

FINANCIAL POLICY

OF

**INDIAN SOCIETY FOR RURAL
DEVELOPMENT
(ISRDR)**

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Chairman-ISR



Director-ISR

**FINANCIAL POLICY
OF
INDIAN SOCIETY FOR RURAL DEVELOPMENT**

A. Introduction

INDIAN SOCIETY FOR RURAL DEVELOPMENT (ISRSD) is a charitable Society. It seeks to accompany the journey of the poor toward peace and development with the generous financial support of partners from home and abroad. It carries out all its activities in a non profit manner. The precious financial resources that its friends and partners give in trust need to be managed in an efficient, transparent and honest manner. The executive committee along with its program staff is mere steward spending the money that others have entrusted to them. This is the spirit and philosophy that guides the financial policy of the Society for implementing the developing work efficient and effective manner.

B. Scope: This policy has been designed to help for strengthening the Financial Management System. The manual focuses on financial and accounting aspects of funds/grants received and utilized by the organization. Some of these aspects are connected to the issues such as FCRA and Income tax.

ISRSD is committed to the objective of maintaining a professional and qualitative financial management system with high standard of accountability and transparency in fund received and utilized.

C. Financial Year

ISRSD follows the financial year starting from 1st April to 31st March. Our accounts are designed to follow this system. For reporting to funding agencies we are following the period from the date of project started and the date of project ended or as mentioned in the project agreement.

D. The Following policies are the Financial Policies of ISRSD:

1. ACCOUNTING AND RECORD KEEPING: Establishing proper book-keeping system is a very important aspect of the Financial Management System. All the funded projects are maintained by separate cashbook and ledger other than FCRA cash and ledger book. The cash book and ledger book are maintained on double entry basis. The organization should maintain the following basic accounting records.

- Cash book
- Ledger book
- Journal
- Fixed asset register
- Stock register
- Vehicle log book
- Salary register/records
- Procurement related documents
- Payroll and timesheet records



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2. BANK TRANSACTIONS:

ISRDRD should carry out all its financial transactions through bank accounts that are operated through multiple signatories. No savings account may be opened or operated without the President, Secretary and the Treasurer being the signatories collectively. For the sake of operational facility signatures of any two of the above core executive committee members should suffice to deposit or withdraw funds from the savings accounts. Besides the FCRA account, the executive members are allowed to open savings account in other nationalized banks for general or specific savings/transactions.

3. RESOURCE MOBILIZATION

The Core Executive Members (President, Secretary, and Treasurer) should strive hard to mobilize local and outside resources to financially support the programs and expenses of ISRDRD. As a bonafide social service organization, ISRDRD should not receive money from unknown sources or the ill gotten wealth of any criminal elements.

- The rooms and other facilities cannot be to general public on a rent basis
- It can be rented on day to day basis for purposes of social developmental to companies, firms, NGO and government department from which contributions be taken.
- The utility tariff for ISRDRD facilities is fixed and the details given below.

A) Room (Single Occupancy)	: Rs. 600/-
B) Room Double Occupancy)	: Rs. 800/-
C) Non A/C Training Hall	: Rs. 1000/-
D) A/C Training Hall	: Rs. 1500/-
E) L.C.D. Projector & PA System	: Rs. 1000/-
F) Breakfast, Lunch, Tea & Coffee	: Rs. 200/-
G) Breakfast, Lunch, Supper, Tea & Coffee	: Rs. 250/-

The price for the food is for the fixed Menu. It can be varied as per the order.

4. CORPUS FUNDS

In order to give continuity to its works of human promotion and charity, ISRDRD should set up corpus funds toward (a) Organizational Development, (b) Human Resource Development, (c) Emergency Relief, (d) Educational Assistance to the Poor Students, (e) Campaign against Hunger & Disease. ISRDRD should carry out fund raising and deposit the designated donations into the above mentioned funds for which the donations are received.



