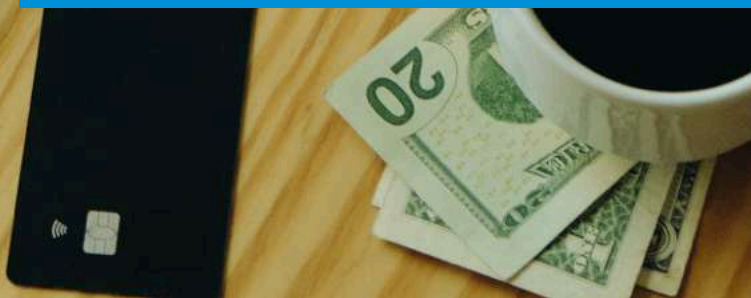
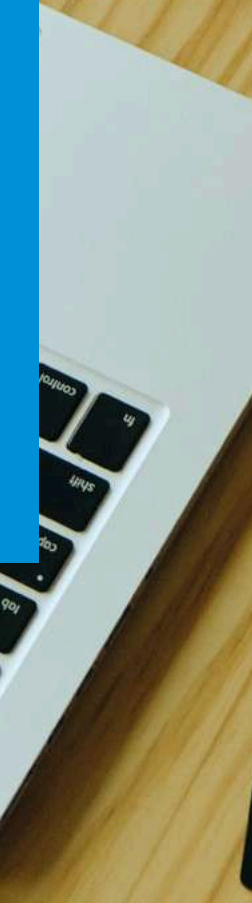




# FINANCE POLICY

---



# Table of Contents

S.No.	Description	Page No.
1	Introduction	1
2	Accounting Procedures	1
3	Cash Management	1
4	Operating Bank Accounts	3
5	Invoice Validation	4
6	FCRA Account Management	6
7	Financial Planning and Budgeting	8
8	Income and Fundraising	10
9	Expenditure and Financial Controls	13
10	Financial Reporting and Record-Keeping	15
11	Audit and Internal Controls	17
12	Compliance and Legal Requirements	18
13	Ethics and Integrity	19
14	Training and Capacity Building	20
15	Policy Review and Updates	22

# FINANCE POLICY

## INTRODUCTION

This manual outlines the finance-related policies and procedures that support the financial management system at Gramin Samaj Kalyan Samiti (GRASS). It aims to ensure that our financial statements adhere to generally accepted accounting principles, safeguard assets, comply with donor guidelines, and manage finances with accuracy, efficiency, completeness, and transparency.

All staff involved in financial management and procurement are required to adhere to these policies and procedures.

The manual will be reviewed at least annually by the Head of Finance, Director and periodically approved by the Audit Committee.

The organisation employs a double-entry accounting system and manages its accounts in accordance with standard accounting practices prescribed by the Institute of Chartered Accountants of India. We use a cash basis of accounting for all financial transactions.

## ACCOUNTING PROCEDURES

Management must emphasise to all staff that accountability is a collective responsibility and does not rest solely with the accountant.

The accountant's role involves:

- Ensuring that payments are properly authorised,
- Verifying that payments are charged to the correct expenditure account,
- Checking that payee details are accurate before processing the payment.

The individual initiating the payment must ensure that:

- The amount has been correctly authorised,
- The expenditure was necessary and legitimate.

### Maintaining the Accounting Trail

Every transaction must be traceable to ensure accuracy and consistency in our accounting records. The accounting trail follows this pattern:

1. Expense
2. Cash Memo
3. Voucher
4. Cash Book
5. Ledger
6. Trial Balance
7. Income and Expenditure Statement, Balance Sheet

Maintaining this trail is crucial for verifying and cross-checking expenditures and activities, thereby promoting a transparent financial system.

## CASH MANAGEMENT

### Cash Account and Transactions:

- Cash transactions should be limited to small expenses and used only when banking services are unavailable. As per Income Tax Rules, cash payments exceeding Rs. 20,000 are prohibited and must be made via account payee cheques. The aim is to minimise cash transactions for better control and procedural efficiency.

### Daily Cash Balance:

- The closing cash balance must be recorded daily and signed by the Accountant. This record should be maintained from the start of the fiscal year, with a new record created at the beginning of each fiscal year. The maximum cash limit is Rs. 10,000, and the minimum is Rs. 2,000.

**Cash Withdrawal from Bank:**

- Complete and sign the Cash Withdrawal Form/Money Indent to request cash. Calculate the available balance and estimated expenses. Authorised personnel must verify the necessity before approving the withdrawal. The signature of the person presenting the cheque and receiving the cash should be attested by an authorised signatory on the back of the cheque. A Cash Receipt (Contra) voucher must be prepared and accounted for by the accountant on the same day.

**Cash Payments:**

- Cash payments should be made only after preparing a Payment Voucher. Vouchers must be sequentially numbered. The Voucher requires approval from the competent authority before payment. The payee must sign the voucher upon receipt of the payment. If the competent authority is absent, another authorised individual must verify/approve the voucher before payment. Cash payments exceeding Rs. 20,000 are not permitted; internally, the limit is set at Rs. 2,000. All cash payments should be receipted with a revenue stamp as per the Stamp Act. We aim to minimise cash payments through cheque settlements.

**Cash Verification:**

- The competent authority should conduct physical cash balance verifications occasionally, with mandatory monthly checks. The Cash Account record should be signed by both the person handling the cash and the finance head during physical verifications. Any discrepancies found during these checks should be recorded and reported in writing immediately.

**Controls to Be Exercised:**

- Third parties should not have access to the accountant or the safe. Cash should be handled only by designated personnel in the front office. Cash disbursements should occur within a fixed period, with emergency payments allowed outside of this timeframe. The maximum and minimum cash limits must be strictly adhered to, and cash receipts/payments should be recorded daily.

**Advances****Advance Payments:**

- Amounts paid to staff for official expenses should be charged to the float account and treated as general advances, with a record kept against the employee's number. Staff can request advances for:
  - Travel and subsistence
  - Purchase of goods
  - Conference and workshop expenses
  - Day-to-day expenses

**Advance Requests:**

- Requests must be made using the prescribed format and approved by the competent authority within their delegated limits. The finance department should track any outstanding amounts. Additional formats are available for guidance.

**Controls to be Exercised:**

1. Requests must be complete, specifying the purpose, dates, and details for staff travel.
2. Any outstanding amounts must be settled within the month of the advance, unless traveling at month-end.
3. No outstanding advances should remain as of March 31, the end of the financial year.

**Cash Advances:**

- Small cash advances are necessary for routine expenses but should be tightly controlled. Record all advances in the cash book and adjust when expenses are booked. Track advances through the cash book or advance ledger account (for computerised accounts). A new advance should not be issued until the previous one is settled, except in exceptional cases.

**Settling of Advances:**

- Advances must be settled with receipts or cash. Surplus funds from an advance should be returned to Accounts. Additional formats are provided for guidance.

**Refunds from Accounts:**

- If an advance is insufficient for an activity, staff should contribute the extra amount, and Accounts will reimburse the additional expenditure.

## OPERATING BANK ACCOUNTS

### Bank Account:

- One bank account for project funds must be opened with a nationalised bank or any bank authorised by the RBI. Written authorisation from the relevant authority is required to open or modify the operation of any bank account.

### Authorised Signatories:

- Each cheque or financial instrument must be signed by at least two authorised signatories.
- The authorised signatories act on behalf of the organisation. Therefore, the organisation's rubber stamp (or bank-printed stamp) should be affixed on every cheque/instrument, with only the signatures placed below it.
- Staff who have access to both the bank account and the cash account are not eligible to be authorised signatories.

