

# FINANCIAL MANAGEMENT

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## Procedures & Guidelines

[prepared with support of  
Islamic Relief Worldwide]

November 2008

**GRASSROOTS** India

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New Delhi

## PREFACE

Grassroots India Trust was established in 2004 and got registered in early 2005, with the mandate of “strengthening the capacities of grassroots communities and organizations for achieving self-reliance, human rights, gender equity, social justice, accountable governance, and sustainable development”.

In 4 years of field operation the organization faced the challenges manifold. When it was the pressure of client communities demanding planned and sustained interventions to address the identified causes of poverty, the constant paucity of adequate funds for executing the intended plans/projects posed the real challenge for the organization. While striking a balance between both the upfront challenges, the organization adhered to and complied with the basic financial management requirements needed in initial days of a charitable organization. Yet there were the gaps and weaknesses in the financial system that was in practice so far.

In late October 2008, the Islamic Relief Worldwide (IRW) commissioned an assessment of the financial system in place and the financial management capacities of the organization. The assessment found many gaps and areas for improvement, and provided the organization with standard procedures and guidelines to follow in relation to financial management.

The Executive Committee of Grassroots India Trust decided to prepare the “Financial Management Procedures & Guidelines” of the organization. We acknowledge the help of IRW also by way of providing us with the copy of their ‘Financial Guideline’ from which many sections, points, ideas and tables have been subscribed. Obviously, this is big help of IRW in a bid to establish standard, transparent and credible system of financial management in the operations of Grassroots India Trust, and to build the capacities of our staff personnel.

The draft of “Financial Management Procedures & Guidelines” was placed in the 11nd Meeting 2008 of the Board of Trustees of Grassroots India Trust on 17-18 November 2008. The Board members examined and suggested some changes in the draft. So after the execution of the suggestions/changes this is the final document of the “Financial Management Procedures & Guidelines”. This final document is approved by the Executive Committee of the Grassroots India Trust. We hope that everyone belonging to the organization or serving the organization will benefit from the document. It is subject to be revised periodically with the permission of Board of Trustees.

Sd.  
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*Chair, Board of Trustees  
& President, Executive Committee*

Sd.  
ARUN SRIVASTAVA  
*Trustee  
& Member, Executive Committee*

Sd.  
CHUNI LAL  
*Trustee  
& Member, Executive Committee*

Sd.  
H. ARJJUMEND  
*Managing Trustee & Executive Director  
& Secretary, Executive Committee*

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## **I. MAINTENANCE OF BANK ACCOUNTS AND (PETTY) CASH**

By end of year 2008, the Grassroots India Trust (GIT) maintains 3 bank accounts. First saving account was opened in UTI Bank (now AXIS Bank) at Daryaganj, New Delhi. There are 3 signatories of this account who are the Trustees of the Trust. The second saving account is with State Bank of Patiala at Jibhi (Kullu), which was opened to execute the Himachal's regional operations conveniently. This account too has 3 signatories. The third saving account is opened recently in State Bank of Patiala at New Friends Colony, New Delhi in order to follow the instructions of Ministry of Home Affairs for getting FCRA clearance. In this account too, 3 Trustees have signed.

### **1.1. Opening of New Bank Account**

The Execution Committee (EC) of the organization has to inform the GIT's Board of Trustees regarding the need of opening a new bank account for the purpose of smooth functioning of organization's operation in a region. In case a project has specific requirement of opening a new bank account, the EC would request the Board of Trustees for it. In both the conditions, the Board of Trustees will pass a RESOLUTION in this effect and name the 3 Trustee signatories who would operate that particular account. If the new account is to be opened for a specific project, the 2 Trustee signatories and the in-charge of that particular project (Director/ Manager/ Coordinator) will be nominated by the Board of Trustees to operate the account.

### **1.2. Closing of Bank Account**

A bank account that becomes dormant has to be closed with the prior approval of the Managing Trustee. The authorized signatories of that particular account would write an application in the name of bank's branch manager for striking off the bank account. The Board of Trustees will be informed about the closure of bank account in the next meeting due.

For example, the Grassroots Media Initiative, which was created under Grassroots India Trust through Resolution No. 2 on 25 March 2005, was operating a saving bank account in AXIS Bank. It is now closed due to the fact that it was dormant for last a year.

