

## **INTERNAL CONTROL SYSTEM OF PASDO**

Internal controls are the policies and procedures put in place to help achieve the objective of the organization. These policies and procedures have been developed in order to ensure good control system ,encourage efficiency of its operation and promote an atmosphere of compliance with laws , regulations and to seek eliminate fraud and abuse. Primarily the responsibility of internal control system of the organization lies with the Project Director who acts on behalf of the Management and Governing Body .

Vision:

PASDO's vision is "A self sustained, empowered, humane and peaceful society."

Mission:

PASDO's mission is to support and strengthen people's action for achieving sustainable development through awareness campaign, workshop, training & exposure, networking & advocacy and supporting implementation of related project.

## AREAS OF INTERNAL CONTROL :

### 1. HUMAN RESOURCE / PERSONNEL MANAGEMENT :

This is an internal document to be used only by Project Personnel. This should be used to inform staff, existing and new, of the HR policies and procedures that apply to them.

AREAS OF CONTROL	PROCESS	RESPONSIBLE PERSON
<b>1.1:Appointment of Staff</b>	<b>Advertisement, Finalization of Application , Interview , Selection of Candidate.</b>	Executive Committee/Personnel committee/Project Director/ Executive Secretary
<b>1.2: Appointment letters</b>	<b>Job responsibility and Conditions of Service</b>	On behalf of Management Committee,Project Director
<b>1.3: Termination / Resignation</b>	<ul style="list-style-type: none"> <li>• <b>Code of Conduct</b></li> <li>• Loyalty</li> <li>• Confidentiality</li> <li>• Good relationships</li> <li>• Discipline</li> <li>• Skills and Abilities</li> </ul>	Executice Committee/ Personnel committee/ Project Director
<b>1.4:Notice (Termination /</b>	<ul style="list-style-type: none"> <li>• Probationary 2 weeks</li> </ul>	Executive Committee Personnel Committee/

<b>Resignation)</b>	<ul style="list-style-type: none"> <li>• Contract 1 month</li> <li>• Seconded 2 months</li> <li>• Temporary 24 hours</li> <li>• Casual 24 hours</li> <li>• Part time 24 hours</li> </ul>	/Project Director
<b>1.5:Penalty for Misconduct</b>	<ul style="list-style-type: none"> <li>• Warning Letter</li> <li>• Fine</li> <li>• Stoppage of Increment</li> <li>• Discharge / Termination</li> <li>• Dismissal Notice</li> </ul>	Executive Committee/ Personnel Committee/Project Director
<b>2.FINANCIAL CONTROL</b>		
<b><u>2.1.(a)CASH MANAGEMENT:</u></b>	<ul style="list-style-type: none"> <li>• Every effort shall be made to reduce the need for cash payments to an absolute minimum.</li> <li>• Cash in the office will be held as cash-in-hand based on day to day requirement projected in advance.</li> </ul>	Project Director/ Executive Secretary/ Finance Manager
<b><u>2.1.(b)Cash withdrawal</u></b>	<ul style="list-style-type: none"> <li>• All cash payments shall be made from cash-in-hand of a fixed amount which is regularly replenished from the bank account.</li> </ul>	Project Director/ Executive Secretary/ Finance Manager
<b><u>2.1.(c)Cash holding limits:</u></b>	<ul style="list-style-type: none"> <li>• On any given day the maximum cash holding with the cashier should not exceed Rs.50, 000.This amount will be inclusive of any promissory notes or 'IOU's'.</li> </ul>	Project Director/ Executive Secretary/ Finance Manager

