

Finance Policy



Technology Resource Communication & Service Centre

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Overview of TRCSC

Technology Resource Communication and Service Center (TRCSC) was formed in the year 2002 by a group of development professional as a civil society organization (CSO) and registered under the Indian Trust Act 1860 on 27th November 2004 in Jamshedpur, East Singhbhum in the state of Jharkhand. Subsequently the organization got registered under IT Act, FCRA, Niti Aayog, and other regulatory bodies of government.

Vision

Creation of a just society, where the people will live in harmony, with assured facilities of basic needs through participatory holistic development towards transformation into confident and self-reliant citizenship.

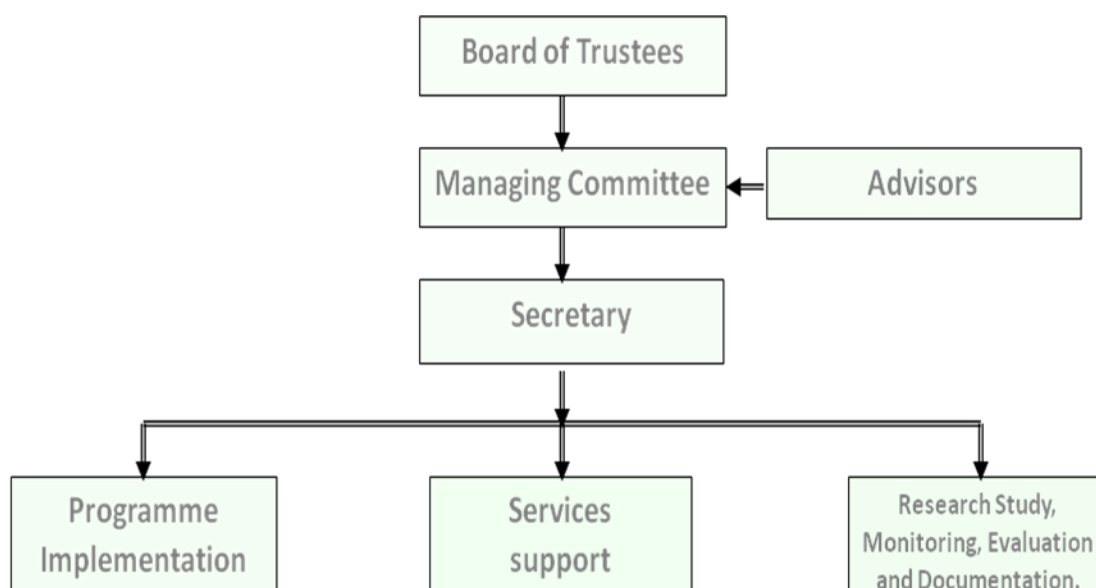
Mission

To empower the women, children, adolescents, youths, small and marginal farmers, and strengthening community-based organizations through capacity building, participatory planning, implementation, monitoring and learning process, with special emphasis on food and nutrition, basic education, health, natural resource management, livelihood promotion, gender equity, entitlements and protection.

Introduction (Legal Status)/ Organization Profile

Legal Status
<ul style="list-style-type: none">➤ Registered under Indian Trust Act 1882 (Deed No.6652 dt.27.11.2004; amended on 15.05.2019, Deed No. 2019/JSR/2093/BK4/158)➤ Registered under Foreign Contribution Regulation Act 1976 (No.337820053 dt.01.09.2005 and renewed in 2022)➤ Registered under Income Tax Act u/s 12A (Tech/CIT/JH/2008-09/1775-80 dt.16.07.2008), Renewal No-AABTT0526BE20088, dt. 23/09/2021➤ Registered under Income Tax Act u/s 80G (II/Tech/Jam80(G)/2008-09/4091-93 dt.19.09.2008), Renewal No-AABTT0526BF20219, dt. 24/09/2021➤ PAN: AABTT0526B➤ TAN: RCHT00470B➤ CSR : CSR00000250➤ GST : 20 AABTT0526B1ZC➤ EPF Registration No.: JH/JAM/16317➤ ESIC Registration No:60001658360001001➤ Niti Aayog: JH/2009/0011771➤ Bankers: Bank of India, Sakchi & Dimna Mango-Chowk Branch, Canara Bank, Dimna Road Branch, State Bank of India, Mango Branch and SBI New Delhi Branch➤ Auditors: M/s SDR & ASSOCIATES, Chartered Accountants, Cuttack

Organization Organogram



Overview

This financial manual is written with the view to document the financial and accounting policies, system & procedures to be followed by the Technology Resource Communication and Service Centre (TRCSC)

Purpose

The purpose of Financial Manual will be to:

- Describe the procedure to be adopted
- Provide assistance and guidance to staff during the course of their work

Scope

This manual is intended to cover all significant financial aspect of the TRCSC current activities. This manual is in consonance with the accounting standards issued by the Institute of Chartered Accountants of India and the various applicable status in India. Any change in the applicable statues automatically have effect on the relevant provision of this manual.

