



# Finance Policy SACAL



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**SOCIAL ACTION FOR COMMUNITY ALTERNATIVE LEARNING**  
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# Introduction and Purpose

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## **Basic concept of SACAL financial policy**

Financial management policy manual of SACAL covers the accounting policies, systems and procedures of the organization. It is developed not only for governing the financial transactions of the organization so that its staff can follow the set systematic procedures but also to fulfil local statutory requirements and demonstrate the strong management practices adopted. The following points indicate the purpose of the document

## **Scope of SACAL Financial Management Policy**

SACAL Financial Management describes the accounting policies, systems and procedures to be used by the organization. The Policy will cover the input, processing, output, control and distribution of financial data.

### ***The main purpose of the Policy is:***

- a) To assist in the maintenance of controls.
- b) To provide a training and monitoring resource within SACAL.
- c) To be used as a reference document by the staff, management, auditors and other stakeholders.

- Protect the assets of the organization
- Ensure the maintenance of accurate records of the organization's financial activities
- Provide a framework for the organization's financial decision making
- Establish operating standards and behavioural expectations
- Serve as a training resource for staff
- Ensure compliance with federal, state, and local legal and reporting requirements

### ***The procedures have the following objectives:***

- a) To enhance completeness and accuracy of the data posted from source documents (say invoices, payments receipts, journal and cashbook) to the computerized system.
- b) To provide accurate and reliable reports to enable management to perform effective control over the operations of the organization.
- c) To detail the operation and administration procedures for input, processing, output and distribution of data to ensure security of data and documents.

### ***The Policy has been written for use as follows:***

- a) As a means of reference to management, supervisors, new and existing accountants staff, auditors, and as the basis of training staff, and ensuring that appropriate controls are in place.
- b) To clearly segregate responsibilities and ensure accountability at each step.
- c) As a timetable for processing transactions and producing reports
- d) As a guide to evaluators and any monitoring consultant who may wish to review the progress of the organizations.



## Accounting Procedures

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### Basis of Accounting

SACAL uses the accrual basis of accounting. The accrual basis is the method of accounting whereby revenue and expenses are identified and are recorded as incurred. Income (revenue) is not recognised in the accounts until it is received in the form of cash or cheque. No expense is recognised in the accounts until a cheque is issued or payment made in cash.

SACAL is required to maintain the accounts using the licensed version of Tally software<sup>1</sup>. Tally software enables fund accounting, wherein the Assets created from under different projects are specifically reflected in the Balance Sheet.

The accounts and finance staff have been trained in developing the fund accounting. SACAL may still seek professional help to set the things in order.

### Bank Reconciliations

- All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 30 days of the close of the month.
- All bank statements and cancelled checks will be opened, reviewed and initialled by the Finance officer upon receipt.
- Once reviewed, bank statements are submitted to the Office Manager for reconciliation.
- The Secretary will review and approve reconciliation reports by signing and dating the report in the upper right hand corner.

### Monthly Close

Accounts are settled by those holding outstanding amounts and monthly account statements are finalised project wise by 10<sup>th</sup> of the next month. Chief Accountant prepares regular financial reports project wise, on a monthly basis. All reports are finalized no later than 15 days after the close of the prior month.

### Record Keeping

- The backup of computerized accounting data shall be taken every day on another drive and external backup on a CD be taken every month. Hard copy shall be taken out on a monthly basis.
- The printout of the cash book & bank book and journal should be taken on weekly basis and the printout should be authenticated by the Secretary.
- All records will be kept for a mandatory period of seven years before destruction of the same by the finance department of SACAL.

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<sup>1</sup> The minimum version being - ERP 9 and subsequently updated



### **Fiscal Year**

SACAL fiscal year begins April 01 and ends on March 31. This follows the fiscal year as per the law of the land. However as regards the financial statements for the projects, the period is dependent on the requirement of the donor agency. Financial statements shall be provided as per timelines mandated by donors.

### **Journal Transactions**

- A Journal entry is made at the time of adjustment of advances to parties, staff, etc. A Journal entry is also a means of rectifying a wrong accounting entry passed earlier. SACAL should not make any retrospective changes in the accounting entries. If any changes are to be made, it is to be made through Journal Entries.
- The accounting staff of SACAL should make a Journal Entry, only after raising a journal voucher and getting approval from the Secretary or the approved designate.



