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# SHAHEED BHAGAT SINGH SHIKSHAN SANSTHAN

*Dangiyawas, Jodhpur, Rajasthan*

Registered under Societies Registration Act | 12A & 80G Certified

## FINANCIAL MANAGEMENT & PROCUREMENT POLICY

*Governing Framework for Transparent & Accountable Fund Management*

### 1. Preamble & Introduction

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Shaheed Bhagat Singh Shikshan Sansthan (hereinafter referred to as 'the Organization') is committed to upholding the highest standards of financial integrity, transparency, and accountability in all its operations. This Finance and Procurement Policy serves as the foundational governance document that defines the principles, procedures, and practices to be followed in managing the Organization's financial resources.

The Organization recognizes that responsible stewardship of funds — whether received from donors, government bodies, CSR partners, or other sources — is not only a legal obligation but also a moral one. Every rupee received must be utilized in the most effective manner to fulfill the Organization's mission of promoting education and community development.

#### 1.1 Vision & Mission Alignment

This policy is designed to align financial management practices with the Organization's broader vision of transparent governance and social impact. The financial framework ensures:

- Funds are directed exclusively toward approved programme activities
- Beneficiaries receive maximum value from every resource deployed
- Donors and partners can trust the Organization's accountability mechanisms
- Statutory compliance is maintained at all times without exception

#### 1.2 Scope of this Policy

This policy applies to:

- All staff members, volunteers, and consultants engaged by the Organization
- All projects, programmes, and activities undertaken by the Organization
- All funds received from any source including grants, donations, CSR contributions, and government allocations
- All vendors, suppliers, and service providers engaged for procurement

### 2. Financial Management System

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The Organization operates a robust and structured financial management system that ensures complete accuracy, transparency, and timely reporting of all financial activities. The system is designed to provide real-time visibility into fund utilization and project expenditures.

## 2.1 Books of Accounts & Record Keeping

The Organization maintains a comprehensive set of books of accounts in accordance with generally accepted accounting principles (GAAP) and applicable legal requirements. The following registers and records are maintained:

Core Accounting Books Maintained	
Cash Book	Daily record of all cash inflows and outflows with running balance
Bank Book	Complete record of all bank transactions including receipts and payments
General Ledger	Consolidated record of all financial accounts and balances
Project Ledger	Separate ledger for each funded project to track designated expenditures
Fixed Asset Register	Inventory and depreciation schedule of all organizational assets
Petty Cash Register	Record of small day-to-day expenses with proper voucher support

## 2.2 Banking & Transaction Management

All financial transactions of the Organization are mandatorily routed through the Organization's official bank accounts. This ensures complete traceability and eliminates the risk of unaccounted transactions. Key banking protocols include:

- All income receipts — including donations, grants, and project funds — are deposited into designated bank accounts within 24 hours of receipt
- All payments above Rs. 5000/- are made exclusively via bank transfer, cheque, or other digital payment modes — no cash payments above this threshold
- Bank accounts are operated under dual signatory authority to prevent unauthorized transactions
- Bank reconciliation statements are prepared monthly to identify and resolve discrepancies
- Separate bank accounts are maintained for operational funds and project-specific funds where required by donors

## 2.3 Financial Statements & Reporting

The Organization prepares the following financial statements on a regular basis to ensure accurate reporting to stakeholders:

1. Income & Expenditure Statement — prepared monthly and annually
2. Balance Sheet — prepared at the end of each financial year
3. Receipts & Payments Account — prepared annually as part of the statutory audit
4. Project-wise Utilization Certificates — prepared as per donor requirements
5. Donor Fund Utilization Reports — submitted to each donor/CSR partner as per agreed schedule

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## 2.4 Financial Monitoring & Internal Controls

The Organization maintains a system of internal financial controls to safeguard assets and ensure the accuracy of financial records. Controls include:

- Monthly review meetings of project expenditures by the Finance Committee
- Quarterly financial review reports submitted to the Governing Body / Board of Trustees
- Segregation of duties — the person authorizing a payment is different from the person making the payment
- Regular surprise checks and internal audits of petty cash and advances
- All advance payments to staff must be settled within 30 days with supporting bills

## 3. Budgeting Policy

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Sound budgeting is the cornerstone of effective financial planning. The Organization follows a disciplined budgeting process at both the organizational and project levels to ensure that financial resources are allocated efficiently and in alignment with strategic priorities.

