



**Cooperative Education Report**  
**Functions of Finance Department at CARE Nepal**

**Written by**

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We have approved this cooperative report as a partial fulfillment of the cooperative education program semester 2/2018

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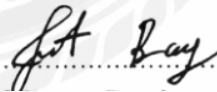
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### **Abstract**

The cooperative report entitled Functions of Finance Department at CARE Nepal has the goals to examine the work culture and the operational activities in an INGO firm. Objectives of the study include: to explore the procedure of preparing and using various financial document and reports, to create working ability, mentality and collaboration with team members and to understand accurate use of accounting functions and put theoretical knowledge into practice. With the company, the student was assigned to work as an Intern in the department of Finance and Treasury. Main responsibilities are to file vouchers systematically, attach supporting documents, cash and check deposits and payments, assist in auditing and tax payments. Upon the completion of the internship, it was found that the problem was resolved through going through manuals and on the job training along with the work experience gained throughout the period. The problems encountered during internship were getting along with colleague and management, time management issues, information overload and inconsistency in balance of work. In this matter student is able to experience working in corporate environment and gain flexibility along with developing professional ability to work in a multicultural environment which are very important for future career development and profession.

**Key words:** *Theoretical / Multicultural/Professional*

## **Acknowledgment**

The 14-week internship experience at an INGO firm has helped me broaden my knowledge on how such firms operate in Nepal. This report is prepared to showcase my internship experience and knowledge I gained throughout the length of time. I'm really grateful to each and every one for supporting, teaching and providing feedbacks with my report.

I am extremely thankful to KCM College and SIAM University for including internship as a core part of the BBA degree. I want to thank the Management for all their precious support for this internship program. Likewise, it has been an honor to prepare this report under guidance of Asst. Prof. Dr. Maruj Limpawattana. I really appreciate his active supervision and his suggestions throughout the completion of this report.

I would like to extend my thanks to my supervisor at CARE Nepal Mrs. Devi Bista, for guiding me through my work. I am also thankful to the whole Finance Department of CARE Nepal for guiding me throughout my internship period, supporting me with my works and providing me with such an opportunity. I believe this internship experience to be fruitful for my future career.

Prajwal Thapa

BBA 2015-2019

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## List of Abbreviations

S2B-Straight to Bank

TDS-Tax Deducted at Source

INGO- An international non-governmental organization



# Chapter 1

## Introduction

“The best piece of an Internship is that it shows a youngster a particular industry and company. An entry level position offers you a chance to become familiar with the ropes in a situation where everybody knows you're new at this, and in a perfect world they'll coach you and provide you with a helping hand ” (Loretto, 2019).

CARE Nepal is a leading INGO in Nepal so it has the best environment to learn about the operation and activities of INGO's for the interns. The organization provided an opportunity to encounter great, down to earth introduction of the nonprofit organizations and it was a great practice of the theoretical knowledge. The experience turned out to be a decent get ready for my profession ahead.

### 1.1 Company Profile

CARE is a leading humanitarian organization committed to saving lives and fighting poverty throughout the world. The association works close by a wide system of accomplices and partners to modify and improve the lives of the most hindered. CARE began its operations in Nepal in 1978 and was one of the first international aid agencies to work in the nation. As of now it works in 60 districts all through different projects and programs (CARENepal).

CARE centers working close to poor women, as equipped with appropriate assets women has the ability to support entire families and help entire communities escape poverty. Women are the center focal point of CARE's people group based endeavors to improve fundamental training, counteract spread of ailment, and increase access to clean water and sanitation, grow monetary chance and secure natural resources.

CARE Nepal has been working in partnership with local NGOs, systems, alliances and local gatherings to address the hidden reasons for destitution, strife and powerlessness through advancement of gender and social inclusion, a rights-based methodology and social assembly (CARENepal). There are 270 number of representatives working in Care Nepal across the nation. The country director of Care Nepal is Lora Wuennenberg. Care Nepal is located at 4/288 – SAMATA Bhawan Dhobighat (Opp. DAV School) P.O. Box 1661, Lalitpur, NEPAL.



