

**NATIONAL AIDS CONTROL
ORGANIZATION**

**Guidelines
On Financial &
Procurement Systems for
NGOs/CBOs**



PART - II

**MINISTRY OF HEALTH & FAMILY
WELFARE**

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10th APRIL 2007

GUIDELINES ON FINANCIAL & PROCUREMENT SYSTEMS FOR NGOs/CBOs

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BACK GROUND

Introduction

This manual is to serve as a ready reckoner for the Grantees of _____State AIDS Control Society as regards the internal methods and procedures to be used by Grantees for their SACS intervention.

The Objectives of this Manual

- Clarify the roles and responsibilities of the different agencies involved in the Project.

- Provide a clear description of the procedures that a partner organisation must observe in order to receive Grant Funds.
- Establish minimum standards for working procedures and methods to be used by all partner organisations in the Project

ROLES AND RESPONSIBILITIES OF STAKEHOLDERS

NATIONAL AIDS CONTROL ORGANISATION (NACO) , is the nodal organisation for formulation of policy, implementation and coordination of prevention and control of HIV/AIDS in India and has the responsibility to provide financial assistance to partner organisations, through __SACS.

THE EXECUTIVE COMMITTEE constituted by the Government of State constitutes of members from Govt., __SACS, TSU, representatives of partner organizations and other secondary stakeholders. This committee is responsible for the overall governance of the __SACS and specifically, will review the aims and objectives of the __SACS, and ensure that policy guidelines for the deployment of funds are followed.. This committee chaired by the Secretary, Dept., of Health & Family Welfare, Govt. of State should meet atleast once in 90 days to ratify the Technical Support Unit’s operational plans, monitor progress and performance of the TI projects, and approve the budgets of the existing projects and for selection of new projects based on their proposals and pre-appraisal reports.

_____ STATE AIDS CONTROL SOCIETY

- ⚡ The __SACS will be ultimately responsible for decisions concerning grants to the NGOs based on the recommendation of __SACS and after ratification by the Executive Committee.
- ⚡ Manage disbursement of approved funds to the NGOs and ensure compliance with the grant regulations as specified in this manual, through annual evaluation, review and approval of quarterly/ half yearly progress and expenditure reports.
- ⚡ Monitor the progress and performance of the NGOs through review and approval of monthly & quarterly progress reports and financial statements
- ⚡ Provide advisory services for organizations developing or delivering Targeted service
- ⚡ Assist voluntary organizations in promoting voluntary blood donation programme.
- ⚡ Identify, liaise and advise prospective implementing NGOs on the design of project they wish to submit for funding.
- ⚡ Appraise organizational capacity & project proposal according to agreed criteria in collaboration with the Technical Support Unit.

TECHICAL SUPPORT UNIT herein after referred as TSU wherever it has been set up would be a nodal agency for __SACS and is responsible for the efficient and effective delivery of technical support to partner organisations, as well as for the development of supportive networks.

More specifically, The TSU will act on behalf of __SACS in managing the development of Targeted Interventions.

- ⚡ Identify high risk groups - their population and geographical areas to be intervened and for maximizing the coverage.
- ⚡ Adopt the National Program Strategy for the involvement of NGOs based on an assessment of priority needs and in keeping with the broad framework of the National AIDS Control Program.
- ⚡ Identify the potential NGOs, CBOs and other partner organizations located across the state and to examine their potential in AIDS control and prevention activities and assist them in designing programs that match their expertise.
- ⚡ Identify and build a database of all NGOs, CBOs, corporate organizations and a range of other partners.
- ⚡ Ensure compliance with the grant regulations as specified in this document, manual, through review and approval of half yearly reports. Monitor progress and performance of the intervention projects of partner organisations, through review and approval of quarterly progress reports and regular monitoring of field activities organized in partnership with __SACS & TI Partners.
- ⚡ Encouraging and stimulating the development of new NGOs to respond to the AIDS crisis and help to develop the capacity of these organizations to address various social, legal, ethical and other dimensions of the problem.
- ⚡ Provide assistance in proposal writing, training, capacity building, implementation, monitoring, evaluation and reporting for all partner organizations and __SACS.
- ⚡ To scrutinize the project proposals and recommend to the State AIDS Society towards selection of the NGOs concerned in the said program.
- ⚡ Monitor the cost effectiveness of the TI projects through adequate financial systems and undertake a quarterly vouching of all the expenses of the partners to ascertain deviations noticed from the prescribed accounts manual.
- ⚡ Undertake field visits to monitor the progress and gauge the effectiveness of activities undertaken by the partners.
- ⚡ Evaluation of projects, and develop & operationalise processes and design indicators for monitoring and evaluation. Provide technical assistance and advisory services for organisations developing or delivering Targeted services. Appraise organisational capacity and project proposals according to the agreed criteria
- ⚡ Support for partnerships between states, and between the states and the centre, to enable lessons learnt from different projects and states to provide resources to the national programme. Support partner organisation to form and operationalise a network (s) of Targeted policy makers,

planners, providers and beneficiaries, through which information can be shared and Targeted activities can be coordinated

- ⦿ Undertake operational research studies on various areas of Targeted.
- ⦿ Encourage community participation and ownership at all stages of the project cycle and ensure their involvement in organisational planning.

PARTNER ORGANISATIONS

The __SACS Partner organisations carry the immediate responsibility for managing their projects and for maintaining regular lines of communication with the Technical Support Unit. More specifically, partner organisations will:

- ⦿ Be responsible and accountable for implementing the planned activities as formally approved by the Technical Support Unit. Any changes in these planned activities or budgets during the project year must first be approved in writing by the Technical Support Unit.
- ⦿ Agree to comply fully with the terms of this document, which is the Memorandum of Understanding between __SACS and the partners
- ⦿ Follow national ethical guidelines with respect to the confidentiality of its clients in all matters and work, towards the promotion of their rights to privacy and their access to the information and support needed to protect themselves and improve their Targeted
- ⦿ Be responsible for providing strong organizational governance, well developed systems of functioning in terms of accountability and transparency.
- ⦿ Ensure that there is written policies in place in the areas of :
 - Human resource Development
 - Gender
 - GIPA
 - Capacity Building
 - Financial Accountability
 - Sustainability
 - Transparency & Anti-Corruption
 - Sexual Harassment
 - Activity Dissemination
- ⦿ Be responsible for providing a healthy service delivery and work environment sensitive to culture, caste, creed, gender, sexuality and exploitation adhering to globally accepted standards.
- ⦿ Ensure Greater Involvement of People Living with AIDS (GIPA) and integrate such persons into the management the organisation and implementation of activities carried out by the partner in other fields wherever possible.
- ⦿ Be responsible for providing quality staff in key i.e. Project Coordinator, Counselor, Accountant, Office Support Staff, Doctor (who must be suitably registered with the government in the disciplines of allopathy, homeopathy or ayurved) positions in the Targeted Intervention so as to ensure quality services are provided.

- ⚡ Be responsible for collecting and processing the information of the project implemented by their organisation, and to send the complete progress and financial reports in time to the Technical Support Unit /the State AIDS Prevention and Control Society as desired.
- ⚡ Be responsible for organizing field visits to their intervention sites for Technical Support Unit / State AIDS Prevention and Control Society deputed personnel/visitors when requested for the purpose of monitoring, exposure and learning, research studies etc
- ⚡ Prepare and submit a monthly report to the Technical Support Unit /the State AIDS Prevention and Control Society on the status of project activities and another detailed quarterly report on the progress with regard to the proposed targets and the impact of the project at the end of each quarter. The quarterly progress report will be reviewed by Technical Support Unit for approval before the release of the grant payments by the State AIDS Prevention and Control Society.
- ⚡ Prepare and submit monthly financial statements on the expenses incurred , quarterly and annual financial reports on the utilization of the approved project budgets
- ⚡ to make a photocopy of all the vouchers and supporting documents and the same send to TSU along with a summary statement on the close of each quarter for vouching by TSU/ by any agency authorized by TSU.
- ⚡ Provide yearly organizational audit reports and allow an external auditor to be appointed by the Technical Support Unit and authorised representatives of the TSU/ National AIDS Control Organisation / Accountant General (State), for a comprehensive audit of the project accounts
- ⚡ Be responsible for fulfilling all necessary formalities in connection with its status as required under the regulations stipulated by the Government of India and Government of _____(State).
- ⚡ Inform the nodal officer on HIV/AIDS of the districts about the release of funds to the organization and also the progress of activities in the respective districts.
- ⚡ Inform the local MLA, local ward councilor, in the municipal areas the Panchayat functionaries in the districts about the project activities and expenditure related to the project.

GRANT CONDITIONS

__SACS's policy on accountable grants includes the following provisions:

sufficient funding for the __SACS has been made available by the National AIDS Control Organisation

The National AIDS Control Organisation policy on HIV / AIDS prevention grants includes the following conditions:

- 1) The grant shall not be used for purposes other than those outlined in the appended budgets and programme plans and it shall not be used as a source of income or profit.
- 2) The total expenses of the project, if exceeds the approved amount as prescribed in the budget/grant, shall not be reimbursed by the __SACS.
- 3) Non compliance on the part of a partner with the policies of __SACS or with the accounting rules and regulations of the Societies Registration Act or with any requirement specified from time to time by __SACS / TSU may result in delayed payment of funds and could lead to termination of the grant.
- 4) No international travel shall be permitted under this Grant Fund.
- 5) No funds of this project will be used to pay any identifiable taxes. All local taxes like sales, service, municipal and such other taxes shall be borne by the Grantee and the same shall be treated as NGO Contribution.
- 6) Grantees shall not claim unsupported expenses. All vouchers and other claims should be supported by original bills.
- 7) Grantee shall clearly justify the allocation of NGO Contribution.
- 8) Grantee shall not claim any pre-operative expenses which were incurred before the granting of the fund.
- 9) All financial disbursements of Rs 2000/- and above including salary paid to the staff of the project shall be through A/c Payee cheque.
- 10) All assets funded by the Society should be insured. The insurance premium paid to cover the Assets funded by the Society shall form a part of the project cost. The same shall not be sold or pledged with any financial institutions. In the event of project being withdrawn before the date of completion all such assets like T.V, Furniture, Computer, VCR, Furniture Equipments etc will be returned to the Society. The Society has the legal right to take possession of such assets.
- 11) Grantee shall not have any political, religious, communal and such other affiliation and shall not use such influences.
- 12) Grantee shall use the standard format given by the Society for the Name Board to be displayed at the office of the Grantee. The board shall be of standard size, colour, etc.
- 13) The amount spent on documentation, video shoots etc pertaining to SACS project should only be accounted in the Grant provided by the Society.
- 14) The Society should be informed in writing incase there is any change in the Governing Board members.
- 15) Grantee shall form a Project Monitoring Committee (PMC). The members of the PMC shall meet atleast once in a month and the meeting should be minuted in a proper manner. The

documentation and the minutes of the PMC meeting shall be made available to the Society as and when required by the Society.

