authority Section.

### 8.8.2 METHOD OF PROCUREMENT

The limit for procurement of services through direct or competitive procurement is as follows;

Method	Limit
Direct Purchase (Single Quotation)	up to NPR 500,000
Quotations (Minimum three)	NPR 500,001 – NPR1,000,000
Sealed Quotation(Minimum three)	NPR 1,000,001 – NPR 5,000,000
Tender(Minimum three)	Above NPR 5,000,000

All limits prescribed for procurements policy are inclusive of VAT and other applicable taxes etc.

### 8.8.3 PROCUREMENT PROCEDURE

The procurement of services shall be based on the Terms of Reference or proposal submitted Services above NPR 100,000 must be compulsorily procured from those registered with VAT.

Where the notice is published for sealed quotations and proposal, it should contain the following information:

- i. TOR to be collected
- ii. Profile of service provider including experiences (firm, individual companies etc.) along with registration paper for VAT, PAN etc.
- iii. Due date/ time of submission of quotations/
- iv. Declaration of the right of Orange Butterflies/WEC to cancel or approve
- v. Proposal and Methodology for completing the TOR, manpower proposed.

### 8.8.4 CONTRACT / AGREEMENT

The organization shall agree with the consultant for any value of professional service. All contract/agreement papers shall be prepared by the Administration/HR Department as agreed terms and conditions, reviewed by FM and signed by ED/EC.

In general, the contract/agreement paper must be very clear on the following:

- a. The objective of the agreement;
- b. Tasks to be fulfilled or TOR to be completed;
- c. Date of Commencement and completed date and duration of service required;
- d. Amount of remuneration or fee, allowances, local taxes, reimbursable expenditures etc.;
- e. Details of deliverables and schedule for such delivery;
- f. Payment methods, including payment in advance, and at interval and completion of the contract;

- g. Taxation
- h. Validity and provisions relating to the extension of the contract.
- k. Actions for non-performance and penalty; etc.

**8.9 APPROVED ROSTER**

Orange Butterflies/WEC shall maintain a list of vendors/consultants in the form of an approved Roster. The Procurement Committee shall prepare the list of the roster of vendors and consultants as per the area of services and forward it to the ED/EC for approval. Any addition and deletion in the roster shall require the formal approval of ED.

To maintain the roaster, Orange Butterflies/WEC may issue a public advertisement notice on its official website or National Dailies or shall make a direct request to prospective vendors and consultants as per the decision of the Procurement Committee. The notice shall contain the following:

<b>Vendor</b>	<b>Consultants</b>
<ul style="list-style-type: none"> <li>• Areas of services where vendor services are required.</li> <li>• firm, individual companies etc. registration documents, tax clearance certificate, audit report</li> <li>• Last date of submission of the profile</li> <li>• Ranges of rate for delivery of services</li> </ul>	<ul style="list-style-type: none"> <li>• Areas of services where individual consultancies services are required.</li> <li>• Profile of service provider including experiences along with registration paper for VAT, PAN, etc.</li> <li>• Last date of submission of profile and expression of interest.</li> <li>• Ranges of rate or daily rate (Fee structure) substantiated by salary certificate/salary history for available manpower</li> </ul>

**8.10 DISCLOSURE OF INTEREST**

- The respective all individuals including officials and members of the Board and Procurement Committee, ED and other staff of Orange Butterflies/WEC will be required to disclose their interest in any procurement of Orange Butterflies/WEC. They should clearly state position if there is an interest in any procurement is being made. In such a case, the decision-making process shall exclude the involvement of such member, employee/staff.
- Where interest is not disclosed and later it is noted that some members or employees are noted to have interest in procurement made by Orange Butterflies/WEC, then it is considered to be a breach of Human Resources Policies and Procedures, 2022 and amounts to necessary action under Human Resources Policies and Procedures, 2022 in case of employee and a necessary decision will be made by Board in case members are involved.