	<ul style="list-style-type: none"> <li>• All cash IOU's must be settled within 24 hrs of tendering the IOU or the next working day, whichever is earlier.</li> <li>• Cash should be safely kept in the office locked cash-box, the keys to which will be in the custody of the cashier/accountant only or anybody entrusted for the purpose.</li> </ul>	
<b><u>2.1.(d).Cash transactions:</u></b>	<ul style="list-style-type: none"> <li>• The maximum amount for /by cash payment should not normally exceed Rs. 20,000/-.</li> <li>• All claims for replenishment of the cash balance should be backed up by supporting documentation and signed by the Executive Secretary/ cashier.</li> <li>• The supporting documentation should have been authorized by the prescribed authority other than the junior accountant or claimant.</li> </ul>	Project Director/ Executive Secretary / Finance Manager
<b><u>2.1.(e) Accounting for cash:</u></b>	<ul style="list-style-type: none"> <li>• All cash withdrawn should be counted and recorded in the cash book on the same day by the Accountant and counter signed by cashier.</li> <li>• Petty cash transactions are recorded in a 'Cash book' upon proper verification and authorization.</li> <li>• Closing cash balances be recorded (denomination wise) and authenticated by the cashier on a daily basis.</li> <li>• All cash refunds and or receipts will be furnished by a serially numbered cash receipt/ voucher. The cash receipt books be safely kept for all</li> </ul>	project Director / Executive Secretary/ Finance Manager

	reconciliations.	
<b><u>2.1.(f)Cash reconciliations:</u></b>	<ul style="list-style-type: none"> <li>• Regular Cash verification spot checks of the cash-in-hand should be carried out by the Project Director or anybody authorized by the Project Director. This involves counting the balance of cash in hand and reconciling the amount by totaling the vouchers for amounts paid out and not yet reclaimed by the cashier.</li> </ul>	Project Director/ Executive Secretary/ Finance Manager
<b><u>2.1.(g)Cash security and control:</u></b>	<ul style="list-style-type: none"> <li>• Cash and other valuables must be kept safely in secured locked box or the office vault.</li> <li>• At no time will personal cash be held along-with the office cash.</li> </ul>	Project Director/ Executice Secretary / Finance Manager
<b><u>2.2.BANKING PROCEDURES:</u></b>		
<b><u>2.2.(a)Bank Accounts:</u></b>	<ul style="list-style-type: none"> <li>• All bank accounts shall be opened in the name of the organization only.</li> <li>• The management of PASDO reserves the right to open or close project related bank accounts as and when deemed suitable.</li> <li>• All organizational bank accounts will be operated by a minimum of two signatories as nominated by the management.</li> <li>• PASDO will operate through designated separate bank accounts for foreign and Indian money, for its different projects.</li> </ul>	Executive Committee / Project Director/ Executive Secretary/ Finance Manager

<p><b><u>2.2. (b) Fund transfer:</u></b></p>	<ul style="list-style-type: none"> <li>• Transfer of foreign currency funds to subsidiary offices or to partner organizations will be made through the designated foreign contribution bank account only.</li> <li>• The transfer will be made to the respective designated bank account with the subsidiary office or partner organization.</li> <li>• All fund transfers will be made in the name of the organization only, unless it is specified.</li> <li>• All fund transfers will be made against an approved budget/cash flow request submitted by the subsidiary office or the partner organization.</li> </ul>	<p>Project Director/ Executive Secretary/ Finance Manger</p>
<p><b><u>2.2.(c) Bank interest and charges:</u></b></p>	<ul style="list-style-type: none"> <li>• All bank interest remitted by the respective banks will be recorded in the books of accounts and allocated to the fulfillment of the project objectives.</li> <li>• All charges levied by the bank will be considered as project expenses.</li> </ul>	<p>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</p>
<p><b><u>2.2.(d) Bank operations and limits:</u></b></p>	<ul style="list-style-type: none"> <li>• All individual payments exceeding Rs. 20,000.00 will be made by cheque, signed by the designated signatories ( bearer chq, for less amounts also)</li> <li>• Payments to outside parties will (normally) be made by cheque, demand draft or telegraphic transfer or other approved modes of transfer.</li> <li>• Delegation of limits for signatories will be decided by the PASDO management.</li> </ul>	<p>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</p>

