

# Finance Policies & Procedures Manual

Final Copy



**MANIPUR NETWORK OF POSITIVE PEOPLE (MNP+)**

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## **Table of Contents:**

### **INTRODUCTION:**

Overview and Purpose-----	2
Review and Maintenance-----	2
Authority and version control-----	3
Co-relation with other policies and documents-----	4

### **Section 1: Overview:**

1.1. Receipts Recognition. -----	5
1.2. Donations. -----	5
1.3. Membership Fee/ Renewal fee. -----	5
1.4. Miscellaneous Receipts -----	5

### **Section 2: Guidelines for Management of Accounts.**

2. Guidelines for Management of Accounts -----	6
--	---

### **Section 3: ACCOUNTING AND REPORTING**

3.1 Basis of accounting-----	7
3.2 Accounting software-----	7
3.3 Books of accounts and other documents-----	7
3.4 Vouchers and substantiation of expenses-----	7
3.5 Accounting security and control-----	8
3.6 Donor reporting-----	8
3.7 Reporting -----	8
3.8 Vouchers -----	8

### **Section 4: CASH MANAGEMENT**

4.1. Cash flow management-----	9
4.2. Cash withdrawal-----	9
4.3. Cash holding limits-----	9
4.4. Cash transactions-----	10
4.5. Accounting for cash-----	10
4.6. Cash reconciliations-----	10
4.7. Cash security and control -----	10

### **Section 5: BANKING PROCEDURES**

5.1. Bank Accounts -----	11
5.2. Fund transfer -----	11
5.3. Bank interest and charges: -----	11
5.4. Bank operations and limits -----	11
5.5. Accounting for bank transactions -----	12
5.6. Bank reconciliations -----	12
5.7. Bank investments and fixed deposits -----	12
5.8. Bank security and controls -----	12

### **Section 6: FLOATS MANAGEMENT**

6. FLOATS MANAGEMENT -----	13
6.1. Applying for a float -----	13
1. Programme Advance: -----	13
2. Travel Imprest: -----	13
3. Salary Advance: -----	13
4. Administration advance/ Imprest: -----	13
5. Travel Imprest: -----	13
6. Fringe benefits: -----	13
6.1.1. Cash floats. -----	13
6.1.2. Procedures for settlements and reimbursements -----	13
6.1.3. Floats monitoring and control -----	13

### **Section 7: Procurement Policy**

7.1. Purpose -----	15
--------------------	----

7.1.1.	Methodology -----	15
7.1.2.	Asset's procurement -----	15
<b>Section 8: <u>ASSET MANAGEMENT</u></b>		
8.	ASSET MANAGEMENT -----	16
8.1.	Fixed asset and consumables -----	16
8.2.	Asset procurement-----	16
8.3.	Record of asset-----	16
8.4.	Loss and Disposal of asset-----	16
8.5.	Asset tracking and control-----	16
<b>Section 9: <u>BUDGET MANAGEMENT</u></b>		
9.	BUDGET MANAGEMENT -----	
9.1.	Preparation of a budget-----	17
9.1.1.	Budget approval-----	17
9.1.2.	Budgetary monitoring and control-----	17
<b>Section 10: <u>ROLES AND RESPONSIBILITIES</u></b>		
10.	Structure of the finance unit-----	18
10.1.	Staff responsibilities-----	18
10.2.	Authorization and Approval limits-----	18
10.3.	Consultants and external advisors -----	18
<b>Section 11: <u>AUDIT AND LEGAL COMPLIANCE</u></b>		
11.	AUDIT AND LEGAL COMPLIANCE -----	20
11.1.	Internal Audit -----	20
11.1.1.	Purpose of Internal Audit -----	20
11.1.2.	Principles of Internal Audit -----	20
11.1.3.	Accountability and Authority -----	20
11.2.	Objectives of an Internal Audit -----	20
11.2.1.	Duties and Responsibilities -----	21
11.3.	Accounting -----	21
11.4.	Financial Internal control mechanism -----	21
11.5.	Budgetary Control Mechanism -----	21
11.6.	Investment Procedure -----	21
11.7.	Statutory Compliance -----	21
11.8.	Any other assignments -----	21
11.9.	Audit Report and Follow-up -----	21
11.10.	Statutory (External) Audit -----	22
11.11.	Mandatory requirements by the Central and or State government -----	22
Annexures: 1	TRAVEL CLAIM CUM SETTLEMENT FORM -----	23
Annexures: 2	Travel Expense Report -----	24
Annexures:3	CASH REQUIREMENT -----	25

## INTRODUCTION

The Manipur Network of Positive People (MNP+) is a state level Network (SLN) of PLHIV was formed on the 7<sup>th</sup> September 1997, by five ex-Injecting drug users who were living with HIV to response to the situation, faced at the time by IDUs and PLHIV. The first of its kind in the entire North East, the organization is registered under the Society Registration Act 1989 on 14 December 1998 and registered under the FCRA 1976. MNP+ has its registered office at Yaiskul Hiruhanba Leikai, Imphal. It has an Executive Committee to look after the functioning of the organization and its services along with 2500+ members spanning across the 9 districts and a self support group at Sugnu, which has now been bifurcated to 16 Districts.