**8.11 RESPONSIBILITY**

It shall be the responsibility of the Administration Department to undertake the procurement procedures and ensure that the procurement procedures as per this policy are being complied with and maintaining documents relating to the procurement.

It shall be the responsibility of the Program team to recommend the Procurement committee about the vendors for supply of the goods and verify whether the goods delivered by the vendor are as per the specifics and quality as per the contract/PO.

## 9 TRAVEL, PER DIEM AND ACCOMMODATION

### 9.1 TRAVEL POLICY

Transportation for official visits shall be arranged by Orange Butterflies/WEC itself or the actual transportation costs shall be reimbursed by Orange Butterflies/WEC based on bills/receipts. For the personal vehicle used for official purposes, the organization will pay NPR 25 per Kilometer for motorbikes and NPR 40 for four-wheelers as fuel cost compensation.

The respective Line Manager and ED shall authorize the official travel assignments of Orange Butterflies/WEC. Travel Request form shall be filled up which needs to be recommended by the respective Line Manager and pre-approved by the ED/EC for any official travels. For the reimbursement of such fuel cost, a vehicle logbook needs to be filled and submitted along with the claim.

### 9.2 ACCOMMODATION

The accommodation costs shall be paid by Orange Butterflies/WEC on an actual basis on submission of bills/invoices/receipts by the staffs. The ceiling of accommodation costs shall be NPR 2,500. In the case of delegates/donors and external parties, it can be on an actual basis.

Country	Accommodation
Kathmandu valley	NPR 2500
Outside Kathmandu Valley	NPR 2500
India	INR 2000
SAARC countries (Except India)	USD 50
Other than SAARC Countries	USD 100

### 9.3 PER DIEM

Fixed per-diem shall be provided to all the employees/members travelling outside the organization for official purposes. The per diems are meant to cover the food expenses of the travelling employees.

Country	Per Diem	Condition	Remarks
Within their duty station	NPR 300	Employees/ members who spend more than 3 hours beyond the normal office working hour within their duty station.	Maximum of NPR 300 or actual invoice of refreshment whichever is lower.
Within Nepal	NPR 1200	At least one night is to be spent outside the working station/ home.	- The Per Diem of the date of return shall be 50% of the given rate.
India	NPR 2500		

SAARC countries (Except India)	USD 50		
Other than SAARC Countries	USD 75		

For sponsorship programs visited outside of the country, the organization will pay 50% of the per-diem as prescribed in this policy.

## 10 PROPERTY PLAND & EQUIPMENTS & CONSUMABLE ITEMS MANAGEMENT

### 10.1 PROPERTY, PLANT & EQUIPMENT (PPE)

PPE refers to the long-term assets, tangible assets used in a business that is classified as property, plant and equipment that are depreciated over their useful lives except for Land. PPE refers to :

- assets owned or considered owned by the organization
- assets that are used in the organization's operation.
- any asset, which costs at NPR 5,000/- (Five thousand) or more
- have a useful life of more than one year. Such as Land, buildings, vehicles, equipment, furniture & fixtures, etc.

### 10.2 CLASS OF PROPERTY PLANT & EQUIPMENT (PPE)

The PPE procured by the organization are categorized into the following classes;

Class of PPE	Description
Freehold Land	Expenses for the acquisition of land such as land cost, land taxes, commissions, etc.
Freehold Building	Expenses incurred during the construction of the organization building, such as contractors' cost, electrical fittings, building improvements, lighting, windows, doors, partitions, borrowing costs, etc.
Plant & Machinery	Equipment's, Generators, etc.
Computer Equipment	Laptops, computers, UPS, servers, printers, scanners, photocopy machines, Projector etc.
Office Equipment's	Fan, Air conditioner, Heater, inverter, telephone etc
Other Equipment	Mobile, camera, TV, DVD player etc
Musical Equipment	Guitar, Harmonium, violin, flute and other musical instruments
Medical Equipment	Medical kit, nebulizer, incubator etc
Furniture, Fixtures& Fittings	Furniture, cabinets, tables, cupboards, partitions, etc.
Motor Vehicles	Cars, buses, motorcycles, vans, etc.

