



# Financial Management Policy



## SRU India

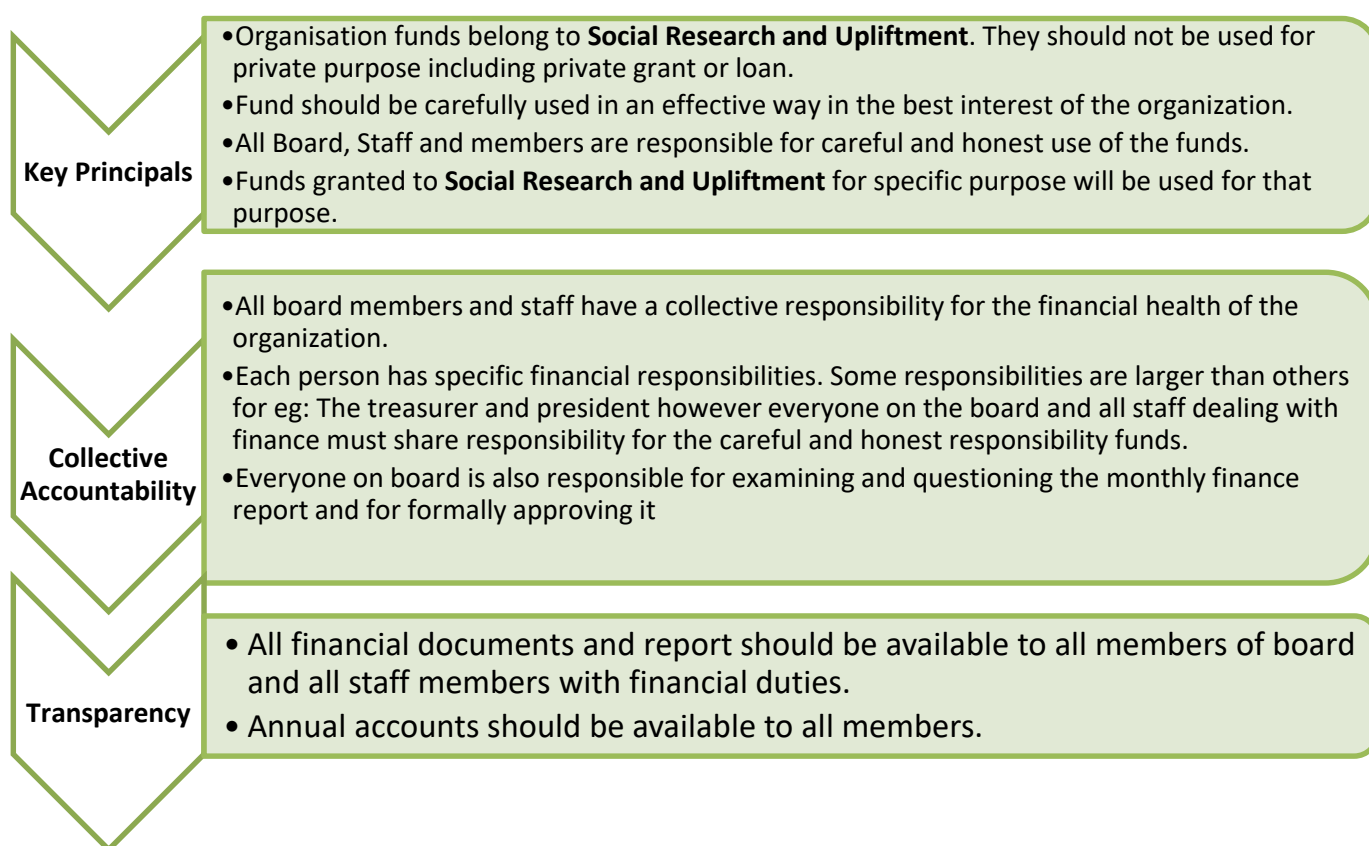
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## NEED FOR FINANCIAL OPERATIONAL MANUAL

- Financial management system (FMS) is the backbone of a vibrant and well-managed organization. Strong FMS ensures efficient and effective functioning of the organization managed by it.
- An effective FMS also facilitates transparency and accountability. It enables focused achievement of an organization's vision and mission.
- Therefore, it is important for **Social Research and Upliftment** that the policies, procedures and operational protocols of the financial management system are clearly laid down.

