

# Financial and Administrative Policy



## Jeevan Rekha Parishad



**Plot No. 387, Damana Square, Chandrasekharpur  
Bhubaneswar - 751016, Odisha - India**

# JEEVANREKHA PARISHAD (JRP)

## FINANCIAL POLICY OF JRP

JRP is committed to a policy of open and accountable financial management and the maintenance of sound internal control systems. All policies comply with legal and acceptable accounting requirements. JRP has a very elaborate, systematic and contextual Finance Policy. It covers every aspects like a good accounting system, accounting procedures, the structure of approving authority structure, the purchase of assets procurement, maintenance and disposal, transportation & Travel rules, rules for Advances and impress, policy regarding salary scale, payment of salary, the payroll procedures & requirements, the legal compliances, the investment policy along with the necessary format and procedure.

### 1. BUDGET

A budget will be developed for each financial year. This budget is developed by the Administrator with significant input from the Manager, Financial Consultant and the Treasurer. The budget will be presented to both the staff group and the Management Committee in draft form for discussion. The final budget will be ratified by the Management Committee before implementation. The budget is produced for each line item in each specific funding source so that the total budgeted expenditure is within the income allocated and ratified by the Management Committee. The actual income and expenditure by line item is entered by the Administrator into the financial system so that comparisons between actual and budgeted figures are calculated and the variation is identified.

### 2. BANK ACCOUNTS

There are three bank accounts operated by the JRP:

- Operational Account (cheque account). This account is the holding account for all of the organisation's operational funds from all sources.
- Community Donations Account. This account is the holding account for all donations, membership fees and self generated funds.

- Investment Account. Surplus funds from all sources are invested in this higher interest earning account.

In accord with JRP's constitutional requirements, all accounts require authorised persons registered with the bank as the account signatories. A minimum of two of signatories will be Management Committee members and two signatories will be staff (Manager and Senior Worker). The Administrator will not be a cheque signatory to ensure that all cheques are prepared by a different person to the cheque signatory. On each withdrawal it is a requirement that two signatories appear, one of which must be a Management Committee member and one of which must be a staff member. The name, type of account, bank, branch and list of signatories is presented to the Management Committee for ratification when an account is opened. Changes can only occur at the direction of the Management Committee. Monthly bank statements will be received by the Administrator at the end of each month. These statements will be used to reconcile the accounts.

### **3. MONTHLY FINANCIAL STATEMENTS**

Monthly financial reports are produced by the Administrator and the Financial Consultant and are presented to the Management Committee for approval. This report includes:

- Statement of vouchers paid
- Summary month and year to date income and expenditure report with budget variance for each funding source
- Balance sheet
- Extraordinary expenditure and other issues of concern are raised in this report

The Administrator enters the monthly budget figures per chart of accounts into the accounting computer package once the annual budget has been ratified by the Management Committee. The Administrator posts all income and expenditure to date in accordance with source documents to the various accounts throughout the month using the accounting package. At the end of each month the Administrator and Financial Consultant prepare the following reports using the accounting package:

- Tribal Balance
- General ledger detailed report

- Profit and loss statement for each funding source
- A consolidated profit and loss statement
- A balance sheet

The Administrator and Financial Consultant prepare the following reconciliation reports at the end of each month:

- Bank reconciliation statements
- Payroll reconciliation
- Profit and loss reconciliation statement
- Accounts receivable reconciliation statement

On direction of the Management Committee the Administrator will prepare any financial accountability statements required by funding bodies. These will be prepared in consultation with the Manager and the Financial Consultant. These statements will include Quarterly Income and Expenditure Statements, including details of salary expenditure, to meet accountability requirements by funding bodies. These reports will be presented at Management Committee meetings. Supporting documents will be filed with a copy of the quarterly report.

## 4. INCOME AND EXPENDITURE

### Income:

All grants paid to the JRP must be identified.

