

Voluntary Education Development and Integrated Cultural Society (VEDIC Society)

Finance Manual

Background and History of the Organization:

VEDIC Society initiated its social development endeavours in the year 1990. The impetus behind it was the movement against the displacement of poor people due to the construction of the Auranga Dam that caused submergence of several villages. While this movement was going on, a group of like-minded people came up with the idea to set up an organisation, dedicated to address different issues of sustainable development of area and its populace. In 1991, it got the registered as society and established its office at Ranki Khurd in Palamu district. The office later shifted to Tumbagara in 1995 and finally to Latehar in 2001.

Since the inception, this society has been relentlessly working for and with the people towards achieving its much-cherished goal of holistic development of the downtrodden people of the society. Though Latehar district and its adjacent districts are extremely affected by the extremist activities that pose severe threat to the process of development, this organisation always nurtures its indomitable will of being thrived as a catalyst in bringing positive socio-economic changes in the lives of the poor people, especially women, children, and people of backward classes and of indigenous tribal communities.

VEDIC Society is at present working in two of the most backward districts of Jharkhand from its headquarters at Latehar and an extension office at Tumbagara. The present operational area covers Latehar and Palamu districts. The organisation addresses the following thematic areas:

- **Basic Education**
- **Community Health**
- **Livelihood – Agriculture and Natural Resource Management**
- **Child Rights and Development**
- **Women Rights and Development**
- **Governance and People's Participation**

In the context of the socio-political situation that prevails in its operational area, the core of VEDIC Society's target and its major beneficiaries are formed with the most vulnerable tribal population and people from backward classes. In its entire endeavour, special emphasis has been given on the women, children, and the rural marginal farmers.

Vision of the Organization:

Creation of adjust and vibrant self-government society, where people of all communities live with dignity in peace and harmony.

Mission of the Organization:

To make the society free from exploitation and discrimination by empowering people belonging to the tribal communities and underprivileged section of the society, especially children, adolescents, and women by ensuring their rights and promoting inclusive development.

A. GENERAL

1. Transactions will be accounted on cash basis only. Therefore, only on actual receipt or payment will transactions be accounted. No provisions will be made for expenses and other payables and similarly for receivables. Purchases and expenses will be accounted only when actually paid for and incomes when actually received and not on incurrence/accrual. In following cash method of accounting, the past practice and the provisions of the Income Tax Act (ITA) and Foreign Contribution (Regulation) Act (FCRA) are given due consideration. That provisions in the technical guide issued by the Institute of Chartered Accountants of India are not yet mandatory is also noted.
2. Accounts will be maintained through standard computerized accounting software package i.e. tally and all the supporting records shall be maintained through manual mode as well as computerized mode as suitable to the organization.
3. The books of account and related documents to be maintained are:

	<u>Books/Documents</u>	<u>To be maintained by/at</u>	<u>To be authorised by</u>
3.1	Cash payment and receipt vouchers with supports/bills including advance requisition forms	Accounts Department	Secretary
3.2	Bank payment and receipt vouchers with supports/bills including advance requisition forms	Accounts Department	Secretary
3.3	Journal vouchers with supports/bills	Accounts Department	Secretary
3.4	Monthly project/donor wise utilisation statement	Accounts Department	Secretary
3.5	Bank Reconciliation Statements	Accounts Department	Secretary

4. The other books and registers to be maintained are:

	<u>Books/Documents</u>	<u>To be maintained by/at</u>	<u>To be authorised by</u>
4.1	Fixed assets register	Accounts Department	Secretary
4.2	Inventory register	Accounts Department	Secretary
4.3	Investment register	Accounts Department	Secretary
4.4	Vehicle log books	Vehicle User	Secretary/Project Coordinator
4.5	Salary register	Accounts Department	Secretary

5. While delegating the accounting and related duties the principle to be followed is that as far as possible the same employee will not transact/effect and account a transaction. Similarly, employees in charge of assets will not account the transactions relating to that asset in the books of account. For example, the person in charge of the original investment receipts will not account (in the books of account) the creation, maturity, interest, etc., on the investments although he may maintain the investment register.

6. Any amount of loan or benefit (i.e. advance against salary or others) shall not be given to any member of the governing board or office bearers provided they are claiming the reimbursement against any expenditure made for the benefit of the organization including their remuneration package.