## **Internal Controls**

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### **Lines of Authority**

The Secretary is the executive head of the organisation, however, he is responsible to inform the financial status and seek direction from the Governing Body and in turn from the General Body. The Secretary is also responsible for transparent financial management with sharing of the same at the bottom of the pyramid.

The Treasurer, who is part of the Governing Body, reviews the books of accounts as presented to him and with his endorsement the accounts can be presented to the Governing Body. The Governing Body has authority to approve financial policies and reviews them periodically. The Secretary is responsible for oversight of regular accounts in SACAL and ensuring norms and procedures are being followed. Based on the approved budget the Secretary approves all expenses.

### **Segregation of Duties**

The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

- 1 Signatories to the bank account include the Secretary and the Treasurer of SACAL. Cheques for payment shall include the signatures of both persons.
- 2 The responsibility of maintaining proper and adequate payment records is that of the Accountant.
- 3 The handling of cash and its accountability vests with the Chief Accountant.
- 4 Responsibility for all payments ultimately is of Chief Accountant and in absence with the accountant.
- 5 Verification / checking of supporting documents, is the responsibility of Chief Accountant for all payments. The Accountant is responsible for preparing and maintaining the financial records.
- 6 Submission of FMIS (Financial Management Information System) reports to Secretary is the responsibility of Chief Accountant
- 7 The Secretary is responsible for periodic check of documents and veracity of outward reporting.

### **Conflict of Interest**

All employees and members of the Board of SACAL are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of an employee or Board member conflict with the interests of the organization. Both the fact and the appearance of a conflict of interest should be avoided.



Disclosure of membership of institutions or agencies which can be detrimental to the causes espoused by SACAL or directly to its functioning should be disclosed by the employees and board members.

Relations of employees of board members and employees should be disclosed prior to recruitment. Procurement processes should avoid any conflict of interest by those on the committee. The process as mandated for procurement should be followed.

The segmentation of duties to avoid any conflicting procedures should be strictly adhered to.

**Should there be any dispute as to whether a conflict of interest exists:**

- The Secretary shall determine whether a conflict of interest exists for an employee, and shall determine the appropriate response.
- The Governing Body of SACAL shall determine whether a conflict of interest exists for the Secretary or a member of the Board, and shall determine the appropriate response.

**Physical Security**

SACAL maintains physical security of its assets to ensure that only representatives who are authorized have physical or indirect access to money, securities, real estate and other valuable property.

- Bank checks should be kept securely by Secretary when not in use. When the Secretary is out of station the cheques shall be maintained by the Chief Accountant.
- Access to passwords for accounting software should be known only to the Accountant, Finance Officer and the Secretary. Change of passwords should be done monthly and by the accountant and informed to all concerned persons.

**Procedure of Cash Safe Keeping**

Accounts department will be exclusively responsible for handling of cash. Any other staff other than the Chief Accountant of SACAL receiving cash for any authorised activity must deposit the same immediately with the Chief Accountant. The following procedures should be adhered to by the Accounts Department.

- All cash receipts and withdrawals from banks should be correctly accounted for and entered in the accounts immediately at the time of receipt.
- At closing physical cash should be tallied with the books of accounts and the accountant and cashier should certify the same every day.
- One key of the cash box should be kept with the Chief Accountant and the other key should be with the Secretary.
- The maximum cash holding limit with the Chief Accountant is fixed at Rs. 30000.00.
- SACAL shall undertake Fidelity Insurance coverage and cash insurance coverage, which protects it from losses associated with defalcations of loss of cash due to theft or loss in transit. Cash transit insurance may be made in the name of cashier and the driver. All employees working in accounts department or involved with cash transaction shall be covered under such insurance.



## Financial Planning & Reporting

### Budgeting Process

Organisational budgets are to be drawn up by a team led by the Secretary and including Project Coordinators, Chief Accountant and Administration in-charge to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year. The annual budget should be approved by the Governing Body of SACAL.

