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# Financial Policy of Shishu Sarothi

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as of July 2025

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# Chapter I - Introduction

## 1.1 About Shishu Sarothi

Shishu Sarothi is a non-profit organization 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 Northeast India and even beyond. The area of work has widened to cover children and persons with different disabilities and their needs across their life spans. The organization has shifted to a rights-based approach to disability. The core services cut across the domains of health, education, awareness and advocacy, research and documentation. Health services include an active Early Intervention program across different locations; the Education services currently include a vibrant Centre for Education, a Training Wing, projects promoting Inclusive Education in mainstream schools, and a Scholarship program to support higher education for students with disabilities; Awareness and Advocacy is promoted by a Disability Law Unit that also offers legal counsel and litigation support. Shishu Sarothi is currently poised to become a Regional Resource Centre for Disability Studies and Action and has begun rolling out training programs even as additional infrastructure is being built. Additionally, different programs and projects are undertaken from time to time that align with its vision and mission.

## 1.2 Vision Statement

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

## 1.3 Mission Statement

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

## 1.4 Legal Profile

Legal status:	Registered under Societies Registration Act,1960 <b>(Registration No. 3469 of 1987-1988 dated 09.03.1988)</b>
Registration u/s 12 A of ITax Act:	<b>708/12A/CA/87-88 dated 17.10.1988</b>
Exemption u/s 80G of IT Act:	Memo No 31/80G/CIT/GHY-II/TECH/2006-07/ Dated 11.04.2008 read with Circular No 7/2010
Permanent Account Number:	<b>AALAS0979G</b>
FCRA Registration Number:	<b>020780030 dated 26.3.1992</b>
Employees Provident Fund (EPF):	<b>NEGHY0012324000 0-1/2358</b>
Employees State Insurance Corporation:	<b>43000077640001399</b>
Registration u/s 51 the RPwD Act:	<b>DSJE(G)17/2022/423 of 2022-23</b>
Registration with Min of Corporate Affairs:	<b>CSR00001148</b>

## 1.5 Governance

Shishu Sarothi has a written Memorandum of Association and Rules that state its objectives and principles for governance and has a Governing Body that meets regularly to manage the affairs of the organization. A Finance Committee is also in place comprising members of the Governing Body with financial expertise.

## 1.6 About the Policy

Evolving from recommendations after a review of existing financial practices in Shishu Sarothi, during the Organisational Development exercise in 2018, and studying policies of other like-minded organizations, 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 organization's intentions and lists procedures for effective and efficient financial management and can thus also be used as a rule book on all the accounting and financial aspects to help the team in the 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.

**Approved amendments** shall be documented and included and subsequently circulated to all relevant team members and authorities.

This policy document shall be shared with the 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

### 2.1 Accounting Policy

Shishu Sarothi (SS) receives funds from a variety of sources - individual donations, crowdfunding campaigns, Grants in aid from Government and non-government funding agencies, CSR Grants of companies, user fees, etc. While donations raised are not always tied to specific programs, funders provide grants to Shishu Sarothi through a grant agreement on the 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 for reporting on fixed assets, and interest earned on grants and donations.

This Accounting Policy of Shishu Sarothi is based on Generally Accepted Accounting Principles laid down by the 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 an 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 contracts, 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 Registers, Bill registers, and Inventory Registers will also be maintained.

### 2.2 Structure of the Finance and Accounts Section

2.2.1 The Executive Director is responsible for the overall finance and administration at Shishu Sarothi. The Secretary assists the Executive Director in ensuring internal compliance of the policies and systems as laid down by the Board and also the external compliance.

2.2.2 The Finance and Accounts team comprises of Senior Finance and Accounts Officer duly assisted by Accounts Assistants. Together as a team they will be responsible for

2.2.2.1 Day-to-day operations and functions of the F&A Section

2.2.2.2 Operations' compliance with organizational policies, statutory laws, and regulations

2.2.2.3 Accounting and bookkeeping, disbursements and payments

2.2.2.4 Periodic statutory and non-statutory compliances

2.2.3 The Finance staff should not only have requisite academic qualifications, competence and experience, especially in the non-profit sector, but also be provided with **refresher and orientation courses and workshops continuously**, since there is a need for constant up-gradation of skills in finances.

2.2.4 Every staff member of the Finance & Accounts team should be sent for training, ideally at least once a year to improve and upgrade the quality of accounting and financial management of Shishu Sarothi

### 2.3 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/ HR & Admin Officer
Rs. 5000 -20000/-	Secretary
Rs. 20000 – Rs. 3,00,000/-	Executive Director/Joint Treasurer
Rs. 3,00,000 and above	Finance Committee of the Governing Body/ Chairperson

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

### 2.4. Contingency Fund

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

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

## 2.5. Manual Registers

The other registers to be maintained manually are:

Manual Registers	Maintained by	Verified by
Fixed Asset Register	Accounts Assistant HR & Admin Officer	Program team /Unit in charge Facilities Manager & Exec. Director
Unit Wise Stock 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
Logbooks for Vehicle & Generator Operations and Maintenance	Drivers Office Assistants	Facilities Manager

