Annexure 2b: Financial Management Reference Material

1. Book-Keeping and Accountancy

1.1 Maintenance of Books of Accounts

Accounting is a basic management tool which, if used properly, will enable the organisation's management and/or any other person, related or unrelated to the organisation, to determine the fair financial status of the organisation.

- The books of account shall be maintained in computerised accounts generally in Tally software.
- The organisation shall maintain separate sets of books of accounts for all grants received (non-FC/local and foreign contributions).

1.2 Types of Accounting

There are different types of accounting; two important types are the Cash System and the Mercantile System.

- Under the Cash System, an entry is recorded on the basis of the amount being paid or received, whether or not the payment or receipt was due at that point of time.
- Under the Mercantile System (Accrual System), an entry is recorded on the basis of any amount which has become due for payment or receipt, even if the payment or receipt is actually made at a later stage. This system of accounting is generally used by all the organisations since it depicts the actual assets and liabilities of the organisation.

Books of Accounts/Registers to be Maintained

2. Cash Book – Tally-based accounting
4. Different Ledgers – Tally-based accounting
5. Different Journals – Tally-based accounting
6. Advance Payment Register – Computerised
7. Fixed Assets Register – Manual/Computerised
8. Stock Register – Manual/Computerised
10. Investment Register – Manual/Computerised
11. Cheque Control Register – Manual
12. Movement Register – Manual
13. Asset Movement Register – Manual/Computerised
14. Donation Register – Manual/Computerised
15. Despatch Register – Manual/Computerised
16. Membership Register – Manual/Computerised
1.3 Resource Mobilisation Policies

Grants

Receipt of a grant
The following processes should be ensured during the receipt of a grant.

- Treatment of grant as FCRA/domestic as per the direction of funder.
- The grant received is for the achievement of the objectives mentioned in the grant agreement.
- The grant received is not of a business nature and satisfies the provisions of Section 2(15) of the Income Tax Act.

Grants and accounting
Grants received by the organisation could be of the following types.

- Grants received in support of specified projects or activities mutually agreed upon by the organisation and the donor (restricted grant).
- Grants received which the organisation may freely use for whatever purpose as per its defined objectives (unrestricted grant).

Grants should be recognised as revenues only upon or until the conditions have been substantially met or explicitly waived. A grant with a condition should be accounted for as a liability until the conditions have been substantially met or waived by the donor.

It is also to be noted that revenues received from foreign sources are to be reported to the Ministry of Home Affairs, Government of India, on cash basis as a requirement of FCRA.

Management of a grant
The following processes should be ensured during the tenure of a grant.

- Programme reports must be sent within the intervals fixed under the memorandum of understanding (MoU), signed between the donor and grant recipient.
- The programme reports must match the activity calendar as suggested under the MoU.
- The programme reports should match the financial reports for a particular period. Variances if any should be sorted out prior to sending the same to the funder.
- Over-spending and under-spending under various projects, especially the FCRA grants should be properly dealt with.
- Capital and revenue expenses under a particular grant should be properly dealt with.
- Periodic meetings of programme and administration and finance department representatives should be held to keep the expenditures on track as per the budget heads.

Closure of a grant
Like the management of a grant, its closure is an essential part of a project. The following processes should be ensured during the closure of a grant.

- Ensure that all the conditions as per the MoU with the funder have been met.
- Ensure that all the fund-utilisation certificates have been submitted along with the periodic activity reports duly acknowledged by the funder.
• The closure report from the administration and finance department must be in the proper format giving the reconciliation of grant received and utilised, taking into account the interest earned on the said amount.
• The interest earned, if any, should be properly disclosed in the utilisation certificate submitted to the funder and must also be in line with provisions in the MoU.
• Acknowledgement must be received from the funder of ‘NO DUES’, after the submission of final report and total utilisation of funds.

**Contribution in Kind**

This may be in the form of assets or any item that generates revenue. Assets received in kind with an ascertainable value, should be recorded at the value ascertained.

Assets received in kind, the value of which cannot be ascertained, should be valued at a nominal value, say Re. 1/-, for accounting purposes.

