



FINANCE AND PURCHASE POLICY

The Executive Committee Meeting (19th 07) has approved the Advancement Tradition Tradition organization that adheres to the following policy on Finance and Purchase intended for all employees of RAHAT.

1. PURPOSE

1. RAHAT is committed to the financial soundness and stability of the organization. This policy is intended to ensure that the organization's financial resources are used in a responsible and efficient manner.

FINANCE AND PURCHASE POLICY

2. The policy is intended to ensure that the organization's financial resources are used in a responsible and efficient manner. It is intended to be passed by the Executive Committee of RAHAT.

3. The organization will ensure that the policy is implemented in a consistent and effective manner. It is intended to be passed by the Executive Committee of RAHAT.

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4. All requests for financial resources should be submitted to the Finance Department for review and approval. It is intended to be passed by the Executive Committee of RAHAT.

Rapid Action For Human Advancement Tradition(RAHAT)

5. The organization will ensure that the policy is implemented in a consistent and effective manner. It is intended to be passed by the Executive Committee of RAHAT.

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FINANCE AND PURCHASE POLICIES OF RAHAT

The Executive Committee Meeting of RAHAT (Rapid Action For Human Advancement Tradition) held at organizational premises held on 24 March 2015 has approved the Finance and Purchase Committee for the organization and it is applicable from 1st April 2015.

I. FINANCE POLICY

A. BANK AND ACCOUNTS OF THE ORGANIZATION:

1. There will be separate bank accounts for foreign money and local Indian money.
2. The bank accounts of RAHAT will be opened in the nationalized bank. In exceptional condition, bank accounts can be opened in the Canara bank or Post Office.
3. The bank accounts will only be opened after the decision and resolution passed by the Executive Committee of RAHAT.
4. The signatories of the all the bank accounts of the organization is as per the bylaws of the organization and as per the decision/resolution of the Executive Committee.
5. All foreign money received by cheques/drafts or bank to bank transaction would be first deposited in the Main FC Account of the organization.
6. The interest generated out of the Foreign Contribution will always be treated as foreign money and it will not be transferred to any other account belonging to the Indian Money and it would be debited to respective project and shown in the books of accounts of the organization.
7. Sub – FC Accounts of Main FC Accounts may be opened in any recognized Bank as per the need and resolution of the Executive Committee of RAHAT but would be preferred to be opened in the same Bank of the main FC Account.
8. In no case, the FC money would be intermingled with the Indian Money and Local Money Sources and vice – versa.
9. All money of the organization generated through local donations, income generated through various services of the organization and any other kind of generation from the



local sources excluding the local project funding has to be kept in the General Business Account of the organization.

10. All money generated by the organization from various sources locally for the services of the organization would be provided with bills and receipts and receipts to be served for the donations directly received from various local sources.
11. All incoming money generated internally from local sources has to be deposited first in the General Business Account having served the receipt for all the cases. The petty cash for expenses of the dominant activities of the organization has to be withdrawn from the Bank.
12. No other Indian Money pertaining to General business account would be deposited in the project accounts of the local sources.
13. Separate project account would be opened for Indian Money as per the agreement/guideline of the donor.

B. FINANCIAL REPORTS AND REPORTING SYSTEM:

A. Quarterly Financial Report:

1. Financial reports would be prepared for all the projects as per the agreement whether the funding is of foreign source or indigenous source.
2. Quarterly and annual financial reports would be prepared and placed before the Managing Committee for approval and final approval of annual audit report by General Body.
3. The balance money of various projects would be shown in the quarterly financial reports which are meant for the remaining period of the project period.
4. The financial reports of all the projects would be approved and signed by the Secretary of RAHAT before it is shared or sent to the donor agency or any other agency.
5. The annual organizational audit report annual budget would be signed by the Secretary of the organization before it is sent to donors or circulated among members.
6. All projects would have the utilization certificate made by the organization for the interim period or if needed, by the Auditor of the organization and it would be shared with the funding agencies. In desirable cases, the audit for the interim period may also be done by the organization to be shared to respective donor of funding organization.
7. The petty cash withdrawal amount at a time will maximum up to Rs 20000/-.