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Director-ISRDRD

5. POLICY ON REMUNERATION FOR THE PROGRAM STAFF

The Human Resource Policy of ISRD mandates that a minimum honorarium of Rs. 5000/- to Rs.6000/ for the Community Organizers, Rs.10000/- to 12000/ for the Asst. Program managers and Rs.15,000/- to Rs. 20000/ for the Program Managers be given every month. The accountant and the documentation officer, as they are only part timers they shall be paid 50% of the program Manager's Salary. Hence, ISRD should request the Funding Partners to respect this salary package. In the same way if the pay package of a project exceeds the amount stipulated in the 'Remuneration Policy' then the staff may be persuaded to donate the difference amount to 'The Corpus Fund of ISRD'. From this fund ISRD should pay the regular staff during lean periods.

6. STAFF WELFARE FUND

ISRD should set up a 'Staff Welfare Fund.' ISRD should deduct ten percent from the remuneration that is built into the projects and save the amount in a special Bank Account. The staff who gets thirteenth month salary also will be included under this welfare fund. Interest earned also can be proportionately distributed among the staff members.

7. POLICY ON LOANS IN TIMES OF NEED:

In times of need staff members may avail loans from the 'Staff Welfare Fund.' Loans taken from the 'Welfare Fund' should be returned within the same financial year. A staff member may avail only one loan in one financial year and the amount is not to exceed more than 50% of his/her total savings held at the 'Staff Welfare Fund'.

8. POLICY ON RECOVERY OF LIABILITY:

In case a staff member causes liability in his/her handling of the program expenses or assets of ISRD, it may be recovered or restituted from the savings of that person kept at the 'Staff Welfare Fund' or from salary.

9. ANNUAL BUDGET

The Executive Members of ISRD should prepare an annual (April to March) General Budget for the ordinary and extraordinary expenses of the Organization showing at the same time the possible source of income for those expenses. The Governing Body should approve the budget at the Annual Budget Session.

The Executive Members of ISRD should also prepare an annual (April to March) budget for each project. The Executive Members should timely correspond with the funding partners for the necessary fund flow so that the programs do not get interrupted and the program staff does not get affected.



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Director-ISRD

10. ADVANCE FOR THE PROGRAMS

ISRDR should advance money for all the programs. The implementing Partners or the Program Managers/Coordinators should submit action plans along with a financial requisition on prescribed formats on a monthly basis on or before the 25th of every month. For some programs this requirement may be applied on a monthly or quarterly basis if the executive committee so decides. The advance shall be given to every Program Manager/Coordinator in a weekly basis up on the submission of weekly requisition on prescribed format on every Saturday. No further advance should be given to any implementing partner or program coordinator unless documentary proofs for the liquidation of the advance taken are submitted to the finance department of ISRDR.

11. SYSTEM OF PAYMENTS

All payments above five thousand rupees should be made through cheques. Salaries and payments in settlement of bills for procurements may always have to be through cheques. The Executive Director may allow the salaries of the grassroots Community Organizers from the remote areas to be paid through bearer's cheques or through a cheque made out to the Program Head. Deduction of service taxes (TDS) as per the requirement of the income tax department of the Government of India should be adhered to very strictly. Payments below five thousand rupees may be allowed to be paid through cash if the recipient refuses to take a cheque. But the payment above 20000 must be paid through account payee cheque. No payments should be made to anyone outside the office hours (10 am to 4.00 pm) and after the 10th of every month. Only in emergency situation this policy may be relaxed. Provision for payments should first be cleared by the finance department before the Secretary cum Executive Director is approached for approval. Only after the approval the cheques and vouchers are to be prepared by the accountants.

12. SYSTEM OF LIQUIDATION

Implementing Partners and Program Managers/Coordinators of ISRDR should follow standard system of liquidation of money taken for program costs and procurements. Proper bills, vouchers, testimonials, reports, participant's list, photos, etc should be submitted as valid documentary proofs for the liquidation of the advances taken.

13. CASH FLOW FORECAST:

On the 28th of each month the Finance Department of ISRDR should prepare a 'Cash Flow Forecast' for the program as well as general expenses of the Organization that is required for the coming month.

14. BUDGET ADJUSTMENTS:

ISRDR should inform Funding Partners and get prior permission if more than 10% of changes are required to be made in the financial plan (approved budget) of any project. If any changes occur in the activities ISRDR should take prior approval from Donor.