MNP+ has close linkage with other 22 state level networks and affiliated to NCPI+ (National Coalition of People Living with HIV/ AIDS in India). Locally MNP+ works hand in hand with the Manipur State AIDS Control Society (MSACS), *Meira Paibeas*, CSOs, Department of Health Services, Social Welfare Department, State Legal Services Authority (SLSA), and other relevant Departments, Indian Drug Users Forum (IDUF), All Manipur Drug Users Network, Manipur (ADUM), J.N. Hospital, RIMS Hospital, and other NGOs and CBOs working in the field of HIV/AIDS.

It is a self-support group which intends to overcome the constraints and limitations faced by the infected and affected people with HIV/AIDS for overall improvement in their lives in particular and society in general. MNP+ is tirelessly working on to involve the PLWHA in all spheres for addressing the issue of HIV/AIDS including policy making, designing program and implementation, service delivery and monitoring.

The organization aims to improve the quality of life of people living with HIV in Manipur and the North East India and to provide a sense of belonging and togetherness to all people living with HIV.

### Overview & Purpose

This document has been developed to communicate and manage Finance Policies & Procedures for Manipur Network of Positive People incorporating operation of its Projects and offices in Imphal and other Districts of Manipur.

AT present Manipur Network of Positive People Operations managed at a number of physical locations in Manipur as follows:

- Imphal East District
- Imphal West District
- Bishnupur District
- Thoubal District
- Kakching District
- Chandel District
- Tengnoupal District

Manipur Network of Positive People's main management and administrative activities will cover the whole state of Manipur including the North Eastern States. This manual is an

internal document to be used only by personnel employed by Manipur Network of Positive People (MNP+). However, a number of the attachments included in the manual have been developed for general distribution as required. The manual should be used to inform staff, existing and new, of the finance policies and procedures that apply to the activities of Manipur Network of Positive People.

Manipur Network of Positive People recognizes its policies and procedures need to ensure that the highest standards possible are maintained in protecting personnel and project assets. However, given the small size of the operations, it also recognizes that it will not be able to anticipate and set procedures for all circumstances and instances.

The purposes of establishing policies and procedures for Manipur Network of Positive People's Finance Operations are as follows:

- To ensure that the best possible controls and procedures are in place to protect assets of the project's whilst at the same time that the Project's are properly supported in order to achieve overall Project Objectives.
- Ensuring compliance to systems and procedures consistent across all project's being implemented.
- Effective and efficient management of Funds.
- Donor Funds are utilised in accordance with the relevant agreements and the extent of laws of the land; and
- Minimize risk of occurrence and perpetration of fraudulent and other criminal acts.

#### **Review and Maintenance:**

The appointed person for review and maintenance of this manual is the Chief Functionaries/ Executive Board Members who will draw upon other resources within the organization as and when required. The President and the Board will rely solely on the Finance Officer for implementation of policies and procedures and monitoring of security and other environmental conditions relevant to the Project.

- Regular reviews will be undertaken to ensure that our policies are still relevant and any changes will be conveyed to staff in an appropriate manner.

The Master copy of this manual is to be maintained by the Executive Board with a full copy available in each of the project's office and sub-centres.

#### **Authority:**

The manual is approved by the Executive Board of the organization. Proposal for changes or deviation from the manual cannot be made without the express of the Governing Board of Manipur Network of Positive People. The policies and rule stated in this document must be followed by all Manipur Network of Positive People's staff and where applicable consultants and visitors to the organization.

#### **Version Control**

Each version of this document will be maintained and identified using the version control convention of 1.0. Major changes will cause an increment of first digit with minor changes only increasing the second digit.

## Correlation with other policies and documents

Together with this manual Project staff needs to be aware and understand the following Policies & Procedures Manual developed specifically for Manipur Network of Positive People:

- Human Resources Procedures & Policies Manual.
- Child Rights Protection Policy.

### Section- One

#### 1. Overview:

This chapter includes various policies & procedures with reference to finance management.

#### 1.2. Receipts Recognition.

The nature of cash receipts are as follows.

#### 1.3. Donations.

This may be from Indian or Foreign sources.

#### 1.4. Membership Fee/ Renewal fee.

This shall be accompanied by the membership renewal or new membership forms in the prescribed format whichever is applicable.

The membership fees payable are as follows.

New Member.	Registration Fee - Rs. 50/- Membership fee - Rs. 240/- Per annum (Rs. 20/- per month)
Ordinary Member.	Membership fee – Rs.240/- Per annum (Rs. 20/- per month)
Life Member	Membership fee – Rs.600/- Per annum (Rs. 50/- per month)

#### 1.5. Miscellaneous Receipts:

This may be with respect to sale of old & discarded equipments/ items & furniture or sale of the old newspaper etc.

Sale of old equipments or furniture will be duly authorized and such receipts will be counter signed by the authorizing officer.

## SECTION TWO

### 2. Guidelines for Management of Accounts.

Book of accounts will be maintained as per prevailing act and best practices and shall be subject to Audit.

