

SOCIAL AWARENESS SOCIETY FOR  
YOUTHS

**Finance Manual**

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The Finance Manual of Social Awareness Society for Youths - SASY brings together in one document all the financial policies and procedures in existence. The manual is to be used by the office and accounts staff for day-to-day operations and serves as a reference in case of query. It may also be described as the Financial Regulations or Finance and Office Procedures.

The Finance Management system prepared based on the accepted standards and is consistent over the years. The manual is prepared to avoid misunderstanding confusion and to ensure proper implementation of procedures; financial management policies should be documented.

## **1. BASIS OF ACCOUNTING**

- a) Books of accounts are to be maintained following cash basis of accounting, that is, expenses are incurred as and when they are incurred and not when they are paid.
- b) Income in SASY is the donation received from various donors and hence they should be recognized as and when it is received.
- c) Accrued Interest on Fixed Deposits should be accounted at the year end to match with Form 26S of the Income Tax Department.
- d) Depreciation should be provided for the Fixed Assets at the end of the financial year as per the written down value method. Rates of Depreciation shall the rates prescribed

### **List of Books of Accounts to be maintained**

- 1.1 Cash Book
- 1.2 Bank Book
- 1.3 Journal Register
- 1.4 General Ledger

#### **1.1 Cash Book**

- a) Cash transactions should be entered in the cash book every day.
- b) Physical cash balance should tally with the cash balance as per books of account at every point and at the end of every day.
- c) Cash balance mentioned in cash book at the end of every day should be reported with denominations.
- d) Cash book should be signed by the accountant every day and it must be verified by authorized personnel periodically.

## **1.2 Bank Book**

- a) Bank transactions should be recorded in the Books of Account every day.
- b) Payments issued by cheque should be recorded on the date of issue and not the date when it is presented to bank.
- c) Likewise, cheque receipts should be accounted on the date of receipt and not on the date when it is credited in the account.
- d) Transactions through bank transfer should be accounted on the date when it is debited or credited to the bank account.
- e) For all payments made by issue of cheque, cheque number should be clearly mentioned when each transaction is recorded in the Books of account.
- f) Payments should be made only through account payee crossed cheque or demand draft or by online transfers.
- g) Likewise, donations should be received by way of account payee crossed cheque or draft or by online transfers rather than by cash for an amount exceeding Rs.2,000. In exceptional cases cash donations upto Rs.20,000 can be received with the approval of Executive Director. For all donations from India, donors name, address, PAN/Aadhaar number and contact phone number should be obtained.
- h) Cancelled cheques should be retained by the accounts department.
- i) Unused cheques should be kept under the safe custody of the authorized person.
- j) Blank cheques should not be signed by the authorized signatories

## **1.3 Journal Register**

- a) Journal Register should be maintained for advance settlement as well as for accounting of payables and receivables.

## **1.4 General Ledger**

- a) Opening balance should be brought forward from previous audited balance sheet correctly and immediately after previous year's audit.

- b) Heads of Accounts should be in correspondence with the approved budget for the financial year. And if there are any prescribed format provided by the foreign donors, then heads of accounts in foreign contribution account should be maintained as required.
- c) Transactions should be recorded as and when they occur. Receipts and Payments account should be prepared at the end of every month.
- d) Accounting of transactions is to be done on a daily basis so as to facilitate preparation of monitoring statement at the end of every month.

### **1.5 Receipts**

- a) Receipts should be serially numbered and pre-printed.
- b) The receipt books in field offices and head office should be monitored in accordance to their number.
- c) Un-used Receipt Books should be kept under lock and key by a responsible officer. Stock book for Receipt Books should be maintained.
- d) Issue of receipt books to field offices should be made only after the completed receipt book is submitted to the head office.
- e) Receipts issued at the field office should be in triplicate. Original copy will go the donor or the payer of the money, duplicate will be sent to SASY HO and the triplicate will be with the Receipt Book and will be submitted to SASY HO after the book is fully utilized.
- f) Receipt should be issued immediately on receipt of money, whether it is cash, Cheque, draft or bank transfer.
- g) Cashier or a responsible person will sign the receipts. Receipts will not be issued by the person keeping the books of account.
- h) All receipts/collections should be deposited in the bank on the next bank working day.
- i) Cash collections should not be used for expenses.

