VYOMINI
Think Holistic

All Financial Operational Manual and Policy

VYOMINI SOCIAL FOUNDATION

VYOMINI SOCIAL FOUNDATION
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About Vyomini Social Foundation

In 2017 VYOMINI was founded by young women social activist to provide solution to social, economic and environmental challenges. It is registered under Company Section 8 as a not for profit entity. The first project launched by VYOMINI was Menstrual Health Management program at Jhajjar District of Haryana and Delhi Slums with 360 degree approach with 3As that is Awareness, Accessibility and Affordability of the MHM. With the passage of time development projects extended to other district of Haryana and also launched in different states of India. In a very short span of time 10 lakh women covered under MHM program. The impact created in two years become the life changer for founder and beneficiaries. In 2017 VYOMINI started employment generation program through capacity building workshop for underprivileged and marginalized section of the society, SHGs, NGOs. Now we are deliberately working on entrepreneurship development program and Community Health. We are creating eco-system for the women economic & social upliftment through financial inclusion, livelihood training, entrepreneurship development programs, marketing, trading and manufacturing activities. We are committed to provide sustainable model to the society while keeping the theme "Woman First Prosperity for All". We strongly believe if women are keep at the forefront of development and if they Org VYOMINI SOCIAL FOUNDATION TYPE NOT-FOR-PROFIT, SECTION 8 Project Area PAN INDIA Source of Funding Donation, Training, Sponsorship, products.

1. Social and Economical Inclusion and Empowerment
2. Sustainable Sanitation Hygiene and Entrepreneurship

The aim of the Financial and Accounting Manual is to guide all the staff members in the operation of financial policies and procedures. This will ensure that there is uniformity in generating accounting data and preparing financial statements and compliance with internal control systems, policies and procedures.

The policies and procedures outlined in this manual are currently practiced. It is suggested that this should be periodically reviewed to ensure that this manual is up to date.

Vyomini Social Foundation

CONTENT

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1. LEGAL IDENTITY

1. Name of the Organization: **Vyomini Social Foundation**
2. Postal Address: **Head Office: 40 Sultanpur Mazra Delhi** PIN: **110086** District: **North West**
   Regional Office:- 5- Shri Ganesh City Vrindavan 281121
3. Telephone : **9625708634/9716255564, Website:-www.vyomini.org,**
   Email:-info@vyomini.org, info.vyomini@gmail.com
4. Legal Status: **Section 13, Company act**
5. Registration Details: Registered on **13.12.2018, U85200DL2018NPL342853**
   By **Ministry of Corporate Affair**

6. **Bank Details:**

Name of Account	**Vyomini Social Foundation**
Account Number	**9971700766**
Bank and Branch with Address	**Kotak Mahindra Bank**
IFSC	**KKBK0004601**

