

SAMARTHAN

ACCOUNTS & FINANCE MANUAL

Guideline on Accounting Principles and Financial Procedures

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FROM THE DESK OF EXECUTIVE DIRECTOR

This manual is to serve as a guide and handbook of internal systems on Accounting Principles and Financial procedures to be adopted and followed by SAMARTHAN.

The main objectives of this Manual are to:

1. Provide a clear description of various accounting principles and financial procedures, to be observed and put into practice while documenting various accounting transactions;
2. Establish and set minimum standards for working procedures and methods of accounting systems;
3. Clarify the roles and responsibilities of respective departments/units to follow the defined procedures;
4. Serve as an Accountant's guide on Accounting Principles and Financial Procedures of the Organization.

SAMARTHAN-Centre for Development Support is a support organization, based in Madhya Pradesh, networking with a number of voluntary groups, development agencies as well as Government Departments, on various developmental issues to create social order of equal opportunities and access to information to one and all.

The organization aims to strengthen Civil Society efforts and participatory development process favoring the poor, oppressed and disadvantaged sections of the society.

With every passing year, SAMARTHAN is achieving new heights of success and moving from one milestone to another. This has also added several complexities demanding greater attention for efficient financial and administrative management. Therefore, with a view to regulate its working in a smoother, transparent and more effective manner, these Accounting Principles and Financial Procedures have been framed to serve as a guide and to ensure the functioning of SAMARTHAN on a more sound footing as well as to strengthen its role as a support organization in wider perspective.

The 'perfection' of any system is a continuous process and there always exists the scope for improvement and therefore, this manual shall always be open to incorporate any suggestions that may be received in future, aiming to further improve upon the existing systems.

Dr. Yogesh Kumar
Executive Director

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CHAPTER – 1

ACCOUNTING PRINCIPLES

1.1 Maintenance of Books of Accounts:

The following Books of Accounts shall be maintained, as per procedure described, at the Head Office at Bhopal (MP) as well as by the State Office at Raipur (CG) or any other state office opened by Samarthan:

1. Samarthan has opted accrual accounting system.
2. The Computerized system for maintaining the Books of Accounts shall be followed and continuously updated on daily basis. For this purpose, registered version of Tally Multi-User Accounting Software has been installed in the Computers, which is updated as and when required.
3. SAMARTHAN will maintain project-wise expenditure details in the cost centers, to be developed either on the basis of sanctioned / approved budget heads or as per standard reporting formats for respective projects / donors.
4. Separate set of books shall be maintained for – i) Projects supported by Local Fund Donors (LF), and ii) Projects supported by Foreign Donors (FC projects).
5. Only in case of specific requirement of any Donor Agency, separate set of books will be maintained for such specific projects.
6. Donor-wise correspondence files relating to legal and financial matters will be maintained by the Accounts Department.
7. The computer print-outs shall be generated for the respective Books of Accounts, as per following periodicity:

| S. No. | Books of Account | Periodicity |
|--------|------------------|--|
| 01 | Cash Book | Daily |
| 02 | Bank Book | Monthly |
| 03 | Day Book | Monthly |
| 04 | Voucher Register | Monthly and / or as per audit requirement |
| 05 | Ledger Accounts | As per requirement |
| 06 | Trial Balance | After Completion of Internal Audit (Quarterly / Half Yearly / Yearly) |

Note: The Books of Accounts at Regional Office, Sehore, Panna or any other center will be maintained only for the purposes of their internal checking and control. The Executive Director may take a decision in this regard depending on the volume of operations and demand of the donors.

1.2 Retention of Books of Accounts & Records:

The books of account and relevant records shall be retained for a period of 10 (Ten) Years from the end of the relevant assessment year. However, Samarthan will take a decision for longer period depending on the provisions of the Trust Act, Income Tax, FCRA or any other Act.

1.2.1 Non-Disposable Records:

The following records should not be disposed off;

- i) Registration documents with legal departments
- ii) Project Agreements and Utilisation Certificates / Statement of Expenditures
- iii) Bills / Invoices and registration documents of Fixed Assets
- iv) Staff appointment letter and other legal documents & records**
- v) The Statutory Records e.g. Audited Final Accounts, Statutory Audit Reports, TDS Returns & Challans, PT Returns & Challans, EPF Return & Challans.
- vi) Legal documents related to Board Meetings

1.2.2 Disposable Records:

- i) Bills and Vouchers with supporting documents
- ii) Books of Accounts (if printed)
- iii) Any other records with approval from BoT on recommendation of Finance Committee.

1.2.3 Disposal Process:

A committee of three members will be constituted by the Executive Director with the approval of the Finance Committee to ensure proper disposal. The disposal of the committee will be ratified by BoT.

1.3 Reconciliation Statements:

The Accounts Department of SAMARTHAN shall prepare and maintain the following Reconciliation Statements on monthly basis, or as per specific requirement:

- i) Bank Reconciliation Statement
- ii) State Office Reconciliation Statement
- iii) Regional Office Reconciliation Statement
- iv) Field Advance Reconciliation Statement

For each of the above Reconciliation Statements, separate files shall be maintained by the Accounts Department.

Procedure of the settlement of Un-reconciled entries:

(A)– ***The amount debited to our Accounts:*** e.g. Bank charges, TDS , Direct debits or Chq issued but not entered in books,

(B) ***The amount Credited to our Accounts:*** e.g. Bank interest , Direct Credits or Chq Deposited but not entered in books,

In the above (A) & (B) If there is any such un-reconciled entries, which are directly debited or credited to account will be sorted out & entered in books in following next month.

(C) ***The overdue cheques:*** *In the case of overdue period cheques, the reverse entries will be passed in the books; the amount of the cheques will be debited/credited in the name of the concern party, rather than debiting to income or crediting to expenditure accounts.*

1.4 Procedure for Advances:

The following procedure shall be adopted and followed for releasing advance payments for respective activities:

- 1) A requisition for sanction and release of Advance payment must be raised by the concerned Office/Staff in the prescribed format.
- 2) The respective requisition for advance must be filled-up completely, including the clear mention of any outstanding amount of advance.
- 3) All requisitions for advances, duly approved by competent authority, must reach to Accounts Department, at least one working day in advance from the date of advance required. However, exceptions may be made only in emergent situations.
- 4) No second advance will be released to any staff member unless and until he/she has cleared/settled the earlier advance already received for the same. However, in exceptional cases, approval of Executive Director is required for releasing subsequent advance, pending settlement of earlier one.
- 5) The cutoff date for submission of accounts for advance received for program related activities, has been determined as 25th of the every month.

- 6) All requisitions for advance payments up to Rs.5,000/- may be paid in cash, while payments for advances for more than Rs.5,000/- shall be paid through an account payee cheque in favor of applicant. However, exceptions may be made only in emergent situations, with prior approval by the Executive Director or the person delegated by the Executive Director.
- 7) The system for raising, recommending and sanctioning of various advances shall be observed as per following chart:

| S No | Raised by | Recommended by | Sanctioning Authority | Financial limit |
|-------------|--|--|--|---|
| 01 | 1. State Office 2. Regional Office 3. Field Office (by SC/RC/PC/PM) | PC / PM and / or PMU | Senior Programme person of Head Office or State Offices or Regional Offices as designated by the ED Executive Director | Up to Rs.2.00 lakhs For more than Rs.2.00 lakhs |
| 02 | Programmatic advances (by program staff) | <u>At HO</u> PC / PM and / or PMU | Senior Programme person of Head Office as designated by the ED Executive Director | Up to Rs.50,000 For more than Rs.50,000 |
| | | <u>At SO & RO</u> PC / PM | Senior Programme person of State Offices or Regional Offices as designated by the ED Executive Director | Up to Rs.50,000 For more than Rs.50,000 |
| 03 | Administrative advances (by admin staff) | <u>At HO</u> Admin Staff | PMU/Admin officer / Manager Accounts Senior Programme person of Head Office as designated by the ED Executive Director | Up to Rs.5,000 For more than Rs.5,000 but not exceeding Rs.30000 For more than Rs.30000 |
| | | <u>At SO / RO</u> | Senior Programme person of State | Up to Rs.10,000 |

| | | | | |
|----|------------------|----------------------|---|-------------------------|
| | | Admin Officer | Offices or Regional Offices as designated by the ED | |
| | | | Executive Director | For more than Rs.10,000 |
| 04 | Personal Advance | Concerned Supervisor | Executive Director | For any amount |

