



# Revised Finance Policy

**Registered office  
Rural Organization for Social Advancement  
Kakarmatta, DLW, Varanasi-221004**

*The revised finance policy was passed in the Executive Committee meeting on 22 December 2019 and it was implemented from 01 January 2020.*

## **FORWORD**

Accounting Financial Guideline is the definiteness of smooth and sound financial management and effective accounting administration of an Organization. The key intent of the Guideline is to provide written guidelines to all concerned of the Organization with a view to facilitate proper financial control on overall operational activities of the Organization. The aim of propounding this guideline is to implement an appropriate accounting system in all spheres of the financial activities of the Organization.

In order to live up to this principle, the management felt necessary to strengthen the financial management system and for that purpose, develop a guideline as the part of capacity building as well as ensure an error free financial reporting system.

A smooth, sound and sophisticated accounting system is a pre-condition for an effective and meaningful financial management. The basic requirement for ensuring a good and with a well-defined procedure so that the accounting records are maintained accurately and the financial statements are prepared on time. It is obvious that foolproof accounting system is needed first for attaining of the financial management.

The guideline deals with basic aspect of accounting such as Budgeting, Cash & Inventory Management, Advances and Accruals, Internal Control, Bookkeeping and Bank Transactions etc. It also gives clear directives as to what Organization's requirements are in relation to these aspects.

The manual provides guidelines for the financial and non-financial manager or leader to controlling the finances of the Organization in such a way that Organization can discharge its duty of being financially accountable. It should be reviewed by everyone in an Organization who is responsible for financial management, including those who prepare grant proposals and those who record and report on grant project activities, statutory auditors/ internal auditors of the Organization and by any other person with the approval of the Head of Department. To this end, the most important financial reporting and administrative forms are annexed as templates.

Chief Functionary  
"ROSA"

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## Chapter 1 THE ORGANIZATION

### History & Background

Rural Organization for Social Advancement- "ROSA" Sansthan. It is a civil society, currently working in eastern part of Uttar Pradesh, India, The main target group of the organization is children, adolescent, women, unorganized labour and Marginal farmer of rural area of deprived society (most are the people of the every caste and religion who are most neglected in the society) who is scattered in different classes and castes. They are struggling on their level for livelihood and basic rights and entitlements but due to current socio and political circumstances, their whole development is not progressive as per their basic need and dignity as a human being.

"ROSA" was established by a group of gandhian ideology social activists, this group observed that people working a brick Kiln field with women & children work very hard but they live in unsafe house & their children did not have the basic right of theirs. They work in unfavorable working conditions keeping their lives in danger still they at always fear in mind the danger of livelihood. Their families are far away from the better education & health and social securities. Due to these reasons, unorganized labors of the society are victims of different types of exploitation.

Members of the "ROSA" team established a society named, "Rural Organization for Social Advancement" by their experiences for the development of the families & interface for the better future of the poor community members in January, 2002

### Vision and Mission

#### VISION:

To establishment of society full of justice and equity for social advancement.

#### MISSION:

To organize & empower the people for entire social advancement so that they can ensure their developmental rights.

### Objectives

- To build of self-dependent society & Nation.
- To implement program related to education, health, people organization, income generation & agriculture for the integrated development of the nation.
- To work for help the women, children, old person, helpless, schedule cast, schedule tribes, backwards & minorities of the society.
- To create network with the society with equal objectives & promote the voluntarisms.
- To establish the centers for the implementation of programs, research, documentation, free publication & training of the betterment of the society.

- To inter change and help, for required resources with local people, government, non-government, national & international society for achieving the objectives of the society having the similar objectives.

### Users of Manual

The finance manual is used by the following persons:

Board

Sub-committees

Finance Team

Program Team

### Amendment of Manual

For any amendment in manual, the draft would be submitted to Governing Body including all the proposed amendments. The same is reviewed by the board and after the approval of the board, the manual is amended.

## Chapter 2 BUDGET AND BUDGETARY CONTROLS

### Budgeting

ROSA would prepare **organizational annual budget and project wise budget** based on the requirement of the concerned funding agency.

The organization would follow **Zero Based Budgeting Approach** for new project budgeting purpose.

#### **Meaning of Zero-Based Budgeting:**

*Zero-Based Budgeting (ZBB) is an approach to making a budget from scratch. The budget is not based on previous budgets. Instead, the budget starts at zero.*

*All the expenses for the new period are calculated on the basis of actual expenses that are to be incurred and not on the differential basis which involves just changing the expenses incurred taking into account change in operational activity.*

In case of regular/ continuous projects, **Incremental Budgeting Approach** shall be followed.

#### **Meaning of Incremental Budgeting:**

*An incremental budget is a budget prepared using a previous period's budget or actual performance as a basis with incremental amounts added for the new budget period.*

### Budgeting / Planning

Budget Committee: -

The organization would have Budget Committee for budgeting purpose the comprising of:

- Chief Functionary
- Program Coordinator
- Accountant

Budgets are to be prepared by Budget Committee.