- 16) Grantee shall maintain a Visitor's Book wherein all the visitors visiting the grantee shall write their feedback/comments on the same.
- 17) The Grantee shall not use the grant fund under this agreement to attend any national / state / regional meetings / workshops / seminars/conference that are directly and indirectly associated to HIV / AIDS topic. However, the grantee may write to the Society for such sponsorship. The Society shall determine the case on merit and may recommend by directly sponsoring from the Society's funds. This clause however does not apply to agreed project related meetings mentioned in the work plans and meetings convened / supported by Society from time to time.
- 18) The Grantee shall participate actively in all the health related activity in the district and also all the activity organized by the Society. The Society shall inform the Grantee well in advance about the events.
- 19) The funds provided by the Society for this project shall not be utilized to pay any Mobile phone expenses.
- 20) The Grantee shall not invest the grant in any Fixed Deposit, Profitable Services or use the SACS fund for giving loans.
- 21) The Grantee shall not accept funds from any other organization / financial institutions for the same Project for which the said agreement is signed.
- 22) All staff and workers employed by the grantee will be employees of the grantee and not of the Society. The liability and the well being of the workers are the responsibility of the Grantee and not of the Society.
- 23) It is hereby understood by both the parties that in the event of any case of whatsoever nature being filed by any agency or individual against the grantee, the Grantee shall be responsible to handle the case, without any recourse to the Society.
- 24) A grant for a Targeted project is not meant to be exclusive. Partner organisations are allowed, and encouraged, to apply for counterpart funding for different components of the project.
- 25) In order that there can be no doubts as to the honesty, efficiency and efficacy with which funds are administered, the partner organisations shall undertake to recruit and employ staff with required qualifications and experience, as prescribed by __SACS & TSU in consultation with them (having a member of the TSU on the interview panel to ensure that the interview is transparent and fair), and to develop and adopt sound and reliable internal control systems and procedures for managing the funds and all resources efficiently and for reaching the programme objectives

26)The partner organisation undertakes to inform the TSU of the release/resignation of the any of its key project staff clearly stating the reason for release/resignation (attaching a copy of the resignation letter). This would need to be done within seven days from the date of release/resignation

The Key staff positions are:

Project Coordinator

Counselor

Accountant

Office Support Staff

Any other position which may be notified by SACS subsequently

27)The partner organisation undertakes to execute the programme and manage the funds in double entry system on cash basis and according to the standard accounting practices prescribed by the Institute of Chartered Accountants of India for non profit making organisations.

28)It is the responsibility of the partner organisation to maintain an auditable accounting system. The books of accounts of the partner organisation shall at all times be open to audit by an agency appointed by the __SACS or the Technical Support Unit and the Accountant General (State).

STANDARDS TO BE MAINTAINED

General

Our NGO partners would need to maintain their accounts in the double entry system of accounting. The accounts are maintained as per the standard accounting practices prescribed by the Institute of Chartered Accountants of India and follow a cash basis of accounting.

Simply put transparency means ‘not just doing it, but seen to be doing it’. This means that for every transaction there should be adequate supporting documentation and cross-references at every stage. For instance, take the case of snacks purchased for a meeting for Rs.800/-. Even through authorisation of

the cash memo may have been done by the concerned competent authority; it is possible for an auditor to ask for evidence that the snacks were indeed purchased for the meeting and not for say, the staff's entertainment. It is thus inevitable to prepare adequate records of the meeting so as to establish the fact that it did actually happen. The above is just an instance to explain the maintenance of the accounting trail which is a necessary part of financial transparency.

The book of accounts of the partner organization shall at all times be open to audit by an agency appointed by the TSU/_SACS

There shall be a full time skilled accountant to maintain the book of account of the project funded by the _SACS.

All partner organization should submit one copy of their consolidated annual audit report (including _SACS funds) within 3 months from the close of the financial year. These should show the _SACS project as a separate item of income and should bear a certificate to the effect that the grant was expended in accordance with the terms agreed with the _SACS. If it is not possible to show _SACS project as a separate item in the accounts, 1 copy of audited accounts shall be submitted along with an auditors certificate confirming the total income and expenditure in respect of _SACS grant.

Society Issues

In the long term interest and the organisation, it is important that the NGO's build a second tier second rung of people who can run the organisation. It is not healthy to have a all the power vested with one person. viz., the secretary or the president or Co-ordinator centric.

It is important to maintain not only governing body minutes, but also that of the general body. In addition minutes of all officials meetings held such as internal staff meetings and with peer educators outreach workers should be documented and preserved for future reference.

Governance

It is expected that the persons vested with the responsibility to manage the intervention by the Board of the NGO/CBO exercise a great deal fiduciary responsibility to ensure that the funds are spent in a manner in which best results are obtained, the funds are expended to the purpose that they were meant for and the whole process is done transparently. Provision of services is not an end itself but the creation of an enabling

environment which would enable the overall development of the target group socially and economically so that they can transcend the current barriers and become empowered enough to manage their own affairs has to be ensured. Processes and procedures that have been prescribed need to be scrupulously followed and accountability of all involved in the decision making process to the target community has to be given primacy.

Leadership

The Board would have to exhibit a great deal of leadership in bringing in the community participation. Leadership cannot be external in origin at all times and leadership within the community being reached to has to be developed. The development of a second line of leadership is crucial for the success of the intervention.

Grant Payment

Programme grants for long term interventions are approved on a yearly basis, with the understanding that each partner organization is invited to reapply for financial support subject to approval of progress and financial reports.

Funds are released in half yearly installments subject to receipt and approval of financial and progress reports by the TSU/SACS.

The first release would be the sum of total intervention budget for the first six months.

The exact amount to be disbursed in the second installment would be with reference to the clause in schedule of grant disbursements provided in the schedule 3 of the agreement.

Funds would be remitted by the SACS through a demand draft/bank transfer to the bank account intimated by the partner. The SACS will send a remittance advice by mail/fax to the partner when it transfers the grant fund with details of the funds being sent. This should be signed and returned promptly to the SACS confirming the exact amount received and the date of receipt.

Relinquishment of Grant Funds

If the Grantee for any reason, wishes to relinquish the Grant Fund prior to the completion of the Grant it must notify the TSU/SACS in writing of its

intentions. The notification must be signed and dated by the Project Manager of the Grantee or by another official authorized to do so. The relinquishment of Grant Fund will terminate the agreement on the signature date (“Termination Date”). Reporting requirements are the same as a natural termination noted below. No obligations incurred after the Termination date will be reimbursed. Serviceable assets purchased from the funds of the Project will be returned to the SACS.

Postponement or Suspension of Grant

The Executive Committee of the SACS will have the right to request the postponement or suspension of Grant Funds or partial payment of Grant Funds in the event of unsatisfactory performance that could include but not be limited to:

- Failure to comply with any one or more of the conditions for Grant Funds.
- Failure to submit all required reports on or before the prescribed time and in an acceptable manner.
- Failure to execute the program activities outlined in the relevant program plan without a sufficient and acceptable explanation.
- Financial impropriety.
- Non-compliance of technical requirements as spelt out in the proposal.

The purpose of postponing or suspending Grant Funds is to give the Grantee time to resolve the problem, which is hampering its ability to implement its intervention successfully.

During the suspension the Grantee may use the grants fund on hand to carry on the activities of the Grant. However, no additional grant funds will be made available until such suspension has been reversed by The Society. See below for the procedures when it is decided to terminate a grant.

Termination of Grant

The Executive Committee of the SACS reserves the right to request the termination of the agreement with a Grantee at any time prior to completion of the Grant. Reasons for termination may include, but would not be limited to:

- Failure to provide required information at a time of postponement or suspension or failure to resolve problems by the end of postponement or suspension period.
- Failure to make adequate progress during a project year resulting in interim progress reports not being approved.
- Failure to adhere to the terms and conditions of the manual.
- The use of Grant Funds inappropriately or not in accordance with any allocation given in program plan or budget.

- Breach of its obligations through its staff, consultants or agents.
- Financial misappropriation of funds.
- Performance of activities which will adversely affect the functioning of the project.

Incase a grantee violates any of the conditions (as stated above), the Project Director shall send a notice of termination/suspension of grant to the grantee. SACS will give the reasons for termination to the Grantee, if requested within 7 days of the date of notification of termination. The Grantee will then be given an opportunity to defend itself. If the Grantee is not able to justify its case within 30 days from the date of notification or the Grantee does not request the reasons within the 7 days period referred to above, the SACS will terminate the agreement and such termination will not be subject to further review. The Executive Committee should be informed after the termination takes place. Serviceable assets purchased from the funds of the Project will be returned to the SACS.

Income /Cost Recovery

The grantee may earn interest on its project related bank deposits, or generated income form program activities such as social marketing of condoms or cost recovery. The Grant Award letter will determine if these activities are allowable and how these funds are to be used and recorded in the books of accounts. The income if allowed will be subject to audit and will be included in the Monthly and Annual Financial Reports.

Contribution from Other Sources

The Sub grantee is not allowed to seek counterpart funding from other sources for its the Project intervention supported by the SACS. Grant funds are meant to be the exclusive source of fund in for the concerned intervention. The grantee is not allowed to raise funds form other sources for the intervention that is being carried out under Avert. The Sub grantee is however free to raise funds from other sources for interventions not falling under the Avert Project.

Contribution in Kind

Valuation of in kind contribution will be based on

- Value of services should be consistent with those paid for similar work
- Value of assets must be at fair market value
- Rental value of the space provided by the partner for the Project
- Service of professionals at normal fees of such persons
- Volunteer services must be documented

- Basis for determining the value of personal services, material, equipment must be documented
- There must be verifiable records
- Should not be included as a contribution for any other funded program or paid for by another assistance agreement
- Cost must be necessary and reasonable
- Costs are provided for the approved budget

There should be a basis for valuing the item/services; this should be shown on the voucher also. An acknowledgement form needs to be attached to the Receipt voucher for item /services. Accounting for contribution in kind could be passed through the cashbook, as no journal is being maintained. A Contra entry for receipt and payment of the contribution for a particular program could be recorded. These entries can be posted to respective ledger heads in the usual manner.

The contribution-in-kind shall be as per rates and items agreed in the grant award budget.

Activity Based Accounting

The concept of activity based accounting would include activity planning, activity based costing and reporting would need to be followed. This would help track expenditure against each individual activity and help identify cost effectiveness of each individual activity. A financial MIS would need to be in place to assist decision making and maintain a regular check on day to day spending.

Organisational

In the long term interest of the Our NGO Partners it is important that the team which runs it has clear lines of control and communication.

It is important to maintain the minutes of all officials meetings held such as internal staff meetings, meetings with consultants etc. and these should be documented and preserved for future reference.

All records shall need to be maintained for at least 5 years for inspection by authorised representatives.

