FINANCIAL MANAGEMENT POLICY

(Date of Revision: 27th July, 2025)

Voluntary Health Association of Tripura

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SECTION-I

1.1: PREFACE

Voluntary Health Association of Tripura (VHAT) is a state level network/federation of Civil Society Organizations, working throughout the state of Tripura. It was registered under Societies Registration Act 1860, on 12th December, 1988.

VHAT first developed its Accounting Manual in the year 2000 & revised it in 2017. But over the time the accounting procedures are changed. So as a good measure, VHAT is to keep the account manual current by reviewing and updating them as necessary in user-friendly manner.

This financial management policy is basically a manual that covers the accounting policies, systems and procedures of the organization. It is developed not only for governing the financial transactions of the organization so that its staff can follow the set of systematic procedures but also to fulfill local statutory requirements and demonstrate the strong management practices adopted by Voluntary Health Association of Tripura.

Scope of the Financial Management Policy

It describes the accounting policies, systems and procedures to be used by the organization. The Policy will cover the input, processing, output, control and distribution of financial data. It has been developed to set out the accounting policies and procedures that will:

a) Ensure that the organization's books of accounts are prepared to conform to sound accounting principles and practices.

b) Enable the management to obtain accurate and timely financial reports on monthly basis, thereby promoting sound financial management.

c) Ensure correct and accountable use of funds and other resources. The approach used is in line with generally accepted accounting principles and VHAT's best practice reporting requirements.

The main purpose of the Policy is:

a) To assist in the maintenance of controls.

b) To provide a **training** and **monitoring** resource.

c) To be used as a reference document by the staff, management, auditors and other stakeholders.

The procedures have the following objectives: -

a) To enhance completeness and accuracy of the data posted from source documents (say invoices, payments receipts, journal and cashbook) to the computerized system.

b) To provide accurate and reliable reports to enable management to perform effective control over the operations of the organization.

c) To detail the operation and administration procedures for input, processing, output and distribution of data to ensure security of data and documents.

Use of the policy:

a) As a means of reference to management, supervisors, new and existing accountants' staff, auditors, and as the basis of training staff, and ensuring that appropriate controls are in place.

b) As a clearly defined list of the tasks to be carried out by each individual

c) As a timetable for processing transactions and producing reports

d) As a guide to evaluators and any monitoring consultant who may wish to review the institution's progress.

1.2: FINANCIAL YEAR

For VHAT the financial year is from the 1st of April of one year to the 31st March of the following year. It also follows the April to March accounting year for all statutory requirements of the country.

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1.3:UPDATING/AMENDMENT OF THE MANUAL/POLICY

The Executive Director and the Finance Officer are primarily responsible for ensuring that the policy is fully implemented within the organization. They are entitled to give recommendations to the Executive Committee Members for any modifications in it. The Executive Committee Members may also assign the work to the Executive Director & the Finance Officer to prepare draft revision of financial management policy, which subsequently to place to the General Body Meeting/ Annual General Meeting for approval. It must be ensured that:

a) The manual is kept up-to-date

b) The manual continues to set out the procedure that must be followed in the operation of the system and procedures

c) Sufficient copies of manuals are available

d) Amendments to the manual are properly authorized and communicated to concerned parties immediately. It is envisaged that, it may be necessary to amend the manual periodically/ every so often to accommodate any changes. The Executive Committee must ensure that all the VHAT Members have been issued manual so as to ensure that the amendments issued are completed promptly.

Each amendment to the procedures of the manual must be given a unique code and dated; the Finance Officer is responsible for ensuring that each procedure issued has been properly amended.

1.4:USERS OF THE MANUAL & RESPONSIBILITIES OF USER-STAFF

All personnel with a role in the management of VHAT's financial operations are expected to uphold the policies in this manual. The intention behind this is that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

1.5:CIRCULATION OF MANUAL WITH TRAINING FOR USE

After the approval of the financial management policy, the Executive Director will circulate copy of the policy to all the staff and members who have role in the management of VHAT's financial operations. Immediately after that the training of these personnel is to be organized on the use and proper implementation of the policies.