**The thematic areas CARE Nepal currently works in are:**

LEAD (Women and Girl's Leadership and Voice)

PREVENT (Gender Based Violence and Violence against Women and Girls)

RESPOND (Humanitarian Response, Preparedness and Disaster Risk Reduction)

NURTURE (Sexual, Reproductive and Maternal Health)

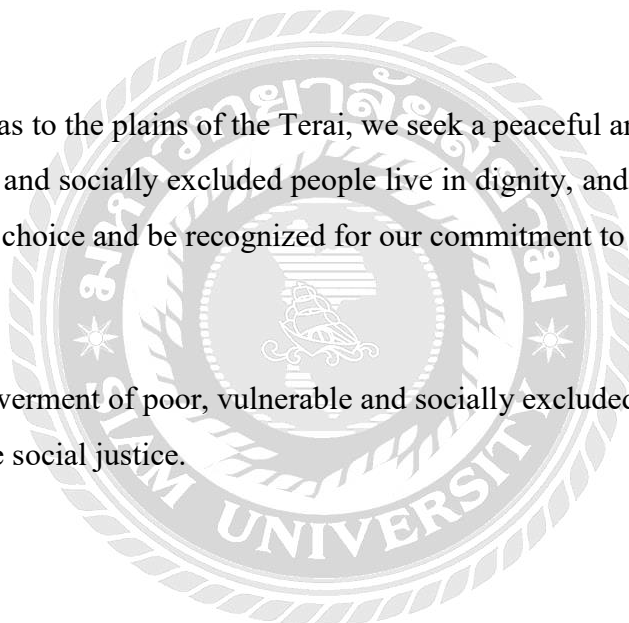
SUSTAIN (Food and Nutrition Security, Livelihoods, Natural Resources and Climate Change)

**VISION**

From the high Himalayas to the plains of the Terai, we seek a peaceful and harmonious society in which poor, vulnerable and socially excluded people live in dignity, and their rights are fulfilled. We will be a partner of choice and be recognized for our commitment to social justice.

**MISSION**

We facilitate the empowerment of poor, vulnerable and socially excluded people to fulfill their basic needs and achieve social justice.