7. **Name and Address of Statutory Auditors:**

D A R P N And Company
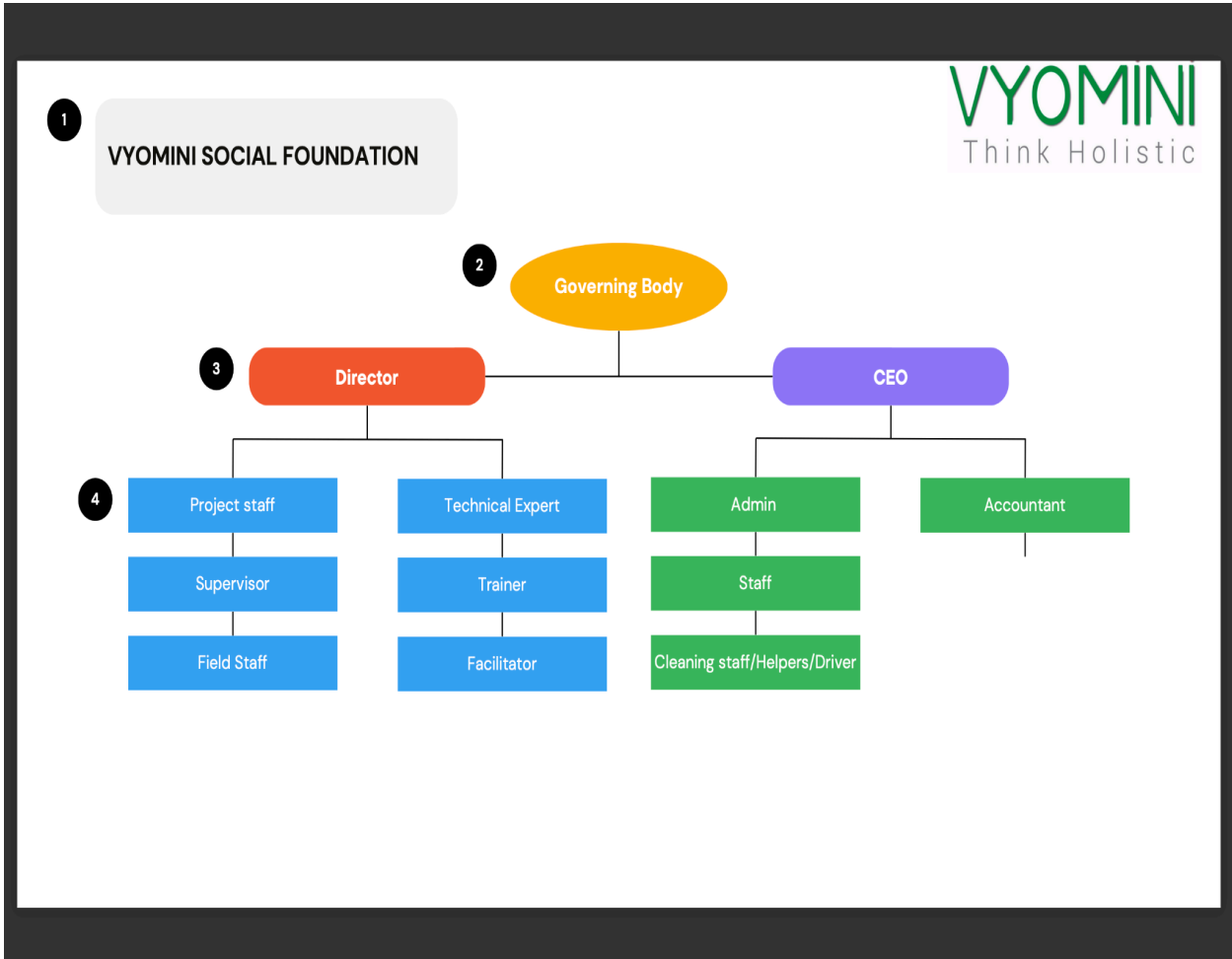Chartered Accountants | Registered Valuer (SFA) | Forensic Auditor
Office No: 1F-CS-41A | 1st Floor | Ansal Plaza Mall | Vaishali | Ghaziabad | Uttar Pradesh: 201010 |
Phone: +91-9582096360 | +91-9810698698 |
Website: www.darpnandcompany.com

3. ORGANISATIONAL STRUCTURE

Organogram

4. ACCOUNTING SYSTEM

The Organization is following the double entry system of accounting. The books of accounts are maintained in the computerized form. The accounts are prepared in Tally Prime.

1. **Separate Books of Accounts are maintained**
   i. Indian Fund
   ii. Foreign Fund

2. **Recognition of Revenue Income**
   The Income is recognised in the books of accounts as and when it is received.

3. **Recognition of Revenue Expenditure**
   All the expenditure other than depreciation is recognised as and when it is incurred. Depreciation is provided at the end of the financial year on the written down value of the capital items.

4. **Recognition of Capital Expenditure**
   All capital expenditures are capitalised in the books of accounts and are reflected in the Balance Sheet. The depreciation is provided on Written Down Value basis at the end of each financial year.

5. **Major Source of Income**
   i. Grants
   ii. Contributions
   iii. Interest
   iv. Trainning
   v. Sponsership
   vi. Donation

   The income of grants is received from government and private development agencies from within the country and international donors.

   The income of contributions is received in the form of consultancy charges, accommodation usage charges, equipments usage charges, sale of publications etc.

   Interest income is received on Fixed Deposits and Savings Bank Account and is accounted on accrual basis at the end of the year.