### 10.3 DEPRECIATION

PPE should be depreciated yearly. Depreciation shall be calculated based on the useful life of the asset. PPE will be depreciated on the Written down value method. The rates of depreciation are as follows;

S.N.	Class of PPEs	Pool	Depreciation Rate
1	Freehold Land	"A"	0%
2	Freehold Building	"A"	5%
3	Plant & Machinery	"C"	15%
4	Office Equipment's, Computer Equipment, Musical Equipment, Medical Equipment and other Equipment	"B"	25%
5	Furniture, Fixtures& Fittings	"B"	25%
6	Motor Vehicles	"D"	15%
7	Others	"B"	25%

#### 10.4 PPE IDENTIFICATION CODE

Each PPE shall have a unique identification. An identification number should be assigned and tagged for all PPEs (other than land, buildings). This tag must have a unique identification number that will be associated with the asset and becomes a part of the asset's record.

The identification number will be comprised of four components:

- Ownership of Fixed Asset, for example, Orange Butterflies/WEC for Orange Butterflies/WEC
- Funding Agency: Sonja Kill for Sonja Kill Foundation
- Class of Fixed Asset; For example, F&F for Furniture & Fixtures
- The fiscal year of the original acquisition (4 digits); 2074
- A sequential number.

The Administration Department will be responsible for tagging PPEs.

#### 10.5 PROPERTY, PLANT & EQUIPMENT (PPE) REGISTER

All PPEs shall be recorded in the PPE Register soon after the purchase by affixing an identification mark for each item. The register should give details of each asset as follows:

- Asset ID number
- Date of acquisition
- Description of assets (including serial. No. on the assets wherever applicable)
- Vendor Name
- Unit
- Cost per unit
- Total value (cost) of the asset
- Depreciation rate
- Annual depreciation amount
- Accumulated depreciation (depreciation to date)
- Written down value
- Location of the asset
- Condition of asset
- Custody of Fixed Assets

Admin Officer is entrusted to overall management and recordings of PPEs of the respective areas. Admin Officer will also maintain the consolidated PPE register and update the same period as and when there is a movement of PPEs.



## **10.6 ISSUE OF ASSETS TO STAFFS**

When it is required to issue portable PPEs (such as laptop, hard drive, projector, camera and any other valuable portable assets to staffs for official work or use during travel, issue of such fixed asset shall be done as authorized by ED or EC or a delegated authority).

A register shall be maintained in the prescribed form where all issues of such portable fixed assets shall be issued for official use, will be noted. The person who takes such assets will have to sign the register before taking. The register should record the date, name of the person, assets description and asset code in the record.

When the asset is returned, the same is recorded with the date and signing by the person who has taken it and an employee who has taken it back. While taking back, the condition should be noted and if any damage is seen, it should be reported for action.

Where the damage is caused by mishandling and negligence of the person taking out such assets, ED/EC shall decide the mode of recovery. If such damage is found to be due to reasons for which a person is not responsible, then ED/EC can accept it as an official loss.

## **10.7 CUSTODIANSHIP**

WEC, keeping in view the necessity of limiting the access to assets and safeguarding its assets, shall delegate department heads that shall relegate the access authority to his subordinate as deemed necessary.

Access to original ownership documents etc. will be retained by Admin Officer.

A list of all PPEs should be kept for controlling, tracking and instant reference. The Finance Department shall also retain a copy of the same.

Admin Officer can assign room wise/department wise fixed assets custody to the specific staff.

The custodians for assets provided to the staffs for personal use shall be respective staff. Any loss to the assets shall be borne by the respective staff himself/herself.