<b>2.2.(e) Bank Name and place</b>	<ul style="list-style-type: none"> <li>• <b>Authorization upper limit for cheque.</b></li> </ul>	<b>Signatories</b>
	•	
United Bank of India ,Ukhrul, Manipur , and United Commercial Bank of India Ukhrul, Manipur	<ul style="list-style-type: none"> <li>• For all amounts</li> </ul>	<b>Mandatory:</b> Project Director / Executive Secretary <b>Second:</b> Treasurer/ President
2.2.(f) Cheque Books	<ul style="list-style-type: none"> <li>• All cheque books received from the banks will be entered in Cheque Received and Issued Register.</li> <li>• All cheque issued will be marked “Account Payee” &amp; “Non- negotiable”, in order to track funds and prevent fraud.</li> <li>• All cheques prior to issuance will be recorded on a ‘cheque-issue’ register, giving details of cheque no., favoring to, amount, and signatory. Cancelled cheques (from No. to No.) will also be recorded in the register.</li> </ul>	<b>Project Director / Executive Secretary / Finance Manager</b>
<b>2.2. (g) Accounting for bank transactions:</b>	<ul style="list-style-type: none"> <li>• All cheque expenditures be recorded in the bank book and cross referenced to the cheque number, with the nature of the payment and the payee clearly identified.</li> <li>• All payments through cheque be recorded in the organizational bank book on a daily basis.</li> </ul>	<b>Project Director / Executive Secretary / Finance Manager</b>

	<ul style="list-style-type: none"> <li>• All cheque received from donors and well-wishers will be deposited in the organizational bank the same day or the next working day.</li> <li>• Money received from foreign contribution bank accounts are deposited with the foreign contribution designated bank account only.</li> </ul>	
<p><b><u>2.2. (h) Bank reconciliations:</u></b></p>	<ul style="list-style-type: none"> <li>• Bank statements/ updated pass books are to be obtained from the banks by every month end.</li> <li>• Monthly Bank reconciliation is carried out for each bank account.</li> </ul>	<p><b>Project Director / Executive Secretary / Finance Manager / Project Accountant</b></p>
<p><b><u>2.2.(i)Bank security and controls</u></b></p>	<ul style="list-style-type: none"> <li>• Ordinarily blank cheques must not be signed.</li> <li>• In case of emergency blank cheque will be designated for purpose in the 'cheque- issue' register, and will be safely kept with the Project Director or the person authorized by him for the purpose.</li> <li>• All cheque books will be kept under safe custody in the office vault.</li> <li>• Fresh cheque book be used only on completion of the previous book.</li> <li>• All cheque book stubs/counterfoils (or equivalent records) should be completed at the time of payment, and retained (to form part of the accounting records).</li> <li>• Cheques made payable to a nominated signatory should not be signed by that person.</li> </ul>	<p><b>Project Director / Executive Secretary/ Finance Manager</b></p>

	<ul style="list-style-type: none"> <li>Regular spot checks be made of the expenditure records against primary documents such as invoices. No cheques be signed without a corresponding invoice, or other documentary evidence as to the nature of the payment.</li> </ul>	
<b><u>2.3.BASIS OF ACCOUNTING:</u></b>	<ul style="list-style-type: none"> <li>PASDO will follow 'cash bases' of accounting.</li> </ul>	<b>Project Director/ Executive Secretary / Finance Manager / Project Accountant</b>
<b><u>2.3.(a)Accounting software:</u></b>	<ul style="list-style-type: none"> <li>PASDO will use Tally accounting software.</li> <li>The management of PASDO reserves the right to change the software as and when required.</li> <li>Data backup be done twice a week from computers onto the server machine.</li> <li>Accounting data is backed up on CD'S or any other approved back-up system twice a month, For all other computers, CD back up be taken once a month.</li> <li>A user guide for the software should be made available to concerned staff.</li> </ul>	<b>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</b>
<b><u>2.3.(b) Books of accounts and other documents:</u></b>	<ul style="list-style-type: none"> <li>PASDO will maintain its financial records in double entry system book-keeping system.</li> <li>The following records and documents will be maintained in the main office at Ukhurul.</li> </ul>	<b>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</b>