Note: In following cases, it shall be absolutely mandatory to obtain prior approval of Executive Director, before releasing and/or incurring expenditure irrespective of any amount whatsoever:

- i) Any Advances of 'CORE' funds;
- ii) Any Advances for the purchase of Fixed Assets
- iii) Temporary advances for project due to delay in receiving the relevant project fund for any reason whatsoever;

1.5 Procedure for Settlement of Advance Accounts:

1.5.1 General Guidelines:

The following general guidelines shall be observed
For settlement of accounts in respect of various advances:

1. Each of the staff is expected to follow meticulously the dates that are specifically indicated to them for settling their monthly accounts e.g. 25th of reporting month.
2. The Accounts Department upon receiving the expenditures after the verification/approval from PMU/SC/RC/RD, shall make entries in the books and prepare reconciliation statement accordingly.
3. Each of the entry made in the books shall be duly verified by the Accounts Manager.
4. In case of delay in settling the advance accounts, beyond the prescribed limit, the Management, at its discretion, may with-hold the salary of concerned staff, till the outstanding advance is cleared.

1.5.2 Routing system for settlement of Advances:

The following routing system for settlement of Advances by the staff at Head Office, Field Office, State Office and Regional Office, shall be observed in respect of:

- i) **Program related expenditures:**
- ii) **Administrative expenditures:**

| For Head Office and Field Offices staff | For State and Regional Offices |
|--|--|
| a) For Program related Expenditures: | a) For Program related Expenditures: |
| <ol style="list-style-type: none"> 1. The concerned staff shall submit its respective Statement of Expenditure, together with supporting bills / documents to Project Coordinator for checking the relevance of the expenditure and verification of expenses. The staff will mention the budget line under which the expenditure has been made. 2. After verification, the Project Coordinator shall forward the Statement of Expenses to PMU for verification of respective budget lines as well as required documents for booking the expenses. 3. The PMU, after putting respective budget lines, shall submit the Statement of Expenses to the person delegated by the Executive Director. 4. The Research Director, after approving the Statement of Expenses, shall pass-on the same to Accounts Department for preparing respective vouchers and making necessary accounting entries. 5. All the vouchers, so prepared by the Accounts Department, shall be counter-signed by the Research Director or the person delegated by the Executive Director. | <ol style="list-style-type: none"> 1. The concerned staff shall submit its respective Statement of Expenditure, together with supporting bills / documents to SC/RC/PC/PM for checking, verification of expenses and for putting budget lines for booking respective expenses. 2. The SC/RC after verification of Statement of Expenses shall pass-on the same to Accounts Section for preparing respective vouchers and making necessary accounting entries in the books. 3. All the vouchers, so prepared by the Accounts Section, shall be counter-signed by the SC/RC. 4. Thereafter, the Accounts Section of RO shall transmit the Statement of Expenses along with supporting bills / documents / vouchers to Accounts Department at HO for the consolidation of accounts and reporting to donors. In case of SO the accounts section send the Statement of Expenditures to HO for the information / record purpose. |
| b) Administrative Expenditures: | b) Administrative Expenditures: |
| <ol style="list-style-type: none"> 1. The concerned staff shall submit its Statement of Expenses, together with supporting bills / documents to | <ol style="list-style-type: none"> 1. The concerned staff shall submit its respective Statement of Expenditure, together with supporting bills / documents to |

| | |
|---|--|
| Admin officer for verification of expenses. 2. After verification the Admin officer shall forward the Statement of Expenses to PMU for putting appropriate budget lines. 3. The next process as mentioned above (a) | SC/RC for checking, verification of expenses and for putting budget lines for booking respective expenses. 2. The next process as mentioned above (a) |
|---|--|

1.5.3 Settlement of Advances taken from Core Funds:

For the settlement of any expenditure of core needs to be approved by the Executive Director or the person delegated by the Executive Director:-

The following expenditures may not attract the approval of the ED,

| S.No. | Nature of Expenditures | Remarks |
|-------|---|---|
| 1 | Vehicle Running Expenses | Vehicle Repairing and maintenance expenses up to limit of Rs 15000 |
| 2 | Training Center Maintenance Expenses | In case of Training Center repairing and purchase of equipments expenses more than Rs. 15000 approval from ED required. |
| 3 | Electricity and Communication expenses (e.g. Telephone, CUG Mobile, Internet, and Postage). | Expenditures allocable to the projects from core. |
| 4 | Stationery & Photocopy expenses. | Minor repairing and maintenance up to limit of Rs.15000.00 |

Similarly, any advance taken for purchase of Fixed Assets, shall be settled only after the concerned Statement of Expenses is duly approved by the Executive Director, which is mandatory in all respect and circumstances.

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CHAPTER – 2

FINANCIAL PROCEDURES

2.1 Procedure for Releasing Payments:

The Accounts Department of SAMARTHAN shall observe the following policy for releasing of payments:

1. All Advances payments up to Rs. 5,000/- may be paid in cash, while payments for advances for more than Rs. 5,000/- must be paid through an account payee cheque in favor of applicant.
2. All payments for reimbursement of expenses:
 - a) At HO / SO / RO: - up to Rs. 5,000/- may be paid in cash, while payments for more than Rs. 5,000/- must be paid through an account payee cheque in favor of concern person/party.
 - b) At FO / Staff or Consultant: - up to Rs. 15,000/- may be paid in cash to a single party, in case of the payments for more than Rs. 15,000/- the concern staff raise a request to HO/SO/RO for providing account payee cheque or demand draft in favor of concern person/party from HO/SO/RO.
 - c) In-case of field trainings/workshop expenses would be pay in cash after taken approval/permission from concern programme/regional coordinator.

2.2 Procedure for Cash Handling:

For withdrawal of cash from the bank, the Accounts Department of SAMARTHAN shall observe the following procedural guidelines:

- 1) Cash withdrawals from the bank are to be made as and when funds are required for programs or for making advance payments for project activities.
- 2) If the bank withdrawal is for less than Rs. 20,000/- a cash requisition will be raised by the Cashier, duly approved by the delegated authority. For more than Rs. 20,000/-, the cash requisition will be approved by the Executive Director.
- 3) Cash retention limit is define up to a maximum of Rs.75,000/-
- 4) For programs conducted in places other than HO and if the disbursement of money is for more than Rs. 50,000/-, the finance unit shall ensure that either one of their staff accompanies the organizers of the program or they ensure

that one of the senior staff of the organization accompanies the program to assist in financial matters.

- 5) The timings for cash disbursement at HO shall be from 3.00 p.m. to 5.00 p.m. on all working days.
- 6) The Concerned Accountant/Cashier makes a physical Cash statement with Tally Statement and hands it over to the Accounts Officer or Accounts Manager.
- 7) The Accounts Officer/Manager verifies the Indents, Vouchers and the supporting Bills and checks the accounting statement given by the Cashier. He, then checks and verifies the cash balance in the tally companies, tallies it and then closes the Accounts for the day.

2.3 Procedure for Bank Operating:

The following procedure shall be adopted by the Accounts Department of SAMARTHAN, for preparing, signing and issuing the cheques for making respective payments:

2.3.1 Authorizations from Board:

The information of opening a new bank account will be provided by the BoT in to subsequent meeting.

2.3.2 Type of Bank Account:

Samarthan may open savings / current accounts with only scheduled banks. Samarthan will operate separate bank account for Foreign Contribution Fund and Local Funds.

