



**VOLUNTARY ACTION NETWORK INDIA  
(VANI)**

**FINANCE MANUAL**  
**(Policies & Procedures for Accounting & Managing Funds)**

*Revised Edition incorporating amendments to  
Statutory Acts, Rules and Orders*

**Approved by**

**Working Committee of VANI on 15<sup>th</sup> April, 2019**

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# Introduction

## The Manual

This manual is the endeavor of Voluntary Action Network India(VANI), New Delhi, a not for profit National Level Networking organization established under the Societies Registration Act,1860 in New Delhi.

This is the Revised Edition of Finance Manual formulated for VANI in 2009 in order to help user of this manual to understand the policies & procedures of Book-keeping and Fund Management, incorporating amendments to Statutory Acts, Rules and Orders and Approved by the Working Committee of VANI in the meeting held on 27th June 2013 in the office of VANI at New Delhi.

Travel Allowance Rules for National and Overseas Travel of VANI staff have also been incorporated in this Manual as Part II and Part III

## User of the Manual

This manual will be put into use by program and finance related persons associated with VANI. The related persons would be as below:

- ✓ Regional Coordinators
- ✓ Project Coordinator
- ✓ Accountants
- ✓ Chief Executive Officer/Secretary/ Chief Functionary of the Organization
- ✓ Working Committee Members
- ✓ Internal evaluators for guidance on policies and procedure related to Finance

## Changes in the Manual

Amendments / additions / deletions any in the guidelines of this manual may be done whenever improvement/ updating is required/ felt in Financial systems by the Core Team through Resolutions passed by the Working Committee.

New statutory orders / acts / rules / regulations, etc or any amendments when ever promulgated by the Government / Statutory Bodies shall automatically be implemented / adhered to by VANI and later on the same will be incorporated in this Manual.

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# PART I

## **Book Keeping and Accountancy**

### **1. Maintenance of Books of Accounts**

#### **Introduction**

Accounting is a basic management tool which if used properly will enable the Board of Members and any other may be related or unrelated to VANI to determine the correct financial status of VANI.

The Books of account shall be maintained in computerized accounts generally in Tally software and in case of any specific requirement by a funding partner, in their prescribed software.

- a) VANI shall maintain exclusively three sets of books of accounts as follows:
- b) One set of books of accounts for Receipts and Utilization of Foreign Contribution as - required under the Foreign Contribution Regulation Act, 2010
- c) Second Set of books of accounts for Government/National Grants collected and spent by VANI. This set of books are to be kept for easy accounting, monitoring and reporting to the Government/Donor Agency from time to time.
- d) Third Set of books of accounts for local funds collected and spent by VANI (None Fund i.e. Membership, Sale of Publication, Donation etc.)

### **1. Types of Accounting: -**

There are different types of accounting two important types are:

- Cash System
- Mercantile System

#### **a) Cash System**

In the cash system of accounting, entries are made only when the cash is received or paid and no entry is made when the receipts or payments are due.

#### **b) Mercantile System (system followed by VANI)**

Under the Mercantile System (Accrual system), an entry is recorded on the basis of the amounts having become due for payment or receipt, whether or not payment is made or amount received.

### **1. Foreign Exchange Transactions**

Transactions in foreign currencies are recorded at exchange rates prevailing at the transaction dates. Further provisions of AS-11 issued by ICAI will be applicable while dealing with the foreign currency transactions.

## 2. Books of Accounts/Registers to be maintained

- Petty Cash Book – Manual
- Cash Book – Tally based accounting
- Bank Book – Tally based accounting
- General Ledger – Tally based accounting
- Advance Register – Computerized
- Fixed Assets Register – Manual
- Stock Register – Manual
- Salary Register – Manual
- Investment Register – Manual
- Cheque Control Register – Manual
- Movement Register – Computerised
- Vehicle log Book – Manual
- Asset Movement register – Manual

## 3. Resource Mobilization Policies

- a) **Methodology of Accounting Grants.** Grants received by VANI could be of the following types:
- i. Grants received in support of specified projects or activities mutually agreed upon by VANI and the donor (Restricted Grant).
  - ii. Grants received which VANI may freely use for whatever purpose as per its defined objectives (Unrestricted Grant).

Grants should be recognized as revenues only upon or until the conditions have been substantially met or explicitly waived. A grant with a condition should be accounted for as a liability until the conditions have been substantially met or waived by the donor.

It is also to be noted that revenues received from foreign sources are to be reported to the Ministry of Home Affairs, Government of India, on cash basis as a requirement of FCRA.

- b) **Contribution in Kind.** This may be in the form of any Assets or any Revenue item.
- c) **Treatment of Assets.** The assets received in kind with an ascertainable value should be recorded at the value ascertained. In case of assets received in kind the value of which cannot be ascertained should be valued at a nominal value say Rs.1/- for accounting purpose. Further a reserve say “Assets Fund” should be created to that extent in the financial statement.

If the foreign contribution relates only to articles, the intimation shall be submitted to the MHA-FCRA Division on Form FC-7.

If the foreign contribution relates securities, the intimation shall be submitted to the MHA-FCRA Division on Form FC-8.

- d) **Treatment of Revenue items.** The Revenue item received in kind with an ascertainable value should be recorded at the value ascertained.

In case of Revenue items received from foreign source, the '**In Kind**' column of FORM FC-6 to be filed with the MHA-FCRA Division shall be filled properly.

#### 4. **Corpus Fund**

- a) For a charitable organization corpus fund are of paramount importance. Normally a corpus fund denotes a permanent fund kept for the basic expenditures needed for the administration and survival of the organization. The corpus fund is generally not allowed to be utilized for the attainment of the purposes, but the interest/dividend accrued on such fund can be utilized as well as accumulated.
- b) Corpus funds are generally created out of corpus donation. A donation will be treated as corpus donation only if it is accompanied by a specific written direction of the donor. In the absence of any written direction of the donor, a contribution or grant cannot be transferred to corpus fund.
- c) It is important to understand that in case of a corpus fund, the funds are restricted but the purposes are not restricted. Corpus fund is an unrestricted permanent fund. The restriction is on the use itself rather than the type of use. A corpus fund may be used in exceptional circumstances, where the survival of the organization is at threat. Such decisions are rarely taken and should be taken at general meetings.
- d) Corpus fund may be created out of own generation through resolution from the board.
- e) Corpus fund received should not be treated as income for computation of income for income tax purpose as it is a receipt of capital nature.
- f) The corpus fund should be suitably invested and should be disclosed separately in the financial statement. Interest on corpus can be utilized as well as accumulated.

#### 5. **Endowment Fund**

An endowment fund is similar to a corpus fund but it comes with the restriction of certain specific purposes.

There may be two types of endowments

- a) **Perpetual endowment** - such endowments are given in perpetuity and the fund principal is never spent or repaid.
- b) **Term endowment.** - Term endowments are gifts for which the donor has specified a date or event after which the funds may be spent.
- When an Endowment Fund is created out of internal accruals and unconditional voluntary contributions received, it is known as Designated Endowment Fund. The

board of an organization may designate certain funds for long term activities. The Endowment fund so created may be for a fixed period or perpetual in nature.

- A Designated endowment fund is a discretionary long term fund created by the board/trustees of the organization. Such funds are bound by the norms and regulations approved by the board. Generally such funds are also permanent and not available for the general activities of the organization. But since the designation is created by the organization itself, therefore there is a legal possibility of revocation of such designation Unlike the Restricted endowment fund which are not available for revocation under any circumstances.
- Interest revenue out of such fund is accrued at the end of accounting year. The fund is usually invested in some securities and such investment is valued at cost price. If the income out of such investment is available for unrestricted purposes, it is recognized in the unrestricted fund. On the other hand, if the income is to be used for some specific purpose, it is transferred to that specific fund.

6. **Cash Transactions.** The norms for cash transactions are laid down below:

(i) **Cash Payments**

Cash payments would be made only if the supports are obtained to that effect;

- a) The accountant would fill in, on payment voucher(s), the 'Project Title' and the 'Name of Program' for which the expenses have been incurred and send the same to Authorized Signatory for approval;
- b) The Authorized Signatory<sup>1</sup> would give approval on payment voucher(s)<sup>2</sup> and supports thereof;
- c) The accountant would obtain recipient's signature on cash payment voucher;
- d) Where cash payment is more than Rs. 5,000/-, 'Revenue Stamp' of Re 1/- must be affixed and recipient's signature should be obtained thereon;
- e) Cash payment voucher would be entered in Main Cash Book Only;
- f) A serial control number would be given to each payment voucher;
- g) Cash book Folio number would be mentioned on each payment voucher;
- h) No Cash payments would be made to any outside parties engaged with the organization on a regular/ routine basis;
- i) In case of onetime payment, ensure that cash payment is kept below Rs. 20,000 on a single day to a particular person<sup>3</sup>. If the need be, make the payment through a Bank Draft/ Pay Order only;
- j) Follow Authorization Norm in case of Cash Advances to outside parties and staff/workers;

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<sup>1</sup> Refer section 'Authorization Procedure' for cash payments

<sup>2</sup> Refer the section 'Formats' for Voucher

<sup>3</sup> Cash payment of more than Rs. 20,000 can be made only when the person does not have any bank operating in his area of work/ residency

- k) Advance payment to staff/ workers would be done only on the basis of an Authorized Plan for program/ Plan for travels<sup>1</sup>;

**(ii) Cash Receipts**

- a) No cash would be accepted unless the receipt is authorized as per the 'Authorization Procedure;
- b) Receipts would be pre-numbered at the time of its printing;
- c) The Receipt would be printed in duplicate. First copy for donor/ party, second copy for accounting and second copy for references and records;
- d) A 'Receipts Control Register<sup>2</sup>' would be maintained to record Cash Receipts and ready reference;
- e) A cash receipt voucher will be made for total cash received during the day giving reference of cash receipts and the 'Receipt Control Register';
- f) Reference of cash receipt voucher will be given in the Receipt Control Register
- g) The accountant would clearly mention the purpose for which cash has been received;
- h) Cash book folio would be mentioned on cash receipt voucher; and
- i) The blank Cash Receipts would be kept in a safe custody;

**(iii) Cash Book (s)**

- a) VANI would maintain separate cash book for Foreign Currency (FC) funds as well as Local Funds;
- b) All the cash transactions related to FC funds would be routed through only one FC cash book;
- c) All the cash transactions related to Local funds would be routed through only one Local cash book;
- d) The accountant would clearly mention the Program/ expenses head with respective project name in the cash book;
- e) Ensure that brief narration of nature of transaction is given in each case;
- f) The accountant would mention ledger folio against each cash voucher entered in the cash book;
- g) No alteration in the project name, program/ expenses head and amount;
- h) If the change is in evitable, do so by clearly striking it off and writing again;