### **1.3. Banking Cash and Cheques**

The cash or cheque withdrawn from any bank account of GIT has to be recorded appropriately within 2 days of receiving the money. The cash payment slip of the bank or the written cheque must be checked by the Accounts Officer or other competent officer before getting the signatures of the signatories. The authorized signatories should also check the payment slip or the check. If the withdrawal of cash/cheque is above Rs. 10000, two persons will accompany together during the banking.

### **1.4. Deposition of Cash and Cheques**

Paying in slip must be retained and kept in record.

## **1.5. Withdrawal of Funds**

Any payment above Rs. 9999 to a supplier of material or service cannot be made without cheque. The cheque payments to the suppliers will be released as per the guidelines of purchase of material or services.

Withdrawal of the funds should be limited to the necessity of petty cash or of any special circumstance (if the Executive Director or Project in-charge, whosoever is relevant, approves it). For such withdrawal of funds, the Accounts Officer or other competent staff should prepare a cheque and attach relevant supporting documents along with “Cash Replenishment/ Withdrawal Form” (Appendix.I), which should be signed by the Administrator (or Regional Head or Project in-charge) and the Executive Director before getting the signatures of signatories of the cheque. This cheque for the withdrawal of funds should not be the ‘bearer cheque’. Of course, the record of all withdrawals must be kept.

## **1.6. Authorized Signatories**

Out of 3 authorized signatories, any two signatories must sign the cheques or bank transfers. No blank cheque will be signed under any circumstances.

For changing the signatory(ies) on existing bank account(s), the RESOLUTION of the Board of Trustees in this regard will be submitted to the relevant bank.

## **1.7. Records of Disbursement of Funds**

The GIT will maintain and comply with the following:

- a. Monthly reconciliation of the ledger, which will be reviewed and signed by the Administrator.
- b. A register has to be maintained having details of all cheques issued.
- c. A register has to be maintained having details of all cash issued.
- d. All disbursement should be referenced to original documentation.

All registers and reconciliations would be kept updated at the end of every month, and be readily available for review by internal or external auditors or donors.

## **1.8. Records of Depository of Funds**

When the funds are deposited in the accounts, the GIT will follow the following rules:

- a. Monthly reconciliation of the ledger, which will be reviewed and signed by the Administrator.
- b. Receipts would be issued for all cash received. Payment in slips must be kept in records.
- c. A register will be maintained having details of all cash.

All registers and reconciliations would be kept updated at the end of every month, and be readily available for review by internal or external auditors or donors.

**1.9. Approval of Disbursement of Funds by Cheques**

Costs incurred can only be paid from the relevant bank account in the form of cheque. The cheque would be supported by relevant original documentation, such as:

- i. Payment Request
- ii. Purchase Request
- iii. Goods Received Note
- iv. Bid Evaluation
- v. Original Invoice
- vi. Other

The signatories shall check the documents including the approval by appropriate authority before signing the cheque.

No cheque shall be issued as ‘bearer cheque’, unless it is approved by the Executive Director; rather all the cheques will be ‘crossed’ or marked ‘A/C Payee Only’.

**1.10. Petty Cash Limits & Reimbursement**

In order to purchase the material or service of low value the Accounts Officer or Regional Head or Project in-charge may keep and maintain a petty cash upto Rs. 20000. From the petty cash the Accounts Officer or Regional Head or Project in-charge can also reimburse the expenses made by personnel provided the vouchers and invoices are properly submitted by the personnel. This petty cash will be controlled by the Administrator or Executive Director. “Cash Replenishment/Withdrawal Form” (Appendix.I) will be used to withdraw the money from bank in order to make up the deficit in the petty cash.

**1.11. Physical Security**

GIT’s offices operating the bank accounts shall keep the petty cash in a safe having full safety and security. The key shall be kept by the personnel handling the petty cash.

## II. PROCUREMENT GUIDELINES

Grassroots India Trust (GIT) always ensures cost effective purchase of materials, supplies and services, and this has to be ever maintained. Additionally, the adequate quantities, competitive prices and timely delivery shall be ensured.

### 2.1. Purchase Request

The “Purchase Request” (PR) (Appendix.A) is necessary for all purchases of materials, services and supplies done by the Executive Director, Administrator, Regional Head or Project in-charge for the amount above Rs. 9999. On the other hand, the personnel other than Executive Director, Administrator, Regional Head or Project in-charge shall produce PR for purchase amount above Rs. 4999.

All PRs shall be submitted to the Administrator, Regional Head or the Project in-charge who will then put it before the Purchase Committee (PC) before placement of the Purchase Order (PO).