## **10.8 INSURANCE**

The Insurance of PPEs of the Organization shall be done as per the discretion of the Management Team.

## **10.9 PHYSICAL VERIFICATION OF PPE**

The organization shall arrange physical verification of its PPEs at least once a year to verify the quantity and quality of the assets. EC form a separate team to carry out the physical verification of assets. The team engaged for physical verification of assets shall submit a report to the EC with a copy to the FM. The report shall contain the following information:

- Asset No.
- Name/description of the assets
- Location of the assets
- The user of the assets
- Quantity of assets as per register

- Quantity of assets physically found
- Quality of assets physically found
- Short / Excess of assets as per physical verification
- Recommendation for sale or disposal, if any
- Remarks

#### **10.10 DISPOSAL OF PPE**

Disposal of PPEs means removing the PPE's net value from the accounting records. This includes removing the original cost and accumulated depreciation of the asset.

PPEs can be disposed of if the PPEs;

- become obsolete
- damaged beyond repair
- stolen/theft
- completely used

Any difference between the proceeds received and the net book value represents a gain or loss on the disposal of fixed assets.

This gain or loss should be recognized in profit and loss for the year in which the asset was disposed of.

#### **Procedure**

The Administration Department is responsible for the identification of the PPEs that need to be disposed and prepared the list of PPEs that need to be disposed of including the suggested disposition method, the reason for disposal, any prospected gains or losses from disposal resulting from disposal transaction and obtain approval from ED for its disposal.

After the approval from ED, Administration Department shall initiate the disposal process that can be scrap sales or disposal without any cash. Admin Officer shall prepare the Disposition report and submit it to ED/EC. For saleable PPEs, if the depreciated market rate is below NPR 5,00,000.00, ED can decide to dispose of through auction. If the amount exceeds NPR 5,00,000.00, the Board shall decide on how to auction these items.

#### **10.11 NON-CONSUMABLE ITEMS**

Non-Consumable items are the items whose value is between NPR 1,000 to NPR 5,000 and having a useful life of more than one year. A separate register for non-consumable items shall be maintained similar to the fixed assets register for control purposes.

#### **10.12 CONSUMABLE ITEMS**

Consumable items are those recurring items that are used for everyday activities and do not fall in the category of non-consumable items. Consumable items include office stationeries, general office supplies, kitchen supplies, etc.

All recurring inventory (consumable and non-consumable) purchased during the fiscal year will be charged off as expenditures. However, the Memorandum register shall be prepared for the control of such inventory items.

### **10.13 CONSUMABLE ITEMS REGISTER**

All consumable items movements will be recorded in this Register which would contain information regarding quantity, price, date of receipt and date of issue, name of recipient and source of materials, along with a separate column for total receives, total issues and total balances of materials and signature of the recipient.

### **10.14 PROCEDURE**

- a. The Goods requisition form shall be filled by the respective staff requiring the inventory items.
- b. The Goods requisition form shall be approved by the authorized person within their authority limit.
- c. The inventory shall be distributed by the Procurement Assistant after the approval.
- d. Procurement shall update the consumable items register accordingly after the distribution of the inventory items.

### **10.15 CONSUMABLE ITEMS PHYSICAL VERIFICATION**

The physical verification of consumable items shall be conducted at the end of the fiscal year by a person other than maintaining the consumable items register. Any deviations between the actual items and the records as per the register shall be noted and reported to be submitted to FM. FM shall verify the Consumable Items verification form and submit the same to the ED/EC for approval.

### **10.16 RECORDS**

PPE Register, PPE Disposal Register, PPE Issue Register, Physical Verification Records, Consumable Items Register

### **10.17 RESPONSIBILITY**

It shall be the responsibility of the Administration Department to issue PPEs identification code to each PPE, maintain PPEs records, get an insurance policy for PPE and ensure the safeguarding of PPEs and maintain the records of consumable items.

It shall be the responsibility of the respective staff and department heads to safeguard the asset in their custody.

