

Natural Resource Conflict Transformation Center-Nepal
NRCTP-III Phase

New System Orientation Training

Training Report

Summary

This report provides a summary of the New System Orientation Training under NRCTP-III phase. The workshop was held in Bode, Bhaktapur, on 3-5 May 2014. All together 26 participants attended the workshop.

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INTRODUCTION

Natural Resource Conflict Transformation Center Nepal (NRCTC-N) has been running Natural Resource Conflict Transformation Project (NRCTP) III phase since February, 2014 under the financial and technical assistance of The McConnell Foundation. Although being a newly established organization, NRCTC-N has always been committed towards skill development of its employees through trainings and workshops for increasing the productivity of the organization. In the last year only, NRCTC-N has organized project management training to enable the National Resource Persons, Local facilitators and Central team to manage the records of finances and program effectively. And now we are organizing this new system orientation training program specially designed to upgrade accounting skills of our National Resource Persons, Regional Program Officers and Regional Coordinators. So what justifies the requirement of this training? Up to NRCTP- II phase, we relied on center based accounting system in which all the financial transactions were monitored and checked from the center. But in NRCTP III phase, we have launched region based accounting system operated through independent regional offices with regional coordinators and newly hired regional program officers. These new regional program officers need to be oriented about the accounting system of NRCTP so that they can work independently. Along with the program officers, the National Resource Persons also needs to be trained to enable them to keep records of programs and finances in Cash book as the National Resource Persons are responsible to keep records of programs and financial transactions such as remuneration of local facilitators, payment for office rent, stationary, communication etc. Regarding the necessity of the situation, the 3 days' long "New System Orientation Training" has been organized and this report has been prepared based on the proceedings and achievements of the training.

OBJECTIVES

- ❖ Briefing on maintaining project account records.
- ❖ Briefing and practice on maintaining the records in terms of finance and program in cash book for National Resource Person.
- ❖ Briefing and practice on account keeping for regional coordinators and regional program officer of east and west region.

PROCEEDINGS

1. The workshop was held at Central Training Institute of Agricultural Development Bank, Bode, Bhaktapur, from 3 to 5 May 2014. The workshop was held in an informal setting.
2. 25 participants inclusive of Regional Coordinators, national resource persons, regional program officer and central team of NRCTC-N attended the workshop. The workshop was facilitated by Resource Person, Mr. Udayaswor Shrestha.

TABLE NO. 1: PARTICIPANTS

S.N.	Program	Date	Participants								Grand Total
			Female				Male				
			D	I	B/C	Total	D	I	B/C	Total	
1	New System Orientation Training	May 3, 2014	1	8	4	13	1	2	9	12	25

Note: D: Dalit, I: Indigenous, B/C: Brahmin/Chhetri

3. The training program was structured into four parts. In the first part, Opening session was held. The executive director, Mr. Chup Bahadur Thapa gave a brief overview of project management. He also talked about the growth of the organization, how it started as a project and transformed into a service oriented organization.
4. In the second part of the training program, the resource person briefed the national resource persons on maintaining records of program and finance in cash book.
5. In the final part of the training program, the regional coordinators and regional program officers of east and west region were briefed on account keeping.

ACHIEVEMENTS OF WORKSHOP

1. Participants have been briefed about the terms and conditions while taking and settling advance. Following are the main criteria regarding this point.
 - I. Up to 90% of allocated budget can be given as advance.
 - II. Advance should be requested via letter or email, not by phone or orally.
 - III. While requesting for advance, a budget sheet with breakdown in various budget lines should also be attached.
 - IV. Advance amount should be asked on an actual basis rather than based on budget.
 - V. The event, for which advance was taken, should have been organized within 7 days of taking advance, otherwise one should return the advance along with justification.
 - VI. Advance settlement should be done within 7 days from the organization of program by providing relevant financial documents and report of event.
 - VII. Advance should be used only for the event mentioned while taking advance, not for any other event.
 - VIII. Advance cannot be transferred from person to person.
 - IX. Based on TMF guidelines, salary advance cannot be provided.
 - X. Advance taken for any program cannot be settled from salary.
 - XI. If a program was postponed, then the participants who have arrived at the destination or who are on the way to the destination should be provided with the travel cost and daily sustenance allowance; the amount thus spent should be added to program expenses later with justification.

2. Participants have been briefed about the terms and conditions of tax payment. Following are the main criteria regarding this point.