Confidentiality

This manual is the property of TRCSC and is issued for the exclusive use of the personnel of the TRCSC programme. The manual (or photocopy of any part in soft or hard version) should not be taken of the office premises without permission of TRCSC.

Accounting Policy

Accounting' is a subject that deals with facts and figures of financial matters. It is nothing but a systematic record of daily events of business leading to presentation of a complete financial picture known as 'accounting' or in its elementary stages, 'book-keeping'.

It plays a very important role in the case of an institution/project receiving and disbursing funds in the determination of proper utility and accountability of these funds.

It is also a legal requirement from various Acts of our Government such as Income Tax Act, Foreign Contribution Regulation Act etc., to maintain proper books of accounts in a systematic manner and to get the same 'audited' by a recognized firm of Chartered Accountants by each recipient project. These books of accounts so maintained by the TRCSC are subject to scrutiny by various agencies such as auditors, Government auditors, representatives of the funders & evaluators on behalf of the proposed funders etc., from time to time.

It is therefore imperative to maintain proper books of accounts in agreement with the policies and procedures and the prevailing statutory requirements. It is therefore required that the personnel in charge of the projects and finance maintain these records in respect of day-to-day transactions of both Receipts and Payments as per TRCSC's requirements systematically and always up-to-date.

Further, as an organization accountable to the government, funders, public and the other stake holders, TRCSC is not only responsible for the accountability of funds entrusted to our care but also for the proper use of these funds at all levels, viz., project level, beneficiaries' level, etc. according to its defined purpose. Not only this, its responsibility is also to see that bulks of the funder's share of contributions are utilized on programs & services.

In achieving this goal, rigorous financial controls and systems are exercised at each level of the financial operations right from the first stage of collecting funds from Funders to the last stage of disbursing/utilizing the funds to the beneficiaries.

Fiscal year

As per the statutory requirement under law of the land, the Fiscal year of TRCSC and its projects will be April to March every year.

Projects under different donors may vary from a normal project year of April to March. But for statutory requirement, the accounts will be closed on 31st March every year. Such projects that adopt a different financial year due to the requirement of the donor will maintain accounts in such a manner that the project year will be according to the Donor's requirement, whereas financial year for legal and organizational purpose will close on 31st March every year.

Accounting systems

Many accounting guidelines and standards govern the recording and reporting of transactions. Transactions and accounting ledgers are part of a larger, complex system for controlling funds and reporting on their sources and uses. In this system accountants are responsible for showing the movement of funds throughout the institution. They record how funds are received and used and what resources are used to produce or deliver goods and services. To do this, they need a chart (or list) of accounts.

A computerized accounting system typically includes at least the following:

- Chart of accounts
- Journal Day Book
- Cash Book (FCRA/NATIONAL)
- Bank Book (FCRA/NATIONAL)
- General Ledger (FCRA/NATIONAL)
- Subsidiary ledgers (Accounts Receivable, Inventory, Fixed Assets)
- Bank Reconciliation Statement
- Financial statements. (FCRA/NATIONAL)
- Trail Balance

A computerized accounting system posts transaction entries directly to the general ledger. It replaces the various manual journals with a query function, producing reports as needed.

Basis of Accounting

Accounting systems can be accrual basis (accounting for Receipt and payments when cash changes hands), accrual-based (accounting for income and expenses when they are incurred), Books of Accounts are maintained at Registered office of the TRCSC. Field offices of the organisation will maintain the subsidiary books of accounts at their level and submit the bills and the supporting and other documents to the head office on Periodically basis.

TRCSC follows accrual basis of accounting for all of its transactions.

Fund Accounting

Donors often require detailed reporting by TRCSC on the use of funds they provide. It varies from donor to donor even from project to project. The chart of accounts can be structured to ease such reporting. TRCSC adopts cost centre and cost category option in the “TALLY” Accounting package to facilitate such reporting, as applicable.

Natural and Programme Heads

TRCSC depends on external grants for their project activities. Owing to the dependence on external agencies the books of accounts and financial statements are also influenced by the reporting requirements of such donor agencies. Donor agencies normally ask budget proposals on various programme heads and the reporting is also required to be done accordingly.

The programme heads are normally required for reporting purposes to donors under various projects. Each of such programme head may have various components of natural head. For instance, natural heads such as travel expenses, salaries, conveyance, etc., could be incurred under the above-mentioned programme heads. Hence, all expenditures are required to be booked under natural heads and then should be transferred to various project accounts as per the programme heads.

Sources of Funds:

The Organisation will generate its funds from contributions, grants, corpus donations and membership fee etc.; earning interest on Bank deposits; Fund raisers; and other receipts like sale of horticulture products, plants, Mushroom Spawn, Compost, Training Fees and others etc.

