

Finance Policy Manual

(In operation from April 2006)

The Samabhavana Society does not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, handicap/disability, in employment or in the application, admissions, participation, access and treatment of persons in programs and activities.



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Finance Policy of Samabhavana Society

Preface: The Finance policy of Samabhavana Society has been drafted, as per the ISO 9001:2008 Certification requirements with an intention to have clarity, uniformity and transparency in all its financial transactions, reporting and management at large

The generally accepted accounting principles/methodologies have been kept in view while drafting the same.

Responsibility is set on each personnel handling respective area.

Following are the major heads of Finance Policy:

1. Financial Transaction
2. Financial Reporting
3. Finance Management

Financial Transaction:

- Sanctioning power to the Project accountant/administrator would be Rs 5000 in cash for day to day expenses to be incurred for project. Accountant/administrator should satisfy himself about authenticity about the expenditure before he/she approves it. Those expenses would be approved by GM Finance. If PD/GM finds that any expenditure that was approved & paid by accountant was excessive, it would be accountant's responsibility to make the loss good.
- Even though accountant/administrator has been given a limit of Rs 5000 for expenses in cash, as far as possible all expenses above Rs 500 should be approved by Project officer/ manager/coordinator & GM by a voucher system.
- **Budget for Activity:** As activities are preplanned at least a month in advance, estimation of cost to be incurred for activity as per the Event/activity budget sheet format provided by the organization should be prepared by accountant/administrator in consultation with PC and sent to PD/GM for approval at least a month in advance. It should give inter alia expenditure planned under each head for activity. It would involve procurement of stationary/photocopying expenses, food expenses, faculty honorarium and other heads mentioned in the budget sheet,etc. On sanction from PD/GM, accountant/administrator can go ahead with it. On completion of activity, accountant has to give a comparative statement between approved and actual expenditure incurred on the activity to PD/GM.
- **For Capital Expenses (Capex):** All kinds of capex, a detailed proposal should be put up by accountant with PD/FC giving following details:
 - Budget head against which expenditure is intended to be incurred.
 - Budget available, items / asset required to purchase.

- PD/FC should give in principal sanction to go ahead with pre acquiring process of purchase.
 - On receipt of in Principal sanction for purchase of Capex, accountant/administrator should obtain quotations from at least 3 dealers/retailers from approved list of suppliers of Organization each giving specification of item to be purchased, other terms & conditions, warranty, delivery period, mode of payment etc. On the basis of quotations received a comparative report should be given to PD/GM for their approval of capex.
 - On receipt of approval for capex from PD/GM, head office will raise the Purchase Order on the dealer/retailer for procurement of asset.
 - It is the responsibility of accountant/administrator to further process PO i.e. to follow up with dealer for delivery, receiving item in proper condition, its verification, giving identical number to be mentioned in asset register, raising note to head office for making the payment and to include it under insurance coverage.
- **Policy for Bank payments:**
 - As far as possible payments above Rs 5000 should be made by crossed cheque. This would be applicable for reimbursement of expenses as well.
 - Cheques should be drawn on two dates of the month i.e. 1st & 15th. Exceptional urgent payments should only be made on the dates other than mentioned above.
 - To obtain User Id & password from bank to view and print account statement for whichever period required. It would save time & conveyance cost incurred by accountant to visit bank for obtaining this data and once a month passbook should be updated. The same shall be kept confidential and any disclosure of same will invite legal proceedings.
- **Reimbursement of expenses:**
 - **Telephone Expenses:** Reimbursement of mobile phone expenses would be made on the basis of budget available against each project. Employee has to produce original bill for reimbursement. If an employee is using a prepaid connection, depending upon designation of employee reimbursement per month should be ascertained. However employee has to submit bill/receipt for recharge of coupon. The employee should TRY and have a separate phone for project work and personal use. If separate mobiles are not used then the employee should mark official calls and the same will be reimbursed along with 50% of rentals to the employee.

▪ **Food Expenses on Travelling:** Following

would be the scale

Sr No	Category wise	Lunch/ Dinner per day Rs.	Snacks
1.	Management Staff *	500	200
2.	Middle Staff **	300	150
3.	Lower Staff ***	100	50

* Management Staff – Project Director, Finance controller, Administrator and as per organisation norms

** Middle Staff – IEC Designer, Admin Assistant, Documentation Clerk, Supervisor, Accounts Assistant.

*** Lower Staff – Field worker, Outreach worker, Peers, Office boy.

- Bill is required for reimbursement of Expenses.
- Actual Expenses reimburse as per bill produced, wherever amount claimed exceeds scale, Reimbursement done by Scale.

