



# FINANCE MANUAL

**THE SOCIETY FOR AGRICULTURE HEALTH ENVIRONMENT  
LITERACY INNOVATION (SAHELI)**

**HASSANPUR, BIDYADHARPUR, BASTA, BALASORE, ODISHA, 756029**



## **CONTENTS**

<b>1. Introduction and Objectives</b>	<b>6-7</b>
1.1. Mission, Vision, and Objectives of the Organization	
1.2. Objectives of the Financial and Administrative Manual	
1.3. Application	
1.4. Process of updating the Manual	
<b>2 Accounting Principles and Policies</b>	<b>7-9</b>
2.1. Accounting System	
2.2. Accounting Period	
2.3. Significant Accounting Policies.	
2.3.1. Income Recognition	
2.3.2. Expenditure	
2.3.3. Apportionment of Common Costs	
2.3.4. Bank Charges or Interest Expenses	
2.3.5. Fixed Assets	
2.4. Depreciation Policy	
2.5. Liabilities	
2.6. Fund Account	
<b>3. Maintenance of Accounts</b>	<b>9 - 12</b>
3.1. Responsibility of the Finance and Accounts Department and Internal Controls	
3.1.1. Accounting Responsibility	
3.2. The Finance and Accounts (F&A) Department	
3.2.1. Functions of Finance and Accounts (F&A) Department	
3.3. Functions of Head of Finance	
3.4. Internal Controls Adoption of Internal Control	
3.5. Segregation of duties and job description	
3.6. Level of authority	
<b>4. Accounting Books of Records</b>	<b>12- 17</b>
4.1. Control Cash Book	
4.2. Control Ledger /General Ledger	
4.3. Project wise cash book	
4.4. Project wise ledger book	
4.5. Petty Cash Statement	
4.6. Receipts / Credit Voucher	
4.7. Payment / Debit Voucher	
4.8. Journal Voucher	
4.9. Cheque Register/Bank Register	
4.10. Salary Sheet	
4.11. Tax Register	
4.12. Tax Deducted at Source (TDS) Register	
4.13. Advance Register	



- 4.14. Attendance Register
- 4.15. Time Sheet
- 4.16. Leave Register
- 4.17. Staff Trip/Movement Register
- 4.18. Asset Movement Register
- 4.19. Inventory/Store Register
- 4.20. Reporting and correspondence with the Statutory Authorities
- 4.21. Monthly, quarterly and year-end financial statements including budget variance statements
- 4.22. Financial Reports to donors including fund request, forecast and other Correspondence
- 4.23. Correspondence with banks
- 4.24. Others

## **5. Budget and Budgetary Control 17 - 19**

- 5.1. Introduction
- 5.2. Budget Period
- 5.3. Classification of Budget
  - 5.3.1. Master Budget
  - 5.3.2. Core Budget representing income and expenditure of core activities of the organization
  - 5.3.3. Program Budget
- 5.4. Submission of Budget and Approval
- 5.5. Budget Submission to the Statutory Authorities
- 5.6. Budgetary Control
- 5.7. Line-Item flexibility of Budget
- 5.8. Revision of Budget
- 5.9. Budget Committee

## **6. Fund Management 19 - 20**

- 6.1. General
- 6.2. Sources of Funds
- 6.3. Nature of Fund
  - 6.3.1. Restricted Fund
  - 6.3.2. Unrestricted Fund
- 6.4. Investment of Fund
- 6.5. Fund Receipts
  - 6.5.1. Receipts of Fund through Bank Transfer
  - 6.5.2. Receipts of Fund by Cheque/Demand Draft
- 6.6. Custody of Fund
- 6.7. Transfer of Project Fund from Mother A/C to Project A/C

## **7. Banking Operations 21 - 24**

- 7.1. General
- 7.2. Opening & closing of Bank Accounts
- 7.3. Mother Bank Account
- 7.4. Operation/Project Bank Account/Loan Account/FDR or any Investment Account
  - 7.4.1. SAHELI operational/Core Account:



- 7.4.2. Project Account:
- 7.4.3. Loan Account/FDR or any Investment Account:
- 7.5. Digital Banking
- 7.6. Bank Signatories and digital banking approval authority
  - 7.6.1. Mother Bank Account
  - 7.6.2. Operational/Project Bank Account, Fixed deposits, Loans etc.
  - 7.6.3. Inform the Bank Regarding the movement of Signatories /approval authority
- 7.7. Deposit of Cash at Bank
- 7.8. Receipts of Cheques/Pay Orders/Drafts etc.
- 7.9. Bank Credit Advice
- 7.10. Bank Debit Advice
- 7.11. Bank Statement and Bank Certificate
- 7.12. Bank Reconciliation Statement
- 7.13. Minimum Limit for Cheques Payment
- 7.14. Bank Register/ Cheque Recording Register
- 7.15. Cheque Counterfoil
- 7.16. Documentation of digital transaction
- 7.17. Cancellation of Cheques
- 7.18. Cancelled Cheques
- 7.19. Ordering of New Cheque Book
- 7.20. Safety of Cheque Books

## **8. Cash Management**

**24 - 29**

- 8.1. Cash Book
- 8.2. Duration of Cash Transaction
- 8.3. Closing of Account
- 8.4. Verification of Cash
- 8.5. Cash Counting
- 8.6. Cash Security
- 8.7. Petty Cash
  - 8.7.1. Use of petty cash
  - 8.7.2. Petty cash control
- 8.8. Accounting for receipts
- 8.9. Cash receipts
- 8.10. Fund receipts from foreign sources
- 8.11. Receipts of cheque/pay orders/drafts etc.
- 8.12. Fund received from local sources
- 8.13. Accounting for payment
- 8.14. Payment voucher
- 8.15. Supporting Documents
- 8.16. Payment of salary and allowance
  - 8.16.1. Payroll Processing
  - 8.16.2. Payment of Salaries, PF due to an employee at the time of Resignation or dismissal
  - 8.16.3. Payment of salaries and benefits due to a deceased employee
- 8.17. Deduction of Income Tax at Source
- 8.18. Accounting for Income Generation (If applicable)
- 8.19. Preservation of Financial Documents



## **9. Advance**

**29 -32**

- 9.1. Purpose
- 9.2. Types of Advances
  - 9.2.1. Advance against remuneration
  - 9.2.2. Advance against travel expenses
  - 9.2.3. Advance against purchase of goods
  - 9.2.4. Advance for programme expenses
  - 9.2.5. Advance to third parties
  - 9.2.6. Advance against house rent
  - 9.2.7. Advance to the contractors
  - 9.2.7. Advance to materials suppliers/service providers /organizations
  - 9.2.8. Advance to consultants/Resource persons against programme
  - 9.2.9. Requisitions for Advances (only for staff)
- 9.4. Certification and Approval
- 9.5. Mode of Payment
- 9.6. Disqualification for Advance
- 9.7. Adjustment of Advance
- 9.8. Defaults in Adjustment
- 9.9. Advance Register
- 9.10. Report on Advance

## **10.Travel**

**32 - 33**

- 10.1. Travel Advance
- 10.2. Different considerations for different levels of staff
- 10.3. Categories of Travel
  - 10.3. Travel by invitation
    - 10.4. Local travel within project area and within district(s)
    - 10.5. Travel outside project area but within Odisha
    - 10.6. Travel outside project area and outside Odisha
  - 10.7. Local conveyance in travels out of station
- 10.8. Incidental expenses
- 10.9. Accommodation
- 10.10. Travel settlement
- 10. 11. The rights of Director

## **11. Procurement Procedures**

**33 - 38**

- 11.1. General
- 11.2. Requisition
- 11.3. Budget Provision
- 11.4. Procurement limits or levels
- 11.5. Competitive Bidding Process
  - 11.5.1. Finalising the Vendor List
  - 11.5.2. Procurement Committee
  - 11.5.3. Determination of Evaluation Criteria and Comparative Bid Analysis
  - 11.5.4. Bidding /Tender Process
    - 11.5.4.1. Inviting quotations/bidding
    - 11.5.4.2. Receiving Quotations/Biddings



- 11.5.4.3 Opening Quotation/Tender
- 11.5.4.4 Comparative Bid Analysis
- 11.6. Purchase Order
- 11.8. Receipt of Goods
- 11.9. Payment
- 11.10. Mode of payment
- 11.11. Control Procedure
- 11.12. Flow Chart of Procurement Procedure
- 11.13. Code of conduct for procurement of goods and services
- 11.14. Validity of Procurement
- 11.15. Hiring resource/expert/knowledge support provider

## **12.Fixed Assets Management**

**38 - 41**

- 12.1 General
- 12.2 Fixed assets
- 12.3 Safe keeping of Fixed Assets
- 12.4 Custodianship
- 12.5 Donated Assets
- 12.6 Non-Capitalized Assets
- 12.7 Insurance
- 12.8 Fixed Asset ID Number
- 12.9 Fixed Asset Register
- 12.10 Movement of Fixed Assets
- 12.11 Physical Verification of Fixed Assets
- 12.12 Disposal of Fixed Assets
- 12.13 Accounting for Disposal of Fixed Assets
- 12.14 Writing off of Fixed Assets

## **13. Financial Reports**

**41 - 45**

- 13.1 Internal Financial Report
- 13.2 Contents of Financial Statements
  - 13.2.1 Balance Sheet
  - 13.2.2 Income and Expenditure Account
  - 13.2.3 Receipts and Payments Account
  - 13.2.4 Comparative Statements: Budget vs. Actual Amount
  - 13.2.5 All supporting Documents with regard to:
- 13.3 Financial Report to the Donors
- 13.4 Final Accounts
- 13.5 Chart of Accounts
- 13.6. External Audit and Annual Return
  - 13.6.1 Appointment of External Auditors
  - 13.6.2 Annual Return
  - 13.6.3 Internal Audit
  - 13.6.4 Special Area:
- 13.7 Cost sharing guideline

## **14.Conclusion**

**44- 44**



## 1. Introduction and Objectives

The Society for Agriculture Health Environment Literacy Innovations (SAHELI) is a not-for-profit, Non-Governmental Organization (NGO) engaged in a wide spectrum of social development activities for the empowerment of women and girls. SAHELI is registered with the office of the Registrar of Societies under the Societies Registration Act (Act 21), 1860. It has got registration with the Ministry of Home Affairs (MHA) under the Foreign Contributions (Regulation) Act (Act 49), 1976. Besides it has secured all required exemptions under the Indian Income Tax Act, 1961.

### 1.3. Mission, Vision, and Objectives of the Organization:

**Vision:** A society where dignity of women belonging to all sections of population, especially those belonging to vulnerable sections, respected and women gain equal opportunities in all frontiers of life

**Mission:** Empower all sections of society through appropriate institutions and processes and place such institutions in operational collaborative relations with governments and other stakeholders for integrated development with equal dignity for women as the focal point

### Objectives

SAHELI endeavors to promote dignified womanhood and to protect the rights of women and girls in its area of operation. The specific objectives of the organisation on this regard are to:

- (i) Ensure life and good health;
- (ii) Promote education, skill building, and knowledge;
- (iii) Encourage labour and financial inclusion;
- (iv) Enable to participation in decision making; and
- (v) Support to gain freedom from violence

### 1.2 Objectives of the Financial and Administrative Manual

The Financial and Administrative Manual seeks to explain in detail the accounting and administrative rules and regulations for the organization, ensuring transparency, good governance and accountability in the organization itself, as well as in its transactions and interactions with external parties. This Financial and Administrative Manual provides a complete structure for day-to-day transactions and guideline for their appropriate recording in the books of accounts and preparation of monthly, quarterly, and annual Financial Statements. The Manual will also stipulate sound administrative procedures and practices to ensure compliance with best practice, donors' requirements, and local regulatory requirements. This manual provides, in one place, a comprehensive set of Financial and Administrative practices and procedures for SAHELI. This manual supersedes all previous Financial and Administrative practices and procedures that were in place before the formal approval of this Manual.

