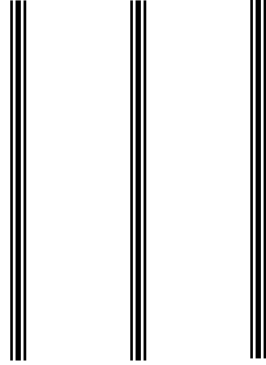
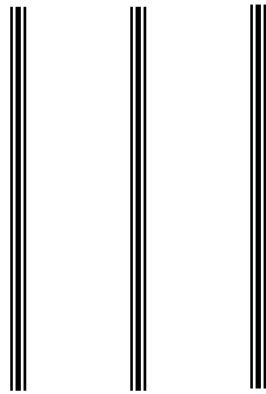


SHARE AND CARE NEPAL
Lalitpur



Financial Management Policy
2060 (B.S.)



(Unofficial Translation)

SHARE AND CARE NEPAL
GPO Box No: 10657
Kathmandu, NEPAL

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PREAMBLE

This Financial Management Policy 2060 (B.S.) is developed according to the present rules and policies of Nepalese financial administration and the organizational constitution (section 4, 14th) (K) to run its financial activities transparent and relevant manner.

CHAPTER 1: Objective

1.1 Objective of the Regulation

- 1.1.1 To make the financial transactions clear and transparent in the organization.
- 1.1.2 To make the accounting system effective, short and quick in the organization.
- 1.1.3 To make accounting system prompt and effective.
- 1.1.4 To run the daily financial system in the organization.

CHAPTER 2: Name, Commencement and Definition

2.1 Name and Commencement

- 2.1.1 This Regulation shall be called “Financial Management Policy 2061”
- 2.1.2 This policy shall come to effect after being ratified by the General Assembly of Share and Care Nepal.

2.2 Definition: Unless the subject or context otherwise requires,

- 2.2.1 “Organizational Financial Management Policy” shall mean the rules and regulations relating to financial administration of Share and Care Nepal.
- 2.2.2 “Organizational Fund” shall mean the amount or fund received from various sources by Share and Care Nepal.
- 2.2.3 "Daily Activities Operation Fund" shall mean the amount or the fund managed from the organizational fund to run the daily activities of Share and Care Nepal.

CHAPTER 3: Management of Bank Accounts

3.1 Operation of Bank Accounts:

- 3.1.1 An organizational account shall be operated to run the financial activities of the organization

- 3.1.2 Organizational account shall be operated in the joint signature of the Chairperson, the Treasurer and the Secretary of the organization. Banking transactions shall be operated through one either from the Chairperson or the Secretary and the inevitable signature of the Treasurer.
- 3.1.3 The organization may, for the financial transactions, open accounts in one or more banks, provided that, decision in this matter shall be taken after necessary discussion in Executive Committee meeting.
- 3.1.4 Program Administration may, for various programs run by the organization, operate an account as per the need, provided that, the information of opening of account shall be given to the Executive Committee.
- 3.1.5 A sub- committee can be formed by Executive Committee to monitor the bank account of both organization and programs.

CHAPTER 4: Organizational Fund

4.1 The organizational Fund shall comprise the amounts from following resources:

- 4.1.1 Any amount, except that received for operating the program, shall be the amount of the Institutional Fund.
- 4.1.2 The residue after the completion of the programs run by Share and Care Nepal may, if approved by the donor agency, be deposited in the fund of the Organization.
- 4.1.3 Interests received from the balance in the fund of the organization.
- 4.1.4 Amount received from the sales of the machines, equipments, furniture and goods that are in the organization's possession.
- 4.1.5 Amounts received from the service as mentioned in the Statutes of Share and Care Nepal.
- 4.1.6 Amount received by the organization for the regulation of the project or program, provided that, the amount received for the purpose of operating a certain project or program shall be spent only for the specified project or program.
- 4.1.7 Amount received from other income sources.

CHAPTER 5: Budget

5.1 Formulation of Budget:

- 5.1.1 The Executive Committee shall, specifying estimated income and expenditure of the organization have to formulate the budget and present it to the General Assembly in every fiscal year.
- 5.1.2 The organizational budget ratified by the General Assembly shall have to be spent as per the program title ratified by the General Assembly.
- 5.1.3 The organizational budget ratified by the General Assembly shall be released via bank in the joint signature of the two among the Chairperson, the Secretary and the Treasurer where the Treasurer's signature is a must.
- 5.1.4 To operate properly the program in accordance with the policy and objective of the organization, the Executive Director shall mainly be responsible to formulate the budget with annual plan and programs. S/he shall prepare the estimated budget for the following financial year and present it to the Executive Committee for approval at least one month before the commencement of the financial year.

