

FINANCIAL MANAGEMENT POLICY AND PROCEDURES



REGISTERED OFFICE:

**C-47, F-4, MANGLAM CITY, KALWAR ROAD, JHOTWARA,
JAIPUR, RAJASTHAN, INDIA-302012**

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1. GENERAL PURPOSE

The purpose of this manual is to document the finance related policies and procedures which underpin the financial management system in place at Rise Foundation and to ensure that the financial statements conform to generally accepted accounting principles, assets are safeguarded, guidelines of donors are complied with and finances are managed with accuracy, efficiency, completeness and transparency.

All staff with a role in the management/review of finances and procurement are expected to comply with these policies and procedures.

This manual must be reviewed at least annually by the Board of trustees and approved by the Audit Committee periodically.

The purpose of these policies is to establish guidelines for

- A. Developing financial discipline across the organization
- B. Making financial decisions
- C. Reporting the financial status of the organization
- D. Ensuring the optimum utilization of the resources of the organization.

Background information

- Rise Foundation's year end is 31 December.
- The accounting system used since 1 April 2020 is a tally based system.
- All income and expenditure transactions are allocated to both a nominal ledger and grant.

Related policies

- Travel and expenses policy and procedures
- Conflicts of interest policy
- Anti-bribery and corruption policy
- Whistleblowing policy
- Related parties declaration for trustees and board.
- Governance manual
- Risk management policy

Related forms

- Staff expenses claim form
- Travels form
- Advance form

2. FINANCIAL RESPONSIBILITIES

The Managing Trustee will supervise the Financial and review the adherence of the policy on the periodical basis. The Board is also responsible for changing the policies if so required for betterment of the organization.

The Board delegates this overall responsibility to the Board members & Managing Trustee. He/She will be involved in implementation of the financial policy and its adherence across

the organization. He/She also represents the board in day to day administration of the organization. He/she responsible for the co-ordination of the following.

- Annual Budget Presentation based on the available and anticipated resources of the organization
- Optimum Utilization/allocation of the funds depending on the “Stakeholders” interest in the organization, especially donors/donning agencies.
- Selection/Appointment of the external Auditor (with prior approval of the Managing Trustee)
- Devising the plan of action as per the organizations objectives, Mission/Vision and long term plans of the organization.

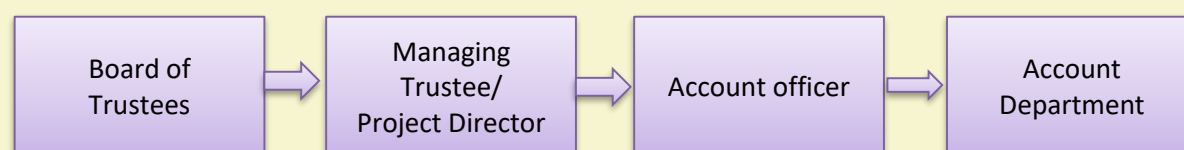
The Accounts officer directly reports to the Managing Trustee/Director of the organization with a responsibility of managing the resources, monitoring the transactions, maintaining the cash flow and financial statements as per the requirement of the various stake holders of the organization.

3. RESPONSIBILITY CHART

The Accounts officer and Managing Trustee jointly responsible for discharging all the statutory compliance relevant to the organization.

The Accounts officer in consultation with Managing Trustee and the various stake holders needs to devise the robust internal control process for the finance discipline of the organization and to maintain highest ethical standards for the organization. The Accounts officer is also responsible for utilization of “80G” receipts as per the strict adherence to law.

The Accounts department is directly supervised by the Accounts officer and is responsible recording daily financial transaction, preparation of periodic receipts and payment statements, periodic reports to enable the program managers/user departments to take appropriate actions for effective implementation of their programs.



4. BUDGETING PROCESS

Rise Foundation, as organization have different programs for the benefit of the society and each of such program is being handled by the project in-charge. Project in-charge and Managing Trustee jointly responsible for preparation of the “Budget Statement” well before the beginning of the financial year depending on the availability of the resources as well as the program commitments to the stakeholders.

The consolidated Budget will then be approved by the board of members and Managing Trustee will authorized to run the program as per the budget approved. The Accounts Officer will be responsible for monitoring the financials as per the budget approved.

The Managing Trustee shall review and approve the recommended fiscal year budget revenues, expenditures and cash flow and approve the budget at the start of the new fiscal year within a reasonable time.

5. FINANCIAL STATEMENTS

Rise Foundation's financial statements shall be prepared on an accrual basis in accordance with Indian Accounting Standards and as per the stipulations of the Indian Accounting system and subject to provisions under The Rajasthan public trust act 1959.

