Finance Policy of Sangli Mission Society

1.Financial Management:

The following policies are adopted by Sangli Mission Society for the smooth functioning of finance management system including internal control**.**

1.1.**Responsibility Accounting:**

1.1.1.Each center is entrusted with an in-charge who is appointed by the president and who is responsible for whatever happens at the center. He who is responsible for maintaining the accounts sends monthly report to the head office.

1.1.2.Every center-in-charge should prepare an annual budget and submit in the head office by February.

1.1.3.Monthly Financial statements are sent to the head office from each center by the 10th of the preceding month.

1.1.4.Bank accounts are operated jointly by the center in-charge and the president. Cheques are not signed by the president if monthly financial statement is not submitted to the head office.

1.1.5. FD: Prior permission is required if the Center-in-charge would like to deposit in a FD A/c as part of finance management without exceeding the period of a financial year.

1.1.6. Any money transaction between two centers shall be done only through the Head office.

1.1.7.FCRA account is operated by the finance controller/Treasurer at the head office. Money is released as per the implementation of the project activities according to the Grant chart. Further money is released only after obtaining the statements of the expenses of previously released money.

1.1.8.Separate books of accounts are to be maintained for each major projects/programme

1.1.9.In case of manual accounting of accounts all transactions are written with ink. Corrections in the book of accounts are to be authenticated by the authorized signatory. Overwriting and use of whitener on book of accounts is generally not accepted.

1.1.10.Generally accounts are recorded in computer using the programme Tally version opted by the head office.

1.1.11.Cheque payment: The payments exceeding Rs. 20,000 are to be made only through account payee cheque/DD. In all cases, if payments are through check, a photocopy of the check is retained. It is mandatory to take the vendor / person acknowledgment after issuing the cheque.

1.1.12.Advances: Prior approval is required for taking advances by the center or programme in-charges. Vendor advances should be discouraged and if required, advance shall not be given more than 50% of the total cost. Advance needs to be settled within a month. All the advances are to be recorded in the cash book as "advance" and not expenditure. After settlement of the advances, the transaction needs to be nullified against advances and charged as actual expense

1.1.13.Any excess money in any institution at the end of the financial year shall be transferred to the Head office

1.1.14.The maximum money a centre-in-charge can keep as cash in hand is Rs. 5000. All other money shall be deposited in the bank.

2. Record Retention:

All accounting records are to be kept for 10 years safely, as this is a requirement of Income Tax Act. In case accounts are computerized, printed copies of the records need to be kept. Keeping soft copies is not sufficient.

2.1.Vouchers

2.1.1.The vouchers used for recording of transactions are receipt vouchers, cash vouchers, payment vouchers and journal vouchers

2.1.2.All vouchers should be numbered. This number should also be given on the cash book and ledger so that vouchers can be located easily.

2.1.3.Cancelation of receipt vouchers needs to be marked as "CANCELLED' and retained.

2.1.4.Each voucher needs to have signature of the payee and date

2.1.5.Each voucher needs to have preparer's signature and date

2.1.6.All payment vouchers should have authorized signatory approval.

2.1.7.Each voucher needs to have the actual date of transaction

2.1.8.Each voucher needs to have a brief narration of the transaction.

2.1.9.In case of travel expense, payment vouchers needs to have the details of travel i.e., date, place of visit, mode of transportation, amount and purpose. All supporting bills such as bus/train tickets are to be attached with the vouchers.

2.1.10.In case of training expense, payment vouchers need to have details such as number of participants, trainers, rate of payment of lodging and boarding etc.

2.1.11.All payment vouchers are to be defaced with "PAID" stamp including the supporting bills after making the final payment. This is basically to prevent duplicate payments.

2.2. Revenue Stamp

2.2.1. A revenue stamp is required whenever a person acknowledges receipt of money for payment exceeding Rs. 5000.00

Use of the stamp is required under stamp act. Other things to keep in mind are:

2.2.2.The Act covers both cash and cheque payments.

2.2.3.The stamp should always be cancelled by drawing a cross or signing across.

2.2.4.No stamp is required on receipts issued for donations because these are payments without consideration. However, a grant is different from a donation.

2.2.5.No revenue stamp is required on impress transactions with employees. But it is required when loan or salary is given.

2.3. Supporting documents

2.3.1.All payment vouchers must have adequate supporting documents such as original bills/invoices/cash memos.

2.3.2.All receipts need to be supported with photocopy of cheque, Bank pay-in slip, letter from the donor etc.

2.3.3.Vehicle log book is to be maintained

3.Staff Salary

3.1.Salary register is to be maintained at the office

3.2.The payment of salaries to staff is preferably made through account payee cheque or bank transfer.

3.3.All applicable taxes are to be deducted as per the provisions of the Income tax Act, if required.

3.4. Bank Reconciliation

Bank Reconciliation should be done every month. The Director / Manager should verify the Bank Reconciliation Statement. The preparer and verifier should initial and date the Bank Reconciliation Statement.

4. Inventory

4.1.Property inventory register need to be maintained. Inventory register should have following information.
    4.1.1.Property inventory number
    4.1.2.Date of purchase and invoice number
    4.1.3.Purchase order number and date.
    4.1.4.Description of the item and quantity.
    4.1.5.Cost of the item.
    4.1.6.Location,
    4.1.7.Condition of the item

4.2.Separate inventory register needs to be maintained for the items received or purchased and distributed to the beneficiaries. It is required to maintain a list of beneficiaries with their signature in project file for any such distributions.
4.3.All assets are to be physically verified once in every year and recorded.

5. Procurement Procedures

When purchasing the following guidelines as mentioned below shall be followed:

5.1.Constitution of a purchasing/bid committee (consist of 3 or 4 members) by the organization.

5.2.The Accountant shall not be involved in the bid committee and also in purchasing process.

5.3.For any purchases above Rs. 20,000/- shall obtain minimum of 3 sealed quotations from the different vendors.

5.4.The sealed quotations are to be opened in the presence of bid committee. The committee members shall put their initials on each of the quotation.

5.5.Bid committee members shall analyze the quotations and give their recommendations on bid analysis. The center in-charge /Project in-charge shall review the same for approval or rejection.

5.6.Order shall be placed with the vendor by issuing purchase order.

5.7.All purchase order to be numbered and dated.

5.8.Signature of the vendor shall be obtained on the purchase order as acknowledgement/agreement to the purchase.

6.Internal Audit systems

6.1.A review committee consisting of 2 persons reviews and supervises all the books of accounts of every center once in three months and report to the head office. This committee makes sure that all the formalities of accounting are followed and the requirements are met.

6.2.Annual internal auditing of all the accounts at every center.

6.3.Annual audit by the Chattered Accountant.

President   Secretary

Sangli Mission Society   Sangli Mission Society