Financial Year

NGOs/Targeted Interventions would need to follow the Financial Year starting from 1st April to 31st March. The funding cycle may be different and would need to be accommodated.

FINANACIAL PROCEDURES

Accounting Procedures

It is the responsibility of the management to clarify to all staff that accountability is a joint responsibility and does not rest solely with the accountant.

The accountant's job is to ensure that

- The payment has been properly authorized,
- Ensure that it is charged to the correct expenditure head,
- Check that payee details are correct and make the payment.
- The person initiating the payment will ensure that the correct amount has been authorized
- And that the particular expenditure was necessary and due.

Maintaining Accounting trail

Every transaction would need to be traced back and forth since the account=books are maintained in a set pattern.

The trail is as follows :

Expense -----→ Cash memo -----→ voucher -----→ cash book -----→ ledger -----→ trail balance -----→ income and expenditure statement, balance sheet

Hand in hand with an accounting trail, we can trace what we can call as a programmatic trail.

Program plan -----→ activity to be performed -----→ authorisation from the program head for the expense related to the activity -----→ perform the activity -----→ maintain the relevant program records

The accounting trail is important as it helps to check/countercheck expenditure incurred/ activities done and thus helps in maintaining a transparent system.

CASH

Cash Account and Transactions

Cash transactions are to be resorted only for petty expenses and when /where banking facilities are not available. As per Income Tax Rules, no claim exceeding Rs.20,000/- should be settled through cash payments. These should invariably be by account payee cheques only. As a matter of procedure and control, the attempt should be to minimize the number of cash transactions.

Daily Cash Balance

The denomination of the closing balance of the cash should be entered below this and signed by the Accountant. This register to be maintained from the beginning of the financial year and a fresh register at the beginning of every financial year.

Maximum and minimum cash limits have been fixed as (Maximum Rs.10,000 and minimum Rs.2,000)

Withdrawal of Cash from Bank:

- The Cash Withdrawal Form/Money Indent **ANNEXURE 1** to be filled up and signed by the staff handling cash.
- The cash balance available and the estimated expenses would need to be computed.

- The authorised persons must verify the requirement before signing the cheque for withdrawal of cash.
- The signature of the person presenting the cheque and receiving the cash should be attested on the back side of the cheque by one of the authorized signatories.
- A Cash Receipt (Contra) voucher to be prepared and accounted for by the accountant on the same day.
- The Cash Account (Manual) to be updated for receipt of the Cash.

Cash Payments:

- Cash payments will be made only after preparing the Payment voucher.
- All vouchers should be pre-printed with machine made serial numbers
- The Voucher **ANNEXURE 2** has to be approved by the competent authority before payment.(as per the requirement of _SACS the signature of the PC is a must)
- The Payee must sign the voucher for having received the payment.
- In case the competent person is not present, the voucher must be verified/approved by any other person standing-in for the person per before release of the payment.
- As per Income Tax Rules, no cash payment of more than Rs.20,000/- is permitted. Internally, we shall maintain this limit to Rs.2,000/-.
- All cash payments should be receipted with a revenue stamp as per the provisions of the stamp act
- The number of cash payments has to be reduced by converting settlements through cheque payments.

Cash Verification:

- The competent authority should physically verify the cash balance occasionally and compulsorily at the end of the month.

- The Cash Account record should be signed by the person handling the cash and the person in charge of finance as and when the physical verification of cash is carried out.
- Any discrepancy noticed during the physical verification should be recorded and reported in writing to the person concerned immediately.

Controls to be exercised:

- Third parties should not be allowed access to the accountant or the safe. Cash should be paid to them in the front office.
- Cash is handled by only one designated person who is responsible for it.
- A fixed period of time has to be fixed for cash disbursements. Only emergency payments can be released during other times.
- Maximum and minimum cash limits to be strictly observed.
- Accounting of cash receipts/payments is done on a daily basis.

ADVANCES

Amounts paid to any staff member for meeting official expenses should be charged to the float account but for simplification of the process they are to be treated as general advances keeping an account of them against their Employee Number.

Staff can obtain advances mainly for the following expenses:

- Travel and Subsistence
- Purchase of goods from the market
- Conference and Workshop
- Day to Day expenses

All such requests should be made in the prescribed format as per **ANNEXURE 3** and duly approved by the competent authority as per the delegated authority limits, after the finance department has duly noted any previous outstanding in the person's name. Additional formats are provided for further guidance.

Controls to be exercised:

1. Requests submitted should be complete in all respects and the purpose clearly mentioned. In case of staff traveling the period and dates and purpose should be specified.
2. The amount outstanding against a staff member should be settled within the month the advance is taken unless the staff is traveling on the last days of the month.
3. It is compulsory that there are no advances outstanding as on 31st March the end of the financial year.

Cash Advances

- It is essential to understand that small cash advanced need to be given for routine expenditure and are unavoidable. However, strict control has to be exercised over the same in order to keep track.
- All advances must be entered in the cash book and when the expense is booked, they shall be adjusted through the cash book.
- The system of IOUs is not foolproof and hence it is advised to keep track of advances through the cash book.
- A fresh advance should not be given to any person/s without settlement of the old advance (except under exceptional circumstances).
- Advance can be kept track of through the advance ledger account (if it is computerized accounts) or through an advance register.

Step 1	Follow procedure to get advances for all activities including travel estimates.	Have the purchases/travel/activities been authorised <ul style="list-style-type: none"> • Will the purchase/activity/travel require an advance? If yes proceed to step 2.
Step 2	Obtain an Advance Request Form (see Annex , form) and fill accordingly	<ul style="list-style-type: none"> • Office staff should obtain advance forms.
Step 3	Get authorisation from line Manager	

Step 4	Submit form to Accounts at least one day prior to day which the advance is needed	<ul style="list-style-type: none"> Forms submitted–after the stipulated time would require necessary justification.(Justified urgencies will be considered)
Step 5	Get payment from Accounts	<ul style="list-style-type: none"> The payee should sign and acknowledge receipt of the money. Accounts will not pay staff with 2 previous unsettled advances.
Step 6	Upon return, advances must be settled in totality submitting all the necessary supporting documents.	<ul style="list-style-type: none"> All advances must be settled within 3 working days of completion of the transaction.

Settling of advances

Advances have to be settled either in receipts or cash. When the advance given exceeded the funds needed for the prescribed activity, receipts and all the remaining funds should be returned to Accounts when retiring the advance **ANNEXURE 4**. Additional formats have been provided for guidance. The procedure to do this is described below:

Step 1	Obtain an Accounts settlement Form and fill accordingly	<ul style="list-style-type: none"> Fill in the form identifying different expenses if necessary. Attach the original supporting documents
Step 2	Get authorisation from the staff that authorised the advance, or if not feasible, refer to the immediate superior	<ul style="list-style-type: none"> Make a photocopy of the form
Step 3	Submit forms (original and photocopy) to Accounts	<ul style="list-style-type: none"> Advances should be retired within 3 working days after the advance was obtained
Step 4	Return unspent funds to Accounts	<ul style="list-style-type: none"> Staff should ensure Accounts sign and acknowledge receipt of the money in the Advance Register/settlement of accounts

Obtaining a refund from Accounts

When the advance given fell short of the funds needed for the prescribed activity, and staff needed to contribute to the payment, Accounts will reimburse the additional expenditure. The procedure to do this is described below:

Step 1	Obtain a settlement of accounts form and fill accordingly	<ul style="list-style-type: none">• Fill in the form identifying different expenses if necessary.• Attach the original supporting documents
Step 2	Get authorisation from the staff that authorised the advance, or if not feasible, refer to the immediate superior	
Step 3	Submit form to Accounts	<ul style="list-style-type: none">• Advances should be retired within 3 working days after the advance was obtained
Step 4	Get payment from Accounts	<ul style="list-style-type: none">• The payee should sign and acknowledge receipt of the money in the Advance Retirement Form

Operating of Bank Accounts

Bank Account :

One bank account for the project funds shall be opened only in a nationalized bank or any other bank authorised by RBI. Necessary authorisation to open any bank account or alter its manner of operation would need to be got in writing from the necessary authority.

Authorised Signatories:

- Every cheque/instrument is signed by at least two signatories (one preferably from the Target Group)
- The authorized signatories are signing the cheques/instruments for and on behalf of the OUR NGO PARTNERS, and it is therefore necessary that the Rubber Stamp (or printed by the bank as such) for “*The name of the Organisation*” should be affixed on every cheque/instrument, below which only signature should be put.
- A staff who has access to bank account and cash account is not entitled to be an authorized signatory.

Authority to Sign:

The authority to sign should be classified as Panel A (The members of the board of the organisation) and Panel B (preferably a representative of the project Target Group) signatories.

The bank is authorized to undertake any written instructions, signed by two of the signatories, for transacting any financial business from time to time.

Closing of Bank Accounts

Any bank account not required to be operated must be closed immediately. The Finance person has to take the matter with the Competent Authority and procure in writing the obtaining necessary resolution. When it is decided to close a bank account, the following actions should be completed:

- Transfer balance in the account (leaving the minimum amount required) to the other bank account.
- Surrender all the cheque leaves to the bank under a receipt.
- After receipt of the resolution, deliver it to the bank under receipt and transfer the balance to another account.
- Confirm closure of the bank account and transfer of balance to the competent.

Bank Transactions

Bank Receipts:

- All receipts are to be acknowledged by issuing an official receipt **ANNEXURE 5**. The date of receipt, its accounting and the date of

deposit of the cheque/draft to the bank account should be the same. The relaxation can be only in view of banking hours or bank holidays.

- The bank deposit slip should be attached with the Receipt Voucher.
- No receipt should be issued on the last day of the month if the instrument cannot be deposited with the bank on the same day.

Bank Payments:

- Payment Voucher has to be prepared before preparing any cheque.
- Cheque should not be prepared, for whatever reason, if sufficient balance is not available with bank.
- All Vouchers have to be verified and approved before payment is released.
- Payment has to be made only against original bills and claims. Any type of copy of bill or claim should not be entertained.
- All supporting documents should be attached with the Payment Voucher and filed according to serial number.
- Cheques should be written legibly and doubly ensure that the amount in words and figures are the same.
- All cheques have to be crossed. A Rubber Stamp stating “A/c Payee Only - Not Negotiable” should be put on every cheque. Bearer cheques should not be issued under any circumstance.
- Post-dated cheques are not to be issued.
- All cheques are stamped “for the *Name of the Organisation*”
- The cheque number should be written on every Payment Voucher.

Controls to be exercised:

- All letters/instructions to the bank should be signed by the authorized signatories only.
- Never sign cheques in advance or in blank.

- Un-cashed cheques should be cancelled within a reasonable period.
- Do not leave specimen signatures around.
- Cheque books should always be kept under lock and key. Only authorized persons should be allowed to handle them.
- Using a carbon (black side up) under the cheque will leave an impression on the reverse of the cheque making it difficult to alter.
- Insist on a receipt after payment by cheque.
- Do the bank reconciliation statement on a monthly basis.

