



FINANCE POLICY

VERSION – 2025

EFFECTIVE FROM 01-08-2025

APPROVED BY:

Board of trustees in its meeting on 28-07-2025

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ABI Finance Policy

1. Introduction

1.1 Purpose of the Policy

This Finance Policy serves as a comprehensive guide for managing the financial operations of Asian Bridge India (ABI). It ensures consistency, transparency, accountability, and legal compliance in all financial activities. It is meant for all staff, management, board members, auditors, and stakeholders who are directly or indirectly involved in financial operations and decision making and implementation of any activities and programs.

1.2 Scope and Applicability

This Policy is applicable to:

- All financial transactions undertaken by ABI, including institutional projects, school operations, donor-funded programs, and administrative expenses or any other expenses in the fulfilment of the aims and objectives of ABI.
- All personnel involved in budgeting, accounting, procurement, banking, payroll, reporting, management, and audit processes.
- Activities covered under Indian Trust Act, Income Tax Act (12A, 80G), and Foreign Contribution Regulation Act (FCRA) and any other applicable acts and rules for Non-Profit organizations in India.

1.3 Organization Overview (Vision, Mission, Structure)

Asian Bridge India (ABI), founded in 2009 in Varanasi, is a non-profit organization registered under the Indian Trust Act 1882. ABI is committed to empowering vulnerable and marginalized communities, including children, women, youth, Dalits, and sexual minorities. ABI's work is rooted in values of justice, equality, and dignity, as outlined in the Indian Constitution.

Vision: Our vision is to create a world where gender equality is not just an ideal, but a reality. A world where all individuals, regardless of their gender, enjoy the same rights, opportunities, and dignity, free from discrimination, prejudice, and violence.

Mission: Our mission is to advance gender equality and promote the empowerment of all individuals, with a specific focus on youth, women, and marginalized genders.

1.4 Legal Framework

ABI complies with the following Acts and statutory provisions applicable to NGOs in India:

The Indian Trusts Act, 1882: Governs the registration and functioning of ABI as a public charitable trust.

The Income-tax Act, 1961: Section 12A – Registration for exemption from income tax on charitable income and,

- Section 80G – Enables donors to claim tax deductions on donations made to ABI
- Section 10(23C)/Form 10B or 10BB – Related to filing obligations of charitable institutions

The Foreign Contribution (Regulation) Act, 2010 (FCRA): Regulates receipt and utilization of foreign contributions. ABI is registered under this Act and complies with:

- Section 11 – Permission to accept foreign contributions
- Section 17 – Maintenance of a designated FCRA bank account
- FC-4 Annual Return submission to the Ministry of Home Affairs

The Goods and Services Tax Act, 2017 (GST) (if applicable): This becomes applicable in cases where services provided attract GST or when the turnover exceeds the prescribed threshold limit. As of now, ABI does not fall under the purview of GST and is therefore not subject to its provisions and regulations.

The Indian Contract Act, 1872: Governs all legal agreements and contracts with vendors, consultants, and funders.

The Payment of Gratuity Act, 1972, and The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (if applicable): These Acts mandate statutory compliance for the benefit of employees and long-term staff. As of now, ABI does not meet the minimum threshold in terms of the number of employees required to be covered under the provisions of ESI and PF.

1.5 Core Financial Principles

- **Transparency** – Clear documentation and communication of financial decisions.
- **Accountability** – Clearly defined responsibilities for financial transactions.
- **Compliance** – Strict adherence to statutory regulations and donor requirements.
- **Equity & Justice** – Resource allocation aligned with the needs of marginalized communities.

1.6 Review and Amendment of the Policy

- This Policy will be reviewed every three years, or earlier if required due to legal changes or organizational restructuring.
- Amendments must be proposed by the Finance Committee/consultants/Internal or external auditors if any or by the president and approved by the Board of Trustees.
- All staff will be notified and trained on changes to the Policy. The amended copy of the policy shall be made available in the website, main office for the reference.

2. Governance Structure & Financial Roles

Asian Bridge India (ABI) follows a tiered financial governance model to ensure transparency, accountability, and internal control. Financial responsibilities are clearly distributed among the Board of Trustees, Finance Committee, Executive Director/Chief Functionary, Finance Officer/Accountant, and Program/Project staff.

2.1 Board of Trustees – Financial Oversight

- Approves annual organizational budgets.
- Reviews and approves audited financial statements.
- Appoints external auditors and monitors audit findings.
- Appoints internal auditors and monitor audit findings
- Approves financial policies and revisions to the finance Policy.
- Approves opening/closing of bank accounts and designation of signatories.
- Ensures compliance with the Indian Trust Act, Income Tax Act, and FCRA and any other relevant acts and rules applicable to charitable organizations in India.

2.2 Finance Committee

- Reviews quarterly/Half-yearly and annual financial reports before Board submission.
- Monitors adherence to budget and reviews major variances.
- Recommends financial policy changes to the Board.
- Assists in reviewing donor and statutory compliance.
- Reviews grant utilization, cash flow, and fund allocation.

2.3 President/Chief Functionary – Financial Powers

- Approves all the expenditures of the organization.
- Signs contracts, MoUs, and grant agreements on behalf of the organisation
- Ensures implementation of Board-approved budgets and financial policies.
- Oversees day-to-day financial operations and supervises the finance team.
- Authorizes recruitment, procurement, and any kind of disbursements.
- Ensures statutory and donor reporting compliance.

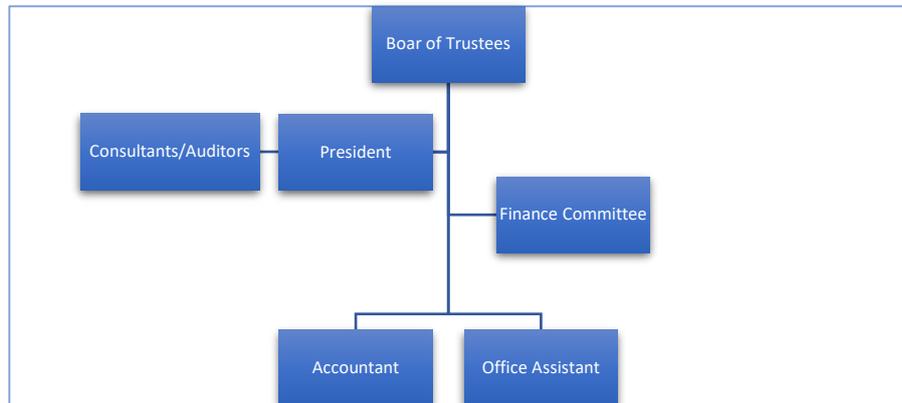
2.4 Accountants/Finance Officer – Role and Responsibility

- Maintains accurate books of accounts and financial records.
- Prepares financial reports (monthly, quarterly, annual).
- Manages payroll and ensures deduction and deposit of TDS, PF, etc.
- Conducts bank reconciliations and manages payments and receipts.
- Supports audit preparations and donor financial reporting.
- Ensures compliance with FCRA, Income Tax, and applicable financial regulations.

2.5 Program/Project Team – Financial Responsibility

- Prepares project budgets and monitors utilization.
- Submits accurate and timely expense reports with supporting documentation.
- Ensures program activities are executed within approved financial plans.
- Adheres to procurement and travel policies.
- Coordinates with the Finance Officer for fund requests and settlements.
- Participates in internal financial reviews and donor audits when required.

2.6 Financial Governance Structure



AB/ Finance Policy

3. Financial Approval Processes & Policies

To ensure transparency, accountability, and control over the use of funds, ABI maintains a well-defined approval system for all financial transactions. This section outlines who can approve what, how, and under what conditions.

3.1 Approval Matrix (Amount-wise & Role-wise)

ABI applies a role-based approval structure as follows:

Expense Limit (INR)	Authorisation level	Explanation
Up to ₹500	Project Manager / Coordinator	For day-to-day minor field-level or operational expenses.
Upto ₹ 1000	Any member of the Board	For any payments upto Rs. 1000/- can be approved by any of the board member in case of the absence of the president/chief functionary
Above ₹1000	President / Chief Functionary	Required for all expenses exceeding Rs. 1000, including program, admin, and capital costs.

