

Finance and accounting manual

Effective 01 Apr 2014



New Delhi

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Section 1

Purpose and Objectives

1.1 Purpose of the manual

Receiving funds and accounting for it is a key and critical function to be undertaken by any organization. The organization can have its own sources, its own corpus funds and receive funds from various sources. There are resources from local and foreign sources. The accounting for money received and reflecting the same in the designated accounts is one element addressed by this manual.

The resources received are expended for different purposes. These expenses need to be verified for appropriateness and captured suitably after having been duly authorized and budgeted for.

The purpose of this manual is to describe the systems for maintenance of accounts and the processes to be followed for different types of financial transactions that take place within the **Collective action for Basic Rights Foundation** (here in after called CBRF).

This manual is meant to be a guide to help the organization set and maintain high standards of accountability. This will result in an enhancement of their credibility and allow the work to be more fruitful and effective.

1.2 Intended Users of the Manual

CBRF receives funding from various sources for implementation of the program at the community level and the projects are implemented through selected NGO partners. One of the main tasks is to accurately record the funds received and post them into the different account heads.

The funds are allocated to different implementing agencies for carrying out the projects at field level and they have to draw money under different heads according to an approved budget and account for the same.

The intended users of this manual are management personnel of the organization, the finance and accounting personnel within the organization and the external and internal auditors of the organization.



1.3 Document Explanatory map

This document has been developed to facilitate CBRF to handle the finance and accounts function for internal management and different projects being implemented by CBRF. The guidelines provided are generic and need to be appropriately used for specific projects.

1.4 Objectives

The objectives of this manual are:

1. To document the accounting and reporting system
2. To readily assist the Finance Department with the financial procedures
3. To serve as a guide for financial management.

This manual is only meant to serve as a guideline and provide the purpose and principles but needs to be modified to suit the situation and the specific context.

1.5 Scope and Organization

1. This manual outlines the steps in the cycle from the receipt of funds to utilizing them for the intended purpose and accounting for the same.
2. It serves as a guideline for recording all financial transactions.
3. It describes the process to be adopted for approvals and generating the basic accounting documents.
4. It describes the process of compilation of the different accounting statements.
5. It describes the process to be followed for budgeting and reporting.



Section 2

Accounting and Record Keeping

2.1 Accounting Process of CBRF

1. The purpose of proper accounting:

Accounting is a basic management tool which, if used properly, will enable the Governing Body to determine the correct financial status of CBRF. Further it points out weaknesses and indicates areas of improvement.

CBRF aims to carry out various projects in collaboration with the Central and State Government as well as with Funding Agencies within the country and abroad. Invariably the above agencies require our organisation to maintain accounts separately for each project or programme funded by them.

In view of being transparent and accountable, CBRF should maintain its Books of accounts on a daily basis, along with all relevant registers and other financial records.

2. Details of Books and Ledgers to be maintained by CBRF:

If there is any component of local funds used with foreign grants, separate set of books will have to be maintained. However, for the purpose of reporting to the funding agency, transactions from both local funds and foreign funds have to be merged.

CBRF shall maintain exclusively three different sets of Books of Accounts as follows utilizing the Tally Package:

- One set of Books of Accounts for Receipts and Utilisation of Foreign Contribution as required under the Foreign Contribution (Regulation) Act 2010.
- A second set of Books of Accounts for local funds collected and spent by CBRF.
- A third set of Books of Accounts for Government Grants collected and spent by CBRF. This set of books is to be kept for easy accounting, monitoring and reporting to the Government from time to time.

CBRF should also maintain a “combined company” for all grants under Foreign Contribution, Local Contribution and Government funds.



The following books and ledgers are to be created by CBRF in the Tally package:

A. Main Cash Book:

The following steps will have to be followed in maintaining a Cash Book:

- a) The Cash Book should be written in the chronological order of payments and receipts.
- b) A narration (i.e. brief explanation) should be given below each transaction.
- c) The Cash Book must be balanced daily and the balance of cash on hand with the book balance must be tallied daily.
- d) When any transaction is written in the Cash Book, the head of account under which it falls should be written. In case any amount is paid as advance for which the particulars of expenses would be received later, then debit the concerned party's account and pass the necessary journal entries when the particulars are furnished.
- e) In the case of deposits and withdrawals of cash to/ from the bank, contra entries have to be passed.
- f) All entries in the Cash Book should be transferred to their respective ledger.

