

PD-ABS-193

FINAL PROJECT REPORT

"Strengthening Financial Accounting, Management, and Reporting
Procedures for Increased Collaboration with Local NGOs in Nepal"

September, 1994

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I. Background to the Grant and Project Context

Woodlands Mountain Institute is a non-profit scientific and educational organization dedicated to advancing mountain cultures and preserving mountain environments. Since 1972, Woodlands has been fulfilling these goals from its base in the Appalachian Mountains of West Virginia. With the objective of establishing partnerships that create innovative and sustainable solutions to global mountain problems, Woodlands' programs have been implemented in the U.S., Nepal, the Tibet Autonomous Region of China, Bolivia, and Ecuador.

Administratively, Woodlands is divided into the **Mount Everest Ecosystem Conservation Program**, the **Mountain Leadership Division**, and the **Mountain Learning Division**. The **Mount Everest Program** supports an international partnership with the people and governments of Nepal and the Tibet Autonomous Region of China in the creation and management of two adjacent protected areas in the Mount Everest region. Since 1982, the **Leadership Division** has worked with high school and college students from West Virginia to develop a new pool of leaders for the state. The **Mountain Learning Division** focuses on the geo-ecology and cultural heritage of the Appalachian region, designing and conducting instructional programs that improve understanding of mountain ecosystems and the people who live in them.

In September of 1992, Woodlands received a Cooperative Agreement grant from U.S.A.I.D., under the Matching Grant Program of the Bureau for Food and Humanitarian Assistance, Office of Private and Voluntary Cooperation. The grant was solicited by Woodlands to enhance its capability to implement large-scale conservation and development projects in Nepal in collaboration with Nepalese NGOs (non-governmental organizations).

Woodlands Mountain Institute has been working with the Government of Nepal and local communities to establish the Makalu-Barun National Park and Conservation Area in a biologically rich area of eastern Nepal. The Makalu-Barun Conservation Project (MBCP) is based on a participatory approach to protected area management. The project relies on local management of protected area resources and the development of income generating opportunities for rural mountain communities. The MBCP, like many projects in Nepal, is designed to be implemented in collaboration with local NGOs that can bridge the gap between government agencies and rural communities.

Until recently, there were a limited number of NGOs in Nepal. Following the democratic revolution in Nepal in 1990 and the successful outcome of multi-party elections in the spring of 1991, there has been a general liberalization of social, political, and economic systems, and a burgeoning in the establishment and registration of Nepalese NGOs.

The international donor and PVO community has high expectations of the emerging NGOs. Almost every development project in Nepal has some component that is implemented through, or encourages the development of, local NGOs. A number of projects, such as the Global Environmental Facility Small Grants Program and IUCN's Environment Management Program, are entirely focused on implementation through and support of local Nepalese NGOs. Donors and PVOs are increasingly looking to the emerging NGOs as implementers and partners for a broad range of development activities. This provides opportunities for NGOs on a scale never before experienced in Nepal, but also creates challenges of management, organization, and accountability for which few NGOs are prepared.

The Nepalese NGOs that will survive to become long-term, reliable partners capable of implementing complex projects in collaboration with government, local people, international donors and PVOs are the ones with a clear mission and good management that can acquire funds, manage these funds well, and produce accurate and timely reports of expenditures. Very few Nepalese NGOs, either newly formed or well established, can do this. Of the several thousand NGOs that have been created in Nepal over the last three years, it is estimated that approximately fifty are managed well enough to successfully implement a project of even modest size.¹

Many of the NGOs are looking to the donor and international PVO community for guidance and support in improving their organizational structure and management. Donors and PVOs have begun to respond with management training for local NGO partners and grant recipients.

However, in the area of financial management and accountability, while donor and grant requirements are increasingly complex, little training, technical assistance, and technology transfer has been made available. Few NGOs have experienced financial staff or staff with any accounting training. Most cannot produce the simplest financial report. Even the most sophisticated are incapable of meeting the financial reporting requirements of a USAID PVO grant sub-recipient.

In order to support the growth and longevity of Nepalese NGOs and help to ensure enduring and reliable development partners for the future, Woodlands Mountain Institute obtained this matching grant to strengthen financial accounting, management, and reporting procedures for Nepalese NGOs. Support to NGOs included courses in

¹ Personal communication with Mr. Ravi Pradhan, Consultant and specialist in Nepalese NGO organizational management.

accounting and workshops in financial and organizational management and grant writing. In selected cases, more advanced NGOs that were already receiving funds and managing donor grants were provided with computer hardware, software and training to increase their ability to track funds and report on expenses. To assist Woodlands in working with sub-recipients and improve its overall ability to develop and administer international programs with local partners, the grant provided financial technical assistance and training for Woodlands' accounting and international program staff.

II. Project Methodology

Two types of training program were designed for NGOs: A series of financial management and grant writing workshops open to a wide range of NGOs of varying size, focus and financial status; and computer software accounting courses for a smaller number of NGOs with specific financial and accounting requirements.

In selecting the target group for the program, it was decided to focus on Kathmandu-based NGOs because they already had some exposure to donors, grant programs, and financial procedures. Most of the established NGOs and many of the new organizations emerging in the capital city of Kathmandu fall into this group. These organizations, whether in existence for some years or newly created, have staff who have been exposed to donors and PVOs and are aware of some of the mechanisms and requirements for obtaining funding. However, few have any idea of the complexity of grant management and financial reporting. Project staff felt it would be best to start with this group of NGOs because they could understand the need and benefit of improved financial management.

Clearly there is a large and growing number of NGOs that fall outside this target group. In fact, the largest and fastest growing number of NGOs are outside Kathmandu. While highly variable in reliability and commitment, this group of rural NGOs has great potential for channeling the benefits of development directly to local people. A number of donors are starting to focus on this group of NGOs and social organizations. However, for the purposes of this program, with its time and budget limitations and the nature of the training and technical assistance being offered, the financial management needs of Kathmandu NGOs were targeted.

Within this target group, the project staff made sure that the training programs included and focused on women and development issues relevant to them. Many of the trainers themselves were women; of the four international consultants used as technical assistants, all were women. NGOs participating in the financial management seminar and the computer accounting courses included: Women in Environment - promoting awareness of the role of women in environment and sustainable development; Women's Skill Development Program - concentrating on income generation programs for women;

Manushree - implementing projects in income generation, community organization, and women's development; and the Institute for Integrated Development Services - designing and implementing community develop projects with a focus on women's roles. By recruiting women trainers and including NGOs dedicated to the issues of women in development, the program supported the management role of women in NGOs and improve NGOs dedicated to improving the lives and situations of women in Nepal.

Training for Woodlands staff focused on improving us of its computer accounting system, improving the management of grants, and increasing the financial supervision of overseas programs. Accounting staff attended computer accounting workshops and seminars in specific topics related to compliance with grant and audit requirements. International program staff were provided with a series of in-house training sessions and short seminars on basic financial management principles and compliance with grant reporting requirements.

Program objectives were achieved through the following inputs: 1) Financial training courses for Nepalese NGOs and Woodlands staff; 2) Technical assistance and consultation from a Nepalese CPA/ Financial Advisor and expatriate financial specialists; 3) Purchase of computer hardware and training in the use and application of accounting software; 4) Production of a financial procedures manual for use by Woodlands, the Makalu-Barun Conservation Program, and Nepalese NGO community; and 5) Workshops for Nepalese NGOs in the management of grant funds, writing grant proposals, and managing NGO organizations.

Specific program inputs included:

1) Two workshops in financial management of grant funds, writing grant proposals, and organizational management were presented to 31 participants from 11 Nepalese NGOs.

2) Four NGOs received computer hardware, software and a two month training course in basic accounting systems, fund accounting and grant tracking, and producing financial reports.

3) Two NGOs and the financial staff from the Makalu-Barun Conservation Program participated in a one week intensive course with a US trainer in the use and application of the MIP (Micro Information Products) fund accounting software.

4) A US financial consultant and a Nepalese CPA worked with the staff of Woodlands Mountain Institute and the Makalu-Barun Conservation Project to produce fiscal policies and procedures manuals for Woodlands, the MBCP, and Nepalese NGOs.

5) Woodlands Mountain Institute's financial and program staff received in-house training from a short-term financial consultant in management of grant funds and production of donor reports.

6) Woodlands international program staff participated in seminars sponsored by the Association for PVO Financial Managers in basic financial management for non-financial staff.

7) A representative of Coopers & Lybrand, the international accounting and auditing firm, traveled to Nepal to assess the financial systems in the Makalu-Barun Conservation Project, finalized the mechanism for an annual audit of the MBCP, and assess work carried out under this Matching Grant program.

8) Other inputs included: Use of Woodlands/MBCP Kathmandu office facilities as a base of operation for consultancies, meetings, program monitoring, and document production; Communications support (fax, telephone, mail) for the program from Woodlands headquarters; Supervision of the program by Woodlands' Program Officer, Asian Environmental Program, and Woodlands Chief Financial Officer and Controller.

The expected outputs and products were:

1) Improved financial management for Nepalese NGOs participating in this program. NGOs will have an increased ability to acquire, manage, and report on funds, attracting more donor and PVO partners, and increasing NGO sustainability.

2) A financial procedures manual for Woodlands Mountain Institute, the Makalu-Barun Conservation Project, and a model financial procedures manual for Nepalese NGOs.

3) Improved accounting, fund tracking, and financial reporting abilities of NGOs participating in the accounting courses.

4) More efficient accounting and financial reporting by Woodlands Mountain Institute and the Makalu-Barun Project. The ability by Woodlands to efficiently and accurately manage multiple donor funds and sub-recipients.

5) An increase in Woodlands overseas NGO partnerships and expansion of partnerships into new country and project areas.

III. Monitoring & Evaluation

The original logical framework and implementation workplan are included in *Attachment 1*. While the program was started after the original target date in order to await final proposal approval, with a corresponding revision in the schedule and budgets, the basic target group (administrative and financial staff of Kathmandu NGOs, Woodlands and Makalu-Barun Project financial staff) remained

the same. Because of the delay in start up, Woodlands requested, and received, a three month extension to the grant period to conduct an additional NGO financial and management workshop at the request of the NGO participants (see revised logframe in Attachment 1). A second computer accounting course and an independent assessment of the project by a representative of Coopers & Lybrand were also conducted during the project extension.

Evaluations and comments were solicited from all participants in the financial management workshops (Attachment 2). These helped project staff assess the impact of the workshops and refine subsequent programs. In response to evaluations and suggestions from NGOs participating in the first NGO workshop in November, 1993, the second workshop in February, 1994 included an extended section on organizational management.

On-going monitoring and supervision was provided by a Program Officer of Woodlands Mountain Institute, with support from the Woodlands Chief Financial Officer, and subsequently by Woodlands Controller and financial auditors. The Woodlands Program Officer was in regular contact with all training and financial staff participating in the program in both Nepal and the U.S. During two trips to Nepal during the project, the Program Officer worked with staff to plan the training program, evaluate the policy and procedures manuals, assess the impact of the program on NGOs, and develop recommendations for the future.

Two consultant reports with recommendations were produced during the program. In October, 1993, an accounting software trainer from Micro Information Products (MIP) of Texas, ran an intensive training program for NGOs and MBCP financial staff in Kathmandu. MIP has developed a highly respected fund accounting software program for non-profit organizations with multiple funding sources. It is used by Woodlands Mountain Institute, and has been provided to the MBCP and two Nepalese NGOs with complex fund tracking requirements. In Attachment 3 is the consultant report with a very specific list of recommendations and suggestions for program staff and the NGOs participating in the accounting software training.

A second consultant traveled to Nepal to assess Woodlands' overseas financial systems and controls, and investigate the impacts of this project. A representative of Coopers & Lybrand, the international accounting firm and Woodlands' independent financial auditor, went to Nepal in April, 1994, at the conclusion of the activities carried out under this program. This trip was scheduled instead of a planned visit by the Woodlands Controller to the project. It was felt that the Coopers & Lybrand representative could give a more independent and comprehensive assessment of Woodlands' financial systems and controls in Nepal (see report, Attachment 3).

Woodlands kept USAID informed of program activities through two summaries of grant activities requested by the USAID Project Officer FHA/PVC (letters of April, 1993 and November, 1993, Attachment 4) and the Project Annual Report produced in September of 1993.

IV. Review & Analysis of Project Results

Outputs achieved in the Host Country:

- Production of a financial policies and procedures manual for the Makalu-Barun Conservation Project.
- Production and distribution of a model financial policies and procedures manual for NGOs in Nepal.
- Improved accounting skills for two Nepalese NGOs allowing them to track multiple grants through a variety of projects.
- The ability of Woodlands' Financial Advisor in Nepal to provide training and backstopping support for the MIP fund accounting software.
- The ability of two NGOs to use the MIP software to increase their accounting and financial reporting efficiency.
- The ability of two NGOs to use the Peachtree accounting software to improve their accounting systems.
- The ability of NGOs participating in the financial management workshops to produce grants soliciting donor funds, understand donor accounting and reporting requirements, and develop and follow generally accepted financial policies and procedures.
- The ability of NGOs participating in the project workshops to develop management systems that foster staff and institutional innovation and creativity.

Outputs achieved at the Woodlands Headquarters:

- A greater proficiency, understanding, and application of the MIP fund accounting system by Woodlands financial staff.
- The ability to assist the MBCP and NGOs using the MIP system with questions and problems they encounter in using the software.
- Increased efficiency in producing donor financial reports.

- A financial policies and procedures manual ("Woodlands Mountain Institute Manual of Fiscal Policies and Procedures") that codifies and strengthens the organization's financial management and accounting functions was prepared for Woodlands.

Analysis of Results, Accomplishments, & Problems

- Production of a financial policies and procedures manual for the Makalu-Barun Conservation Project: The Makalu-Barun Conservation Project is Woodlands' largest and oldest overseas program. It has also been the model for Woodlands' other international programs (Tibet, India, Bolivia and Peru). Developing a comprehensive and understandable financial manual for the MBCP was essential for proper supervision of this project, but as an example for proper financial management of Woodlands' other international programs (see manual in Attachment 5). The manual covers policies for internal control, financial management, procurement, construction contracts, financial reporting, audits, assets and liabilities, revenue sources, cost accounting, cost estimating, and property management. This type of comprehensive manual was new to many of the project financial staff and most of the program staff. There has been some reluctance to use the manual because it is a new approach to financial management; it is also very comprehensive and detailed and takes time to absorb and understand. Staff who are not acquainted with financial policies can find the manual difficult to understand and overbearing in its wording and requirements for accountability. Financial staff have recently worked with a consultant to find ways to make the manual more "user friendly" for non-financial staff. Final approval by the MBCP Executive Committee awaits these revisions and "fine tuning". Meanwhile, the manual is operational within the project in draft form. It is clear that the success of the manual depends on on-going training for financial and program staff in the use and application of the manual.

- Production and distribution of a model financial policies and procedures manual for NGOs in Nepal: This manual was based on the same outline and general financial management principles as the manual for the MBCP. A reference that contains an organization's financial policies and procedures is essential to proper financial management and also serves as an important indicator to donors that a grantee is a responsible recipient and manager of funds. A financial procedures manual is an essential instruction tool, guide, and reminder for staff. The financial manual developed and provided under this project was a comprehensive collection of financial policies and procedures generally recognized and used by PVOs and donors. Not all the procedures contained in

the manual are applicable to every NGO, but the manual gives NGOs an understanding of the range of procedures which could apply to them. Few Nepalese NGOs have suitable financial policies and procedures, and fewer have a financial procedures manual. It was apparent in the financial workshops that many of the policies and procedures described in the manual were new to the NGOs. On-going staff education and review is essential if these manuals are to be useful for NGOs. Most NGOs receiving the manual have used it as a reference guide for specific accounting or financial management questions, but few have yet used it as a model to develop a comprehensive manual of their own.

- MIP accounting software instruction for the Nepalese Financial Advisor: Under the PVO cost sharing component of the project, the Nepalese CPA/Financial Advisor working as a consultant to the project, Financial Advisor to the MBCP, and instructor in the computer accounting courses and financial management workshop, traveled to the U.S. to participate in a training course in the use and application of MIP fund accounting software. With this training, the Financial Advisor was able to coordinate Woodlands' financial system (which is also based on MIP fund accounting software) with that of the MBCP MIP system, give basic MIP operation training to local NGOs, and provide on-going assistance to NGOs using the system. He now works as an independent consultant for the NGOs using the system, providing supplementary training and emergency back-up support. His training was critical to project sustainability.

- A fund accounting course for NGOs: In the original project design, the staff planned to immediately start the computer software training as soon as appropriate NGOs were selected and equipment and software were purchased. The participating NGOs had multiple donors and needed a "fund" accounting software that could handle the complexity of tracking multiple grants through a variety of projects. However, it was found that the NGO financial staff were not familiar with the principles of fund accounting and were unable to understand the application of the software. At this point, project staff designed a one month training course on fund accounting. By the end of the course, the participants understood fund accounting and its benefit to their organizations. At that point they were ready to start the software training course.

- Intensive software training courses for four NGOs: This project was designed, in part, to provide more sophisticated accounting and financial resources to Nepalese NGOs. Two NGOs, South Asia Partnership/Nepal (SAP) and the King Mahendra Trust for Nature Conservation (KMTNC), were consulted early in the project about the number of projects and funding sources they had and the related accounting and financial reporting

requirements. Project financial advisors recommended a fund accounting software that would track multiple grants through different projects. Accounting system options were discussed with SAP and KMTNC and a training program developed for their financial staff. The initial stage of this training program, introducing them to the principles of fund accounting, is described above. Once financial staff understood the principles of the accounting system, the CPA/Financial Advisor started them on the basic use and operation of the system. An experienced MIP trainer was then brought in to conduct an intensive week long course in the detailed use of the MIP accounting system and its specific application to the finances of the two NGOs. MBCP staff, who had been using the MIP system for over a year, also participated in the training as a refresher and to receive assistance with specific questions in its application. In assessing use of the software six months after the training course, it is found that SAP and MBCP have fully integrated MIP into their accounting and financial reporting system, and have generally improved their ability to track funds and report to donors. KMTNC, on the other hand, is less competent with the system and has not fully integrated it into their accounting system, although the organization has taken the initiative to arrange for further training.

A separate training program for two other NGOs, the Women's Skill Development Project and the Nepal Forum of Environmental Journalists, was conducted by the Nepalese CPA/Financial Advisor. In initial discussions with the project, it was determined that these NGOs had less complex accounting requirements and could use a simpler accounting system that would require less preliminary training of accounting staff. The Peachtree accounting system, a well known and widely used accounting software, was provided to the two NGOs and a two week intensive training course was taught by the project Financial Advisor. An assessment of the training one month after the course found the Women's Skill Development Project was actively using the system and financial staff were comfortable with the software. On the other hand, the Nepal Forum for Environmental Journalists (NFEJ) had dramatically expanded its program since the initial assessment and found the Peachtree system limiting. NFEJ would likely have benefitted from training on the MIP fund accounting system, but because of the short duration of the project and limitations of funding, this training was not available to them at the time.

- Two workshops in grant writing, and basic financial and organizational management: Thirty-one participants from eleven NGOs attended two workshops sponsored by the project. The first workshop, entitled "Financial Procedures and Grant Writing for NGOs" started with an introduction and panel

discussion with donor representatives from the USAID Mission in Nepal and the Danish development organization DANIDA. This gave donors the opportunity to describe grant programs available to NGOs and their financial and reporting procedures requirements for grantees. NGOs had responded by explaining to donors their interests, needs and limitations in complying with donor requirements. The NGO participants then spent two and a half days in intensive sessions working on grant writing techniques, development of financial procedures and controls, and understanding financial reporting requirements. Participants found the grant writing and donor panel discussion most useful and interesting (evaluation summary in Attachment 2).

Based on participant comments and suggestions, a second, five day follow-on workshop was designed and conducted for these same NGOs. This workshop provided further opportunities for NGOs to develop grant writing abilities, and went into more detail on the development of financial procedures. A new component in organizational development and management was added at the request of the NGOs. While the focus of the project was on financial management, it was felt by project staff that time spent working with NGOs in strengthening their organizational identity and operations would provide the necessary framework for sound financial management. Three days of the workshop were conducted by a trainer specializing in issues and methods of small organization development and management (entitled "Designing the Future"). During the financial management component of the second workshop, NGOs discussed amongst themselves their accounting problems and solutions - a highly effective learning experience. It was clear to project staff that while NGOs understand the need for good financial management, it will take more time and training to fully integrate comprehensive financial management into the organizational structure of these NGOs.

Outputs achieved at the Woodlands Headquarters:

- Fund accounting training for Woodlands' headquarters staff: Under the PVO cost sharing component, Woodlands' Financial Manager and two accounting staff participated in a three day training course in MIP fund accounting system. Accounting staff at Woodlands had been using the software for over a year, but none had received training in its operation and application. The training has greatly improved Woodlands' financial efficiency and its ability to coordinate financial management and reporting with its project and sub-recipients in Nepal. With their knowledge of MIP, Woodlands financial staff now act as the support network for users of the system in Nepal. They frequently receive questions and provide solutions to problems encountered by the MBCP and NGOs using the system. Integration of financial information between

headquarters and the Nepal field office has vastly improved. Financial reports from the field office in eastern Nepal, the Kathmandu liaison office, and the U.S. headquarters can be integrated through fax communication within 24 to 48 hours, rather than the weeks it previously took to compile the data and produce reports. Additional information about the training program is included in the First Annual Report, September, 1993.