The contents of this manual are arranged in various sections containing Financial and Administrative practices and procedures to be followed in the organization. The employees are expected to be aware of, understand and fully comply with all practices and procedures stated in this manual.

### 1.3 Application

The SAHELI already had certain policies pertaining to financial management. These are strengthened and elaborated with additional provisions in this document. These practices and procedures were revised and created this new Financial and Administrative Manual of the SAHELI as per the decision made on



14/03/2025 by the Governing Body of SAHELI. This Manual applies to all financial and administrative aspects related to SAHELI and all other projects implemented by SAHELI.

## 1.4 Process of updating the Manual

- a) The Governing Body of SAHELI shall have the right to modify, amend, replace, revise and/or add any of the provision of this Manual in such manner and to such extent, as may be deemed fit.
- b) Any change or modification/amendment, as approved by the Governing Body of the Organization shall be incorporated and put into effect immediately.

## 2 Accounting Principles and Policies

### 2.1 Accounting System

The accounting system is cash based and records are maintained by double entry system. All income received during a particular year shall be accounted for in the same year. Any part of income, which is committed for subsequent years, shall not be treated as income in the year of receipt. All expenditures incurred, paid and accrued shall be considered as expenditure in the year to which it relates. In the case of consolidating the financial statements of the projects i.e. Project period of which was not ended as on March 31, shall not be recognized for that year. The accounting of financial transactions of SAHELI shall be managed with properly designed accounting systems in accordance with internationally accepted principles and international accounting standards as adopted by India.

### 2.2 Accounting Period

SAHELI shall maintain its accounting year from April 01 to March 31. Accounting year of the projects may be different subject to the requirements of Donor/or based on the commencement of the project.

### 2.3 Significant Accounting Policies.

#### 2.3.1 Income Recognition

Income shall be accounted for as the one for the year received it by SAHELI from whatever source (Any grant/donation) in the year to the extent it relates to that particular year. Any donation/grant received pertaining to the subsequent years shall not be recognized as income during the year. Any commitment of fund for a particular year shall not be considered as receipt or income of that particular year rather income will be recognized in the year to which it relates.

#### a) Interest Income

Any interest received or accrued on the deposit or fund invested by SAHELI shall be treated as income of that particular year to which it relates.

#### b) Tuition / Training Fees

All fees, charges, training course fees etc. received from students and trainees are booked under this head at the time of receipt.

#### c) Donation

Any donation received from whatever source, shall be recognized as contribution in the year in which it is received, and depending on the nature thereof, will be credited to the Income & Expenditure Statement



or Capital Fund Account, as appropriate. SAHELIdonation related accounting issues would be identified under the following categories:

- Donor fund - General
- Donor fund - Investment in fixed assets

Donations related to assets and revenue will be accounted for as per following norms:

i) Donations related to assets:

Donations related to assets including non –monetary grants should be presented in the balanced sheet at fair value by setting up donations as Deferred Income.

ii) Donations related to Income / Revenue:

Donations should be recognized as income over the periods necessary to match them with the related cost, which they are intended to compensate on a systematic basis. They should not be credited directly to own fund.

iii) Accounting of Donor fund –General

When donation is received, it is recorded under this account irrespective of the nature of donation. Thereafter, donations utilized for assets are transferred to respective accounts. Donation utilized for revenue type expenses for a period is transferred to income. The balance remaining in this account represents unutilized donor fund. Sometimes SAHELI finds shortage of fund in donation account. In such a situation it creates receivable on donors' account and this accrued income is matched against expenditure or SAHELIarranges the deficit financing from its own fund.

d) Donations in Kind

Any donations in kind, will have a value assigned to it, and will be credited to the Income & Expenditure Statement or Capital Fund Account, as appropriate.

e) Rental Income

Any income received or accrued by the organization on account of lease of organization properties, facilities etc. shall be treated as rental income and shall be accounted for in the year to which it relates.

f) Miscellaneous Income

Any income received or accrued from any source other than donation, interest, training fees or rental, income by providing photocopy service, equipment rental, rent of conference room, print and electronic media archive charge, cafeteria service etc. shall be considered as miscellaneous income and shall be accounted for in the year to which it relates. To ensure the quality and cost effectiveness, SAHELI may provide the mentioned services to the project at a rate determined by the Board from time to time.

### 2.3.2. Expenditure

Any payment or obligation for payment for a particular year shall be recognized as expenditure in the year to which it relates. Expenditure accrued but not paid shall also be considered as expenditure in the year it was obligated.

### 2.3.3. Apportionment of Common Costs



If it deems necessary, some costs may be apportioned between different (Projects) programs/activities and cost centers. Any short-term Consultancy/purchase order /Event Management will not be considered for sharing the common cost. In such cases, the apportionment will be made depending upon the nature and purpose of expenses and budget allocation. The finance department will always review the ratio of cost allocation after phased in/out of any project. This apportionment may be reviewed monthly and revised accordingly.

#### 2.3.4. Bank Charges or Interest Expenses

Bank charges or interest paid for transferring/receiving any amount shall be charged to the particular program/project for which the amount was paid/received.

#### 2.3.5. Fixed Assets

Fixed Assets shall be recorded at actual cost. Any expenses incurred in the acquisition or construction of fixed assets shall be included in the costs of assets i.e. capitalized.

### 2.4. Depreciation Policy

Full year's depreciation shall be charged on fixed assets if assets are acquired in the first six months of the year and no depreciation shall be charged if assets are procured in the second half of the year and in the year of disposal. Straight line method of depreciation will be applied on all the assets. Depreciation shall be charged in each financial year on fixed assets at the rate provided below:

Land	No
Building	10%
Furniture and Fixture	10%
Office Equipment	15%
Vehicle	25%
Computer, printer, Multimedia projector etc.	40%
Other Assets	20%

Any change in the rate of depreciation will be done through the approval of the Governing Body. Prior year adjustment may be made giving effect of changes of depreciation rate.

### 2.5. Liabilities

Liabilities represent any obligation to any party, arising due to receipt of goods or services and any amount payable to any person or organization by SAHELI fund. All liabilities and obligations must be accounted for in the accounts before the year end /closing date.

### 2.6. Fund Account

The fund account represents the accumulated balance of excess of income over expenditure, and may also contain direct credits, for example, donation of fixed assets

## 3. Maintenance of Accounts

### 3.1. Responsibility of the Finance and Accounts Department and Internal Controls

#### 3.1.1. Accounting Responsibility

The responsibility of preparation of financial statements rests with the management. The Director, in his/her capacity as the Chief Executive of the Organization, will be responsible for the overall accuracy



and authenticity of the financial statements, and the accounting and other books and records on the basis of which such statements are prepared. The Head of Finance has overall responsibility for maintaining the accounting system and books of records. He/she is required to discharge this responsibility through a proper and efficient system ensuring effective internal controls, segregation of duties, and supervisory controls. Every person of the Finance and Accounts Department whose duty is to prepare the primary documents is personally responsible for the completeness and accuracy of their work. An officer who signs or countersigns any primary document, accounting returns or certificate is personally responsible for the facts stated therein so far as it is his/her duty to know or to the extent to which he/she may reasonably be expected to be aware of them.

### 3.2. The Finance and Accounts (F&A) Department

The Finance and Accounts (F&A) Department is headed by the Head of Finance and is directly responsible to the Director (CEO). The department is responsible for keeping proper records of all financial transactions and prepare various management and financial reports, as well as give necessary advice and assistances in the efficient and effective management of the organization.

#### 3.2.1. Functions of Finance and Accounts (F&A) Department

- All transactions following the standard procedure of the land and Manual approved by the authority.
- All transactions following the prevailing best practice and Manual approved by the authority.
- Receipts of all the income including foreign remittance, local income and sale proceeds of assets/or any other income.
- Processing and making all payments following the standard procedure and policies of the land and approved Manual of the organization.
- Account for all transactions following double entry system.
- Preparation of all necessary books of accounts and supporting register following the Manuals of the organizations.
- All pay fixation, increments and auxiliary works upon approval of the management / Governing Body.
- Processing and passing of salary and allowances of the employees.
- Processing staff advance and adjustment of the advances.
- Take necessary initiative regarding GST and Tax management as per govt. rules.
- Preparation of monthly, quarterly, six monthly, annually financial statements.
- Ensure the quality and correctness while preparation of financial statements within the time frame.
- Preparation of the bank reconciliation statement in every month
- Cost reimbursement of store and consumable items.
- Necessary arrangement for depreciation of fixed assets.
- Security of cash and bank balances.
- Assist the Director, in matters of finance as per his/her requirement.
- Assist and facilitate the external as well as the internal auditors in preparation of audited books of accounts.
- Cost/expenditure reimbursement from project which incurred centrally.
- Any other relevant functions as instructed by senior management /Governing Body

### 3.3. Functions of Head of Finance

Head of Finance is responsible for the overall management and supervision of finance department. She/he will ensure discharge of the responsibilities in cooperation with other assigned members of the department. Head of Finance will develop job description of all the staff members of the department, with



due approval of the Director, as such, that his/her responsibilities are equitably distributed among the members of the department including him/herself.

Following are the major areas of responsibilities of the Head of Finance:

- Overall Management and Supervision of Finance Department activities;
- Ensure compliance of Financial and Accounting procedures of the organisation;
- Ensure optimum uses of resources of the organization.
- Facilitating Budget preparation, revision and finalization;
- Budgetary control;
- Financial analysis;
- Preparation of financial statements and reports;
- Perform accounts payable and receivable functions;
- Organizing and facilitating periodical audits;
- Respond to queries of Donors and other regulatory body, on financial issues;
- Maintain coordination and supervision of project and Sub-office accounts matters;
- Assurance of compliance of statutory, regulatory and contractual requirements in financial operations;
- Conduct occasional crosschecks of bill and vouchers on sample basis;
- Allocate/distribute/re-distribute responsibilities of the Finance Section staff as and when required;
- Prepare Reports & Documents as per the requirements of SAHELI; and
- Any other duties assigned by the Director.

### 3.4. Internal Controls

“Internal Control System” means all the policies and procedures (Internal Control) adopted by the management of an entity to assist in achieving management’s objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The internal control system extends beyond those matters, which relate directly to the functions of the accounting system.

### 3.5 Adoption of Internal Control

The Director from time to time may establish financial rules and procedures duly approved by the Governing Body of directors in order to improve the financial administration, good governance and accountability. Each head of department is responsible for the satisfactory functioning of the internal controls in the Organization. The internal controls apply to all the activities; ensuring that measures are carried out as agreed and the resources of SAHELI is used effectively, in accordance with correct ethical principles and established agreements. The internal controls also include establishing internal routines for financial transactions in accordance with instructions from the donors and ensuring that the office employees follow these rules and regulations. Sound internal control also requires establishing segregation of duties in such a way that ensures checking of one employee’s work by another in the course of their routine works. Job description of each staff/officer shall be provided by the organization at the time of joining the organization. Through the internal control systems, the management should ensure that:

- Information is adequate and accurate.
- Resources of business are protected against losses resulting from theft, embezzlement or carelessness.
- Controls are in place over all phases of operation.

### 3.6 Segregation of duties and job description



This is a crucially important control activity (technique) that involves assigning job duties so that one employee can both perpetrate a misappropriation and conceal the misappropriation from timely detection. One major segregation of duties concept is that no employee should have more than one of the following types of job duties:

- maintaining custody over (access to) an asset;
- maintaining accounting records for the asset and
- authorizing use of the asset.