### **1.6 Payment vouchers**

- a) Payment vouchers should be serially numbered and filed in the order of date.
- b) Payment voucher should be prepared for all transactions and proper evidence for payment should be attached with the same

- c) Vouchers should be attached with external evidences like purchase bills, invoices, receipts. Vouchers should give details, purpose, account head, project details of the payments.
- d) In case of internal evidence, the voucher should have sufficient & relevant information of the transaction.
- e) All payments should be authorized by the concerned department head.
- f) Actual payment should be made only after authorization.
- g) All support documents should contain the voucher number, the date to which they pertain and should be cancelled on payment (with a paid seal).
- h) For advance payments, requisition note filled with all attributes approved by the Authorized Signatory should be enclosed along with the voucher.

### **1.7 Journal Vouchers**

- a) Journal vouchers should be serially numbered.
- b) Journal entries should be made only when vouchers are supported by sufficient support documents. The expenses in support of the Journal voucher should be authorized by the department heads and passed by the Finance Officer.
- c) For programme advances the vouchers should contain the detailed reports, bills, participants list and other related supporting documents.

### **1.8 Multi donor Accounts**

For each donor/multi donor funded projects

- a) Books of account shall be maintained following Cost Centre method in Tally.
- b) Maintain separate operational/utilization bank accounts if the donor organization demands or when the Project runs for more than a year.
- c) Maintain separate Payment voucher numbers and distinct voucher format for each donor.
- d) Prepare separate receipts and payments account, income and expenditure account, balance sheet and schedules for advances.
- e) Consolidate separate donor wise receipts and payments account to prepare consolidated accounts.

- f) Ensure that each donor's closing balance is available separately with breakup of cash/bank balance, advance, inter donor transfers etc.

### **1.9 Bank Reconciliation**

- a) Reconciliation of all bank accounts maintained by SASY should be done monthly with the respective Bank Statements and with the balance as per the bank book maintained by SASY.
- b) The reasons for differences in balances should be scrutinized and necessary action should be undertaken to resolve the differences.

## **2. INTERNAL CONTROLS**

### **2.1 Payments**

- a) Only budgeted payments should be made.
- b) Non-budgeted payments should be made only with the approval of Executive Committee. In exceptional cases, CEO/Executive Director may authorize such payments with the approval of the Officers of the Society, namely President, Secretary and the Treasurer. This approval should be ratified by the Executive Committee in their next meeting.
- c) All payments should be supported by evidences.
- d) All payments above Rs. 5,000 should be made either by Account payee crossedcheque, or demand draft or by online transfer.
- e) All payments should be authorized by the concerned head of the department and/or by the Director
- f) Where payment is made for purchase of goods or services, the respective Head of the Department should certify at the back of the Invoice/Bill that SASY has received the goods/services and the same is utilized by SASY. Ensure receipt of goods or services before making payment.
- g) Accounts department should ensure the reliability of the expenses incurred.
- h) Statutory deductions such as TDS (Tax deducted at Source) should be made before making the payment.
- i) Confirmation from payees for receipt of funds should be obtained.
- j) Purchase of goods or services above Rs.10,000 should be done only after obtaining three quotations from standard suppliers.



## **2.2 Requests from Project Coordinators**

- a) Project Coordinators should make a request along with the budget for sanction of programme advances.
- b) Regular and periodic financial reporting is necessary.
- c) Statement of expenses with proper support documents should be made available
- d) Reimbursements should be properly authorized.
- e) Disbursement should be properly recorded in books of accounts.
- f) Project coordinator's payment should be in favor of organization.
- g) Further release of funds should be made only after settlement of previous advance.