B. Petty Cash Book:

It is used for recording recurring petty transactions and thereby lessens the burden of maintaining the Cash Book. Payments made from the Cash Book shall be acknowledged as receipts in the Petty Cash Book. The difference between the receipts and the total of expenses as shown in the Petty Cash Book reflects the petty cash on hand.

The Petty Cashier has to maintain the Petty Cash Book. The Main Cashier enters the transaction from the Petty Cash Book at the end of every month only in Tally package.

The upper limit of funds to be held by the Petty Cashier is fixed by the Executive Director based on the estimated requirements for a week or fortnight. When the cash balance becomes low, the Petty Cashier is reimbursed the amount that has been spent.

C. Bank Book:

A Bank Book shall be maintained to record:

- a) All the inward remittances received by Cheque/ Draft/ Bank transfer.
- b) All the disbursements to the project holders and service providers paid by Cheque/ Draft/ Bank transfer.



- c) The closing balance in the bank day after day.

When maintaining the Bank Book the following are to be considered:

- a) A narration (i.e. brief explanation including the purpose and cheque/ Demand draft/ Bank Transfer number) should be given below each transaction.
- b) A Bank Reconciliation Statement must be prepared every month so as to reconcile the balances in various bank accounts as per the Cash Book and Bank Statement or Pass Book. The same has to be signed by the Executive Director and plans for the proper management of funds are to be reviewed.

D. General Ledgers:

General Ledgers have to be created in Tally package in view of maintaining a record of day to day transactions, e.g., Salaries, Repairs & Maintenance, Travel & Conveyance, Rent, Interest received, Donations received.

E. Journal:

Adjustment entries, rectification entries, closing entries are passed in Tally using the option of Journal entries.

F. Agency Wise and Grant Wise Ledgers:

This Ledger shall be maintained to reflect the status of funds Agency-wise and Grant-wise.

This Ledger shall contain the following transactions:

- a) Amount received from the Agency.
- b) Amount disbursed out of the Agency funds.
- c) Adjustments as per the notes received from the Project Departments pertaining to Agency Account.
- d) Balance available or deficit in the Agency Account.

G. Project Ledger:

Project Ledger shall be maintained to record the following transactions.

- a) Project-wise receipts from donors
- b) Project-wise disbursements to the project holder
- c) Project-wise Adjustments as per the notes from the Projects Departments.
- d) Balance yet to be disbursed to the project holder.

3. Details of Registers to be maintained by CBRF:



Other than the above, the following registers are to be maintained:

A. Investment Register:

Separate Investment Registers (*See Format 1*) shall be maintained for investments made with Foreign Contribution Income and Local Contribution Income.

The Investment Register shall be maintained to record the following transactions

- a) All the transactions relating to Fixed Deposits, Investments, interest on Fixed Deposit, Dividend on Investments.
- b) All the inward remittance in connection with the above mentioned transactions.
- c) All transaction relating to purchase and sale of units, bonds etc.
- d) All transaction related to short term, long term Fixed Deposit.
- e) This Register shall record the Deposit Receipt number, the date of deposits made, principal amount, interest received, period of deposit, maturity date and other relevant information.

B. Fixed Assets Register:

Fixed Assets Register (*See Format 2*) shall be maintained to reflect all the movable and immovable assets owned by CBRF.

Fixed Assets Register shall reflect the following information:

- a) Date of purchase
- b) Invoice No. or Bill No.
- c) Name of the article
- d) Voucher No. and date as per entry in Tally
- e) Purchase amount
- f) Sale amount
- g) Depreciation rates
- h) Depreciation amount
- i) CBRF Code for future verification.

C. Block Grant Allocation Register:

This Block Grant Allocation Register (*See Format 3*) shall be maintained to record the following:

- a) Total Block Grant available
- b) Block Grant received
- c) Block Grant allocated to a particular project(s)



- d) Block Grant yet to be allocated
- e) Block Grant disbursed
- f) Balance to be disbursed
- g) Balance available or deficit in the Agency Account.