Splitting of bills to bypass approval thresholds is strictly prohibited. All approvals must be properly documented through a voucher, invoice, or written approval note. While certain expenses may be initially approved by the Project Manager, Coordinator, or a delegated board member, final approval for all expenses prior to being recorded in the books of accounts must be granted by the Chief Functionary.

3.2 Emergency Financial Powers

In urgent situations (e.g., health emergencies, field crises):

- The President/Chief Functionary can approve emergency expenses up to ₹25,000 even if unbudgeted.
- Justification and supporting documents must be submitted within 5 working days.
- Board of trustees must be informed by the president in the next scheduled meeting.

3.3 Project/Donor Budget Approval Process

- **Step 1: Drafting** – Program team prepares the budget in consultation with the Finance Officer.
- **Step 2: Review** – Budget is reviewed by the President/Chief Functionary.
- **Step 3: Approval** – Final approval given by the President and shared with donor (if required).
- **Step 4: Filing** – Approved budget is filed and shared with project and finance teams for implementation.

Any mid-term revisions must follow the same steps.

3.4 Variance Reporting and Corrective Actions

- **Monthly:** Finance Officer reviews actual expenses vs. approved budget in approved format for variance analysis.
- **Quarterly:** Summary shared with the chief functionary.
- Variance above 10% must be explained by the program team/Finance officer.
- Possible corrective actions to be taken: permissible reallocation, fund hold, or budget revision (with justification).

3.5 Delegation of Financial Authority (DOFA) Policy

- Only the **Project Manager** has authority up to Rs. 500.
- Any of the available board of trustees have the authority up to Rs. 1000
- All financial approvals beyond ₹1000 are centralized with the **President/Chief Functionary**.
- Any temporary delegation (e.g., during absence) must be in writing and approved by the President or Board.
- All delegated actions must follow the same documentation and compliance rules.

3.6 Conflict of Interest and Ethical Approval Practices

- All staff and approvers must disclose any personal or financial interest in any vendor or transaction.
- Approvals involving relatives or associates are not valid without Board clearance.
- Gifts, commissions, or favors in return for financial decisions are strictly prohibited.
- An **Annual Declaration of Conflict of Interest** is required from trustees, leadership, and finance staff.
- Financial misconduct can be reported through ABI's internal grievance or whistleblower mechanism or policy.

4. Budgeting

A clear, transparent, and realistic budgeting process is essential to ensure effective use of resources and compliance with statutory and donor requirements. Budgeting at ABI is both strategic and participatory, involving program and finance teams, the management, and the Board of Trustees.

4.1 Annual Organizational Budget Preparation

ABI prepares an annual consolidated budget covering all expected income and expenditure for the financial year. This process includes:

- Estimating both core and project-specific income and expenses.
- Reviewing financial performance and trends from the previous financial year.
- Assessing the likelihood of surplus or deficit and planning accordingly.
- Prioritizing financial allocations based on the organization's strategic goals.

The annual budget includes the following components:

a) Personnel Budget

Covers salaries, benefits, and related costs. This is divided into:

- **Program staff** – directly working on projects.
- **Administrative staff** – including management, finance, and support functions.

b) Capital Budget

Covers non-recurring expenses for assets such as IT equipment, office furniture, and infrastructure. Any capital expense must be pre-approved by the President/Chief Functionary and, where required, the Board. Project funded capital expenses can be approved by the Chief Functionary

c) Program/Activity Budget

Forecasts all direct costs related to project delivery including training, awareness events, community meetings, research, and field activities.

d) Administrative Budget

Includes overheads such as rent, office supplies, utilities, communications, legal and consultancy fees, and audit costs.

4.2 Project/Program Budgeting

Every project, whether donor-funded or internally supported, must have a separate detailed budget. These budgets should:

- Be activity-based and time-bound.
- Include clear cost justifications and calculations.
- Reflect donor requirements (where applicable).
- Be aligned with ABI's financial year unless otherwise required by the donor.

Program staff, in consultation with the Finance Officer, are responsible for developing project budgets.

4.3 Donor Budget Alignment

Budgets submitted to donors must:

- Follow the prescribed format and allowable cost categories.
- Adhere to donor-specific guidelines such as cost ceilings, administrative cost limits, and reporting formats.
- Be internally reviewed and approved before submission.
- Maintain consistency with ABI's internal accounting and control systems.

Separate tracking must be ensured in cases of co-funded projects.

4.4 Budget Approval Process

Budget preparation and approval must follow the timeline below:

Stage	Due Date	Responsible	Submitted To
First draft of annual budget	10th February	Finance Officer/accountant	Finance Committee
Review by Finance Committee	15th February	Finance Committee	President/Chief Functionary
Approval by President/Chief Functionary	20th February	President/Chief Functionary	Board of Trustees
Final Board Approval	By 15th March	Board of Trustees	-

Project budgets shall only follow specific donor timelines and formats.

4.5 Budget Monitoring and Reporting

- The Finance Officer monitors expenditures against the approved budget monthly.
- A monthly budget comparison statement is prepared and shared with the President/Chief Functionary.
- **Quarterly reviews** are conducted by the Finance Committee/internal auditors to assess progress, variances, and financial risks.
- Program teams are expected to track their specific budget utilization and justify any major variations.

4.6 Budget Revisions

If program needs change significantly:

- The Finance Officer prepares a budget revision note explaining the required modifications. In-case of a project, the project manager/coordinator shall prepare the revision and pass on to the finance officer for verification.
- Revised budgets must be reviewed by the President/Chief Functionary.
- Any major changes (such as exceeding overall budget or reallocating between budget heads) for the organizations must be **approved by the Board of Trustees** and any modifications of the project/program funds should be approved by the donor.

5. Accounting Systems and Procedures

5.1 Basis of Accounting (Cash/Accrual)

Asian Bridge India (ABI) follows the **cash basis of accounting** for all financial transactions across the organization, including project-level reporting, internal accounts, and year-end financial statements.

Under the cash basis:

- **Income** is recorded **only when received** (i.e., credited to ABI's bank or cash account).
- **Expenditure** is recorded **only when actually paid** (i.e., debited from ABI's cash or bank).

Key Features of This Policy:

- No income or expense is recognized based on commitment, invoice, or sanction letter.
- Outstanding payables or receivables are **not recorded** in the books until the payment or receipt occurs.
- This method ensures simplicity and clarity, especially for donor-funded projects and community-level operations.

This approach allows ABI to maintain straightforward financial records, avoid speculative entries, and ensure full alignment between actual funds movement and recorded transactions.

5.2 Chart of Accounts Structure

- ABI uses a standardized **Chart of Accounts (COA)** to categorize all financial transactions.
- The COA includes:
 - **Income accounts** (e.g., donations, grants, program income)
 - **Expense accounts** (e.g., salaries, travel, operation & program costs)
 - **Asset accounts** (e.g., cash, bank, fixed assets)
 - **Liability accounts** (e.g., statutory dues, advances)
 - **Fund balances/reserves**

5.3 Accounting Software Used

ABI uses **Tally Prime (Licenced version)** to record and maintain accounts.

The software is:

- Password-protected with single user access.
- Regularly backed up on a cloud storage (Google drive) or external storage.

5.4 Ledger Maintenance and Posting Procedures

Daily transactions are recorded in the following books:

- **Cash book**
- **Bank book**
- **Journal and general ledger**

All entries are:

- Supported by bills, vouchers, and original documentation.
- Approved by authorized signatories before posting.
- Entries are posted to the ledgers under the correct accounting code and reviewed monthly by the internal auditor/Chief Functionary.

