

KRBAAS Financial Manual

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i. INTRODUCTION OF THE ORGANIZATION

Karnataka Rajya Benuhuri Apagatada Angavikalara Sanga (KRBAAS) is a non-profit organization established in 2008 by people affected with Spinal Cord injury. It is one of the four organizations in Karnataka that works in the area of spinal cord injury. KRBAAS has the expertise and experience in providing in-house rehabilitation using specially designed equipment. KRBAAS is in Magadi, Ramanagara district and is currently working in five districts of Karnataka – Ramanagara, Mandya, Mysore, Hassan and Chamarajanagara a.

KRBAAS working in two levels

1. Social Rehabilitation Center
2. Community Based Rehabilitation level

The Finance Manual brings the financial policies and procedures all to gathering one document. The manual may also be known as the Financial Regulations or Finance and Office Procedures. It is generally used by the finance team for day-to-day operations but also serves as a reference in case of query by programme staff.

Developing and adopting a written financial policy is a valuable practice for any nonprofit organization, no matter how small or large. Financial policies clarify the roles, authority, and responsibilities for essential financial management activities and decisions. In the absence of an adopted policy, staff and board members are likely to operate under a set of assumptions that may or may not be accurate or productive. If the idea of creating a financial policy seems daunting, these guidelines for policy development and this basic example may be helpful. Even though there may be occasional deficits, or periods of tight cash flow, the following characteristics are good signs that your organization will be financially healthy over the long-term.

Activity Plans

The strategy may be sub-divided into several, more specific and detailed plans for each activity, function or project. Activity plans have a shorter time focus (about one year) than strategies and objectives and are subject to regular review as progress is made. Activity plans are the basis for budgets so must be very **'SMART' – specific, measurable, achievable, relevant (or realistic) and time-bound.**

Mission

“Recognizing the capability of the disabled person before his weakness-with this goal, Association will work for the overall development of the disabled person.”

Vision

In Karnataka PWSCI's (Persons with Spinal cord Injury) Will Lead a Dignified, Healthy and Independent life.

Objectives

- To bring awareness in the community regarding spinal cord accidents and thereby to identify such person in the society, organize them and develop self-respect, self – confidence, Unity and self-help in them.
- To enable the person who has suffered the accidents by educating them regarding the reason for spinal cord accidents, problems there after, property rejuvenating training, using of equipment's, accessories, and by providing an open atmosphere in the family.
- To Frame such programs to control Spinal Cord accidents by developing cordial relationship with local organizations, various departments of the Government and with the media.

- To work for the overall development of the handicapped who suffered spinal cord accidents.

ii. **PLANNING AND BUDGETING:**

- a. KRBAAS planning and budgeting for every year and take approval from board within the 15th of March every financial year start.

Fund Flow:

A. Sources of Funds

KRBAAS receives funds from the following sources:

- Membership fees.
- Income from professional (Therapy and ensure mobility aids) services.
- Interest from Fixed Deposited.
- Grants & Donations received from Donor organizations & individuals.

Bank Operations (Signatories) and Bank Reconciliations:

- The Secretary of KRBAAS and its Treasurer will be signatory to KRBAAS cheques.
- Bank reconciliation will be done by the Accountant for every month.
- BRS hard copy should be filed with bank statement.

Accounting:

- Following sets of financial reports are maintained by KRBAAS.
- Every month end Utilization of every project and overall expenditure are prepared by KRBAAS and discuss with consult Program Co-ordinator and Signatories.

- Every quarter financial Utilization certificate prepared by KRBAAS and takes approved by board and takes sign from General Secretary than sent to Donors / funding agency.
- Annual Balance sheet and statement of income and expenditure will be prepared by KRBAAS for each financial Year.

KRBAAS accounting records fall into two main categories:

- Supporting Documents
- Books of Account.

Supporting documents

Every organization should keep files of the following original documents to support every transaction taking place:

- Receipt or voucher for money received
- Receipt or voucher for money paid out
- Invoices – certified and stamped as paid
- Bank paying-in vouchers stamped and dated when money is taken to the bank
- Bank statements
- Journal vouchers – for one-off adjustments and non-cash transactions.

With these documents are maintained by KRBAAS.

iii. KRBAAS BOOKKEEPING:

KRBAAS maintaining the 2 types of Book:

- Bank (or Cash) Book for each bank account
- Petty Cash Book.

