



## FINANCE MANUAL

**FORUM FOR WOMEN DEVELOPMENT & RESEARCH  
(PRIVATE) LIMITED**

# **Finance Manual**

**Forum for Women Development &  
Research (Private) Limited**

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# **A: FINANCIAL MANAGEMENT OVERVIEW**

## **Responsibility**

Finance Section is responsible for managing and overseeing the financial management operations/transactions of Forum for Women Development & Research (Private) Limited (hereafter referred to as FORUM), including but not limited to budget, cash flow, accounts, disbursements, advances, petty cash, reporting and recordkeeping, sub recipient financial management, and grants. The Finance Section functions directly under the guidance and supervision of the CEO (CEO) and National Coordinator (NC) in accordance with the established policies and guidelines. Furthermore, Finance Section will ensure that appropriate supportive documentation and the required approval and certifications are in place before payments are processed and disbursed and will ensure compliance with established policies and procedures of FORUM.

Any changes, revision and or modification to this manual will be through formal internal memo, citing the section, and will be approved by the CEO.

## **Fiscal Year**

The Fiscal year is from July 01 to June 30.

## **Functions of Finance Section**

The primary functions of Finance Section include but are not limited to the following:

- a) Disbursement of payments through check, bank transfer or petty cash.
- b) Establishing appropriateness of payment by reviewing supporting documentation and ensuring expense is duly authorized by the CEO, NC or other designee prior to disbursement.
- c) Bank account management, including bank transfers and bank reconciliation of both Pak Rupee and US dollar accounts (If any).
- d) Process MER, Budget Trackers, and Bank Reconciliation Statements on a monthly basis for submission to FORUM CEO on or before 10th of every month.
- e) Ensure financial operations are in concurrence with established local law, FORUM Policies and regulations.
- f) Ensure project expenses are allowable, reasonable and allocable, and fall within established budgetary limits.
- g) Process travel advances and ensure prompt reconciliation of travel advances.
- h) Ensure sub-recipient advances and financial reports are received and processed in a timely manner.
- i) Keep CEO abreast/informed of overall financial status of the project.
- j) Inform CEO of any budgetary concerns, including cost overruns, any modification or realignment or major line-item adjustments.
- k) Prepare/Update standard reports related to budget management and financial status for Secretariat and Field/Sub/Provincial Offices (if any).
- l) Submit financial reports to Donors/client according to Cooperative/Grant Agreement or discussions with them.
- m) Review and process advances for the Field/Sub/Provincial offices after review of cash flow requests duly approved by the CEO or NC.
- n) Plan, develop, organize and conduct capacity building activities in financial management operations for the provincial offices, sub-recipients and sub- grantees as outlined in the project proposal.

## **Guidelines**

### ***Local Currency***

All local (Pak Rupee) disbursements must be made in the local currency.

### ***Taxes***

Applicable laws of Pakistan governing payroll taxes, as well as withholding and sale tax shall be followed.

### ***List of Priorities***

The major activities of finance section are prioritized as per the following;

1. Staff salaries;
2. Disbursements to participants of meeting/workshops;
3. Institutional payments to vendors/service providers;
4. Advances for travel and programmatic activities;
5. Office rent and utilities;
6. Payments to sub recipients and sub grantees;
7. Travel claims.

## **B: BANK MANAGEMENT**

### **Policy**

As a policy, management and coordination with the bank rests with Finance Section while the Chief Executive Officer/ Board of Directors/ National Coordinator are the authorized signatories for the operations of the bank accounts. Bank accounts management is carried out only by senior staff of Finance Section, duly authorized by the Chief Executive officer. All banking transactions are treated as confidential and are limited for official use.

### **Guidelines**

The following guidelines shall be adhered to in the management of banking operations:

1. FORUM shall open foreign currency (if required) and local currency accounts in a reputed local bank providing banking services locally. The bank accounts shall be in the name of FORUM. The name of the project can be annexed with the name if a new account is opened for specific project.
2. All local transactions for transfer of funds from foreign currency to local currency must be made through the bank, and the conversion rate documentation must be available with Finance Section.
3. All local payments shall be made in the local currency, as per Pakistan law.

### **Operations**

#### ***Online Transactions***

All transactions of FORUM will be dealt online through corporate online banking system. This includes, staff salaries, vendors/consultants' payments, and the like. Finance Officer is responsible for making and publishing of the payments whereas authorization of the same rests with NC. Approval rests with any two signatories from among the Governing Body as designated to the Bank.