5.5 Periodic Financial Closing and Reconciliation (monthly, Quarterly, Yearly)

To ensure timely and accurate reporting, ABI follows a fixed financial closing schedule:

Period	Activity	Responsibility
Monthly	Bank and cash reconciliation, trial balance	Finance Officer
Quarterly	Internal financial review, budget variance report	Finance Officer/ Internal auditor/Consultants & Chief Functionary
Annually	Final accounts preparation, audit coordination	Finance Officer/ CF & Auditor

- **Bank statements** must be reconciled monthly.
- **Advance accounts** (staff/vendor) must be reviewed and cleared quarterly
- **Donor reports** must be reconciled with ledger balances before submission

5.6 Supporting Documents and Record-Keeping

- All financial transactions must be supported with original and valid documents, such as:
- Invoices or bills with GST number (if applicable)
- Vouchers (cash, bank, journal)
- Approval notes or sanction orders
- Delivery challans, receipts, and agreements, logbooks, POs, etc.

Documents must be:

- Should be Numbered, dated, and filed in sequential order.
- Should be Cross-referenced with the voucher number and ledger entry.

5.7 Retention Policy for Financial Documents

ABI follows the following retention policy in compliance with statutory norms:

Document Type	Retention Period
Books of accounts & ledgers	12 years
Audit reports & financial statements	25 years
Vouchers and bills	12 years
FCRA returns & bank statements	12 years
Contracts and agreements	12 years after expiry
Statutory filings (TDS, GST, PF)	12 years

- *Documents older than the retention period will be destroyed securely, with a record of disposal maintained and approved by the board of trustees.*
- *Soft copies (scanned) of key financial documents (such as Audited financial statements, ITRs, FCRA returns, bank Statements, etc) may be preserved beyond this period for reference and compliance history.*

6. Banking and Financial Operations

ABI maintains multiple bank accounts and follows standardized procedures for handling funds to ensure safety, transparency, and regulatory compliance. This section defines policies for managing bank accounts, fund movement, and financial instruments, including FCRA-specific requirements.

6.1 Types of Bank Accounts (General, Project, FCRA)

ABI maintains the following categories of bank accounts:

- **General Account:** For core operational and unrestricted funds.
- **Project-Specific Accounts:** For managing project-wise donor funds, ensuring clear tracking and reporting. (Maintained only if the donor demands for such accounts else will be managed with general account)
- **FCRA Accounts:**
 - **FCRA Main Account** ABI holds the FCRA designated with SBI main branch New Delhi as per the mandate of FCRA Rules.
 - **FCRA Utilization Accounts:** For utilising foreign contributions funds. ABI may open multiple bank accounts for such utilisation purpose.

All accounts are maintained in scheduled/nationalised banks as per government guidelines.

6.2 Opening and Closure of Bank Accounts

Bank accounts may be opened only with prior written approval of the **Board of Trustees**.

- Account opening requires:
 - Board resolution
 - KYC documents
 - PAN of the organization
 - DARPAN Registration
 - Registration certificates (FCRA, 12A, 80G, etc. as applicable)
- Closure of any bank account must also be authorized by the Board and documented with bank confirmation.

6.3 Authorized Bank Signatories and Mandate Process

- The **President/Chief Functionary** and the **Secretary** shall be the principal signatories on all accounts in the name of ABI.
- Additional signatories (e.g., Treasurer, any member of the board) may be authorized by Board resolution.
- Dual/Joint signatories are mandatory for all transactions
- A written mandate is filed with the bank, and any change in signatories requires formal Board approval and the same must be notified to the bank.

6.4 Fund Transfers Between Accounts (including From FCRA Main to Utilization Accounts)

- Transfers between accounts (e.g., from general to project, or FCRA main to utilization account) must be:
 - Approved by the Chief Functionary.

- Documented with transfer memo or voucher.
- Reported in monthly cash flow statements/books of accounts.
- FCRA funds can only be transferred **from the FCRA Main Account to one or more designated Utilization Accounts**, as per Rule 6 of the FCRA (Amendment) Rules, 2020.

6.5 Cash Withdrawal and Handling Policy

- Cash withdrawals are minimized and used only where digital or cheque payments are not feasible (e.g., remote field operations).
- Maximum cash withdrawal limit is ₹10,000 per transaction unless approved by the Chief Functionary for a specific reason.
- Cash must be:
 - Withdrawn by an authorized person.
 - Logged in the **cash/petty register** and supported by vouchers and receipts.
 - Counted and secured in a locked cash box; stored in a locked office.
 - The chief functionary shall be the custodian of such cash other than the sum handed over to the accountant/finance officer for the petty cash management.

6.6 Bank Reconciliation Process and Timeline

- Bank reconciliation statements are prepared **monthly** for all accounts by the Finance Officer.
- The reconciliation includes:
 - Matching of passbook entries with the books of accounts.
 - Reporting of unpresented cheques, direct credits, and charges.
- Any discrepancies must be resolved within the following month and documented in reconciliation notes.

6.7 Fixed Deposit and Investment (if applicable)

- ABI may invest surplus funds in **fixed deposits** with scheduled/nationalised banks.
- Investment decisions must be:
 - Approved by the Board of Trustees.
 - Aligned with the trust deed and not involve any speculative instruments.
- Interest income from such deposits is accounted for on a cash basis.

ABI does not engage in shares, bonds, mutual funds, or other market-linked investments.

6.8 Online Banking Access and Cybersecurity

- Online banking is allowed for:
 - Viewing account balances
 - Fund transfers (with dual authorization/Maker-Checker)
 - Statement downloads and payment tracking
- Passwords and credentials are:
 - Managed by the Chief Functionary.
 - Changed periodically and never shared to anyone

6.9 Management of Cheque Books and Instruments

- Cheque books are issued in the name of ABI and stored in a secure, locked location.
- Each cheque is entered in the cheque issue register, recording:
 - Cheque number
 - Date of issue
 - Amount
 - Payee name
- Cancelled or unused cheques must be marked and retained for audit.
- Stale cheques (older than 3 months) must be voided and reissued only with fresh approval.

6.10 FCRA Bank Account Operations and Compliance (FCRA Main and FCRA utilization Account).

- ABI maintains FCRA accounts in accordance with the **Foreign Contribution (Regulation) Act, 2010 and Amendments 2020**.
- **FCRA Main Account** (SBI, New Delhi) is the only account authorized to receive foreign contributions.
- Funds are transferred from the Main Account to **Utilization Accounts** for utilisation of funds.
- ABI ensures:
 - Monthly reporting and ledger maintenance for FCRA accounts.
 - Quarterly and annual returns (Form FC-4) filed in a timely manner.
 - Separate bank statements, books of accounts, and documentation are maintained for FCRA funds.

7. Receipts, Grants, and Income Management

This section outlines ABI's policies for managing all forms of receipts and income including donations, grants, and revenue from services in an accountable, and transparent manner.

7.1 Types of Receipts (Domestic, Foreign, In-kind)

ABI receives various types of income, classified as follows:

- **Domestic Contributions:**
 - General or project-specific donations from individuals, corporates, or foundations within India.
 - Eligible for 80G tax exemption for the donor.
- **Foreign Contributions:**
 - Funds received from international donors under the Foreign Contribution (Regulation) Act (FCRA), 2010.
 - Must be received only into the designated SBI FCRA Main Account.
- **In-Kind Contributions:**
 - Non-cash items such as educational materials, computers, food supplies, or equipment.
 - All in-kind contributions will be recorded with proper valuation and acknowledgment in the books of accounts and required documentation for the same shall be maintained.

7.2 Receipt Acknowledgment and Donation Records

- Every donation, whether in cash, cheque, bank transfer, or UPI, must be acknowledged with an **official receipt** maintained separately for FC and Domestic Inward remittance/donations
- The receipt must include:
 - Donor name and address
 - Amount received
 - Mode of payment
 - Purpose (if specified), if not specified shall be mentioned as **Donation**
 - PAN of donor (if provided)
- A **donor database** is maintained by the Finance/Admin team, recording all contributions.

