

Financial Management Policy of KAIROS

1: Purpose

The purpose of this Financial Management policy and procedures document is to specify

- 1.1. Roles and responsibilities for every person in the organization who has some role in financial management or procedures
- 1.2. Financial planning and reporting that KAIROS should undertake each year
- 1.3. Financial policies to be followed by every person in the organization

2: Key Principles

The key principles on which all KAIROS Financial Policy is based:

2.1. Organisation Funds

- 2.1.1 All the funds of the Organization belong to KAIROS. They should not be used for private purposes, including private grant or loan.
- 2.1.2 Funds should be carefully used in an effective way in the best interests of the organization.
- 2.1.3 All Board members, Staff and members are responsible for the careful and honest use of funds.
- 2.1.4 Funds granted to KAIROS for a specific purpose will be used for the same.

3. Roles and Responsibilities

3.1. Chairperson/President

In relation to KAIROS Financial Management policies and procedures, the Chairperson will undertake to:

- 3.1.1. Ensure KAIROS has written financial policies and procedures that have been adopted by the KAIROS' Governing Board
- 3.1.2. Ensure that the Board and the staff have a copy of the policies and have read them and understood.
- 3.1.3. Ensure financial management policy is implemented effectively
- 3.1.4. Ensure a yearly Budget is prepared and approved by the Board and half yearly review is carried out
- 3.1.5. Ensure the Board meets twice a year to review and approve financial reports
- 3.1.6. Liaise with Treasurer and Financial Committee to ensure financial reports are prepared
- 3.1.7. Check the Payment Voucher and the individual cheque before signing and authorizing the payment

3.2. Financial Committee

In relation to KAIROS's Financial Management policies and procedures, the Secretary will undertake to:

- 3.2.1. Liaise with the Chairperson on financial matters
- 3.2.2. Meet monthly to review and approve financial reports prior to the Board meeting
- 3.2.3. Check the monthly bank reconciliation against the bank statements
- 3.2.4. As appropriate carry out spot checks on procedures and financial documents
- 3.2.5. On a monthly basis, check the payment voucher file to ensure all payment vouchers for that month have been completed

3.3. Board Members

In relation to KAIROS's Financial Management policies and procedures, all Board Members will undertake to:

- 3.3.1. Attend Board meeting regularly
- 3.3.2. Read and understand KAIROS Financial Policy and Procedures
- 3.3.3. Learn to understand the financial budgets and financial reports
- 3.3.4. Approve the KAIROS Annual Budget
- 3.3.5. Read and evaluate monthly financial reports that are tabled at the Board meetings
- 3.3.6. Approve the monthly financial reports and specifically the monthly payments

3.4. Director cum Treasurer

3.4. A. As Director

In relation to KAIROS's Financial Management policies and procedures, the Director will undertake to:

3.2.1. Manage the organization's financial systems efficiently

- prepare the annual budget in consultation with the Chairperson and Treasurer
- Act as one of the cheque signatory
- check the Payment Voucher and the individual cheque before signing and authorizing the payment
- on a monthly basis check the Payment voucher file to ensure all payment vouchers for that month have been completed
- check the monthly Bank Reconciliation against the Bank Statement
- assist if necessary with the preparation of the monthly financial report and review it
- ensure all financial records are kept up to date

3.5. B. As Treasurer

In relation to KAIROS's Financial Management policies and procedures, the Treasurer will undertake to:

3.5.1. Ensure financial management policy is implemented effectively

3.5.2. Liaise with Chairperson on financial matters and bring any irregularities to his attention urgently

- ensure a yearly Budget is prepared and approved by the Board
- ensure financial reports are prepared for the Board and check their accuracy
- present these reports to the Board and be able to answer questions on these reports
- check the Payment Voucher and the individual cheque before signing and authorizing the payment
- ensure cheque butts are completely correct and are readable
- regularly carry out spot checks on procedures and financial documents

3.5. Finance officer

In relation to KAIROS's Financial Management policies and procedures, the Finance officer will undertake to:

- receipt all income and bank daily
- make all payments on the due date using a payment voucher
- ensure all appropriate documents are attached to payment vouchers and file them in cheque order
- ensure the voucher is signed by any client after receiving payment

- take responsibility for the cash box and petty cash recording
- input I&E data into the electronic cashbook on a weekly basis and ensure these are identical to the hard copy
- backup all financial electronic files weekly
- carry out the monthly bank reconciliation
- prepare the monthly Income and Expenditure report and submit this to the Director for presentation at the monthly Board meeting
- ensure records are kept up to date

4. Financial Policy Summary

4.1 Financial Planning

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

4.2 Bank Account

- KAIROS will hold 2 bank account, one for the local fund management and another for the Foreign contributions
- All KAIROS income and expenditure must go through the KAIROS bank accounts
- The signatories to the KAIROS bank accounts shall be the authorized person by the board and Treasurer cum Director.

4.3 Income

- All income is receipted
- All income is banked into the KAIROS's bank accounts
- No unbanked income is used for petty cash
- Ideally income is to be daily but must be banked weekly. All Income, no matter how small, is always banked by the end of the month.

4.4. Income Sources

The project funds have to be accounted according to the project agreements.

All kinds of donations in cash have to be entered into the general cash books.

4.5. General Accounting

A master cash book (General Account Book) will be maintained to enter all income and expenditure – date wise. This should be maintained by the finance department and overseen by the competent authority on a daily basis. All entries in the income side should be made after issuing an official receipt and in the expenditure side after getting a voucher or bill. Copies of all MoUs with regard to fund receipt shall be kept in the finance department.

Project-wise books of accounts (Cash Book & Ledger) shall be regularly maintained separately with support documents.

4.6. Bank Accounts

Bank account shall be maintained separately for FCRA and individual projects as specified by the donors and/or by separate MoUs. The accounts of KAIROS shall be jointly operated by the Competent Authority and treasurer.

4.7. Income from Sales

The purchase committee shall also be responsible for sales of goods and materials owned by KAIROS. The proceeds from such sales shall be entered into the general accounts.

4.8. Expenditure

- All expenditure must have an approved budget allocation
- Where possible, services are to be obtained by setting up of an account with payment to be made on the 20th of each month.
- All payments over Rs. 5,000/. are to be paid by cheque payment
- Every cheque payment must have a Payment Voucher completed
- Payment vouchers are to be signed by the person who receives the cheque wherever possible
- Separate Payroll records are to be kept for all salaries and wages
- Small payments under Rs. 5000/. may be paid using the Office petty cash, at the discretion of the Director
- The office petty cash total be Rs.5000/.
- No cash cheques are to be issued over Rs.10000/.

4.9. Accounting for Income and Expenditure

- Income and Expenditure is to be accounted for
- Electronic records are kept using the linked Excel cashbook or in Tally
- Income and expenditure data is entered into the cashbook on a regular basis, at least weekly
- Bank reconciliation is carried out monthly.
- The bank reconciliation is to be checked by the Director and the Finance Committee

4.10. Reporting

- A monthly bank reconciliation report is prepared and printed. This reconciliation is reviewed and checked by both the Director and Finance Committee. It is to be attached to the bank statement it relates to and filed in the Bank Statement file.
- Monthly Income and Expenditure reports for the organization are to be prepared and printed by the Finance officer
- Monthly financial reports are presented by the Treasurer cum director at the half yearly Board meeting
- After approval by the Board and signed by the Treasurer cum director, the half yearly report should be filed in a separate file

4.11. Record Keeping

The following records are to be kept and maintained by staff. The files are to be kept in a safe and secure place known to and approved by the Treasurer cum Director and Chairperson.

A. Physical records: Receipts books, cheque books, income file, payment voucher file, bank statement file, IRD, NPF and ACC files, Monthly Income and Expenditure file

B. Electronic records: The Excel cashbook or Tally cash book is to be backed up on a weekly basis onto a diskette or USB Drive (Data Pen).