D. Cheque Book Register:

This Cheque Book Register (*See Format 4*) shall be maintained to record the following:

- a) Date of Cheque
- b) Cheque made in favour of
- c) Amount of Cheque/Demand draft
- d) Signature of Director
- e) Signature of the recipient

E. Salary Register:

This Salary Register (*See Format 5*) shall be maintained to record the following:

- a) Amount payable to each employee
- b) Amount to be deducted and for what purpose
- c) Actual Balance paid
- d) Employee's signature

The above will be a complete record of actual amounts paid to employees of CBRF.

F. Long Distance Phone Register:

Details of long distance calls will be recorded in this register to denote: date of call, person called, purpose. These details have to be verified by the Finance Department and discrepancies, if any, have to be pointed out to the Executive Director.

G. Postage and Courier Register:

The details of Postage and Courier costs are to be logged in the Postage and Courier Register (Out Register) on a daily basis. Courier Slips are to be filed separately. Monthly totals from the Postage and Courier Register are taken into the Main Cash Book on the last day of every month.

4. Details of Files to be maintained by CBRF:

Maintenance of a good filing system is an integral part of the accounting systems of an Organization.



The following files should be maintained by CBRF:

- a) Budget file
- b) Receipts book
- c) Bound Voucher file (monthly) for all Cash / Petty Cash / Journal Vouchers
- d) Separate files for telephone bills, electricity bills, water bills, professional tax
- e) A separate bank file for each bank account
- f) Fixed asset file for original bills of assets
- g) Fixed Deposits file
- h) Management reports (monthly or quarterly)
- i) Financial statements/audited accounts
- j) Audited accounts
- k) File for each concerned Grant
- l) Income tax file
- m) Registrar of Societies file
- n) Foreign Contribution file

Separate files must be maintained for local contribution and foreign contribution. Some of the above files are permanent documents and certain others are non-permanent records.

5. Details of supporting financial records:

Maintenance of proper supporting financial records and documents on a daily basis is basic for a good accounting system. Any transaction must be supported by certain valid documents e.g. vouchers, receipts etc. These are known as supporting documents and they are an integral part of any accounting systems. CBRF will maintain the following supporting financial records:

A. Vouchers:

A voucher (*See Format 6*) is the basic documents used to support the authenticity of a transaction entered in the books of accounts. All the details shown in the format must be included and supporting evidence be provided.

Vouchers can be of different colours for bank and cash transactions. This is useful when drawing up a Bank Reconciliation Statement.

Vouchers for expenses incurred from local contribution and foreign contribution must be filed separately and duly numbered.

B. Third party vouchers versus self-vouchers:



Third party vouchers are vouchers with supporting documents acknowledging the receipt of payment from the organization e.g. cash bill for medicine, petrol etc.

Self-vouchers are vouchers with no supporting documents for which payment is attested by the person who has incurred the expenditure e.g. conveyance.

Third party vouchers should be used as a norm. Self-vouchers may be used only in exceptional cases when it is not possible or practical to obtain third party vouchers.

C. The following points are to be observed with regard to vouchers of all types:

- a) Any payment should be approved by a duly authorized person within suitable limits set by the Governing Body.
- b) In case where a cash bill or cash receipt is given, the same shall be attached to the voucher.
- c) If required, as per the prevailing rules, a revenue stamp of appropriate value must be affixed and the payee, or the person authorized by the payee, should sign. In the case of a third person, his/her address should be written.
- d) Where expenditure cannot be supported by external documentary evidence, a detailed statement of account for the expenditure incurred by the payee, duly signed by the payee, should be attached with the voucher or be written on it.
- e) Payment should not be released either in cash or by cheque unless the voucher supported with proper evidence, is produced and is complete in all aspects.



D. Receipts:

A receipt (*See Format 7*) is an acknowledgement of money by an organization towards capital and revenue income, such as donation, advance recovered and loans received. Receipts can be classified into two types:

- a) Capital receipts, e.g. corpus donations, loans received, money from sale of fixed assets.
- b) Revenue receipts, e.g. voluntary contributions which are not corpus donations, bank interest etc.