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<sup>1</sup> Refer the section 'Formats' for Program/ Travel Plan & Advance Request

<sup>2</sup> Refer Format of Receipt Control Register

- i) The cash book(s) would be closed everyday mentioning physical balance of cash available. She/he would mention denomination of cash in the cash book itself at the close of the day;

**(iv) Physical control of cash and monitoring**

- a) Cash of the organization would be kept at a secured place, preferably a steel safe fixed in a wall;
- b) No personal cash would be mixed with Organization's cash;
- c) Physical control of cash would be with cashier/ accountant of the organization;
- d) In no case, cash would be moved out of the organization's premises without corresponding payment voucher and Authorization;
- e) Deposit cash on the day immediately falling the date of cash receipts in designated bank account;
- f) Withdrawal of cash would be done only when a proper planning for program or administrative expenses have been approved by the Authorized Signatories;
- g) Keep cash at the barest minimum;
- h) Must insure cash-in-safe and cash-in-transit to the extent of necessary volume and safety;
- i) Periodic physical verification (without any notice to cashier/ accountant), in a proper format meant for this purpose, would be done by each organization;
- j) The persons responsible for physical verification would be rotated;
- k) Stern action would be taken in case of discrepancies which is beyond explanation of the cashier/ accountant and any other party involved;

## **7. Bank Transactions**

The organization would require adhering to the guidelines enumerated below:

**(i) Bank Payments**

- a) Bank payments would mean payment through cheques or direct debits by bank(s) only. The draft/ pay order (made on cash payment) should be treated as cash payment and be recorded in books of accounts as per the guidelines in the section 'Cash Payments';
- b) No Authorization of cheque payment<sup>1</sup> would be made unless supported by a Bank Payment Voucher;

**(ii) Routine Payments**

- a) In case of payments for monthly salaries, only one payment voucher would be made. A statement mentioning cheque numbers and amount against the cheques for each staff would be attached to the voucher for one time authorization;

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<sup>1</sup> See 'Authorization Procedure'

- b) In case of any advance payment to staff, Advance Request Form<sup>1</sup> would be attached with the voucher for authorization;
- c) No payment without the ledger copy/ detail of that particular account attached to the bank payment voucher;

**(iii) Payment to Outside Parties/ Creditors**

- a) No Bank Payment Voucher would be entertained unless supported by party's accounts in the books of the organization;
- b) Party's accounts in organization's books of accounts would be properly reconciled with all the bills raised and payments made till the date before the same is considered for payment;
- c) Insist on Statement of Accounts from party, if necessary, for account reconciliation;
- d) The accountant would ensure that the payments to parties are done only on or after the due dates;

**(iv) General**

- a) The accountant would check availability of funds in the bank from where cheque would be issued;
- b) The accountant would ensure, at the time of obtaining Authorization, that the supports attached to the Bank Payment Voucher are also signed;
- c) All the cheques issued would be crossed 'Payee's Account Only' unless it is for internal cash withdrawals;
- d) Complete detail of cheque issued would be mentioned on the payment voucher;
- e) The accountant would fill in, on payment voucher(s), the 'Project Title' and the 'Name of Program' for which the expenses have been incurred;
- f) The particulars of Bank Payment Voucher would be entered in the Bank book/ ledger as soon as the cheque is issued;
- g) The accountant would obtain recipient's signature on the payment voucher;
- h) A serial control number would be given to each payment voucher;
- i) Folio number would be mentioned on each payment voucher;
- j) Where payment is more than Rs. 5,000/-, 'Revenue Stamp' of Re 1/- must be affixed and recipient's signature should be obtained thereon;

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<sup>1</sup> Refer 'Formats' for Advance request

- k) The cheque issued would be entered in the 'Cheque/ Draft Issue Control Register'<sup>1</sup>;
- l) In case, the recipient is outside party, an official receipt would be requested;

**(v) Bank Receipts**

- a) Every cheque, draft/ pay order would be entered in the 'Receipts Control Register';
- b) Receipts would be pre-numbered as explained in cash receipts section;
- c) The Receipt would be printed in duplicate. First copy for donor/ party and second copy for references and records;
- d) A bank receipt voucher would be prepared for all the bank receipts in a single day;
- e) Reference of bank voucher would be given in the Receipt Control Register;
- f) The accountant would clearly mention the purpose for which cheque/ draft has been received;
- g) Bank Book/ Ledger folio would be mentioned on the Bank Receipt Voucher;

**(vi) Bank Books/ Ledger**

- a) The Organizations may opt for separate Bank Book or a bank account (s) in main ledger itself;
- b) Every organization would maintain separate Bank book/ Ledger for Foreign Currency (FC) funds as well as Local Funds;
- c) All the Bank transactions related to FC funds would be routed through only one Bank Book/Ledger;
- d) All the bank transactions related to Local funds would be routed through only one Local Bank Book/ Ledger;
- e) The accountant would clearly mention the Program/ expenses head with respective project name in the Bank book/account;
- f) Brief narration of the nature of transaction would also be given in each case;
- g) The accountant would mention ledger folio against each Bank voucher entered in the Bank book;
- h) Avoid alteration in the project name, program/ expenses head and amount;
- i) If it becomes necessary to alter anything for some reason, do so by clearly striking it off and writing again;
- j) The Bank Book/ account would be closed everyday and reflect bank balances;

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<sup>1</sup> Refer 'Formats' for Cheque/ Draft Issue Control Register

**(vii) Maintaining cheque books/ deposit slips**

- a) In no case, cheques should be kept blank after the signature of both the Authorized Signatories have been obtained;
- b) Signed and unsigned blank cheques would be kept in the steel safe meant for keeping cash;
- c) Avoid giving post dated cheques unless absolute necessity but not without approval;
- d) Avoid giving bearer cheques to a complete stranger;
- e) Do not leave any blank spaces in cheques between the figures and at the start of the box meant for filling amount in figures. Also, do not leave any spaces when writing amount in figures;
- f) Strike out the blank spaces after the name and figures in words;
- g) Preferably, use indelible ink pen for filling cheques;
- h) In case of cancellation of any cheque, deface the cheque diagonally with a good ball pen;
- i) If bank payment voucher has been made earlier for the cancelled cheque, prepare a bank receipt voucher and record in bank book/ account to avoid any confusion in future;
- j) Mention detail of cheques issued in the cheque counterfoils. It serves as ready reference and is also useful at the time of preparing Bank reconciliation;
- k) Do not attach the deposit slips with Bank Receipts Vouchers;
- l) Keep all the deposit slips separately and safely till the time banks are reconciled;

**(viii) Authorization for Signing of Cheques**

- a) The Working Committee shall authorize members amongst themselves, preferably Delhi based, and the Chief Executive Officer (CEO) as authorized signatories for jointly operating the bank accounts; signing cheques and issue instructions to the bank including fixed deposits and its redemptions through resolutions.
- b) The CEO shall be authorized to sign singularly and issue cheques up to the value of Rs. 20,000/- (Rupees twenty thousand only).
- c) The cheques valued Rs. 20,001/- (Rupees Twenty thousand one only) and above shall be jointly signed and issued by the CEO and any one of the other authorized signatories.

### **(ix) Investment Policy**

- a) The CEO upon the information from the Finance Manger takes the decision of investing surplus funds / funds not required within the next three months into short-term and long-term investments mainly Bank Fixed Deposits based on cash flow needs.
- b) However the decision to investment has to be vetted by the Finance Committee. Further the performance of these investments is to be then reviewed by the Finance Committee in its quarterly meetings. In absence of a Finance Committee, the Chairperson shall be the vetting authority.
- c) Investments of VANI are governed by sections 11(5) and 13 of the Income Tax Act, 1961. The investments are valued at cost. The Fixed Deposit Receipts and other security documents are to be kept under lock and key under the supervision of the Finance Manager and the CEO which are available for verification by auditors and other authorized personnel on request.

## **8. General Accounting**

### **(i) Journal Vouchers**

- a) Journal vouchers would be prepared only for the activities not falling in the category of cash or bank transactions viz; credit purchases, Credit sales, Depreciation on assets etc;
- b) The effect of these vouchers would be directly taken in the Main Ledger;
- c) No Journal voucher would be accounted for without approval from Authorized Signatory;
- d) Every Journal/ Adjustment voucher would be required to have adequate supports unless the same is a transfer entry;
- e) In case of transfer entry, previous voucher reference will be given with complete narration;

### **(ii) Maintaining Vouchers**

- a) Ensure that all the particulars required in voucher(s) are properly filled;
- b) Ensure that all the vouchers bear the 'Project Name' and 'Program' description;
- c) VANI would maintain single control of vouchers for each Foreign Currency (FC) funds and single control for all local funds irrespective of the number of projects/activities;
- d) All type of vouchers namely, Cash Payments, Cash Receipts, Bank Payments, Bank Receipts and Journals/ adjustments would be separately filed for FC funds and Local Funds;

- e) Vouchers related to FC funds for all the projects would be filed numerically;
- f) Vouchers related to local funds would be filed separately in the same manner;
- g) The accountant would use 'Index Files' for filing the vouchers;
- h) Proper binding of the vouchers would be done as and when required, depending on the volume of transactions;

**(iii) Maintaining ledgers**

- a) VANI would maintain Project-wise ledger for both FC funds and Local funds;
- b) Project-wise ledger would contain transactions of that project only;
- c) Bank account(s) would also be maintained in the ledger meant for a particular project;
- d) Every transaction in the ledger would reflect cashbook/ bank book / ledger folio;
- e) Ensure that the date and voucher reference is given in case of each transaction;
- f) Each entry reflected in the ledger would have **One Line Description** of the nature of transaction;
- g) The balancing of the ledger would be done at the close of every month;
- h) Any correction of the entry (ies) would be done by striking off the wrong entry and putting in correct entry;
- i) No alteration would be allowed;

**9. Advance control**

**(A). Program/Work Advance**

**(i) Obtaining/ Authorization of Advance**

- a) Program/Work Advances would be given only if the request for the same is given in required format<sup>1</sup>;
- b) The request for advance would be made 3 -7 days prior to the program;
- c) On receiving the request for Advance, the accountant would check for any unutilized advances lying in the person's name;
- d) Outstanding advance (if any) in his/ her name would be mentioned on the Request Form;
- e) The Authorized person would ensure that the outstanding advances are settled first then only the request for more advances are entertained;
- f) Exception to the rule can be made only by **One Step Higher Authorized Signatory** with valid reasons for granting such request;