Bank Reconciliation Statement (ANNEXURE 6)

This has to be done every month to ensure the balances as per the bankbook and the passbook tally.

Following the reconciliation make sure that entries are passed (if any) for bank charges, interest received etc. in the books immediately.

INVOICE VALIDATION

The voucher is a basic document which is prepared to record any transaction that takes place.

- Serially PRE NUMBERED Vouchers should be prepared for all transactions.
ANNEXURE 7
- Vouchers shall be issued officially to a designated person who shall be responsible for the custody and accounting of the same.
- Vouchers shall not be overwritten. In such cases it is best that the voucher be cancelled and retained for future inspection.
- Unutilised or cancelled vouchers shall be retained in the voucher books itself for inspection by the audit subsequently and shall not be destroyed under any circumstances.
- Vouchers and the cash memos need to be stamped with a rubber stamp of a particular project or agency.

- A “PAID” stamp should be put on all vouchers for which payment has been made.
- Vouchers need to be approved by the person initiating the expenditure(who can sign on the supporting document as well) and another authorized signatory.
- No voucher should be passed for payment without supporting documents.

Information a voucher should have

Vouchers should have the following information at the minimum:

- The name of the organization and place
- Date of preparation of voucher and voucher number (pre-printed)
- The concerned project name and line item to which it is charged and the description
- Columns for approval by the project coordinator, signatory and accountant
- Columns for recipients signature.

The essentials of a good voucher are:

- Project name - in order to identify that the voucher belongs to a particular project, the project name needs to be stamped / marked on the voucher.
- Voucher number - the voucher should be numbered and these voucher numbers should be pre-printed. The voucher book should be officially issued to the person responsible for preparation of vouchers. Any vouchers wrongly written should be marked ‘CANCELLED’ across the face of the voucher and left in the book itself. Hence, either the vouchers would have been used and taken into the cash book or be left as cancelled or accounted for as balance remaining. This is a good practice in accounting and can be introduced over a period of time.
- Date and the serial number of the voucher used.
- Classification - The cost centers and line items are clearly specified in the proposal. On the basis of the nature of expenses, it is verified that the expense is correctly classified into the various line items as appearing in the proposal.

- Narration - there should be a detailed narration in support of the classification showing the description of the transactions.
- Amount - it is verified that the amount on the voucher is equal to the amount reflected by the supporting documents, or matches any adjustments effected (e.g.: advance payments adjusted)
- Supporting documents - these are in the form of original bills, which are the real proof of transactions based on which payment is effected. The classification of the expense is based on the nature of expense reflected by these documents and the amount on the voucher should be the amount reflected by these documents.
- Signature of the person preparing the voucher
- Signature of the person authorizing payment (To verify with the delegation of powers of each member authorized within the organisation to approve payments)
- Signature of the person receiving payment
- Defacing of vouchers and supporting documents by a `PAID` stamp, subsequent to payment to avoid duplication of payments, and providing reference numbers of vouchers and cheque number if relevant.

Checks to be done before passing a voucher for payment

- Whether required supporting documents are present
- Checking the supporting document (see section on “supporting document” for details)
- Payment should be made only against a valid invoice in original.
- Approval by concerned person & authorized signatory.
- Verification of accuracy in accordance with the order/letter/other documents if any.
- Verification of numerical accuracy
- Checking of advance payments made if any or details of part payments made if any.

- Making sure that payment has not being made twice for eg., by making all extra copies of bills as “extra copies” and by making all paid vouchers as paid .
- For any payment exceeding Rs.5000/- the recipient’s signature shall be obtained on a revenue stamp affixed to the voucher.
- Ensure that payments are made on time.
- All major payments should be made by cheques. Payment by cash should be restricted to minor purchases and where inevitable.
- For any payment exceeding Rs.500/- the receiver’s signature is to be obtained on a revenue stamp affixed to the voucher. If the recipient sends a receipt, then a revenue stamp needs to be affixed on the voucher and defaced by a double line across the stamp.
- It should be ensured that the vouchers are not overwritten. In cases where it is necessary to correct the figures, the figures originally written should be scored out and the new figures entered. The person preparing the vouchers as well as authorising payment should then initial the corrections made.

Supporting document for vouchers

- All bills should be in original. Payment should not be made against a quotation, Performa bill, copy of a bill or a fixed bill.
- All supporting documents should be authorized by the person initiating the payment.
- It is the responsibility of each person who is responsible for buying goods/ services in the project office to check each bill for its validity. i.e., check that the description of items, number of items, cost per unit and total cost, date of the bill and name of payee (i.e. name of project) are accurate. Payments should be made only after checking these details.

- Any mistake/ discrepancy should be pointed out to supplier /shop keeper before payment and if an alteration is necessary, the supplier /shop keeper should make the change right then and put his/her initials and date. If this results in a change in any of the amounts on the bill it is particularly important that supplier /shop keeper clearly writes himself on the bill the payment received in words. The management reserves the right to accept such altered bills or not. A better option would be to obtain a fresh bill if possible.
- No other alteration in the bill by project staff is normally permissible. If at all an alternate is unavoidable eg., a mistake in the date by supplier which was not corrected such a bill should be brought to the attention of Head of the project who should change it and initial it and a note should be put on the bill why alteration was necessary. The management reserves the right to accept such bills or not.
- Invoices should only be in the name of the PROJECT and not in the name of the project staff.
- Where bills are in local language, please indicate briefly in English the purpose /item on the bill.

Selected Items of Cost

<i>Budget items</i>	<i>Allowable expenditure</i>	<i>Supporting documentation</i>	<i>Mode of payment</i>
Personnel	Salaries of staff involved in the project	Approved Payroll records	By A/c payee Cheque or Bank transfer to individual accounts
Stationary	Purchase of books and stationary	As per bills. To be entered in the Consumable register as per format	Any purchase above Rs.500/- by cheque. Below

			Rs.500/- by cash
Telephone & Fax	Telephone & Fax	As per bills. All calls identified to the project will be allowed	Cash/ Cheque/DD
Postage	Postage stamps, Revenue stamps & courier	As per Postage register maintained	Cash
Office Rent	Rent of Project office	Rent receipt, lease deed.	By A/c payee cheque
Electricity Charges	Electricity bill for Project office	As per bill. In case of shared meter then Sub-meter needs to be installed.	By cash/ cheque
Photocopying charges	Photocopy of documents related to SACS project	As per bills, details of what is being photocopied, how many copies @ rate	By cash if below Rs.500/-
Maintenance	Tea, newspaper, sweeper, etc.	As per bills /voucher	By cash
Printing	Printing of vouchers, claim forms, etc.	As per bills	By A/c payee Cheque
Insurance	Insurance of Capital assets of the SACS Project	Insurance Bills	By A/c payee cheque
Local Travel	Bus fares, Bus passes, Auto fares	Copy of bus pass, in case of rest by local	By cash

	incurred by staff to cover project area	travel claim form	
Outstation Travel	This includes transport, boarding and lodging expenses	Travel tickets to be enclosed, boarding and lodging bills and details to be mentioned in the voucher for what traveled.	By cash/cheque
BCC Material	Printing of brochures, stickers, leaflets etc.	As per bills and to be entered in BCC register. The L/f of the register to be mentioned on bill. Sample for all BCC materials developed to be available for verification and record.	By A/c payee Cheque/DD
Meeting Expenses	Expenses incurred towards SACS meet	As per bills	By cash
SHSP Meet	Expenses incurred towards meeting with SHSPS	As per bills	By cash
Peer Educators	Peer educators incentives	As per register maintained in office and voucher. PE should meet at office at least once in a	By cash

		week	
Needs Assessment	Field costs. Local travel, printing and photocopy	Local Forms and	As per bills and claim forms By cash
Staff Development	Exposure training staff	visits etc. for	On approval from SACS Society of the SACS Project By Cheque/DD

Maintaining a Cash Book

A cashbook is a primary book of entry that is prepared after a voucher for a particular transaction. The cash book records all transactions in which cash /bank receipts are involved.

- A double column cashbook that can act as a bankbook or a single column cashbook (in case a bank book is maintained separately) has to be maintained. **ANNEXURE 8**
- No cutting or alterations should be made in the cashbook. Correction fluid should also not be used. Any mistake should be corrected by passing a rectification entry.
- Cashbooks have to be written regularly (as and when a transaction takes place). All cash balances should be inked up regularly.
- The Cashbook has to be tallied checked and signed by the competent authority or any other appropriate authority every month.
- Cashbooks should always remain at the office.

Suggestions:

(Note: As per law, separate cash books are required to be maintained for Income Generations Activities and of course for FCRA, since a separated bank account is specified)

Recording in the Ledger

- Ledgers should be maintained according to the component in the budget. **ANNEXURE 9**
- Postings to the ledger should be done regularly
- Cutting or alterations of figures should not be done in the ledger as in the cash book
- Always ensure that the ledger balances tally with the expenditure figures shown in the expenditure statement.

Journalising

Journal Vouchers are used to book entries in the accounts which do not have any effect on the cash book or bank book. Accordingly, booking of provisions, transfer of entries from one code to another or correction of wrong entries is routed through the journal. Journal vouchers have to be treated with same importance as bank or cash payment vouchers.

The following points should be adhered to:

- All vouchers having the effect of charge to expense should have authorisation from the competent authority.
- Detailed narration should be reflected in the journal voucher in order to validate the need for passing the entries.
- The journal vouchers should have supporting documents attached to it.

- The manual vouchers have to be preserved in serial order same as payment vouchers as record for passing the entries.
- Journal vouchers for giving effect to cash or bank account is not allowed. These have to be done through payment/receipt vouchers only.

Accounting:

Account Books and Documents to be maintained

- Cash Payment/Receipt Vouchers & Book
- Bank Payment/Receipt Vouchers & Book
- Summary/Daily Petty Cash Book
- Journal Vouchers and Journal
- General Ledger
- Fixed Assets Register
- Contract/Registration Documents
- Attendance Register
- Budget Copies of various grants
- Utilisation Certificates
- FCRA and Other relevant Registration papers
- Copies of Consultancy agreements
- Capital assets approvals
- File of original bills of assets purchased
- Copies of all Contracts and agreements.
- Stationery Register
- File containing Bank Mandate and authorized signatories.
- Quotation file for all purchases
- Advance Payment Register (Advance to third parties & Staff Advances)

- Contracts Register (for all contracts issued with payment details and other particulars)

The Cash Book, Bank Book, and Journal Books, both soft copy and hard copies must be maintained duly signed by the Finance person and Programme Head of the organisation on a monthly basis and should be filed along with the vouchers for verification and audit

Receipts and Payment account

This is like a summary of the cash and bank book and starts and ends with the cash and bank balances. It differs from the income and expenditure statement in that the income and expenditure statement does not show details of loans, sale of assets, recovery of staff advances etc. At the end of every quarter a receipts and payments account is prepared.