## Chapter III – Accounting & Record Keeping System

### 3.1 Chart of Accounts

A chart of accounts (COA) is a list of all the accounts you must use to record financial transactions in your general ledger. It helps you keep track of where money comes from and goes. It is integral to bookkeeping, accounting, and financial reporting, like a map that helps categorize transactions correctly and group similar accounts together for reporting. The chart of accounts is divided into:

- **Asset accounts** – to record things that the organization owns
- **Liability accounts** – to record debts that the organization owes
- **Equity accounts** – to record the funds introduced into the organization -
- **Revenue accounts** – to record funds received by the organization
- **Expense accounts** – to record funds paid by the organization

### 3.2. Basic Accounting documents

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

#### 3.2.1 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 an expense** 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 an advance towards travel, purchasing of any materials, or conducting an outstation program. The amount requisitioned for must be as per approved budgets for the activity/event and duly approved by the designated authority as per the level/amount of expenditure. The format of the Indent or Requisition for payment is given as Annexure 1.

#### 3.2.2 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 the bank are prepared along with **journal vouchers** for adjustment of expenditure. Formats of the Journal Voucher, Cash Voucher, and Bank Voucher are available in 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 to the voucher.

As per the Approval matrix (2 .2) a duly authorized person should **approve** any payment based on the indent made **before 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 written clearly. Narrations in the voucher must be clear, and payment should 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.

### 3.2.3 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 monthly** and the balance of cash on hand with the book balance must be tallied.
- **The head of account** of any transaction should be written clearly in the Cash Book. 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** must be passed for deposits & withdrawals of cash to/from the bank

### 3.2.4 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 are paid by Cheque/Draft/Bank transfer.
- The **closing balance** in the bank balances 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 (BRS)** must be prepared every month to reconcile the balances in various bank accounts as per the Bank Book and Bank Statement or Passbook

### 3.2.5. Ledger

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

## 3.3. Payments

- 3.3.1. All **vendors will be paid directly**. No advance payments will be made to vendors from advance taken for project activities.
- 3.3.2. Payments whether by cash or cheque should be made only after obtaining the necessary Indent authorization and after attaching the relevant supporting bills to the voucher. All staff will be expected to exercise reasonable caution in incurring expenses related to work and use the most economic options available.
- 3.3.3. Proper (pucca) invoices that include the vendor's name, address, and contact details, the date will be accepted. GSTIN details are optional. In case of non-availability of proper invoices, manually written bills or cash memos with the vendor's name, contact details, address, signature & seal of vendors will be accepted. Manual bills without these details

should not be accepted.

- 3.3.4. All Expenses should be supported with proper invoices, expense cover sheets, indicating brief activity, and a participants list (where applicable). There should be no overwriting, project personnel's signatures, or remarks on the vendor's invoices.
- 3.3.5. Payments will be made directly as a rule by Bank Transfers or by account payee cheque or demand drafts
- 3.3.6. Payments will be made only thrice a week on Mondays, Wednesdays, and Fridays, so that the F&A team has enough time to complete other important daily accounting work like closure of books, checking balances, printing vouchers, and computerized accounts.
- 3.3.7. After making the payment a "paid" seal with the respective project no/name must be affixed on the voucher and all the supports attached to the voucher.
- 3.3.8. 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 an advance and charged to revenue only on receipt of all the bills.
- 3.3.9. In the event of loss of the 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.
- 3.3.10. Payments will be made only after applicable tax is deducted at source (TDS) as per the Income Tax Act and Rules thereunder. 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.

#### 3.4. Receipts:

A receipt is an **acknowledgment of money received** by an organization towards capital and income (revenue), such as donations, advances recovered, loans received, or any other receipts made.

- 3.4.1. **Pre-printed number receipts** should be issued on receipt of any amount, whether by cash or by cheque.
- 3.4.2. Receipts should be in **duplicate**. The original receipt must be issued to the payer. The Office copy could be retained for record.
- 3.4.3. **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**.
- 3.4.4. In the case of cash donation receipts the **donor's PAN number**, if any is to be mentioned
- 3.4.5. All the **80G receipts** should mention the fact that the donor is eligible for exemption u/s 80G.

#### 3.5. Handing over Systems: At the time of handing over, the following must be borne in mind:

- 3.5.1 **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.

- 3.5.2 **Financial statements** must be drawn up to the date of handing over the charge and signed by the preceding office bearer along with another office bearer as to the completeness of the financial statement.
- 3.5.3 **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.
- 3.5.4 A **bank reconciliation statement** must be prepared, and a certificate from the banker as to the bank balance on the date of laying down the charge, must be obtained by the preceding office bearer.
- 3.5.5 **Statutory books must be updated** and signed before they are given to the new office bearer.
- 3.5.6 Files relating 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 FC Returns filed with MHA, Registration documents with Provident Fund and the related documents, Registration under the Service Tax Act and the related filing documents.
- 3.5.7 Any **outstanding income or expenses** such as advance recoverable, bills payable, etc. should be booked
- 3.5.8 All the Savings & Current Bank **cheque books** are to be handed over with **verification** by a third person.
- 3.5.9 The employee leaving the office should **hand over all the documents** in their custody to the new joinee and this should be well **documented** stating the documents that are handed over, both the concerned persons should sign that document.