**Corpus Fund**

For a charitable organisation corpus funds are of paramount importance. Normally a corpus fund denotes a permanent fund kept for the basic expenditures needed for administration and survival of the organisation. The corpus fund is generally not allowed to be utilised for the attainment of the organisation's purposes, but the interest/dividend accrued on such fund can be utilised as well as accumulated.

Corpus funds are generally created out of corpus donations. A donation will be treated as corpus donation only if it is accompanied by a specific written direction of the donor. In the absence of any written direction of the donor, a contribution or grant cannot be transferred to the corpus fund.

• A corpus fund may be created out of own generation, based on a resolution passed by the governing body.
• Corpus fund received should not be treated as income for computation of income for income tax purposes, as it is a receipt that is capital in nature.
• The corpus fund should be suitably invested and should be disclosed separately in the financial statement.
• Interest on the corpus can be utilised as well as accumulated.

**Endowment Fund**

An endowment fund is similar to a corpus fund but it comes with the restriction of certain specific purposes. There may be two types of endowments.

• Perpetual endowments given in perpetuity, and where the fund principal is never spent or repaid.
• Term endowments that are gifts for which the donor has specified a date or event after which the funds may be spent.

When an endowment fund is created out of internal accruals and unconditional voluntary contributions received, it is known as a ‘designated endowment fund’. The board of an organisation may designate certain funds for long-term activities. The endowment fund so created may be for a fixed period or perpetual in nature.

A designated endowment fund is a discretionary long-term fund created by the governing body of the organisation. Such funds are bound by the norms and regulations approved by the governing body. Generally such funds are also permanent and not available for the general activities of the organisation. But since the designated fund is created by the organisation itself, therefore there is a legal possibility of revocation of such designated
Another kind of endowment fund is the ‘restricted endowment fund’, which is not available for revocation under any circumstances.

Interest revenue out of an endowment fund is accrued at the end of an accounting year. The fund is usually invested in some securities and such investment is valued at cost price. If the income out of such investment is available for unrestricted purposes, it is recognised in the unrestricted fund. On the other hand, if the income is to be used for some specific purpose, it is transferred to that specific fund.

### 1.4 Cash Transactions

The norms for cash transactions are laid down below.

#### Cash Payments

- Cash payments should be made only if supporting documents are obtained to that effect.
- The Administration and Finance Officer will fill in, on payment voucher(s), the ‘project title’ and the ‘name of programme’ for which the expenses have been incurred and send the same to Authorised Signatory for approval.
- The Authorised Signatory will give approval on payment voucher(s) and support thereof.
- The Administration and Finance Officer will obtain recipient’s signature on cash payment voucher.
- Where cash payment is more than Rs 5,000/-, revenue stamp of Re. 1/-must be affixed and the recipient’s signature should be obtained thereon.
- Cash payment voucher will be entered in Cash Book.
- A serial control number will be given to each payment voucher.
- In case of one-time payment, ensure that cash payment is kept below Rs 20,000 on a single day to a particular person.\(^3\)
- Follow authorisation norms in case of cash advances to outside parties and staff/workers.
- Advance payment to staff/workers will be done only on the basis of an authorised plan for programme/plan for travels.\(^4\)

#### Cash receipts

- No cash will be accepted unless the receipt is authorised as per the authorisation procedure.
- Receipts will be pre-numbered at the time of printing.
- The receipt will be printed in duplicate. First copy for donor/party, second copy for accounting and references and records.
- A Receipts Control Register will be maintained to record cash receipts and ready reference.
- A cash receipt voucher will be made for total cash received during the day giving reference of cash receipts and the Receipt Control Register.
- Reference of cash receipt voucher will be given in the Receipt Control Register.
- The Administration and Finance Officer will clearly mention the purpose for which cash has been received.

---

\(^3\) Cash payment of more than Rs 20,000 can be made only when the person does not have any bank operating in the locality.

\(^4\) Refer to the section ‘Formats for Programme/Travel Plan and Advance Request’
• Cash Book folio will be mentioned on the cash receipt voucher.
• The blank cash receipts will be kept in a safe custody.