- A financial policies and procedures manual was prepared for Woodlands: The "Woodlands Mountain Institute Manual of Fiscal Policies and Procedures", a manual that codifies and strengthens the organization's financial management and accounting functions, was prepared during this project. The manual helps staff to understand and follow the institution's financial controls, and provides guidelines and policy for financial transactions and procurement. This manual provided the framework for the MBCP financial manual and the model financial procedures manual distributed to Nepalese NGOs. A copy of the manual is included in Attachment 5 of the First Annual Report, September, 1993. With the hiring of a new CEO and President in June of 1993, Woodlands' personnel, institutional and financial policies and procedures have been undergoing change during the last twelve months. The financial policies manual is operational, but the current draft is awaiting final review by the Institute's Controller and CEO and approval by the Board of Trustees.

- Financial management workshops and training for Woodlands staff: Through participation in Association of PVO Financial Managers Workshops on financial management, Woodlands' headquarters staff have improved their ability to manage grants and comply with regulations governing the use and expenditure of grant funds. International program staff attended the workshop entitled "Introduction to Financial Management" sponsored by the Association in Washington, DC. Financial staff attended two of the Association's workshops: "A-133 Audits and AID Financial Reporting" and "Changes in the A-133 Audit".

Accounting and international program staff also received in-house financial training from a financial consultant instructing staff in financial procedures, maintaining financial controls, developing and monitoring monthly financial statements and annual budgets, developing and submitting financial reports for donors, and preparing for annual audits. The consultant visited the office on a monthly basis to work with accounting staff and advise program personnel.

Woodlands' independent financial auditors, Coopers & Lybrand, Inc., spent six months analyzing Woodlands' accounting and financial systems, reviewing controls, developing financial statements, providing advice and solving problems in the computerized accounting system, assisting in financial coordination between Woodlands' headquarters and its overseas programs, and setting up grant accounting systems.

The result of this training for Woodlands' financial and program staff is a vastly improved financial accounting and monitoring system, with significantly greater efficiency, accuracy, and responsiveness to donor requirements for financial information. Previous to this training, Woodlands had difficulty submitting timely financial reports to its program donors. Reports were frequently late, sometimes by one or two months. Woodlands' quarterly financial reports for its one USAID grant took weeks to compile and involved significant staff time. As a result of this training, within the Everest Ecosystem Conservation Program alone, one staff person is able to supervise eight grants, including two USAID grants (these grants come from The MacArthur Foundation, International Fund for Animal Welfare, the Netherlands Government, the International Development Research Centre, the Global Environmental Facility/UNDP, USAID/Kathmandu, USAID Outreach Grant Program, and Mrs. Sarah Werner). Using less staff time, Woodlands has increased the timeliness and accuracy of its financial reports, while increasing the number of donors and the amount of funds it manages. Two A-133 audits have been conducted with no significant findings. Most recently, the institution has been focusing on a system for monthly monitoring of grant expenditures and the regular production of budget-to-actual statements. The financial management training of Woodlands' accounting and program staff has produced significant results. It has made a major contribution to the financial maturity of the organization and its ability to manage multiple grants for a variety of international programs in different regions of the world.

V. Management: Review and Analysis of Headquarters/Support Functions

The project was developed by the staff of Woodlands' Mount Everest Ecosystem Conservation Program, in consultation with the Chief Financial Officer, Nepal CPA/Financial Advisor, and two Nepalese NGOs. Project implementation was planned to commence in early 1992, to coincide and support the installment of a new computer accounting system at Woodlands that would improve the management and supervision of international projects and grant funds. Because of delays in final project approval and funding, the project was not in place during the start-up of the new accounting system. This required revision of the initial workplan and a budget. The

project requested and received a three month extension to conclude planned activities and accommodate participant requests for a follow-up workshop.

Project management and oversight was carried out by a Woodlands Program Officer, with frequent input, assistance, and financial oversight by the Woodlands Chief Financial Officer/Controller. The Program Officer travelled to Nepal twice, initially to meet with project staff and local NGOs to discuss project design and scheduling, and later to assess impact. The MBCP CPA/Financial Advisor was instrumental in planning, implementation, and instruction in Nepal.

From Woodlands Mountain Institute, the following staff were involved in the project:

- Dr. Gabriel Campbell, Director, Asian Environmental Programs: Provided advice and guidance for the project proposal and during implementation.
- Dr. Alton Byers, Environmental Advisor: Wrote the project proposal, provided back-up support as MBCP Co-Manager in Nepal during implementation.
- Mr. Bob Davis, Program Officer: Provided day-to-day oversight of the project, prepared project revisions, wrote project evaluations and reports, oversaw project budget, maintained communications with project staff and USAID, travelled to Nepal to set up the project and assess results.
- Mr. John Alter, Chief Financial Officer: Assisted with project development, proposal preparation, start-up activities, and regular implementation and financial oversight. In July, 1993, Mr. Alter left Woodlands for another position. His financial and implementation oversight role was assumed by the Program Officer and Ms. Melanie Andreen, CPA and financial advisor to Woodlands Mountain Institute. The Financial Advisor was scheduled to visit Nepal to assess project the impact. It was decided by project staff that this would be better carried out by Woodlands' auditors, Coopers & Lybrand, which could provide an independent and technical appraisal of the project and Woodlands' financial oversight of international programs.
- Ms. Elizabeth Byers, Program Officer: Assisted with proposal preparation and initial communications with USAID.
- Ms. Carol Mick, Financial Manager: Oversaw accounting and financial reporting for the grant.
- Ms. Karen Phares, Bookkeeper/Accountant: Provided grant accounting and generated financial reports.

- Ms. Angela Pitsenbarger, Secretary: Provided day-to-day logistical, communications, and secretarial support.

The following consultants provided technical assistance to Woodlands headquarters:

- Ms. Melanie Andreen: Certified Public Accountant: Provided training for Woodlands' financial and program staff, helping them to understand and follow financial procedures, maintain financial controls, develop and monitor monthly financial statements and annual budgets, develop and submit donor financial reports, and prepare for annual audits. She visited the office on a monthly basis to work with accounting and program staff.
- Ms. Madelyn Blair, Pelerei Inc: Assisted staff in the development of the financial policy and procedures manual for Woodlands, and helped prepare the outline for Nepalese financial management workshops. Ms. Blair was originally scheduled to provide training during the workshops in Nepal, but it was decided by project staff that this function could be very adequately provided by local technical assistance.

In Nepal, the following staff and consultants worked on the project or provided technical assistance:

- Mr. Ratna Sansar Shrestha, Certified Public Accountant: Provided regular oversight of the project in Nepal, worked as the MBCP Financial Advisor, designed and taught the computer software training courses, oversaw project budgeting and expenditure reporting in Nepal, assisted in the design of the NGO financial management and grant writing workshops, and was the presenter of the financial management components of the workshops.
- Mr. Ravi Pradhan, Management Training Consultant: Organized and led the NGO workshops, presented the organizational management section of the workshops.
- Mr. Anil Chitrakar, NGO Specialist working with IUCN/Nepal: Assisted in the design of the NGO workshops and presented the grant writing component of the workshops.
- Ms. Elizabeth Moore, MIP Software Trainer: Conducted a computer accounting software training course for NGOs and the financial staff of the MBCP.
- Ms. Jennifer Martinec, Coopers & Lybrand: Worked with Woodlands and MBCP staff to assess and revise Woodlands' overseas financial management and control system, and provided a summary review/assessment of activities in Nepal occurring under this project.

- Mrs. Suzanne Boeke, Certified Public Accountant, member of Woodlands Board of Directors and Chair of the Board Finance Committee: Reviewed and commented on the Woodlands Fiscal Policy and Procedures Manual and provided advise on financial consultants for the headquarters office.

VI. Financial Report

The final project financial report is included in *Attachment 6*, showing the summary budget-to-actual USAID and co-financing figures for the twenty month period of the grant. The report is based on the revised project budget submitted in November, 1993, and approved by USAID in January, 1994. At the time the revised report was submitted the first year of activity had been concluded and the revised budget was based on actual expenditures during year one. This explains why budget-to-actual figures are identical in year one of the attached financial report. The detailed analysis of year one figures is contained in the First Annual Report, September, 1993.

For USAID funded activities there was little variance between projected and actual costs in year two. The only area worth noting is the increase in funds used for the Ongoing Evaluation line item. The original amount of \$750 was insufficient to conduct the final assessment performed by Woodlands' auditors, Coopers & Lybrand. An additional \$850 was used for the evaluation, and \$40 was used to produce the First Annual Report. The amounts are not considered significant or material. Differences were made up with very minor savings in other line items. Based on the revised budget, during the twenty months of operation the project spent \$350 more in field costs than budgeted, and there was a corresponding savings under headquarters line items. Indirect costs were expended as budgeted. The overall USAID funded components came in as budgeted.

The Woodlands cost sharing components also showed little variation between budget-to-actual figures. There was a \$397 over expenditure under the field cost components, \$227 over expenditure on headquarters components, and \$59 in costs above budget for indirect costs, for a total of \$683 in additional costs over budgeted amounts. This was a 3% increase over budget and is not considered significant or material. This amount was covered by additional private grant funds available to Woodlands for these activities.

Cost sharing activities, in the total amount of \$26,985 for the twenty months of the grant were covered by an unrestricted grant to Woodlands Himalayan Conservation Program by the Funding Exchange Foundation, a private philanthropic foundation that has made significant contributions to Woodlands' international programs, particularly in the areas of institution building and environmental protection.

VII. Lessons Learned & Long Term Implications

1) Estimate of Cost/Benefit: While a cost/benefit monitoring system was not employed during the project, it is possible to evaluate some of the actual and potential costs and benefits of the project. For Woodlands Mountain Institute, one of the obvious costs was the private grant funding used to meet the co-financing requirement. These funds were taken from an unrestricted program grant that would have been used to support other institutional activities. The restriction on using other federal grant funds to meet the co-financing requirement was a significant cost to the institution, since it would have been relatively straight forward to use funds from federal grants to meet the co-financing requirement. Instead, Woodlands had to use nearly \$27,000 of its limited and highly valuable unrestricted funds for co-financing, significantly reducing the availability of funds for activities that are difficult to raise financial support.

However, the benefits of the project to the institution made this cost worthwhile. The financial training of accounting and program staff was necessary and would likely have had to be done using other institutional funds had this project not been in place. Under the grant, \$16,116 was spent on financial training of Woodlands staff, of which \$12,720 was funded by USAID, an amount that Woodlands would likely have had to raise through other sources had this grant not been available. Woodlands staff now spend less time learning and complying with grant financial and reporting requirements, particularly federal grants, leaving more time for program development and supervision. Benefits are being seen in audit and A-133 findings, which have been reduced over the last year and are of an increasingly insignificant nature. While there has been little time to see quantitative results in increased funding, it seems clear to the staff at Woodlands that the institution's increased maturity in financial management will attract more funding and more NGO partners. Of the \$40,286 spent on headquarters during this project, the institution has already received or is expecting to receive \$150,000 in grant funds from new donors that are attracted to Woodlands programs and its ability to manage grant funds in a professional and efficient manner.

Actual costs to the NGOs participating in this project were minimized to make the training courses available to as many organizations as possible. Loss of some staff time was incurred by the NGOs, but none were required to make direct cash payments to the project for attendance at any of the training programs. In a longer program or with better financed NGOs it might have been useful to charge some participation fee to develop greater value and stake in the program.

Some time and short-term efficiency was likely lost for those NGOs participating in the computer software training due to the problems of setting up and learning a new accounting system. The project

tried to minimize this by making training courses as intensive as possible and by having a low student-to-trainer ratio. The benefits, while too early to assess with quantitative data, should be significant for all the NGO participants of the project. Each participant was provided with skills that improve its ability to acquire and manage funds. Of the nearly \$48,000 of funding that was provided for the field costs of the project in Nepal, or an average of \$3400 per NGO participant, these NGOs are now in a position to raise many times this amount in grant funds for their programs.

Project staff feel that funds spent on financial management training programs for PVOs and NGOs have a significant payoff in the ability to raise funds, support programs, and assure future sustainability. The benefits in providing financial training, so necessary but so lacking among PVOs and NGOs, clearly outweighed the costs in terms of staff time and grant funding. Because of low country support costs and the basic nature of much of the required financial training, it is possible to provide this essential service at a very reasonable cost. In fact, it would be possible to provide follow-on training courses to participants and extend the benefits of this project with a minimum of additional funding.

2) Institution Building & Leadership Development: The project made a significant contribution in the professional development and confidence of the NGO participants and Woodlands Mountain Institute. Accountability and reliable financial management is critical to institution building. The confidence that comes from being able to acquire funds, manage them efficiently, and report on them accurately is essential in the institutional and leadership development of any institution. It was obvious from the NGO evaluations that they greatly valued this training and desired more of it. On the other hand, the trainers felt that the NGOs participating in the training, while in need of more financial instruction, were now so far ahead of the more rural NGOs in this area, that any future financial training should be oriented towards the smaller and more remote organizations.

3) Sustainability - Sustainability in terms of this project means the ability of NGOs and PVOs to support the implementation of projects and the institutional structure of their organization over time. The ability to acquire and manage grant funds is essential to institutional and program sustainability of nearly all NGOs and PVOs. Few of these organizations can survive without skilled and experienced financial staff. The NGOs that will survive and can play a leadership role are the ones that develop strong programs and can obtain and manage funds to support these programs.

An obvious limitation of this project was the nearly exclusive focus on grant funds. While these funds are often the largest available and most obvious and easiest to obtain, they will not necessarily be available in the future and they come with certain

costs related to donor objectives. Long term PVO/NGO sustainability must go beyond dependence exclusively on grant funds to other sources of funding, including membership, donations, endowments, trust funds, and marketing of specialized items, such as cottage industry products. It is not too soon for third world NGOs to start focusing on alternative funding sources, particularly with the access many of them have to wealthy tourists and growing middle classes. While this project did not focus on these potential sources of program and institutional support, the accounting and financial management mechanisms put into place have direct benefits to any organization branching into these other areas of fund acquisition.

4) Benefit and Participation, By Gender: As described in this report, benefits and participation was limited to Kathmandu NGOs. Clearly there is a need to extend financial training to NGOs in the more rural and remote regions of the country. Within Kathmandu, the benefits were distributed among both well established NGOs and organizations established in just the last three years. Of the 25 most active NGOs in Kathmandu during this project, more than half participated in the training courses and/or workshops sponsored by this project. These included a broad spectrum of NGOs with programs in health; education; natural resource management, protection and legal issues; issues of women in development; youth services; agriculture; and one NGO umbrella organization.

The project made a concerted effort to include women and NGOs with programs that target and benefit women. This can be challenging in a culture that does not promote women in leadership positions. However, there is a growing awareness of the importance of women in the development process in Nepal. While women are not well represented local NGO leadership, many of these organizations have programs supporting the role of women in development. Of 42 individuals who participated in training programs sponsored under this project in Nepal, one third were women, 6 of the 14 NGOs had programs supporting women in development, and two of the 14 were dedicated exclusively to women's issues.

Future projects of this type in Nepal should consider holding training courses exclusively for women's organizations. This might increase the participation of women, who sometimes hold back in joint training programs with men.

5) Innovation & Technology Transfer: Innovation and technology transfer was an important objective of the project. NGOs were provided with computers, a state-of-the-art accounting software program, and training to meet the growing demands on NGOs to track multiple grants through a wide variety of projects. NGOs were also trained in new methods of organizational management. It was clear from the response by the NGOs that they were ready for this type of technology and information transfer. They are capable of using the same technology and information that is being developed to improve

financial and organizational management throughout the world and should be given opportunities to use it and tailor it for their own needs and organizational requirements. There is also a growing population of young professionals and technicians in Nepal who can support this type of technology through training and servicing.

6) Collaboration & Networking: The need for networking and collaboration between donors and NGOs was very evident during the project. The participation of donor representatives in the financial workshops was considered one of the most successful aspects of the project by participants and trainers alike. Few of the NGO participants had previous direct contact with donors sponsoring NGO grant programs. The NGOs did not know what the donors were looking for in terms of projects or how they assess grant applications. Donor reporting requirements are not known ahead of grant approval and rarely understood and complied with when funds arrive. DANIDA, the Danish aid agency, was overwhelmed by the demands for assistance from NGOs in their small grants program. Not one NGO understood the reporting requirements or could produce a financial report in the format required. This project started a process of collaboration and networking between donors and NGOs that should be continued and replicated elsewhere.

Forums for collaboration and networking between the NGOs is another important lesson of this program. NGOs often feel they are competing with each other for limited resources and so do not look for opportunities to collaborate, share resources, or exchange ideas. This project provided a safe opportunity for NGOs to come together to discuss a highly sensitive topic, financial management and accounting practices. It showed that NGOs can learn from each other and share ideas, even on the most sensitive topics, if given a forum that is considered safe, where all organizations come together as equals (or sometimes, as equally inexperienced). Future financial workshops should give sufficient time for NGO collaboration and networking. Regular opportunities for NGOs to gather and discuss their operations and management is a way to make training an on-going and sustainable process.

The cooperative relationship that Woodlands developed with a number of the NGOs was an important benefit of the project. It gave Woodlands exposure to a wider group of NGOs, particularly those outside the environmental NGO community within which Woodlands normally works. Having PVOs involved in outreach and technical assistance is an excellent way to increase collaboration and networking between PVOs and NGOs. During the course of this project, Woodlands has worked with NGOs with which it either had no prior experience or was viewed as a competitor. Through this and other projects, Woodlands is taking a leadership role in bringing together NGOs that share its concern with mountain environments and the people who live in them.

7) Replication: Replication of the project would be simple and straight forward. The computer software training course and financial management workshops were practical and easy to duplicate. The entire Nepal component could be replicated using locally available technical assistance, computers and software. The basic nature of the financial and accounting information required in most cases means that highly specialized technical assistance is not required. In fact, if motivated, a group or association of NGOs could support a similar training program with little outside support. At the very least, NGOs meeting together to discuss their financial problems and solutions could make significant progress in developing responsible accounting and financial management systems.

VIII. Recommendations

The following recommendations were extracted from evaluations provided by NGO participants, consultants, trainers, and the Woodlands project staff. In many cases, the recommendations summarize overlapping suggestions and ideas.

1) Recommendations for the Project Leadership and PVO:

- Designate Woodlands staff to provide backstopping support to NGOs participating in the computer software training when these organizations have questions or run into problems. With little additional demand on their time, these staff could serve as a liaison and the communications channel between the NGOs and the U.S. based software company. This is an important aspect of project follow-up.

- Have the Woodlands Controller and CEO conduct a final review and make necessary changes to the Fiscal Policies and Procedures Manual developed under this project, and submit the manual to the Board of Trustees for review and approval.

- Provide training to Woodlands accounting and program staff in the use and application of the Fiscal Policies and Procedures Manual.

- In designing future training programs, conduct separate workshops in financial management and grant writing so these topics do not become confused or overwhelming for participants.

2) Recommendations to the Country and Local Leaders (NGOs):

- Have NGOs seek their own funding and/or resources to develop a training program to meet their ongoing accounting and financial management needs.

- Have NGO financial and/or administrative staff meet on a regular basis to discuss their problems and solutions to financial accounting problems.

- Encourage the development of a local financial management consulting firm or joint venture to provide technical assistance to local NGOs, businesses, and donors.

- Develop a volunteer program for foreign financial experts willing to come to Nepal to conduct short term financial and accounting training seminars. This recommendation is based on the frequent requests received by Woodlands from professionals wishing to travel to Nepal to do short term volunteer work. It is a way to provide short term, low cost technical assistance to NGOs, and need not be restricted to financial technical assistance.

3) Recommendations to Donors or Other Organizations Seeking Similar Impacts:

- Hold regular meetings with NGOs to discuss grant programs and reporting requirements.

- Donors must provide training programs to assist their NGO recipients in understanding and meeting their accounting and financial reporting requirements. Donors need to be sensitive to the accounting limitations of their recipients and seek ways to simplify accounting and reporting requirements.

- Develop a financial management and accounting training program for the more rural Nepalese NGOs. These are the NGOs closest to the large population living outside the urban areas. The number of these NGOs is growing rapidly and will easily exceed those in the urban areas. Because of their close association with communities, they have potentially greater impacts on development in Nepal. However, they are the organizations least experienced and most in need of financial training programs. Accounting and financial management systems need to be tailored for this group since they generally have fewer trained staff and less sophisticated requirements.

- Seek technical assistance and conduct workshops in alternative funding sources for NGOs. NGOs need to expand their funding base beyond donor agencies to memberships, donations, endowments, trust funds, and marketing of specialized products. NGOs able to diversify their funding bases and find new funding sources are the ones that will likely have the most reliable support in the future.

- Develop accounting and financial management manuals and materials in Nepali language for better understanding and use by the more remote NGOs.

CONCLUSION

The project fulfilled its objective of strengthening financial management, accounting, financial reporting procedures for Woodlands Mountain Institute and local NGOs in Nepal. The ability of Woodlands and the participating NGOs to manage their finances and work with partner organizations and donors has been substantially increased. The project increased the sustainability of Woodlands and the participating NGOs. Donors will find these organizations responsive to financial requirements and reliable development partners.