### 3.7 Level of authority

By explicitly assigning authority limits based on job duties and position in the organization, this control activity limits an organization's exposure to inappropriate and improper activities. The level of authority that the organization has vested in each employee should be formally documented and should be reviewed from time to time. The required changes will be added to this manual upon effecting such changes.

## 4 Accounting Books of Records

The accounting books and registers are important for recording financial transactions. These books and registers are treated as documentary evidence of financial transactions. The Finance & Accounts department of SAHELI shall maintain necessary books of accounts and registers for recording the financial transactions and related information, either manually and/or by using software.

The books of accounts and registers are important documents which should be maintained and preserved for proper documentation. SAHELI **should ensure that these are prepared carefully, avoiding overwriting, tampering, and unauthorized destruction / damage.** Eraser/correction fluid will not be used. Correction entries will be initiated by an authorized person. Depending on the needs of the organization, the organization should maintain the standard books and records / Registers.

### 4.1 Control Cash Book

The Cash book either maintained manually or by software, is used to record all transactions made in cash or through bank. It is used to record the following types of transactions: all receipts in cash, all payments in cash, and all receipts in the form of cheque/pay order/telegraphic transfer or any form other than cash. At the end of each day, the bank and cash balances should be extracted, and the cash balance be checked against cash in hand. If the amounts are found correct and agreed, the concerned Accounts Officer should sign the Cash Book. At the end of each day, the Head of Finance should review and sign the Cash Book for authentication.

The Cash Book must be totaled at the end of each month and balances of cash in hand and cash at bank extracted. The official authorized in this behalf to approve the expenditures should verify physical cash in hand. The Accounts Officer and the Approving Officer must sign the Cash Book if it is agreed with the amount physically found.

### 4.2. Control Ledger /General Ledger

A general ledger contains a classified account of income and expenditures and capital nature accounts. All transactions of a particular nature are posted chronologically under a specific line item assigned for this purpose. At the end of each month, the ledger must be checked against the cash book and journal to ensure that all the transactions have been posted in the ledger.



#### 4.3. Project wise cash book

These are maintained separately for each individual project.

#### 4.4. Project wise ledger book

These are maintained separately for each individual project.

#### 4.5. Petty Cash Statement

A petty cash account, not exceeding 2,000 (Two Thousand only) for the Head office and for each project should be maintained for small day-to-day expenditures. A reliable person not involved in accounting and procurement should maintain this Petty Cash Book. Petty Cash Vouchers and Petty Cash Book must be maintained in the same format as Payment Voucher and Cash Book described earlier. When the Petty Cash Advance is exhausted, Payment Voucher with supporting documents attached and Petty Cash Book should be produced to the Head of Finance for verification. If satisfied, The Head of Finance should sign the Petty Cash Book, replenish the petty cash advance, and transfer the petty cash expenditures to the main accounting system. Petty cash account will be the responsibility of the designated petty cashier who will be responsible to the head of finance for proper maintenance of records and cash handling procedures. Cash reimbursement forms will always be used for reimbursement of petty cash account and will be prepared by petty cashier. The petty cashier is entirely responsible for the money received and its management. Petty cash accounts are impressed accounts and therefore will be reimbursed only for the actual amounts disbursed and listed on the respective cash reimbursement form. No advance can be made from petty cash account. Staff salary should not be paid from the petty cash, but wages can be paid from petty cash. The following cost may be paid from petty cash:

- Reimbursement of fares, and cost of local trip
- Adjustment of Advance
- Postage/stamp/phone and stationery & supplies
- Client conveyance, Carrying charges
- Utilities (Telephone, mobile phone, gas bill, electricity bill, etc)
- Meeting expenses
- Repairs, maintenance & office expenses
- Casual staff
- Fuel
- GST & Taxes deducted at source.
- Contingencies.

#### 4.6. Receipts / Credit Voucher

This is one of the three types of vouchers used by the organization. Any amount received in cash by way of grants, subscriptions, donations, or repayment of loans / advances, collection against dues, etc. shall be treated as cash receipt transaction. Any amount received in the form of cheque / pay order / demand draft or in any form other than cash by way of grants, donations, interest, loans, or repayment of loans / advances, collection against dues shall be treated as bank transaction. All cash or bank receipt transactions shall be accounted for through Credit Voucher.

#### 4.7. Payment / Debit Voucher

Any amount paid in cash on account of incurring expenditure, purchase of assets, purchase of inventory, settlement of accounts or any other payment made by SAHELI shall be considered as cash payment transaction. Any amount paid by cheque, draft, pay order or account transfer on account of expenditure, purchase of assets, purchase of inventory, settlement of accounts or any other payment other than cash



made by SAHELI shall be considered as bank payment transactions. All payment transactions shall be accounted for through Debit Voucher.

#### 4.8. Journal Voucher

Journal Voucher is recognized as voucher for non-cash transactions, where receipt or payment of fund is not involved. Journal Voucher shall be used for transfer or adjustment of ledger account balances from one account to another account.

All account adjustments or transfer of general ledger account balances shall be recorded through Journal Voucher.

The Director shall authorize the Journal Voucher after verifying/checking by the Head of Finance.

Preparation of journal voucher is necessary to record the posting of all financial transactions that are generally categorized as below:

- Depreciation of fixed assets
- Adjustment for shortfall, damaged or disposed of fixed assets
- Provision created for capital expenditure
- Provision created for revenue expenditure
- Adjustment for damage, shortfall, obsolescence in inventory accounting
- Adjustment of advances
- Accounting for income receivable
- Accounting of deduction of withholding tax
- All sorts of rectification entries for appropriate corrections
- Other transactions not covered by any other vouchers

Adjustments are required at the end of financial reporting periods (quarter/year) to incorporate income and expenditures relating to the period concerned but not received or paid. On the other hand, some expenses may be paid, or some income may be received which do not relate to the concerned period. Inclusion of accruals and exclusions of advances are required to reflect true financial position of SAHELI for the period concerned and to compare actual financial performance levels with those budgeted. These adjustments / accruals are made through journal vouchers.

#### 4.9. Cheque Register/Bank Register

This register shall be maintained by the Finance Department for recording information relating to issue/receive of cheques and also transfer of funds to have a picture about total fund balance remains with banks. The cheque register should contain the following minimum information:

- a. Date of issue/ receipts
- b. Voucher number
- c. Payee/Payer's name
- d. Cheque number



- e. Bank name with A/C number
- f. Amount (Deposit, Payment & Balance)
- g. Initial of issuing and approval officer

#### 4.10 Salary Sheet

SAHELI shall maintain a sheet for recording staff salary payment. It will contain:

- Name of recipient
- Designation
- Basic pay
- Dearness allowance
- House rent allowance
- Family allowance
- Income tax & advance salary deduction
- Other relevant information

#### 4.11. Tax Register

Tax register/statement shall always be maintained to control over the GST deductions from suppliers and consultants. The deducted amount should be deposited to the Government Treasury and other statutory depositories within the stipulated time.

#### 4.12. Tax Deducted at Source (TDS) Register

SAHELI shall always maintain TDS register/statement to ensure control over deduction of income tax at source from payment. The deductions may be from the salary of staff members, suppliers, consultants etc. The deducted amount should be deposited to the Government Treasury within the stipulated time.

#### 4.13. Advance Register

An Advance Register shall have to be maintained to record advances given to employees. It contains information about nature of advances, installments and mode of adjustments, date of issuing advances with probable date of complete adjustments. If the individual account in the accounting software is maintained, no separate advance register is required.

#### 4.14. Attendance Register

SAHELI shall maintain an Attendance Register for the staff members, which contains information of attendance of all staff for the purpose of administration. Salary payment calculation will be done based on this attendance register.

#### 4.15. Time Sheet

Time sheet is maintained by staff members required for the project.

#### 4.16. Leave Register

This register will be maintained to record the leave availed by the staff members. This will contain information regarding name of staff, date and duration of leave, purpose and nature of leave etc.

#### 4.17. Staff Trip/Movement Register



Movements of SAHELI staff will be recorded in this register. This will contain information such as name and position of staff, date and time of departure, destination, purpose, return, signature of the staff, remarks, etc.

#### 4.18 Asset Movement Register

This will be used to record the movement of the assets of the organization from one location to another. The register should contain the following information:

- a. Details of the item
- b. Identification number
- c. Original/present location
- d. New location
- e. Purpose of movement
- f. Date of return

#### 4.19. Inventory/Store Register

All inventory movements will be recorded in this Register which would contain information regarding quantity, price, date of receipt and date of issue, name of recipient, source of materials and balances of materials.

#### 4.20. Reporting and correspondence with the Statutory Authorities

The organization will submit all required reports, budgets and audited financial statements to the relevant statutory authorities as and when required, and will maintain files for all correspondences and submissions.

#### 4.21. Monthly, quarterly and year-end financial statements including budget variance statements

The organization will prepare periodic financial statements for the projects, and the Organization, on the basis of books and records maintained. Such statements will contain, as a minimum, Balance Sheet, Income & Expenditure Statement, Receipts & Payments Statement, Budget variance statement, explanatory notes and schedules, and cash and bank balances and bank reconciliation. These will be properly checked, approved and maintained in file.

#### 4.22. Financial Reports to donors including fund request, forecast and other Correspondence

The Organization will prepare and submit financial and other reports to the donors as per the terms of the agreement and will maintain files for such reports and other correspondence.

#### 4.23. Correspondence with banks

The Organization will maintain files for bank statements, bank reconciliation, and other correspondence with banks.

#### 4.24. Others

The Organization will maintain such other books, records and other documents as considered necessary and appropriate for their purpose.



## 5 Budget and Budgetary Control

### 5.1. Introduction

Budget is a predetermined statement of receipts and payments of an organization for a specific period, which includes projection of resources and estimated expenditures, required to achieve organizational goals in numeric terms. The purpose of preparing a budget is to ensure proper utilization of limited resources to their maximum potential, for which adequate planning, organizing and controlling are essential.

### 5.2. Budget Period

Core budget shall be prepared annually and reviewed at the end of the year. The budget for financial resources, proposed utilization of resources and expenditures thereon shall cover one financial year. Program budget for each individual project shall be prepared year-wise, and then will be consolidated for the duration of the project period as per terms of the Project Agreement. These will be revised periodically to ensure optimum use of resources.

### 5.3. Classification of Budget

Budget will be of the following categories:

Further Classification of budgetary exercise is provided below:

#### 5.3.1. Master Budget

Master Budget consolidates all financial activities of a particular period taking figures from other sectoral budgets, i.e., program budgets, core administration budget etc. Consolidated figures of Master Budget must match with other sectoral budgets.

#### 5.3.2. Core Budget representing income and expenditure of core activities of the organization

Core Budget shall include all income expected to be received during the budget period. Income Budget shall provide sources of income with expected amounts from different sources under the budget period. This will also express core administrative activities in financial term.

#### 5.3.3. Program Budget

The Program budget shall include all income expected to be received during the budget period under each program. Program Income Budget shall provide sources of income with expected amounts from different sources under the budget period. Program Expenditure Budget expresses all programs and activities in financial term. Program Expenditure Budget must include details of program/activity manpower cost, list of programs to which financial support will be extended and:

- Location break-down
  - Program/activity break-down (Program/activity signifies major area of activities to be carried out by SAHELI like Training, etc.)
  - Cost-Center break-down (Cost-Center is a department, location, person, activity or center in respect of which cost may be ascertained for control purposes like Accounts, Operation, MIS etc.)
- Program Capital Expenditure Budget represents the amount to acquire fixed assets required for the program activities.



#### 5.4. Submission of Budget and Approval

Master budget shall be prepared by the Head Finance and the Director shall check and review the budget and approve it. The governing Body will be informed about it at the next meetings.

