

FINANCIAL & PROCUREMENT POLICY MANUAL AND
PROCEDURES



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FINANCIAL & PROCUREMENT POLICY MANUAL AND PROCEDURES

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1. PRELIMINARY

1.1 Purpose and Scope of Accounting Manual

The accounting and finance policies & procedures manual provide step-by-step guidelines on all major areas of the financial management function in order to meet the organizational objectives and complying with the applicable statutes and regulations.

The purpose of this Manual is to recognize and understand important issues, and to ensure consistent thinking and action on these issues by staff within the Finance department. Objective of this Manual is to:

- Provide an on job reference guide for the written policies and procedures to be followed by the existing and new employees in finance department
- Clarify structure and responsibilities of finance department,
- Relieve the management of repetitive instructions,
- Provide uniformity in interpretation and administration of policies & procedures for finance department,
- Facilitate co-ordination and communication among the several departments/ persons and
- Provides means for the constant review and improvement of policies and procedures.

1.2 Responsibility for Implementation

The BOG is responsible for the overall establishment and maintenance of systems, however, day to day implementation is to be carried out by the finance department, which in turn reports to Manager F&A regarding status and performance of the function.

1.3 Clarification, Updating and Administration

Requests for clarification or explanation of any policy shall be addressed by Manager F&A. Manager F&A shall be responsible for the Updating and Administration.

1.4 Authority for Approval and Alteration

The BOG has the final authority to approve the financial policies. However procedural changes may be made with approval of NC; however the BOG will be informed in its upcoming meeting about procedural changes made by NC.

Once an amendment has been approved and is ready to be incorporated in the manual, the responsibility will shift to Manager F&A. In order to advise staff of specific changes, he/she will issue circulars to the custodians of the manual, along with a copy of the amended policy for review and advise them to ensure that proper dissemination of this information has occurred. Manager F&A will then ensure that the amendment is incorporated into all the copies of the manual. It will be crucial that the amendment is assigned the proper numbering and is dated accurately.

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Updating any accounting policies and procedures will be the responsibility of the Manager F&A. Where a change in the accounting policy is needed, the same will be proposed by Manager F&A to NC together with the relevant details and the justification for change. The NC will approve/disapprove the change in procedure and in case of policy the BOG shall take the decision.

1.5 Custody and Access

This manual shall remain in the custody of following:

- a. National Coordinator
- b. Manager F&A
- c. Manager Internal Audit
- d. Manager Accounts

The manual is the property of PATTAN and must be returned to PATTAN when the concerned employee resigns or is assigned to a position which does not require use of this manual. Unauthorized use or copying of the manual is strictly prohibited.

1.6 Document Retention

After processing of transactions, all documents and records shall be kept for the period of not less than seven years in the record room of the finance department. All copies of JV, BPV, and BRV, CPV and CRV along with support documents shall be maintained number wise. The records shall be properly organized to facilitate easy retrieval. The records shall only be made available to the concerned authorize persons whenever required.

Once in a year, all the records and documents maintained in record room shall be checked by the Manager F&A for its expiry limit of retention. The records and documents which are identified for destruction purposes shall be kept in a separate cabinet marked as "documents for destruction purpose".

Approval on the list of records and documents marked for destruction purposes shall be obtained from NC. After obtaining approval, the documents and records which were marked for destruction will be shredded and destroyed under the supervision of Manager F&A.

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2.FINANCIAL MANAGEMENT

The financial management system is developed to maintain an effective system of internal control and to monitor compliance with the system. The system primarily includes:

- Documentation and recording of transactions;
- Authorizations required and necessary checks for financial transactions;
- Procurement procedures; and
- Developing and maintaining controls over assets.

The system includes: necessary internal control to ensure reliability of accounts, streamline, detect and prevent any deliberate or unintentional errors, misuse of financial authority, resources and assets. The system is carefully developed to balance necessary control and to avoid delays caused by the controls. All financial functions, policies, procedures in the organization shall be governed through the financial system.

2.1 General scheme of accounting system

PATTAN follows double entry system of book keeping for accounting purposes. All financial transactions will be recorded in the books of account in accordance with the chart of accounts. The transactions will be recorded and maintained in Quick book.

All general and subsidiary ledgers will be maintained in the software at name of PATTAN. At month end after the transactions have been posted, a trial balance and subsidiary accounts will be extracted from the software. The trial balance and subsidiary ledgers will then be used for the preparation of the financial statements on an annual basis.

Financial statements are prepared in accordance with the approved accounting standards as applicable in Pakistan. The PATTAN follows accrual accounting system and adjusts entries at the end of the financial year. Expenses are recorded in books of accounts as they are incurred, rather than when the bill is actually paid; similarly when income is earned rather than when received.

2.2 Maintenance of General Ledger

The General Ledger (GL) will consist of all transactions of PATTAN. These records will remain as a permanent track of the history of all financial transactions during a given period.

The GL will be supported by a number of subsidiary ledgers (called sub-ledgers) for items such as cash, debtors, and creditors. All transactions will be recorded in a sub-ledger through the GL account. Some transactions will be posted directly to the GL without any sub-ledger posting. These transactions may include items such as capital contributions, loan proceeds, loan repayments (principal only), and proceeds from sale/disposal of assets.

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The GL also helps in keeping an internal trail of transactions, through source document reference, so that any discrepancy (such as double billing or an unrecorded payment etc.) can be traced down to its origin.

All vouchers shall be prepared by Accounts Assistant and reviewed and entered by Accounts Manager. Each voucher shall be approved by Manager F&A/Manager Program.

2.3 Maintenance of Subsidiary Ledger

The Organization will at minimum maintain subsidiary ledger for the following Accounts:

a. Fixed Asset Register (FAR)

FAR is a detailed record, showing inventory of all fixed assets with descriptions, code, location, date of acquisition, cost, rate of depreciation, accumulated depreciation, book value, etc. At month end, the GL will be reconciled by the Manager F&A.

The FAR would be maintained with columns for the aforesaid particulars. This will help in:

- Ascertaining book value of an asset at the time of its disposal,
- Finding age of an asset with the view of its replacement or overhauling,
- Reconciling addition, disposals and depreciation with the books of account, and
- Controlling of physical stock of fixed assets

b. Payroll

Payroll records will be maintained in the isolated Payroll sheet. The GL will be updated through JV.

2.4 Maintenance of Project Head wise expenses

The Organization will at minimum maintain projects head wise expenses ledgers for recording and reporting to donors.

2.5 Preparation of Trial Balance, Balance Sheets and Income & Expenditure Account

At PATTAN, the transactions will be entered in the respective systems as and when they occur. In case of transactions occurring at project sites, the expenses along with the supporting documentation will be received at PATTAN National Office and will be entered in the relevant account heads of respective projects.