5.1.5 While preparing budget for the following year, the real account of income and expenditure of the previous year, the account of income and expenditure of that financial year and an estimated account of income and expenditure for the following year are to be included.

5.2 Approval of Budget:

5.2.1 The Executive Committee shall approve the budget presented to it as it is presented or by adding and lessening. The budget approved as such shall have to be ratified by the following General Assembly.

5.2.2 The information about the statement of the estimated budget approved by the Executive Committee shall have to be circulated to the concerning partner organization.

5.3 Release of Budget:

5.3.1 After approving the budget in accordance with clause 5.2.1, the executive committee shall have authority to release the designated amount.

5.3.2 The Executive Committee shall, to run the program, release amount monthly or quarterly. While releasing the amount as such, the Executive Director shall, to the Executive Committee, have to present the program progress report and report of income and expenditure up to the previous month or quarter.

5.3.3 Emergency Amount for Assistance and Compensation:

5.3.4 In case of any emergency work such as medical expenditure, providing donation to a group or organization, if it pleads for help time and again, or if it is essential to contribute to an important social work within its own area of work that is not included in the approved program, the Executive Director shall, for the approval of extra budget, presents the details with its relevance and sufficient reason. The Executive Committee shall, if the budget is approved, discharge that amount as per its decision. In case of lack of the title as such, the Executive Director shall, as per the decision of the Executive Committee, provide the amount so as not to exceed the total expenditure from the released budget head. Provided that, the Executive Committee shall, through the Executive, convince the concerning partner organization that the necessity of the financial assistance was due to some extraordinary circumstances.

5.3.5 Provision Regarding Transfer of Amount:

5.3.6 Generally amount from one title to the other shall not be transferred without approval of the Executive Committee. Provided that in the amount released as per the titles, if necessary, the amount shall be transferred from one title to the other with sufficient and clear reason. In case of insufficiency of the amount in any one title, the Executive Director shall, not exceeding the total budget, transfer the amount to a title from the surplus amount under a different title. The Executive Director to the Executive Committee and the Executive Committee to the concerning partner organization or donor agency shall have to inform about the transferred amount.

5.4. Control of Expenditure:

5.4.1 To operate the programs initiated by Share and Care Nepal, budget shall have to be released from the organizational account. The budget may be released as per the need.

5.4.2 The Executive Committee shall, supervising and monitoring whether the budget released for operating the program, has been properly used, have to provide necessary direction to the Executive Director.

- 5.4.3 In case it is proved that the budget released for the operation of the program has been misused, the budget shall be deferred until the Executive Committee meeting finds the appropriate solution.
- 5.4.4 In case it is proved that the budget released for the regulation of the program has been misused, the Executive Committee shall recompense the loss by penalizing the concerning persons.
- 5.4.5 Generally the payment more than Rs 10,000 shall, if there is banking facilities, have to be made through cheques.
- 5.4.6 Amount more than Rs 5,000 and institutional payments shall have to be made through account payee cheque.

5.5. Daily Operational Expenses Fund:

- 5.5.1 For the payment of the daily expenses that occur while running smoothly the activities of Share and Care Nepal and various other programs run by Share and Care Nepal, a Fund of maximum of Rs 50,000 may be created.
- 5.5.2 The account of daily income and expenditure shall have to be kept in daily cash income and expenditure operation book.
- 5.5.3 The amount of daily expenses operation fund shall remain under the responsibility of the person designated by the Executive Committee.
- 5.5.4 The balance in the fund less than Rs 5,000 shall have to be reimbursed, and the Executive Director shall, checking the account of that fund every month, have to verify both balance and expenditure.
- 5.5.5. In case the balance in fund is less than Rs 50,000, the amount received daily by the organization may be balanced in daily expenses operation fund. Provided that the amounts in that fund exceeding Rs 50,000 shall be deposited in the account of the organization.
- 5.5.6 Amount in daily expenses operation fund shall not be spent for personal purposes.

CHAPTER 6: Accountancy and Auditing

6.1 Accounting System Management:

- 6.1.1 The organization shall keep the account of every financial year on the basis of Double Entry Book Keeping System so as to make its financial status clear and transparent.
- 6.1.2 The organization may, as per the need, formulate the procedures in order to systematize the book keeping system.