7. Under the provisions of the Foreign Contribution (Regulation) Act, 2010 only a single designated bank account is to be maintained for receipt of foreign grants from foreign donors. Mix up of foreign and local bank accounts/grants even by temporary inter account funding is not permissible. The distinction is to be maintained downstream at project level.

8. This manual can be altered only by the Board Members by unanimous assent after circulating the details of the changes to all members. The changes are to be

ratified by the board.

No transaction shall be split or broken up to circumvent the monetary limits specified anywhere in the manual.

1. It is the duty of the authorised signatory to ensure that all the requirements contained in this manual are met before authorising any payment/voucher/entry.
2. Alternative authorised signatories are designated so that non availability of one due to travel or work, leave, etc., does not hamper the natural flow/conduct of transactions.

B. PAYMENTS

1. Payments whether by cash or cheque should be made only after obtaining the necessary authorisations (after attaching the relevant supports/bills to the voucher) and meeting all requirements of this manual.
2. Payments will normally/as a rule be by account payee cheques, any active RTGS or account payee demand drafts. Account payee cheques/demand drafts should be a rule and cash an exception. Very small payments to suppliers who do not hold bank accounts and those that are not practically payable by cheque may be made by cash. Even small suppliers should be encouraged to accept account payee cheques. This will help inculcate the banking habit in them. However, for any payment below Rs. 2000.0/- paid by cash, the reason for not having paid by account payee cheque must be documented on the face of the voucher and authorised by the authorised signatory.
3. Cheques should be issued only in serial order i.e., without leaving any unused cheques in between. Only one cheque book per bank account should be in use at any point. A new cheque book should be used only after the last cheque of the old book has been issued. That the previous cheque book has been fully used will be evident to the authorised signatories from the cheques issued register.
4. After making the payment a 'paid' seal must be affixed on the voucher and all the supports attached to the voucher. The seal could also contain provision for voucher number and date so that when affixed on the supports/bills, the voucher which the bill/support relates to is specified.
5. No payments shall be made against the credit card dues of any employee unless they are supported by original bills. No payment shall be made just on the basis of the statement of the card issuer. Where the person is on a long tour and the statement is to be paid for during his absence, the payment is to be debited as

advance and charged to revenue only on receipt of the bills.

6. In the event of loss of original bill(s), the voucher must be supported by adequate proof to substantiate the loss. Duplicate bills must be obtained from the vendor/supplier and attached to the voucher.
7. Any amount which is reimbursable or advance payment made to the organisation shall not be charged to revenue. These amounts shall be booked to the relevant receivable or payable account till settlement.
8. Payments will be made only after deduction of income tax at source as per the Income Tax Act and Rules there under. The tax so deducted should be remitted to the account of the Government within the time limit provided under the Act/Rules. TDS certificates should be issued with the payment to the party. All the related provisions under the Income Tax Act and Rules must be complied with.

C. RECEIPTS

1. Preprinted numbered receipts should be issued on receipt of any amount whether by cash or by cheque. Separate receipt books are to be maintained for foreign grants, local grants as well as online grants received by the organization.
2. Only one receipt book/series should be in use at any point at one office/building for each mode of receipt i.e. physical as well as online mode.
3. Receipts should be issued for every inflow of cash or cheque whether they are from third parties like donors.
4. Receipts should be in duplicate. The original receipt must be issued to the payer. The book copy could be retained as the receipt voucher (in case of manual system).
5. If cash is deposited into the bank the contra voucher will be adequately supported with the bank receipt and signature of the cashier and authorized signatory.
6. All cash donations must be banked within the end of the week.
7. Receipts must be accounted immediately on actual receipt itself.
8. Form of receipt - original - payer's copy – Attributes to be present

[NAME OF THE NGO]

[COMPLETE AND CORRECT ADDRESS OF THE NGO]

[PAN NUMBER, 12A AND 80G REGISTN NUMBER]