	<ul style="list-style-type: none"> <li>• <b><u>Main books</u></b> :</li> <li>• Manual Cash and Bank book</li> <li>• Donor wise Ledger</li> <li>• Journal Register</li> <li>• <b><u>Subsidiary books:</u></b></li> <li>• Fixed asset register</li> <li>• Stock / Inventory register (for consumables)</li> <li>• Salary register</li> <li>• Cheque Received &amp; Issued Register</li> <li>• Data and Accounts Back Up Record Register</li> <li>• (Other documents as required under HR and Administration)</li> </ul>	
<p><b><u>2.3.(c)Vouchers and substantiation of expenses:</u></b></p>	<ul style="list-style-type: none"> <li>• The following vouchers be maintained for any and every transaction-</li> <li>• Receipt Voucher: Cash and Bank</li> <li>• Payment Voucher: Cash, Bank and Journal.</li> <li>• Every transaction must be adequately substantiated with a bill, challan, cash memo etc.</li> <li>• Payments be made on original bills, challans, cash memos only.</li> <li>• All vouchers be serially numbered.</li> <li>• Every voucher along with its support documentation be chronologically filed and safely kept to enable not only a clear audit trail but also for later Income Tax/other references.</li> <li>• Overwriting, cutting or application of eraser on vouchers should be avoided. In case of</li> </ul>	<p><b>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</b></p>

	<p>unavoidable error requiring cutting/deleting some written matter, the mistake should be struck out and the correction written under proper authentication of the authorized signatory or fresh vouchers be prepared.</p>	
<p><b><u>2.3.(d)Accounting security and control:</u></b></p>	<ul style="list-style-type: none"> <li>• The Main books of accounts will be accessed by the Finance Manager,Project Accountant Accountant and the Project Director/Executive Secretary and other authorized person only.</li> <li>• The data from the main books will be stored in the CD'S every fortnight, apart from the regular back up in the computer and server.</li> <li>• The mechanical data to be stored in the organizational vault under the personal responsibility of the Senior Accountant who will ensure its physical and content security.</li> <li>• Apart from the mechanical storage of data, printouts of cash/ bank book, ledgers, journal register, advance schedule, and financial statements will be taken every month. The same will be authorized by the Project Director/Executive Secretary and filed.</li> <li>• All ledgers will be as per the approved budget heads in the beginning of the year. In case of amendments the accountant will propose the change to the Project Director/Executive Secretary for approval. Only then can the change</li> </ul>	<p><b>Director / Executive Secretary/ Finance Manager/ Project Accountant</b></p>

	<p>be made.</p> <ul style="list-style-type: none"> <li>Any corrections in the books of accounts will be made through rectification entries only.</li> </ul>	
<b><u>2.3.(e) Donor Reporting:</u></b>	<ul style="list-style-type: none"> <li>Donor reporting be done on the principles of timeliness, adequacy, relevance and correctness.</li> <li>Donor reports will be prepared by the Accountant and present it for verification to the Executive Secretary/ Project Director.</li> <li>The reports will follow the datelines specified by the respective donor.</li> </ul>	<b>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</b>
<b><u>2.3.(f) Reporting</u></b>	<ul style="list-style-type: none"> <li>Monthly/Quarterly/Half yearly and Annual financial statement.</li> <li>Audited Balance Sheet</li> <li>Income and Expenditure Account.</li> <li>Variance analysis acknowledging that variations greater than 10-20% are not permitted by Donor.</li> </ul>	<b>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</b>
<b><u>2.4.FLOATS MANAGEMENT:</u></b>	<p><b><u>Applying for a float:</u></b></p> <p>Floats / advances be made available to project staff for the following purposes:</p> <ul style="list-style-type: none"> <li><b><u>Programme Advance:</u></b> For implementation of budgeted programmes by the staff.</li> <li><b><u>Travel Imprest:</u></b> For traveling on official purpose by the project staff</li> <li><b><u>Salary Advance:</u></b> Refer to HR manual</li> <li><b><u>Administration advance/ Imprest:</u></b> To Support</li> </ul>	<b>Project Director/ Executive Secretary/ Finance Manager/ Project Accountant</b>