### 2.2. Purchase Order

The “Purchase Order” (Appendix.C) shall be placed only after the approval of PR. Once the Purchase Committees receives the “Purchase Request” (Appendix.A), it is the responsibility of PC to invite 3 quotations from 3 different suppliers which are duly attached with “Bid Evaluation Form” (Appendix.J). The Bid Evaluation Forms and respective Quotations will be evaluated by the Purchase Committee. Competitive prices, the quality of supplies/material and timeliness of delivery will be the sole criteria of examining the Bids/Quotations. The Purchase Order shall be signed by the Executive Director or Administrator.

Exceptions to above be those items that are evidenced by a contract and or agreement, as to the terms and conditions of purchase, such as: utilities, freight, professional fees and services, insurance, and incidental purchases i.e. conference fees, subscriptions, etc.

On approval of the Purchase Request and Bid/Quotation, the Accounts section shall make 3 copies of the documents. Similarly the Purchase Order will be prepared by the Accounts section with 3 copies. One copy of the PO will be issued to the supplier, one to be submitted to Administrator and one to be kept in records of Accounts section. If the material, service or supply is ordered for Field/Project Office, an additional copy is to be sent to Regional Head or Project in-charge.

### 2.3. Purchase Committee

Till any further notification or Resolution in this regard, the Purchase Committee of GIT will comprise the President of the Executive Committee, the Executive Director, the Administrator and the Regional Head or Project in-charge (Project Director/ Manager/ Coordinator).

### 2.4. Placement of Purchase Orders

The following points are relevant in context of the POs:

- The Accounting section personnel is authorized to issue Purchase Order.

- If the purchase is made under a contract or an agreement, the commercial terms and conditions of the contract/agreement shall be reviewed and verified by the Accounting section before the placement of the Purchase Order.
- Copies of all contracts are required to be enclosed with the PO.
- All original contracts/agreements will be maintained by the Accounting section or the Administrator
- The Pos should be prepared with the sequential numbers assigned.

## **2.5. Receipts and Acceptance**

The material, supply or service shall be received by the Accounts section or Administrator, and a “Goods Received Note” (Appendix.N) has to be prepared in duplicate copies (one for Accounts and one for Administrator). The following points have to be kept in consideration while receiving the items from suppliers:

- Goods and services received should be verified for accuracy, i.e. proper quantity and type of product or service, through the comparison with receiving documentation.
- Discrepancies between receiving documentation and Purchase Order or contract/agreement should be identified, investigated and resolved in a timely manner.
- Goods and services received should be recorded appropriately to accounting system accurately and in a timely manner.
- Fixed Asset or Stock register should be maintained where appropriate.
- Goods should be inspected for quality purposes in a timely manner.

## **2.6. Release of Payment to Suppliers**

The payment to the suppliers who deliver the material, supply or service against the Purchase Order shall be made through crossed/AC Payee cheque. On receiving the INVOICE from the supplier the Accounts section will prepare “Bank Payment Voucher” (Appendix.D) and get the approval of the Administrator. Then the payment cheque will be prepared by the Accounts section and put before the signatories along with the proper documentation i.e. Bank Payment Voucher, Purchase Order, Goods Received Note and Bid Evaluation Form. The photocopy of the cheque will be kept in the record by the Accounts section apart from necessary entries in the register, ledger, etc.

In case of an advance payment is required before receiving any material, supply or service from a supplier, only the part payment (upto maximum 50% of total cost) can be made before receiving the good or service. For part payment too, the same documentation procedure would be adhered to.

### III. EXPENSES TOWARDS HUMAN RESOURCES

Grassroots India Trust (GIT) engages the human resources in 5 different categories: (1) Trustees, (2) Executives, (3) Advisors & Consultants, (4) Auditor & Legal Consultant, and (5) Volunteers & Interns. For each category the financial rules vary depending on some basic rules and the individual terms & conditions agreed upon.

#### 3.1. Trustees

Any member of the Board of Trustees cannot receive salary or honorarium for the purpose of Trusteeship. Thus none of the Trustees can claim for it and whenever a new Trustee enters into Trusteeship has to sign a declaration in this effect.

However, the Travel & Other Expenses of the Trustees should be reimbursed if they come to attend the meetings of the Board of Trustees or are invited to give an advice on certain issue or spare their time for a purpose related to the fulfillment of the objectives of the Trust. Yet the Managing Trustee need to be informed about the possible incur of expenditure by the Trustee. Moreover, the limits of expenditure by the Trustee at a time are explained in Chapter: Travel Expenses.