Preparation of the Final Accounts

Final accounts include a balance sheet and income and expenditure account and a receipts and payments account would need to be drawn up at the end of the year.

Computerized accounts

Suggestions before deciding on an accounting package:

- A good on line help system
- Preview and editing of reports on screen
- Facility of sub ledgers or similar classification of transactions
- Memory for repeat transactions

- Security restrictions to prevent people from changing date by mistake
- Back up of date files.

BACKUP routines shall be employed to ensure that total loss of data can never occur. In this regard, backup of the organisation file shall be carried out daily on either separate CDs/floppy diskette for each day and a weekly and monthly record should be kept as well.

Some things you need to follow

- Access to the IT system should be restricted to authorized personnel only.
- Records should be backed up on regular basis.
- System should be virus checked on a regular basis.
- When computerizing accounts for the first time, make sure that both the manual and computerized accounts are done parallel for the first six months to a year to ensure that computerized outputs are on track.

PROCUREMENT, STOCK & INVENTORY

Purchasing

The purchasing function involves:

- Identification of needs, for goods and services,
- Identification of costs to cover the needs for those goods and services,
- Identifying the suppliers, procuring estimates (at least three)
- Negotiating favourable trading terms with them,
- Placing an order

- Receiving the goods and/or services and paying for them
- Preparation of accounting and archiving expenditures.

Identifying the supplier

- Credibility of the supplier in terms of being able to supply the requirements and in time
- Cost effectiveness of the goods supplied
- Quality of goods supplied
- Supplier should meet all necessary formalities in connection with its status as per the rules and regulations of the Government.
- Supplier must be able to supply all the good in the requisition/or of the specification prescribed in the purchase order
- Must be local, reliable and known
- Must be able to supply large quantities if necessary
- Past performance
- Availability of supplier
- Reputation of supplier

Control objectives

The control objectives here will be to ensure that:

- All purchases are duly authorized and approved before the goods and services are ordered.
- All goods received or services rendered are according to specification and in quantities requested for.
- Liability for all purchases is accurately reflected in the books of account and that suppliers are paid only in accordance with the agreed terms.

- Goods ordered are actually received into stores as may be appropriate and relevant accounting records updated accordingly.

General procedures

- The existing purchase policy of the organisation must be followed.
- For all purchases of capital good, and goods purchased in bulk like stationary and other supplies, three quotations should be obtained. Then the final supplier is decided upon. However justification should be given in case the lowest of quotes is not selected. Quotations should be attached with the relevant vouchers while submitting the same for checking.

Purchasing Capitals Assets

- Any non consumable item of equipment, needed to start program operations and major capital expenditures as outline in the plans and budgets are called fixed asserts.
- In the case of capital asset purchases and consumables in bulk, it is always healthy to issue purchase orders **ANNEXURE 10** clearly spelling out the terms and conditions of purchase.
- As mentioned above, all non consumable items of expenditure should be purchased with three quotations. It is important here to understand that attractive asserts like camera, tape recorder etc also from part of fixed assets, even through their value might not be very high. Office equipment and IT equipment will also from part of the fixed assets.
- All incidental charges which are incurred to get the asset to the place where it is situated and to get the asset into operating condition must be added to the cost of the asset.
- An inventory of the capital assets should be maintained (an inventory of assets funded by SACS should be maintained separately and this should from part of the overall organizational asset list) and updated from time to time.(see **ANNEXURE 11** for format of fixed assets register)
- It is suggested that the fixed assets register is approved and signed by the competent authority after it is updated every six months or annually.

- All assets must be given an identification number and such number must be painted on the asset. This number should also be mentioned in the fixed assets register.
 - Physical verification of assets should be undertaken (preferably by an office bearer or someone of adequate authority) atleast once a year. All additions, deletions, modification etc should be recorded and signed.
 - In case of organizations with many field offices/clinics each clinic site can prepared a list of assets in their custody. This can then be checked by someone from the main office and compare it with the main fixed assets register. This is called reconciliation.
 - Assets which have become worn out or unserviceable should be written off from the list with proper authorizations from the head of office and the TSU/_SACS.
 - No item of asset bought with _SACS funds can be disposed off or changed / modified without the express permission of TSU/_SACS.
-
- Clinic sites and should be daily update with the noting of the opening and closing balance.
 - Access to the stock room shall be controlled and restricted to authorized persons only.
 - A stock room shall be controlled and restricted to authorized persons only.
 - A stock register should be maintained for individual drugs at the main office and the clinic sites.
 - Materials should be issued from the stock register based on the requisitions.
 - Physical verification of stock should be undertaken at the main office and every clinic site by some one other than the person responsible for stock once a month. The person checking shall sign and date the register.
 - The medicine stock registers should be maintained on a FIFO (First in first out basis). This means that that the batch of medicine received earlier should be issued out first. This is essential to guard against expiry of medicines. Column for expiry date have been included in the stock book for this purpose.
 - Any expired medicines should be written off with the permission of the management.

It has been seen that drugs bought by their generic names yield a high degree of cost effectiveness.

Guidelines for purchase of pharmaceuticals and medical supplies

Identifying drugs to be bought

The following factors are to be considered while identifying drugs to be bought:

- Pharmaceuticals and medical supplies would ordinarily be procured by SACS and if the partner is authorised to do so they should be procured only from WHO-GMP certified firms. A list of the firms will be made available by the SACS.
- Using guidelines from WHO/NACO
- Depending on availability of drugs in the market
- Based on syndromic approach
- Doctor's /STD control officer's recommendation
- Consulting with other organizations about drugs used by them
- Past history
- Type of STD cases that the clinic deals with
- Discussions with the drugs wholesalers about STD drugs
- Depending on the budget given.
- Drugs beyond Rs. 1,50,000/- per annum shall not be purchased by the NGO partner

Factors to be considered while buying drugs

- Past history
- Type of STD cases that the clinic deals with

Purchase of drugs and condoms

- As a rule three quotations should be obtained before purchase of drugs and condoms. The supplier has to have WHO-GMP certification and should be selected based on a comparative analysis of the quotations and other criteria like quality of drugs supplied, reliability, past performance etc.
- The organization should maintain details about quotations received, which supplier/s (it can also be a panel of 2 or 3 suppliers) are selected and why.
- A system for purchase of drugs and condoms should be included in the general rules for purchasing.
- As a rule drugs should be bought only on the basis of requisitions raised by the project doctors / STD control officers. A monthly drugs requisition form can be given to the project doctor to the coordinator based on which procurement can be done.
- The quantity of drugs to be bought shall be decided by the organization based on a number of factors like past history, patient load etc. subject to a ceiling of Rs. 1,50,000/- per annum. The basic tenet is that minimum stock of medicines should be maintained so that there is no danger of expiry, theft, space problem etc.
- All medicines purchase shall be inspected for quality and checked and counted by the receiver against the purchase order.
- Drugs stocks shall be held in a secure location at the main office and the clinic sites and one person each shall be designated as responsible at the office and
 - Proper control should be exercised over medicines purchased and issued, so that there is no case for expired medicines. However in cases where there is no off take for a particular medicines etc., and there is a stock of expired medicines, the same should be got to the notice of the head of the organization and with his/her permission, they should be reflected in the stock books. However, this should not become a regular case and reasons for expired medicine stocks should be analysed and acted upon, so that they can be avoided in future.

Stock Records

- A stock register **ANNEXURE 12** should be maintained for all items purchased in bulk at the main office and the field sites.
- Materials should be issued from the stock register based on the requisitions.

- Physical verification of stock should be undertaken at the office by some one other than the person responsible for stock every six months. The person checking shall sign and date the register.
- Stock should be maintained on a FIFO (First in first out basis). This means that that the batch received earlier should be issued out first.
- Any damaged or old goods should be written off with the permission of the management.

Maintaining a Stock register

- This is to be maintained at the office where the goods are purchase or stored centrally.
- The format of the central stock register is enclosed.
- This register shall be updated on the receipts column as and when fresh stocks arrive. It is important that the person responsible for the stocks initials the quantity in the stock book.
- All requisitions must be numbered and in duplicate. One copy has to be maintained at the central store and the duplicate given to the accounts.
- All issues shall be recorded immediately in the stock register and this must be update on a daily basis.
- The stock registers should be maintained on a FIFO(first in first out basis).

There are **three major stock registers** which app partner organizations should maintain :

The medicine stock register
 The condom stock register
 The IEC material stock register

Medicine stock register

The medicine stock registers are maintained in three parts:

The central stock register
 The patient wise medicine stock register
 The clinic wise medicine stock register

- Present stock available and last quarter's usage (Maximum)
- Shelf life
- Quality
- Cost
- Effectiveness

Selecting the Supplier

Identifying the supplier

- Credibility of the supplier in terms of being able to supply with in time
- Cost effectiveness of the drugs supplied
- Quality of drugs supplied
- Supplier should meet all necessary formalities in connection with its status as per the rules and regulations of GOWB and GOI.
- Supplier must be able to supply STD drugs
- Must be local, reliable and known
- Must be able to supply large quantities if necessary
- Past performance
- Availability of supplier
- Reputation of supplier

Monitoring drugs and suppliers

Monitoring the drugs supplied as well as the credibility of the supplier is very important, as it helps to decide on future strategies for buying drugs and deciding the supplier. The following factors should be closely monitored:

- Cost
- Cost vs. quality of drugs supplied
- Effectiveness of the drugs
- To monitor drugs resistance and change drugs accordingly
- To discuss result, side effects of drugs with patient, so as to get their feedback
- To keep track of side effect of drugs prescribed.
- Monitoring the reliability of the supplier i.e. does he supply on time
- Monitoring the medicine stock register regularly and tallying book stock with physical stock should be done atleast once a month.

Clinic medicine stock register

- This register is maintained in the form of an attendance register. The names of all the medicines available are to be written down on the left hand side of the register.
- The pages on the right hand side can be cut into half so that one leaf can be used for each day. The right side will have 4 column. Viz., opening balance, receipt, issue and closing balance.
- The opening balance of all medicines have to be entered each day.
- The receipts figure will be entered from the duplicate copy of the requisition notes to record the medicines received on that day from the central stock.
- The issue figure will be made from the daily total on the patient wise stock register on that day.
- Closing balance has to be drawn and carried forward as opening balance on the next day.

Condom stock register

The condom stock register are also maintained in two parts. The central condom stock register and the clinic stock register.

Central condom stock register

This register is to be maintained in the central office where central office where central stock are held and purchases made.

The format for the central stock register has been closed.

The receipts columns will be entered from original bills actual receipts of materials.

The rate columns have been provide to facilitate valuation.

Condoms will be issued to the clinics on the basis of requisitions made by the person responsible for the respective clinic operations.

The requisitions will be numbered and signed by the person responsible for the respective clinic operations.

