

NEDSSS Finance Policy

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North East Diocesan Social Service Society, the social action wing of the Catholic Church in North East was registered under the Societies Registration Act of 1860 on 7th June 1989 after serious and deep consultations, initiated by the Directors of the Diocesan Social Service Societies (DSSS) functioning in the region.

Since its inception, NEDSSS has been engaged in various developmental programmes and activities to serve the interest of the people of individual dioceses and other Churches and secular NGOs of the region.

For the smooth functioning and the effective execution of its various tasks at hand a number of policies and guidelines have to evolve in course of time. Some policies were well documented while some others were practiced as the part of organisational culture or good practices. As the organization grew big in size and structure with multi projects relating to its vision and mission more number of staff have to be inducted. In such situation it is a must that we have clear cut policies well written down for a better transaction avoiding all ambiguities as far as possible for a better day to day administration.

This financial policy document is a minimum standard requirement worked incorporating many of the best already existing practices and in addition the suggestions given by a number of financial experts from within and outside the country.

These policies before its final approval they have been discussed and clarified clause by clause among the administrative and other staff members and then approved by the managing board in the --- th governing body meeting of 2nd June 2011.

6.1 Fund Receipt

6.1.1 Sources of Funds

Nedss receives [funds](#) from the following sources:

- i..Externally supported (Dollar/Euro),projectfund.
- ii..Membership fees.
- iii. Income from short term professional services and consultancy assignments undertaken by NGO.(could be in future)
- iv. Grants Donations received from philanthropic [organizations](#) and individuals.

6.1.2 NEDSSS Core Fund

Presently the following are identified as NEDSSS's core programme:

- A. Capacity Building
- B. Health
- C. Community and Family Disaster Preparedness

- D. Peace Building Through Concerted Response of Organizations in North East India
- E. Child Development and Nutrition (CDN)
- F. Initiative for Women Empowerment in North East India
- G. Human Right Education

Any programme coming to NGO must allocate some funds to support this core programme.

6.1.3 Signatories to Cheque Books

The President or Secretary of NEDSSS, will be signatory to NGO's cheques. Money can be released by the signatures of either of the two signatories mentioned.

6.1.4 Types of Accounts

The following three types of accounts will be maintained by NEDSSS:

(1) F.C Account (Foreign Contribution

. All the foreign contributions received project based or other will be deposited in F.C account. The President and Secretary are authorized to operate the bank account. For the practical purpose the secretary alone can sign the cheque for day today transaction and a cheque register to be maintained by the accountant and the treasurer verifies it periodically.

(2) Savings Account

All income accrued to NEDSSS will be deposited in the Saving Account by way of membership fee, utility charges, service rendered, personal donations rent and disposal etc.

(3) Fixed Deposits

NEDSSS will keep fixed deposit savings account for its trust fund.

(3) Petty Cash Fund

A petty cash fund of Rs50,000 is kept to cover payments not exceeding 5,000. The Accountant/Office Administrator will handle this account and is to be liquidated every two weeks.

The President and/or Treasurer will ensure proper handling of petty cash fund through surprise checks from time to time.

Payment Procedures

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6.2 Fund Disbursement

All payments be made either by cheque, cash or bank transfer.

6.2.1 Payment by Cheque

(1) Payment for Purchases

Payment against purchases exceeding 10,000 shall be made by cheque.

(2) Payment for Services Rendered

a. Payments for Staff Salaries

i . Payment Calendar

Staff salaries are paid within seven days following the completion of the month. Individual cheques are to be issued to the employee concerned.

ii. Staff payroll

Staff payroll (salary sheet) is prepared by the Accountant as the basis of payment. The staff payroll contains information on the employees' basic salary for the month, allowances if any, deductions and net salary payable. The staff payroll is checked by the Treasurer and/or Secretary General and approved for payment by the Executive Director.

iii. Advance Pay

NEDSSS's employees may take advance payment of up to 2 months (after completion of 6 months probation), if urgently required. The advance must be returned/reimbursed before the end of that particular fiscal year.

For travel purposes, NEDSSS employees shall be given cash advances for expenses covered on official trips. Request for cash advances is prepared by the personnel concerned, recommended by the Project manager in consultation with chief accountant and is approved by the General Secretar/President. All cash advances for travel are to be liquidated within a week following the completion of the trip.

iv. Tax Deduction at Source

NEDSSS will deduct tax at source where applicable as per Government rules.

b. Payment for Contractual Services

Payment for contractual services is done through cheque disbursements. The schedule of payment depends on the Terms of Reference (TOR) agreed upon by the personnel concerned and NEDSSS. Payments are covered by a Request for Payment Form prepared by the accountant and approved by the Executive Director.