As per the provisions of M. P. Public Trust Act, if any Trustee simultaneously plays the role of an Executive being engaged in implementation and management of the functions of the organization can receive the salary or honorarium suiting to the Executive functions. Currently, 4 out of 8 Trustees of GIT are serving as Executives of the organization. According to Credibility Alliance, maximum two-third of the Trustees of an organization can play roles of Executives. So the GIT still has scope of increasing the number of Trustees to play role of some Executives simultaneously.

#### 3.2. Executives

At the moment there are 4 levels of the Executives:

- Level-I:       Executive Director  
                  Administrator  
                  Head of Regional Operations (HP)  
                  \*any Project Director will also come under this Level.
  
- Level-II:       Program Coordinators  
                  Media Coordinator  
                  Training Coordinator  
                  \*any Program/Project Manager/Coordinator or Accounts Officer will also come under this Level.
  
- Level-III:     Field Executives  
                  Office Executive  
                  \*any Accountant or Project Officer or Facilitator will also come under this level.
  
- Level-IV:     Office Assistant  
                  \*any Field Assistant or Driver will also come under this level.

It is important to note here that there is no fixed scale or range of the salaries or honoraria for the above levels of Executives. The salary or honorarium has to be ascertained case to case basis and will be mentioned in the Employment Contract signed between the Executive and the organization.

However, the Travel Expenses and other allowances, if agreed, will be admissible on the basis of the level of the Executive (see Chapter: Travel Expenses). Other facilities, if available, will also be admissible based on the level of the Executive.

Each of the Executives will be asked to sign an Employment Contract before joining the organization. This Contract will embody all the terms and conditions of the job and the framework of duties. A separate Job File for each Executive will be maintained.

### **3.2.1. Salaries and Honoraria**

Since January 2009, no salary or honorarium shall be released without A/C Payee cheque to any Executive. Along with the salary (not honorarium) a salary slip will also be produce and handed over to the Executive. The release of the salary or honorarium would be subject to satisfactory attendance and time sheet, apart from the receipt of the satisfactory report of immediate Supervisor of the Executive. Each of the Executives has to send/submit his/her “Monthly Work Chart” (Appendix.S) duly verified and signed/commented by the respective Supervisor by last day of the month. The ‘Monthly Work Charts’ will be checked and approved by the Administrator and forwarded to Accounts section for the release of salaries/honoraria. The final amount of the salary/honorarium to be released will be on the basis of Executive’s attendance, time sheet and work performance. The salary or honorarium will be released only on 5th day of next month through A/C Payee cheque or the bank transfer. Depending on the size of payments, all the salaries/honoraria may be enlisted on a Payment Sheet and be submitted to the bank along with a cumulative single cheque. All the cheques, bank transfers or Payment Sheets will be cross-verified by the Administrator before final signatures of the signatories. The Accounts section would keep the records of it.

### **3.3. Advisors, Consultants and Trainers**

The GIT sometimes takes help of advisors, consultants and trainers in efficient execution of the activities. They are generally hired after an open announcement and shortlisted from a number of CVs received in response to the announcement. Their CVs and the Agreement should be properly filed and the honorarium payment could be released to them by cheque on the basis of Agreement document and “Task Completion Report Form” (Appendix.R). The Administrator or Executive Director or Regional Head will sign on “Bank Payment Voucher” (Appendix.D) or “Cash Payment Voucher” (Appendix.E), which would be the basis for preparation of the cheque.

Travel Expenses admissible for an advisor, consultant or trainer will vary person to person and be mentioned in the agreement.

Release of advance part payment to the advisor, consultant or trainer would be totally discretionary and will depend on the recommendation of the Executive Director. This advance payment, however, can be released through A/C Payee cheque only, and will be adjusted at the time of final payments.

### **3.4. Auditor and Legal Consultant**

Currently the Auditor of the organization is Mr. Aijaz Ahmad who is the partner of M/s Farooqui & Co., and was earlier with M/s A. F. Mahtab & Sons. As the Board of Trustees has agreed in principle to accept the Auditor whom the funding partner IRW appoints, the Auditor will be changed from April 2009 onwards. The agreement with the Auditor will be maintained and the payments will be released to the Auditor accordingly through the A/C Payee cheque.