## **2.3 Travel and Boarding &lodging:**

- a) The Tour expenses like travel, boarding & lodging, telephone, stationeries and other incidental expenses of the program (Monitoring, meeting, and workshop) will be accounted through one set of claim form.
- b) The expenses, which are related to the programme, will be taken into account as per the request given by the programme heads.
- c) The concern staff should fill travel-booking form for their programme visits; it is the evidence towards verifying the bills of travel agency related to the payment. Tickets should be enclosed.
- d) If the ticket / travel visit is cancelled due to some emergency situations it should be intimated through the travel booking form. The Form should be filled as per the details given.
- e) Local Conveyance will be reimbursed as per the movement register records. Proper and sufficient details should be given for expenses. For local travel supports such as bus-tickets, train tickets, etc. need not be attached.
- f) All travel expenses should be approved and verified by the concerned head of the department.

- g) Along with the travel claim, tour report should be submitted to the concerned head of the department.
- h) If staff use their own vehicles the mileage will be calculated, the claim form should be filled giving the rate, which is normally fixed as per the staff charter and also depends on types of vehicle used.
- i) If the ticket is booked by SASY head office, the ticket should be submitted to the office while settling the bills / advances.
- j) Outstation travel should be undertaken by the most economical mode of transport.

*Train Travel:* In case of travel by train, director and board members are entitled to travel by A/c three tier sleeper. Project coordinator and field staff are entitled to travel by sleeper class.

*Bus Travel:* In case of travel by bus, director and board members are entitled to travel in sleeper- air-conditioned bus. Project coordinator and field staff are entitled to travel in sleeper - non-air-conditioned bus/ seater – air conditioned bus.

*Air Travel:* Air travel is permissible only after authorization by the executive committee.

In case of exceptional circumstances approval from the executive committee is necessary.

- k) The ceiling limit for Boarding and lodging shall be decided by the Executive Committee on the recommendation of the CEO/Executive Director from time to time and shall be circulated.

#### **2.4. Purchases**

SASY shall follow the following procedures for any purchases:

- a) Only purchases approved in the budget or by the EC can be made.
- b) Accounts department should certify availability of funds.
- c) All purchases above Rs. 100,000 will be routed through purchase committee consisting of Director and other members appointed by the Executive committee.
- d) Inviting quotations from minimum 3 suppliers is necessary. The quotation should contain the details of specifications.
- e) Purchase order in triplicate should be issued for all purchases. Purchase order should clearly mention the goods/services procured with specification, quantity, rate, time and place of delivery. Purchase order should be made in triplicate, first copy to the supplier, second to the accounts department and

the third copy with the department initiating the purchase or with the purchase department. In both the accounts copy and the purchase department copy (in duplicate and in triplicate) the service provider should write 'accepted the terms and conditions in the Purchase Order' and sign as a token of acceptance.

- f) Goods/services received should be verified and acknowledged in the Delivery Challan or the Invoice. The person receiving the goods should verify the goods supplied as per the Delivery Challan/ Invoice and certify that they have received the goods for SASY and sign as a token of verification.
- g) Duly acknowledged Delivery challans & invoices should be produced at the time of payment.
- h) The Goods received will be recorded in the stock registers / Fixed Assets Registers.

### **2.5 Lease/rent agreements**

- a) All lease or rental arrangements shall be in the name of SASY. The Director or any other person authorized by the Executive committee shall execute the lease / rental agreement on behalf of SASY.
- b) Original agreement copy should be safely kept in the office.
- c) Taxes wherever applicable should be deducted while making payments.
- d) Advances, deposits and lease rentals should be paid by account payee cheque or draft only.