2.3.3 Designation of the Bank Account for the Projects:

There are two options for the requirement of specific bank account for the particular project/donor as mention below:

Option - 1: Samarthan may designate any one of running account for the project to receive fund and incur expenses for the committed project period;

Option – 2: Samarthan may open a new bank account for the specific project funds and such bank accounts must be closed on the closure of the project.

2.3.4 Authorities Signatories:

All the bank accounts must be operated by jointly. For this purpose following procedure is being followed:

i) At HO Level:-

The cheques will be signed jointly by any two persons as authorized by Executive Director. Presently there are three signatories have been authorized for the signing cheques/documents. There are two conditions for the limitation of signing the cheques:

- a) Up to 30000.00 - Any two authorized signatories out of three.
- b) Above 30000.00 – It is mandatory the cheques must be sign by Executive Director and any other one out of remaining two.

ii) At SO/RO Level:-

The cheques must be jointly signed by two persons duly authorized by the Executive Director for the above mentioned limit.

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CHAPTER – 3

COMMON COST POLICY

3.1 Definition:

Such expenses which are incurred as a whole, but cannot be assigned directly to any particular activity, are treated as Common Cost viz. electricity bills, phone bills etc.

Normally projects are sanctioned on the basis of:

- 1) Specific budgetary limitations for respective expense heads;
- 2) Total fixed amount, without specifying any expense head

For projects with specific budgetary limitations for respective expense heads, it will be mandatory to apportion the common under respective expense heads accordingly. However, for projects of fixed amount, with a view to determine the actual cost incurred under such projects, it will be necessary to apportion the common costs to respective projects. Therefore, the policy being described below shall be applicable to both types of projects.

3.2 Components of Common Cost:

In SAMARTHAN, the main components of Common Cost comprises of:

1. Salaries and Remuneration
2. CUG Mobile Expenses
3. Office space & Utilities Cost
 - i) Telephone and Internet Expenses
 - ii) Electricity Expenses
 - iii) Rent & Maintenance Expenses
4. Photocopy and Printouts Cost
5. Vehicle Running Cost
6. Postage Expenses
7. Stationery Expenses
8. Usage of Office Equipments
9. Publication cost
10. Any other defined by the Executive Director.

3.3 Procedure for Allocation of Common Cost:

The specific procedure to be adopted for allocation of respective common cost components is being described below:

3.3.1 Salaries and Remuneration:

Regular Staff Salaries and Remuneration to Consultant being paid by the Samarthan from own core cost, considering the entire person appointed for Samarthan Core Group. The human resource cost will be allocated to the concern project on the basis of option given below:

i) Fixed Salary Basis:

The Salaries will be allocated to the project under the committed budget for human resource cost in case of the person has been designated for such specific project activities. The allocable amount will be determined on basis of actual salary is being paid or committed budget whichever is low.

ii) Time Sheet Basis:

In case of non-availability of the fixed committed human resource cost is in sanctioned budget, the human resource cost may be charges on basis of the time spend by staff to project programmatic activities. The budget of programmatic activities may be considered as containing cost of HRC. In this category cost of human resource will be calculated as mentioned below,

Monthly salary / 20 days x 1.5 = Cost per day x No. of days worked
for the project

Example – Monthly salary: Rs.20000.00
Worked for project: 5 days
Cost to be charged: Rs.7, 500.00
(20000/20 = 1000 x 1.5 = 1500 per day x 5 = 7500)

iii) Resource Person Fees / Cost:

In case of short term assignments, the human resource fees/cost might be determined on basis of following negotiable rates:

| | |
|--------------------------|------------------------------|
| - Team Leader: | Rs. 5,000 – Rs.15000 per day |
| - Coordinator: | Rs. 3,000 – Rs.10000 per day |
| - Assistant Coordinator: | Rs. 2,000 – Rs.5000 per day |
| - Admin. Support: | Rs. 2,000 – Rs.5000 per day |
| - Field support staff: | Rs. 1,000 – Rs.2000 per day |

Note: -

- i) The resource person fees and the HRC charged as per time sheet will be treated as Samarthan consultancies charges.*
- ii) In case of the engagement of short term consultants, his/her remuneration will be charged directly to concern project activities.*
- iii) The Executive Director can decide change consultancy rate, if required.*

3.3.2 CUG Mobile Expenses:

The present policy of SAMARTHAN for CUG mobile expenses is as under:

- i) Each of the staff member has been sanctioned a monthly limit for mobile usage for official purposes.
- ii) Under CUG scheme for mobile phones, upon receiving the mobile phone bills of its staff, SAMARTHAN makes a consolidated payment for the total of mobile bills received.
- iii) In case the mobile bill of a particular person is for more than the sanctioned limit, then the excess amount is to be deducted out of his/her monthly salary.

| | | |
|------------------|--|--------|
| <u>Example</u> - | Sanctioned limit (allocable to project): | Rs.600 |
| | Bill amount: | Rs.850 |
| | Amount to be deducted from salary: | Rs.250 |

Charging to project cost – The total CUG mobile cost for the month, as per total sanctioned limit or on actual basis, whichever is less, is to be charged to project cost on the following basis:

- i) As per communication budget of respective projects, on the basis of actual budgetary provisions;

OR (In the absence of any communication budget)

- ii) Current running activity cost of the project(s).

3.3.3 Office Space & Utilities Cost:

- i) Telephone and Internet Expenses
- ii) Electricity Expenses
- iii) Rent & Maintenance Expenses

The above three type of expenses are known as office space & utilities cost. The said expenses will be allocated to respective projects as per the method defined below:

The said all three expenses initially will be paid from Core. On monthly basis the cumulative expenses will be allocated to the following three heads,

I. Core and Residence Training Centre:

10% of total monthly office space and utilities cost will be allocated to Residential Training Centre. The Solar system 90% usage in RTC

II. Running Project:

90% of total monthly office space and utilities cost will be allocated to on-going project. The amount chargeable to each project will be calculated on the ratio of quarterly committed budgets of running projects.

Example:

| | | | |
|-------------------|--------------------------------|---------------------|---------------|
| Actual expenses - | Telephone & Internet: | Rs. 30,000 | (30%) |
| | Electricity: | Rs. 25,000 | (25%) |
| | Rent & Maintenance: | Rs. 45,000 | (45%) |
| | <u>Total expenses:</u> | <u>Rs. 1,00,000</u> | <u>(100%)</u> |
| | Less: Core & RTC | Rs. 10,000 | (10%) |
| | <u>Allocable to projects :</u> | <u>Rs. 90,000</u> | <u>(70%)</u> |

| | | | |
|-------------------|----|-----------|--------------|
| Running projects: | A: | 50,00,000 | 29% of total |
| | B: | 70,00,000 | 41% of total |
| | C: | 30,00,000 | 18% of total |
| | D: | 20,00,000 | 12% of total |

Total amount of projects: 1,70,00,000 (100%)

| | | |
|-------------------------|----------------------------|---------------------------|
| Charging to projects: A | <u>29% of 90,000 =</u> | <u>Rs.26,100</u> |
| | Telephone & Internet (30%) | Rs. 7,830 |
| | Electricity (25%) | Rs. 6,525 |
| | Rent & Maint. (45%) | Rs11,745 |
| | <u>Total (100%):</u> | <u>Rs26,100</u> |
| | B | 41% of 90,000 = Rs.36,900 |
| | C | 18% of 90,000 = Rs.16,200 |
| | D | 12% of 90,000 = Rs.10,800 |

Above office space & utilities cost will be allocated to concern project in the approved budget heads. The three possible budget heads will be areas under:

- i) Fixed Heads - These heads may be mentioned as Rent, Telephone, Electricity, and communication Expenses, utility charges etc.
- ii) Institutional Overhead Charges- If the approved budget includes a specific cost for institutional overhead charges, the office space & utilities cost will be allocated to the same up to maximum limit defined .e.g. 5% or 7% or 10% of programme cost.
- iii) Running programmatic Activities – In case of non-availabilities of above both options the office space & utilities cost will be allocated to running programmatic activities.