The meetings of Budget Committee would be held on requirement basis for new projects.

Planning Process: -

The Budget Committee would undertake planning/ monitoring of the ongoing projects on semi-annual basis.

The budget discussions for new/ ongoing projects would also be held in board meetings on semi-annual basis.

### Approval of Budget

The budgets of the organization would be approved by Chief Functionary.

In cases where the project mandatorily requires board's approval, then the Board approval is taken instead of Chief Functionary.

### Budget Variance Analysis

Accountant would be responsible for preparing budget variance analysis on quarterly basis that has to be approved by Chief Functionary. This process would consist of following steps:

- Finding of reasons
- Corrective action to be taken
- Person responsible for the corrective action
- Follow up report for the same in the format (if prescribed)
- The budget variance format is attached in **Annexure 1**.

The ROSA should write the reasons for variances, where the variances in Budget Variance Analysis exceeds 10%.

## Chapter 3 THE ACCOUNTING SYSTEMS

### Basis of Accounting

ROSA follows **double entry book keeping** in accounting systems. i.e. Cash and Bank entries are simultaneously done and further reflected in the Cash and Bank book.

**Mixed or Hybrid basis of accounting** is followed in organization. Under this method, both cash basis and accrual basis are followed. Incomes are recorded on cash basis whereas expenses are taken on accrual basis.

### Books of Account

- 📁 The books of account of ROSA are maintained computerized in TALLY accounting software at Head Office.
- 📁 Separate set of books of account are maintained with respect to each donor. 📁 Separate set of books of account would be maintained for FC and Local funds.
- 📁 The books of account would be written on daily basis and should be available for verification as and when required.

### Chart of Accounts

- 📁 The charts of account/ ledger heads shall be created as per the approved budget heads.
- 📁 The responsibility for creation/ alteration of the budget heads in computerized accounting software is lying with the Accountant in consultation with Chief Functionary.
- 📁 If required, the donor agency can be shown as cost centers in Tally accounting software.

### Voucher Management

A voucher is a basic document used to establish the authenticity of the transaction and its entry into the books and records. There are generally three types of vouchers, which can be used in ROSA. They are as follows:

**Receipt Vouchers:** It records all the cash/bank receipts

**Payment Vouchers:** It records all the cash/bank payments

**Journal Voucher:** It records all the transactions that do not involve cash and bank.



Most common are the adjustment entries made like rectification of the previous entry where some error was committed.

All the above voucher shall be generated directly from the Accounting Software i.e. Tally.

The following things to be remember in voucher management: -

The serial no. of the vouchers should be in chronological order. This will help in referring back to the previous voucher.

The vouchers should contain details of the transaction as per narration.

The date of transaction should be mentioned on the vouchers.

The entire voucher should be supported by relevant documents, such as bills, invoice, receipt, cash memo, contract, etc.

All vouchers should be computer generated such as Journal, Bank Payment, Receipt etc.

### Accounting & Responsibility Matrix

The Responsibility Matrix of ROSA are as follows:

<b>Tasks</b>	<b>Responsible Person</b>
Preparation of vouchers	Accountant
Books of account	Accountant
Verification of bills	Other Project Accountant
Approval Authority	Chief Functionary

## Chapter 4 PROCESS AND PROCEDURES

### Assets Management

#### **IDENTIFICATION MARKS/ CODING SYSTEM:**

ROSA should follow the procedure of marking/ coding the Fixed Assets which are lying in the office, on sites or with third party for its proper identification.

These marking/ coding details should also be mentioned in the list of Fixed Assets or Assets being physically verified.

These marks can be of any type, more preferably related to the organization name so that items can be easily identified.

Coding should be commensurate with the name of the organization, nature of assets purchased, no of assets purchased, financial year and fund utilized for the purchasing of fixed assets etc. The coding for ROSA may be ROSA/CBM/E/ 0001/2017-18 where:

ROSA	=	Name of the organization
CBM E	=	Fund utilized/ donated by
	=	Equipment (Nature of assets)
0001	=	Number of assets
2017-18	=	Year of purchase

#### **PHYSICAL VERIFICATION OF ASSETS:**

The physical verification of assets of ROSA are conducted on annual basis for all the fixed assets held by the organization on its Head Office, District Office and Block Office.

The physical verification of asset would be conducted by Accountant and further approved by Chief Functionary.

The format of physical verification is attached in **annexure 3**.

#### **INSURANCE OF FIXED ASSETS AND INVENTORIES:**

All the assets in office or sites or possessed with the third party and inventory in store, inventory in transit should be insured.

For the insurance policies, register/ record should be maintained.

The person responsible is Chief Functionary.