## **11 PAYROLL SYSTEM**

All staffs of Orange Butterflies/WEC should have an employment contract. The administration of staff employed by WEC shall be governed by 'Human Resources Policies & Procedures, 2022'.

All salary, fringe benefits shall be paid based on the approved salary and fringe benefits of each staff by the Finance Department.

Orange Butterflies/WEC shall issue appointment letter, contract, Job Descriptions to all employees at the time of hiring. The concerned employees should acknowledge the acceptance of the terms of employment specified in the agreement.

Appointments/promotions/increments at all levels can be made only by approval of ED in line with the Human Resources Policies & Procedures.

### **11.1 PERSONNEL FILE**

The HR department shall maintain the personnel files of all employees. Contents of personnel files are as follows;

- Copy of citizenship certificate, PAN Card, photo, curriculum vitae, qualification certificates, reference and experience letters;
- Original signed contract of employment, appointment letter, probation completion letter
- Signed job descriptions
- Signed code of conduct
- Performance appraisals
- Other relevant documents (insurance, notices, etc.)

Access to the personnel records shall be permitted to the individual employee, ED, EC, Finance and line manager of the concerned employee. It is the duty of all the staff that have access to the personnel records for work purposes to treat the information with the utmost confidentiality. Any failure to do so will result in disciplinary action.

### **11.2 PAYROLL PROCEDURES**

The Payroll Procedures of Orange Butterflies/WEC are as follows;

- a. The payroll sheet shall be prepared monthly by the Finance Department based on the duly filled timesheets and attendance records.
- b. All staff must prepare the timesheet. The timesheets must be approved by the supervisor of the staff and submitted to the Administration Department. Salary payment shall not proceed unless the timesheets are submitted by the respective staff. The timesheets should be submitted by the last day of the month.
- c. Payment of salary & benefits to Orange Butterflies/WEC staffs shall be done in the first week of the following month.
- d. Orange Butterflies/WEC staff shall be paid Dashain bonus before the Dashain holidays while salary and benefits of the relevant month are being paid.
- e. Salary and benefits paid to the staff are subject to tax deductions at the rates specified in the applicable legislation. Taxes will be deducted every month from salary at the time of payment. The tax deduction will be treated as salary TDS payable and credited to the

- respective account head. This amount is to be deposited with the concerned revenue authority within the time specified in the prevailing legislation.
- f. The Provident and Gratuity benefits will be charged as an expense every month and the corresponding amount will be created and deposited in a separate fund. These benefits shall be paid as per the prevailing laws of the country or as outlined in the HR policy.
  - g. Where the staff fails to settle their dues within the stipulated time, such dues can be deducted from the salary of the concerned staff.
  - h. The net salary will be computed after considering the above-mentioned deductions. A monthly payroll sheet will then be prepared based on the monthly timesheets and attendance sheets.
  - i. Overtime to be paid to staff will be included in the payroll based on the approved overtime claim.
  - j. Leave records must be maintained and compared with payroll sheets monthly.
  - k. Leave Deductions shall be done as per the Human Resources Policies of Orange Butterflies/WEC's. Leave Deductions shall be done in the monthly payroll sheet of the respective staff.
  - l. Leave encashment will be provided as per Orange Butterflies/WEC's Human Resources Policies.
  - m. Based on the monthly payroll, a voucher will be prepared by the Finance Department and approved by ED. A request letter will be issued to the bank for the transfer of the net salary to the bank account of the individual staff. In case, such bank transfer is not possible, salary payment can be made by cheques or in cash.
  - n. In the case of wage payment, a muster roll should be used, this shall indicate attendance of labour working. The rate of wage should be predetermined or preapproved by the ED in the form of a Memo.
  - o. All matters connected with salaries and fringe benefits are highly confidential, consequently, all data in this regard must be treated with care and discussed only with authorized personnel. Discussions with other employees will be only in respect of their salaries/fringe benefits.