Cash book(s)
• An organisation should maintain separate cash books for Foreign Currency (FC) funds as well as local funds.
• The Administration and Finance Officer will clearly mention the programme/expenses head with respective project names in the Cash Book.
• Ensure that a brief narration of the nature of transaction is given in each case.
• The Administration and Finance Officer will mention ledger folio against each cash voucher entered in the Cash Book.
• No alteration can be made in the project name, programme/expenses head and amount;
• If the change is inevitable in the Petty Cash Book, do so by clearly striking it off and writing again.
• The Petty Cash Book(s) will be closed every day, mentioning physical balance of cash available. The concerned staff will mention denomination of cash in the Cash Book itself at the close of the day.

Physical control of cash and monitoring
• The organisation’s cash will be kept at a secured place.
• No personal cash will be mixed with organisation cash.
• Physical control of cash will be with the Cashier/Administration and Finance Officer of the organisation.
• In no case, will the cash be moved out of the organisation’s premises without corresponding payment voucher and authorisation.
• Deposit cash on the day immediately following the date of cash receipts in designated bank account.
• Withdrawal of cash will be done only when a proper planning for programme or administrative expenses have been approved by the Authorised Signatories.
• Keep cash at the barest minimum.
• Must insure cash-in-safe and cash-in-transit to the extent of necessary volume and safety.
• Periodic physical verification (without any notice to Cashier/Administration and Finance Officer), in a proper format meant for this purpose, will be done by each organisation.
• The persons responsible for physical verification will hold this post in rotation.
• Stern action should be taken in case of discrepancies beyond explanation of the Cashier/Administration and Finance Officer and any other party involved.

1.5 Bank Transactions

Bank Payments
• Bank payments will mean payment through cheques or direct debits by bank(s) only.
• No authorisation of cheque payment will be made unless supported by a bank payment voucher.
• In case of any advance payment to staff, Advance Request Form\(^5\) will be attached with the voucher for authorisation.

• In case of payment to outside parties, no bank payment voucher will be entertained unless supported by party’s accounts in the books of the organisation.

• Outside party’s accounts in organisation’s books of accounts will be properly reconciled with all the bills raised and payments made till the date before the same is considered for payment.

• Insist on a Statement of Accounts from outside party, if necessary, for account reconciliation.

• The Administration and Finance Officer will ensure that the payments to parties are done only on or after the due dates.

• The Administration and Finance Officer will check availability of funds in the bank from where cheque will be issued.

• The Administration and Finance Officer will ensure, at the time of obtaining authorisation, that the support documents attached to the bank payment voucher are also signed.

• All the cheques issued will be crossed ‘payee’s account only’ unless they are for internal cash withdrawals.

• Complete detail of cheque issued will be mentioned on the payment voucher.

• The Administration and Finance Officer will fill in, on payment voucher(s), the ‘project title’ and the ‘name of programme’ for which expenses have been incurred.

• The particulars of bank payment voucher will be entered in the Bank Book/Ledger as soon as the cheque is issued.

• The Administration and Finance Officer will obtain recipient’s signature on the payment voucher.

• A serial control number will be given to each payment voucher.

• Where payment is more than Rs 5,000/-, revenue stamp of Re. 1/- must be affixed and recipient’s signature should be obtained thereon.

• The cheque issued will be entered in the Cheque/Draft Issue Control Register\(^6\).

• In case, the recipient is an outside party, an official receipt will be requested.

**Bank Books/Ledger**

• Every organisation will maintain separate Bank Books/Ledgers for each project (for foreign currency or FC funds as well as local funds).

• The Administration and Finance Officer will clearly mention the programme/expenses head with respective project name in the Bank Book/account.

• Brief narration of the nature of transaction will also be given in each case.

• The Bank Book/account will be closed everyday and reflect bank balances.

**Maintaining chequebooks/deposit slips**

• In no case should cheques be kept blank after the signatures of both Authorised Signatories have been obtained on them.

• Cheque books should be kept in the safe meant for keeping cash.

• Avoid giving post-dated cheques unless there is absolute necessity, but not without prior approval within organisational level.