The Monthly financial statements will be signed by the President/General Secretary/ Treasurer/Finance Officer.

Any modifications to the accounting heads e.g., addition/deletion/modification, etc will be subject to prior approval of the Finance Officer in consultation with President/General Secretary/Treasurer.

Any new budget head must be authorized by the Treasurer/ President/ General Secretary. These account heads must be used for all financial transactions, budgets & financial reports.

Wherever appropriate all receipts & expenses will be allocated to the relevant projects, if not directly possible, it shall be based on the percentage with the total value of the project as required.

Approvals to expenditure required as under.

- \* Up to Rs. 5000 Admin & Finance Officer.
- \* Rs.5000 to Rs.10000 Admin & Finance Officer/ Program Manager
- \* Above Rs.10000. President/ General Secretary.

Approvals to Capital expenditure (assets) required as under.

- \* Up to Rs.10000 Admin & Finance Officer with approval of Procurement committee.
- \* Between Rs. 10000 to 50000 Treasurer / President / General Secretary
- \* Above Rs. 50000. President / General Secretary/ Treasurer

All government / mandatory payments such as taxes, TDS, electricity, telephone, rent, etc shall be paid in time i.e., at least 3 days prior to due date for such payments.

Finance department will prepare comparative statement of receipt & payments explaining the reasons for major fluctuations if any. Finance Officer may obtain necessary clarifications from the project Heads.

## SECTION THREE

### 3. ACCOUNTING AND REPORTING

#### I. Basis of accounting:

- Manipur Network of Positive People will follow 'cash bases' of accounting at its main and all subsidiary offices.

#### II. Accounting software:

- Manipur Network of Positive People will use Tally accounting software.
- The management of Manipur Network of Positive People reserves the right to change the software as and when required.
- Data backup be done twice a week from computers onto the server machine.
- Accounting data is backed up on CD'S/ HDD or any other approved back-up system twice a month, for all other computers, CD/ HDD backup to be taken up once a month.
- A user guide for the software should be made available to concerned staff.

#### III. Books of accounts and other documents:

- Manipur Network of Positive People will maintain its financial records in double entry system book-keeping system.
- The following records and documents will be maintained in the main office at Imphal

#### IV. Main books-

- i. Cash and Bank book
- ii. Donor wise Ledger
- iii. Journal Register

#### V. Subsidiary books-

- i. Fixed asset register
- ii. Stock / Inventory register (for consumables)
- iii. Salary register
- iv. Tax deduction at source register
- v. Cheque Received & Issued Register
- vi. Data and Accounts Back Up Record Register  
(Other documents as required under HR and Administration)

#### VI. Vouchers and substantiation of expenses:

The following vouchers be maintained for any and every transaction-

- i. Receipt Voucher: Cash and Bank



ii. Payment Voucher: Cash, Bank and Journal.

- Every transaction must be adequately substantiated with a bill, challan, cash memo etc.
- Payments to be made on original bills, challans, cash memos only.
- All the vouchers will be numbered & shall be filed properly.
- Every voucher along with its support documentation be chronologically filed and safely kept to enable not only a clear audit trail but also for later Income Tax/other references.
- Overwriting, cutting or application of eraser on vouchers should be avoided. In case of unavoidable error requiring cutting/deleting some written matter, the mistake should be struck out and the correction written under proper authentication of the authorized signatory or fresh vouchers be prepared.
- All expense / receipts vouchers must accompany with the supporting such as invoices, paper cuttings, proofs, receipts, etc.
- All vouchers will have appropriate approval.
- Receivers' signature will be obtained on each payment vouchers with date.
- All the records & documents including cheques & documents should be kept under safe custody.
- All cheque payments will be authorized by the Treasurer/General Secretary/President.
- Bank reconciliation statement will be prepared on a monthly basis.

**3.1. Accounting security and control:**

- The Main books of accounts will be accessed by the Accountant and the Executive Board only.
- The data from the main books will be stored in the CD'S/ HDD every fortnight, apart from the regular back up in the computer and server.
- The mechanical data to be stored in the organizational vault under the personal responsibility of the Senior Accountant who will ensure its physical and content security.
- Apart from the mechanical storage of data, printouts of cash/ bank book, ledgers, journal register, advance schedule, and financial statements will be taken every month. The same will be authorized by the Program Manager and filed.
- All ledgers will be as per the approved budget heads in the beginning of the year. In case of amendments the senior accountant will propose the change to the Program Manager for approval. Only then can the change be made.
- Any corrections in the books of accounts will be made through rectification entries only.

**3.2. Donor reporting:**

- Donor reporting will be done on the principles of timeliness, adequacy, relevance and correctness.
- Donor reports will be prepared by the Senior Accountant and present it for verification to the Program Manager.

- The reports will follow the datelines specified by the respective donor.

### **3.3. Reporting**

- Monthly financial statement.
- Audited Balance Sheet
- Income and Expenditure Account.
- Variance analysis acknowledging that variations greater than 10% are not permitted by Donor.