RECEIPT

D. CASH BOOK – TO BE REVIEWED LATER

1. The cash book must contain preprinted serial numbers. Missing pages if any must be noted and authorised before commencement of use of the book itself.
2. The cash book entry must be made immediately on making the payment/receipt.
3. The cash book entry must be based on a properly prepared and authorised receipt/voucher (as set out in this manual).
4. The cash book entry must be in the serial order of the vouchers/receipts only. Cancelled vouchers must be entered as cancelled so that the series is completely and continuously accounted/entered.
5. Every entry in the cash book should contain the voucher number and date, account head debited/credited, the amount paid/received, a detailed narration containing the nature and purpose of the transaction and the ledger folio into which posted.
6. The cash book must at all times reflect the actual inflow and outflow of cash into and from the cash box. No payments or receipt of cash, for whatever reason must be left unaccounted. Even if the payment is returned by the payee within a few hours both the outflow and inflow are to be reflected.
7. If the cashier maintains a cash scroll and the fair/final cash book is maintained by other staff, the entries, totals and balances in the two sets of books must be identical and must tally with each other.
8. At the end of every day the cash book and the scroll must be checked by the staff authorised for this purpose/authorised signatories, with the vouchers/receipts. The

physical cash balance available in the cash box should be counted and tallied with that as per the cash book on a weekly basis. This physical verification must be documented on the cash book of that day itself by mentioning the denominations available that make up the balance and by the signature of the person verifying the cash balance/book and the cashier on all the pages of the cash book.

9. The daily totals and balances in the cash book (where not computerised and in cash scroll) must be in ink and the daily cash book must begin with the opening balance and end with the closing balance of that day.
10. If accounting is computerised, apart from the other procedures laid down, the daily cash book containing the opening balance for the day, receipts, payments and closing balance must be printed out. This print out should contain the documentation in para (8). The final cash book will comprise these daily print outs and must be bound periodically.
11. There should be no scoring out of entries (whether of the figures or other particulars including the account head), corrections, application of white fluid, rubbing, overwriting, etc. Any corrections to be made should be through properly authorised journal entries in the case of rectification of wrong account heads or through fresh cash vouchers (receipt or payment), which are again to be properly authorised.
12. Under the manual/non computerised accounting system an analytical/columnar cash book meeting all the requirements of this manual, may be maintained with the normally used account heads being given a column each. This makes monthly posting of totals to the general ledger under each account head possible instead of individual posting of every entry, thereby reducing the number of postings and consequently the scope for error.

13. Since cash payments are not possible when there is inadequate cash balance the cash book cannot ever show a negative cash balance at any point/on any day.

E. CASH BALANCE MAINTENANCE

1. The cash balance should always be kept/available in the cash box only.
2. When the cash balance at any point crosses Rs.10,000/- the excess should be immediately banked.
3. Personal cash should not be mixed with the office cash.

F. BANK BOOK – TO BE REVIEWED LATER

1. The bank book must contain preprinted serial numbers. Missing pages, if any, must be noted and authorised before commencement of use of book itself.
2. The bank book entry must be made immediately on making the payment/receipt.
3. The bank book entry must be based on a properly prepared and authorised receipt/voucher (as set out in this manual).
4. The bank book entry must be in the serial order of the vouchers/receipts only. Cancelled vouchers must be entered as cancelled so that the series is completely and continuously accounted/entered.
5. The bank voucher numbers must follow and correspond with the cheque number series. There must be no chronological mismatch between cheque and voucher numbers. Cancelled cheques should be accounted as cancelled but no separate voucher is necessary for this. The cancelled cheques must be preserved.
6. For deposits into the bank account and bank receipt entries the stamped (by bank) pay-in- slips/deposit challans must be attached to the receipt or maintained as a separate bound book.
7. Every entry in the bank book should contain the voucher number and date, account head debited/credited, the amount paid/received, a detailed narration containing the nature and purpose of the transaction and the ledger folio into which posted.
8. No rough bank book in any form should be maintained.

9. The bank book should be made up/updated with every issue and receipt of every cheque.
10. At the end of every day the bank book should be totalled and balanced. Only the closing balance of the day should be carried forward to the next day.
11. The daily bank book including the totals and balances should be verified by the authorised signatory with the vouchers and cheques issued register/cheque counterfoils. This process must be documented by the authorised signatory and the accountant signing on all the pages of the bank book.
12. If the accounting is computerised, apart from the other procedures laid down, the daily bank book containing the opening balance for the day, receipts, payments and closing balance must be printed out. This print out should contain the documentation contained in para (11) above. The final bank book will comprise these daily print outs and must be bound periodically.
13. There should be no scoring out of entries (whether of the figures or other particulars including the account head), corrections, application of white fluid, rubbing, overwriting, etc. Any corrections to be made should be through properly authorised journal entries in the case of rectification of wrong account heads or through fresh bank vouchers (receipt or payment), which are again to be properly authorised.
14. Under the manual/non computerised accounting system an analytical/columnar bank book meeting all the requirements of this manual may be maintained with the normally used account heads being given a column each. This makes monthly posting of totals to the general ledger under each account head possible instead of individual posting of every entry, thereby reducing the number of postings and consequently the scope for error.
15. Based on the volume of transactions a pass sheet/pass book/ bank statement update must be obtained from the bank regularly/periodically. The entries in this must be reconciled with the entries in the bank book and a bank reconciliation statement (BRS) is to be prepared monthly. This BRS should be authorised by the authorised signatory.
16. Inoperative bank accounts must be closed. Till such closure monthly bank statements, year end confirmations and reconciliations if any should be obtained/made.