The central condom stock register will be maintained by the accountant or the person designated for maintaining condom stocks at the central level.

Clinic condom stock register

This will be maintained at the clinic by the Clinic assistant or the person designated for maintaining stocks at the clinic

Central Stock register

- This is to be maintained at the project office or the place where the medicines are purchase or stored centrally. This is necessary because most partners run more than one clinic which are situation away from the project office.
- The format of the central stock register is enclosed.
- This register shall be updated on the receipts column as and when fresh stocks arrive. It is important that the person responsible for the stocks initials the quantity in the stock book.
- Medicine shall be issued to the clinics on the basis of requisitions made by the staff member responsible for the respective clinic operations. These requisitions shall be co signed by the doctor of the respective clinics if possible.
- All requisitions must be numbered and in duplicate. One copy has to be maintained at the central store and the duplicate at the clinic.
- All issued shall be recorded immediately in the central stock register and this must be update on a daily basis.
- The medicine stock registers should be maintained on a FIFO(first in first out basis). This means that the batch of medicine received earlier should be issued out first. This is essential to guard against expiry of medicines. Column for expiry date have included in the stock book for this purpose.

Patients wise stock register

- Entries to this register will be made from the patient cards which will record the medicines prescribed and the actual number of medicines distributed.
- This register helps to obtain daily totals of each type of medicine issued.
- Medicines given to any particular patient on a particular day can be easily ascertained. This is useful, as patients often lose their cards.
- This register has to be maintained at the clinics and has to be update simultaneously at the time of dispensing medicine or at the end of the clinic day.

The receipts will be entered from the requisition notes.

The issues to the peer educators, supervisors or any other person in charge of distributing condoms to beneficiaries will be noted in this register. The signatures of the recipients will be noted in the appropriate column. Balances have to be drawn regularly and checked regularly by an appropriate authority.

The recipients of condoms from the clinic will maintain appropriate records for their distribution and stocks.

FINANCIAL PLANNING & BUDGETING

Planning

Budgets & Approvals

It is necessary that for every activity taken up by us to be interpreted in financial terms and get the approval of the concerned competent authority. Such interpretation takes the form of budgets detailing each and every components of the activity so that a clear evaluation of the total activity and the components thereof can be made by before approval. Such budgets normally become necessary, for the following activities:

- Meetings & conferences
- Special events
- Remuneration of Staff & Consultants
- Capacity Building & other Training Programmes
- Office Running Expenses
- Promotional events
- Travel

However, most of the times the expenses incurred on these activities are part of our programme budget and specific grants are allocated for such expenses, and would require only a simple sanction. It is therefore necessary that the budget for such activities are prepared at the time of preparation of the plan itself.

The process to be followed are :

- Budget for each activity to be prepared giving break up of sub-activities and related costs.
- The budget has to be verified and certified by the F.O. to ensure that the costs are realistic as compared to the activities, and the budget captures all the required costs for such activities only.
- The necessary approval of the budget for incorporation into the Plan.

Wherever there are procurement of supplies and services for such activities, the formalities with regard to multiple quotations, evaluations, etc. have to be followed

Budget Management

- A Budget is an estimate of the amount of money to be received and to be spent for a specified purpose in a given time.
- Budgets set a framework for reporting and analysis.
- Budgeting never stands completely alone, but rather flows out of the managerial process of setting objectives and strategies and of building plans. It is especially and intimately related to financial planning.
- While accounting, separate sub-codes to be created for every activity under the main grant code, so that the utilization of the budget can be monitored activity-wise.

A specimen budget format is attached. This has to be adapted considering the nature and scope of the planned activity. ANNEXURE A

While planning the financials

- The whole team needs to be involved in budgeting process.
- Objectives of the programme along with activity plans must be completed before starting the budgeting process.
- Changes in strategies for the forthcoming year based on the past experience have to be unanimously decided by the team and the budget should be accordingly formulated.
- List out the resources required to achieve these activities and cost them.

- All line items in the budget must flow from planned activities.
- Budget should be as detailed as possible with justifications and break up of costs matched against each activity.
- When budgeting for subsequent years/phase, cost increases due to inflation, exchange rates etc would need to be kept in mind.
- All expenses have to be reviewed against the budget on a monthly basis.
- The project management shall verify the quarterly reports against the budget, analyse causes for variance and take appropriate action.

Interest Income

All interest income accruing for _SACS funds should be reflected in the partners quarterly financial reports. For partners who have multi donors, proportionate amount of interest for _SACS funds should be calculated and shown in the project accounts.

REPORTS

Monthly Accounts

The financial reports and schedules as prescribed below should reach the relevant persons before the 10th of the following month as per the following dates:

The following reports on financial information will be produced by Accounts for internal and external use.

Cash Account	Shows cash receipts and payments during the month	End of each month	Finance/Accounts	Management
Cash Reconciliation	Shows reconciliation of physical cash count and cashbook balance	Daily	Finance/Accounts	Management
Bank Account	This report shows bank receipts and payments	End of each month	Finance/Accounts	Management

	during the month					
Bank Reconciliation	Reconciliation of bank statement and cashbook balances	End of each month	each	Finance/Accounts	Management	
Advances	Shows unsettled advances by staff as at month end.	End of each month	each	Finance/Accounts	Management	
Income and Expenditure	Shows transfers from HSLP/DFID and Expenditures	Every six months	six	Finance/Accounts	Management / Funding Agencies	
Assets and Liabilities	Shows Assets value and their financing	Every six months	six	Finance/Accounts	Management	

Monthly Expenditure and Variance Report

A Monthly Expenditures and Variance Report that reflects the expenditures incurred during the month for each line item and the total expenditure incurred for the month. It also gives the cumulative expenditures incurred to date and the available balance on the budget. The report is due to Avert Society by the 10th day of the ensuing month. See Annexure B for a sample of the report.

Where there is a budget variance, particularly over spending on a budget line item, or introduction of a new set of activities in a budget column, the report should state if the variance is:

- Permitted under the terms of this grant;
- Approved in writing by TSU/SACS, if yes, copy of approval attached;
- Unanticipated and requires approval.

Internal control measures

In addition to setting up adequate internal control measures, Management shall from time to time perform these checks to safeguard assets:

Spot Checks			
Cash count		✓	
Physical verification of Fixed Assets	✓	✓	
Proper authorisation of payment		✓	✓

vouchers			
Monthly Checks			
Cash reconciliation		✓	✓
Bank reconciliation		✓	✓
Advance summary		✓	✓
Monthly Cash Forecast	✓	✓	✓
Quarterly Checks			
Quarterly Cash flow statement		✓	✓
Physical verification of Fixed Assets	✓	✓	
Annual Checks			
One year Income and Expenditure report	✓	✓	✓

Management Information Report

The Finance Officer prepares and consolidates the Reports and submit it to the Relevant Persons as the case may be, with a copy to the Finance Manager before 10th of every month.

This report is under 6 heads and are explained below:

Bank & Cash Balances: This will reflect the utilization of funds received and also will furnish broad indication of how much has been spent on Grants and on office/admn expenses. The Opening and Closing Balances should be in agreement with the Bank Book.

Analysis of Expenses against Budget: This is the variance report on Management of Expenses budget and reflects whether the trend of expenses have to be reviewed in order to avoid any negatiave variation and take corrective action as necessary. Every positive and negative variance has to be commented upon citing reasons for variance and corrective action proposed.

Grant Utilisation Status: It is necessary to review on a monthly basis the utilization status of grant budget in order to ensure that the actual spending is as per the planned budget and the phasing of utilization .

Statutory Compliance:(TDS, P.Tax, I.Tax etc) The implications of non-compliance of statutory provisions are very serious and it is therefore necessary that the management is kept informed about the compliance or otherwise of these provisions, this report becomes useful for managers to monitor adherence to the requirements and due dates.

Fixed/Consumable Assets: The Assets Register needs to be maintained as per the format authorisation of the same need to be done on a regular basis.

Pending Advances: A statement of funds lying with outsiders and staff at the end of every month-end. It is necessary to review it on a monthly basis to identify whether any deposits/advances are lying unadjusted or overdue for settlement. While it is possible that the actual date of payments and the purpose of which the deposit/advance was given gets obliterated by passage of time, this report will regularly give details of such funds lying elsewhere.

- a. Job description
- b. Leave documents
- c. Appraisal records
- d. Copy of educational certificates
- e. Capacity enhancement needs

Supervisory Mechanisms

The organisation should follow a supervisory plan which consist of a supervisory checklist at all level and the frequency of supervisory activities. Details about frequency of monitoring, reports, feedback should be included. Problems solving for the person being supervised and mechanisms for identification of training needs should be built in.

LEGAL & STATUTORY MATTERS

Income Tax - TDS:

Deduction of Tax at source from all eligible payments is the responsibility and liability of the organization. Failure to deduct tax and issue certificates for such deductions within the stipulated time attracts penalty under the Income Tax Act. As the rates of tax deduction change periodically, the finance department would indicate the applicable rate of tax deduction as and when there is any change in the rates. If you are in doubt about the applicability of tax deduction, it is better to check with the FO to be on the safer side.

Although the Income Tax Act specify the upper limit of amount of payment in a financial year beyond which tax has to be deducted, it is better to start deducting tax right from the first payment, irrespective of the value, if we are likely to deal with such party in future also. This will ensure that no payment escape deduction of tax even by oversight.

The tax deducted during a month has to be deposited to the Govt. account latest by 7th of the subsequent month. It is necessary that separate challans are filled in for each category of tax deduction like Contracts, Rent, Brokerage, Payments to professionals, etc. (the due date of 7th is taken for credit to the government account and not the date of deposit. It is therefore necessary to do the deposit one or two days before 7th

After deposit of tax, the office will prepare the TDS Certificate in Form 16A and forward it to the competent authority for signature, together with the original challan and a statement of tax deductions.

Deeds and Agreements:

Any agreement which binds the NGO Partners for any liability, like regular rent payments, etc. will be entered into only after it is cleared by the relevant authority. After signing of the agreements, a copy should be forwarded to TSU/SACS for records.

Service agreements like AMC for computers and other office equipments can be finalized and signed by the authorized person in association with the finance department. It should however be ensured that the terms of the agreements are equitable and should not be un-necessarily burdened with additional liability by virtue of such agreements.

In all agreements, an Exit Clause is mandatory as it would then be possible for us to terminate it in the event of non-performance by the other party or due to some other changes in our operations. The AMC for computer and related equipments should be verified with the Technical Support Analyst in order to ensure that the technical aspects required in the AMC are suitably covered in the contract.

LEGAL ENTITY

Legal Representation:

Any filing of suits, representing OUR NGO PARTNERS in a court of law, or giving evidence or appearing as a witness in a suit filed by or against us with a judicial authority can be done only with the written authority of the competent authority. The particulars of such cases should be forwarded to the relevant authority for proper documentation and issuance of such authorization letter.