## **SECTION FOUR**

### **4. CASH MANAGEMENT**

#### **4.1. Cash Transactions.**

A petty cash impress account will be maintained both at State Secretariat Office as well as project offices. The maximum amount to be held in petty cash will be Rs. 5000/- for state secretariat office & in case of workshop /training depends on requirement of cash for travel reimbursement. Deviation to this limit will be subject to prior approval of the Treasurer or President.

#### **4.2. Cash handling Custody.**

Adequate safeguards towards physical custody of cash are to be implemented for the following shall be done.

- ❖ Cash will be stored in locked cabinets.
- ❖ Custodian of cash will be identified.

On any given day the maximum cash holding with the cashier should not exceed Rs. 25000/-. This amount will be inclusive of any promissory notes or 'IOU's'.

All cash IOU's must be settled within 24 hrs of tendering the IOU or the next working day, whichever is earlier. \* IOU – Internal office use, is a document that acknowledges the existence of debt and is liable to be settled within 24 hrs.

Access to these facilities will be restricted to the exclusive of authorities' person i.e., the holder of keys.

Cash on hand will be kept at minimum levels.

Availability of balance in bank accounts will be closely monitored. No cheque will be issued unless sufficient clear balance is available in the bank account. Clear balance means, balance available after taking into account only those cheques which could reasonably be expected to be cleared and all cheques issued.

#### **4.2.1. Cash Receipts.**

All cash received will be accounted on the date of receipt. With respect to donations the receipt will have affixed on the certificate of availability of deduction under section 80 G. of Income Tax Act, 1961.

At all times cash will be received only by the person authorized for this purpose.

All cash receipts should be deposited into banks on the same day or next Banking Day.

Cash collection should not under any circumstances be utilized for payments. A separate impress may be maintained for this purpose.

Every transfer of cash to project offices or other networks will be appropriately authorized and the transferee will be the person who is authorized to receive such payments. Where transfer is to any person other than the defined person the reasons for such transfer is to be submitted in writing and this should be duly authorized.

#### **4.2.2. Cash payments.**

All cash payments will be evidenced by the cash voucher duly prepared, verified & authorized. The format of the payment voucher will be in the form prescribed.

Revenue stamps to be affixed for any cash payments as per prevailing rule.

For workshop & Impress cash requirements a requisition to be given in 2 days advance for arranging cash.

The Finance Officer will verify & sign the periodically closing cash balance and monthly cash balance should be checked by the Finance Officer or Program Manager/Project Manager/Project Coordinator.

Cash payment may be kept at minimum.

#### **4.2.3. Accounting for cash:**

- All cash withdrawn should be counted and recorded in the cash book on the same day by the cashier.
- Petty cash transactions are recorded in a 'Cash book' upon proper verification and authorization.
- Closing cash balances be recorded (denomination wise) and authenticated by the cashier on a daily basis.
- All cash refunds and or receipts will be furnished by a serially numbered cash receipt/ voucher. The cash receipt books be safely kept for all reconciliations.

#### **4.2.4. Cash reconciliations:**

- Regular Cash verification spot checks of the cash- in- hand should be carried out by the President/Treasurer or anybody authorized by the Executive Committee. This involves counting the balance of cash in hand and reconciling the amount by totaling the vouchers for amounts paid out and not yet reclaimed by the cashier.

#### **4.2.5. Cash security and control:**

- Cash and other valuables must be kept safely in secured locked box or the office vault.
- At no time will personal cash be held along-with the office cash.

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## **SECTION FIVE**

### **5. BANKING PROCEDURES**

#### **5.1. Bank Accounts:**

- All bank accounts to be opened in the name of the organization only.
- The management of Manipur Network of Positive People reserves the right to open or close project related bank accounts as and when deemed suitable.
- All organizational bank accounts will be operated by a minimum of two out of three signatories as nominated by the management.
- Manipur Network of Positive People will operate through designated separate bank accounts for foreign and Indian currencies, for its main and subsidiary offices.

#### **5.2. Fund transfer:**

- Transfer of foreign currency funds to subsidiary offices or to partner organizations will be made through the designated foreign contribution bank account only.
- The transfer will be made to the respective designated bank account with the subsidiary office or partner organization.
- All fund transfers will be made in the name of the organization only, unless it is specified.
- All fund transfers will be made against an approved budget/cash flow request submitted by the subsidiary office or the partner organization.

#### **5.3. Bank interest and charges:**

- All bank interest remitted by the respective banks will be recorded in the books of accounts and allocated to the fulfillment of the project objectives.
- All charges levied by the bank will be considered as project expenses.

#### 5.4. Bank operations and limits:

- All individual payments exceeding Rs. 5000 will be made by cheque, signed by the designated signatories (bearer chq, for less amounts also)
- Payments to outside parties will (normally) be made by cheque, demand draft or telegraphic transfer or other approved modes of transfer.
- Delegation of limits for signatories will be decided by the Manipur Network of Positive People management.