### Authority to Sign:

- Signatories are categorised into Panel A (members of the board of the organisation) and Panel B (preferably a representative from the project Target Group).
- The bank will execute any written instructions signed by two of the designated signatories for conducting financial transactions.

### Closing of Bank Accounts:

- Any bank account no longer required must be closed promptly. The Finance person must obtain a written resolution from the Competent Authority to close the account. The following steps must be completed when closing an account:
  - Transfer the balance, except for the minimum required amount, to another bank account.
  - Surrender all cheque leaves to the bank with a receipt.
  - After receiving the resolution, deliver it to the bank and transfer the balance to a different account.
  - Obtain confirmation of the account closure and balance transfer from the bank.

### Bank Transactions

#### Bank Receipts:

- Issue an official receipt for all receipts. The date of receipt, accounting, and deposit of the cheque or draft should match, with exceptions only for banking hours or holidays.
- Attach the bank deposit slip with the Receipt Voucher.
- Avoid issuing receipts on the last day of the month if the instrument cannot be deposited on the same day.

#### Bank Payments:

- Prepare a Payment Voucher before issuing any cheque.
- Do not prepare cheques if there is insufficient balance in the bank account.
- Ensure all Vouchers are verified and approved before releasing payment.
- Payments should be made only against original bills and claims; copies of bills or claims are not acceptable.
- Attach all supporting documents with the Payment Voucher and file them sequentially.
- Write cheques legibly, ensuring the amount in words and figures matches.
- Cross all cheques and stamp them with "A/c Payee Only – Not Negotiable."
- Avoid issuing post-dated cheques.
- Stamp all cheques with "for the Name of the Organisation."
- Record the cheque number on every Payment Voucher.

#### Controls to be Exercised:

- All bank correspondence and instructions must be signed by authorised signatories only.
- Never sign cheques in advance or leave them blank.
- Cancel uncashed cheques within a reasonable timeframe.
- Avoid leaving specimen signatures unattended.
- Store cheque books securely under lock and key; only authorised personnel should handle them.
- Always obtain a receipt when making a payment by cheque.
- Perform monthly bank reconciliations to ensure that bank book balances match the passbook. Record any entries for bank charges, interest received, etc., promptly in the books.

**Bank Reconciliation Statement:**

- Conduct a monthly bank reconciliation to ensure that the balances in the bank book and passbook align. Record any discrepancies, bank charges, or interest received promptly in the financial records.

**INVOICE VALIDATION****Vouchers:**

- Vouchers are essential documents for recording transactions and should be serially pre-numbered for all transactions.
- Vouchers must be officially issued to a designated individual responsible for their custody and accounting. Any vouchers with overwriting should be canceled and retained for future inspection. Unused or canceled vouchers must be kept in the voucher books for audit purposes and should not be destroyed.
- All vouchers and cash memos must be stamped with the rubber stamp of the specific project or agency. A "PAID" stamp should be applied to all vouchers for which payment has been made.
- Vouchers must be approved by the person initiating the expenditure and another authorised signatory. Payment should not be processed without supporting documentation.

**Information Required on a Voucher:**

- Name of the organisation and location
- Date of preparation and pre-printed voucher number
- Project name, line item charged, and description of the expenditure
- Approval columns for the project coordinator, signatory, and accountant
- Recipient's signature column

**Essential Elements of a Good Voucher:**

- The project name should be stamped or marked on the voucher.
- Voucher numbers should be pre-printed. Any incorrectly written vouchers should be marked as "CANCELLED" and retained in the book.
- Record the date and serial number of the voucher used.
- Classification should align with cost centres and line items specified in the proposal.
- Detailed narration should support the classification and describe the transactions.
- The amount on the voucher should match the amount reflected in supporting documents.
- Supporting documents, such as original bills, must serve as proof of transactions for payment.
- Obtain signatures from the person preparing the voucher, the person authorising payment, and the person receiving the payment.
- After payment, deface vouchers and supporting documents with a "PAID" stamp to prevent duplicate payments.

**Checks Before Passing a Voucher for Payment:**

- Ensure the presence of required supporting documents.
- Verify accuracy based on order/letter/other documents.
- Confirm numerical accuracy.
- Ensure payment has not been made twice.
- Collect the recipient's signature for payments exceeding a certain amount.
- Payments over a specified amount should be made by cheque.
- Do not overwrite vouchers; if corrections are necessary, score out the original figures, enter new figures, and have the preparer and authorising signatory initial the changes.

**Supporting Documents for Vouchers:**

- Only original bills are acceptable; payments cannot be made against quotations, pro-forma bills, copies, or fixed bills.
- All supporting documents must be authorised by the person initiating the payment.
- The responsible person must verify each bill for accuracy, including description, quantity, unit cost, total cost, bill date, and payee name, before making a payment.

- Address any errors or discrepancies with the supplier/shopkeeper before payment. Any necessary alterations should be made by the supplier/shopkeeper, who must initial and date the changes. The amended amount should be written clearly in words. The management will decide whether to accept the amended bill or request a new one.
- Alterations to bills by project staff are generally not allowed. If unavoidable, such as supplier errors, bring the bill to the project head for correction. The management will decide on acceptance.
- Invoices should be issued in the name of the project, not individual staff members.
- For bills in a local language, provide a brief English description of the purpose/item on the bill.

#### **Cash Book Maintenance:**

- A cash book should be prepared after each voucher for a specific transaction and should record all cash/bank receipts.
- Use either a double-column cash book (which can also serve as a bank book) or a single-column cash book if a separate bank book is maintained.
- Avoid cutting or altering entries in the cash book; errors should be corrected by passing a rectification entry.
- Regularly update the cash book and verify cash balances.
- The cash book must be tallied, checked, and signed by the appropriate authority each month and should remain at the office.

#### **Ledger Recording:**

- Maintain ledgers according to budget components.
- Regularly post entries to the ledger, avoiding cutting or altering figures.
- Ensure ledger balances match the expenditure figures in the expenditure statement.

#### **Journalising:**

- Use journal vouchers for entries not affecting the cash or bank book.
- Authorisation from the competent authority is required for all vouchers impacting expenses.
- Provide detailed narration in journal vouchers to validate the need for the entries.
- Attach supporting documents to journal vouchers.
- Preserve manual vouchers in serial order; do not use journal vouchers for cash or bank transactions —use payment/receipt vouchers instead.

#### **Document and Record Maintenance:**

Please ensure that the following documents and records are maintained:

- Cash Payment/Receipt Vouchers & Book
- Bank Payment/Receipt Vouchers & Book
- Summary/Daily Petty Cash Book
- Journal Vouchers and Journal
- General Ledger
- Fixed Assets Register
- Contract/Registration Documents
- Attendance Register
- Budget Copies of Various Grants
- Utilisation Certificates
- FCRA and Other Relevant Registration Papers
- Copies of Consultancy Agreements
- Capital Assets Approvals
- File of Original Bills for Purchased Assets
- Copies of All Contracts and Agreements
- Stationery Register
- File Containing Bank Mandates and Authorised Signatories
- Quotation File for All Purchases
- Advance Payment Register (Third Party & Staff Advances)
- Contracts Register (Including Payment Details and Other Particulars)



**Record Keeping:**

- The Cash Book, Bank Book, and Journal Books, both digital and physical copies, must be maintained and duly signed by the Finance person and Programme Head monthly. These should be filed with the corresponding vouchers for verification and audit.

**Receipts and Payment Account:**

- This account summarises the cash and bank book, starting and ending with the cash and bank balances. It differs from the income and expenditure statement by not including details of loans, asset sales, or staff advances. A receipts and payments account should be prepared at the end of every quarter.