In the past the GIT has taken the legal consultation of Mr. Arif Ansari, a practicing lawyer in Tis Hazari Court, Delhi. The Board of Trustees has invited 3 CVs for finalizing the legal consultant. The agreement with the legal consultant will be maintained and the payments will be released to the lawyer accordingly through the A/C Payee cheque.

### **3.5. Volunteers/Interns**

The GIT has a “Placement Conditions” document that is usually signed by the volunteer/ intern and the organization. During the payments of honoraria or travel expenses the ‘Placement Conditions’ agreed upon shall be followed.

If the volunteer/intern is an Indian, the payment has to be made through the A/C Payee cheque only; while it is exempted in case of a foreigner and cash payment can be made. In either case, the honorarium will be paid only after “Task Completion Report Form” (Appendix.R) is obtained and “Bank Payment Voucher” (Appendix.D) or “Cash Payment Voucher” (Appendix.E) is filled in. No advance payment can be made to a volunteer/intern.

## IV. TRAVEL EXPENSES

Travel is an important component of the expenses incurred by GIT employees. The minimization of travel cost must be the priority of all employees and the travel should be planned in that way. The following clauses apply when an employee travel for official purpose:

### 4.1. Travel Request

Each employee has to get approval of Executive Director, Administrator, Regional Head or Project in-charge, whosoever is appropriate, prior to travel for official purpose. This has to be received by filling in the “Travel Request Form” (Appendix.F). If an advance amount is required, the additional “Employee Advance Form” (Appendix.G) should be filled in and got approved. The advance issued must be entered into the accounting system.

### 4.2. Admissible Class of Travel

- I. Trustees (for Board meetings and advisory services) & Level-I employees: Rail AC-II or lower class; Flight Economy; Bus AC Volvo or lower class.
- II. Level-II employees & Advisors/Consultants/Trainers: Rail AC-III or lower class; Bus AC or lower class.
- III. Level-III & IV employees & Volunteers/Interns: Rail Sleeper class or lower; Bus ordinary class.

\*If the organization makes arrangements of travel for Trustees/ Advisors/ Consultants/ Trainers/ Volunteers/Interns, they are not entitled to claim the cost of journey. Family members and relatives shall not be entitled to reimbursement from GIT.

### 4.3. Admissible Amount for Lodging

- I. Trustees (for Board meetings and advisory services) & Level-I employees: Hotel/ lodge upto Rs. 1000 per day in Metro cities and known tourist places; or hotel/lodge upto Rs. 700 per day in other cities/towns.
- II. Level-II employees & Advisors/Consultants/Trainers: Hotel/ lodge upto Rs. 700 per day in Metro cities and known tourist places; or hotel/lodge upto Rs. 500 per day in other cities/towns.
- III. Level-III & IV employees & Volunteers/Interns: Hotel/ lodge upto Rs. 500 per day in Metro cities and known tourist places; or hotel/lodge upto Rs. 300 per day in other cities/towns.

\*If the organization makes arrangements of lodging for Trustees/ Advisors/ Consultants/ Trainers/ Volunteers/Interns, they are not entitled to claim the cost of lodging. Family members and relatives shall not be entitled to reimbursement from GIT.

### 4.4. Conveyance

Hiring the taxi for local mobility is allowed for Trustees, Level-I and Level-II employees in specific field conditions provided the project budget also allows doing so. However, the

shared taxi, auto rickshaw, cycle rickshaw, bus or local bus, or other mode of local transport is allowed for everyone accessing from one place to the other during the travel.

If some commutes by office vehicle or personal vehicle, the current admissible rates per kilometer can be confirmed with the Administrator.

Family members and relatives shall not be entitled to reimbursement from GIT.

#### **4.5. Per Diem**

If the GIT employees are required to travel and stay overnight away from homes they should be entitled to a daily allowance that covers cost of food, personal correspondence and other personal expenses. The Per Diem does not cover cost of accommodation, work related communication or work related travel costs. The time will be calculated since the journey started and journey ended. The admissible rates of the Per Diem are as under:

- I. Trustees (for Board meetings and advisory services) & Level-I employees: Rs. 300 per day in Metro cities and known tourist places; or Rs. 250 per day in other cities/towns.
- II. Level-II employees & Advisors/Consultants/Trainers: Rs. 200 per day in Metro cities and known tourist places; or Rs. 150 per day in other cities/towns.
- III. Level-III & IV employees & Volunteers/Interns: Rs. 150 per day in Metro cities and known tourist places; or Rs. 100 per day in other cities/towns.

