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# Financial Policy Of Shishu Sarothi

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AUGUST 2020

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# Chapter I - Introduction

## About Shishu Sarothi

Shishu Sarothi is a non-profit organisation set up in 1987, to provide services for children and persons with disabilities. Over the last three decades, it has come a long way to be recognized as a leading regional level institution on disability matters. Services have expanded to reach thousands of children with disabilities from Assam and North East India and even beyond. The area of work has widened to cover children and persons with different disabilities and their needs across their life span. The organisation has shifted to a rights-based approach to disability. The core services cut across the domains of health, education and upholding rights of persons with disabilities. They include an active Early Intervention program, a vibrant Centre for Inclusive and Vocational Education, a Training Department, and a Disability Law Unit. The organisation also undertakes various programs and projects from time to time that align with its vision and mission.

## Vision Statement

An inclusive world where all people with disabilities - children, women and men - enjoy all human rights and fundamental freedoms on an equal basis with others, and are respected for their inherent dignity, and valued as a part of the human diversity and humanity.

## Mission Statement

To uphold and advocate for the rights of children and persons with disabilities, ensure equal opportunities, promote their inclusion and full participation in a non-discriminating barrier free society.

## Legal Profile

Legal status	Registered under Societies Registration Act,1960 <b>(Registration No. 3469 of 1987-1988 dtd 09.03.1988)</b>
Income Tax Registration (u/s 12A of IT Act):	<b>708/12A/CA/87-88 dated 17.10.1988</b>
Income Tax Exemption (u/s 80G of IT Act):	Memo no.31/80G/CIT/GHY-II/TECH/2006-07/ dtd 11.04.2008 read with Circular No 7/2010(FNo)
Permanent Account Number:	<b>AALAS0979G</b>

FCRA Registration Number : **020780030 dated 26.3.1992**

Employees Provident Fund: **NEGHY0012324000 0-1/2358**

Employees State Insurance Corporation: **43000077640001399**

## **Governance**

Shishu Sarothi has a written Memorandum of Association and Rules that state its objectives and principles for governance of the organisation.

## **About the Policy**

Based on recommendations after a review of existing financial in Shishu Sarothi, during the Organisational Development exercise in 2018, and studying policies of other like-minded organisations, this document aims to set and maintain high standards of financial accountability and best practices in Shishu Sarothi.

These standards include **sound decision-making** on financial matters; having **Internal checks and control mechanisms**; practising **budgeting, fiscal discipline; efficiently utilising available resources**; regularly **reporting and monitoring**; complying with all **legal/statutory requirements**. The policy states the organisation's intentions and lists procedures for effective and efficient financial management, and can thus be used as a rule book on all the accounting and financial aspects to help the team in proper financial conduct of its operations.

Once officially approved by the Governing Body, any subsequent amendments to this document shall be carried out only with the prior approval of the Governing Body of Shishu Sarothi and on the recommendation of the Executive Director in consultation with designated financial experts or members of a Finance Committee as and when it is set up. **Approved amendments** shall be documented and included, and subsequently circulated to all relevant team members and authorities.

This policy document shall be shared with Executive Director and the members of the Governing Body, the Finance & Accounts team members, Program /Project heads, Auditors and Evaluators, and Donors on request

## Chapter II Financial Policies and Procedures

### Accounting Policy

Shishu Sarothi (SS) receives funds from a variety of sources - individual donations, crowd funding campaigns, funding agencies, CSR projects of companies, and Government departments and agencies. While donations raised are not always tied to specific programs, funders provide grants to Shishu Sarothi through a grant agreement on submission of specific proposals & financial budgets. Shishu Sarothi is thus responsible for spending funds as per the terms and conditions of the grant agreement and on the activities agreed with the donor. SS is also responsible to report on fixed assets, interest earned on grants and donations.

The Accounting Policy of Shishu Sarothi is based on Generally Accepted Accounting Principles laid down by Institute of Chartered Accountants of India (ICAI). ICAI has guidelines for accounting in NGOs and Shishu Sarothi will comply with these guidelines and as & when the Institute makes changes, it will amend its policies and procedures accordingly. The books of accounts are maintained primarily on Cash Basis but also on accrual basis.

This Financial policy of Shishu Sarothi is based on principles of sound internal controls such as **transparency, adequate segregation of duties and avoidance of conflict of interest.**

Shishu Sarothi acknowledges that it works with funds received from donors and **will ensure that the funds are utilized for the purposes as agreed upon with the donors.** It will prevent wasteful expenditure and corruption in its operations.

Shishu Sarothi maintains its books of account in a customised version of Tally ERP 9. This software is used to maintain:

- Books of accounts for Receipts and utilization of Foreign Contribution as required under FCRA 2010 and subsequent amendments that the MHA may introduce
- Books of Accounts for domestic funds collected and spent by Shishu Sarothi
- Consolidation of Accounts for Foreign Contributions, Domestic contributions and for Shishu Sarothi as a whole.

All transactions shall be supported with or cross-referenced with adequate documentation such as contract, invoices, debit & credit vouchers, photographs, acceptance of goods and service tax and necessary internal approvals. Specific records of Cheques Issued, Attendance Register, Leave Cards, Fixed Asset Register, Bill Register, and Inventory Registers will also be maintained.