17. At the year end confirmations of all bank balances must be obtained from the bank.
18. A separate bank book must be maintained for every bank account.
19. No transfer must be made from banks without a cheque. This would apply even to standard payments like salaries.
20. All fresh cheque books should be crossed account payee. For bearer cheques the crossing will be cancelled by the authorised signatories under their signature.

G. JOURNAL REGISTER

1. The journal register must contain preprinted serial numbers. Missing pages if any must be noted and authorised before commencement of use of the book itself.
2. The journal entry must be based on a properly prepared and authorised voucher as set out in this manual.
3. The journal entry must be in the serial order of the vouchers only. Cancelled vouchers must be entered as cancelled so that the series is completely and continuously accounted/entered.
4. Every entry in the journal register should contain the voucher number and date, account head debited/credited, a detailed narration containing the nature and purpose of the transaction and the ledger folio into which posted. In case of rectifications, the cross references of the basic documents/books/entries rectified must be given
5. There should be no scoring out of entries (whether of the figures or other particulars including the account head), corrections, application of white fluid, rubbing, overwriting, etc. Any corrections to be made should be through properly authorised journal voucher/entries only.
6. Under the manual/non computerised accounting system an analytical/columnar journal register meeting all the requirements of this manual, may be maintained with the normally used account heads being given a column each. This makes monthly posting of totals to the general ledger under each account head possible instead of individual posting of every entry, thereby reducing the number of postings and consequently the scope for error.

7. If accounting is computerised, apart from the other procedures laid down, the journal register must be printed out at the end of every week. This print out should be authorised by the designated authorised signatory. The final journal register will comprise these daily print outs and must be bound periodically.

8. Every journal voucher must be properly supported by third party bills. Every bill attached to a journal voucher must be stamped with the journal voucher number and date to which attached.

H. GENERAL LEDGER (GL) – TO BE REVIEWED LATER

1. The general ledger pages will be preprint numbered under the manual system and automatically numbered under the computerised system. Missing pages should be identified/documentated and authorised.
2. The general ledger should have an alphabetic index indicating the page/folio number where an account head and code/cost center will appear.
3. The general ledger should contain separate folios for separate account heads grouped as per the chart of accounts. The account code/cost center must be mentioned along with the account head
4. The general ledger is to be maintained annually from 1 April to 31 March. A new general ledger should be maintained for every financial year starting from 1 April.
5. The closing balances in the assets and liabilities accounts from the immediately preceding balance sheet as at 31 March will be brought forward as opening balances in the ledger as on 1 April every year. This will be the starting point of the general ledger. The opening balances must be brought forward even if audit is not complete. On completion of audit necessary rectification entries can be passed.
6. The general ledger will be posted with entries from the cash book, bank book and journal register monthly - if analytical/columnar cash, bank and journal books are maintained and daily entry wise in other cases.
7. The general ledger will be totalled and balanced every month on the last day of the month or the previous day if the last day of the month is a holiday. The

balances and totals will be in ink only. A trial balance will then be extracted.

8. There must be no scoring out of entries in ink or by using fluid, etc., and/or overwriting, etc.
9. The authorised signatory or heads of the regions will check the general ledger every month and sign against these monthly balances and compare them with the trial balance.
10. Computerised Accounts – general ledger
 - 10.1 Under computerised accounting apart from meeting the other requirements of this manual the general ledger must be printed quarterly, on the last day of every quarter, with the pages numbered automatically. The system of quarterly print outs should not be dispensed with on the plea that the data is available in the system.
 - 10.2 An alphabetic index must be available of the pages where account heads and ledger folios appear.
 - 10.3 The quarterly print outs of the various accounts in the general ledger will be taken on the last day of every quarter or the previous day if the last day is a holiday. Signed by the authorised signatory it will form part of the eventual/final annual general ledger.

