

# **SISTRY FOUNDATION**

**(Social Infrastructure for Schedule Tribe & Rural Youth  
Foundation)**



## **FINANCILA POLICY**

**Our Sistry Foundation**

**Vill- Prangopalnagar, Nabadwip, Nadia**

**West Bengal, India, Pin – 741302**

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## **Introduction:**

Sistry Foundation is a non-communal, non-political and non-profit making NGO at the state level. Sistry Foundation is committed towards the all-round and sustainable development of the vulnerable and marginalized segment of the society with a prime focus on the poverty-stricken farmers and farm women, distressed women and children belonging to tribal, dalits and minority communities. Sistry Foundation mainly works for the empowerment and sustainable development of the marginal farmers and farm women and sharecroppers through sustainable and eco-friendly agriculture in backward villages in Purba Bardhaman, Nadia, Paschim Bardhaman districts in West Bengal. The main activities of the foundation include but are not limited to sustainable agricultural development through transfer of need-based, result-oriented and climate friendly agro technologies among the marginal farmers and farm women, promotion of FIG and farmers producers company, development of seed bank of improved indigenous variety of crops, agricultural marketing, promotion of organic farming among the farmers and farm women, women's rights, gender equality, livelihood promotion through skill development, environmental protection programme, disaster management and emergency relief programme.

### **1. Overall Goal:**

The *Financial Policy of SISTRY FOUNDATION* has been developed using inputs obtained from various training program, seminars and workshops with NGOs, Government organizations, National and International funding agencies, association of chartered accountant firms and best practices of financial policy and ii aims at maintaining organization in its financial management function. The Financial Policy covers the accounting system, budget, financial reporting, payments, annual financial statements and tax, TDS and GST's policies obeying the existing government rules as also rules of foreign contribution regulation act 2011. The Financial Policy defines the set of procedures on financial administration intended only to provide practical information of organization in terms of financial accountability.

### **2. CUSTODIANSHIP:**

This refers to the stewardship or safe managing and maintaining of the organization's resources. SISTRY FOUNDATION custodians hold the assets and funds in trust and must make sure that they are used in accordance with the constitution and any contractual agreements entered into.

### **3. FOCUS AREAS:**

The financial system of SISTRY FOUNDATION will be reviewed on a monthly basis, with the focus on the budget, receipts and expenditures. The Financial Manager shall be responsible for ensuring that financial control is in place while he or she shall be responsible in regard to following financial issues:

- Financial Management
- Payroll Management
- Budgets and Management Reporting
- Management reporting to Executive Director and Audit
- Cash flow management processes
- Manage processes to record & reconcile expenses and provide regular monthly reporting
- Expenditures remain within the budget
- Expenditures are only for the purposes set out in the budget
- Financial documentation, including quotations, invoices and receipts are collected and filed in an orderly manner

It is mandatory to have internal financial control mechanisms and policies in place. Internal accounting control comprises a series of procedures designed to promote and protect sound management practices, both general and financial. By following internal accounting control procedures, SISTRY FOUNDATION will significantly increase the likelihood that:

- Financial information is reliable, so that managers and the Board can depend on accurate information and can make decisions.
- Assets and records of the organization are not stolen, misused or accidentally destroyed,
- The organization's policies are followed

The Executive Director shall be responsible for overseeing the regularly implementation of policies and procedures. Due to the number of detailed requirements involved when an organization receives funding from a given donor, the Financial Manager of SISTRY FOUNDATION will be entitled to review the specific regulations, requirements and compliance factors specific to that donor. In case of foreign funding SISTRY FOUNDATION will be bound to abide by the rules and regulation of FCRA 2011 and its new amendment, if any.

**4. DURATION OF THE POLICY:**

The financial policy is effective from 1<sup>st</sup> April, 2015 and will continue unless and until it is changed or amended by the board of trustees of the organization.

**5. Accountability:**

Those who have invested not just money but also time, effort and trust in the organization, are interested to see that the resources of the organization are used effectively and for the purpose for which they were intended. Accountability is the moral or legal duty, placed upon individual, group or organization, to explain how funds, equipment or authority given by a third party has been used. Besides, SISTRY FOUNDATION will be accountable to the National and foreign donor agencies who will provide funding for any project. The organization will also be accountable to the state and central government and in particular to the income tax department, Government of India and also to FCRA section, Ministry of Home affairs, Government of India. The organization will also be accountable to beneficiaries of the project and also to general public.

**6. Transparency:**

Systems must be established whereby all financial information is recorded accurately and presented clearly, and can basically disclosed to those who have a right to request it. The financial statements should be clearly shown in the website of the organization so that anybody can go through it by searching the website. Over and above, the account system will be transparent.

**7. Consistency:**

The financial systems of SISTRY FOUNDATION should be consistent over the years so that comparisons can be made, trends analysed and transparency facilitated. This does not mean that the systems may not be refined. As per change of existing laws of Govt. Of India and State Govt. governing the NGOs and particularly as per amendment of existing FCRA rules of Ministry of Home affairs, govt of India, the financial policy of SISTRY Foundation will be revised.

