

Gandhi Worldwide Education Institute Organizational Policies

(I) Petty Cash Fund Policy (PCF)

Policy statement

PCF is established for the purpose of petty expenditures which are incurred on daily basis to run the office/project operations.

Responsibility/Definition/Characteristics

Maintenance of PCF in line with the policy statement is the responsibility of the PCF Custodian (Treasurer) and (Assistant Treasurer) of the organization.

Obligations and limitations

1. PCF should be used to pay bills of small amounts and reimbursements for authorized expenditures up to 10% of the upper limit of PCF.
2. The upper limit for PCF is 30 days expenses subject to an upper ceiling of \$____ (US)
3. Any amount not meeting above criteria should be submitted separately to finance department for processing and payment through check
4. PCF disbursements will only be made against the approved bills or invoices.

Procedures

Establishment /Security of fund

- a) PCF Custodian (Treasurer) should be solely responsible for maintaining it in respective office and Assistant Treasurer is responsible for proper accounting.
- b) PCF is kept in locked place with proper lock and keys which are kept separately by the Treasurer. However, in cases where this is not practical written approval of Director is required with recommendation of Treasurer or Assistant Treasurer.
- c) Any other type of cash should not be mixed up with PCF

Reimbursements of fund

- a) In order to ensure smooth operations reimbursement should be presented for payment on 50% to 60% utilization of the funds limit.
- b) "Reimbursement Statement" has to be checked by Assistant Treasurer and approved by Treasurer.
- c) The custodian of PCF should submit the "GWEI Expense Reimbursement Statement" to the accounting and finance department per our Best Practices Standard Operation Procedures.

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- d) All expenses reflected in the Reimbursement Statement should be supported by bills or invoices. However, in cases where bill or invoice collection is not possible than approval from the GWEI Finance Committee via signature in the approved “Reimbursement Form” will be accepted.

Altering/Establishment of fund

Establishment or altering PCF should follow the following statements by requesting department;

- a) Purpose of establishing or altering PCF
- b) Safety and security of PCF
- c) Impact on insurance coverage, if any.

Justifications from point a to c must be prepared by the relevant office or department and forwarded to the Finance Committee for recommendation and further sharing with the Board of Director’s if necessary for approval.

Further, PCF (s) should be regularly reviewed and recommended by the Finance Committee for modification keeping in view changing needs and scenarios.

Petty Cash Payment

PCF payment should follow the following documentation;

- a) PCF Custodian should receive receipt and expenses reimbursmnt form.
- b) PCF Payment Voucher should be checked by Finance Committee.
- c) PCF Payment Voucher should be approved by Treasurer.
- d) Proper acknowledgement of receipt should be taken at the time of making the payment.

I Owe You (I.O.U)

In case of emergency requirement of cash by Director an I.O.U can be given from PCF with approval from Finance Committee, however, after completion of the activity Director will be required to submit complete bills or invoices. A staff/employee can have only one I.O.U at one time.

Check and Balance

In order to ensure proper control over use and implementation of policies of PCF surprise cash count should be carried out once in every month by Assistant Treasurer when closing the month end books. A copy of the month end financial reports are submitted to the financial committee with all supporting documents on the cloud.

Related records:

- a) PCF Reimbursement Statement Model successfully ratified and adopted for official use in board meeting.

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(II) Acceptable Accounting Policies and Practices

Policy statement

Gandhi Worldwide Education Institute utilized QuickBooks Enterprise 14.0 computerized accounting package inclusive of classifications for each program/project. This policy ensures that books of accounts maintained for each program/project are based on uniform acceptable accounting policies and practices.

Responsibility/Definition/Characteristics

Maintenance of acceptable accounting policies and practices in line with the policy statement is the responsibility of the Finance Committee.

Acceptable Accounting Policies and Practices

1- Cash Accounting Method

An accounting method where receipts are recorded during the period they are received, and the expenses in the period in which they are actually paid.

2- Going Concern

All records should be updated with the concept that the Company shall continue existing for an unforeseeable period and financial statements make no assumption or intention of liquidation or significant reduction in activities.

3- Prudence

All expenses known and can be reasonably estimated shall be included in the books of accounts before closure at the end of the period.