#### 5.5. Budgetary Control

Budgetary control is a system of planning and controlling cost, which starts with the approval/establishment of budget relating to activities to be carried out in order to achieve the organizational goals and regular comparison between budget and actual results/costs, analysis of variances and corrective measures.

#### 5.6. Line-Item flexibility of Budget

Budgets under each line item are usually fixed, and cannot be exceeded without prior approval of the donor. In some cases, a minor line-item flexibility (say 10%) of actual expenditure is allowed in individual line items, provided the total budget is not exceeded. Transfer of budget allocation from one line item to another is not allowed, except with the prior permission of the donor.

#### 5.7. Revision of Budget

It is important that all expenditures, irrespective of capital or revenue in nature, are to be kept within the budgeted allocation. However, circumstances occasionally may necessitate revision of original estimates to bring them in line with current condition. Especially for the project-based budget. Project based budget may be reviewed on quarterly basis and if necessary, budgeted allocation may be revised. Full particulars are therefore be furnished by the Head of Finance when requesting modifications/justification of individual code-wise sanctioned budget estimates. A revised budget requires endorsement of the Governing Body and approval from the respective Donors.

#### 5.8. Budget Committee

A three - member budget committee shall be formed by the Governing Body comprising representative from administration, programme and finance. The Director shall lead the committee. He/she is authorized to replace/change any position of the committee as per requirement of the organization and inform the Governing Body in the next meeting.

### **6 Fund Management**

#### 6.1. General

Fund Management is one of the most important tasks in an organization. Due consideration should be given to all financial transactions to ensure economy and efficiency for the interest of the Organization.

#### 6.2. Sources of Funds

The Organization will receive its funds from the donors as per agreement and from other sources viz. local contributions /donations, government contribution, member's subscription, loans, service charges from different projects, rental income, consultancy and training fees, bank interest and income from investment etc.

#### 6.3. Nature of Fund



SAHELI recognizes two types of funds based on nature of use referred to as Restricted Fund and Unrestricted Fund. The split between these funds is as follows:

#### 6.3.1. Restricted Fund

Restricted Funds are for expenditures in accordance with the requirements of respective donors.

#### 6.3.2. Unrestricted Fund

All income received by SAHELI which are not specifically restricted by donors, creates an Organization Fund.

#### 6.4 Investment of Fund

Funds in excess of the requirements of SAHELI may be placed in short term deposits, fixed deposits, other savings instruments by the Director in the name of the organization having the approval from Governing Body.

#### 6.5. Fund Receipts

All funds including foreign sources must be received through Mother Bank Account. However, separate bank account should be maintained for each project. Funds from different donors will be shown as income. SAHELI shall prepare its annual budget defining objectives and physical targets and based on this budget, shall request necessary funds from donors. Donors, on approving the budget shall enter into formal agreements with the Organization for transfer of requisite funds to its accounts. These agreements amongst others shall contain disbursements schedules. Donors will remit funds on date(s) agreed either upon through bank transfers or in the form of bank demand drafts, cheques etc.

##### 6.5.1. Receipts of Fund through Bank Transfer

- Receive copy of Bank Transfer Advice/ Disbursement notice from donor on transfer of fund to SAHELI bank account and file the same in the respective donor's file.
- Receive Credit Advice from bank on crediting the funds to the SAHELI bank account.
- Check Bank Transfer Advice with Credit Advice for confirmation of total Fund.
- Prepare Acknowledgement of receipt in two copies.
- Forward first copy of Acknowledgement to donor, second copy to the respective donor's file.
- Prepare Bank Receipt Voucher with reference to Credit Advice and obtain approval from the Director.
- Enter receipt of fund to bank book with reference to Bank Receipt Voucher /Bank Book.
- Make posting to books of Accounts with reference to Bank Receipt Voucher, if any.

##### 6.5.2. Receipts of Fund by Cheque/Demand Draft

- Receive account payee cheque/demand draft (DD) from donors.
- Prepare Deposit Slip and deposits Cheque/DD to the bank of SAHELI
- File acknowledgement copy of Deposit Slip.
- Receive Credit Advice from the bank upon collection of deposited cheque/DD.
- Confirm Credit Advice with Deposit Slip.
- Prepare Receipt Acknowledgement in three copies.
- Forward first copy of Receipt Acknowledgement to donor, second copy to Finance Department of SAHELI and third copy in respective donors' files/with receipt book
- Prepare Bank Credit Voucher with reference to Credit Advice/relevant document/Evidence and obtains approval from the Director.
- Make posting in the bank book with reference to Bank Credit Voucher.



## 6.6. Custody of Fund

The Governing Body of SAHELI shall be the custodian of all the funds and shall designate the banks in which such funds shall be kept. The Governing Body of the Organization is empowered to authorize opening and closing of any bank account in the name of the Organization for its transactions. Such authority shall not be delegated to any other official. The account of the Society shall be in the name of the Society and shall be operated upon jointly by the President and Treasurer. In the absence of Treasurer, the Secretary shall be the second signatory to all bank transactions.

## 6.7. Transfer of Project Fund from Mother Account to Project Account

Funds due for projects are transferred from mother bank account to project bank account after approval of the President.

# 7 Banking Operations

All receipts of money through Cheque / Draft / Pay Order / Transfer Advice, bank account shall be debited, and relevant source / income shall be credited. Cheque / Draft / Pay Order shall be deposited into bank through deposit slip of the bank.

## 7.1. General

General principle of SAHELI is to encourage all concerned to make receipts / payments through banks.

## 7.2. Opening & closing of Bank Accounts

The Governing Body of SAHELI is empowered to authorize opening and closing of any bank account in the name of the Organization and its projects for operating their transactions.

- i) Separate Bank Account will be opened for projects and contributory fund (e.g. provident fund) as well.
- ii) An authorized person will be responsible to collect the bank statement or advice.
- iii) A Cheque signatory must not prepare Cheque and vouchers.
- iv) Individual project accountant/organizational accountant is responsible for safety of Cheque books.
- v) Maker/operator, checker and approval authority will be responsible for safety and security of the digital banking system and its operations.
- vi) At the end of operation, the project account or any other account will be closed.

## 7.3. Mother Bank Account

Foreign grants/donation must be received through bank account (Mother account) approved under the FCRA by the Ministry of Home Affairs (MHA). Separate utilisation bank accounts shall be maintained for all projects receiving donations from foreign agencies. All other local grants received from any source shall be deposited into separate Bank Accounts immediately.

The fund will be transferred to the relevant project/operational account within 15 (fifteen) working days of receiving fund by the mother account.

## 7.4. Operation/Project Bank Account/Loan Account/FDR or any Investment Account

### 7.4.1. SAHELI operational/Core Account:



The Organization shall open a bank account in any nationalised or scheduled bank in the name of organization for day-to-day operation of the core organizational fund other than project fund. The account will be called the “SAHELI operational/Core Account”.

#### 7.4.2. Project Account:

As per requirement of the Donor or for the better and smooth functioning of project/programmes/activities, separate Bank Account will be opened in any nationalized or scheduled bank for the individual projects.

#### 7.4.3. Loan Account/FDR or any Investment Account:

For any requirement, the organization may receive loan from Bank. So, it may open loan Account in any nationalized or scheduled Bank or financial institution. At the same, it may open Fixed deposit account or any deposit account in any nationalized or scheduled Bank or financial institution.

### 7.5. Digital Banking

SAHELI shall operate the daily financial transaction also through digital banking system. The digital banking operations will be made in following steps through a suitable nationalized or scheduled bank software as decided by the Governing Body.

The following services will be availed through the system:

- GST payment through RTGS
- Import duty payment through RTGS
- Intra bank Fund Transfer
- RTGS payment
- Instruction to issue corporate cheques with or without digital signature
- Salary disbursement from the bank accounts of SAHELI to third bank
- Account Balance, Statement & Report

SAHELI will process any financial payment through digital banking process for SAHELI operational and project accounts. If any problem arises in digital banking, we will process payment in existing manual system.

### 7.6. Bank Signatories and digital banking approval authority

The Governing Body of SAHELI created the following Bank Signatories:

The President and the Treasurer are the joint signatories of all bank accounts of SAHELI. In the absence of Treasurer, the Secretary shall be the second signatory to all bank transactions.

#### 7.6.1. Inform the Bank Regarding the movement of Signatories /approval authority

When an authorized signatory / approval authority is transferred, separated from the organization, or completed the terms or retired from the Governing Body, the Bank Manager should be informed in writing of the changes of signatories within 30 days to make necessary changes in the authorized list.

### 7.7. Deposit of Cash at Bank



All cash receipts must be deposited in the bank account as soon as possible on the same day after receipt of cash within the banking hour. If not possible for any valid reason, that must be deposited into bank by the following working day.

### 7.8 Receipts of Cheques/Pay Orders/Drafts etc.

Soon after receiving Cheques/Pay Orders/Drafts etc., these should be stamped with “**Accounts Payee Only**” if needed, entered in the bank book and deposited with bank with bank deposit slip on the same day, or on the following day if received after banking hours. Appropriate steps need to be taken by the Head of Finance to realize the dishonored cheques, if any.

### 7.9. Bank Credit Advice

In respect of every direct receipt of money into a bank account, a Credit Voucher shall be issued immediately on receipt of Bank Credit Advice.

### 7.10. Bank Debit Advice

A Payment Voucher shall be prepared for each direct debit by the bank relating to any charges or payment. This voucher must be approved by the Director or other competent authority approved by the Governing Body and posted in the bank book and general ledger.

### 7.11. Bank Statement and Bank Certificate

Bank Statements confirming bank balances on monthly basis and relevant advice must be collected from the bank for all bank accounts within seven days of the end of each month. Collection of such documents shall be the responsibility of Finance & Accounts Department.

### 7.12. Bank Reconciliation Statement

Bank statements must be reconciled with the cash book by an accounts/ finance staff on monthly basis. The bank reconciliation statement must be prepared and checked within 7 days of the following month. The Director and Head of Finance shall sign the reconciliation statement. Adjustment must be posted to the books for any bank charges or credit shown on the bank statement that has not been recorded on the books previously. Any question should be resolved before they issue next bank statement. The completed reconciliation statement should be reviewed carefully and outstanding cheques remaining unpaid for more than three months should be cancelled and reversed in the cash book with proper authorization by the Director.

### 7.13 Minimum Limit for Cheques Payment

Payment exceeding Rs. 2000.00 (rupees two thousand only) should be made by account payee cheque. Any Cash payment exceeding Rs. 2000.00 (rupees two thousand only) must have written justification and approval attached to the payment voucher. In the case of payment to employee as advance for Program Expenses/travel and purchase of stationery, supply or office maintenance items or utility bill payment or any other requirement of the organization, the open cheque may be issued.

### 7.14 Bank Register/ Cheque Recording Register

A Bank Register/Cheque recording register shall be maintained to record all cheques issued for payments and all receipts. All cheque numbers should be verified to ensure that these have been registered in the statement and that cancelled cheques if any have been appropriately marked and held for verification.



### 7.15 Cheque Counterfoil

While issuing cheques, the counterfoil of cheque shall also be filled with necessary particulars, e.g. date of issue, and name of payee, amount, purpose and initials of the signatories.

### 7.16. Documentation of digital transaction

While making digital transactions, a copy of the payment document will be preserved in digital or print form.

### 7.17. Cancellation of Cheques

If any cheque is issued but not presented for collection by the payee within three months from the date of issue, the Finance Department shall make reversal entry in the Bank Book and keep a note in the Bank reconciliation Statement. Any loss or theft of the cheque / cheque book must be informed to the concerned bank management at earliest possible time. It is important that entries into the cash book or ledger or correcting entries in the cash book or ledger will not be made by crossing, whiting out or changing the original entry. The original must remain and a new rectified entry be made to correct the error.

