

- **Formal and Written:** Policies are typically documented for uniform understanding and policy compliance.
- **Operational Procedures:** They define how tasks are performed, such as leave requests, expense reimbursements, or data security procedures.
- **Legal Compliance:** Policies ensure the organization adheres to relevant laws and regulations.
- **Communication:** They provide a clear understanding of expectations and help prevent misunderstandings.
- **For Employees:** Policies are meant for being followed by employees for discharging duties.
- **Consistency:** Policies ensure that everyone is treated fairly and that decisions are made in a consistent manner.
- **Risk Management:** Policies help identify and mitigate risks, including security risks and compliance risks.

Need for Policies

- A control tool to monitor resource use efficiently and effectively.
- To enhance completeness and accuracy of transactions.
- To provide accurate and reliable reports to enable management for effective decision making.
- A framework for reference by the staff, management, auditors and other stakeholders i.e. auditor, external agency.
- A training resource.

Policy vs Procedure

- **Policies** are principles or rules for decision-making. They show the "why" behind an action. Policies provide the overall framework and direction. Finance policy is a policy...
- **Procedure** explain the "how" to carry out the policy. Procedures outline the practical steps to achieve policy goals. Provide step-by-step instructions/ checklist or process guide to follow. Procedure is clearly defined list of the tasks to be carried out. As a timetable for processing transactions and producing reports. ...but how to record accounting

transactions, how to do banking etc are procedures.

Who formulates Policies

- Responsibility rests with Governing Body as part of its fiduciary (trust) responsibility.
- The Governing Body may delegate formulation of draft policy to a sub committee of the Governing Body which comprise of subject matter experts.
- Draft policy is considered, modified and authorized by the Governing Body for implementation.
- Policy is a dynamic construct and all modifications made in future based on the evolution of the organization are considered and approved by Governing Body.
- Such revisions are notified from a particular date, generally the date of approval in the GB meeting.

Who implements policies

- The Head of the function is primarily responsible for ensuring that the policy is fully implemented.
- Head Finance is responsible for the Finance policy and HR Head for the HR Policy.
- Some policies maybe the responsibility of Chief Functionary like Conflict of Interest etc.
- Policies are applicable throughout the organization.
- The policy holders through the Chief Functionary make recommendations to Governing Body for modifications/revision in policy based on need and relevance at particular point in time.

Finance Policy

Contents

- Authorization Matrix
- Accounting
- Payment & Advances
- Budgeting and Budget Monitoring

- Fund Flows
- Investment, Treasury and Banking
- Donor Management
- Procurement
- Travel Policy
- Assets management
- Petty cash Management
- Audits and assurance
- Statutory Compliance
- Fraud Management
- Sub grants

Authorisation Matrix

- **What it covers:** Who has the original authority to take various decisions as per the formation document of the organization as well as the matrix for delegation of such authority. It specifies the level and threshold amounts of authorization for financial or other decisions.
- **Role and Takeaway for people from other departments:** Who will approve the requisition for expenditure/ expenditure incurred. Who has the authority to approve transactions/documents like vouchers, travel bills, budgets, Purchase orders, Agreements, new recruitment etc.

Accounting

- **What it covers:** Method of accounting, Accounting software, Chart of Accounts, Accounting Codes, Cost Centers, Project Codes, Books of accounts and other records, form, place, period as per law, Flow of Accounting Process, Reconciliation and Closing, Final accounts and reporting.
- **Role and Takeaway for people from other departments:** Correct organizational data is generated for correct decision making and reporting. Understand and fill up correct codes. As cost-center heads / supervisors, make informed and knowledgeable approvals.

Payments and advances

- **What it covers:** Types of payments-vendor, employee, consultant, works etc., approval matrix, authorisation, timelines, Advance-travel, program and personal, eligibility for

advance, settlement of advance.

- **Role and Takeaway for people from other departments:** Ensure payments are authorised as per delegation and after expenses has been approved. Check policy, eligibility and entitlement for various advances.

