

## Report on capacity building of NGOs on “Financial management and accounting procedures”

A three day workshop was conducted from 8<sup>th</sup>-10<sup>th</sup> September 2015 on “Financial Management and Accounting procedures for NGOs” by WaterAid in collaboration with one of its implementing partner “Samarthan”. The workshop began with introduction and warm welcome of the participants by WaterAid and Samarthan representatives. Participants shared their expectations in the beginning which helped us in better facilitation. Our day started with presentation on financial management, its need, responsibility and the tools. Planning and budgeting was explained in detailed along with group work. Two activities were given to different groups which focussed on preparation of budgets and review of budgets. The groups presented their learnings and discussion during the activity. Later during the day we discussed designing of finance systems, internal control mechanisms and monitoring as tools of financial management. In between a short quiz was organised to keep the participants interested. The questions of the quiz was based on legal compliances applicable to NGOs (FCRA, IT, TDS governance etc.). Small prizes were distributed to the winners. Second group work was conducted where the groups discussed a situation where there are no internal control systems.



*Group work on internal control systems*

### Key learnings of the first day

1. Participants had more clarity on budget preparation and review. They also understood how they can support the programme team in making robust budgets.
2. We developed understanding on internal control systems in an NGO, how it can be developed and monitored.
3. We understood the importance of monitoring tools and how finance can prepare management reports which could be useful in monitoring the plan.

The second day began with a recap of the first day by the participants. The topics taken up were accounting procedures in NGOs, book keeping, records and documentation. An expert of Tally ERP 9 software was invited to give training on the special features of the software such as consolidation of books in Tally, using cost centre, system generated printing, automatic bank reconciliation in software and using TDS rates in the software. Further during the day we had group work based on the learnings in the morning session on accounting. Participants gave their group presentation on the exercises given to them. There were questions asked from the other groups in order to have common understanding. We had short discussion on the importance of professional tax and provident fund rules. Again we had a round of quiz which motivated all the participants.



*Partner presenting the group learnings*

### Key learnings of the second day

- Learnt about important features of accounting software Tally ERP 9 which can reduce the entry job of an accountant
- Group work helped the participants to actually do the exercise on the software and clarify all the doubts they had in mind during the theory session.

The last day of the workshop started with a recap of the two days where participants learned about financial management and accounting procedures. First session was on legal compliances focusing on important updates on FCRA Act (Foreign contribution regulation Act 2010).



We had good discussion on the practical problems faced by partners in renewal, registration, FC books of accounts, interest earned and filing of return. Further we had presentation on TDS (Tax deduction at source) by a professional speaker, in which we discussed the rules, payment, filing of return, due dates and penalties in case of non-payment/filing. Participants raised very important questions on TDS deduction and interest liability. During the day we had another professional speaker taking up a session on interface between Auditors and NGOs. Participants were interested to see how they can undertake better audits by understanding

#### *Panel discussion*

the perception of an auditor. In the end, we had an expert panel consisting of CA. Arun Kumar (FCRA and service tax expert), Dr. Yogesh Kumar (Director Samarthan) and Mr. Ashish Mondal (Director, Action for Social Advancement leading implementing NGO in rural livelihood). They spoke about the role of a finance person in an NGO and how it has changed in context with the changing scenario. They laid emphasis on the importance of finance persons who brings in transparency and accountability. They encouraged the participants to challenge and ask questions at the same time support the programme team with systemic solutions. There were doubts on the mixing of FC funds with local funds and the speakers clarified the participants.

#### **Key learnings of the last day**

1. Better understanding on the legal compliances especially TDS and IT
2. Importance of audits, its mandate for funding agencies and how good audits give a picture about the financial health of an NGO. Accountants need to understand auditor's point of view, which will enable them to have clean audits of their financial statements.
3. Role of an accountants is much more than data entry, he needs to be innovative, bring in new MIS reports, work together with the programme team and work on system improvement.

#### **Our take away from the workshop....**

- Participants were interested in having more such workshop where programme and finance people participate which will improve the coordination amongst them.
- We got feedbacks for conducting more refresher trainings on legal compliances in detail. This will help in building expert knowledge of the partners.
- This workshop gave us a platform for identifying prospective partners as we had invited other CSOs along with our partners and also gave our partner opportunity to access resources from other donors/cross learning.