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15. POLICY ON UNSPENT FUNDS:

All the unspent or balance amount of the projects should be strictly considered as that of the Funding Partner. ISRD should faithfully follow the directives of the Funding Partner for the liquidation of such funds. The Secretary cum Director should write to the Partners with specific plans seeking permission to use such funds.

16. MANAGEMENT OF PETTY CASH

The Treasurer of ISRD is allowed to keep only five thousand rupees (Rs.5000/-) in cash for the day to day management of the Organization. The Petty Cash is to be kept in a Box locked and the box be placed in a safe place. The Secretary/Director is to scrutinize and seek an account of this provision at the end of every month.

17. MAINTENANCE OF THE DOCUMENTS OF RECEIPTS AND PAYMENTS (BOOK KEEPING)

All documentary proofs related to receipts and payments should be carefully maintained by the accountants under the supervision of the Treasurer. Accounts should be digitalized or computerized with latest version of computer software like tally and the back up to be kept at regular intervals to protect the files from piracy or virus. The Secretary cum Director should oversee the accounting of ISRD every month. No unauthorized persons should be given access to computers or files with accounts of ISRD. Tally back up of the particular project should be sent to the funding agencies periodically as per the requirement of the agencies.

18. PROCUREMENT (ACQUISITION) OF FIXED ASSETS

All the implementing partners and staff members of ISRD should strictly follow the following procedures for the procurements (acquisitions) of fixed assets:

- a) For goods and services at least three comparable offers must be obtained. The contract should be awarded to the most favourable bidder and deviations will have to be justified. A price comparison (bid analysis) should be submitted to the Purchase Committee. Only after a comparative study should the approval for purchase be given or works order/hiring of services should be done.
- b) A documentation of the process followed should be kept and presented for scrutiny before any legitimate authority like the funding partners or the financial auditors.
- c) When purchasing from a local or a small vendor or service provider from whom no formal request for the bids can be made, care must be taken to ensure that the current local market prices are not exceeded. The financial report must be accompanied by official records showing local market prices.



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- d) The quantities and the price specified in the budget may not be exceeded without prior consent by the donor and the Executive Director. The target must be reduced correspondingly if prices are exceeded. If prices are lower, the quantity may be increased correspondingly.
- e) Tax benefits (e.g. exemption from value added tax) must be claimed.
- f) Relief goods must be marked with the name of the Donor and ISRD before distribution. This mandate and charter to mark the goods with Donor's name may be exempted only if hostile situation in the ground is seen to endanger the safety of personnel involved in transportation and/or distribution.

19. DISPOSAL OF FIXED ASSETS

Unless otherwise explicitly given a direction by the Funding Partners for the disposal of fixed assets created by the project fund, ISRD should follow its policy of having a discussion at the Core Committee of the Executive Members (President, Secretary, and Treasurer) and enlist the assets as the assets of the Organization. This should, however, be taken up at the next Governing Body Meeting for validation. Neither implementing partners nor Program Managers are allowed to sell or alienate fixed assets created with ISRD fund or with the fund of the Funding Partners.

20. POLICY ON EQUIPMENTS:

Equipments (Computers, Camera, Printer, Scanner, Copier, LCD Projectors, Motorcycles etc) that are purchased with the financial assistance from Funding Partners should be primarily used for the programs for which they are procured. Once the program period is completed all such equipments should be enlisted into the asset list of ISRD and validation is to be sought from the Governing Body. Neither implementing partners nor Program Managers are allowed to sell or alienate any equipment created with ISRD fund or with the fund of the Funding Partners. Deviation may be allowed only if the Funding Partner gives a clear directive contrary to the above policy.

21. POLICY ON PURCHASE COMMITTEE

ISRD should have a 'Purchase Committee' consisting of three members who do not have any executive power at ISRD. The President, Secretary and Treasurer should not be members of the purchase committee as they are the approving authority in the Organization. The members are nominated or selected by the Governing body. This committee should assist the Secretary and the Treasurer in taking a decision through bid analysis for the procurement of assets and other goods and services.