This project can be followed up in a number of constructive ways that would increase its impact. NGOs should be encouraged to meet on a regular basis to discuss their financial and accounting problems and solutions. Donors should meet more often with NGOs to discuss grant programs and NGO interests. Donors should hold workshops for their NGO recipients to train them in grant accounting and reporting requirements. NGOs need to explore alternative funding sources so they are not entirely dependent on grant funds. Financial and accounting training courses need to be designed and conducted for rural NGOs.

Sustainability of NGOs is dependent upon the development and management of good organizations, projects, and staff, and the ability to obtain and manage funds. This project focused on obtaining and managing grant funds. It made an important contribution in the ability of the participating organizations to develop professional financial systems. These organizations are in a better position to acquire grants, manage funds, and report to donors - skills that are essential to their institutional development and long term sustainability.

Attachment 1

- Original Logframes & Workplans -

- Revised Workplan -

Item

Month

1992

1993

M A M J J A S O N D J F M A M J

Item	1992 M	1992 A	1992 M	1992 J	1992 J	1992 A	1992 S	1992 O	1992 N	1992 D	1993 J	1993 F	1993 M	1993 A	1993 M	1993 J	
Contact prospective Nepalese NGOs for participation in program																	
	(In progress during 1991)																
Final selection of Nepalese NGOs																	
	(September 1991)																
Recieve U.S Aid funding	█																
Woodlands staff (3#) training in financial and project management (3 courses/15 days each)			█	█													
U.S. purchase of computer hardware/software			█	█													
Arrival/setup of computer hardware/software in Nepal						█	█										
Short-term U.S. financial consultant to Franklin and Nepal (30 days)						█	█										
Woodlands CFO and Program Officer to Nepal (51 days)						█	█	█	█								
Nepalese CPA firm consultancy							█	█	█		█	█			█	█	
Short-term training courses for Nepalese NGOs							█				█						
Preparation of training manual							█	█	█	█	█	█	█	█	█	█	
Publication/distribution of training manual															█	█	█
Nepalese NGO/Nepal Coalition workshops																█	█
Final evaluation																	█

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USAID/PVO Implementation Plan

ACTIVITIES	SUBACTIVITIES	OUTPUT	TIMELINE												1994	RESPONSIBLE PERSONS or ORGANIZATION	BUDGET AID	WOOD	COMMENTS					
			1992				1993													J				
			S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J					
Receive AID Funding			-X																					
Finalize Conceptual, Implementation, & Budget	Revised Workplan & Budget		-X	XX-																G,J,B,A				Objectives & schedule need review
	Address Co-Financing Question	Revised Budget	-X	XX-																G,J,B,A,AUDITORS,AID				
Woodlands Staff Training																								
	MIP Training	Course Summary	-X-																	G,J,B,W STAFF	9000	210		Objective of trainings
	Financial & Admin Training	Course Summary																		G,J,B,A				needs elaboration
Purchase of Computer Hardware & Software	Goods Purchased						XXXX													G,J,B,A	14600			Type of equip needs review
Setup of Computer Hardware/Software	Computers Setup								XXXX											R,A	180			
Short Term Financial Consultant To Franklin	Report								-XX												2250			Objectives & scope of work
	Hire Consultant																			G,J,B				need elaboration
	Visit Franklin																			G,J,B,CONSULT				
Short Term Financial Consultant to Nepal	Report										-XX										5250			Objectives & scope of work
	Visit Nepal																			G,J,B,A,R,CONSULT	3235			need elaboration
Woodlands CFO to Nepal	Report									-XX	X-									G,J,B	3235	4809		Objectives & scope of work
Woodlands Program Officer to Nepal	Report									-XXX	X-									G,J,B	3480	4732		need elaboration
Nepalese CPA Firm Consultancy	Report		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXXX	R	2800			Scope of work needs elaboration
Short Term NGO Trainings	Participants Trained										X-	X-	X-							G,R,J,B	1000			Scope of work needs elaboration
Preparation of Financial Procedures Manuals																				J,R,B,CONSULT				Scope of work needs elaboration
	Franklin	Draft Manual						-XX	XX-											J,CONSULT				Scope of work needs elaboration
	Nepal	Draft Manual								-XXX	XXXX									R,J,B,CONSULT				Scope of work needs elaboration
Publication of Financial Procedures Manuals																								Scope of work needs elaboration
	Franklin	Manual Published										XXXX								J	1000			Scope of work needs elaboration
	Nepal	Manual Published											XXXX							R,J,B	1000			Scope of work needs elaboration
Workshops with Nepal NGOs																								
	#1 Needs Assessment	Workshop Conducted									-X									R,J,B,CONSULT	1000			Workshops objective & design
	#2 (Accounting ?)	Workshop Conducted																		R+?	1000			need elaboration
	#3 (Grants & Reporting ?)	Workshop Conducted																		R+?	1000			
	#4 (Personnel & Financial Proce	Workshop Conducted																		R+?	1000			

ACTIVITIES	OUTPUT	1993												1994					RESPONSIBLE
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	PERSON
Prepare WMI Financial Manual	MANUAL																		
Id & Hire Consultant			XXXX																JA,BD
Consultant Produces Draft				XXXX	XXXX														C
Draft Reviewed & Revised at W						XXXX	XXXX												JA,BD,MA
Prepare MBCP Financial Manual	MANUAL																		C,RS
W Draft Manual Reviewed						XXXX	XXXX												RS
First Draft									XXXX										RS
Draft Reviewed & Revised										XXXX	XXXX								JA,BD,MA
NGO Computer Accounting Training	NGOs TRAINED																		
MIP NGOs Identified					XXXX	XXXX													BD,RS
Soft & Hardware Purchased & Shipped							XX	XX											BD,AP
MIP Preliminary Training								XX	XXXX	XXXX	XXXX								RS
MIP Intensive Training (Oct 4-8)													X						C,RS
2nd Software Program Identified									XXXX										BD,RS
Soft & Hardware Purchased & Shipped														XXXX					BD,AP
2nd Grp NGOs identified									XXXX										RS,BD
2nd Grp NGOs trained																	XXXX		RS
Financial Management Workshop	NGOs TRAINED																		
Organizational Meetings								X	X	X	X	X							B,RS,RP,EB,AC
NGO's Identified								XX	XXXX										RP,B,AC
Model Fiscal Manual Prepared										XXXX									RS
Design Finalized													XXXX		XX				RP,AC
Invitations Sent & Location Booked												X	XX	X		X			RP,AC
Workshop Conducted																	X		RP,RS,AC
Woodlands Financial Training	STAFF TRAINED																		
Training Needs Id		XXXX	XXXX	XXXX															BD,JA,STAFF
Training Options Id				XXXX	XXXX	XXXX													BD,JA,STAFF
Training Attended								X	X	X	X	X	X	X					STAFF
Independent Project Assessment	REPORT																		
Id & Hire Consultant																XXXX			BD,GC,MA
Assessment Conducted																	X		C
Report Submitted																		X	C

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Attachment 2

- Information from 1st & 2nd Workshops-

WOODLANDS MOUNTAIN INSTITUTE
PVO WORKSHOP ON NOVEMBER 18-20, 1993
PROGRAM

DAY ONE

9:30-10:30	Panel of Donors (USAID & DANNIDA) Sally Patton and Thupten Gyalpo
10:30-10:45	Tea Break
10:45-12:45	Grant Writing presented by Anil Chitrakar
12:45-1:30	Lunch
1:30-5:30	Grant Writing

DAY TWO

9-1 pm	Grant Writing - Completion
1-2 pm	Lunch
2-5:30	New Topic: Financial Procedures & Control by Ratna Sansar Shrestha

DAY THREE

9:30-10:00	Donor Panel: Bharat Koirala, GEF Small Grants
10-1 pm	Financial Procedures
1-2	Lunch
2-5	Financial Procedures - Completion
5:00-5:30	Your comments and feedback

- * Lunch and tea will be served on all three days.
- * Note: There will be two tea breaks.

September 21, 1993

Dear Sir,

Thank you for your interest in the FINANCIAL PROCEDURES AND GRANT WRITING workshop to be held on November 18-20, 1993.

As I mentioned in our phone conversation, the purpose of this Workshop is to strengthen Nepali NGOs like yours. We recommend that you send two or three of your senior staff who could benefit the most from the Workshop.

The Workshop will cover two major topics:

1. Grant/Proposal Writing.
2. Financial procedures and controls.

It will be a practical course geared to the needs and challenges facing Nepali NGOs. For both topics, representatives from donor agencies such as USAID, DANNIDA, UN/GEF, IUCN will also participate in a question and answer session with the NGO groups.

Upon completion of this Workshop, participants will:

- develop guidelines to produce a financial procedures/controls manual tailored to your own NGOs.
- gain a better understanding of the specific needs of donors and of potential opportunities for future grants.
- develop and write more persuasive Grants .

If you are interested, please nominate two or three persons. Please, also, fill out the enclosed questionnaire and return it to me by October 8, 1993. Once we receive both of these, we will review it, and then send a written confirmation by October 15th.

We will be accepting a maximum of 25 participants only. Should you have any questions, please call me directly at 413-388 or leave a message at the Woodlands Office, Kathmandu, c/o of Rama Shrestha, tel 419-224.

Respectfully,

Ravi Pradhan

for Woodlands Mountain Institute

WOODLANDS MOUNTAIN INSTITUTE

APPLICATION FORM

for Workshop on:

FINANCIAL PROCEDURES AND GRANT WRITING

Venue: Hotel Blue Star, Tripeshwor

Dates: November 18, 19, 20, 1993 Time: 9 am - 6 pm

Please nominate two or three persons for the Workshop:

Names

Position

Name of Organization

Address

Telephone

PLEASE RETURN THIS APPLICATION TO:

Ravi Pradhan
Woodlands Mountain Institute
c/o Makalu Barun Conservation Project
Naxal

Tel 419224

Ravi Pradhan Tel 413388

QUESTIONNAIRE

To help us prepare for the Workshop on FINANCIAL PROCEDURES AND GRANT WRITING, we would appreciate the following information from your organization.

1. Name of NGO
address and tel number
2. Date established.
3. Number of professional staff
4. Name of executive director.
5. Current grants and on going programs: donors, activity, target groups, completion date.

What are your major concerns for the future of your NGO?

What are the three or four major obstacles or barriers facing your organization?

Do you have a manual for financial procedures and controls?
If, yes, how well does it serve your needs? Are you satisfied with it?

What kinds of grant proposals are you preparing on or intend to develop in the next six months? And who are your potential donors for these grants?

Note:

On a separate page, please also send the names and positions of the two or three persons you are nominating to the above workshop.

PARTICIPANTS LIST

Financial Procedures & Grant Writing Workshop, Nov 18-20 Kathmandu, Nepal

Name & Add.of NGO.	Representative	Position
1.Manushi Gyaneshwar, P.O.B.2682, 416067	1.Mrs Meena Mainali 2.Poonam Shrestha 3.Navina Sakya	Training Officer Research Officer -----
2.Institute For Sustainable Agriclturist Nepal (INSAN) Baneshware, P.O.G.6716 471448	1.Raju Babu Shrestha 2.Dhurba Pr. Phuyal 3.Tika Ram Thapa	Deputy Director Admin. Officer Agriclturist
3.Nepal Forum of Environmental Journalists (NEFEJ) Thapathali, P.O.B.5143 227691	1.Raquh Mainali	Executive Member
4.NGO-Federation of Nepal P.O.B.7768 271658	1.Mr.Madhav Pradhan 2.Ms Nirmala Shrestha 3.Ms Saraswati Manandhar	B o a r d Member/Treasurer Office Administer -----
5.Woman in Environment New Plaza, Putalisadak 411303	1.Seema Baral	Administrative Officer

- | | | |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <p>6. Youth in Environment
Bijulibajar New
Banashwor, P.O.B.571,
473225</p> | <p>1. Ejendra P. Luitel
2. Uttam Uprety
3. Suman Shrama</p> | <p>Treasurer
General secretary
President</p> |
| <p>7. Agroforestry, Basic
Health & Cooperatives
(ABC) Nepal
Kalikasthan, Dillibajar
413934</p> | <p>1. Mr. Pranaya Sharma</p> | |
| <p>8. Institute for
Integrated Development
Studies, PO Box 2254
474718, 470831</p> | <p>1. Saqar Raj Joshi
2. Shanker Poudyal
3. Udaya Raj Waqle</p> | <p>Finance Officer
Monitoring &
Evaluation officer
Account Officer</p> |
| <p>9. Kathmandu Environmental
Education Project
(KEEP)
Tridevi Marg, Kathmandu
P.O.B. 4944
418755</p> | <p>1. Yoqendra Kayastha
2. Robin Dhaubhadel</p> | <p>Managing Director
Volunteer</p> |
| <p>10. Centre for Agro-
Ecology and Development
Thapathali, P.O.B. 4555
213827</p> | <p>1. Samita Bhattarai</p> | <p>Office Manager/
Public Relation</p> |

WMI PVO WORKSHOP
November 18-20 , 1993

COMMENTS AND FEEDBACK

1. What was most relevant or useful to you?

The majority said the Grant Writing was very useful;
donor panel - learning about their requirements
and experiences.

2. What was least relevant or useful?

Several participants said that the Financial Procedures
would have been more useful for participants with some
background/knowledge in this area.

3. What could we do to improve the quality of GRANT WRITING? And
Financial Procedures?

Grant Writing:

More time for review of real cases, and for review of proposal
worked on during the course. More time with donors.

Financial Procedures:

distribute manual well before workshop to give time for
review, and have each NGO bring their comments.
give separate course for this section, and invite those who
have some background in this area.
include topic on accounting system

4. On a scale of: Very useful - useful- somewhat - not useful

5 persons rated the workshop very useful
14 persons rated it useful
One person did not show up the last day

4. Other comments.

Schedule on week days not on Saturdays.
Include topics in management
include follow up
separate workshops for Grant Writing and Fin Procedures

Woodlands Mountain Institute

Advancing Mountain Cultures - Preserving Mountain Environments



February 6, 1994

Dear

Hello and Namaste again.

We are very pleased to invite you to two follow up workshops this month to further strengthen and improve your capabilities as Nepal NGOs.

The first follow up workshop will focus on the two topics covered during the first workshop: grant writing and financial procedures. For the financial portion (Feb 18th), we ask that only those staff in the finance/accounting department participate. If you wish to, you are of course welcome to attend on this day. For the grant writing part, we ask that you bring specific grant applications that are being written up or those you wish to work on in the follow up session itself (Feb. 17th)

In addition, as requested by many of you, we are also offering a three day DESIGNING THE FUTURE workshop to help improve your team effectiveness, communication, deal with obstacles, and increase productivity. For this three day workshop, we encourage you to invite your senior manager or director.

The dates of the workshop are as follows:

Grant Writing	February 17th
Financial Procedures	February 18th
Designing the Future	February 23-25th

Time: 9-5pm

Venue: National Administrative Staff College, Jawalakhel

Please confirm your participation by February 14th at telephone 413-388 11-5pm.

We look forward to working with you again.

Regards,

Ravi Pradhan

Teaching Campus:
Spruce Knob Mountain
Cherry Grove
West Virginia

Headquarters:
Main & Dogwood Streets
Franklin, WV 26807
Phone: (304) 358-2401
Telex: 256685 MIN OR
FAX: (304) 358-2400

Asian Office:
P.O. Box 2785, Kathmandu
Nepal, Phone 419 221
FAX: 011-977-1-410 071

DESIGNING THE FUTURE

COURSE OUTLINE

FOUNDATION OF DTF

1. Linguistic: the role and impact of languaging (phenomenon of language) in shaping, interpreting and creating our reality - and hence the future we walk into. How it affects our productivity and creativity, and shapes our action.
2. Ontological: who we are as beings. as managers & leaders. What and how we are being in relationships. And how it affects our emotions and feelings.
3. Systemic: Organizations as a whole system. Not as a sum of parts. Whole is a different phenomenon. If you treat parts only, it causes other effects in other parts of the system.

The first three days of the workshop are divided between inquiring into the nature of organizations and its culture; and gaining a basic facility in new tools and technologies to improve team effectiveness and productivity.

Skills from the workshop:

1. Increasing team effectiveness and creativity.
2. Improving the quality and clarity of communication in your teams and organizations.
3. Turning complaints into actions that further your commitments.
4. Handling breakdowns to produce breakthroughs.
5. Designing and generating a future beyond what is merely predictable.

PARTICIPANTS LIST

GRANT WRITING

Tika Ram Thapa & Prakrita Rana	INSAN
Uttam Upreddy & Gopi K. Khanal	Youth in Environment
Yogendra Kayastha	KEEP
Sagar R Joshi, Shankar Poudyal, Udaya Wagle	IIDS
Samita Bhattarai	Center for Ecology & Development

FINANCIAL PROCEDURES

Dhurba Phuyal & Tika R Pokharel	INSAN
Ejendra Luitel & Rabindra Bajracharya	Youth in Environment
Yogendra Kayastha	KEEP
Mohan Bista	NFEJ
Seema Baral	Women in Environment
Sagar Joshi & Udaya Wagle	IIDS
Pritam Shrestha	SEARCH

DESIGNING THE FUTURE

Dhruba Phuyal & Prakrita Rana	INSAN
Uttam Upreddy, Rabindra Bajracharya Narayan Poudel	Youth in Envir.
Yogendra Kayastha & Prakash Joshi	KEEP
Seema Baral	Women in Envir.
Sagar Joshi, Udaya Wagle, Suresh Satyal	IIDS
Samita Bhattarai, Teeka R Bhattarai, Bernard Del Court	Center for Ecology & Dev/SEACOW

Comments from Anil Chitrakar

1. The NGOs who need to develop their skills in the basics of Grant Writing and Financial management/accounting are those located outside KTM valley.
2. IT might be more productive to divide the Grant Writing into shorter workshops of a day each for different categories of grants, such as : environment, health, education, community development, income generation....Each of these have their own requirements in terms of grant proposals.
3. Involve the donors - more donors, more face to face interactions, more specific issues.
4. Offer basic financial planning and account keeping workshops.

Comments from Ratna Sansar Shrestha

1. Participants had not done further work on the Manual that was reviewed in the previous workshop. This whole concept and practice is still fairly new to Nepali NGOs.
2. What NGOs really need is a longer term program to help them with their accounting systems, financial planning and internal audit systems.

Comments from Ravi Pradhan

1. Separate groups for Grant Writing and Financial Procedures.
2. Offer a longer term program to include regular follow up coaching sessions.
3. Offer basic course in accounting and financial management.
4. Require that participants pay some fee (for example, they could pay for their own meals and cost of room). When it's free, they value seem to value it less. They need to invest in it, too for them to take it more seriously.
5. Include a wider range of topics (such as leadership development, lobbying, etc., refer to Karuna's material).

FEEDBACK FROM PARTICIPANTS
on Follow up Workshops

Grant Writing

They liked hearing about present trends on donor funding, approaches and future possibilities. They also asked for more opportunities to meet directly with donors.

Financial Procedures

For all of them, the discussion on tax related issues for NGO was found very useful. They also liked sharing and learning from each other's accounting system as well as new ideas for improving their own systems.

Designing The Future

All of them reported that it was very useful and practical. Many of them suggested a longer time period, more follow ups, and attention to individual organization's problems.

Attachment 3

- MIP Training Consultant Report -
- Coopers & Lybrand Consultant Report -

To: Bob Davis
Woodlands Mountain Institute

From: Elizabeth Moore

Date: October 25, 1993

It has been my pleasure to conduct training on MIP Fund Accounting Software in Kathmandu, Nepal from October 4 through October 8, 1993. The participants were eager to learn the software and had many questions and some special areas of concern, both basic and advanced. We addressed all the questions and worked out many of the special concerns.

Participants and the organizations represented were:

SOUTH ASIA PARTNERSHIP-NEPAL (SAP)
Govind Kumar Shrestha, Administrative/Finance Officer
Devendra Kumar Arval, Program Finance Officer

KING MAHENDRA TRUST FOR NATURE CONSERVATION (KMTNC)
Jitendra Raj Onta, Chief Accountant
Krishna Lal Maharjan, Accounting Assistant

MAKALU-BARUN CONSERVATION PROJECT (MBCP)
Purushotam Bhattarai, Finance/Administrative Assistant
Om Bor Ragnubansi, Assistant to Financial Officer
Madhab Bhattarai, Financial Officer

Ratna Sansar Shrestha of Makalu-Barun Conservation Project served very ably as facilitator. Mr. Shrestha deserves many thanks for his excellent professional assistance. His fine expository skills and in-depth understanding of the organizations needs were invaluable to the training. I also appreciate his ability during my stay in Kathmandu to make me feel at home -- so many miles away from home!

I. Course Description

The daily schedule basically followed the three day Fund Accounting class taught at our Austin offices and included several topics which are normally covered in the single day Advanced topics class. We covered many topics in more depth than the Austin training does, and tailored in-class examples to the participant's special needs and concerns. We did not include Accounts Receivable or Account Payable modules which are normally covered but did discuss the Secondary Data Entry module and gave an overview of Fixed Assets module, which was of interest to each participant.

See the outline attached for the daily schedule.

II. Assess competency and skills gained.

The hands-on practice exercises were effective in getting each participant comfortable in navigating around the menu selections, in determining set up requirements, creating a sample data base of files, performing the data entry cycle, backing up data files, and generating reports. Extra work in the form of generating MIP reports from their live data was assigned to students in response to their questions.

Each participant was asked to complete an evaluation form asking if and how the training helped them. I am including a copy of each form returned to me.