E. The following points are to be observed with regard to issuing receipts:

- a) Receipts should be serially numbered.
- b) A duplicate copy of the receipt should be retained on record.
- c) The address of the donors should be mentioned in the receipt book.
- d) Each receipt should be signed by a duly authorized person.
- e) If a donation has been received towards the corpus fund of the institution then a letter should be obtained from the donor and kept in a separate file confirming that it is towards corpus donation. The letter should be voluntary and not in a standardized format.
- f) If an institution has obtained 80 G exemption for donations, then the necessary information must be printed on the receipt or a seal has to be affixed on the reverse side of the receipt, giving full details of the exemption issued i.e. reference number, date of issue and period for which it is valid.
- g) Separate receipt books must be kept for foreign contributions and local contributions.

F. Documentation of Fixed Assets:

Fixed Asset can be classified into two types:

- Immovable, e.g. Land, Buildings
- Movables, e.g. Vehicles, Furniture, Equipment

The following documents relating to Fixed Assets have to be properly preserved by CBRF:

a) Immovable Assets:

a.1) Land (freehold)

- i. Original sale deed
- ii. Parent documents
- iii. Sketch of the property
- iv. Encumbrance certificates



- v. Legal opinion as to the title of the property
- vi. Land tax receipts, if any
- vii. Patta/ katha

In the case of leasehold land the lease agreement document should be preserved.

a.2) Building

Purchase of Building:

- i. Original sale deed
- ii. Parent documents
- iii. Sketch of the land and building
- iv. Encumbrance certificate
- v. Legal opinion
- vi. Patta/ katha
- vii. Property tax and land tax receipts

Constructed building:

- i. Building plan approved by the Government
- ii. Valuation report from an approved assessor providing the value of the building

b) Movable Assets:

b.1) Vehicles

- i. Invoice
- ii. Registration document of the vehicles
- iii. Road tax
- iv. Insurance

b.2) Other Assets

- i. Cash bills
- ii. Invoice
- iii. Cash receipts

6. Preservation of Financial Records:

The financial records of the last ten years must be preserved and made available for verification by the Governing Body, members of the organization, the funding agencies, the auditors, Government authorities and the public.



2.2 Maintenance of Bank Accounts

CBRF shall maintain separate bank account(s) for operating Foreign Contributions and separate bank account(s) for operating local funds and also Government Grants.

1. Bank Account for Foreign Contributions:

CBRF may maintain as many bank accounts as it requires for operating various foreign funds. These bank accounts are the accounts officially approved by the Foreign Contribution Regulation Act Division of the Ministry of Home Affairs, Government of India. These accounts shall contain only the transactions relating to foreign contributions. All inward remittances of foreign contributions shall be deposited and en-cashed through these bank accounts. CBRF shall open or close such bank accounts from time to time with the proper resolution of the Governing Body and sanction of the FCRA authorities. No local funds shall be remitted into these accounts under any circumstances.

2. Bank Account for Local Funds:

CBRF may maintain as many bank accounts as it may be required for operating various local funds like Campaign fund, special collections, Grants etc. CBRF shall open or close such bank accounts from time to time with the proper resolution of the Governing Body.

2.3 Cash Flow Projection

In order to prepare a scientific cash flow projection report the finance department may take the assistance of other departments. The pattern of disbursements of the previous months or the same period in the last year or past years may also be considered. The administrative expenses to be incurred should also be taken into account.

2.4 Printouts of Tally Documentation

At the end of the financial year, the Finance Department should take a print out of all Tally documentation. These print outs should be used during the auditing process. The auditing firm should countersign these documents. After audit, they should be bound. This document will then be considered as the authentic record of the organization's financial dealings for that period.



Section 3

Staff Related Expenses

3.1 Salary and Allowance

Salary is the package in terms of money given to an individual for the services rendered to the organisation.

To fulfil the legal requirements the following documents are needed:

- a. Date of Birth certificate - photocopy
- b. Pan Card – photocopy - for those employees earning more than the basic non taxable slab set by the Income Tax Department
- c. Form 16 of the previous organisation, if any.
- d. Appointment letter as per the HR Policy.
- e. Address proof.
- f. Nomination Form.
- g. List of Dependents.