### 7.18. Cancelled Cheques

All cancelled Cheques should be marked **“CANCELLED”** by red pen and signed by the President and preserved in the voucher file along with the supporting voucher for subsequent audit. Any signature on the cheque should be removed and destroyed.

### 7.19. Ordering of New Cheque Book

Respective Accounts Officer shall initiate the ordering of new cheque book through a requisition. While receiving new cheque book respective Accounts Officer shall count the cheque leaves and satisfy himself that the numbers of cheque leaves are found in order.

### 7.20. Safety of Cheque Books

Finance & Accounts Department shall be the custodian of cheque book and shall ensure that cheque books are preserved safely. All cheque books should be kept in a safe place under lock and key. Cancelled cheques must be retained in the cheque book along with cheque counterfoil and marked **“Cancelled”**.

## 8 Cash Management

### 8.1. Cash Book

At the end of each day the bank and cash balances should be extracted and the cash balance be checked against cash in hand. If the amounts are found correct and agreed, the concerned Accounts Officer should sign the cash book.

The cash book must be totaled at the end of each month and balance of cash in hand and cash at bank extracted. Physical cash in hand should be verified by the official authorized to approve the expenditures. Cash book must be signed by the Director and Head of Finance if it is agreed with the physically found amount.



## 8.2. Duration of Cash Transaction

In order to complete writing of Cash Book, daily cash transactions shall be closed at least one (1) hour before the close of the office.

## 8.3. Closing of Account

Each day, all cash receipts and payments shall be entered into the Cash Book and it should be closed daily.

## 8.4. Verification of Cash

A statement of cash transaction shall be prepared by the designated accounts/Finance staff mentioning summary of transaction. Closing balance shall be shown mentioning denominations.

Head of Finance shall verify the cash balance and the Cash Book/Daily cash transaction statement at the end of each day and put his/her signature on respective place in the Cash Book/ Daily cash transaction statement. Then the Director shall verify and approve the same putting his/her signature on respective place in the Cash Book/Daily cash transaction statement. Surprise cash counting may be conducted by any person (other than the Head of Finance and the Cashier) assigned by the Director three or four times in a year.

## 8.5. Cash Counting

At the end of each day, after making all transactions and closing the cash book/Cash transaction statement, the cashier shall count the cash physically and record the denominations in the cash book/ cash transaction statement and shall confirm the balance with the Cash Book/Cash transaction statement and get signature of Manager Finance and the Director.

## 8.6. Cash Security

To ensure the cash security, the organization should preferably send more than one staff to draw cash from bank. If require, the organization can provide their own vehicle (if any). It is also recommended that SAHEL should arrange for insurance to cover the risk of carrying cash (cash in transit insurance) to the long distance. In the case of custody of cash in the office, the organization should use steel locker/iron safe/steel almirah to keep the cash lock & key.

## 8.7. Petty Cash

The limit of petty cash amount, need to make small recurring expenditure, should be limited to Rs 2000.00 (rupees two thousand only) and as per instruction of the Governing Board. The petty cash should be maintained by a reliable staff who is not involved in approval process. Small expenditure will be made from this as per requirement; however, no single payment may exceed Rs. 2,000.00 (rupees two thousand only).

### 8.7.1. Use of petty cash

Petty cash imprested Accounts are allowed for various reasons mainly for convenience at operation level.

- Petty cash payments are defined as small cash transactions not exceeding Rs.2,000.
- Any single payment from petty cash shall not exceed Rs.2,000.
- Petty cash will not be used for purchasing standard inventory items, nor items identified as assets and controlled by ledgers.



- Each petty cash account will be the responsibility of the designated petty cashier who will be responsible to the Head of Finance for proper maintenance of records and cash handling procedures.
  - Cash reimbursement forms will always be used for reimbursement of petty cash account and will be prepared by Petty Cashier.
  - Petty Cashier is entirely responsible for the money received and its management.
  - Petty Cash accounts are imprested accounts and therefore will be reimbursed only for the actual amounts disbursed and listed on the respective cash reimbursement form.
  - No advance can be made from the petty cash accounts.
  - Staff salary should not be paid from the petty cash, but wages can be paid from the petty cash.
- The following cost may be paid from petty cash- (Though the payment size exceeds Rs. 2000.00)

- Reimbursement of fares, and cost of local trip expenses
- Postage/Stamp and supplies
- Local Conveyance
- Utilities (Telephone, internet, Mobile phone, gas, electricity bill)
- Adjustment of Advance
- Meeting expenses
- Repairs and maintenance
- Casual staff
- Fuel
- Electric goods
- Electricians & Technicians remuneration
- Servicing expenses
- Stationeries
- Contingencies

#### 8.7.2. Petty cash control

Petty Cash is used for small expenditure where it is not practical to issue Cheques. Initially, this fund will start with allocated amount and after the funds are exhausted, the expended amounts are replenished from the bank. Petty cash operation system is stated below.

- The Petty Cash limit is fixed at Rs. 2000.00 (rupees two thousand only). Depending on the usage of petty cash fund it may be reduced or increased with prior approval from the Director.
- The Petty Cash fund must be kept in lockable steel almirah during petty cash hours.

After the close of the workday, the petty cash box should be kept in a safe/secured place under lock and key. The key should be kept with another responsible person (other than the cashier).

- All payments should be made after authorization from the appropriate person/s. The Petty Cashier should not authorize the disbursement of petty cash. The authorised signatory/ies must sign on the bill/invoice before payment from the petty cash.
- There should be adequate documents (bill/invoice) against every disbursement and a 'PAID' seal should be stamped on the bills and invoices during the payment.
- The recipient must sign on the appropriate documents while receiving any payment.
- The Petty Cash transaction should be recorded for each payment. Petty Cash ledger/book should be updated daily and the cash balance should not exceed the approval limit.
- The physical cash in hand at the end of the day should be counted and documented. Surprise petty cash audit should be conducted and documented by his supervisors quarterly.
- Staff salary cannot be paid from petty cash.

#### 8.8. Accounting for receipts

A Money Receipt (MR) shall be issued for every receipt of cash/cheque/drafts. MR is used for recording of financial transactions in the books of accounts. Money receipt should be completed properly,



describing the source, nature of receipt, the account head to be credited, date, amount and authorized signature. **No amount shall be received (other than advance refund) in cash or by cheque unless a “money receipt” is issued.**

The Money Receipt Book shall be pre-numbered with at least two parts for each receipt. First part shall be issued to the person from whom the payment has been received, and the second copy shall be retained in the book.

The Money Receipt issuing authority must also ensure that the sequence of the money receipt is maintained. If for any reason a Money Receipt is cancelled then the full set (all the two parts) of that Money Receipt shall be marked “**VOID**” and kept in the book for verification.

### 8.9. Cash receipts

All cash receipts shall be recorded into the cashbook and deposited in the bank immediately. Cash received after bank hours shall be deposited on the following working day and bank book shall be updated accordingly.

### 8.10. Fund receipts from foreign sources

Fund receipts from all foreign donors shall be placed in the mother account as shown. However, separate project bank account may be maintained for each donor as applicable.

Funds from foreign donors may be received either in pre-determined installments as per the Agreement with the donor, or on the basis of fund request submitted by SAHELI.

The Organization shall prepare its annual budget defining physical targets and its basis. After consultation with program staff, finance department of SAHELI should prepare the **fund request** and send the request to donor.

The finance and accounts section should meet the financial reporting and clearance requirements from the FCRA division of the MHA, Government of India.

### 8.11. Receipts of cheque/pay orders/drafts etc.

Soon after receiving these instruments, it should be entered in the bankbook and deposited in the bank on the same day or on the following day, if received after banking hours. Appropriate steps need to be taken by the head of finance to realize dishonored cheque, if any.

### 8.12. Fund received from local sources

Fund received from local sources will be recorded in the cash book, and be deposited according to normal banking procedures, and a money receipt will also be duly issued.

### 8.13. Accounting for payment

Before making any payment by cash or cheque or through other instruments it is essential to confirm that the expenditure is wholly and necessarily incurred for the purpose of the activities of SAHELI and has been duly approved by the SAHELI authority. Budgetary provision for the expenditure will also be checked. It is essential for the authorizing persons to ensure that the goods and services have been received in good condition and check the arithmetical accuracy of the documents for payments.

### 8.14. Payment voucher



For every payment a payment voucher shall be prepared. Payment voucher must be completed with all the supporting documents stated therein making sure that the account head is correctly debited. The SAHEL authority must approve payment voucher and signature of payee shall be taken on the voucher as evidence of receipts. Before signing a payment voucher the official authorized to approve expenditure should check that the finance department has complied with all the statutory requirements in force with regard to payments.

### 8.15. Supporting Documents

All payments must be supported by bills/cash memos, or other supporting documents. Payment for goods must also be supported by a Purchase Order, Delivery Challan, Bill, payment for services by a Contract and salary cheques by a payroll sheet signed by the staff members receiving salaries. Only after receiving all supporting documents, the Accounts Officer should prepare a Payment Voucher.

### 8.16. Payment of salary and allowance

For the purpose of salary, the office staff should open personal bank account with the same bank where the organization maintains its account and inform the account number to Finance Department in writing. Monthly salary of the staff members shall be transferred to their respective bank account within 5th of next month.

#### 8.16.1. Payroll Processing

Manager, Finance will process project wise monthly payroll. S/he will follow the following procedures:

- i) Relevant payroll input documents of all appointments; Promotions, transfers, resignations, removal from office etc. are promptly recorded.
- ii) Entries on these documents are supported by the necessary approvals, advice etc. and verified properly.
- iii) Prepare the payroll by the end of each month.
- iv) Payroll shall contain the information like – Name, Designation, Basic salary, House Rent Allowance, Medical Allowance, Special Allowance (if any) and deductions like Provident Fund Contribution, PF Loan, PF Loan Interest, Income tax etc., the Net Pay and bank account number with bank name and branch.
- v) Manager, Finance and Program Chief shall recommend the payment and the same will be submitted to the Director for approval.
- vi) An “Account Payee” cheque/debit advice along with a copy of the payroll shall be sent to bank for organizing payment to relevant staff members bank accounts.

#### 8.16.2. Payment of Salaries, PF due to an employee at the time of Resignation or dismissal

Payment of salaries, PF to an employee at the time of resignation or dismissal will be administered by the Service Rules/Personnel Manual of SAHEL.

#### 8.16.3. Payment of salaries and benefits due to a deceased employee

In case of death of an employee the following steps will be followed for settlement of dues to the successors:

- a) A list containing entitled dues, allowance etc. will be provided to his/her nominee(s)/ successor(s).
- b) Unpaid salaries, wages, allowance and Provident Fund balance shall be paid to the nominee(s)/ successor(s) of the deceased employee upon receiving appropriate documents from the nominee(s)/ successor(s).
- c) Payments will be made through “Account payee” cheque(s)/bank transfer.



### 8.17. Deduction of Income Tax at Source

The Organization shall not bear the staff tax. Income Tax shall be deducted at source from the monthly salary of the staff whose salary amount exceeds the tax exemption limit and will be deposited to the Government Exchequer in stipulated time.

### 8.18. Accounting for Income Generation (If applicable)

All the income from different sources shall be recorded in the accounts section with details. The accounts section shall collect all sale proceeds. Four sets of documents shall be prepared for each income. The concerned section will retain one set and three sets shall be sent to the accounts section. Accounts section will receive the cash/cheque/DD etc. paid, sealed and hand over one set (copy) to the customers with material and challan and send one set (copy) to the concerned section and retain the last set (copy) for these recording purposes.