PROFESSIONAL TAX

P Tax is a deduction which would need to be made for persons who receive a remuneration most of the States are covered under the Professional Tax Act. The rate at which these deductions are made may subject to change and any deductions would need to be made at the rate prevailing at the time.

Normally the Govt. issues notices for assessment of Professional Tax. The FO is responsible to coordinate with the concerned department and get the notice issued as early as possible and get the assessment carried out expeditiously, and bring the status up to date.

AUDIT

External Audit

The Project Director will intimate an auditor from amongst the list of empanelled CAG auditors to conduct the audit under TOR furnished to them by the SACS. The Auditor so appointed shall audit of the books of accounts as per the terms of reference given to them which is at **Annexure 13**. The Auditor shall have access to all the Audit reports of the grantees and sub-recipients of the funds. The auditor shall be changed every year.

Cost of External Audit

The cost of external audit would be borne by the SACS. The Project Director of the SACS shall fix the remuneration and it shall form part of the project cost.

CAPACITY BUILDING OF STAFF ON FINANCIAL MANAGEMENT

Financial Management	<p>Programmatic Management 1</p> <ul style="list-style-type: none"> – Restructuring Needs – Visioning & Strategic Planning – Annual Plan and DIP – Roles and Responsibilities of each Project Staff <p>3 day training for all partners</p>	Organizational Management and representatives in charge of the different areas.
	<p>Financial Management</p> <ul style="list-style-type: none"> – Budget Allocation according to Work Plan & DIP – Cash & Fund Flow – Transparency & Accountability – Collaborations between Programme Team & Finance Personnel <p>3 day training for all partners</p>	Organizational Management and representatives in charge of the different areas.

	Monitoring & Evaluation <ul style="list-style-type: none"> – Planning – Designing M & E Financial monitoring tools through Participatory Techniques, – Indicator Development 2 day training for all partners	Organizational Management and representatives in charge of the different areas.
Documentation	Record Keeping - Finance <ul style="list-style-type: none"> – Finance MIS – Reporting Formats for Project Financial Activities 2 day training for all partners	Organizational Management and representatives in charge of the different areas.

ANNEXURES

A SPECIMEN BUDGET FORMAT

THE CASH WITHDRAWAL FORM/MONEY INDENT

THE VOUCHER

STAFF ADVANCES

Requisition of Cash Against Travel & Field Visit Advance

I.O.U.

RETIRING THE ADVANCE

ANNEXURE A

ANNEXURE 1

ANNEXURE 2

ANNEXURE 3

ANNEXURE - 3. I

ANNEXURE - 3.II

ANNEXURE 4.I

ACCOUNT SHEET	ANNEXURE - 4.II
TRAVEL & CONVEYANCE EXPENSES	ANNEXURE - 4.III
EXPENSES SHEET	ANNEXURE - 4.IV
OFFICIAL RECEIPT	ANNEXURE 5.
BANK RECONCILIATION STATEMENT	ANNEXURE 6
SERIALLY PRE NUMBERED VOUCHERS	ANNEXURE 7
CASHBOOK	ANNEXURE 8
LEDGERS	ANNEXURE 9
PURCHASE ORDERS	ANNEXURE 10
FIXED ASSETS REGISTER	ANNEXURE 11
A STOCK REGISTER	ANNEXURE 12
AUDITOR'S TOR	ANNEXURE 13
CERTAIN USEFUL FORMATS	ANNEXURE 14

Monthly Expenditure and Variance Report

A Monthly Expenditures and Variance Report that reflects the expenditures incurred during the month for each line item and the total expenditure incurred for the month. It also gives the cumulative expenditures incurred to date and the available balance on the budget.

The report is due to Avert Society by the 10th day of the ensuing month. See annexure - 4 for a sample of the report.

Where there is a budget variance, particularly over spending on a budget line item, or introduction of a new set of activities in a budget column, the report should state if the variance is:

- Permitted under the terms of this grant;
- Approved in written by Avert Society, if yes, copy of approval attached;
- Unanticipated and requires approval.

A SPECIMEN BUDGET FORMAT

Name & Address of Organization								
NGO code no:								
Date of Initial contract								
Duration of current Request for Funding			From		To			
Type of Target Group					Type of Sub Group/s			
No. Target Group								
No.	Cost Code	Head	Subhead	Cost x No. of units	NGO Note	Requested cost	Module Total	Last Years Budget
Module A - Program Management							xxxxx	

1.	A1.1	Recruitment cost						
2.	A1.2	Project Coordinator						
	A1.3	Office Support Staff						
3.	A1.4	Accountant						
4.	A1.5	Office Running Costs						
5.	A1.6	Office Space						
6.	A1.7	Communications						
7	A1.8	Infrastructure						
			<i>Item 1</i>					
			<i>Item 2</i>					
			<i>Item 3</i>					
8	A1.9	Travel cost for administrative purpose						
Module B - Behaviour Change Communication							xxxxx	
9.	B2.1	Peer Outreach						
10.	B2.2	Training	Training of Peers & ORWs					
11.	B2.3		Training of volunteers					
12.	B2.4	Communication materials						
			<i>Item 1</i>					

			<i>Item 2</i>						
			<i>Item 3</i>						
13.	B2.5	Community mobilization							
			Group Discussions						
			Focus Group Discussions						
			<i>Item 3</i>						
14.	B2.6	Travel costs for program purpose							
15.	B2.7	Services of Counselor [Full Time]							
			<i>Field 1</i>						
			<i>Field 2</i>						
Module C - Cost of Services								xxxxx	
16	C3.1	STD drugs*							
17	C3.2	Services of Doctor [Part Time]							
18			<i>Clinic 1</i>						
19			<i>Clinic 2</i>						
20	C3.3	Condoms*							
21	C3.4	PLWA support							
Module D - Enabling Environment								xxxxx	

22	D4.1	Outreach workers						
23	D4.2	Community events						
24	D4.3	Meeting Immediate Needs						
25	Truckers Only							
26	D4.4	Incentives for dhabawalas, teashops, mechanics in kind support and training to assist outreach work as community reinforcement for behavior change						
Module E - Monitoring & Evaluation							xxxxx	
27	E5.1	Assessment & Ongoing 10%KABP						
28	E5.2	Documentation						
29	E5.3	Program Planning for next year						
Module F - Desirable Costs							xxxxx	
30	F6.1							
31	F6.2							
32	F6.3							
33	F6.4							
34	F6.5							

	Total			xxxxx	xxxxx	xxxxx
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* The cost of drugs and condoms shall not exceed Rs. 1,50,000/- per annum under any circumstances.

ANNEXURE B

SL. NO.	Cost Head	Budget for the year	Total Expenditure upto end of previous month	Budget for The Month	Actuals for the Month	Variance	Total Expenditure Upto end' Of the Month	Balance Funds Available For the Rest of The year
1	2	3	4	5	6	7=5-6	8=4+6	9=3-8

Accountant

Project Coordinator

Note: This statement has to be prepared by the 5th of every month by the project

ANNEXURE - 1

INDENT FOR MONEY AMOUNT

RUPEES :

SANCTIONED :

ISSUED / CASH / CHQ No. :

DATE :

SIGNATURE

DATE :

TOTAL Rs.

VOUCHER

ANNEXURE - 2

NAME OF PROJECT	ORGANISATIONS NAME
-----------------	--------------------

VOUCHER NO.	DATE
-------------	------

DEBIT / CREDIT

PARTICULARS

PARTICULARS	AMOUNT	
Being		
.....		
.....		
.....		
Rupees		
..... TOTAL		

Rs.



Payee's Signature

Director / Accountant

Requisition of Cash Against Travel & Field Visit Advance

ANNEXURE - 3

Date :

- 1 Job No.
- 2 Name of Person
- 3 Place of Visit
- 4 Duration of Visit
- 5 Cash Required on
- 6 Cash Required

Signature_____

Approved by_____

Please give breakup of the required cash on backside of this requisition

Date		
PROJECT		
Amount	Particulars	
Payee's	Payee's Signature	
Received From_____		
Sanctioned by_____		

RETIRING OF ADVANCE FORMAT

ANNEXURE - 4

ACCOUNTS SUMMARY SHEET

PROJECT :

PERIOD :

Income (Amount received)	Amount		Expenditure (Amount Paid)	Amount	
	Rs.	P.		Rs.	P.

INCOME :

EXPENDITURE :

BALANCE :

ACCOUNT SHEET

ANNEXURE - 4.I

_____ A/c Period

Income (Amount received)	Amount		Expenditure (Amount Paid)	Amount	
	Rs.	P.		Rs.	P.

INCOME :

EXPENDITURE :

BALANCE :

TRAVEL & CONVEYANCE EXPENSES

ANNEXURE - 4.II

Date..... Amount Received _____		
Purpose		
Travel Details	Amount	
From		
To		
From		
To		
From		
To		
Total		
Balance Due / In Hand		
Signature Approved		

EXPENSES SHEET

ANNEXURE - 4.III

Date.....		
Amount Received _____		
Purpose		
Travel Details	Amount	
Total		
Balance Due / In Hand		
<div style="display: flex; justify-content: space-between; width: 100%;"> Signature Approved </div>		

MONEY RECEIPT

ANNEXURE - 5

No.

Date.....

Received with thanks from _____

the sum of Rupees _____

in Cash / Cheque No. _____ on A/c of _____

Rs.



Signature of Authorised Person

BANK RECONCILIATION STATEMENT

ANNEXURE - 6

Reconciliation of Account No.	as
-------------------------------	----

Balance as per our bankbook

Add : Cheques issued but not presented
Cheque No./Date/Amount

Add : Interest not accounted for

Less : Cheques deposited but not credited
Cheque No./Date/Amount

Less : Bank charges not accounted for

Balance as per bankbook

Explanation :

Bank reconciliation statement is prepared to ensure that the balance shown by our bankbook and the bank pass book (bank statement) tallies. It is done in the following way.

It commences with the balance as per our bankbook. To this, we add those cheques, we have issued to suppliers etc. but which have not been presented for payment to the bank, by the suppliers.

Any interest that might be credited to our bank by the bank should also be added to our bankbook balance.

Cheques which we have deposited in the bank, but which are not yet credited by the bank to our account, have to be deducted from our bank balance.

Any bank charges or collection charges, which the bank has deducted from our account, has to be deducted from our bank books also to arrive at the balance, as per the bank statement.

VOUCHER

ANNEXURE - 7

VOUCHER

NAME OF PROJECT	ORGANISATIONS NAME
-----------------	--------------------

VOUCHER NO.	DATE
-------------	------

DEBIT / CREDIT

PARTICULARS		
PARTICULARS	AMOUNT	
Being		
.....		
.....		
.....		
Rupees		
..... TOTAL		

Rs.

Payee's Signature Director / Accountant

**ANNEXURE 8
CASH BOOK**

CREDIT					CREDIT				
DATE	PARTICULARS	LF	CASH	BANK	DATE	PARTICULARS	LF	CASH	BANK

ANNEXURE 9

LEDGER

SALARY A/C.