After getting the copy of the appointment letter, the finance department facilitates the individual to open a new account, with the concerned bank, to which the monthly salary would be deposited.

Last working day of every month is treated as salary day. Salary is credited directly into the employee's SB account.

Tax will be deducted at source in accordance with the stipulations of the Income Tax Act and other acts/ laws in force.

3.2 Medical reimbursement

The amount of Medical Reimbursement that an employee is entitled to is fixed by the Governing Body of CBRF. Medical reimbursement is to be calculated on the basis of the financial year and not the calendar year. However, reimbursement of bills for period January to March, if not claimed in the previous year, may be claimed in April. Medical expenses for self, family and dependent parents/ brothers/ sisters will be considered for reimbursement. Original bills have to be produced along with a totalling sheet. Cosmetics and items which are not medicines will not be considered.



3.3 Contribution to Provident Fund

Provident Fund is a type of Social security provided to an employee by an employer under the Law. CBRF will provide this security for all its employees as per the rules of the Employee Provident Fund.

3.4 Contribution to Gratuity

Gratuity will be paid to all employees who have completed five years of service in the organization. Provision will be made for the same by entering into a contract with *The Life Insurance Company of India* or any other such Company as decided by the Governing Body.

3.5 Leave Encashment

Leave encashment will be granted **as per HR policy**. Leave encashment is calculated as follows: Gross salary minus employer's share of Provident Fund. This amount will be deposited directly in the individual's bank account along with the salary for the month for applications received up to the 20th of any given month and duly sanctioned. Applications received after this date will be processed only in the following month. Leave encashment is to be included along with annual salary for income tax calculation.

3.6 Leave Travel Allowance

Leave Travel Allowance will be granted as per norms spelt out **in the HR Policy**. Staff must submit original travel tickets/ bills for self and dependents within a period of 5 days after reporting to work to claim such allowance.

3.7 Local Conveyance

Here we refer to local travel expenses (within the city) meant for official purposes other than the out of city tour expenses. Personal travel (e.g. withdrawal of salary, deposit of personal cheques etc.) is not to be considered as part of local conveyance and will not be reimbursed. Follow **the HR policy on local travel for claims under this head**. All such claims are to be made in the official format (*See Format 8*).

3.8 Telephone and Food Expenses while on tour

Telephone and Food expenses incurred by staff while on tour will not be reimbursed. The cost of the same has been factored into the Per Diem being paid to staff while on travel.



Section 4

Significant information related to Other Expense Heads

4.1 Travel arrangements for tours

All Tour Plans are to be finalized with the Coordinator of the concerned department. These plans then need the final approval of the Executive Director before tickets are booked. If any changes are to be made in the final tour programme, the same should be intimated to the Executive Director and his approval should be obtained for the same.

4.2 Books and Periodicals

Details of all the newspapers, magazines etc. purchased by the Secretariat for the month should be clearly mentioned in the Bill. In addition, the amount realized from the sale of the old newspapers & magazines should also be accounted for.

4.3 General Repairs and Maintenance

Administration department should prepare a list of items, which require an Annual Maintenance Contract (AMC). Once this is done, quotations are to be invited. If possible, an AMC should be taken for a longer period in view of reducing the cost. The AMC should preferably start from 1st of April to 31 March or should be taken for the broken period from the start till the corresponding 31st March.

4.4 House-keeping

Employment of a person for cleaning the office should be done with the prior approval from the Governing Board. Any increase in wages should be done only after due approval by the Governing Board. Such wages are to be reported as expenditure under House-keeping.

In addition to the above the following are to be charged to this account:

- miscellaneous items used for maintaining the office
- snacks for staff during office hours



4.5 Printing and Stationery

Stationery requirements of Regional Offices for one year are to be purchased after the request details are approved by the Executive Director. The request should be supported with quotations from a minimum of two dealers. The quality of the stationery should not be compromised.

At the head office, stationery is to be purchased once in six months by the Administration department after receiving the stationary request from each department. The requests from all departments is to be consolidated by the Administration department. At least 2-3 quotations should be obtained for the stationery to be purchased. The quality of the stationery should not be compromised.