6. **Major Expenditure**
   i. **Direct Project Expenses**
   The direct project expenses are accounted as and when it is incurred.
   The direct project expenses include ledger head like, Rural Development. Disaster ,MHM , Training and Workshop, Entrepreneurship Development,Raw Material, etc. Based on the agreement with the donors, the budget line for the total amount of project is prepared and

code is allotted for each head for data entry and easy reporting of expenses. Project wise cost centres are opened for the project and expenses are accounted according the budget head. Simultaneously all the vouchers for the expenses incurred are accounted in the regular accounting system for the purpose of preparing income – expenditure statement and Balance Sheet for the Income Tax and other purpose for all the projects.

ii. Salary and Honorarium

The expenditure of salary includes the salary of Director, programme staff, administrative staff and accounts staff along with management contribution for provident fund and gratuity for the eligible staff.The expenditure of honorarium includes the payment made to the consultants.

iii. Administrative Expenditure

The administrative expenditure includes the expenditure other than project expenditure. These expenses include office maintenance, audit fees, travelling of admin staff, telephone, postage, courier, finance and management expenses, Municipal Taxes, staff welfare etc. These expenses are paid from Indian accounts and are allocated to different projects on the availability of the budget along with 5% institutional development cost.

Over and above, for the purchase of capital item - movable properties and immovable properties, there is a separate procedure for the procurement of these items. Movable properties consist of computers, office equipments, furniture and fixtures and vehicles located at different offices. Immovable properties consist of land and building located at Delhi and Uttar Pradesh office

iv. Depreciation

Depreciation is not considered as expenditure but it is a charged to income and expenditure a/c for the usage of capital item and to create reserve. VSF follows the WDV (Written Down Value) for the depreciation as per the Income Tax Act 1961.

7. Management of Project Accounts

All direct project expenditures are accounted based on the budget as determined in agreement between the VSF and the respective funding agency. The books of accounts are maintained as per the requirement of donors as well as under the Section 8 Campany. These books of accounts are maintained simultaneously and are tallied. The books are maintained under 'Tally Prime'.

As per ledger the details of specific grant income is arrived in aggregate (sum up of all the projects), while as per Cost Centres the details of such specific grant is arrived project wise. As and when accounting entry is passed, firstly, grant is credited in the specific ledger and simultaneously it is credited in the specific defined cost centre of the respective project.

Similarly, as per ledger the detail of specific expenditure is arrived in aggregate (sum up of all

the budget head. Simultaneously all the vouchers for the expenses incurred are accounted in the regular accounting system for the purpose of preparing income – expenditure statement and Balance Sheet for the Income Tax and other purpose for all the projects.

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Similarly, as per ledger the detail of specific expenditure is arrived in aggregate (sum up of all

the projects), while as per Cost Centre the details of such specific expenditure is arrived project wise. As and when accounting entry is passed, firstly expenditure is debited in the specific ledger and simultaneously it is debited in the specific defined cost centre of the respective project.

When the project is completed, the Utilisation Certificate (UC) to be issued to the respective funding agency is prepared based upon the data generated in the Cost Centre of the respective project.

9. **Books of Accounts and Other Documents Maintenance**
    At VSF, the a/c keeping has been recorded as per various internal and external audit requirements**.**

    List of Books of Accounts
    Separate vouchers are maintained for FC and Indian accounts with serial numbers and centre wise. The list contains Cash Receipt, Cash Payment, Bank Receipt, Bank Payment, Contra, Journal, TDS Journal, Asset Journal, etc.

    Following books/registers are maintained for FC and Indian accounts separately (one *Kachha* Cash Book is also maintained for day to day cash transaction and from *Kachha* Cash Book, all vouchers are entered in Computer Cash Book). This contains Cash Book, Bank Book, Journal Register, TDS Journal Register, Asset Journal Register, etc.