**Preparation of Final Accounts:**

- Final accounts include a balance sheet, income and expenditure account, and a receipts and payments account. These should be prepared at the end of the fiscal year.

**Computerised Accounts:**

- Consider the following when selecting an accounting package:
  - Comprehensive online help system
  - Preview and editing of reports on screen
  - Facility for sub-ledgers or similar transaction classification
  - Memory for repeat transactions
  - Security restrictions to prevent data alteration
  - Data backup capabilities
- Implement backup routines to prevent total data loss. Daily backups should be performed on separate Hard Disk, with weekly and monthly backups as well.

**Important Points for Computerised Accounts:**

- Access to the IT system should be restricted to authorised personnel only.
- Regularly back up records.
- Ensure the system is virus-checked regularly.
- When computerising accounts for the first time, maintain both manual and computerised records in parallel for the first six months to a year to verify that computerised outputs are accurate.

**Income Tax and Tax Deduction at Source (TDS):**

- The organisation is responsible for deducting tax at source from eligible payments. Failure to deduct tax and issue certificates within the required timeframe may result in penalties under the Income Tax Act. The finance department will notify any changes in tax deduction rates.
- Tax should be deducted from the first payment if there is a possibility of future transactions with the party to ensure all payments are covered.
- The tax deducted during a month must be deposited to the government account by the 7th of the following month. Separate challans should be filled for each tax deduction category, such as Contracts, Rent, Brokerage, and Payments to Professionals.
- After depositing the tax, prepare the TDS Certificate in Form 16A, along with the original challan and a statement of tax deductions, and send it to the competent authority for signature.

## **FCRA ACCOUNT MANAGEMENT**

**Overview:**

The Foreign Contribution (Regulation) Act (FCRA) regulates the acceptance and utilisation of foreign contributions by organisations in India. Managing an FCRA account requires strict adherence to regulatory requirements to ensure compliance and transparency in handling foreign funds.

**Opening and Operating the FCRA Account:****1. Account Opening:**

- Open an FCRA account only with a bank that is authorised by the Reserve Bank of India (RBI) to handle FCRA funds.



- Obtain the necessary authorisation from the FCRA department before opening or operating the account.
- Ensure that the account is opened in the name of the organisation and not in the name of any individual.

## **2. Authorised Signatories:**

- Designate authorised signatories for the FCRA account as per the organisation's constitution and FCRA guidelines.
- Ensure that the authorised signatories are well-documented and approved by the board of the organisation.

## **3. Account Operations:**

- Only the designated signatories should handle transactions.
- Maintain a record of all transactions, including deposits, withdrawals, and transfers, in a manner that aligns with FCRA regulations.
- Ensure that all foreign contributions are deposited into the FCRA account and are not used for any purpose other than those approved under FCRA guidelines.

## **Receipt and Utilisation of Foreign Contributions:**

### **1. Receipt of Funds:**

- All foreign contributions should be received through the FCRA account.
- Issue receipts for all contributions received, including details of the donor, amount, and date.
- Report foreign contributions to the Ministry of Home Affairs (MHA) as required.

### **2. Utilisation of Funds:**

- Use FCRA funds only for activities specified in the organisation's registration certificate.
- Maintain detailed records of how the funds are utilised, including invoices, bills, and other supporting documents.

## **Compliance and Reporting:**

### **1. Annual Return Filing:**

- File the FCRA annual return with the Ministry of Home Affairs within the stipulated time frame, including details of receipts, expenditures, and utilization of foreign funds.
- Ensure accuracy and completeness in the annual return to avoid penalties or suspension of FCRA registration.

### **2. Audit and Documentation:**

- Conduct annual audits of the FCRA account by a qualified auditor to ensure compliance with FCRA regulations.
- Maintain all relevant documents, including bank statements, vouchers, receipts, and correspondence, for a minimum of six years.

### **3. Regular Monitoring:**

- Regularly review FCRA account operations and compliance with FCRA guidelines.
- Update and train staff on FCRA regulations and procedures to ensure ongoing compliance.

## **Controls and Safeguards:**

### **1. Segregation of Duties:**

- Implement controls to segregate duties among staff handling FCRA funds to minimise the risk of errors or fraud.
- Ensure that the person managing the FCRA account is different from those handling the funds or preparing reports.

### **2. Internal Controls:**

- Develop and enforce internal controls to ensure accurate and transparent management of FCRA funds.
- Regularly review and update internal policies and procedures related to the management of foreign contributions.

## Account Closure:

### 1. Closure Procedure:

- If the FCRA registration is canceled or if the account is no longer required, follow the proper closure procedure as outlined by the Ministry of Home Affairs.
- Transfer any remaining funds to another FCRA account or as directed by the authorities.

### 2. Final Reporting:

- Submit a final report to the Ministry of Home Affairs detailing the closure of the account and the disposition of any remaining funds.
- Potential conflicts of interest to prevent bias or improper influence in financial decisions.

## FINANCIAL PLANNING AND BUDGETING

### Budget Preparation

#### 1. Purpose:

- To establish a structured and transparent process for preparing budgets that align with the organisation's strategic goals and ensure effective allocation of resources.

#### 2. Budget Preparation Process:

- **Planning:**
  - **Strategic Alignment:** Ensure that budget preparation aligns with the organisation's strategic objectives and program priorities.
  - **Timeline:** Develop a timeline for the budget preparation process, including key milestones and deadlines for draft submissions, reviews, and approvals.
- **Budget Development:**
  - **Revenue Forecasting:** Estimate expected income from various sources, including grants, donations, and other revenue streams. Consider historical data and future projections.
  - **Expense Estimation:** Identify and estimate all anticipated expenses, including program costs, administrative expenses, salaries, and other operational costs.
  - **Program Budgets:** Develop detailed budgets for each program or project, outlining specific costs and funding requirements.
  - **Capital Expenditures:** Include projections for any significant capital expenditures, such as equipment purchases or facility improvements.
- **Budget Review:**
  - **Internal Review:** Conduct an internal review of the draft budget to ensure accuracy, completeness, and alignment with organisational goals.
  - **Revisions:** Make necessary revisions based on feedback from program managers, department heads, and financial staff.
- **Budget Approval:**
  - **Management Approval:** Present the final draft budget to senior management for review and approval.
  - **Board Approval:** Submit the approved budget to the Board of Trustees or governing body for final approval.
  - **Documentation:** Document the approval process, including any modifications made during reviews.
- **Implementation:**
  - **Communication:** Communicate the approved budget to all relevant staff members and departments, ensuring they understand their budget allocations and financial responsibilities.
  - **Allocation:** Implement the budget by allocating resources according to the approved plan and ensuring adherence to budgetary constraints.
- **Monitoring and Adjustments:**
  - **Budget Tracking:** Monitor actual financial performance against the budget on a regular basis (monthly, quarterly) to track variances and ensure adherence to budgetary limits.
  - **Variance Analysis:** Analyse any significant variances between budgeted and actual figures and investigate the reasons for these differences.

- **Revised Budget:** Make adjustments to the budget as necessary based on performance analysis, changes in funding, or unforeseen expenses. Obtain approval for any significant budget revisions.
  - **Reporting:**
    - **Financial Reports:** Prepare and distribute regular financial reports to management and the Board, highlighting budget performance, variances, and any necessary corrective actions.
    - **Transparency:** Ensure transparency in reporting, providing clear explanations for budgetary changes and financial performance.
  - **Record-Keeping:**
    - **Documentation:** Maintain comprehensive records of the budget preparation process, including draft budgets, approval documents, and supporting financial data.
    - **Retention:** Follow a record retention policy to keep budget-related documents for the required period as per legal and regulatory requirements.
- 3. Budget Guidelines:**
- **Cost Efficiency:** Ensure that all budgeted expenses are necessary, reasonable, and cost-effective.
  - **Compliance:** Adhere to donor restrictions and requirements when preparing budgets for funded projects or programs.
  - **Contingency Planning:** Include a contingency fund to address unexpected expenses or changes in financial conditions.