Stock should be controlled as per the procedure detailed in **the HR Manual**.

4.6 Advances

4.6.1 Advance given to staff

- a) Request for tour advance should be made in the approved format (*See Format 9*) and accompanied by the approved tour plan. For field visits / outstation workshops/ partner meetings etc., an advance not exceeding Rs. 20,000/- is permissible under one single name. If more than Rs. 20,000/- is required, the amount may be given in the names of two or three different staff members going for the programme. If exigencies of work demand that the staff member carry an amount exceeding Rs. 20,000/-, the written permission of the Executive Director is necessary.
- b) Requests for advance, for other office related purposes, should be prepared with the details of the items to be purchased or expenses to be incurred. Such requests should have the prior sanction of the management (that is, they should be sanctioned in the approved budget). Staff members are entitled to take an advance of a maximum of Rs. 5,000/- . If exigencies of work demand that the staff member be given an advance of more than Rs. 5,000/-, the written permission of the Executive Director is necessary. Requests for advance are to be made in the official format (*See Format 9*).
- c) Cash payment is not permissible for purchase of office stationery of regular nature or for Annual maintenance contracts – only cheque payments may be made.



- d) Salary Advance: Requests for salary advance are not encouraged. They may however be requested for in extremely exceptional situations.

4.6.2 Settlement of Advance

The Finance Department shall ensure that the tour advances taken by the staff are settled on the day the staff member reports for work on his/ her return from the tour. Settlement of tour advance is to be made in the official format (*See Format 10*).

Staff should annex the following documents along with the tour advance settlement form:

- a. Final Tour programme duly approved by the concerned authority.
- b. Any changes in the final tour programme should be informed and a copy of the rescheduled tour with the necessary approval should be submitted along with the claim for reimbursement.
- c. Original Ticket(s) / bill of agent to be attached.
- d. All the claims should be accompanied with relevant bills.
- e. In case of travel by Air, boarding pass must be attached.
- f. In case of travel by auto or taxi self-vouchers or vouchers signed by the driver will be accepted.

Other advances are to be settled on the same day or at the latest on the next working day.

No advance shall be made to any staff before the settlement of the previous advance, if any.

4.7 Tax deduction at source

TDS is to be deducted on payments of rentals or payments to contractors/ professionals/ consultants / resource persons/ staff etc. This should be done as per the norms of the Income Tax Act in force. No payment should be released without obtaining a copy of the Pan Card. If the individual is offering services on behalf of an organization, a copy of the Pan Card of the organization should be obtained. All cheques are to be issued as per the name in the Pan Card only.



Section 5

Planning, Budgeting, Investing

5.1 Annual Planning and Budgeting

The Finance Department has to keep in mind CBRF's policy on the need and significance of financial planning.

The following process is to be followed for proper Planning and Budgeting:

- a. The finance department should obtain and consolidate all the estimates of the head office and various regional offices and departments concerning replacements and new equipment for the coming financial year before 30th Sep each year.
- b. It should then prepare a draft Admin Budget for the following financial year.
- c. In consultation with the team, the Executive Director draws up a detailed draft plan for the coming financial year. This draft plan includes details of objectives, strategies, activities. Each of these activities is linked to the financial plan through a budget code and head of account. This linkage helps in preparing a clear budget.
- d. The draft version of the plan and budget for the coming financial year is presented by the Executive Director to the Finance Advisory Committee and the Secretary of CBRF on or before 30th Oct every year.
- e. The revised draft plan and budget for the coming financial year which includes the suggestions of the Finance Advisory Committee is reviewed with the Secretary before 30th Nov each year for her/ his approval.
- f. The finalized plan and budget for the coming financial year is then sent to funding agencies by 31st Dec every year.
- g. The finalized budget along with a brief of the year's plan is then tabled at the General Body meeting held in Apr/ May of the financial year in question year for their approval.

5.2 Chart of Accounts

Chart of Accounts is a list of account heads drawn up by an organisation based on the Vision, Purpose, Goals and Objectives. The heads of account are prepared based on the programmes run which fall within the vision of the organisation. Any expenditure has to be classified under the agreed heads of account.