    Statutory and other Compliances
    List of Books of account maintained and other documents maintained for Statutory and Internal Audit Requirements. For FC and Indian accounts separate cash and bank receipts, cash and bank books, cash and bank vouchers, contra vouchers and journal vouchers, ledgers for expenses and capital items, asset register, etc. Over and above the *kaccha* cash book is also been maintained. Following Files/ registers are maintained:

    ▪ **General Correspondence**

    ▪ **TDS Return (Salary, Job Work & Professional Fees):**
       i. TDS needs to be paid before 7th of the next month in which the tax is being deducted except in the month of March. The Tax is paid before the 30th April.
       ii. Quarterly returns to be filled before 15th of the succeeding month after the end of quarter except for March, the cut off date is 30th April.

    ▪ **FC Return File:**
       The FC return duly audited by statutory auditors needs to be filled with the FCRA division of Ministry of Home Affairs before December 31 of the Financial Year**.**

    ▪ **Bank Reconciliation File:**
       Every month bank reconciliation statements are prepared and tallied with the bank passbook after taking necessary accounting action.

    ▪ **Consolidated Balance Sheet and Income expenditure Statement (FC and Indian)**

       Income Tax (IT) Return:

The IT Return needs to be filled before 30th November on completion of Financial Year.

- **MIS (project-wise):**

  The budget wise expenditure statement is prepared & submitted before 10th of the succeeding month to all the project heads for the review.

- **Financial statements for the governing council:**

  Minute book is maintained for governing council meeting as well as for general body meeting. The governing council meeting is held minimum of Two times in a year.

10. **Physical Verification and Reconciliation:**

Physical Verification of Cash

The physical verification of cash is conducted by the Internal Auditor /Finance Manager at every quarter and is reconciled with cash book. Also surprise physical verification of cash is conducted by Finance Manager. To mitigate the risk, insurance of cash is also taken.

Physical Verification of Assets

The physical verification of assets is done jointly by the Management along with the internal auditor once in a year.

Any excess shortage in cash or in assets is dealt with proper accounting action.

5. LEVELS OF AUTHORISATION

Expenditure (In Rs.)	Authorisation
Up to 10,000	Programme Co-ordinator (PC), Chief Operating Officer (COO) in their individual capacity for the projects allotted to them. PC/COO are authorised to sign administrative/ accounts expense vouchers for their respective projects. Finance Manager is authorised to sign normal /regular overhead expenses.
Between 10,000 to 25,000	Respective project head and Finance Manager jointly
Above 25,000	Recommended by respective project head and Finance Manager and approved by the Director

The procedures to be followed by respective Chief Operating Officer (COO) and Programme Co-ordinators (PC) before incurring project expenditures:

The budget for events like workshop, trainings are to be prepared with the approval of the Director in the preceding month, of the month in which expense is to be incurred. After approval, this budget is to be submitted to the finance/accounts department for financial planning.

Cheque Authorisation:
All the cheques shall be signed by any two authorised persons including the Director.

6. PROCUREMENT POLICY

The purpose of the procurement policy is to ensure procurement of relevant goods and services with market appropriate and competitive rates, ensuring quality and timely delivery. It also ensures transparency and accountability in the purchasing system. However, it needs to be understood that while the procedures are important it shall not undermine the relevance of the purpose, i.e. if any relief material has to be purchased, it has to be as per the requirement of the local people and so timely delivered that it reduces human suffering.

Procedure for Procurement
Procurement can be classified broadly in two categories: (i) Goods of capital and revenue items - items can be movable (cement, steel and other items for housing support, food and non-food items for relief, computers, office equipment , furniture and fixtures, vehicles) and immovable (land and building); (ii) services like maintenance contract, legal and audit fee, professional consultants, etc.

The Procurement Process:-
To check the validity of the procurement and ensure transparent procurement the following process must be followed.

1. For any types of procurement, the Programme Coordinator, COO, Finance Manager and Director or their nominees will put up a requisition explaining the purpose, quantity, quality and the time frame. All requisition for procurement must be validated by another two members comprising of staff not less than the Program/Admin/Finance Officers. No requisition is considered for further processing without the written validation. It shall be submitted to the Director for approval. All the processes shall be so documented that it satisfies the audit protocol.