### The Purpose of financial Policy is to specify-

- Roles and Responsibility for every person in the organisation who has some roles in financial management or procedures.
- Financial planning and reporting that **Social Research and Upliftment** should undertake each year.
- Financial policies to be followed by every person in the organization.



**Separation of Duties:**

- This principal states that no one person covers all financial task. Where ever possible financial task are split between two or more people.
- Usually one person will do the task and another person will check the task is done correctly.
- Accounts with Banks will be jointly operated by two trustee on the board.

**Financial Planning:**

- A full organisation budget will be prepared annually.
- A budget review will be undertaken after six months.

**Petty Cash/ Cash Handling**

- Petty cash shall be used for only small expenses such as taxi, supplies, postage, etc.
- The petty cash imprest level should be decided by management before implementing the system. The petty cash replenishment should be paid each time in order to maintain the petty cash imprest level.
- Only one cash custodian will handle petty cash. Petty Cash balance should be regularly spot-checked (cash count) and verified by the principal/Director.
- All requests for petty cash replenishment must be signed by the Director/manager and the replenishment should be paid thru check issued to cash custodian with A/C Payee only.

**Cash advance:**

- Cash advance can be paid for the expense related to the activity implementation purpose only.
- Cash advance can be paid to only staff (Not vendor/ consultant) upon submission of request form approved by Director.
- The submission of expense report and original receipt to clear advance should be submitted within 7 days after the activity is completed.
- The next cash advance cannot be paid if the previous advance is not clear.

**Bank Accounts**

- **Social research and upliftment** Will hold the account.
- All income and expenditure must go through the Organisation bank accounts.
- The signatories to the bank account be the president, Treasurer and Secretary.
- Two signatories are requested on each cheque.
- No blank cheques are signed by any signatory.

**Income**

- All income is to be acknowledged by issuing an official receipt.
- All income is banked into the bank account and the bank slip should be attached with the Receipt Voucher.

- No unbanked income is used for petty cash.
- Ideally income is to be daily but must be banked weekly.

### **Expenditure**

All expenditure must relevant to the approved work plan and budget allocation.

All payments over Rs. 10,000/- are to be paid by cheque payment.

All bills should be in original, payment should not be made against a quotation, Performa bill, copy of a bill or a fixed bill to avoid the duplicate payment.

- Invoices should be issued in the name of the organization.
- Every cheque payment must have a payment voucher completed by preparer signature and verifier/ approver. The payment voucher should be running in sequential number.
- Every voucher and all supporting documents is to be verified by people with who sign the cheque.
- The certification of cheque receiver is required. The receiver can sign on copy of cheque or payment voucher.

### **Procurement**

- Any non-consumable items of expenditure/consultants contract/experts values over R 20,000/- should be purchased with three quotations.
- A consultant/expert hired for specific assignment shall enter into a contract with the organization. The contract will include a TOR, outlining the scope of work, the outputs to be delivered and the terms of payment.
- The payment should be made by cheque (A/C payee only) / fund transfer directly to the organization or consultant who engaged in the contract.

### **Reporting**

- A monthly bank reconciliation report is prepared and printed. This reconciliation is reviewed and check by CEO.
- Monthly finance reports are presented by treasure or accountant at monthly meeting.

### **Annual Accounts and Audit**

- Annual accounts are to be prepared.
- Annual accounts are to be audited.
- Annual accounts are to be presented to members at the Annual General Meetings.

### **Misuse of Funds**

- Any suspected misuse or misappropriation of funds will be investigated by Director and Principal.
- The investigation is to follow fair procedures. Once completed and the fact clearly established the Director / Principal will take appropriate action.
- For serious offences the matter will be referred to police.

Seal & Signature  
Social Research and Upliftment