### **2.6 Sale / Transfer of assets**

The following procedures should be followed for sale/ transfer of assets

- a) Approval of Executive committee is necessary for the Sale of Asset.
- b) SASY should try and get quotation for sale of old assets to ascertain the market value of the assets that are being sold.
- c) No asset can be sold to Board members, director or their relatives as defined in Income Tax Act, 1961 u/s 13. Where there is a necessity to sell, then the price of sale should be well above the market rate.
- d) The receipt of sale of asset should be deposited into the concerned designated bank account where the asset is purchased (FC/LC).

- e) Sale proceeds of an asset will be disclosed as a receipt in the Form FC-4 annual returns.

## **2.7 Fellowships/Stipend**

- a) Programme coordinators or consultant will do appraisals of the candidate and give recommendation to the Director.
- b) Director shall place the same before the Executive committee for approval.
- c) The Fellowship /Stipend holder should submit monthly or quarterly reports.
- d) TDS will be deducted if the fellowship/stipend exceeds the statutory limit.

## **2.8 Construction and Maintenance Contracts**

- a) The requisition form should be in writing.
- b) Accounts department will certify availability of funds.
- c) All contracts above Rs.100,000 will be routed through purchase committee consisting of Director and other members appointed by the Executive Committee.
  - a. Architect to give details of the work to be done.
  - b. Inviting quotations from minimum 3 standard suppliers/contractors is necessary. The quotation should contain the details of specifications like quantity, quality and prices of goods.
- d) Issue of work order specifying the details of work to be done is necessary. Work order should be prepared in duplicate/triplicate. First copy to the contractor, second to the accounts department and the third copy shall be with the purchase committee/department. Contractor should sign the duplicate/triplicate copy of the work order as a token of acceptance of the terms and conditions in the work order.
- e) The Project contracts should be approved by the board before finalization of the contract.
- f) Detailed Running Account Bill (R.A Bill) should be obtained from the contractor.
- g) Payments will be done after R.A Bill is verified and certified for payment by the architect and site supervisor.

- h) R.A bill should be verified by the accounts department with the rates finalized and quoted in the work order.
- i) All statutory deductions should be withheld while making payment to the contractor.

### **2.9 Salary and Revision**

- a) Salary will be paid through bank transfer/Cheque or by way of demand drafts.
- b) Staff salary register is maintained at respective offices. All staff has to sign in the register. Project and field staff should give their daily report to the respective department head for attendance.
- c) Salary increments and deductions shall be according to the staff charter.

### **2.10 Cash payments and Cheque payments – limits**

- a) All payments above Rs.5,000 should be made only by way of account payee crossed cheque or by way of account payee crossed cheque or demand draft.
- b) The regular expenses such as salaries, capital costs, communication bills, rent, meeting expenses, hall hire charges, advance to staff etc should be paid by way of account payee crossed cheques or demand drafts.
- c) The organization shall maintain petty cash of Rs.25,000.

### **2.11 Physical verification of cash**

- a) Cashier is responsible for maintenance of cash.
- b) All cash collections and cheques received should be deposited on the following bank working day.
- c) Each day cashier should write the break-up of the physical cash with him. He should maintain cash balance book where he should write the denomination. Alternately, cashier can write the denominations in the rough cash book that he is maintaining.
- d) Accountant should verify cash every day. He should verify the denomination and shall certify that he verified cash in the register.
- e) Authorized person should verify the cash balance weekly once.

- f) Auditors shall verify cash at the time of audit.

### **2.12 Fixed Assets**

- a) Purchase should be in accordance with the budget or specific approval to be sought from donor.
- b) All assets should be purchased in the name of SASY
- c) Maintain fixed assets register giving the following details in respect of each asset:
  - a. Nature of asset with description.
  - b. Cost of acquisition.
  - c. Date of acquisition.
  - d. Name of the supplier.
  - e. Accounting entry reference i.e., cash/bank
  - f. Book folio, voucher number, date, account head debited and treatment in utilization certificate/income and expenditure account.
  - g. Identification Number.
  - h. Location and under whose control/use.
  - i. Year wise depreciation, if any, and the consequent written down value
  - j. Physical verification details.
- d) Total assets as per the fixed assets register should tally with the books of account.
- e) Each asset/group of assets should be maintained separately.