Budgeting

- **What it covers:** Budget org structure for org and project budgets, tracking budget through variance analysis; budgetary controls, procedure for budget check; procedure for revision of budget; authority for approval of unbudgeted exp. Common/shared cost allocation policy, post award budget amendments like realignment, NCE etc.
- **Role and Takeaway for people from other departments:** Understanding your role in the budget making process and budget tracking; Process of budgetary check when you requisition for an expenditure; what to do when something is not budgeted; procedure for revision of budgets; ultimately helps you keep in track for achieving the objectives of the project as owners of the budget.

Procurement

- **What it covers:** Procurement process/cycle. Category and Methods of Procurements; thresholds for applicability of procurement procedure based on materiality. Sole sourcing, E procurement, Vendor Management, Lease of offices.
- **Role and Takeaway for people from other departments:** For getting the right goods/services which fits your requirement and thus contributing to the success of the project. Also contribute to cost management and value for money.

Travel Policy

- **What it covers:** Travel Approval and Expenditure claim procedure, Approval and claim format; Details of modes of travel, lodging and boarding and cost benefit analysis; Local conveyance; Entitlements details as per different levels; Different categories of cities; Per Diem details; Travel insurance while on international travel; Safety & security of employees during travel; Travel policy best practices.
- **Role and Takeaway for people from other departments:** Travel policy gives standardized rules and regulations while on travel. It saves time of employees as processes and procedures are clearly mentioned. Also results in better analysis with the inputs received from employees review. It helps in cost management. It determines do's

and don'ts of conduct/behaviour while travelling.

Risk Management

- **What it covers:** Risk Management Policy and Process, Internal Controls, Insurance, Fraud Detection, prevention, reporting and investigation, Ethics, accountability and Transparency.
- **Role and Takeaway for people from other departments:** Understand your responsibilities in contributing to the control environment as a responsible employee and citizen.

HR Policy

Contents

- Leave Policy
- Employee Referral Policy
- Attendance Policy
- Recruitment Policy
- Compensation & Performance Appraisal Policy
- Probation and Confirmation Policy
- Internet Policy
- Dress Code Policy
- Whistle Blower Policy
- Late Coming Policy
- Transfer Policy
- Promotion Policy
- Mobile Policy
- Job Rotation Policy
- Laptop Policy
- Reward and Recognition Policy
- Code of Conduct Policy
- Harassment Policy
- Nepotism Policy

Recruitment

- Need analysis and requisition for a recruitment; preparing job description and budgetary approval for recruitment;
- Various channels for recruitment, process for various types of recruitment-external or internal(IJP); selection process and selection committee;
- process of skill matching; process of approval and documentation of a recruitment process; background verification, appointment letter and on-boarding.
- Induction
- Probation

Compensation and benefits

- Compensation elements and breakup, salary band for fixation and increment;
- Retiral and other benefits-EPF, ESI, Gratuity etc, Other benefits i.e. insurance, communication allowance etc;
- Reward and Recognition policies;
- trainings skill and value related;

Leave & Holiday Policy

- Type and number of leaves eligibility for staff; procedure to avail each type of leave, carry forward of unused leave, monetization of leave.
- Public holidays

Performance Management

- How goals for employees for each year will be set.
- How these will be measured: weightage for competency and values.
- How the ratings will be decided; Formats for self appraisal, feedback forms and mechanism for feedback; timelines; mode of communication, process of escalation in case differences arise etc.

Prevention of Sexual Harassment at workplace

- Policy against sexual harassment of women at workplace, it can be gender neutral also, Internal committee (IC) where employee strength exceeds 10, create awareness and visibility of POSH and IC, management facilitate enquiry for POSH matters to IC, Annual

reporting by IC to management and district authority if more than 10 employees.

- POSH compliance in Directors Report for company.

Other Policies

- **Risk Management Policy:** Procedure for mapping the risks in the organization. Then taking mitigating measures for high risks so that the same are brought to an acceptable level; incorporating all the risks and their mitigations with the process with which they are associated.
- **Conflict of Interest Policy:** define, identify, handle and report conflict of interest situation.
- **Disaster Management Policy:** What to do if disaster strikes; where to get back-ups; what to do to prepare for disaster; keeping back-ups off site, alternate places of operation, insurance policies.
- **Security Policy:** Developing a security manual, identify security threats, protocol for management of security at every location.

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