III. Assess application of software in organizations

MBCP was more experienced and advanced in their understanding of MIP, but still had basic questions and problems that most new users have. We addressed their questions and concerns during class hours as well as during the other time available. They sought more advanced consulting assistance besides the specific MIP related training.

SAP had some experience working with their chart of accounts and had a special concern that the detailed chart of accounts was suitable for much of their reporting needs but was too detailed for annual summarized reporting which they required. We spent as much time as we could allow in class on their needs and determined Mr. Govind Shrestha could set up a sample organization with the subaccounts he felt he needed on his own time. The two of us met the Monday afternoon following classes at the SAP offices and discussed more issues of concern, entered and posted transactions and produced some needed reports to his satisfaction. He had continued working that week and had still more questions when I called Friday from the airport. We were able to address these other questions at that time.

Initially, KMTNC seemed to be least familiar with MIP. The two participants from KMTNC worked well together and seemed to make a good team. Mr. Onta seemed to know the accounting very well and to understand how MIP was addressing important accounting issues, but was a little more timid with the hands-on activities. Mr. Krishna Maharjan, however, was very quick and comfortable with the computer hands-on tasks. They mentioned a couple of areas which they were not comfortable with, so we spent class time covering those areas. At the end of class, they expressed that they had no other particular problems or questions.

IV. Recommendations

My recommendations are to use MIP more effectively. The on site training gave each user a good basis for doing this. I've included a list of more detailed recommendations and suggestions.

On site training was an excellent idea to provide more efficient and effective training than the Austin training for these individuals would allow. These users received more individual attention than they would have in the Austin training classes. Additional on site training should be considered in another twelve months and should allow more time to be spent on the specific users' setup and reporting needs. This time frame of twelve months should allow time for MIP to introduce their next enhanced version, so that new features and changes can be included in the training.

Among MIP users in a close geographic area, we have many organizations who meet together periodically to share ideas and questions as User Groups. The three Nepal organizations should consider meeting together periodically to discuss problems and share solutions they have found and worked out.

Suggestions and Recommendations -- Detailed Listing
(Primarily directed towards MBCF)

USE MIP MORE EFFECTIVELY

Use the Bank Reconciliation feature. Report on all checks each month before clearing any checks. Then enter cleared checks and other cleared items and report on all items. When clearing a check from many funds, enter fund '***' so that system will automatically clear the check from each fund it was entered in.

Use Budget Reporting module to create a budget work sheet file and enter the annual budget (after you convert it to rupees for consistent reporting).

I've enclosed HP Laserjet macros and instructions for printing landscape mode on legal sized paper, which is needed for all expanded format reports, particularly to report both annual and year-to-date amounts in Budget Reporting module and General Ledger detail report. As we discussed in class, the laser printer can be set manually, but these macros and work station printer codes will allow settings to be entered from within MIP. Please forward so that each organization can use.

Go ahead and set up the most frequent payees as vendors. Even if you are not using Accounts Payable module to enter disbursement checks, you can set up your payees as vendors, then quickly enter the name through a vendor code, then use the description field to further document the transaction. This will give you more information in the same amount of data with little more data entry. You can then print reports such as cash disbursements journals by vendor or cash receipts by customer which should be helpful when trying to settle accounts and reconcile.

DATA ENTRY AND CODING

You have designed voucher forms for multi-use. Go ahead and code these voucher forms with the proper GL numbers for each bank account, then add coding of the Fund as the voucher form is written.

Mark account codes with the proper status for those accounts which are not normally used by designating them as inactive and discontinued in the chart of accounts menu selection CA EA. Since your chart of accounts file is fairly long and seems to include quite a few inactive accounts, this additional maintenance may save some coding errors.

Account Combination Edits seemed to have applied nicely to your chart of accounts, so I trust you will set them up as soon as possible so that you can take advantage of their assistance with verifying data entry and coding.

While the computer equipment used at this facility is a good choice and quite suitable for the environment it was chosen for, let me comment that laptops are known for their efficient keyboard layout but not for their ease of data entry. Consider a desktop model for your next purchase because the keyboard and larger display are easier to use for installations with heavy data entry. Alternatively, consider an external keyboard which may can be plugged in to the lap top computer. Check the manual to see if your laptops support an external keyboard. Also, proper computer data entry height is lower than the normal desk height, usually about 26 inches instead of 29 inches for desks. Consider using a typewriter table to bring the keyboard down to elbow height for efficiency. A simply constructed narrow side table could be inexpensive to manufacture but allow better posture for data entry.

Get 1992 Audit Adjustments from Woodlands Mountain Institute and record them on MIP 92 period 13.

FIXED ASSETS INVENTORY

Note to Ratnah: As we discussed on the fixed assets you wish to account for, the 1992 audit may have addressed this issue. If not, you may first wish to consult with Woodland's accountants before starting to account for fixed assets. If the assets are not considered to be material, the accountants may properly choose to not record them on the books. In that case since you still want to keep track of the assets, you may wish to create your fixed assets database in a separate subdirectory into which you restore your chart of accounts file and create empty ledger files. If you wish instead to add the fixed assets to your current live set of data, then you can enter the items as fully depreciated with proper cost or with no cost. If it is decided the fixed assets are material in amount and you wish to start accounting for the assets, then you will need to make the prior period adjustments and restate financial statements to reflect this correction.

USE STANDARD DUE TO/DUE FROM ACCOUNTING FOR INTERFUND TRANSACTIONS where it is appropriate.

SECONDARY DATA ENTRY (SDE) MODULE

As we discussed in class, loading the single user version of MIP on multiple machines violates the license agreement, and also presents the problem of merging without replacing data entry.

Therefore to assist users who need multiple data entry work stations to handle the entry workload but do not have a Local Area Network (LAN) installed. MIP sells the Secondary Data Entry module.

The SDE module of MIP is designed for loading software on more than one computer (the secondary computers) for the sole purpose of data entry. Periodically, the data entered on these secondary machines are all merged to the data entry of the primary machine for posting and reporting.

NEED RESOURCES

DOS 5.0 manual

Fund Accounting text

Config.sys was corrected on two machines for proper use with MIP.

NOTE TO PURU: I recommend loading smartdrive which should speed up processing on each machine. As with any change in the system setup, make sure you have a backup of your data files and discontinue use if conflicts appear or degradation in performance occurs.

Add the following to the end of your config.sys:

```
DEVICE = C:\DOS\SMARTDRV.SYS 1024
```

You may want to experiment with values from 1024 up to a maximum of 2048. This disk caching software uses some conventional memory, but improves speed on systems with extended memory.

Also, please check the config.sys files and make sure the DEVICE=C:\DOS\HIMEM.SYS is the FIRST device command and appears before any other device commands. All your systems were loading DOS high as they should be, but after adding the smartdrive, make sure the HIMEM.SYS is first.

SUPPORT

Woodlands evidently intends to support the three Nepal organizations. This arrangement should work out fine, but please inform the organizations as to the procedures you want them to follow for obtaining assistance. We discussed in class the power of the fax machine in the support world for explaining questions and documenting problems. So Woodlands may ask to receive problems by fax then address the problem or forward on to MIP Support as needed.

OUTLINE OF TRAINING CLASS

October 4-8, 1993

Monday

System Setup
General Menu Overview
Setup Work stations
Create Database
Rehabilitation Resources Agency-Case Study

Chart of Accounts
Subaccount Requirements
Account Combinations Edits
Entering Vendor and Customers

Practice Exercises -- Hands On Tasks 1-6
Overview of the Data Entry Cycle

Tuesday

Distribution Codes
Offset Assignments
Practice Exercises -- Hands On Tasks 7-11

Data Entry cycle-continued
Disbursement Check Entries
Reprint Check Registers
Entry of Revenue Receipts and Journal Vouchers

Backup & Restore
Monthly procedures and Performing Period Close
Removing Posted batches
Year End Procedures and Closing the Accounting Year
Removing Prior Period Detail and Old Fiscal Year

General Functions:
Reversing Posted Entries
Copying Entries
Passwords

Wednesday

Reporting-- overview, setup screen and report options
Report examples

Practice Exercises -- Hands On Tasks 12-16
Financial Statements
Formatting Balance Sheet

Thursday

Interfund Transactions
Rebuilding Ledgers
Error codes and what to do
Account Combination Edits example
Fixed Assets overview
Database Interface module

Friday

Budget Reporting Module

Practice Exercises -- Hands On Tasks 17-22

Bank Reconciliation Feature

Special concerns of each organization

October 7, 1975

NAME	TITLE	ORGANIZATION
GOVINDA KUMAR SHRESTHA	Admin/Finance Offices	South Asia Partner Ship - Nepal.
DEVENDRA KUMAR ARYAL	PROGRAM FINANCE OFFICER	"
Jitendra Raj Onta	Chief Accountant	King Mahendra Trust for Nature Conservation
GURUSHOTAM BHATTARAI	FIN/ADMN ASSISTANT	MIBNP & CAP
OM BDR RAGHUBANSI	ASST HC F/O	MIBCP.
MADHAB BHATTARAI	FINANCIAL OFFICER	MBCP.
KRISHNA LAL MAHARJAN	Accountant	Asst. King Mahendra Trust for Nature Conservation.

EVALUATION FORM FOR ONSITE TRAINING ON MIP FUND ACCOUNTING
OCTOBER 4-8, 1993
KATHMANDU, NEPAL

Please rate the following and provide additional comments.

Facility	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Training Guide	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Instructor	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Content	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Practice exercises	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Classroom setup	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor

Items you would like to see included in the future

YES

Has this training helped you in your work with MIP? How?

YES

Suggestions for improvement

Practical Exercises to be done lot
more

5/2

EVALUATION FORM FOR ONSITE TRAINING ON MIP FUND ACCOUNTING
OCTOBER 4-8, 1993
KATHMANDU, NEPAL

Please rate the following and provide additional comments.

Facility	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> Poor
Training Guide	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
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Practice exercises	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Classroom setup	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor

Items you would like to see included in the future

Has this training helped you in your work with MIP? How?

Suggestions for improvement

EVALUATION FORM FOR ONSITE TRAINING ON MIP FUND ACCOUNTING
OCTOBER 4-8, 1993
KATHMANDU, NEPAL

Please rate the following and provide additional comments.

Facility	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> Poor
Training Guide	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Instructor	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Content	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Practice exercises	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Classroom setup	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> Poor

Items you would like to see included in the future

Budget Reporting

Has this training helped you in your work with MIP? How?

Yes please and we cannot say right now. We will let you know in future.

Suggestions for improvement

It should be simplified and more readily understood.

EVALUATION FORM FOR ONSITE TRAINING ON MIP FUND ACCOUNTING
 OCTOBER 4-8, 1993
 KATHMANDU, NEPAL

Please rate the following and provide additional comments.

Facility	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Training Guide	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Instructor	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Content	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Practice exercises	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Classroom setup	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor

Items you would like to see included in the future

Like to see in the Texas, USA in
 future - if invited by Woodland or
 MIP. - opportunity.

Has this training helped you in your work with MIP? How?

A lot -
 have no word
 to mentioned.

Suggestions for improvement

Draws.
 ONTA
 KMTWC
 KPM
 30X 3912
 55

EVALUATION FORM FOR ONSITE TRAINING ON MIP FUND ACCOUNTING
OCTOBER 4-8, 1993
KATHMANDU, NEPAL

Please rate the following and provide additional comments.

Facility	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Training Guide	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
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Practice exercises	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Classroom setup	<input checked="" type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor

Items you would like to see included in the future

✓

Has this training helped you in your work with MIP? How?

I feel this training helps me to work with MIP. Because I learn so many new things & follow it which never happens before.

Suggestions for improvement

I am not so much familiar so, now I don't have any suggestions. Later on I will give suggestions for improvement.

May 9, 1994

TO: Woodlands Mountain Institute
FROM: Jennifer Martinec

As requested, we have performed the following procedures for Woodlands Mountain Institute's (WMI) Makalu-Barun National Park and Conservation Area Project (MBCP) located in Nepal:

1) Review of Financial Reporting System

We have gained an understanding of the current MBCP financial reporting system through discussions with Ratna Sansar, Madhav Bhattarai, and other finance personnel. The attached flowcharts and narratives describe this understanding. We have also attached recommendations which we believe improve the financial reporting system.

2) Assistance for New Oversight Position

We have read the revised Supplementary Agreement between Department of National Parks and Wildlife Conservation of the Ministry of Forest and Soil Conservation His Majesty's Government of Nepal and WMI. We have the following recommendations regarding the oversight procedures that should be performed by the WMI:

As the oversight position and responsibilities have not been finalized we recommend that the oversight position not have both purchasing responsibilities and financial oversight.

3) Review Current Fiscal Procedures Manual

We have read the MBCP Manual of Fiscal Policies and Procedures in conjunction with WMI's proposed Manual and have the following comments:

- a. The manual should detail responsibilities within the project, specifically segregation of duties within the accounting department, including review and approval within finance and monitoring by the project managers.
- b. We suggest that budgetary information be available to the project officers, with the responsibility for explanations of variances, reporting to the project managers.
- c. References to specific requirements for the GEF/UNDP grant should be made, for instance, the requirement for Audit, with specific reports necessary.

d. Reference for the maintenance of the separate fixed assets subsidiary ledger with reconciliation to the general ledger and periodic physical inventory should be included.

4) Review GEF/UNDP Accounting, Reporting and Disbursements

We have read the GEF/UNDP accounting, reporting and fund disbursement requirements included in the following agreement, Programme and Projects Manual - Audit Requirements for Government Execution of UNDP Funded Project. We have gained an understanding of WMI's financial reporting system through discussions with Ratna Sansar, Madhav Bhattarai, and other finance personnel and compared it to the requirements included in the agreements noted above. We have the following recommendations:

a. A work plan for the monies needed on a quarterly basis must be developed, accounting records must be kept by budgeted line item, quarterly requests for advance and financial reports must be submitted to the UNDP and annually, the Annual Status of Funds should be submitted, and the certification process is essential and necessary for financial events.

b. The general control environment should include the following key factors, to demonstrate that the project is being executed in a conducive environment, including management approach, organization structure, record-keeping, personnel, delegation, communication, authority and responsibility, and policies and procedures.

c. Maintenance of non-expendable property ledger, with annual physical inventory furnished to the UNDP resident representative within 60 days of year end.

5) We discussed accounting and coding questions posed by the field staff, and have recommended the following:

a. Reclassification of \$10,000 in the liability section to an expense account.

b. Correction of booking of revenue had not been booked in 1994. Money that is transferred from WMI, Franklin, is coded as a credit to Accounts Receivable, consequently there is a large balance in this account (\$17,966,100 for January 1994). The balance has carried over since 1992.

c. Salary Advances and Work Advances are extremely large and should be liquidated on a timely basis. Through inquiry of finance personnel, the repayment

schedules stretch out longer than the personnel policy manual allows.

- d. Coding of porter charges to the shipping account.
- 6) We have read the terms of reference for independent audit included in the Biodiversity Conservation in Nepal, A Global environmental Facility (GEF) Project Documentation; the Programme and Projects Manual - Audit Requirements for Government Execution of UNDP Funded Project; and the Supplementary Agreement between Department of National Parks and Wildlife Conservation of the Ministry of Forest and Soil Conservation His Majesty's Government of Nepal and Woodlands Mountain Institute, December 1993, and have noted the following:
 - a. The audit is to be performed in accordance with generally accepted common auditing standards and completed and submitted to the Government Execution audit Section, of the UNDP, within 120 days of the end of the calendar year.
 - b. "The use of GEF funds will be subject to UNDP audit procedures, and arrangements will be made to conduct them independently, using non-project funds. An annual audit report will be prepared by the concerned agency/firm designated to conduct the audits, and presented to the UNDP Resident Representative, in keeping with his/her financial accountability for proper and efficient utilization of UNDP funds."
 - 7) We reviewed the Request for Proposal with the MBCP Program Management and have discussed the requirements of an audit.
 - 8) Regarding the USAID Cooperative Agreement Grant #FAO-0158-A-00-2049-00, we inquired with Ratna Sansar, WMI Financial Advisor in Nepal, as to whether or not the following had occurred:
 - a. Provision of computer hardware and software for four Nepalese NGO's and the MBCP to improve financial accounting and reporting.
 - b. Training courses provided in the use of computer software systems for the financial staff of four Nepalese NGO's and the MBCP.
 - c. Two workshops conducted on financial management, grant writing, and general organizational management for Nepalese NGO's.

- d. Development of a fiscal procedures manual for the MBCP.

According to Ratna, the items noted in (a) - (c) above were provided to the MBCP and the Nepalese NGO's. Also, we reviewed a fiscal procedures manual that was developed for MBCP. Ratna also noted the following in relation to items (a) - (c) above:

The success of the program varied with each NGO and their understanding the use of the computer. He felt the program was successful overall.

We also contacted the following NGO(s) and inquired about the items noted in (a) - (c) above. They noted the following:

South Asia Partnership - The recipient was successfully working with the computer.

King Mahendra Trust for Nature Conservation - The recipient was not successfully working with the computer. There were hardware/software problems (computer screen froze) and they were not comfortable with using the computer, consequently, they only worked with it for a few months. They have since arranged with a consultant, to help them with the various problems, concerns, and possible additional training.

Women's Skill Development Project - The NGO was actively using the program. They accidentally deleted a few of the directories, which caused them to reinstall the computer, otherwise they were confident in their use of the computer.

Nepal Forum of Environmental Journalists - This particular NGO received a different software system. Because of the multi-donor basis, the fund based system would have been more appropriate, however, due to lack of funds, a fund based system was unavailable.

This report is intended solely for your information and the management of WMI in connection with your evaluation of the effectiveness of the MBCP and USAID projects

After you and your associates have had an opportunity to review this report, we will be pleased to answer any questions.

MBCP
Details of Agreed Upon Procedures

WP FILE "DETAIL"

1. Financial Reporting System:

See flowchart and narrative.

2. Oversight:

Oversight position discussed briefly with Ratna, Madhab, and Gabriel. WMI is looking for the Admin. Officer to be an oversight person, in addition to purchasing responsibilities. C&L stressed that the oversight position cannot have both purchasing responsibilities as well as financial oversight (review and approval of finance departments work).

3. Current Fiscal Procedures Manual:

Reviewed with Madhab Bhattarai, Admin. Officer, see comments on w/p 102.8.

4. GEF/UNDP accounting, reporting, and fund disbursement requirements:

Based on review of the Programme and Projects Manual - Audit Requirements for Government Execution of UNDP Funded Project and discussion with Estina Kabia, Chief, Governmental Execution Audit Section, Division for Audit and Management Review, at the UNDP (New York):

- develop a work plan for the \$ needed on a quarterly basis
- accounting records to be kept by budgeted line item
- quarterly requests for advance and financial reports - submitted to UNDP. Annually, the Annual Status of Funds should be submitted.
- "Adequate control systems should be in place within a project management structure."
- "The general control environment includes a number of key project management factors which indicate whether or not the project is being executed in a conducive environment. These factors include:
 - Management approach
 - Organization structure
 - Record-keeping
 - Personnel
 - Delegation
 - Communication
 - Authority and responsibility
 - Policies and Procedures"
- "The internal controls over responsibility, authority, certifying, recording, documenting and segregation of duties

are maintained in order to reduce or eliminate risks associated with the financial operations of a project. The certification process is singled out as most significant to UNDP."

- Certification - project management must provide written certification each time a financial event occurs, i.e. requests for advances of project funds, requests for UNDP to disburse project funds directly, project financial reports.
- Original supporting documentation is to be submitted to the UNDP local country office per the audit requirements. Based on the WMI, MBCP, and C&L meeting at the UNDP the original documents will remain at the Khandbari office, available for inspection and review by the UNDP auditors. By allowing MBCP to keep the original documentation, the project auditors will be able to complete their audit without the qualification of using photocopies. In addition, the chance of loss of original documents will be reduced.
- Project Equipment - UNDP retains title for all equipment which is highly specialized and when the project does not attain its objectives or when equipment may be utilized in a subsequent phase of the project. Otherwise, after delivery, equipment would become the property of the local government as soon as the transfer formalities are completed.
- Maintenance of non-expendable property ledger
- Annual physical inventory to be furnished to UNDP resident representative within 60 days of the following 31 December of the year, reconciled to annual reports of non-expendable equipment purchased during the year.
- Upon receipt and verification of the annual report of non-expendable equipment, a formal transfer of the equipment should be agreed upon by the government and resident representative.
- The audit is to be performed in accordance with generally accepted common auditing standards and completed and submitted to the Government Execution Audit Section, of the UNDP, within 120 days of the end of the calendar year.

5. Coding Questions:

C&L scanned the consolidated trial balance for the month of January 1994 and for the period January 1994 - March 1994, based on inquiries:

- A correction entry of \$10,000 in the liability section should be reclassified to an expense. Entry was booked as a debit to a liability instead.
- In addition, revenue has not been booked in 1994. Money that is transferred from WMI, Franklin, is coded as a credit to Accounts Receivable, consequently there is a large balance in this account (\$17,966,100 for January 1994). The balance has carried over since 1992. C&L discussed the booking of revenue with the Khandbari staff.
- Salary Advances and Work Advances are extremely large and should be liquidated on a timely basis. Through inquiry of finance personnel, the repayment schedules stretch out longer

than the personnel policy manual allows.

- C&L discussed the possibility of recording non-expendable equipment additions to the trial balance, with an offset to an allowance account (netting to zero), as the asset remains the property of the local government. By recording the assets, a control would be instituted which would enable finance numbers to agree to the inventory listing.