### Structure of the Finance and Accounts Section

- The Executive Director is responsible for the overall finance and administration at Shishu Sarothi. The Secretary assist the Executive Director in ensuring internal compliance of the policies and systems as laid down by the Board and also the external compliance.
- The Finance and Accounts team comprises of Senior Finance and Accounts Officer duly assisted by Accounts Assistant. The Finance and Accounts team will be responsible for
  - the functions and day to day operations of the F&A Section
  - F&A operations' compliance with organizational policies, statutory laws and regulations
  - smooth accounting and bookkeeping, disbursements and payments
  - periodic statutory and non-statutory compliances
- The Finance staff should not only have requisite academic qualifications, competence and experience, especially in the non-for-profit sector, but also be provided with refresher and orientation courses and workshops on a continuing basis, since there is a need for constant up-gradation of skills in finances.
- Every staff member of the Finance & Accounts team should be sent for a training ideally, at least once in a year so as to improve and upgrade quality of accounting and financial management of Shishu Sarothi

### Approval of Payment

All payments should be made through banks and should be approved as per the Approving Authority Matrix via an Indent after checking against budgetary provisions of the programs/projects.

#### Approving Authority Matrix

Payment Amount	Approval Authority
< Rs 5000/-	Program Manager/ Project Coordinator/ Deputy Director/ Director

Rs. 5000 -20000/-	Secretary
Rs. 20000 – Rs. 1,00,000/-	Executive Director
Rs. 1,0000 –Rs. 3,00,000/-	Executive Director , Joint Treasurer or Chairperson
Rs. 3,00,000 and above	Finance Committee of Governing Body and Chairperson

**This does not include payment for salaries. Salaries will be paid as per officially approved budgets.**

Shishu Sarothi should create/designate a contingency fund which can be used for initiating an initial response in case of any emergency situation. Approval specifically for the Shishu Sarothi Emergency/Contingency related expenses will be given as per the following guidelines.

- Approval for any amount upto Rs 1,00,000 can only be given by the ED
- Approval for any amount from Rs 1,00,000 to Rs 3,00,000 can only be approved by Chairperson/Vice Chairperson/ Treasurer.
- Approval for amounts above Rs 3,00,000 can only be approved by the Governing Body

The other **manual registers to be maintained** are:

<b>Manual Registers</b>	<b>Maintained by</b>	<b>Verified by</b>
Fixed Asset Register	Accounts Assistant & Office In-charge(?)	Program team/Exec. Director
Inventory Register	Program Staff	Prog Coordinator/Exec. Director
Fixed Deposit Register	Sr Accounts Officer	Exec. Director/Joint Treasurer
Cheque Issue Register	Accounts Assistant	Joint Treasurer/Exec. Director
Advance Register	Sr Accounts Manager	Prog Coordinator/Exec. Director
Logbook Vehicle & Generator		

## Chapter III – Accounting & Record Keeping System

### Chart of Accounts

#### Basic Accounting documents

The basic **documents** of accounting are Indents, Vouchers, Cash books, Bank Books, Ledgers and Journals

##### **a. Indents**

This is a document used to **indicate requisition** for the purchase of materials for any program or activity. An indent must be raised by the program/project head prior to purchasing or making any expenses towards their project, in the approved template/format, with clear information about the project activity/event and approved budget line. An indent could be for advance towards travel, purchasing of any materials or for conducting an outstation programme. The amount requisitioned for, must be in accordance with approved budgets for the activity/event, and duly approved by the designated authority as per the level/amount of expenditure. Format of the Indent or Requisition for payment is given as Annexure 1.

##### **b. Vouchers**

The basic document to support the authenticity of a transaction entered in the books of account. Generally payment vouchers and receipt vouchers either in cash or through bank are prepared along with journal vouchers and adjustment vouchers. Format of the Journal Voucher, Cash Voucher and Bank Voucher are available as Annexure 2.

The name of the project must be marked on top of the voucher to identify the particular project that it relates to and should accompanied by **supporting documents - the real proof of the transaction**. These are in the form of original bills on which payment is made. 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.

A duly authorized person should approve any payment based on the indent made prior to expenditure to ensure that it is within suitable limits and under no circumstances should vouchers be authorized by the person preparing the voucher. The head of accounts under which the transaction falls must be clearly written. Narration in voucher must be clear and payment should be not be released either in cash/cheque unless the voucher supported with proper evidence is complete in all aspects. All payment vouchers are to be defaced with the PAID stamp including supporting bills after making the final payment. This is to prevent duplicate payments. Vouchers and bills should be stamped with the project number/name.



**c. Cash Book:**

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

- The Cash Book will be written in chronological order of payments and receipts.
- A narration (i.e. brief explanation) should be given below each transaction.
- The Cash Book must be balanced on a monthly basis and the balance of cash on hand with the book balance must be tallied.
- 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 the concerned person's account should be debited and the necessary journal entries should be passed when the particulars are furnished
- Contra entries have to be passed for deposits & withdrawals of cash to/from the bank
- .

**d. Bank Book:**

A bank book shall be maintained to record:

- All inward remittances received by Cheque/ Draft/ Bank transfer
- All disbursements to project holders /service providers paid by cheque Draft/ Bank transfer.
- The closing balance in the bank balance every month.
- When maintaining the Bank Book the following are to be considered:
  - A narration (i.e. brief explanation including the purpose and cheque/ Demand draft/ Bank Transfer number) should be given below each transaction.
  - A Bank Reconciliation Statement must be prepared every month so as to reconcile the balances in various bank accounts as per the Bank Book and Bank Statement or Pass Book

**e. Ledger:**

The ledger enables us to obtain all necessary data at a single place since all entries relating to transactions or a particular account is recorded in it. Separate pages should be allocated to each main budget line and postings have to be done from the cashbook / bank book / journal.