### 8.19. Preservation of Financial Documents

All financial documents of SAHELI shall have to be preserved at least ten years or as per donor's instructions. Even after the expiry of ten years, no documents may be destroyed without the decision from the Governing Body. In case of litigation, relevant documents shall have to be preserved till the date of the settlement of relevant lawsuit. Finance Department of SAHELI shall keep all the financial documents and files in a safe custody under lock and key.

## 9 Advance

### 9.1. Purpose

Advances may be paid against expenses to be incurred for official purposes, i.e., salaries, travel, field visit/monitoring program and purchase of office supplies as well as materials.

### 9.2. Types of Advances

#### 9.2.1. Advance against remuneration

The Staff members may be allowed the maximum amount advance against remuneration that an employee can be allowed the amount equal to the remuneration for a month the staff member is entitled for under the following circumstances:

- Going on leave before the scheduled date of payment of remuneration and this total amount advance would be deducted from the remuneration payable in the next month.
- On the event of his/her family need/ treatment/ any personal monetary requirement, then he/she is /may be allowed to draw maximum amount equal to the remuneration for one month.
- This advance would be deducted from his/her monthly remuneration in equal number of installments mentioned in his/her application. But these installments should not be more than six.
- No drop of installment will be allowed.
- The number of installments may increase at the discretion of the Director

#### 9.2.2. Advance against travel expenses

Organization's staff frequently travel to different areas of the country or aboard on official purposes/field monitoring. Staff members are entitled to take advance to meet the transportation, daily expenses, accommodation, meeting expenses, etc. Travel advance shall only be given against valid travel authorization. It must be adjusted within 5 (five) working days after completion of domestic and overseas travel. No formal advance should be required for local transportation.



### 9.2.3. Advance against purchase of goods

To carry out routine duties and activities, various types of goods and materials need to be procured. Out of these materials, some are purchased through own staff while others directly from outside suppliers. Advance may be allowed to employees against such purchases. General conditions for sanction of cash advances against purchases of goods are as follows:

- That the stores are immediately and urgently required.
- That time at disposal does not permit purchase by open or selected tender.
- That delay in procurement would involve loss/hamper the program

### 9.2.4 Advance for programme expenses

SAHELI has to conduct programme in Basta and outside Basta where cheque payment for all types of expenses is not possible on different grounds. Moreover, all payments from the office by cash are not possible. So, for conducting a successful programme advance is required to issue as per approved budget of the programme.

### 9.2.5. Advance to third parties

Advance to third parties include advance against landlord/house owner, contractors, to material suppliers/service providers, consultants/resource persons, experts/writers against programme publication/reports etc. Prior approval from the Governing Board is compulsory in case of advance to third party exceeding Rs. 50,000.00 (rupees fifty thousand only) against office rent, construction work, bulk procurement through tender notice in National Newspaper.

### 9.2.6. Advance against house rent

Advance office rent shall be allowed by the authority as per negotiation and tenancy agreement between SAHELI and the landlord/house owner. All such advances should be issued and adjusted with the SAHELI core Account. If any advance is allowed/issued from a project, it should be adjusted within the project period.

### 9.2.7. Advance to the contractors

Advance payment to Suppliers/Contractors shall be based on the contents of the contract/work order. If the provision of advance is available in the Suppliers/Contractors contract/work order, mentioning the provision the Suppliers/Contractors shall be submitted a request letter/application to the Director for the advance payment. Having approval from the competent authority the finance department will make the payment.

- Considering the partial payment GST shall be deducted on any advance and deposited to government exchequer.
- As per terms and conditions set upon issuance of advance, it will be adjusted from the bill of the contractor.
- All advances shall be adjusted before the final payment to the contractor.

### 9.2.7. Advance to materials suppliers/service providers /organizations

Sometimes advance needs to be made to the materials suppliers/ the service providers/ the procurement providers at their request. This advance will have to be made through account payee cheque and adjusted as per the terms and conditions upon issuance.



#### 9.2.8 Advance to consultants/Resource persons against programme

Sometimes advance needs to be made to the consultants/Resource persons/experts/writers against programme/publication as per ToR. This advance will have to be made through account payee cheque after TDS and will be treated as partial cost of the related head of expenses. In this case no application/request letter would be required; Copy of ToR and acknowledgement will be the evidence of payment.

#### 9.2.9. Requisitions for Advances (only for staff)

The recipient of the advance must prepare a requisition in detail in the advance requisition form signed by the respective departmental head or his/her supervisor, against specific accounting head and to be furnished to the Head of Finance to check and verify. Requisition for advances shall be submitted to the Head of Finance and Accounts at least one (1) banking day prior to the event takes place.

#### 9.4. Certification and Approval

Following the receipt of requisition, the Head of Finance shall check and verify the requisition. Final approval shall be given by the Director.

#### 9.5. Mode of Payment

Advances may be paid in the form of cash cheque in case of advance to employees against official expenses like programme travel, purchase etc.

- In the case of payment to employee as advance for Programme Expenses/travel and purchase, the limit of cheque payment may be relaxed. However, advances paid to third parties should be made by Account Payee cheque/bank transfer.
- Advance against salary must be transferred to staff salary A/C.

#### 9.6. Disqualification for Advance

No additional advance will be provided to any staff where two previous advances are unadjusted. But if the gap between the two events is less than 5 working days, in that case one more advance can be issued.

#### 9.7. Adjustment of Advance

Advances against official expenses must be adjusted against the respective head within the period of 5 (five) working days after the event is completed. The completion date of 5 (five) working days will be counted the date when the programme team reached in office.

On request of the advance receiver mentioning the reasonable cause this period may be increased at the discretion of the Director. The balance of unspent amount must be refunded in cash to SAHeli at the time of adjustment of such advances. A programme report shall be attached with the advance reconciliation statement.

The advance paid to third parties in respect of terms of contracts will be adjusted as per terms and conditions laying in the respective contract/agreement. Advance payment to supplier/contractors shall be based on the contents of the work order. Contractors/ Suppliers advance shall be adjusted from the final bill.

#### 9.8. Defaults in Adjustment



The Finance & Accounts Department shall make deduction from concerned staff's monthly salary, should there be a default in payment against the balance of advance to be refunded after one month from the deadline of adjustment of such advances subject to not more than 50% of monthly gross salary.

### 9.9. Advance Register

An Advance Register shall be maintained for various advance payments to the staffs and to the third parties. Separate Advance Account shall be maintained for each recipient of the advance for proper controlling over the advances. In case of maintaining individual ledger with detailed narration through accounting software, no manual register shall be required.

### 9.10. Report on Advance

The Head of Finance shall be held responsible for closely monitoring the advance issues and reporting to the Director on a periodic (i.e. quarterly) basis.

## 10 Travel

### 10.1. Travel Advance

Travel Advances are intended to allow employees the convenience of using the Organization's money for official purposes only while traveling. A reasonable travel advance shall be granted to the employee depending on the nature of expenditure required and the duration of stay. The policy related to advance in chapter 10 shall also be applicable for travel advance.

### 10.2. Different considerations for different levels of staff

SAHELI, at this moment, does not distinguish levels of staff for entitlement of travel facilities including allowances.

### 10.3. Categories of Travel

In the case of SAHELI, following categories of travel are envisaged.

- Travel by invitation
- Local travel
  - Within the project area and the respective district(s)
  - Outside project area but within Odisha
  - Outside project area and outside Odisha

These categories have different travel norms.

### 10.3. Travel by invitation

This category of travel irrespective of location will be undertaken as per the conditions spelt out in the invitation.

### 10.4. Local travel within project area and within district(s)

The staff members who undertake such travels are expected to move by two-wheel vehicles and in exceptional situation in the four-wheel vehicles owned by SAHELI or hired ones.

### 10.5. Travel outside project area but within Odisha



Bus and/or reserved seats in the second-class sleeper compartment in train are recommended mode of travel for this category of travel.

#### 10.6. Travel outside project area and outside Odisha

Reserved seats in the second-class sleeper compartment in train is the normal mode and in exceptional situations the mode can be three tier AC class in train.

#### 10.7. Local conveyance in travels out of station

Buses and in exceptional cases hired vehicles are allowed for local conveyance.

#### 10.8. Incidental expenses

The maximum amount that can incur for incidental expenses (food, snacks, and water etc.) will be, in normal situation, Rs. 500.00 per person per day or 24 hours and vary according to the needs in exceptional situations.

#### 10.9. Accommodation

The employees are permitted to stay in budget hotels only for night stay and the expenditure per person for stay for one night must not exceed, in normal situation, Rs. 2500. 00 (rupees two thousand five hundred only) and vary according to the needs in exceptional situations.

#### 10.10. Travel settlement

The detailed report of the travel undertaken along with the financial statements with supporting documents should be submitted within one week (seven days) of concluding the ravel.

#### 10. 11. The rights of Director

This manual authorizes the Director to take appropriate decisions on matters pertaining to travel after assessing each case.

### **11 Procurement Procedures**

#### 11.1. General

Procurement transactions should always be made through open and free competition. Goods and services should be procured from responsible suppliers or contractors who possess the ability to provide goods and services successfully and at a competitive price. Consideration should be given to the contractor's integrity, record of past performance and financial and technical resources.

#### 11.2. Requisition

Whenever a purchase is required, the concerned section of SAHELISHall raise a requisition with full particulars of the items needed along with justification to purchase. This requisition shall be submitted by the divisional head/staff responsible to the Director through Finance Department.

The Finance Department shall check the justification of the items needed and verify with the budget and submit to the Director for approval. After approval of the requisition by the Executive Director, it will be automatically forwarded to the procurement committee for necessary action.



### 11.3. Budget Provision

The Finance department shall verify the request with the provisions in the budget and availability of the fund in the respective budget line item. If the proposal agrees with the provisions in the budget, Finance Department shall send the proposal to the Director for approval. In cases where it is not budgeted earlier or if there is not sufficient budget in the respective line item then the proposal shall be rejected. However, depending on the necessity of the item and if it becomes absolutely necessary for the program then alternative sources shall be investigated within the budget and according to the terms of the grant. If not otherwise contrary to the terms of the grant agreement an option shall be given to the requisitions to share the cost from other similar budget line item where the requisitions can assure a surplus at least to that extent in that line item.

### 11.4. Procurement limits or levels

If the price of a single item to be procured is below Rs. 10, 000.00 (rupees ten thousand only) direct procurement is allowed. If it is a group of items including accessories, the limit for direct procurement is Rs. 15,000.00 (rupees fifteen thousand only). If the total cost involved in procurement of any material is in the range of Rs. 10,000.00 (rupees ten thousand only) and Rs. 25,000.00 (rupees twenty-five thousand only) spot quotations from three suppliers are required to be collected. For the procurement materials costing any amount above Rs. 25, 000.00, three quotations are required to be invited online or directly from three different suppliers.

### 11.5. Competitive Bidding Process

#### 11.5.1. Finalising the Vendor List

The paragraph 11.4 above suggests competitive bidding process in procurement. That will follow the steps given below.

##### (a) Vendor Enlistment Process

During the year SAHELI needs supply of different types of goods, service and equipment for programme and office maintenance. Generally, SAHELI procures the goods and equipment from open market and selected vendors through separate procurement process. SAHELI can enlist vendors (If necessary) for one/two/three years for receiving supply of goods, service and equipment through a competitive bidding among the enlisted vendors.

##### (b) Requisition of Enlistment:

A requisition needs to be initiated to the Director from the administration mentioning the items for which vendors may be enlisted. In the requisition, it is to be mentioned the duration of the enlistment and how many vendors will be enlisted. The Director may approve the requisition and forward it to the procurement committee for taking necessary action.