Note: (1) Samarthan's Head office is located in Samarthan's own building, the rent will be charged to various projects on the rates basis of local government (rent control) authority, which will be treated as paid rent.

(2) The ratio of division of office space & utility cost between Core/RTC and running projects has been defined on the basis of area being used of the office building.

(3) In case of availability of sanctioned administrative project budgets, the unallocated office & utilities charges may be booked to said unspent budget.

3.3.4 Photocopy and Computer Printouts Charges:

Initially all the expenses incurred on this behalf, such as cost of paper, maintenance of photocopier, ink, computer sheets, etc., are debited to Core Account on actual basis, and thereafter, the costs recovered from respective projects, are credited to Organizational Receipts.

A project-wise MIS is prepared on monthly basis, showing the following details:

- i) Project name
- ii) Number of pages photo copied during the period
- iii) Number of computer printouts taken (pages) during the period

The cost is charged to project expenses on the following basis:

- i) For photo copies: @ of Rs. 2.00 Per page
- ii) For computer printouts (Black & White): @ of Rs. 5.00 Per page
- iii) For computer printouts (Color) : @ of Rs.10.00 Per page

3.3.5 Vehicle Running Cost:

Initially all the payments made in this behalf, are debited to Core Account on actual basis, and thereafter, the costs recovered from respective projects, are credited to Organisational Receipts. The allocable amount to the project will be calculated on the basis of the rates define by the management. The vehicle user will maintain the vehicles Log Books for preparing the records of usage for the particular project.

Vehicle log books are maintained by the vehicle user separately for 2 wheelers and 4 wheelers indicating the following details:

- i) Date
- ii) Purpose
- iii) Project name & Budget head/budget line
- iv) Starting kilometer
- v) Closing kilometer
- vi) Total kilometer run

At the end of each month, a statement is prepared with following details:

- i) Project name & Budget head/budget line
- ii) No. of kilometers run (2-wheelers)
- iii) No. of kilometers run (4-wheelers)

The presently applicable rates as under:

- i) For 2-wheelers: @ of Rs. 4.00 per kilometer
- ii) For 4-wheelers: @ of Rs. 10.00 per kilometer

Note: The above rates are subject to change in direct proportion to every revision in petrol/diesel prices, as may be announced by the Government from time to time.

3.3.6 Postage Expenses:

A postage register is maintained with the following details:

- i) Date
- ii) Name of the receiver & Subject matter
- iii) Mode of postage
- iv) Cost
- v) Project name & budget head/budget line

Initially all the payments made in this behalf, are debited to Core Account on actual basis, and thereafter, at the end of each month, project-wise cost of postage is worked out or prepared MIS and the cost allocated to respective projects, on actual basis. Some specific postage expenses directly charged to concern project.

3.3.7 Cost of Stationery:

Stationery items can be categorized as under:

- i) Common stationery items to be used for different projects/activities,
- ii) Specific stationery items for particular project purposes.

Charging to project expenses:

- i) Common stationery items – Quantity of common stationery items utilized in a particular project are to be charged to project expenses, on the monthly basis as prepared MIS. The stationeries rates are define by the management.
- ii) Stationary items at programmatic Fields- In exceptional cases in programmatic filed the stationary items might be purchased at filed level and cost might be charged to project.

3.3.8 Usage of Office Equipments Charges:

The office equipments charges are define by the management. The charges are allocated to the project on the basis of monthly prepared MIS. Office equipments items categories as under:

- i) Computers, Printers, Scanner, Laptop @500/-
- ii) LCD projector @800/-
- iii) Camera @250/-
- iv) Conference sound system & Mega Phone etc.-----

3.3.9 Publications Cost:

There are two types of publications prepared and printed by Samarthan:

i) Projects Publication:

Entire cost of specific publications, prepared and printed for particular project only, is to be charged to that specific project only.

ii) Samarthan's own Publications:

Samarthan will prepare and print own publication in lump sum quantity, which might be used in different projects/activities; for which Samarthan will charge a reasonable amount on basis of rates for publication decided by the management. Initially all the expenses incurred in getting the various publications prepared and printed, are debited to Core Account on actual basis, and thereafter, the costs recovered from respective projects to be treated as Orgnisational receipts from contribution towards publication.

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CHAPTER – 4

RESIDENTIAL TRAINING CENTRE

4.1 Accounting of Expenses:

SAMARTHAN has a full-fledged Residential Training Centre, located within its 3-storey building complex. It includes:

- Well equipped Training Hall
- Dining hall
- Lodging facilities (A.C. and non-A.C.) with attached toilet and bath rooms
- **Boarding** facilities
- Quality administrative support

The training programs are conducted as per following categorization:

1. Training Programs by the other development organisation –Samarthan supports other voluntary organizations and / or programs of the Government to promote development issue and their organizational nonprofit objects using the facilities of Samarthan. The books of accounts for such trainings/workshops will be maintained separately.
2. Project based Training/workshops – These trainings/workshops are conducted by SAMARTHAN itself to meet the requirement of its specific projects.
3. In-house Training/workshop – These trainings are internal programs of SAMARTHAN, to equip its staff with latest technological innovations, trends and practices, to improve upon their skill so that they continue to perform in excellence.

4.2 Procedures for Accounting of Expenses:

4.2.1 Training Programs by the other NGOs:

Upon receiving a request from an Agency/Organization to hire/contribution the Training Centre facilities, the SAMARTHAN raises a memo for contribution towards the various facilities provided,

- Training Hall;
- Rooms for participant stay
- Food, break-fast provided during the trainings/workshops.
- Administrative support
- Any other facilities (equipments, stationery, photocopy, printout etc.)

The memo is raised, as per pre-determined rates, decided by the management.

4.2.2 Project based Training/workshops:

Since these training/workshops are conducted as part of project activities, therefore, the cost of such training/workshops is calculated on the basis of:

- i) Number of days the training program conducted
- ii) Number of participants
- iii) Number of rooms occupied by out-station participants

The entire cost of such training programs is charged to specific project, at the pre-determined rates, decided by the management.

4.2.3 In-house Training/workshop:

Since such training programs are organized by SAMARTHAN for up-dating and improving upon the skill of its own staff, therefore, the entire cost of such training/workshop, is charged to CORE funds.

In House meetings

The project teams can hire the facilities of the meeting hall on half day or full day basis for the discussions. The charges for the use of the facilities will be booked accordingly.

CHAPTER – 5

TRAVEL POLICY

The following travel rules shall come into effect from **15th Oct 2014** and these rules shall apply to all categories of employees of the Samarthan - Centre for Development Support.

5.1 Defining ‘Official Tour’:

For the purpose of these rules, any official travel undertaken by the professionals and/or staff of SAMARTHAN outside the Municipal limits of headquarters i.e. normal place of posting of a person, involving more than six hours of absence from the place of posting, shall be considered as ‘official tour’.

The official will be eligible for DSA only travelling outside of base station and field area designated (District), official will be entitled for DSA as per norms defined. If official is staying in night at assigned field area in compliance to the need of project, Actual expenditures amount will be reimbursable on submission of bills/declaration.

However, field visits undertaken by the concerned field staff in their own project areas will not be treated as tour and, therefore, during such field visits, persons traveling within their respective project areas, shall not be entitled to make any claim for Daily Subsistence Allowance (DSA). Only in some exceptional cases, subject to prior written sanction from the Executive Director to this effect, a person may claim for DSA during such visits also.

Professionals and/or staff of SAMARTHAN undertaking an ‘Official Tour’ may be provided Travel Advances for traveling out of their respective base city for official purposes, if required. It is advised that for short duration travel advance is not taken; actual reimbursement of bills should be claimed after completion of journey.