Bank Name and place	Authorization upper limit for cheque.	Signatories
1. State Bank of India, New Delhi Main Branch.	For FCRA main account	<b>Mandatory</b> - President <b>Second</b> – General Secretary <b>Third</b> – Treasurer
2. State Bank of India, Thangal Bazar, Imphal	For FCRA utilization account	<b>Mandatory</b> - President <b>Second</b> – General Secretary <b>Third</b> – Treasurer
3. Punjab National Bank, Paona Bazar, Imphal	For general accounts	<b>Mandatory</b> - President <b>Second</b> – General Secretary <b>Third</b> – Treasurer
4. Indian Overseas Bank, Alu Gali, Thangal Bazar Imphal	For Local funds (OST/ TI Project)	<b>Mandatory</b> - President <b>Second</b> – General Secretary <b>Third</b> – Treasurer

- All cheque books received from the banks will be entered in Cheque Received and Issued Register.
- All cheque issued will be marked “Account Payee” & “Non- negotiable”, in order to track funds and prevent fraud.
- All cheques prior to issuance will be recorded on a ‘cheque-issue’ register, giving details of cheque no., favoring to, amount, and signatory. Cancelled cheques (from No. to No.) will also be recorded in the register.

#### 5.5. Accounting for bank transactions

- All cheque expenditures will be recorded in the bank book and cross referenced to the cheque number, with the nature of the payment and the payee clearly identified.
- All payments through cheque will be recorded in the organizational bank book on a daily basis.
- All cheque received from donors and well wishers will be deposited in the organizational bank the same day or the next working day.
- Monies received from foreign contribution bank account are deposited with the foreign contribution designated bank account only.

#### 5.6. Bank reconciliations

- Bank statements/ updated pass books are to be obtained from the banks by every month end.

- Monthly Bank reconciliation is carried out for each bank account.
- Bank reconciliations from the subsidiary offices should be forwarded to the main office for inter-bank reconciliation and authentication of bank balances.

#### 5.7. Bank investments and fixed deposits

- ‘Investment Policy’ as formulated by the President and staff will be applicable to Manipur Network of Positive People subject to GB approval.
- All investments and fixed deposits will be made in the name of the organization only.
- All investments and fixed deposits will be made as per the charity regulations of the Income Tax Act 1961.
- The instruments representing investments and fixed deposits will be safely kept in the custody of the President or by any person authorized by the President.

#### 5.8. Bank security and controls

- Ordinarily blank cheques must not be signed.
- In case of emergency blank cheque will be designated for purpose in the ‘cheque-issue’ register, and will be safely kept with the President or the person authorized by him for the purpose.
- All cheque books will be kept under safe custody in the office vault.
- Fresh cheque book be used only on completion of the previous book.
- All cheque book stubs/counterfoils (or equivalent records) should be completed at the time of payment, and retained (to form part of the accounting records).
- Cheques made payable to a nominated signatory should not be signed by that person.
- Regular spot checks will be made of the expenditure records against primary documents such as invoices. No cheques will be signed without a corresponding invoice, or other documentary evidence as to the nature of the payment.

## SECTION SIX

### 6. Float Management

#### 6.1. Applying for a float

Floats /advances will be made available to project staff for the following purposes:

1. **Programme Advance:** For implementation of budgeted programs by the main office staff and by the state office personnel. For state offices the advance will be given to State Admin. Support staff.
2. **Travel Imprest:** For traveling on official purpose by the project staff
3. **Salary Advance:** Refer to HR manual
4. **Administration advance/Imprest:** To Program Manager/Project Manager/Project Coordinator, in the beginning of each month/ financial year for the purchase of office consumables.
5. **Travel Imprest:** To all traveling staff to book travel tickets.

6. **Fringe benefits:** Refer to HR Manual and subsequent circulars.
7. All applications for floats/advances will be made in written (in the prescribed format).
8. Floats can only be availed against an approved budget.
9. Applications for floats to be approved by the Program Manager/Project Manager/Project Coordinator prior to giving out of the float.

#### **6.1.1. Cash floats.**

- Program Manager/Project Manager/Project Coordinator will be provided with a cash float of adequate amount as decided in the beginning of every month/ financial year for the purchase of consumables.
- Floats in cash to be kept to a minimum and will be based on actual requirement.

#### **6.1.2. Procedures for settlements and reimbursements**

- All floats availed for programme implementation including travel to be settled with the finance unit within 48hrs on returning back to the office/base
- All applications for settlements/ reimbursements should be submitted in the prescribed forms neatly filled in with no-overwriting or cutting (all cutting to be authenticated with full signature).
- For floats settled in the state offices (administration and programme) the state coordinators will authorize all payments.
- The authorized expenses/settlements be well verified by the Accountant and approved by Program Manager/Project Manager/Project Coordinator (as per the approval norms)
- In absence of the Program Manager/Project Manager/Project Coordinator, settlements will be approved by the Governing Board Chairman.

#### **6.1.3. Floats monitoring and control**

- Fresh travel advances can only be availed upon settlement of the previous float.
- For programme advance, two floats can be availed at one time (this will be granted on a case-to-case basis) and any third advance can only be availed after the settlement of the previous advance.
- A monthly advance schedule (depicting the advances age-wise) will be prepared by the senior accountant and submitted for action with the senior management.
- In case of unsettled floats at the end of the financial year or where staff has not settled for 30 days upon returning to base office, the same will be deducted from the salary payable to him/her.