### 3.1 Annual Organizational Budget

The annual organizational budget is prepared by the Finance team in consultation with programme heads and senior management.

### 3.2 Project Budget Management

Every project funded by external donors or CSR partners operates under an approved project budget. The following principles govern project budget management:

- No project activity shall be initiated without a Board/management-approved budget
- Project budgets are developed in consultation with programme teams and aligned with donor requirements
- Budget revisions exceeding 10% of the approved line item require formal approval from the concerned donor
- Budget utilization is tracked monthly and variance reports are prepared for projects showing more than 15% deviation
- Contingency provisions of up to 5% of the project budget may be maintained for unforeseen expenditures

### 3.3 Budget Control Mechanisms

To ensure adherence to approved budgets:

- All purchase requests and payment vouchers are checked against available budget before approval
- Budget ceiling alerts are communicated to programme staff when 80% of a budget line is utilized
- Over-budget spending is not permitted without prior written authorization from management

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## 4. Fund Utilization Policy

The Organization exercises absolute fidelity in utilizing funds strictly for the purposes for which they have been granted. Donor trust is treated as sacrosanct, and the Organization maintains rigorous systems to ensure that every expenditure is purposeful, justified, and properly documented.

### 4.1 Designated Fund Usage

Funds received from specific donors or for specific projects shall be utilized exclusively for the approved project activities. The following rules govern fund utilization:

- No cross-subsidization of funds — project-specific funds shall not be used for another project or for organizational overhead unless explicitly permitted by the donor
- Donor-imposed restrictions on fund usage are strictly honored and documented
- Unspent project funds at project closure are returned to the donor or carried forward only with written donor consent
- Interest earned on donor funds is accounted for separately and treated as per donor agreement

### 4.2 Documentation & Voucher Management


All expenditures are supported by complete and proper documentation. The standard documentation requirements are:

Expenditure Documentation Requirements	
Purchases (Goods)	Vendor invoice/bill, delivery challan, goods received note (GRN), payment receipt
Services Rendered	Service agreement/contract, invoice from vendor, completion certificate
Travel Expenses	Travel claim form, transport receipts/tickets, accommodation bills
Staff Salaries	Signed salary register, bank transfer records, Form 16 (annual)
Events/Workshops	Participant attendance sheets, venue invoice, catering bills, programme report
Advances	Advance authorization form, settlement voucher with supporting bills within 30 days

### 4.3 Payment Authorization Matrix

All payments are subject to a formal authorization matrix to ensure appropriate oversight:

Transaction Amount	Required Approver	Mode of Payment
Up to Rs. 2,000	Programme Coordinator	Cash / Digital Transfer
Rs. 2,001 – Rs. 10,000	Project Manager	Bank Transfer / Cheque
Rs. 10,001 – Rs. 50,000	Finance Officer + Secretary	Account Payee Cheque / NEFT
Above Rs. 50,000	Secretary + President / Trustee	Account Payee Cheque / RTGS

  
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## 5. Procurement Policy

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The Organization follows a transparent, fair, and competitive procurement process that ensures value for money while maintaining the quality of goods and services required for programme delivery. Procurement is governed by the twin principles of transparency and cost-effectiveness.

### 5.1 Procurement Thresholds & Quotation Requirements

To ensure competitive pricing and avoid favoritism, the Organization follows a structured quotation process based on the value of the procurement:

#### Procurement Quotation Requirements

Up to Rs. 5,000	Direct purchase — no quotation required; discretion of programme staff
Rs. 5,001 – Rs. 25,000	Minimum 3 verbal/written quotations to be obtained and documented
Rs. 25,001 – Rs. 1,00,000	Minimum 3 written quotations from separate vendors mandatory and approved by Board members

### 5.2 Vendor Selection Criteria

Selection of vendors and service providers is based on the following objective criteria — not personal relationships or preferences:

- Quality of goods or services offered, verified through samples or references where applicable
- Price competitiveness relative to market rates
- Vendor's reliability, past track record, and ability to deliver on time
- After-sales service and warranty provisions for equipment or assets
- Preference for local vendors and social enterprises where price and quality are comparable

A Comparative Statement of Quotations is prepared for all purchases above Rs. 25,000 and retained on file for audit purposes.