##### (c) Inviting Expression of Interest (EOI):

Receiving the approved requisition for vendor enlistment, the procurement committee will meet together and prepare a list of potential vendors to send invitation letter for submitting expression of interest. The invitation letter may send through e-mail, postage, courier or by hand. The full description/specification of the required items of goods/equipment/service will be mentioned in the invitation letter. A specific deadline for submitting EOI will be mentioned.

The procurement committee will determine the criteria on which the EoI will be evaluated.



(d) Submitting Expression of Interest (EoI) by the vendors:

If interested, the invited vendors may submit the EoI within the deadline mentioned in the invitation letter along with the following documents:

- Organizational profile with experience and client list
- Organizational legal status like up-to-date trade licence/ registration
- Tax Registration certificate
- Bank Solvency certificate
- Bank Account details

Vendors may submit the EOI through e-mail, postage, courier or by hand.

(e) Evaluating Expression of Interest (EoI):

After receiving the EoI from the vendors the procurement committee sit together to evaluate and finalize the list of vendors. If there is no any short fall of expected document from the vendors all vendors may be enlisted. The approval will be taken from the Director and informed the vendors through a letter.

(f) Re-invitation of Expression of Interest (EoI):

If expected number of EOI is not submitted by the invited vendors, the procurement committee may recall the EOI or extend the deadline on written or verbal request by the vendors.

#### 11.5.2. Procurement Committee

The members of the committee will be taken from departments of finance, administration, .and programme. It should have three to five members. The change of committee member will be at the discretion of the Director. For any procurement at least three members must be involved. On behalf of the committee one member will do the secretarial works and invite quotation/issue work order/purchase order/supply order determined by the committee.

#### 11.5.3. Determination of Evaluation Criteria and Comparative Bid Analysis

(a) Determination of Evaluation Criteria

The Procurement Committee will decide on criteria of evaluation such as quality, price, experience, reputation or any other as required at the beginning of the procedure which is disclosable to the vendor if they want to know.

#### 11.5.4. Bidding /Tender Process

On the event of the requirement for procurement, SAHELI initiates fresh bidding process by sending out invitation for quotations or tenders.

##### 11.5.4.1. Inviting quotations/bidding

Such invitations are sent out normally to the suppliers who have been enlisted by SAHELI as explained in the paragraphs above. Since the primary level of screening has been completed, the invitation letter



with the specifications of the items for procurement shall be send out indicating the deadline and the manner of submitting quotation.

#### 11.5.4.2. Receiving Quotations/Biddings

The quotations or tenders shall be received by the department of finance for the Director and a register for the quotations received shall be maintained.

#### 11.5.4.3. Opening Quotation/Tender

Opening of sealed quotation or Tender will take place in presence of the members of Procurement Committee following the procedures in force for the same. Vendors will be invited to remain present in case of open tender.

#### 11.5.4.4 Comparative Bid Analysis

The Procurement Committee formed in this connection shall prepare a comparative statement and determine which supplier provides the most suitable item at the cheapest price subject to analysis of quality of the product or services. The committee shall record its decision on the comparative statement. The procurement should be done at the recommendation of this committee. If only one participant submits the bids, the procurement committee may recommend whether re-tender should be called or not and provide justification thereon and forward to the Director for approval. All proceedings of the procurement committee shall be recorded.

### 11.6. Purchase Order

A Purchase Order/work order/supply order must be prepared by the designated member of Procurement Committee for procurement of goods, or contract for services and be issued to the concerned supplier. The purchase order shall be signed by the Director. In exceptional cases the Director shall designate one of the senior staff members to sign on the purchase order.

### 11.8. Receipt of Goods

All goods and services received must be verified for assurance of quality by a staff member not involved in the approval or accounting process. Goods will be received and verified by signing the Purchase Order as “Received” and prepare Goods Receipt Notes (GRN) on the basis of Purchase Order. Service will be verified by signing the contract as “Services Received”. In case of goods, the Store Keeper will receive and services will be acknowledged by the concerned department.

### 11.9. Payment

Any payment against purchase shall be made only after certification from the ‘Certifying Officer’ and duly approved by the ‘Approving Officer’. On receipts of Supplier’s Invoice, Goods Received Note (GRN) and suppliers Delivery Note (along with Purchase Order, Quotations, and/or bids summary) from the Store In-charge or concerned recipient, Finance Department shall process the payment.

The approval of any payment will require the following steps

- The purchase of goods or services must have been duly approved.
- The goods or services must have been delivered (delivery notes dully signed for reception).
- All requests for payment must be supported by the submission of appropriate bills or invoices.
- Before making any payment the Head of Finance and Accounts/Authorised person shall ensure that the bill or invoice is properly approved by the Director.



- Invoices, bills, receipts, quotations, contract of procurement (if any) etc. must be attached with vouchers. Head of Finance and Accounts /Authorized person should write head of expenses on each invoice, bill etc.

#### 11.10. Mode of payment

The Head of Finance and Accounts /Authorised person should make payment to the vendor through Account payee cheque /Bank transfer if it is more than Rs. 2000 / (Rupees Ten Thousand) against the above procurements of goods and services. Cash payment should be restricted as much as possible. But for a single bill, cash purchases should not be more than Rs. 2000/. In case of emergency spot purchases/open market purchases where vendor is not willing to receive the cheque /pay order, then the Director may approve the cash to be paid to the vendor.

#### 11.11. Control Procedure

In order to have control over the issue of the purchase order, all the purchase order issued, should be recorded in a register with a sequential serial number allotted for each such purchase order.

Such purchase order register should be regularly reviewed and the status of the purchases including pending deliveries against orders should be verified. Discrepancies, if any should be immediately notified to the Director.

#### 11.12. Flow Chart of Procurement Procedure

- ⇒ Respective department submits requisition to the Director with details through Finance Department.
- ⇒ Budget verification by head of Finance and submit to the Director for administrative approval (With recommendation, if needed)
- ⇒ When approval authority approves purchase requisition, the procurement committee automatically entitled to start the process of procurement i.e. collection quotation/call tender, wherever necessary.
- ⇒ Meeting of Procurement Committee for setting Evaluation criteria and other decision if needed
- ⇒ After the mentioned time period in the invitation letter for submitting quotation/tender, procurement committee will open the quotation/tender in presence of bidders/representatives if they attend. If all the invited vendors submit quotations before the last date of submission, the procurement committee may open the quotations accordingly

#### 11.13. Code of conduct for procurement of goods and services

- (i) Staff entrusted with procurement of goods and services shall prevent conflict of interest and avoid circumstances that pertain thereto.
- (ii) Procurement staff shall not have ownership interest in suppliers.
- (iii) Procurement staff shall not accept gifts, gratuities, entertainment, travel or hospitality from a supplier.
- (iv) Procurement staff shall not disclose confidential information to the suppliers with regard to decision, pricing, proceedings etc.
- (v) Procurement staff or members of their family may not act as director, officer, partner, employee, agent or consultant with or without compensation, for a present or proposed supplier or customer.
- (vi) Procurement staff or members of their family may not receive fees, commissions or other compensation from a supplier.
- (vii) Prepare comparative statement mentioning necessary recommendation (preference should be given to sole distributor and supplier who provides warranty / guaranty on goods) by the procurement committee to the Director responsible for procurement.



- (viii) One member of the procurement committee will do the secretarial works and invite quotation/issue work/supply/ purchase order to the lowest bidder or the bidder recommended by procurement committee and approved by competent authority.
- (ix) Receive material by store department with delivery challan/bill/invoice after verification of quality by the assigned staff.
- (x) Submission of bill to the finance & accounts department for payment along with all the necessary documents relating to procurement.

#### 11.14. Validity of Procurement

If the vendor agreed, SAHELI will repeat procurement under any process up to 1-year necessary documents relating to procurement.

#### 11.15. Hiring resource/expert/knowledge support provider

SAHELI organizes seminar, workshop, training, orientation, fellowship/internship/mentorship programmes under its different projects as part of advocacy and capacity building. It also conducts research, assessment and develops handbook, guideline, awareness materials, video documentaries to meet the need of projects. Translation of documents is also done at times to meet requirement. In accomplishing these tasks, saheli utilizes expertise of media gatekeepers, government officials, researchers, academics and issue experts. The organization always engages best available resources from the relevant area to ensure quality work.

Knowledge, wisdom and intellectual ability cannot be compared through competitive bidding. The organization selects appropriate resources by using its long working experience and credible network. In selecting experts/resources for the programmes and activities where knowledge and intellectual ability are prime factors, Saheli will go for head hunting process.

The selection will be done from SAHELI's past experience of doing similar work and using its network. Selection will be finalized in a meeting of the project team or a team of senior officials formed by the Director

## 12 Fixed Assets Management

### 12.1 General

Fixed Assets are resources of an organization that have the potential for providing with future economic benefits. Control over fixed assets is an essential part of routine management exercise. This chapter highlights some basic control issues concerning fixed assets management. SAHELI management/employees shall ensure the best utilization and accounting for all of its fixed assets.

### 12.2 Fixed assets

Fixed Assets are:

- assets that are used in the SAHELI operation.
- are not intended for resale.
- This includes any asset, which costs at least Rupees 2,000/- (Two thousand).
- and have an estimated useful life of more than 1 year. Such as Land, building, vehicles, equipment, furniture & fixture etc.

### 12.3 Safe keeping of Fixed Assets



Fixed Assets must be safeguarded from fire, theft, damage and other risk factors. Adequate firefighting measures should be taken, wherever necessary, to protect the assets from fire and other hazards. Electrical, electronic and other sensitive equipment must be protected from power surge and other electrical hazard. Computer and other office equipment must be protected under controlled environment from excessive heat and burn.

## 12.4 Custodianship

The Director on behalf of Board of Directors shall act as the Chief Custodian of all assets of SAHELI. A list of all Fixed Assets should be kept at the Head Office for controlling, tracking and instant reference. The Finance Department shall also retain a copy of the same.

## 12.5 Donated Assets

Assets, which have been donated to SAHELI, should be included in the accounts, if the donor declares any valuation of such asset. In absence of any valuation, all such donated assets should be recorded in the Fixed Asset Register at “No Value” and be given a separate ID number for securing existence. However, only one value in INR shall be kept against each of such assets.

## 12.6. Non-Capitalized Assets

SAHELI shall record all assets, whether capitalized or not, in the Fixed Asset Register (FAR). Non-capitalized assets shall also be recorded in the Fixed Asset Register as a memorandum record to have a control on those assets.

All these assets shall carry unique asset numbers, so that they can be easily identified.

An asset purchased for the use of SAHELI shall be non-capitalized asset when it does not satisfy any of the following conditions:

- The benefits of the expenditures on the assets are expected to extend more than one year.
- Shall be used on a continuous basis and not intended for sale in the ordinary course of action.

## 12.7. Insurance

All fixed assets of SAHELI must be adequately covered by Insurance Policies from a reputable National Insurance Company. The Director with the assistance of the Finance Department shall be responsible for ensuring that insurance coverage is always up to date and renewed timely.

While taking the coverage, reputation of the insurance company in terms of settlement of claims must be considered. Insurance coverage should be comprehensive and broad based covering all probable risks. The assets must not be under insured to avoid average settlement at the time of actual loss.

## 12.8. Fixed Asset ID Number

When an asset is purchased, it should be given a unique asset serial number (ID Number) which should be physically marked only on fixed nature of movable assets and held in the Fixed Asset Register of SAHELI.

This ID number is the identification mark provided by SAHELI. Such ID mark should be written on the assets in such a way that it could be easily noticed.