\*If the organization makes arrangements of FOOD for Advisors/ Consultants/ Trainers/ Volunteers/Interns, they are not entitled to claim the Per Diem. Family members and relatives shall not be entitled to reimbursement from GIT.

#### **4.6. Travel Expenses Claim**

All personnel visiting the field for official purpose and have got approval on “Travel Request Form” (Appendix.F) must submit the vouchers of journey, lodging and other work related expenses in the prescribed “Travel Expenses Claim Form” (Appendix.T).

In case a REPORT of the work/task for which travel was made is required, the travel expenses will be cleared and reimbursed only after approval of the Report by appropriate authority.

## V. PAYMENT OF RENT, UTILITIES & OTHER SERVICES

### 5.1. Payment of Rents

All payments connected to the rent of office buildings or warehouses are subject to the rent agreement with the owner of the building. The authorized signatories on the rent agreements are the Executive Director, Administrator or Regional Manager. A/C Payee cheque payments should be preferred for rent; where it is not possible the proper "Cash Payment Vouchers" (Appendix.E) should be signed by the rent receiver.

All rent agreements would be maintained in file by the Administrator and or Regional Head.

### 5.2. Payment of Utilities & Other Services

All the offices of GIT consume electricity, water, cooking gas, etc. on regular basis. The actual bills will be paid by the Accounts section from the petty cash. Payment of other services will be decided by the Accounts section and the Executive Director as how to pay them.

## VI. FIXED ASSETS MANAGEMENT

### 6.1. Fixed Assets Register

All previous and current fixed assets must be maintained in a “Fixed Assets Register”. Whenever a new asset is purchased it is entered properly in the said register.

Each asset, whether purchased in a specific project or not, should be labeled with the following information:

- Date of Acquisition & Price
- Supplier’s Name
- Tag/Serial Number (as mentioned in Register)
- Technical Description
- Custodian Name (changed if the asset is transferred)
- Name/Logo of Donor, if any
- Depreciation Rate
- Logo of GIT

The custodian of the fixed asset will be responsible for safe use of the asset and shall inform the appropriate authority in case of any fault/damage. At the time of handing over the asset to a custodian, his/her signatures will be taken on Fixed Assets Register. While handing over the asset an “Asset Safety Declaration” will be signed by the custodian.

The depreciation rates on the different assets will be as per the advice of the Auditor, and the current value of each asset would be calculated each year on 31 March. This depreciated value of each will also be recorded in the Fixed Assets Register.

Depreciation expense for a fixed asset begins in the month following the acquisition date of the asset and continues until accumulated depreciation equals the original installed cost, or until the asset is retired from service. A fully depreciated fixed asset will remain in the Fixed Assets Register and on the List of Assets until the fixed asset is retired from service.

All assets should be disposed at market value regardless of the book value.

### 6.2. Retirement and Disposal of Asset

The fixed assets of the GIT are to be retained as long as they continue to contribute the organization in an efficient and economical manner. This may extend beyond the useful life used for depreciation purpose. Only when the assets are disposed should the original asset and accumulated depreciation be written off the fixed asset record. Fixed asset must have a zero net book value at the time of retirement or disposal. If there is any remaining value, the asset shall first be written off to the appropriate account.

All disposals of the fixed assets, unless the assets are bought in donor-supported project, must be approved by the Executive Director prior to the disposal. All necessary information of the asset and the reason for retirement/disposal will be communicated to the Executive Committee of GIT on an “Asset Disposal Request Form” (Appendix.Q).

Upon approval of disposition, the asset may be disposed in the following manner: sold, donated, scrapped, or used in a trade-in transaction if authorized. The asset should be deleted from the Fixed Assets Register and a gain/loss will be recorded.

In case the assets were purchased in a donor-supported project, written approval must be taken from the donor before disposal or transfer of the assets.

### **6.3. Financial and Physical Control**

The GIT will produce Assets List on annual basis and the status of any acquisition, disposal or transfer during the past financial year. This information will also be generated for individual projects in which particular assets were purchased; and hence communicated to the corresponding donor agency.

Fixed assets should also be inventoried on a periodic basis, and physical check will be performed on annual basis.

## VII. STOCK RECORDS

Sometimes the GIT purchases the material and supplies in bulk for the use in posterity. This practice is likely to increase in the future if there is need of buying the supplies/material in bulk under specific project(s). In both the conditions there is need to maintain and manage the stock of goods. So one "Stock Register" will be maintained in each office of the GIT.