## Planning

### 1. Purpose:

- To establish a comprehensive framework for financial planning that supports the organisation's strategic objectives, ensures effective use of resources, and maintains long-term financial stability.

### 2. Financial Planning Process:

- **Strategic Alignment:**
  - **Integration with Strategic Goals:** Align financial planning with the organisation's strategic goals and long-term objectives. Ensure that financial plans support programmatic priorities and mission-driven activities.
  - **Goal Setting:** Define clear financial goals and targets that reflect the organisation's strategic vision and operational needs.
- **Financial Forecasting:**
  - **Revenue Forecasting:** Project future income sources, including grants, donations, and other revenue streams. Use historical data, trends, and market analysis to estimate expected revenue.
  - **Expense Forecasting:** Estimate future expenses based on planned programs, operational costs, and anticipated capital expenditures. Consider inflation, cost increases, and program expansion.
  - **Cash Flow Forecasting:** Develop cash flow projections to manage liquidity and ensure the organisation can meet its financial obligations.
- **Budget Development:**
  - **Annual Budget:** Create an annual budget that reflects the organisation's financial forecasts and aligns with strategic priorities. Include detailed budgets for individual programs, administrative costs, and capital expenditures.
  - **Multi-Year Planning:** Develop multi-year financial plans to provide a longer-term perspective on financial sustainability and resource allocation.
- **Risk Management:**
  - **Risk Identification:** Identify potential financial risks, including funding uncertainties, economic fluctuations, and operational challenges.
  - **Mitigation Strategies:** Develop strategies to mitigate financial risks, such as diversifying income sources, maintaining reserves, and implementing cost-control measures.
  - **Contingency Planning:** Establish contingency plans to address unexpected financial challenges or emergencies.

- **Resource Allocation:**
    - **Prioritisation:** Allocate resources based on strategic priorities and programmatic needs. Ensure that funding is directed towards high-impact activities and essential operational functions.
    - **Efficiency:** Optimise resource use to achieve maximum impact while minimising waste and inefficiencies.
  - **Financial Monitoring:**
    - **Performance Tracking:** Monitor financial performance against forecasts and budgets on a regular basis (monthly, quarterly). Track revenue, expenditures, and cash flow to ensure alignment with financial plans.
    - **Variance Analysis:** Analyse variances between actual performance and forecasts/budgets. Investigate the reasons for discrepancies and take corrective actions as needed.
  - **Reporting and Communication:**
    - **Internal Reporting:** Provide regular financial reports to management and the Board, highlighting performance against financial plans, key metrics, and any issues or concerns.
    - **External Reporting:** Ensure transparency by reporting financial performance to external stakeholders, including donors, regulatory bodies, and the public.
  - **Policy and Procedure Review:**
    - **Policy Development:** Develop and update financial policies and procedures to reflect changes in financial planning practices, regulatory requirements, and organisational needs.
    - **Review and Update:** Regularly review and update financial planning processes to incorporate feedback, address emerging challenges, and improve planning effectiveness.
- 3. Financial Planning Guidelines:**
- **Sustainability:** Focus on long-term financial sustainability by planning for future funding needs, building reserves, and managing investments prudently.
  - **Flexibility:** Allow for flexibility in financial plans to adapt to changing circumstances, such as shifts in funding availability or programmatic priorities.
  - **Compliance:** Ensure that financial plans comply with legal and regulatory requirements, as well as donor restrictions and guidelines.

## INCOME AND FUNDRAISING

### Income Sources

#### 1. Purpose:

- To outline and manage the various sources of income available to organisation, ensuring sustainable funding, diversification of revenue streams, and compliance with legal and regulatory requirements.

#### 2. Income Sources:

- **Grants:**
  - **Government Grants:** Funds received from government agencies at the central, state, or local levels to support specific projects or programs. Compliance with grant conditions and reporting requirements is essential.
  - **Foundation Grants:** Contributions from private foundations or philanthropic organisations for targeted initiatives or operational support. Grants may be unrestricted or designated for specific purposes.
- **Donations:**
  - **Individual Donations:** Contributions from individuals, which can be one-time or recurring. Strategies for soliciting donations may include direct appeals, fundraising events, and online campaigns.
  - **Corporate Donations:** Financial support or in-kind contributions from businesses. Partnerships with corporations may include sponsorships, cause-related marketing, or employee giving programs.
  - **Major Gifts:** Large donations from high-net-worth individuals or major philanthropists, often accompanied by specific terms or recognition opportunities.

- **Membership Fees:**
  - **Individual Memberships:** Fees collected from individuals who join the organisation as members. Membership may provide benefits such as access to special events or publications.
  - **Organisational Memberships:** Fees from other organisations or institutions that support the organisation's mission and activities.
- **Revenue-Generating Activities:**
  - **Service Fees:** Charges for services provided by the organisation, such as training programs, consulting services, or technical assistance.
  - **Product Sales:** Income from selling products related to the organisation's mission, such as merchandise, publications, or educational materials.
  - **Events and Fundraisers:** Revenue from hosting events, such as galas, auctions, or community fundraisers. These activities may include ticket sales, sponsorships, and donations.
- **Investments:**
  - **Endowment Funds:** Income generated from investments in endowment funds or reserves. These funds are typically invested to provide long-term financial stability and support for the organisation.
  - **Interest Income:** Earnings from interest on bank accounts, fixed deposits, or other short-term investments.
- **Institutional Support:**
  - **Corporate Social Responsibility (CSR):** Funding from companies as part of their CSR initiatives, aimed at supporting social, environmental, or community-based projects.
  - **Public Sector Partnerships:** Collaborative funding from public sector entities for specific projects or programs that align with their priorities.
- **Foreign Contributions:**
  - **International Grants:** Funds from international donors, foundations, or agencies. Compliance with the Foreign Contribution Regulation Act (FCRA) is required for receiving and managing foreign contributions.
  - **Cross-Border Donations:** Donations from individuals or organisations based outside India, subject to regulatory compliance and reporting.

### 3. Management and Compliance:

- **Documentation:** Maintain accurate records of all income sources, including agreements, receipts, and correspondence. Ensure proper documentation for transparency and accountability.
- **Reporting:** Provide regular financial reports to donors, regulators, and stakeholders, detailing income received, its use, and compliance with donor requirements.
- **Diversification:** Pursue a diverse range of income sources to reduce dependency on any single source and enhance financial stability.

### 4. Policies and Procedures:

- **Acceptance Policy:** Establish criteria and procedures for accepting and managing different types of income, including policies for handling restricted or conditional funds.
- **Ethics and Integrity:** Ensure ethical practices in soliciting and managing income, avoiding conflicts of interest, and maintaining transparency.

## Fundraising

### 1. Purpose:

- To establish a clear framework for planning, executing, and managing fundraising activities to support the organisation's mission, ensure financial sustainability, and maintain transparency and accountability.

### 2. Fundraising Objectives:

- **Align with Mission:** Ensure that all fundraising activities are aligned with the organisation's mission and strategic goals.
- **Diversify Revenue Streams:** Develop a variety of fundraising strategies to diversify income sources and reduce reliance on any single source of funding.
- **Build Relationships:** Foster strong relationships with donors, sponsors, and supporters to encourage continued engagement and contributions.