- The Management Committee has the responsibility for maintaining internal controls of all income from grants.
- The Management Committee will oversee all procedures associated with income control. The administrator, in conjunction with the Manager and the Financial Consultant, is responsible for implementing income control procedures.
- All income received is acknowledged by receipt to assist in the audit trail.
- Grant monies are directly deposited to the working cheque account unless the funding body makes other arrangements.
- All monies received are banked as soon as practicable after receipt.

### Expenditure:

- All expenditure (excluding those through the petty cash system) are authorised by the Manager in collaboration with the Administrator.

Cheques are prepared by the Administrator and authorised by the Manager.

- The Manager is authorised to approve purchase expenditure within the budget approved by the Management Committee. Expenditure on items not allocated a budget line item must be ratified by the Management Committee, and where appropriate, approval from relevant government departments must be sought. The Administrator and other staff where appropriate, should seek the most competitive price considering time costs.
- The Administrator should confirm that funds are available in the cheque account when cheques for expenditure are prepared.

## **5. PAYMENT OF GOODS AND SERVICES**

Payment of goods and services must only occur if the invoices agree with the original order and that receipt of goods has been certified. The Administrator will check that:

- The original order was correctly approved
- The invoice agrees with the original order

The Administrator will prepare cheques for signature. All cheques will be crossed “Not Negotiable” with the exception of petty cash and staff wages and reimbursements. Invoices will be attached to each prepared cheque. Each cheque must have a Cheque Payment Voucher attached to the invoice. This must be signed by the Manager before cheques are signed and it must be signed by the cheque signatories at the time of signing the cheque. The Administrator will post the expenditure to the accounting system. The Administrator will file Cheque Payment Vouchers in the Expenditure Vouchers File in order of cheque number. The Administrator will forward the cheque and any other appropriate documentation to the creditor.

## **6. Payments for Staff Salaries**

### **i. Payment Calendar**

Staff salaries are paid within seven days following the completion of the month. Individual cheques are to be issued to the employee concerned.

## **ii. Staff Payroll**

Staff payroll (salary sheet) is prepared by the Accountant as the basis of payment. The staff payroll contains information on the employees' basic salary for the month, allowances if any, deductions and net salary payable. The staff payroll is checked by the Treasurer and/or Secretary General and approved for payment by the Executive Director.

## **iii. Advance Pay**

JRP's employees may take advance payment of up to 3 months (after completion of 3 months probation), if urgently required. The advance must be returned / reimbursed before the end of that particular fiscal year.

For travel purposes, JRP employees shall be given cash advances for expenses covered on official trips. Request for cash advances is prepared by the personnel concerned, recommended by the Treasurer or General Secretary and is approved by the President. All cash advances for travel are to be liquidated within a week following the completion of the trip.

## **iv. Tax Deduction at Source**

JRP will deduct tax at source where applicable as per Government rules.

## **7. Payment for Contractual Services**

Payment for contractual services is done through cheque disbursements. The schedule of payment depends on the Terms of Reference (TOR) agreed upon by the personnel concerned and JRP. Payments are covered by a Request for Payment Form prepared by the accountant and approved by the Executive Director.

## **8. Increment:**

The employee will normally receive an annual increment on completion of every one year from the date of appointment unless it is withheld on specific grounds.

## 9. Provident Fund:

Every employee must be admitted to and must join the customary Provident Fund scheme applicable through the organization. The Provident Fund scheme should be in accordance with the State government laws.