Fundamental Rules for all Receipts/Collections:

- a) Collection will be made by the persons authorised in this behalf by the organisation;
- b) For each and every amount received at any level, a proper receipt as prescribed by the Organisation shall be issued by the collecting person(s);
- c) Person collecting funds shall tender the money to concerned office without delay and in no case shall that money be used for making any payment/ expenditure;
- d) The amount so collected shall be accounted for in the books of the Organisation and deposited in the designated bank(s).
- e) Revenue stamp shall be affixed and crossed/signed on receipts of appropriate value.

Contribution:

The Organisation may collect gift, donations or contribution in kind or money through cash; cheque/DD; online receipt through banking channels (like Payment Gateway); in kind (Assets or sharing cost of expenses; services) and other legally permissible modes as per the norms of various Laws applicable in India.

Further donation can be received in kinds in the form of assets, services, consumable items, office space, accommodation & hospitality, event organisation etc.

Policy on Accepting Donations :

- a) Utmost care will be taken during receipt of donations or any kind of grant.
- b) No deduction shall be allowed under this section in respect of donation of any sum exceeding two thousand rupees unless such sum is paid by any mode other than cash
- c) The details of donor name and address shall necessarily be obtained where donation exceeds Rs.2000/- and PAN shall be obtained wherever possible.
- d) Donation received in kind shall be duly acknowledged by way of accounts, reporting or notes whichever applicable and a suitable receipt shall be issued to the Donor.
- e) The organisation should report details of donation received in a particular financial year on or before due date to the authorities by filling necessary forms (Currently Form 10BD should be filled with in 31st May of the following next year)

Interest on Bank Deposits:

For optimum utilization of the available resources Organisation may deposit available surplus and/or idle (for the time being) fund in Term Deposit with banks to earn interest, as per the norms of the Income Tax Act/ Rules.

Other Receipts: other receipts like sale of horticulture products, plants, Mushroom Spawn, Compost, Training Fees and others etc. Further disposal of old newspapers and other useless and/or obsolete articles may generate some revenue to the organisation.

Further in case sale of capital assets funded by the donor, the same can be disposed of with the permission of the donor and/ or in case of non-existence of donor the same can be disposed of with prior approval BoT. The procedure followed while purchasing of the assets are needs to be followed. The sale proceeds should be deposited in the respective bank accounts (i.e., sale proceeds from sale of FC Assets to be deposited in designated and or utilization FCRA Bank account and similarly sale proceeds from Local Donors to be deposited in the Local bank account of the organisation. In other word the sale proceeds from sale of FC Assets should not be deposited in Local Bank account and/ or vice versa.

Application of Funds

The funds received by the Organisation shall be utilized for meeting the objectives of the Organisation and need to be extremely cautious about its application.

Fundamental Rules for Payments / Expenses:

- a) Expenditure shall be incurred only by an authorised person;
- b) Any expenditure has to be incurred after establishing the reasonableness of the expenses;
- c) The expenditure should be incurred prudently i.e., it shall not exceed than the occasion demands;
- d) Everyone has to adopt austerity and economy measures (not at the cost of efficiency) as

key motto;

- e. Payment shall be made only after authentication/approval from designated authority;
- f. Every expenditure shall be incurred after due diligence; however, non- budgeted expenditure above Rs. 10,000/- or more shall be paid after prior approval of the concerned authority;
- g. An amount of Rs. 10,000/- or more shall be paid by account payee cheque/DD or channels permitted by law;
- h. Expenditures of extraordinary nature shall be consulted with the Executive Committee of the organisation;
- i. Every payment shall be made and /or expenditure shall be incurred after applying proper procedure. Proper procedure means – i) application of “Due Process of Law”; and ii) proper documentation of the transaction;
- j. Each and every item of expenditure is to be promptly accounted for in the manner prescribed by the Organisation;
- k. Every payment shall be made on the basis of an authentic tax invoice/Cash/ Credit Memo; however, in case where such documents are not issued by the vendors and service providers like small shopkeepers; small service provider, Tea makers; plumbers etc. a proper voucher shall be made and signed by the person authorised to incur expense and to be approved by another person authorised in this behalf;
- l. Revenue stamp shall be affixed and crossed/signed on payment of appropriate value;
- m. The BoT members of the organisation may be reimbursed for expenses incurred by them in the course of rendering of services to the Organisation. The BoT can also allow payment of salaries to its members against actual services rendered.
- n. Income Tax shall be deducted at source (TDS) on payments as and when applicable.

Besides above, others rules are described with the relevant topics, therefore, while interpreting a specific expense, above fundamental rules have to be kept in mind.