### 3. Fundraising Strategies:

- **Individual Giving:**
  - **Direct Appeals:** Conduct campaigns through mail, email, or social media to solicit donations from individuals.
  - **Recurring Donations:** Encourage supporters to make regular, recurring contributions through subscription models or automated giving programs.
  - **Major Gifts:** Identify and cultivate relationships with high-net-worth individuals to secure significant donations.
- **Corporate Fundraising:**
  - **Corporate Sponsorships:** Partner with businesses to sponsor events, programs, or initiatives in exchange for recognition and brand visibility.
  - **Employee Giving:** Engage companies to facilitate employee donation programs or matching gift initiatives.
  - **Cause-Related Marketing:** Collaborate with businesses to create cause-related marketing campaigns that benefit both the organisation and the company.
- **Grant Funding:**
  - **Proposal Writing:** Develop and submit proposals to foundations, government agencies, and other grant-making entities to secure funding for specific projects or programs.
  - **Grant Management:** Ensure compliance with grant requirements, including reporting and evaluation, to maintain good relationships with funders.
- **Events and Campaigns:**
  - **Fundraising Events:** Organise events such as charity galas, auctions, runs, or community festivals to raise funds and increase visibility.
  - **Online Campaigns:** Utilise crowdfunding platforms and social media campaigns to reach a wider audience and generate donations.
- **Membership Programs:**
  - **Membership Fees:** Develop membership programs that offer benefits and incentives for regular contributions.
  - **Member Engagement:** Create opportunities for members to engage with the organisation through events, updates, and exclusive content.
- **Planned Giving:**
  - **Legacy Gifts:** Encourage supporters to include the organisation in their wills or estate plans to secure long-term financial support.
  - **Endowments:** Establish endowment funds to generate ongoing income through investments.

### 4. Fundraising Planning:

- **Strategy Development:** Create a comprehensive fundraising plan outlining goals, target audiences, strategies, and timelines for each fundraising initiative.
- **Budgeting:** Develop a budget for fundraising activities, including costs for materials, events, and staff time. Ensure that fundraising expenses are reasonable and aligned with expected income.
- **Resource Allocation:** Allocate resources, including staff and volunteers, to support fundraising efforts and maximise effectiveness.

### 5. Compliance and Ethics:

- **Legal Compliance:** Adhere to relevant laws and regulations governing fundraising activities, including registration requirements, tax regulations, and donor privacy laws.
- **Ethical Standards:** Maintain high ethical standards in fundraising practices, including transparency, honesty, and respect for donor intentions.
- **Donor Recognition:** Acknowledge and thank donors appropriately, ensuring recognition aligns with their preferences and contributions.

### 6. Monitoring and Evaluation:

- **Performance Tracking:** Monitor the performance of fundraising activities against goals and objectives. Track metrics such as funds raised, donor engagement, and event outcomes.
- **Evaluation:** Assess the effectiveness of fundraising strategies and identify areas for improvement. Solicit feedback from donors and participants to refine future efforts.

## 7. Reporting and Communication:

- **Transparency:** Provide regular updates to donors and stakeholders on the outcomes and impact of fundraising activities. Share financial reports and success stories.
- **Impact Reporting:** Highlight how funds raised contribute to the organisation's mission and the difference made in the community.

## EXPENDITURE AND FINANCIAL CONTROLS

### Approval and Signature Authorisation

#### 1. Purpose:

- To define the procedures and authorisation levels required for approving expenditures and managing financial controls within the organisation. This ensures that financial transactions are properly authorised, transparent, and compliant with organisational policies.

#### 2. Approval and Signature Authorisation Levels:

- **Expenditure Approvals:**
  - **Routine Expenses (up to ₹10,000):**
    - **Authorised Signatories:** Department Heads or designated Managers.
    - **Approval Requirements:** One signature from the relevant Department Head or Manager.
  - **Moderate Expenses (₹10,000 - ₹50,000):**
    - **Authorised Signatories:** Finance Manager or equivalent.
    - **Approval Requirements:** Two signatures – one from the Finance Manager and one from the relevant Department Head or Manager.
  - **Significant Expenses (above ₹50,000):**
    - **Authorised Signatories:** Executive Director or equivalent.
    - **Approval Requirements:** Two signatures – one from the Finance Manager and one from the Executive Director. For certain expenditures, Board approval may also be required.
- **Financial Transactions:**
  - **Payments to Vendors and Suppliers:**
    - **Authorised Signatories:** Finance Manager and Executive Director or Board Chair.
    - **Approval Requirements:** Two signatures required for processing payments, including verification of invoices and contract terms.
  - **Bank Transactions:**
    - **Authorised Signatories:** Finance Manager and Executive Director or Board Chair.
    - **Approval Requirements:** Two signatures required for bank transactions, including withdrawals, transfers, and any significant account changes.
- **Procurement and Contracts:**
  - **Contracts (up to ₹1,00,000):**
    - **Authorised Signatories:** Procurement Manager and Finance Manager.
    - **Approval Requirements:** Two signatures from Procurement Manager and Finance Manager.
  - **Contracts (above ₹1,00,000):**
    - **Authorised Signatories:** Executive Director or Board Chair.
    - **Approval Requirements:** Three signatures – Procurement Manager, Finance Manager, and Executive Director or Board Chair.
- **Budgetary Controls:**
  - **Annual Budget Approval:**
    - **Authorised Signatories:** Finance Department prepares the budget, which is reviewed by senior management and approved by the Board of Trustees.
    - **Approval Requirements:** Final approval by the Board of Trustees.
  - **Budget Revisions:**
    - **Authorised Signatories:** Executive Director and Finance Manager.
    - **Approval Requirements:** Two signatures required for significant budget revisions, with Board approval for major changes.
- **Financial Reporting:**



- **Monthly Financial Reports:**
  - **Authorised Signatories:** Finance Manager.
  - **Approval Requirements:** One signature from the Finance Manager before submission to senior management.
- **Annual Financial Reports:**
  - **Authorised Signatories:** Finance Manager, Executive Director, and Board Chair.
  - **Approval Requirements:** Signatures from all three – Finance Manager, Executive Director, and Board Chair.

## 6. Procedures for Approval and Signature Authorisation:

- **Authorisation Forms:**
  - Utilise standardised authorisation forms for expenditure approvals, including details of the transaction, budget allocation, and required signatories.
  - Ensure forms are completed and signed by the appropriate authorities before processing payments or transactions.
- **Signature Verification:**
  - Verify signatures against the authorised signatory list to confirm that all approvals are from authorised personnel.
  - Implement a system for tracking and monitoring approvals to ensure compliance with the policy.
- **Record Keeping:**
  - Maintain accurate records of all approvals, including signed documents, invoices, contracts, and payment records.
  - Ensure records are securely stored and easily accessible for audits and reviews.

## 7. Controls and Oversight:

- **Segregation of Duties:**
  - Ensure that no single individual is responsible for authorising, processing, and reviewing financial transactions to prevent conflicts of interest and fraud.
- **Internal Audits:**
  - Conduct regular internal audits to review adherence to approval and signature authorisation procedures, and address any discrepancies.
- **Exception Handling:**
  - Report any deviations from approval and signature authorisation procedures to senior management and the Board, and implement corrective actions as necessary.

## Expense Reimbursement Procedure and Limits

### 1. Purpose:

- To establish clear procedures and limits for expense reimbursement to ensure that all claims are processed efficiently, transparently, and in accordance with organisational policies.