**Travel Expense Entitlements: The following will be the upper limits.**

<b>Designation</b>	<b>D.A./ Per diem (per day)</b>	<b>Outstation Travel</b>	<b>Accommodation per day</b>	<b>Local travel</b>	<b>Overseas travel</b>
Chief Functionary	Rs. 500 Rs.2000	Train- 2AC By Air*	Actual or Rs. 3000 whichever	Taxi	Flight fare (including

	(overseas)		is less. Rs.5000 (Overseas)		taxes) + visa fee + registration
All Staff	Rs. 300 Rs. 1500 (Overseas)	Train- 3AC By Air* in the economy class (because of no train facilities available in the State), Taxi	Actual or Rs. 2000 whichever is less. Rs.4000 (Overseas)	Taxi/Auto	Flight fare (including taxes) + visa fee + registration

## SECTION SEVEN

### 7. Procurement Policy:

#### 7.1. Purpose

The purchase of goods and services is necessary for the smooth operation of the organization. The aim of the internal control system for the supplying of goods and services is to ensure orders are handled by individuals having skills in evaluating what purchases are required from suppliers offering the best deals, to ensure purchases made do not exceed the budget provided and to ensure purchased goods and services conform with the quantity and price specified in the order.

##### 7.1.1. Methodology

Manipur Network of Positive People (MNP+) shall follow certain methods in purchasing goods, equipment and services required for the needs of the organization or its projects. The first criterion is to form an **Assets Purchasing Committee** comprising of President/General Secretary/Treasurer and one senior staff of MNP+. Use of competitive bidding shall be a priority practice. The Committee will examine the rate quotation submitted by at least 3 (three) suppliers and the Committee shall select a supplier with the lowest bid. However, if a supplier does not provide the required level of service or an adequate guarantee, then other criteria shall also be considered. Manipur Network of Positive People shall specify in the purchase file the reasons the lowest bid was not chosen.

##### 7.1.2. Asset procurement:

- Assets will be purchased against approved budgets only.
- The Assets Purchasing Committee to procure 3 (three) rate quotations from reliable suppliers for the purchase of the asset.
- The Assets Purchasing Committee will prepare a proposal based on the quotes given by the suppliers or recommendations from state offices and present it for approval to the Director.



- The assets will be purchased only after written approval from the authorizing authority.
- Upon a written approval for purchase the Assets Purchasing Committee to prepare a purchase order to be sent to the vendor.
- Invoices received will be checked against orders made.
- The quality and quantity of goods supplied to be inspected in order to ensure they correspond with orders placed and those invoiced for. Services supplied need to be similarly checked by Admin staff.
- For purchases above Rs.30000/-, a quotation/invoice shall be obtained from three local suppliers.
- For purchases under Rs. 30000/-, a price survey by telephone of two suppliers will be sufficient for determining the supplier.
- Purchases from a sole source shall be explained in the purchase file.
- All payments will be made centrally and only against **original** invoices and by crossed cheque where the amount exceeds Rs 5000.00 per payment.

The purchase file shall contain all the documents pertaining to each transaction, i.e., the purchase requisition, quotations, contact information of suppliers purchase contracts or orders, invoices, delivery slips and any other pertinent documents.

## SECTION EIGHT

### 8. ASSET MANAGEMENT:

#### 8.1. Fixed Asset and Consumables:

**8.1.1. Fixed assets**, i.e., equipment, usually of a relatively high value (already agreed as a part of the donor budget), held for a long-term by the project and is used either as part of the production /distribution process, or for providing support services. Examples include vehicles, computers and printers, communications equipment, large electrical items, large items of furniture, etc.

**8.1.2. Consumables.** These are items which are similar to fixed assets in that they are not held for production and distribution and are held for use on site. However, they differ from fixed assets either in that they are relatively low value items, and/or their useful life is relatively short. Examples would be office stationery, small items of office furniture, cooking utensils, office refreshment items etc.

#### 8.2. Record of asset

- All fixed assets be recorded in a fixed asset register (manually or mechanically) and identification code numbers will be given with the particular assets.
- Records kept of orders for purchase of assets placed but not yet carried out.
- Regular stock taking be undertaken. Handing/Taking over charge will include verification of the assets.
- A list of fixed assets be held and updated regularly. This needs to include all assets donated also.

### **8.3. Loss and Disposal of asset**

- All fixed assets will be insured at cost or replacement value
- In case of loss or theft of office equipment from the office and from a staff on official travels an FIR to be lodged within 24 hours of the incident.
- Copy of the FIR to be retained for insurance claim.
- In case loss of asset is due to staff negligence the cost of the asset will be claimed from the staff after ascertaining the facts of the matter.
- The sale of assets be done on the book value of the asset through auction
- The asset considered for disposal be advertised under the authorization of Executive Board.
- Interested parties (internal and external) will place request in writing to the concerned authority.
- Disposal of assets by sale or otherwise will be subject to permission to be accorded by the donor(s) and the government authorities, wherever applicable.