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At the end of year a trial balance will be generated from the computer system by the Manager Accounts and will carry out the following:

- Review each account in the trial balance to ensure that all accounts are properly reflected in the Trial Balance,
- Reconcile the balances with subsidiary books,
- Check the classification of different heads of accounts,
- Make an adjustment, if required

On the basis of figures arrived, the Balance Sheet and Profit and Loss Account will be prepared by Manager F&A. The Manager F&A will provide the Balance Sheet and Profit and Loss Account to the NC for approval.

2.6 Financial year

The financial year of the Organization shall commence on Starting date (e.g. 1st July) and end on ending date (e.g. 30th June) each year.

2.7 Financial statements

Policy

Financial statement shall provide information about an organization's financial position, performance and cash flows that is useful to a wide range of users for economic decision making. The Financial statements shall be prepared in accordance with approved accounting standards (GAAP) applicable and guidelines provided, a complete set of financial statement comprises the following and shall be prepared at PATTAN accordingly:

- Balance Sheet
- Income and Expenditure Account
- Cash Flow Statement
- Accounting policies and Explanatory notes.

2.7.1 Responsibility

The Manager F&A is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards applicable in Pakistan.

The responsibility for the preparation and review of the Financial Statements shall be as per following order:

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Action	Responsibility
Preparation of Financial Statements	Manager F&A
Review	National Coordinator
Approval	BOG

2.8 Chart of Accounts

The chart of accounts is used as a guiding and referring tool to post accounting entries in the respective head of accounts. In order to keep a vigilant control over accounting framework of the organization, the Accounts staff is not allowed to make amendment (including opening a new head of account) in the chart of accounts unless specific approval is granted by the Manager F&A. For any addition or amendment in the head of accounts, the Accounts staff will be expected to prepare a note explaining the need for the change; the note and the granted approval shall be retained by the F&A Department for reference.

Financial year of the organization is from July 01 to June 30. Financial records are maintained in such a manner that provide an Income and Expenditure Account, summarize all income and expenditure committed in a specified period; and produce a Balance Sheet, which demonstrates, amongst other things, moneys owed to and by the organization on the last day of any specified period. The organization maintains appropriate chart of accounts which has ability to document monetary transactions with an objective to produce timely, accurate and meaningful reports for the Senior Management, the Board of Governors, the donors and others.

It shall be the responsibility of the Manager F&A to conduct periodic reviews of the COA, on a semi-annual basis.

2.9 Financial Transactions and Related Documentation

All financial transactions are processed and recorded in appropriate documents. Transaction must be documented as soon as accurate, complete, and meaningful information is available, which is useful for internal and external users of financial records. All financial records/entries must be supported by documentary evidences from origination to completion of transaction. Computer software shall be used to record accounts data, and effective access controls, protected by passwords, shall be introduced to restrict access to various options of the financial software. As financial records are of extreme importance to the Organization, appropriate backups of the financial data must be ensured by the Manager Accounts.

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2.10 Advance Approvals

2.10.1. Prepayments

Policy

The prepayments shall only be made after the approval from **National Coordinator/Manager Finance/Account** and should be restricted for necessary requirements. For all expenses/activities/ against salary expected to cost more than Rs. 10,000/- the advance approval must be obtained using relevant forms (Cash Request or on email). The authority limits given below.

S. No.	Amount to be paid	Approving authority
1.	Project Expenses (under budget line)	Manager F&A
2.	Expenses/salary (non-project activities) up to Rs. 10,000	Manager F&A
3.	Expenses/salary (non-project activities) more than Rs. 10,000	National Coordinator

Procedure

After approval of the **National Coordinator/Manager Finance/Account** the Finance Officer will enter the details about any prepayment in the GL system and a BPV will be generated

The BPV will be review by **Accountant** and approved by the **Manager Finance**. After approval of the BPV, a cheque will be prepared and signed by the authorized signatories.

The cheque will be handed over to the party and an acknowledgement will be obtained. At the end of the month, **Finance Officer** will prepare JV to record monthly adjustment of prepayment, which will be reviewed by the **Accountant**.

2.11 Pre-numbered Entries

All entries will be allotted sequential numbers to: ensure completeness, proper order, avoid chances of arbitrary changes in records, safeguard against missing vouchers, and authorization thereof. Any entry recorded out of the sequence would require immediate and thorough scrutiny to dispel the impression of any deliberate event. The Manager Accounts will be responsible to document any such event.

The Pattan Taraqqiati Tanzeem shall deduct applicable taxes on all payments; all tax deductions under prevailing tax laws shall be treated appropriately as per the applicable laws.

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2.12 Review of Accounting Entries

The person making entries of financial transactions will be responsible to obtain all supporting documents, accuracy, completeness, and genuineness of recording/making the entry.

Preferably a person, other than the one who is making payment and documenting entry, will review the entries to examine accuracy of entries and documentary evidence of transactions. In normal circumstances, payments and entries will be done by the Accounts Officer and review will be done by the Manager Accounts. The National Coordinator will closely monitor the financial matters including transactions, checking necessary documentation, in order to take timely decision on it.

2.13 Vouchers & Forms

The Accounts Officer is responsible to record and maintain financial records, related correspondence, accounts, statements, supporting documents etc. For effective maintenance of the accounting records, all vouchers must be supported by the documents including: initiation, approval, invoice, payment etc. with necessary evidence of occurrence (such as signatures etc.) shall be required for vouchers. Following vouchers shall be used to record transactions:

Payment Voucher

- All cash payments are recorded through Cash Payment Vouchers
- All bank payments are recorded through Bank Payment Vouchers

Receipt Voucher

- All receipts and collections through bank account(s) are recorded through Bank Receipt Vouchers
- All cash receipt transactions are recorded through Cash Receipt Vouchers

Journal Voucher

- Journal voucher (JV) is prepared as evidence and authorization to record non-cash transactions. A non-cash transaction is one which does not involve the actual receipt and/or payment of funds but the recognition of which, in books of account, is fundamental to properly reflect the operating results and financial position of the organization. As a pre-requisite of accrual basis of accounting, all accruals will be recorded through JVs. Correction of any omission or error of disposition/classification etc. shall be routed through JV.

2.14 Books of Accounts/Records

Some of the common books maintained by the organization are given below. Any further requirements shall be introduced as and when required by the Management, the Board of Governors as advised by the Auditors or Donors.

- General Ledger;
- Fixed Assets Register;
- Cash Book; and

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- Bank Book

Following information, books, and/or registers shall be maintained for the record and as supporting documents:

- Invoices;
- Vouchers;
- Cheque books;
- Bank statements & reconciliations;
- Bank deposit slips;
- Receipts;
- Salary sheets;
- Purchase requisition;
- Quotations;
- Purchase orders; and
- Any other record and information considered necessary

The Manager Accounts or the designated Accounts Officer will be the custodian of all accounting records, including but not limited to ledgers, statements, accounts, vouchers, invoices, bank records, record of procurement, and receipts of funds, etc. Such records shall be kept and maintained for at least 7 years from the relevant year-end.