5.3 Investment of Funds

A proposal for investing funds shall be placed before the Executive Director by the Head of Department of Finance, from time to time.

In the case of investment of Corpus Donations, the plan for investment will be placed before the Finance Advisory Committee for its advice and opinion. The Executive Director thereafter shall present the proposal to the Governing Body and only after the approval of the Governing Body shall the Corpus Donation be invested.

As for ordinary funds, the Executive Director may make such decisions, in consultation with the Secretary of CBRF, as he considers the best having regard to the circumstances.



Section 6

Reporting and Monitoring

6.1 Reporting Process

In view of ensuring that the Reporting Process listed below is fulfilled effectively, the Finance Department shall draw up a detailed annual calendar denoting the work to be completed every month and the deadlines for reporting to each concerned party.

6.1.1 Internal Reporting Process

6.1.1.1 Monthly Reporting to Executive Director

While it is the Board which frames policies, it is the Executive Director who implements such policies and takes care of the day to day affairs of CBRF. Therefore the following reports will be required for the Executive Director more frequently than they are required by the Board in view of monitoring the finances of CBRF.

It is the responsibility of the Finance Department to prepare, certify and submit the following reports on or before the 7th day of the following month:

A. Monthly Statements:

- a. Monthly Financial Report
 - ☛ Receipts & Payments Account
 - ☛ Income & Expenditure Account
 - ☛ Balance Sheet
- b. Monthly Budget Comparison Report (including comments on key financial ratios)
- c. Monthly Legal Compliance Status Report
- d. Monthly Investment Status Report
- e. Monthly Donor Agency Status Report.
- f. Monthly Project Status Report
- g. Monthly Bank Reconciliation Statement.
- h. Monthly Expenses Tracking Report for Income Tax Purposes.
- i. Monthly Cash Flow Statement

B. Quarterly Statements:

- j. Cash Flow Projection Report



C. Annual Statements:

- a. Annual Consolidate Audit Report
- b. Annual Funding Agency wise Audit Reports
- c. Annual Management letter from statutory Auditors and recommendation closure document

6.1.1.2 Periodic Reporting to Governing Body

The Governing Body of CBRF meets thrice a year. This is a healthy practice. In such meetings the following reports should be presented for the review of the Governing Body:

- a. Financial Report
 - ☛ Receipts & Payments Account
 - ☛ Income & Expenditure Account
 - ☛ Balance Sheet
- b. Budget Comparison Report (including comments on key financial ratios)
- c. Legal Compliance Status Report
- d. Investment Status Report
- e. Donor Agency Status Report.
- f. Project Status Report.
- g. Cash Flow Projection Report
- h. Annual Audit Report
- i. Annual Management letter from statutory Auditors and recommendation closure document

6.1.1.3 Annual Reporting to General Body

It is a legal requirement that CBRF should present its audited financial statement in the General Body meeting after the end on the fiscal year and adopt the same before filing it with the appropriate Government Authorities.

The General Body may then like to review the following reports:

- a. Annual Audited Financial Statement ending 31 Mar of the previous year including:
 - ☛ Receipts & Payments Account
 - ☛ Income & Expenditure Account
 - ☛ Balance Sheet.
- b. Management letter from statutory auditors and recommendation closure document
- c. Legal Compliance Status Report.
- d. Annual Budget for the current year.

6.1.2 Annual Reporting to Government Authorities

6.1.2.1 Annual Reporting to FCRA Department

CBRF has to prepare a separate set of financial statements for Foreign Contribution Funds for submission to FCRA Department of the Ministry of Home Affairs as follows:

- a. Receipts and Payments Account
- b. Income and Expenditure Account



- c. Balance Sheet
- d. Any other documents as required by the FCRA Department

6.1.2.2 Annual Reporting to Other Departments

CBRF shall also prepare another set of financial statements including the foreign contributions and local contributions as follows

- a. Receipts and Payments Account
- b. Income and Expenditure Account
- c. Balance Sheet
- d. Any other documents as required by the concerned authority

The consolidated financial statements shall be used for the following purposes:

- a. Submission to the Income Tax Department
- b. For filing returns to the Registrar of the Society
- c. For obtaining Certificate of Exemption U/S 80G.