The Expenses/ Payments can be divided into following parts:

- 1. Periodically Recurring Expenses
- 2. Specific Expenses
- 3. Event based Expenses
- 4. Person wise Expenses
- 5. Exceptional and Extra Ordinary Items
- 6. Payment in Advance or in Imprest Account
- 7. Purchase of Assets (tangible; intangible)

Periodically Recurring Expenses:

Periodically recurring expenses can be further divided into following sub-heads:

- i) Day to Day or daily recurring expenses (Office Pantry; Local Conveyance; Printing & Stationery; etc.)
- ii) Monthly recurring expenses (Employees salary; Office Rent; Telephone & Internet charges; Electricity charges; News Paper & Periodicals;)
- iii) Annually recurring expenses [Insurance; Remuneration to Auditor(s)]
- iv) Other

General Rules for Periodically Recurring expenses:

The Concerned Authority of the concerned level, shall:

- i) Define the nature of recurring expense
- ii) Fix the ceiling of such expense
- iii) Authorise person(s) to approve and make payment;
- iv) Review the expenses on a periodical basis;

Specific Expenses:

(Travelling, Lodging & Food; Public Interaction Expenses; Organisation Building Expenses; Legal & Professional Charges; Repair & Maintenance of Assets; etc.)

Travelling, Lodging & Food Expenses: *Since travel is going to be from expensive cities to very remote villages, it may be difficult to fix an expense limit on such things. However, if required in future some criteria will be fixed based on experiences.*

- i) Most economical way need to be chosen without compromising on the programs to be performed.
- ii) For shorter distance up to 500 km, team need to use the modes such as Buses/Trains.
- iii) Also use Train if the distance can be covered during Night or the distance can be covered without wasting effective work day.
- iv) Preferred Train travel to be in sleeper class. At the most 3 tier AC can be used. However, 2 Tier AC shall be booked only when tickets are not available in any other class and the journey is imperative. If exceptional circumstances air travel in economy class can be availed with the permission of the organisation as/or donor permission. Staff should try to use the best economy mode of travel.
- v) For Long Distance Travel, use Air travel as time is essence. However, please plan the trips much in advance to avoid paying high fares at the last moment.
- vi) For travelling from/to remote areas may need to hire taxis/cabs to reach Station/Airport. Please exhaust the possibility of using Bus before hiring a taxi.
- vii) Stay arrangements should be made in advance wherever possible by choosing the best possible lodging option.
- viii) The daily allowances for food and accommodation for local travel (outside the project area), within State and outside State will be allowed as per norms of the

organisation (the allowances are circulated by the management will be followed from 1st day of each financial year, unless until any revision by the management.

Public Interaction and Organisation Building Expenses:

[Advertisement & Publicity; Electronic/ social media (payment for time slot); Printing Material (Pamphlets; Posters; Handbills); Cut-out; Hording; Banner; Video films; Print Media (News papers; Magazines); Any other mode]

The Concerned Authority in consultation with the appropriate authorities of the concerned level shall

- i) Assess the nature of activity/program to be undertaken;
- ii) Make an overall budget;
- iii) Review the resource available;
- iv) Fix the ceiling of expense;

Policy regarding obtaining and finalising quotation and payment will remain same as discussed

Professional Charges :

[For availing services rendered by professionals like Advocate; Chartered Accountant; Engineers - IT (Computer – Hardware/Software), Scientist and other professionals etc. and Contracts for Repair & Maintenance of Assets]

The Concerned Authority of the concerned level will finalise the service provider after due consultation with the technical Team, which require such service.

Policy regarding obtaining and finalising quotation and payment will remain same as discussed .

Event based Expenses:

These expenses are similar to specific expenses, hence, general principle applicable to them shall apply mutatis mutandis here.

Person wise Expenses

(Telephone & Internet; Local Conveyance) : The Organisation may need to reimburse its representatives for expenses borne/incurred by them in discharging their duties and/or spreading Organisation's objects.

However, Board Members and members who are willing to bear expenses on their own in any of the heads are encouraged to do so.

General Rules for Re-imbursement of expenses :

- i) Organisation will try to take up phones in the name of Organisation which would have free closed group calling. On time-to-time basis, based on the call requirements of individuals, specific plans will be taken.
- ii) Members who are provided with office phone facility will strictly use this phone for Organisation purpose only.
- iii) If and when members move to roles which do not require too much calling, phones will be returned to the Organisation.
- iv) Reimbursement of other expenses like Local conveyance, Refreshment and Food, printing & stationery, photocopy etc. shall be subject to production of bills etc.
- v) The Concerned Authority shall:
 - a. Make a list of persons entitled for such re-imbursement;
 - b. Fix the ceiling of such reimbursement;
 - c. Authorise different person(s) to approve and make payment;
 - d. Review the expenses on a periodical basis;

Exceptional and Extra Ordinary items:

In case of an expense which is voluminous, or which affects the rights, reputation or status of the Organisation, it is to be discussed by higher authority of the Organisation

If it is general in nature and not affecting Organisation's status or position in any way it shall be discussed and settled by the Concerned Authority in consultation with the appropriate authority at concerned level

Payment in Advance or in Imprest Account:

For so many reasons payments are to be made in advance or an imprest is to be given to accommodate certain expenses, particularly in the case of solemnisation of an event like meeting, protest etc.