7.3 FCRA Donations and Documentation

- All foreign contributions are accepted only in the **SBI FCRA Main Account, New Delhi**, as mandated under FCRA.
- Documentation required for each foreign donation includes:
 - Donor agreement, intent letter, or communication
 - Purpose and specified budget (in-case of donations, budget is not mandate, the trust can use if for the fulfilment of its objectives)
 - Donor's name, address, email, and country
- FCRA funds can be transferred only to **FCRA Utilization Accounts** for the utilisation purpose against a specific project activity.
- All FCRA donations are recorded in in the books of accounts separately maintained for FCRA Funds.
- ABI ensures compliance with Form FC-4, donor reporting, and maintenance of audit-ready documentation.

7.4 Income from Training, Consultancy, or Sale (if any)

- ABI may generate incidental income through:
 - Fees from training programs, workshops, or capacity-building sessions
 - Sale of publications, educational materials, or handicrafts
 - Consultancy services provided to partner or any other organizations

Such income is:

- Deposited into the general bank account
- Recorded under the appropriate income head
- Used to support programmatic or administrative costs
- Accounted for under “**non-grant income**” or “**Self-generated income.**”
- Tax implications (if any) shall be reviewed time to time by the internal auditors/accountants.

7.5 Program Grants and Funds management

- Grants from domestic or international donors are governed by signed **grant agreements or MoUs**, which specify:
 - Disbursement schedule
 - Budget allocations
 - Financial and narrative reporting requirements
 - Duration and permissible extensions
- All such grant receipts must be tagged to specific project accounts.
- The Finance Officer ensures:
 - Funds are used only for approved budget heads
 - Timely reporting to donors is fulfilled.
 - Carry forward and unspent fund reconciliation at year-end.
 - In-case of utilised funds at the end of the project period, ABI may seek permission from the donors to utilize the balance funds against a tentative budget approved by the donor.

7.6 Issuance of 80G Receipts and Form 10BE

- ABI is registered under **Section 80G** of the Income Tax Act, enabling donors to claim tax benefits.
- For eligible contributions:
 - A separate **80G receipt** is issued containing PAN of donor, address, amount, and acknowledgment.
 - Donors are encouraged to provide **PAN or Aadhaar** for compliance.
- As per Income Tax Rule 18AB:
 - **Form 10BD** is filed annually with the Income Tax Department, listing all qualifying donations on or before 31st May of the following FY.
 - **Form 10BE** is issued to each donor by **31st May** of the assessment year for claiming 80G deduction.

8. Payments and Expenditure Management

ABI ensures that all expenditures are made with proper authorization, documentation, and compliance with donor, statutory, and internal financial policies. This section provides policies related to vendor payments, salaries, advances, and petty cash payments.

8.1 Mode of Payments (Cheque, NEFT, UPI, Cash)

- ABI encourages **digital and traceable payments**:
 - **NEFT/RTGS/IMPS** is the preferred mode for any type of payments
 - **UPI** may be used for small-value, immediate transactions (with screenshots saved) for reimbursement
 - **Cheques** are used only in cases where digital banking is not feasible
 - **Cash** payments: Limit under FCRA Funds shall be Rs. ₹2,000 and other Funds shall be Rs. 4000/- per transaction. These cash payments shall be admissible only against a valid tax bill/invoice.
- All payments must be:
 - Approved as per the **Financial Approval Matrix**
 - Supported by valid documentation and supplementary evidences
 - Recorded in the books of accounts on the same day

8.2 Bill Verification and Documentation

- All bills/invoices must:
 - Be original, signed, and GST-compliant (where applicable)
 - Clearly mention date, vendor name, PAN, and itemized costs
 - Be checked against the Purchase Order/quotation or work order wherever applicable.
- The **Program/Project Coordinator** verifies the bill for all the transactions related to the project.
- The **Finance Officer** verifies for:
 - Calculation accuracy
 - Budget head availability
 - Tax and deduction requirements
- Bills are attached to the **payment/journal voucher** and approved by the chief functionary before disbursement.

8.3 Salary Disbursement and Consultant/Professional Payments

- **Salaries** are disbursed by the **1st to 5th of each month** via bank transfer.
- Salary sheets are prepared by the Finance Officer in consultation with the respective program heads and approved by the Chief Functionary.
- **TDS, PF, and ESI** (if applicable) are deducted and deposited as per compliance norms.
- **Consultant/Professional Fees**:
 - Paid as per signed contract/MoU
 - TDS shall be deducted under relevant IT sections (194J, 194C, etc.)
 - Consultants' payment shall be made against a valid invoice with PAN.

8.4 Reimbursements and Petty Cash

- **Reimbursements** (travel, communication, supplies):
 - Must be claimed using a reimbursement form

- Supported with original bills, approvals, and travel logs (if applicable)
- Reimbursements should be submitted within one month of the expenses.
- Payment to Processed within 7 days of submission
- **Petty Cash:**
 - Maintained by the accountant/Finance Officer
 - Limit: ₹5,000 at any point
 - Used for minor expenses like courier, stationery, local conveyance
 - Monthly reconciliation and topping-up petty cash

AB/ Finance Policy

9. Internal Controls and Risk Management

Asian Bridge India (ABI) implements internal controls and risk management measures to ensure financial integrity, prevent fraud, and promote accountability. These policies safeguard the organization's resources and reputation while ensuring compliance with regulatory requirements and donor expectations.

9.1 Segregation of Duties

ABI enforces **clear segregation of financial responsibilities** to minimize the risk of error or misuse:

- No single individual is responsible for authorizing, processing, and recording a financial transaction.
- Key roles are divided as follows:
 - **Finance Officer/Accountant:** Prepares vouchers, enters data, and maintains records.
 - **Project/Program Coordinator:** Requests advances and verifies expenditures.
 - **Chief Functionary/President:** Approves all payments
 - **Authorized Signatories:** Execute payments jointly as per bank mandate.

This separation ensures checks at each stage of the transaction flow.

Example: - Payment for Training Workshop

Scenario: ABI needs to pay ₹25,000 to a vendor for a training workshop.

1. **Project Coordinator** requests the payment with necessary documents.
2. **Finance Officer** prepares the voucher and enters it in the system.
3. **Chief Functionary** reviews and approves the payment.
4. **Authorized Signatories** jointly sign the cheque or approve online transfer.
5. After the event, **Coordinator** submits bills; **Finance** verifies and files them.

9.2 Checks and Balances for Cash and Bank

To maintain the integrity of cash and bank transactions:

- Daily **cash register** is maintained for all cash receipts and payments.
- **Cash in hand is verified weekly** and during monthly closing by the chief functionary.
- **Bank reconciliation statements** are prepared monthly and reviewed by the Chief Functionary and quarterly reviewed by the internal auditors (if appointed)
- Dual signatories are required for all bank transactions, ensuring mutual oversight.
- Surprise audits or cash verifications may be conducted by the Finance Committee/CF or external/internal auditors.

9.3 Fraud Prevention and Detection Mechanisms

ABI maintains a **zero-tolerance policy for fraud or financial irregularities**. Key controls include:

- Mandatory documentation and approvals for all transactions.

- Rotation of duties in sensitive financial areas (e.g., cash handling).
- Random internal checks and spot verifications.
- Audit trail maintained for every transaction (voucher, bill, bank entry).
- Periodic internal reviews and annual statutory audits to detect any anomalies.

If fraud is suspected, an internal inquiry is initiated and reported to the Board.

9.4 Whistleblower Policy Reference

ABI is committed to promoting transparency and ethical conduct through its **Whistleblower Policy**, which:

- Encourages staff, volunteers, or stakeholders to report financial misconduct, fraud, or ethical violations.
- Ensures confidentiality and protection from retaliation.
- Provides a direct reporting channel to the President/Chief Functionary or a designated Trustee or board of trustees.

Details of the whistleblower mechanism are included in the Human Resources and Governance Policy.