#### ***Checkbook***

The checkbook is kept by designated staff of Finance Section and secured under lock and key at all times.

#### ***Check Writing***

Checks are written by the Finance Section and disbursed for approval and signatures by at least two members of the Governing Body.

#### ***Bank Statements***

Each month, designated staff member of Finance Section will obtain foreign currency and Rupee bank account statements.

#### ***Transfer of Funds from foreign currency Account***

Internal transfer of funds from foreign currency account to Rupee account is authorized through a formal letter to the bank duly signed by the signatories. The exchange rate of internal transfer of funds from foreign currency to Rupees is at the prevailing bank exchange rate on the day of transfer.

#### ***Transfer of Staff Salaries***

Staff salaries are paid via bank transfer through a formal written advice to the bank / account payee cheques duly signed by the signatories or online banking process. Administration will provide details of the personal bank account and salary details of each staff member to process salary transfer. Salary slip will be provided to all staff members. Open check for salary disbursement is not allowed.

## **C: PAYMENT PROCEDURES**

### **Procedures**

Before payment can be processed and issued to a vendor, the required documentation in accordance with the policy and procedures must be completed. To process payment, the following procedures have been established:

1. All invoices/bills/ etc. will be received by the Admin Section for necessary review and certification. Admin Section shall submit all invoices/bills along with the complete documentation i.e. purchase orders, contracts, and any other necessary supportive documentation to the Finance Section for processing payment. A stamp with date shall be affixed to the invoice for receipt.
2. Voucher shall be prepared for the payments/transaction, after being reviewed by the Finance Section to ensure that all base and supporting documentation (contract, PO, invoice, internal memos, etc.) for each payment are attached to the voucher in original.
3. The voucher (with complete documentation) shall then be submitted to NC/any other designee as appointed by the CEO for final review and clearance.
4. The check/online transfer request and voucher are then submitted to the designated signatories for signature/approval.
5. Payment instrument with detail and copy of the invoice with paid stamp should ideally be sent via courier/registered mail to the vendor, with a request of formal receipt to be submitted by the vendor, where needed.
6. A copy of the paid check and acknowledgement receipt or payment instrument is attached to the voucher.

Documents should be attached in the following order:

- Voucher (after posting with signatures);
- Receipt of the payment;
- Copy of the payment instrument (Chq/TT/DD/Transfer of Funds Request etc.);
- Inter-Office Memo (if required);
- Invoice/payment request by Vendor;
- Purchase order/contract (base document and supporting);
- Any other required documentation (If required).

### **Unallowable Expenses**

These include but are not limited to:

- Bad Debts
- Bribes;
- Business/first class travel;
- Contingencies (referring to possible future conditions or unknowns);
- Contributions/donations;
- Entertainment (amusement, diversion, social or sports activities, alcoholic beverages);
- Expenses with no documentation or improper/incomplete documentation;
- Hotel costs above maximum lodging per diem;
- Insurance on shipment or storage of household effects;
- Interest on borrowings;
- Most advertising and public relation costs (however, advertising for recruitment or for acquiring scarce items for contract performance are generally allowable but should be well documented);
- Personal expenses;



- Salary, honorarium, or travel expenses for government employees; (however travel and lodging expense of government employees will be allowable if any official meeting is arranged by FORUM; and
- Tips.

All unallowable expenses will be charged to the account head “overhead”, provided the formal prior approval is obtained from CEO. Should an employee fail to seek approval before purchasing a questionable item or making a questionable payment that is disallowed, it will be the responsibility of the employee to cover the disallowed expense.

## **D: PETTY CASH MANAGEMENT**

### **Policy**

Petty cash is for day-to-day office expenses not to exceed PKR.10,000.00/- per transaction. Any transaction that exceeds PKR.10,000.00/- requires formal payment process (check or bank transfer). An exception to this is the payment of utilities bills, as any delay in the payment of utility bills results either in disconnection of services and/or surcharge imposed on subscriber. Petty cash shall be secured in safe vault. The maximum petty cash one-time drawing limit is PKR. 30,000.00/-. However this limit can be revised in accordance with operational requirements and upon the approval of the CEO.

### **Authorization**

The Finance Officer shall manage the petty cash account. S/he is authorized to issue disbursements of approved invoices/bills of less than PKR.10,000.00/- and replenish petty cash as needed. The designated staff of Finance Section has the authority to designate petty cash management to any finance staff.