In such a case the Concerned Authority shall nominate and authorise person(s) capable of seeking advance/imprest linking with the nature of service/expense to be availed/incurred by them and affix monetary ceiling.

Such person shall be duty bound to submit a correct account of the expenses duly supported by Money Receipts/invoice/Cash memo etc. in a reasonable period after conclusion of the event or during the event if event is for a period of 7 days or more.

Advance to Employees

- i) Concerned Authority can allow advance subject to merits of the case;
- ii) Petty advance for domestic need may be given subject to deduction in next salary.

Purchase of Assets

(Tangible; intangible)

- ♦ Tangible Assets include Furniture & Fixtures; Computer & Peripherals; Electrical Fittings & Appliances; Plant & Machinery; Vehicles; Books etc.
- ♦ Intangible Assets include Computer Software; Trade Marks, Copy rights and Designs (Organisation Logo; Website design etc.)

The following procedure shall be followed:

- i) Requisition for purchase of an Asset to be forwarded by the Project Coordinator to the Program Manager and consequently be submitted to the Finance Department for approval.
- ii) Review by the Concerned Authority if value is not significant and asset is of general nature; If Value is substantial then same to be consulted with higher authority.
- iii) Concerned Authority to authorise person(s) to obtain quotations from the vendors;
- iv) Finance Officer (FO) to Finalise best suitable quotation considering post sale service, recurring cost, quality of the product subject to time and other constraints;
- v) FO to Authorise persons to place order, obtain delivery; and make payment;
- vi) On receipt of the asset proper identification mark shall be affixed.

EXPENDITURE AUTHORISATION

All expenditure must be authorised for payment. The purpose of authorising expenditure is to confirm that the expenditure:

- is in accordance with the objectives,
- falls within the scope of authority of the trustee / staff member.

Expenditure is authorised in a signed document which is passed to the person responsible for making the payment. The person preparing the payment/instruction for the bank (cheque, transfer instruction etc.) or distributing cash should not be the person authorising payment.

All payments must be supported by admissible evidence to show to an independent observer or auditor that they are made in accordance with the objects of the programme. The purpose of supporting documentary evidence is to show what is being paid for and that the payment is valid. However, for payments/expenditure below Rs.2000/- the evidence can be on self-declaration basis, duly approved by the appropriate authority and for above that it should be approved by the competent authority in special cases.

BANK ACCOUNT(S) SIGNATORIES

The following requirements must be adhered to when establishing signatories for all bank accounts. The Board Members shall assign and establish the threshold for the authority to sign cheques.

- a) All cheques should be signed jointly by President, Secretary and Treasurer.
- b) All bank account authorized signatories must be authorised through a resolution of Board Members.
- c) Net banking passwords and the authority to operate shall remain with Treasurer.

CASH ACCOUNT

In order to avoid any deviations of the cash balances, an accurate and diligent cash management is presupposed. The following points must to be respected and implemented:

- a) The cash box is to be stored in a safe. The Finance Officer is responsible for keeping the key to the box in safe custody. Every quarter the Treasurer carries out an unannounced cash control which has to be documented in written.
- b) For every transaction, a receipt signed by the money recipient has to be issued and filed. However, for payments/expenditure below Rs.2,000/- the evidence can be on self-declaration basis, duly approved by the appropriate authority.
- c) The receipts have to be consecutively numbered and listed in the cash account journal.

BANK/OPENING OF ACCOUNTS

All bank accounts shall be in the name of “Technology Resource Communication and Service Centre(TRCSC). The opening of new bank accounts must be previously approved by Board of Trustee.

BANK STATEMENTS AND RECONCILIATIONS

The following requirements should be adhered to regarding bank statements and reconciling the bank accounts:

- (i) Arrangements should be made with the bank to receive bank statements monthly; In case of net banking statements should be downloaded on monthly basis.
- (ii) The person who prepares the bank reconciliation must not be a bank signatory and must not be the individual responsible for preparing bank transactions (i.e., preparing cheques, deposits, wires, etc.).
- (iii) The FO will then review the completed reconciliation; and investigate discrepancies if any.
- (iv) Bank reconciliations must be performed as part of the monthly closing activities. External reports should not be finalized until the bank reconciliation is completed. Bank reconciliation is considered “complete”, when all variances are reconciled.