TABLE NO. 2: REVENUE HEADS TO BE CONSIDERED WHILE SUBMITTING REVENUE

S.N.	Revenue Heads	Tax %	Code no.
1	Social Security tax	1%	1-1-2-1-1
2	Income tax	15%-40%	1-1-1-1-2
3	Rent tax	10%	1-1-1-3-1
4	Resource person fee tax	15%	1-1-1-1-1
5	Tax on Pay off		
	1. company Limited	1.5%	1-1-1-2-4
	2. Private Limited		1-1-1-2-3
	3. Personal		1-1-1-1-1

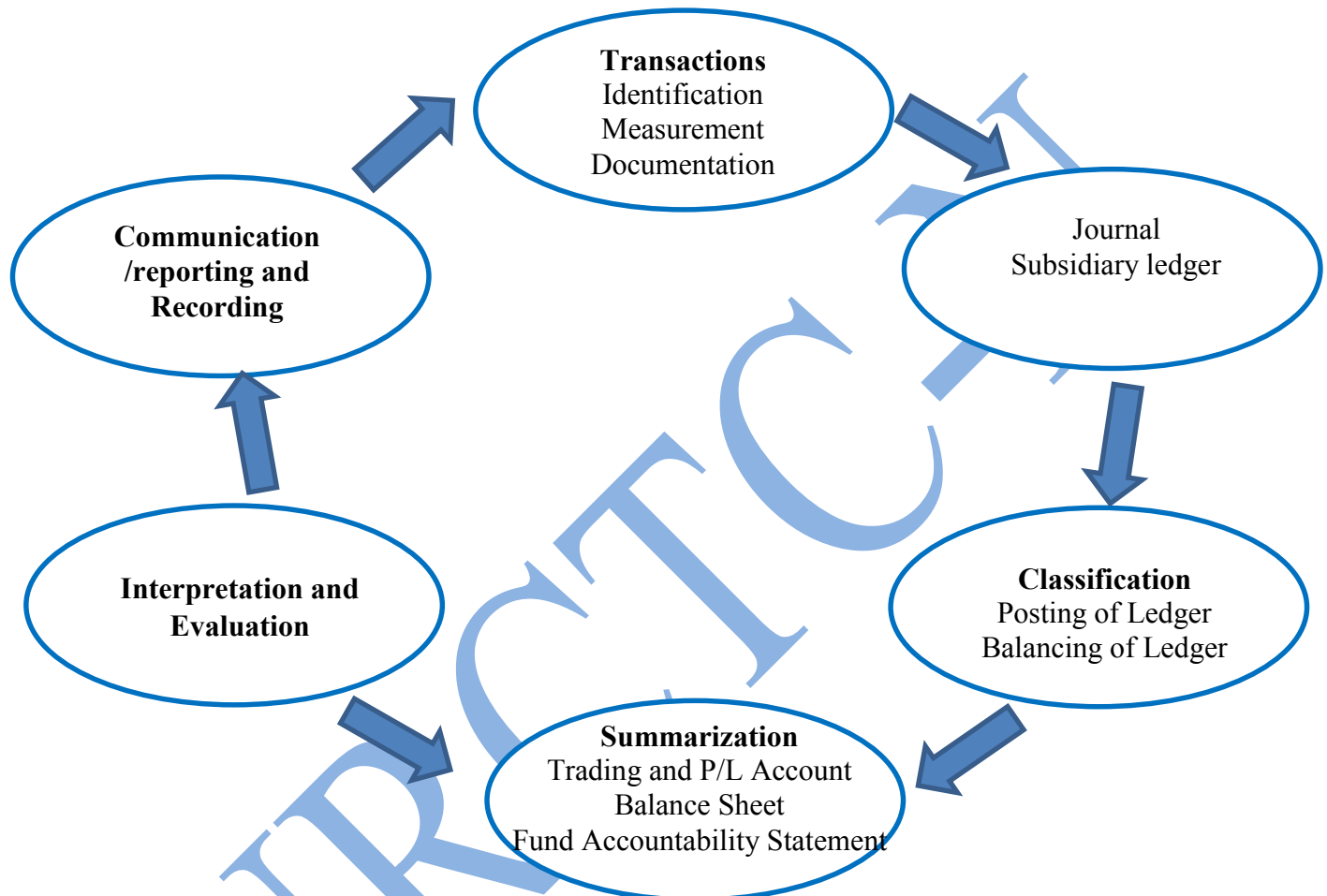
TABLE NO. 3: TAXATION OF INDIVIDUALS

Taxable Income slab	Individual	Taxable Income slab	Couple*
First Rs. 2,00,000	1%	First Rs. 2,50,000	1%
Next Rs. 1 to Rs. 1,00,000	15%	Next Rs. 1 to Rs. 1,00,000	15%
Next Rs. 1,00,001 to Rs. 25,00,000	25%	Next Rs. 1,00,001 to Rs. 25,00,000	25%
Next more than Rs. 25,00,001	40%	Next more than Rs. 25,00,001	40%