4- Consistency

Policies followed in the previous years should be consistently applied each year. In case of an utmost need to modify the same it should be done after proper approvals from the Board of Directors followed by clear disclosure with impacts on financials as compared to previous policies and practices.

5- Assets

Book Inventory is managed per Standard Operating Procedures established specifically for tracking sales and shipments of Book Inventory. Shipping and receiving of inventory is handled by volunteer support. The book inventory spreadsheet is maintained by the Treasurer. The Assistant Treasurer accounts for inventory based on

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the information received from the spreadsheet, publisher purchase invoices, and year end physical inventory count.

Note: *Above acceptable accounting policies and practices are the minimum standards that should be followed during routing accounting operations by finance department. However, all applicable International Accounting Standards/International Financial Reporting Standards should be applied as and when required basis.*

(III) Bank Account and Banking Policy

Policy statement

All transactions through bank must be carried out following approved authority by the Finance Committee after proper documentation for each transaction is submitted.

Responsibility/Definition/Characteristics

The Treasurer is responsible to ensure proper implementation of Bank Account and Banking Policy in the following activities;

- 1- All transactions through the bank account
- 2- Opening of a new bank account and amending existing bank account, and;
- 3- Closing of an existing bank account

Obligations and limitation

6. All those transactions which cannot be carried out through petty cash must be through the bank account.
7. All transactions through bank must reflect business transactions only and include support documentation.
8. Payments from company bank account should be through signatures of one of two as nominated by Board of Directors.

Procedure for opening of a new bank account and amendment in existing bank account

- e) Finance Committee will be responsible to justify the need of opening of a new bank account and amendment in existing bank account.
- f) Finance Committee has the authority to accept/reject proposal of opening of a new bank account and amendment in existing bank account.
- g) Opening of a new bank account and amendment in existing bank account will only be through a board resolution passed by Directors

Procedure for opening of a new bank account and amendment in existing bank account

- 1- Finance Committee will be responsible to justify the need of closing an existing bank account to the Board of Directors

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- 2- Finance Committee has the authority to accept/reject proposal of closing of an existing bank account
- 3- Closing of an existing bank account will only be through resolution passed by Board

Control of bank account and transactions

- 1- Finance Committee will ensure that bank ledgers are updated with receipts and payments on timely basis.
- 2- Finance Committee will ensure that all payments prepared by finance department will be made at earliest.
- 3- Finance Committee must ensure that all receipts are officially acknowledged.
- 4- Assistant Treasurer should ensure that bank reconciliation statements are prepared on monthly basis and are reported to the Finance Committee on every 5th day of the month. In case of 5th day being a holiday than the same must be reported in the next following working day.
- 5- Finance Committee should resolve issues with banks on timely manner and all such issues must be reported to the Board of Directors.
- 6- Finance Committee should ensure compliance with the signing limits as per approved by Board.
- 7- Finance Committee should ensure that all revenue collection should be deposited in bank at earliest i.e. in the same day or immediate next working day. Revenue should not be collected in form of cash, however, if this happens then the Finance Committee and President must ensure the cash is deposited in the bank immediately. Revenue cash collection must never be used for payment of expenses. No person other than finance department staff is authorized to deal in official cash.
- 8- Finance Committee should ensure that all canceled checks are kept safe with proper documentation. Hard copies are kept with the Treasurer and electronic version is kept on accounting cloud with security.
- 9- Finance Committee should ensure smooth working capital management.
- 10- Finance Committee must ensure that check books of bank accounts are in custody of finance department and are kept in safe with proper lock and key system.

(IV) Purchase Policy

Scope

Purchase Policy is applicable to all GWEI programs and projects and covers all purchases and their management.

Policy Statement

All purchases/procurements in the scope of this policy should be made at best rates, through a transparent process, through selecting best possible quality, in a timely manner and covering all aspects of losses to the organization.

Responsibility/Definition/Characteristics

Directors and Finance Committee members are responsible to ensure implementation of Purchase Policy in all relevant matters.