The budget should be prepared based on standard revenue recognition and cost allocation procedures. Budgets related to programmes are prepared based on proposals submitted to individual donors. Each budget is prepared by a team which includes the Project Coordinator, Chief Accountant and is finally approved by the Secretary. The transfer of funds to the local office should be made according to the programme budget, project milestones and should be sufficient to meet the project requirements. This is necessary to avoid large amounts of currency in local office bank accounts. The main office should monitor and ensure proper expenditure accountability by the local office.

An annual budget for non-programme costs incurred by SACAL is undertaken by the Chief Accountant, which is approved by the Secretary.

### Internal Financial Reports

SACAL should record all the transactions on daily basis. The cash book should be balanced daily and certified by the chief accountant. Chief Accountant prepares regular financial reports on a monthly basis. All reports are finalized no later than 30 days after the close of the prior month.

SACAL shall prepare a monthly trial balance of all the projects and bank reconciliation of all bank accounts, statement of financial position, statement of activities, budget vs. actual expenses and updated cash flow projection, within 30 days of the end of each month. The Secretary and the Treasurer of the board of SACAL shall review financial reports each month, and the summary is presented to the board thrice a year. The responsibility lies with the Chief Accountant of SACAL. Final responsibility of all outbound reports and plans lies with the Secretary. Without his permission and endorsement these should not be submitted/shared with donors, or concerned agencies.

### Audit

The statutory audit is review of SACAL's financial position by an independent firm of Chartered Accountants to render an opinion on the integrity of SACAL. The appointment of auditors needs to be formally done in writing each year after approval of governing body.



The annual audit schedule is to be prepared by the Finance Officer and his team. The Finance Officer is responsible for closing the books of accounts for the annual audit before the end of April, so as to complete the audit by middle of June.

The statutory audit report is to be placed at the Annual General Meeting and governing body meeting of SACAL. The statutory auditors shall also audit the Receipt and Payment account of Foreign Contributions received by SACAL as required by Foreign Contribution Regulation Act, 1976. Audit reports to donors and other concerned agencies shall be done by the Secretary for specific projects and also in totality.

### **Tax Compliance**

The following returns are statutorily required to be filed.

<b>Sl</b>	<b>Due date</b>	<b>Particulars</b>	<b>Authority where filed</b>
1	31st Oct.	Audit report in form 10 B along with Audited financial statements	Income Tax
2	31st Oct.	Income Tax Return	Income Tax
3	31st July	Form FC-3 audited FC Balance Sheet and FC financial statements	Ministry of Home Affairs

Tax compliance will be undertaken as per the law of the land and specifically, under Section 12 of Income Tax Act 1961. The PAN and TAN of SACAL are as follows: AABAS6040A; BBNS03726C

### **Tax Deducted At Source**

SACAL shall deduct tax at source at rates prescribed by the law of the land in case of payment of income. Tax so deducted should be deposited within the prescribed stipulated time. Further, returns of tax deduction at source shall be submitted within the specified time/ stipulated dates.

Income Tax Act 1961 specifies certain payments, which require tax deduction at source. For SACAL, the following are the important payments, in respect of which tax must be deducted at source -

- Payments for salary, contracts, professional fees, fees for technical service or rent, SACAL shall deduct tax at source if the payment exceeds the amount of rupees thirty thousand (Rs30,000) paid in single transaction or rupees seventy five thousand (Rs75,000) paid in aggregate over one financial year.



## Revenue & Accounts Receivable

All grants and projects are invoiced each month to capture all billable time and expenses and ensure a regular healthy cash flow for the organization. All final invoices for the prior month are completed by the 15th of the following month (ex: June 15th for May).

### Grants Received

At the time of receipt of grant, an account by the name of the organisation / project giving the grant shall be credited and bank account debited. The grants / donations may be received for projects either for meeting some revenue or capital expenditure. However if the donors have declared their specific intention, it should be credited to the special / specific fund account.

Similar methodology should be used for the different local / government projects.

### Other Donations

Apart from grant from Foreign Agencies or Indian Government certain other local donations might be received which should be credited to the local/domestic account of SACAL. SACAL shall secure tax exemption certificate under Section 80 G of Income Tax rules of 1961 to enable donors to avail this facility.