SECTION- II: BUDGETING AND COST PLAN

2.1: OBJECTIVE AND SCOPE OF BUDGETING AND COST PLAN

•Budget is a guide to VHAT for planning what to do next. It is necessary for the organization's management to refer to the budget constantly and to judge employees' performances based on the expectations outlined within the Budget.

•The budget is useful for predicting cash flows/fund flows.

•It helps in resource allocation; it is a tool for deciding where to allocate funds to various activities.

•Budget is useful for judging employee's performance through the use of variances from the budget.

2.2: PLANNING AND BUDGETING PROCESS

=While Preparation of the yearly or multiyear budget it is necessary to review and update of the assumptions about the implementation of activities of VHAT that were used as the basis for the last budget.

= Review of constraints that may create problem in implementing the projects' activities.

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= Determining the most likely amount of funding that will be available during the budget period for different projects.
=VHAT prefers participative budgeting process under which those people impacted by the project activities are actively involved in the budget creation process. This process is to follow specially for the small area-based projects (wherever possibly).
This bottom-up approach to budgeting tends to create budgets that are more achievable than are top-down budgets that are imposed by senior management.

2.3: COMPARISON OF DEVIATION

1. Long term project (Project duration of more than or equal to 3 years): VHAT would compare the budget and expenditure six monthly for long term projects.
2. Short term project (Project duration more than 1 year and less than three years): VHAT would compare the budget and expenditure quarterly for short term projects.
3. Pilot Project (Duration less than 1 year): VHAT would compare the budget and expenditure quarterly for pilot projects.
4. Reasons for deviations found while comparison would be discussed within the concerned team and an action plan would be prepared. This action plan would be shared by the concerned project Coordinator/In charge with the Executive Director.
5. Such process would be documented and filed by the concerned Project Manager/Coordinator

2.4: APPROVAL OF BUDGET (SUB-COMMITTEE)

2.4.1. The long-term budget: This will be prepared by the Executive Director in discussion/participation with the senior Program and Finance Staff and will be placed in the Executive Committee for approval.

2.4.2. Short Term or Project based budget: Before formulation of the budget reflection workshop with the proposed beneficiary groups will be organized to ensure addressing the need of the targeted beneficiaries in the budget. The Programme Team will prepare the budget, then discuss with Executive Director to put it in the Executive Committee for approval.

2.5: TIME TABLE

Programme year planner will be prepared by the Project Heads and Finance Head which will be approved by the Executive Director

SECTION-III: ACCOUNTING SYSTEM AND STRUCTURE

3.1: ACCOUNTING SYSTEM

VHAT would maintain the accounts in Tally (ERP 9).
This is a combination of manual & computerized accounting methods, procedures & controls established to collect records to classify-analyze-summarize-interpret and present accurate and timely financial data for information to the management to take decisions.
VHAT accounts are maintained mainly by Accrual basis, but a few projects are maintained on Cash basis as per instruction from the support agency.

3.1.1: PROCESS & PROCEDURE

Updating of books of account:

- Receipt of bills & vouchers.
- Entry in Tally in respective files within seven days of receipt of complete bills/vouchers.

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Back up:

- Tally back up is preserve in hard disc on monthly basis.

Consolidation:

-Consolidated / integrated audited accounts will be completed within August of the next financial year.

3.1.2: GUIDELINES

Responsibility:

- Preparation of vouchers- Assistant Accountant and Accountant.
- Entry in Tally- Accountant.
- Over all supervision of financial matters- Finance Officer.
- Preparation of Audited Accounts- Finance Officer with the Accountant.