	<p>staff/authorized staff, in the beginning of each month/ financial year for the purchase of office consumables.</p> <ul style="list-style-type: none"> <li>• <b><u>Travel Imprest:</u></b> To all traveling staff to book travel tickets.</li> <li>• <b><u>Fringe benefits:</u></b> Refer to HR Manual and subsequent circulars.</li> <li>• All applications for floats/advances will be made in written (in the prescribed format).</li> <li>• Floats can only be availed against an approved budget.</li> <li>• Applications for floats to be approved by the Project Director/Executive Secretary prior to giving out of the float.</li> </ul>	
<p><b><u>2.4.(a).Cash floats:</u></b></p>	<ul style="list-style-type: none"> <li>• Accountant/any authorized staff will be provided with a cash float of adequate amount as decided in the beginning of every month/ financial year for the purchase of consumables.</li> <li>• Floats in cash to be kept to a minimum and will be based on actual requirement.</li> </ul>	<p><b>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</b></p>
<p><b><u>2.4.(b)Procedures for settlements and reimbursement</u></b></p>	<ul style="list-style-type: none"> <li>• All floats availed for programme implementation including travel to be settled with the finance unit within 3 days on returning back to the office/base.</li> <li>• All applications for settlements/ reimbursements</li> </ul>	<p><b>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</b></p>

<p><b><u>s</u></b></p>	<p>should be submitted in the prescribed forms neatly filled in with no-overwriting or cutting (all cutting to be authenticated with full signature).</p> <ul style="list-style-type: none"> <li>• The authorized expenses/settlements be well verified by the Accountant and approved by Project Director / Executive Secretary (as per the approval norms).</li> </ul>	
<p><b><u>2.4.(c)Floats monitoring and control:</u></b></p>	<ul style="list-style-type: none"> <li>• Fresh travel advances can only be availed upon settlement of the previous float.</li> <li>• For programme advance, two floats can be availed at one time (this will be granted on a case to case basis) and any third advance can only be availed after the settlement of the previous advance.</li> <li>• A monthly advance schedule (depicting the advances age-wise) will be prepared by the Finance Manager and submitted for action with the senior management.</li> <li>• In case of unsettled floats at the end of the financial year or where staff has not settled for 30 days upon returning to base office, the same will be deducted from the salary payable to him/her.</li> </ul>	<p><b>Project Director / Executive Secretary/ Finance Manager/ Project Accountant</b></p>
<p><b><u>2.5.TRAVEL EXPENSE ENTITLEMENTS</u></b> :</p>	<p>The following DA (Food and Lodging) will be the upper limits when an Individual staff is on tour. Whereas, when two or more staff are going on tour , actual expenditure can be considered</p>	

	looking at the genuineness of the case subject to submission of cash memos and vouchers. All settlement/ reimbursement will be subject to submission of relevant cash memos/vouchers.	
<b><u>2.5.(a).Within Project Area (Ukhrul District)</u></b>	All the staff will be paid 200/ meal and 100 for refreshment.	<b>Project Director / Executive Secretary/ Finance Manager / Project Accountant</b>
<b><u>2.5.(b) TA / DA for Imphal</u></b>	I.Lodging: Grade I- ceiling of 1500/Night Grade II and III - ceiling of 500/Night Food and refreshment: □ 200/ meal and □ 100/- for refreshment for all grades In case food and lodging cost is borne by other organisation(s) / Agencies , refreshment incentive @100/- will be paid by the organisation (PASDO)	<b>Project Director / Executive Secretary/ Finance Manager / Project Accountant</b>
<b><u>2.5.(c). For cities outside Manipur:</u></b>	Lodging: Grade I: 2000/night Grade II & Grade III: 1000/night Food and other allowances @ 1000/ day (@ 300 main meal, 200 breakfast and 200 for refreshment) for all grades.In case the cost for lodging and food is borne by other organisation(s)/agencies, refreshment incentive of 200 will be paid by the organisation (PASDO)The above TA/DA will apply for the staff involved in the Child Rights and Environment Protection project supported by KZE/MISEREOR and Bread for the World. Whereas the staff of the other	<b>Project Director/ Executive Secretary/ Finance Manager/ Project Accountant</b>