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<sup>1</sup> Refer the section 'Formats'

**(ii) Settlement of accounts**

- a) The Program/Work Advance would be settled within 3 (three) working days from the end of the program(s);
- b) Exception to this rule can be made only where more than one programs have been clubbed;
- c) In no case, however, the program Advance would remain unsettled beyond the end of the month; or end of the program(s) whichever is earlier;
- d) Persons responsible would be required to give complete detail of expenditure on each program/ work in the desired format<sup>1</sup>;
- e) Each expenditure would be supported with the adequate bills/ receipts/supports/ detail as the case may be;
- f) A narrative program report for each program (maximum one page long) would be prepared and attached to the claim for settlement of program advances;
- g) Expenses claimed without proper Program Report/bills/ receipts/supports/ detail would be treated as non-expenditure and reflected as un-utilized in the hands of the person who has taken advance;
- h) The person responsible for expenses would ensure that all the Program Reports/ bills/ receipts/supports/ detail attached to the Advance Settlement Form are authorized as per the 'Authorization Norm';
- i) The accountant would be responsible to mention voucher reference/ cashbook/ ledger folio on the Program Report submitted;
- j) Any expenses claimed and paid without authorization both accountant and the respective person would be liable to be penalized to the extent of such amount;
- k) Any amount remaining unutilized at the end of the program/ work would be returned to the accounts department for accounting and depositing back;

**(B). Personal Advance/ Loan**

**(i) Obtaining/ Authorization of Advance**

- a) Person associated with VANI for more than three years only would be eligible for a personal advance/ loan except in emergency cases;
- b) Request for Personal advance/loan would be submitted in the desired format 15 days prior to actual need except for emergency cases;

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<sup>1</sup> Refer the section 'Formats' for Program/ Travel Plan & Advance Request

- c) Before arriving at the decision of granting the advance/loan and amount that of, the Finance Committee would consider the paying capacity of the person, association with the organization and past track records of repayments (if any);
- d) The Finance Committee would fix the maximum tenure, installments, rate of interest etc. as per the paying capacity of the person;
- e) The Finance Committee would arrange such fund from Local Fund Pool after proper consultation with the accounts department;
- f) In no case, the Finance Committee would recommend the advance/loan amount which is in excess of the persons' accumulated funds and Organization's contributions thereon;
- g) Entire proceedings of the Finance Committee would be documented;
- h) The Finance Committee would grant its approval in the minute book giving complete detail of person, loan amount, tenure, installment amount etc.;
- i) In case of emergency the advance would be granted by the CEO only on the basis of recommendation of the Finance Committee of the organization/ Chairperson in absence of a Finance Committee;
- j) Based on Finance Committee's recommendation, the authorized signatory would initial the requisition form for advance and forward to the accountant for payments;
- k) The payment of such advance/ loan would be made by an 'A/c Payee cheque' or cash if cheque payment is not feasible;
- l) The accountant would ensure that no advance/ loan is given out of FC funds;

**(ii) Repayment/ settlement of Advance/ loan**

- a. The accountant would ensure that the advance/ loan is recovered from concerned person on a regular basis in the manner recommended by the committee;
- b. In case of a person leaving the organization, outstanding advance/loan amount would be first adjusted at the time of full & final settlements;

**(C). Salary Advance**

**(i) Obtaining/ Authorization of Advance**

- a. Request for salary advance would be made in the recommended format only;

- b. The salary advance would be granted as per the Authorization Norm subject to the upper ceiling of one month's salary;
- c. No salary advance would be granted in case of any outstanding salary advance/ personal advance/ loan in person's name;
- d. No salary advance would be granted for next three months after the salary advance has been settled except in case of emergency;
- e. In case of emergency, authorization of advance would be required by one step further in the Authorization Norm;

**(ii) Repayment/ settlement of Advance**

- a) Monthly deduction of salary advance would be made maximum in 2 (two) installments;
- b) In case of a person leaving the organization, outstanding advance would be adjusted at the time of full & final settlements;

## **10. Bank Reconciliation Statements**

In normal cases, Bank book/ account maintained by organisation should match with the Bank Statements/Pass Books maintained by the bank on your behalf. There are, however, some cases where both do not match and needs reconciliation to arrive at the un-traced entries at both the end.

These are the examples where your bank book and bank statement/passbook may not match:

- i. Cheques issued by you but not presented by party (ies) in bank for payments;
- ii. Cheques deposited by you but are still to be credited by bank;
- iii. Bank charges debited by bank on account of issue of cheques, bank draft clearing charges, commission for TT clearance etc;
- iv. Some deposits directly done in your bank but not accounted for by you for lack of information.

It is, therefore, necessary to prepare Bank reconciliation Statement where transaction entered into your bank book/ account is matched with the bank statements/ passbooks on a periodical basis.

VANI would be required to follow these:

- a. Obtain Bank Statements or get the Bank's Passbook updated immediately after the end of the month;
- b. Prepare Bank reconciliation Statement at the end of every month for each bank;
- c. The reconciliation statement would be filed along with the bank statement for each month;

- d. Any deviations on bank's part would be immediately taken up with the bank and follow-up done periodically;
- e. Mistakes/ deviations on Organization's part would be corrected/ adjusted immediately in next month;
- f. The accountant would obtain Bank Balance confirmation at the end of each accounting year;

## **11. Salary Payment System**

### **(i) Salary Computation**

- a) The cutoff date will be 25th of each month for the calculation of salary
- b) The accountant would be responsible to obtain authorized statements for salary payments from respective project heads for their field workers/ staff, if any, for the previous month latest by the 3rd day of the following month;
- c) The project heads would be responsible to verify the leave records of each staff/ worker before number of days is authenticated for salary payments;
- d) The leave records<sup>1</sup> for office staff would be maintained at Organization's main office;
- e) The accountant would calculate Salary Computation Sheets<sup>2</sup> on the basis of Project Head's statements for the field staff and office leave records for the office staff;
- f) The salary Computation Sheet for the corresponding month would be prepared latest by the end of 27th day of the the corresponding month and produced for Authorization;
- g) Separate Salary sheet would be prepared for field based staff for convenience in payments;
- h) The salary Computation sheet would clearly mention the cheque payment/ cash payment/ electronic bank transfer against each name;
- i) A summary sheet would be attached to the Salary Computation Sheet mentioning the requirements for cash withdrawal and cheque payments;
- j) .The Salary Computation sheet would be Authorized on the same day;
- k) Salary payments for the corresponding month would be done on the last working day of the same month;

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<sup>1</sup> Refer the section 'Formats' for leave records

<sup>2</sup> Refer the section 'Formats' for Salary Computation Sheet

- l) Salary to all the office based staff/ Project heads and above would be paid by cheque only or through electronic bank transfer to employees bank account;
- m) Salary to Field staff/ the staff not having bank account may be paid in cash the amount not exceeding Rs.5,000/-;

**(ii) Salary Payments**

- a) The accountant would withdraw cash as per the Authorized summary;
- b) Cash would be given to respective Project Heads as a work advance for distribution of salary to field staffs, if any;
- c) Cheque payments to office based staff would be done on the last working day of the corresponding month after obtaining his/her signature in the Salary Register duly affixed with Re. 1/- revenue stamp;
- d) Salary may be transferred through electronic transfer facilities of bank directly to the accounts of the employees, wherever possible. Before making such transfers each staff shall sign in the salary register duly affixed with Rs. 1/- revenue stamp.
- e) The project head would return the Salary Computation Sheet to accountant after obtaining signatures from field staff, if any;
- f) The accountant would prepare a consolidated salary payment voucher for each month mentioning the project name;

## **12. Vehicle usage control**

**(i) Vehicle Log book**

- a) VANI would ensure that a Vehicle Logbook<sup>1</sup> is maintained in case of every vehicle registered in the name of the Organization;
- b) Each staff using personal vehicle for official works on regular basis, if authorized by the Organisation, would also require to keep and maintain a Vehicle Logbook;
- c) Vehicle log book would be updated on a daily basis by the concerned user of the vehicle;
- d) Each Vehicle Logbook would be Authorized as per 'Authorization Procedure';

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<sup>1</sup> See the section 'Formats' for Vehicle Logbook

- e) The accountant would not entertain any claim for expenses on vehicle use unless the Vehicle Logbook is updated and Authorized;
- f) All the major repair & Maintenance of the vehicle would be mentioned in the Logbook;

**(ii) Use Organization's vehicle for Programs**

- a) User would give requisition for use of vehicle for any program in advance on a prescribed format for Authorization;
- b) The Authorization would be given as per the Procedure;
- c) The user would ensure that the name of the project and program name is clearly mentioned in the logbook;
- d) Detail of bill/ cash memo for purchase of petrol/ diesel would be mentioned in the logbook;
- e) The accountant would check the authenticity of logbook and calculation of meter reading before accounting for program expenses;
- f) The expenses allocable on a particular program would be charged directly;
- g) In case, expenses are not directly allocable to a program, a percentage would be fixed on the basis of use and available budget for the same;
- h) Such allocation would be mentioned on the supports of the expenses itself;

**(iii) Use Organization's vehicle for Administration**

- a) Vehicle use for administration would be properly authorized as defined in the 'Authorization Norm';
- b) The detail of use of the vehicle would be mentioned in the Logbook;
- c) The accountant would check the authenticity of logbook and calculation of meter reading before accounting for common expenses;
- d) The common expenses would be directly debited to **Vehicle Expenses Control Account** maintained in local accounts;
- e) The allocation of expenses to projects/ program(s) from the Control account would be done, subject to budget allocation in any project, after taking prior approval from the Authorized Signatory';

**(iv) Vehicle Insurance**

- a) VANI would ensure that all the vehicles registered in its name are insured at any given point of time;
- b) Use an index file with proper separators for each vehicle;
- c) Keep a ready reference of the due dates of the renewal of insurance of vehicles on the inside of upper leaf of the index file;
- d) Remember to obtain no-claim bonus from insurance company at the time of renewal of the insurance of vehicle;

**(v) Vehicle repair & Maintenance**

- a) VANI would explore the possibility of giving contract, after proper analysis of quotations, to a reliable vendor for major repairs;
- b) All repair & maintenance of vehicle would be done with the prior approval as per the 'Authorization Norm';
- c) No prior approval would, however, be required for regular repair such as 'punchers', 'brake/ accelerator wires', bulbs etc. The user, however, would take approval as per the Authorization Norm';