## **12 REPORTING AND MONITORING**

### **12.1 MONTHLY REPORTING**

#### **12.1.1 ACTIVITY REPORT**

The activity report shall consist of the status of the project activity, whether the activities are being completed as per the approved time frame or not, resources used in the activity. The PM shall be responsible for monthly activity reporting.

The report should be submitted to the ED within the first week of the following month.

#### **12.1.2 FINANCIAL REPORT**

The Financial report should consist of the following statements;

- Statement of Financial Position
- Statement of Income & Expenditure
- Fund Accountability Statement (Consolidated & Project wise)
- Statement of Monthly Cash Protocol
- Statement of actual vs. budgeted expenditure
- Bank Reconciliation Statement

FM shall be responsible for the monthly financial report. The report should be submitted to the ED//EC within the first week of the following month.

Reconciliation should be done between the activity report and the financial report.

### **12.2 ACCOUNT MONITORING AND REVIEW OF FINANCIAL REPORT**

1 FM is responsible to ensure monthly accounts and reconciling bank balances, monitoring debtors and creditors. FM is also responsible for ensuring proper documentation of the expenditure under the appropriate heading and the balances are correctly drawn and reflected into the financial report.

2. FM may delegate her/his responsibilities to prepare a financial report to her/his subordinate staff member. However, s/he is responsible for taking ownership of the report.

3. The monthly consolidated report should be circulated partly or fully to the program staff after discussion in Management Team which responsibility is vested with PM.

### **12.3 BOARD REPORTING**

ED/EC shall present the following financial and activity reports to the Board quarterly. The report shall consist of;

- Statement of Financial Position
- Fund Accountability Statements
- Statement of Budget vs. Expenditures
- Activity Report

The reports shall be presented in the board meeting for review and monitoring by the board. The Board can provide necessary feedback based on the reports. The Board can also decide to have a monitoring visit to overlook the actual implementation of activities in the field.

#### **12.4 ANNUAL REPORTING**

The annual financial reporting of WEC shall be in the format in line with the general format prescribed by the Nepal Financial Reporting Standards. The annual activity report shall be as prescribed by the ED.

## **13 MISCELLANEOUS**

### **13.1 EXTERNAL AUDIT**

External (Statutory) audit shall be carried out annually. The financial statements shall be prepared in line with Nepal Financial Reporting Standards issued by the Institute of Chartered Accountants of Nepal (ICAN). The external auditor shall be appointed as per the provisions of local laws. The External Audit should be conducted as per the legal provisions.

### **13.2 INTERNAL AUDIT**

Internal Audit shall/can be carried out by Orange Butterflies/WEC to ensure the adequacy and effectiveness of Orange Butterflies/WEC's internal control system, compliances with policies, plans, procedures, laws, safeguarding of assets, appraising economy, efficiency and efficiency of utilization of resources, etc. Internal Auditor may be appointed by Board Decision considering the availability of the funds.

### **13.3 HANDING OVER THE RESPONSIBILITY OF OLD EMPLOYEE TO NEW EMPLOYEE**

- When an employee is promoted, transferred, retired, resigned or for any other reason assigned a new job, such employee should hand over all properties, records and documents to the new employee responsible for the job. The new incoming employee also should take over the responsibility immediately.
- Handing over and taking over should normally be completed within 15 days. However, depending on the nature of handover/ take over, ED can allow a longer period.
- Orange Butterflies/WEC's employees' benefits shall not be given to those employees, who have retired or resigned unless they complete the hand-over work. However, if such employee could not be traced or is dead or declared mentally unfit, and if such employee's family members so desire then handing-over work can be completed in the presence of such employee's family members.
- At the time of hand over, if it is found that there is a shortage of property, records and documents, the same shall be realized from the concerned employee as per the provisions of Human Resources Policy.
- One copy of handing over/ taking over duly signed by both employees shall be kept at the Administration Department.