### **2.13 Operation of bank accounts**

- a) The bank accounts should be operated in the name of the society. All bank accounts should be jointly operated. The Executive committee shall record and approve the names of the persons to operate the bank accounts from time to time.
- b) The Executive committee shall specify the modalities of operation of the bank accounts.

### **2.14 Program/Tour Advances**

- a) SASY shall minimize advance payments by making payments directly to the concerned parties. Ex. boarding & lodging, resource person fee, stationeries.
- b) Further advance shall not be given when a previous advance is pending.

- c) All advances should be approved by the concerned head of the department
- d) Programme advances should be settled within 10 working days after programme gets completed
- e) All advances should be accounted in the books of account.
- f) Suspense accounts/I Owe You (IOU) will not to be operated.
- g) Advances should be used only for the purpose for which it was drawn. Advances taken for one program should not be used for another program without the written approval of the Program Head and the Finance Head. Inter change of program expenses should be avoided. Inter change of Program advance between different donors is not permitted.
- h) Advances not to be a route for substantial or continuous cash transactions.
- i) Fresh advance will not be given on the day of settlement of previous advance. Minimum of 2 days should be given to process the new request.
- j) Taking advances for one programme and settling bills for another programme will not be entertained.
- k) Remaining balance in advances after utilization should be returned. The same should be deposited in the bank.
- l) Advance request form should be filled clearly (details required) and also attaching the agenda for the meeting / workshop / monitoring visits will help the accounts department to monitor.
- m) During the settlement brief narrative report of the program with the advance should be made available with the claim form.
- n) The breakup of advance given should be available in the books of account employee-wise.

### **2.15 Investments**

- a) Before making any investments in fixed deposits etc., ensure that they are approved under section 11(5) of the Income Tax Act.
- b) All investments shall be made with the Board (Executive Committee) approval. Similarly, withdrawal of investment shall also be done with Board approval.
- c) Fixed Deposits Register should be maintained.

- d) Long term investments should be made only with specific approval from donor, unless out of donor specified corpus funds.
- e) All Investments should be held only in the name of the organization.
- f) Investments in mutual funds and other investments linked to the vagaries of the stock market is not permitted.
- g) Investments with fixed returns are to be preferred.
- h) Original (long term) investment documents to be kept in the bank locker or safe custody in office with photocopies in the Finance & accounts department.
- i) All Investments to be physically verified every year both by the management and by the auditor.

#### **2.16 Confirmation of balances from third parties – advances, payables and banks.**

- a) Finance Department has to get the confirmation on payable to third parties, advances outstanding and bank accounts as on March 31, every year.

#### **2.17 Accounting Software – Controls**

- a) Only authorized software (legal version) is to be used.
  - a. Accounting Software shall be password protected. No unauthorized person is allowed to access the accounting software.
  - b. Adequate backup – Tally backup shall be taken on external drive and in the System in a separate drive every week on Wednesdays and on Saturdays. Backup of one month should always be available.
  - c. Computer logbook to be maintained for both operations and also for backup.

#### **2.18 Books of Account – Print outs**

- a) Daily print outs should be taken for the cash, bank and journal books. These should be checked and approved by the head of accounts department and the Director. Daily printouts should be filed chronologically to form the final daybook.
- b) The trial balances should be analyzed monthly and approved by the relevant program heads preferably along with the budgets so that they are aware of the extent of utilization of funds. The trial balances should be printed and filed at the year end.



### **3. DONOR REQUIREMENTS**

#### **3.1 Correspondence with donors**

- a) All communications, correspondence shall be done by the Director. The Director shall negotiate and conclude contracts, agreements etc. with donor agencies for taking assignments, projects and other work for and on behalf of the society.