	<p>project will be entitled to get the benefit as per the provision applicable in the project</p>	
<p><b><u>3.ASSET MANAGEMENT:</u></b>  <b>3.1.Consumables.</b>  <b>Fixed assets</b></p>	<ul style="list-style-type: none"> <li>• Assets are purchased against approved budgets only.</li> <li>• The Administration staff to procure three quotations from reliable vendors for the purchase of the asset.</li> <li>• The Administration staff will prepare a proposal based on the quotes given by the vendor and present it for approval to the Project Director/Executive Secretary.</li> <li>• The assets will be purchased only after written approval from the authorizing authority.</li> <li>• Upon a written approval for purchase the Administration staff to prepare a purchase order to be sent to the vendor.</li> <li>• Invoices received will be checked against orders made.</li> <li>• The quality and quantity of goods supplied to be inspected in order to ensure they correspond with orders placed and those invoiced for. Services supplied need to be similarly checked by Administrative staff</li> <li>• All payments will be made centrally and only against original invoices and by crossed cheque where the amount exceeds Rs 20,000.00 per</li> </ul>	<p><b>Finance/ Property  Committee/ Project  Director / Executive  Secretary/ Finance  Manager/ Project Account</b></p>

	payment.	
<b><u>3.2.Record of asset:</u></b>	<ul style="list-style-type: none"> <li>• All fixed assets be recorded in a fixed asset register (manually or mechanically) and identification numbers given.</li> <li>• Regular stock checking be undertaken. Handing/Taking over charge will include verification of the assets.</li> <li>• A list of fixed assets be held and updated regularly. This needs to include all assets donated also.</li> </ul>	<b>Project Director / Executive Secretary/ Finance Manager/ Office Assistant / Project Accountant</b>
<b><u>3.3.Loss and Disposal of asset:</u></b>	<ul style="list-style-type: none"> <li>• In case of loss or theft of office equipment from the office and from a staff on official travels an FIR to be lodged within 24 hours of the incident.</li> <li>• Copy of the FIR be retained for insurance claim.</li> <li>• In case loss of asset is due to staff negligence the cost of the asset will be claimed from the staff after ascertaining the facts of the matter.</li> <li>• The sale of assets be done on the book value of the asset through auction</li> <li>• The asset considered for disposal be advertised under the authorization of Director.</li> <li>• Interested parties (internal and external) will place request in writing to the concerned authority.</li> <li>• Disposal of assets by sale or otherwise will be subject to permission to be accorded by the donor(s) and the government authorities, wherever applicable.</li> </ul>	<b>Property Committee/ Project Director/ Executive Secretary</b>

<u><b>3.4.Asset tracking and control:</b></u>	<ul style="list-style-type: none"> <li>• All assets should be identified by a number/ identification mark corresponding to the fixed asset register.</li> <li>• All fixed assets be checked at regular intervals to ensure they remain in good repair and of use.</li> <li>• Annual review of the usefulness of the fixed assets will be done to ensure they are put to best use and effectively serve the interest of PASDO.</li> </ul>	<b>Project Director / Executive Secretary/ Finance Manager/ Office Assistant / Project Accountant</b>
<u><b>5.BUDGET MANAGEMENT:</b></u>		
<u><b>5.1.Preparation of a budget:</b></u>	<ul style="list-style-type: none"> <li>• Detail quarterly activity budget (from the approved budget) will be prepared by the programme staff.</li> <li>• The budget will be prepared in the prescribed format.</li> <li>• The budget will be checked by the finance unit for correctness and presented to the Project Director/Executive Secretary for approval</li> </ul>	<b>Project Director / Executive Secretary/ Programme Staff Finance Manager / Project Accountant</b>
<u><b>5.2.Budget approval:</b></u>	<ul style="list-style-type: none"> <li>• All PASDO budgets, including subsequent variations or changes should be approved by the Executive Committee</li> <li>• Minor variations can be approved by Project Director in consultation with concern Project Coordinator</li> </ul>	
<u><b>5.3.Budgetary</b></u>	<ul style="list-style-type: none"> <li>• Budgetary variance analysis will be done on a</li> </ul>	<b>Project Director/</b>