5.2 Categorization of staff for TA/DA:

For the purpose of claiming Traveling Allowance and Daily Subsistence Allowance (DSA), the professionals and staff of SAMARTHAN have been grouped into following five categories:

Category I : Drawing monthly gross salary/ professional fee of Rs.75001/- and above

Category II : Drawing monthly gross salary/ professional fee between Rs.40001/- to 75000/-

Category III : Drawing monthly gross salary/ professional fee between Rs.25001/- to 40000/-

Category IV : Drawing monthly gross salary/ professional fee between Rs.15001/- to 25000/-

Category V : Drawing monthly gross salary/ professional fee up to Rs.15000/-

Travel for official purpose will normally be admissible by the shortest route. However, the Executive Director may relax this condition wherever justified.

The rates of Lodging, Boarding and Travel will be eligible to claim as per budget allocated under the project or the policy determine, whatever is lower- will be entitled to claim.

5.3 Mode of Travel:

Staff of all the categories is entitled to travel in IIIrd AC/ AC Chair Car. However, a female staff traveling alone during night time can travel up to IInd AC if required. Staff may travel in a higher class only if approved by Executive Director/Appropriate Authority delegated by Executive Director.

Air travel/Taxi will require the prior approval of Executive Director/Appropriate Authority delegated by Executive Director. However, Executive Director is entitled to travel by Air/Taxi.

5.4 Lodging:

The limits of lodging charges shall be as under:

| Category | Metro cities | State capitals and Class-I cities | Cities other than Class-I cities | Block HQ and Project Villages |
|---------------------------------|--------------------|-----------------------------------|----------------------------------|-------------------------------|
| Categories I | Rs. 2500/- per day | Rs.2500/- per day | Rs 2000/- per day | Rs 1000 per day |
| Categories II employees/ staff | Rs. 2000/- per day | Rs.2000/- per day | Rs 1500/- per day | Rs 1000 per day |
| Categories III employees/ staff | Rs. 1800/- per day | Rs.1500/- per day | Rs 1200/- per day | Rs 1000 per day |
| Categories IV and V | Rs. 1500/- per day | Rs.1000/- per day | Rs.800/- per day | Rs 500 per day |

Should be encourage double occupancy by staff travelling together to same cost.

The lodging charges paid by an employee/ staff while on tour shall be reimbursed on production of receipt/ bills from hotel/guest house. The receipt must be stamped as 'Paid' by the Hotel /Guest house.

The excess expenditure over and above the aforesaid limit will be deducted from Salary/advances unless approval of Executive Director is obtained for excess expenditure.

5.5 Daily Subsistence Allowance (DSA):

All staff members shall be entitled for the following DSA:

| Category | Metro cities | State capitals and Class-I cities | Cities other than Class-I cities | Block HQ or project villages |
|-------------------|-------------------|-----------------------------------|----------------------------------|------------------------------|
| Categories I | Rs.1000/- per day | Rs 800/-per day | Rs.600/- per day | Rs 500 per day |
| Category II | Rs.800/- per day | Rs.500/- per day | Rs.500/- per day | Rs 400 per day |
| Category III | Rs.500/- per day | Rs.400/- per day | Rs.300/- per day | Rs 300 per day |
| Category IV and V | Rs.400/- per day | Rs.300/- per day | Rs.200/- per day | Rs 200per day |

If any of officials of Samarthan is attending workshop/meeting/conference/training organized by outside organizer, it assumed that all arrangement covers under logistics provided, so in that case only 25% DSA will be eligible to avail. An employee/ staff who is required to go out on tour shall be entitled to draw DSA of his grade from the time of departure till the time of arrival back to his headquarters (including time spent in journey) with the following conditions;

5.5.1 Travel Period:

All tours must be taken only after due permission (telephonic/written) from concern person (field/project coordinators)

The travel should be undertaken for a period of more than 12 hrs.

5.5.2 Regional Offices (Bhopal, Sehore and Raipur):

No DSA to be claimed for less than 12 hours between Bhopal to Sehore and Raipur to Rajnandgaon or Durg in one visit of to and fro, and a fixed amount of 150/- will be paid as DSA for the visit only after completion of 12 hours for visit. But when any of the official will stay in that regional office district, DSA will be claimed as per DSA policy mentioned under clause no. 1.5 .These cities would be treated as any other cities in the respective category.

5.5.3 DSA for Staff travelling as Resource Person

50% applicable DSA per day shall be admissible when a staff is travelling as resource person for training for Training Programs/Meetings/ Samarthan's work/ Event as a Resource Person where boarding and lodging is covered (breakfast/ lunch and dinner) by the Office/ Organization/ Institution. If only lunch is provided, the applicable DSA rate will be 75%. The staff will be treated as resource person if he/she is a trainer or facilitator.

5.5.4 DSA for Staff travelling as Participant in a Training/Workshop

In case a staff is attending Event/ Workshop/Training/ Meeting as a participant either for Capacity Building or representing organization where boarding and lodging cost are covered, only 25% of the DSA will be applicable.

An employee/ staff who proceeds on tour in an official vehicle/ own vehicle shall be entitled for DSA of his grade from the time of departure till the time of arrival back to his headquarters.

5.6 Broad Rules for Overseas Travel:

The DSA for the tour performed abroad would be as under:

For Western, European countries and other developed countries : 25\$per day

For Asian / African / others countries : 15\$per day

Employee has to submit an undertaking that DSA has not been paid by the institutions concern. In case DSA has been paid to the employees by the institutions concern, no DSA by Samarthan would be payable. A proof from the agency inviting of details of support being provided by them is necessary, it should be sent to appropriate authority for approval. It should be attached with the travel claim.

Considering that very few foreign tours in back years, the Executive Director would be the sanctioning authority for DSA eligibility criteria relating to tour performed abroad, on case to case basis.

5.7 Local Conveyance Rules:

Reimbursement of Local Conveyance shall be made only when the staff members is going on official work.

For local traveling, duly authorized, the staff members using their own conveyance can claim as under:

- 1) For Four-wheeler: Rs. 8.00 per kilometer
- 2) For two-wheeler: Rs. 4.00 per kilometer

However, the above rates are subject to change, depending upon the future hike in petrol prices.

Further local conveyance shall be permitted on the following basis:

Category I – Taxi permitted Executive Director/Appropriate Authority delegated by Executive Director

Category II to IV – By Auto/ (own car, if permitted by the ED)

Category V – By Bus/Auto if Bus is not available for the rout

Category I to IV shall be permitted for Taxi in following circumstances

- 1) If staff member is going to field and she/he is carrying heavy learning material.
- 2) If staff member has to catch train at odd hours i.e. during 10 P.M. to 7 A.M.
- 3) On special permission depending on situations accord.

In case local travel is carried out by official vehicle, staff should ensure that proper entry giving details of Project/purpose/ Budget line are made in the Log book of the vehicle.

In the case of Executive Director, actual expenditure on tour would be reimbursable.

5.8 Submission of Travel Claim:

For undertaking any outstation tour, the staff has to send tour intimation in the prescribed format at tour@samarthan.org. A printout of the **tour intimation mail** and the **tour report** should be attached along with the travel bill. The tour report should be submitted to the concerned supervisor/ Programme Operations Unit. Any travel bill without the tour intimation mail or the tour report will not be accepted by the accounts department.

Upon return to place of work, the employee concerned shall submit his/her travel claim in a prescribed format, detailing the expenses incurred, together with receipts thereof (wherever possible), advance taken etc. to the Accounts Department for their verification and settlement of travel claim, within three days of completion of travel with the approval by the supervisor.