2.15 Foreign Currency Transactions

Transactions in foreign currency are converted into Pak rupees at the official exchange rate on the date of transaction. Any loss or gain in exchange rate shall be borne by the Organization. Assets and liabilities in foreign currencies, if any, are translated into Pak Rupees at the official exchange rate prevailing on balance sheet date.

2.16 External Audit

Financial statement of the Organization will be audited at the end of each financial year as per the provisions of applicable laws. Auditors will be appointed in the Annual General Meeting of the Board of Governors in accordance with the rules. The PATTAN (Manager F&A and National Coordinator) shall propose/arrange at least 3 firms of good repute along with their fees for final appointment by the Board. A reputed firm of Chartered Accountants shall be appointed to carry out the annual audit to maintain the credibility of financial matters.

The Board shall review and approve the draft accounts initialed by the appointed external auditors. It will be the management's responsibility to take adequate, timely and corrective actions to address any weaknesses identified by the external auditors in their management letter.

Any donor agency providing funds to the Organization, at its discretion, may also carry out audit of financial statement(s) of the project/program it is funding or has funded. Such audit may be carried out by the staff of the donor agency or by independent auditors by giving at least one month advance notice and on agreed Terms of Reference.

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Keeping in view the size of annual turnover and non-availability of funds, proper internal audit function is not in place. A person must be designated as internal auditor for the performance of internal audit function.

2.17 Cost Sharing Policy

All common expenditure shall be charged to the project budgets on pro-rata basis. Common expenditure includes those costs which cannot be separated or which are incurred irrespective of the project activity. Examples of common expenditure and methodology for allocation are given below:-

Cost item	Cost per program varies with...	Possible cost driver (units)
Salaries/benefits of staff members who work on more than one program (on activities identifiable by program)	Time required of staff member	<ul style="list-style-type: none"> • Hours spent by the staff member on each program / total hours worked by the staff member/ Number of hours spent for a project
Salaries/benefits of staff members who work toward general organizational initiatives (not identifiable by program)	Time required of staff member (if possible to allocate by program); otherwise, size of program	<ul style="list-style-type: none"> • Hours spent by the staff member on each program / total hours worked by the staff member (if identifiable) • Proxy drivers: For marketing, number of beneficiaries/ total beneficiaries; For fundraising, finance, and management, total costs of program/ total costs of organization; For human resources, size of staff on program/ total staff • Number of hours spent for a project
Office space rent and facilities maintenance	Number of people; amount of space utilized	<ul style="list-style-type: none"> • Number of office staff in each program / total staff • Sq. ft. occupied per program / total sq. ft.

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Utilities	Utilities used	<ul style="list-style-type: none"> • Number of office staff in each program / total office staff
Supplies	Supplies used	<ul style="list-style-type: none"> • Supplies ordered by program/ total supplies • Other potential drivers, depending on the supply category (paper, toner, stamps, ...) • Total project cost
IT hardware and maintenance	Number of people using IT equipment; units of equipment requiring service	<ul style="list-style-type: none"> • Number of laptops used by program / total laptops • Proxy drivers: number of staff per program / total staff
IT software licenses	Number of licenses required	<ul style="list-style-type: none"> • Number of software licenses utilized by program/ total licenses • Proxy driver: flat allocation across programs
Depreciation (equipment)	Equipment used	<ul style="list-style-type: none"> • Amount of equipment ordered by program / total equipment • Hours that the equipment is used by each program / total hours used
Legal fees	Hours of legal services required	<ul style="list-style-type: none"> • Legal hours billed by program/ total hours billed by organization • Proxy drivers: flat allocation across programs
Shared marketing materials and advertising costs	Materials printed; number of advertisements; number of beneficiaries	<ul style="list-style-type: none"> • Materials ordered by program/ total materials (if available) • Advertisements produced for each program / total ads (if available) • Proxy driver: number of beneficiaries per program/ total beneficiaries
Training, conferences and special events	Staff attendance	<ul style="list-style-type: none"> • Number of attendees per program / overall staff

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2.18 Account payable, prepayment & accruals

2.18.1 Account Payables

Policy

- a. No payment will be made to a supplier of goods or services without recording of liability in respect of goods and /or services received, except for advance payments.
- b. Payable voucher will be prepared for every purchase of goods and services from contractors and to book liability in the first instance before being paid.
- c. Advance payments will be made only after submission of documentary evidence and approval from Manager F&A/Project Manager or when supplier is willing to make deliveries on cash/ advance payment basis only.
- d. All cheques for payments shall be approved by two authorized signatories in accordance with the authority level approved by the BOG/NC.
- e. No payments shall be made without the relevant original supporting documentation i.e., Supplier / Vendor Invoice, Purchase Request, and Purchase Order etc.

Payment Procedure

- a. The recording of liability against approved expenses (other than petty cash expenses) during the month will be done through JV prepared by Accounts Assistant this will be reviewed by Manager Accounts, and subsequently approved by Manager F&A.
- b. The payment for expenses will be made through after obtaining approval from Manager F&A.

2.18.2 Prepayments

Policy

The prepayments shall only be made after the approval from Manager F&A and should be restricted for necessary requirements.

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Procedure

After approval of the Manager F&A the Accounts Assistant will enter the details about any prepayment in the GL system and a payment voucher will be generated

The payment voucher will be review by Manager Accounts and approved by the Manager F&A.

The cheque/cash will be handed over to the party and an acknowledgement will be obtained. At the end of the month, Manager Accounts will prepare JV to record monthly adjustment of prepayment, which will be reviewed by the Manager F&A.

2.18.3 Accrual Accounting

Policy

It is the policy of the PATTAN to record all its financial transactions under the accrual basis of accounting.

Procedure

One day prior to the month-end, the Manager Accounts shall determine the accruals for the expenses that should be made and the JV entries shall be passed by the Accounts Assistant in GL system.

At the time of payment of expenses, payment voucher shall be prepared by the Accounts Assistant, reviewed by Manager Accounts and approved by Manager F&A.

At the time when income will be accrued the JV shall be entered by Manager Accounts in the GL system after obtaining approval from Manager F&A.

At the time when accrued income will be received, Receipt voucher shall be prepared by the Assistant Accountant, reviewed by Manager Accounts and approved by Manager F&A.

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3.FUNDS MANAGEMENT

3.1 Bank Accounts

The Pattan Taraqqiati Tanzeem will maintain a bank account in the name of Organization, with approval/authorization of the Board of Governors, for its day-to-day operations. It is preferred that maximum number of financial transactions are done through bank for proper documentation, minimize cash handling, transparency etc. For day-to-day running cash transactions shall also take place as given below. Auto Teller Machine (ATM) Card, Credit Card or other similar services which skip documentary evidences such as: approval, authorized signatures on hard copies, cheques etc. are not allowed for the Organization bank account(s).