---

5 Refer ‘Formats’ for Advance request
6 Refer ‘Formats’ for Cheque/Draft Issue Control Register
Avoid giving bearer cheques.
Do not leave any blank spaces in cheques between the figures and at the start of the box meant for filling amount in figures. Also, do not leave any spaces when writing amount in figures.
Strike out the blank spaces after the name and figures in words.
Preferably, use indelible ink pen for filling cheques.
In case of cancellation of any cheque, deface the cheque diagonally with a pen and strike off the cheque number.
If bank payment voucher has been made earlier for the cancelled cheque, prepare a bank receipt voucher and record in Bank Book/account to avoid any confusion in future.
Mention detail of cheques issued in the cheque counterfoils. This serves as a ready reference and is also useful at the time of preparing Bank Reconciliation.
Keep all the deposit slips separately and safely till the time bank accounts are reconciled.

1.6 General Accounting

Journal Vouchers
- Journal vouchers will be prepared only for the activities not falling in the category of cash or bank transactions viz. credit purchases, credit sales, depreciation on assets, etc.
- The corresponding effect of these vouchers will be directly taken in the Main Ledger.
- No journal voucher will be accounted for without approval from Authorised Signatory.
- Every journal/adjustment voucher will be required to have adequate supporting documents, unless the same is a transfer entry.
- In case of transfer entry, the previous voucher reference will be given with complete narration.

Maintaining Vouchers
- Ensure that all the particulars required in voucher(s) are properly filled.
- Ensure that all the vouchers bear the ‘project name’ and ‘programme description’.
- All type of vouchers namely, Cash Payments, Cash Receipts, Bank Payments, Bank Receipts and Journals/Adjustments should be separately filed for each project.
- Vouchers should be pre-numbered and filed numerically.
- Proper binding of the vouchers should be done as and when required, depending on the volume of transactions.

Maintaining Ledgers
- Organisations should maintain project-wise ledgers for both FC and local funds.
- A project-wise ledger should contain transactions of that project only.
- Ensure that the date and voucher reference is given in case of each transaction.
- Each entry reflected in the ledger should have a brief about the nature of transaction.
- The balancing of the ledger should be done at the close of every month.
1.7 Program/Work Advance

Obtaining/Authorisation of Advance

- Program/Work Advances should be given only if the request for the same is given in the required format.
- On receiving the request for an advance, the Administration and Finance Officer will check for any unutilised advance lying in the person’s name.
- Outstanding advance (if any), in his/her name will be mentioned on the request form.
- The authorised person will ensure that outstanding advance is settled first and then only the request for more advance sis entertained. If it is absolutely necessary to give further advance without settling a previous one, then the reason should be mentioned by the person authorising the advance.

Settlement of Accounts

- The Program/Work Advance should be settled immediately after the end of the program(s). Each organisation should have its own specific timelines to settle advances.
- In no case, however, must the program advance remain unsettled beyond the end of the month; or end of the program(s) whichever is earlier.
- Persons responsible will be required to give complete detail of expenditure on each program/work in the desired format.
- Each expenditure will be supported with adequate bills/receipts/supporting details as the case may be.
- A narrative program report for each program will be prepared and attached to the claim for settlement of program advances.
- Expenses claimed without proper program report/bills/receipts/supporting details should be treated as non-expenditure and reflected as un-utilised in the hands of the person who has taken advance.
- For any expenses claimed and paid without authorisation, both the Administration and Finance Officer and the person who has received the expense, are liable to be penalised to the extent of such amount.
- Any amount remaining unutilised at the end of the program/work will be returned to the accounts department for accounting and depositing back.

1.8 Bank Reconciliation Statements

In normal cases, Bank Book/account maintained by you should match with the bank statements/pass books maintained by the bank on your behalf. There are, however, some cases where both do not match and need reconciliation to arrive at the un-traced entries at both the end.

Following are examples where your Bank Book and bank statement/passbook may not match.

- Cheques issued by you but not presented by party(ies) in bank for payments.
- Cheques deposited by you but still to be credited by bank.
- Bank charges debited by bank on account of issue of cheques, bank draft clearing charges, commission for TT clearance, etc.
- Some deposits directly done in your bank but not accounted for by the Administration and Finance Officer for lack of information.
It is, therefore, necessary to prepare a Bank Reconciliation Statement on a monthly basis where transactions entered into your Bank Book/account are matched with the bank statements/passbooks on a periodical basis.