6.2. Duties and Responsibilities Regarding Book Keeping and Control:

- 6.2.1. The Chairperson of the organization/the Executive Director shall be fully responsible in overseeing record keeping properly, and controlling, the account relating to the conduction of the Program of the organization.
- 6.2.2. Assisting the Chairperson of the organization/Executive Director in financial transactions, checking and cause to be checked the accounts, cause to be audited the accounts, prepare financial report and cause to be presented the details to the Executive Committee shall be the duties of the Treasurer and Finance Director of the organization.

6.3.Evidence and Inquiry of Financial Transactions:

- 6.3.1. The head of the organization shall have to approve bills, receipts and other documents that confirm income and expenditure of the organization. The bill that is not verified

- shall not be valid. Likewise bills, receipts and vouchers of the program of the organization shall be validated by the Executive Director.
- 6.3.2. Preparing and keeping the financial transactions in a clear and transparent, systematic and up-to-date manner shall be the duties of the Treasurer and the Account Officer of the organization/program. To attest the financial transactions relating to all sorts of income and expenditure and dealings there shall have to be the documents like bills and receipts and they shall be kept safely and systematically for three years from the date of completion of the program.
 - 6.3.3. The Executive Director shall be responsible for the necessary protection of cash and goods of the organization from being destroyed and misused.
 - 6.3.4. In case any remark is seen in accountancy during audit of accounts or surprising test, the Chairperson and the Treasurer of the organization and the Executive Director and the Finance Director, in terms of the programs, shall be responsible for the remarks as such. In case the Chairperson of the organization or the Executive Director feels that the accounts have not been operated as determined, he/she himself/herself or from his/her delegate may investigate the accounts.
 - 6.3.5. Statement of income and expenditure along with the statement of bank reconciliation of every month shall have to be kept.
 - 6.3.6. Accounts shall have to be audited by the Government of Nepal's recognized auditor as determined by the Statute of the organization.

CHAPTER 7: Financial Report

- 7.1 Monthly, quarterly, half yearly and yearly reports, clarifying an up-to-date account of income and expenditure, assets and liabilities of Share and Care Nepal, shall have to be prepared. Likewise Finance Coordinator or Business Officer or Administrative Assistant of different programs of the organization shall have to prepare the monthly report of the program and present it to the Executive Committee via Executive Director within 10 days of the completion of the month.
- 7.2 Statement of income and expenditure of the annual financial transactions shall have to be prepared within one month of the completion of the year. Besides, other financial statements shall, as determined by the organization, have to be prepared and presented to the Executive Committee.
- 7.3 Financial reports shall be as follows:**
 - 7.3.1 Statement of income and expenditure and the statement of comparative budget expenditure (monthly)
 - 7.3.2 Bank statement and the statement of bank reconciliation (monthly)
 - 7.3.3 Trial Balance (quarterly/half yearly/yearly)
 - 7.3.4 Statement of stock level and inventory of goods (half yearly and yearly)
 - 7.3.5 Balance Sheet (half yearly/yearly)
- 7.4 Half yearly and yearly financial reports shall have to be ratified by the Executive Committee meeting and the annual General Assembly respectively.

CHAPTER 8: Advance and Clearance

8.1 Authority to Provide Advance:

- 8.1.1 In case the members of the Executive Committee or the employees designated to take a certain duty are, in course of fulfilling the objective of Share and Care Nepal, to be sent to the district where the headquarters of Share and Care Nepal is based on or outside, the necessary amount may be provided in an advance.
- 8.1.2 While providing an advance that is required to operate a program, the employee of the organization shall, specifying heads and the necessary amounts, have to fill up an Advance Request Form in the specified format (referred to Advance Request Form) and submit it to the Executive Director.
- 8.1.3 The Executive Director shall sanction an advance maximum of Rs 50,000 and to sanction an advance more than Rs 50,000 s/he shall have to receive an approval from the Executive Committee. Provided that, this condition shall not be effective while providing the employees' salaries and allowances in an advance.
- 8.1.4 Only 90% of the total amount may be sanctioned as an advance.
- 8.1.5 The person who receives an advance shall have to clear the advance within one month. Provided that the office bearers or the employees, who are deputed to duty outside for more than one month, shall have to clear the advance within a week of their return.