FIXED DEPOSIT RECEIPTS (FDR)

With regard to FDRs & other investments following care shall be taken in this regard:

- i) The instrument or FDR to be kept in safe custody;
- ii) Photocopy of the same shall be retained with accounts;
- iii) Original FDR should be presented for verification in every Council, Executive Meeting and to the Auditors;
- iv) An FDR register shall be maintained.

INTELLECTUAL PROPERTIES

Intellectual Properties, such as Logos, Trademark, Design, Know-How, Patents etc. are required to be protected with adequate legal and other safeguards. The Organisation shall register the various intellectual properties with appropriate authorities and undertake such other compliances as may be required.

An Organisation works through various verticals as well as Office Bearers and volunteers at different levels and it maintains Letter Heads; Rubber Stamps; Money Receipt Book; membership Forms etc. in implementation of its day-to-day work. Utmost security of these materials is necessary as they represent the Organisation and any misuse or improper use of any of these materials may seriously damage its image in general public and can be a cause of shame for the organisation. There should be a strict control on the vendors supplying such items. Every person in whose possession these items are found should be duly authorised by the office.

FIXED ASSETS

The Organisation shall ensure due care in the custody and maintenance of the Fixed Assets acquired by it. The following care shall be taken:

- i) The Title/ownership of the asset shall always be in the name of the Organisation
- ii) Documents of Ownership shall be kept in safe custody
- iii) The Assets are insured
- iv) The assets are duly maintained to avoid untimely impairment
- v) Records of Assets are duly maintained and verified
- vi) Assets are periodically inspected and record thereof are maintained
- vii) No asset shall be disposed without the prior permission of the appropriate authority.
- viii) The Assets shall be used only for the Organisation purposes
- ix) The Assets shall not be pledged/mortgaged other than Organisation's political objective

GENERAL RULES OF RECORD MAINTENANCE

- An Index of the Records (Files/Registers) shall be maintained for easy access;
- Files and Registers shall be given a unique number to arrange in almirah/racks;
- On the top of every file an index of documents kept in the file with brief summary thereof shall be filed;
- Documents shall be kept in ascending order (Date/year wise i.e., latest document shall remain on the top and oldest to be at bottom);
- All important and permanent files shall be kept in safe custody;
- Documents and records in physical as well as in soft form shall be kept in same manner and order, to save time and energy;
- With a view to maintain similarity and easy understanding of record keeping system at all levels of the Organisation.

ANNUAL RECORDS

- ***Fixed Assets Physical Verification File:*** Assets shall be physically verified by the Treasurer and/or persons authorised in that behalf on a regular interval (half yearly). Record of such verification shall be kept in a file titled as above.
- ***Rent Receipt Receipts and Electricity/water Bill File:*** In case a premises is taken on rent than original Rent receipts as well as paid electricity and water bills (photocopy of these will be attached with cash/cheque voucher with appropriate noting) shall be kept in a file so that at the time of termination of agreement things can be settled gracefully.
- ***Bank Statement File:*** Bank may issue a Pass book or Statement for transaction with it. All such statements/ pass Book (on completion) along with reconciliation statement, if required, shall be kept in a file maintained for this purpose.
- ***Cheque /DD Received/Inward File:*** Purpose of this file is to give safe storage to cheques/DD till not deposited into bank. In fact, it is a file wherein cheques/DD are kept in Original if not sent to bank for any reason till final disposal.
- ***Cheque/DD Clearing-in-process File:*** It will contain photocopies of the cheques/ DD sent for clearings and not yet cleared by bank.
- ***Bank Voucher File:*** It will contain all vouchers along with attachments thereto for expenses/ payments through cheques for a given period arranged in ascending order on date basis.
- ***Cash Voucher file:*** It will contain all vouchers along with attachments thereto for expenses/ payments through cash for a given period arranged in ascending order on date basis.

- ***Journal Voucher File:*** It will contain all vouchers along with attachments thereto for transactions other than cash/cheque i.e., on credit and for adjustment entries like TDS on payment, Depreciation charge on Assets; acknowledgement of liabilities at the yearend and provisions etc. for a given period arranged in ascending order on date basis.
- ***Inventory Register:*** Stock of publication if any shall be taken at the yearend by authorised persons and record whereof shall be kept in a file intended for this purpose.
- ***Details of donation Received:*** With a view to keep track of Donors and maintain warm and regular relation with them, particulars of Donors and amount donated by them shall be recorded on day-to-day basis in a spread sheet and printout whereof shall be taken on periodical basis and kept in a file. The organisation should report details of donation received in a particular financial year on or before due date to the authorities by filling necessary forms (Currently Form 10BD should be filled with in 31st May of the following next year)

PROCUREMENT

Procurement is an essential part of the project's activities. What follows is a step approach of the procurement in which responsibilities are as much as possible – clearly defined. All procurements will be done centrally by directly sending the form to the supplier after approval of the purchase committee.