2. For procurement of material and services up to Rs. 25,000, the item shall be purchased after informal market survey.

3. For regular procurement of goods/material of single set of items above Rs. 25,000/- to Rs. 2,00,000/- a three members internal procurement committee (Announced every year having two persons from Programme and one from Finance- Administration) shall initiate the procurement process. Three quotations shall be sought and a comparative statement shall be prepared by the committee. They shall recommend the agency and rate from whom the procurement shall be made. If needed, the committee shall negotiate for lower rate.

4. For goods of single set of items between Rs. 2,00,001/- to Rs. 5,00,000/- an outside person/s, preferably from NGO partners, representative of a recognised chartered accountants' firm, community representative for procurement for community use shall be invited.

5. If the procurement is made in a far-away project location, the concerned official is authorised to form a local procurement committee and seek the written approval of the committee formed at the office level. It shall also follow the same three quotation procedure.

6. For goods of single set of items above Rs. 5,00,000/- tenders shall be invited. The estimate, bill of quantity (BOQ) and the grade of the material shall be decided by a technical expert. All standard tender procedure shall be followed.

7. For the purchase of items like four-wheel vehicles up to five in number no tender shall be invited. If the there is a single dealer in the city, the vehicle can be procured directly, however, it shall be documented and approved by the internal procurement committee.

8. For the services like Annual Maintenance Contract for the computers, Air conditioners, Maintenance of Internet connection, Xerox machine, etc. three quotations shall be obtained for AMC Fees/charges are above Rs. 50,000/-. It shall be procured through the procurement committee with the approval of the Director.

9.

The professional services of consultants for facilitation of training, evaluations and similar other tasks, VSF has been utilising the services of experts who are familiar with the work of VSF and considered as partners. Looking the past experience of VSF, the following processes has to be followed to hire consultants. The Program Coordinator, COO and Finance Manager can directly hire/engage a consultant up to the fee of Rs. 2,00,000/- by getting a written approval from the Director. It may be noted that this is valid if the daily fees is Rs. 10,000/- or less. If the consulting fees are above Rs. 10,000/- per day and total amount is above Rs. 2,00,000/- for single set of task agreement, three quotations in the form of letters shall be collected to take a decision for choice of consultant. After the selection of the consultants, a formal task contact may be agreed upon in the prescribed format indicating the objectives, deliverables, time-frame, quality control, fee and upper limit of the other expenditures. (Fee shall not include the actual expenditure like travel, food, accommodation and other expenditure incurred towards completion of the task)

10. For procurement of any non-budgeted item of above Rs. 5,00,000/- the Director shall take written approval of the Executive Committee. The process of procurement shall be same as mentioned above.

Procedures for Accounting

When the item is received on the basis of purchase order, the copy of delivery challan/bill sent by the vendor should be verified by the administration department with the purchase order with respect to quantity, rate and amount. This should then be forwarded to the concerned person who has made the requisition for approval with respect to quality. Once it is approved then the delivery challan/ purchase bill should be signed by the appropriate authority. The administrative department should make necessary inward entries in the inward register for recording purpose. When payment is to be made to the vendor, a copy of the order, challans, bills should be sent to the accounts department for payment. The bill should be approved by appropriate authority giving project code and quantity received.

7. TYPES OF FORMS

To facilitate the day-to-day operations of the organisation, various types of forms have been made in easy to fill formats for the staff members. The purpose and the system to be followed while filling each of the forms have been explained below and the specimen copies are available separately. The procedure for purchase has been explained in the following chapter on purchase policy.

1. Receipt
2. Project Advance Requisition
3. Cheque/DD Requisition
4. Local Travel Claim
5. Outstation Travel Reimbursement
6. Requisition for Ordering Food/Snacks during Workshop/ Meeting and Training:
7. Vehicle Requisition for Local/Outstation Travel Vehicle Log Book / Travel Slip
8. Air Ticket/Rail Booking
9. Leave Application
10. Bill Book / Contribution Book
11. Stationery Requisition

1. Receipt

For every financial transaction amount received from the party an acknowledgment in the form of receipt is issued. Separate receipt books should be maintained for FC and Indian transactions. There should be three copies in the book. The original copy should be issued to the party from whom money is received, the other copy should be used for accounting purpose and the third copy should remain in the bounded book. The receipts must be signed and stamped by the authorised person of the accounts department and then it should be issued. This book must have serial number. Appropriate accounting entry should be passed on the basis of second copy and the same should be attached with the voucher.