5.9 Bifurcation of Places for DA Rates:

5.9.1 Metro Cities

Hyderabad, Delhi, Bangalore, Greater Mumbai, Chennai, Kolkata

5.9.2 Class 1 Cities

Andhra Pradesh : Vijayawada, Warangal, Visakhapatnam, Guntur

Assam : Guhawati

Bihar : Patna

Chandigarh : Chandigarh

Chhattisgarh : Durg-Bhilai Nagar, Raipur,

Gujarat : Ahmadabad, Rajkot, Jamnagar, Bhavnagar, Vadodara, Surat

Haryana : Panchkualla Faridabad (Only for HRA purpose)

J & K : Srinagar & Jammu

Jharkhand : Jamshedpur, Dhanbad & Ranchi

Karnata : Belgaum, Hubli-Dharwar, Mangalore, Mysore

Kerala : Kozhikode, Kochi, Thiruvananthapuram

Madhya Pradesh : Gwalior, Bhopal, Jabalpur, Indore

Maharashtra : Amravati, Aurangabad, Nasik, Pune, Nagpur, Bhiwandi, Sholapur, Kolhapur

Orissa : Cuttack, Bhubaneswar

Punjab : Amritsar, Jalandhar, Ludhiana

Pondicherry : Pondicherry

Tamil Nadu : Salem, Tirruppur, Coimbatore, Tirucherapalli, Madurai

Rajasthan : Bikaner, Jodhpur, Kota, Raipur

Uttarakhand : Dehradun, Haridwar and Rishikesh

Uttar Pradesh : Moradabad, Meerut, Aligarh, Agra, Bareilly, Lucknow, Kanpur, Allahabad, Gorakhpur, Ghaziabad

CHAPTER – 6

PROCUREMENT POLICY

6.1 Procurement Procedure:

For the purchases of any item, engagement of long term supplier services or assigning printing job works; the following procedure to be followed:

6.1.1 Requisition:-

- **Project Requirements:** In such cases as per the requirement of committed activities under any project, the Project Coordinator will raise a requisition to Admin Department.
- **Non Project Requirement (Core):** In such cases the concerned department head will raise a requisition to the Admin department.

6.1.2 Identifying the supplier:

- The following points need to be ascertained before identifying a supplier for the goods and/or services to be purchased:
- Credibility of the supplier in terms of being able to supply the requirements and in time;
- Cost effectiveness of the goods supplied;
- Quality of goods supplied;
- Supplier should meet all necessary formalities in connection with its status as per the set rules and regulations;
- Supplier must be able to supply all the goods in the requisition strictly as per the given specifications in the Purchase Order;
- The supplier must be reliable and reputed, preferably a local one;
- Must be able to supply large quantities, if so required;
- Past performance of the supplier – in terms of quality, quantity and time schedule;
- Availability of supplier;
- Reputation of the supplier.

6.1.3 Call for Quotations and analyses:-

- Inviting quotations from prospective suppliers, giving specifications of the items required and quantity needed, the requirement of quotation is define as under ;

| S. No. | Range | Procedure |
|--------|------------------------------------|---|
| 1 | Up to Rs. 15,000 | Single Quotation |
| 2 | From Rs. 15,001 to Rs. 3,00,000 | Three Quotations <i>(The vendor may be inform to submit quotations verbally or telephonic)</i> |
| 3 | From Rs. 3,00,001 to Rs. 20,00,000 | Three Quotations <i>(The three quotations selected and short listed suppliers must be formally invited to submit a tender)</i> |
| 4 | Above Rs. 20,00,001 | Public International / Tender procedure |

- Specify the delivery time and place of delivery;
- Upon receiving the quotations (minimum of three), tabulate and analyze them in terms of – a) cost; b) specification provided; c) discounts offered, if any; d) cost of delivery, if so specified; e) time of delivery; f) taxes to be paid;
- After tabulating and analyzing the quotations, determine the best supplier, in terms of net cost, quality and delivery;
- Submit the aforesaid tabulation for the approval of Purchase Committee, consisting of members, for placing an order with the supplier so identified and approved by the Committee, after further negotiating the terms, if so required. On the basis of the recommendation of the purchase committee an approval require from the Executive Director.

6.1.4 Maintaining Stock Register:

The following procedure is to be adopted for maintaining a Stock Register for all consumable items:

- This is to be maintained and kept at Office premises, where the goods are purchased or stored;
- A proper Stock Register, with receipt and issue columns, need to be maintained;
- The Stock Register continues to be updated on regular basis, as soon as fresh goods are received and items issued for office use. The person responsible for maintaining Stock Register, must initial the quantities issued and available in the stores;

- All requisitions for issue of supplies, must be numbered and in duplicate. One copy has to be maintained at the Stores and duplicate copy given to Accounts Department;
- All issues shall be recorded immediately in the Stock Register and this must be updated on a daily basis;
- The Stock Register should be maintained on a FIFO (First-in First-out) basis.

6.2 Purchasing Committee:

The Purchase Committee shall consist of a group of minimum three members, which will be designated by Executive Director. The committee will be separately formulated at Head Office level and State/Regional Offices level. In such committee the following three departments will be involved;

1. Programme Department / Programme Monitoring Unit;
2. Accounts Department;
3. Admin Department.

Note: If the purchase is above Rs. 15000.00, the approval must be required from the purchasing committee.

6.3 Purchase Controls:

The following controls need to be exercised while a purchasing goods and/or services:

- a) All purchases are to be duly authorized and approved by the competent authority, as described below, before the goods and services are ordered:

Purchases up to Rs. 15,000/- Section In-charge / PC / PM / PMU

More than Rs. 15,000 and above Purchase Committee

- b) All goods received or services rendered are according to specifications and in quantities requested for;
- c) Liability for all purchases is accurately reflected in the books of accounts and that suppliers are paid only in accordance with the agreed terms;
- d) Goods ordered are actually received into stores as may be appropriate and relevant according to records updated accordingly.

6.4 Contracts and Agreements:

The Admin Department shall prepare contract / agreement for supply / services after getting the recommendation from purchasing committee.

In all the contracts / agreement, following provisions should be specifically incorporated:

- i) Details and specifications of supply / services to be rendered;
- ii) Start and completion period;
- iii) Periodicity and format for submission of progress/final reports;
- iv) Terms of payment;
- v) Penal clause of default in services;
- vi) Non-disclosure clause;
- vii) Any other terms as may be mutually agreed.

6.5 Advance Payment to Party:

- No advance payment shall be made against any of the aforesaid contracts agreements, until and unless it has been so specifically mentioned under the payment terms of the contract.
- In exceptional cases where advance payments are needed beyond the contractual terms of payment, suitable amendments be made in the contract agreement to incorporate the 'advance payment', specifying the reasons for such amendment.
- The ratio of advance payment shall be pre-determined, as per mutual agreement between SAMARTHAN and contractor.
- The advance payment shall be released after making applicable statutory deductions.
- All advances received have to be acknowledged in writing by respective parties.

6.6 Settlement of Bills and Release of Final Payment:

- On the receiving invoice / bills from the party on the completion of assigned job / supply of goods, the Admin Department bills submit to Account Department after getting required approvals and verifications from the concern authorities.
- After the required verifications account department will release the final payment to the concern party.

6.7 Petty Purchases:

All purchases up to maximum of Rs. 15,000/- per item/transaction, are to be considered as petty purchases, and can be ordered, immediately after approval by Section/Project In-charge, without calling for any quotations, or approval by Purchase Committee.

6.8 Emergency Purchases:

In emergent situations, needing immediate purchases, the required items can be ordered for purchase directly with the approval of Executive Director. However, in such cases, reasons requiring emergent purchases are to be recorded by the concerned section.

6.9 Monopoly Item:

In case of purchases of monopoly items, the purchase might be made from concern supplier with the prior return approval from purchase committee.