3.1.3: VOUCHERS & RECORDS

- Use of Tally printed voucher
- Filing basis: cash and bank
- Supporting document:

i) Requisition from the project heads, ii) Quotations

iii) Comparative statement of quotations, iv) Supply order- (in case of bulk purchase)

v) Original bills- to be signed by Project Heads

vi) In case of lack of original bills, a self-declaration in writing from the supplier within the limit of Rupees Five Thousand as cost of the materials, which are to be approved by the Project Heads and Executive Director

3.2: CASH TRANSACTION

- Cash Receipt: up to the limit of Rupees Two Thousand only.
- Cash Payment: up to the limit of Rupees Two Thousand only with authorization and approval of Project Heads and Finance Officer.

3.3: BANK TRANSACTION

Supporting documents-

i) Requisition from the project heads, **ii)** Quotations – if the purchase is of more than Rupees ten thousand, then three quotations are necessary

iii) Comparative statement of quotations, **iv)** Supply order

v) Original bills

vi) In case of lack of original bills, a self-declaration in writing from the supplier within the limit of Rupees Five Thousand as cost of the materials, which are to be verified by the Accountant/Asst. Accountant, counter signed by the Project Heads/Coordinator and approved by the Executive Director.

Approval-

- Bank payment/transaction will be approved by the Executive Director in case of non-capital expenses and for expenditure of capital nature up to the limit of Rupees One lakh only.
- In case expenditure of capital nature for more than Rupees One lakh, prior approval is to be taken from the Purchase Committee of VHAT.

Authorized signatory –

Executive Director and Treasurer/Secretary of Executive Committee.

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BRS preparation: Will be done on Quarterly basis & preserved in separate file. Copies of bank pass books or bank statement to be kept with Bank Reconciliation Statement (BRS). BRS will be prepared by Accountant and Finance Officer.

3.4: JOURNAL TRANSACTION

Journal entries will be done for-

i) Advance settlement, ii) Rectification of mistaken entries

iii) Receivable & payable entries

3.5: ADVANCE REQUIRES

- Filled up advance requisition form by Project In-Charge as per budget heads.
- Verified by Accountant and Approved by Executive Director (refer format provided below).
- Process of advance disbursement up to rupees ten thousand only and may be upto forty thousand only based on the project requirement. Advance may be disbursed to the In Charge or a Senior Staff specified by the Executive Director.
- Settlement of advances- as soon as completion of activities or project specific 15-20 days (e.g. CCI, Schools)

3.6: TAX DEDUCTED AT SOURCE (TDS)

- Will be done as per Income Tax Rules.

3.7: PROVIDENT FUND & ACCOUNTING

- As per PF Act and Government of Tripura's norms.

3.8: PROFESSIONAL TAX

- As per rules of Government of Tripura..

3.9: GRATUITY

Group Gratuity Scheme with the Life Insurance Corporation of India in such a way that the gratuity benefits will be payable under an irrevocable Trust. The Trustees appointed for the purpose of administering the Scheme shall insure gratuity benefits with the L. I. C. as from 29th March,2013.

3.10: VERIFICATION OF BILLS & CLAIMS

• All bills/vouchers are verified by the Accountant/Asst Accountant. In case any bill is submitted or prepared by the Accountant/ Asst Accountant, it will be verified by the Finance Officer and approved by the Executive Director.

• For project-based bills/vouchers, these are verified by the Project Head/In-Charge or the Accountant, and subsequently approved by the Executive Director.

• If any bill/voucher is submitted or prepared by the Project Head/In-Charge and payment is to be made to the Project Head/In-Charge, the bills/vouchers will be verified by the Finance Officer and approved by the Executive Director.

3.11: INVESTMENT

Investment will be as per the modes and forms of Investment specified u/s 11(5) in the case of Charitable Trust, NGO, Charitable Society, Section 25 Companies and Charitable entities.

SECTION-IV: POLICY & PROCEDURE

4.1: ISSUING RECEIPT

-Receipt will be given to all the Donors mentioning the name, address, contact phone, PAN and or email address.