The Accounts Officer will prepare all the financial statements strictly as per the requirement of law of land/Indian accounting standards without any deviations, if any deviations, the same needs to be immediately brought to the notice of the Managing Trustee.

For the management review, the Accounts Officer shall prepare and present Monthly Financial Statements in a format approved by the Managing Trustee. The statements shall be presented to the Managing Trustee, management committee & trust board for review.

6. CASH FUND FLOW

Any surplus/excessive funds need to be parked in the Fixed Deposits with nationalized banks.

7. AUDIT

Rise Foundation will have an audit of its financial statements annually, within 4 months of the end of each the financial year. The audit shall be completed by a firm of Independent Certified Accountants. The Board of trustee, Managing Trustee and the Accounts officer shall have direct responsibility in overseeing the implementation of the Annual Financial Audit.

The Managing Trustee and the Accounts Officer shall recommend to the Board for the selection of a firm to perform the annual audit. A representative of the audit firm shall be invited to attend the annual presentation to the Managing Trustee, and shall be required to make a presentation to the Board if the audit report is other than unqualified, or if the auditor's report material weaknesses in internal controls or reportable conditions.

The Accounts officer or the Auditor shall prepare the IT Forms and it shall be reviewed by the Account officer and Managing Trustee before submission to the IT Department. All the related periodic statutory obligations have to be completed as per the stipulated time and the records to be maintained to such discharge of the obligations.

8. REVENUE AND INCOME PROCEDURES

The Managing Trustee in conjunction with the Resource Mobilization Head & Accounts Officer, develops and proposes revenue goals and objectives and submits them to the Board discussion and approval. All contributions shall be recorded in accordance accounting principles. Contributions must be credited to the appropriate revenue lines as presented in the annual budget and coded with the appropriate account number as designated in the organizations Chart of Accounts including FCRA Accounts

9. RECORDING RECEIPTS

Any Cash receipts should be recorded in the cash book and immediately to be deposited in the designated bank. Any cheques/Demand drafts received should be recorded in the receipt book and ensure to deposit the same in the bank on priority. The intimation of such receipt of the funds also to be informed to the Resource Management team. Record of the donor with complete details also to be maintained.

A copy of the bank deposit slip is retained in chronological order with copies of the deposited checks. All cash and checks shall be deposited the same working day if possible, and no later than the next working day in to the organization's Bank Account.

All the online contributions to monitored periodically and account the same in the books of accounts with intimation to the Resource Management department. Periodically, the Resource Management team and Finance Team jointly reconcile all the donations.

10. RECEIPTS TO DONORS

The finance will ensure to arrange for the receipt for the donations including 80G receipts where applicable and forward the same to Resource Management team. The Resource Management Head shall ensure that all donors and contributors shall receive proper acknowledgement of their contributions in accordance with statutory guidelines.

11. EXPENDITURES PROCEDURES

All expenditures shall be approved by the Managing Trustee and expenditures of Managing trustee shall be approved by the Board of Trustees strictly as per the budget statement. All expenditures shall be recorded by budget line items and stakeholders requirement (if any) using the organizations Accounts.

The Accountant maintains standard accounting records containing all aspects of the organizations financial operations. They include but are not limited to: A general ledger, a Cheque register, a payroll register, fixed asset register.

All the Invoices shall be approved by either the Managing Trustee or Project Manager. Following the review and approval, Cheque payment vouchers shall be prepared and the invoices shall be distributed to the Accountant for payment preparation. Upon payment of a bill, the invoices/supporting documents have to be attached with voucher and filed in the chronological order. All the payments have to be verified for the statutory deductions, if any needs to be deducted and remitted to Govt. in the stipulated time frame.

12. SIGNATURE POLICY

All the payments (cheques) mandatorily requires two signatures as approved by the board. One of the 4 – Managing Trustee is compulsory and one of 3 trustees should have signed in the cheques & Authorized for the payment. The Managing Trustee shall execute all Deeds, Conveyances, Mortgages, Leases, Contracts and other instruments in the name of the org.

13. COMPENSATION AND PAYROLL

Payroll is executed periodically based on the organizations policy. The salary needs to be deposited to the bank accounts or through cheques and NEFT/RTGS etc. Appropriate deductions like TDS, Professional Tax, Provident Fund have to be done and deposited within the stipulated time frame along with returns to the Govt.

The compensation/Salary of the Managing Trustee shall be determined by the Board of Trustee and Managing Trustee compensation is based on a board-approved process that considers comparable data and Managing Trustee performance. The salaries of all other employees shall be determined by the Managing Trustee. Compensation ranges for all staff positions shall be approved by the Managing Trustee or Project Director. No employee of the Organization may be compensated outside of the approved range, without the approval of the Managing Trustee.