At the end of the financial year, the financial records for that year are to be archived and stored in a safe place.

4.12. Annual Accounts and Audit

- Annual Accounts are to be prepared
- Annual Accounts are to be audited
- Annual Accounts are to be presented to members at the Annual General Meeting

4.13. Misuse of Funds

- Any suspected misuse or misappropriation of funds will be investigated by the Chairperson and Director
- Once the investigation is to follow fair procedures, the completed and the facts clearly established, the Chairperson / Treasurer cum Director will take appropriate action. For minor issues this may be kept to internal disciplinary action. For serious offences, the matter will be referred to the Police
- The Chairperson will inform the Board of any serious offences and the action taken

4.14. Board Volunteerism

- The KAIROS Board members agree to work for the organisation in the spirit of volunteerism
- No Board meeting allowances will be paid
- All work done for KAIROS by Board members will be on voluntary basis

4.15. Project implementation Expenses (Project Management Expenses)

KAIROS- Project coordinator has to make detailed expenditure plan according to the approved financing pattern of the project and submit it to the competent authority for scrutiny and approval. The competent authority may, in turn, send the same with necessary recommendations/amendments to the finance department for necessary action.

The Project Coordinator has to submit a requisition for funds with details such as the programmes for which the funds are requested, the amount, the date, the venue, etc. at least one week in advance to the finance officer. The Finance Officer has to verify the details in the requisition and give a recommendation to the competent authority for payment/non-payment. The paying officer on receipt of the completed requisition slip may pay the amount immediately on receipt of an advance voucher signed by the Coordinator.

After implementation of the programme, the Project Coordinator has to submit the accounts of expenditure with full, real and actual support documents within in a period one week after the implementation of a programme. Further release of money to the same coordinator will be done only after settling the accounts of the previous payment.

Filled in TA format shall be submitted to the Reporting Authority with supporting bills and vouchers together with monthly activity report of the current month and action plan for the next month on the last day of the current month. The reporting authority shall verify and if found correct endorse it and forward it to the finance department. Finance department may examine and send the bill for sanction to the competent authority. On sanction the payment may be made together with the salary after adjusting the TA advance.

The normal mode of conveyance for the staff will be public transport services. The staffs are eligible to travel by train in II class Sleeper, or by bus. They are expected to produce actual ticket while claiming reimbursement.

Salary of the staff may be paid on or before 4th day of every month, deducting all types of repayment such as loan outstanding, insurance premium, salary advances, etc. The finance department may calculate the annual increment as per policy and add to the salary from time to time.

5. The Difference between an Auditor and an Accountant

In India an accountant is a person who is responsible for book - keeping and such a person is normally an employee of KAIROS. The statutory auditor is always an external person. While the accountant keeps the financial records and books, the auditor reviews them and certifies the same. The accountant has to provide all the particulars pertaining to the audit, (records, books, registers and original documents) and assist and cooperate for a proper conduct of the audit. The auditor examines the documents to ensure the completeness of the same, to prepare a management report, submit an auditor's report and certify the financial statements.

5.1. The Appointment of an Auditor

An auditor can be appointed for various purpose such as :-

- i. Certification of financial statements to the management
- ii. Certification of financial statements to the Government and Government agencies.
- iii. Certification of financial statements to the funding agencies
- iv. To provide recommendation or suggestions and advice for better management practices.

6. Annual Financial Report

Normally it is a legal requirement that KAIROS should present its audited financial statement in the Board meeting after the end on the fiscal year and adopt the same before filing it with the appropriate Government Authorities

6.1. The Purpose of an Audit

An audit is like a watch dog. It safeguards the accountability standards of KAIROS. An audit certifies the authentic financial status of KAIROS and points out if there are any deficiencies, malpractices or frauds. It thus provides confidence in the minds of the people connected with KAIROS whether they are Board members, beneficiaries or the public. An audit is also a means for legal compliance.