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22. VEHICLE MANAGEMENT POLICY

The Executive Members of ISRD should utilize the vehicles available at the Organization to monitor and administer the programs and activities. They should maintain and pay for the expenses from the program costs for which they may be used.

The criteria to charge ISRD' own vehicles when it is used for the purpose of project or funding agencies is given below.

ISRD charges for its vehicles on daily basis either in Kilometre or fixed charges depended on the road and distance.

- For Bolero, for a day from: 1 KM up to 200 KM the kilometre charge is rupees 5, plus vehicle hiring charge, if it is A/c rupees 700 and if it is non A/c rupees 600.
- In case of Xylo for the same the kilometre charge is rupees 10, along with vehicle hiring charge, if it is A/C rupees 1000 and if it is non A/c rupees 900.
- For Bolero, for a day if from, 200 KM up to 300 KM the kilometre charge for A/C is rupees 7.5 and non A/C 6.5 along with half vehicle hiring charge, if it is A/c rupees 350 and if it is non A/c rupees 300.
- In case of Xylo for the same the kilometre charge is rupees 10, along with vehicle hiring charge, if it is A/C rupees 500 and if it is non A/c rupees 450.
- For Bolero, for a day if it above, 300 KM the kilometre charge for A/C is rupees 7.5 and non A/C 6.5 and there is no vehicle hiring charge.
- In case of Xylo for the same the kilometre charge is rupees 10 and there is no vehicle hiring charge.
- The kilometre rate may be subjected to the fuel rate.
- Driver salary, vehicle maintenance and other fuel cost are included.
- ISRD will charge from the project when it is used for.
- Insurance and road tax of the said vehicle will be taken care by the organization.
- ISRD has to maintain a log book to know the running of vehicle.

The Program staff of ISRD should utilize the vehicles made available to them by ISRD or by the Funding Partners to strictly implement, monitor and administer the programs. The vehicles are to be maintained from the budget that is set aside at the project. At the completion of the Projects the vehicles are to be returned to ISRD headquarters. Unless the Funding Partner gives explicit directives for their future use, such vehicles are to be enlisted into the asset list of ISRD and should be utilized for general purposes or for the implementation of other projects. Under no circumstances a staff should sell or alienate a vehicle without the explicit permission from the Secretary cum Director. The Governing Body will have to give its approval for the disposal of vehicles.



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23. POLICY ON TRAVEL ALLOWANCES:

All the Program Staff at ISRD should get travel allowance on actual basis by submitting bills to finance department. The office or administrative staff too should get travel allowance if they are to travel for meetings and seminars or to dispense their responsibilities. When Funding Partners reimburse travel expenses for meetings and project related workshops then the staff is obliged to retribute the advance taken from ISRD.

24. POLICY ON FINANCIAL TRANSACTIONS IN TIMES OF EMERGENCIES

In times of emergencies the Core Executive Committee Members which consists of the President, Secretary and the Treasurer should take decisions for appropriate financial transactions. They are obliged to consult with other members of the Governing Body or at least share the decisions later.

26.CASH POLICY

27.Setting Up of Cash Fund :

- I. ISRD will maintain the Level of cash balance of Rs.20,000 or Rs.50,000 for the Organization.
- II. Director should designate the Cash Custodian and the cash custodian should have a copy of this Finance Policy. The Cash Custodian should give an undertaking that he/she has read the Cash Policy and that he/she understands the contents of the same. It shall be the duty of the Director to share a copy of the Cash Policy with the Cash Custodian.
- III. The Director should designate another employee to serve as a regular backup during the absence of the Cash Custodian.

Operating Controls on the Cash Fund :

- I. The Cash Custodian should be located in a safe room with restricted access, if possible.
- II. The cash funds should be stored in a portable, lockable metal container (Cash Box) during operating hours and should not be left unattended. After operating hours, the cash funds should be stored in a safe or other secure location. It is strongly recommended that only the Cash Custodian/ Director or equivalent authority be given access to the safe's content.
- III. Other individuals must not be allowed to store their valuables in the organization's safe.
- IV. There should be adequate segregation of duties between the Cash Custodian and the main cashier of the office and that the Cash Custodian should not perform other cash functions of disbursement / receipt of travel advances, staff advances, vendor advances, etc.