For organizations with salaried staff, valuable equipment and significant levels of stock, the following records, where relevant, may also be kept as part of a full bookkeeping system:

- KRAAS Maintaining General/Nominal Ledger
- KRAAS Maintaining Journal or Day Book

- KRAAS Maintaining fixed assets Register
- KRAAS Maintaining Stock Control Book.

Supporting documentation

It is very important to maintain supporting documents in the form of receipts and vouchers for all financial transactions. These should be cross-referenced to the books of account and filed in date or number order.

Apart from being required by the external auditor to support the audit trail, certified receipts also provide protection to those handling the money.

Mislaid or incomplete records can result in suspicion of mismanagement of funds.

Keep separate files for receipts for money coming into the organization and money going out.

Mark invoices 'paid' with the date and cheque number to prevent their fraudulent re-use by an unscrupulous person.

Well maintained files provide invaluable information to the organization such as the trends in price increases, details of equipment purchased, past discounts, etc.

Bank Book basics

The Bank Book – or Cash Book or Cash Analysis Book – is the main book of account for recording bank transactions (i.e. 'cash' transactions). It is normal to maintain a separate Bank Book for each bank account held as this makes it easier to reconcile each account at the end of the month.

With a manual (i.e. paper based) Bank Book, receipts are usually entered on the left side and payments on the right and each page is ruled into columns. The number of columns required will depend on the type and volume of transactions.

Each transaction is entered on one line of either the Receipts page or the Payments page in date order. The column headings prompt you to enter key information – e.g. date, cheque

number, payee, description, amount, category of transaction, etc. The columns are totaled at the end of each page or accounting period.

iv. **AUDITING:**

- Books of accounts of KRBAAS shall be audited annually by an independent auditor appointed by the General Assembly and approved by the board members. Annually the KRBAAS audit report will be evaluated and approved by the board of KRBAAS. KRBAAS may hire the internal auditor for maintaining the efficient accountant systems and procedures.

Expenditure and Payment:

a. **Expenditure:**

KRBAAS Expenditure will be made according to the budget line items it's approved by the Program Coordinator and Board. If any over expenditure or other than line item expenses made by the organization program manager or coordinator need to take approval from the Board.

b. **Payment:**

All payment is made by cheque or cash

Payment by Cheque:

Payment against purchases exceeding INR.5000 shall be made by cheque and all Payment for services rendered shall be made through cheque. All staff salary will be made by account transfer and NEFT.

Payment Calendar:

Salary, building rent, vendors of provisions and vegetables, TA and DA allowances shall be made by 5th day of following the completion of the month.

Salary Sheet:

Staff salary sheet is prepared by the Accountant as the basis of payment. The staff salary sheet contains information on the employees' basic salary for the month, allowances if any, deductions and net salary payable. The staff salary sheet is checked and approved by the Account Officer/Treasurer.

Advance Pay:

For travel & program purposes, KRBAAS employees shall be given advances for expenses covered on official work. Request for advances are prepared by the personnel concerned, recommended by the concerned Project head and is approved by Project Officer. All advances for travel are to be liquidated at the end of the concerned month.

Tax Deduction Source:

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

v. SPENDING LIMITS

• Cash Management/ Petty Cash:

- In KRBAAS Organization Expenditure in Cash limit is 2,000.
- Donation cash limit is 5,000 and receipt is issued for the same.
- Cash book is manually and in Tally maintained for all the transactions of the organization.
- Per month Petty cash limit Rs.15000 in KRBAAS.

- Accountant is the Responsible for Day to day Petty cash maintain.
- A manual register should be maintained for cash denomination checks and signed by the Co-ordinator/Treasurer every Month.

Approval Mechanism:

For all Program transactions (Payment / Expenditure) are Approved by the Program Co-ordinate and Program Co-ordinate and Sr. Staff Payments will be approved by the Executive director of the Organization than all Payments Vouchers will Approved by Treasurer.

All capital procurement and disposal up to a limit of Rs. 10,000 will need the approval of General Secretary, Where the amount exceeds Rs. 10,000 Board will need to approve.

Asset Management

KRBAAS is not intending to hold any major assets; however any small assets that are needed to run day to day functions of the foundation will follow following policy.

- Any capital assets need approval by the Board.
- Any capital item's that is more than Rs. 10000 value needs two competent quotes
- Asset register will be maintained in the office for all assets and once in a year if any assets that are not needed, not in use/ are in disposable condition will be discarded with a formal approval from a board.