#### **3.2 Disclosure to Donors**

- a) In utilization statements to donors the following shall be shown separately:
  - a. Exchange gain/loss
  - b. Interest from bank accounts
  - c. Sale proceeds of assets
- b) The donor wise income and expenditure account and balance sheet could be the utilization statements to donor.
- c) If the donor has separate form, use the same form and account heads in the books/income and expenditure account and balance sheet.
- d) Disclose to the donors the Indian money accounts also which relate to their project/relevant to them.
- e) Submit organization/global audited accounts to all donors.
- f) Inter project/donor transfer of funds not to be done without prior approval of the donors and should be disclosed to the donors.
- g) Variances to be explained with suitable explanations.
- h) Substantial variances should be subject to prior approval of the donors.

#### **3.3 Donors Balances**

- a) The Books of account and utilization statements should clearly reflect the closing balance of the donors. This should include the breakup of the closing balance. The advances, liabilities, fixed assets, portion of bank and cash balances, loans to/from one donor to another comprise the breakup of the closing balance.

#### **3.4 Donor Documents**

- a) Sanction letter comprising of amount contributed, purpose of donation and the donor organization terms and conditions for the contribution made by donors should be obtained from them and filed separately.
- b) If the same donor contributes every financial year, then also it is mandatory to obtain the sanction letter for every financial year, unless and otherwise the donor organization has made an agreement for a period that consists of more than one financial year.
- c) In case of any additional instructions from the donor organization relating to the contribution is given, the same should be filed separately for the purpose of audit.

#### **4. BUDGET AND BUDGETARY CONTROLS**

##### **4.1 Approval of budgets**

- a) Individual program/donor wise budget should be prepared by the respective program unit/head.
- b) For each financial year master budget for the organization should be prepared. Organization/master budget should be prepared and approved by the Executive during February or March of the previous financial year.
- c) The budget of the organization must be discussed and approved by Executive.
- d) Any clarification on the budget as well as utilization the head office will directly approach the partners.
- e) The Executive should approve the overall budget for and its partners to follow head office.

##### **4.2 Analysis of budgeted and actual expenses**

- a) The approved budget shall be referred to by the finance department before financial decisions are undertaken.
- b) Monthly monitoring statement should be prepared to compare with the budgeted expenses by the Finance Department. Variance Report prepared by the Finance Department shall be shared with the respective program heads.
- c) Program units/heads shall analyze the variances suitable explanations and take necessary action.

- d) Substantial variances should be subjected to prior approval of the executive committee and by the donor.

## **5. STATUTORY REQUIREMENTS**

### **5.1 Foreign Contribution (Regulation) Act (FCRA), 2010 as amended by FCRA Amendment Act, 2020**

- a) Receive all transfers from foreign donors through the designated bank account opened in SBI New Delhi Main Branch having account number 40068193314. The existing account in State Bank of India having the A/c number 11092102425 should be utilized as utilization account.
- b) Ensure there are no transfers of foreign funds to local account. Where there is a need for disbursement of foreign funds to branch offices, separate utilization bank account should be opened and approval of Ministry of Home Affairs should be received vide Form FC-6 within 15 days of opening the account.
- c) Ensure there is no transfer of foreign funds to an organization either having FCRA registration or not, even if those organization having FCRA has the same objectives of our society.
- d) Ensure that the foreign contributions received are utilized in accordance with the defined purposes in the FCRA registration certificate.
- e) Maintain separate books of account – cash/bank/journal/general ledgers for Foreign Contribution and Indian local contribution.
- f) Where funding is received from more than one foreign donor, then maintain FC books of account in such a manner using account codes or cost centers, wherein income and expense relating to a particular donor will be clearly evident, in order to report the same in FCRA annual returns.
- g) Generate reports monthly donor-wise/Project/Activity wise income and expense statement, so as to consolidate the same while filing annual returns.
- h) Ensure that the Administrative expenses of the Foreign Contribution do not exceed twenty percent of the foreign funds received during the financial year.
- i) The following are required to be shown as foreign contribution receipts and the same is required to be reported in Form FC-4:
  - a. Interest from FC designated bank account and also utilization accounts.