Orders for procurement can only be sent in the following ways:

- An order number in the sequence of the order book.
- Good and clear description of all items (no attached papers or memos with quantities, all orders written directly on the order form).
- The units should be clear, (do not send orders like: “send every month the following”). This will lead to misunderstanding and confusion.
- Minimum three quotations to be collected from different parties for every purchase exceeding Rs. 30,000/-. No quotation will be required for value of below Rs. 10,000.00 and Value between Rs. 10,0001.00 to Rs. 30,000.00, Minimum Two quotation to be collected before placing the order to the selected vendor.
- Comparative statement to be made before purchase of materials. In the comparative statement all purchase committee members will give their written opinion on remarks column.
- Purchase committee should be there which can see all the purchase valued more than Rs. 30, 000. Purchase Committee should be comprised one concerned project coordinator, one senior Staff Member of the Organisation and one representative from Board of Trustee of the Organisation On the recommendation of the committee the Secretary is the sole authority for approval of Procurement. Purchase Committee will be accountable for any type of failure of purchase (i.e., Quality, Time & rate).

- After completion of the selection procedure of vendor one written purchase order will be issued on the name of selected vendor with terms & conditions. **Procurement through telephone is not allowed.**

Ordering through Email: When processing order by email in the same way as regular paper orders, they should have a unique order number that fits into the sequence of the other orders. Attach a print of the order into the Procurement file. The following should be written on the form: “order sent by email” and the date of sending the order.

CONTRACTS & AGREEMENTS

- The process of contracting the consultant for an activity is initiated by the respective project in charges. In case of institutional consultancy with respect to the overall governance process of TRCSC, the Secretary will initiate the process.
- At least two or three consultants are identified based on the type and requirement of the assign be work. After further discussions with the line manager/Secretary, the consultant is finalized.
- If organization requires services of consultant, vehicle for traveling, transporter, security guard, AMC of office equipment, rented house & contractual staff, there should be an agreement between the organization & the service provider.
- Minimum three quotations to be collected from different parties & comparative statement to be made before making any contract.
- In general, agreements should be made on letter head of the organization. In case of house rent & if organization feels any legal problem may arise in future, then agreement should be made on court paper.

TDS

- TDS to be deducted from all eligible payments and deposited within due time as per the IT rules.
- Quarterly TDS returns to be submitted in the prescribed format.

SALARY/ADVANCES

- Salaries and benefits have to be computed based on the employment contracts and written amendments to the contract. Any change in the salary of employees is to be intimated to the accounts department through letter by Secretary.
- Salary of Staff should be released within first week of the next month. Salary Register should be maintained .
- Salary advances can be paid to employees up to 50% of their monthly salary, with the approval of the Secretary for their respective staff, for emergency needs (medication, marriage, death of employee’s relatives etc.), before the scheduled pay date the advance amount should be deducted from the current month’s salary of the employees.

Program advances:

Project Coordinator of each individual projects have to submit the monthly financial plan with activity list to the finance section within 1st week of every month and if required he/she has to submit additional requisition.

- Separate Advance ledger will be maintained for each individual in Books of accounts
- Program coordinator/ Project Manager can avail advance of Rs 5,000/- to Rs 10,000/- as per the volume of the Budget of their concerned Project for different activities and it has to be liquidated at the end of each month.
- The organization should deduct all provisions related to EPF, ESIC and Income Tax from staff salary, which should be properly accounted and paid to the appropriate authorities in time.
- The monthly salary register has to be signed by the person who prepares it. Subsequently the Finance Officer checks for correctness (names, gross pay, increments, deductions, etc.) and finally it have to be approved by the Secretary. Salary should be paid to the staff at month end through Cheque/DD/Bank transfer.
- A personnel record should be kept at the respective offices by the coordinator/ Competent authority for every employee containing particulars such as job title, job description, duty station (program, project, etc.), photograph, dismissal etc.

TRAINING & MEETING

- The Account Section should keep a copy of all records such as participants list, photographs, and reports of all training/meeting/workshop.
- The content of the training reports must include the aim, objective and process including participant's feedback of that training program, if any.
- Participants, consultants & staff members those are present on training & meetings should put their signature on the training register/format, according to which the refreshment, traveling, consultancy fees & accommodation expenditure will be calculated.
- The organization has to send an official invitation letter to the resource person & obtain the acceptance letter from the resource person.

TRAVEL ADVANCE & EXPENSES/USAGE OF VEHICLES

Any travel of the project staff must be recommended by the Project Coordinator, who has the responsibility to evaluate the necessity of the travel, the number of days required for travel, stay, departure and arrival times etc., before approving travel expenses.