CREDIT					CREDIT				
DATE	PARTICULARS	LF	CASH	BANK	DATE	PARTICULARS	LF	CASH	BANK

COMMUNITY EVENTS A/C.

CREDIT					CREDIT				
DATE	PARTICULARS	LF	CASH	BANK	DATE	PARTICULARS	LF	CASH	BANK

PURCHASE ORDER

ANNEXURE - 10

Name & Vendor :

Kind Attn :

Subject :

Reference :

Dear Sir,

This has reference to your quotation mentioned above regarding purchase..... You are requested to supply the following items as per the specifications mentioned alongside.

Warranty :-

Price:-

Taxes:-

Delivery :-

All the above items should be delivered at : _____
within _____ days from the receipt of this purchase order

All carriage will be borne by vendor

Credit Period

_____ days towards invoice processing

Thanking You
Yours sincerely

**ANNEXURE 11
FIXED ASSESTS REGISTER**

List of Assets for						
Sl. No.	Description of Assets	Qty.	Date of Pur.	Make / Brand	Supplier Name	Value Per Pc. (Rs.)
1						
2						
3						

ANNEXURE 12
STOCK BOOK REGISTER

		Date			Date			Date		
Date	Particulars	Receipt	Issue	Balance	Receipt	Issue	Balance	Receipt	Issue	Balance

AUDITOR'S TOR

To

M/s. _____
Chartered Accountants

Terms of Reference for Annual audit of TI Projects in for _SACS

Background

The _SACS is having __-targeted interventions across the state for focused delivery of services to the high-risk groups. A Project Support Unit funded by NACO in order to provide technical support to the targeted interventions and oversee the program management is in existence. Now, _SACS in coordination with PSU are in the process of conducting the annual audit of the financial accounts of these TIs for the year ending 31 st March, 200_.

Need for the audit

The overall objective of the annual audit is to identify the weaknesses in the financial systems and the lacuna in the day to day accounting practices. This approach should in turn lead to adherence to the accounting standards and better transparency in the future.

It is imperative that the whole exercise shall be conducted as a form of capacity building exercise for the respective TI s and should be a learning experience for the accountants and other team members of the project. The audit shall not be a routine affair and it is envisaged that it should not be conducted as a postmortem exercise or a fault finding mechanism.

Methodology

There shall be a half a day's de-briefing session to the auditor's teams so that they get sensitized before their audit visits. The issues, which will be covered, include:

- Introduction on _SACS, PSU and the Targeted interventions
- Components of TI and its functioning
- Financial procedures and guidelines of NACO/SACS
- Audit as a Capacity building process rather than as a Policing mechanism

The team of two auditors shall spend 3-4 days in the project office and another day at the field/ clinic. On completion of this, they shall spend another few days in preparing the audit report.

Scope of services and specific Terms of Reference

The audit shall be conducted in accordance with the Audit & Assurances Standards issued by ICAI and shall assess the internal controls, accounting principles used and shall examine all the evidences supporting the amounts and disclosures in the financial statements. The specific areas shall include but not limited to the following:

1. Programmatic targets and project progress

To compare the achievement of various indicators with reference to the targets fixed and approved by _SACS as in the proposal. This shall be undertaken for each of the following components:

- a. No. of persons belonging to the target group to be contacted
- b. No of STD patients to be treated
- c. No. of condoms to be distributed free and through social marketing
- d. No. of awareness programs / audio-visual programs/ advocacy meetings to be conducted
- e. No. of trainings conducted for the peer educators / outreach workers
- f. No. of IEC materials to be developed and distributed

To determine whether a programmatic trail can be established with the accounting trail. A few random expenditures shall be verified for clear basis and need for their incurrence.

2. Terms and Conditions

To verify if the terms and conditions as specified in the contract and as agreed to between the partners and _SACS in the memorandum of association is adhered to in word and spirit.

To determine whether all the technical reports, the expense statements, monthly CMIS, quarterly and annual performance reports had been submitted in time as stipulated in the contracts.

3. Budgetary stipulations and expenditures

To verify the activity wise expenses statement for the four quarters and determine if the total and the quarterly expenses are in line with the approved proposals and the budgets. The timeliness of the activities and the expenditures in the line items had to

analyzed for each quarter. Any modifications from the budget, if found had to be verified for written approval from _SACS.

4. Cash and Bank balances

The closing cash and bank balances of each of the four quarters had to be tallied between the receipts and payments account and the balances as per the Cash Book. The bank reconciliation statements also had to be verified during the audit.

The average cash holding in the project office had to be analyzed along with the pattern of withdrawal from the banks and commented upon by the auditors.

The accounting procedures adopted with reference to the loans taken shall be studied and the methods of repayment clearly spelt out in the audit report.

The other grants received from _SACS - for conducting Melas, World AIDS Day Programs etc., had to be reconciled and necessary verifications done.

5. Vouchers

All the vouchers had to be necessarily scrutinized and verified whether the expenses are charged to the correct items. It is also essential to list out the extent of (%) of pucca and kutcha supporting documents that are attached with the total split up of amounts. The approval status and the reporting dates (difference between the actual service delivery and voucher submission) also need to be verified.

The auditor should be able to sum whether the expenses are budget/ norm based or need based. In this context, if any vouchers had been added/ inserted later to cover up the budgeted expenses, those had to be tracked and commented upon.

6. Review of Expenditure on Drugs and Pharmaceuticals

The auditor shall review and confirm the expenditure incurred by the NGO/CBO on drugs and pharmaceutical is within the limits indicated in the contract i.e. Rs. 1,50,000/- per annum and also check by scrutinizing the invoices to confirm whether these have been supplied by firms included in the list of WHO-GMP certified firms.

7. Verification of Registers

The audit report should also comment on the various registers maintained by the partners like the medicine stock register, condom stock register (both free distribution and social marketing), capital asset register, registers with the proceedings of the focus group discussion, monthly meetings other awareness programs, advocacy meetings etc.,

The medicine stock register along with the patient wise medicine register, will give details on the average inventory, the issues without sufficient prescriptions/ patient cards etc.,

The attendance register shall also be checked (including that of peers) so as to determine whether it matches with the salary disbursements. The IEC Stock and distribution register had to be matched with the total production and distribution of various types of IEC materials.

8. Physical verification - Cash/ Medicine, Condoms, IEC materials And Capital assets

The cash in hand has to be physically tallied with the cash book and the advance registers verified so that actual cash balance can be determined. The physical verification of medicine stocks should be undertaken so that actual and recorded stocks can be tallied and the details of expired medicines analyzed.

The capital inventory register has to be correlated with the actual capital inventory in hand, if any. Both the condom registers - one for free distribution and the other for social marketing of condoms had to be verified and better means of managing registers for different brands can be suggested, if any.

Similarly, sample verification of stocks of condom and IEC materials has to be done both centrally as well as that at the field level.

9. Visit to the clinics & stock verification

It is necessary for the audit team to visit the field of operation and the clinics to have a complete understanding of the day to day operation of the partners. The medicine and the condom stocks at the clinics should also be verified during these field visits and correlated with the office register entries.

The delays in entry of stocks, the discrepancy between the registers at the clinics and the central office should be identified if any and commented upon.

10. Systems and Controls

With reference to the overall utilization of the TI project grants, the cash book, the general ledger, the quarterly financial reports and the CMIS reports shall be reconciled and a brief summary given.

The existing information systems, accounting procedures and the monitoring activities of the project shall be discussed and suggestions given for improvement. The cost effectiveness of service delivery to the community should also be incorporated with innovative strategies for implementation. The existing accounting controls and transparency in the system should be commented upon.

11. Suggestions and recommendations

As the annual audit exercise is to be undertaken more as a capacity building measure for further strengthening of the TI team the audit report should incorporate suggestions and recommendations for the future. The major issues witnessed in the project shall be numbered and measures/ panacea proposed to resolve each of these issues.

In addition to the above the auditors are also expected to discuss in brief on general recommendations for the betterment and efficient performance of the project.

Report

The audit report should include comments on each of the specific areas mentioned above, but it should not be restricted to the above only. Any discrepancies and deviations from the standard accounting practices and the MOU/ Contract entered into with _SACS shall be sought for comments from the Project Coordinator and his explanations should also be incorporated.

The audit report should have the following contents:

Introductory paragraph - stating that the audit has been conducted for the year 2002-03 accordance with the accounting standards and the following documents were verified and studied for arriving at the findings.

Scope Paragraph - areas of audit, terms of reference, time spent by the audit team and the methodology adopted for conducting the audit .

Findings- Under each head, the comments of the auditors along with the project coordinators explanations for discrepancies, if any.

Issues and Suggestions - The auditor should identify specific issues, which need to be addressed and provide solutions and strategies for each of them.

Recommendations- The overall opinion of the auditor on the general performance of the project shall be given under this head. The lack of systems can be highlighted and recommendations given and also mention of some best practices followed, if any.

The audit report should also contain the formal certification letters namely - 'True and Fair" certificate and the annual 'Fund Utilisation Certificate', giving the breakup of the expenditure by activities separately indicating the expenditure on drugs and pharmaceuticals.

SOME USEFUL FORMATS
ANNEXURE-14.1

REQUISITION FORM

REQUISITION FORM	
Project Name :	Date :
Work Activity :	
Purpose :	
Estimate :	
Estimate Approved by :	
Signature of Project in charge	Sanctioned :

Passed for Payment :

Date :

FINANCIAL MEMO

ANNEXURE - 14.2

From	FINANCIAL MEMO
To	
CC :	Date :

Please insure that the details of accounts against an advance of
Rs. _____ (Rupees _____)
taken by you on _____ still remain pending / unsettled.

You are requested to settle the same latest by _____
between 11 A.M. and 1 P.M.

Thanking You,
Head of the Department - Finance.

ANNEXURE - 14.3

YEAR PLAN (PROJECTIONS / EXPECTED RELEASE OF FUNDS / REPORTS / PROPOSALS / EVENTS)

MONTHS	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
DAY												
1												
2												
3												
4												
5												
6												
7												
8												
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31												

KEY :

- | | |
|---|---|
| <ul style="list-style-type: none"> • PROJECTIONS • EXPECTED RELEASE OF FUNDS • REPORTS | <ul style="list-style-type: none"> • PROPOSALS • EVENTS |
|---|---|

ANNEXURE 14.4
Requisition for Tour Railway / Air Tickets Booking

Date :

Job No.	:	
Name & Age	:	
Place & Period of Visit	:	
Purpose of Visit	:	
Date of Dep. (Onwards journey)	:	
Ticket Required (Rly / Air)	:	From
Train Name & No. / Air No.	:	
Date of Dep. (Return journey)	:	
Ticket Required (Rly / Air)	:	From
Train Name & No. / Air No.	:	
Total Advance Required	:	

Signature_____

By_____

Approved