**(vi) Hiring vehicle from outside agencies**

- a) VANI would explore the possibility of giving contract, after proper analysis of quotations, to more than one vendor for hiring of the vehicles;
- b) No cash payment would be given to the contractual vendors;
- c) In case of vehicle hiring in the field, prior approval would be required as per the 'Authorization Norm';
- d) Further, all the users would sign on the Travel Claim Form for such vehicle hiring;
- e) The accountant would check the formalities of prior approval in case of vehicle hiring without any fail before final payment is made to claimant;

**13. Telephone Usage Control**

**(i) Own Bill payments**

- a) VANI would request telephone department for itemized/ detailed bill;
- b) The accountant would cross check telephone bill(s) with the telephone log book to segregate project-wise/ program-wise usage of telephone as well as personal calls made by staff;

- c) A summary of program-wise/ project-wise telephone calls would be attached to the telephone bill for accounting purposes;
  - d) Any personal calls or the calls made without proper authorization would be debited to concerned staff;
  - e) The accountant would ensure that the telephone bills are paid on its due date.
  - f) Late charges due to delayed payments without valid reason would be debited to accountant's personal account;
  - g) The bill(s) would be paid by 'A/c Payee cheque only';
  - h) Telephone expenses (fully/ partially) would be debited to Telephone Expenses Control Account', if the same is not allocable to particular program(s)/ project(s);
- (ii) **Telephone log book**
- a) Telephone Logbook<sup>1</sup> would be kept for each phone to record incoming and outgoing calls;
  - b) All STD and ISD calls would require prior authorization as per the 'Authorization Procedure';
- (iii) **PCO use for STD in case of emergency**
- a) If the need be, staff/ worker would be allowed to use PCO for necessary official telephone calls;
  - b) The user would ensure that proper bill is obtained for the calls made;
  - c) Project name/ Program name would be mentioned on telephone bill(s);
  - d) The user would get approval on the telephone bills before submitting them to accountant for reimbursements;
- (iv) **Mobile Phone Bill Reimbursements**
- (I) Cash card connections**
- a) In case of all cash card connections, recharge coupon is obtained from the user of mobile phone;
  - b) Ensure that reimbursements of such coupons are within the limit as per the 'Authorization Procedure';

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<sup>1</sup> Refer the section 'Formats' for Telephone logbook

## **(II) Post Paid connections**

- a) If cell phone bill of official calls using personal number of any staff is paid by VANI, there shall be prior authorization of the appropriate Competent Authority specifying the concerned phone number and maximum limit amount per month.
- b) Obtain itemized bill from the user of the phone;
- c) The user of the phone would define each STD and ISD calls made with name called and the purpose thereof;
- d) Ensure that local calls are within the limit defined in ‘Authorization Procedure’;
- e) Ensure that personal calls made from the personal phone of staff concerned are not reimbursed.

## **14. Generator Usage**

- a) A logbook will be maintained for each generator mentioning the start and close time;
- b) The user would ensure that the name of the project and program is clearly mentioned in the logbook;
- c) Details of bill/ cash memo for purchase of diesel would be mentioned in the logbook;
- d) The accountant would check the authenticity of logbook for meter reading (if installed in the generator) and calculation of time used before accounting for the generator use for program expenses;
- e) The expenses allocable on a particular program would be charged directly;

### **14.1. Generator use for Administration**

- a) The common expenses would be directly debited to ‘Generator Expenses Control Account’ maintained in local accounts;
- b) In case, expenses are not directly allocable to a program, a percentage would be fixed on the basis of use and available budget for the same;
- c) Such allocation would be mentioned on the supports of the expenses itself;
- d) The allocation of expenses to projects/ program(s) from the Control account would be done, subject to budget allocation in any project, after taking prior approval from the Authorized Signatory’;

## **15. Training/ Seminars/ Workshop Accounting**

### **(i) Records at Training/ Service Centre**

- a) Each Training/ Service Centre will maintain a ‘Visitor/ Guest Register’<sup>1</sup>. The Centre-in-charge would ensure that each visitor put his/ her detail in the desired format at arrival and departure;
- b) The Training/ Service centre will maintain a ‘Kitchen Control Register’<sup>2</sup> wherein all the visitors using the kitchen services would put his/ her initials on a daily basis;
- c) The Training/ Service center will maintain a ‘Utilities Control Register’<sup>3</sup> wherein uses of mattresses, pillows, bed sheets, etc. will be recorded on a daily basis;
- d) In addition to the above, the Centres will also maintain following records;
  - Stock Control Register
  - Fixed Assets Register
  - Attendance Register for staff
  - Generator Logbook
  - Vehicle Logbook
  - Cash book, Ledgers, Bank books
  - Receipt book

### **(ii) Accounting**

- a) Centre accountant will ensure that after the end of each Training/ Seminar/ Workshop, proper detailing of the program is done separately for each organization (if required);
- b) He will ensure that photocopy of the Visitors’ Control Register, Kitchen Control Register and Utility Control Register is attached with the detail of respective program;
- c) The original copy of the Control Registers would be kept in safe custody for future references of any other outside agencies;
- d) In addition to the above, the Center Accountant will adhere to all the Policies & Procedures explained in earlier segments of this Manual.

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<sup>1</sup> Refer the section ‘Formats’ for Visitor Control Register’

<sup>2</sup> Refer the section ‘Formats’ for Kitchen Control Register’

<sup>3</sup> Refer the section ‘Formats’ for Utilities Control Register’

**(iii) Travel Expenses Reimbursements**

- a) Request for each travel will be done in the suggested format only;
- b) Each person will be required to submit claim for reimbursements/ adjustments against advance taken only in the form 'Travel/Program Expense Claim' along with following supports:
  - Original tickets of travel by Train/ bus;
  - Boarding pass along with book copy of the Air ticket in case of Air Travels;
  - Original Bills for stay at hotel(s)/ lodge/guest house;
  - Receipt(s) for payments made to hotel/ lodge/guest house;
  - Bills/ receipts for use of jeep/ other vehicles for local conveyance;
  - Bills/ cash memo for in-transit boarding;
  - Authorized detail for the expenses where bills/ supports are not available

**16. Computerized Accounting system**

VANI will maintain its accounts in Tally ERP 9 for the uniformity of the accounts and generation of related reports.

**Procedure for maintaining Accounts in Tally**

- a) VANI will create three companies, one each for FC funds, Local funds and Non-Grant.
- b) All financial transactions will be fed in Tally on a daily basis, printout of vouchers from tally be taken and authorization of CEO be obtained on vouchers duly annexed with its supporting bills/invoices/approvals/other relevant documents and retained for records;
- c) Accounting will be done on a daily basis;

**17. Delegation of Financial Powers**

- a) The CEO shall approve purchases up to Rs. 5,000/- (Rupees five thousand only). Obtaining quotations for purchases up to Rs. 5,000/- (Rupees five thousand only shall be dispensed with if no vender is willing to participate in bidding for such purchases and himself satisfied with the rates and quality.
- b) The CEO shall approve purchase of learning and other materials required for workshops / seminars / projects / programmes and administrative purposes to the extent of the amount budgeted in the respective projects and approved by donors

duly recommended by the Purchase Committee after obtaining minimum three quotations from competitive vendors and all other procedures are followed.

- c) The Chairperson shall approve purchase of non-budgeted items up to Rs. 1,00,000/- (Rupees one lakh only) utilizing VANI's own savings in case of urgency upon recommendation of the CEO with justification.
- d) All non-budgeted purchases above the value of Rs. 1,00,000/- (Rupees one lakh only) shall be with approval of the Finance Committee / joint approval of Chairperson, Co-Chairperson and Treasurer only, in absence of a Financial Committee..

## **18. Purchases Control**

### **18.1. Capital Purchases**

- a) No capital item would be allowed to be purchased if the same has not been budgeted beforehand;
- b) Subject to the budget (whether under a particular project or from Indian Funds), a Capital Item Justification<sup>1</sup> would be prepared by the organization and submitted to Purchasing Committee;
- c) The committee would ask for at least three quotations from open market for rate and quality comparison. A Vendor Analysis Chart<sup>2</sup> would be prepared by the committee for approval as per the 'Authorization Procedure';
- d) After receiving approval from the committee, the organization would place a Purchase Order<sup>3</sup> giving full description to designated vendor;
- e) The user of the capital item would ensure that item purchased is properly installed as per the User Manual supplied with the asset;
- f) The accountant would ensure that all the cost till the time of installation of the capital item has been accounted for and capitalized;
- g) The accountant would also ensure that the item so purchased is duly recorded in the Fixed Assets Register (dealt with separately later in this manual) giving description of assets, its location and user;
- h) The assets received as donation/kind would be valued at Re.1/- for proper accounting;
- i) No depreciation would be charged on such donated assets;
- j) The accountant would also ensure that the asset is comprehensively insured for adequate value (market value);

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<sup>1</sup> Refer the section 'Formats' for Capital Item Justification

<sup>2</sup> Refer the section 'Formats' for Vendor Analysis Chart

<sup>3</sup> Refer the section 'Formats' for Purchase Order

## **18.2 Non-capital purchases/ services**

### **Purchases**

- a) The purchases of stocks would be done on the basis of 'Purchase Requisition' by the user/ stores/ administration department;
- b) The requisition would be given to the purchase committee/ administration-in-charge/ accountant / at least 10 working days prior to the actual need;
- c) The organization would segregate routine/ regular purchases and one off purchases;
- d) The selection of the vendor(s) would be done by the Purchase Committee formed for this purpose by the organization;
- e) The vendors for routine/ regular items would be finalized for at least 6 (six) months;
- f) The Committee would negotiate with local vendors for credit facilities;
- g) Cash purchases would be minimized for routine/ regular items as well;
- h) Cash purchase may be allowed for one off purchases or purchases in the remote areas;
- i) Such purchases would be done with prior approval as per the 'Authorization Procedure';
- j) The accountant/ user would ensure that bills/ supports for the purchases are cross checked with the physical quantity (wherever quantifiable);
- k) The store/ user would put the stamp/mark on the bills/ challan of the purchases for 'Material In' with date and time;
- l) Wherever purchases are not quantifiable, the user would verify the purchases along with proper authorization;
- m) The accountant would segregate the purchases allocable to programs/ projects or organization's own use;
- n) The accountant would not account for any purchases unless such stamp/ mark/ verification is put on challans/ bills;
- o) The payments to vendors, in case of credit purchases, would be done only after the due dates;