### 3.6. 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.

### 3.7. Reporting

- 3.7.1. **For Governing Body** - The following are the common reports submitted during meetings
  - a) Statement of Expenses of each Project;
  - b) Annual Financial Report
- 3.7.2. **For Donor Agencies** - Reporting as per the requirement of the donor 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

### 4.1. Cash Management

#### 4.1.1. 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.

- a) The Upper limit of petty cash drawn for expenses is Rs. 20,000/- & the lower limit is Rs.10,000/-. The budget will be replenished at Rs.10,000/-.
- b) Overall cash in hand limit for all projects should be limited to a maximum of Rs 50,000/-
- c) The daily cash verification will be done by the custodian.
- d) The Petty cash expense limit should be kept under Rs.2,000/-, as far as possible.
- e) The cash payments should be supported by a bill. In case, the vendor is not able to provide a proper bill, then an 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. The format of a Payment Memo is given in Annexure 3

#### 4.1.2 Physical Verification of Cash

- a) The monthly cash verification will not be done by the custodian Format for the same enclosed as Annexure 4: Cash Verification Format.
- b) 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 on surprise checks, at the end of the financial year.
- c) The physical verification done on surprise visits should be documented with comments on deviations found.
- d) Cash abstracts can be printed from the Tally/Cash Book and matched with the physical cash balance fortnightly.

#### 4.1.3 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.

#### 4.1.4 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.

## 4.2 Bank Management

**4.2.1 Online payments** Efforts should be made to make payments through online banking. While the maker or creator can be the same person (for instance the Finance & Accounts Head) the approver will have to be as per the approval matrix (Ref: Pt. 2.2) Online Payments for new payees will need 24 hours of cooling time after adding them to the bank accounts. Project teams to ensure that bank details of payees are provided at least one day ahead for any online payments.

**4.2.2 Cheque payments** While efforts will be made to make payments online: payments of amounts above Rs. 2000/- will be made only through Cheques 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.

**4.2.3 Bank Transactions** Shishu Sarothi shall maintain **separate bank accounts for operating Foreign Contributions and Domestic Funds.**

- a) Bank Account for **Foreign Contributions**: As per the revised FCRA rules, the **formal FCRA account** has been opened at *State Bank of India, Main Branch, New Delhi*, for inward remittances of all foreign funding, and a **Utilization account** is opened at *State Bank of India, South Guwahati Branch, Guwahati* for all encashments and utilisations. Both accounts shall contain only the transactions relating to foreign contributions. No local funds shall be remitted into this account under any circumstances. However, as per law, for matters of convenience and ease of disbursements, FCRA funds can subsequently be routed to other sub-accounts at the Utilisation Account or in other banks with prior approval of the Finance committee (FC) for separating utilisations.
- b) Bank accounts will be **managed by any 2 of the 4 signatories**, including the Executive Director and any one of the following 3 office bearers of the Governing Body – Chairperson and any of the two Joint Treasurers.
- c) **Bank Accounts for Domestic Funds** - Bank accounts have been opened at *State Bank of India (South Guwahati branch), Axis Bank (Ulubari and Paltan Bazar branches), and HDFC Bank, Ulubari branch* in Guwahati. All domestic donations, grants, etc. will be deposited in specific accounts and all transactions involving these funds will be routed through these specific accounts. New accounts may be opened in these or other banks with due approval of the FC.
- d) **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, etc.
- e) All cancelled cheques should be preserved for identification and control purposes. The chequebook should always be in the safe custody of a designated authority who is accountable.

- f) Cheques and drafts received by Shishu Sarothi must be acknowledged by receipts, recorded, and promptly deposited.
- g) The various functions of receiving, processing, and recording should be segregated.
- h) Cheques should be maintained serially, and single authorized signed cheques should not be kept beyond two months.

**4.3 Financial Planning** - As a good practice, it is advisable to put **excess funds available** in the savings bank account **in short-term fixed deposit** to earn higher interest that can be further utilized

## Chapter V – Budget and Investment Management

### Budget Management

Budget management has two interlinked subsystems of **Budgeting** and **Budget Monitoring**

#### 5.1. Budgeting

Budgeting is all about planning for financial resources. It must be both long-term and short-term. Budgeting is done based on a physical activity plan outlining the level and quantum of activities. The budget is the financial translation (implication) of the physical activities that are planned. Therefore, budgeting itself forms **part of the planning exercise** and is a critical factor that facilitates monitoring of the utilization of resources effectively and efficiently. The ultimate objective for an organization is to ensure that the funds are put to optimum use to ensure maximum benefits for the target group.