9.5 Risk Assessment and Mitigation Plan

ABI periodically conducts organizational and financial risk assessments covering:

- Dependency on single or few funding sources
- Delayed donor disbursements
- Cybersecurity and banking fraud
- Loss of documentation or data
- Regulatory non-compliance (e.g., FCRA, Income Tax)

For each identified risk, mitigation measures are documented, such as:

- Backup funding strategy
- Document digitization and cloud storage
- Staff training on compliance
- Insurance for key assets

9.6 Incident Reporting Protocol

Any financial or operational irregularity must be reported immediately, following these steps:

- **Verbal or written report** to the Chief Functionary or designated authority.
- A written **incident report form** is submitted within 2 working days.
- The matter is reviewed by the internal investigation team or Finance Committee.
- Based on findings, appropriate action is taken (disciplinary, legal, or corrective).
- All such incidents are recorded and reviewed annually for systemic improvements.

10. Financial Reporting

Asian Bridge India (ABI) is committed to maintaining a transparent and timely financial reporting system to support effective decision-making, donor accountability, and regulatory compliance. Reports are generated at regular intervals for various stakeholders including management, the board, auditors, and funding partners.

10.1 Internal Financial Reports (Monthly, Quarterly)

ABI prepares periodic internal financial reports to track financial health and project fund utilization.

- **Monthly Reports** (prepared by the Finance Officer):
 - Cash and bank balance summary
 - Budget vs. actual expenditure (project-wise and department-wise)
 - Reconciliation status reports
 - Fund position report (domestic & FCRA)
- **Quarterly Reports:**
 - Cumulative expense and income reports
 - Status of advance settlements
 - Financial risks and corrective action summaries

These reports are reviewed by the Executive Director/Chief Functionary and discussed in Finance Committee meetings.

10.2 Project/Donor Reporting and Compliance

Each donor-funded project has defined financial reporting requirements based on the grant agreement. ABI ensures:

- Submission of periodic financial statements, along with programmatic updates as per the donor requirement/agreement.
- Tracking of project expenses by budget line item through budget comparison statement.
- Supporting documents, vouchers, and receipts are properly archived for audit and donor review.
- Reports follow donor-prescribed formats (if any) or ABI's standardized reporting templates for project financial reports.
- Financial reports are reviewed and signed off by the Chief Functionary before submission.

10.3 Board-Level Financial Reporting

- The Board of Trustees receives a summary financial report at least twice a year, including:
 - Statement of receipts and payments
 - Major donor/project financial updates
 - Budget utilization and forecasts
 - Audit status and compliance updates
- The annual budget and year-end audited financial statements are submitted for formal Board review and approval.

10.4 Annual Financial Statements

At the end of each financial year, ABI prepares and finalizes the following:

- Receipt & Payment Account
- Income & Expenditure Statement

- Balance Sheet
- Schedules and Notes to Accounts
- FCRA Financial Statements (as applicable under FCRA)

These are:

- Prepared as per Indian Trust Act requirements and Accounting Standards applicable to NGOs.
- Audited by a Chartered Accountant.
- Approved by the Board before submission to statutory bodies and donors.

10.5 Public Disclosure and Transparency (Website, etc.)

ABI is committed to public transparency. The following documents are disclosed on the official website and available upon request:

- Audited financial statements
- FCRA returns (Form FC-4)
- 80G and 12A certificates
- List of Major project donors and funding partners
- Annual reports with financial highlights
- List of individual donors and supporters

ABI may also voluntarily disclose Form 10B/10BB and CSR compliance reports for greater accountability.

11. Payroll and HR Finance

ABI ensures fair, timely, and compliant disbursement of staff salaries, professional fees, and associated benefits. Payroll practices are governed by internal HR policies, employment laws, and donor budget guidelines.

11.1 Payroll Processing

- Payroll is processed **monthly** by the Finance Officer in coordination with the HR/Admin/Program team.
- Salary structure includes:
 - Basic pay
 - Allowances (HRA, travel, communication, etc.)
 - Deductions (PF, TDS, advances)
- Salary sheets are prepared and verified by the accountant, checked by program heads, and approved by the Chief Functionary before disbursement.

11.2 Salary Disbursement Policy

- Salaries are disbursed via **bank transfer** between the **1st and 5th** of each month.
- Salary slips are generated and shared with staff.
- Delays in payment (if any) must be communicated to staff.
- Salary changes (increments, promotions) must be supported by written approvals and reflected in the staff file/pay roll register.

11.3 Statutory Deductions (PF, TDS, etc.)

ABI is committed to complying with all statutory labour and income tax regulations as applicable to nonprofit organizations employing staff. Deductions are made accurately, deposited within the prescribed timeline, and reported to the concerned authorities.

Provident Fund (PF)

- Applicable if there are more than 20 employees in the organization. If the salary is more than Rs. **15,000** (voluntarily opted in by both employer and employee not to go with the PF deductions).
- Governed by the **Employees' Provident Funds and Miscellaneous Provisions Act, 1952**.
- Contributions:
 - **Employee:** 12% of basic salary
 - **Employer:** 12% (with part going to Employees' Pension Scheme)
- Deposits must be made **on or before the 15th of the following month** via the EPFO portal.
- Monthly returns are filed via ECR (Electronic Challan cum Return).

Employees' State Insurance (ESI)

- Applicable where:
 - The organization employs **10 or more employees**, and
 - The employee earns **gross wages of ₹21,000 or less per month**.
- Governed by the **Employees' State Insurance Act, 1948**.
- Contributions:
 - **Employee:** 0.75% of gross wages
 - **Employer:** 3.25% of gross wages

- Contributions are submitted **monthly** via the ESIC portal, and compliance includes periodic inspection and issuing of ESI numbers to covered staff.

Tax Deducted at Source (TDS) – Salary & Professional

- **For Salaried Employees:**
 - TDS is deducted under **Section 192** of the Income Tax Act based on income tax slab rates applicable to the individual.
 - PAN must be collected from every employee.
 - Deposits are made **monthly** and return (Form 24Q) is filed **quarterly** through the TRACES portal.
 - **Form 16** is issued annually before 15th June.
- **For Consultants and Professionals:**
 - TDS is deducted under **Section 194J** or **Section 194C**, depending on the nature of the contract.
 - Deduction rate generally: **10% (with PAN)**, 20% (without PAN). 1% for individuals and 2 % of firms (in case of under section 194C)
 - Invoices from the consultants/contractors must include PAN and payment details for compliance.

11.4 Consultant vs. Employee Payments

- **Employees:**
 - Are on payroll and entitled to benefits, leaves, and statutory deductions.
 - Salary processed monthly with tax deducted under **Section 192** of the IT Act.
- **Consultants/Professionals:**
 - Engaged for fixed-term assignments via **contract/MoU**.
 - Paid against invoices with **TDS deducted under Section 194J or 194C**.
 - Not entitled to employee benefits like PF or regular leave.

11.5 Reimbursements & Allowances

- Staff may claim eligible reimbursements for:
 - Travel
 - Communication
 - Workshop participation
 - Project-related purchases (with prior approval)
- Claims must be submitted using a **reimbursement form**, supported by bills and within **15 days** of expense.
- Allowances (e.g., mobile/internet) are disbursed monthly as per employment terms and are generally taxable unless supported with bills.

11.6 Leave Encashment, Gratuity, and Final Settlements

- **No Leave Encashment Policy:**
 - ABI does **not provide leave encashment** at the time of separation.
 - All unused or accumulated leave lapses upon exit, as per ABI's HR and finance policy.
- **Gratuity:**
 - As a nonprofit trust, ABI recognizes the statutory requirements under the Payment of Gratuity Act, 1972 and the Code on Social Security, 2020. Accordingly, ABI will comply with all gratuity provisions applicable to

establishments employing 10 or more persons, including the payment of gratuity to eligible employees in line with defined thresholds and service conditions.

- The Admin and Finance teams prepare the **final settlement sheet** within **15–30 days of the employee's exit**.