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- V. The cash balance of Rs.20,000/Rs.50,000 should be maintained on imprest basis.
- VI. A memo should be prepared by the Director indicating the names or titles of those employees who are authorized to approve the expenditures from the cash fund and the same should be available with the Cash Custodian.
- VII. The Director should inform all the staff of the hours during which the cash fund will be in operation.
- VIII. The Cash Custodian should count the cash funds at the end of each day and that the same be documented in the Cash Count Sheet (Format Attached) and maintained in the files.
- IX. The cash fund shall be counted at unannounced times by a staff independent of the cash functions and that the record of such counts be documented in the Cash Count Sheet and maintained in the files. The unannounced count should take place at least once a month. If there is any shortfall or excess during the cash count, then the following shall be applicable x. Cash Custodian shall be accountable for any shortfall in the cash fund and deposit the shortfall in the cash fund from his private monies.

Replenishing Cash Fund:

- I. The Cash Custodian should commence the replenishment procedure when the cash balances touch Rs.2000 (if the cash fund is Rs.20,000) and Rs.5,000 (if the cash fund is Rs.50,000)
- II. The Cash Custodian should perform a quick review of the Cash vouchers, making sure that all are prepared in ink, signed by the respective parties, codes with the appropriate donor source / project numbers and account codes, adequately supported by documents attached and agreed to the cash register.
- III. At the time of replenishment, the cash count shall be conducted and the results of the same shall be documented in the cash count sheet and maintained in the files. The shortfall/excess should be accounted for as per the Point No.11 of the Operating Controls listed above.
- IV. All cash disbursement should then be sorted and summarized by donor source / project number and account code.
- V. All the cash vouchers and supporting documents should be cancelled (put PAID stamp) by the Cash Custodian before the completed package is routed to the Finance Department for processing.
- VI. The payment request form for reimbursement should be accompanied with the following documents while submitting to Finance Department :
 - All the cash vouchers with the supporting documents attached
 - The Cash Count sheet
 - The cash register (which would be returned back by Finance Department after checking)
- VII. After the Finance Department has verified the cash replenishment voucher and the supporting documentation are accurate and complete, cheque should be prepared, payable in the name of Cash Custodian, as agent for the Organization.



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- VIII. The cheque should then be routed to the final designated cheque signer for final sign off and approval.
- IX. After signing the final approver routes the cheque and cash voucher back to the Finance Department.
- X. The Finance department then issues the cheque to the Cash Custodian and files the vouchers and the supporting documents.
- XI. The Cash Custodian encashes the cheque, inserts the funds received into the Cash Box and records the receipt on the cash register to complete the replenishment process.

26. Banking Procedure and Practices

- I. ISRD will maintain it's account with Scheduled Bank as per the Reserve Bank of India Act,1934.
- II. ISRD will maintain its account in Saving Bank Account mode and it should be interest bearing account.
- III. Opening of a new account should be decided by the Governing Body by passing a resolution and Governing Body will decide who will be responsible for operating the account in the name of the organization.
- IV. In case the ISRD is having its field offices situated in different places, the Governing body shall authorize through a proper resolution as to who will be the responsible person/s to open and operate the bank account in the name of the organization.
- V. Account should always be opened in the name of the "Balasore Social Service Society"
- VI. ISRD will maintain two separate bank account for Foreign contribution fund and Local contribution fund (in compliance with chapter 9 on Foreign Contribution (Regulation Act,1976).
- VII. The Director of ISRD will designate to keep the cheque book in the safe custody of an authorized person.
- VIII. ISRD will not entertain to issue the post dated cheques and cheques without the details (Blank cheque).
- IX. The custodian must ensure that before issuing the cheque, the purpose and relevant document should be available.
- X. ISRD will issue only account payee cheques to outside vendors.
- XI. ISRD will maintain cheque issuing register to have control on it.
- XII. Custodian will ensure that adequate balance in the account before issuing the cheque in compliance with the Negotiable Instrument Act, 1881.
- XIII. Drafts and cheques received should be deposited within seven days. If the cheque/Draft is lost, the loss must be reported immediately to the bank to avoid misuse.