The Pattan bank account(s) shall not be operated by a single signatory; it shall be operated by joint signatories duly authorized by the Board of Governors.

The Manager F&A(or any other officer designated by the National Coordinator) shall be the custodian of the cheque book(s) as well as responsible for writing the cheques.

For internal control, the organization shall maintain a Bank Book to record all bank transactions. The Bank Book shall be reconciled with bank records/statement at least once a month. The purpose of this exercise is to make sure that both records match and to identify any error(s) by the bank or organization. Any closing balance difference between the bank and organization's record must be explained. Common reasons for difference include:

- Money banked by the organization, not yet showing in the bank's records;
- Cheques issued by the organization but not yet presented;
- Bank charges and interest/profit applied; and/or
- Errors by the bank or in the Pattan's bank book entries.

Monthly bank reconciliation statements shall be prepared and approved. The report shall present all bank transactions starting from the beginning of the month (where last report was closed) till the end of the month. A consolidated report of all funds in hands shall also be prepared by the Manager Accounts on monthly basis. This report will reflect all funds available in bank account(s), cash in hand, and other investments made by the Pattan Taraqqiati Tanzeem.

3.2 Revenue

The Pattan shall receive funds from: its donors as per the provisions of contract/ agreement of funding, sale of publications, donations, and reimbursement of various funded activities, profit on investments, sale of assets, or other sources. All revenues shall be properly documented; responsibility of documentation lies with the Manager Accounts or the designated person(s). All receipts through cash, cheque or other instruments shall be promptly documented in the respective book along with the relevant voucher and other details.

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Receivables overdue by one year may be recommended for write off by the Manager F&A keeping in view the nature and amount of receivables. A detailed report for every such case would be submitted to the Board for final approval of writing off.

3.3 Cash Management

The sources of cash receipts would be: encashment of cheque, refund of advance, donation, receipts of sale of publications, etc. Upon receipt of money, cash receipt would be prepared by the designated person mentioning all necessary details of the receipt including: date, amount, source, account, purpose/reason etc.

To meet day-to-day expenditure of small amounts, a petty cash fund will be maintained. Maximum limit of a cash payment is Rs. 25,000 except for the payment of utility bills, day to day office expenses, postage, etc. Cash payments up to Rs. 25,000 shall only be allowed with written permission of the Manager F&A in special cases. No single transaction shall be split just to avoid the limit. Staff members may claim their travel and other expenses in cash; all such payments shall be subject to authorization of payment.

Maximum limit of holding petty cash is Rs.25,000 (or as revised from time to time with the approval of NC). The Manager F&A, or the Accounts Officer (designated by Manager F&A) shall be the custodian of petty cash. Necessary arrangements such as steel box, locked safe etc. shall be made for safe custody of petty cash. Any shortfall found in the petty cash fund would need to be made good by the custodian. The custodian of petty cash will maintain petty cash register to record cash transactions on daily basis. A designated senior officer (normally Manager F&A) shall periodically count petty cash to ensure that physical currency is equal to the petty cash ledger balance.

Cash in hand could also be in foreign currency e.g. Dollar, Pound, Euro, etc. which will be kept in the safe and will be spent as per the requirement and with the approval from Manager F&A and NC.

3.4 Expense Management

As a principle, separate accounting record will be maintained for each project (having separate funding agreement) with different or same donor. Expenditures will be carried out in accordance with the approved budget heads and budget limits. Factors such as terms and conditions set by the funding agencies will also be considered while making expenses.

Subject to the provisions of agreed terms and conditions, all financial policies and procedures of the Pattan Taraqqiati Tanzeem shall be applicable and followed for incurring any expenditure from the funds provided by the donor agencies. The Manager F&A will be responsible to prepare financial reports for the donor agencies as per agreed formats, timelines, and other conditions.

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3.5 Financial Reporting

Financial reports of transactions are prepared to ascertain balances, know level of expenditure, spending as plans etc. Primary users of the reports include the National Coordinator, the SMC, the Board of Governors, and the donors.

The table below summarizes various possible recipients of the financial reports and anticipated need/use.

Expected Users	Anticipated need/use
Project/Program staff	To know how much money and resources are available for their projects and what has been spent so far for further planning and execution of work.
National Coordinator	To monitor spending of various projects as well as of the organization. To guide staff on their project work, take management decision, and plan for future.
Finance staff	To make sure accuracy of records and that sufficient funds are available to carry out program/project activities.
Board of Governors	How resources are being used to achieve objectives of the Pattan Taraqqiati Tanzeem
Donors	To make sure that finances are being used as agreed. Timely and precise reporting may enhance likelihood of future funding.
Government departments	To make sure that the organization is using its funds for legitimate purposes, and pay due taxes.
Project beneficiaries	To know costs of the benefits they are receiving through the organization.
The general public	To know income, expenditure, use of funds, and size of the organization.

The financial information of full financial year is summarized to produce the Annual Accounts (i.e. Balance Sheet, and Income and Expenditure Account) to support the Annual Progress Report.

3.6 Management Reporting

The National Coordinator and the department heads need financial information throughout the year to monitor progress and prepare plans. Management reports shall be produced on monthly basis. The reports are produced in such a manner that helps the National Coordinator and department heads in taking decisions about future planning of programs and that of the organization. The management reports prepared for the National Coordinator and the SMC shall also include the balance funds in cash as well as in bank along with reconciliation statements. The National Coordinator and the SMC may also require other financial reports. Formats of the reports shall be developed in consultation with the expected recipients.

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Management reports shall be prepared by comparing applicable budgets with actual expenses. The report shall also compare expected income and expenditure with the actual income and expenditure during the reporting period to see the variance (difference between expected and actual figures). Any significant variance shall be analyzed and efforts shall be made to fix the variance.

Financial management system should provide complete, reliable, consistent, timely and useful financial information and financial statements. Some of the reports which may be required from time to time include:

- Project-wise financial reports;
- Cash flow position;
- Variance analysis between budgeted costs/revenue and actual data, spelling down the reasons of significant variations;
- Consolidated report of all on-going projects; and
- Balance sheet.

All financial reports agreed with the donors must be accurately prepared and submitted timely in the agreed format. The Manager F&A will be responsible for the accuracy of financial reports to the donors within agreed deadlines. Any adjustments required in budget must be agreed in writing with the relevant donor agency. The Manager F&A will also be responsible for issuing invoices to donors for the release of funds.

3.7 Budget Preparation

Budgets are prepared in accordance with the guidelines provided by the donor agencies in consultation with the relevant program staff. The Pattan's programs are restricted to operate within the budget approved by the relevant donor agency. Realistic budget should be prepared, as significant under-spending or over-spending is not a good indicator for the organization. The common costs such as: office rent, utility bills, communication costs, stationary, core staff salaries etc. must be rationally distributed among various projects and donors.