### **8.4. Asset tracking and control**

- All assets should be identified by a number/ identification mark/coding systems corresponding to the fixed asset register.
- All fixed assets to be checked at regular intervals to ensure that condition of assets is useable. If any assets needed to be repaired or replace.
- Annual review of the usefulness of the fixed assets will be done to ensure they are put to best use and effectively serve the interest of Manipur Network of Positive People.

## **SECTION NINE**

### **9. BUDGET MANAGEMENT**

#### **9.1. Preparation of a budget**

- Detailed activity budget (from the approved yearly budget) will be prepared by the programme staff.
- The budget will be prepared in the prescribed format.
- The budget will be checked by the finance unit for correctness and presented to the Project Manager for approval

##### **9.1.1. Budget approval**

- All Manipur Network of Positive People budgets, including subsequent variations or changes should be approved by the Governing Board
- Minor variations can be approved by President/General Secretary in consultation with concern Program Manager

##### **9.1.2. Budgetary monitoring and control**

- Budgetary variance analysis will be done on a quarterly basis by the Senior Accountant on the programme cost
- Any Surplus or deficit will be brought to the notice of Director by the Accountant.
- Director will authorize revision and send for approval to Manipur Network of Positive People Management Committee or GB

## SECTION TEN

### ROLES AND RESPONSIBILITIES

#### **10. Structure of the finance unit:**

- The President/General Secretary will be directly responsible to the Manipur Network of Positive People Management Committee and Governing Board for all matters of finance.
- President will be responsible for the Accountant.

#### **10.1. Staff responsibilities**

Staff will be assigned responsibilities generally in accordance with the job description provided to them by their reporting authority.

##### **10.1.1. Assignments for Finance Officer:**

- Make sure that all financial transactions are carried out and recorded in accordance with standard financial procedures.
- Regularly review the float/advance registers.
- Carry out a cash count every two weeks.
- Monitor cash-flow and request top-ups from head office.
- Approve the monthly payroll.
- Check the month end cashbooks, and ensure that all book-keeping and coding is accurate.
- Ensure that all financial records are properly kept.
- Prepare an analysis of the cashbooks, management report, comparison with budget, and commentary at the end of the month.
- Assist in the preparation and review of budgets.
- Monitor actual expenditure versus budgets.
- Assist in preparation of financial reports to donors, in liaison with head office.
- Continue to develop appropriate financial systems and help all staff to understand and work with them.
- Provide support to the office in all other financial matters.
- Manage the Cashier/Admin Assistant

##### **10.1.2. Assignments for Junior Accountant/ Cashier:**

- Maintain cashbooks and accounts records.
- Make payments, including preparing payment vouchers.

- Receive cash, including preparing receipt vouchers.
- Maintain float/advances registers.
- Prepare monthly payroll and salary payments.
- Prepare month end cashbook.
- Produce personal bills for all personal use of phone, photocopier and vehicle.
- Manage all bank related jobs.

### **10.2. Authorization and Approval limits**

<b>Item explanation</b>	<b>Amount</b>	<b>Approving authority</b>	<b>Authorizing authority</b>
Budgeted Expenditure	Above 1 lakh	President/General Secretary	Program Manager/Finance Officer/Accountant
Budgeted Expenditure	Up to 1 Lakh	President/ General Secretary	Program Manager/Finance Officer/ Accountant
Fixed Assets	Above 1 lakh	President/ General Secretary	Program Manager/Finance Officer/ Accountant
Fixed Assets	Up to 1 Lakh	President	Program Manager/Finance Officer/ Accountant
Unbudgeted Expenditure	Above 5000 and up to 25,000	Program Manager	Program Manager/Finance Officer/ Accountant
Unbudgeted Expenditure	Up to 5000	Program Manager / Finance Officer/ Accountant	Program Manager/Finance Officer/ Accountant

### **10.3. Consultants and External Advisors**

- Consultants and external advisors will be hired as per the project requirement.
- The Curriculum Vitae of the prospective consultant will be studied and approved.
- A detailed 'Terms of Reference' will be prepared, entailing the amount and mode of payment for the services.
- Payments will be made via bank (cheque or demand drafts) only.
- Tax will be deducted as applicable.

### 11. AUDIT AND LEGAL COMPLIANCE

#### 11.1. Internal Audit

##### 1. Purpose of Internal Audit:

With the growth of the charity and welfare sector “accountability” is constantly being re-defined from mere report writing to effective governance, able propriety leadership and achieving quality excellence for a larger impact within limited resources. Internal audit function is one of the many tools used for the desired results.

**Internal Audit** is an independent, objective assurance and consultative activity designed to improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

##### 2. Principles of Internal Audit:

The Internal audit function is expected to operate upholding the following principles:

*Integrity:* Establish trust to provide basis for reliability and sound judgment.

*Objectivity:* Exhibit high professional ethics in collating and translating information, taking into consideration the circumstances to arrive at a balanced assessment.