The Head Office of SAHELI shall be held responsible for determining fixed asset ID number. In case an asset is purchased then it must communicate to the Head Office for allocation an ID number for that asset. The ID number must include the following information:



- Ownership of fixed asset, for example: SAHELI
- Location of fixed asset, for example: HO, PO
- Class of fixed asset, for example: Furniture and Fixture
- Category of fixed asset, for example: Table
- Year of acquisition, for example: 2007
- Project / donor code

## 12.9 Fixed Asset Register

All fixed assets shall be recorded in the Fixed Asset Register soon after the purchase by affixing an identification mark for each individual item. The register should give details of each asset as follows:

- Asset ID number
- Date of acquisition
- Description of assets (including sl. no. on the assets wherever applicable)
- Unit
- Cost per unit
- Total value (cost) of the asset
- Depreciation rate
- Annual depreciation amount
- Accumulated depreciation (depreciation to date)
- Written down value
- Payment ref. for example: voucher number, budget code/donor/ project etc.
- Location of the asset
- Condition of asset
- Remarks

## 12.10 Movement of Fixed Assets

For the purpose of recording and keeping control on fixed assets, a gate pass shall be issued for delivering any computer or other equipment to the vendor or repairing shop for repairing of those items. No property of the organization should be allowed to be taken out of the office premises without an approved gate pass and an entry in the asset movement register. The gate pass should be signed by the guard while taking out of the office premises as a witness of the movement of fixed assets.

## 12.11 Physical Verification of Fixed Assets

SAHELI shall arrange physical verification of its fixed assets at least once a year to verify the quantity and quality of the assets. A team comprising of internal audit, administration and finance personnel shall carry out the physical verification of assets. External auditors should be invited to witness the verification of assets. Team engaged for physical verification of assets shall submit a report to the Director with a copy to the Finance Department. The report shall contain the following information:

- a. Asset no.
- b. Name / description of the assets
- c. Location of the assets
- d. User of the assets
- e. Quantity of assets as per register
- f. Quantity of assets physically found
- g. Quality of assets physically found
- h. Short / Excess of assets as per physical verification
- i. Recommendation for sale or disposal, if any
- j. Remarks



## 12.12. Disposal of Fixed Assets

Fixed assets, which are in poor condition or no longer required for use can be disposed of either by sale or scrapping. The process of disposal must be approved by the Board of Directors prior to starting such process. Before making any proposal for disposal of the assets, the conditions of the grant agreement must be followed. If there is any restriction on sale or otherwise instructed by the respective donor on disposal of assets, then their instructions should be followed. If there is no restriction from the donor on disposal of assets, then management can take its own decision on such disposal.

## 12.13. Accounting for Disposal of Fixed Assets

At the time of disposal of the asset, the value of accumulated depreciation as well as the cost of the assets shall be taken out from the Fixed Asset Register. In case of sale, if the sales price of the disposed asset is greater than the Written down Value (WDV), then the difference between the sales price and WDV shall be treated as 'Profit on Disposal of Fixed Assets'. On the other hand, if the sales price of the disposed asset is less than the WDV, then the difference between the sales price and WDV shall be treated as 'Loss on Disposal of Fixed Assets'.

## 12.14 Writing off of Fixed Assets

In case an asset is damaged or becomes unserviceable, the maintenance section will certify the condition and propose for write off. Finance Section will place the proposal with the relevant data of cost, year of purchase, depreciation charged, written down value etc. to the Management for appropriate decision with the consent of the Board of Directors.

# 13 Financial Reports

## 13.1 Internal Financial Report

An Internal Financial Report should be prepared at the end of each month. The amount of each installment of fund received and the total of funds received should be available in this report. All the expenditures from the general ledger should be shown with budgeted figure of each item. Opening and closing balance of bank and cash book should also be included. When all receipts and payments are totaled and cash in hand and cash at bank extracted, total expenditures and the balances shown in the Internal Financial Report should agree with the general ledger and cash book/bank book.

The Head of Finance should sign the report and give it to the Director who after verification should also sign the report. The report should be used as an internal document to monitor expenditures and balances of the budget and must be produced to The Board of directors of Organization during its meeting, if needed.

## 13.2 Contents of Financial Statements

### 13.2.1 Balance Sheet

The position of funds, Assets and Liabilities on a specific date is presented through the Balance Sheet. It is prepared Project-wise, Fund-wise and a Consolidation of all the funds. The Balance Sheet shall have to be prepared based on the Trial Balance and the adjusting entries of the projects of SAHELI. The Excess of Income over Expenditure (surplus) or the Excess of Expenditure over Income (deficit) is to be adjusted against fund account of Balance Sheet. The ultimate effects of the adjustments relating to advances, prepayments and outstanding expenses and depreciation shall be shown in the Balance Sheet.

The details of Fixed Assets should be shown in a schedule to be annexed with the Balance Sheet.



### 13.2.2 Income and Expenditure Account

Project-wise, Fund-wise as well as consolidated Income and Expenditure Account is prepared to ascertain the Excess of Income over Expenditure or the Excess of Expenditure over Income on monthly and yearly basis. All the revenue receipts should be treated as income and all the revenue payments should be treated as expenditure. Payments against advances or capital expenses should not be included in this account. These types of expenses should be treated as items to be shown in the Balance sheet. The surplus or deficit as shown by this account shall be transferred to the Balance Sheet as Capital Fund. The depreciation charges relating fixed assets and the bad debts will be shown in the Income and Expenditure Account. All revenue nature income and expenditure relating to the reporting period will be reflected in this account irrespective of the status whether income received or not and the expenditure paid or not.

### 13.2.3. Receipts and Payments Account

At the end of each month, Project-wise and Fund-wise Receipts and Payments Account shall be prepared based on all receipts and all payments relating to each of the projects. A Consolidated Receipts and Payments Account of SAHELI shall be prepared at the end of each month, showing budget and cumulative figures of each of the budget line items. At the time of preparing the above account, the closing balance of the previous month/year should be transferred as opening balance. The receipts and payments account will reflect the summation of all revenue and capital nature expenditure during the reporting period.

### 13.2.4. Comparative Statements: Budget vs. Actual Amount

A comparative statement shall be prepared at the end of each month showing Budget vs. Actual amounts. This statement is also called Variance Report. The Finance Department of SAHELI that prepares monthly Financial Statements shall be responsible for closely monitoring the Variance Report.

### 13.2.5 All supporting Documents with regard to:

- Fixed Assets
- Accounts Receivable
- Accounts Payable
- Advances, Deposits and Prepayments
- Liabilities and all Unpaid Obligations
- Sources of Income
- Others, as may be required.

### 13.3 Financial Report to the Donors

Financial report for the donor should be prepared as per the requirements of the respective donors.

### 13.4 Final Accounts

From the annual Trial Balance, Balance Sheet and Income and Expenditure Account will be prepared. For activities of different projects, which are not completed at the Balance Sheet Date of the SAHELI's main accounts, proportionate accounts of those projects will be accounted for in the main accounts.

### 13.5 Chart of Accounts

SAHELI is an expanding organization and expected to take up new projects and programs. As per organization and donor need different financial report to be generated for different project and duration. The Chart of Accounts (Accounts head or title) has been developed to allow separate tracking of



individual programs, different program component and location –wise. One can introduce coding system side by side, which could be helpful for computerization but for the manual accounting coding is not necessary.

## **Main Accounts Heads**

### **Fixed Asset**

- Land and building
- Furniture and Fixture
- Office Equipment
- Vehicles
- Other Assets

### **Current Assets**

- Cash in Hand
- Advance & Prepayments
- Cash at Bank
- Investment in FDR
- Account Receivables

### **Liability**

- Loan from alternative source/s
- Outstanding liabilities
- Capital fund
- Unutilized project fund

### **Revenue**

- Sales of Handicraft
- Fund received from Donor/Grant Income
- Income from Bank Accounts
- Miscellaneous

### **Expense**

- Programme cost
- Salary & benefits
- Office rent
- Stationeries & supplies
- Office maintenance
- Utilities

## **13.6. External Audit and Annual Return**

All the accounts of the Organization shall be audited by a reputed Chartered Accountants Firm annually. Main Accounts (SAHELI Consolidated Accounts) and all the Project Accounts as required shall be audited separately. Audit shall be carried out in conformity with the Indian Standards on Auditing and instructions of the relevant Government departments and Donors. The Director shall submit the audited financial statements along with the auditor's report to The Board of Directors for discussion and approval. The auditors shall have access at all convenient times, during the agreed period of annual audit to all books, records, vouchers, minutes and other documentations, which are in the opinion of the auditors, necessary in performance of the audit.

### **13.6.1. Appointment of External Auditors**



Selection of auditor for conducting audit of SAHELI's consolidated accounts and project accounts will be done through a process of competitive bidding. SAHELI Board may take decision to continue the existing auditor for the subsequent year and this decision needs to be ratified in the AGBM. The SAHELI AGBM shall take decision on the appointment of the auditor.

### 13.6.2. Annual Return

All the returns including annual returns must be submitted to the Inspector General of Societies, all relevant Government departments and respective Donors in the stipulated time. The Head of Finance will ensure compliance of all the formalities in this regard.

### 13.6.3. Internal Audit

The Organization should introduce internal audit to ensure best practice, continuous monitoring and compliance. Internal audit will be carried out by a team of pre designed members of the Governing Board of the organization. Internal auditor will be completely independent from the day-to-day activities of the organization, and the auditor will report directly to the Director and the Board. Internal audit should be carried out with a proper plan, audit programs, reporting templates, and adequate and timely follow-up of reported issues.

### 13.6.4. Special Area:

If management wants to know/ improve certain areas of the operations, in that case, management may involve the internal auditor to conduct audit. On completion of the work, internal auditor will submit their report with specific recommendation for overcome the issue or improve the existing system.

## 13. 7. Cost sharing guideline:

There are some expenses that are not directly incurred for a specific project but as a whole, the organization has to pay this cost. This common nature cost is usually recorded under a common pooled account and subsequently it is shared/allocated among the related projects. Examples of common costs are: Office rent, utilities- electricity bill, etc. Since these costs are shared with others, the basis of this sharing needs to be rational, acceptable and transparent. List of common costs is shown as follows:

- Office Rent
- Transportation and conveyance
- Phone, fax, internet, postage, etc.
- Utility and service charges
- Repair and office maintenance
- Printing, stationery and supplies
- Newspapers, periodicals and TV News Clipping
- Audit fees
- Staff capacity building
- Registration & renewal
- Professional fees, etc
- Others, if applicable

In view of maintaining utmost fair in sharing the common costs, the following basis needs to be followed:

**13.7.1.** Common cost will be allocated on the basis of number of projects running during the month. We use this formula (Total monthly actual common cost divided by total number of projects) for allocating the common cost to the project. If the calculated amount is less than the approved budget in that case calculated amount will be charged in the project. If the calculated amount is more than the approved budget in that case budgeted amount will be charged in the project.



**13.7.2.** If any staff engaged in more than one project, his/her salary should be charged as per actual effort. As per SAHELI practice attendance register must be maintained for the staffs of SAHELI and all staff salary should be paid through SAHELI operational (Core) Account. Separate time sheet may be maintained as per requirement of the project. The chargeable amount will not exceed the budget ceiling.

**13.7.3.** The total allocated amount against salary or common cost in different projects will not exceed the total actual amount.

## **14 Conclusion**

The manual described above has been raised by SAHELI based on its experience in this sector for nearly two decades, the few policy statements it has developed in these years and the learning gained by consulting other relevant documents. This manual will continue in application. But whenever situation demands, new provisions will be added to this manual as per the practice laid down in the bylaws of SAHELI.

**(This Finance Manual document was presented, debated, and adopted in the meeting of the Governing Body of SAHELI held on 14-03-2025)**

**Dalia Antony  
President**

**Sonali Sahu  
Secretary**

**Shaju V. Joseph  
Treasurer**