Your organisation will be required to follow these steps.

- Obtain bank statements or get the bank’s passbook updated immediately after the end of the month.
- Prepare Bank Reconciliation Statement at the end of every month for each bank account you have.
- The reconciliation statement should be filed along with the bank statement for each month.
- Any deviations on the bank’s part should be immediately taken up with the bank and follow-up done periodically.
- Mistakes/deviations on the organisation’s part should be corrected/adjusted immediately before the next month-end.
- The Administration and Finance Officer should obtain bank balance confirmation at the end of each accounting year.

1.9 Salary Payment System

Salary Computation

- The cut-off date should be the 25th of each month for the calculation of salary.
- The Administration and Finance Officer will be responsible to obtain authorised statements for salary payments from respective project heads for their field workers/staff for the previous month latest by the third day of the following month.
- The project heads/directors will be responsible to verify the leave records of each staff/worker before number of days is authenticated for salary payments.
- The leave records for office staff should be maintained at organisation’s main office.
- The Administration and Finance Officer should calculate salary computation sheets on the basis of Project Head’s statements for field staff and office leave records for office staff.
- The salary computation sheet should be authorised by the organisation head/project signatory.
- Salary to all the office-based staff/Project Heads and above would be paid by cheque only.
- Salary to field staff or staff not having bank accounts may be paid in cash, the amount not exceeding Rs 2,000/- per month. If anyone with a salary of more than Rs 2,000/- needs to be paid salary in cash, a justification note/memo should be prepared.

1.10 Vehicle Log book

- All the staff using personal vehicles will also be required to keep and maintain a ‘vehicle log book’.
- The vehicle log book will be updated on a daily basis by the concerned user of the vehicle.
- The Administration and Finance Officer should not entertain any claim for expenses on vehicle use unless the vehicle log book is updated and authorised.
1.11 Hiring Vehicles from External Agencies

• Organisations should explore the possibility of hiring vehicles on contract, after proper analysis of quotations, and to more than one vendor.
• No cash payment should be given to the contractual vendors.
• In case of vehicle-hiring in the field, prior approval will be required as per authorisation norms.
• Further, all the users will sign on the Travel Claim Form and car hire duty slip for such vehicle hiring.
• The Administration and Finance Officer will check the formalities of prior approval in case of vehicle hiring without any fail before final payment is made to claimant.

1.12 Travel Expenses Reimbursements

Request for each travel will be done in the suggested format only. Each person will be required to submit claims for reimbursements/adjustments against advance taken only in the Travel/Program Expense Claim Form along with following supporting documents.

• Original tickets of travel by train/bus.
• Boarding pass along with book copy of the air ticket in case of air travels.
• Original bills for stay at hotel/lodge/guest house.
• Receipts for payments made to hotel/lodge/guest house.
• Bills/receipts for use of hired vehicles for local conveyance.
• Bills/cash memo for in-transit boarding.

1.13 Computerised Accounting system

An organisation should maintain its accounts in Tally ERP version for the uniformity of the accounts and generation of related reports.

Procedure for Maintaining Accounts in Tally

• Organisations must create project-wise companies for all FC funds, local funds and non-grants.
• All manual vouchers will be fed in Tally on a daily basis.
• Accounting entries will be done on a daily basis.
• Backup of accounts from Tally should be taken on daily basis and a back up should be taken on CD/DVD on fortnightly basis.
• Tally accounts should be protected with passwords and the passwords should not be shared with others. Only the Administration and Finance Officer, the organisation’s head and any other key administration and finance staff should know the password.

1.14 Purchases Control

Capital Purchases

• No capital item should be allowed to be purchased if the same has not been budgeted beforehand.
• Subject to the budget (whether under a particular project or from Indian funds), a capital Item justification will be prepared by the organisation and submitted to its Purchase Committee.
• The committee should ask for at least three quotations from the open market for rate and quality comparison. A Vendor Analysis Chart will be prepared by the committee for approval.