8. The withdrawals from the Bank for respective Accounts would be done only when it is exhausted or nearing to be exhausted. If there is balance money with any account, then the difference of the permissible limit would be withdrawn from the Bank. In no case, the petty cash should exceed the permissible limit at a time.
9. The signatories would sign the cheques of withdrawal only when satisfied that there is need of any withdrawal considering the petty cash withdrawal limit. The petty cash would be verified at the time of signing any cheque for withdrawal.
10. At the end of each month the Bank reconciliation would be done to verify the Bank transactions for all the Accounts in the Bank(s).
11. All bank cheques will be prepared based on the requisition in the requisition slip signed by the project head/programmed head and passed by the secretary of the organization or any person authorized by the secretary in writing for the time being.

C. Payments for Purchases and Day to Day Expenses:

1. Payments would be made for the articles from the respective Accounts.
2. All purchases will be permissible only after the requisition is passed by the concerned department/project head and the Secretary.
3. The practice of loaning from one Account to meet the expenses of the other Account would be avoided.
4. If the situation is such that the payments have to be made lacking fund in one Account, then the payments can be made through loans taken from other sources. The payments for the foreign projects would be loaned to meet the expense from the foreign source only. The payments for the Indian project would be loaned to meet the expense from the Indian source only. In no cases, the loan would be met for foreign expenses from the Indian money and vice – versa.
5. All payments of Rs. 5,000/- (Five thousand) or more have to be paid by account payee cheques. In such cases, the vendors will be selected which have the bank Accounts in the name of the firm or establishment. In some special circumstances where the vendors do not have the bank account in the name of any company or establishment, then in that case the signed photocopy of the PAN card of the owner of the company/vender/shop/firm will be required. In special case, Secretary & Programme Head/Project head can make cash payment more than Rs. 5000/- during programme conduction in or out side of project area but with proper justification.



6. All receipts would bear the signature of the owner of the shop, firm or establishment and it would have the date and clear cut specification details of the item purchased.
7. All payments made for more than Rs. 2000/- would bear the revenue stamp of Rs. 1/- (one) only.
8. As far as possible, the payments of salaries to the full time staff and honorarium to part time staff would be disbursed on or before the 7th day of the following month for the salaries and honorarium of the previous month. If the day of payment falls on holidays or Sundays then the payments of salary/honorarium would be done on the following day. The reason for the delay would be justified to all the staff by a notice either served to them or put on the notice board.
9. The deduction from the salary/honorarium of the staff would be mentioned in the salary register and deductions would be made at the time of payment of salaries/honorarium.
10. The salary register would be signed by the respective staff at the time of receiving the salary and the date of receipt of salary would be mentioned by the staff concerned.
11. All core/project staff receiving the salary/honorarium would have Saving Bank Account and the payments are to be made through Account payee cheques or by statement given to Bank for transfer in the respective Accounts of the staff. The Bank Accounts of the staff would be opened preferably in the same Bank from where the salary/honorarium is paid. Having Account with some other Bank would be discouraged as far as possible but for exceptional cases the Bank could be different. The organization would facilitate the opening of Bank Accounts for the staff of the organization.
12. The organization would ensure that the cheques or transfer by statement to respective staff Accounts are made on the same day if the Accounts of the staff are in the same Bank. The Accounts Department must provide salary statement to the staff every month.
13. The organization would maintain separately, accounts of advances given to vendors and employees for projects and organizational purposes.
14. The organization would also maintain all other advances given to the employees.
15. All advances would be settled by the vendors or the employees immediately after the job is completed. All employees taking advance would ensure that the advance is immediately settled within 1 week after completion of the work.
16. The advance voucher would also have the mention of the terms and conditions of getting and settling the advance should be mentioned in the advance voucher.



17. Advance Register to be maintained which is to be signed by receiver and giver.

D. REQUISITION FORMS:

The organization would have requisition forms for various purposes and it should be as follows:

- Requisition form for taking travel advance.
- Requisition form for purchase of any items for the office or any other kind the organization needs to disburse the advance.
- All type of requisition would be made in the respective requisition forms and would be submitted to the organizational head for approval with the forwarding of the departmental/project head.
- If the equipment is mishandled and the same is spoiled for no further use to the organization, then the organization would get it replaced by the employee concerned.
- If an employee loses any equipment out of his carelessness, then the articles should be replaced by him/her.

E. PAYMENT OF ADVANCES AND MONEY RECEIPTS:

1. The organization would have money receipts for all kinds of receipts such as foreign contributions, local donations and also for the general business accounts.
2. All incoming money from any source would be served with an organizational concerned money receipts from the respective account.
3. All money coming to the organization would be deposited in the respective bank account.
4. The amounts which are big would be immediately deposited in the respective bank account.
5. Small amounts which come to the organization would be deposited in the respective bank account in every week preferably on the last working day of the week.
6. The money receipt number(s) would be written on the back of the last receipt for which the money is deposited in the bank of the respective money receipts. The counter foil would also carry the number(s) of the receipt on the back of the counter foil.