## 1.2 Organizational Structure

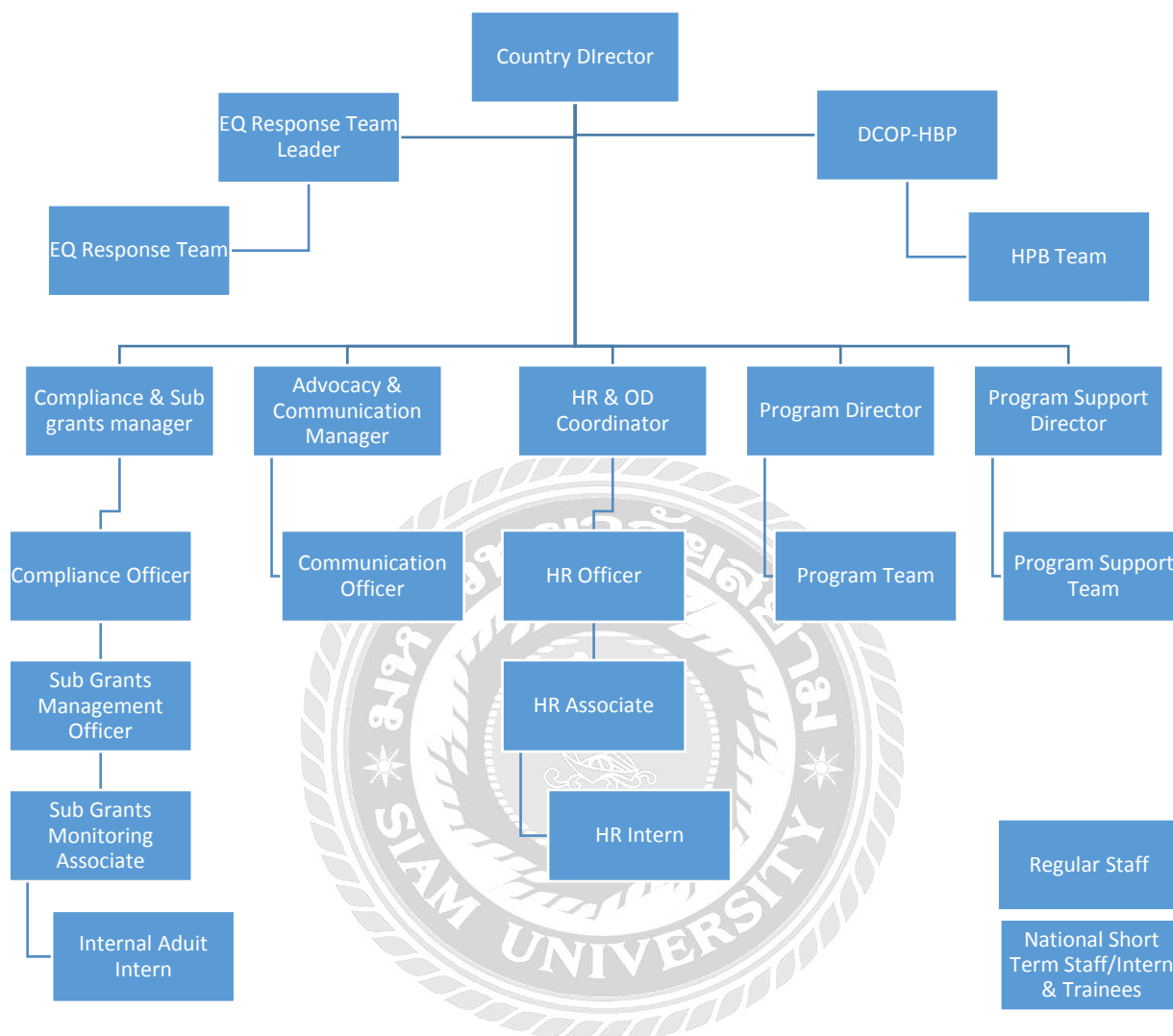


Figure 1: Care Nepal Broad Organizational Structure

On a broad structure, the operations of entire CARE Nepal is monitored by the Country Director(CD). Under CD, there are 2 projects team leader of EQ Response and Hariyo Ban Project(HBP) directly communicating with the Country Director with their respective teams.

The next level of hierarchy comprises of each departments manager and coordinator. The departments are Compliance and Sub grants, Advocacy and Communication, HR and OD, Program & Program Support department and Finance Department. Under this hierarchy there are each departments officer level employees under whom Associate level employee are

assigned. Trainees are usually hired for a period of 1 year and Internship programs ranges from 7 weeks to 1 year.