• After receiving approval from the committee, the organisation will place a Purchase Order giving full description to the designated vendor.

• The user of the capital item should ensure that the item purchased is properly installed as per the user manual supplied with the asset;

• The Administration and Finance Officer should ensure that all the costs till the time of installation of the capital item have been accounted for and capitalised.

• The Administration and Finance Officer should also ensure that the item so purchased is duly recorded in the Fixed Assets Register giving description of assets, its location and user.

• The assets received as donation/kind should be valued at Re. 1/- for proper accounting.

• No depreciation will be charged on such donated assets.

• The Administration and Finance Officer will also ensure that the asset is comprehensively insured for adequate value (market value).

**Fixed Assets Register**

• Organisation will maintain fixed assets in the prescribed Fixed Assets Register.

• Separate sheet will be used for each asset.

• Every asset/sheet will be given a control/code number in following manner.

<table>
<thead>
<tr>
<th>Name of organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>↓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of donor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>↓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of asset</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>↓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location of asset</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>↓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial year of purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>↓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Control number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

• The Asset Register will be updated for each purchase and sales/disposal.

• In case of relocation of assets, a copy of corresponding fixed asset sheet of the assets will also move along to be incorporated in the recipient’s Fixed Assets Register.

---

Refer to the section “Fixed Assets Register”
Physical verification of assets
1. Physical verification of assets should be done at least once a year.
2. Organisation should form a special team for physical verification of assets.
3. Any discrepancy in assets as compared to the assets register will be immediately reported to the organisation’s governing body.

Depreciation on assets
- Depreciation on assets will be provided on Written Down Value Method (WDV) as per the rates prescribed under the Income Tax Act.
- The assets depreciated fully will be kept in the books with the value of Re. 1/-.

2. Budgeting and Budgetary Control

2.1 Purpose of Budgeting and Budgetary Control

The purpose of the budgeting and budgetary control procedure is to accomplish the following.

- Prepare annual and project wise operational budgets.
- To record budget item-wise daily income and expenditure by the grant recipient.
- To record budget item-wise cumulative expenditure to date.
- To compare and monitor cumulative expenditure by budget item, to the original or revised budget allocations.

These procedures of budget control should satisfy the requirements of the donors funding the project.

Information from the budget book can be used in the budget-monitoring sheet for reporting and also for assisting in controlling expenditure. Ideally, the budget book should be maintained on a computer spreadsheet. This makes it easier to update and amend it. However, the budget book may be maintained and updated manually. Each budget line should be on a separate page.

2.2 Budget and Expenditure Procedures

Principal activities that should be performed.

- Prepare annual work-plan and budget.
- Prepare operational budget.
- Record the original or revised budget for the financial year concerned.
- Post daily expenditure to the budget book.
- Record cumulative expenditure and monitor remaining budget.
- Obtain donor approval in advance for revisions of budget.
3. Internal Control

An Internal Control and Monitoring Mechanism is very essential for an organisation. It is essential for the organisation to have proper controls in place so that money or funds cannot be misused and to prevent corruption in the organisation. Some aspects of Internal Control and Monitoring Mechanism are as follows.

- Keeping cash in a safe place.
- Making sure that all expenditure is properly authorised.
- Following the budget.
- Monitoring how much money has been spent on what every month.
- Employing qualified finance staff.
- Conducting internal audits on monthly or quarterly basis.
- Having a statutory audit every year.
- Carrying out bank reconciliation every month, which means checking that the amount of cash you have in the bank, is the same as the amount that your Bank Book tells you that you ought to have.

Proper Internal Control and Monitoring proves that the amounts recorded in the books of accounts and the reports based on it are accurate.

4. Legal Compliances

4.1 Income Tax Act

Every non-profit organisation having exemption under the Income Tax Act, 1961, must file an annual return on or before 30th September of the calendar year for the fiscal year of March of each year along with the audited financial statements.

Annual Returns to the Income Tax Department:

The following documents will be filed along with the returns of income.