2. Project Advance Requisition

This form is to be used when advance money is required by the staff for meeting expenses related to travel or programme event. This form should be filled by the applicant and it should be first verified and initialised by the accounts department for any outstanding balance in his/her account. After verification by accounts department the concerned staff should get the approval for advance and submit it to the accounts department. The staff requesting advance should at least intimate his/her requirement of advance before two days. After releasing the amount appropriate accounting entry is passed in the books of accounts.

3. Cheque/DD Requisition

This form is to be used by the staff when advance payment is required to be made to an outside party. Along with this form, a request letter from the party should also be submitted and this amount should be considered as an advance to the party. This form should be duly approved by the appropriate authority and should be presented before the accounts department at least two days in advance. After verification by the accounts department the amount is released. In case the amount exceeds Rs. 20,000 the income tax PAN no. must be obtained from the party for the payment of services like consultancy, contract etc. After releasing the amount appropriate accounting entry is passed in the books of accounts.

4. **Local Travel Claim**

   This form is to be used by the staff as and when travel is done by them locally. To recover the expenditure incurred towards travelling, staff members should fill clearly the following details: (Tamplate Attached)

   ▪ Date of travel

   ▪ Kilometres travelled (if own vehicle is used)

   ▪ Mode of travel

   ▪ Purpose of travel   _____ _____ _____

   ▪ Incidental expenses

   ▪ Eligible allowance amount

.

Local travel Claim Form					
VYOMINI SOCIAL FOUNDATION					
Name Month					
LOCAL TRAVEL		_____ _____ _____			
Date From	T o	K m s.	M od e	Purp ose	Amo unt
Total (In Words)					R s .
Approving Authority		Applic ant		D a t e	

This form should be duly signed and approved with budget code of the project by the appropriate authority and should be presented before the accounts department. After verification by the accounts department the amount is released. After releasing the amount appropriate accounting entry is passed in the books of accounts.

5. **Outstation Travel Reimbursement**

   This form is to be used by the staff for outstation travel. To recover the expenditure towards outstation, travel the applicant should fill clearly the following details in the form: (Template attached)

   - Name of the staff

   - Name of the project

   - Place of visit

   - Purpose of travel

   - Fare and mode of travel

   - Local conveyance

   - Food expenses

   - Accommodation charges

   - Petty cash purchases for projects/official work

   - Other allowable miscellaneous expenses

   - Daily allowance

   - Advance taken if any

   - Balance to be recovered/returned

Outstation Travel Claim Form
VSF
Vyomini Social Foundation

Name:	Designation:	Date:
Place Visited:	Project Code:	
Purpose:		

A. FARE DIRECTLY PAID

Date	Mode	From	To	Amount
			Sub Total	

B. LOCAL CONVEYANCE

Date	Mode	From	To	Amount
			Sub Total	

C. FOOD ALLOWANCE

Starting Date and Time	Closing Date and Time	Destination Category	No. of Days and Hours	Rate of Allowance	Amount
				Sub Total	

D. ACCOMMODATION CHARGES

Tariff Rs.	Type (Single / Shared)	Days	Amount
		Sub Total	

E. PETTY CASH PURCHASES FOR PROJECTS / OFFICIAL WORK

Date	Particulars	Amount
	Sub Total	

F. MISCELLANEOUS

Date	Particulars	Amount
	Sub Total	

G. DAILY ALLOWANCE			
Duration of Travel	No. of Overnight Days	Rate of Allowance	Amount
		Sub Total	

TOTAL	A	B	C	D	E	F	G	Rs.

| Rupees | | | | | | | | |

This form should be duly approved mentioning the project code by the appropriate authority and then presented to the accounts department.

This form should not be accepted by the accounts department unless it is accompanied with the brief report and the expense bills. If no bills are available, it should be clearly mentioned 'No Bills'.

After verification by the accounts department and after settling the advance amount, if taken before travelling, the balance amount is released/ recovered. The advance amount must be settled within three days on completion of travel or project work for which advance is taken. After releasing/recovering the amount appropriate accounting entry is passed in the books of accounts.