I. TRIAL BALANCE, RECEIPTS AND PAYMENTS ACCOUNT, INCOME AND EXPENDITURE ACCOUNT, BALANCE SHEET AND DONOR REPORTING

1. The independent and consolidated trial balances for foreign contribution and local contribution will be made up on the last day of every year containing the balances in the asset and liability accounts as on that day and the income and expenditure account balances from 1st April to the end of the relevant year i.e. 31st March.
2. Before printing the trial balances, the staff incharge (paragraph A) should check its contents thoroughly.
3. The yearly receipt and payment account, income and expenditure account and balance sheet will be prepared from the trial balance on the last day of the financial year in the standard formats which is in any case is built into the chart of accounts and therefore into the trial balance.
4. All donor reports whether financial or narrative and whether audited or unaudited shall be sent within the dates set by the donor(s) in the project documents.

J. FUND BASED ACCOUNTING

1. Every individual project whether funded by a single donor or more than one donor as a consortium or otherwise should be treated as a separate fund.
2. All the Incomes and Expenditures whether revenue or capital in nature with respect to every fund must be distinctly and separately accounted.
3. The books of account with respect to every fund should include the
 - fixed assets acquired with those funds
 - income and expenditure of the fund
 - unutilised balance of that fund
4. A separate set of receipts and payments account should be prepared for every fund on monthly basis.
5. The audited fund based accounts should be sent to the respective donors as per their requirement in the agreement.
6. The figures in the utilisation certificates to the donors should be drawn from the audited fund based accounts only, if required as per the agreement with the donor.
7. Allocation of interest earned to donors/projects.
 - 7.1. No interest will be allocated to donors/projects if there is no specified contractual stipulation to do so.
 - 7.2. Interest will not be allocated to individual and other onetime/irregular donors.
 - 7.3. The allocation will be made at the financial year end only as banks revise their interest rates periodically.
 - 7.4. The rate and the basis have to be as per the bank to ensure that the allocation does not exceed the earning.

7.5. Interest on grants referred to in paragraphs 7.1 to 7.2 will be to the credit of VEDIC Society.

7.6. If fixed deposits are created out of a specific donor/project grants, the entire interest will be credited to the donor/project provided there is no deficit in their account otherwise.

K. ADVANCES TO STAFF - TRAVEL, PROGRAMME AND SALARY

1. The documents/records to be maintained relating to staff advances are:
 - a) The advance payment bank/cash voucher
 - b) The advance requisition form which is approved by the designated authority.
 - c) All supports/bills attached to the advance requisition form (tour plan, quotations etc.,)
 - d) The entry accounting the settlement of the advance
 - e) All bills and supports attached to the voucher
 - f) The bank/cash voucher accounting the receipt or payment of the balance on advance settlement
2. The form shall be signed by the person requisitioning the advance after taking approval from the authorized signatory and submit it to the accounts department not less than the 3 working days before the starting date of activity/programme/tour for which the advance is required for. The accountant should sign the form on payment/data entry.
3. A copy of the approved tour plan in the case of travel advances, quotations, etc., in the case of advances for purchases should be attached to the advance requisition form and should also be signed by the authorised signatory when approving the advance.
4. Advances are to be paid only if any previous advance taken by that employee is settled. This check should be made with regard to advances under all heads – travel, programme, salary, etc. This should be suitably documented in the advance requisition form. Where more than one event is

managed simultaneously by an employee, this rule will not apply 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.

5. Advances to the extent possible should be allowed through by account payee cheque only. Steps should therefore be taken to request for it in good time so that credit could be available to the payee at the time of the need.
6. All advances should be settled by submission of bills and return of unspent amounts (by cheque) within the following periods:

Travel advances - Within 12 working days of completion of the travel/tour

Programme advances:

- a) for running a field office - Monthly before the 10th of the succeeding month
- b) for others - Within 12 working days from the end of the event/transaction.

7. Programme advances must generally be avoided/minimised and the organisation should directly issue cheques to the parties concerned.

8. On submission of bills the settlement entry (other than the portion involving physical cash/Cheque inflow/outflow) should be through journal only and not through the cash book.

9. The journal, cash and bank vouchers in settlement of advances and the bills and supports should be authorised and signed by the authorised signatory laid down in paragraph B of this manual.

10. The advance requisition form along with the relevant supports should form the support to the cash/bank voucher accounting the advance paid.