C&L reviewed four bank reconciliations, for the months of July 1993, December 1993, January 1994, and March 1994. C&L noted that three checks, totalling \$50,000, which were voided and reissued in January 1993, these canceled checks have been carried forward as a reconciling items through March 1994. The adjusting entry is to be booked in May of 1994.

The Khandbari office staff had questions of where to code porter charges -- to the shipping account.

6. Terms of reference for audit in the following agreements;

Based on review of the Programme and Projects Manual - Audit Requirements for Government Execution of UNDP Funded Project and discussion with Estina Kabia, Chief, Governmental Execution Audit Section, Division for Audit and Management Review, at the UNDP (New York):

- The audit is to be performed in accordance with generally accepted common auditing standards and completed and submitted to the Government Execution Audit Section, of the UNDP, within 120 days of the end of the calendar year.

The Biodiversity Conservation in Nepal, A Global Environmental Facility (GEF) Project, Project Documentation, dated May 1993:

- page 39, "The use of GEF funds will be subject to UNDP audit procedures, and arrangements will be made to conduct them independently, using non-project funds. An annual audit report will be prepared by the concerned agency/firm designated to conduct the audits, and presented to the UNDP Resident Representative, in keeping with his/her financial accountability for proper and efficient utilization of UNDP funds."

Supplementary Agreement between Department of National Parks and Wildlife Conservation of the Ministry of Forest and Soil Conservation His Majesty's Government of Nepal and Woodlands Mountain Institute, December 1993:

- page 9, "WMI will conduct an annual audit by independent auditors in Nepal, which will [may] in turn be audited by its U.S. appointed auditors, and copies of these statements will be provided to DNPWC and UNDP."

7. Reviewed the Request for Proposal and discussed the requirements for audit:

Reviewed the request for proposal, the request was more detailed than necessary as the audit for 12/31/94 will require a more specific audit of the UNDP funds and MBCP did not want the requests

for 1993 and 1994 to differ so significantly.

8. Review of Proposals:

None received, as RFP did not go out until the last week in April, to be returned to WMI/MBCP by May 15th. See w/p for copies of proposals faxed to C&L. WMI to make final decision with guidance from C&L if necessary.

9. NGO work:

Had meetings with various NGO's and consultants hired to perform the workshops.

MBCP

Summary of Recommendations

WP FILE "SUMMARY"

C&L recommends instituting the following controls:

1. Review and approval within financial system:
i.e. purchasing
payables/cash disbursement
bank reconciliations
financial reports

There should be evidence of such review and approval on the appropriate documents. Monthly reports submitted to the project managers should be signed by them giving evidence of their review. In addition, there should be appropriate level of review of the reports submitted to the donor agencies.

2. On a monthly basis, Budget vs. Actual reports should be submitted to the project officers and the project managers for monitoring and review.
3. Project officers should assist in the coding of the project expenses, specifically to which financial line should the expense be coded. Ultimately the project officers are responsible for their budgets and should be aware of the types of expenses that run through each budgeted line item.
4. Segregation of duties very important, especially between purchasing and payables. This segregation should go so far as to differentiate individual staff's responsibilities. It may be necessary to delegate the approval of the purchases to the level of project officer (from project manager), as the project managers approve invoices for payment and sign the checks. It must be kept in mind that project officers have the ultimate responsibility of their budgets.
5. Under no circumstances should blank checks be signed in advance. It may be necessary to revisit the signatories on the checking account, to avoid this problem.
6. Payments of invoices should be made on a periodic basis, i.e. two times a month (15th and the last day of the month) on a weekly basis (i.e. every Wednesday). Only under emergency circumstances should checks be made on other than the designated days. By limiting the check processing days, finance will be working more efficiently and will have the opportunity to spend additional time performing other functions.
7. Accounts receivable should be liquidated on a timely basis, according to the policies and procedures manual.

8. The fixed asset ledger maintained should be more specific, including:

Acquisitions:

- Date
- Description
- Serial Number
- Source
- Cost
- Inventory Number
- Location

Transfers/Dispositions:

- Date
- Explanation/Details
- Amount
- Destination

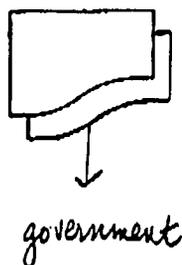
UNDP requires markings of all equipment purchased through UNDP funding, specifically the name of the executing agency, the UNDP insignia, and the project number. (Stickers are available from the UNDP, upon submission of the non-expendable equipment detail and approval from the UNDP.)

In addition, finance should consider booking the assets to the trial balance, separating the assets by type and source of funding. Then for control purposes, the totals may be compared to the inventory listing maintained separately.

9. Better maintenance of the vacations, leave, sick time. Designate one individual to monitor these activities.
10. WMI should release funds on a quarterly basis, according to the budget. (Check with Bob Davis for response).
11. Issuing cash as salary payment in Khandbari, apparently a large number of checks are unavailable from the bank.

Jim

REVENUE



UNDP request for Funds submitted to govt. who in turn submits to UNDP.



money transferred in to \$ account



transfer to MBCP account approved by 2 of following: Gabriel, Alton, or Retra (2 signatures required for operation of bank acct)

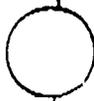
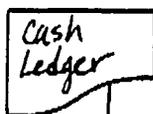
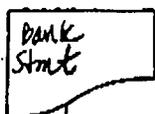


transfer takes place



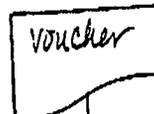
notification from bank

BANK STATEMENT RECONCILIATION

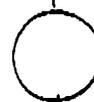


reconciliation

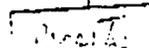
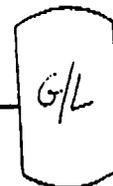
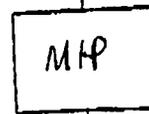
NON-CASH ENTRIES
i. salary, rent



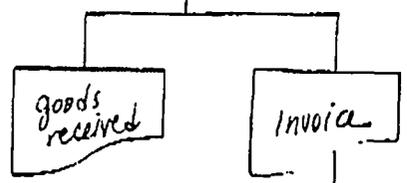
adjustment voucher or payment voucher



entry into computer

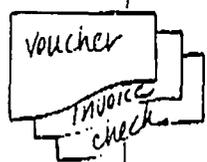


purchase note



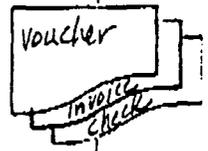
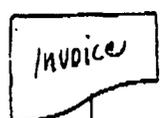
approval of invoice
 by \leq 1,000 Musvat
 \leq 2,000 Dr Joshi
 $>$ 2,000 Narayan or Aton

voucher package prepared, coding of invoice



approval by project co-manager

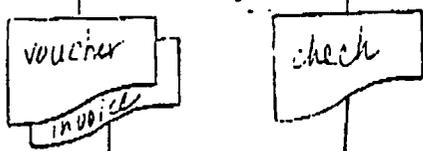
voucher package prepared



voucher package reviewed and approved check signed by

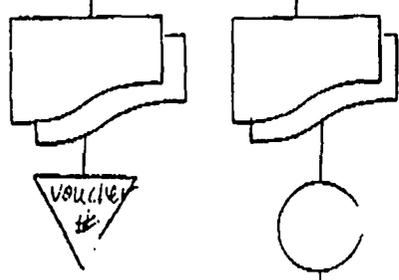


rev + ap check sig



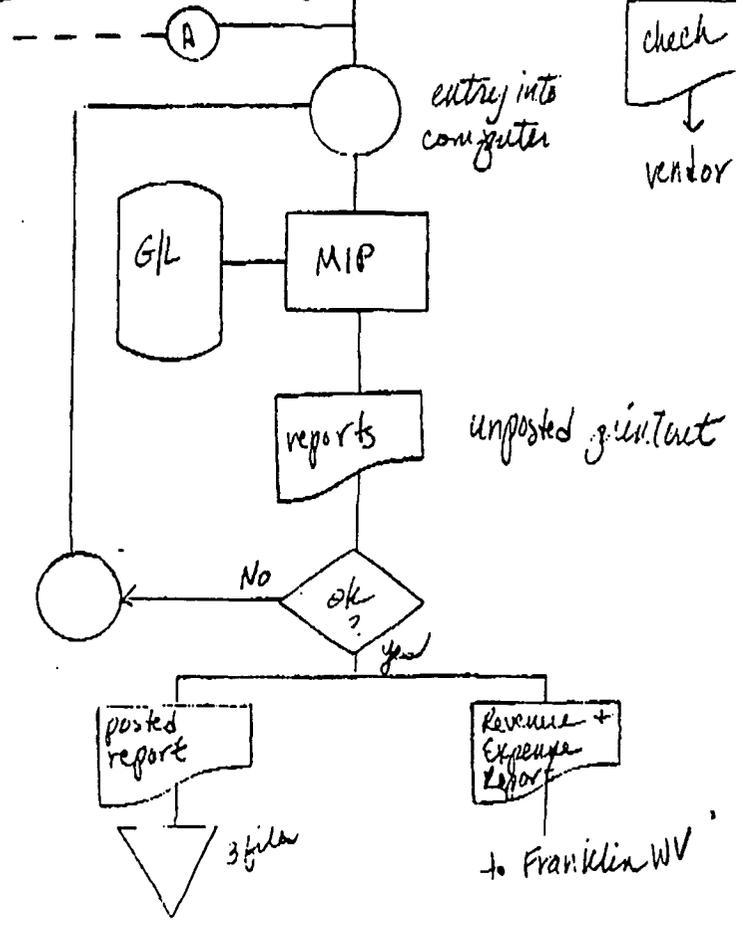
vendor

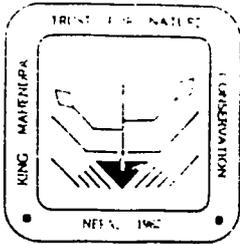
voucher package ready



to Khairbari for G/L entry

A





KING MAHENDRA TRUST FOR NATURE CONSERVATION

Patron : HIS MAJESTY KING BIRENDRA BIR BIKRAM SHAH DEV
Chairman : HIS ROYAL HIGHNESS PRINCE GYANENDRA BIR BIKRAM SHAH

October 13, 1993

Mr. Bob Davis
Program Officer
Woodlands Mountain Institute
Asian Office, P.O. Box 2785

Bob,
Dear Mr. ~~Davis~~,

Thank you for your letter dated October 8, 1993. On behalf of the King Mahendra Trust for Nature Conservation (KMTNC), I would like to take this opportunity to thank you for the MIP software training given to our Chief Accountant, Mr. Jitendra R. Onta and Accounts Assistant Mr. Krishna Maharjan. They both feel that this was a very useful training and would be of great use in their line of work.

I also want to thank you for your thoughtful donation of computer hardware and software to us. Please be assured that this will be installed and used by our accounts department only.

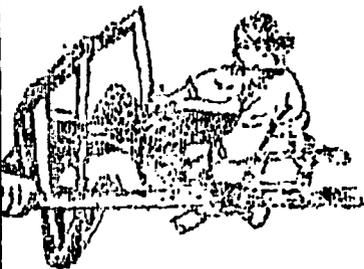
We would appreciate if similar opportunities could be availed to our field projects like the Annapurna Conservation Area Project (ACAP) and the Nepal Conservation Research and Training Center (NCRTC).

Once again, I would like to thank you for your co-operation.

Sincerely,

Arup Rajouria
Arup Rajouria
Acting Member Secretary

CC: Dr. Chandra P. Gurung
Member-Secretary



Pulchowk Show Room
Phone No. 525977
Fax 977-1-525977

Nepal Women's Skill Development Project

Pulchowk, Lalitpur

Ref. No.

Date: APRIL 12, 1997

To. MR. RATNA SANSAR SHRESTHA
WOODLANDS MOUNTAIN INSTITUTE
KATHMANDU, NEPAL.

Dear Shrestha,
I on behalf of the WSDP office would like to authorize
MS. Leela Karmacharya, accountant in our office to take the responsibility for
bringing the notebook computer (386), an epson ZX-800 printer, a voltage
stabilizer and a set of peachtree Accounting Softwares. We thank you
very much for the grant of all these materials. We are hopeful that this
would help the efficiency and effectiveness of our accounts division.

Looking forward to hearing from you soon.

Thanks & Regards

Yours Truly,
Usha Pokharel

DIRECTOR
MS. USHA POKHAREL
WSDP

15 Apr. '94 9:53

WMI KTM
NEFEJ

977 1 410073
FAX 009771227691

P. 01
P. 1

Regd.No. 38-047/048



नेपाल वातावरण पत्रकार समूह
NEPAL FORUM OF ENVIRONMENTAL JOURNALISTS

P.O. Box: 5143
Thapathali, Kathmandu, Nepal
Phone: +977-1-211891
Fax: +977-1-227691
Email: nefej@gn.apc.org

15 April 1994

Mr. Ratna S. Shrestha
Woodlands Mountain Institute
Asian Office
P.O. Box: 278
Kathmandu

Fax: 410073

Dear Mr. Shrestha

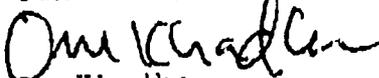
Please refer your letter of April 13, 1994 to Mr. Rajendra Dahal, President of NEFEJ.

On behalf of Nepal Forum of Environmental Journalists (NEFEJ) I would like to acknowledge the receipt of the notebook computer, printer and peachtree software.

I assure you of these equipment's proper use and maintenance.

Thank you once again for your kind cooperation.

Sincerely yours,


Om Khadka
Executive Director

South Asia Partnership-Nepal

G.P.O. Box 3927, Telex: 2266 GORKHA NP Attn: SAP
Phone: 226440, Fax: 977-1-223050



SAP-NEPAL

FACSIMILE TRANSMISSION

Ref.#.SAP-N\ \1993-94
December 31, 1993

Fax:304-358-2400

Mr. Bob Davis
Program Officer
Woodland Mountain Institute
Main & Dogwood Street
Franklin, WV 26807
USA

Dear Mr. Bob,

First of all I would like to congratulate you for the successful Training Program on MIP Computer Accounting Training organized by your organization and thank you for the opportunity provided to our Finance Officers to participate in the program. The training program is found to be very much useful to the organization like ours and our finance officers are working on it and have produced preliminary report which is very satisfactory. Further to the above software package, it would be very appreciable if you could provide the full package of that program including Budget Reporting Component under that program.

We acknowledged with thanks the receipt of the following:

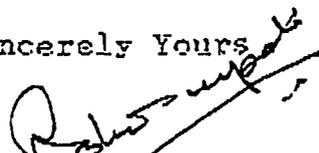
1. Notebook Computer Serial No. D0010833,
2. Printer LX 800 Serial NO. OEZE 069768
3. Voltage Stabilizer 0.5 KVA
4. Software Serial No- SU-05722

We hope such cooperation will be further advanced in the years to come.

Greetings for the Happy New Year 1994 to you and to all at MBCP.

Thanking you.

Sincerely Yours


Rohit Kumar Nepali
Executive Director
SAP-Nepal

Daily\F

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Attachment 4

- Project Status Letter of April, 1993 -
- Project Status Letter of November, 1993 -

Woodlands Mountain Institute



Advancing Mountain Cultures - Preserving Mountain Environments

April 6, 1993

Mrs. Marguerite Potee
FHA/PVC
U.S.A.I.D
Washington, DC

Dear Mrs. Potee:

Enclosed please find a copy of my recent letter to Ms. Sherry Harless with budget revisions I am requesting to our Cooperative Agreement Grant FAO-0158-A-00-2049-00. I would like to bring you up to date on activities that are being carried out under the grant, what we are planning for the remainder of the grant period, and why we have made revisions to the budget.

After reviewing the activities initiated to date, I feel we are well underway with the grant. We did delay activities during the three months of 1992 until my arrival back in the United States in November and my review of the grant. I also put some activities on hold until I was confident that we were meeting the cost-sharing requirements of the grant, properly tracking grant expenditures, and efficiently using grant and cost-sharing funds. In addition to the enclosed letter to Sherry Harless, I have included a section on budget revisions below. I am now pleased with the way the grant activity is proceeding and confident we will fulfill all the commitments of the Cooperative Agreement.

CURRENT GRANT ACTIVITIES

- The primary activity being carried out under the grant at this time is the production of two financial policy and procedures manuals with the assistance of the U.S. financial consultant. This activity commenced in February and will continue through the spring. A comprehensive manual will be produced to govern financial operations of the Woodlands headquarters office and the Makalu-Barun Conservation Project (MBCP), a jointly sponsored project of the Woodlands Mountain Institute and the Government of Nepal and supported in part by USAID through its mission in Nepal. The manual for the Makalu-Barun Conservation Project will also be the basis for the Nepalese NGO workshop. A draft of the manual for the headquarters office will be ready by May 10 and a draft of the manual for the MBCP and NGO workshop is expected by June. This activity is covered by the Cooperative Agreement, with partial cost-sharing by Woodlands as per the revised budget.

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Main & Dogwood Streets
Franklin, WV 26807
Phone: (304) 358-2401
Telex: 256685 MTN UR
FAX: (304) 358-2400

Teaching Campus:
Spruce Knob Mountain
Cherry Grove
West Virginia

Asian Office:
P.O. Box 2785, Kathmandu
Nepal, Phone 417-036

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- Preparation for the NGO workshops has begun with the U.S. consultant as part of the development of the Woodlands and MBCP financial manuals described above. The workshops will instruct Nepalese NGO participants in the development of financial procedures and the production of their own financial procedures manual, using the Woodlands and MBCP manuals as an example.

- Mr. Ratna Shrestha, CPA and the Nepalese financial consultant to the MBCP, will travel to the United States in April to consult with Woodlands financial personnel and the U.S. financial consultant on the MBCP/NGO financial manual, the appropriate computer software and hardware for the NGO computer accounting training courses, and to take an advance course in the use of Micro Information Products (MIP) fund accounting software, the software used by Woodlands, the MBCP, and in the NGO computer training course. Mr. Shrestha's visit will be paid for by Woodlands funds and applied to its cost-sharing requirement in the Cooperative Agreement, as per the revised budget.

- Mr. Bob Davis, Woodlands Project Officer, participated in the Association of PVO Financial Managers Workshop on Financial Management in Washington, DC on March 23. The workshop focused on organizations with USAID grants and covered fund accounting, financial reporting, and indirect cost rate formulas. The training is paid for under the Cooperative Agreement as part of the AID Headquarters training budget.

- In November, 1992, Woodlands financial manager and accounting staff participated in a three day training course in the MIP fund accounting software used by Woodlands and the MBCP in Nepal. The training helped financial staff better use the grant tracking capabilities of the software - knowledge which will be shared with MBCP financial staff and Nepalese NGO collaborators. A staff report on the MIP training course is on file in the Woodlands office. This activity was funded by Woodlands and applied to its cost sharing requirement.

UPCOMING GRANT ACTIVITIES

- The computerized accounting training for Nepalese NGOs is planned for the summer of 1993. At least three training courses will be held. Exact dates and purchase of computer hardware and software awaits discussion with the Nepalese financial consultant later in April. This activity is funded by AID under the Cooperative Agreement.

- The Nepalese NGO workshops will be conducted either in the late spring or fall of 1993. Exact date of the workshops will depend on finalizing the financial procedures manual being used as a basis for the workshops, finding an appropriate trainer for the

workshop, and scheduling a time when workshop participants, the trainer, and Woodlands and MBCP staff are available. This activity is funded by AID under the Cooperative Agreement.

- Appropriate management and financial training courses for Woodlands staff are still being discussed. The varying benefits of sending individual staff for training or having a trainer come to instruct the entire staff are being considered. Training will be scheduled for either the summer or fall of 1993. The training courses will be funded by AID under the Cooperative Agreement.

- The Project Officer, and perhaps the U.S. Consultant, are scheduled to visit Nepal in the late spring of 1993 to work with the Nepalese financial consultant to finalize the MBCP financial procedures manual and ensure its integration into the MBCP, make final arrangements for the NGO computer accounting training, and continue preparations for the NGO financial management workshops. This activity will be funded in part by the Cooperative Agreement, and in part by USAID Grant #367-0159-G-SS-1292-00 (not included as cost-sharing in the Cooperative Agreement budget).

BUDGET REVISIONS

A list of budget revisions is included in the attached letter to Ms. Sherry Harless. Below is information on the two significant revisions.

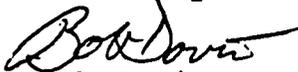
- The cost of the Project Officer was moved from PVO cost-sharing to direct AID funding under the grant. The Project Officer has committed the greatest amount of time to this grant, but because of the cost-sharing requirement that precludes use of Federal funds, this could not be recognized as cost-sharing. In order to ensure the Project Officer's ongoing time commitment to the grant activity and to properly recognize that cost in the grant budget, the Project Officer's time will be directly charged to the Grant. A corresponding decrease has been made in Woodlands USAID Grant #167-0159-G-SS-1292-00. A letter to the USAID Mission in Kathmandu to this effect has been sent.

- Time for the U.S. Consultant was added to the Headquarters budget to ensure adequate preparation of the headquarters financial policy and procedures manual, and to give the consultant time to analyze headquarters financial operations and ensure that these are adequately reflected in the financial operation and procedures of the country office in Nepal. This additional consultant time is added to the AID and Woodlands cost-sharing sections of the budget.

