



(Society for National Integration through Education and Humanising Action)

Finance Management Policy and Procedures

Principle

SNEHA financial management principles focus on ensuring accountability, transparency, and integrity to achieve its objectives. Key practices include robust stewardship of resources, risk management, consistency in policies, and aligning financial strategies with programmatic performance. These principles ensure effective, efficient, and ethical use of resources.

SNEHA's financial management integrates moral principles, human dignity, and social responsibility into financial decision-making, moving beyond maximization to ensure long-term sustainability and trust. It emphasizes the responsible use of financial resources, treating money as a means to enhance human well-being rather than an end in itself.

General Purpose

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.

Financial Responsibilities

The Governing body member's will supervise the Financial and review the adherence of the policy on the periodical basis. The committee is also responsible for changing the policies if so required for betterment of the organization.

The Board delegates this overall responsibility to the CEO & Hon' Secretary. 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 donor's agencies.
- Selection/Appointment of the external Auditor (with prior approval of the board members)
- Devising the plan of action as per the organizations Mission/Vision and long-term plans of the organization.

The Accounts officer directly reports to the CEO 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 stakeholders of the organization.

Financial Statements

SNEHA'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 society registration Act 1960.

The Accounts Officer/Accountant 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 board members.

For the management review, the Accounts Officer/Accountant shall prepare and present Monthly Financial Statements in a format approved by the CEO

The statements shall be presented to the CEO, senior management & board for review.

Audit

SNEHA will have an audit of its financial statements annually, within 4 months of the end of each the fiscal year. The audit shall be completed by a firm of Independent Certified Chartered Accountants.

The CEO and the Accounts officer/Accountant shall have direct responsibility in overseeing the implementation of the Annual Financial Audit.

The CEO and the Accounts Officer/Accountant 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 Board members, and shall be required to make a presentation to the Board.

The Accounts Officer/Accountant or the Auditor shall prepare the IT Forms and it shall be reviewed by the CEO, and the Board members before submission to the IT Department.

Revenue and Income Procedures

The CEO in conjunction with the Resource Mobilization Head & Treasurer 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.

Recording Receipts

Any Cash receipts should be recorded in the cashbook 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.

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

All the online contributions to monitored periodically and account the same in the books of accounts.

Expenditures Procedures

All expenditures shall be approved by the CEO and strictly as per the budget statement. All expenditures shall be recorded by budget line items and stakeholders requirement (if any) using the organizations Chart of Accounts.

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

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.

Signature Policy

All the payments (cheques) mandatorily requires two signatures as approved by the board. Secretary and Treasurer should have signed in the cheques & authorized for the payment.

Compensation and Payroll

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

Local Travel and Expense Re imbursements

Employees must abide by the Travel and Expense policy. 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 CEO and the Treasurer and approved through the budgeting process.

All parking and other expenditure receipts must be attached to the expense voucher as a condition for payment.

Purchasing

Any expenditure which exceeds an amount of Rs.25,000/- purchase of a single item should have Quotations from three (3) suppliers. These Quotations are reviewed by the Purchase committee comprising 3 persons appointed by CEO.

Purchase of less than Rs.25,000/- may be made at the discretion of the CEO or Treasurer.

Any purchase made by a Board member on behalf of the organization will require prior approval by the CEO.

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 Treasurer and executed with the approval of the CEO.

New leases in excess of an amount require the approval of the Board Members.

The CEO & Treasurer are 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.

Bank Accounts

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

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 Treasurer. The Statements shall be then reviewed & approved by the CEO.

All Bank Statements, Credit Card Statements, and perpetual deposits will be reconciled every month by the Accountant, and records will be kept in the Finance office.

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 an INR 10,000 petty cash fund that is replenished as needed.

The Accountant shall maintain control of, and responsibility for, payments disbursed from the Petty Cash fund; however, amounts should not exceed an amount determined by the Board members for each transaction. The total Fund should not exceed an amount determined by the Board Members.

Insurance

Reasonable and adequate coverage will be maintained to protect the organizations interests as well as the organizations employees.

Insurance Policies shall be carefully reviewed by the CEO and Accounts Officer before renewal each year.

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 Accountant 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 assets register to be maintained with the above effect and all the transactions to be recorded.

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.

Confidentiality and Records Security

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

Document Retention

Financial documents are retained for a period of time as per the recommendations of the Government.

Tax Reporting

The CEO and Treasurer, with supervision of the Board members, follow tax reporting as per the Statutory & Government rules.

Policy Review

This policy will be reviewed by the governing body of SNEHA once in two years in consultation with the persons working with SNEHA, stakeholders from communities, legal experts, and human resource development experts and will be finalized by the General Body of SNEHA.