Policy for Book Keeping and Record Maintenance in NEDSSS

6.2.2 Procedures for Fund Disbursements

- All requests for payments are to be made using the appropriate forms.
- Requests for payments are to be properly substantiated with bills/receipts and essential documents.
- Requests for payments are prepared by accountant and submitted to Executive Director for checking and approval.

6.3 Book Keeping and Recording

6.3.1 Book Keeping

The recording system of NEDSSS's financial transactions allows to monitor bank balances, status of [funds](#) receipts and expenditures, and a comparative statement of budget vs. actual expenditure on a regular basis.

NEDSSS will maintain records of fixed assets, petty cash disbursements, supplies, inventory, the use and maintenance of office equipment and periodically assessed by the treasurer and financial advisory committee.

6.3.2 Accounting

The following sets of financial reports will be prepared by NEDSSS:

A. Quarterly financial reports will be prepared for review by each individual project manager of NEDSSS's specific [projects](#) as well as of its core activities. This quarterly report will be reviewed by the Board of NEDSSS. Financial reports to donors will be submitted as prescribed in the agreement between donors and NEDSSS.

B. Annual Balance Sheet and Statement of Income and Expenditures will prepared for each fiscal year.

6.4 Auditing

Books of Accounts of NEDSSS shall be audited annually by an independent auditor appointed by the General Assembly.

NEDSSS may hire internal auditor in order to streamline its accounting systems and procedures.

7. Fixed Assets Policy for NEDSSS

7.1 Purpose

To carry out its activities, NEDSSS needs material resources. The quality of these resources is dependent upon how they are used. Material resources are in large part durable goods, which need to be well-managed to be maintained in good condition. These goods include stationary, tables, chairs, shelves, computers and related accessories. The Fixed Assets Policy will aim for:

- precise identification of goods that are part of the asset base;
- sensible use of goods;
- periodic taking of physical inventory;
- effective maintenance of goods;
- replenishment of goods when required.

7.2 Procedures

At NEDSSS, the [management](#) of material resources is the responsibility of the managerial staff. The procedures involved in managing these resources are:

- receiving and recording goods;
- using goods properly;
- maintaining goods;
- taking inventory of goods;
- disposing of goods.

Material resources are managed by means of records or files.

7.3 Asset inventory

The purpose of the inventory is the physical monitoring of the items belonging to a project. The inventory makes it possible to detect differences between information about goods in the records and the actual state of goods.

Inventory is usually done once a year and is the responsibility of the finance division.

7.4 Procedures

The inventory procedure is composed of the following steps:

a. Creation of record cards on which is found:

- type of item
- description of item
- identification code
- service user or name of manager
- assigned location
- previous placement of item
- notes on condition of item
- record updates
- minutes of physical inventory

b. Final removal of an item

c. Replacement of an item

d. List of annual needs

7.5 Removal of items

The inventory procedure described above permits the identification of dilapidated or defective goods whose presence in office presents more inconveniences than advantages, for various reasons:

- steep rise in operating or maintenance expenses;
- excessive cost of repair;
- any other objective reason.

The Executive Director should give the authorization to take out of service, transfer or dispose of any items, and that should be noted in the book of assets.

8. Computer Policy for NGO Office Management

8.1 Purpose

NEDSSS seeks to effectively manage the computer system for guiding the use, maintenance and security of the computer equipment. Employees are responsible for ensuring that the procedures and policies suggested here are followed.

8.2 Use

Using computer equipment requires particular care because of its fragility and high cost. Access to the equipment should thus be strictly reserved to NEDSSS employees only. Those employees who are unable to handle commonly-used software will be given an orientation by the senior staff on request. At least one NEDSSS employee will be trained in handling minor maintenance of computers and accessories at the office.

8.3 Security

- a. In order to safeguard the computers against viruses, the external drives (CDs/DVDs/floppies/pen drives) that are at NGO office are only to be used. In the same way, no external drive from any source other than from sealed packets shall be used in the computers, unless it is first scanned with latest anti-virus software.
- b. In order to safeguard computers from viruses, antivirus software has been installed in the computers. The virus list for this program should be updated on a regular basis. It is the duty of the employee who has been assigned a computer to update the virus list on her / his computer.
- c. There should be at least two backups of all important documents. One copy should be on the hard disk of the computer assigned to the concerned employee and a second copy on a CD/DVD kept in the office.
- d. The computers of the NGO should normally be used by its employees. Consultants and [volunteers](#) should seek prior permission of NGO employee before using his/her computer in the office

8.4 Saving documents in the Computers

In order to streamline the procedure to save documents in the computers and to make it easier for people to find documents and make back-ups of important documents, each employee should have a c:/my documents directory in his/her computer. This directory should be

broken down into sub-directories to facilitate retrieval of important documents. Each employee will include a copy of all their important documents to be backed up on a directory entitled backup.