**8. Honesty:** The honesty and accountability of SISTRY FOUNDATION and its board members and the individuals within it including any staff member, has to be beyond question for proper financial

management. To achieve this there must be no doubts about how funds are being utilized and the financial records must be a true reflection of reality and proper procedures are set up and followed by all staff. This rule should be applicable for the board members, general members and staff also.

**9. Documentation:** The system of maintaining financial records and documentation should observe internationally accepted accounting standards and principles. The accounting system of SISTRY FOUNDATION for maintaining financial records in accounting software tally should be able to be understood by any accountant from anywhere in the world.

**10. Financial Management:** Financial transparency is the key motto of the Organization. The finances of the Organization will be managed by 1 Finance Manager who will be assisted by 3 - 4 Accountant. The accounts will be maintained in accurate accounting standard through software tally prime. The accounts will be regularly checked by internal Auditors. Every Year the accounts will be audited by a Govt. registered Chartered Accountant. There will be also a finance committee to monitor the accounts of the Organization. The finance manager will be accountable to the finance director of the organization and the finance director will be accountable to the executive director and the executive director will be accountable to the board of trustees. The finance manager will have the power to approve payment to any vender or service provider in cheque or online bank transfer up to INR 50,000. The finance director will have the power to approve payment to any vender or service provider in cheque or online bank transfer up to INR 2,00,000. The executive director will have the power to approve payment to any vender or service provider in cheque or online bank transfer up to INR 3,00,000. For payment above INR 3,00,000 the approval of the board will be required.

The financial management system mainly includes the following topics:

- Keeping records
- Maintaining accounts in accurate accounting system as per Indian standard of audit.
- Internal control
- Budgeting
- Financial reporting
- Double entry cash book and ledger folio should be maintained in accurate accounting system.
- All the relevant vouchers for any payment to the vendors or service providers should be maintained properly and it should be entered regularly in tally software.
- Payment to any vendors or service providers should be made in cheque or through RTGS or NEFT as far as possible.
- Only very small payment below Rs. 2000 will be made in cash.
- The salaries of the staff should be given through account payee cheque or through RTGS or NEFT.

**11. Audit:**

Annual audit of accounts of the organization in general and for foreign funding in particular for FCRA audit should be conducted by an external government registered chartered accountant. The audit report should consist of Receipt and payment account, income and expenditure and balance sheet. For any funding from UN organizations and World Bank or any other relevant organizations the audit for the programs or project must be audited by an UN or World Bank or of any relevant funding agencies' empanelled auditor.

**12. Financial reporting:**

Audited statement of accounts should be sent through online to the State government, income tax department, government of India and FCRA department, government of India every year in time. Besides, audited statements of accounts for any specific project should be audited by a government registered chartered accountant and the financial statement should be sent to the funding agencies who had funded the project in time as per norms and rules mentioned in the agreement.

### 13. **Budgeting**

The budget includes all planned activities listed by type of activity. It is a financial frame work listing all activities and deliverables as stipulated in the agreement. Each line item in the budget includes the costs which may be incurred for the specific activity. Travelling costs and per diems are either provided for in a separate line item or aligned with specific activities. Fees per kilometer and per diems applicable are listed. Provision for administrative costs may include:

- Bookkeeping fees
- Audit fees
- Telephone costs
- Rental
- Stationery
- Other office costs
- Office costs may be subdivided into specific costs or may be provided for as a lumpsum for overhead costs for the total project
- If divided into specific costs, actual costs are claimed per month as they occur according to specification
- If specified as a lump sum, the total overhead provision may be transferred to a dedicated account from which running costs are paid monthly in total.

### 14. **Bank account(s)**

The general Bank account of the organizations for any national funding, CSR funding or any fund received should be a savings Bank account in any Bank, public or private as approved by Reserve Bank of India in the location in the adjacent area of the organization. As per norms of the national funding agencies or CSR funding separate bank account for different projects may be opened. For foreign funding as per FCRA rule and its new amendment the funds received from the foreign funding agencies must be received in FCRA approved bank account.

15. **Electronic transfers:** The transfer request is signed by two signatories, as has been determined. The Financial Manager authorized by Executive Director does the actual electronic transfers. The transfer documentation is signed by the signatories who approved the transaction. For each project a separate sub-account shall be opened for the specific use of the donor's approved budget and activities. Bank reconciliations shall be conducted on a monthly basis by the Financial Manager and approved by the Financial Director

### 16. **Cash in hand:**

Financial Manager should have control over cash funds, have sole access to the cash, and assume responsibility for the reconciliation of the petty cash vouchers and the remaining cash funds, if the Financial Manager is in charge of petty cash, Financial Manager is designated to supervise the petty cash operation at intervals. The handler of petty cash is responsible for the reconciliation of the petty cash funds and is liable for any shortages of cash. The key of the cash box remains with the person handling petty cash at all times. The cash in hand should not be more than Rs.20,000 at a time.

Signature:



**Executive Director**  
**Sistry Foundation**  
Prangopal Nagar, Nabadwip, Nadia

Date: 10/06/2023