### **7.1. Annual Physical Stock Count**

At least one physical inventory should be taken in close proximity to financial year-end. Accounts section will undertake value adjustments to the accounting records.

The physical stock account is to be supervised and controlled by the Administrator who will submit the report of inventory to the Accounts section.

### **7.2. Stock Valuation**

Valuation needs to be assigned to all stock including in-kind. Stock should be valued at the cost of bringing the stock to its present location and condition. Costs may include the surcharges e.g. transport, carriage, packing, duties, etc.

## VIII. INCOME MANAGEMENT

The principal sources of income of the GIT are the individual donations, the donations from companies, project grants/assignments, training contributions, in-kind support, and membership contributions. Proper receipts and accounts are kept of the incomes; yet the system needs to be strengthened through following structured measures.

### 8.1. Receipts of Incomes

The money received in cash should always be kept in the safe by the Accounts section, until it is deposited in the bank. The deposit vouchers must be properly filed and maintained in the accounts. In case of the receipt of the cheques, the cheques must be deposited in the bank after appropriate ledger entries. A photocopy of the cheque should also be retained before deposition in the bank. The deposition voucher must be filed properly. Wire or electronic transfer in the bank should also be adequately recorded.

### 8.2. Donations

Cash or cheques received as donations will be maintained as explained above. However, list of individual and institutional donors should be produced at the end of financial year. It should also be maintained for follow up of the donors.

### 8.3. Project Funding

The incomes under different projects funding must be managed separately as per the budgets proposed in the projects. If there are some additional rules built in the projects in relation to financial management, they must be adhered to. If need be, separate audit of the project finances can be undertaken by the Auditor. Similarly, separate audit can be commissioned for the finances of regional/field office of GIT. Yet, a cumulative audit of GIT will be done.

### 8.4. Reconciliations

Receipt from cash and cheques should be reconciled with the receipt book every week or every month, as appropriate. Reconciliations should also be undertaken against cash/cheques banked. However, the reconciliations must be reviewed by the Administrator or Regional Manager and must be signed off.

### 8.5. Sale of Donated Goods

In the past the GIT collected some food grains as to raise the fund and sold off in the grain market. In the future variety of materials can be received as donations from people/community, and, if feasible, can be sold in the market for raising money. However, it must be ensured that the costs associated with the sale of donated items should not exceed the financial returns from such sale.

Appropriate authorization must be obtained before selling off the donated items.

Upon receiving the donated goods, the items should be recorded in “Goods Received Logbook” along with the date received, description and the quantity. The person who

received the item should sign the record and the Manager on the hand should countersign to confirm the receipt of goods. A valuation of goods received should be entered in Logbook and approved by the Manager.

### **8.6. Goods Purchased for Resale**

GIT though is the charitable trust and hence cannot undertake profit-activities, however, fair-trade of the goods produced by local communities can be done in order to assist the poor communities as well as raise the overhead charges.

Appropriate accounting records must be kept while the procedures for depositing income received must be followed. A record of stock must also be kept.

## IX. CASH FLOW AND BUDGETS

Cash flow of each project will be prepared every month/quarter/year. Derived from the projects, the aggregate cash flow at organization level should be prepared.

If it is the budget of the project, there are remote chances of changing the budgets. However, the quarterly and monthly budget will be prepared along with the quarterly and monthly action plans of projects.

Overall budget of the organization is of paramount importance in accordance of the strategic plan. If not for 2009-10, this kind of overall budget will be prepared for 2010-11 in the month of December 2009.



**SUPPLIER'S DETAILS**

Name of Company/Firm/Business	
Registration No.	
CST No.	
VAT No.	
Address	
Tel/Mobile	
Fax	
Email	
Contact Person	
Bank Name & Address	
Bank Account No.	
Type of Business	
Type of Product/Service	
Other relevant information	

**PURCHASE ORDER**

Applied by:		Date:	
Department:		Order No.:	
Project:		Budget Manager's Certification	
Supplier Name:		Supplier's Invoice No.	
Supplier Address:		Delivery Address	

S.N.	Description	Est. Unit Price	Qty	Total	Budget Code
Sub-Total					Purchase Ledger Checked
Tax					
Grand Total					

Only one project per sheet

Verified by:
Position:
Date:

Approved by:
Position:
Date:

QuickBooks Transaction No.

**BANK PAYMENT VOUCHER**

Currency	
----------	--

Date	
Voucher No.	