## 10. Gratuity:

A member of the staff shall become eligible for gratuity after s/he has rendered continued service in the organization for a period of not less than 5 years on the following consideration:

- (i) His/her retirement at the recognized age of retirement,
- (ii) His/her health or disablement, physical or mental due to accident or disease which renders him/her unable to continue in service;
- (iii) His/her resignation after 5 years of continued service
- (iv) Gratuity ceases on the completion of 60 years of service;
- (v) The date of gratuity is half-month basis pay plus DA up to a maximum of Rupees one lakh fifty thousand. It is calculated in the following manner;

$(\text{Basic} + \text{DA}) / 26 \times 15 \times \text{Number of years of service.}$

## 11. Medical:

- A medical reimbursement up to Rs.10000 per annum can be claimed by a permanent staff for treatment of self and his/her dependant family members. Claims shall be made on the basis of medical prescription along with original cash memos and receipts on medicines, doctor's fees, tests, etc.
- A group Medical Insurance policy covering all permanent staff and their family members shall be considered for a specified period which will be renewable on expiry of such period.
- A list of new names/staff or family members for the group medical insurance should be included only on renewal of the scheme.
- The family, for the above purpose, includes spouse, children and dependant parents only.
- All staff members should submit the list of family members eligible for medical insurance and claims. This list should be recorded in relevant files.

## **12. Hospitality:**

Hospitality expenses incurred while hosting a guest(s) at home on official purpose by the concerned staff (Executive Director) shall be reimbursed against cash memos and receipts.

## **13. Settlement of work advance:**

- All the employees are expected to settle their work advance by 26 of every month and obtain a receipt from the Finance Department. A balance should be maintained until the receipt the next work advance.
- All requisitions shall be approved by the concerned head of department before submitting to the Finance department.
- All work advances shall be settled through the prescribed format in duplicate.
- Travel advances shall be settled within 72 hours of their reporting to office.

## **14. Assets:**

- Purchase requisition has to be filled with the signature of the Executive Director
- A purchase committee comprising of the Executive Director, Administrative head and Finance head will be formed.
- At least three quotations have to be obtained for any purchase worth Rs.10000/- above.
- Purchase order has to be completed in all areas including the approval & signature of the Executive Director.
- Cash purchase can be made up to Rs.20000/- only by the approval of the Executive Director.
- Sale of Assets (capital items) should be made only after permission of Executive Director, administrative and Finance head.
- Purchase bill must be made in the name of JRP.
- Stock Register for purchase should be maintained.
- Purchase and derequisition of assets will be done on the basis of the approved budget.

## **15. Procedures for Fund Disbursements**

- All requests for payments are to be made using the appropriate forms.



- Requests for payments are to be properly substantiated with bills/receipts and essential documents.
- Requests for payments are prepared by accountant and submitted to Executive Director for checking and approval.

## **16. Book Keeping and Recording**

### **16.1. Book Keeping**

The recording system of JRP's financial transactions allows to monitor bank balances, status of funds receipts and expenditures, and a comparative statement of budget vs. actual expenditure on a regular basis.

JRP will maintain records of fixed assets, petty cash disbursements, supplies, inventory, the use and maintenance of office equipment.

### **16.2. Accounting**

The following sets of financial reports will be prepared by JRP:

- A. Quarterly financial reports will be prepared for review by each individual project manager of JRP's specific projects as well as of its core activities. This quarterly report will be reviewed by the Board of JRP. Financial reports to donors will be submitted as prescribed in the agreement between donors and JRP.
- B. Annual Balance Sheet and Statement of Income and Expenditures will be prepared for each fiscal year.

### **16.3. Auditing**

Books of Accounts of JRP will be audited annually by an independent auditor appointed by the General Assembly. The Administrator will prepare and make ready any records and statements to be examined by the Auditor. On receipt of the Auditor's Report, the Treasurer will present the report to the Management Committee for approval. The Auditor's Report will be forwarded to relevant government departments in relation to specific funding and grants. The Auditor's Report will be presented to the next Annual General Meeting for ratification

Mr. Deepak Agarwal from RPA & Associates, Bhubaneswar is the Chartered Accountant who is auditing the Books of account of JRP.

- The books of account of JRP are Audited in both 6 monthly as well as yearly basis.
- The Audit statement includes the audit reports/management letter.

