

Policy Summary

Financial Policy

Friends Affected & Infected Together in Hand (FAITH) — Lalitpur, Nepal

Adopted 2012 (2069 B.S.) | 4th Update: June 2025 (Ashad 2082)

FINANCIAL GOVERNANCE

This Financial Policy governs FAITH's internal financial management — budgeting, procurement, cash and bank handling, asset safeguarding, and audit — in line with the Nepal Accounting Standard for Non-Profit Organizations (NAS for NPOs) and applicable Nepali law. It is interpreted and implemented by the Executive Director, with the Executive Board holding final authority over amendments.

13 Chapters covering financial governance & controls	Tiered Procurement approval by purchase value	15 Days Deadline to settle a program/travel advance	Monthly Bank reconciliation cycle
--	---	---	---

About this Policy

FAITH's Financial Policy — formally Aastha's (FAITH) Accounting Policy, Procedures and Finance Rules — sets out the organization's internal financial management framework, covering accounting principles, delegation of authority, budgeting, procurement, advances, cash and bank operations, verification, asset safeguarding, audit, and statutory compliance. First adopted in 2012 (2069 B.S.), it has since been updated four times, most recently in June 2025 (Ashad 2082).

Governance & Delegation

Authority	Role
Executive Board (EB)	The organization's leading body; authorized to amend financial policy and hold final authority on interpretation disputes.
Executive Director (ED)	Holds authority and responsibility to implement the Financial Policy day-to-day, and may delegate authority to subordinates with prior notice to the EB.

Budgeting Procedures

- The ED submits the annual operating plan and budget to the EB by mid-Ashad; it is approved by the EB and endorsed by the General Assembly, within 90 days of the new fiscal year.
- If unapproved by year-end, the ED may authorize spending up to 25% of the previous year's actual expenses for regular operations, adjusted later.
- The ED may approve up to a 25% increase to a shortfall budget head (subject to post-facto EB approval) and transfer up to 25% between budget heads, except into donation or miscellaneous expense heads or between revenue and capital heads.

Procurement Procedures

Purchase Value (NPR)	Requirement	Approval
Up to 50,000	Direct purchase from the market.	Executive Director
50,000 – 100,000	Three quotations; PAN/VAT and tax clearance from selected vendor.	Executive Director
100,000 – 1,000,000	Three quotations with full registration documents from all vendors.	Executive Director
1,000,000 – 3,000,000	Advertised publicly (newspapers, website, email).	Executive Board
Above 3,000,000	Formal tender process required.	Executive Board

Advances Procedures

- Program/travel advances up to NPR 50,000 are approved by the Program Head; above that, by the Executive Director.
- Advances must be settled within 15 days of the intended purpose's completion; new advances are not processed while a prior advance remains unsettled.
- Salary advances (up to one month's salary) are available only to staff with one year of service, and recovered the following month if unsettled.
- No personal advances are granted except as permitted under the organization's Employee Service Rules.

Cash & Bank Operations

- Bank accounts require prior EB approval to open; all transactions require the Treasurer's signature plus one additional signature (President, General Secretary, or Executive Director).
- Petty cash is capped at NPR 10,000 per project; excess amounts must be deposited immediately.
- Cheque payment is mandatory above NPR 25,000; cash payments are permitted only up to NPR 5,000.

Verification & Reconciliation

- Cash is physically counted by the responsible employee and verified by the concerned authority every 15 days, with surprise checks by the ED.
- Inventories and fixed assets are physically verified at least twice a year and compared against book balances.
- Bank accounts are reconciled monthly, with unreconciled items pending over two months investigated separately.

Safeguarding, Disposal & Write-Off of Assets

- Comprehensive insurance is maintained covering cash and fixed assets against theft, fire, and natural calamities; backups are maintained on-site and off-site, updated weekly.
- Disposal of obsolete or damaged assets requires EB approval; individual assets over NPR 10,000 require prior written EB approval, and sale/disposal is limited to twice per fiscal year.
- Sale procedures scale with value: EB-decided methods below NPR 50,000, three sealed quotations between NPR 50,000–500,000, and formal tender above NPR 500,000.
- Write-off of bad debts, advances, or damaged inventory requires Executive Director and Executive Board approval.

Auditing & Statutory Compliance

- Internal audits are not mandatory but may be conducted — for donor compliance, when funding allows, or once annual turnover exceeds NPR 50 million — with the auditor selected by the EB.
- External audits are conducted annually, with the auditor appointed by the General Assembly, following NAS for NPOs and ICAN (Institute of Chartered Accountants of Nepal) regulations.
- FAITH complies with the Income Tax Act and Finance Act on advance tax deduction and timely deposit to the tax office.

Document Retention & Miscellaneous

- Most operational papers and documents (daily reports, circulars, staff advances, purchase reports) are retained for 6 years after work completion, or as specified by donor agreement.
 - Certain records are retained permanently, including the registration certificate, Memorandum and Articles of Association, final audit reports, title deeds, and EB/general meeting minute books.
 - Equipment may be rented for up to six months with ED approval (longer with EB approval); a valid legal contract is required before any renting or leasing.
 - In case of conflict, this Financial Policy prevails over other organizational financial policies, but yields to the Memorandum and Articles of Organization.
-

Costing Parameters

The policy's annexed Costing Parameters set indicative monthly remuneration ceilings by role and standard rates for consultancy, food, accommodation, and travel/DSA, used for budgeting purposes only — actual pay depends on available funds and is prorated to time spent on specific projects. FAITH gives hiring priority to women, beneficiary groups (including people living with HIV and survivors of gender-based violence), and marginalized or underrepresented communities, with equal pay for equal work regardless of gender.

This summary is published by FAITH for transparency and accountability. It is a condensed presentation of the internal Financial Policy (adopted 2012, last updated June 2025); in case of any discrepancy, the full internal policy document — including the complete costing parameters and rate tables — prevails and is available on request.