- No cash receipt above Rupees Two Thousand.

4.2: GRANT ALLOCATION (in case of multi- donor for the one project)

- Maintaining separate company and separate vouchers for each Donor.

-Account report will be sent separately

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4.3: PURCHASE PROCEDURES

4.3.a. Purchase Committee: A Purchase Committee of three persons including President/Secretary, Executive Director, and Finance Officer will be put in place at the beginning of every financial year in case of specific project (e.g. CCI, School etc.). Respective Project In-Charge/Producer of Indent will be called for the meeting. The Purchase Committee meeting may also be called as per requirement.

4. 3.b. Revenue Purchase: To be purchased as per budgeted heads.

4.3.c. Requisition submitted by the Project In Charge/Coordinator (refer format provided below)

4.3.d. Capital Purchase: For purchase of capital nature up to the limit of Rupees One Lakh only, Project In-Charge needs to submit the indent after verified by Finance Officer/Accountant and it will be approved by Executive Director. Payment will be made through A/c Payee cheque or Bank Transfer.

4.3.e. For purchase of capital nature above the limit of Rupees One Lakh, approval from the Purchase Committee is necessary. After approval from the Committee the Executive Director will manage the entire procurement process.

4.3.f. The Accounts Department must scrutinize the supporting documents to ensure their completeness and correctness before releasing the payment.

4.3.g. In case of dry ration (groceries, rice, dal, oil etc.) and wet ration (vegetables, eggs, fish, chicken etc.), toiletries, clothing, medicines etc. the Purchase Committee will select the vendors based on the quotation received/collected during the meeting. The quotation will be collected by Accountant and Project In charge through market visit.

4.3.h. In case of single vendor or single quotation for any procurement, details justification is required.

4.4: TRAVEL

♠ Every project provides a specific travel allowance for project-related travel as per the respective approved/sanctioned budget. Employees assigned to projects must strictly adhere to the project budget and shall not fall under the general travel policy. Cars may also be hired for field or monitoring visits, meeting the govt. officials etc. from reliable agencies at market rates; however, travel expenses must not exceed the total approved budget for each quarter. The Project Head will be responsible for ensuring compliance, and in case of any issues, the Executive Director and Finance Officer may be consulted.

Employees who are not assigned to any project with defined travel policies will be entitled to follow the organization's general travel policy.

♠ **Local Travel:**

Traveling expenses will be reimbursed as per the actual fare charges of auto, hired auto, bus, hired car, train, etc. Local fares up to Rs. 500 may be paid through VHAT's payment voucher. All relevant supporting documents must be submitted along with the VHAT Travel Claim Form.

In case an employee travels by his/her own vehicle (car/bike), reimbursement will be made at the rate of Rs. 12/- per kilometer for a car and Rs. 7/- per kilometer for a bike.

For project/program monitoring and supervisory field visits, as well as for attending important meetings or workshops, cars may be hired from reliable local travel agencies that provide quality service, maintain punctuality, and charge market-based rates. A log sheet, duly signed by the traveling officer, must be submitted along with the vendor's bill. In such cases, VHAT will make the payment directly to the vendor.

If a staff member hires a vehicle independently and seeks reimbursement, they must record the travel details in the log sheet, attach the vendor's bill, and submit both along with VHAT's Travel Claim Form for processing.

♠ **Out Station Travel:**

Travel allowance will be given for travel by Train or Air fare (Economy class). Air travel facility can be availed for meeting/training/workshop and if only recommended by the Organization or Donor in certain situations.
Hotel charges can be reimbursed to the maximum limit as per the following:
For Senior Management: (Rs.7000/- per day including stay & food in Metro city,
Rs.4000/- per day including stay & food in state capital, Rs.3000/- per day including stay & food in district level
For Mid Management-(Rs.5000/- per day including stay & food in Metro city,
Rs.3000/- per day including stay & food in state capital, Rs.2000/- per day including stay & food in district level
For other: (Rs.4000/- per day including stay & food in Metro city,
Rs.3000/- per day including stay & food in state capital, Rs.2000/- per day including stay & food in district level