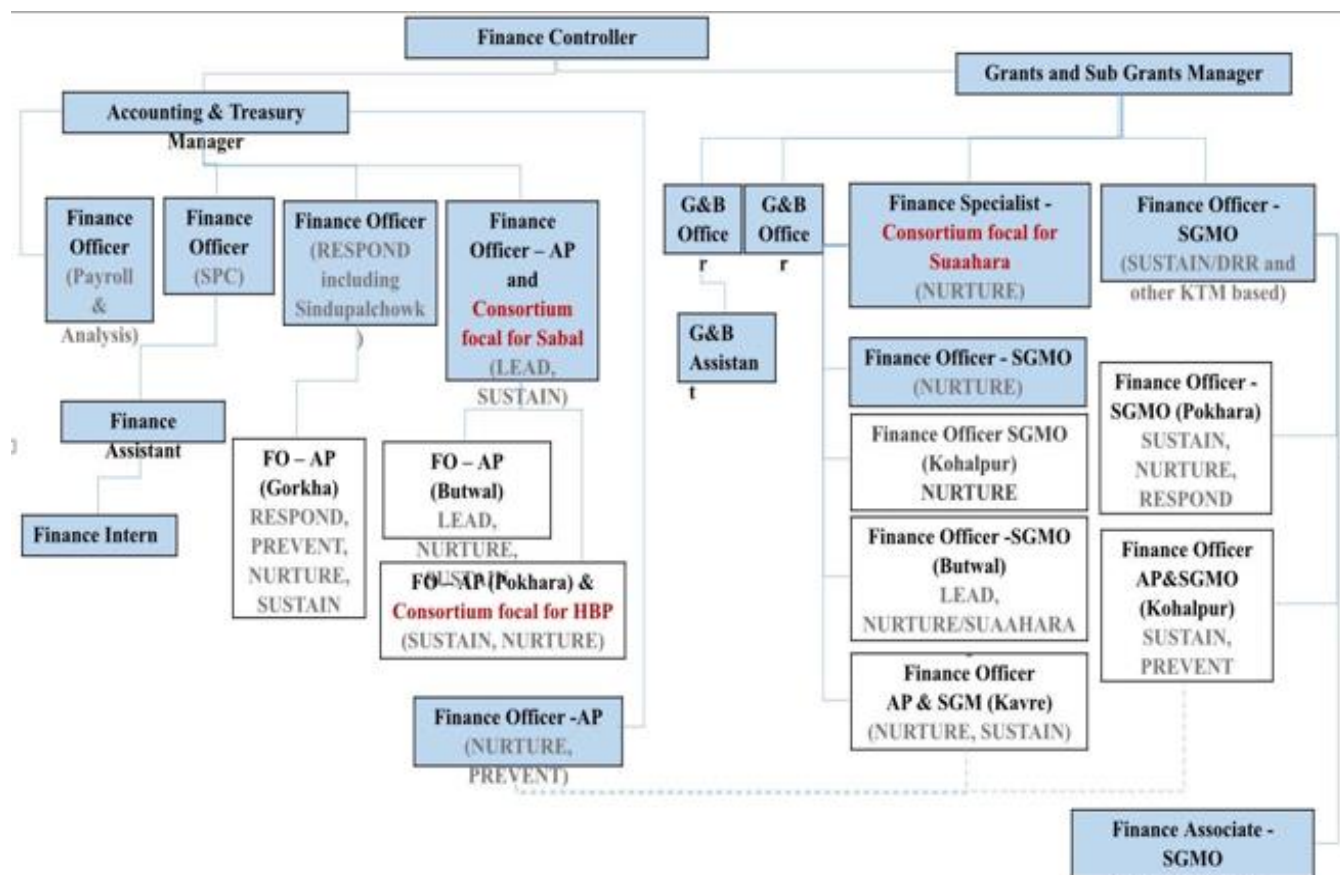


Figure 2: Finance Department Structure

The Finance Department is divided into 2 section: Accounting & Treasury and Grants & Sub Grants Manager. The 2 sections are controlled by Finance Controller and both the section manager works close with the Finance Controller accordingly. I was allocated under Accounting & Treasury section and worked close with the Finance Assistant.

The Accounting & Treasury works with the flow of money in the organization. Salary Payments, Tax Payments, Travel Costs, Procurement Costs, project funds release and Vendor Request Payments are all done under this section. On the other hand, Grants and Sub-grants section deals with budget, working out plans to efficiently use the funds of the organization. Each projects budget are made and a certain budget amount is set for each of the projects by this section. After all the approvals, the fund is then released by Accounting & Treasury section.

### **1.3 Statement of the report**

For the collection of essential data I used primary and secondary sources. Like other students, the constraints of my study too weren't out of inquiries. Firstly my internship was not a research based internship. The major restriction of the investigation are lacking access to data, which has hampered the extent of examination required for the study. Many procedural issues were led straightforward by the top administration level giving rise to restrictions in information. Also, I needed to depend just on some prohibitive verbal data and interns had no access to the computer system. Additionally, I confronted the issue with the information gathered as they were from the review report however neither the printed copy nor the softcopy of the report was given.

### **1.4 Objectives of the study**

The primary objective of an Internship is to apply theoretical business idea into practice, meet proficient role models and potential coaches who provides direction, criticism and support. Likewise through internship one is able to expand his system of expert connections and contacts.

The internship program in CARE Nepal had several objectives. The work experience circled around these major objectives:

1. To explore the use of financial documents with its various types in an INGO firm
2. To learn the role of finance department on smooth operation of INGO projects
3. To create working ability, mentality and collaboration with team members
4. To understand accurate use of accounting functions and theoretical knowledge into practice

### **1.5 Roles and Responsibility of the student**

The major roles and responsibility at CARE Nepal for me was to file CARE letters, AP vouchers, settlement voucher and S2B files systematically and maintain them with proper supporting documents. Likewise I also had to keep record of the cash and check received from settlements and deposit into the bank. I assisted in managing day to day financial records and assisting in banking transactions. Similarly, I was assigned with monthly tax payments. I needed to fill in the receipts write a check and get necessary signatures from the senior management and submit them to the tax office accordingly. Furthermore, I needed to support the auditors by providing them with the requested vouchers list and keeping track of the vouchers.