- Form 10B
- ITR - V
- Memo of Taxable (Summary of Income and Expenditure Account)
- Balance Sheet – Schedules
- Receipts and Payments – Notes
- Income and Expenditure – Notes
- List of Trustees
- Copy of Section 80G IT Certificate
- Copy of Section 12AA IT Certificate
- Copy of PAN
- Activity Report
- Disclosure of Key Financial Policies
**Tax Deducted At Source (TDS)**

- Organisation should comply with the provisions of Income Tax Act, 1961 while making payment to a person/company whose payment is subject deduction of tax.

- In simple terms, TDS is the tax getting deducted from the person receiving the amount (Employee/Deductee) by the person (Organisation) paying such amount (Employer/Deductor). This is applicable for certain types of payments, as applicable under the Income Tax Act.

- In the process of TDS, deduction of tax is effected at the source when income arises or accrues. Hence where any specified type of income arises or accrues to any one, the Income Tax Act enjoins on the payer (Organisation) of such income to deduct a stipulated percentage of such income by way of Income Tax and pay only the balance amount to the recipient of such income.

- The tax so deducted at source by the payer has to be deposited in the government treasury to the credit of the Central Government by 7th of the succeeding month. The tax so deducted from the income of the recipient is deemed to be payment of Income Tax by the recipient at the time of his assessment.

- Income from several sources is subjected to tax deduction at source viz. salary, interest, dividend, interest on securities, winnings from lottery, horse races, commission and brokerage, rent, fee for professional and technical services, payments to non-residents, etc. It is always considered as an Advance Tax which is paid to the government.

- Prior to making any payment, an organisation needs to ensure that the payee has a valid PAN, or else the tax will be deducted at 20 per cent.

**4.2 Foreign Contribution Regulation Act, 1976**

This is an important legislation which can have far reaching repercussions on an organisation if the provisions are not strictly adhered to. This Act requires the organisation to maintain only one bank account specified in the Certificate of Registration for receipt of funds. However, multiple bank accounts can be opened for utilisation of foreign contributions.

**4.3 Reporting to Ministry of Home Affairs through Annual Report in Form FC-6 (Earlier FC-3)**

The Annual Report in the Form prescribed by the government, viz. Form FC-6 will be prepared for the fiscal year ending on 31st March of every year and will be filed with the Ministry of Home Affairs on or before 31st December after the end of the fiscal year.

The Annual Report stated above will contain the following.

- The Audited Receipts and Payments Account.
- Form FC-6 prescribed by the government signed by the Chief Functionary and certified by the Auditor.
- Audited Balance Sheet.
### 5. Roles and Responsibilities of Administration and Finance Officer

<table>
<thead>
<tr>
<th>Roles and Responsibilities</th>
<th>Reporting Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>d. Maintain cashbook, ledgers and other documents as defined in various sections of the Finance Manual.</td>
<td>a. Monthly reports by 5th of the following month for the Project Head and Management Committee members of the organisation as mentioned below.</td>
</tr>
<tr>
<td>e. Obtain adequate vouchers as defined in the manual in various sections.</td>
<td>• Monthly Trial Balance.</td>
</tr>
<tr>
<td>f. Do not consider claims for expenses or adjustments based on unauthorised documents.</td>
<td>• Project-wise monthly Receipts and Payments Account, and Income and Expenditure Account.</td>
</tr>
<tr>
<td>g. Ensure proper use of telephone and other equipment of the organisation.</td>
<td>• Utilisation of funds for both FC and Indian funds.</td>
</tr>
<tr>
<td>h. Maintain a Fixed Asset register as per guidance in the manual.</td>
<td>• Finance MIR in the suggested format.</td>
</tr>
<tr>
<td>i. Maintain stocks records as per the guidance in the manual.</td>
<td>b. Annual Reports by the end of 31st May for each financial year for the Project Head and Secretary of the organisation as mentioned below.</td>
</tr>
<tr>
<td>j. Liaison with Project Head and organisational Secretary on various issues.</td>
<td>• Project-wise annual utilisation of funds.</td>
</tr>
<tr>
<td>k. Keep an eye on budget utilisation and management in case of any deviation.</td>
<td>• Project-wise Balance Sheet for FC and local funds.</td>
</tr>
<tr>
<td>l. Prepare various documents as required.</td>
<td>• Detail of project-wise unspent grant balances.</td>
</tr>
<tr>
<td>m. Maintain staff records as per the guidelines.</td>
<td>• Consolidated Receipts and Payments.</td>
</tr>
<tr>
<td>n. Coordinate with programme staff about requirements of support for proper accounting;</td>
<td>• Accounts and Income and Expenditure Account for both FC and Local funds.</td>
</tr>
<tr>
<td>o. Prepare Monthly Information Reports(MIR).</td>
<td>c. Any other report as and when required by other project or organisational personnel.</td>
</tr>
</tbody>
</table>
6. Formats