**Husband and wife should elect to be treated as couple and the option is not an automatic choice.*

3. Participants have been briefed about the financial guidelines for operating TMF fund; with an open discussion regarding the guidelines, participants were made clear about the various terms and conditions so that they are aware of the guidelines and will work within the provisions. The TMF financial guideline is attached in annex.
4. National Resource Persons have been briefed about maintaining records of program and finance in Cash Book. NRPs have also been provided with Cash Book and other essential items to keep records properly.
5. Regional Coordinators and Regional Program Officers were briefed about the region based accounting system.
 - ❖ Regional Coordinators and Regional Program Officers were provided with ledger and other essential items to keep records properly.
 - ❖ The Resource person provided them with a theoretical background on accounting. The main topics of briefing were as follow:
 - Concept of book keeping and accounting

- Difference between book keeping and accounting
- Double entry system of accounting
- Basis of accounting and classification of accounts
- Budgeting, Trial balance and financial reporting
- ❖ Briefing on Accounting Process



- ❖ Regional Program Officers and Regional Coordinators were briefed on keeping account records and their confusions regarding the accounting process was made clear through series of practice sessions.

- The main accounting records practiced were as follows:

- Posting on journal voucher
- Posting on ledger
- Trial balance
- Fund Accountability Statement
- Bank Reconciliation Statement
- Statement of Expenditure Vs Budget

6. Authorized list of expenses was also finalized.

TABLE NO. 4: AUTHORIZED LIST OF EXPENSES

Headings of Expenses	Serial no. of submitted bill and voucher	Serial no. of submitted subsidiary bill and voucher
Transportation	1	1.1
Food and Accommodation	2	2.1
Stationery	3	3.1
Hall rent	4	4.1
Banner	5	5.1
Communication	6	6.1
Resource Person fee	7	7.1

CONCLUSION

The New System Orientation Training has been held successfully in the defined time scale. Based on the objectives of the training, the participants were briefed about the project accounting system. The National Resource Persons have been on keeping records of finance and program in Cash Book. The Regional Coordinators and Regional Program Officers have been briefed on reporting of accounts on ledger. Participants were also briefed about the financial guidelines for operating TMF funds.

ANNEX

LIST OF PARTICIPANTS

1	Arjun Singh Karki	Regional Coordinator of West Region
2	Him Bahadur D.C.	Regional Coordinator of East Region
3	Kamal Aidi	Regional Program Officer of East Region
4	Shirisha Panta	Regional Program Officer of West Region
5	Prathana Basukala	Regional Program Officer of Mid Region
6	Ramila K. Homagai	National Resource Person of Kavre
7	Meena Shrestha	National Resource Person of Bhaktapur
8	Sharmila Shrestha	National Resource Person of Dolakha
9	Netra Prasad Dhital	National Resource Person of Shindhupal-chwok
10	Krishna Kumari Rai	National Resource Person of Sunsari
11	Bhoj Bahadur Bika	National Resource Person of Dhankuta
12	Kamala Rai	National Resource Person of Shankhuwa-sabha
13	Shurya Bikram Rai	National Resource Person of Bhojpur
14	Sangeeta Thapa	National Resource Person of Jhapa
15	Parbati Kumari Bika	National Resource Person of Sarlahi
16	Dharmananda Pant	National Resource Person of Kanchanpur
17	Netra Prasad Khanal	National Resource Person of Banke
18	Ballu Chaudhari	National Resource Person of Kailali
19	Kamala Bista	National Resource Person of Dandeldhura
20	Lok Bahadur Thapa	National Resource Person of Doti
21	Chup Bahadur Thapa	Executive Director
22	Niru Maya Thing	Treasurer
23	Yog Maya Maharjan	Chief Account Officer
24	Deepak Raj Bhatta	Senior Program Officer
25	Udayashwor Shrestha	Resource Person
26	Juna Ghishing	Office Assistant

WORKSHOP PROGRAM

Day 1, Saturday, 3 May

Part I

- 7:30** *Breakfast*
- 8:30 Opening Session
- 8:45 Introductory Session
- 9:00 Overview of Project management and Organizational Development
Chup Bahadur Thapa
- 9:30 Overview of Financial guidelines for operating TMF Fund
Udayaswor Shrestha
- 10:30** *Tea*
- 10:45 continuing the overview of financial guidelines for operating TMF Fund
Udayaswor Shrestha

Part II

- 11:45 Briefing on maintaining records in Cash Book
- 12:30** *Lunch*
- 13:30 Briefing on maintaining records in Cash Book
- 14:30 Practice on maintaining records of program and finance in Cash Book for NRP
- 16:00 Discussion on accounting
Udayaswor Shrestha
- 17:00 Discussion on various agendas
Chup Bahadur Thapa
- 18:00 Review and Closure of the Day

Day 2, Sunday, 4 May

Part III

- 6:30** *Tea*
- 7:30 Discussion on various agendas

Chup Bahadur Thapa

8:45 ***Lunch (NRP)***

Part IV

8:45 Pretest for regional coordinators and regional program officers of East and West