## Payments:

- Payments whether by cash or cheque should be made only after obtaining the necessary authorization on the indent and after attaching the relevant supports/bills to the voucher. All staff will be expected to exercise reasonable caution in incurring expenses related to work and use most economic options available.
- Payments will be made normally as a rule by Bank Transfers or by account payee cheque or demand drafts
- **All payments whether by cash or cheque will be made to the payee only between 12 pm and 4 pm on Mondays, to Fridays**, so that enough time is available after the payment hours (after 4 pm) to complete daily accounting work like closure of books, checking balances, printing vouchers and computerising accounts.
- After making the payment a “paid” seal with respective project no/name must be affixed on the voucher and all the supports attached to the voucher.
- When the program team member is on a long tour and payments are to be made during his/her absence, the payment is to be debited as advance and charged to revenue only on receipt of all the bills.
- In the event of loss of original bill(s), the voucher must be supported by adequate proof to substantiate the loss. Duplicate bills must be obtained from the vendor/supplier and attached to the voucher.
- Payments will be made only after deduction of income tax at source as per the Income Tax Act and Rules there under. The tax so deducted should be remitted to the account of the Government within the time limit provided under the Act/Rules. TDS certificates should be issued with the payment to the party unless the individual amounts are too small and the party deals with the organization regularly. In such a case with the written consent of the party a consolidated periodic certificate can be issued. All the related provisions under the Income Tax Act and Rules must be complied with.

## Receipts:

A receipt is an acknowledgement of money received by an organization towards capital and income (revenue) such as donation, advance recovered and loans received or any receipt made.

- Pre-printed number receipts should be issued on receipt of any amount whether by cash or by cheque. Separate receipt books should ideally be maintained for donations and for foreign and local grants.
- Receipts should ideally be in triplicate. The original receipt must be issued to the payer. The Office copy could be retained and the third copy should be attached to the voucher
- Cash receipts should not be encouraged as far as possible. Cheque receipts should be the rule

and cash receipts should be accepted only in exceptional cases, or in the case of small or specific donations.

- In the case of cash donation receipts the PAN number , if any is to be mentioned
- All the 80G receipts should mention the fact that the donor is eligible for 80G exemption.

### ***Handing over Systems:***

At the time of handing over, the following issues have to be borne in mind:

- Books of accounts, registers and other financial records must be updated and signed by the preceding officer along with another officer authorized by the Governing Body.
- Financial statements must be drawn up to the date of handing over charge and signed by the preceding office bearer along with another office bearer as to the completeness of the financial statement.
- Physical cash must be tallied with the balance as per Cash Book on the date of taking over charge. The Cash Book must be signed jointly and a certificate to that effect must be signed in the presence of another office bearer.
- A bank reconciliation statement must be prepared and a certificate from the banker as to the bank balance on the date of laying down charge must be obtained by the preceding office bearer.
- Statutory books must be updated and signed before they are given to the new office bearer.
- Files pertaining to legal compliance should be handed over along with the legal compliance status report e.g. Societies Registration document, Income Tax Registration & Filing documents, Registration under Foreign Contribution Regulation Act file and the returns filed with MHA, Registration documents with Provident Fund and the related documents, Registration under the Service Tax Act and the related filing documents.
- Any outstanding income or expenses such as advance recoverable, bills payable etc. should be booked
- All the Savings & Current Bank cheque books are to be handed over with the verification by a third person.
- The employee leaving the office should hand over all the documents in their custody to the new joiner and this should be well documented stating the documents that are handed over, both the concerned persons should sign that document.

### **Preservation of Financial Records**

The financial records must be preserved for 10 years and be made available for verification by the Governing Body, members of the organization, the funding agencies, auditors and Government authorities. In the case of computerized accounts, the necessary backup shall be maintained apart

from the printouts. The backup shall be updated on a weekly basis.

## **Reporting**

### **Governing Body**

The following are the common reports submitted during meetings

- a) Statement of Expenses of each Project
- b) Annual Financial Report

### **Donor Agencies-**

Reporting as per the requirement of the donor as mentioned in the Grant Agreement, duly reviewed by the Secretary, and further presented to ED for comments and the status of the project.

## Chapter IV – Cash & Bank Management

### Cash Management

#### Cash Transactions

Under the imprest system the cash holding is fixed to a certain limit for handling cash based on the estimated requirements for a week/ fortnight/month.

- The Upper limit of petty cash is Rs. 60,000/- & the lower limit is Rs.15,000/- . The budget will be replenished once it goes under Rs.15,000/-. With each project cash in hand limit being a maximum of Rs5000/-
- The daily cash verification will be done by the custodian.
- The Petty cash expense limit should be kept under Rs.2,000/-, as far as possible.
- The cash payments should be supported by a bill. In case, the vendor is not able to provide a proper bill, then Internal Payment Memo along with the phone no. of the vendor can be made with the signature of the vendor for future reference or by filling a payout slip made by Shishu Sarothi. Format is given in Annexure 3: Payment Memo.

#### Physical Verification of cash

- The monthly cash verification will not be done by the custodian Format for the same enclosed as Annexure 4: Cash Verification Format.
- Actual cash in hand to be verified with the balance shown in the books at least twice a month for the general funds and once a month for project funds, and also on surprise checks, at the end of the financial year.
- The physical verification done on surprise visits should be documented with comments on deviations found.
- Cash abstracts can be printed from the Tally/Cash Book and matched with the physical cash balance fortnightly.

#### Cash Receipts

Shishu Sarothi should ensure that the cash received by way of fees and receipts of sales of products etc, is deposited into the bank on the next working day or at least once a week.

#### Maintenance and security of funds

1. Cash funds should be properly secured at all times. Access to the funds should be restricted to one person (e.g., the petty cash custodian or a specified cashier).
2. Cash on hand should not exceed the assigned upper limit of the cash fund. In case of additional cash a receipt which is beyond the prescribed cash limit it should be deposited into the bank within next three working days.
3. Monthly closing and cash count should be done and documented.
4. Petty cash funds are subject to unannounced verifications by management of the Office.
5. At the time of the audit, the cash custodian must provide a full accounting of the fund.