### 2. Reimbursement Procedures:

- **Eligibility:**
  - Reimbursement is available for expenses incurred in the course of official duties and activities directly related to the organisation's work.
  - Expenses must be pre-approved, where applicable, and must align with the budget and organisational policies.
- **Claim Submission:**
  - **Documentation:** Submit a completed Expense Reimbursement Form along with original receipts, invoices, and any supporting documentation.
  - **Form Requirements:** The form should include details such as the date of expense, nature of the expense, amount, purpose, and the name of the person requesting reimbursement.
  - **Submission Deadline:** Claims must be submitted within 30 days of incurring the expense to be eligible for reimbursement.
- **Approval Process:**
  - **Initial Review:** The Finance Department reviews the claim for completeness and compliance with policy guidelines.
  - **Approval Levels:**

- **Expenses up to ₹10,000:** Approved by the immediate supervisor or department head.
    - **Expenses between ₹10,000 and ₹50,000:** Approved by the Finance Manager.
    - **Expenses above ₹50,000:** Requires approval from the Executive Director or equivalent.
  - **Special Approvals:** Any expenses that fall outside the normal reimbursement limits or categories may require additional review and approval from senior management or the Board.
  - **Payment Process:**
    - **Processing Time:** Once approved, the Finance Department processes the reimbursement within 15 business days.
    - **Payment Method:** Reimbursements are typically made via bank transfer or check. Ensure bank details are updated in the system for electronic transfers.
- 3. Reimbursement Limits:**
- **Travel Expenses:**
    - **Local Travel:** Reimbursement for local travel expenses (e.g., taxi, public transport) is capped at ₹2,000 per day.
    - **Outstation Travel:** Reimbursement for travel-related expenses, including accommodation and meals, is capped at ₹5,000 per day.
  - **Accommodation:**
    - **Local Accommodation:** Reimbursement for local accommodation is capped at ₹3,000 per night.
    - **Outstation Accommodation:** Reimbursement for outstation accommodation is capped at ₹7,000 per night.
  - **Meals:**
    - **Local Meals:** Reimbursement for meal expenses is capped at ₹500 per meal.
    - **Outstation Meals:** Reimbursement for meal expenses is capped at ₹1,500 per day.
  - **Miscellaneous Expenses:**
    - **Office Supplies:** Reimbursement for office supplies is capped at ₹2,000 per item.
    - **Other Miscellaneous Expenses:** Reimbursement for other miscellaneous expenses, such as communication costs, is capped at ₹1,000 per instance.
- 4. Controls and Compliance:**
- **Verification:** Ensure all submitted claims are verified against receipts and invoices. Claims without proper documentation will not be processed.
  - **Compliance:** Ensure all reimbursements comply with the organisation's budget, policies, and guidelines.
  - **Audits:** Conduct regular audits of reimbursement claims to ensure adherence to the policy and identify any discrepancies or misuse.

## FINANCIAL REPORTING AND RECORD-KEEPING

### Financial Reporting and Record Keeping

#### 1. Purpose:

- To outline the procedures and requirements for financial reporting and record-keeping to ensure transparency, accountability, and compliance with regulatory and organisational standards.

#### 2. Financial Reporting:

- **Types of Financial Reports:**
  - **Monthly Financial Reports:**
    - **Contents:** Include a summary of income and expenditure, budget vs. actual performance, cash flow statements, and any significant variances.
    - **Review:** Reviewed by the Finance Manager and then submitted to senior management for further review.
  - **Quarterly Financial Reports:**
    - **Contents:** Provide a detailed analysis of financial performance, including income, expenses, variances, and financial position.

- **Review:** Reviewed by the Finance Manager and Executive Director before being presented to the Board of Trustees.
    - **Annual Financial Reports:**
      - **Contents:** Include comprehensive financial statements, such as the balance sheet, income and expenditure statement, cash flow statement, and notes to the financial statements.
      - **Review:** Prepared by the Finance Department, audited by an external auditor, and approved by the Board of Trustees.
  - **Reporting Timelines:**
    - **Monthly Reports:** Due within 10 business days after the end of the month.
    - **Quarterly Reports:** Due within 15 business days after the end of each quarter.
    - **Annual Reports:** Due within 60 days after the end of the financial year, following the completion of the external audit.
  - **Distribution:**
    - **Monthly Reports:** Distributed to senior management and relevant department heads.
    - **Quarterly Reports:** Distributed to the Board of Trustees and key stakeholders.
    - **Annual Reports:** Published and distributed to stakeholders, including donors, regulatory bodies, and the general public. Also made available on the organisation's website.
- 4. Record Keeping:**
- **Documentation Requirements:**
    - **Financial Records:** Maintain records of all financial transactions, including invoices, receipts, bank statements, contracts, and expense reports.
    - **Supporting Documents:** Keep supporting documents for financial transactions such as purchase orders, approval forms, and correspondence.
  - **Record Retention Periods:**
    - **General Financial Records:** Retain for a minimum of 7 years from the end of the financial year to which they relate.
    - **Contracts and Agreements:** Retain for a minimum of 7 years from the end of the contract period.
    - **Employee Records:** Retain for a minimum of 5 years after an employee leaves the organisation.
  - **Record Storage:**
    - **Physical Records:** Store physical records in a secure, organised manner, such as in locked filing cabinets or secure storage rooms.
    - **Digital Records:** Store digital records in a secure, backed-up electronic filing system with restricted access to authorised personnel only.
  - **Access Controls:**
    - **Authorisation:** Limit access to financial records to authorised personnel only, such as finance staff, senior management, and auditors.
    - **Security Measures:** Implement security measures to protect records from unauthorised access, loss, or damage, including password protection, encryption, and secure backups.
- 5. Compliance and Audits:**
- **Compliance:**
    - Ensure that financial reporting and record-keeping practices comply with applicable regulations, accounting standards, and organisational policies.
    - Adhere to the guidelines set by regulatory bodies such as the Income Tax Department, Registrar of Societies, or other relevant authorities.
  - **Internal Audits:**
    - Conduct regular internal audits to review the accuracy and completeness of financial records and reporting practices.
    - Address any discrepancies or issues identified during audits and implement corrective actions as necessary.
  - **External Audits:**
    - Engage an external auditor to conduct an annual audit of the financial statements.
    - Ensure that audit findings are addressed, and any recommendations for improvement are implemented.

## AUDIT AND INTERNAL CONTROLS

### Audit and Internal Controls

#### 1. Purpose:

- To establish robust audit procedures and internal controls to ensure financial integrity, transparency, and compliance with organisational policies and regulatory requirements.

#### 2. Internal Controls:

- **Financial Controls:**
  - **Segregation of Duties:** Ensure that key financial responsibilities are divided among different staff members to prevent any single individual from having complete control over financial transactions (e.g., separating authorisation, recording, and reconciliation functions).
  - **Authorisation:** Implement a system of approvals for all financial transactions. Ensure that all expenditures, contracts, and significant financial commitments are authorised by designated individuals.
  - **Reconciliation:** Regularly reconcile bank statements, cash balances, and financial records to identify and rectify discrepancies promptly.
  - **Documentation:** Maintain comprehensive records for all transactions, including receipts, invoices, and contracts. Ensure all documentation is complete and accurate.
  - **Access Controls:** Restrict access to financial systems and sensitive data to authorised personnel only. Use passwords, encryption, and other security measures to protect financial information.
- **Operational Controls:**
  - **Budget Monitoring:** Regularly compare actual expenditures and income against the budget to monitor financial performance and address variances.
  - **Asset Management:** Implement controls for the acquisition, use, and disposal of assets. Maintain a fixed asset register and conduct periodic physical counts.
  - **Expense Reimbursement:** Follow established procedures for expense reimbursement, including pre-approval, proper documentation, and timely processing.
- **Compliance Controls:**
  - **Regulatory Compliance:** Ensure compliance with relevant laws and regulations, including tax laws, accounting standards, and reporting requirements.
  - **Policy Adherence:** Adhere to internal policies and procedures, and ensure that staff are aware of and follow these guidelines.