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- XIV. Pass Book should be updated at frequent interval of one month.
- XV. Custodian should ensure that cheques /Draft deposited are credited in the correct account.
- XVI. The Custodian should ensure that he/she should periodically verify whether the bank is crediting the interest due.
- XVII. Bank Reconciliation Statement should be prepared at the end of the month and it should be verified by the Director on a monthly basis.
- XVIII. Cheque books, pass books or statement, pay in slips and confirmation statements should be preserved for at least 10 years and made available for audit and for inspection by authorized entities.

27. Accounting methods and Practices.

- I. ISRD will comply the General Accounting Principle and procedure to maintain it's day to day financial activities. The transactions are documented by preparing vouchers and issuing receipts. The organization will prepare cash book, bank book, ledger book, journal book etc;. The organization will prepare financial statements such as Receipts and Payments Account, Income and Expenditure account and Balance Sheet.
- II. Where as ISRD will adhere the Marchentile system of accounting .This is the system where an entry is recorded on the basis of the amount having become due for payment or receipt, whether or not payment is made or amount received.
- III. ISRD will maintain its account on fund/project basis.
- IV. The **standard chart of the account code/head** will be used to book all transactions and the same chart of account code is used to prepare the budgets and financial reports.
- V. Adequate supporting documents are available for every expenditure transaction. Supporting documents are systematically and neatly filed. All supporting documents are stamped "paid" for all payments and 'cancelled" for all other invoices and as per the guidelines of donor agencies.
- VI. Organization will have the purchase committee/ Bid Committee comprising at least 3 members for purchasing any goods or services having cost more than Rs.5000/-. All the purchase order must be signed by the Director of Balasore Social Service Society.
- VII. The Salary will be paid to its staff on 27th of every month and if 27th is Sunday or public holiday, then on next working day.



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- VIII. The Organization discourages the use of salary advances except for situations of acute personal financial crisis. In such cases, payroll advances are limited to the amount due in the next pay. For Salary advance, the employee has to take the approval of Director and the request letter should have the recommendation of his/her immediate supervisor.
- IX. Travel advance will be given to traveling staff as per the need of the travel and it should be liquidated or settled within three days from coming back from trip.
- X. Travel advance will not be settled or adjusted with salary payment.
- XI. The selection of vendor should be made taking into account of its credibility and capacity to provide service/product.
- XII. As part of the risk management the organization will maintain minimum or no advance policy for its vendor.
- XIII. The date, description and amount of every transaction are recorded in a cashbook. The transactions will be recorded and updated at least daily.
- XIV. The board or any higher body of the organization reviews financial reports every six months.
- XV. ISRD has its signature matrix setting out with duly approved by director for which members of staff can authorize which expenditures. In order to ensure that each transaction is authorized by the appropriate member(s) of staff.
- XVI. A qualified external auditor audits the ISRD's books of accounts once in a year.
- XVII. The audited reports should be placed in the annual governing body meeting for their review and comment.
- XVIII. The person designated (Accountant/ Accounts Manager/Director) is responsible for submitting the financial reports to funding agencies and other stakeholders in the prescribed format and on time. Financial reports are submitted to the right government agency in the right format and on time.

28. Internal Control Policy

Internal control is a *process* that consists of activities supporting an organization in accomplishing its goals. Internal control is not a single event, but a series of actions. Strong internal controls not only serve to protect organization's assets, but also to promote employee morale and improve management-staff relations.

- I. ISRD adheres the principle that no one person covers all financial tasks. Where ever possible, financial tasks are split between two or more people.



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- II. Segregation of duties is a basic internal control concept. ISRD will assign different people for authorizing transactions, recording transactions, and maintaining custody of assets.
 - III. All the receipt, cash disbursement and settlement vouchers will be signed by at least two persons and will be approved by Director or any authorized there so.
 - IV. All the report submitted to donors or stake holders will be reviewed by the person other than the preparer and approved by the Director before it's submission.
 - V. Bank Reconciliation Statement will be prepared every month and will be reviewed by Director and documented.
 - VI. All employees who can approve commitments or payments should be listed on an authorization chart. The Finance Manager should ensure that authorization charts for commitments as well as for disbursements are current.
- VII.