## ADMINISTRATION POLICIES OF JRP

### 1. OFFICE PROCEDURES

#### Equipment:

- The Workplace Health and Safety Policy must be followed in the use of all equipment. Staff must be appropriately trained in the use of all equipment.
- Use of equipment is restricted to work purposes. Requests for personal use of equipment are made to the Manager.
- Workers will reimburse the organisation for any costs incurred or any damage done to equipment during personal use.

#### Filing:

- The Administrator is responsible for maintaining the general filing system.
- Individual workers are responsible for maintaining their own filing cabinet.
- All filing cabinets are to be kept locked when not in use.

#### Keys:

- All employees shall have a set of keys to all doors and security doors for the premises. The keys are the responsibility of each worker. If keys are lost the Manager and Administrator must be notified immediately. If necessary, locks shall be changed and new keys issued to all workers. It is the responsibility of workers to cover the replacement cost of keys lost by them.
- The Administrator will keep a key register detailing who has received keys and when they have been returned.
- Worker's filing cabinets and the petty cash tin shall be locked when not in use and the keys shall be stored in an agreed upon location.

- Keys are not to be lent to any person other than employees and other persons approved by the Manager.
- Spare keys to the vehicles will be kept in the key cupboard in the reception area.

### **Mail:**

- The Administrator is responsible for collecting, opening and distributing mail.
- All general mail goes to the Manager first and is then circulated to other staff.
- Mail marked personal and confidential will be delivered unopened.

### **Office Cleaning:**

- All staff will ensure the cleanliness of their own personal work spaces.
- A professional cleaner will clean the office once a week.
- Workers shall take responsibility for ensuring that dirty plates, cups and cutlery are washed on a daily basis.
- Staff shall ensure that the garbage and recycling bins are placed on the footpath for emptying every week.

### **Opening Hours:**

- The office hours are Monday to Friday 10.00 am to 5.00 pm. Counseling and group work may occur outside these hours.
- The answering machine shall only be used in exceptional circumstances during working hours, for example, staff meetings, team supervision etc.

The answering machine will be cleared by the Administrator as soon as workers are available to take calls.

### **Stationary:**

- The Administrator is responsible for maintaining adequate stationary supplies. Workers shall let the Administrator know of any stationary that they require.

## **Telephones:**

- Whilst staff are able to make and receive private telephone calls, they are encouraged to be sensitive to the length and cost of these calls and the impact on JRP
- Workers needing to make private STD calls for longer than 5 minutes, shall notify the Administrator and arrange for payment upon receipt of the bill. All private international calls must be paid for and workers should discuss this with the Administrator before making the call.

## **2. VEHICLE POLICY**

### **I. Use of Organisation's Vehicles:**

JRP provides vehicles for work related use. The vehicles may be used by paid employees, volunteers, students on placements and members of the Management Committee.

Two of the vehicles are strictly for work purposes only. These vehicles may not be used for personal use under any circumstances as this is in contravention of our lease arrangement with Qfleet. Workers may garage these vehicles at their homes; this is not considered to be personal use by Qfleet. Workers are required to clearly indicate in the vehicle log book where they have used the vehicle for work purposes (and detail the nature and duration of the trip) and when it has been used for garaging. Only nominated drivers may drive these vehicles. The Coordinator must approve anyone (other than staff, students, volunteers and members of the Management Committee) who wishes to drive the vehicles.

The third vehicle is provided for the business and personal use of the Coordinator and whilst other workers may use this vehicle when it is available, the Coordinator has primary use of this vehicle. This is the only vehicle that may be used for personal use. In relation to personal use, the Coordinator may appoint any other person to drive this vehicle as long as they comply with the standard conditions (current driver's license, adhering to road rules etc).

It is the JRP's responsibility to inform workers of the fringe benefit implications of private use of work vehicles.

In order to use vehicles, workers must have a current open or provisional driver's license.

The insurance excess on the vehicle will be paid by JRP in the event of an accident. All drivers are responsible for the general care and upkeep of the vehicles. Workers who are garaging vehicles also have responsibility for cleaning the exterior and interior of the vehicles through a BP car wash / vac centre.