- If the staff attending any project related workshop/training/seminar then he/ she should claim his/her Travel expenses (Travel expenses cover transport, food and lodging).
- Advance request form should be used for receiving travel advance and to settle actual

travel costs respectively.

- Employees who have taken travel advance should clear their accounts by completing the cash float voucher within 7 days upon their return. The cash float voucher should be reviewed and approved by the Secretary before forwarding it for payment or settlement to the finance department.
- An employee who has not cleared his previous travel advance is not eligible to take another travel advance. In exceptional case the Secretary may approve the second advance required to the staff.
- If an employee does not clear his / her advance within the month of his / her arrival, his / her salary will be withheld until clearance.
- For any foreign travel of the project staff, the Board member has to give their approval.

REPORTING, AUDIT & COMPLIANCES

The organization has to follow the accounting standard financial statutory compliance and submit it as per the due date provided by the concerned department.

The organization has to submit: -

- The annual progress report and utilisation certificate to the respective donor agency.
- Annual FC Return (FC - 4) & audit report to Home Ministry of FCRA Section on or before due date (currently it is 31st December).
- Online Filing of Audit Report in Form 10B on or before due date (currently it is 30th September).
- Filing of Income tax return to the Income tax department on or before due date (currently it is 31st October).
- Filing of any other reports/ returns to the respective authorities on or before the due date. For instance monthly /quarterly GST Return to the GST Authorities, Form 9A or Form 10 of the income Tax to be filed before due date.
- Filing of quarterly TDS return to TDS Section on due date.
- Filing of monthly & annually EPF, ESIC return to the respective authorities on or before due date. (Currently due date is 15th of next month).
- The Organization has to follow the Donor guidelines regarding submission of the document to Donor as per due date.

AUDIT

An audit is a systematic review of the financial transactions of an organization. It involves examination of the validity of transactions undertaken, underlying documents and books of accounts maintained by an organization. One of the main objectives of audit is to safeguard accountability standards of an organization. A Financial Statement when certified by a qualified auditor provides confidence and adds value to the credibility to the organization or programme. An audit is also a means for legal compliance.

Accounting records maintained by the organization will be subject to audit and certification by an independent firm of professional auditors as being a true reflection of the programme finances at the relevant time.

TRCSC's shall have independent statutory auditor to audit and certify the consolidated financial statements for Income Tax and FCRA purposes. TRCSC's shall also maintain a panel of auditors and evaluators to undertake project audits and evaluation as may be required.

AUDIT REPORT

The following reports should be submitted to the donors:

- Utilization certificate for the project year along with the financial statements certified by a registered accountant is to be submitted within time limit specified by the donor after the completion of the project year.
- The utilization of funds as shown in the utilization certificate should match with the respective Audit Reports submitted to FCRA and/or/ Annual Income Tax Return.
- FC Annual returns submitted to FCRA (including Auditor's report, Balance Sheet, Income & Expenditure Statement, Receipts & Payments Statement and annexure to all the statements).

OVERVIEW OF LEGAL COMPLIANCES

Some common compliance issues in CSO/NPOs as under:

- Approval of utilization bank accounts under FCRA.
- Recording the change in the board of trustee of the organization with FCRA Department.
- Mixing of foreign funds with local funds.
- Treating interest on foreign funds as foreign contribution.
- Any publication in the nature of newspaper as defined under Press and Registration of Books Act, 1867 is not permitted under FCRA.
- FCRA funds cannot be given another NPO/CSO **even if** it possesses FC Registration.
- Business income (in excess of 20% gross receipts) of NPOs falling in the category "Advancement of any other/utility" shall render them non charitable.
- TDS are applicable to NGOs.
- Application of 85% within the year or exercise of the 2 options available for applying in next 12 months or 5 years.
- Unreasonable remuneration or benefits to trustees or board members is not permissible.
- Inter-charity donations out of funds accumulated under section 11(2) of Income Tax

Act is permissible, norms to be followed for inter charity donation as amended from time to time.

- Anonymous donation is taxable under section 115BBC.
- Corpus donations without specific directions are treated as income.
- Activity outside India restricted under Section 11(1)(c) of the Income Tax Act are not permissible without approval from CBDT.
- Capital gain enjoy special exemption if entire amount is invested in another asset, if the capital gains are applied for charitable purposes, then indexation benefits can be availed.
- Investments as per section 11(5) needs to be ensured, further FCRA also prohibits speculative and equity linked investments.

AUDIT & FILING OF RETURN

All charitable Organisation's having income exceeds the maximum amount which is not chargeable to income tax during the previous year are required to have annual audit and file their return of income. The 'income' for the purposes of filing the return should be computed without giving effect to the provisions of sections 11 and 12 of the Act. Such returns are to be filed online within the prescribed due dates. The return is to be filed as per the provisions of section 139(4A) and (4C) in the manner provided in section 139 of the Act. Income-tax Rules, 1962