**Role of finance staff in planning and budgeting** - Shishu Sarothi should prepare an **organizational budget** considering approved and available funding as well as the unfunded activities, under the supervision of the Executive Director, Secretary, and Program/Project heads. The **Executive Director** will review the budget and **present the final version to the Governing Body by 30<sup>th</sup> April annually**. The **Finance Committee** shall study the Budget Estimates and make such comments as they consider necessary and formally approve the same. For **Project Budgets the Finance team must be involved in the planning process** along with the Program teams so that the budgeting is realistic. Further, the finance team will be able to book the expenses in the proper account heads thereby generating appropriate financial reports to help with proper monitoring.

#### 5.2. 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.

Funds from donors and funding agencies are 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 their different components. The steps for this are listed below.

- a) **Budgets:** All approved *Project Agreements and Budgets* have to be maintained in files. This applies to 'all' projects irrespective of their size, duration, or form (cash or kind) and is to be maintained by the Secretary & Accounts Officer.
- b) **Monthly Report:** Project leaders are expected to update a Financial Management Information System (FMIS) to record in an online/ Excel spreadsheet as and when expenses happen, so to have real time information of the project finances and budget variances.
- c) **Quarterly Reports:** Donor-wise consolidated quarterly reports should be made at the end of each quarter. This report should be circulated by the 20<sup>th</sup> of month following the quarter closure i.e., 20<sup>th</sup> July 20<sup>th</sup> October 20<sup>th</sup> January, and 20<sup>th</sup> April. Program/Project Leads will have to review this report with the ED. These statements will be helpful in reporting to donors too.

### 5.3. Planning the Financials

- a) The whole team needs to be involved in the budgeting process.
- b) Program Objectives along with detailed activity plans must be prepared before starting the budgeting process.
- c) Changes in strategies for the forthcoming year based on past experiences must be unanimously decided by the team and the budgets should be drawn up accordingly.
- d) All line items in the budget must flow from planned activities and costing is to be done on the list of all the resources required to implement activities.
- e) A budget should be as detailed as possible with justifications and break up of costs matched against each activity
- f) When budgeting for subsequent years/phases, cost increases due to inflation, exchange rates, etc would need to be kept in mind.
- g) All expenses must be reviewed against approved budgets every month.
- h) The project management teams should verify quarterly reports against the approved budgets, analyse causes for variance, and take appropriate action
- i) Budget revision for follow-up years/phases including reallocations and carry-over activities from the previous year/phase, needs to be reviewed.

### Investment Guidelines

Shishu Sarothi has from time to time held various funds for different purposes to fulfil the goals and objectives of the organization. As per its purpose, these are divided as follows

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

One of the important ways of augmenting and amplifying the internal financial resources of an organization is by making prudent and creative investments with funds available but not needed immediately. The overall investment objective of the organization is to maximize the return on investments with minimum risk through prudent investing and planning.

### 5.4. Planning for Investments

Shishu Sarothi needs to have a good investment policy to ensure that the funds are invested in the most effective and efficient investment options and the interest earned from these investments is reallocated 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** while keeping in mind the provisions of Section 11(5) of the Income Tax Act based on the following factors:

- a) Nature of funds available for investment in short-term and long-term deposits
- b) Time plan for implementation of the projects for which funds are received

### 5.5. Investment Reports

The F & A team shall prepare Fund-wise and Bank/Institution Investment Reports, quarterly and present the same to the Executive Director. The Report format should have details of the Fund invested, current value, interest earned/accruable etc.

## Chapter VI – Advances and Loans

**Advances** - Advances are classified as Advances for Project activities, Travel advances to Staff, Salary Advances, and Advances for Other activities

### 6.1. Advances made for project activities

Project activity advances are generally made from specific grants, approved budgets, and available funds for that project. Once such an advance is made both the Program team leader and the F&A team shall keep track of it and ensure that it is regularized and settled within the stipulated time in the same Financial Year. Advances that cannot be regularized within the Financial Year should be avoided. 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 to them.

### 6.2. Advances made to the Staff for Travel

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

### 6.3. Advance taken against Salary

An advance may be given against salary to staff, but the amount of advance cannot exceed the monthly salary of the staff. Advances against salary that are more than the monthly salary of the employee may only be given in very special circumstances such as family/medical emergencies 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 about advances under all heads – travel, program, salary, etc. This should be suitably documented in the advance requisition form.

### 6.4. Documents to be maintained for Advances to Staff - Travel, Programme and Salary

- a) The advance payment bank/cash voucher
- b) The advance can be requisitioned by **creating an indent** on the SS MIS portal developed for effective monitoring and streamlining of work. All relevant documents such as tour plans, bills, quotations, etc. should support the cash/bank voucher accounting for the advance paid.
- c) All bills for payments made should be taken in the name of Shishu Sarothi.
- d) A clear entry to be made accounting for the settlement of the advance.
- e) The bank/cash voucher accounting for the receipt or payment of the balance in advance
- f) settlement
- g) The individual employees' advances should be reflected in Tally.