11. All advances are to be accounted immediately on payment. No suspense advances or IOUs are permitted.
12. Advances outstanding beyond the period allowed should be recovered from the salary.
13. The advance accounts and their balances should be monitored before every entry. Periodically, preferably fortnightly the staff designated in chapter B should monitor all the advances to ensure that recovery whenever required/possible is made.

L. TRAVEL EXPENSES – REIMBURSED/PAID TO STAFF

1. The basic documents/records involved are :
 - An approved travel plan/tour schedule
 - If paid through advances chapter M of this manual also applies
 - The travel policy/guidelines as contained in VEDIC Society's Human Resource Policy Manual
 - The outstation travel claim form
2. Travel advance should be limited to the estimated cost of travel based on the mode of travel, cost of tickets, stay and number of days involved.
3. Generally, travel should be by the shortest route and cheapest mode of transport.
4. The expenses on travel, victuals, other related expenses and to the extent possible on local conveyance should be supported by original third party evidence/bills.
5. The limits with respect to stay, victuals and local conveyance are contained in the VEDIC Society's Human Resource Policy Manual.
6. Any travel booking (taxi, air and trains) shall be through travel agencies approved by the organisation only.
7. Cost of air and train tickets booked by VEDIC Society shall be debited to advance account of the employee and shall be reversed to travel expenses only on the

employee's return of the used tickets. In the case of train tickets photocopies of tickets shall be (where originals are surrendered) adequate. The administration may verify the travel with reference to the PNR.

8. The procedures on drawl, settlement, confirmation, etc., relating to travel advances should be in accordance with the paragraph dealing with advances in the manual.
9. The outstation travel claim will be in the form given in the HR manual.
10. Every employee shall submit their original ticket and boarding pass as applicable in case of travel made by taxi, train or by air to the accounts department within 12 days from their successful returning from the outstation.

M. MANAGEMENT OF FIXED ASSETS

1. The fixed assets will be purchased in the name of the organisation.
2. The purchase procedure to be followed is as listed under the ‘procedure for purchases’ section of this manual.
3. All purchases will be strictly of items provided for in the project document/budget only. Please refer paragraph (L) an accounting of assets acquired out of donor grants.
4. The fixed assets acquired will be accounted in the books of the purchaser and user and as a separate item (non recurring – capital costs) and should not be mixed up with any other (recurring) costs/account head/programme expenditure.
5. On receipt, the asset will immediately be paint numbered (alphanumerical) using a series of numbers which incorporates the funding source, the category of the asset (vehicle, furniture, office equipment), location and the number of the asset within the category.
6. The documents relating to the ownership of the asset (like registration certificates for vehicles) and the papers relating to the warranty will be kept in safe custody and the person responsible for this will be as contained/set out in the earlier sections of this manual.
7. A fixed assets register will be maintained at every location. The central office will have an updated list of assets as at the year end with respect to each location. The following details/characteristics must be available in the fixed assets register :

- 7.1. Numbered pages
- 7.2. Category under which the asset falls – vehicles, furniture, office equipment, land and building, etc.
- 7.3. Name and description of the asset
- 7.4. Number of pieces
- 7.5. Paint/identification number(s) as painted on it/them
- 7.6. Location and by whom used
- 7.7. Cost of the asset inclusive of taxes/duties
- 7.8. Reference of the bank voucher number and date through which purchase paid for/accounted
- 7.9. Name of the supplier
- 7.10. Name of the donor/project

In addition to this physical verification report will be a part of the Fixed Assets Register.

8. The reference of the fixed assets register (page number) and the paint number of the asset shall be mentioned on the voucher(s) accounting the payment/purchase of the asset.
9. The minimum value of items to be entered in the fixed assets register is as contained in the section dealing with the purchases. However, items which will be consumed/used up/distributed during the course of the project will not be a fixed asset but will be inventory. For such items the inventory register will be used.
10. Each asset will be entered on a separate page so that change of user/location, etc., can be noted. Every category of asset will be noted together in one section. Therefore, a section of the fixed assets register must be maintained for each category (vehicle, furniture, office equipment, land and building, etc.) and within each section/category one page for every individual item within that category.

11. The fixed assets register must be indexed using their paint number so that an asset can be easily found within it.

12. Charging of depreciation on assets will be as per the decision of the board.

13. On 31 March every year fixed assets physically available will be verified by accounting and administrative staff. This verification will be documented in the register by the person verifying by affixing his signature on the fixed assets register. On his so affixing his signature he vouches for all the particulars entered therein.