The employee must:

- Complete handover
 - Submit any pending bills
 - Return organization property (if any)
 - Sign a **No Dues Certificate**
- Final payment is processed only after these formalities are completed and approved by the Chief Functionary.

AB/ Finance Policy

12. Asset and Inventory Management

Asian Bridge India (ABI) is committed to maintaining accurate records and control of all fixed assets and inventory items. This includes acquisition, usage, verification, and disposal processes, in compliance with donor guidelines and accounting standards.

12.1 Fixed Asset Register Maintenance

- ABI shall maintain a **Fixed Asset Register (FAR)** listing all capital items owned or acquired.
- The register will include:
 - Date of purchase
 - Description of the assets
 - Location of the assets
 - Vendor name and invoice reference
 - Asset ID/ Reference Code
 - Cost of acquisition
 - Funding source (if project-linked)
 - Depreciation rate and method
- The FAR shall be updated regularly by the **Finance Officer** and verified during internal/statutory audits.
- If the fixed asset register is maintained digitally, it shall be printed at the end of each financial year, signed by the Chief Functionary, and properly recorded.

12.2 Capitalization and Depreciation Policy

- **Capitalization Threshold:** Any item with a purchase value of **₹5,000 or more** and a useful life beyond one year is treated as a capital/fixed asset.
- Assets are capitalized in the year of purchase, and depreciation is charged annually.
- **Depreciation** is applied using the **Written Down Value (WDV)** method or as prescribed by the Income Tax Act.
- Depreciation is recorded for accounting purposes only not for fund management.

12.3 Procurement and Disposal of Assets

- All capital procurements follow the **Procurement Policy**, including quotation collection, approval, and documentation.
- Disposal of assets is permitted only when:
 - The item is no longer usable or economically repairable
 - Donor approval (if required) is obtained before disposal
- A **Disposal Committee** may be formed to assess and recommend disposal, which must be approved by the Chief Functionary. The purchase committee also shall play the role of disposal committee.
- Disposal may be by sale, donation, or write-off and must be recorded in the FAR.
- The process involved in the disposal of the assets should be recorded in the disposal committee meeting register.

12.4 Asset Tagging and Physical Verification

- All fixed assets are labelled/tagged with a unique asset tag/ID that corresponds to the FAR.

- Annual physical verification of assets is carried out by an internal committee/accountant/admin in charge.
- Any discrepancy (missing, damaged, relocated) must be reported, investigated, and adjusted after proper authorization.
- Verification reports are reviewed by the Chief Functionary and retained for audit.

12.5 Inventory Management (Consumables, Equipment)

- ABI maintains stock registers for:
 - Office and program supplies including stationery.
 - Educational materials
 - Medicines (if applicable)
 - Small equipment for the office use.
- Inventory records are:
 - Updated at the time of purchase and issue
 - Maintained separately for project and administrative use if so required.
- Monthly stock reconciliation is done by the admin or accountant and verified quarterly by the chief functionary or any other delegated person.

13. Audit and Compliance

ABI ensures systematic audit mechanisms to uphold transparency, legal compliance, and donor accountability. Regular audits help identify gaps, strengthen systems, and provide confidence to stakeholders about the integrity of ABI's financial practices.

13.1 Internal Audit Framework

- **The internal auditor** may be:
 - A Chartered Accountant (CA), or
 - A qualified finance and administration professional with relevant experience in nonprofit organization's management and compliance.
- Internal audit scope includes:
 - Review of books of accounts and voucher sampling
 - Expense verifications and approval process
 - Compliance with internal policies and donor requirements
 - Budget monitoring and fund utilization
 - Governance management and compliance requirements
 - Review of payroll, procurement, and statutory filings
 - Internal audit frequency: **Quarterly or biannual**, depending on the size and funding activity of ABI.
 - Reports are submitted to the Chief Functionary, and major concerns are escalated to the Board of Trustees by the CF for review and corrective actions.

13.2 Statutory Audit Process and Schedule

- ABI undergoes a **statutory audit annually**, as required under:
 - The Indian Trusts Act, 1882
 - Income Tax Act, 1961 (for 12A/80G compliance)
 - FCRA, 2010
- The audit includes:
 - Review of books of accounts
 - Physical verification of assets
 - Examination of supporting documentation
 - Assessment of compliance with applicable laws
 - The statutory audit is completed **within 5 months** of financial year-end, and the audited financials are approved by the Board of Trustees in its annual general meeting.

13.3 Donor Audit Process & Coordination

- Project-specific internal audits may be conducted by funding agencies with proper advanced notice by the donor.
- In case of a surprise visit by donor agencies, if the responsible personnel are available at the office, they shall coordinate and provide necessary assistance to conduct the audit. If not, a suitable time shall be proposed to the donor for conducting the audit or review
- The Finance Officer will coordinate:
 - Preparation of financial and narrative reports
 - Sharing of invoices, vouchers, and bank statements
 - Site visits and staff interaction (if requested)

- ABI will comply with all donor-prescribed formats and timelines.
- Post-audit observations & clarifications must be addressed promptly and filed for records.

13.4 Audit Observations – Action Plan and Monitoring

- All audit observations (statutory, donor, or internal) are reviewed by the chief functionary and board of trustees.
- The **Finance Officer and Chief Functionary** prepare a written **Corrective Action Plan (CAP)**.
- Key points are monitored regularly and updates presented to the Board, especially where:
 - Financial irregularities are identified
 - Statutory lapses are observed
 - Policy or system improvements are required

13.5 Filing of Form 10B/10BB under Income Tax

- As a registered NGO under **Section 12A/80G**, ABI is required to:
 - File **Form 10B** (if total income exceeds the threshold for audit) or
 - **Form 10BB** (for institutions under Section 10(23C)) as applicable
- These forms:
 - Must be digitally signed by the auditor
 - Filed **electronically before the due date** (usually September 30 following the end of the financial year)
 - This filing is mandatory to retain tax exemption and donor credibility.

14 Donor and Grant Management

ABI receives financial support from institutional donors, foundations, government schemes, CSR contributors, and individuals. Effective grant management ensures compliance with agreements, transparency in fund use, and timely reporting.

14.1 Grant Agreements and Compliance Review

- All incoming grants must be formalized through a **written agreement or Memorandum of Understanding (MoU)**, signed by the Chief Functionary and/or Trustees.
- Each grant agreement is reviewed for:
 - Budget commitments
 - Financial reporting formats and timelines
 - Eligible and ineligible cost categories
 - Compliance clauses (audit, documentation, branding, etc.)
- The Finance Officer, in consultation with the program lead, ensures compliance with financial terms from the beginning of the project.
- The Finance Department shall maintain a separate file for each project grant, containing (but not limited to) the following information:

14.2 Budget Integration and Line-Item Controls

- Approved donor budgets are **integrated into ABI's internal budgeting system** for tracking.
- Each budget line (e.g., salaries, travel, training) is mapped and coded in the accounting software.
- **Line-item controls** are implemented to:
 - Prevent overspending
 - Identify unspent balances
 - Ensure expenses are charged to appropriate heads
- Budget revisions (if required) are submitted for donor approval, and documented in writing.

14.3 Fund Release Requests and Reconciliations

- ABI submits **fund utilization reports (FURs)** and **advance requests** as per donor schedules (monthly, quarterly, or milestone-based) as per the agreement.
- Fund release requests are prepared by the Finance Officer with:
 - Summary of previous expenditures
 - Supporting documentation
 - Forecast for the next period (if required)
 - For pre-approved multi-annual projects, submission of separate fund requests is not required.
 - Fund transfers are tracked, and balances reconciled in the accounts regularly.
- **Bank interest (if earned)** is accounted for as per donor policy and reported accordingly.

14.4 Grant Monitoring and Mid-Term Reviews

- Internal reviews of grant expenditures and deliverables are conducted:
 - Monthly for short term projects
 - Mid-term or quarterly for longer-term projects
- Finance and program teams jointly assess:

- Actual vs. planned budget usage
- Variance analysis and justifications
- Red flags like underspending, fund delays, or policy deviations
- Reviews are shared internally and, where required, with donors.