### **Procedure**

The Finance Officer will maintain receipts of all transactions those are made from petty cash and record those in the Petty Cash Journal. The same documentation requirements for the formal acquisition process applies to petty cash transactions. The Finance Officer will replenish the petty cash account as needed, maximum up to Rs. 30,000.00.

### **Petty Cash Journal**

The Finance Officer shall submit the petty cash journal and all receipts/documentation to the NC/designee. The Finance Officer shall be responsible for collecting and organizing all original receipts for petty cash transactions. Each receipt shall be numbered sequentially and cross-checked on the petty cash journal against payment. Numbering shall recommence at '1' at the beginning of each month (new petty cash journal). The Finance Officer will be trained on proper project and account coding, according to the established project Chart of Accounts.

### **Spot Check**

NC/designee will carry out unannounced spot checks of the petty cash account to ensure proper management of the petty cash account. This shall include checks on receipts/documentation collected and organized, routine and proper entries in the petty cash journal (including proper coding of expenses, advances, and reconciliations), and proper use of safe vault.

## **E: PAYROLL**

### **Policy**

Compensation to full-time staff is disbursed on a monthly basis. The pay period is from the 1st to the last day of the same month. The compensation is processed based on the information received from the Admin section and time sheets duly signed by the respective staff and her/his supervisor.

### **Timesheets**

Admin section shall provide blank timesheets to all employees. Each staff is responsible to complete her/his time sheet verifying the time in and time out. The timesheet also serves as an attendance sheet, signed by the staff member and approved by the supervisor.

### **Payroll Sheet**

The monthly payroll sheet is prepared by Finance Section indicating the detail of amount to be paid

### **Procedure**

1. Admin section provides each staff member with a blank timesheet on the 31st of each month.
2. The completed timesheets duly signed by the supervisor and staff member shall be submitted to Admin section by the close of business on the same day i.e. 31st of each month. If 31st is a holiday and falls on a weekend, then the completed timesheets can be forwarded to Administration on next day.
3. Administration will review the timesheets and forward to Finance Section for further processing on 1st of every month.
4. Finance Section shall process necessary bank advice documentation for salaries according to payroll sheet on or before the last day of every month. In case there is holiday on the pay day, the salaries will be processed on the last working day of the month.
5. In case of checks, the CEO/NC approves the bank advice letter.
6. Salary Slips will be provided to staff members via email.

### **Privacy of Information**

Information concerning payroll and compensation are protected under the Privacy of Information and treated as confidential.

### **Temporary/Part-time staff**

Temporary and/or part-time staff engaged in providing support services to the office is entitled to be disbursed compensation according to the established pay period. For all temporary/part-time staff engaged whose monthly compensation is less than PKR.20,000.00/- per month, compensation shall be disbursed against petty cash. For all temporary/part-time staff whose compensation is above PKR.20,000.00/- per month, compensation shall be disbursed through payee account check in their name.

## **F: CASHFLOW MANAGEMENT**

### **Cash flow**

FORUM provides funds to the field/sub/provincial offices (if any) according to its requirements reflected in monthly cash flow requests.

### **Cash flow Requests**

Cash flow requests shall be prepared by the field/sub/provincial office and submitted to the National Secretariat for wire transfer of funds. Cashflow requests shall be prepared according to the attached form. All projections shall be based on estimated costs and projected project activities. Cashflow requests shall be submitted to National Secretariat (soft copy) 10 days prior to the end of the month or when needed.

The Finance officer will prepare the cash flow based on the information received for the programmatic activities.

## **G: PROCUREMENT (Goods & Services)**

### **Limits of Authority**

Following criteria should be adopted with regard to purchase value/cost:

- Purchase value is Rs. 2,000,000 and above. (Open tenders for goods and expression of interest for services will be called)
- Purchase value is Rs. 1,000,000 to 2,000,000. (Five quotations for goods/services are required, decision is finalized by the procurement committee as delegated by the CEO and payment is made through cross cheque/online transfer. Procurement can also be made on sole source basis, through a justification memo, upon approval by the CEO)
- Purchase value is Rs. 100,000 to 999,999 (Three quotations for goods/services are required, decision is finalized by the procurement committee as delegated by the CEO and payment is made through cross cheque/online transfer. Procurement can also be made on sole source basis, through a justification memo, upon approval by the CEO)
- Purchase value is Rs. 10,000 to 99,999. (Single quotation is required and payment is made through cross cheque/online transfer)
- Purchase value is below Rs. 10,000. (No quotation is required and payment can be made through petty cash. NC will ensure price compatibility and reasonability. For very small items of day to day use a consolidated requisition will be enough).