## Chapter 2

### Internship Activities

#### 2.1 Assignments and responsibilities of the student

Under the supervision of Ms. Devi Bista I was assigned with several tasks mentioned below:

##### 1. Arrangement of Supporting Documents

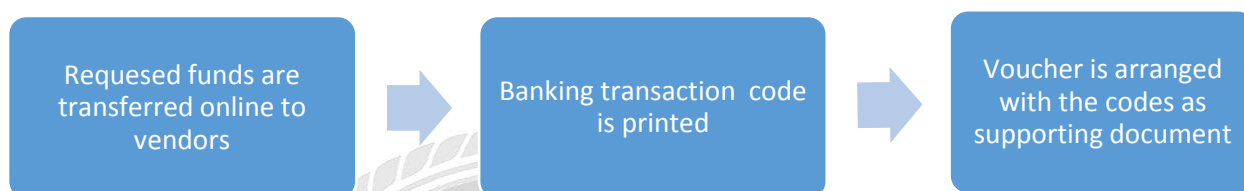


Figure 3: Process of S2B payments

For arrangement of supporting documents use of Cash book was very essential. The Cash book held the details of each and every transaction including the dates and amount. Through Cash book the vouchers were located and the documents were attached.

The first and major role I had to perform was maintaining the vouchers. The vouchers consisted proofs of transactions, the cost incurred and the proof of mode of payment by the office. The costs were reimbursed either through writing check or S2B transactions. Maintaining the vouchers and arranging them were important along with the necessary documents since vouchers are required for audit purposes. It helps support in audit and check whether all transactions have met the standards or not set by donors and CARE office. Likewise, supporting documents includes of Invoices, deposit slips, money receipts and payment receipts.

##### 2. Daily Banking Transaction

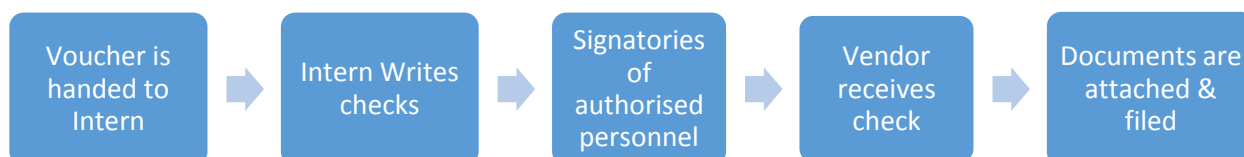


Figure 4 : Process of Vendor Payment

The transactions was mostly used for travel costs payments, vendor payments and procurement costs. For field trips, employees take out advances from the office. The travel costs including accommodation and food are reimbursed. On occasions where the advance money is not spent the employees return the amount to finance office. Recording those amount and depositing them were my other responsibility. Before making payments the liable person needs to presents proof for the requested funds. For instance, when an employee makes a field trip, it is necessary to fill in Travel Expense Report (TER). This report covers all the costs incurred and has to be supported by any bills that was provided which is then maintained into a voucher.

I also had to hand out checks to vendor payments and record them accordingly with receipts and supporting documents. All the payments followed the same procedure of writing check and get the supporting document attached.

### 3. Assisting Internal Auditors and External Auditors



Figure 5: Auditor Assisting Process

CARE Nepal has several ongoing projects based on its thematic areas. Each Projects are funded through different sources so costs are allocated on the basis of the project. For Instance, if costs are incurred for SABAL project then it shall be charged under a certain fund code. Each project has their own unique fund codes and are audited likewise.

Auditors require voucher samples for the examination of financial statements and documents to check whether any fraud or mistakes are incurred. I helped provide the auditors with the specific vouchers they request for. In instances where auditors are from abroad I also helped in translation of the documents. The auditors go through the documents and the results are the opinion of the auditors which includes true view of the organizations and operations for the period. The Audit report is then approved by executive committee.