## **19. Services**

- a) VANI would, as far as possible, finalize contracts for services to be rendered beforehand as per the recommendation of the 'Purchase Committee';
- b) VANI would not entertain any payment unless proper bills have been raised on it for the service (s) provided;
- c) The accountant would verify the original bills with the contact and its conditions and follow the 'Authorization Procedure' before processing for payment;

## **20. Maintenance of Stores**

- a) Stores/ stocks are considered as cash as the same have high realizable value in market next only to hard cash. VANI, therefore, is required to do proper monitoring on stocks and exercise stringent control thereon.
- b) VANI would follow the guidelines enumerated below for proper maintenance of stocks:

## **21. Stock Records**

- a) VANI would maintain a 'Stock Control Register'<sup>1</sup> for all kind of quantifiable and routine/ regular purchases;
- b) All the purchases of stocks would be entered in the Register through party's bills/challans;
- c) In case of return of stocks, the user would prepare 'Stock Return Slip'<sup>2</sup>;
- d) All the issues of stocks would be done on the basis of 'Material Requisition Slip'<sup>3</sup> given by user
- e) The user would take prior approval as per "Authorization Procedure" on the Requisition slip(s);
- f) The stock register would be updated after each transaction of receipts/ issues;

## **22. Monitoring of Stocks**

- a) The store keeper/ administrator/ accountant, responsible for maintaining stocks would ensure that the stocks are available as the requirements of user(s);
- b) She/he would ensure that no material is purchased without approved 'Purchase Requisition';
- c) No stocks would be issued without approved 'Material Requisition Slip';
- d) User's name would be mentioned in the stock register at the time of issue of the stocks as well as return back of stocks;
- e) She/he would prepare Stock Summary of available stocks with the organization at the end of each month;

## **23. Sales/ Disposal of Stocks**

- a) Sales/ disposal of stocks would require prior approval as per the 'Authorization Procedure';
- b) The organization would ensure that the vendor is selected for such disposal after proper analysis;
- c) Ensure that the sales/ disposal are done for cash only;

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<sup>1</sup> Refer the section 'Formats' for Stock Control Register'

<sup>2</sup> Refer the section 'Formats' for Stock Return Slips'

<sup>3</sup> Refer the section 'Formats' for Material Requisition Slip'

- d) If the stocks purchased were from FC funds, the accountant would ensure that the realization from such disposal/ sales are reflected back in FC cash book;
- e) Proper cash receipt would be made with one copy marked to the vendor;
- f) Such sales/ disposal may be reflected under ‘Sales/ disposal of Stocks A/c’;

## 24. Fixed Assets Maintenance

Fixed Assets are one of the most significant items of any organization’s being which normally forms more than 90% of the total of the assets side of its Balance Sheet. It is, therefore, pertinent for each organization to take good care of the fixed assets.

Every organization would follow these guidelines for proper recording and maintenance of the assets:

## 25. Assets Register

- a) VANI would maintain fixed assets in the prescribed ‘Fixed Assets Register<sup>1</sup>’;
- b) Separate sheet would be used for each asset;
- c) Every asset/ sheet would be given a control/code number in following manner:
  - NO : Name of organization
  - ICCO : (Name of donor)
  - FA : Fixed Assets
  - FF : Furniture & Fixtures (name of assets)
  - Acc : Accounts (Location of assets)
  - 10-11 : Financial Year of purchase
  - 01 : Control Number

The code of the asset would appear as:VANI/Donor/FA/FF/Acc./yr/01

- d) A control sheet would be used for each group/ block of asset;
- e) Asset register would be updated for each purchase and sales/ disposal;
- f) In case of re-location of assets, a copy of corresponding fixed asset sheet of the assets would also move along to be incorporated in the recipients’ Fixed Assets Register;

## 26. Fixed Assets Control

- a) The user of the asset would use the assets as per the instruction manual/ training for use of the asset;
- b) The organization would ensure that Annual maintenance contract is given to competent party for the maintenance of the assets such as Computer, Fax Machines, Photocopier, UPS, Invertors, Generators, Vehicles etc.;

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<sup>1</sup> Refer the section ‘Fixed Assets Register’

- c) Any warranty claim, in case of damage/ operational problem of the assets, the user would contact the vendor in time;

## **27. Physical Verification of Assets**

- a) Physical verification of assets would be done at least once in a year;
- b) VANI would form a special team for physical verification of assets;
- c) The detail of verification of assets would be done in the format suggested in 'Physical Verification of Assets<sup>1</sup>';
- d) Any discrepancy in asset as compared to the asset register would be immediately reported to the CEO along with a copy marked to Working Committee;

## **28. Depreciation on Assets**

- a) Depreciation on assets would be provided on Written Down Value Method (WDV) as per the rates prescribed under the Income Tax Act;
- b) The assets depreciated fully would be kept in the books with the value of Re. 1/-
- c) No depreciation would be charged on assets received as donation/kind;

## **29. Sales/ Disposal of Assets**

- a) Sales/ disposal of assets, if required, would be done as per the 'Authorization Procedure';
- b) Depreciation charged on the asset being sold/ disposed off would be adjusted before arriving at the figure of profit/ loss of on sale of such assets;
- c) Where the asset sold was originally purchased from FC funds, realization from the sales/disposal of assets would be treated as FC funds and reflected in the FC books of accounts;

## **30. Insurance**

The following type of insurances shall be taken by the organization:

- a) Cash Fidelity Insurance, if large sum of money is being drawn from bank / deposited into bank and carried to the field for disbursements.
- b) Insurance on all moveable assets
- c) Medical and accident Insurance of all permanent staff of the organization
- d) Whenever an asset or a person joins or leaves the organization in the middle of a year, it should be intimated to the insuring authority in writing immediately or within 2 days so as to include or exclude the person/asset from the relevant insurance policy. This notice needs to be acknowledged by the insurance company and a fresh amendment note needs to be issued by the insurance company specifying the details of change requested by the organization.

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<sup>1</sup> Refer the section 'Formats' for Physical Verification Sheet'

### **31. Debtors/ creditors control**

- a) VANI following mercantile/ accrual basis of accounting are required to deal with these two aspects i.e. Debtors and creditors.
- b) In general terms, debtors are those who owe money (against sales, advances, loans given etc.) to your organization and creditors are those to whom your organization owes money (against purchases, services, loans/ advances taken etc.).
- c) VANI need to have proper system to deal with them on a periodical basis.
- d) VANI will follow these guidelines:

### **32. Debtors' realization**

- a) The accountant will update his accounts on a regular basis (as suggested elsewhere) to be able to keep debtors' accounts ready for follow-up;
- b) As soon as the payment is due from a particular debtor, a reminder will be given through telephone or letter as the case may be;
- c) The information of reminder will also be given to the CEO of the organization;
- d) In case of internal debtors, refer section 'Staff Advances/ Loans' for the guidelines for accounting and realizations;

### **33. Payments to creditors**

Refer section 'Bank Payments' under the head Bank Transactions for the payment procedures to creditors.

### **34. Program Records**

- a) We as development organizations are working with the target communities in a very diverse area of operations. These endeavors require a lot of funds, which are generated through various sources such as Donations (both Indian and International), FC funds, Government grants, our own Income Generation Programs etc.
- b) The funds so generated needs to be accounted for in a manner so that our efforts at various levels are reflected in books of accounts as well. But our developmental work may not always be converted into bills/ supports/ vouchers etc.
- c) It is, therefore, a necessity that our work is reflected in narrative terms as well at various levels. Unless the efforts are properly documented at all the levels, the same would remain un-noticed. Also the same are required to pass on the legacy to next generation to show the transition of the society from one phase to another and so on.

### 34.1. At Regional Office (R.O.) Level

Every R.O. would ensure that each target village and the field worker are groomed in a manner to maintain at least these records:

### 34.2. By Field Committee

A 'Field Committee Register' would be maintained giving these detail:

- (a) Date of meeting/ training/program
- (b) Name of participants with their signatures/ thumb impressions
- (c) Agenda of the meeting
- (d) Summary of the proceedings of the day
- (e) Final outcomes of the meeting
- (f) Follow-up required by the Village Committee
- (g) Follow up required by the Field Worker/ Organization
- (h) Signatures of the Village Committee Governing Body members

Each meeting/ training/ program in the village would be recorded in the register mentioned above;

### 34.3. By the Regional Coordinator

- (a) A Program cum Daily Activity Diary<sup>1</sup>;
- (b) Copy of the approved budget for his/ her target village/ community;
- (c) Copy of program report(s) submitted to the organization;
- (d) Copy of follow-up issues raised by the village communities;
- (e) Copy of follow-up issues raised by the organization during monthly meeting or at the end of a program;
- (f) Any other document/ information as and when required;

### 34.4. At Organization level

- a) Application forms from Regional Coordinator along with a copy of the **Field Committee Register** for the purpose would be filed separately in a designated file. The applications would be filed in a chronological order;
- b) The Program Coordinator at New Delhi level would put its comments on such applications during its meetings meant for decision on such requests;
- c) Program reports submitted by the field staff or any other related person. The program reports would be filed in chronological order in the same sequence as reflected in the books of accounts;

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<sup>1</sup> Refer the section 'Formats' for Daily Activity/ Program Diary

- d) Monthly meeting register of the staff/ field workers giving these detail:
  - Date of meeting/ training/program
  - Name of participants with their signatures/ thumb impressions
  - Agenda of the meeting
  - Summary of the proceedings of the day
  - Final outcomes of the meeting
  - Follow-up required by the Field Committee
  - Follow up required by the Field Worker
  - Follow up required by the VANI Secretariat
  - Signatures of the CEO / Chief Functionary or any other members;
- e) Monthly calendar detailing activity of each staff with the budgeted amount;
- f) Copy of monthly program report sent to VANI Secretariat with program-wise planning for next month;

#### **34.5. At Networking Partner / Networking Organisation (NP/NO) Level**

- a) Copy of Monthly Program report submitted by Partner Organization(s);
- b) Compilation of all the programs done by partner organizations;
- c) Circulation of the compiled report as and when required;

### **35. Budgeting and Budgetary Control**

#### **35.1. Purpose of budgeting and budgetary control procedures**

- (i) The purpose of the budgeting and budgetary control procedure is to:-
  - a) Prepare annual and project wise operational budgets
  - b) To record daily income and expenditure by the grant recipient budget item-wise
  - c) To record cumulative expenditure to date by budget item wise
  - d) To compare and monitor cumulative expenditure by budget item to the original or revised budget allocations
- (ii) These procedures of budget control should satisfy the requirements of the donors funding the project.
- (iii) Information from the budget book can be used in the budget-monitoring sheet for reporting and also for assisting in controlling expenditure.