## **Bank Management**

### **Cheque payments**

As far as possible all payments for expenses should be made through cheques except for petty cash transaction. In any case, it is advisable to make all payments exceeding Rs 2000/- by crossed "A/c Payee" cheque or inter-bank transfer. Bearer cheques are to be avoided as far as possible, and issued only in special situations.

### **Bank Transactions**

- Shishu Sarothi shall maintain a **separate bank account for operating Foreign Contributions** and separate bank accounts for operating **local funds**.
- **Bank Account for Foreign Contributions:** This account has been opened at *State Bank of India, South Guwahati Branch*, Guwahati and shall contain only the transactions relating to foreign contributions. All inward remittances of foreign contributions shall be deposited and en-cashed through this bank account. No local funds shall be remitted into this account under any circumstances. However, for matters of convenience and ease of disbursements, the FCRA funds can subsequently be routed to other sub accounts at this bank or at other banks with prior approval of the Board and Finance committee for separating the utilisations.
- Bank accounts will be **managed by any 2 of 4 signatories**. These include the Executive Director and any one of the following 3 office bearers of the Governing Body – Chairperson and any of the two Joint Treasurers.
- **Bank Accounts for Local Funds:**  
Bank accounts have been opened at *Axis Bank (Ulubari and Paltan Bazar branches)*, and *HDFC Bank, Ulubari branch* in Guwahati. All local remittances like donations etc. will be

deposited in specific accounts and all transactions involving local funds will be routed through these specific accounts.

- **Bank Reconciliation Statement:** The F& A team shall prepare a bank reconciliation statement every month, and review this with the Executive Director, to reverse the stale cheques appropriately in the accounts.

- All cancelled cheques should be preserved for identification and control purposes.
- The cheque book should always be in the safe custody of a designated authority who is accountable.
- Cheques and drafts received by Shishu Sarothi must be acknowledged by receipts, recorded, and promptly deposited.
- The various functions of receiving, processing and recording should be clearly segregated.
- Cheque should be maintained serially and single authorized signed cheques should not be kept beyond two months.
- As a best practice, it is advisable to put excess funds available in the saving bank account in short term fixed deposit (As a part of Finance Planning) to earn better interest which can be further utilized for the project purpose

## Chapter V – Budget and Investment Management

### Budget Management

The budget management system has two subsystems, which are interlinked. The sub systems consist of the following.

1. Budgeting
2. Budget Monitoring

#### 1 Budgeting

Budgeting is a planning for financial resources. It has to be both long term and short term. Budgeting is done on the basis of physical activity plan outlining the level and quantum of physical activities. The budget is the financial translation (implication) of the physical activities that are planned. Therefore, budgeting itself forms part of the planning exercise. Budgeting is a critical factor in the planning process, which facilitates in monitoring the utilisation of resources effectively and efficiently. The ultimate objective for an organisation is to ensure that the funds are put to optimum use in order to channelize the maximum benefits for the target group.

**Role of finance staff in planning and budgeting:** Shishu Sarothi should prepare an organizational budget taking into account approved and available funding as well as the activities not funded. The budget is to be prepared under the supervision of Executive Director, Secretary and Program/Project heads. The Executive Director will review the budget and present the final version to the Governing Body on or before **30<sup>th</sup> April** of the each year. The Governing Body shall study the budget estimates and make such comments as they consider necessary and formally approve the same.

For Project Budgets the finance staff must be involved in the planning process along with the Programme teams so that the budgeting could be realistic. Further the finance staff will be able to book the expenses in the proper account heads there by able to generate proper financial reports. This will help proper monitoring.

#### 2. Budget Monitoring:

A Finance Committee set up by the Gov Body should monitor the budgets at least annually, and if required the budget could be revised based on the expenses.

Donor Funds need to be requested, monitored and reported. This is not only mandatory from an accounting perspective but also helpful for implementing programs better as it keeps



us informed on the progress of the projects and its different components. The steps for this are as listed below.

- i. **Budgets:** All Approved Project Agreements and Budgets have to be in file. This would be applicable for all projects irrespective of its size, duration or form (cash or kind) it has to be maintained by Secretary.
  - ii. **Monthly Report:** The Finance Team would give the Project wise monthly accounts in Tally by the 10<sup>th</sup> of the following month. Project leads from the Trial Balance generated from Tally will prepare the Excel MIS sheets of their respective projects by 15<sup>th</sup> of the following month.
  - iii. **Quarterly Reports:** Donor wise consolidate reports would be made at the end of each quarter. The Team Lead will have to sit with the ED to review the expense statement. This report would be circulated by the 25<sup>th</sup> of following month of quarter closure which would be 25<sup>th</sup> July, 25<sup>th</sup> October, 25<sup>th</sup> January and 25<sup>th</sup> April. Donor wise consolidate reports would be helpful to make the reports for donors.
- ***Planning the Financials***
    1. The whole team needs to be involved in budgeting process.
    2. Objectives of the program along with activity plans must be completed before starting the budgeting process.
    3. 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.
    4. List out the resources required to achieve these activities and cost them.
    5. All line items in the budget must flow from planned activities.
    6. Budget should be as detailed as possible with justifications and break up of costs matched against each activity
    7. When budgeting for subsequent years/phase, cost increases due to inflation, exchange rates etc would need to be kept in mind.
    8. All expenses have to be reviewed against the budget on a monthly basis.
    9. The project management shall verify the quarterly reports against the budget, analyse causes for variance and take appropriate action.”
    10. Budget revision for follow up year (including reallocation, as well as carry over activities from the previous year) need to be reviewed.