6.10 Non-Conflict of Personal Interest:

With a view to avoid any conflict of interests, no services shall be hired or goods purchased from the following categories of persons/institutions:

- Any person who is a relative of any of the staff member of SAMARTHAN or any member of its Board of Trustees, shall not be eligible for submitting his/her tender quotation for supply of goods. However, in especial cases his information must be declared beforehand seeking permission for tendering.
- No person having any direct or indirect interest in the on-going project activities of SAMARTHAN shall be eligible for submitting his/her quotations for supply of goods;

CHAPTER – 7

INVESTMENTS POLICY

7.1 Permitted Segments for Investment:

SAMARTHAN may invest its funds, in the following types of Investments after written approval from Executive Director. All such investments made, must be submitted before the Board of Trustees for ratification and approval, in its meeting to be held next to the date of such investments:

- Investments in Government Savings Certificates,
- Investments in immovable Property/Assets, which are useful in the terms of Organisational objective;
- Post Office Savings Scheme;
- Fixed Deposits with scheduled Banks in India;
- Investments in Central or State Government securities;
- Mutual funds/ bonds issued by the public sector as specified in the Income Tax Act
- Investments should be consistent will the provision of the Registrar of Public Trust.

7.2 Barred Against any Investment:

SAMARTHAN, shall not, under any circumstances whatsoever, make any investment in fluctuating securities, including:

- Purchase of any equity shares ;
- Loaning for non developmental activities;
- Any such investments where principal is unsecured and return is uncertain.

7.3 Procedure of Investment:

Following procedure is to be adopted for making any of the investments, as defined under (1) to (9) above:

7.3.1 Classification of investment period:

- Long term investment: 3 – 5 years
- Medium term investment: 1 – 3 years
- Short-term investment: Less than one year

7.3.2 Comparative Statement:

A comparative statement should be prepared by the Accounts Department, incorporating the factors like:

- Safety of investment;
- Rate of interest;
- Expected return – in case of investments in land;
- Liquidity of investment;
- Any other factors leading to investment.

7.3.3 Approval of Executive Director:

The aforesaid comparative statement shall be submitted before the Executive Director for his written approval, prior to making suggested investments.

7.3.4 Ratification by the Board of Trustees:

Any investments made have to be submitted before the Board of Trustees in their meetings to be held next to the date of such investments, for their ratification of the investments made.

7.4 Reporting the status of Investments:

The status report of respective investments shall be prepared and submitted to the Executive Director, in the following manner:

- Status of respective investment held should be prepared and submitted to Executive Director on monthly/quarterly basis;
- Half-yearly status report of respective investments is to be submitted before the Board of Trustees.
- Both the above reports should be prepared on the basis of category-wise investments in terms of percentage investments.
- Safety, Security and Liquidity shall be the prime considerations for making any investments.

CHAPTER – 8

POLICY ON DEPRECIATION

There are three types of rates applicable for charging depreciation for various types of assets:

- Rates as per the Companies Act
- Rates as per the Income Tax Act
- Rates as per the Organisational own Approved Policy

8.1 Current Depreciation Policy:

Presently Samarthan is following the rates of depreciation applicable as per the Income Tax Act 1961 on basis Written down Value Method, which is as under;

| S. No. | Category of Assets | Rate of Depreciation |
|--------|----------------------|----------------------|
| 1 | Land | NA |
| 2 | Office Building | 5% |
| 3 | Furniture & Fixtures | 10% |
| 4 | Office Equipments | 15% |
| 5 | Computers | 60% |
| 6 | Library Books | 10% |
| 7 | Vehicles | 15% |

The above rates are presently applicable, but are subject to change, from time to time, as per Income Tax Rules.

CHAPTER – 9

INCOME RECOGNITION POLICY

9.1 Received Income:

SAMARTHAN has opted accrual accounting system, Samarthan receives the income during the relevant financial year as mentioned below;

- Receipts for professional services;
- Receipts for facility providing for training services (including accommodation and material etc.);
- Receipts for contribution towards published material;
- Bank Interests (Including FDR);
- Other Organisational overhead charges.

9.2 Receivable Income:

As per Income Tax Rules, applicable to Voluntary Organizations and Trusts, such funds which have not been actually received, but have only become 'due', shall be recorded as 'Receivable' funds in the Books of Account.

Such 'Receivables' will continue to be shown as such, till they are actually received. Upon actual receipt of such funds, they shall form the part of 'income' of the organization in the Financial Year in which they are actually received.

As such, SAMARTHAN shall continue to follow the aforesaid policy, as applicable to Voluntary Organizations, for booking its income in the Books of Accounts.

CHAPTER – 10

COMPLIANCE POLICY

SAMARTHAN shall observe various compliances, as per following schedule, prescribed for Voluntary Organizations:

10.1 Statutory and Legal Compliances:

| S. No. | Descriptions | Tenure | Due date |
|--------|--|--|--|
| 1. | Submission of Income Tax Return | Annual | 30 th September of following financial year |
| 2. | Deposition of Monthly TDS | Monthly | Within 7 days after the end of the month under which tax deducted |
| 3. | Submission of Tax Deducted at Source (TDS) Return | Quarterly | Within 15 days of completion of quarter. |
| 4. | Issuance of TDS certificates to concerned parties | Form 16 – Annual Form 16A - Quarterly | 30 th April of following financial year Within 15 days after the Submission of Quarterly TDS Return. |
| 5. | Deposit of Provident Fund deducted from the salary of employee in the account of PF Commissioner | Monthly | Within 15 days after the end of the month under which amount deducted |
| 6. | Filing of Provident Fund Return with the PF Commissioner | Annual (March to February) | 30 th April of following financial year |
| 7. | FCRA Returns | Annual | 31 st December |
| 8. | Deposit of Professional Tax deducted from the salary of employee | Monthly | Within 15 days after the end of the month under which amount deducted |
| 9. | Submission of Professional Tax Return | Quarterly | Within 15 days of completion of quarter. |
| 10 | Reports Submission to office of the Registrar Public Trust | Annual | In next financial year |

10.2 Local Authority Compliances:

| S. No. | Descriptions | Tenure | Due date |
|---------------|---|---|---|
| 1 | Property Tax | Annual | On or before 31 st March (of the current financial year) [to get advantage of rebate it is advisable to deposit the tax by 31 st July and 31 st October |
| 2 | Payment of Bills of Electricity, Telephone etc. | As per dates prescribed in the respective bills | As per dates prescribed in the respective bills |
| 3 | Office Rent | Monthly | As per dates prescribed in the respective mutual agreement |

10.3 Management Compliances:

| S. No. | Descriptions | Tenure | Due date |
|---------------|---|--|--|
| 1 | Statutory Audit | Annual | Within 30 days of completion of year. |
| 2 | Internal Audit | Quarterly | Within 15 days of completion of quarter. |
| 3 | Internal Audit Report compliances | Quarterly | Within 5 days of on receipts of the report. |
| 4 | Submission of Utilisation Certificate / Statement of Expenses | As per dates prescribed in the respective mutual agreement | As per dates prescribed in the respective mutual agreement |
| 5 | Submission of Management Financial Information Report | Monthly | Within 5 days of completion of Month. |

CHAPTER – 11

AUDITING OF ACCOUNTS

11.1 Appointment of Auditors:

As per requirement, following auditors are appointed on year-to-year basis, by the Executive Director:

- a) Internal Auditor
- b) The statutory auditor is appointed by the general body of the Trust on the proposal submitted by the Executive Director.

Upon finalization of respective Auditors, a Contractual Order/appointment letter, for a period of one Financial Year is issued in favor of the Auditor.

11.2 Submission of documents for Audit:

Audit of Accounts shall be carried out on quarterly basis i.e. in the months of July, October, January, and in April.

In addition to quarterly audits, Annual Audit shall be conducted by the Statutory Auditor within two months of the closure of the each Financial Year.

The Accounts Department shall submit all the documents, as may be required by the Auditor for completing the Audit work.

11.3 Audit Report:

The Internal Auditors prepare a report and submit to the Management on the quarterly basis.

Upon issuance of Management Letter by the Auditor, the Accounts Manager puts down his comments/compliances on the Internal Audit Report and submits the same for the perusal of Executive Director.

After an in-depth perusal of the Management, submitted by the Auditor, together with comments/compliances of the Accounts, the Executive Director will discuss the same with Auditors and Accounts Staff for future impacts.