#### **DISPOSAL OF ASSET:**

With respect to disposal of any asset, the procurement committee would write the reasons for disposal of the respective asset. The said statement would be finally approved by Chief Functionary before its disposal.

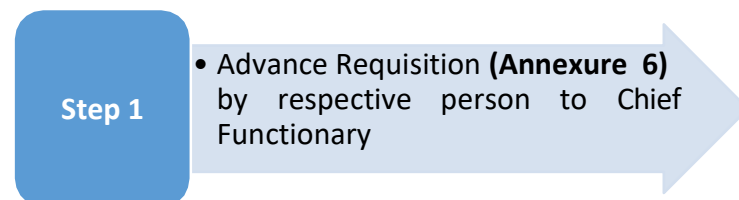
## Bank Management

- All the bank accounts of the organization should be in the name of the Rural Organization for Social Advancement. No bank account in the name of any of the staff members would be open.
- The bank accounts of the organization would be operated through dual signatories i.e. Secretary and one member nominated by the Board.
- ROSA would prepare its Bank Reconciliation Statements (BRS) on monthly basis for all the bank accounts held with the organization. The said BRS would be prepared by the Accountant and approved by the Chief Functionary.
- The cheque books of the ROSA bank accounts are to be kept in the custody of the Accountant.
- The organization should maintain cheque issue register with respect of the cheques issued by the ROSA. Details provided in **Chapter 4, Clause 4.5 (point F)**.

## Cash Management

- The organizational cash would be kept in the custody of Cahier for Head office. For district/block offices, cash would be kept with designated cash in charge decided by Chief Functionary.
  - The cash would be kept safely in almirah. The key would be kept with the respective cashier.
  - Cash verification would be undertaken on daily basis by the Accountant. Cash verification sheet would be prepared along with denominations. The same would be cross-verified by Chief Functionary on random basis.
  - The minimum cash payment would be done by as per government laws in time of force.
  - In case, ROSA receives cash by means of cash donations, sales etc., pre-numbered cash receipts would be issued by the organization containing all the relevant details with respect to cash receipts.
  - The organization would take cash insurance to secure its cash. In addition, cash-in-transit insurance would also take to secure the transit cash.
- If necessary, Petty Cash Book would be maintained by the Accountant. Maximum of Rs 5000 per day is allowed to keep as petty cash for general office expenditure. The petty cash expenditure bills will be reviewed and verified by the Accountant on day to day basis
- The common expenditure such as water, phone, internet etc. shall be distributed among the projects would be decided on case to case basis.

## Advance Management



## Step 2

- After Chief Functionary approval, advance requisition forwarded to Accountant for further processing.

Generally, following are the basic types of advances at ROSA:

**Employee advances**

**Supplier advances**

### Employee Advances

<b>Travel Advances</b>	<p>Travel advances are released only against a duly authorized requisition form received by the accounts department.</p> <p>Advances are either released through bank transfers or in exceptional cases in cash if the amount does not exceed as government laws in time of force.</p> <p>The travel advance drawn has to be settled via settlement form (<b>Annexure 6</b>) within 7 working days after completion of the travel or next travel, whichever is earlier.</p> <p>No advance is given if a previous advance is outstanding.</p>
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<b>Program Advances</b>	<p>These are normally given to coordinator/decided person for conducting approved and budgeted activities such as planned activities, which are normally conducted in outside locations from head office below government laws in time of force.</p> <p>No advance is given to one person for more than one activity at one time. A new advance is not given if a previous advance is pending except where the two or more activities are to be conducted in continuity, with proper approval by Chief Functionary.</p> <p>The program advance has to be settled (<b>Annexure 5</b>) within 7 working days of the completion of the program for which advance is taken.</p>
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### Supplier Advances

These can be given only if the terms of the Purchase Order or Contract specifically provide for the same.

Rent agreements generally require a security deposit or advance rent to be paid for hiring real estate. These are generally a guarantee against damage and failure to make rent payments.

These deposits /advance rents are adjusted against the last rental payments.

It is ensured that tax is deducted at source from such advances, wherever applicable.

When giving advance to suppliers, the following aspects are considered:

-Business practice

-Supplier's credit rating

Any advance request should have the following information:

-Nature/purpose of advance

-Liquidation date

-Approval

-Any previous outstanding advance.

In case of advances to third parties, the account of the concerned third party requesting the advance is debited in order to establish the accountability for the payment. This is reversed, as and when the settlement of advance takes place upon receipt of goods or services as applicable.

All advances are closely monitored, to ensure that they are settled as per schedule.

Under no circumstances are advances allowed to become overdue. An aging analysis of any outstanding advances is prepared and monitored on a monthly basis.

The advance given to supplier has to be settled within 1 month from the date on which the advance is given otherwise appropriate actions would be taken by organization.