14. Assets which are no longer useful will be scrapped after being so decided by the Management Committee. The reference of this committee's decision will be mentioned in the fixed assets register and the item will then be removed from the register and from the balance sheet by a suitable journal entry.

15. Any disposal of assets will follow the procedure in paragraph (15) above.

N. INVENTORY REGISTER

1. This register will be maintained for purchase of items as per the section of this manual dealing with purchases and for items which are not fixed assets and which will get consumed/used up/distributed during the course of the project.
2. There may be different registers for different items – like stationery, books, food articles kitchen items, building construction material, etc. However, an authorised master list of registers and books maintained must be available at every location.
3. The basic details needed in an inventory register are :
 - 3.1 Preprint numbered pages
 - 3.2 Nature of item
 - 3.3 Location of the inventory
 - 3.4 Date of purchase
 - 3.5 Number of items purchased
 - 3.6 Date and number of items issued
 - 3.7 Issued to whom and authorization with signature of person receiving and person issuing.
 - 3.8 Balance available in number after every issue receipt/entry
 - 3.9 Reference to the purchase order.

O. CONTROLS IN COMPUTERISED ACCOUNTING SOFTWARE PACKAGE

1. Entries should be permitted into the cash book, bank book and the journal register for any day only if the books of the previous day or the previous week (journal) as the case may be were printed.
2. The daily print outs must be punched in continuation serially from 1 April of every year to the 31 March following.
3. No insertion of entries must be allowed.
4. No corrections must be permitted to any entry once made. This is because all corrections must be accounted separately after preparing the appropriate vouchers and obtaining the necessary authorization's (as dealt with elsewhere in this manual).
5. Vouchers with the same number i.e. repetition of voucher numbers shall not be allowed.
6. If cash entries are made when there is no adequate cash balance the entry should be rejected.
7. The control features in the accounting software should not be alterable.

P. BUDGETS AND VARIANCE ANALYSIS

1. The annual organizational budget will operate from 1 April every year.
2. The budget for the ensuing years will be sent to the head/central office by 30 January by all activists, field offices etc.,
3. Forms designed for the budgets by the head office and containing the head of account, activity, month of activity, budgeted expenditure etc., only will be used by all locations.
4. Every location component - that is every activist, field office etc., will be identified by a number with the numbers running consecutively so that all the components are included in the consolidated budget.
5. At the head office all the locational budgets (the head office will also be one such location) will be consolidated by 15 February every year to arrive at the annual budget for the coming financial year.
6. The consolidated budget will then be divided based on the donor funding the various activities to arrive at the donorwise annual budgets. Care should be taken to ensure that the entire budget is funded by donor(s).
7. The annual budgets (consolidated and components) must be approved by the board by the end of February or the beginning of March every year.
8. The yearly financial reports to be generated like the trial balance, receipts and payments account, income and expenditure account, balance sheet and donor/fund utilisation statements have been dealt with elsewhere.
9. The budget versus actual figures should be compared monthly and variance analysis (to be carried out quarterly) must contain remarks - reason, solutions and corrective steps by the authorized signatories after studying the issue – if the variance is more than 10%.

Q. OTHERS

1. Vehicle log book.

Log books should be maintained for each vehicle. The log book should specify the following:

- Date of travel
- Quantity of fuel filled, amount and the meter reading when filled.
- Repair and maintenance bills.
- Place visited and name of project
- Meter reading
- Name of person traveling
- Authorized signatory

At the time of reimbursement of a fuel bill, the entries in the log book should be verified.

2. Investments.

Investments should be in accordance with the provisions of the Income Tax Act. Investments should be handled centrally at the head office. An investment register is to be maintained with columns for name of investee, tenor, interest rate, maturity proceeds, distinctive numbers of documents, verification of original documents/interest and location of original receipts

3. Preservation and disposal of records.

The general ledger and subsidiaries shall be preserved for a period of ten financial years, while the other accounting records shall be preserved for a period of eight financial years after the end of the relevant financial year. On expiry of the period aforesaid, the records shall be destroyed after obtaining an approval from the board. Once the destruction was made, board shall be informed by the list of records destroyed and the name of the authorised person who was present at the time of destruction.

4. Back up

In the case of computerised accounts, the necessary back up in External Hard Disk shall be maintained apart from the printouts. The back up shall be updated on a weekly / monthly basis as suitable to the organization.