## **Investment Guidelines**

Shishu Sarothi has various funds held for different purposes to fulfill the goals and objectives of the organization. As per its purpose it can be divided as follows;

- a) General Fund for Secretariat/Admin expenses and programs
- c) Fund for specific or designated funds e.g. programme/project funds
- c) Corpus Funds

The overall investment objective of the organization is to maximize the return on investments with minimum risk through prudent investing and planning. One of the important ways of improving the resources of the organisation is by making prudent and creative investments. That will contribute to the augmenting of internal resources.

### **Planning for Investments**

It is important that Shishu Sarothi has a good investment policy in order to ensure that the funds are invested in the most effective and efficient investment options. Interest earned from these investments is re-allocated to the respective funds at the end of every half year based on their proportionate average monthly balances.

For this purpose, Shishu Sarothi has to draw up an investment plan keeping reference to the Section 11(5) of the Income Tax Act based on the following factors:

- a) Nature of funds available for investment in short term deposits and long term deposits
- b) Time plan for implementation of the projects for which funds are received
- c) The type of cash flow required in Shishu Sarothi

### **Investment Reports**

The Finance & Accounts team shall prepare Investment Reports (Fund wise and Bank/Institution wise) on a monthly basis and present the same to the Executive Director on monthly basis.

The format for this Investment Report should have the name of the Fund for which the amount is available for investment and all details including the name of the Bank or Financial Institution, the Fixed Deposit or Financial Instrument, the dates of deposit and maturity, the amount deposited along with the Interest or Dividend accruable

## Chapter VI – Advances and Loans

### **Advances**

Advances made are classified as Advances towards Project activities; Staff for Travel; Against salary; Other activities

#### ***Advances made towards projects***

Project advances are generally made from specific grants and approved and available funds of that project. Once such an advance is made both the Program team and the F&A team shall keep track of it and ensure that it is regularized within the Financial Year. Advances that cannot be regularized with the Financial Year should be avoided. The project advances can be given from FC funds only through bank transfer. Cash payments should be avoided to the maximum extent possible. Vendors should be selected keeping in mind the payment mode acceptable by them.

#### ***Advances made to the Staff for Travel***

Shishu Sarothi shall minimize advances to vendors, employees. ED shall approve all advance requests including advances for employees through indents made by the team prior to incurring any expenses.

#### ***Advance taken against Salary***

Advance made given against salary to staff not exceeding the monthly salary of the staff. Advances against salary that are more than the monthly salary of the employee may only be given in special circumstances such as family/medical emergency etc. The amount to be deducted each month against the advance should be mentioned clearly in the advance requisition form. Advances are to be paid only if any previous advance taken by that employee is settled. This check should be made with regard to advances under all heads – travel, programme, salary, etc. This should be suitably documented in the advance requisition form.

#### ***Documents to be maintained relating to Advances to Staff - Travel, Programme and Salary***

- The advance payment bank/cash voucher
- The advance requisition form along with the relevant documents (tour plan, bills, quotations etc.) should support the cash/bank voucher accounting the advance paid.
- The entry accounting the settlement of the advance
- The bank/cash voucher accounting the receipt or payment of the balance on advance settlement
- The individual employees advance subsidiary account in Tally.

#### **Guidelines for managing Advances**

- The Advance request form/indent should be signed by the person requisitioning the

advance and the relevant authorized signatory as laid down in HR manual. The Sr. Finance and Accounts Officer should sign the form on payment/data entry.

- Where more than one event is managed simultaneously by an employee, it will be subject to the condition that each such advance and settlement are accounted separately under different sub-ledger accounts or in a manner that discloses each such advance and settlement distinctly to facilitate monitoring.
- Advances to the extent possible should be by account payee cheques. Steps should therefore be taken to request for it in good time so that credit could be made to the payee on time.
- All advances should be settled by submission of bills and return of unspent amounts within the following periods :
  - Travel advances - Within 7 days of completion of the travel/tour
  - Programme advances - Within 7-10 working days from the end of the event / transaction
  - Salary advances - before the 5th of the succeeding month or deducted from the salary
- Travel advance should be limited to the estimated cost of travel based on the mode of travel, cost of tickets, stay and number of days involved and as per the Indent given for the advance.
- Programme advances must generally be avoided /minimized and the organization should directly issue cheques to the parties concerned.
- On submission of bills the settlement entry (other than the portion involving physical cash/Cheque inflow/outflow) should be through journal only and not through the cash book.
- The journal, cash and bank vouchers in settlement of advances and the bills and supports should be signed by the authorised signatory
- All advances are to be accounted immediately on payment. No suspense advances or IOUs are permitted.
- Confirmations are to be obtained on a half yearly basis (on 30 September and 31 March each year) in respect of all advances. Advances outstanding beyond the period allowed should be recovered from the salary.
- Prior to the submission of the application of an advance to the ED the F&A team will review the advance application form and ensure that any advance outstanding on the employee on the date of application is settled. In case of a second advance required without settlement of the previous advance the ED needs to give special approval.
- The F&A team shall review advances every month and take appropriate action where necessary and with approval of ED deduct salary in lieu of outstanding advance from an employee.

## Chapter VII – Staff Related Expenses

## **Employee Benefit Schemes**

### **Salary**

Salary is the package in term of money given to an individual for the services rendered to the organization. To fulfill the legal requirements the following documents are needed:

Proof of Date of Birth; Pan Card photocopy; Appointment letter as per HR Policy; Address proof; Nomination Form / List of dependents.