▪ **Conveyance reimbursement:**

- If employee owns a vehicle, Rs 5/- per km for a two wheeler & Rs 25/- per km for a four wheeler. In any case reimbursement should not exceed sanction/budget allowed, i.e. if expenditure incurred is more then the sanction/budget, reimbursement would be restricted to sanction/budget. Petrol bill has to be produced when own vehicle is used. Reimbursement for car traveling would be made to PC and above level personnel.
 - If employee does not travel by his vehicle, in such case he/she should travel by bus if it has connectivity. If place is not connected by bus auto fare would be reimbursed by the shortest route. Even if employee incurs more than by shortest route, reimbursement would be equal to the one that would have been incurred by shortest route.
- **Planning of expenses/traveling for regular monthly requirements:** Monthly visits to bank for cash withdrawal, printing of passbook, payment of telephone bills, monthly consumables should be planned in advance. This is in order to control costs incurred for conveyance and saving of time of person going out of office for all this work.
 - Accountant/administrator would be held responsible for all the expenses incurred, expenses sanctioned at his end. While allowing an expenditure he has to look into following matter:

- Travel plan/movement sheet should be submitted
- Need of travel & expenditure should be evaluated
- Availability of budget has to be confirmed prior to sanction
- Eligibility of expenditure by the employee has to be ascertained
- Bills of all the expenses have to be obtained while sanctioning the claim, Expenses/Travel claim form should be produced by the employee.

Financial Reporting:

- For each project having tenure of one year or more, financial reporting has to be made to the PD & FC of each project on a monthly basis during tenure of the project. Report would give details of expenditure incurred against each head of budget along with cumulative expenditure incurred, budget allotted & budget available at the end of the month. It would also state cash & bank balances as on last date of month. Accountant has to give a certificate for verification of cash as on last day of the month which should ideally match with cash balance as per cash book of each project.
- The accountant/administrator in the 10th month has to do fortnight reporting to PD & FC of same data as above. It should be used to determine unspent balance against each head in order to utilize it to the fullest. Intention is not to keep huge amount of unspent balance against any budget head at the end of project tenure.
- A feedback should be given by PD/FC for each project expense summary with their suggestion.

Financial Management:

- On the basis of monthly reporting made for each project, PD/FC would make a summary of project wise funds received, amount spent, balance available, funds receivable. This would help the PD/FC to follow up with funding agency for release of further payments.
- **Summary of disallowed expenses:** Accountant should make a list of expenses which are reported as disallowed during monthly visits with funding agency. Accountant should make a summary of all those expenses under each head. This would be used in order to decide about burden on organization of expenses related to projects which are actually been paid. Sources of those disallowed expenses have to be managed by organization. It can be decided in advance if periodic data is available for each project.
- **Additional information to be provided to funding agency/implementation of suggestions given by funding agency during monthly/quarterly meetings:** It has to be made clear to the funding agency or for that sake anybody to give in writing any data/information required i.e. through official email/letter. This would control suggestions given by the head person at funding agency who gives his own suggestions which are impounded the trust. All

communication relating to finance has to reach trust in Written Format in due course and should give the organization minimum seven days to respond from the date of receipt not including Saturday and Sunday and any other holidays.

- **Decision about taking person as employee/on contract:** As far as project personnel are concerned, a choice should be given to the candidate whether he wants to be on payroll or contract. If he chooses to be on payroll, PT would be applicable to him and it would be deducted & remitted as per PT Act. In case he prefers to be on contract, PT would not be deducted and TDS provisions would be applicable to him. The personnel would be employed by Samabhavana as a whole and allocation of time of each employee would be at sole discretion of Samabhavana Society.
- **Finalization of accounts:**
 - Accounts should be sent to GM for verification by 25th of each month along with vouchers. On verification by GM, changes required, if any, should be incorporated by accountant. On receipt of confirmation from GM, those accounts should be given to internal auditor by 31st of each month for purpose of internal Audit.
 - On verification of accounts by internal auditor, financial accounts would be ready to be uploaded on the site maximum by 3rd of every month.

Policy for Investments :

Any funds received by way of voluntary contributions/ donations or earned as income through any activity carried out by the society shall be deposited in the savings bank a/c no. 016870 in Corporation Bank , Mulund Branch. These funds shall be utilized only in the manner as may be specifically provided. The bank balance in the savings a/c shall be kept at Rs. 10,000 and any excess funds in the a/c i.e. funds above Rs. 10,000/- shall be transferred to fixed deposits in the same bank or may be invested in any of the investments as specified under section 11(5) of the Income tax Act, 1961 as per the decision of the management. Instructions to automatically transfer the surplus funds in the fixed deposit may be given to the concerned bank.



Secretary



General Manager (admin. & Finance)



Accountant