#### 3. Audit Procedures:

- **Internal Audits:**
  - **Scope:** Conduct regular internal audits to evaluate the effectiveness of internal controls, verify compliance with policies, and assess financial performance.
  - **Frequency:** Perform internal audits at least annually or more frequently as needed based on risk assessments.
  - **Reporting:** Prepare internal audit reports detailing findings, recommendations, and corrective actions. Share reports with senior management and the Board of Trustees.
  - **Follow-Up:** Monitor the implementation of corrective actions and ensure that identified issues are addressed promptly.
- **External Audits:**
  - **Scope:** Engage an external auditor to conduct an independent audit of financial statements and overall financial management practices.
  - **Frequency:** Conduct external audits annually to provide an objective assessment of financial statements and compliance with accounting standards.
  - **Reporting:** Review the external auditor's report, including any recommendations or findings, and ensure that corrective actions are implemented.
  - **Transparency:** Publish the audited financial statements and share them with stakeholders, including donors, regulatory bodies, and the public.

#### 4. Risk Management:

- **Risk Assessment:**
  - **Identification:** Identify financial risks, including potential areas of fraud, error, or non-compliance.

- **Evaluation:** Evaluate the likelihood and impact of identified risks and prioritise them based on their significance.
- **Risk Mitigation:**
  - **Controls:** Implement controls to mitigate identified risks, including improved procedures, monitoring, and staff training.
  - **Monitoring:** Continuously monitor risk areas and adjust controls as necessary to address emerging risks.

## COMPLIANCE AND LEGAL REQUIREMENTS

### 1. Purpose:

- To ensure that the financial operations of the organisation adhere to applicable laws and regulations, maintain transparency, and uphold accountability.

### 2. Regulatory Framework:

- **Income Tax Act, 1961:**
  - **Registration:** Ensure the organisation is registered under Section 12A or 12AA of the Income Tax Act to avail of tax exemptions.
  - **Compliance:** Maintain compliance with the provisions related to tax-exempt income, donations, and annual reporting requirements under Section 80G for donor tax benefits.
  - **Filing:** Submit annual income tax returns and maintain proper documentation to support claims for tax exemptions.
- **Foreign Contribution (Regulation) Act (FCRA), 2010:**
  - **Registration:** Obtain FCRA registration if receiving foreign contributions.
  - **Compliance:** Adhere to FCRA guidelines regarding the receipt, utilisation, and reporting of foreign funds.
  - **Reporting:** Submit annual FCRA returns to the Ministry of Home Affairs (MHA) and maintain records of foreign contributions and expenditures.
- **Companies Act, 2013 (if applicable):**
  - **Compliance:** Follow provisions related to accounting, auditing, and reporting if the organisation is a company registered under this Act.
  - **Annual Filing:** File annual returns and financial statements with the Registrar of Companies (RoC).
- **Societies Registration Act, 1860:**
  - **Compliance:** Adhere to the requirements of the Act if the organisation is registered as a society, including maintenance of records and compliance with annual reporting requirements.
- **Trusts Act (if applicable):**
  - **Compliance:** Ensure adherence to legal requirements under the Trusts Act if the organisation is registered as a trust.

### 3. Financial Reporting Requirements:

- **Annual Financial Statements:**
  - **Preparation:** Prepare annual financial statements, including the balance sheet, income and expenditure statement, and cash flow statement.
  - **Audit:** Conduct annual audits by a certified chartered accountant (CA) and obtain an audit report.
  - **Submission:** Submit audited financial statements to relevant authorities (e.g., Income Tax Department, MHA) and make them available to stakeholders.
- **Donor Reporting:**
  - **Transparency:** Provide regular financial reports to donors, detailing the utilisation of funds and the impact of their contributions.
  - **Compliance:** Adhere to donor-specific reporting requirements and ensure timely submission of reports.

### 4. Documentation and Record Keeping:

- **Record Retention:**
  - **Legal Requirement:** Retain financial records, including invoices, receipts, bank statements, and contracts, for a minimum of 7 years.

- **Documentation:** Ensure all financial transactions are documented and records are maintained in an organised manner.
  - **Accessibility:**
    - **Availability:** Ensure that financial records are readily accessible for inspection by auditors, regulatory bodies, and authorised personnel.
- 5. Internal Controls and Audit:**
- **Internal Controls:**
    - **Policies:** Implement internal controls to prevent fraud, mismanagement, and non-compliance.
    - **Review:** Regularly review and update internal control procedures to address new risks and regulatory changes.
  - **External Audits:**
    - **Auditors:** Engage external auditors to conduct annual audits of financial statements.
    - **Compliance:** Ensure that audit findings are addressed, and corrective actions are implemented.

## ETHICS AND INTEGRITY

### 1. Purpose:

- To uphold the highest standards of ethics and integrity in financial operations, ensuring transparency, accountability, and trustworthiness in managing resources and financial activities.

### 2. Ethical Principles:

- **Transparency:**
  - **Disclosure:** Ensure full disclosure of financial information, including sources of funding, expenditures, and financial performance.
  - **Clarity:** Provide clear and accurate financial reporting to stakeholders, including donors, beneficiaries, and regulatory bodies.
- **Accountability:**
  - **Responsibility:** Hold individuals accountable for their financial actions and decisions, ensuring adherence to organisational policies and regulatory requirements.
  - **Oversight:** Implement mechanisms for oversight and review to prevent and address any misuse or mismanagement of funds.
- **Integrity:**
  - **Honesty:** Conduct all financial transactions and reporting with honesty and integrity, avoiding any form of fraud, deceit, or misrepresentation.
  - **Compliance:** Adhere to legal and regulatory standards, as well as internal policies, ensuring ethical conduct in all financial matters.
- **Confidentiality:**
  - **Protection:** Protect sensitive financial information from unauthorised access and ensure that confidential data is handled responsibly.
  - **Disclosure:** Limit disclosure of confidential information to authorised personnel and only as required by law or policy.

### 3. Conflict of Interest:

- **Identification:**
  - **Disclosure:** Require staff and board members to disclose any potential or actual conflicts of interest that may affect their financial decision-making or reporting.
  - **Evaluation:** Evaluate disclosed conflicts of interest and take appropriate actions to mitigate any impact on financial integrity.
- **Management:**
  - **Policy:** Develop and enforce a conflict of interest policy outlining procedures for managing and resolving conflicts.
  - **Review:** Regularly review and update the conflict of interest policy to address emerging issues and ensure effectiveness.

#### 4. Financial Misconduct:

- **Prevention:**
  - **Controls:** Implement internal controls to prevent financial misconduct, including fraud, embezzlement, and misappropriation of funds.
  - **Training:** Provide training to staff on recognising and preventing financial misconduct.
- **Reporting:**
  - **Whistleblower Policy:** Establish a whistleblower policy allowing staff and stakeholders to report suspected financial misconduct anonymously and without fear of retaliation.
  - **Investigation:** Conduct thorough investigations into reported instances of financial misconduct and take appropriate corrective actions.

#### 5. Ethical Decision-Making:

- **Guidelines:**
  - **Framework:** Develop guidelines for ethical decision-making in financial matters, including considerations for balancing the interests of the organisation, stakeholders, and beneficiaries.
  - **Consultation:** Encourage consultation with senior management or ethics committees when faced with ethical dilemmas in financial decision-making.
- **Training:**
  - **Education:** Provide training on ethical decision-making principles and practices to all staff involved in financial management.
  - **Awareness:** Promote awareness of the importance of ethics and integrity in maintaining the organisation's reputation and effectiveness.