## **II. Use of Worker's Vehicles:**

All workers will endeavour to utilise an organisational vehicle before using their own vehicle for work purposes. Where an employee has no other option but to use their own vehicle for organisational work, the employee is to receive a vehicle allowance in accordance with Clause 30 of the SACS Award.

Where an employee is called on duty at a time other than their normal hours or on any non-working day, they shall be reimbursed fares, including taxi fare if necessary. If using their own vehicle to travel between their home and place of work they shall receive the motor vehicle allowance.

In the case of an employee being involved in an accident in their own car while in official business the Management Committee will enter into individual negotiations with the staff person in order to discuss appropriate compensation for the additional costs involved in having repairs undertaken, compensation for loss of no claim bonus, and reimbursement to the employee of travel costs to and from work during the period in which the employee is without their vehicle.

## **III. Vehicles Insurance:**

JRP vehicles are covered by insurance for all drivers either through the lease arrangement or through the JRP's vehicle insurance policy. If workers intend to use their private vehicles for work use, these vehicles must be covered by comprehensive insurance. Staff using their own vehicles for organisational work, must complete the Confirmation of Comprehensive Vehicle Insurance Form. This organisation will not accept any responsibility for costs of repairs and other associated claims on worker's vehicles that are not comprehensively insured when used for work purposes. A maximum of \$500 per staff member will be paid in the event of an accident to cover excess incurred in a claim for an accident involving a worker's personal vehicle, used for business purposes. The worker may approach the Management Committee to initiate further negotiations in the event that additional claims are sought.

### 3. ARCHIVING

All financial, legal and client files will be kept by JRP for at least 5 years. All funding submissions and agreements, Annual Reports, reports to funding bodies and management committee, management committee minutes, and a copy of all materials published by JRP will be kept indefinitely in the archives. All files that are not required to be kept shall be destroyed.

- In order to maximise space and efficiency, financial, legal and client files that are required to be kept for at least 5 years, as well as all files requiring permanent storage, shall be archived and transferred to the archive.
- Archiving is the responsibility of the Manager.
- Transfer of archived files to the archive is the responsibility of the Administrator.
- In order to ensure that archived files are easily traced, staff should ensure that:
  - All files sent to archive are sent in archive boxes;
  - An Archive Contents Form must be completed and securely taped/glued to the top of the archive box;
  - A copy of the completed Form is forwarded to administration for central filing.

### 4. INFORMATION TECHNOLOGY

- The Administrator will ensure that all computer files are automatically backed up each day.
- Workers will ensure that all computer files are saved on the network rather than specific worker's computers or the lap top or floppy discs.
- All workers will enter all appointments into their computer diary. All staff may view other worker's computer diaries but will be unable to make additions or changes to anyone else's diaries. The Administrator is the only other person authorised to make changes to a worker's computer diary.
- All workers will enter their hours worked onto a computer time sheet. This will be printed out, signed and handed to the Administrator at the end of the pay period
- A combined vehicle diary is available on the computer and this must be used for all car bookings.

## **5. ASSETS REGISTER**

An asset register recording a description of all goods owned by the service will be maintained by the Administrator. This register will include a description of the goods, the date of purchase, the cost of each item and depreciation. All capital items and equipment purchased by JRP will be recorded on this register.

## **6. EQUIPMENT POLICY**

All equipment owned by JRP must appear in the asset register. On the commencement of employment, all staff will be trained in the proper use of all organisational equipment including the photocopier, computers, fax machine, and all other office equipment.

All equipment maintenance is to be coordinated by the Administrator. Workers should under no circumstances attempt to repair damaged equipment. Any equipment faults must be reported to the Administrator who will then organise a qualified person to repair the equipment.

In the event that a piece of equipment cannot be successfully repaired, the matter will be referred to the Coordinator and then the Management Committee to decide on replacement arrangements.