14.5 Grant Closure and Final Financial Statements

- On grant completion, ABI prepares:
 - Final **expenditure statement** and **utilization certificate**
 - Narrative program report (coordinated by program team)
 - Supporting documents archive for donor audit or verification (on demand)
- Grant closure checklist includes:
 - Unspent fund refund (if applicable)
 - Fixed asset handover/use confirmation
 - Donor acknowledgment and closure communication
 - **Audit and financial sign-off** is mandatory before formal closure.

14.6 Cost Allocation Methods (Shared Costs, Admin Costs)

- Shared operational costs (e.g., admin staff, accountant, rent, internet) are allocated to donor projects using:
 - Percentage-based cost sharing, or
 - Actual usage-based cost allocation, supported by time sheets or usage logs
- Donor policies on indirect costs or admin overheads (e.g., 5% or 10%) are strictly followed.
- Common cost pools shall be maintained transparently and reviewed periodically.

15. Procurement Policy

15.1 Purpose

The purpose of this policy is to establish standardized procedures for procuring goods and services that ensure value for money, timely delivery, quality standards, and compliance with statutory and donor requirements.

15.2. Applicability

- This policy applies to all departments and units of ABI engaged in procurement activities.
- Any exceptions must receive prior written authorization from the Chief Functionary.
- The policy becomes effective from the date it is formally approved by the Board of Trustees.

15.3. Core Principles

- **Fairness:** All vendors are given equal opportunity to participate in procurement.
- **Transparency:** Procurement activities must be documented and open to audit.
- **Responsibility:** Individuals involved in procurement are accountable for their roles.
- **Efficiency:** Procurement should support timely and effective implementation of programs.

15.4. Procurement Workflow

a) Need Identification

- Department heads or project leads will assess and initiate procurement needs based on planned activities and budget availability.

b) Requisition Submission

- A formal requisition must be submitted to the Finance Department for purchases exceeding ₹10,000 at least **7 working days** in advance.
- Where applicable, the requisition must be accompanied by price quotations.

c) Quotation Guidelines

Purchase Value (INR)	Minimum Quotations Required
Below ₹10,000	One quotation (verbal or written)
₹10,001 – ₹24,999	Two written quotations
₹25,000 and above	Three written quotations

In cases where the supplier is a sole source or manufacturer, the quotation requirements may be waived with written justification.

15.5 Evaluation & Approval

- A comparative statement (quotation/Bid analysis) shall be prepared by the accountant and reviewed by the Procurement Committee.
- Final approval is to be obtained from the Chief Functionary before issuing any Purchase Order.

15.6 Purchase Order & Receipt

- For purchases above ₹25,000, the Finance Department shall issue a formal Purchase Order post-approval.
- Upon delivery, the receiving team must verify the goods and submit supporting documents (invoice, delivery note) for verification and accounting.

15.7. Special Procurement Conditions

5.1 Sole Source Procurement

- If goods or services are available only from a single supplier, a sole source procurement may be carried out.
- This must be supported by a **written justification** and approved by the Chief Functionary.

5.2 Emergency Procurement

- In urgent situations where regular procedures cannot be followed, **pre-approval** must be obtained from the authorized official via email communication.
- **Post-written approval** from the Chief Functionary is to be obtained within **one month** of the transaction.

15.7 Procurement Committee

- A Procurement Committee shall be constituted by the Chief Functionary/board of trustees, consisting of representatives from Finance, Program, and Administration departments
- The committee will evaluate quotations, ensure compliance, and make procurement recommendations.
- The committee shall be led by a **Procurement Manager** (if designated), or by the **Accountant/Office In-Charge**.

15.8 Record Keeping

All procurement documentation must be filed and maintained for a minimum of **12 years** and must include:

- Requisition Forms
- Quotations
- Comparative Statement
- Purchase Order
- Delivery Note & Invoice
- Approval Notes
- Payment Vouchers

15.9 Vendor ship and Vendor Management

- **Vendor Registration:** ABI shall maintain a list of pre-approved vendors. New vendors must be registered after due verification of credentials, GST registration (if applicable), PAN, and past performance. Every regular vendor should be through a vendors-hip registration form.
- **Due Diligence:** Vendors will be assessed based on quality, reliability, cost-effectiveness, and ethical practices before inclusion.
- **Performance Review:** Vendor performance shall be reviewed periodically based on delivery timelines, service quality, and compliance. Poor-performing vendors may be delisted.
- **Blacklisting:** Vendors involved in unethical practices, fraud, or repeated non-performance may be blacklisted with approval from the Chief Functionary.
- **Conflict of Interest:** Employees (*financial and program heads, chief functionary*) must disclose any personal or financial interest in vendor relationships to ensure integrity in procurement.

16. Advance and Settlement Policy

This policy governs the process of requesting, disbursing, utilizing, and settling advances given to staff, volunteers, or vendors for official program or operational purposes. It aims to ensure transparency, proper fund utilization, and timely reconciliation.

16.1 Applicability

- Applies to all advances issued for project activities, travel, events, fieldwork, and procurement.
- Covers advances to staff, project partners, vendors, or service providers.

16.2 Types of Advances

- **Travel Advance:** For official travel, training, or field visits.
- **Activity Advance:** For implementing planned program activities (e.g., community events, trainings).
- **Procurement Advance:** For purchase of goods or services where direct payment is not feasible.
- **Vendor/contractor Advance:** Where advance payment terms are agreed upon in writing.

16.3 Procedure for Requesting Advance

- Submit an **Advance Request Form** to the Finance Department at least **3–5 working days** before the requirement.
- The request must include:
 - Purpose of the advance
 - Estimated budget
 - Date of requirement
 - Supporting documents (e.g., activity plan or travel schedule)
- Must be approved by the **Project Coordinator** and the **Chief Functionary**.

16.4 Disbursement of Advance

- Approved advances will be disbursed by the Finance Department through bank transfer or cash, as per the organization's limits and policies.
- All advances must be entered in the **Advance Register/ledger** with acknowledgment of receipt.

16.5 Settlement Timeline

- Advances must be settled within **7 working days** of completion of the activity or travel.
- In exceptional cases, with written approval, this may be extended to **15 working days**.

16.6 Settlement Process

- Submit an **Advance Settlement/bill submission Form** with:
 - Original bills and supporting documents
 - Detailed expense statement
 - Unspent amount (if any)
- Finance will verify and match the expenses against the advance.
- If actual expenses exceed the advance, reimbursement will be made upon approval.
- All advances must be settled before the financial year (Mandatory for FCRA funds). In-case of domestic funds, un-settled advances and payables shall be carried forward to the next financial year.

16.7 Non-Compliance and Recovery

- If settlement is delayed without valid reason, no further advance will be issued until pending settlements are cleared.
- Unsettled or misused advances may be recovered from salary or legal means with approval from the Chief Functionary.

16.8 Monitoring and Audit

- The Finance Department will monitor all outstanding advances and submit monthly reports to the management.
- All advance records are subject to internal and external audit

ABI Finance Policy

17. Statutory and Legal Compliance

ABI is committed to adhering to all applicable statutory and regulatory frameworks as a registered nonprofit organization under the Indian Trust Act, 1882, with tax exemption under Sections 12A and 80G of the Income Tax Act, 1961, and registration under the Foreign Contribution Regulation Act (FCRA), 2010.

17.1 TDS Deduction and Return Filing

- ABI shall deduct **Tax Deducted at Source (TDS)** on:
 - Salaries (u/s 192)
 - Professional/consultant payments (u/s 194J)
 - Contractors/suppliers (u/s 194C)
- TDS payments are deposited **monthly**, before the 7th of the following month.
- **TDS returns (Form 24Q/26Q)** are filed **quarterly** through the TRACES portal on or before 30th of the flowing month after the quarter.
- **Form 16/16A** is issued annually to staff and vendors, as applicable.