- b. Receipts from projects/activities with the name and location of Project/Activity.
  - c. Sale Proceeds from assets purchased from foreign contribution.
- j) Separate registers are to be maintained for the books maintained under Foreign Contribution such as Salary register, Advances Register, Cheque Issued Register, Fixed Deposit Register, Fixed Asset Register etc.
- k) The fixed asset register should have the following details:
- a. Description of Asset
  - b. Quantity
  - c. Location of Asset
  - d. Activity/Project for which it is used
  - e. Date of Acquisition
  - f. Value of the asset
  - g. Depreciation
- l) The total foreign contribution closing balances should be also available donor wise (with break-up) and should tally with the donor wise utilization statements and balance sheet. Reconciliation should be available if for any reason this does not tally.
- m) The total foreign contribution closing balances should also be available project/activity wise that are to be reported in the FC-4 annual returns.
- n) Upload and submit the foreign contribution received in the prescribed format provided quarterly in the organization website and file the same with Ministry of Home Affairs before 15<sup>th</sup> of the month subsequent to the end of the quarter (E.g. April to June – 15<sup>th</sup> July)
- o) Submit Form FC-4 along with audited accounts on or before 31<sup>st</sup> December.

## **5.2 Income Tax Act, 1961**

- a) SASY has exemption u/s 12AA of the Income Tax Act, 1961 and therefore enjoys tax exemption. This recognition needs to be revalidated u/s 12AB as per the amendments given in Finance Act 2020 and this is eligible for a period of five years.
- b) The exemption u/s 12AB of the Income Tax Act, 1961 should be renewed every five years and when the period of the said registration is due to expire, the renewal should be done at least six months prior to expiry of the five years.
- c) SASY should file the Income tax return annually every year. Form 10B with ITR-7 should be filed on or before 30<sup>th</sup> September.

- d) To co-ordinate with auditors to complete the audit well in time and file the returns well in time.
- e) SASY also has 80G exemption. This exemption also needs to be renewed as per the amendments given in Finance Act 2020. The renewal will be eligible for a period of five years and they need to be periodically renewed at least six months prior to expiry of the five years.
- f) The organization will deduct TDS on expenses such as salary, professional charges, contracts, rent, etc. as per the provisions of the Income Tax Act, 1961. Tax Deducted should be remitted to Government account on or before 7<sup>th</sup> of succeeding month.
- g) TDS filling to the Income-tax department should be done on quarterly basis as per the due dates mentioned in the Act.
- h) Form 16 will be issued for salary person and Form 16A to be issued for others.

### **5.3 Society Renewal**

- a) SASY is registered under Tamil Nadu Societies Registration Act, 1975. Accordingly, annual returns and other returns of the society should be filed regularly.
- b) Conduct annual general meeting on or before 30<sup>th</sup> September.
- c) File audited accounts, list of members, list of executive members, annual report etc. with-in 6 months from the date of the annual meeting.
- d) Any change in members, executive should be reported within three months of change to the Registrar of Societies.
- e) Receipt of fee paid for service of documents is the only proof for filing. Therefore, receipt should be carefully preserved.
- f) A separate file relating to all transactions with the registrar should be maintained.

### **5.4 GST Requirement**

Donation does not come under the definition of supply under Goods and Service Tax (GST) Act, 2017 and hence the organization is not liable for registration under GST. But it is mandatory to follow the following:

- a) All the bills and documents for incurring of expenditure should be Tax Invoice (If purchased from a composite dealer, the invoice should mention the same).

- b) The details of the supplier comprising of the GSTIN number, PAN number, and Contact details should be mentioned.
- c) Cash memo, Estimate, Quotation, Bills not having details of supplier should be avoided.