After getting the copy of the appointment letter the Sr. Finance and Accounts Officer should facilitate the individual to open a new account with the concerned bank to which the monthly salary would be deposited, preferably by the last working day of the month. All employees subject to TDS will file the Income Tax Form 12BB. or the tax calculation as per the IT Act the gross salary will be taken (Basic, HRA and other allowances) House rent receipt is to be produced for the calculation for those who want to claim HRA exemption under Income Tax Act.

### **Other Benefits**

#### **Outside / Additional Engagement as Resource Person Fees**

Staff members receiving resource fees for participation in events/workshops/programs conducted by other organisations as well as within Shishu Sarothi should contribute 20% of the fees to Shishu Sarothi. It is presumed that the resource person is invited in their capacity as a staff member of Shishu Sarothi, and remuneration offered is in recognition of Shishu Sarothi's experience and expertise to contribute to the topic/discussion. Thus, all staff members who are in employment with Shishu Sarothi, if paid or receiving honorarium for giving a lecture or conducting a training / workshop session, publishing an article, paper or book may keep 80% of the honorarium and the remaining 20% will be surrendered to Shishu Sarothi.

The contribution of 20% fees to Shishu Sarothi may be waived at the discretion of the Executive Director, if there is sufficient reason to believe that efforts have to taken by the staff member to contribute significantly to the fund-raising efforts/ work of paramount importance to the organisation.

### **Medical Insurance**

Shishu Sarothi is paying premium for medical Insurance for the staff, under the ESIC scheme and reimbursing the hospitalization expenses of some of its staff under the ESI Scheme.

### **Staff Group Accident Insurance**

Shishu Sarothi will arrange for a Group Accident Insurance cover for all employees to insure them against accidents that may occur while they are discharging their duties.

### **Provident Fund & Gratuity**

Shishu Sarothi is making provision for Provident Fund. Employees Provident fund registration has been done for 28 staff members. Shishu Sarothi will make efforts to provide for a reasonable gratuity for staff who have been in its employ for long periods, especially for those working since the inception of the organisation.

### **Travel by staff**

Staff members may claim for reimbursement of travel expenses incurred in travel relating to their work as per the norms laid down for travel and per diem. All travel and accommodation cost is paid as per actuals which is within permissible limits. Per diem would be paid additionally to cover the costs of all meals of person travelling on work. However, an adjustment to the per diem is made where meals are provided for as part of the cost of accommodation or working meals. Per diem amount per day to cover cost for breakfast, lunch & dinner, the amount is normally split as 20% Breakfast, 40% for lunch, and 40% for dinner. So in case the breakfast is complimentary at the hotel and there is going to be working lunch so only the dinner is to be paid by Shishu Sarothi as other costs are covered by the program.

The following are the specified rates and to be followed:

- In case of travelling by own mode of transportation Rs 6/- per km will be reimbursed for 2 Wheeler Vehicle and Rs 12/- per km will be reimbursed for 4 Wheeler Vehicle. It is expected that the most economical mode of transport will be availed as far as possible, for work related travels, so that no undue financial burden is imposed on the organisation.
- All conveyance expenses incurred for official purpose should be claimed in the form provided and all auto / taxi expenses exceeding INR 200/- should be supported by a signed receipt.
- Outstation travel should be planned as per budgetary provisions and with a view to exercising economy and caution. Public transport options should be considered wherever possible.
- While the management understands that accommodation and food expenses during work related travels, are area specific, it is expected that while travelling in the north east, accommodation will be limited to ceilings based on position in Shishu Sarothi and to location. All staff will be expected to exercise economy in claiming allowances for expenses during work related travel. Here it is reiterated that as part of working in the development sector, it is expected that staff would, keeping foremost in mind, health, sanitation and safety, book accommodation which is economical and within the

budgetary provisions of the project. While accommodation expenses would be reimbursed as per actuals, per diem expenses will be paid as per rates listed below.

Location	Accommodation limit	Limit for Per diem for food etc.
North East region	Rs. 2500 per day (Inclusive of Taxes)	Rs. 600/- day Rs. 100/- for Breakfast, & Rs. 250/- per meal (Lunch and Dinner)
Metro cities	Rs. 4000 per day (Inclusive of Taxes)	Rs. 850/- day Rs. 150/- for Breakfast & Rs. 350/- per meal (Lunch and Dinner)

- **Settlement of claim:**

After the completion of travel, the following needs to be submitted in originals, for reimbursement & closure of travel. The Travel Expense Statement (TES) must be submitted within 2 weeks of travel with below supporting:

- Used tickets with boarding passes;
- Receipt of hotel if paid directly
- Receipt of other claimed expenses; / Receipt needed for usage of auto / taxi exceeding INR200

The claims should be supported by approved Indent by the concerned authority. Original Ticket / bill of agent to be attached. In case of approved travel by Air the boarding pass must be attached with the claims. All relevant bills / details duly approved by the concerned authority. Any changes in the final tour/travel should be informed and the rescheduled tour/travel with the necessary approval should be submitted with the claim for reimbursement along with the bill. The Travel Expense Statement attached as Annexure 5.

## Chapter VIII – Procurement of Goods and Services

### Procurement

The internal control system for purchase of goods and services needed for the work of the organisation, must ensure that purchasing is handled by competent persons with skills in evaluating purchases from suppliers offering the best deals, ensuring prices do not exceed the budget provided and conform with the quantity and price specified in the order.