3.8 Common Cost Allocation

Common cost rate is the ratio between the total indirect expenses and some direct cost base. Common cost shall be determined based on the audited financial statements.

The following allocation bases are acceptable examples for use when common costs are allocated to benefiting cost objectives by means of a common cost rate.

Below is the list of base used for allocate common cost. It should choose one and principally stick to it.

- a. Number of Employees
- b. Direct salaries and wages including (or excluding) all fringe benefits.
- c. Total direct cost excluding capital expenditures.

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d. Floor Area

Proposed allocation base is subject to approval by BOG. Any modifications to the “approved” base require prior written approval of the BOG.

While making budgets, necessary notes must be recorded for future reference. For making budgets of more than one year projects, preferably 10% increase (to cover inflation) must be taken into account for every next year’s budget. A balance must be maintained between the administrative (management) and the program related budget. Appropriate budget notes may be added to explain the final budget figures.

It is desirable that the Pattan develops its yearly financial projections and pursues projects with various donors.

3.9 Revision of Budget Policy

A budget revision process is not a one-time activity. Budget revisions shall be evaluated for its efficacy on quarterly basis for annual budget and on a monthly basis for project based budgets. Based on the variance analysis carried out by the finance department, categories that repeatedly fall short and those showing repetitive surpluses shall be re-evaluated and revised.

In the event that there is a major change, these need to be reflected accurately in the budget estimates as per circumstances prevailing at that point in time.

Budget revision will vary for un-restricted and restricted funds, details are provided as follows:

a. Un–Restricted Funds

Revision/ reallocation shall be identified by Manager F&A and NC after review shall provide comments and approve/ disapprove the revision/ reallocation after consultation with assigned members of BOG.

b. Restricted Funds

Revision/ reallocation shall be identified by Manager F&A for budgetary revisions involving reallocation of amounts of a restricted fund, this shall be done by Manager F&A/Manager Program and subsequent to the approval of NC after consultation and approval of the donor.

All budget revisions shall be documented and assigned a specific number for record keeping.

3.10 Policy for Budget line Item Revisions

This policy is written to standardize the methodology for revising Contracts budget line items during the term of the contract. Historically, the Organization has implemented cost reimbursement type of contracts for services that are out-sourced. These types of contracts are budget line item driven in order to track expenditures and are used as a measuring tool for delivery of services. The Organization realizes that initial budget submissions are estimated allocations of the intended spending pattern of contracted services. During the course of

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providing the services, it is often necessary to make minor adjustments to individual line items as a reflection of actual expenditures by the Contractor. A general rule followed by most Federal and State agencies is that individual line item adjustments that do not exceed 20% of the line item total may be allowed without formal process, providing that the contract's total is not exceeded and the revision does not result in a decrease in the services to be delivered. The Office of Contracts Management adheres to this procedure on a general basis. When a line item revision is requested that exceeds 20% of any individual line item value, the following procedure shall be applied: The Manager F&A/Manager Program shall submit in writing, a request for budget line item revision and shall include a new budget sheet reflecting the requested revision. The request will be reviewed by both the Program Manager and the Manager F&A. If approved by NC, the Manager F&A/Manager Program will process the revised budget sheets to reflect the changes in the contract. This allows the organization sufficient time to prepare for projected spending reporting, budgeting and contract renewal processing. Exceptions may be granted on a case-by-case basis with proper justification

3.11 Monitoring Budgets Spending

Spending against approved budget shall be regularly monitored quarterly of annual budget and projects on monthly basis. The Manager F&A will prompt any significant over/under spending. Any significant variance between the budget and the actual spending shall be probed by the National Coordinator and any adjustments required shall be made accordingly.

Updated financial reports including: Income and Expenditure Reports, updated funds situation, comparison of expenses with budgets etc. shall be presented in the Board of Governors meetings. The Board shall discuss such reports and may suggest modifications/amendments/rectifications.

3.12 Financial Sustainability

For long term sustainability of the organization, financial sustainability is an important prerequisite. The Pattan Taraqqiati Tanzeem may plan and undertake such activities which help in attaining financial sustainability as much as possible. The Organization may constitute an endowment fund, which is invested in secure schemes to earn profits to meet the organization's expenses or part of the expenses. In agreement with the concerned donor, funds are to be managed in accordance with the Endowment Fund Policy under Section 32.11, in order to earn profit without affecting any program activities. The Pattan may also negotiate with its donor agencies for possible contributions to the endowment fund for financial sustainability of the organization. Proceeds from sale of publications or other products, donations to the Organization, and other non-restricted funds may be added to the endowment fund. The Pattan shall attempt to expand its donor base so that it is not dependent on any one donor.

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4. ENDOWMENT FUND POLICY

4.1 Endowment Fund

The Pattan Taraqqiati Tanzeem shall establish an Endowment Fund to ensure long-term sustainability of its operations. The Organization may employ multiple strategies to build its endowment resources by engaging in income generation activities, savings and investments. The Pattan may also initiate negotiations with funding agencies to provide a seed grant for its Endowment Fund.

4.2 Management of Endowment Fund

The Endowment Fund shall be managed by a Committee to be called Endowment Fund Committee. The Committee shall comprise members of the SMC Sub-Committee to be appointed by the Board of Governors for a period of two years. The National Coordinator shall be permanent member of the Committee, while Manager Finance and Administration of the Pattan shall act as member secretary.

4.3 Functions of Endowment Fund Committee

- The Endowment Fund Committee shall have the following functions:
- To work for augmenting the Endowment Fund;
- To review and finalize investment options;
- To manage and maintain Endowment Fund and present reports to Board of Governors
- To review Endowment Fund Policy from time to time and advise the Board of Governors

4.4 Income Generation

- ❖ The Organization shall undertake the following activities to generate income for Endowment Fund:
- ❖ Provision of technical services/expertise;
- ❖ Research consultancies;
- ❖ Sales proceeds from publications;
- ❖ Any other as decided by the Endowment Fund Committee.
- ❖ Rental and/or space use

4.5 Contingency Fund Back-up

The Fund may be utilized for the following purpose provided other funds for the same are not available:

- i- Capacity building of Pattan Staff;
- ii- Logistical expenses of Board of Governors meetings;
- iii- Benefits of Pattan permanent employees;
- iv- Operational overheads of Pattan Taraqqiati Tanzeem;
- v- Any other expense as approved by the NC

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5. PAYROLL AND RELATED COSTS

5.1 Monthly Salary

Contract and Permanent Staff monthly salaries shall be paid according to the terms and conditions mentioned in the contract/appointment letter. All staff, except daily wagers, shall be paid through cross cheque/bank advice issued in their name. For the approval of staff salaries, the following information shall be presented for each staff member (preferably a computer sheet). Monthly salary slips with the following details shall be provided to the staff members electronically. Staff members who do not use computers shall get hard copy of salary slips.