## **6. AUDITING**

- a) Auditing is an independent examination of records, procedures and activities of an organization, and expressing opinion on the state of affairs by the statutory auditors.
- b) SASY should issue the auditor an audit engagement letter detailing the work expected of the auditor, apart from the scope of statutory audit as per the guidelines of ICAI.
- c) Instead of yearend audit, SASY should try for quarterly or half yearly audit.
- d) At the end of every audit or every half year audit, SASY should request a written management report from the auditor.
- e) SASY should take suitable action on the report and shall furnish 'action taken report' to the auditor.
- f) General body of the society will appoint auditor every year.

## **7. GENERAL REQUIREMENTS**

- a) Follow-up of the department is related to the partner's financial data's like (Financial statements, receipts and monitoring visits of their books).
- b) Reimbursement of any programme expenses is handled by the staff during the programme, the staff members who are present should claim their expenses on the same day/very next day to close the accounts/settlement. It is easy for the department to tell the exact balance available in the current budget head towards proceeding for the new programme.
- c) Any bills approved by the concerned department head should have clear idea about the budget code and write the proper notes on the request/forms, it is easy for the other department to look into the process.
- d) Authorization means not only signing the bills/statements, it is like that you aware of the programme/expenses and that it is correctly done and preferably note down the comments on the request.

- e) The reimbursement of different projects should be claimed in separate forms, because the organization is now maintaining separate books of accounts for all the projects.

## **8. RESPONSIBILITIES OF ACCOUNTS DEPARTMENT**

### **8.1 Maintenance of Books of Account**

- a) Updating books of accounts on a daily basis.
- b) Verification of transactions entered in the books of account with the vouchers and documents maintained by the head office and field office on daily basis.
- c) Verification of physical cash and the cash balance with denominations as per the books of account.

### **8.2 Financial Reporting**

- a) Assisting in preparation of Annual budget of SASY and Monitoring the Utilization monthly.
- b) Finalize the annual accounts with the statutory auditor and Fund utilization Certificate to donors.
- c) Reply to the queries raised by the Internal and External auditors.
- d) Represent and reply of queries raised by the Auditors of the Funding Agency.

### **8.3 Statutory Requirement**

- a) Tracking the compliances of the society with regard to the following laws:
  - a. Income Tax Act, 1961
  - b. Foreign Contribution (Regulation) Act, 2010
  - c. Societies Registration Act, 1975
  - d. Goods and Service Tax Act, 2017
  - e. Labour Laws
- b) Represent all the statutory authorities in regard to financial matters like Income Tax, FCRA, Registrar of Society and Goods and Service Tax (GST).
- c) Handling and Filing of Annual Returns and documents with regard to:
  - a. Income Tax –Form 10B,
  - b. FCRA FC - 4,
  - c. Registrar of Society

- d) Deduction and remittance of Tax Deducted at Source (TDS) on expenses mentioned in Income Tax Act, 1961 and filing of the returns within the due date.
- e) Preparation of Tax Deducted at Source (TDS) on Salary for staff in the beginning of the financial year.
- f) Ensuring that Form 16A is sent periodically and Form 16 is provided to the staff during year end.

#### **8.4 Financial Decisions**

- a) Helping and taking the decision in investment in fixed deposits and fixed assets into the bank.
- b) Help the management to structure the increment, settlement, dues etc., to the staff.
- c) Assist in verification of quotation offered for purchase.

#### **8.5 Other Requirements**

- a) Tracking of advances, partner's documents and etc.
- b) Coordinate the inter departments/ Projects
- c) Reporting to the Chief Executive Officer cum Executive Director
- d) Financial Advisory Committee member to discuss the issue related to the finance with members team.
- e) Verifying partners audited statement of account and giving critical comments for improvement.
- f) Liaison with the auditors when financial matters arise.