### 6.1 Program/Travel Plan & Advance Request

**ORGANISATION’S NAME**

**ADDRESS**

**Program/Travel Plan & Advance Request**

<table>
<thead>
<tr>
<th>Date</th>
<th>Place(s) to be Visited</th>
<th>Mode of Travel</th>
<th>Brief Description of Activity</th>
<th>Advance Required</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Travel Plan for the Period:** from -------- to ---------.

Total Advance Required (in words): Rs

Outstanding Advance (if any): Rs

Prepared by

Program Approved by

Advance Approved for Rs----

Paid Rs-------------------

Vide

Voucher No. -------------------

Dtd.

---------------------

Accountant
### 6.2 Travel Program Expenses Claim

<table>
<thead>
<tr>
<th>Date</th>
<th>Place(s) Visited From</th>
<th>Mode of Travel</th>
<th>Fares</th>
<th>Boarding &amp; Lodging</th>
<th>Local Conveyance</th>
<th>Other Expenses</th>
<th>Total (A)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Travel Expenses (in words) (A):**

*continued overleaf*
6.2 Travel Program Expenses Claim (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Place/Area of Work</th>
<th>Activity/Program</th>
<th>Amount (Rs)</th>
<th>Program Report Ref.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Prepared by: ____________________

Advance taken (Vr. No.__________/ dtd__________)

Less Total of Part A & B: (J V No.__________/ dtd__________)

Payable/Recoverable (Vr. No.__________/ dtd__________)

Paid/Recovered Rs ----------------------------- Vide Voucher No. ----------------------

Travel and Program Expenses Approved by

Accountant C.E.O. President/Secretary/Treasurer
6.3 Cheque/Draft/P.O. Issue Control Register

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Cheque/Draft/P.O. No.</th>
<th>Date</th>
<th>Amount (Rs)</th>
<th>Party/Receiver</th>
<th>Bank</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Travel Expenses (in words) (A):
### 6.4 Fixed Assets Register (Asset Leaf)

<table>
<thead>
<tr>
<th>Name of Asset</th>
<th>Category of Asset</th>
<th>Vendor/Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Bill/Challan No./Date:</td>
<td>Project Ref.</td>
<td></td>
</tr>
<tr>
<td>Date of Installation/Capitalization:</td>
<td>Location:</td>
<td></td>
</tr>
<tr>
<td>JV Reference/Date:</td>
<td>User/User Dept.</td>
<td></td>
</tr>
</tbody>
</table>

#### Fixed Assets Register (Asset Leaf)

<table>
<thead>
<tr>
<th>Nature of Cost</th>
<th>Voucher Ref./Date</th>
<th>Qty.</th>
<th>Amount (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic price</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any other incidental Charges</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Opening WDV</th>
<th>Dep.</th>
<th>Closing WDV</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total | |
|-------||
### 6.5 Fixed Assets Register (Control Sheet)

**ORGANISATION’S NAME**

**ADDRESS**

**Fixed Assets Register (Control Sheet)**

<table>
<thead>
<tr>
<th>Category of Asset:</th>
<th>Location:</th>
</tr>
</thead>
</table>

| User/User Dept. | Pages: from ____________ to ____________ |

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Block</th>
<th>Additions During Year</th>
<th>Sales/Adjustments</th>
<th>Total (2+3-4)</th>
<th>Op. Dep.</th>
<th>Dep. For the Year</th>
<th>Total Dep. (6+7)</th>
<th>Closing WDV (5-8)</th>
<th>Opening WDV (2-6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>