6.1.3 Annual Reporting to Funding Agencies and other donors

The Finance department should prepare annual consolidated agency wise audited reports as per requirements of the agency in question.

In addition the Admin department prepares activity / other reports as per requirements of the agency in question.

6.2 Processing of Reports

6.2.1 Audited Financial Statement

The finance department of CBRF should ensure that the Audited Financial Statement of CBRF is ready by 30 April every year. This should be factored in as part of the MOU with the auditing firm.

6.2.2 Budget Comparison Report (including comments on key financial ratios)

The finance department of CBRF should ensure that the Budget Comparison Report of CBRF is ready by the last day of every month. It should add its comments on key financial ratios. The Executive Director shall study the same on a monthly basis for necessary action and follow up.

This report is also to be submitted to the Governing Body for its study and advice.



6.2.3 Legal Compliance Status Report

The finance department of CBRF should ensure that the Legal Compliance Status Report of CBRF is updated every month. The Executive Director shall study the same on a monthly basis for necessary action and follow up.

This report is also to be submitted to the Governing Body and the General Body for their study and advice.

6.2.4 Investment Status Report

The finance department of CBRF should ensure that the Investment Status Report of CBRF is updated every month. The Executive Director shall study the same on a monthly basis for necessary action and follow up.

This report is also to be submitted to the Governing Body for its study and advice.

6.2.5 Donor Agency Status Report

The finance department of CBRF should ensure that the Donor Agency Status Report of CBRF is updated every month. It is advisable to develop a calendar for reporting to donors and incorporate the same with the financial calendar. The Executive Director shall study the same on a monthly basis for necessary action and follow up.

This report is also to be submitted to the Governing Body for its study and advice.

6.2.6 Project Status Report

The finance department of CBRF should ensure that the Project Status Report of CBRF is updated every month. The Executive Director shall study the same on a monthly basis for necessary action and follow up.

This report is also to be submitted to the Governing Body and the General Body for their study and advice.



6.2.7 Bank Reconciliation Statement

The finance department of CBRF should ensure that a Bank reconciliation statement is prepared every month in Tally package. The Executive Director shall study the same on a monthly basis for necessary action and follow up.

6.2.8 Expenses Tracking Report for Income Tax Purposes

The finance department of CBRF should ensure that the Expenses Tracking Report for Income Tax Purposes is updated every month. The Executive Director shall study the same on a monthly basis for necessary action and follow up.

6.2.9 Cash Flow Projection

The Finance Department should prepare a cash flow projection report at least every quarter to serve the following triple purposes:

- a) to make the best investment decisions for the funds of CBRF.
- b) to ensure that there is smooth flow of cash receipts and payments.
- c) to avoid any cash crunch/deficit situation.

In order to prepare a scientific cash flow projection report the finance department may take the assistance of other departments for obtaining the projected disbursements to project holders. The pattern of disbursements of the previous months or the same period in the last year or past years may be considered.

The administrative expenses to be incurred shall also be taken into account.

6.2.10 Cash Flow Statement

This statement presents the flow of funds during the reporting period that has just expired. The purpose of this statement is to compare the actual transaction with the projection referred in the previous paragraph and to make any such adjustments as may be required.

6.2.11 Management letter from statutory Auditors and recommendations

The finance department of CBRF should ensure that the Auditing Firm engaged by CBRF prepares a Management letter as per directions given in the Financial Policy of CBRF. The Executive Director shall study the same for necessary action and follow up. The finance department shall take forward the recommendations and prepare a recommendation closure document specifying how the recommendations were carried forward.



This report along with the recommendation closure document shall be submitted to the Governing Body and the General Body for their study and advice.

6.2.12 Financial Reporting by Partner NGOs

Partner NGOs are expected to submit audited financial statements once every six months for amounts received by them. These are to reach the CBRF Secretariat by **7 Oct and 7 Apr every year.**

The Finance department should verify the same and then prepare consolidated agency wise statements as per requirements of the agency in question.

At the Annual audit, the auditing firm reaffirms that the audit reports sent by partner NGOs and the consolidated agency wise statements are in order.