6. **Requisition for Ordering Food/Snacks during Workshop/ Meeting and Training**
   This form should be filled by the concerned department for requirement of food/ snacks/ training material for the workshop/ meeting/ training. The form contains the following details: (template attached)

   - Venue

   - Date

   - Name and place of workshop/meeting/training

   - Name of programme unit

   - Project code

   - No. of lunch/snacks required

   - Items required in the menu

   - Restaurant if any

   - Time of requirement

Requisition form for ordering food/snacks during workshop/Meeting and Trainings

Venue: Date:

Name of the Workshop/Meeting / Training
Name of the Programme Unit   Project Code   No Of Lunch/Snacks required
                                                                                              Items
                              -
required in the menu
Restaurant if any   Time of requirement

Approval by P.C/ Manager: Ordered by (Name):
_____

Kindly submit the form, at least 4 hrs in
advance.

The said form should be duly approved by the respective authorities and be submitted at least two days in advance.

The accounts department will pass the entry on the basis of requisition form along with bills duly approved with the project code by the concerned authority.

7. **Leave Application**

Every employee of the organisation, who wants to avail leave, should fill this form. Generally, this form should be filled in advance, however, in case of emergency it should be filled immediately on resuming the office.

8. **Bill Book /Contribution Book**

For rendering services of consultancy, guest house, contribution received for supplying publication, stationery and other materials, office equipments for project workshop /training there are charges to be made to the respective project which may be decided by the management.

For supplying the above services, the receipt /contribution book should be maintained in three copies with serial numbers. The amount should be charged as decided by the management for these services and the receipt should be prepared. The original copy should be issued to the concerned part. The second copy is for accounting purpose and the third copy will remain in the book. This should be prepared by accounts/ administration department and should be signed by the authorised person. Accounts department should pass appropriate accounting entry on the basis of this slip.

9. **Stationery Requisition**

Stationery is required for daily office use by all the departments and for meetings/ workshops and other programmatic events. For both the above requirements, separate requisition forms are to be filled.

8. TYPES OF REGISTERS

To have better internal control, the accounts/administrative department should maintain the following types of register regularly.

1.   Salary and Receipt (employee wise)

2.   Assets

3.   Stationery and Training Materials Stock

4.   Publication Stock

5.   Postage (inward and outward)

6.   Service Contract

7.   Vehicle Log Book

8.   Investment

9.   Insurance

10.   Leave Record

11.   Staff Attendance

12.   Staff Movement

13.   Guest Room

Specimens are available in separate file.

9. INVESTMENT POLICY

The unutilised funds of the grants and contributions are invested in the scheduled banks and with other institutions in the form of term /fixed deposit. Each project manager should prepare quarterly budget for the requirement of fund as per the project period for his/ her projects. After receipt of budget the accounts department should plan the financial requirement and recommend for short/long term investment of the surplus fund to the Director so that the organisation gets maximum income of interest. The accounts department should prepare a quarterly statement showing receipts and payments as per actual for the past quarter and budget for the next quarter.

10. RULES AND NORMS

A. The staff service regulations have been made to ensure a fair, just and gender sensitive working environment as well as to maintain discipline in the organization (Ref. Staff Service Regulation, 1995, 5th Amendment, April 2014 and subsequent changes that are approved in the Executive Council held on Sept. 20, 2018)

These regulations shall apply to all persons employed by the organization on permanent and on project-based appointments. It covers rules and norms like:

- Categories of employees and their pay scales

- General Conditions of Service for Employees

- Travel Rules and Regulations

- Policy for Protection and Action against Sexual Harassment

- Leave Facilities

- Termination of Employment

- Misconduct by Employees

- Punishment for Misconduct

- Office Timing

- Attendance

- Daily Morning Assembly

B. Use of Office Infrastructure like Vehicle, Resource Centre, Telephone, Equipments, and Production of Educational Material.
For requirement of above services, charges are decided by the Management These have been mentioned in the Annexure separately and necessary changes are also made from time to time through issue of office order.
1. Charges for vehicle
2. Charges for utilising various facilities for space, equipments
3. Charges for consultancy (in country and inter project staff)
4. Rates for preparation of educational/ learning material
5. For supplying training material
6. Any other services

11. REVIEW AND MONITORING SYSTEMS

1. **Review and Monitoring by Management**

   The accounts department should provide by way of Management Information System (MIS) following details to the Director.