### Miscellaneous Income

Any other miscellaneous receipt should be credited to this account. The same may be further categorised as receipts from supervision cost, training cost for other organisations or groups, accommodation charges, receipts from training, receipts from food and boarding provided to participants etc. The same are to be credited to the local account of SACAL.

### Cash Receipts

In the instance of all cash receipts the cash account is debited and the respective grant/membership/donation etc. is credited. SACAL is to raise a printed money receipt, which is to be signed by a competent authority and issued. The money receipt book should be chronologically numbered and issued date wise. Separate money receipt book for local and FC receipts may be used.

### Deposits in Bank

The Foreign Contribution Regulation Act, 1976, requires that separate books of accounts have to be exclusively maintained for the receipts and utilization of Foreign Contribution funds. Similarly separate books of accounts should be maintained for local contribution. In the instance of all Bank receipts the respective bank account where such cheque / DD is deposited is debited and the respective grant / project / donor is credited.



## Expense & Accounts Payable

### Payroll

#### Procedure for Salary Accounting

All employees are required to record time worked, in the attendance register. Organization will maintain daily attendance system and individual staff have to log on daily basis except Supervisor and Animators. In case of Supervisors and Animators, attendance can be marked each time they visit the head office. In case someone is present at office but had not registered his/her attendance, the working day will be considered as leave and person will not receive any salary for the day.

The attendance register is collected by the accounts department from field and main office and the salary is calculated. Any leave taken without pay is accounted for.

The salaries of employees of SACAL should be generally paid directly into the bank accounts of the employees and not disbursed in cash. In only exceptional circumstances the Secretary shall authorise the payment in cash. The staff salary register should be maintained on which each employee should sign as an acknowledgment of receipt of salary. A payslip showing details of salaries/wages and deductions made shall be given to the employees every month. The deductions from the salary may include.

- Income tax payable by the employer
- Contribution to PF, PPF, GLIS (if made applicable)
- Recovery of loans, advances, etc.

#### Payroll Additions, Deletions, and Changes

Salaries of staff of particular projects shall be booked to the project accounts. Recruitment and termination of staff shall be intimated to the Accounts Department in a written memo by the Secretary. Only the Secretary has authority to approve salary amounts and increases to the same. Deduction of salary as a result of disciplinary action can be approved by the Governing Body and Secretary. In case of termination the final salary shall only be processed after all outstanding dues from the staff are collected and on intimation by Secretary.

#### Payroll Preparation & Approval

The payroll is prepared by the Accountant by the second working day of the following month and verified by the Chief Accountant. The Secretary approves the same. The Accountant shall ensure that information of attendance at work and leaves is compiled for processing of salaries. The Chief Accountant is responsible for reviewing the payroll register to ensure accuracy and legitimacy, while the Secretary has final oversight and approval.

#### Social Security of SACAL Employees

SACAL employees, as of now have not been covered by Provident Fund. At the existing staff strength it is mandatory for SACAL, to follow the provident fund rules.



On adoption of PF the accounts department of SACAL shall account the same as per the norms of the PF department of Government of Odisha.

Currently, employee's staff welfare funds are deposited into the staff's PPF accounts. The amount calculated is 8-10% (depending upon donor consensus) of the salary of the staff.

### **Purchases & Procurement Procedures**

The purchases envisaged are the following:

- Immovable assets, such as land, buildings, flats etc.
- Movable assets, such as furniture & fixtures, vehicles, office equipments
- Items of regular use, such as stationery, maintenance material, fuel, etc.
- Programme / project requirements such as workshop / training materials, vocational training items, food, shelter material, agriculture equipment, saplings, etc

### **Procurement Process**

All purchases must have prior written approval from the Secretary. The following criteria should be followed by SACAL.

- A minimum of 3 quotations should be obtained from interested vendors (preferably from an authorised dealer / manufacturer)
- Rates of a comparable location / model/ brand should be procured at a competitive market price and organisations' specific need should be kept in mind.
- Direct purchase from the allotting authority/ manufacturer should be preferred to retail vendors, where possible.
- The quotation shall be opened in presence of Secretary, Chief Accountant and Programme Coordinator. A comparative chart shall be immediately prepared and signed by all the 3 persons. The rates may be further negotiated with the parties concerned by Secretary or such person(s) authorised by him. Based on negotiations fresh quotes should be attached to documentation
- A written purchase order shall be issued and signed by the Secretary, who is also responsible for the purchase. The Secretary is the final approving authority of the purchase.