F. BILLS AND VOUCHERS:

1. The organization would maintain proper documentation of the transactions relating the various projects such as bills, vouchers, photocopy of cheques and other notes and documents in support of the transaction.
2. This would be kept safely and securely till such time prescribed by the donor organizations.
3. The organization completing a particular project of a source would have a communication of closure with the donor agency in a maximum period of one year. However, the projects



of the government whether Government of India or the State Government, the vouchers, bills and other supportive documents would not be destroyed as per their terms.

4. The program vouchers of any project and supporting documents would be bound separately and shown to the representative of the donor organization during their visit to the organization submitted to organizational Auditor for audit.
5. The organization would make vouchers and accounts on day to day basis and all accounts would be settled on day to day basis as far as possible. It would not be a practice of the organization to keep the backlogs for accounting.
6. Efforts would be made to end the accounts of all the projects by the end of the week.
7. The accounts section would not be utilized for any other purposes of the organization except which have been scheduled to them. They would not be sent out in the town or other cities or place for non – accounting purposes. Their visit outside would be only for the purpose of all accounting such as visit to the banks and the auditor of the organization etc. Only during emergencies, the accounts personnel will be deputed for visit to other places specifically for the purpose of financial monitoring as per the instruction of the Secretary.
8. They may be utilized for the financial monitoring of the organizational projects and of the organizational networking organizations.
9. The accounts section would ensure that the monthly accounts are settled at the end of each month.

G. DAY TO DAY VERIFICATION AND CERTIFICATION OF THE EXPENSES:

1. All vouchers would be verified on day to day basis and its timing should match the timing of the account section so that the payments are made at the time allocated for the account section.
2. The supporting vouchers would have specification details such as Project, Purpose, Place, Number of Staff involved in it (if applicable), and Kilo Meters traveled in case of Vehicles and any other information which are applicable for that particular voucher.
3. All the vouchers would be verified by the concerned Project Head of the respective project.
4. All the vouchers would be certified by the Secretary or any authorized representative.
5. As far as possible, the vouchers would be verified and certified by the concerned persons on day to day basis to avoid the delay in accounting procedures.



6. Pending vouchers would be cleared latest by the end of the week.
7. Accounts section would bring the notice of the pending cases after the laps of one week to the concerned persons verifying and certifying the vouchers.
8. No vouchers would be settled and accounted unless until it is verified and certified by the persons responsible to do so.
9. No payments would be directly made to the parties or the employees of the organization unless it is finally certified by the Secretary or authorized representative by the Secretary.

H FINANCIAL MONITORING:

1. Financial monitoring would be done by Secretary & other senior staff member team assigned by Secretary & by Finance Committee as per requirement.
2. The Finance Committee chaired by the Secretary and this committee would sit at least 2 times a year to see the financial transactions.
3. The Managing Committee would monitor the financial status in the quarterly meetings and the General Body at the time of Annual General Body Meeting.

I. AUDITING:

1. Yearly Audit would be done by the Auditor appointed by the General Body of the organization at the time of Annual General Body Meeting for all the projects.
2. The Auditor would be given access to all the records, reports and documents pertaining to the project that may be required during the course of Audit to arrive at his opinion.

J LEGAL OBLIGATIONS:

1. The organization will file the Income Tax return under section 12 A provisions of the Act together with 10 B forms.
2. The Income Tax return will be filed in time and a copy of that is recorded in the organization.
3. The organization would have Permanent Account Number (PAN) Card from the department of the Income Tax.
4. The organization would submit the FC 3 in time and a copy of which would be recorded with the organization.
5. The organization would ensure that the returns are filed with the department of Societies Registration in time giving the details such as the current list of Governing Board Members, Audited Statements of accounts, Auditor appointed for the next Financial Year, copy of the minutes of the General Body with attendance and membership strength and copy of the Annual Activity Report.



6. This would be sent within fourteen days of the Annual General Body Meeting if there is any amendment in the MOA/BYLAWS and within a month if there is no such amendments to IG Registration through Registered Post with AD or by hand.
7. The organization would also file the Form H to the Societies Registration Department every three months and submit it to the department of I.G., Registration, Govt. of Bihar.

NOTE: Any change or modification in the policy is subject to the decision of the Executive Committee of RAHAT.



**(Secretary)
RAHAT**