#### 4. Tax Payment

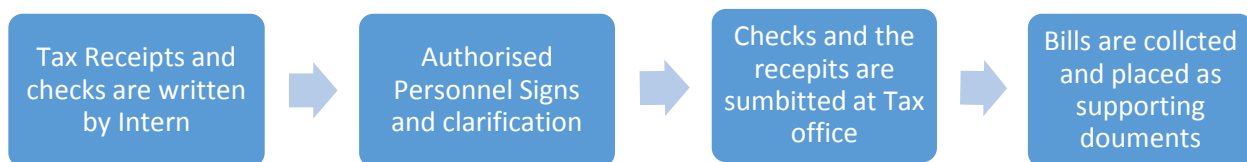


Figure 6 : Tax Payment Process

TDS (Tax Deducted at Source) has to be paid before the end of each Nepali month. This is the amount the office deducts while making payment to the vendors. Vendors are eligible for 1.5% tax rates and this tax is collected by CARE Nepal on behalf of government and is paid by the end of each month. CARE Nepal mostly had to pay out Vendor Tax, Rental Tax and Salary Tax both in NPR and of Dollars. I had to fill in tax bill, get the signatory of authorized personnel and had to pay a visit to Large Tax Payers Office for the payment of taxes each month. The stamped bills from Tax Office is then returned after a week which is kept as supporting document of tax payments.

## Chapter 3

### Identification of Problems Encountered

Upon entering a new work environment, it's certain to come across a problem or two. There were considerable number of things to comprehend and the initial weeks would be undoubtedly be quite difficult and confusing as it is not quite the same you're accustomed to (Kakumanu, 2017). I also encountered some problems while working in CARE Nepal. However, there was always something new to learn from them.

Since it was my first experience working at an INGO firm there were things I was not familiar with. The functions of the finance department and the operation was pretty unclear in the first phases. I had to learn those things firsthand. Though I had some theoretical knowledge applying those concept practically was difficult. The organizational difference and organizations own set of working procedure proved to be a barrier for the first few weeks.

The Finance department maintained vouchers where each type of vouchers had specific purpose. It was difficult to get a grasp of the steps due to the various types. To record travel payments the voucher comprises of Travel Expense Reports. For Procurement Payments the vouchers comprises of Purchase Orders, Purchase Requisitions and Price comparison between several vendors. So each payments vouchers needed to be maintained depending on which type of payment it is.

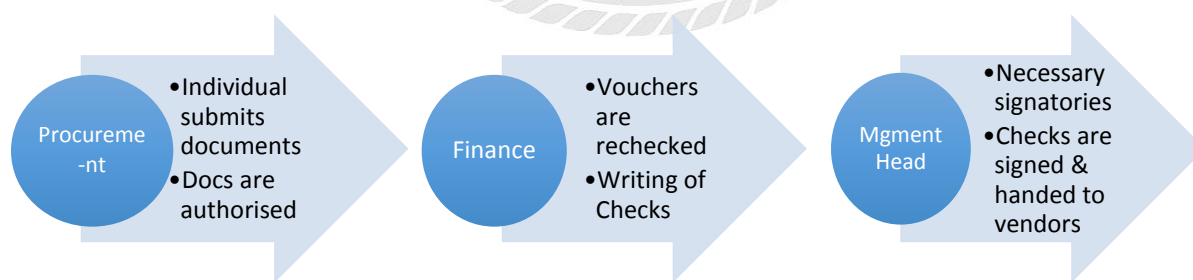


Figure 7: Procurement Steps

There was a long chain of command in the organization which at times delayed payments to vendors. To maintain transparency and accurateness the payment decisions need to pass through a certain procedure. If any Procurement needs to be made, individual should first notify the



procurement management team and fill out the Purchase Orders. The small amounts are accepted quickly and paid through Petty Cash funds however if the amount exceeds petty cash limit Purchase Requisition is necessary. After getting authorized by Procurements the voucher is handed to finance department. After making entries and validation of statements, signatories of CD or Finance head is to be made. Then check is issued which has to be signed and authorized and handed over to the vendor. Amidst that, the main problem is it is difficult to meet to the necessary personnel since they would be occupied by meeting or field visits.

### **3.1 Ways to solve the problem**

The use of accounting tool such as Cash Book and Payroll helped me locating the files in order. Cash book records the inflow and outflow of transactions. CARE Nepal maintains Cashbook and each cash and bank transactions are recorded in order. The Cashbook is maintained by Finance Assistant and updated daily with each new transactions. Cashbook has a record of information of each entry, vendor name and filing dates with description of each type of voucher. The use of the Cashbook helped me locate vouchers with ease and attach supporting documents easily. Likewise Payroll system collects data about the salary benefits, time sheets of employees. The software records salary information individually and gives out accurate net salary amount to be transferred to individual staff. After the payment the payroll code is yet again printed and attached as supporting documents.