The revisions to the budget will not add any new inputs to the grant and will ensure the outputs are fully carried out. Grant and cost-sharing funds will be better tracked, more efficiently expended, and in compliance with cost-sharing requirements. I hope our upcoming quarterly financial report for the months of January-March, 1993 can reflect these budget revisions.

Should you have any questions about grant activities or the budget revisions, please feel free to contact me.

Sincerely,



Bob Davis
Project Officer

Enclosure

cc: Dr. J. Gabriel Campbell, Director, Asian Environmental
Programs
Mr. John Alter, Chief Financial Officer

Woodlands Mountain Institute



Advancing Mountain Cultures - Preserving Mountain Environments

November 29, 1993

Mrs. Marguerite Potee
U.S.A.I.D.
FHA/PVC
320 21st St., NW
Washington, DC 20523

Dear Marguerite:

Based on our conversation last week I contacted the Office of Financial Management concerning receipt of our financial reports and payment of requests (enclosed please find a copy of my letter to them). Thank you for helping me get this cleared up. Below is an update of the project and a proposal to extend the grant period.

Since the last report of project activity (Annual Report, September, 1993) Woodlands has sponsored a number of highly successful financial training programs under this project.

In October, two Nepalese NGOs and the financial staff of the Makalu-Barun Conservation Project (a joint project of Woodlands Mountain Institute and the Government of Nepal's Department of National Parks and Wildlife Conservation) participated in an intensive week-long computer accounting training course. In the course NGOs were provided with sophisticated financial tools that allow them to track and report on grant funds. More importantly, they made a significant step in increasing overall accountability, which has important implications for their long term survival.

A grant writing and financial management workshop was sponsored by Woodlands in November. This was a well attended three day seminar that exposed a wide variety of Nepalese NGOs to the realities of obtaining grant funds and managing them. The growing number of Nepalese NGOs have little experience in how to obtain funds and even less experience in how to management and report on these funds once received. It is our strong belief in developing these financial training programs that in the competitive world of NGO funding that exists in Nepal, it will be the organizations that manage their funds well that have the best chance of survival. And the better NGOs as a group can manage their finances, the more likely donors perceive them as valuable development partners. On the other hand, if NGOs do a poor job of managing funds, donors will quickly become disenchanted with them and will look elsewhere for grant recipients.

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Cherry Grove
West Virginia

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FAX: 304 358 2100

Asian Office:
P.O. Box 2785, Kathmandu
Nepal. Phone 417-036

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In the case of both of these training programs, participants made a strong request for follow up and Woodlands requests USAID to extend the grant period by three months to make this possible.

The grant finances also make an extension reasonable. Due to delays in grant approval and the resulting need to update the budget and seek revision approvals, expenditures for the first year of the grant were not as high as projected. This was fully documented and explained in the Annual Report. Of the nearly \$50,000 of grant funds budgeted for the first year, roughly \$30,000 of expenditures were actually made (please see attached financial statement for details). Woodlands is requesting that the grant period be extended by three months to April 30, 1994 so that the surplus \$20,000 can be responsibly expended before the conclusion of the grant period along with the funds already budgeted for year-two. Attached is a revised budget showing actual expenditures for year-one and projections for year-two.

Activities to be carried out under a revised year-two program, October 1993 to April 1994, are as follows:

- October: A one week intensive computer accounting training course. A trainer from Micro Information Products (MIP) conducted an intensive program in the use and applications of the MIP fund accounting system. Two Nepalese NGOs received hardware and MIP software to run their accounting departments. Initial training in July, August and September by a local CPA helped set up the systems and started data entry. Eight participants from two Nepalese NGOs and the Makalu-Barun Conservation Project participated in the MIP training in October that included modules in data entry, financial reporting, fixed assets, budgeting, bank reconciliation, and system backup.

- October through December: Ongoing financial training of Woodlands accounting and program staff. Since July, 1993, Woodlands accounting and program staff have been receiving regular training in following financial procedures, maintaining financial controls, following Federal A-133 audit requirements, development and monitoring of monthly financial statements and annual budgets, development and submission of financial reports for donors, and preparation for annual audits. A financial consultant visits the office on a monthly basis to work with accounting staff and advise program personnel. This regular in-house training has been an immense benefit to Woodlands overall financial health and accountability and has provided essential training to staff who do not have the time to attend courses in financial management.

- **November:** A three day workshop on grant writing and financial management for 21 participants from ten Nepalese NGOs. Participants spend half the workshop working on grant writing and budget development and the other half on management of grant funds and financial reporting. A panel of donor representatives from USAID, UNDP, and Dannida (Danish Government foreign assistance) presented their views and requirements for grant preparation and financial reports. Each NGO was also provided with a model financial procedures manual that can be adapted for their use.

- **December:** Conclusion of special financial accounting assistance to Woodlands Mountain Institute by Coopers & Lybrand Accountants. C&L accountants spent six months analyzing Woodlands accounting and financial systems, reviewing controls, developing financial statements, providing advice and solving problems in the computerized accounting system, assisting in financial coordination between Woodlands headquarters and its overseas programs, and setting up grant accounting systems.

- **January:** A follow-up workshop is planned for the ten NGOs that participated in the November grant writing and financial management seminar. Participants in the first workshop requested additional training in basic financial management. The January workshop will include follow-up sessions on financial management skills, accounting techniques, and grant writing skills. The NGOs consider these among their most important needs. Woodlands will spend as much time as possible in the remaining grant period developing the financial skills of NGOs participating in these workshops.

- **February:** Visit by the Woodlands Controller to the Nepal project office. This was scheduled for the first year of the project, but because of a change of personnel, the trip had to be delayed. A new Woodlands Controller has been appointed and will visit the Nepal country office to review financial systems and controls, make arrangements for the annual country office audit, and coordinate financial reporting to donors. This trip is critical to the development of financial supervision and coordination between Woodlands and its international programs, and will make program expansion easier in the future.

- **February & March:** Computer accounting training for two Nepalese NGOs. Two additional NGOs will be provided with computer hardware, software, and training to set up and operate a computerized fund accounting system that will allow them to track individual donor grants through their accounting system. NGOs targeted for this training include a women's skills development group and an environmental consortium. Both are in need of sophisticated accounting systems and both

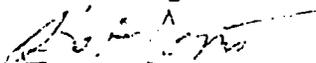
provide services to important client groups in Nepal. The additional grant period will allow the project to conduct a thorough financial training course for these two important NGOs.

- **April: Independent evaluation and assessment of future project development.** As stated in the proposal, Woodlands will hire an independent evaluator to assess the impact of this project on NGOs that participated in the training programs. Woodlands will also evaluate its own financial systems during this period. An important consideration during the evaluation will be prospects for continuing and expanding financial training for Nepalese NGOs. As a result of this project, Woodlands has been approached by a number of individuals and organizations about continuing its training program in financial management for NGOs. The current project has shown how important this is and how little is currently being done in this area. As a result of the evaluation Woodlands will assess the potential for a regular financial management training component in its international technical assistance programs.

I hope these points make clear the benefits of a three month extension to conclude activities under this project and a budget revision to expend the remaining funds. All these activities strongly support the financial training and outreach objectives of the project. An extension of the grant period will allow activities to be fully and professionally implemented with the greatest benefit to the NGO recipients, and allow responsible expenditure of the remaining grant funds.

Should you have any questions on this request or require further information, please contact me.

Sincerely,



Bob Davis
Program Officer

Enclosure: Budgets

cc: Dr. Jane Pratt, CEO & President, Woodlands Mountain Institute
Dr. Gabriel Campbell, Director, Asian Environmental Programs
Ms. Melanie Andreen, Controller

REVISED BUDGET (file: PVOBUD4)

Woodlands Mountain Institute

Cooperative Agreement Grant # FAO-0158-A-00-2049-00

Revised: November 22, 1993

HEADQUARTERS	YEAR 1		YEAR 2		YEAR 1 + 2	
	USAID Actual	PVO Actual	USAID Budgeted	PVO Budgeted	USAID Budgeted	PVO Budgeted
I. Program Elements						
a) Salaries/Benefits						
- Chief Financial Officer		2,519			0	2,519
- Project Officer	2,210		2,500		4,710	0
- U.S. Consultant	4,215	1,683	4,500		8,715	1,683
- Support Staff		3,213		3,000	0	6,213
Sub-total - Program	6,425	7,415	7,000	3,000	13,425	10,415
II. Procurement						
a) Supplies					0	0
b) Services (Training)	2,720	3,850	10,000		12,720	3,850
Sub-total - Procurement	2,720	3,850	10,000	0	12,720	3,850
III. Ongoing Monitoring & Eval.	0	0	0	0	0	0
IV. Indirect Costs	1,413	813	1,600	1,000	3,013	1,813
HEADQUARTERS TOTAL	10,559	12,077	18,600	4,000	29,159	16,077

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COUNTRY BUDGET	YEAR 1		YEAR 2		YEAR 1 + 2	
	USAID Actual	PVO Actual	USAID Budgeted	PVO Budgeted	USAID Budgeted	PVO Budgeted
I. Program Elements						
a) Salaries & Benefits						
- U.S. Consultant	500		2,500		3,000	0
- Chief Financial Officer		1,832			0	1,832
- Project Officer	1,927		980		2,907	0
b) Travel	810	3,150	4,900		5,710	3,150
c) Other						
- Communications	87		212		299	0
Sub-total - Program	3,324	4,982	8,592	0	11,916	4,982
II. Procurement						
a) Supplies	14,075		2,700		16,775	0
b) Services	542	3,743	7,000	1,500	7,542	5,243
Sub-total - Procurement	14,617	3,743	9,700	1,500	24,317	5,243
III. Ongoing Monitoring & Evaluation						
a) Consultant			750		750	0
Sub-total - Evaluation	0	0	750	0	750	0
IV. Indirect Costs	1,232		627		1,859	0
COUNTRY TOTAL	19,173	8,725	19,669	1,500	38,841	10,225

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TOTAL	YEAR 1		YEAR 2		YEAR 1 + 2	
	USAID	PVO	USAID	PVO	USAID	PVO
	Actual	Actual	Budgeted	Budgeted	Budgeted	Budgeted
	\$29,731	\$20,802	\$38,269	\$5,500	\$68,000	\$26,302

REVISED PROGRAM SUMMARY BUDGET

	YEAR 1		YEAR 2		YEAR 1 + 2	
	USAID Actual	PVO Actual	USAID Budgeted	PVO Budgeted	USAID Budgeted	PVO Budgeted
Field Costs						
Total Program	3,324	4,982	8,592	0	11,916	4,982
Total Procurement	14,617	3,743	9,700	1,500	24,317	5,243
Ongoing Evaluation	0	0	750	0	750	0
Sub-total	17,941	8,725	19,042	1,500	36,983	10,225
Headquarters						
Total Program	6,425	7,415	7,000	3,000	13,425	10,415
Total Procurement	2,720	3,850	10,000	0	12,720	3,850
Ongoing Evaluation	0	0	0	0	0	0
Sub-total	9,146	11,264	17,000	3,000	26,146	14,264
Total Direct Costs	27,087	19,990	36,042	4,500	63,128	24,490
Indirect Costs	2,645	813	2,227	1,000	4,872	1,813
Total Program	\$29,731	\$20,802	\$38,269	\$5,500	\$68,000	\$26,302

Woodlands Mountain Institute



Advancing Mountain Cultures - Preserving Mountain Environments

November 24, 1993

U.S.A.I.D.
Office of Financial Management
FA/FM/CMPD/DCB
Room 700 SA-2
Washington, DC 20523-0209

To the Office of Financial Management:

Based on the letter to Woodlands Mountain Institute from Mr. Andrew Akers of November 4, 1993 regarding our Cooperative Agreement grant #FAO-0158-A-00-2049-00, and in subsequent phone conversations with the grant officer, Mrs Marguerite Potee (FHA/PVC), and Ms. Jessica Garcia in the Office of Financial Management, it has become apparent that you have not received all the financial documents Woodlands has submitted related to this grant. Woodlands has made a particular effort to submit financial documentation on time and we very much regret that these documents have not reached the proper office. While we have always made sure that the grant officer has received these reports, we have been remiss in sending them to the Office of Financial Management.

Because the originals have already been sent off and photocopies are not acceptable, we are resubmitting originals of all the Advance/Reimbursement Requests and Quarterly Reports for the grant period in this packet. We do not know exactly which reports you have received and which ones you are missing; if any of the attached materials duplicate reports you have already received from us, please disregard the resubmitted report.

We hope the enclosed documents bring our record up to date. If you have any questions or require further information, please contact me.

Sincerely,

Bob Davis
Program Officer

Enclosures

cc: Ms. Marguerite Potee, FHA/PVC, USAID
Ms. Melanie Andreen, Controller, Woodlands Mountain Institute

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P.O. Box 2785, Kathmandu
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Attachment 5

- Manual of Fiscal Policies & Procedures;
Makalu-Barun National & Conservation Area -

MAKALU BARUN NATIONAL PARK & CONSERVATION AREA PROJECT

MANUAL OF
Fiscal Policies and Procedures

Janaury 1994

Draft

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Section 1

INTRODUCTION

101 Purpose of Manual

- A. The Manual of Fiscal Policies and Procedures of the Makalu Barun National Park and Conservation Area Project is the official document of the Project for the conduct of business and the accounting and administration for daily activities, grants, and sub-grants from various funding sources.
- B. The purpose of the Manual of Fiscal Policies and Procedures is to provide information on the accounting and administration of daily activity as well as grants. This Manual should assist employees of the Project in complying with the various current Nepal laws and regulations of grants awarded by government and/or non-government funding sources.
- C. This Manual constitutes all current fiscal policies and standards that have been developed by the Project unless otherwise noted, through the time of issuance.

103 Scope and Organization

The general organization of the Manual of Fiscal Policies and Procedures is as follows:

Section 1: Introduction -- provides a description of the purpose of the Manual of Fiscal Policies and Procedures and its organization.

Section 2: Internal Control Policies and Procedures -- describes the organizational structure and systems of controls in place to safeguard the assets of the Project and to ensure business is conducted in an ethical manner.

Section 3: Financial Management Policies and Procedures -- sets forth policies for the operation of the financial management structure of the Project including budgetary control.

Section 3A: Procurement of Materials and Services -- lays down relevant procedures for procurement of materials and services

Section 3B: Construction Work -- details procedure necessary to follow in having construction work done by a contractor.

Section 3C: Financial Reports and Audit -- deals with reporting requirements and commissioning of audit.

Section 4: Accounting for Assets, Liabilities and Fund Balance -- establishes policies and procedures for accounting for the Organization's assets, liabilities and fund balance.

Section 5: Revenue Policies -- reflects when and how to recognize income on services of the Project to its funding sources.

Section 6: Cost Accounting Policies -- deals with the measurement, assignment and allocation of costs of the Project to its various cost objectives.

Section 7: Cost Estimating Policies -- describes those policies and procedures to be used in applying for grants with the U.S. government and the Organization's other funding sources.

Section 8: Property Management Policies -- presents policies and practices regarding the identification, control and disposition of government property and Project-owned property, equipment and materials.

107 Approval and Amendment of the Manual of Fiscal Policies and Procedures

This Manual has been promulgated with the approval of the Project Executive Committee, as resolved in its meeting dated

This Manual contains the essential fiscal policies of Project applicable to daily activities, grants and sub-grants as of the date of promulgation. From time to time, as additional matters require promulgation or changes to this Manual are appropriate, the Executive Committee of the Project will review the manual and approve any changes.

Section 2

INTERNAL CONTROL POLICIES

201 General Business Conduct and Disclosure

- A. Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of Project depend heavily on the following:

Each employee must apply his/her own sense of personal ethics, which should extend beyond compliance with applicable laws in business situations, to govern behavior where no existing regulation provides a guideline. It is the employees' responsibility to apply common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this code in specific situations, the employee should ask him/herself the following questions:

- 1 Is the employee being truthful?
- 2 Is the action legal?
- 3 Is the action ethical?
- 4 Does the action comply with Project policy?
- 5 Is the action appropriate for the given circumstances?
- 6 Is the employee sure that he or she would not be embarrassed or compromised if the action became known within the organization or publicly?
- 7 Is the employee sure that the action meets his or her personal code of ethics and behavior?

The employee should be able to answer "yes" to all these questions before taking action.

Each supervisor is responsible for the ethical business behavior of his/her subordinates. Supervisors must weigh carefully all courses of action suggested in ethical as well as economic terms and base their decisions on the guidelines provided by this code as well as their personal sense of right and wrong.

Implementation of the provisions of this code is one of the standards by which the performance of all levels of employees will be measured.

- B. In recommending or proposing a particular business transaction or course of action for approval, those involved must disclose to their superiors or to the Project Executive Committee if the recommendation is to the said Committee, all the pertinent information they know about such transactions and the persons involved. The disclosure should include significant information that they may have reason to believe has been omitted by others.
- C. Specifically, the organization does not tolerate the willful violation or circumvention of any laws of the Kingdom of Nepal or a foreign country by an employee during the course of that person's employment; nor does the organization tolerate the disregard or circumvention of Project policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents and intermediaries, what is directly forbidden.

Failure to comply with the standards contained in this code will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the organization or the government for any losses or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this code will be afforded an opportunity to explain his or her actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against employees who authorize or participate directly in actions which are a violation of this code
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this code
3. Against any supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this code.

203 Compliance with Laws

A. General

In complying with the laws and regulations that apply to business at all government levels in Nepal and abroad, it is believed that the employee will find the following information useful.

B. Disclosure of Project Information

Project's participant, financial, and administrative information is a valuable, intangible property asset. Protection of this information is vital to our continued growth and our ability to provide quality services to our participants. Unauthorized licensure of client information may be a violation of the relevant law in force. The organization's intellectual property assets are not always of a technical nature. Typical of such information are:

1. Service information about specific participants
2. Organization business, research and new service plans
3. Operating plans
4. Salary, wage and benefits data
5. Employee, funding source and donor lists.

This list, while obviously not complete, suggests the wide scope and variety of organization information that must be safeguarded. Special safeguards should be observed for organization participant, financial, or administrative information. Such information is usually marked with a notice that imposes restrictions on the need to know within the organization. However, most of what we know about our own jobs and the jobs of others, even without these classifications, should remain in the office when we finish the day's work. If we leave the employ of the organization, our legal obligation is to protect the organization's intellectual property until it becomes clear what has become publicly available or the organization no longer considers it necessary to restrict its use. We should remember also that correspondence, printed matter, documents or records of any kind, specific process knowledge, procedures, and special organization ways of doing things are all the property of and must remain at the organization.

C. Political Contributions

No Project funds or assets may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office.

D. Government Officials

The Project is legally prohibited from offering, promising, or bestowing money, gifts, loans, rewards, services, use of facilities, lavish or extensive entertainment, or other favors to a government official or employee with a view toward influencing or inducing such official or employee to use his/her influence to effect an action or decision.

E. Commercial Bribery

Employees are not allowed to make a payment either directly or indirectly or as a kickback to influence someone else, nor are employees allowed to accept anything of value from someone who wants to do business with the organization.

Employees may neither give nor receive any lavish or expensive entertainment, but occasional normal and customary social business amenities are permitted.

If any employee is asked to make or accept a payment or gift in any form prohibited by this code, he/she must report the matter to his/her supervisor immediately.

F. Record Keeping

To provide an accurate and auditable record of all financial transactions, Project books, records, and accounts will be maintained in conformity with generally accepted accounting principles. Employees are responsible for safeguarding organization assets under their control and for maintaining an auditable record of financial transactions.

Further, the organization specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described on the books and records of the organization

2. Receipts and disbursements must be fully and accurately described on the books and records of the organization
3. No false entries may be made on the books or records nor any false or misleading reports issued
4. Payments may be made only to the granting party or a valid assignee and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

If any employee has reason to believe that the organization's books and records are not in accord with the foregoing requirements, the matter must be to the legal counsel.

205 Employee Conflict of Interest

A. General

Employees have a primary responsibility to the Project and are expected to avoid any activity that may interfere, or have the appearance of interfering, with the performance of this responsibility. Similarly, employees may not use nor disclose confidential or proprietary information in any outside activity.

A conflict of interest exists if an employee's outside business or other interests may adversely affect his/her motivation or performance.

How can an employee tell if he/she has a conflict of interest? The test criteria include not only whether an employee actually is improperly influenced but also whether the situation lends itself to improperly influencing the employee. Even if the employee is the most conscientious person, a conflicting interest may unconsciously influence the employee, and the mere existence of that interest may cause the propriety of the employee's acts to be questioned.

If the employee takes inventory of his/her outside interests, it should be possible to determine whether he/she actually is improperly influenced, but also whether the situation lends itself to improperly influencing him/her.

B. Outside Activities

The employee may not serve as a consultant to, or as a director, officer, or part-time employee of a company that competes or deals with the organization or that seeks to do so, unless the employee has obtained the prior express consent of his/her supervisor. Even if the employee receives no pay from the other company and have no direct or indirect contact with it in his/her job, this conflict of interest exists because the employee may inadvertently disclose proprietary information to the other company or benefit it through his/her organization contacts and general knowledge of how the organization operates.

The employee may also have a conflict of interest if his/her outside activities, which in and of themselves may not be conflicts of interest, are so demanding on his/her time that they interfere with his/her job performance.

C. Responsibility of Employees' Relatives

It is a good general rule not to discuss the organization's business with anyone, including relatives, who are not the organization's employees. Members of the employee's immediate family should be asked not to discuss organization business in the presence of others.