## 6.5. Guidelines for managing Advances

- a) The Advance request form/indent should be signed by the person requisitioning the advance and the relevant authorized signatory as laid down in the Authority Matrix (2.2) The Sr. Finance and Accounts Officer should sign the form on payment/data entry.
- b) Where more than one event is managed simultaneously by an employee, the advance 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.
- c) To the extent possible advances should be by account payee cheques or bank transfers. Steps should therefore be taken to request the advance well ahead so that the fund is credited to the payee on time.
- d) All advances should be settled by submission of bills and return of unspent amounts within the following periods
  - i. Travel advances - Within 7 days of completion of the travel/tour
  - ii. Programme advances - Within 7 working days from the end of the event or program transaction. In cases where advances are requested to be settled beyond 7 days approval from the ED has to be taken.
  - iii. Salary advances - before the 5th of the succeeding month or deducted from the salary
- e) Travel advances 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.
- f) Program-related advances should generally be avoided /minimized, and the organization should directly issue cheques to the parties concerned.
- g) On submission of bills the settlement (other than the portion involving physical cash/Cheque inflow/outflow) should be through journal entries only and not through the cash book.
- h) The journal, cash, and bank vouchers in settlement of advances and the bills and supports should be signed by the authorized signatory
- i) All advances are to be accounted for immediately on payment. No suspense advances or IOUs are permitted.
- j) 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.
- k) Before 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 a second advance is required without settlement of the previous advance the ED needs to give special approval.
- l) 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 advances, from an employee.

## Chapter VII – Employee Benefits & Staff Expenses

### 7.1. Salary

Salary is the amount of money paid to any individual for services rendered to the organization. While providing for salaries for different positions, efforts should be made to see that the remunerations are reasonable and commensurate with qualifications, experience and prevailing scales for similar positions. Budgetary provisions for salaries and honorariums should include the cost to the organization for all statutory obligations too.

- a) To fulfil legal requirements the following documents must be collected and maintained in the files of all employees who are paid salaries. These are:
  - Proof of Date of Birth
  - Pan Card photocopy
  - Appointment letter as per HR Policy
  - Address proof
  - Nomination Form / List of dependents
- b) 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.
- c) 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). A house rent receipt is to be produced for the calculation for those who want to claim HRA exemption under Income Tax Act.

### 7.2. Other Benefits

#### 7.2.1. Outside / Additional Engagement as Resource Person Fees

- a) Staff members are often invited as resource persons to events/workshops/programs organized by other organizations as well as within Shishu Sarothi and are paid resource fees for participation in these programs. It is presumed that they are invited in their capacity as an experienced and expert staff member of Shishu Sarothi to contribute to the topic/discussion. If the event/training/program takes place on a working day, it is expected that the participating staff member will contribute 20% of the fee received to Shishu Sarothi. Thus, all staff members who are employed with Shishu Sarothi, if paid or receiving an honorarium for giving a lecture or conducting a training/workshop session, publishing an article, paper, or book during working days, may keep 80% of the honorarium and the remaining 20% should be surrendered to Shishu Sarothi. Alternatively, the staff member may take a leave of absence to carry out any additional work done for external organizations or internal programs of Shishu Sarothi.
- b) The contribution of 20% of resource fees to Shishu Sarothi may be waived at the discretion of the Executive Director if there is sufficient reason to believe that efforts taken by the staff member contributed significantly to fund-raising efforts or work of

paramount importance to the organization.

- c) Any additional occasional payments made to team members for extra work beyond their current job responsibilities will henceforth be treated as an incentive. Appropriate contract letters for the duration of such additional responsibilities will have to be documented and such payments will be paid out with salaries.

### 7.2.2. Medical Insurance

Shishu Sarothi is paying the employer's premium for Medical Insurance for the staff who are statutorily covered under the ESIC scheme.

### 7.2.3. 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.

### 7.2.4. Provident Fund & Gratuity

- a) Shishu Sarothi is making provisions for contributing to the Provident Fund for staff members who are statutorily covered under the Employees Provident Fund scheme.
- b) Provision for Gratuity to be made to fulfil statutory compliances.

## 7.3. Travel and per diem costs for staff

Staff members may claim reimbursement of travel expenses incurred in travel relating to their work as per the norms laid down for travel and per diem or daily allowance given to an employee to cover expenses like meals, lodging, and incidentals while traveling for work. All travel and accommodation cost are paid as per actuals which is within permissible limits. 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 organization.

Per diem would be paid additionally to cover the costs of all meals of staff members travelling for work-related purposes. However, an adjustment to the per diem will be made where meals are provided as part of the cost of accommodation or working meals. Per diem amount per day to cover the cost for breakfast, lunch & dinner, the amount is normally split as 20% for breakfast, 40% for lunch, and 40% for dinner. Thus, in case the breakfast is complimentary at the hotel and there is going to be provision for a working lunch, only the dinner is to be paid for by Shishu Sarothi as other costs are covered by the program that the staff member is attending.