## Subsidiary Records

The records to be maintained by ROSA are as follows:

### **CASH BOOK:**

Day Cash Book will be in double entry mode and the transactions shall be posted in TALLY accounting software on regular basis. Cash book shall be closed on daily basis by the Accountant with clear note of closing balances of Cash and Bank. Clear denominations of cash in hand will be recorded every day in books of records which will be verified by the Accountant (**Annexure 2**).

### **LEDGERS:**

The ledgers are maintained in TALLY accounting software based on the day book maintained.

### **STOCK REGISTER:**

A common printed stock register would be maintained at ROSA office for all the projects. The stock register will be updated on regular basis. The register should contain the details pertaining to all the stocks with respect to its receipts, issue and balance. The said register will be prepared by the Accountant. The format of stock register is attached in **Annexure 4**.

### **FIXED ASSET REGISTER:**

A Fixed Assets Register is a register that shows all the permanent assets owned by an organization. The register shows the quantity and value of things like land, buildings, vehicles, furniture, electrical and electronic equipment, etc. It may also show where these assets are kept or used. A common Fixed Assets Register will be maintained at ROSA Office for all the projects and this register will be in the custody of the Accountant. The register will be updated on regular basis based on the procurement and purchase.

Different sheets or pages must be used for different types of items. For example, all tables, chairs, cupboards, etc. on one sheet under the title of furniture. Similarly, all jeeps, Motorcycles, cycles etc., are written on one sheet under Vehicles. If ROSA receives any item as a gift it should also be recorded in the register. In such cases, an estimated value for the item should be reflected.

**FIXED ASSET MOVEMENT REGISTER:**

A Fixed Assets Movement is a register which shows the details of issue of assets to the employees

/ departments including field persons of the organization. The register also shows who uses these assets and up to what period.

The person to whom the asset has been issued is responsible for the asset till the time it is returned back in the organization. The Fixed Asset Movement Register to be followed by the organization has been given below:

Sl. No.	Category of the Asset	Description of the Item	Issued to	Date Issue	of Sign	Date Return	of Sign
1	2	3	4	5	6	7	

**CHEQUE ISSUE REGISTER:**

The Cheque issue register will be maintained for each bank account / project account separately. For cancelled cheques, ROSA would cut the cheque number of the cancelled cheque and would paste it in the cheque issue register.

The register will be maintained by Accountant as per the following format.

Date	Cheque Number	Particulars of the transaction	Amount of Rs.	Payee	Signature of approved authority (I)	Signature of approved authority (II)
1	2	3	4	5	6	7

**SALARY REGISTER:**

Salary Register would be prepared by ROSA with respect to salaries paid to all the staff working. The said register would be maintained on monthly basis. The register should contain the details of salary paid and deductions for respective staff.

**BANK RECONCILIATION STATEMENT (FILE):**

Monthly Bank Reconciliation Statement (BRS) will be prepared by the Accountant and verified by the Chief Functionary. Further, the same would be kept in Bank Reconciliation Statement file.

The statement will be undersigned by Accountant and Chief Functionary.

**AUDIT REPORTS (FILE):**

An audit report file will be maintained by the Chief Functionary. The file shall contain all the original copies of the audit reports of the financial years. Separate audit report files will be maintained in case of ROSA having multiple projects. The Audit Reports file shall be accessed and circulated only by the Chief Functionary. The soft copy of the audit reports (scanned version) will be with the Chief Functionary.

**MONTHLY/ QUARTERLY FINANCIAL STATEMENTS (FILE):**

The Accountant of the organization is responsible for preparing Monthly / Quarterly financial expenditure statements as per the prescribed format provided by the respective donor agency. The expenditure statements will be prepared separately for each project. The expenditure statement will be approved by the Chief Functionary of the Organization.

**INCOME TAX RETURNS (FILE):**

ROSA will submit Income Tax Returns every year before due date and maintain a file. This file will be under the custody of Chief Functionary.

**FCRA RETURNS (FILE):**

ROSA will submit FCRA Returns every year before due date and maintain a file. This file will be under the custody of Chief Functionary.

**STAFF TDS/ FORM 16/ FORM 16(A) (FILE):**

ROSA strictly follows all the Rules and Regulations of Tax Deduction at Source (TDS). This policy will be applicable to all the staff / consultants and Service Providers of ROSA. Form 16 or Form 16 A will be issued (based on the nature of service hired) to the concerned staff / party and a copy will be maintained in a file under the custody of Chief Functionary. The organization shall issue Form 16 / 16 (A) for the staff once in a year at the end of the Financial Year.

**EXPENDITURE/ BILL VOUCHERS (FILE):**

Expenditure / Bills voucher file will be maintained project wise under the custody of Accountant. The bills and vouchers will be filed properly in a Box File. Each expenditure bill or group of bills related to same expenditure will be accompanied with a Voucher signed by the concerned signatories provided with complete details.