The orientation from HR department helped me get insight about each department works. Likewise, I was personally oriented by Finance Officer about the various tasks with the significant use of the vouchers. The manual proved to be helpful in case of confusions and my supervisor was always for questions. Thus it was really easy adjusting to the work environment. The only way to tackle the delays in longer chain of command was to get necessary signatories personally. Also keeping track of the management heads field trip date helped me to make quick decision and authorization of documents was quicker. The organization itself is finding ways to solve this problem since there were vendor complaints about the delayed payments.

### **3.2 Examples**

When auditor requested for certain files I entered the voucher id in the Cashbook. Through this I get information on the location of the voucher, the type of voucher, and the

vendor name. This helped me recheck the exact supporting document of the file before handing it out to the auditors.

The manual consisted of detailed codes and information. Before going to tax office I filled in tax receipts. There are different taxes to be paid like Salary Tax, Rental Tax and Vendor Tax. Each tax type has a separate code to be filled in. Through the use of manuals I was able to find the necessary codes and write it down without any errors. Likewise, the manual provided help in searching fund codes for the projects. Each project operating under the office has a separate fund code and a project id. This can create confusions since instead of the project name itself the vouchers are segregated under Project Id. So the manual proved to be a big help.



## **Chapter 4**

### **Contribution and Learning Process**

#### **4.1 Contributions made during the internship**

As an intern there was only little I could contribute to the organization. However, I made sure all the works assigned were completed properly. I thoroughly believe my work has contributed positively for the organization to meet its objective. Contributions I made to the organization were as follows:

1. The vouchers arranged with necessary supporting documents helped the finance provide the requested vouchers to the auditors. Thus, the auditors could go through the documents in limited time and there were no complaints.
2. The office was able to make timely payments to its vendors in time. I contributed in making timely deposits, issuing checks to vendor, issuing them and providing them to vendor.
3. All TDS (Tax Deducted at Source) were paid by the end of each month. I was assigned with visiting both the Inland Revenue office and Large Taxpayers office for the payments and bringing in the tax receipts.
4. The vouchers were filed serially with proper tagging in each files. Every bills and receipts were stamped properly as well. This will help the office locate the vouchers at later date with ease.

#### **4.2 Learning process and new knowledge received**

The internship programme followed a direct learning based approach. My supervisor would hand me the job and show me the ropes on how to do it. There were numerous amount of mistakes from my side at first. However tasks became clearer once I got a grip of it. I directly learned about works from my supervisor. For the first few days, I had to solely rely on my supervisor to clear out my confusions and get accustomed to the job. In case I had any confusions I could directly approach my supervisor with questions and clear my confusions.

On my first day of internship, I learned the difference between the motive of profit making organization and non-profit making organization. INGOs like CARE Nepal focuses on the best use of donor grants and funds. The major role of Finance Department I'm working in is to ensure

smooth operation of projects, monitoring them and financing them accordingly. Each projects are based on thematic areas CARE Nepal works on and specific person from finance department are allocated to monitor the project. Likewise, INGOs are categorized under Large Tax Payers and need to pay taxes monthly. I learned how important supporting documents and letters are since it validates the expenses and are frequently requested by auditors as well.

Similarly I was able to acquire few other things throughout the period which are given below:

#### 1. Getting along with Colleagues and Management

Upon entering a new workplace surely seeing new faces could make one nervous. It's hard to remember each and everyone's name and details. There were around 100 employees in the country office only. Though I was involved in Finance Team I still needed to connect with employees from other departments.

However, due to the organizations open work culture it became easier to approach others. There were opportunities such as orientation program, Farewell events, social events like celebration of Women's Day and various team building competition. Also there were extracurricular activity such as Table Tennis and Football so connecting with others became easy.