### 5.3 Procurement Approval Process

The procurement process follows these steps in sequence:

6. Programme team identifies need and raises a Purchase Request (PR) with justification and budget code
7. Finance team verifies budget availability and approves the PR
8. Procurement team/officer obtains quotations from shortlisted vendors
9. Comparative statement prepared and preferred vendor recommended with reasons
10. Approval obtained from authorized signatory as per payment matrix
11. Purchase Order (PO) issued to selected vendor
12. Goods received and verified against PO; Goods Received Note (GRN) prepared

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13. Vendor invoice matched with PO and GRN before payment is processed

#### 5.4 Conflict of Interest

No staff member or office-bearer shall participate in a procurement decision in which they have a personal, financial, or familial interest. Any such conflict of interest must be disclosed in writing to the Secretary before the procurement process commences, and the concerned person must recuse themselves from the decision.

### 6. Audit & Statutory Compliance

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The Organization maintains full compliance with all statutory and regulatory requirements applicable to non-profit organizations in India. Annual audit by a qualified Chartered Accountant and regular statutory filings are non-negotiable requirements.

#### 6.1 Annual Statutory Audit

The Organization's financial statements are audited annually by an independent Chartered Accountant (CA) who is a member of the Institute of Chartered Accountants of India (ICAI). The audit process includes:

- Examination of all books of accounts, vouchers, bills, and bank statements
- Verification of all receipts and payments against supporting documents
- Review of compliance with donor fund restrictions and utilization conditions
- Preparation of Audited Balance Sheet, Income & Expenditure Account, and Receipts & Payments Account
- Issuance of Audit Report and Management Letter highlighting observations and recommendations

#### 6.2 Regulatory Compliance Requirements

The Organization complies with all applicable laws and regulations, including but not limited to:

Statutory Compliance Framework	
<b>Societies Registration Act</b>	Annual returns and renewal of registration as applicable under state law
<b>Income Tax Act — Section 12A</b>	Annual filing of Income Tax Return (ITR-7); renewal of 12A registration every 5 years
<b>Income Tax Act — Section 80G</b>	Maintenance of records to substantiate 80G claims; renewal every 5 years as per new regime
<b>CSR Compliance (Section 135)</b>	Maintenance of CSR utilization records; annual reporting to corporate donors as required
<b>TDS Regulations</b>	Deduction and timely deposit of Tax Deducted at Source on applicable payments; quarterly TDS returns

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**FCRA (if applicable)**

Compliance with Foreign Contribution Regulation Act for any foreign donations received

**PF & ESI (if applicable)**

Compliance with Employees' Provident Fund and ESI regulations for eligible staff

### 6.3 Donor Reporting & Utilization Certificates

As part of grant compliance, the Organization:

- Submits periodic progress reports (financial and narrative) to donors as per agreed schedule
- Prepares and submits Utilization Certificates (UCs) in the prescribed format upon project completion or as required
- Maintains all project documents and vouchers for a minimum period of 7 years post-project closure
- Cooperates fully with any donor-initiated audit or monitoring visit

## 7. Policy Review & Amendment

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This Finance and Procurement Policy shall be reviewed at least once every two years, or earlier if significant changes occur in the regulatory environment or organizational structure. Amendments to this policy require approval from the Governing Body / Board of Trustees.

All staff and stakeholders are expected to familiarize themselves with this policy. Questions or concerns regarding its interpretation or implementation should be directed to the Secretary or the Finance Officer.

## 8. Authorization & Adoption

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This Finance & Procurement Policy has been duly reviewed and formally adopted by the Governing Body of Shaheed Bhagat Singh Shikshan Sansthan.

Details	Information
Organization Name	Shaheed Bhagat Singh Shikshan Sansthan
Place	Jodhpur, Rajasthan
Date	

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