The following are the **specified rates** to be followed for claiming **travel and per diem costs**

- a) All conveyance expenses incurred for official purposes should be claimed in the form provided and all auto/ taxi expenses exceeding INR 200/- should be supported by a signed receipt
- b) In case the staff member is traveling by their own mode of transportation
  - Rs 6/- per km will be reimbursed for 2-Wheeler Vehicle
  - Rs 12/- per km will be reimbursed for 4-Wheeler Vehicle.
- c) 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.
- d) While the management understands that accommodation and food expenses during work-related travels are area-specific, it is expected that while traveling in the northeast, accommodation will be limited to ceilings based on position in Shishu Sarothi

and the location traveled to.

All staff will be expected to exercise utmost 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 while keeping in mind health, hygiene, and safety, will book accommodation that is economical, and within the budgetary provisions of the project. Accommodation expenses and per-dem expenses would be reimbursed **as per the actual** and within the limits as per the rates listed below.

Location	Accommodation limit	Limit for Per diem for food etc.
Northeast region	Rs. 3000 per day (Inclusive of Taxes)	Rs. 800/- day Rs. 100/- for miscellaneous items such as tea, water, etc. for which no bills are required. Rs. 150/- (Breakfast) and Rs. 300/- per meal (Lunch or Dinner)
Metro cities	Rs. 4500 per day (Inclusion of Taxes)	Rs. 900/- day - Rs. 150/- for miscellaneous items -tea, water, etc – for which no bills are required. - Rs. 350/- per meal (Lunch and Dinner)

### 7.3.1. Settlement of claim:

Upon completion of travel, the following documents must be submitted in the original, within 7 days of travel, for reimbursement claims & closure of travel advance expenses.

- Expense covering sheet
- The Travel Allowance Form
- Travel agent's bill, with original or used tickets/ boarding passes of flights taken, for proof of travel
- Receipt of hotel. \*\*
- Receipt of other expenses claimed;/ Receipt needed for usage of auto/taxi exceeding INR200

The claims should be supported by an **approved Indent** by the authorities concerned. 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.

\*\*All accommodation bills will be paid directly to the vendor.

The Travel Allowance Form & Expense covering sheet is attached as Annexure 5.

## Chapter VIII – Procurement of Goods and Services

### 8.1. Procurement

The internal control system for the purchase of goods and services needed for the work of the organization 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.

### 8.2. Purchase Procedure

- a) The asset to be purchased should be **within the approved budget**. If there is no budget, rationale/ justification for such a purchase is to be given.
- b) **Proper authorization/approval** for purchase from ED
- c) 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)
- d) The administrator shall then **invite quotes/bids from vendors/dealers** for the Item/service proposed to purchase.
- e) **A Purchase committee** shall be constituted comprising ED, HR/Admin/Facilities and Program team members. The Purchase Committee **identifies vendors** from whom to purchase and terms of reference such as payment terms, delivery details, guarantee period, services available, AMC, etc which should be **compared with other bids**. Every attempt should be made to ensure that at least 2 members of the purchase committee attend the meeting. For the purchase of **specialized equipment** where the Purchase Committee may not know enough to make a wise decision, it **may ask a staff member or even an outsider and record his / her advice** regarding the purchase before making the purchase.
- f) **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 the Resolution of the Purchase Committee.
- g) 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.
- h) The **order** for items will be placed by the administration unit as per the terms and conditions specified by the purchase committee.
- i) The **recommendations of the purchase committee would be binding** and no deviation from the recommendations of the purchase committee would be entertained.
- j) **Vendors/service providers can be enlisted** for longer periods of one year for services like travel agents, printers, service providers with AMC, etc.
- k) Goods or services may be procured through a **Single tender** with prior written approval from the Executive Director
- l) **After the comparison**, the accountant will present the findings to the Executive

Director and take **final written approval for purchase**.

- m) The accountant should check the bills and do the **first-hand quantity & quality of product/services received** and prepare the payment voucher.
- n) **Payment** should be made only **after the user has checked the product/service and approved** the same.
- o) In case any vendor asks **for advance then the preparation of purchase order is mandatory**, and it should not be more than 60%.
- p) If it is a fixed asset, then it should be **entered in the fixed asset register**.
- q) After purchase/installation, the proper **identification mark** (asset number) should be put into the **Asset Register** by the F&A Assistant.
- r) In the case of **store items**, the same needs to be entered in the **stock register**.

### 8.3. Sales Procedure

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

### 8.4. 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 Assets in the books of accounts.
- Shishu Sarothi will maintain an **Asset Register (Annexure 7)** for all equipment and furniture. The Asset Registers are to be maintained location-wise, and an **annual physical verification** should be carried out, with the **verification sheet printed, signed, and maintained** in a file for each year.
- The Admin and Facilities team should recommend any repair and maintenance costs to assets (above the value of Rs 5000/-).
- Fixed Assets should be capitalized along with the transportation and other incidental costs.
- Assets that are no longer in use should be discarded through the approval of the ED/Board. In the case of assets that are in a usable condition but have 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 the case of assets created from grant funds, depreciation charged on such assets will be debited to the Capital fund.