- Name of the employee;
- Staff code;
- Monthly salary with details (house rent, transportation etc.);
- Overtime for the month, if applicable;
- Loan/advance sanctioned to the employee (if any);
- Monthly deduction on account of loan or advance (if any);
- Other allowances (if any);
- Deductions (taxes, CPF, personal use of equipment etc.);
- Net payable monthly salary;
- Gross monthly salary; and
- Other payroll related information

5.2 Payment to Temporary Staff

Payments to temporary staff including: volunteers, interns, part-time, short-term staff shall be made on monthly basis according to the terms agreed in the contract/ letter of appointment through cross cheque/bank advice in their name. If period of employment is less than one month, payment shall be made according to the terms agreed in the contract/letter of appointment, normally upon satisfactory completion of work. Payment to daily wages staff can be made in cash if it falls within the cash payment limits.

Payment to consultants shall be made according to the terms agreed in the contract/ letter of appointment; normally the payment procedure shall be as follows:

Payment	Time
First payment of up to 25%:	Upon signing of contract
Second payment of up to 50%:	On submission of (draft) deliverables. In case, deliverables are other than written items such as software, documentaries etc. second payment shall be made upon submission of deliverables for review and comments.
Third and final payment (25%):	Upon acceptance of agreed deliverables

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Keeping in view the nature and length of assignment, payment schedule may be changed; agreed payment schedule must be noted in the contract/agreement with the consultant.

5.3 Deduction of Taxes

At the time of disbursement of payments to staff, income tax will be deducted as per applicable laws and rules, in most tax efficient manner. The income tax deducted from the staff payments shall be deposited in the Government treasury through tax challan. For deductions made by the Pattan, Tax Deduction certificate shall be provided upon request. Filing of tax returns is the responsibility of staff members; however, the F&A Dept. will facilitate the staff members in filing tax returns.

5.4 Advance against Salary

After obtaining approval for advance against salary, the payment to employee will be prepared by the Accounts Department that will be checked by Manager F&A.

Accounts Assistant will update the sheet for monthly installment deduction of advance. The entry will be checked by Manager F&A.

5.5 Full and final settlement

Upon receiving the approved Resignation/ Retirement/ Termination Letter, Assistant Accounts will update the payroll by deleting the employee code from the payroll and by filing the copy of the resignation/ retirement/ termination letter in the personal file of the employee.

After obtaining clearance certificate from the employee (who had made the resignation or terminated or completed his/ her service term), Manager HR will check whether any dues or liabilities are owed by the employee to the organization before the final settlement.

The final settlement will be prepared by the Assistant Accounts, reviewed by Accounts Manager and approved by Manager F&A.

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6. FIXED ASSETS

Items shall be recognized as Fixed Assets only when:

- It is probable that future economic benefit will flow to the organization as a result of its acquisition;
- The cost per individual item exceeds Rs. 10,000; and/or
- It has useful life of more than one year.

Cost of an asset includes purchase price, transportation/installation cost, all non-refundable Government taxes and cost of bringing the asset into working condition.

Major renewals and improvements in Fixed Assets that extend useful live, enhance capacity, or substantially reduce operating costs, shall be capitalized. Maintenance and normal repairs (up to Rs. 5,000) are charged off as an expense. Gain and loss on disposal of fixed assets are taken into Income and Expenditure account.

6.1 Depreciation

Fixed Assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation for the year is charged to income and expenditure account using reducing balance method so as to write-off the historical cost of an asset over its estimated useful life.

Full month depreciation is charged in the month of acquisitions of fixed assets whereas no depreciation is charged in the month of disposal. Depreciation rates reflect useful life of respective assets. The annual depreciation rates, applied on reducing balance basis, are as follows:

Type of Assets	Rate of depreciation
Building	5%
Furniture and Fixture	10%
Office equipment	10%
Electric equipment	20%
Vehicle	20%
Computer Equipment	33%

6.2 Identification of Assets

At the time of acquisition, all fixed assets should be assigned exclusive identification for reference with necessary identification details of the asset. Donor reference should also be included, where applicable, in the identification. This identification mark should be tagged on the asset and entered in Fixed Assets Register.

A register will be maintained for all fixed assets containing:

- Description & cost of each item;

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- Date of acquisition;
- Code;
- Location of asset;
- Donor reference;
- Rate of depreciation and per year charge; and
- Accumulated depreciation.

Fixed assets records must be reconciled with the General Ledger on regular basis. The Manager F&A (or designate person) will take physical inventory of all fixed assets at least annually to ensure completeness and accuracy of the records.

Assets purchased with grant of a donor agency will remain property of the donor unless otherwise specified in the agreed terms and conditions. Due care should be taken for the safety and maintenance of such assets. At the end of the relevant project/ program, either the assets will be transferred to the donor agency or handled according to the agreed terms and conditions.

6.3 Insurance of Fixed Assets

Comprehensive insurance shall be procured for all fixed assets if provided in donor agreement. Whenever an asset is procured, it should be insured as soon as possible if provided in donor agreement. The insured value is taken at current market replacement value. Assets received from donors in kind should also be insured in the same way as bought assets.

6.4 Disposal of Assets

Disposal of fixed assets should be undertaken through tenders, auction or a private sale, whichever is suitable and as approved by the SMC. A private sale would only be considered where the sale price can be accurately assessed, and there is a possibility of fetching higher prices as compared to other modes of disposal. At the time of intended disposal of an asset, following details must be presented in writing to the Board for the approval of disposal of assets:

- Specification and description of the asset;
- Reasons for disposal;
- Where possible, an estimate of the realizable value;
- The mode of disposal of asset, as per the donor's policy, where applicable;
- Draft sale agreement/transfer note, in case of intended private sale.

At the time of disposal of fixed asset the transaction shall be recorded as below:

- Cost of the disposed asset shall be removed from Fixed Assets Register;
 - The related accumulated depreciation shall be removed from the allowance for depreciation account; and
- The profit and loss account, adjusted for the cost of removal, shall be recorded as income (gain) or expense (loss).

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6.5 Inventory Management

Updated and accurate record of all valuables including: equipment's, fixed assets, furniture & fixtures, vehicles, and other non-expendable shall be kept. Such record should be supported by appropriate documentary evidences. Proper identification numbers shall be pasted on each item of equipment, furniture, and fixtures.

At the end of each year, the inventory at hand shall be physically counted; the Manager F&A or the designated stores in-charge shall be responsible for safe handling of the inventory. Differences in stock count shall be properly investigated and a report would be submitted by the designated Stores in-charge for necessary adjustments in accounts.