17.2 Income Tax Returns (ITR-7)

- ABI files **Income Tax Return in Form ITR-7**, applicable to charitable trusts.
- The return includes:
 - Income & expenditure statement
 - Balance sheet
 - Schedules of donations, exempt income, etc.
- **Form 10B (audit report)** is filed by the Chartered Accountant before filing ITR.
- Returns are filed **electronically** before the due date (generally **31st October** of the assessment year).

17.3 FCRA Reporting

ABI receives foreign contributions, it shall comply with the **FCRA, 2010**:

- **Annual Return – Form FC-4** must be filed online by **31st December** following the end of the financial year.
- Quarterly disclosure of foreign contributions on the website is mandatory.
- Utilization from FCRA bank account must be tracked separately in the **FCRA Utilization Account**.
- Any change in key functionaries, bank account, address, etc., must be **intimated online in Form FC-6**. (relevant sections)

17.4 PF, ESI, and Professional Tax Compliance

- **PF and ESI contributions** are deducted from eligible employees and deposited monthly as per the respective Acts.
- Returns for PF and ESI are filed on their respective portals:
 - EPFO Unified Portal (ECR Upload)
 - ESIC Portal (monthly returns and compliance)
- **Professional Tax (PT)** is applicable in some states but **not in Uttar Pradesh**.

17.5 Maintenance of Statutory Registers

ABI maintains updated statutory registers and files, including:

- Register of donations (for 80G issuance) (Policy or computerised)
- Fixed Asset Register (Policy or computerised)

- Attendance and salary registers
- Audit reports and compliance files
- Register/file of the finance committee
- Register/file of the Procurement committee/disposal committee

All registers are updated periodically and retained for **at least 12 years**, or as per donor/statutory audit requirements.

ABI Finance Policy

18. Financial Ethics and Code of Conduct

ABI upholds the highest standards of integrity, transparency, and ethical conduct in all financial dealings. All staff, board members, volunteers, and consultants are expected to follow the principles of honesty, accountability, and legality in financial management.

18.1 Code of Conduct in Financial Dealings

All financial transactions must:

- Be authorized and properly documented
- Follow approved procurement and approval procedures
- Serve the best interest of the organization and its beneficiaries
- Individuals involved in financial operations must act with professionalism, avoid favoritism, and refrain from using organizational funds for personal benefit.
- Misrepresentation or manipulation of financial records is strictly prohibited.

18.2 Confidentiality of Financial Information

- Financial data including salaries, donor budgets, grant agreements, and internal reports must be kept confidential.
- Access is limited to authorized personnel on a need-to-know basis.
- Unauthorized sharing of financial data (internally or externally) without approval from the Chief Functionary will lead to disciplinary action.

18.3 Anti-Corruption and Anti-Bribery Guidelines

- ABI maintains a **zero-tolerance policy** for:
 - Bribery
 - Kickbacks
 - Unauthorized commissions
 - Favouritism in vendor selection or payments
- All staff are prohibited from accepting gifts, Favours, or personal benefits from vendors, donors, or beneficiaries that may influence decision-making.
- Suspected violations must be reported immediately to the Chief Functionary or board of trustees

18.4 Declaration of Conflict of Interest

- Any individual involved in financial decision-making must declare **any actual or potential conflict of interest**, especially if:
 - Related to vendors or grantees
 - Personally, benefiting from a transaction or contract
- A Conflict-of-Interest Declaration Form shall be filled annually by all Board members and key personnel.
- If a conflict is identified, the individual must recuse themselves from related decision-making.

18.5 Sanctions for Financial Misconduct

- Financial misconduct includes:
 - Fraud
 - Misappropriation
 - Misuse of funds

- Unauthorized payments
- Tampering with financial records
- Sanctions may include:
 - Immediate suspension
 - Termination of contract/employment
 - Legal action, including reporting to law enforcement
 - Recovery of misused funds
 - All incidents will be documented and investigated with full confidentiality.

ABI Finance Policy

19: Financial Management of ABI School (Educational Unit)

The Varanasi Ashram School functions as an educational initiative for the poor children under the governance of Asian Bridge India (ABI) and operates within the financial and administrative framework established by the parent organization. The school's financial management is guided by ABI's overarching finance Policy, with certain customizations for educational operations.

19.1 Structure and Administrative Control

- The Varanasi Ashram School is fully owned and managed by ABI and its Trustees, with operational leadership provided to the School Administrator/in-charge.
- Financial decisions follow ABI's delegation of authority policy. Day-to-day financial oversight is handled by the school administrator and Principal (if any), in coordination with the Finance Officer/CF at ABI.

19.2 School Budgeting

- The annual school budget is prepared before the start of each year by the School Administrator and reviewed by the ABI Finance Officer and approved by the board of trustees.
- The budget includes:
 - Honorarium, teaching aids, co-curricular activities
 - Maintenance and infrastructure needs
 - Fee income forecast and anticipated grants/sponsorships
- Fee structures are proposed by the school and approved by the Chief Functionary/Board of Trustees.
- Budget preparation and monitoring follow Section 4: Budgeting of the ABI Finance Policy.

19.3 Sources of Income

- Primary sources of income include:
 - Student fees (tuition, transport, meals, etc.)
 - Grants from government or donors
 - Scholarships/Sponsorships (domestic and foreign)
 - CSR funds and infrastructure donations
- All income is recorded as per Section 7: Receipts, Grants, and Income Management of the ABI policy.

19.4 Fee Collection and Receipts

- Fee collection is carried out monthly or quarterly, using both online (UPI/NEFT) and offline (cash/cheque) methods.
- Receipts are issued promptly, and reconciliation is done monthly.
- Policies regarding late fee penalties, concessions, and scholarships are proposed by the school and approved by the ABI Chief Functionary.

19.5 Expenditures

Expenditure heads include:

- Honorarium and benefits
- Academic materials, co-curricular supplies

- Utilities, meals, and transport
- Events and celebrations
- Infrastructure development and maintenance
- Purchase of assets
- All expenses must follow ABI's approval matrix and documentation standards outlined in Sections 3 and 8 of the Finance Policy.
- 18.6 Payroll and HR
- Teachers and staff are paid as per ABI's HR and payroll policies (see Section 15: Payroll and HR Finance).
- Leave policy, deductions, PF/ESI, and contractual terms are consistent with ABI-wide regulations.

19.6 Assets and Inventory

- All school assets (furniture, electronics, library, lab, etc.) are entered into ABI's Fixed Asset Register (refer to Section 14: Asset and Inventory Management).
- Inventory of uniforms, books, and consumables is tracked by the school and reviewed quarterly by the finance officer of ABI.

19.7 Reporting and Audit

- The School Administrator submits monthly income and expense statements to ABI's Finance Officer.
- Annual accounts are consolidated into ABI's statutory audit.
- Project or donor-specific audits are supported by the school as required (see Section 12: Audit and Compliance).

19.8 Compliance and Registrations

- The school shall comply with:
 - Affiliation and registration norms (State Board/CBSE/ICSE)
 - Right to Education (RTE) Act, if applicable
 - Fire safety, insurance, and sanitation certifications
- The Administrator is responsible for ensuring timely renewals and compliance reporting to the education department.

20 Annexures & Formats

- Annexure A: Payment voucher
- Annexure B: Expenses Reimbursement/ Bill Submission Format
- Annexure C: Petty Cash Register
- Annexure C: Petty Cash request format
- Annexure D: Bank Reconciliation Template
- Annexure E: Fixed Asset Register (excel)
- Annexure F: Travel Claim Form/ Vehicle Logbook
- Annexure G: Consultant Payment Voucher
- Annexure H: Donation Receipt Format (80G/FCRA)
- Annexure I: Petty Cash expense voucher (self)
- Annexure J: Checklist for Donor Reporting
- Annexure K: Audit Preparation Checklist

AB/ Finance Policy