   Monthly MIS

   - Budget comparison statement project wise

   - List of grants received

   - Bank reconciliation statement

   - List of advances outstanding

   - Statement of investment

   Quarterly MIS

   - Comparison of budget and actual expenditure statement

   - Trial balance

   - Receipts and payments accounts

   - Income and expenditure accounts

2. **Appointment of Internal Auditor**

   To have better internal control over the areas of accounts, finance and administration regularly, an internal auditor should be appointed. The scope of internal auditor should be decided by the Management. Based on the scope of audit, internal audit is carried out by the outside professional agency on a quarterly basis. The Director should appoint such agency. The internal auditor should submit a bi-monthly report of their findings to the Director. The Director should forward the comments to the accounts department for necessary actions and compliances of the report. The accounts department should also inform the internal auditor about their compliance and should get the validation of their compliance from the internal auditor. The Director should then present the findings of internal auditor, compliance by the accounts department and the validation of the internal auditor in respect of the compliance from accounts department in the Governing Council meeting. Based on the concept of materiality, appropriate action should be taken by the Management

3. **Review and Monitoring through Project Audit**

   Appointment of Independent Auditor

   As required by the donor, when the project is completed, an independent qualified auditor is to be appointed as per MOU and the Utilisation Certificate as required is to be obtained.

   The Protocol for External Management and Financial Audit of Projects are as under:
   i.   The audit should be conducted by a Chartered Accountant or a firm of Chartered

Accountants, who should be members of the ICAI, India.

ii. Audit should be carried out under internationally accepted audit standards (GAAP).

iii. A management report should be submitted along with the auditor's report.

iv. A written contract should be signed between auditors and the Management along with the terms of agreement.

v. A time frame as well as deadlines for the submission of audit and management report should be stipulated.

vi. Audit fee and terms of payment should be fixed.

vii. The documentations (files) on the work performed by the auditors must be accessible to the management/ funders/ CAG of India.

viii. Auditor/s should express their opinion regarding the proprietary of each of the expenses, management of the book keeping system as well as the procedures for internal controls.

4. **Appointment of Statutory Auditor**

Auditing of the annual accounts of the organisation is a statutory requirement. The Management should appoint professional chartered accountant for the audit of books of the organisation. After appointment of statutory auditors, audit of the books of accounts are carried out by them. The annual accounts (Balance Sheet and Income and Expenditure) of the organisation and form FC-3 and Receipts and Payments and other required statements together with the reports of the auditors are presented before the Governing Council for consideration and approval. After approval the Director should sign the accounts and the accounts department should get the signature of the statutory auditors on the Balance Sheet, Income and Expenditure and FC-3 statements duly stamped. FC-3 return and other statements as required under FCRA should be filed before due dates.

the terms of agreement.

ix. A time frame as well as deadlines for the submission of audit and management report should be stipulated.

x. Audit fee and terms of payment should be fixed.

xi. The documentations (files) on the work performed by the auditors must be accessible to the management/ funders/ CAG of India.

xii. Auditor/s should express their opinion regarding the proprietary of each of the expenses, management of the book keeping system as well as the procedures for internal controls.

5. **Appointment of Statutory Auditor**

Auditing of the annual accounts of the organisation is a statutory requirement. The Management should appoint professional chartered accountant for the audit of books of the organisation. After appointment of statutory auditors, audit of the books of accounts are carried out by them. The annual accounts (Balance Sheet and Income and Expenditure) of the organisation and form FC-3 and Receipts and Payments and other required statements together with the reports of the auditors are presented before the Governing Council for consideration and approval. After approval the Director should sign the accounts and the accounts department should get the signature of the statutory auditors on the Balance Sheet, Income and Expenditure and FC-3 statements duly stamped. FC-3 return and other statements as required under FCRA should be filed before due dates.