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7. PROCUREMENT

Procurement procedures have been developed to ensure that purchases are made on competitive basis, from reliable sources, on best possible terms, and proper authorizations have been obtained. All procurements shall be authorized as per the limits given in table below, revised from time to time, with the approval of the Purchase Committee. Procurement shall be made subject to the allocation/availability of budget for the specific item/service. In case of services technical proposal shall be required.

Value	Approving Authority	Method
Up to Rs. 50,000	Manager F&A	From open market
Rs. 50,001 to 100,000	National Coordinator	From open market
Rs. 100,001 to 1,000,000	Purchase committee	3 open quotations
Rs. 1,000,001 and above	Purchase committee	Inviting sealed quotations

Purchase Committee

S. No.	Designation	Permanent/Temporary
1	National Coordinator	Permanent
2	Member 2 of SMC	Subject to availability
3	Member of Finance Department	Subject to availability
4	Member of Administration Department	Subject to availability

Procurement decisions shall be made on the basis of lowest price, without compromising quality, and after-purchase services. The condition of three quotations will not be applied to goods and/or services available from a single source/supplier.

7.1 Conflict of Interest

A person must not be the member of Procurement Committee if a real or apparent conflict of interest exists.

7.2 Quorum

The quorum necessary for the transaction of business shall be 3 members, inclusive of the person presiding except the special circumstances where NC has the power to take the decision.

7.3 Evaluation of Bids

Evaluation is an assessment of the quotations/bids and the bidders ability to perform the prospective contract successfully. The committee shall evaluate competitive quotations/bids and then assess their relative qualities solely on the factors and sub factors specified in the solicitation documents i.e. RFQ or RFP.

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7.4 Comparative Statement / Evaluation Sheets:

Comparative statements shall be prepared listing the prices and specifications of all responsive bidders and identifying the lowest responsive bidder. Here, both price and non-price factors should be considered in selecting the bidder. Basis of award must be documented in the comparative statement, which shall be signed by all committee members.

7.5 Procurement Records.

For procurement transaction, Administration department shall maintain a procurement file with the following information:

- signed copy of the procurement instrument (e.g., contract or purchase order);
- all amendments to the procurement instrument;
- copies of all quotations/bids and proposal received;
- cost/price analysis that was the basis for the award cost or price;
- written justification as to why sole source or minimum competition was used, if applicable;
- written explanation as to why the winning bidder was selected; and
- Upon completion of the contract, written comments regarding the quality of the vendor's services and guidance and recommendations regarding potential future work.

7.6 Goods Procurement Process (Competitive)

- a. Request of procurement shall be submitted to Administration Function from the beneficiary department by utilizing Purchase Requisition Form (PRF).
- b. Approval of Purchase Requisition will be provided by concerned Manager after finance has confirmed provision of item in the budget.
- c. Preparation of detailed specification for Request for Quotation (RFQ) and ensuring that procurement is not brand specific shall be done by Administration Function in coordination with beneficiary department.
- d. Administration function will send written RFQs to vendors
- e. If required, administration function will advertise the procurement if it falls in the threshold of tendering.
- f. Administration function will receive quotations in line with the timelines provided in the RFQ. Quotations received after the timeline provided in the RFQ will be rejected.
- g. Administration function in coordination with beneficiary department will finalize bid evaluation criteria.
- h. Member/s evaluating quotations will sign a conflict of interest certificate, stating that the procurement official is not related to bidding vendors by blood, or by marriage
- i. In case of sealed quotation and open tendering, bids shall be opened in the presence of procurement committee and each member should initial and mention the date on each page of the quotation.

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- j. Evaluation of quotations will be done by procurement committee on the basis of evaluation criteria.
- k. Comparative statement will be prepared by Administration Department. The evaluator/s will document the reason of selecting a particular vendor.
- l. Preparation of purchase order with the successful vendor will be done by Administration function
- m. Receipt and inspection of goods will be done by administration function.
- n. Goods receipt note shall be prepared by administration function.
- o. Processing of vendor invoice will be done in line with the payment approval policy.

7.7 Procurement of Process Services (Competitive)

- a. Written request for hiring the services by sent by the beneficiary department to the administration function by utilizing the Purchase Requisition Form (PRF).
- b. Concerned Manager will approve the request after finance has confirmed provision of item in the budget.
- c. Preparation of scope of work/Terms of Reference for the task and list of deliverables required under the assignment shall be done by beneficiary department in coordination with administration function.
- d. Preparation of Request of Proposal (RFP) will be done by the administration department in coordination with beneficiary department.
- e. Administration function will call for sealed bids either through a public advertisement or limited advertisement as required by the threshold for procurement of services.
- f. Administration function will receive the proposals in line with the timelines provided in the RFP. Proposals received after the timeline provided in the RFP will be rejected or otherwise shall require the NC approval.
- g. Proposal evaluation criteria will be drafted by administration function in coordination with beneficiary department. Evaluation criteria will be approved by NC.
- h. In the first phase, procurement committee will open sealed technical proposals..
- i. Each member of the procurement committee should review and mark the technical proposal in accordance with approved evaluation criteria.
- j. In the second phase, the procurement committee should review and evaluate financial bids.
- k. Administration Department shall prepare a comparative statement by:
 - Incorporating the technical scores marked by the committee.
 - Incorporate the financial score in the comparative sheet based on approved criteria.
- l. Admin Manager shall present the comparative sheet to the procurement committee for final decision.
- m. Procurement committee will select the bidder with the highest marks and signs the comparative statement.
- n. Contract will be issued to the successful firm or candidate by Administration Function.
- o. Payment will be made in line with the terms of the contracts and payment approval policy of the organization.

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7.8 Repeat Procurements

Repeat procurements can be made e.g. to replenish goods and services procured under a previously awarded contract through competitive bidding and provided following conditions are met:

- a. The unit price must be equal to or lower than that provided in the original contract;
- b. The repeat order does not result in splitting of requisitions or purchase orders;
- c. The repeat order shall be availed of only within six (6) months from the date of the approval of previous procurement arising from the original contract; and,
- d. The repeat order shall not exceed fifty percent (50%) of the quantity of each item of the original contract.

7.9 Grievance Redress

To ensure transparency and fairness in procurement process organization shall constitute a committee when required, to be named as Procurement Complaints Committee (PCC), comprising of odd number of persons with proper powers and authorizations to address the complaints of bidders regarding the procurement contract/award. It must be complied that

- Existence of grievance mechanism shall be written in all the solicitations made by the entity
- Head/chairman of committee shall be the person who is not the approving authority of the questioned procurement case.