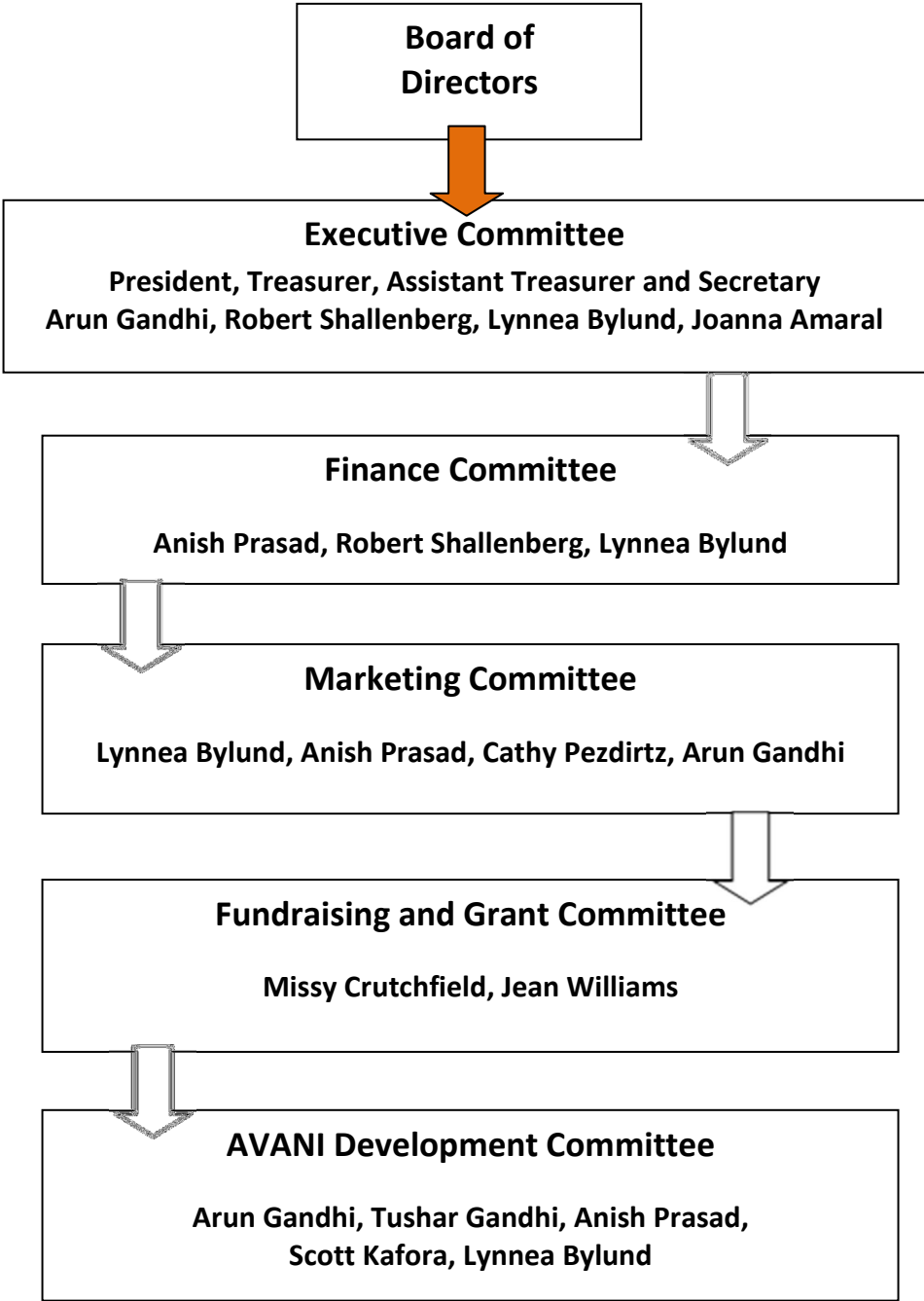
Purchase Procedures and Documentation Guidelines

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10. All purchases shall be processed through pre-approval official "Expense Reimbursement Form" duly signed by the Treasurer or Assistant Treasurer.
11. Expense Reimbursement Form must clearly be filled in with all pertinent information.
12. Expense Reimbursement Form should be distributed to supplier and finance department.
13. Expense Reimbursement Form when cancelled should follow with proper documentation mentioning clear reason(s)
14. Expense Reimbursement Form should include three quotations and a statement mentioning reason for selection of supplier.
15. Finance department should release supplier's payment upon receipt of the Expense Reimbursement Form, original invoice and receipt.