8.2 Advance and clearance regarding purchase of goods and other purposes:

- 8.2.1 An advance to purchase goods shall be provided only after the concerning official issues an order. For the requisition of the advance as such the employee shall, with the recommendation of his/her supervisor, have to apply to the Executive Director.
- 8.2.2 The employee who receives an advance to purchase goods shall, within seven days of his/her arrival to his/her office after purchasing goods, have to present the details, including bills, for the clearance of the advance.
- 8.2.3 Generally another advance shall not be provided unless the advance once received is cleared.
- 8.2.4 The process of purchase of goods shall be as follows:
 - 2.1.1 Approver (for purchasing goods) 1
 - 2.1.2 Purchaser (of goods) 1
 - 2.1.3 Receiver (of goods) 1

CHAPTER 9: Property/Store Management

- 9.1 Goods purchased for the purpose of regulation of the organization shall, as per their respective heads (titles), have to be clearly mentioned in the store ledger.
- 9.2 Different records shall have to be kept for durable and non-durable goods.
- 9.3 Preparing the list of non-durable goods at the end of every financial year, their record shall, after being verified by the Chairperson / Executive Director, have to be kept and its information shall have to be given to the annual General Assembly. The goods that will no more be used may be auctioned. Provided that the goods shall not be auctioned in less than the value as determined by the Executive Committee.
- 9.4 The goods that can neither be used nor be sold in auction may, at the end of the year be separated from the store ledger.

- 9.5 The Chairperson of the Executive Committee may inspect the goods in the store at any time. The Chairperson shall have to verify the immediate balance and in case the records of the goods and the stock in the store do not reconcile, he shall, after necessary probe, have to take action against the concerning staff.
- 9.6 In case an official of the Executive Committee is not in charge of his/her responsibilities due to change in the Executive Committee or any other reason, he/she shall have to hand over the goods and cash under his/her charge within 15 days of his/her exclusion from his/her office. In case any person does not hand over the goods and cash within the specified time, the Executive Committee may take an action against him/her.
- 9.7 The entire property received from HMG/Nepal, purchased by the organization from its own sources, and that received from donor agencies or other various sources or aids shall be considered the possession of the organization. The Executive Committee shall be responsible to keep safely the account of property and legal documents.
- 9.8 The Finance Coordinator shall be responsible to keep up-to-date account of all the goods of the organization and various programs operated under the organization. At the end of every financial year s/he shall, even after physical test of the goods, present its account to the Executive Director and the Chairperson within one month of the completion of the financial year.
- 9.9 Depreciation of the physical properties shall have to being right from the date purchase. The depreciation shall be 20% in cars, motorcycles and electronic gadgets, 25% in computer and 10% in furniture. Depreciation shall be calculated under diminishing balance method.
- 9.10 The employee who takes charge of the goods shall keeping their records in the ledger within seven days of his reception conserve and maintain in time so as to keep them in perfect condition.
- 9.11 It shall be the duty of the concerning employee to inform the Chairperson or the Executive Director about the loss, burglary or damage of goods under his/her charge.
- 9.12 The Executive Committee may, constituting a sub committee, auction the goods of the organization if they are neither necessary, nor useful, nor can they be used after maintenance. The sub committee as such shall comprise 3 members including a person determined by the Executive Committee, the Executive Director and an employee who is in charge of the goods. To auction the property worth up to Rs 40,000, notice shall, specifying the details of the goods, minimum price, date time and venue of auction, be pasted on the notice board of the organization. A maximum of 7 day time shall be given for the auction of the goods worth up to of Rs 40,000. Provided that to auction property that is worth more than Rs 40,001 it shall have to be advertised at least once in a local newspaper with 14 days of duration. The value of the goods to be received in auction should not be less than its scrap value.
- 9.13 The damage caused to be commodity during its use for the purpose of the organization itself, the Executive Committee shall, if finds it reasonable, provide rebate to the concerning person as per the recommendation of the Executive Director. The property to be rebated shall include the property that is not auctioned.

CHAPTER 10: Purchase of Goods

- 10.1 Goods necessary for various purposes in accordance with the objective or the program of the organization shall, taking quality of the goods in consideration, be purchased reconciling the existing market price.
- 10.2 Goods amount to Rs 20,000 could be purchased at a time straight away, but goods of Rs 20,000 - Rs 100,000 shall be purchased at a cheaper price by comparing quotations at least from three different business houses.
- 10.3 Bids should be issued publicly in order to purchase goods amount to Rs 100,001 or above at a time.
- 10.4 The Executive Committee shall, for the purchase of goods, constitute a sub committee comprising a Finance Director or Finance Officer from the concerning program, a representative of the organization and one more person if required.
- 10.5 The Executive Committee may examine the relevance of the purchased goods as per to the clauses 10.2 and 10.3. Action may be taken to the person if found involved in financial irregularities and purchase of goods irrelevant. The Executive Committee may recompense the loss from his/her household and other property.
- 10.6 The process of quotations and bids shall not be applied to the purchase of goods from Government of Nepal's agencies or government institutions, company or the authorized dealers of Government of Nepal's, goods produced by a manufacturer and sold by an authorized dealer at a fixed price, goods from co-operatives and their branches registered in accordance with the existing law of the kingdom of Nepal.