## Chapter IX - LEGAL COMPLIANCES

### 9.1. Audit:

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

### 9.2. Income Tax Returns

Income Tax returns 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. Additionally, **Form 10 BD** with details of **donations received** should be filed with the Income Tax authorities within the deadlines indicated by them.

### 9.3. Tax Deducted at Source (TDS) Returns

Shishu Sarothi must file the Tax Deducted at Source (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.

### 9.4. FCRA Return & Renewal

Shishu Sarothi must file 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.

### 9.5. Employees Provident Fund (EPF)

EPF deductions will be dutifully recorded and deposited with the authorities on a monthly/quarterly basis as per statutory requirements.

### 9.6. Gratuity

Shishu Sarothi will pay gratuity for staff as per the provisions of the Payment of Gratuity Act 1972.

### 9.7. Professional Tax

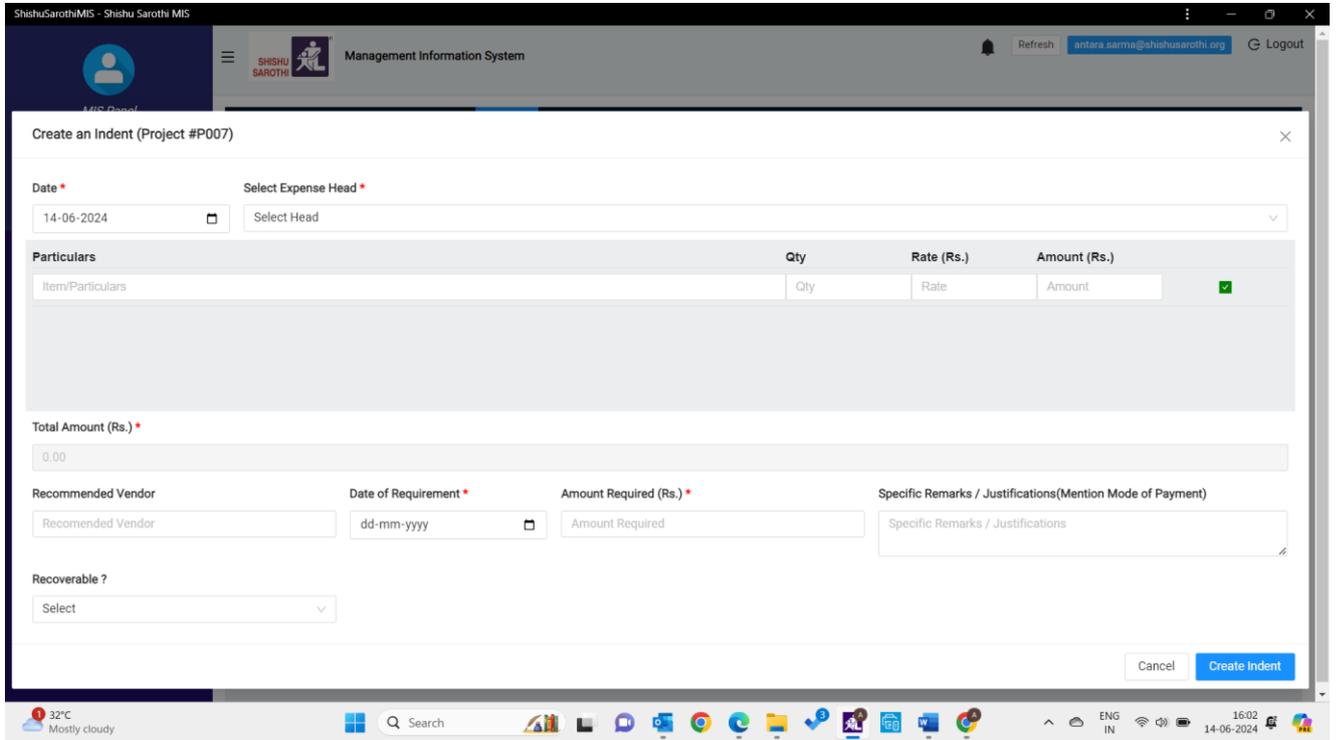
Professional Tax will be deducted as per the State Government approved rates and deposited to the State Treasury.

### 9.8. Uploading Of Audited Statement of Accounts on Website

Shishu Sarothi shall upload on its website the audited statements of accounts of receipt and utilization of the domestic and foreign contribution that include its Income and Expenditure Statement; Receipts and Payments Account; Balance Sheet for each financial year, within nine months of the closure of the financial year and on websites specified by the Government.