D. Project's Assistance

The employee should review his/her personal and job situations and eliminate any possible conflicts of interest that exist. Discuss possible conflicts of interest with the supervisor, who may in turn refer the matter to the legal counsel. If the employee wishes, he/she may consult the legal counsel directly, with the understanding that the legal counsel will hold disclosures in confidence unless they involve violations of law or failure to eliminate conflicts within a reasonable time. If necessary, the legal counsel will report the disclosure to senior management or the proper authorities.

E. Employee's Duty to Report Conflicts of Interest

It is the employee's duty to report to his/her supervisor, the Project Managers or Executive Committee any known conflicts of interest within the organization. Further, the employee should report any instances that come to his/her attention where non-organization personnel misrepresent themselves as organization officials or employees.

211 Conflict of Interest or Self-Dealing

The organization may not be organized and operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity, unless the private benefit is considered merely incidental. This private benefit preclusion will extend to:

- A. Sale or exchange, or leasing, of property between the Project and an affiliated or unaffiliated organization or a private individual
- B. Payment of compensation, unless authorized by the appropriate authority, by the Project to an affiliated or unaffiliated organization or a private individual.

213 Signature Authorities

All Project bank accounts shall be operated jointly by the Project Manager and Finance Officer or two such officials designated by the Executive Committee.

217 Political Activity

- A. The Project policy preclude Project funds from being used for partisan political purposes of any kind by any person.
- B. Employees of the Project are precluded, during periods of compensated time, from lobbying, preparing political publications or materials, making partisan political speeches or engaging in related activities intended to influence legislation or to promote a political party or candidate.

219 Equal Opportunity, Working Conditions and Environment

It is the Project policy that all employment practices, including recruiting, hiring, transfers, promotions, compensation, benefits and termination practices, will be on the basis of job performance and without regard to race, creed, color, religion, national origin, sex or age. This policy also applies to persons with physical or mental handicaps. Participation in organization-administered training, education, tuition reimbursement, social and recreational programs will be offered on the same basis of equal opportunity to all employees. Safe and healthful working conditions will be provided to employees at all

locations. There will be compliance with all applicable Nepal law on matters relating to the protection of the environment.

227 Control of Cost Transfers

For all transfers of costs from one grant to another, and from a direct cost to an indirect cost or vice versa, made on other than a direct basis, the Project will:

- A. Have available in its accounting records an appropriate written justification statement for any cost transfers
- B. Obtain the written approval of the Project Managers upon recommendation of Finance Office.
- C. Reflect the adjustment in its General Journal.

229 Special Internal Control Safeguards over Contributions

Contributions received from various sources are directly to be banked and accounted for accordingly and acknowledgments are sent to contributors. Component leaders of the recipient programs/project are given a copy of the check.

A receipt package is prepared including copies of checks, documentation of checks, descriptive summary sheet, deposit slip and acknowledgment. Based on the documentation, the revenue is coded by the Finance Officer or program/project component leaders.

The receipt package must be maintained in an adequate order so that it can be located to support the classification of the donation.

233 Suspense Account, Use of a

Any cost the treatment of which as a direct cost or an indirect cost is unknown at the time of original incurrence will be recorded to the suspense account (account number to be provided by the Project) until its disposition has been resolved. This account will be reconciled on a monthly basis.

235 Government Access to Records

The Project Finance Office will provide access to Project records to the Auditor General or his designee and provide

supporting records as requested by government auditors to facilitate the completion of such audits or reviews.

237 Security of Financial Data

- A. The Project's automated accounting system has built-in password controls to preclude unauthorized access to data.
- B. Access to any computer-based financial data will be granted on a need-to-know basis and will be restricted by a series of passwords to be revised quarterly.
- C. The system's accounting data will be backed up weekly with the back-up stored in a fire-proof cabinet.

239 Use of Project Assets

- A. No employee may use any Project property, equipment, material or supplies for personal use without the prior approval from appropriate authority.

Section 3

FINANCIAL MANAGEMENT POLICIES

301 Basis of Accounting

- A. The Project will conduct financial matters on sound, conservative practices in conformity with generally accepted accounting principles and standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations and in accordance with current Nepal law.
- B. To ensure observation of limitations and restrictions placed on the use of resources available to the Project, the accounts are maintained in accordance with the principles of fund accounting. The assets, liabilities and fund balances of the Project are reported in self-balancing fund groups according to the nature and purpose as follows:

Restricted Funds:

Restricted funds represent resources associated with specified programs funded from governmental, intergovernmental, and other donors who have restricted their contributions. Contributions are supported by signed agreements or other documentation which specifically restrict use of the funds and provide for the return of any excess advances to the appropriate funding agency if the programs are not completed.

Land, Building and Equipment Funds:

Land, building and equipment funds represent funds expended for capital acquisitions and are financed through current operations and allocations from unrestricted funds.

Endowment Funds:

Project Endowment funds include gifts and bequests accepted as endowments where the principle is generally maintained intact and the investment income earned is used for the programs designated by Executive Committee and funds which have been restricted by the Executive Committee to be treated as Endowment funds.

- C. The Project will report program outlays and program income on the accrual basis. Accordingly, expenditures are recorded when a liability is incurred (i.e., when an invoice has been received or the amount can be readily estimated). Revenue is not recorded until actually earned by or is available to the grantee or sub-grantee. ("Available" means that the revenue is both recognizable and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.)

305 Elements of an Acceptable Financial Management System

The Project will maintain records and make reports in such form and containing such information as may be required by its funding sources. The Project will maintain such accounts and documents as will serve to permit expeditious determination of the status of funds and the levels of services, including the disposition of all monies received from its funding sources and the nature and amount of all charges claimed against such funds.

307 Cash Management of Project Funds

The Project will monitor its cash flow to adequately forecast its fund flows -- intake and outgo -- needs.

1. Draws will be for expenditures already paid or projected to be paid based on the grant budget in the next 30 days.
2. Reports for reimbursement grants should be filed monthly allowing the Project sufficient cash to fund daily activities.

309 Budgetary Control

In view of the importance of budget formulation, its administration and budgetary control, the Project shall adhere to following procedure:

1. A projected annual budget of revenues and expenditure of the Project shall be prepared and submitted to the Executive Committee for its approval at least two months before the beginning of the fiscal year (calendar year from January through December). Supplementary budget for the current fiscal year, if changes in the approved budget are deemed necessary,

shall be prepared and submitted to the Executive Committee for its approval.

The draft budget submitted to the Executive Committee must be prepared in sufficient detail to properly monitor program and administrative activities and it shall be based on actual expenditure of previous fiscal year and revised estimates for the current fiscal year. The budget prepared as such must not be arbitrary or *ad hoc*, rather it shall be based on concrete and specific programs, projects and/or activities. The feasibility and viability of each such program, project and/or activity must be evaluated prior to proposing a budget for any such line item and the proposer also shall take into consideration sustainability of the specific program, project and or activity while proposing the budget.

Each component leader is required to submit a projected budget for his/her component to Finance Office three months prior to the beginning of the next fiscal year, in order to enable the latter to compile the projected budget for the entire Project and submit to Project Executive Committee at least two months before the beginning of the fiscal year.

The Executive Committee will approve the draft budget after necessary discussion and deliberation. The approved budget work-sheet data shall be transferred to the MIP accounting entry and posted into accounting ledgers. No modification shall be made in such budget without having a supplementary budget approved by the Executive Committee. the Finance Office must then make any such modification in the accounting record in accordance with approved supplementary budget.

- 2 It shall be the responsibility of the Finance Office to administer, monitor and control the institutional budget approved by the Executive Committee. The accounting record shall be maintained in such a manner that records are available as to how much has been spent against the approved budget for each and every line item. In order to ensure that there is no budget overrun in any line item, projection of future expenditure shall be made periodically and management shall be advised. On the other hand management shall consult the Finance Office prior to making financial commitments or prior to authorizing outlays. Such consultation is also important from the point of view of cash-flow management.

The Finance Office shall also prepare cash-flow budget for each of quarters with the active help of management and program/project component leaders. The management and each program/project component leader shall notify the Finance Office as to anticipated heavy cash-flow requirement.

- 3 On a monthly basis the program budget vs. actual reports should be distributed to the program/project component leaders for their analysis and review. The Finance Office will present to the Project Managers a budget vs. actual report on a monthly basis which will include explanation for significant differences, and individual analysis of program/project component.

311 Insurance and Bonding

- 1 The Project must arrange for comprehensive insurance coverage for all of its assets and properties. The Office Manager shall see to it that such insurance policies are renewed in time in order to ensure that these policies are kept current.
- 2 The Project shall arrange for a comprehensive personal accident insurance policy for all its current employees with four years' total salary at the rate of present salary (basic plus increment) as sum insured. However, medical insurance shall be the responsibility of each individual employee.
- 3 Project employees sent on scholarship for training or further education by the Project shall be required to work for the Project for following time period:

Duration of Scholarship	Duration of Bond
More than 3 months and up to a year	One Year
More than a year and up to two years	Two Years
More than 2 years and up to three years	Three Years
More than three years	Five years

313 Record Retention and Disposal

- A. All financial and programmatic records, supporting documents, statistical records and other required or pertinent records of the Project will be retained for three years from the day it submits its final expenditure report. For grants involving continued support or renewed annually, the retention period starts on the day the Project submits its expenditure report for that period.
- B. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.
- C. In accordance with the current Nepal law, the following records will be retained for the indicated minimum periods:
1. For six years after the close of the year: accounts payable and accounts receivable, payroll, inventory, petty cash records, check register and checks, invoices (funding sources and vendors), and insurance safety reports.
 2. Permanently: Audit reports, chart of accounts, financial statements, general ledger, fixed asset records, journal vouchers, profit and loss statements, tax returns, annual corporate reports, charters and by-laws and minutes, grants and agreements, tax and legal correspondence, incorporation records, labor grants, insurance claims and policies, accident reports and retirement and pension records.
- D. The disposal date determined under this policy will be the end of the fiscal year in which occurs the anniversary date of the required number of years from the act specified or, where not specified, from completion of a grant, date of final payment of a grant or year in which an entry is made charging or allocating a cost to a government grant, as the case may be.
- E. All financial records will be maintained in chronological order, organized by fiscal year, starting with the fiscal year commencing January 1, 1992. No

separate files or accounting records will be maintained
by individual grants.

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Section 3A

FINANCIAL MANAGEMENT POLICIES:

Procurement of Materials and Services

314 Procurement of Materials

- A Avoidance of Unnecessary Procurement: Each and every purchase requisition must be properly authorized prior to processing it. The requester is also required to check that the Project store is not carrying requisite or similar item. Along with the purchase requisition the requester is also required to prepare an analysis of the need of the item to be procured for the review of the Project Managers.
- B Best Material at Best Price: When procuring an item, the purchaser shall ensure that best material is purchased at best price. The purchaser shall adhere to following procurement procedure in order to secure competitive price:
- 1 Under Rs 25,000 - Only one source need be solicited so long as the purchaser is able to certify that the purchase price is reasonable.
 - 2 Rs 25,000 to Rs 100,000 - At least three bids, quotations or estimates must be obtained from prospective suppliers holding current income tax registration certificate. Latest catalogue prices can supplant direct quotations.
 - 3 Rs 100,001 to Rs 500,000 - Three sealed quotations or bids must be obtained by inviting prospective suppliers holding current income tax registration certificate to do so in writing.
 - 4 Above Rs 500,000 - All responsible offerors holding current income tax registration certificate shall be permitted to submit an offer by inviting to do so by placing advertisements in national dailies for sealed tender. At least two weeks' time shall be given to furnish tenders, and such advertisement shall be published twice.

All such tenderers shall be required to make an earnest deposit of 5% of the total value of the tender, which shall be refunded to those whose offers are rejected and such deposit of the accepted offeror shall be refunded upon satisfactory completion of the tender.

Sealed quotations and tenders shall be opened in the presence of those submitting them or their representatives.

However, the Project shall not delay opening them merely because of failure of the offerors/bidders to present themselves in the stipulated day and time, if such stipulation was duly notified to those concerned.

Procurement shall not be split up in an effort to avoid competition. On the other hand competitive price need not be obtained when only one source is available, or in an emergency situation, when there is no time to carry out the competitive process. However, poor planning shall not serve to justify an "emergency situation."

The competitiveness of the price must be determined by preparing a financial evaluation of the quotations/bids obtained. Such evaluation must be submitted to the Project Managers for approval of the source. The Project Managers can authorize procurement from higher priced source on the strength of technical evaluation, where applicable.

It shall be the duty of the purchaser to secure trade discounts and cash discounts in all purchases, if available. The Project shall prepare a projected annual procurement plan in a manner that permits taking advantage of bulk discount on the one hand and on the other hand procurement work is done in efficient way.

315 Procurement of Services

Whenever the Project feels that best technical services can be procured by inviting proposals from competent offerors, a "request for proposal" advertisement shall be published and offers received in its response shall be evaluated financially and technically.

Section 3B

FINANCIAL MANAGEMENT POLICIES:

Construction Work

316 Construction Contract

- A Cost Estimate - Detailed cost estimate indicating specific quantities for each item of work shall be prepared by a qualified engineer/technician in accordance with universally accepted norms and approved by Project Managers.
- B Award of Construction Contract - The following procedure shall be followed for awarding such contracts to secure a competitive contract price:
- 1 The construction contract for a job estimated to cost less than Rs 100,000 shall be awarded directly to a licensed contractor with the approval of the Project Managers. The award must be based on findings that the said contractor is capable of performing the job and its price is reasonable.
 - 2 At least three bids or quotations must be obtained from licensed contractors for a job estimated to cost between Rs 100,000 to Rs 250,000.
 - 3 At least three sealed quotations must be obtained from licensed contractors by inviting them to do so in writing for a job estimated to cost between Rs 250,001 to Rs 500,000.
 - 4 All licensed contractors shall be permitted to submit sealed tender by inviting to do so by placing advertisements in national dailies for the purpose for construction works estimated to cost more than Rs 500,000. At least two weeks' time shall be given to furnish tenders, and such advertisement shall be published twice.

Sealed quotations and tenders shall be opened in the presence of those submitting them or their representatives. However, the Project shall not delay opening them merely because of failure of the bidders to present themselves in the stipulated day and time, if such stipulation was duly notified to those concerned.

It is not necessary for the Project to award the construction contract to lowest bidder if genuine and reasonable reason to deny the award to the lowest bidder exists. However, such justification shall be amply recorded

with necessary documentation. It is the Project's right to pre-qualify prospective bidders (contractors) in order to evaluate their capability to perform, financial soundness and reliability.

C Estimated Cost vs Actual Cost - The Project Managers are authorized to award a construction contract to an acceptable bidder quoting a contract price which exceeds the approved estimate by not more than 10%. However, in cases where the acceptable bidder's quoted price exceeds the approved cost estimate by 10% the Project can choose either to call for a re-tender or to open negotiation with bidders to see if the contract price could be brought down to acceptable limit. Or, the matter could be referred to the Project Executive Committee for its approval to award construction contract at a contract price exceeding the approved cost estimate by more than 10%.

D Bid Bond - Contractors submitting a sealed quotation or tender shall be required to submit a bid bond equal to 2.5% of estimated cost of the work. An equivalent amount of earnest money to be deposited in the Project's stipulated bank account shall also be acceptable in lieu of bid bond.

Bid bonds and earnest deposits furnished by bidders failing to be selected shall be released subsequent to finalization of the award of the construction contract. If the selected bidder fails to undertake the construction work, such bidder shall forfeit the bid bond or earnest deposit made by it. In such a situation the Project shall recover the amount (to be accounted for as general fund miscellaneous revenue) from the concerned bank issuing the bid bond and in the case of earnest deposit such deposit will be transferred to general fund miscellaneous revenue.

E Performance Bond - An agreement shall be signed between the Project and the accepted bidder when such bidder furnishes a performance bond equal to 5% of the approved contract price. Such bond shall be valid for a period of six months after the completion of the contract and, if applicable, for the duration of the defect liability period as well.

Those depositing earnest money for bidding purposes shall be required to make additional deposits so that the total deposit amounts to 5% of the approved contract price prior to signing the agreement.

Such bond or earnest money shall be released six months (maintenance period) after successful completion of the construction work subsequent to issuance of Work Completion Certificate and upon expiry of defect liability period, if applicable. The contractor shall furnish an income tax

clearance certificate covering the work done in the Project by it prior to the release of such deposit.

F Retention Money - A sum equal to 5% of each approved running bill (contract invoice) for progress payment shall be withheld by the Project to be released six months (maintenance period) after successful completion of the construction work and upon expiry of defect liability period, if applicable. The contractor shall furnish an income tax clearance certificate covering the work done in the Project by it prior to the release of such deposit.

G Timely Completion of the Contract - Each agreement for construction contract shall stipulate a time limit for the completion of the work and such document shall also provide for a levy of liquidated damage (penalty) for any delay in the completion of the work.

The Project has the right to extend the time limit where a contractor requests an extension citing genuine reason. However, a contractor must apply for such extension at least a month before the expiry of the agreed time limit. If granted, an extension becomes effective upon submission of an amended performance bond covering the new time limit and six months thereafter.

H Payment of Running Bill - Progress payments shall be made periodically to the contractor based on a certified running bill. The contractor shall be paid after making necessary deductions.

I Maintenance Period - The period of six months from the date of approval of the final running bill shall be considered a maintenance period. The contractor shall be responsible for all maintenance necessary to the construction work performed by it during this period. A Work Completion Certificate shall be issued at the end of such maintenance period.

J Defect Liability Period - The Project, at its discretion, may stipulate a certain period as a defect liability period for certain construction work over and above the maintenance period of six months from the date of approval of the final running bill. The Work Completion Certificate shall be issued in such cases only upon expiry of such defect liability period. The contractor shall be held responsible for any and all defects detected in the work performed by it during such period. In cases where a defect liability period has been stipulated, the Performance Bond furnished by the contractor shall be valid for such period as well. Similarly, the earnest deposit and retention money shall also be released only upon expiry of such period.

- K Advance - Generally, no advance shall be granted to a construction contractor. However, the Project has right to grant an advance not exceeding 15% of the contract price on a case by case basis against a bank guarantee covering the amount of advance. If any advance as such is granted to the contractor, such advance can be recovered from the contractor in a number of installments worked in such manner that the advance amount is fully realized by the time of completion of the contract.
- K Contract Tax - The Project shall deduct the necessary amount under current Nepal law as contract tax and deposit the same with HMG/N.
- L Income Tax - The Project shall not deal with any construction contractor that does not possess a current (i.e. duly renewed for the fiscal year in question) income tax registration certificate. If such contractor is not available and cannot be made available, the Project can retain a contractor without such a certificate subject to the condition that over and above other deductions, 5% of each running bill shall be deducted towards income tax at source prior to payment of each running bill. Such amount shall be deposited in the Consolidated Fund of HMG/N. In such a case the Performance Bond or earnest deposit and retention money can be released without an income tax clearance certificate if other conditions are fulfilled.

Section 3C

FINANCIAL MANAGEMENT POLICIES:

Financial Reports and Audits

317 Financial Reporting

The Finance Office shall maintain supporting records in sufficient detail to prepare the organization's financial reports, including:

A. Annually:

1. Financial statements for audit
2. Annual budget(s)

B. Monthly:

1. Trial balance
2. Invoices to the organization's funding sources
3. Cost summaries and analyses, by grant and group of grants
4. Financial status report to the Executive Committee including:
 - Internal monthly financial statements
 - Budget vs Actual report including analysis by program directors
 - Statement of Cash Flows
 - Roll-forward schedule of Grants Receivable and Deferred Revenue

C. Quarterly

1. Record of cash transactions
2. Quarterly progress report to the Executive Committee

D. Periodically:

1. Annual tax return
2. Other reports upon request.

319 Audit

The Project will have conducted annually a full-scope audit by a qualified independent public accountant.

321 Scope of Audit Report

The Single Audit provides that:

- A. The audit will be made by an independent auditor in accordance with generally accepted auditing standards covering financial and compliance audits.
- B. The audit will cover the entire operations of the Project or, at the option of Project, it may cover departments, agencies or establishments that received, expended or otherwise administered any specific financial assistance during the year/a single program expending over Rs 1,000,000. A series of audits of individual departments, agencies and establishments for the same fiscal year may be considered a single audit. The auditor will determine whether:
 - 1. The financial statements and the accompanying schedules of the Project, department or establishment present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles.
 - 2. The organization has internal accounting and other control systems to provide reasonable assurance that it is managing financial assistance programs in compliance with applicable laws and regulations.
 - 3. The organization has complied with laws and regulations that may have a material effect on its financial statements and on each major donor assisted program.

323 Procuring Audit Services

- A. In arranging for audit services, the Project Executive Committee will follow procurement standards for retaining professional services.
- B. The Executive Committee may award multi-year audit contracts of not longer than a five-year duration. At the end of such a multi-year period, competitive procedures shall be observed in reviewing audit services.

333 Audit Quality Assurance Reviews

Qualified Project personnel & Members of the Executive Committee should:

- A. Review the complete audit report and note any deviations in the report format from that prescribed in the audit scope of work.
- B. Prove the clerical accuracy of all footings, extensions, etc., of all statistical data in the report.
- C. Verify that all exhibits, schedules and supporting statements in the report are in agreement and reconcilable, where appropriate.
- D. Review and evaluate the propriety of all questioned costs presented in the report and/or other management and internal control weaknesses.