AUTHORIZATION CHART

Authorized Personnel	US \$ Amount	Approve Financial Commitment?	Authorize Cash or Bank Disbursement?
Administration / Logistic Executive.	Rs. 1 – Rs. 1000	Yes	No
Program Manager/Deputy Director	Rs.1,000 – Rs.5,000	Yes	No
Deputy Director	Rs. 5,001 - Rs. 10,000	Yes	Yes
Director	Rs. 10,000 and above	Yes	Yes

- VIII. Internal Control Effectiveness: Auditors are to be assessed the effectiveness of an internal control system in their reports to management. Material weaknesses will be reviewed by the management every six month and upgrade or amend the policy for its effectiveness.

29. Cost Allocation Policy :

The objective of this policy to establish a standard approach for consistently distributing administrative level costs to projects based on the benefit that each project receives from the cost. This policy will ensure to identify the opportunities to recover more “fair share” costs from donors.

- i. Direct Costs such as employee salaries & benefits for project staff, project materials, project expenses and Travel expenses which are directly related to projects that will be charged directly to a project or grant because it directly benefits that effort.
- ii. Indirect expenses such as administrative/ financial staff salary, rent, electricity, telephone, internet facility and utility, vehicle expenses and other expenses can be distributed in reasonable proportion to all the major projects as per the benefits received for the project or donor. ISRD shall consider the projects those have got more than Rs. 1200000/- (Rupees Twelve Lakhs only) per annum as major projects



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- iii. The finance or accounts department will ensure the equitable distribution of various cost to different projects with justifiable manner.

30. ASSET REGISTER

ISRDR should maintain an 'Asset Register' with an updated list of assets it owns. once a year the Asset Register should be updated. The designated person has to be held responsible for the maintenance of this register and get it signed by the director and filed it.

31. MISUSE OF FUNDS

The Secretary cum Director is obliged to inform, after discussion with the Governing Body, to the Funding Partners if some serious misuse of program funds has taken place along with 'the action taken report.' The Executive Committee should take responsibility to complete the program as is planned or follow the directives of the Funding Partner.

In case one of the members of the Core Executive Committee (President, Secretary, Treasurer) is suspected of financial mismanagement then the Governing Body is to act quickly and after a proper enquiry relieve the person from his post. Funds misappropriated should be restituted by the person in concern. If necessary the Governing Body should take recourse to legal actions against the person.

32. NOTIFICATION OF OTHER FUNDING SOURCES

Under the principle of transparency and as sign of respect for the partnership ISRDR should report any matching grant it receives for a specific program simultaneously to all the partners involved.

33. STOCK REGISTER

The accountant or someone working for the documentation at ISRDR should maintain a 'Stock Register' of stationary items and other office needs and is to distribute such items as per the requisition submitted by the staff members.



Chairman-ISRDR



Director-ISRDR

34. POLICY ON FINANCIAL AUDIT:

The Governing Body of ISRD should carry out internal auditing of its financial management and financial efficiency annually. The Executive Committee should allow Funding Partners to audit and check financial management of a particular project or the entire system.

A Terms of Reference should be given and an agreement should be made between ISRD and the Audit firm.

ISRD should get its receipts and payments audited through a reputed chartered accountant, file its returns with the FCRA department of the Ministry of Home Affairs and with the Income Tax Department annually.

ISRD should compile and share through its 'annual reports' its audited balance sheet of receipts and payments after it has been approved in its Governing Body.

35. RETENTION OF ITS AUDITED REPORTS:

Even after the programs are completed and reports are shared with the concerned Funding Partners, ISRD should retain and conserve all its audited financial statements for a period of ten years.

36. PERIODIC REVIEW AND ASSESSMENT

ISRD should review its financial management policies and scrutinize its efficiency every three years. However, it should have an annual evaluation on the financial management of programs and projects with the Charter Accountant and with all the available Funding Partners. ISRD should organize workshops/seminars to improve its efficiency on financial management at regular intervals.



Chairman-ISRD



Director-ISRD