*Confidentiality:* Be prudent in the use and protection of information gathered during the course of an internal audit exercise.

*Competency:* Application of required knowledge, skills and experience to uphold the objective of the exercise.

##### 3. Accountability and Authority:

- The Internal Audit personnel is granted full and complete access to all organization’s records (manual, electronic), assets, and the concerned personnel relevant to a audit engagement.
- Internal audit personnel have no direct responsibility or any authority over any of the activities or operations that they review. They should not develop and install procedures, prepare records, or engage in activities, under their review.
- The internal audit personnel will directly report to Executive Board.

#### **4. Objectives of an Internal Audit:**

- To develop a quarterly audit plan
- To evaluate the reliability and integrity of the financial systems and information.
- To evaluate the adequacy of financial policies and procedures that has significant impact on the objectives of the organization.
- To assess the level of compliance with the local/state and central Govt. provisions for charity organizations.
- To provide management with recommendations for improving operations, systems and mitigating and managing financial risks.

#### **11.1.2. Duties and Responsibilities:**

The Internal audit personnel are expected to present opinion on the following:

##### **1. Accounting:**

- To check the appropriateness of accounting records, reconciliation to quarterly (if any) and annual reports and banking records.
- Certification of payments for availability of funds.

##### **2. Financial Internal control mechanism:**

- Review of the financial internal control system and structure.
- Review of the economy, efficiency, and effectiveness of the controls procedures and practices existing in the organization.
- Review procedures for the approval and authorization of disbursements, policy and practices on advances and payments
- To review the controls in place for safeguarding assets.
- Suggest improvements and amendments where ever applicable.

##### **3. Budgetary Control Mechanism**

- Review of budgetary process, monitoring of income and expenditure against budgets/ forecasts, and financial reporting to stake holders.

##### **4. Investment Procedure**

- Custody and investment of surplus fund balances and bank agreements, signatories and verification of bank accounts, reconciliation, interest earned, and currency management.

##### **5. Statutory Compliance:**

- Review the organization's compliance procedures under relevant Act's; Income Tax Act 1961, Foreign Contribution Regulation Act, 1976 and mandatory staff welfare schemes.

## 6. **Any other assignments:**

- Prepare audited financial statements for donor (provisional and final)
- Conduct financial appraisals of partners under Small grant facility.
- Conduct capacity building programmes for strengthening financial management systems for partners.

## 7. **Audit Report and Follow-up:**

- The Internal Audit personnel are expected to submit opinions, amendments, and recommendations as per the terms of reference on standards of control, in a written report of audit findings and opinions.
- The report will be given to the operating management for review and implementation.

## 8. **Statutory (External) Audit**

Manipur Network of Positive People will liaise directly with the Finance Officer on all requirements of the External Audit process.

## SECTION TWELVE

### 12. **Guidelines for Statutory Payments/Renewals:**

#### 12.1. **Tax deducted at source on Payments**

- TDS on salaries to be deducted and remitted
- The remittance of tax deducted on salaries
- The income Tax Act requires companies to deduct tax at source on certain transaction like Rent, Payment to Contractors including Advertising Agencies, Professional fees etc.
- Finance Officer to ensure deduction of deducting tax along with surcharge and excess, wherever applicable
- Finance Officer to issue TDS certificate in form of 16A/ from 16 before the due date
- For a calendar of monthly and annual activities refer to formats prescribed
- FC3 Statement to be filled as per FCRA forms before due date by Finance Officer

#### 12.2. **General**

1. There will be no delay in remitting in any Government dues
2. All the challans will be filled and kept safely
3. All statutory requirements will be compiled with and periodical/ returns/ forms/ statements to be submitted on time.

### **12.3. Mandatory requirements by the Central and or State government**

- Tax to be deducted at source as per the provisions made in the Income tax Act, 1961.
- The tax deducted to be deposited with the income tax dept. or the dept. authorized by them by the 7<sup>th</sup> of every month.
- Quarterly TDS filing to be made in the prescribed format.
- Annual TDS filing to be made in the prescribed format.

### **12.4. Income Tax Return**

Income tax returns to be through auditors in time as per rules by the Finance Officer.

Final Copy



**Manipur Network of Positive People  
Imphal-795001**

**TRAVEL CLAIM CUM SETTLEMENT FORM**

Name:

Designation:

Project title:

Purpose:

**I ] Local Travel**

Date	From	To	Mode	Total

**Total**

**II] Kind of Journey: Road / Rail / Air**

Date	From	To	Mode	Total

**Total**

Cancellation charges if any should also be included

**Total**

**III ] Program Cost**

Date	Particulars	Total

Claim by:

**Approved by:  
President/General Secretary**



**CASH REQUIREMENT**

Date:

Name of the Staff:

Department:

Project Expenses: Yes / No

If yes, give details as per budget:

Purpose of travel:

Expected date for submission of a/c's:

Amount required:

Mode of payment: Cash / Cheque

Signature:

Approved by:

***Note: Kindly submit details to the finance department before 12pm on working days***

**Verify by  
Program Manager/Finance Officer**

**Approved by  
President/General Secretary/Treasurer**