- (iv) Ideally, the budget book should be maintained on a computer spreadsheet. This makes it easy to update and amend. However, the budget book may be maintained and updated manually. Each budget line should be on a separate page.

### **35.2. Budget and expenditure procedures**

Principal Activities that should be performed

- a) Prepare annual work Programme and Budget.
- b) Prepare operational Budget
- c) Record the original or revised budget for the Financial Year
- d) Post daily expenditure to the budget book
- e) Record cumulative expenditure and monitor remaining budget
- f) Obtain donor approval in advance for revisions of budget.

### **35.3. Internal Control**

- a) Internal Control and Monitoring Mechanism is very essential for the organization. It is essential for the organization to have proper controls in place so that money or fund cannot be misused and prevent the corruption in the organization.
- b) Some of the internal control and monitoring mechanism includes:
  - (i) Keeping cash in a safe place
  - (ii) Making sure that all expenditure is properly authorized
  - (iii) Following the budget
  - (iv) Monitoring how much money has been spent on what every month
  - (v) Employing qualified finance staff
  - (vi) Conduct internal audit on monthly or quarterly basis
  - (vii) Having statutory audit every year
  - (viii) Carrying out a 'bank reconciliation' every month which means checking that the amount of cash the organization have in the bank is the same as the amount that the bank book tells that the organization ought to have.
- c) Proper internal control and monitoring proves that the amounts recorded in the books of accounts and the reports based on it are accurate.

## **36. Legal Compliances**

### **36.1. Foreign Contribution Regulation Act, 2010**

VANI is governed by the provisions of the FCRA 2010. This is an important legislation which can have far reaching repercussions on VANI if the provisions are not strictly adhered to. This Act requires VANI to comply with the following:

- (a) VANI is duly registered under the FCRA. Registration No. 231650643 dated 12 August 1992.
- (b) VANI maintain only one bank account number 1387101012550 in Canara Bank, D-84, Malviya Nagar, New Delhi – 110017 branch specified in the Certificate of Registration for Receipt and Utilization of foreign contributions.
- (c) VANI, in terms of Rule 9 (2) (e) of Foreign Contribution (Regulation) Rule, 2011, may open one or more accounts as link accounts to the bank account specified in the Certificate of Registration of FCRA for the purpose of utilizing the foreign contribution after it has been received in the above mentioned bank account if there is an agreement with the donor and, in all such cases, intimation on plain paper shall be furnished to The Secretary, Ministry of Home Affairs, Foreigners Division, NDCC-II Building, Jaising Road, Off Parliament Street, Near Jantar Mantar, New Delhi – 110001 within fifteen days of opening of the account.

### **36.2. Disbursement to the Project Partners/Other Organization**

While making disbursements to the Project holders VANI will ensure the following:

- (a) The Recipients / Project Partners are duly registered with the Ministry of Home Affairs under FCRA 2010 and not black listed.
- (b) The Recipients / Project Partner agree to encash the disbursement in the approved Bank account mentioned in the FCRA approval for receiving the foreign Contributions.
- (c) The objectives for which the recipient is receiving funds from VANI are not different from the objectives of VANI itself.
- (d) The recipients / Project Partners agree to provide such returns to VANI as may be required.

The above terms and conditions are agreed upon by VANI and the project partners in a duly documented contract agreement named Agreement in Project Cooperation / Letter of Offer, etc.

### **36.3. Reporting to Ministry of Home Affairs through Annual Report in Form FC-6:**

- (a) The annual Report in the Form prescribed by the Govt. viz Form No.FC-6 will be prepared for the fiscal year ending on 31st March of every year and will be filed with the Ministry of Home Affairs on or before 31st of December after the end of fiscal year.
- (b) The annual report in Form FC- 6 shall reflect the foreign contribution received during the financial year in the exclusive bank account and include the details in respect of the funds transferred to other bank accounts for utilization and will contain the following :
  - (i) The Audited Income and Expenditure Statement
  - (ii) The Audited Receipt and payment Account
  - (iii) A statement of accounts for the reporting financial year from the bank where the exclusive foreign contribution account is maintained by VANI, duly certified by an officer of the bank.
  - (iv) Audited balance Sheet.
  - (v) Form FC-6 shall be duly certified by a Chartered Accountant and signed by the Chief functionary.
  - (vi) The accounting statements referred to above shall be preserved for a period of six years.

### **36.4. Income Tax Act:**

- a) VANI is Non-profitable organization having exemption from the Income Tax Act, 1961. VANI will file an annual return on or before 30th September of the calendar year for the fiscal year of March of each year.
- b) VANI is registered under section 12(2) of Income Tax Act, 1961 vide registration number DI(E)/221-V/91/1831 dated 16/3/1992. It's PAN (Income Tax Permanent Account Number) is AAAAV2162M.

### **36.5. Annual return to the Income Tax Department:**

The following documents will be filed along with the return of income:-

- (a) Audit Report in form 10B certified by the Auditor
- (b) Copy of Certificate of registration under section 12A
- (c) Audited Financial statements:-
  - (i) Income and expenditure Account
  - (ii) Receipt and payment account
  - (iii) Balance Sheet

- (d) List of Original subscribers to the MOA
- (e) Copy of PAN Certificate
- (f) ITR 07 or Form prescribed from time to time.

## **36.6. Employees' Provident Fund (EPF):**

### **36.6.1. The Statutory Requirement**

- (a) The EPF is maintained solely by the Employees Provident Fund Organisation of India (EPFO), a Statutory Body under Ministry of Labour & Employment, Government of India constituted under The Employees' Provident Funds And Miscellaneous Provisions Act, 1952 (Act No. 19 of 1952). As a statutory rule, any company having more than 20 (twenty) employees, have to register with the EPFO.
- (b) VANI has never been 20 or more employees. Therefore, the EPF Act, 1952 is not applicable to VANI. However, registered under Provident fund Act vide registration No. E/DL/21270/Coverage/5460 dated 27 Feb 1999 for the welfare of employees those who opt for EPF subscription.

### **36.6.2. Mandatory contribution to the EPF**

- (a) Where there is 20 or more employees in an organization, for those who have a basic salary of up to Rs 6,500/-, contributing to the EPF is mandatory. Contributions are voluntary for those whose basic salary exceeds Rs. 6,500/-.
- (b) The contributions to the EPF come with a galore of benefits. The EPF is the safest debt instrument to invest in. Backed by the government, it guarantees safety of principal as well as the interest earned, making it suitable for long term financial goals. It also brings about an automatic discipline in investing.

### **36.6.3. Tax Treatment on EPF**

The contributions you make towards employees' provident fund gets employees a tax benefit under section 80C, up to a maximum limit of Rs.1, 00,000. Also, the maturity proceeds are tax free, if contributions to the fund have been for more than 5 years.

### **36.6.4. Contribution to EPF by VANI**

As per terms and conditions of EPF registration of VANI, Employees' contribution to the EPF comprises of 10% of the Basic Salary (plus DA plus the cash value of food allowances, if any) of the opted employes. An equal amount of 10% is contributed by VANI (the employer) too, to the fund.

### **Organization's Duties:-**

- (a) Enroll opted employees of all categories including the employees engaged by or through contractors and also piece rated, hourly rated employees.
- (b) With effect from April 2012 no need of sending the enrollment forms of employees to the EPFO but keep with the organization for records and the information shall be uploaded on the employer e-sewa portal of EPFO.
- (c) Prepare the monthly EPF details of the contribution and administrative charges on the format 'Electronic Challan cum Return (ESR)' and upload on the employer e-sewa portal of Employees' Provident Fund Organisation before 15th of following month.
- (d) On successful upload of the ESR file, a summary page of uploaded ECR file will appear. Fill up the details regarding EDLI and EPF/EDLI administrative/inspection charges. Ensure all details are filled up correctly and then click on submit button seen online. a digitally signed PDF file will appear.
- (e) Download the digitally signed PDF file and verify the data in the file to satisfy the correctness of the members' wise data as compared the uploaded ECR file.
- (f) Once the PDF file is approved a Challan will be generated with a Temporary Return Reference Number (TRRN) along with an acknowledgement slip for the uploaded ECR file. The challan remitted will be available for 15 days and will lapse thereafter.
- (g) Print the challan and make the remittance in the designated branch of State Bank of India.
- (h) On crediting the contribution into the account of EPFO by the bank, EPFO will generate a Remittance Confirmation Slip with CRN number. Print the slip and retain for records.
- (i) Maintain the contribution register in respect of each employee.
- (j) Since April 2012 online submission of monthly EPF returns is made mandatory, there is no need of submission of any other monthly or annual paper returns with the EPFO.
- (k) Return of Employees qualifying for membership to the Employees' Provident Fund for the first time during every month and leaving service during the month will be filed in the ECR file of the respective month.
- (l) Employer should attest the form No.2 and the claims forms submitted by the member/legal heirs/ nominees.
- (m) Make available all relevant records for inspection of visiting officials with due authorization.

### **36.7. Tax Deducted At Source (TDS):**

- a) VANI will comply with the provisions of Section 194 of the while making payment to a person/company who's payment is subject o deduction of Tax.
- b) In simple terms, TDS is the tax getting deducted from the person receiving the amount (Employee/Deductee) by the person (VANI) paying such amount (Employer/Deductor). This is applicable for certain types of payments, as applicable under the Income Tax Act.

- c) In the process of TDS, deduction of tax is effected at the source when income **arises or accrues**. Hence where any specified type of income arises or accrues to any one, the Income Tax Act enjoins on the payer (VANI) of such income to deduct a stipulated percentage of such income by way of Income Tax and pay only the balance amount to the recipient of such income.
- d) The tax so deducted at source by the payer has to be deposited in the Government treasury to the credit of Central Government, within the specified time. The tax so deducted from the income of the recipient is deemed to be payment of Income Tax by the recipient at the time of his assessment.
- e) Income from several sources is subjected to tax deduction at source viz; salary, interest, dividend, interest on securities, winnings from lottery, horse races, commission and brokerage, rent, fees for professional and technical services, payments to non-residents etc. It is always considered as an Advance tax which is paid to the government.
- f) Prior to making any payment VANI need to ensure that the payee has a valid PAN else the tax will be deducted at the rate of 20%.
- g) The Certificate of TDS, Form 16 and 16A, have to be downloaded from the **TRACES** (TDS Reconciliation Analysis and Correction Enabling System), a web-based application of the Income Tax Department that provides an interface to all stakeholders associated with TDS administration and will be issued to the deductees.
- h) TAN (Tax Deduction Account Number) of VANI is **DELV02024B**.