337 Audit Resolution

- A. The Project will systematically assure the timely and appropriate resolution of audit findings and recommendations.
- B. The Project will ensure that appropriate corrective action, including settlement and payment of any unacceptable costs, is taken within one year of receipt of an acceptable audit report.

343 Chart of Accounts

The Project has approved a Chart of accounts as per Annex It may be amended from time to time as required with the approval of the Finance Office.

Section 4

POLICIES RELATED TO ASSETS, LIABILITIES AND FUND BALANCE

410 ASSETS

411 Bank Accounts

- A. No bank account(s) are to be opened in the name of the Project without prior written permission of the Project Managers. All accounts of the Project must be opened in the same name of Makalu Barun National Park and Conservation Project.
- C. No bank account(s) in the name of the Project are to be closed without prior written permission of the Project Managers.
- D. All cash accounts should be interest bearing whenever possible and when appropriate.
- E. All disbursements require signatures of Project Managers and Finance Officer or two such officials designated by the Project Executive Committee.

412 Cash Procedures

- A. For all bank accounts the general ledger cash account should be reconciled to the bank statement on a monthly basis to ensure that all transactions have been recorded properly.
- B. The reconciliation should be reviewed by the Project Managers. Along with the reconciliation the Finance Office should review a journal of all checks written during the month which includes the check number, date and time each check was written, payee, and amount.
- C. All reconciliation errors and adjustments should be recorded as adjusting journal entries in the month end close.
- D. Blank checks should be locked away nightly to limit access.

413 Petty Cash Payments

Arrangement for petty cash payments shall be made under imprest system, whereby an advance of Rs 10,000 shall be granted to a specified official as petty cash advance for local expense reimbursement and small vendor purchases, provided proper documentation is furnished with each request. The petty cash shall be replenished periodically by reimbursing the expenses incurred.

The Project Managers shall conduct an occasional surprise check of petty cash to ensure that Project fund is not commingled with personal fund.

415 Accounts Receivable

- A. All receivables and advances are assets of the Project. They should be accounted for with the same care and diligence as cash.
- B. All receivables and advances must be properly classified and maintained at a minimum level.
- C. Loans or advances to employees shall be provided as stipulated in Project Policies of Employment.
 - 1. Employees may borrow interest-free up to one month's salary.
 - 2. Such advances must be cleared by the end of current fiscal year. (Repayment installments are not voluntary and will be deducted from an employee's salary each month.)
 - 3. Each loan may be renegotiated only once in each agreed upon repayment cycle.
 - 4. A second loan cannot be entered into while one loan is being repaid.
- D. No receivable or advance may be written off without prior approval of Project Executive Committee.
- E. All travel advances must be approved by Project Managers. All travel advances must be accounted for through the submission of expense reports within 7 days of completion of the trip.
 - 1. Employee submits a travel advance request to the Project Managers through Finance Department. The

amount of the advance should be based on the applicable daily allowance rate for the number of approved duty travel days including other incidental expenses like visa charge, airport tax, taxi fare, etc. (Cost of air ticket, bus ticket, etc. purchased by the Project for the trip shall be recorded as travel advance awaiting completion of the trip and submission of expense report.)

2. The Project Managers approves the advance subject to recommendation of Finance Department (Finance Department is not authorized to recommend a travel advance if there is outstanding balance of previous advance in an employee's name).
 3. A check is issued to the employee for the amount of the approved travel advance request.
 4. The employee will complete an expense report and submit it with relevant bills, invoices, vouchers, etc along with the balance of his/her travel advance to the Finance Department upon completion of the trip (recommendation as to coding to be included by the employee).
 5. Finance reviews the expense report for adequacy of supporting documentation, and for proper approvals and makes necessary corrections to the report, checking the totals in the process.
 6. The expense report is then coded by Finance and a journal entry form is prepared and entered in accounting record.
- F. An aged, detail log of all receivables, by recipient, should be obtained. The detail should be reconciled to the general ledger on a monthly basis. Any adjustments should be recorded as adjusting journal entries in the month end close.

425 Leases

Leases which meet the accounting criteria for capital leases in accordance with Statement of Financial Accounting Standard (SFAS) No. 13, "Accounting for Leases", are recorded as property, plant and equipment, and the related capital lease obligations (the aggregate present value of minimum future lease payments, excluding executory costs such as taxes, maintenance and insurance) are included in long-term debt for financial reporting purposes.

Depreciation and interest are charged to expense, and rent payments are treated as payments of long-term debt, accrued interest and executory costs. All other leases are accounted for as operating leases, and rent payments are charged to expense as incurred.

The accounting department should prepare a calculation for each of the four capital lease criteria specified in SFAS No. 13 to determine if the lease is operating or capital. This documentation should be filed with the lease agreement.

427 Separate Fixed Asset Fund

- A. To be classified as a fixed asset, a specific piece of property must possess three attributes: (1) tangible nature, (2) a useful life of more than one year or more, and (3) a value of Rs 10,000 or more.
- B. All fixed assets acquired either by purchase from granting agency, local funding or donated to the Project will be immediately recorded in the Fixed Assets Account Group. Purchased fixed assets are valued at cost. Donated fixed assets are recorded at their estimated fair value at the time received by the Project. All fixed assets owned by the Project should be substantiated with adequate records.
- C. All assets acquired with restricted funds will be expensed at the time of purchases in the program where the monies are disbursed.
- D. The Fixed Assets Account Group will be organized as follows:
 - 1. Land (040)
 - 2. Buildings (045) & Improvements (046)
 - 3. Equipment (072) & Other assets (076)
 - 4. Vehicles (070)
 - 5. Rental (Leased) Property (044)

429 Capitalization of Equipment

- A. All tangible property, purchased with unrestricted funds, with a useful life of more than one year and a unit acquisition cost of Rs 10,000 or more will be capitalized and depreciated over its useful life using the straight-line half year convention method of depreciation. The Project will expense the full acquisition cost of tangible property below these thresholds in the year of purchase.

- B. The basis of accounting for depreciable fixed assets is acquisition cost, and all normal expenditures, including installation costs, architect-engineer fees, etc., of readying an asset for use will be capitalized. However, expenditures that do not add to the utility of the asset will be charged to the period incurred.

430 Recording Fixed Asset Additions

- A. Finance reviews all items recorded as maintenance and expense on a monthly basis and identifies those items in excess of Rs 10,000.
- B. If these items qualify under the above noted fixed asset requirements they are transferred by a journal entry to the appropriated fixed asset account. The journal entry is recorded as an adjusting journal entry in the month end closing process.
- C. Depreciation expense is recorded annually. At year end depreciation expense and accumulated depreciation is reconciled with the fixed asset ledger and any differences are recorded as year end adjusting journal entries.

431 Fixed Asset Disposal and Retirement

- A. The finance department should receive written notification of the disposal of all fixed assets. (Notification is required for the disposal of capital assets due to sale, donations, theft, destruction or abandonment.)
- B. Finance then updates record of accumulated depreciation expense to reflect the decrease in the asset value from the end of the previous month to the disposal date.
- C. The disposal gain or loss is calculated in compliance with generally accepted accounting principles and a journal entry form is prepared and recorded as a month end journal entry.

437 Self-Constructed Fixed Assets

- A. For all long-lived assets constructed by the Project the following costs will be capitalized:
 - 1. All direct costs incurred specifically in the construction of the fixed asset including the

salary of employees who work on the project.
(Salary cost will be charged to the asset based on
time-sheets.)

2. Variable overhead and general and administrative costs
 3. Interest costs that are material.
- B. Fixed overhead costs will not be capitalized unless they are increased by the construction of the asset.

450 LIABILITIES AND DISBURSEMENTS

451 Payment Approval

- A. The Project Financial Assistant receives payment requests from Programs. The request can be classified as:
1. Invoices
 2. Check requests
 3. Employee expense reports
- B. The Assistant reviews each request for the following:
1. Ascertaining the accuracy of coding as regards to the department account number
 2. Authorized approval for the outlay
 3. Mathematical accuracy of the payment document.
 4. Ascertain that the request conforms to approved fiscal procedure.
- C. The Assistant returns the request to the appropriate department if any of the items in step B are missing or incomplete.
- D. The Assistant prepares an Accounts Payable Voucher Batch from the approved payment requests.
- E. The Assistant compares the approved payment request and compares it to the batch total to ensure they agree. (If they do not the Assistant investigates the difference.)
- F. Once the Assistant is satisfied with the accuracy of the batch the checks are run and the batch is posted to the General Ledger
- G. All checks and supporting documentation are submitted to the Project Managers for review and signature.

H. All checks require two authorized signatures.

452 Generate And Distribute Accounts Payable Reports

- A. Generate a voucher journal after an accounts payable batch is entered.
- B. Produce a check register after each check run and at the end of each month in order to summarize the disbursement activity for the month.
- C. Generate at the end of each month an accounts payable aging report by vender.

453 Advance Payments

Payments which are received in advance are deferred and recognized as income in the period in which the related products or services are delivered. Advance payments received in excess of un-billed receivables and accumulated costs are classified as deferred revenue, a liability.

457 Accrual of Unpaid Salaries and Wages

Salaries and wages earned, but unpaid will be reflected as a liability when earned.

463 Obligations for Equipment Purchased for a Grant

Obligations for equipment specifically purchased for, and expected to be used solely on, an individual grant or group of related grants--regardless of the payment terms of the obligations--should be treated as a liability, with the expense properly recorded against the grant.

470 ENDOWMENT FUND BALANCE

471 Endowment Funds

- A. Initial receipts for gifts, grants or bequests under an endowment agreement will be recorded as a contribution based on the fair market value of the property received.
- B. Endowment income will be accounted for based on its nature.
 - 1. Unrestricted investment income from endowment funds and term endowment funds will be recorded as a transfer from the endowment fund to the unrestricted operating fund.
 - 2. Restricted expendable investment income will be accounted for as deferred revenue.
 - 3. Investment income that must be added to the principal balance as required by a donor or grantor agreement will be recorded as an addition to fund balance.
 - 4. Gains or losses from investments will be recorded as an additions or deductions of fund balance.
- C. Investment fees will be properly recorded as expense in the Endowment Fund in the period in which they occurred.

Section 5

REVENUE

500 REVENUE SOURCES

501 Revenue Recognition

Revenue under cost reimbursement-type grants is recorded as costs are incurred. Applicable estimated fees, if any, are included in revenue in the proportion that incurred costs bear to total estimated costs.

503 Program Income

- A. Program income is gross income generated directly by a grant supported activity or earned only as a result of the grant agreement during the grant period.
- B. If authorized by the grant agreement, costs incidental to the generation of program income may be deducted from gross income to determine program income.
- C. Depending on the method provided for in the grant agreement, program income will be deducted from outlays, added to the funds committed to the grant agreement, or used to meet the cost sharing or matching requirements of the grant agreement.

509 Segregation of Revenues

The Project will separately identify the source and application of funds provided by all major funding agencies.

Section 8

PROPERTY MANAGEMENT POLICIES

801 Grantor-Furnished and Project-Acquired Property Equipment and Material with Grantor Funds

- A. Title to Grantor-furnished and grantee-acquired property and equipment acquired as a direct cost on a cost reimbursement grant and for the duration of a firm fixed price grant, will reside with the Project.
- B. The Project will maintain detailed records of all grantor-furnished property and grantee-acquired equipment on all grants, segregate such property and equipment, ensure its maintenance and disposal, not use it on any commercial activities.

809 Project Property, Record and Report of

Property records will be maintained that include:

- A. A description of the property
- B. The source of property who holds title
- C. The acquisition date
- D. The cost of the property
- E. Percent of various grantor participation, if applicable, in the cost of the property
- F. The location
- G. Use and Condition of the property, and
- H. Any ultimate disposition date, including the date of disposal and sale price of the property.

Records will be updated annually, through a physical inventory.

813 Equipment, Record of

The Project will maintain individual item records for each item of plant equipment having a unit cost of Rs 10,000 or more. Summary stock records shall be maintained for plant equipment costing less than Rs 10,000 per unit.

815 Real Property, Record of

- A. The Project will maintain an itemized record of the description, location, acquisition cost, and disposition of all real property, alterations,

construction work and sites connected with such alteration and construction.

- B. The Project will also maintain information on costs incurred for:
1. New construction of real property in its possession
 2. Additions, expansions, extensions, conversions, alterations and improvements that increase the value, life, utility, capability or serviceability of the real property
 3. Portable buildings or facilities specifically constructed for tests
 4. Maintenance, repair or rearrangements to maintain the real property in good physical condition
 5. Real property sold, transferred, donated, destroyed by fire or other cause, abandoned-in-place or condemned.

819 Grantee Owned, Leased and Low Cost Property and Equipment

- A. All grantee owned, leased and low cost property, equipment and materials will be controlled as described above.
- B. The use of licensed computer software will be closely monitored and practices involving unauthorized copying restricted.

827 Disposition of Real Property and Equipment

When original or replacement real property or equipment acquired under a grant is no longer needed for the original project or program or for other activities currently or previously supported by any donor, the real property or equipment will be disposed.

The Project will request disposition instructions from the awarding agency. The awarding agency will indicate whether the Project will:

1. Retain title after compensating the awarding agency
2. Sell the property and compensate the awarding agency

3. Transfer title to the awarding agency or to a third-party designated/approved by the awarding agency.

615 Administrative Costs

All costs for the overall operation of Woodlands will be considered administrative. In general, the following list of costs which are considered necessary for the overall administration of Woodlands will be included in this category:

- A. The personnel expenses of the Chief Executive Officer and Chief Financial Officer and administrative secretarial staff, and fiscal and planning staff to the extent they are involved in activities of a general nature related to the overall operation of Woodlands. Such activities include personnel management or supervision by administrative staff that is not traceable to any specific service.
- B. Staff time devoted to planning activities, which are of a general nature and not assignable or allocable to a service such as: preparing testimony, addressing public hearings, conducting public hearings, overall program performance reviews and analysis of program effectiveness, and revision of objectives and plans as necessary.
- C. Staff time assigned to coordination activities (which may include joint planning with other agencies), assisting in the development of other programs to better serve the clientele; involvement in jointly funded activities and information sharing.
- D. Staff time spent in researching and acquiring other resources to be used for the development of new and expansion of services.
- E. Providing travel expenses, meal allowances, etc. for Administrative staff.
- F. General Woodlands personnel management and record keeping related to employee benefits, as well as developing and implementing personnel policies and such activities as staff orientation and training of a general nature.
- G. Financial management of the entire Woodlands operation such as maintaining necessary journals, ledgers and accounts, making requisite bank deposits and withdrawals, invoicing and payment processing, payroll administration and preparing periodic financial reports that encompass the overall financial status. The cost

of project accounting for grant activities may be treated as an allocable cost.

- H. Costs of office furniture, supplies and equipment designated specifically for the administrative staff.
- I. The portion of Woodlands's annual audit relating solely to the audit of its administrative functions. The portion of the annual audit cost allocable to its program activities may be allocated on a rational basis.
- J. The costs of general liability insurance, fidelity bonds, etc.

617 Management and General Expenses

Costs that cannot be related to a specific program or fund-raising activity will be classified as management and general costs. These costs generally include executive direction, legal, budgeting and accounting, preparation of Woodlands's grant application and grant proposals, and like kind of management and general activities.

621 Fund-Raising, Membership Services etc., Allocation of Cost to

- A. Fund-raising and services to clients or the general public will be allocated as indirect cost to the programs to which they relate.
- B. If activities other than appeals for funds can be demonstrated, such costs should be allocated between fund-raising and the related program or management and general functions.

623 Allocation of Legal Fees

Legal fees incurred specifically in connection with a specific program will be allocated as a direct cost. All legal fees benefiting more than one program will be treated as an indirect cost.

A. The Federal Grant and Cooperative Agreement Act of 1977, 41 USC § 501 et seq., as repealed by PL 97-258, § 5(b) provided guidance to awarding agencies in making the determination between a grant vs. a contract. The Act defines two basic categories: "procurement activities, "where contracts are to be used and "assistance activities," where grants or cooperative agreements are to be used. The major distinction is whether the transaction is an "acquisition," in which case a contract is to be used, vs. a "support arrangement," in which case a grant is to be used.

1. A contract or acquisition is where the result of the performance is "for the direct benefit or use" of the government. Contracts are always entered into to meet an awarding party's need for a particular product or service.
2. The objectives of a grant are defined as general support, stimulation, equalization and demonstration. Under such a financial assistance relationship, the purpose of the award may be to advance the capacity and interests of the sub-grantee, not of the granting agency. The awarding agency also does not direct work or approve deliverables. The granting agency acts as a resource and provides advice and guidance to the recipient. Except for clearly demonstrated cutbacks in funding or substantiated changes in program priorities, financial assistance made may not be unilaterally terminated for the convenience of the awarding party. Granting agencies may terminate for cause in cases of substantial noncompliance with the terms and conditions of the award.

If a relationship is determined to be a contract than their is no sub-grant award.

B. Once Woodlands determines that a sub-grantee relationship exist they must ensure that all sub-grants:

1. Contain a provision for compliance with OMB Circular A-102/A-110
2. Provide for all clauses required by Federal statute and executive orders and their implementing regulations

3. Ensure that sub-grantees are aware of requirements imposed upon them by Federal statutes and regulations.
- C. Woodlands will insert in any request for grant application a certificate precluding award to "high-risk grantees" as defined by OMB Circular A-102.

637 Sub-grant Accounting

- A. According to AICPA SOP 78-10, grants made by nonprofit organizations to other organizations should be recorded as an expense when the recipient organization is entitled to the grant. Accrual usually occurs when the governing board of the nonprofit organization approves the grant or notifies the recipient organization that it is entitled to the grants.
- B. Grants that extend over more than one year and require no substantial review or approval other than routine performance on the part of the recipient organization, should be recorded as an expense and liability at the point of the initial review of the grant. When the multi-year grant is subject to revocation regardless of performance by the recipient organization the grant should not be accrued. Grants subject to periodic review and approval will be recorded as an expense when re-approval occurs.
- C. For billing purposes on sub-grant awards under grants with Federal, state and local government entities, only costs incurred by or on behalf of sub-grantees may be charged to the various governments. For this reason, for such sub-grants, only billable costs will be reflected.

663 Compensated Personal Absences, Accounting for

- A. The cost of compensatory time earned will be reflected as a liability when earned. Earned, untaken compensatory time will be paid upon termination of the employee.
- B. Information on the cost of compensatory time earned will be maintained using informal records.

669 Borrowed Labor

The indirect cost rate of the "performing" program will be charged for all borrowed labor involving work of less than three (3) months duration; the "selling" program's indirect

cost rate will be charged for all borrowed labor involving work of three (3) or months or more.

803 Government Property, Receipts for

- A. Woodlands will furnish written receipts for all or specified classes of government property. Woodlands will also maintain proof of receipt for grantee-acquired property before submitting its request for payment for the property.
- B. Woodlands will take all actions necessary in adjusting overages, shortages or damage in shipment of government-furnished and grantee-acquired property.

807 Government Property, Segregation of

In general, government property will be kept physically separate from Woodlands owned property unless:

- A. The government property is special tooling, special test equipment or plant equipment clearly identified or recorded as government property
 - B. Approved by the property administrator in connection with research and development grants
 - C. Material is included in a multi-grant cost and material control system
 - D. Scrap of a uniform nature is produced from both government and grantee-owned material and physical segregation is impracticable; scrap produced for government-owned material is insignificant in consideration of the cost of segregation and control; or government grants were firm fixed-price and provide for the retention of the scrap by the grantee
 - E. Otherwise approved by the property administrator.
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Attachment 6

- Financial Report -

FINANCIAL PROFILE OF THE PROJECT (pvobud6)

Summary Budget-to-Actual

Based on Revised Budget of November, 1993; Approved by USAID January, 1994

	YEAR 1				YEAR 2				YEAR 1 + 2			
	USAID Budgeted	USAID Actual	PVO Budgeted	PVO Actual	USAID Budgeted	USAID Actual	PVO Budgeted	PVO Actual	USAID Budgeted	USAID Actual	PVO Budgeted	PVO Actual
Field Costs												
Total Program	3,324	3,324	4,982	4,982	8,592	8,219	0	0	11,916	11,543	4,982	4,982
Total Procurement	14,617	14,617	3,743	3,743	9,700	9,528	1,500	1,897	24,317	24,145	5,243	5,640
Ongoing Evaluation	0	0	0	0	750	1,645	0	0	750	1,645	0	0
Sub-total	17,941	17,941	8,725	8,725	19,042	19,392	1,500	1,897	36,983	37,333	10,225	10,622
Headquarters												
Total Program	6,425	6,425	7,415	7,415	7,000	7,103	3,000	3,227	13,425	13,528	10,415	10,641
Total Procurement	2,720	2,720	3,850	3,850	10,000	9,546	0	0	12,720	12,266	3,850	3,850
Ongoing Evaluation	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total	9,146	9,146	11,264	11,264	17,000	16,649	3,000	3,227	26,146	25,795	14,264	14,491
Total Direct Costs	27,087	27,087	19,990	19,990	36,042	36,041	4,500	5,123	63,128	63,128	24,490	25,113
Indirect Costs	2,645	2,645	813	813	2,227	2,227	1,000	1,060	4,872	4,872	1,813	1,872
Total Program Costs	\$29,731	\$29,731	\$20,802	\$20,802	\$38,269	\$38,268	\$5,500	\$6,183	\$68,000	\$67,999	\$26,302	\$26,985

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