### **Immovable Assets**

- In case of purchase of fixed assets for projects, secretary and chief accountant shall submit a proposal to the governing body members.
- The purchase of any immovable asset, such as land, building, flat etc. shall be undertaken only after the approval of the governing body of SACAL.
- Prior to purchase of any immovable asset the following aspects must be obtained, documented in writing and given to the governing body, before seeking approval. Secretary is responsible for the authenticity of the information



Particulars	Details to be given to Governing Body
Objective	Purpose for undertaking the purchase and its impact on SACAL image.
Cost	The exact cost and comparable prices in the vicinity
Funds	The specific source of funds
Fund Source	Whether donor budgeted purchase or from SACAL general / local funds
Payment	The methodology for payment and time frame
Title	The genuineness of the title of the seller / builder, a search of report and a legal opinion from a senior lawyer relating to the title of the seller.

- The governing body shall be responsible for the final decision to purchase / acquire or not to acquire any immovable asset.
- SACAL should maintain a complete list of its existing lands. The title of all the lands should be in the name of the organisation.

#### Movable Assets

- Sealed quotations must be obtained from at least 3 suppliers, who should be the authorised dealers or manufacturers of the product(s) to be purchased. The items proposed to be bought must be specifically permitted in the concerned Programme/project budget. The budget availability must be specified in writing prior to any action for purchase.

#### Items of Regular Use

- The items of regular use such as stationery, etc. should generally be purchased on quotations. The suppliers should be determined for a year and the prices fixed for one year at a time. The purchase can then be made as per need within approved budgets.

#### Programme / Project Items of Revenue Nature

- The concerned Project Coordinator shall identify and specify the budget availability of the items proposed to be purchased
- In case of purchase of fixed assets for projects, secretary and chief accountant shall submit a proposal to the governing body members. In consultation with the governing body a mandate shall be given to the purchase committee to initiate purchase.
- The Secretary/Project Coordinator shall be responsible for the purchase and authorisation of any purchase of the project.

### **Payment of Advances**

Advance payments can be to third party and staff. Staff advances can be for programme related expenses, for travel related to programme work and salary advances in case of personal need. The required procedures of issuance of advance are

#### **Third Party Advances**

- The Accountant must ensure that all quotation/purchase order/contract payment details are in file before payment of any advances. The contract should be signed by the party taking the advance.



- Disbursement to be made only after getting the approval from the Secretary.
- For each and every third party payment / advance the money receipt from the party must be obtained and attached to the vouchers. Getting the receipt will be the responsibility of the person making the payment and the Accountant.

### **Staff Salary Advances**

- Staff advances can be given depending to staffs that have completed one year of service and in exceptional circumstances only
- A staff should not be paid an advance exceeding a month's salary amount.
- The advance adjustment tenure should not exceed ten equated monthly instalments.
- No second advance can be taken by staff, unless the previous advance is cleared in full and eligibility for next advance after 30 days of clearing the earlier advance.

### **General/Programme/ Travel Advances**

- All advances should be need-based and must be routed through the appropriate advance requisition form.
- The advance should be disbursed only if they are approved by the appropriate authority.
- It would be the duty of the person passing the advance that he should relate advances with the realities of expenditure and budgeted statement.
- The advances must be settled within 30 days from the date of advance. In settlement, if 70% of the advance amount is not utilised, the reason for the same should be mentioned. Further approvals for similar reasons should take this into consideration.
- No further advance can be taken unless the previous advance is cleared in full.
- No advance shall remain outstanding on 30th September and March 31. In case the advance is not utilised on this date, the advance should be refunded.

### **Independent Contractors**

SACAL uses the services of independent contractors for programme related work. Work of this nature can include technical support for implementation, proposal writing, etc. SACAL also hires services of external consultants for evaluation, trainings and documentation. Decision on hiring of consultants should be taken by the Program Coordinator and the Secretary of SACAL.