## Chapter-5 PROCUREMENT

### Meaning

Procurement, wherever referred in this manual, shall mean acquisition of goods and services from external source. It would include acquisition of capital goods and services as well as that of revenue nature.

Procurement includes the activities involved in establishing fundamental requirements, sourcing activities such as purchase planning, value analysis, vendor selection and negotiation. It also includes the purchasing activities required to order and receive goods and services.

### Objective

The objective and scope of the Procurement Procedure is to ensure that necessary processes are in place and followed to provide the appropriate quality and quantity of goods and services at the time and place that they are needed and in the most cost-effective manner. The policy ensures that:

- The process is fair, transparent and is conducted with integrity
- Suppliers and consultants are treated equally and without discrimination
- Purchasing decisions and the award of contracts are based on fair competition
- Procedures followed for awarding contracts are proportionate to the value of the contracts
- Local human and material resources are used whenever possible

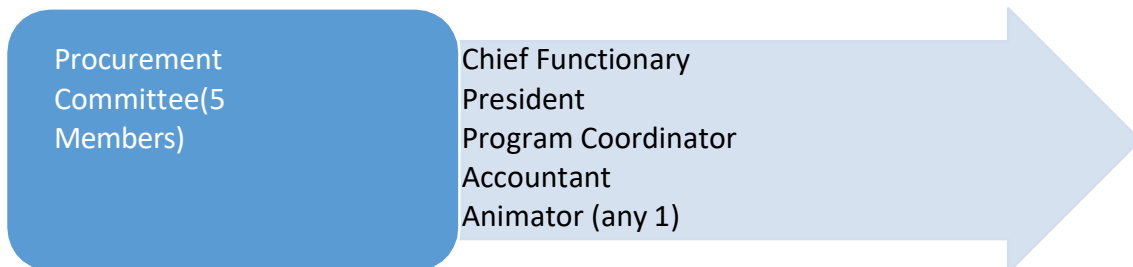
### Capital & Revenue Expenditure

Capital expenditure means expenditure to acquire assets having value of more than Rs. 2,000/- and useful life of more than one year. Such as vehicle, furniture computer, etc. Assets having value of less than Rs. 2,000/- or having useful life of less than one year are not capitalized. They are treated as revenue expenditure.


Procurement Committee:

📌 Procurement Committee should be in place for taking adequate decisions for the major purchases consisting of members from Finance and Program Department.

📌 Procurement Committee of ROSA consists of total 5 members namely:



📌 Members from beneficiary communities may also invited to Purchase Committee meetings whenever required in order to have better understanding of community requirement.

 The Purchase Committee meetings are to be held on requirement basis at Head office of ROSA.

Purchase Procedure:

**Purchase (upto Rs 10,000)**

Purchase request by respective person  
Verified by Program Coordinator  
Approval by Chief Functionary

**Purchase (more than Rs 10,000)**

Purchase request by respective person  
Verified by Program Coordinator/inch age  
Quotations collection (at least 3) by Accountant  
Comparative Cost sheet preparation  
Purchase Committee meeting where the final vendor is approved

*Chapter 6*  
*STATUTORY COMPLIANCES*

**Foreign Contribution Regulation Act' 2010**

- The foreign contribution to be received in the designated bank account and all the onward grants to be released from the said account.
- The foreign contribution to be utilized for the purpose for which it is provided.
- Maintenance of separate set of books for the FC funds received by it.
- In case of onward grants, organization should ensure that the partners also maintain a separate set of books for the same.
- Filing the online FC-4 returns well before the prescribed date of 31st December of each year.
- A separate FC receipt book to be maintained for all the grants received.
- No foreign contribution should be transferred to any organization not registered under FCRA.
- Filing all legal compliance by visiting of <https://fcraonline.nic.in/home/index.aspx>.  
Online portal at least in a quarter by the accountant.

Requirement of FCRA with regards to annual financial statements other reports: -

Preparation of separate set of financial statements as required under FC law for online submission to FCRA Departments of the Ministry of Home Affairs as follows:

Audited Receipts and Payments Account

Audited Income and Expenditure Account

Audited Balance Sheet

Annual return in Form FC4

A copy of the FCRA designated bank account statement certified by the bank

A certificate from the Chartered accountant

Declaration by chief functionary

## Income Tax Act'1961

- ROSA would file its Income Tax Return in Form 7 within the due dates as prescribed under income Tax laws i.e. before 30 Sep.
- The audit of ROSA would be conducted by statutory auditor and respective Audit Report (along with Form 10B) would be obtained.
- The organization would apply at least 85% of its income for charitable purpose in order to eligible for tax exemption as prescribed under income Tax laws.
- Filing all legal compliance by visiting of <https://www.incometaxindiaefiling.gov.in/home> Online portal at least in a quarter by the accountant.

## TDS

A certain percentage of amounts to be deducted by the organization at the time of making/crediting certain specific nature of payment.