4.5: MANAGEMENT OF FIXED ASSETS

-Physical Verification of assets on yearly basis.
-Proper Coding of all the assets will be done immediately after purchase. This code will include the short form of name of project/VHAT/name of asset/date of purchase / serial number.
-Accountant with Project In charge will do the verification
-They will report to the Executive Director
-The report will be preserved in separate files after signing by the Accountant, Project In charge and Executive Director

SECTION-V: AUDIT AND REPORTING

5.1: AUDIT

Internal Audit:

-To be done half yearly Audit by Finance Officer and Executive Director with the help from Accountant and Projects Heads/In Charge.

Statutory Audit:

♠ External Auditor is appointed/reappointed yearly in the Annual General Meeting. Auditor may be change after three Financial Year (if necessary or recommendation from the Executive board)
♠ Acceptance letter will be obtained from the Auditor (Hard/Soft copy).
♠ Separate audit will be done for each project, if necessary.

5.2: REPORTING

A. Income Tax- Within September of next financial year
B. PF/EPF – Every month within 15th of next month
C. Requirements of FCRA- Within October of next financial year
D. Registrar of Cooperative Societies- Within one month of completion of Annual General Meeting

5.2.1. Annual Financial Statements

- This will include Receipts & Payments, Income & Expenditures, Balance Sheet with Schedules, Auditor's Report and notes on accounts.

SECTION VI: GENERAL GUIDELINES

- Donation in Kind is maintained in Asset/Stock Register (with mention of Project 's name if the asset is donated for any particular project).
-Stock register to be maintained for consumables & stationeries.
- For tangible assets like camera, laptop and mobiles, one separate register will be maintained when handing over/taking over to/from the staff.

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SECTION VI: ANNEXURES

(Annexures are in the next pages)

[This revised 'Financial Management Policy' of VHAT was approved by the General Committee of VHAT on 27th July, 2025 in the 37th Annual General Meeting of Voluntary Health Association of Tripura]

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ANNEXURES

ANNEXURE 1: ADVANCE REQUEST FORM

Voluntary Health Association of Tripura
Circuit House Area, Kunjaban, Agartala, Tripura West

Advance Requisition form

Program ☐ Travel ☐

Name:.. **Date:**...

Project / Program Name:..

....

Particulars	Approx. Amount
Details of Advance	
1.	
2.	
3.	
4.	
Total Amount	

Signature:

Comment (If any):

Verified By:

Approved By:

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ANNEXURE 2: CASH VERIFICATION SHEET

Voluntary Health Association of Tripura
Circuit House Area, Kunjaban, Agartala, Tripura West

CASH VERIFICATION SHEET

Date:

Balance as per Book (A)				XXXX
Physical Cash Balance as Follows (B)				
	Rs.	2000 X	XXXX	
	Rs.	500 X	XXXX	
	Rs.	100 X	XXXX	
	Rs.	50 X	XXXX	
	Rs.	20 X	XXXX	
	Rs.	10 X	XXXX	
	Rs.	5 X	XXXX	
	Coin	2 x	XXXX	XXXX
Difference (A-B)				XXXX

In words:

Remarks:

Management Coordinator:

Accountant:

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Cheque Issue Register

S. No.	Date of Issue	Cheque Number	Amount	Cheque in favor of	Purpose of issuing the cheque	Signature of Authorized Signatory	Remarks
1							
2							
3							
4							
5							
6							
7							
8							
9							

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Physical Asset Verification Report

SL.NO	ASSET NAME	ASSET TYPE	LOCATION/PROJECT	NUMBER OF ASSET	ASSET STATUS	COMMENTS AND DISCREPANCIES
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						

Verification Personnel Signature:

Asset Manger

Finance Officer

Accountant

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