<u><b>monitoring and control:</b></u>	<p>quarterly basis by the Accountant on the programme cost</p> <ul style="list-style-type: none"> <li>Any surplus or deficit will be brought to the notice of Director/Secretary by the Accountant.</li> <li>Project Director / Executive Secretary will authorize revision and send for approval to PASDO Executive Committee or General Body.</li> </ul>	<p><b>Executive Secretary, Finance Manager/ Project Accountant/Executive Committee and General body</b></p>
<u><b>5.4.Common cost allocation policy :</b></u>	<ul style="list-style-type: none"> <li>Cost Allocation Policy is developed with an objective to charge the expenses in a fair and justified manner to the donor specific projects. Hence, the Cost allocation approach brings transparency in the charging of expenses to the donors as well as to other sources. In addition, the policy will help us in :</li> <li>Preparing budget for the project on realistic approach.</li> <li>The case where costs are not supported by any donor, the amount of own means to be generated is clearly defined consistency in donor reporting</li> </ul>	<p><b>Project Director/ Executice Secretary/ Finance Manager/ Project Accountant</b></p>
<u><b>6.ROLES AND RESPONSIBILITIES</b></u>		
<u><b>6.1.Structure of the finance unit:</b></u>	<p>The Project Director will be directly responsible to the PASDO Finance Committee, Executive Committee and General Body for all matters of</p>	<p><b>Project Director/ Executice Secretaary, Treasurer and President</b></p>

	finance.	
<b><u>6.2.Staff responsibilities:</u></b>	Staff will be assigned responsibilities generally in accordance with the job description provided to them by their reporting authority.	<b>Project Director/ Executice Secretary</b>
<b><u>6.3.Consultants and External Advisors:</u></b>	<ul style="list-style-type: none"> <li>• Consultants and external advisors will be hired as per the project requirement.</li> <li>• The Curriculum Vitae of the prospective consultant will be studied and approved.</li> <li>• A detailed 'Terms of Reference' will be prepared, entailing the amount and mode of payment for the services.</li> <li>• Payments will be made via bank (cheque or demand drafts) only.</li> <li>• Tax will be deducted as applicable.</li> </ul>	<b>Project Director/ Executice Secretaary</b>
<b><u>7.AUDIT AND LEGAL COMPLIANCE:</u></b>		

<p><b><u>7.1.Internal Audit</u></b></p>	<ul style="list-style-type: none"> <li>• To check the appropriateness of accounting records, reconciliation to quarterly (if any) and annual reports and banking records.</li> <li>• Certification of payments for availability of funds.</li> </ul> <p><b>Financial Internal control mechanism:</b></p> <ul style="list-style-type: none"> <li>• Review of the financial internal control system and structure.</li> <li>• Review of the economy, efficiency, and effectiveness of the control procedures and practices existing in the organization.</li> <li>• Review procedures for the approval and authorization of disbursements, policy and practices on advances and payments</li> <li>• To review the controls in place for safeguarding assets.</li> <li>• Suggest improvements and amendments where ever applicable.</li> </ul> <p><b>Budgetary Control Mechanism</b></p> <ul style="list-style-type: none"> <li>• Review of budgetary process, monitoring of income and expenditure against budgets/ forecasts, and financial reporting to stake holders.</li> </ul> <p><b>Investment Procedure</b></p> <ul style="list-style-type: none"> <li>• Custody and investment of surplus fund balances and bank agreements, signatories and verification of bank accounts, reconciliation, interest earned, and currency management.</li> </ul>	<p><b>Finanace Committee/ Executive Committee/ Project Director/ Executice Secretary</b></p>
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	<p><b>Statutory Compliance:</b></p> <ul style="list-style-type: none"> <li>• Review the organization's compliance procedures under relevant Acts; Income Tax Act 1961, Foreign Contribution Regulation Act, 1976 and mandatory staff welfare schemes.</li> </ul> <p><b>Any other assignments:</b></p> <ul style="list-style-type: none"> <li>• Prepare audited financial statements for donor (provisional and final)</li> <li>• Conduct capacity building programmes for strengthening financial management systems for partners.</li> </ul> <p><b>Internal Audit within the Organisation</b> PASDO shall carry out internal audit Half yearly by the President and Treasurer of PASDO.</p>	
<p><b><u>7.2.Statutory (External) Audit</u></b></p>	<ul style="list-style-type: none"> <li>• PASDO Director will liaison directly with the Finance Manager / Project Accountant on all requirements of the External Audit process.</li> </ul>	<p><b>Project Director/ Finance Manager/ Project Accountant</b></p>

Gajendra Prasad Mohanty  
Project Director, PASDO