### Purchase Procedure

- Asset to be purchased should be within the approved budget. If there is no budget, rationale/ justification for such purchase to be given.
- Proper authorization / approval for purchase from ED
- 3 quotations to be obtained from different vendors for any purchase made above Rs.20,000/- to ensure cost effectiveness and utility ( cost benefit analysis)
- The administrator shall then invite quotes/bids from vendors/dealers for the Item/service proposed to purchase.
- Purchase committee shall be constituted of at least three members. The Purchase committee does the Identification of vendors from whom to purchase and its terms of references such as payment terms, delivery details, guarantee period, services available, AMC etc should be compared. Every attempt should be made to ensure that at least 2 members of the purchase committee attend the meeting. In times of purchase of specialized equipment where the Purchase Committee may not know enough to make a wise decision, it may ask such a staff member or even an outsider and record his / her advice regarding the purchase before making the purchase.
- Comparative analysis of all 3 quotations in terms of quality, price, accessibility and after sale service is prepared and approved by the purchase committee. The purchase committee shall finalize the modalities of the purchase including the vendor, price, number of units and specification of the equipment being purchased or printing order being placed. Annexure 6 is the format for Resolution of the Purchase Committee.
- Ordinarily, the order would be placed with the vendor/dealer that meets the technical and other specifications AND quotes the lowest price. In case this is not done, the purchase committee must record its detailed justification as to why the dealer has been selected.
- The order for items would be placed by the administration unit as per the terms and conditions specified by the purchase committee.
- The recommendations of the purchase committee would be binding and no deviation from the recommendations of the purchase committee would be entertained.



- Vendors / service provider can be enlisted for longer periods of one year for services like travel agent, printer, AMC, etc.
- Goods or services may be procured through Single tender with prior written approval from Executive Director
- After the comparison, the accountant will present the findings to the directors and take final written approval for purchase.
- The accountant should check the bills and also do the first hand quantity & quality of product/services received and prepare the payment voucher.
- Payment should be made only after the user have checked the product/service and approve the same.
- In case if any vendor asks for advance then the preparation of purchase order is mandatory and it should not be more than 60%.
- If it is a fixed asset then it should be entered in the fixed asset register.
- After purchase/ installation, proper identification mark (asset number) should be put into the Asset Register by F&A Assistant.
- In case of store item, the same needs to be entered in stock register.

### **Sales Procedure**

- The Admin team should recommend any proposed sales with reason for disposal/ writing off the assets, possibility for further utilization at different location or with some modification/ repair etc is to be given.
- Quotations should be called from a minimum of three vendors
- A Purchase/ Disposal Committee should recommend the buyer on reviewing the quotations
- ED/ appropriate authority to approve the disposal/write off
- The asset should be sold taking into consideration the WDV (book value) of the asset as per the calculation as per the rate provided under the Income Tax Act ,1961
- The profit on sale of the asset should be recorded in the same account [FC or Non-FC] from which it was originally purchased by Shishu Sarothi.

### **Fixed Assets**

- All capital equipment items with value more than Rs. 5000/- with useful life of more

than a year would be considered as Fixed Asset in the books of accounts. Shishu Sarothi will maintain an Asset Register for all equipment and furniture.

- The Asset Registers are maintained location wise and physical verification should be carried out annually. The Physical verification sheet should be printed and signed and maintained in file for each year.
- Admin team should recommend any repair and maintenance cost to assets (above the value of Rs 5000/-).
- Fixed Assets should be capitalized along with transportation and other incidental costs.
  - The assets which are of no longer in use should be discarded through the approval of the ED/Board. In case of assets which are in a usable condition but having zero depreciable value should be valued at Rs. 1/- in the books.
- Depreciation will be charged on the assets as per the rates prevailing under the Income Tax Act. In case of assets created from grant funds, depreciation charged on such assets will be debited to the Capital fund.

### Fixed Asset Register

SI No	Type of Asset	Item/Misc No	Date of Purchase	Quantity	Amount	Asset Tag No	Location

## Chapter IX - LEGAL COMPLIANCES

### **Audit:**

Regular audits will serve as a watchdog and enhance the accountability standards and invoke confidence among all stakeholders linked to the organization. The Auditors (External and Internal) will certify the authentic financial status and their reports will be the authentic record of the organization's financial dealing for that period.

### **Income Tax Return**

The Income Tax return shall be filed by Shishu Sarothi annually by 30<sup>th</sup> Sept or before the date as extended by the Income Tax Department vide notification released from time to time.

### **TDS Return**

Shishu Sarothi files TDS returns for every quarter as per the due dates specified by the Income Tax Department or before the date that may be extended vide notification from time to time.

### **FCRA Return & Renewal**

Shishu Sarothi files its FCRA Returns in appropriate Forms regularly in compliance with MHA notifications from time to time.

Shishu Sarothi will renew its FCRA registration every 5 years to remain eligible for funding from foreign sources.

### **Employees Provident Fund (EPF)?**

EPF deductions will be dutifully recorded and deposited with the EPF authorities on a monthly/quarterly basis as per statutory requirements. All records will be maintained and reports will be regularly filed with the authorities

**Professional Tax: The Professional Tax will be deduct as per the state government approved rates and deposited to the state treasury.**

### **Uploading Of Audited Statement of Accounts on Website**

In compliance with Foreign Contribution (Regulation) Amendment Rules, 2015, Shishu Sarothi shall upload audited statements of accounts of receipt and utilization of the foreign contribution that include its (a) Income and Expenditure Statement (b) Receipts and Payments Account (c) Balance Sheet For each financial year, within nine months of the closure of the financial year on its website and on websites specified by the Government. This also includes the **quarterly reporting of Receipts [Rule-13 Clause (b)]** i.e. for Quarter 1- April to June ;Quarter 2- July to September; Quarter 3- October to December; Quarter 4- January to March, and details of foreign contribution received on its official website or on the website as specified by the Central Government within fifteen days following the last day of the quarter in which it has been received clearly indicating the details of donors, amount received

and date of receipt in the format provided.