### **Process**

Purchase Requisition Slip [PRS] mentioning therein the complete details of goods and Consultancy Requisition Slip (CRS), is generated by the concerned department. The PRS/CRS is approved by the NC. PRS/CRS is prepared in duplicate. The requesting member identifies the requirement and prepares the scope of work supported with the following:

- Specifications or statement of work (SOW).
- Estimated budget
- Delivery or performance schedules which are realistic and specific.
- Special conditions or circumstances, if applicable, to include justification.

Based on PRS/CRS the Admin Section obtains tenders/quotations from vendors for goods and EOI/CVs for services. List of approved vendors/ consultants are already available with the Admin Section. These quotations/CVs may be obtained written on letter head / e-mail.

The comparison sheet [CS] is made for comparing vendor quotations. At least three [3] quotations are must. Where there are less vendors/CVs available then order to be placed only with reputed approved vendor with the prior approval from CEO/NC along with justification memo for record purposes.

Comparison sheet [CS] is prepared by Admin Section, checked by Finance Section and finally approved by CEO/NC.

Based on approved vendor and price the Purchase Order [PO]/ Offer Letter (OL) is raised and the terms of payment and delivery are clearly marked.

PO/ OL is prepared by Admin Section, checked by Finance Section and finally approved by the NC. PO/OL is prepared in triplicate; copy 1 is for vendor, 2 for Admin Section and copy 3 for Finance Section. In case any PO/ OL is cancelled, the same shall be intimated to the Finance Section.

### **Internal Control Measures**

The CEO/NC is responsible for supervising the Finance Section for contracting, processing and completion of actions for the procurement of good, supplies, services and consulting agreements.

The CEO/NC will ensure proper segregation of duties and responsibilities to ensure that appropriate and adequate internal control measures are in place. These include the following provision:

- No single individual shall handle all aspects of a transaction from start to finish unless it's a case of procurement of less than Rs. 10,000.
- No single individual shall perform more than one function of requesting and evaluating bids; authorizing purchases; or authorizing invoices for payment.

### **Cost and Price Analysis**

Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

### **Competition**

All procurement transactions shall be conducted in a manner to provide, to the maximum extent possible, open and free competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is most responsive to the solicitation and is most advantageous to the society in terms of price, quality and other factors. Solicitations shall clearly establish all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the society's interest to do so.

### **Purchase Committee**

The purchase committee will consist of three members. There must be a representation of at least one member from the Governing Body for the review of bids and offers. The purchase committee members are nominated through internal office memorandum duly approved by CEO. Presence of minimum of three members is mandatory for undertaking the proceedings of the committee.

### **Role of Purchase Committee**

All Procurements of goods, supplies and services above Rs. 100,000.00 will be referred to Purchase Committee. All procurements (including Sole Source procurements) after endorsement of purchase committee will be approved by CEO.

- The Committee will participate in the selection process of the successful vendor;
- The committee will evaluate the offers in view of the following criteria:
  - Lowest responsive offer from a responsible vendor;
  - Adherence to specifications and requested design or material composition;
  - Vendor's compliance with instructions for submitting required documentation;
  - Delivery commitments;
  - Evaluation Criteria mentioned in the Invitation for Bids / Request for Proposals etc.
- Review the documentation provided by the vendors;
- Cross-check quotations;
- Check the bid analysis;
- For the purchase of technical nature, purchase committee may request for outside technical expert or outsourcing of such technical advice;

- Purchase Committee may ask for a vendor's presentation and/ or survey the market independently;
- Presence of at least three members of the Purchase Committee is required to sign on bid analysis;
- Purchase Committee will meet on requirement basis and consider purchases requiring its recommendations;

Should any one member of the purchase committee have a concern, those will be documented and referred to the CEO. Final approval of all recommendations of purchase committee will be given by the CEO.

### **Sole Source Basis**

FORUM may award purchase orders, contracts, consulting agreements on a sole source basis where there is sufficient justification going for sole source purchase. A written justification in an internal memo, duly approved by the CEO will be prepared and kept on file for any sole source acquisition. Equipment, supplies or services may be procured on a non- competitive basis under the following circumstances:

- The item/expertise is available only from a single source.
- The project exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- After solicitation of a number of sources, competition is deemed inadequate.