The bio-data of the independent contractor should be reviewed by the Secretary and the Program Coordinator. Once agreed a written contract along with Terms of Reference for the work should be drawn up. Specificities of such contract regarding duration, nature of deliverables, payment mode, contact information, confidential clauses and penalties in case of failure to deliver, should all be included in the contract.

### **Procedure for Cheque Payments**

- Cheque payments should be prioritised and should be done through account payee cheques only. In exceptional cases payment by bank draft / pay order should be made by supporting with explanation / clarification or at the cost and request of the payee.



- For each payment a payment voucher should be made and complete in all respect and filed in chronological manner
- No bearer cheques should be issued except small cash replenishment cheques or in exceptional cases.
- If the payment is against some purchases, proper bills etc., to be attached with voucher with reference to the folder in which quotations, comparative statement are kept
- No cheque should be issued in any other name other than the name mentioned in the invoice.
- If the payment is against an asset, the voucher and supporting documents like purchase order, 3 quotes, etc., should be attached. Further, photocopy of the invoice of such asset purchase should be filed in the Fixed Assets File.
- If the payment is against items purchased and delivered directly at the community, there should be proof for the receipt and distribution of materials to be maintained in a subsidiary register by the concerned field staff and should be certified by the Programme/project head/ coordinator.
- If the payment is made to a supplier / persons against bunch of bills, the summary sheet along with bills are to be attached with vouchers as support.

#### **Invoice Approval & Processing**

- The bills/claims should be submitted to the accounts department after the same has been routed and approval obtained from the respective Programme/Project Coordinator.
- For any bill/claim exceeding Rs 3000, approval must be sought prior to purchase. The accounts department should make the payment based on the approved amount.
- Each bill/claim should be properly attached and necessary payment voucher to be prepared, on which the person preparing the voucher must sign and the same to be approved by the approving authority.
- Copies of all invoices paid will be filed in the finance department. After two years these documents will be archived and they will not be destroyed.

#### **Cash Disbursements**

Cash disbursements to the maximum possible extent should be avoided. In case of field transactions where there are no banks in the vicinity, they should be allowed.

- The cash payments should be made after obtaining necessary approval from the competent authority on the voucher.
- The necessary itemised bills and supporting documents should be attached to the voucher. The signature of recipient is to be obtained on the voucher
- The accountant should verify the accuracy and budget provision of the expenditure and make payment by preparing the cash voucher.
- As a policy, SACAL should not make payment above Rs 10,000.00 in cash for any purchase of goods or services obtained. For example payments to staff / functionary towards programme advance, travel advance and petty cash etc.



In case of cash payments in the Programme area for work undertaken, adequate muster roll, job cards, and payment documents should be maintained. Please see Annexure I for the requirement of documents.

### **Petty Cash**

The Project Coordinator and the Chief Accountant will each keep a petty cash box not to exceed Rs 10,000. Petty cash will be used primarily to purchase office supplies, snacks, delivery tips etc. Petty cash will be kept in a lockbox that is locked in a cabinet. Keys to the cashbox and cabinet should be kept with the Chief Accountant.

- The petty cash custodians will be given Rs 10,000 to be kept in a lock box locked in their desk.
- When cash is used a record must be entered in the individual's petty cash spreadsheet.
- Receipts for all purchases are kept in the lock box.
- When cash is low the custodian will submit a cheque request form signed by their supervisor with a print out of the tracking spreadsheet and all receipts attached.
- A check will be issued in the amount to bring petty cash back to Rs 10,000. It is the custodian's responsibility to cash the cheque and keep track of funds in the box.

### **Travel Expenses**

The norms have been highlighted in section 2.6, 2.7, 2.8 of Chapter 2 of the Human Resource Policy document.

The staff undertaking travel shall use the prescribed format to settle the accounts and seek reimbursements. In case the staff has availed of an advance amount, the same should be reported in the travel expense sheet being submitted for reimbursement. The sheet should be duly checked by the supervisor before submission by the staff to the accountant.

### **Expense Allocations**

The Chief Accountant is responsible for expense allocation as per approved budgets. This shall be approved by the Secretary for reporting to donors as and when required.