### **36.8. Tax Deduction under Section 80G for Donations made to VANI.**

- a) VANI is registered under section 80G (5)(vi) of Income Tax Act, 1961 vide order No. DIT(E)/2009-2010/V-221/2051 dated 20/02/2010.
- b) The amount donated to VANI is granted tax deduction under section 80G of the Income Tax Act, 1961 vide order mentioned above. VANI shall accept donations through an account payee cheque only with an exemption of a maximum amount of Rs. 10,000.0 (Rupees ten thousand only) in cash. Full address and PAN of such donors shall be obtained and documented properly. A receipt duly written the amount donated in words and figures along with a photocopy of the 80G certificate shall be provided to the donors.

### 37. Reporting Requirements

<b>1. Field workers/ Program Coordinator</b>	
<b>Role &amp; Responsibility</b>	<b>Reporting Requirements</b>
<ul style="list-style-type: none"> <li>a) Maintain Program/ Daily Activity Diary to keep an update of all the activities;</li> <li>b) Attend each and every meeting of village community meeting wherever required;</li> <li>c) Note down important proceedings of village community meeting (s) requiring his/her or Organization’s follow-up;</li> <li>d) Coordinate with the regional coordinators for any follow –up required from organization;</li> <li>e) Coordinate with village committee/ community for any follow-up required from their side;</li> <li>f) Prepare Activity Report after the end of each activity/and program and obtain signatures of village community members before submission to Project head/ coordinator;</li> <li>g) Attend monthly meeting of the organization;</li> <li>h) Perform as required by the organization from time to time</li> </ul>	<ul style="list-style-type: none"> <li>a) Submit Activity Report after the end of each activity/and program to Regional Coordinator;</li> <li>b) Report any matter requiring immediate attention of the regional coordinator/ project coordinator or National Committee;</li> </ul>

<b>2. Regional Coordinators</b>	
<b>Role &amp; Responsibility</b>	<b>Reporting Requirements</b>
<ul style="list-style-type: none"> <li>a) Supervise all the field workers/ staff on a regular basis;</li> <li>a) Coordinate programs done in all the target villages;</li> <li>b) Plan/ execute the activities for each worker/ staff;</li> <li>c) Prepare program reports based on the activity reports submitted by workers;</li> <li>d) Attend monthly meeting of the organization to understand the overall progress of the programs and follow-up required at his/ her level;</li> <li>e) Arrange meeting of field workers/staff whenever required;</li> <li>f) Authorize program/ activity reports submitted by field workers;</li> <li>g) Keep approved Plan and budget for the concerned region for ready reference and follow –up;</li> </ul>	<ul style="list-style-type: none"> <li>h) Prepare monthly report of all the activities in coordination with the field workers for his/her area of activities and send the same to Project Coordinator for review/ comments;</li> </ul>

<b>3. Project Coordinator</b>	
<b>Role &amp; Responsibility</b>	<b>Reporting Requirements</b>
<ul style="list-style-type: none"> <li>a) Coordinate with Regional coordinators/ Secretary/ Chief Functionary for the programs/ activities at various level;</li> <li>a) Authorize all the program reports submitted by the Regional Coordinators;</li> <li>b) Compile all the reports submitted by the regional coordinators and prepare, in coordination with the Secretary/ Chief Functionary, monthly Program Report for VANI Secretariat;</li> <li>c) Liaison with GVP/ Funding Agencies/Partner Organizations on a regular basis;</li> <li>d) Coordinate with accountant for preparation of Utilization Certificates for funding agency whenever required;</li> </ul>	<ul style="list-style-type: none"> <li>a) Submit Program Reports to VANI Secretariat and other levels as and when required;</li> <li>b) Submit monthly program reports to VANI Secretariat;</li> </ul>

#### 4. Accountant

Role & Responsibility	Reporting Requirements
<p>a) Maintain cashbook, ledgers and other documents as defined in various section of the Finance Manual;</p> <p>b) Obtain adequate supports for vouchers as defined in this manual through various section;</p> <p>c) Do not consider any claim for expenses/ adjustments on any unauthorized documents/ without original bills;</p> <p>d) Ensure proper use of Vehicle, telephone and other equipments of the organization;</p> <p>e) Maintain Fixed Asset and its register as per guidance in this manual;</p> <p>f) Maintain stocks and stock records as per the guidance in this manual;</p> <p>g) Liaison with Project Coordinator/ CEO on various issues;</p> <p>h) Keep an eye on budget utilization and inform the management in case of any deviation;</p> <p>i) Prepare various reporting documents as and when required;</p> <p>j) Maintain staff records as per the guidelines;</p> <p>k) Coordinate with program staff about requirements of supports for proper accounting;</p> <p>l) Prepare Management Information System (MIR) on a monthly basis;</p>	<p>a) Monthly Reports by the end of 10th of the following month for the Project coordinator and CEO of the organization as mentioned below:</p> <ul style="list-style-type: none"> <li>• Monthly Trial Balance;</li> <li>• Project-wise monthly Receipts &amp; Payments Account and Income &amp; Expenditure account</li> <li>• Utilization of funds for both FC and Indian funds;</li> <li>• Finance MIR in the suggested format;</li> </ul> <p>b) Annual Reports by the end of May 31 for each financial year for the Project coordinator and CEO of the organization as mentioned below:</p> <ul style="list-style-type: none"> <li>• Project wise annual utilization of funds;</li> <li>• Project-wise Balance Sheet for FC and local funds;</li> <li>• Detail of project-wise unspent grant balances</li> <li>• Consolidated Receipts &amp; Payments Account and Income &amp; Expenditure account for both FC and Local funds;</li> </ul> <p>c) Any other report as when required by a user</p>

<b>5. Partner Organizations</b>	
<b>Role &amp; Responsibility</b>	<b>Reporting Requirements</b>
<ul style="list-style-type: none"> <li>a) Liaison with the project coordinator and Secretary of VANI for programs and related expenses;</li> <li>b) Prepare monthly program report in consultation with Project coordinator;</li> <li>c) Prepare quarterly Utilization Certificates;</li> </ul>	<ul style="list-style-type: none"> <li>a) Monthly Utilization Certificates against the budget;</li> <li>b) Monthly reports of the programs done;</li> <li>c) Submit quarterly Receipts &amp; Payments accounts/ Income &amp; Expenditure account;</li> </ul>

<b>6. Network Partner/Network Organizations</b>	
<b>Role &amp; Responsibility</b>	<b>Reporting Requirements</b>
<ul style="list-style-type: none"> <li>a) Define and finalize Budget for each P.O.;</li> <li>b) Regular evaluation of programs done by the Partner Organizations;</li> <li>c) Monitoring of staff at PO's level and its in own organization;</li> <li>d) Define the role of Project coordinator in entire process of programs at PO level and NP level;</li> <li>e) NP secretary will be overall responsible for all the programs at PO level and NP on its own;</li> <li>f) NP will be responsible for timely submission of Annual accounts and program reports to Govt. Agencies, Funding Agencies and National Committee;</li> </ul>	<ul style="list-style-type: none"> <li>a) Monthly MIR (both Program and Finance) for Working Committee;</li> <li>b) Combined Annual Utilization Certificates, in consultation with the accountant and Project coordinator for funding agency and Working Committee as and when required;</li> </ul>

<b>7. Network Partner (NP)/Network Organization (NO)</b>
<b>Role &amp; Responsibility</b>
<ul style="list-style-type: none"> <li>a) Define role of NP’s Secretary and other office bearers;</li> <li>b) Coordinate with NP for all the programs by NP and its Partner Organizations;</li> <li>c) Compilation of all the MIR on a monthly basis for publishing/ reporting (if any) and use;</li> <li>d) Liaison with Government Agencies/ Funding Agencies for fund generation and raising any National Level Issues</li> </ul>

### **38. Management Information Report (MIR)**

Management Information Report (MIR) is a comprehensive report for the top management who are not engaged in routine matters of the organization but whose decisions, formulation of strategies and policies very much depend on such reports.

MIR flows from bottom to Top. Based on that, top management frames policies & procedures and take actions, which flow, from Top to the Bottom.

It is, therefore, important for all those working down the line to provide correct and accurate information about the routine matters.

The MIR will be prepared in the manner suggested below:

- a) Each Regional Coordinators of VANI will prepare MIR for Network Partners (NP) on a quarterly basis to be sent latest by the end of 10th of the following month the end of the quarter;
- b) NP will compile all the MIR and send combined MIR to the Working Committee and/or the core Team, by the end of 15<sup>th</sup> day;
- c) The Working Committee and/or the Core Team will send its comments on the MIR by the end of the 20<sup>th</sup> day for follow up (if any);

The MIR will be prepared as suggested in the section ‘Formats’.

## PART II

### TRAVELLING ALLOWANCE RULES (NATIONAL)

#### **1. APPLICABILITY**

- a. These rules shall be applicable to all VANI staff covered under HR Policy, Principles and Practices.
- b. Programme Interns will also be eligible for these facilities.

#### **2. LODGING EXPENSES**

- i) Reasonable expenses (inclusive of all taxes, service charges, etc.) incurred by the staff will be reimbursed on actuals. The lodging shall be arranged at reasonable rates within the budget allocation while ensuring basic requirements of hygiene and safety.
- ii) Staff should try to locate suitable accommodation in hotels nearest to the place of work at the tour station to save time and cost on local travel expenses.
- iii) Staff shall avail guesthouse facility provided by the various organizations or VANI's field offices, wherever available or lodging /boarding facilities provided by VANI.

#### **3. BOARDING ALLOWANCE**

- i) All categories of staff are eligible to per diem allowance as under to cover expenses on food, personal phone calls and other incidental expenses including portage at railway station, tips etc. at the rates authorized vide Sub Paragraph (ii) to (viii) below for the duration of absence from head quarters.