#### 6. Compliance and Monitoring:

- **Compliance Checks:**
  - **Audits:** Conduct regular audits to assess compliance with ethical standards and financial policies.
  - **Reviews:** Periodically review financial processes and practices to ensure adherence to ethical principles.
- **Monitoring:**
  - **Oversight:** Establish oversight mechanisms to monitor financial operations and ensure adherence to ethical standards.
  - **Feedback:** Collect feedback from staff, stakeholders, and auditors to identify areas for improvement in ethical practices.

## TRAINING AND CAPACITY BUILDING

#### 1. Purpose:

- To equip staff and stakeholders with the knowledge and skills necessary to effectively manage financial resources, ensure compliance with financial policies, and uphold best practices in financial management.

#### 2. Training Objectives:

- **Enhance Financial Literacy:**
  - Increase understanding of financial management principles, policies, and procedures.
  - Develop proficiency in using financial systems and tools.
- **Ensure Compliance:**
  - Educate staff on regulatory requirements and organisational policies.
  - Promote adherence to legal and ethical standards in financial operations.
- **Improve Skills:**
  - Strengthen the ability to perform financial tasks accurately and efficiently.
  - Build competencies in budgeting, financial reporting, and internal controls.
- **Foster Best Practices:**
  - Encourage the adoption of best practices in financial management and reporting.
  - Share knowledge of emerging trends and practices in the sector.

#### 3. Training Programs:

- **Induction Training:**
  - **Purpose:** Introduce new staff to financial policies, procedures, and systems.



- **Content:** Overview of financial management principles, policy guidelines, and compliance requirements.
    - **Duration:** Conducted during the onboarding process.
  - **Technical Skills Training:**
    - **Purpose:** Develop specific skills related to financial management tasks.
    - **Content:** Training on budgeting, financial reporting, auditing, and use of financial software.
    - **Duration:** Offered periodically or as needed based on staff roles.
  - **Compliance and Regulatory Training:**
    - **Purpose:** Ensure staff are aware of and adhere to regulatory requirements.
    - **Content:** Updates on relevant laws and regulations (e.g., Income Tax Act, FCRA), reporting requirements, and compliance best practices.
    - **Duration:** Conducted regularly or in response to regulatory changes.
  - **Ethical Practices Training:**
    - **Purpose:** Promote ethical behaviour and decision-making in financial matters.
    - **Content:** Principles of ethics and integrity, conflict of interest management, and anti-fraud measures.
    - **Duration:** Scheduled periodically to reinforce ethical standards.
  - **Advanced Financial Management Training:**
    - **Purpose:** Provide in-depth knowledge and skills for senior financial staff.
    - **Content:** Strategic financial planning, advanced financial analysis, and risk management.
    - **Duration:** Offered to senior staff and managers.
- 4. Capacity Building Activities:**
- **Workshops and Seminars:**
    - **Purpose:** Provide interactive learning opportunities on specific financial topics.
    - **Content:** Practical sessions, case studies, and discussions led by experts.
    - **Frequency:** Conducted periodically or as needed.
  - **External Training and Certification:**
    - **Purpose:** Enhance expertise through external courses and certifications.
    - **Content:** Professional development programs offered by external institutions.
    - **Support:** Provide financial support or sponsorship for relevant certifications.
  - **On-the-Job Training:**
    - **Purpose:** Facilitate hands-on learning through practical experience.
    - **Content:** Supervised financial tasks and projects, mentorship by experienced staff.
    - **Duration:** Ongoing as part of daily responsibilities.
- 5. Monitoring and Evaluation:**
- **Training Effectiveness:**
    - **Assessment:** Evaluate the effectiveness of training programs through feedback surveys, assessments, and performance evaluations.
    - **Improvements:** Use feedback to make improvements and updates to training content and delivery.
  - **Capacity Building Impact:**
    - **Evaluation:** Assess the impact of capacity-building activities on staff performance and organisational financial management.
    - **Metrics:** Measure improvements in financial management practices, compliance rates, and overall financial performance.
- 6. Documentation and Reporting:**
- **Training Records:**
    - **Documentation:** Maintain records of all training sessions, including attendance, content covered, and evaluations.
    - **Access:** Ensure records are accessible for review and compliance purposes.
  - **Reporting:**
    - **Updates:** Provide regular reports on training activities, outcomes, and capacity-building efforts to senior management and relevant stakeholders.

## POLICY REVIEW AND UPDATES

### 1. Purpose:

- To ensure that the finance policy remains relevant, effective, and compliant with legal and regulatory requirements, and to incorporate best practices and feedback for continuous improvement.

### 2. Review Schedule:

- **1. Regular Review:**
  - **Frequency:** Conduct a comprehensive review of the finance policy at least once every two years.
  - **Objective:** Assess the policy's effectiveness, relevance, and alignment with current regulations and organisational needs.
- **2. Trigger-Based Review:**
  - **Frequency:** Initiate a review of the finance policy whenever significant changes occur, such as changes in regulatory requirements, organisational structure, or financial management practices.
  - **Objective:** Ensure the policy remains current and responsive to external and internal changes.

### 3. Review Process:

- **1. Review Committee:**
  - **Composition:** Form a review committee comprising senior finance staff, legal advisors, and relevant stakeholders.
  - **Responsibilities:** Oversee the review process, assess policy effectiveness, and recommend updates.
- **2. Evaluation:**
  - **Assessment:** Evaluate the policy's performance based on feedback from staff, audit findings, compliance issues, and changes in regulatory requirements.
  - **Data Collection:** Gather data through surveys, interviews, and performance metrics to inform the review.
- **3. Stakeholder Input:**
  - **Consultation:** Solicit feedback from key stakeholders, including staff, board members, donors, and auditors, to identify areas for improvement.
  - **Incorporation:** Integrate relevant feedback into the policy review process.

### 4. Policy Updates:

- **1. Documentation:**
  - **Revisions:** Document all changes made to the finance policy, including updates to procedures, limits, and compliance requirements.
  - **Version Control:** Maintain a record of previous versions of the policy for reference and auditing purposes.
- **2. Approval:**
  - **Review:** Submit updated policy drafts to the board of directors or relevant approval authority for review and approval.
  - **Authorisation:** Ensure that all updates are officially authorised and documented.
- **3. Communication:**
  - **Dissemination:** Communicate updated policies to all relevant staff and stakeholders.
  - **Training:** Provide training on new or revised policy elements to ensure understanding and compliance.

### 5. Implementation:

- **1. Action Plan:**
  - **Development:** Develop an action plan for implementing policy updates, including timelines, responsibilities, and resource allocation.
  - **Monitoring:** Monitor the implementation process to ensure adherence to updated policies.
- **2. Integration:**
  - **Systems:** Integrate updated policies into financial management systems and processes.
  - **Documentation:** Ensure all relevant documentation reflects the updated policy.
  -

## 6. Continuous Improvement:

- **1. Monitoring:**
  - **Ongoing Review:** Continuously monitor the effectiveness of the finance policy and its implementation.
  - **Feedback:** Collect ongoing feedback from staff and stakeholders to identify potential improvements.
- **2. Adjustments:**
  - **Updates:** Make incremental adjustments to the policy as needed based on feedback, performance data, and changes in regulations.
  - **Flexibility:** Ensure the policy remains flexible and adaptable to emerging needs and challenges.

## 7. Record Keeping:

- **1. Documentation:**
  - **Records:** Maintain comprehensive records of all policy reviews, updates, and approvals.
  - **Access:** Ensure that records are accessible for auditing and compliance purposes.
- **2. Reporting:**
  - **Updates:** Report on policy review outcomes and updates to the board of directors and other relevant stakeholders.