

# FINANCE POLICY

## ACCOUNTS, AUDIT & FINANCIAL SYSTEMS

### 1. Internal and Statutory Audit

- Statutory Audits are conducted quarterly or on a need basis, depending on project requirements.
- The Accounts Department presents the books of accounts to auditors.
- Key audit areas include:
  - Verification of bank book, journal book, and vouchers
  - Authenticity and completeness of all vouchers
  - Ensuring expenditures align with project objectives and budget provisions
  - Compliance with applicable laws
  - Analysis of budget vs. actual expenditure with justifications for variances
  - Review of project-wise receipt payment and fund utilization statements
- Internal Audit system will be set once organizational turnover exceeds 5 crore.

### 2. Expense Documentation and Vouchers

- Every expense must be backed by a valid and complete voucher, which includes:
  - Purpose of expense
  - Attached bills/invoices
  - Signature of approving authority
- Payment vouchers must be prepared before/after releasing any payment (bank transfers)
- All vouchers must be numbered, stored, and filed systematically for future reference and audit purposes.

### 3. Balance Sheet & Financial Statements

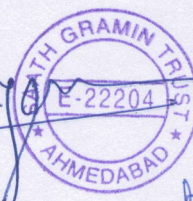
- A Balance Sheet is prepared at the end of every financial year and approved by the Board of Trustees.
- The audited Income and Expenditure Statement is shared with donors as per their reporting requirements.

### 4. Foreign Contribution Regulation Act (FCRA)

- Saath Gramin Trust has applied for FCRA registration. The application is currently under process.

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Saath Gramin Trust

Registration Number: E/22204/Ahmedabad  
754, Iscon Emporio, Near Star Bazar, Satellite, Ahmedabad, Gujarat - 380015  
Website: saathgramin.org Email: saathgramin@gmail.com



#### 4. Income Tax Compliance

As a non-profit organization, Saath Gramin Trust is exempt from Income Tax, but complies with the following:

- Filing of Quarterly and Annual Returns
- Annual preparation of the Balance Sheet by 30th September
- Responding to Income Tax Department queries or scrutiny as needed
- Deduction of TDS on:
  - Consultant/Retainer/Contractor payments
  - Material purchase or job work
  - Rent payments (as per applicable IT rules)
- Timely deposit of TDS and maintenance of deduction records for annual filings

#### 5. Goods and Services Tax (GST)

- Saath Gramin Trust is registered under GST. GST No.: 24AAVTS8315D1Z6

#### 6. Professional Tax

- Saath Gramin Trust deducts and deposits Professional Tax monthly, as per state regulations.

#### 7. 80G Certificate

- Saath Gramin Trust holds a valid 80G registration, allowing it to issue tax exemption receipts to donors.

#### 8. Charity Commissioner Compliance

Registered under the Bombay Public Trusts Act, 1950, Saath Gramin Trust complies with the following (as and when required):

- Submission of audited accounts by 30th September annually
- Filing of Change Reports within 90 days for:
  - Appointment/resignation of trustees
  - Purchase/sale of immovable assets
  - Change in address or objectives
- Annual submission of the List of Assets
- Prior permission required for:
  - Sale of immovable assets
  - Investment in non-bank institutions
- Maintenance of:
  - Minutes Book
  - Board meeting records

#### 9. Asset Register & Capital Assets

- As of March 2025, Saath Gramin Trust does not hold any capital assets.



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- In the future, all acquired assets will be recorded in an Asset Register, with a dedicated column for the purchaser's name.

#### 10. Minimum Wages Act

- Saath Gramin Trust ensures that all personnel are paid at least the state-mandated minimum wage.

#### 11. Fund Management

- Donor funds are utilized in accordance with project timelines and objectives.
- If large unutilized funds remain, Saath Gramin Trust may invest them in short-term or long-term bank deposits, with proper approval.

#### 12. Donor Compliance

- Donor compliance begins from the first fund Installment and includes:
  - Depositing funds in the designated donor account
  - Issuing receipts for every fund transfer
  - Submitting audited financials annually or upon project completion
  - Presenting compliance reports in Board meetings

#### 13. Bank Management

- Saath Gramin Trust currently operates one designated bank account for all donor and project transactions.
- Bank balances are periodically verified and reconciled.

#### 14. Direct Project Implementation

- All projects are directly implemented by Saath Gramin Trust.

### PROJECT FINANCE CYCLE

#### 1. Project Proposal


- Each project proposal includes a detailed financial budget, submitted with the narrative for donor approval.

#### 2. Project Agreement

- Upon donor approval, a formal agreement is signed outlining:
  - Objectives
  - Duration
  - Grant amount
  - Disbursement schedule

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 AHMEDABAD

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### 3. Grant Receipt

- All grants are received into the designated donor account and disbursed according to project guidelines.

### 4. Project Review

- The Project Director reviews implementation periodically.
- Financial and narrative reports are submitted as per the project agreement schedule.

### 5. Donor Reporting

Reports include:

- Fund request as per project milestones
- Utilization certificate
- Narrative progress report
- Audited financial report with:
  - Budget vs actual
  - Budget for next phase
- Annual Balance Sheet and Income & Expenditure Statement

### BANK OPERATIONS & PAYMENT AUTHORIZATION

- Bank accounts are jointly operated by at least two authorized signatories.
- A Board Resolution is passed to authorize signatories, and updated if changes occur.
- All payments are processed only after preparation and approval of payment vouchers, signed by the Program Director.
- All payments to the Program Director must be authorized by the any other Trustee.
- No family member will authorize the payment of board member.

### PROCUREMENT GUIDELINES

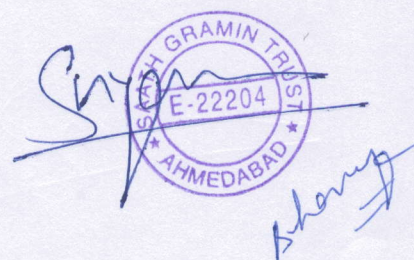
- All purchases must begin with a formal request and approval by the Program Director, based on project needs.

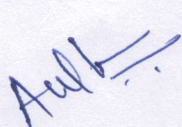
### Categories of Purchases

1. Capital Purchases
2. Bulk/One-time Purchases
3. Recurring Consumables
4. Miscellaneous Low-cost Purchases

### General Rules

- No approval required for purchases up to ₹5,000
- All capital purchases must be:
  - Within the approved budget
  - Approved by the Managing Trustee or Program Director









- If not in the approved budget, prior approval is mandatory
- Bills must be submitted to the Accounts Department and recorded

### Three-Quotation Rule

- For purchases above ₹5,000, a minimum of three quotations must be obtained and approved


### IMMOVABLE ASSET TRANSACTIONS

- All purchases/sales of immovable property require Board approval
- Market value assessment must be conducted
- Managing Trustee or Program Director's approval required before finalizing any deal
- Change Report must be submitted to the Charity Commissioner within 90 days

This policy was approved by the Board in October 2024

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