## Asset Management

### Cash Management and Investments

Investment of funds of SACAL can be undertaken if approved by the Governing Body. The General fund surplus monies can be considered for investments. Professional help will be sought if required to develop a risk profile of the organisation for development of portfolio.

### Bank Accounts

- SACAL shall maintain separate bank accounts for foreign contribution funds and local contribution funds. The foreign contribution designated (FCRA approved) bank account must be used exclusively for receipt of all foreign currency, i.e. FC grants of donor agencies as well as any individual donations in foreign currency. No local contribution can be deposited in this bank account. At no point of time, even if there is an emergency fund from this bank should not be drawn/transferred to the local bank account.
- SACAL is required to treat the State Bank of India – ADB Khodasingh branch account as FC-Project bank account. This account balance at the end of each year is reflected in the FC audited financial statements.
- SACAL is to ensure that no local contributions, donations are deposited in this FC project bank account. Similarly no local expenditures/payments are to be made from this bank account. SACAL will ensure that there is absolutely no mingling/ mixing of FC and local funds.
- SACAL should not make any payment either in the form of advance, loan or even as a beneficiary/ utilisation to another NGO not having FC registration. However individuals can be paid from this account, in the instance of being a beneficiary. In case of organizations only FC to FC transfer is allowed. For individual if related to project transfers can be done as beneficiaries/consultants for service rendered. Based on services and goods delivered.
- Local contributions/grants raised by SACAL are to be deposited in the local/domestic bank account.
- For each bank account separate accounts with the name of the bank and account number shall be created. All receipts by way of cheques/ drafts/cash should be deposited and respective Income/ Fund/Advance Account credited at the time of receipt of cash/cheque/draft. Expenditure/Fund/ advance account debited at the time of any payment from the bank by way of a cheque.
- Funds from bank should be requisitioned on the basis of the estimates made by the Programme in-charge and verified by the accounts department and approved by the appropriate authority.
- SACAL bank accounts are to be operated on joint signatory policy. The Secretary and the Treasurer are the signatories.
- The Secretary and Treasurer are authorised jointly to make transfer from operating accounts to interest bearing accounts.



## **Capital Equipment**

The inventory of the capital items is kept in a register and updated regularly. The digital file of the same should be maintained. It is verified annually. Assets not in use or in good condition can be considered for disposal. The disposal should abide by donor mandates, if any. Disposal can also be undertaken by sale or auction of the assets. The monies from such income shall be reflected in the general fund incomes.



## **Annexure I**

### **Field Financial Operation and Procedures**

SACAL is to maintain the following non-financial records pertaining to its field activities.

- Trainings conducted register
- Workshop / Seminars conducted register
- Record of any such activity which requires substantiation in a future date, like material distribution or cash for work.

SACAL is required to maintain separate registers for each of the above activity. The following data should be specifically written in the register.

1. Date of training / meeting (on top left hand side)
2. Venue of the training / meeting (just below the date)
3. Topic of the training (on top -centre)
4. Name of Resource person(s) (on top right hand side)
5. Duration / time of meeting
6. Name of the participant, village, signature
7. All staff who attended such training should put their names & signatures at the bottom serially.
8. Lastly the resource person name & signature to be obtained.
9. The staff person coordinating the training should make a small write-up of the proceedings of the training, of the achievements made and put his signature.
10. A complete set of photocopies of the above should be sent to the finance/accounts department, which is to be attached to the vouchers for making payment incidental to such activity. This will ensure maintenance of records at both ends.
11. The report generated from such training should be recorded and maintained in the SACAL office.

### **Records of Distribution of Goods/ Funds to Beneficiaries**

SACAL to maintain separate registers involving distribution of funds / goods. The following data should compulsorily be incorporated.

1. Name of the beneficiary.
2. Village, Panchayat, Police Station.
3. Name of the programme / project.
4. Photograph of beneficiary.
5. Name, address and signature of 2 witnesses, from the village committee or Panchayat official
6. Amount of fund given or nature of goods distributed (complete details)
7. Name of staff involved in the activity of SACAL and his signature.
8. Name and signature of concerned Project Coordinator

The complete set of documents of all such beneficiaries to be sent to the accounts department, which is to be attached to the payment vouchers.