8.5 Back-ups of Documents

In order to safeguard important documents and other work done by the staff, the back-up directory of the employee shall be backed up on CD/DVD once every week (every Friday) and the CD/DVD stored by the employee.

9. Procurement Policy for NGOs

9.1 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.

9.2 Methodology

NEDSSS shall follow certain methods in purchasing goods, equipment and services required for the needs of the organization or its [projects](#). Use of competitive bidding shall be a priority practice. The first criterion in choosing a supplier shall be 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. NGO shall specify in the purchase file the reasons the lowest bid was not chosen.

- For purchases under Rs.5000, a price survey by telephone of two suppliers will be sufficient for determining the supplier.
- For purchases above Rs. 5000, a quotation/invoice shall be obtained from three local suppliers.
- Purchases from a sole source shall be explained in the purchase file.

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.

9.3 Purchases

Employees making purchases as part of the project activity or organizational work shall follow these mechanisms:

- a. Requisition form – the employee requesting a purchase fills this form, has it approved by the Executive Director and sends it to finance division.
- b. Order form – the finance division issues the order form, after it is signed by the Executive Director. The concerned employee or the finance division will make the purchase successful on the basis of the order form.

c. Delivery slip – After the purchase has been made, a delivery slip will be issued by the finance division for the supplier, who will sign it and give it back to the finance division.

10. Communications Policy for NEDSSS Office Management

10.1. Purpose

The purpose of this policy is to control and reduce the communication cost in an effective way. Telephones are the most convenient and fastest mode of communication but for long distance communication, they are expensive.

There are other modes for fast communication such as courier, fax or e-mail. And out of these, e-mail is fast and more affordable. NEDSSS prefers to use e-mail for out of station correspondence to reduce the communication costs. Telephones can be used for local calls and in emergency for national & international long distance calls.

Internet service at the office can be used to download and send email and to conduct work-related research.

2.2 Guidelines

NEDSSS provides the following guidelines to its staff to control telephone use.

- a. Telephone users are requested to keep their conversations short in order to keep the cost down and to keep the lines open for other people in and outside the office that need to use the telephone.
- b. In general, employees should avoid using phones for non-official calls and are encouraged to use STD/ISD facilities available outside the office. However, the non-official calls will be billed to employees at prevailing rates. To keep track of such calls, a record sheet is provided to each employee working in the office in order to make it easier to remember to record the long distance calls (STD / ISD). All long distance calls should be recorded on this sheet along with all required information and submit to the finance division each month.
- c. In order to minimize communication costs as much as possible, email should be used rather than fax or direct long distance calls.
- d. Copies of all in-coming and out-going official communications (fax, letters sent or received) should be filed. The employees sending / receiving important e-mails should be responsible to print and file such e-mails. A copy should go in the central file system.
- e. Efforts should also be made to keep fax messages short and to send long documents by fax only in urgent cases.
- f. Regarding international phone calls, the need for the official call should be discussed verbally with the Executive Director, unless exceptional circumstances make this impractical.

11. Travel Rules & Regulations at NEDSSS

11.1 Travel

Staff members may be asked to travel away from their usual workplaces on authorized missions. The policy on payment of travel allowances adopted NEDSSS applies to all employees regardless of job category or status. It also applies to the consultants, when mentioned in their agreement.

After reimbursable expenses are made, the person making an expense claim shall use the appropriate forms available.

The expenses will not be reimbursed if proper justifying documents (original receipts) are not attached except for per diem. Eligible expenses include:

1.6.1 Per diem

All employees and [volunteers](#) are provided per diem of Rs.150 (Breakfast 30, lunch Rs.60 and dinner 60) to cover the cost of food for each night spent outside the city as approved by NEDSSS.

1.6.2 Accommodation

All employees and volunteers are entitled to claim expenses incurred for accommodation for official trips outside Guwahati and if not accommodated in our centres. Maximum claims for accommodation shall not exceed Rs. 500. If it is cosmopolitan cities the cheapest accommodation is to be sought. Claim for accommodation will be reimbursed upon submission of bills/receipts.

1.6.3 Mode of Transport

NEDSS will pay only surface transport as far as possible, i.e. bus/train. If any individual is using personal vehicle for NEDSSS related work, they can be reimbursed the actual fuel cost based upon the mileage. Some maintenance will also be awarded if required. However, the private transport must be shared by more than one NEDSSS member or employee.