## Annexures

### Annexure 1: Indent

SL.NO	Details of Expense	Number / Quantity	Estimated Amount	Budget Head	Budget Amount
1					
2					
3					
4					
5					
7					
8					
9					
10					
11					
12					
	<b>TOTAL</b>				

Rupees.....Only


Justification for cash requirement:

Submitted by: \_\_\_\_\_ Approved by \_\_\_\_\_

(Signature) \_\_\_\_\_ (Signature)

**Annexure 2: Vouchers**

**JOURNAL VOUCHER**

**SHISHU SAROTHI** 

**Center for Rehabilitation & Training for Multiple Disability**  
 Off Ramkrishna Mission Road, Birubari, Guwahati-781 016  
 Registration No. 3469 of 1987-88  
 Donations exempted from Income Tax under Sec. 80 G  
 Phone : (0361) 2470990, 2478912, Mobile : 92070-49810


Date : .....  
 Voucher No. : .....

	Rs.	P.
Debit .....		
Credit .....		
being the amount .....		
.....		
Rupees .....		
.....		

Accountant / Cashier                      Passed by                      Receiver

SHOT ON MI A3 AI TRIPLE CAMERA

**CASH VOUCHER**

**SHISHU SAROTHI** 

**Center for Rehabilitation & Training for Multiple Disability**  
 Off Ramkrishna Mission Road, Birubari, Guwahati-781 016  
 Registration No. 3469 of 1987-88  
 Donations exempted from Income Tax under Sec. 80 G  
 Phone : (0361) 2470990, 2478912, Mobile : 92070-49810

Date : .....  
 Voucher No. : .....


	Rs.	P.
Debit .....		
Credit .....		
being the amount .....		
.....		
Rupees .....		
.....		

Accountant / Cashier                      Passed by                      Receiver

SHOT ON MI A3



**BANK VOUCHER**

**SHISHU SAROTHI** 

**Center for Rehabilitation & Training for Multiple Disability**  
 Off Ramkrishna Mission Road, Birubari, Guwahati-781 018  
 Registration No. 3469 of 1987-88  
 Donations exempted from Income Tax under Sec. 80 G  
 Phone : (0361) 2470990, 2478912, Mobile : 92070-49810

Date : .....


Voucher No. : .....

	Rs.	P.
Debit .....		
Credit .....		
being the amount .....		
.....		
Bank A/c No. ....		
Cheque No. .... dt. ....		
Rupees .....		
.....		

Accountant / Cashier                      Passed by                      Receiver

SHOT ON MI A3 AI TRIPLE CAMERA

**Annexure 3: Payment Memo**

**SHISHU SAROTHI** 

**Sishu Sarothi**  
 Off Ram Krishna Mission Road  
 Birubari, Kamrup Metro, Guwahati-781016, Assam

**Payment Memo**

Date.....

Paid to..... a sum of Rupees .....

(In Words .....) )

On account of .....

If Vehicle used, No. of any.....

-----  
 Payment made by                      Mobile No. of the Recipient                      Signature of Recipient

**Annexure 4: Monthly Cash Verification Report:**

**Date of verification:**

**Time of verification:**

<b>Breakup of Notes</b>	<b>Total</b>
<b>2000</b> x	
<b>1000</b> x	
<b>500</b> X	
<b>100</b> X	
<b>50</b> x	
<b>20</b> x	
<b>10</b> x	
<b>05</b> x	
<b>Coins</b>	
<b>Grand Total</b>	

**Total as per cash book:**

**Difference (if any):**

**Reasons for difference:**

**Checked by:**

**Verified By:**

-----



**Annexure 5: Travel Expense Statement**

**SHISHU SAROTHI**  
**Off Ramakrishna Mission Road, Ulubari, Guwahati**  
**Travel Expense Statement**

Name of the claimant:

Project:

Purpose of Visit:

Place of Visit:

Dates of Visit:

**A. Travel Claim: Will be paid based on actuals. Bills/Tickets of Bus/Train/Air travel is mandatory**

Date of Travel	Mode of Travel	From	To	No of persons	Bill/Ticket	Amount (Rs)	Budget Head



						Sub Total (A)	
<b>SHISHU SAROTHI</b>							
Ramakrishna Mission Road, Ulubari, Guwahati							
Name of the claimant:							
<b>B. Food: A maximum of ..... will be paid per person per day during travel. Food Bill is not required.</b>							
Date	Place	Breakfast	Lunch	Dinner	No of Persons	Amount (Rs)	Budget Head
					<b>Sub Total (B)</b>		
<b>C. Accommodation: A maximum of ..... Will be paid per person per day during travel. Bill will be required</b>							
Date	Particulars			No of Persons	Bill/Invoice	Amount	Budget Head
					<b>Sub Total (C)</b>		
<b>Grand TOTAL (A+B+C)</b>							

Total claimed (A + B + C) Rs..... (In words.....only)

Total amount approved.....

Approved  
Signature.....

Signature of Claimant.....

Name of Claimant.....

**Annexure 6: Resolution of Purchase Committee**

**SHISHU SAROTHI**  
Resolution of Purchase Committee

Sl No	Name of Items	Vendor A (Amount)	Vendor B (Amount)	Vendor C (Amount)
1				
2				
3				

The purchase committee has gone through the terms and conditions and price quotation of the above vendors and decided to purchase the items from the following vendors:

Sl No	Name of Items	Vendor A/B/C (Amount)
1		
2		
3		
4		
5		

Justification for selecting the vendor:

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**Purchase Committee Signatures:**

1. (Name).....Signature
2. (Name).....Signature
3. (Name).....Signature