Rate of deduction to be applied as per Income tax Act'1961.

The organization would deposit the TDS deducted within the time limits as prescribed i.e. On or before the 7th working day of next month (for march month, due date is 30<sup>th</sup> April).

The due date of filing TDS Returns are as follows:

Quarter	Due Date
April to June	31 July
July to September	31 October
October to December	31 January
January to March	31 May

The organization would issue the TDS certificate:

-In case of salaries:

31 May of the financial Year immediately following the financial year in which income was paid and tax deducted.

-Other than salaries:

Within fifteen days from the due date for furnishing the statement of tax deducted at source.

## Chapter 6 AUDITING

### Internal Audit

- An independent, objective ongoing appraisal of the organization financial operations by internal and / or external personnel.
- An internal auditor as appointed by the Governing Body of the organization shall carry out internal audit once in six months. The Internal Auditor will also provide inputs and training to the accounts wing and support them in filing TDS / ITRs of the staff etc. The internal auditor shall submit a written report on observations and recommendations to the Director after every audit
- Audit report along with recommendations should be received from the internal auditor.
- Chief functionary would ensure that Action Taken Report (ATR) is prepared within three months of receipt of audit report.
- Internal audit would be conducted twice a year.

### Statutory Audit

Independent examination of the organization's annual accounts and financial records in accordance with professional auditing standards lay down by the Institute of Chartered Accountants of India.

Audit by a qualified chartered accountant.

Appointment by the General Body.

Final accounts to be prepared by Finance department.

Audited annual accounts to be laid down before General Body.

The statutory auditor would issue a Management letter. Thereafter, the management would reply on the issues shared by the auditor within 30 days of receipt of such letter.

Statutory Audit of the institution shall be carried out by a recognized firm of Chartered Accountants as appointed by the General Body of the organization for the financial year. The Statutory Audit will be carried out by the Statutory Auditor once in a year. A detailed report of the audit will be submitted to the chairperson and the Board with the observations and recommendations / suggestions.

## Chapter 7

### Travel Policy

Expenses of using personal vehicle like bike/car for the staff related to our program will be paid of shortest route, only after written permission of Chief Functionary (C.F). Organization will paid maximum @ Rs.2.50 per KM. For that staff will submit detail of their visits to the Accountant after passing the detail from their respective Supervisor. After proper verification accountant will submit it to the Chief functionary for approval.

### Organization vehicle Policy

Vehicles available in the organization can be used after prior permission of Chief functionary it will be mandatory that staff have the legal liability and obey accordingly. For that staff will maintain log book of his/her every use. To fill the fuel and to maintenance of vehicles staff will submit a written request letter to the concerned accountant. After approval, Staff will claim for expenses according to detail in the log book. Vehicles of the organization cannot be used for the personal work by the staff. As per policy and after approval, renewal /other legal documents will be accomplished by staff through accountant. Staff will be fully responsible for Violation of any legal process and compensation will be borne by him/her only. Concerned staff will not handover the vehicle to other fellow staff at his level.

### Local conveyance policy

During local traveling for the work of organization, expenses over refreshment etc .will not be paid by the organization. But after working hour while accomplishing the most important work Rs.15 will be paid to the staff after approval of supervisor. To work at night after 8 P.M. Rs. 100 for dinner will be paid. On special circumstances Chief functionary will have power to approve extra payment. Local travel will be made by Auto, general bus, general train or any local general mode of travel. For reimbursement of expenses, staff will fill travel detail in travel form and it will be submitting to the accountant after approval of supervisor. Travel expenses will be made by the organization through bank.

## Out station travel policy

Out of station travel will be considered those travel in which working hour of staff for the organization is included at night also. Staff can perform out station travel for the interest of the organization. Staff will travel out station only after written approval of Chief functionary It is expected in interest of organization/Public that staff will travel shortest route and will use resources of minimum cost during their travel or actual cost which is minimum and limit of maximum will be as follows:

Grade	Level	standard	standard	Essential
Grade-IV	Field level	General bus travel or general rail travel will be valid upto150 KM.	Above 150 KMs, Sleeper class for rail and general bus travel will be valid.	original copy of Travel ticket will be essential for claim
Grade-III	Supervisor level	General bus travel or general rail travel will be valid upto150 KM.	Above 150 KMs, Sleeper class for rail and general bus travel will be valid.	original copy of Travel ticket will be essential for claim
Grade-II	Coordinator Level	General bus travel or general rail travel will be valid upto100 KM.	Above 100 KMs, Sleeper class or 3rd AC for rail and AC general bus travel will be valid.	original copy of Travel ticket will be essential for claim
Grade – I	Managerial level	For any kind of travel sleeper, 3rd AC, 2nd AC, 1st AC, flight or all type of AC bus will be valid.	Travel by flight will be valid only for most important work. If the person of above grade is travelling along with, then same grade for travel will be considered	original copy of Travel ticket will be essential for claim

- Approval of Chief Functionary will be essential in case to use upper limit of fixed limit, on the basis of need of work and for most important work.
- Those travel which travel cost will be borne by donors of other institutions/projects, in that case policies will be applied of donors' institution and project. Written approval of Chief Functionary will be essential for such type of travel. If the payment of expenses during travel paid by institution to the organization, in such cases organization will pay the amount to the concerned staff through the bank, after receiving the amount.