<b>Classification of Tour Station</b>	<b>Per Diem Rate (per day) (Rs.)</b>
State Capitals and all Cities	800.00
Other then Cities but not Villages and Blocks	350.00
Village and Blocks	250.00

- ii) For the purpose of per diem rates a 'day' would mean a calendar day of 24 hours.

iii) Per Diem allowance will be regulated as follows:

<u>Absence from Head Quarters</u>	<u>Per Diem Rate</u>
(a) Up to 6 hours	25% of the normal rate
(b) More than 6 hours but less than 12 hours	50% of normal rate
(c) Up to 12 hours	50% of normal rate
(d) Twelve hours or more	Full rate

iv) The absence from Headquarters will commence from the time the flight/train/bus leaves and will cease when the return journey is completed at airport/railways station/bus stand.

v) Per Diem will be permissible during journey by air and Shatabdi /Rajdhani trains. No deductions will be made on account of tea/snacks/breakfast/meals provided in flights/such trains.

vi) In case full boarding is provided free by VANI or any other person / organization, only 25% of the per diem allowance will be admissible for that day. If only one meal is provided during workshops/meeting/seminars/conferences etc., 50% of the admissible per diem rate will be payable

vii) If per diem or pocket allowance or any honorarium for acting as resource person is paid by the sponsoring agency, per diem from VANI will not be payable. This is to be clearly stated in the travel expense claim. Similarly, if any amount/reimbursement in respect of travel fare or lodging etc. are to be claimed from any organization, the proper details should be furnished in appropriate column in the travel expense claim.

viii) Availing leave for personal reasons during or in combination of official tour is not permissible. Similarly combining official tour with journeys undertaken for personal reasons is also not permissible. However, in special cases, the sanctioning authority may use its discretion. Application granting permission by the sanctioning authority should be submitted to the HR Department prior to undertaking the tour. Lodging and per diem allowance will not be admissible for days of leave, whether spent at tour station or elsewhere.

#### **4. ADMISSIBILITY UNDER 'OWN ARRANGEMENTS'**

In case a staff member makes her/his 'own arrangements' for stay and meals on out station tour (except Delhi), she/he will be allowed to claim full per diem at applicable rate.

## 5. REIMBURSEMENT OF “MISCELLANEOUS EXPENSES”

- i) Employees, who are not eligible for reimbursement of mobile phone expenses, are eligible to claim reimbursement of expenses actually incurred by them on STD calls related to official work. STD calls should be made from PCO's and not from hotels. These will be reimbursed on production of receipts and other details in the prescribed format.
- ii) Portage will be allowed on actuals, if a staff is carrying heavy learning material by train/bus.
- iii) In case lodging, boarding etc. is to be provided to resource person(s) by VANI, the staff will obtain approval of the competent authority before proceeding on tour. While claiming reimbursement of these expenditures, full details like person's name(s), date(s), place(s), meal served, etc. are to be furnished and bill(s) are to be attached with the claim. If the staff is also having the meals with the resource person / or during the workshops, she/he should claim per diem as per the guidelines.

## 6. TRAVEL BOOKING

- i) Travel entitlement of VANI staff in official tours will be as under:

S.No.	Designation	Mode of Travel	Mode of Local Travel
(a)	CEO/Directors	1st AC in train/Flight	Taxi
(b)	Managers	2nd AC in Train/ Economy Airlines	Taxi
(c)	Interns/Probation Officers/Others	3rd AC in Train	Auto-rikshaw

- ii) The chief Executive Officer, considering the urgency and non-availability of seat / berth in entitled class, may allow higher level at his sole discretion. Any such change of travel booking will be with prior approval of the Chief Executive Officer.
- iii) Employees can use their own vehicles for local travel on official tours and claim reimbursement at the rate per kilometer given below for entitled mode of travel:
  - a) Car - Rs. 9.00 per kilometer
  - b) Motor cycle - Rs. 7.00 per kilometer
- iv) Staff proceeding on tour shall submit requisition for travel booking on the prescribed form to the Administration Department duly approved by the competent authority well in advance.

- v) In case of postponement / cancellation of journey, the staff concerned will ensure that the ticket(s) is/are surrendered to Administration Department or at the railway station, as the case may be for cancellation of tickets with justification within the prescribed form which should have approval of the Competent Authority. In case the postponement / cancellation of journey are due to the fault of the staff, the extra expenditure incurred shall recover from the staff concerned.

## **7. TRAVEL ADVANCE**

- i) Staff proceeding on tour will be eligible to draw a 'Travelling Advance' on the prescribed form subject to approval by the Competent Authority.
- ii) Requisition for advance of more than Rs. 5000/- will be submitted to the F&A Department minimum five working days in advance.
- iii) The advance shall be utilized for the purpose for which it was granted. In case the tour is cancelled, the amount of advance shall be returned forthwith.
- iv) No further travelling advance will be paid to the staff unless the previous advance is accounted for and settled.
- v) The approving authority will ensure that the amount of advance applied for is reasonable.

## **8. TRAVEL EXPENSE CLAIM**

- i) Staff will submit 'Travel Expense Claim' giving all requisite details in the prescribed form along with the original supporting bills/vouchers/tickets/counter foils etc. to F&A Department for scrutiny and verification of the claim along with event Tour Report.
- ii) In case of a sponsored visit, if the staff has received reimbursement of travel and other expenses from the sponsoring organization, the same should be deposited with the F&A Department with necessary details for settling accounts with the travel agent. It is advisable to ask the host/ sponsoring organization to arrange the ticket. If reimbursement has to be claimed from the sponsoring organization, all details with supporting bills / vouchers/ tickets/ counter foils etc. should be furnished for further processing. In this case, it is the responsibility of the staff concerned to ensure receipt of the reimbursable expenses to VANI within a reasonable period. It may be done in coordination with F&A who shall raise necessary invoice to be sent to the host/sponsor organization.
- iii) As a matter of financial discipline, the claim should be submitted immediately on return but in any case within three days from the date of return from tour and unutilized advance, if any, be deposited with F & A Department. Failure to do so may result in deducting the advance amount from the salary of the staff and interest will be charged for log delays.

## **9. AUTHORISATION**

- i) Authority to approve travel advance, booking and expense claim in respect of all staff will be the CEO and in case of the CEO approving authority will be the Chairperson.
- ii) Any exception/relaxation for incurring expenditure beyond the prescribed limits/guidelines

## PART III

### GUIDELINES FOR OVERSEAS TRAVEL

1. All overseas travels undertaken by VANI employees shall be governed by the following guidelines:
2. Overseas travel of VANI employees is to be regulated under following three categories viz. 'A' 'B' and 'C'.
  - A. Where the travel is an integral part of a project which is exclusively funded i.e. the cost of travel, board and lodging, visa, insurance, airport charges and per diem, are built in the project plan and approval secured from the Competent Authority in advance. Competent Authority for employees is the CEO and for CEO the Chairperson.
  - B. Where VANI or a specific staff receives an invitation for meetings, workshops, conferences, exposure visits, training/fellowship programmes etc. and if this is approved by the CEO, the norms of the sponsoring/host organization will apply.
  - C. Where VANI staff travels exclusively for Business Development or is required to stay for extra days overseas in continuation of a project/meeting/conference under Categories 'A' and 'B'.
3. The norms for the above Categories are given below:
  - (a) For travel covered under category 'A' following guidelines will be applicable:
    - a. Staff travelling overseas shall ensure that lodging and local travel are arranged at reasonable rates. Local travel will preferably be by public transport. Reimbursement will be allowed on actuals subject to production of bills/vouchers/receipts for any amount exceeding US\$ 10.
    - b. The travel will be undertaken by Excursion/Promotional/Special Fare in Economy Class, whichever is cheaper.
    - c. Per diem allowance will be as under:
      - i. Category I countries - US \$ 80/-
      - ii. Category II countries - US\$ 50/-

**Category I** would include countries in Europe, Central Asia, North America, Australia and Pacific, Latin America and South East Asia, Middle East/UAE and South Africa.

**Category II** would include countries in South Asia and other Africa countries.

- d. The staff members are eligible to claim expenses related to board/lodging, local travel, airport charges as per actuals and full per diem as per the category of countries.
- e. Where out of pocket allowance or per diem or subsistence allowance is also paid in addition to board and lodging by the host organization, no per diem will be admissible from VANI even if the per diem provided by the host organization is at a lower rate than the applicable rate of VANI.
- f. Where one major meal is provided during workshop, meetings, seminars, conferences, etc. only 60% of the admissible per diem rates will be payable. Where both lunch and dinner are provided, only 25% of the admissible per diem rates will be payable. This norm shall also be applicable for travels relating to Category 'C' under Para 2.
- g. The number of days on foreign tour will be counted from the time of arrival at the first destination (place of work) outside India to the time of departure from the last destination for return to India.
- h. Admissibility of Per Diem Allowance will be regulated as under:

<u>Presence abroad per calendar day</u>	<u>Per diem rate</u>
Up to 12 hours	50%
Above 12 hours	Full rate

- i. The per diem allowance will cover all expenses on food, personal calls and other incidentals.
- j. Staff should plan foreign tours well in advance to be able to avail of the best promotional fares and also allow sufficient time for obtaining visa, emigration clearance (if required), and completion of other travel formalities.
- k. Staff should submit their travel expense claim, duly approved by the Competent Authority, within five days of their return to India. Following information/ documents are to be submitted along with the travel claims:
  - (i) Ticket jacket/copy of E ticket, boarding pass and letter of invitation by the host/sponsor organization.
  - (ii) Details/Receipt for the balance amount of foreign exchange surrendered. It may be noted that foreign exchange returned in the shape of **coins** will not be accepted.
  - (iii) Documents/Exchange slips showing the conversion rate of the concerned currencies where local expenses in foreign currency are claimed.

(iv) Tour Report.

4. For travel covered under category 'B', VANI will not bear any expenditure on account of travel/travel related cost, board and lodging, local travel, per diem etc. as such to bring parity, the concerned staff can negotiate with the host organization with regard to travel reimbursements, subsistence allowance etc. It is also advisable to ask the host/sponsoring organization to arrange the ticket.
5. However, in case of partial reimbursement, under category 'B' the rate of subsistence allowance and other expenses, to be borne by VANI, will be determined on case-to-case and approved by CEO in advance and the Chairperson in case of the CEO.
6. Please note that in this case it is the responsibility of the staff concerned to ensure receipt of the reimbursement expenses to VANI within a reasonable time. It may be done in coordination with F & A who shall raise necessary invoice to be sent to the host/sponsor organization.

**Note:**

- Having a valid passport is the responsibility of the staff concerned.
- Booking of tickets directly with the travel agent is not permitted.
- In case of those who travel overseas frequently, annual health insurance may be allowed.

This revised financial manual will come into force with effect from the date of its approval by the Working Committee of VANI.