14. STAFF REWARD

Organisation staff (permanent and consultant) must be paid at least the local living wage. Pay is reviewed annually in March/April (as part of the budget process). Any changes are effective from 1 April. Salaries may be reviewed on an ad hoc basis at other times of year.

All changes to staff pay must be approved by the Managing Trustee. Changes to the Managing Trustee and management team's pay must be approved by the approvals committee members. Appropriate evidence to support all changes is filed on the payroll file.

15. Advance to staff:

The organization makes advance payment to the employees as per the demand of program expenditure requested by the employees related to the program. It is mandatory to submit the bills and vouchers within 7 days of the completion of the program. Employees will be able to make cash payment only up to INR 9999. Here it will be ensured that whatever payment is made by the staff, proof of payment should be attached with bills.

On the request of the employees and in case of special need, a maximum of one month's honorarium advance can be given, which will be adjusted in the salary of the same month.

16. LOCAL TRAVEL AND EXPENSE REIMBURSEMENTS

Employees must abide by the Travel and Expense policy (Refer HR Manual). Travel and expense reports for mileage, meals, hotel, supplies, etc., will be maintained by each employee and then submitted to the supervisor for approval and payment on a monthly basis (Depends on Projects) by the Accountant.

Mileage to and from the employee's residence to the place of work will not be paid by the Organization. Reimbursements will be based on the travel rate established by the Project Manager, Managing Trustee and the Accounts Officer and approved through the budgeting process. All parking and other expenditure receipts must be attached to the expense voucher as a condition for payment.

17. PURCHASING AND PROCUREMENTS

Procurement is the purchase of works, assets, goods and services for the organisation. It is one of the most risky areas in organisation financial management as it is often abused by kickbacks, paying too much for sub-standard goods, or buying from related parties.

The objectives of this policy are to ensure that:

- The correct goods or services are purchased, in terms of the correct quality and specification.
- Best possible value for money is achieved.
- The process is safe, i.e. risk of fraud is minimized.
- The process is fast enough to meet programme needs.
- Grant conditions are complied with.

Procedures

1. Prepare the specification for the goods/service to be procured.
2. Check the available budget.
3. Obtain authorization from the appropriate person (see Delegated authority limits) to go ahead with the procurement.
4. Obtain quotes according to the following criteria.

Value of purchase	Action required
Rs.10000 and under	No quotation require
Rs.10000 – Rs.500000	Minimum of 3 written quotes
Greater than Rs.5,00000	Formal tender required (i.e. request for tenders published and advertised appropriately)

5. Ensure donor guidelines are followed as each donor has different requirements in this area. If the limits are lower than above the donor guidelines take precedence.
6. To identify potential suppliers, ask colleagues for contacts, search online or advertise as appropriate. If the supplier is related/known to the person running the procurement process, this must be declared and a second opinion must be obtained before committing to the purchase (see conflicts of interest policy).
7. Ensure the quoted cost is within budget (and that the budget is monitored before, during and after the procurement process).
8. Select the supplier based on the principles above. The decision must be made in line with delegated authority limits and the rationale for the decision must be documented and purchasing order placed to supplier.
9. When goods are received ensure that they are of the correct quality and quantity.
10. Send the invoice to risefoundaton20@gmail.com in line with normal finance procedures.

18. LEASES AND OTHER CONTRACTUAL AGREEMENTS

The organization conducts a major part of its operations from leased/rented facilities. Leases and other contractual agreements are negotiated by the Accounts Officer and executed with the approval of the Managing Trustee.

New leases in excess of an amount require the approval of the Managing Trustee.

The Managing Trustee & Accounts officer is authorized to develop and enter into contractual agreements with vendors, bankers, and third parties for the purpose of ensuring the organizations general operations. The Board shall review such agreements and make recommendations when necessary.

19. BANK ACCOUNTS AND INVESTMENT ACCOUNTS

The Accounts Officer shall maintain and oversee Bank and Investment accounts, and ensure the organization weekly financial operations. Several accounts may be maintained by the Organization as follows:

1. Savings & Checking Account
2. Certificates of Deposit / Fixed Deposits & Government Approved Funds
3. These accounts may be changed as the organization financial conditions and requirements change.

BANK ACCOUNTS

All cheques, cash, money and orders deposits, are reviewed by the Accounts department and deposited in the bank Accounts. Fund raising events, foundations and CSR donations and miscellaneous contributions, shall be deposited into the bank accounts.