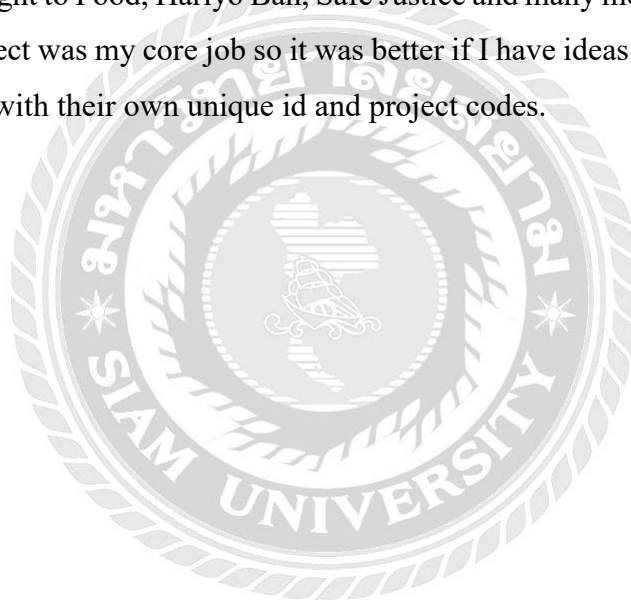
#### 2. Time Management

While there are tasks and information to keep up to, meeting deadline was extremely important. At peak hours there would be several tasks to perform at once. So initially it was difficult to decide which task to prioritize first and finish all the allocated tasks in a given period. Sometimes there would be urgent payments to settle, urgent deposits to make so meeting the deadlines was kind of difficult. Likewise auditors from different projects would request vouchers and meeting all of them at once was extremely difficult.

The issue with time management reduced with my experience with the work. Writing down codes for different tax such as Vendor Tax, Dollar Tax and Salary Tax helped me manage time efficiently. Likewise keeping the workload in order and consulting my supervisor helped me decide which task to prioritize first.

### 3. Balancing Work

As an intern at CARE Nepal I came across two kind of days in the start. One was where there were lot of work whereas on other days there were much less work to perform. In the event I had ton of work to do, it was quicker to familiarize myself with the work and communicate with other employees comfortably. It gave a sense that you're putting in effort and are productive from the very beginning. However the same was not the case when I had much free time due to lesser work. I utilized my free time by researching more about the organization when there were lesser workloads. There were training manuals, reports to learn more about the organization. There were different projects project being operated like Right to Food, Hariyo Ban, Safe Justice and many more. Maintaining voucher under each project was my core job so it was better if I have ideas on about the works done by the projects with their own unique id and project codes.



## Chapter 5

### Conclusion

#### 5.1 Self-assessment as a professional

The internship experience at CARE Nepal has helped me learn about the way INGO organization completely differ from profit making organizations such as banks and businesses. The experience of working in an INGO completely differed from my previous experience doing internship at Banks. While Bank seeks to expand the number of accountholders and extend loans to better use their funds profitably an INGO utilizes the donor funds and grants in best use of social projects (Khusi, 2017). The operation is different since one is profit motive and the other is not. In general Banks deal with remittances, cash deposits and withdrawals, handing out loans, ATM & E-banking issuance and currency exchange. So their field of work circles around managing these areas and maximize profit. On the other had INGOS finance department deal with funding projects, vendor payments, TDS payment, salary payments which all helps in smooth operation of ongoing projects.

The internship program created an incredible stage to upgrade my capacity and further development of my skill and knowledge. The diverse and open culture in the organization made it easy to persuade my senior and experts. I was able to maintain professional relationships not only with seniors from my department but from other department as well. Along with development of interpersonal skill I was able to learn the operations in finance department comprehensively.

I feel extremely lucky to be provided with this platform and being guided throughout the end of my internship period. The knowledge and skills I acquired here would surely prove fruitful for my further career.

## Annex



Figure 1: CARE Nepal Family

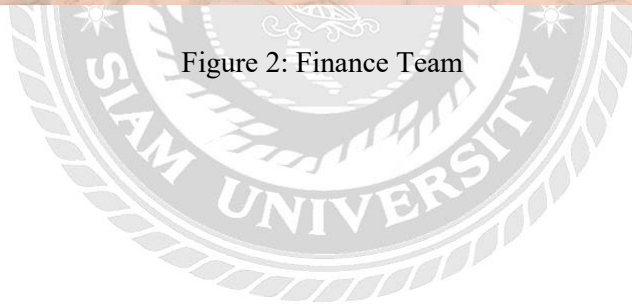


Figure 2: Finance Team



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## Bibliography



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