10:00 ***Lunch***

11:45 Overview of Double Entry Accounting System

12:15 ***Tea***

12:30 Overview of Budgeting

14:00 Practice on journal and voucher

15:00 ***Lunch***

15:30 Ledger Posting, Preparation of trial balance

18:30 Review and closure of the day

Day 3, Monday, 5 May

7:30 *Breakfast*

8:30 Preparation of financial reports-Fund Accountability Statement and Statement of Expenditure vs Budget as per project proposal

11:00 ***Tea***

11:15 Preparation of financial reports-Fund Accountability Statement and Statement of Expenditure vs Budget as per project proposal

12:45 ***Lunch***

13:45 Preparation of financial reports-Bank Reconciliation Statement, financial accountability statement

16:00 ***Tea and snacks***

16:15 Preparation of financial reports

18:00 Review and Closing

WORKSHOP EXPENSES

S.N.	Headings	Expenditure
1	Workshop Preparation Meeting	Rs.
2	Food	Rs.
3	Accommodation	Rs.
4	Travel	Rs.
5	Stationery	Rs.
6	Banner	Rs. 500
7	Communication	Rs. 500
Total expenditure		Rs.

FINANCIAL GUIDELINES FOR OPERATING TMF FUNDS

1. A separate bank account should be maintained to operate Foundation funds and the accountant should be the co-signatory for operating bank account.
2. a. A separate bank account should be maintained.
 - i. Separate ledger folio should be opened for every budget line.
 - ii. Separate ledger folio should be maintained for cash, bank and individual account.
- b. Payments should be made (by cheque as far as possible) only on receipt of goods and services.
- c. Transactions should be recorded as soon as it takes place.
- d. Expenditure should be booked only in cash basis i.e. expenditure should be booked for those which has been paid, not a provision one.
- e. A serial number should be maintained for every transaction.
- f. The line heading of budget should be noted in the voucher and in the cash/bank or journal book against which budget, the transaction is made and this should later be posted to the proper folio of the budget line in the ledger.
- g. Accounts should be closed every month/quarter (as prescribed in the project documents) and the balance should be forwarded to the next month's transaction.
3. a. Every expense should be booked in Nepalese Rupees.
- b. If transaction is made in another currency, the equivalent NRs should be recorded in the books of accounts.
- c. Board should deliver the approving power to certain person(s) and the specimen signature of the authorized person(s) should be established.
- d. Written approval from the authorized person must be taken before making any payment either in voucher or in the bill/receipt.
4. A statement of account should be forwarded to the McConnell Foundation USA after completion of every quarter, showing
 - a. Grant receipt within the quarter
 - b. Grant receipt till the quarter
 - c. Quarterly expenses
 - d. Cumulative expenses up to date against the approved budget
 - e. Balance of the budget for every line item
 - f. Cash balance
 - g. Bank balance along with bank statement
 - h. The statement of advance showing – date of issue, purpose, name and designation
5. At the end of the project, the balance money should be returned back to the McConnell Foundation along with earned back interest and the final statement of audited accounts. Earned interest can be used for project activity with the approval from the Foundation.
6. a. Foundation fund should not be used for any other purpose except for which the fund is granted.
- b. Any other money not to be mixed with Foundation Fund.
7. a. Advance should be released only on the basis of approved estimate.
- b. Advance money should not be provided for a long period.
- c. Advance money provided for any official travel should be settled within the week of the arrival from travel.

- d. Advance money provided for any project activity should be settled within two weeks of the completion of the project activity.
8. Approval estimate must be taken from the Foundation, if any expense has to be made without the approved budget under each budget line.
 9. At least three quotations should be obtained if any purchase has to be made more than Rs. 50,000.00(Rupees fifty thousand) as far as possible and the vendor offering the lowest price should be selected. Any discount received should be declared in the bill.
 10. A list of inventory should be maintained with the price, location, coding and receipt of goods. Consumable assets should be recorded in non-consumable register and used routed through the register.
 11. Books of accounts should be maintained up to date. The McConnell Foundation can check the books of accounts at any time.
 12. It is obligation of the NGO to settle all the taxes and bear legal obligations of the Government of Nepal.
 13. a. In case of using community group by the NGO for executing small piece of work, a written agreement should be made between the NGO and local community stating the terms and condition clearly.
b. In case of hiring of external consultant/organization by the NGO to perform the project activities, a CV of the consultant should be obtained and after making decision of hiring the consultant, a written contract/agreement must be made between the NGO and consultant, stating –
 1. Duration of contract
 2. Scope of work
 3. Remuneration and any other condition which may come across at the time of performing the assigned task.
 14. In case of operation of revolving fund the outstanding balance should be treated as debtors and should be included in the column of advance in the FAS. Only amount granted to the community group should be treated as expenses.
 15. In case of any other matter outside the above, general principle of accountancy should be followed.