- All bank accounts must be in the name of the organisation, not an individual.
- New accounts may only be opened by a decision of the Board of trustees.
- According to the rules of Bank and Trust, signatures of two trustees, including the Managing Trustee, are required for all bank transactions.

The currently saving bank account signatories are blow:

1. Mangi Lal (Managing Trustee)
2. Raj Kumar Paliwal (Trustee)
3. Deepal Solanki (Trustee)
4. Devkishan Parmar (Trustee)

All bank accounts are reconciled to the accounting system at least monthly and the month-end reconciliation is reviewed by an independent person, typically the Finance Officer.

20. BANK RECONCILIATIONS

Bank reconciliations shall be completed monthly by the Accounts Department and cross-referenced with the cash and receipts logs and the monthly Financial Statements. The Financial Statements shall be compiled by the Accounts Officer. The Statements shall be then reviewed & approved by the Managing Trustee. All Bank Statements and perpetual deposits will be reconciled every month by the Accountant, and records will be kept in the Finance office.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of six months or less. The organization places its temporary cash investments with

highly rated financial institutions. The Accounts Officer shall closely monitor the balances of the bank accounts and certificates of Deposit accounts.

22. PETTY CASH

A petty cash fund provides a systematic method for paying and recording out-of-pocket cash payments too small to be made by check. The organization shall maintain a INR 10,000 petty cash fund that is replenished as needed.

The Accountants department shall maintain control of, and responsibility for, payments disbursed from the Petty Cash fund; however, amounts should not exceed an amount determined by the Managing Trustee for each transaction. The total Fund should not exceed an amount determined by the Managing Trustee.

23. INVESTMENTS REPORTS AND INVESTMENTS POLICY

The Managing Trustee and Accounts Officer, with supervision of the Managing Trustee, shall review and determine the general investment strategy for all funds. The philosophy of the organizations investments is safety of principal and liquidity. All financial institutions/Banks shall be selected and approved by the Managing Trustee and must have long- term investment rating of A or higher.

24. INSURANCES

Reasonable and adequate coverage will be maintained to protect the organizations interests as well as regular's organizations employees. Insurance Policies shall be carefully reviewed by the Managing Trustee and Accounts Officer before renewal each year.

25. PROPERTY AND EQUIPMENT

Property and equipment shall be stated at historical cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. A Depreciation schedule shall be prepared and maintained by the Accounts Officer on an annual basis, taking into consideration the annual equipment inventory. A Property Removal Form shall be required for the removal of the organization's property, supplies, and/or equipment from the organization's premises. Fixed asset register to be maintained with the above effect and all the transactions to be recorded.

26. EQUIPMENT INSTALLATION

Purchase, installation and maintenance of equipment, office equipment, computer equipment, etc. shall be approved by the Accounts Officer after discussion and approval by the Managing Trustee or trustees. Staff Members and other managers shall be responsible for receiving and supervising the installation of equipment scheduled for their facility or working area, and for maintaining and protecting the equipment installed in their offices.

27. DONATED MATERIALS AND SERVICES

Donated materials and equipment shall be reflected in the Financial Statements at their

estimated values measured on the date of receipt. Volunteers donate time to the organization's Program services on an on- going basis. Other volunteers contribute time and services for Administrative or fundraising activities. Such contributed services are generally not reflected in the financial statements, since there is no objective way of assessing their value.

28. CONFIDENTIALITY AND RECORDS SECURITY

Financial records are restricted materials with limited access. Only the Accounts Officer and Accounts Department (or others so authorized) shall have access to financial records (vendor files, checks, journals, payroll, etc.).

29. REPORTING & TAX REPORTING

The Managing Trustee and Accounts Officer, with oversight of the board of Trustee follow tax reporting as per the Statutory & Government rules.

Monthly

Monthly management accounts showing income and expenditure against budget will be circulated to all budget holders and the Executive Management Team within 6 working days of the month end. Budget holders should review them and raise any issues ASAP. Things to look for include:

- Are all payments you expected to see included?
- Is there any expenditure allocated to the grant which you didn't expect to see?
- Has all anticipated income been recorded?
- Are we on track to meet the budget? I.e. are any over/underspends expected?

Quarterly

Management accounts are prepared for the Board quarterly. These must include:

- The breakdown between restricted and unrestricted funds;
- A breakdown of restricted funds by donor;
- Comparison of actual to budget income and expenditure with narrative explanations for significant movements; and
- Forecast income and expenditure for the rest of the financial year.

30. DOCUMENT RETENTION

Financial documents are retained for a period of time (10 years) as per the recommendations of the Government.

Note: If there is any conflict of this policy from the Bylaws of the organization then the Organizations Bylaws supersedes the policy document

Implemented from: 01-April-2022



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