CHAPTER 11: Traveling/Daily Allowance

- 11.1 The Executive Committee meeting to the Chairperson, the Chairperson of the Executive Committee to its members or general members and the Executive Director, the Executive Director to the Program Managers and other employees shall depute the duty of the organization.
- 11.2 While being deputed to duty, the employees should fill up a Travel Order Form. In course of work performance, a payment shall, equal to the amount mentioned on a travel ticket, be made. Provided that cheaper means of transport should be used depending upon geographical location as well as the availability of the means of transport. Moreover, the official, who verifies the traveling order, should assess the means.
- 11.3 The officer that deputes the employee in duty shall, in case the deputed duty due to some unprecedented incidents or other reasonable causes is elongated and the employee presents its reports, approve the elongated period as such.
- 11.4 The employees of this organization shall, in case they have to travel to places in course of work beyond their area of work, receive the traveling allowances as per the provision made by the Personnel Management Policy 2061 (BS). The amount shall be fixed by the Executive Committee meeting to be convent before commencement of every new financial year. The remuneration of other general members shall, if they are required to discharge responsibility, depend upon the nature of the responsibility discharge by them.

- 11.5 Notwithstanding anything mentioned in clause 11.4, generally the office bearers shall not receive any allowances for discharging their regular responsibilities. Provided that the allowances and facilities shall, as per the decision of the Executive Committee, be provided to the office bearers for their additional works in the central office.
- 11.6 Share and Care Nepal shall, in an agreement with the concerning person, determine terms and conditions of facilities and allowances for the employees working at the central office or other branch offices.

CHAPTER 12: Miscellaneous

12.1 Investment:

- 12.1.1 The organization shall, so as not to contradict the objective of the organization, invest from the amount accumulated in its organizational fund.

12.2 Important Documents:

- 12.2.1 The ownership certificates/documents relating to the fixed and current assets, goods, certificates relating to investment, agreement paper of program operation made with donor agencies, employees' records, and other important documents shall, making record-list, be kept by the Executive Director or the responsible person as designated by him/her. The Executive Committee may examine, time to time, whether the record as such has been updated.

12.3 Handing over:

- 12.3.1 In case of internal transfer or retirement or separation from service due to some other reasons, of the employees in charge of cash, goods, accounts or other important documents, it shall be his/her duty to handover all the cash, goods, or other liabilities under his/her charge within 14 days. The employee shall have to get a receipt after the handover of the cash and goods to the person as designated by the Executive Director. Only after the evidence of the handover of property is verified by the concerning official, the employee shall receive the final payment. In course of handover of the property of the organization, if it is found to be damaged or misused, the Executive Committee shall, taking action against the employee whose negligence has caused that loss or damage, compensate the loss.

12.4 Investigation:

- 12.4.1 In case if it found that the records and financial administration are not subject to this Regulation, the Executive Committee may, constituting a sub committee of investigation in coordination of a member of the Executive Committee, inquire on that matter.

12.5 Amendment:

- 12.5.1 The majority of the Executive Committee shall, if necessary, amend this policy. Provided that the amended Regulation shall have to be ratified by the immediate General Assembly.

12.6 Current law of the Nation:

- 12.6.1 Everything not mentioned in this regulation shall, subject to the existing law of Government of Nepal's, be as per the decision taken by the Executive Committee.

12.7 Power to Frame By Rules:

12.7.1 The Executive Committee shall, if necessary, frame by-rules in accordance with this Regulation. The by rules as such shall have to be approved by the Executive Committee meeting after discussion.

12.8 Interpretation:

12.8.1 The Treasurer shall, subject to the Executive Committee, deserve the power to make the final interpretation of this Regulation so as not to contradict any clause and sub-clause of this Regulation.

12.9 Defense and Cancellation:

12.9.1 If any section or clause of this policy is in conflict with the Share and Care Nepal constitution, those conflicted versions are considered inactive automatically.