### **Purchase Order**

Specific Purchase Order document developed by FORUM will be used. General Terms and Conditions will be incorporated in all purchase orders. Any deviations from the General Terms and Conditions must be annotated in the file, approved by CEO prior to award, and referenced as appropriate in the order.

Payment Terms (Advance and Progress Payments)

The Finance Section will negotiate payments procedure with the contractor, only if the offered payment procedure is not acceptable. The payments procedure will be specified in the contract. Such payment should be consistent to the terms of the contract.

### **Signature of Contract Award**

All Purchase Orders shall be signed by the CEO/NC and any other personnel as delegated by the CEO.

### **Goods Receiving and Inspection Report (GRIR)**

Upon receiving of the items, GRIR must be filled and signed by the person who receives and inspects the goods against the specifications mentioned in the contractual document. A copy of the GRIR should be placed in the procurement file.

## H: FIXED ASSETS & INVENTORY MANAGEMENT

### Fixed Assets Recognition

An item shall be recognized as fixed asset of the organization in its books of accounts only if:

- It has a useful life of more than one year;
- It is used in operations and business of company;
- It has an itemized cost of more than or equal to Rs. 20,000.

### Measurement

Fixed Assets shall be stated at cost less accumulated depreciation, whereas cost of assets shall include all the direct and ancillary costs incurred in purchase or development of assets and the costs incurred in bringing the asset to the present location and condition.

Subsequent costs shall be included in the cost of assets if it increases the performance and / or efficiency of the assets, otherwise they will be charged as Maintenance and normal repairs.

### Usage

As assets wear and tear upon usage hence they shall be written off over the useful life of the assets. The following depreciation rates have been envisaged for the respective categories of fixed assets.

Category Description	Depreciation Rate
Vehicles	20%
Furniture and Fixture	10%
Office Equipment	10%
Computers	30%

Full annual rate of depreciation shall be applied on the cost of additions during the year while no depreciation shall be charged on deletions during the year. Depreciation shall be charged applying the reducing balance method.

### Responsibility

Finance officer together with Admin Officer if any shall be the persons responsible for carrying out necessary procedures for proper and successful placement of items of fixed assets in accordance with the directions and instructions of governing body. Finance officer in consultation with Admin Officer if any, shall be the persons responsible for development and up gradation of Fixed Assets Register. Finance officer shall be responsible for accounting, depreciation and for keeping the fixed assets accounts reconciled with the Fixed Assets register maintained.

### Inventory Management

The inventory management ensures proper tracking and end-use of non-expendable equipment procured with FORUM funds. Non-expendable equipment is the property that does not lose its identity or become a component of, or part of, another article when put in use, has an expected service life of one year or less, and must have a unit value between Rs. 10,000 to 19,999.

### Maintenance of Record

NC is responsible to supervise Finance Section to maintain records of all fixed assets and inventory separately and ensure that it includes the following information:

- A description of the equipment;
- Manufacturer's serial number, model no. or other identification number (where applicable);
- Source of the equipment, including award (PO/Contract) number;



- Acquisition date;
- Unit acquisition cost;
- Current location;
- Item Code.

## **Labeling**

All fixed assets and inventory items should bear a label containing the item code and FORUM logo. A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years.

### **Loss and Damage Report**

A control system shall be in effect to ensure adequate safeguards to prevent loss, damage or theft of equipment shall be investigated and fully document. Loss and damage report must be prepared and submitted to the CEO for record.

## **I: ASSET DISPOSAL POLICY**

The purpose of this policy is to ensure that financial honesty is assured by prescribing a range of appropriate methods for disposal of assets, including, where appropriate, a competitive tendering and contracting process.

Two main principles that apply are;

- the requirement for impartiality and fairness across all stages of the tendering and purchasing process, and;
- the necessity for obtaining the best possible value for money.

All assets that are:

- no more usable for the objective of the project for which they were acquired; or
- have completed their useful life to company; or
- are no more required by company

shall be disposed off by competitive bidding to achieve fair market value. The employees of company can also participate in the bidding and shall have the first right to match the highest bidder.

If the disposal amount of asset is greater than 100,000 and less than 1,000,000 in that case three quotations must be obtained. And if the amount of disposal exceeds 1 Million than it must be advertised in newspaper for auction/tender.

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