## Out station boarding policy

Staff can avail staying facility while working for the organization for that he/she can avail facility of Dharamshala/lodge/Guest house/hotel etc. Following are the policies for the same:

Grade	Level	standard	Essential
Grade-IV	Field Level	Maximum Rs. 800 per night	Original copy of night stay bill will be valid . If the staff of different grade share the accommodation then in such case the staff having limit of maximum grade among those will be considered
Grade-III	Spervisor level	Maximum Rs. 1000 per night	Original copy of night stay bill will be valid. If the staff of different grade share the accommodation then in such case the staff having limit of maximum grade among those will be considered
Grade-II	Coordination	Maximum Rs. 1200 per night	Original copy of night stay bill will be valid. If the staff of different grade share the accommodation then in such case the staff having limit of maximum grade among those will be considered
Grade-I	Managerial Level	Maximum Rs. 2000 per night	Original copy of night stay bill will be valid .

- Approval of Chief Functionary will be essential in case to use upper limit of fixed limit, on the basis of need of work and for most important work.
- Those travel which travel cost will be borne by donors of other institutions/projects, in that cases policies will be applied of donors' institutions/ project. Written approval of Chief Functionary will be essential for such type of travel. If the payment of expenses during travel paid by institution through to the institution, in such case



institution will pay the amount to the concerned staff through the bank, after receiving the amount.

#### Policy during out station travel

Staff can claim his/her food expenses while travelling out station for the work of organization. It is expected by the organization that staff will take only vegetarian food. At the level of organization claim of only vegetarian food will be reimbursement. These are the reimbursement policy for the same:

Grade	Level	Breakfast	Lunch	Dinner	Documents for the claim
IV- Grade	Field level	Rs.50.00	Rs. 100.00	Rs. 100.00	There is no need separate bill for claim for food. Description will be mentioned on travel bill.
Grade- III	Supervisor Level	Rs.50.00	Rs. 100.00	Rs. 100.00	There is no need separate bill for claim for food. Description will be mentioned on travel bill.
Grade- II	Coordination Level	Rs.50.00	Rs. 150.00	Rs. 150.00	There is no need separate bill for claim for food. Description will be mentioned on travel bill.
Grade-I	Managerial-Level	Rs.100.00	Rs. 200.00	Rs. 200.00	There is no need separate bill for claim for food. Description will be mentioned on travel bill. If the person of above grade is taking food together then equal claim will be considered.

In the program where food, breakfast, etc. have been arranged by some other institution, that part will not be paid by the organization.

## Chapter 8

### Reimbursement policy

Cash payment is being discouraged by the organization. For this staff can use his personal money as per his capacity to accomplish the work or during travel by paying on line expenses like travel ticket, Night staying expenses, mobile recharge, electricity bill, where the facility is available to meet legal process of the organization and approved activities where the no other option is available except cash, can be done by the staff. For these all approval of Chief Functionary is must. For these all expenses it is expected from the staff that payment should made online from his own bank account as per availability. After completion of work Staff will claim under set policies within a week. The expenses of concerned staff will be paid through bank.

### Online payment policy

To accomplished the organizational legal process, on line payment policies has been declared from many Govt. departments. It is also a facilitator initiative But, in this situation, organization has to face problem in operating of its bank account. To make easy the work and to utilize facility Chief Functionary will have power to clear the payment from his personal bank account. Organization will pay the claim of Chief Functionary within a week.

### Expenses sharing policy

The administrative and program-based expenditure on the head office or project office of the organization in which one or more projects are concerned, the Chief Functionary will have the right to share the expenses based on the available budget of the project. For this, the details of the fixed expenditure of the project will be mentioned on the original bill and photo copy will be attached as a document in each project. It will also mention on that bill that in which project the original bill has been put.

### Charges policy

Organization will deposit set administrative expenses of project in the organizational account on the basis of monthly/quarterly/six monthly or annually. This will be used by the organization for developmental work within set period of time or after the period as per needs.

At the head office of the organization tea facility will be provided free of cost once during the lunch break of the working day in the interest of the staff. Staff can avail facility of tea more than of once as per need for which he/she has to pay cost of local tea for extra service.

New staff that will in need of accommodation they will avail the facility at head office/project office with permission of Chief Functionary and for that they will have to pay @ Rs. 35.00 per day. If they stay more than of set period in such case they will have to pay @ 50.00 per day.