The Statutory Auditor visits SAMARTHAN office at the time of commencement of Audit work as well as during the concluding time of audit work to make an overall assessment on the linkages of various programs with respective Finance Management.

During his visit, he avails the opportunity to meet the Executive Director to discuss the various appraisals of the Finance Management systems being followed in SAMARTHAN.

During the **currency** of Audit work, the Accounts Department prepares the Utilization Certificates as required by the Donors for this period and hands them over to the Auditors for getting it signed and certified by the Auditor.

CHAPTER – 12

PLANNING AND BUDGETING

General Guidelines for Planning and Budgeting of the Project Activities:

The following 10-point general guidelines may be observed at the stage of planning and budgeting of each project activities:

- 1) First of all the Unit Coordinators along with other members of the Unit should identify the issues to be addressed during the project activity.
- 2) Thereafter, an Action Plan should be worked out accordingly, based on the issues so identified.
- 3) Taking cue from the proposed Action plan, suitable strategy should be worked out for ground level implementation of the Plan, in consultation with the members of the Unit.
- 4) As an outcome of the proposal Action Plan, suitable and practical success indicators as well as impact of the planned activities should be clearly defined as a measure of achievements.
- 5) Based on proposed action plan, strategy and success indicators, a proposal should be drafted in a manner so that it meets the objectives of the project.
- 6) After drafting of the proposal, the Unit Coordinators should discuss the entire issue with the Director (Programs) to finalize the same.
- 7) Once the draft of the proposal is finalized, the budgeting process for the proposed activities should be initiated accordingly.
- 8) After finalizing the draft proposal, in consultation with the Director (Programs), it should be presented before the Program Committee for further discussions and approval of the proposal.
- 9) The suggestions, if any, made by the Program Committee, are incorporated in the draft proposal, by the Unit Coordinators, to give a final shape to the proposal.
- 10) Then the Budget and proposal is finalized for putting into action.
- 11) The annual plan of Samarthan to be approved by the BOTs in the meeting held closest to beginning of the financial year. However, an advance copy of the annual plan should be circulated to the BOT in the month of April for approval on mail.

CHAPTER – 13

FINANCE COMMITTEE

13.1 Finance Committee composition and meeting interval

- 1) The Finance Committee has been constituted by the Board of Trustees nominating a three member team. The purpose of the committee is to become sounding board for the BOT on the financial and administrative matters. The committee will have the Treasurer of the Trust as the Head of the committee and the Executive Director will be the Member Secretary of the committee. There will be a nominated Chartered Accountant as an expert in the committee.
- 2) The committee will meet two Times in a Financial Year; preferably before the BOT meeting. The report/minutes of the committee meeting will be reviewed by the BOT.

13.2 The Main Objectives of the Finance Committee

- 1) To provide its Members an opportunity to discuss and receive in-depth information on items pending for action and also for future course of action on certain items.
- 2) To manage the financial resources in a cost effective, controlled, transparent and accountable way.
- 3) To manage the Financial Operations more efficiently and effectively;
- 4) To work out plans for the implementation as per agreed strategies and policies;
- 5) To formulate and implement Financial Principles, Accounting Procedures and Staff Policy of the organization;
- 6) To perform any other activity as the Committee deem appropriate for the smooth functioning of the organization;
- 7) Conduct agenda based meetings with a common framework and complying with the defined systems of Finance Management;
- 8) To document in the minutes of meetings on the ratio of compliances made in terms of the decisions taken in the previous meeting;
- 9) The minutes of this Finance committee meeting shall be circulated to all the Unit Coordinators in order that all Coordinators are adequately informed about the financial matters of the organizations.

CHAPTER – 14

MAINTENANCE OF REGISTERS

The following registers shall be maintained at the Head Office of SAMARTHAN

14.1 Assets Register:

SAMARTHAN is maintaining two separate registers for recording its Assets details at Bhopal head office level:

14.1.1 Fixed Assets Register

14.1.2 Other Assets Register

Both these registers contain the following details:

- i) Classification/Coding of Asset
- ii) Item description
- iii) Name of Company
- iv) Product Number
- v) Quantity
- vi) Rate
- vii) Total amount
- viii) Supplier Name
- ix) Bill No & date
- x) TIN
- xi) Name of funding agency
- xii) Expenditure Booking Voucher Number
- xiii) Identification Number
- xiv) Location of asset
- xv) Rate of depreciation
- xvi) Written down value of asset (calculated at the end of year)

The Assets Register shall continue to be updated on monthly basis.

14.2 Assets disposal procedure and register:

Once an asset reaches its non-useable condition for the purposes of SAMARTHAN, such assets renders itself to be disposed off in the open market, subject to prior written approval of the Executive Director.

Any asset due for disposal, having an estimated market value of more than Rs.5,000/- will be put to open auction, under the supervision of competent person, and the item will be sold to the highest bidder.

For maintaining the records of such disposed assets, an Asset Disposal register shall be maintained with following details:

- 1) Description of item (s) sold
- 2) Cross reference number in the Assets Register
- 3) Date of disposal
- 4) Value received for item (s) sold
- 5) Name of purchaser
- 6) Remarks, if any

Assets as well as Assets Disposal Registers are open for random inspection by Executive Director any time at his convenience.

14.3 Correspondence Register:

A register will be maintained for the records of all the correspondence from the accounts departments, this registers contain the following details:

- 1) Date
- 2) S.No.
- 3) Particulars
- 4) Place
- 5) Remarks

14.4 Fixed Deposits Register:

A register will be maintained for the records of all fixed deposits with bank, this registers contain the following details:

- 1) S.No.
- 2) Name of the Bank
- 3) FDR No.
- 4) Account No.
- 5) Date of Preparation
- 6) Face value
- 7) Date of maturity
- 8) Maturity value
- 9) Remarks

14.5 Cash Verification Register:

A register will be maintained for the records of cash verification on the day/daily basis, this registers contain the following details:

- 1) S.No.
- 2) Date
- 3) Cash Balance amount
- 4) Signature
- 5) Remarks

14.6 Data Backup Register:

A register will be maintained for the records of data backup which will be taken on a particular period basis e.g. Completion on quarterly audit, six monthly closure and yearly closure, this registers contain the following details:

- 1) S.No.
- 2) Date of backup
- 3) Signature
- 4) Remarks (Data Records)

14.7 Cheque Issue Registers:

A cheque issue register will be maintained for each bank account. On issue of each and every cheque the authorized signatories must sign on their signature column in the register.

This registers contain the following details:

- 1) S.No.
- 2) Payees Name
- 3) Cheque No.
- 4) Amount
- 5) Date
- 6) Authorized signatures
- 7) Remarks

Note: In case of cancelled cheque, the cancel cheque number must be attached with register at its serial number.

CHAPTER – 15

POLICY LEVEL GUIDELINES

15.1 Procedure for Making Amendments:

Any amendment in the existing procedure has to carry the cross reference number of earlier procedure, which is being superseded and/or amended with the revised procedure.

For example:

- 1) For amending the entire procedure:

“This amendment supersedes the earlier notification issued vide No. _____ dated _____”

- 2) For amending a particular clause of earlier notification:

“This amendment replaces the clause/Para No. ____ of earlier notification issued vide No. _____ dated _____”.

All circulars and/or notifications or amendments must carry a reference number and date for ensuring the cross references in future.

Note: The Executive Director, based on his/her delegated powers, shall be the competent authority to supersede and/or over-rule any of the defined/prescribed systems, to meet any special/emergent circumstances, in the overall interest of Organization.

Abbreviations:

PC = Project Coordinator
PM = Project Manager
PMU = Program Monitoring Unit
ED = Executive Director
RD = Research Director
RC = Regional Coordinator
SC = State Coordinator
SO = State Office
RO = Regional Office
FO = Field Office
HO = Head Office
CUG = Common Users Group Scheme