## Annexures

### Annexure 1: Indent



**Create an Indent (Project #P007)**

Date \* 14-06-2024 Select Expense Head \* Select Head

Particulars	Qty	Rate (Rs.)	Amount (Rs.)
Item/Particulars	Qty	Rate	Amount

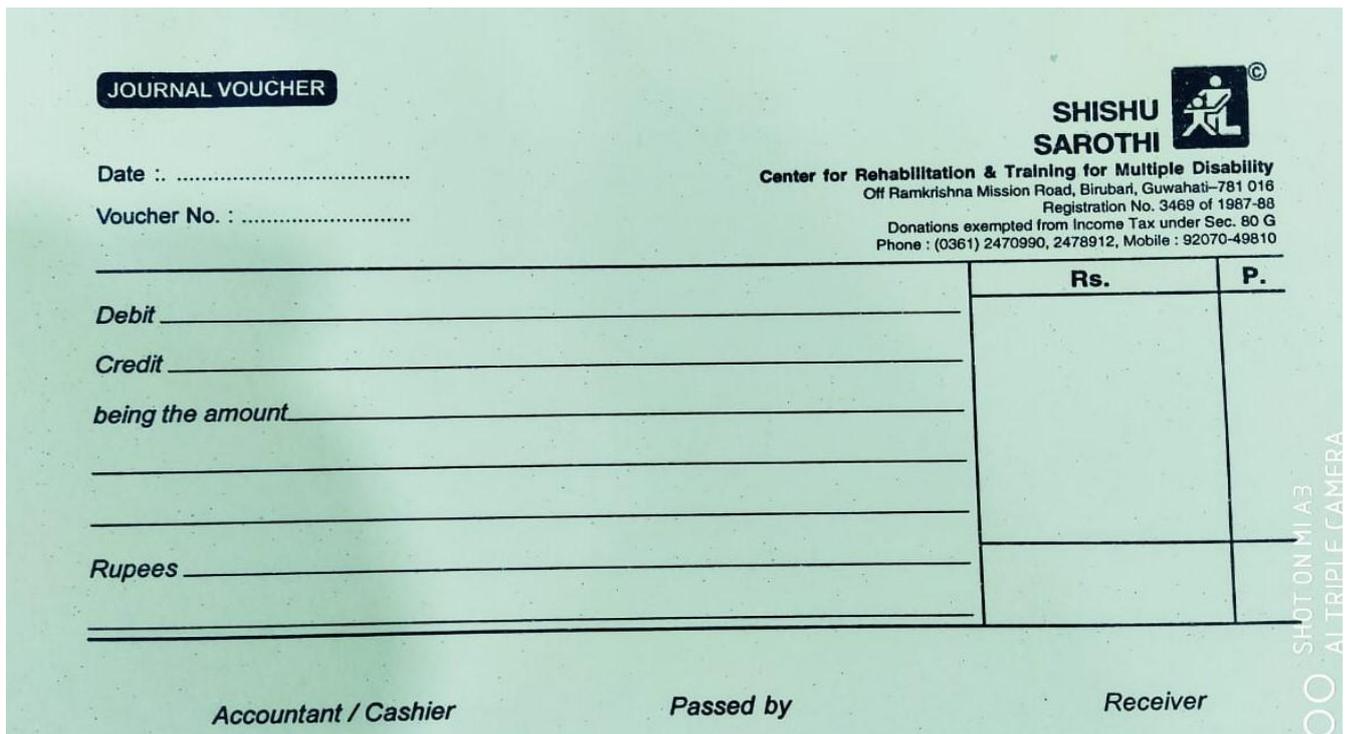
Total Amount (Rs.) \* 0.00

Recommended Vendor: Recommended Vendor Date of Requirement \* dd-mm-yyyy Amount Required (Rs.) \* Amount Required Specific Remarks / Justifications(Mention Mode of Payment) Specific Remarks / Justifications

Recoverable ? Select

Buttons: Cancel Create Indent

### 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**

Date : .....

Voucher No. : .....

**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

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

Accountant / Cashier                      Passed by                      Receiver

SHOT ON MI A3

**BANK VOUCHER**

Date : .....

Voucher No. : .....

**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

	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 5: Travel Expense Statement



Off Ramakrishna Mission Road, Birubari, Guwahati – 781016, Kamrup (Metro), Assam

### TA Form

Dated: ...../...../.....

Name: .....

Unit: .....

Purpose: .....

Date of Journey	From	To	Mode of Travel	No. Of Persons	Amount (INR)
<b>TOTAL</b>					

-----  
Signature

---

#### Office use only

The net entitlement on account of travelling allowance works out to INR .....

In words: .....

\_\_\_\_\_  
Authorised Signatory / Accounts Officer

**6: Food Expenses Statement**



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

**REFRESHMENT VOUCHER**

Date: ...../...../.....

Name: .....

Unit: .....

Purpose: .....

Date	Particulars	No. of Persons	Amount (INR)
<b>TOTAL</b>			

.....  
**Signature**

**OFFICE USE ONLY**

The net entitlement on account of refreshment allowance works out to INR.....

In words: .....

**Authorized Signatory/Accounts Officer**

**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

**Annexure 7: Fixed Asset Register Template**

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