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Organizational Chart



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(V) Fixed Assets Policy

Policy Statement

Fixed Assets Policy aims to ensure safe guard, movement with proper documentation and recording of depreciation on periodic basis.

Responsibilities

Implementation of Fixed Assets Policy is the responsibility of the Finance Committee.

Definition

Fixed Assets are those assets which are generally not held for the purpose of resale and they directly or indirectly support in revenue generation. They are also called as long life assets and are expected to be used in more than one year.

Characteristics

Fixed Asset:

- 1- *Useful life should be more than one year.*
- 2- *Value of the asset should be at least \$350US.* This value includes all costs incurred in order to bring the asset in to use including the purchase cost.
- 3- Maintain Serial Number

Accounting for Depreciation

Depreciation is a systematic method that allocates the cost of tangible fixed assets less salvage value over estimated useful life of the asset. This allocation is carried out for both tax and accounting purposes.

There are different types/methods for calculating depreciation; however, the method/formula to be used for calculation of depreciation is "*Straight Line Method*" as per formula below;

Annual Depreciation Charge = $\text{Cost of asset} - \text{Salvage value} / \text{Estimated useful life of asset}$

Depreciation of fixed asset continues till the value reaches \$1US, or, the time it is disposed off, if disposal is made earlier. In case of disposal the gain/loss should be recorded and accounted for.

Full month depreciation should be charged in the month of disposal and no disposal is charged for the month of purchase.

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(VI) Travel Policy

Policy Statement

Travel policy aims to minimize the program expenditures incurred on travel and to have an effective system in place to prevent misuse of funds and authorities.

Responsibilities

Implementation of Travel Policy is the responsibility of the Finance Committee.

Domestic Travel Guidelines

- a) Air travel should be on economy class only.
- b) Prior approval of Finance Committee should be obtained for all travel/tour schedules on official Pre-Travel Expense Reimbursement Form.
- c) Availability of funds within the appropriate budget line must be ensured before approving the travel authorization from the Finance Committee.
- d) Travel advance should be taken from the office up to three days before commencement of travel.
- e) All travel expense claims should be made through the official Expense Reimbursement Form and submitted to the Finance Committee and shall be supported by original receipts. In case of air travel boarding cards should be submitted along the ticket.

International Travel Guidelines

- a) Travel authorization should be submitted to the Finance Committee at least 14 days before actual travel dates, after obtaining approval.
- b) Travel mode should be Economy Class. However, prior approval of Finance Committee should be obtained in a file note properly mentioning the reason of case where exception arises.
- c) Finance Committee should explore that all possible routes available from destination to destination ensuring selection of best possible route.
- d) All travel expense claims should be made through the official Expense Reimbursement Form and submitted to Finance Committee and shall be supported by original receipts. In case of air travel boarding cards should be submitted along the ticket.

Lodging Guidelines

- a) All approved travelers are entitled for accommodation during travel as per their travel agenda entitlement in case the travel includes planned over night stay.
- b) Lodging reservations must be placed through the designated person when planning group

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arrangements.

- c) Per-diem is given exclusively to cover only accommodation, meal and laundry expenses. However, all other expenses claimed will only be paid after approval of Finance Committee and all are subject to prior approval.

Meals and Entertainment

- a) All approved travelers are entitled for cost of modest meals.
- b) All mini bar items are inadmissible expenses during travel.

Laundry Service

Actual and reasonable laundry expenses will be reimbursed based on presentation of actual receipts. This applies only after the traveler has been away from home for three consecutive days, or if the trip has been unexpectedly extended.

Note: In case of donor funded projects all donor requirements relating to international travel should be adhered to.

(VI) Finance Committee Policy

Policy Statement

Finance Committee Policy exists to establish financial discipline and controls through proper delegation of authority at various levels for approval of financial activities and signing of checks.

Responsibility

Implementation of Finance Committee Policy is the responsibility Executive Committee.

Specific Objectives

- a) Authorities must be vested high enough in the organization such that effective review takes place so that inappropriate decisions and transactions are avoided.
- b) Authorities must be vested in different levels such that no one at any level is able to act alone or materialize any transaction in business operations having financial implications.

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