Following procedures will be adopted for grievance redress:

- A bidder may lodge a written complaint concerning his grievances within five days of the bid evaluation in case he/she feel aggrieved by any act of the PATTAN after the submission of his bid.
- Grievance if any will be forwarded to the focal person as identified in the bidding document. Focal person will subsequently forward the case to the NC for addressing the grievance.
- NC shall constitute PCC and PCC shall investigate and decide upon the complaint within seven days of the receipt of the complaint.
- Decisions of the committee will be taken by a majority of PCC members voting.
- Mere fact of lodging of a complaint shall not warrant suspension of the procurement process.
- Any bidder not satisfied with the decision of the committee may lodge an appeal in the relevant court of jurisdiction.

The complaint shall include the following minimum information:

- Name, address, and fax and telephone numbers of the complainant.
- Solicitation or contract number.
- Detailed statement of factual grounds.
- Copies of relevant documents.

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7.10 Ad Hoc Procurement Policy (procurements made in emergency)

In order to ensure smooth and uninterrupted working of the organization, goods and services to be procured according to the following procedures:

- Through the requisition any designated employee can articulate need for a good/item or service.
- The filled form will be assessed by Finance Manager with the consultation of national Coordinator.
- The item/service shall be ordered within 24 hours of the written approval by the FM or NC.

7.11 Requesting Procurement

All items of more than Rs. 10,000 value shall be purchased upon submission and approval of the Purchase Requisition Form attached as Annex i. The indenting officer, i.e. staff member requesting an item, shall fill and submit the form to the F&A Dept after getting approval from the respective department head and One Department Manager designated by the National Coordinator. Purchase request shall be approved by the National Coordinator (or NC appointed person for managing day-to-day matters).

7.12 Selection of Sources of Supply

For purchases of items of value between Rs. 20,000 and Rs. 100,000 such as equipment, furniture, renting vehicles, printing etc. the Purchase Committee will appoint an officer to collect open quotations from the potential reputed suppliers of the requested item(s). The suppliers will be asked to submit their quotations for the required items including: price, estimated delivery period, warranty, after sales service (where applicable) and other terms and conditions. Preferably the call for quotations may be issued in writing by giving complete specifications, quantities, applicable tax deduction etc. The Purchase Committee shall review the quotations and compare the quoted prices of the required quality and assess the ability of the supplier to supply required items in time, and honor warranty, where applicable. A comparative statement shall be prepared using the form attached as Annex ii. The committee shall decide supplier keeping in view, lowest price, quality, ability of supplier etc. and shall sign the comparative statement to record the decision.

For purchases or more than 100,000 written calls shall be issued for inviting sealed quotations. The mode of calling quotations (public notice or by approaching potential suppliers) shall be decided by the Procurement Committee. The call for quotations must be issued in writing giving complete specifications, quantities, and applicable tax deduction, place of delivery, last date for receipt of quotations, and date and time of opening quotations. No quotations will be entertained

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after the last date for the submission of quotations. The sealed quotations shall be opened in the presence of suppliers, who are present at the time given for opening of quotations, and members of the Procurement Committee. Members of Procurement Committee will sign all pages of the quotations. Each quotation will be allocated a serial number also mentioning total number of quotations received, for example 1/5, 2/5, 3/5, 4/5, 5/5 in case of 5 quotations. Any quotation which does not fulfill specified criteria shall be rejected; however, typographical errors shall be ignored. A comparative statement of all quotations shall be prepared using format given. The Purchase Committee shall select suitable supplier keeping in view the lowest price, quality standard and the ability of supplier for timely supply etc. Where quotations other than lowest price are accepted, reasons for ignoring the lowest quotations will be recorded. All members of the Purchase Committee shall sign the comparative statement mentioning the selected supplier.

7.13 Purchase Order

After selection of supplier by the relevant Procurement Committee, the Program Manager F&A will issue the Purchase Order to the selected supplier. The Purchase Order should contain the following information:

- Reference to the Purchase Order;
- Quantity ordered by the organization;
- Exact specification of the product(s);
- Terms of payment;
- Agreed price; and
- Taxes to be deducted.

7.14 Single Quotation

Purchases on single quotation shall be allowed if the required item is manufactured or distributed locally by a single manufacturer, distributor or agent, OR in urgent cases with the approval of the National Coordinator. For procurement on urgent basis, the indenting officer has to justify the urgent need, in the interest of the organization to purchase the requested item on single quotation basis.

7.15 Inspection

All items such as equipment, furniture & fixtures, books, publications etc. supplied by the selected supplier shall be inspected by the indenting officer and/or the person designated as stores in-charge for quality checking.

7.16 Receipt of Goods

All stores/goods from supplier or any other source shall be received by the person designated as stores in-charge, and documented by raising two copies of Goods Receipt Note attached as annex iii. One copy shall be retained for the stores files and other shall be forwarded to the F&A

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Dept. The F&A Dept. shall record the receipt of goods in the General Ledger. The designated Stores In-charge shall enter the received goods in the stock register.

7.17 Processing and Payment of Invoice

Upon receipt of Goods Received Note and invoice from the supplier, the F&A Dept. shall process payment of the supplier as per the agreed terms of payment. Payments shall be made through cross cheque and the following supporting documents shall be attached with the voucher:

- Purchase requisition;
- Purchase order;
- Invoice from the supplier; and
- Goods Received Note/delivery challan.

7.18 Repeat Order

Repeat order may be issued to a supplier within 3 months of earlier purchase at the same price provided that: earlier order was placed on the basis of open competition, there has been no significant change in price(s) of the items, and supplies were satisfactory.

7.19 Stores Handling

The Manager F&A or any other official designated by the Manager F&A shall act as the Stores In-charge. It is responsibility of the Stores In-charge to ensure that stores/items received are correctly brought on charge in accounting documents without any delay. S/he will also supervise and document all the transactions concerning stores, including printed materials.

7.20 Inventory Maintenance

Responsibility of maintaining an updated inventory record/stock register of stores including: equipment, furniture, publications etc. lies with the designated Stores In-charge.

7.21 Anti-corruption and anti-fraud Procedure

PATTAN is committed to preventing fraud and corruption from occurring and to developing an anti-fraud culture. To achieve this the PATTAN will comply with the requirements of Government Accounting to:

- Effective controls are developed and maintained to prevent fraud.
- Ensure that if fraud occurs a vigorous and prompt investigation takes place.
- Take appropriate disciplinary and legal action in all cases, where justified.
- Review systems and procedures to prevent similar frauds.
- Record and report all discovered cases of fraud.

FINANCIAL & PROCUREMENT POLICY MANUAL AND PROCEDURES

The following policies and principles apply in PATTAN.

- PATTAN staff must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.
- PATTAN will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety, or dishonest conduct by PATTAN staff or external organisations (contractor or client).
- PATTAN will take action - including criminal prosecution - against external organisations defrauding (or attempting to defraud), PATTAN staff in the course of their work, clients or contractors.
- The PATTAN will cooperate fully with an external investigating body.
- The PATTAN will always seek to recover funds lost through fraud.
- All frauds will be reported to Internal Audit.