### Donation policy

Organization will accept donation, cash and kind for the sake of welfare of the people as per law and policy of Govt. of India. Organization will provide receipt of all payment to the donors. If the amount is local then received cash will directly deposited in local bank account of organization. If the received amount is foreign then the amount will be deposited in foreign bank account of the organization. If the received is in kind then it will be registered as per local and foreign stock/asserts register of the organization. The kind will be used by the organization after marking of identification mark on the kind.

### Staff welfare policy

The organization will arrange staff welfare for the future interests of its staff. For that a bank account will be kept at the level of organization. In this account contribution received in interest of the staff and contribution of staff will be kept. The payment of registered plans in interest of staff will be made by with this amount. In this account those payment will be deposited which is one month late in process to claim by the staff. Contribution of new staff that is under probation period will also be deposited in this account. During process of full and final settlement full contribution will paid to the staff through bank. Accounting of staff welfare will be done in the tally. File of documents will be kept also.

That project there will no arrange accidental insurance or other benefits for the staff in that cases payment of contribution for the staff will be made through this account. This account will be interest of staff and this account will be considered as a group account of staff.

### Fine/Penalty policy

Various auxiliary materials are being provided to the staff to complete the responsibility of public interest by the organization. Apart from this facilities and services are being provided for convenience of staff by the project office and head office. Any loss intentionally or carelessly while using the facilities or services will be recovered from the staff as penalty. Missing of anything, organization will be recovered penalty as same cost of the thing from the concern staff. Maintenance cost of any damage of materials by the staff will be recovered equal cost of maintenance from the staff. Delay in legal compliance of the organization due negligence and carelessness in performing the responsibility imposing penalty on organization will be borne by the concern staff.

Delay in reporting/ compliance to the organization or donors in set period of time, if it happens because of staff he/she will be penalized. For this he/she will be paid half of the remuneration per day at rate of delayed days.

Absent from the work without any information one day remuneration will be deducted for two days.

Reaching 15 minutes late at work place without any prior intimation and permission of the concern supervisor half day remuneration will be deducted for the day. Apart from this leaving the work place before 15 minutes without any information and permission, remuneration for full day will be deducted from salary. Such deduction will be saved in the staff welfare fund and the money will be used in interest of staff.

## RESPONSIBILITY MATRIX

S.No.	Particulars	Board	Chief Functionary	Project Coordinator	Accountant	Cashier
Chapter 1	Budget Approval	Y	Y			
	Budget Variance		Y		Y	
Chapter 3	Preparation of voucher				Y	
	Books of Account				Y	
	Verification of Bills			Y		
Chapter 4	Approval Authority		Y			
	Purchase (up to Rs 10,000)		Y			
	Physical Verification (FA)		Y		Y	
	Disposal of Asset		Y			
	Bank Reconciliation Statement		Y		Y	
	Cash Custody					Y
	Physical Cash Verification		Y		Y	
	Petty Cash Book				Y	
	Advance		Y			
	Stock Register				Y	
	Fixed Asset Register				Y	
	Cheque Issue Register				Y	
	Bank Reconciliation Statement				Y	
	Audit File		Y			
	Monthly/ Quarterly Financial Statements				Y	
	Income Tax Returns (File)		Y			
	FCRA Returns (File)		Y			
TDS (File)		Y				

ANNEXURES

Annexure 1: Budget Variance Analysis

Sample of Financial Statement for the period of .....										
Project Holder :										
Project Title :										
Project Number :										
Project Period : 1st April 2013 to March, 2014										
Budget Code	Planned Activities	Narrative Budget	Unit Types	Unit	No. of Unit	Total Cost (Year 1)	% of Total Budgeted (April - June)	Budget Expenditure (April to June)	Variance in % (10%)	Remarks if variance is more than

## Annexure 2: Physical Verification of Cash

Date: \*\*\*\*\*

<b>Balance as per Book (A)</b>			xxx				
Physical Cash Balance							
as follows: (B)							
	Rs.	1000 X...					
	Rs.	500 x .....					
	Rs.	100 x .....					
	Rs.	50 x .....					
	Rs.	20 x .....					
	Rs.	10 x .....					
	Rs.	5 x .....					
	Coin	*****	*****				
<b>Difference (A - B)</b>			*****				

**In words:**

Remarks

**Accountant**



Annexure 4: Stock Register

Stock Register						
Date	Particulars	Bill No.	Receipt	Issued	Balance	Remarks







*The revised finance policy was passed in the Executive Committee meeting on 22 December 2019 and it was implemented from 01 January 2020 by the signatory.*

- 1- Mr. Rajnath Singh, President
- 2- Mr. Mujiburrahman, Vice president
- 3- Mr. Mustaque Ahmad, Secretary
- 4- Mr. Janaradan Singh, Members
- 5- Mr. Ansar Ahmad, Members