Bank Account
<input type="checkbox"/> Bank Account – FCRA <input type="checkbox"/> Bank Account – India1 <input type="checkbox"/> Bank Account – India2 <input type="checkbox"/> Bank Account – India3

Mode of Payment
<input type="checkbox"/> Cheque No.: ..... <input type="checkbox"/> Bank Transfer No.: ..... <input type="checkbox"/> DD No.: ..... <input type="checkbox"/> Other: .....

PAYMENT MADE TO	
Recipient Bank Account	

DETAILS OF PAYMENT					
S.N.	Description	Reference	Amount	Project	Account Code

Payment Received by: Name

Signature

Date

Verified by:
Position:
Date:

Approved by:
Position:
Date:

QuickBooks Transaction No.

**CASH PAYMENT VOUCHER**

Currency	
----------	--

Date	
Voucher No.	

PAYMENT MADE TO	
-----------------	--

DETAILS OF PAYMENT					
S.N.	Description	Reference	Amount	Project	Account Code

Payment Received by: Name

Signature

Date

Verified by:
Position:
Date:

Approved by:
Position:
Date:

QuickBooks Transaction No.

**TRAVEL REQUEST FORM**

<b>Name of Staff Personnel</b>	
<b>Designation</b>	
<b>Project</b>	
<b>Purpose of Travel</b>	
<b>Duration of Travel</b>	

<b>Onward Journey:</b> Mode of Journey (.....) Class.....)			
Start Station	Start Date & Time	Destination	Arrival Date & Time
<b>Return Journey:</b> Mode of Journey (.....) Class.....)			
Start Station	Start Date & Time	Destination	Arrival Date & Time

Verified by:
Position:
Date:

Approved by:
Position:
Date:

**EMPLOYEE ADVANCE FORM**

Applicant Name:		Date:	
Designation:		Advance No.	
Department			

Project		Approved by	
Currency & Amount Requested		Signature	
		Position	

Purpose of Advance	
--------------------	--

DETAILS OF ADVANCE				
SN	Description	Amount	Project	Account Code
TOTAL REQUESTED				

Previous Advance, if any:

QuickBooks Transaction No.

Verified by:
Position:
Date:

Approved by:
Position:
Date:

**RECEIPT VOUCHER**

Currency		Date	
		Voucher No.	

Total Amount Received		QuickBooks Transaction No.

Received with thanks from	
Received for	

Received by:
Position:
Date:

Handed by:
Position:
Date:

Verified by:
Position:
Date:





**SAFE CASH COUNT & RECONCILIATION**

Denominator		Number	Total	Date	
	x			Week	
	x			Currency	
	x				
	x				
	x				
	x				
	x				
	x				
Total Cash in Safe					
Cash Book Balance					
Difference					
<u>RECONCILIATION</u>				<u>REMARKS</u>	
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
DIFFERENCE AFTER RECONCILIATION					

Prepared by:
Position:
Date:

Approved by:
Position:
Date:











**ASSET DISPOSAL REQUEST FORM**

Project: \_\_\_\_\_ Date: \_\_\_\_\_

Name of Asset: \_\_\_\_\_ Qty: \_\_\_\_\_ Asset Code: \_\_\_\_\_

Purchase & Depreciation History: \_\_\_\_\_

\_\_\_\_\_

Reason of Disposal: \_\_\_\_\_

\_\_\_\_\_

Plan of Sale	
Name of Buyer	
Address	
Quoted Value of Sale	

OR

Plan of Donation	
Name of Receiver	
Address	
Intended Use	

If sold, enter Receipt Voucher No. \_\_\_\_\_

If donated, enter Date of Donation \_\_\_\_\_

Proposed by:
Position:
Date:

Authorized by:
Position:
Date:

Approved by:
Position:
Date:

**TASK COMPLETION REPORT FORM**

Name of Advisor/Consultant/Volunteer:

Address:

Project:

Description of Task/Assignment:

Start Date:

Date of Finish:

Deliverable of Task/Assignment:

Has the deliverable submitted? : Yes/No

To whom has it been submitted? :

Comments of Supervisor:

Recommendations of Executive Director:

Satisfactory/ Unsatisfactory

Approved by:
Position:
Date:

Checked by:
Position:
Date:

**MONTHLY WORK CHART**

[To be submitted along with Attendance/Time Sheet]

Name: \_\_\_\_\_ Date of joining (fill first time only): \_\_\_\_\_ Month & Year \_\_\_\_\_

Place of Work: \_\_\_\_\_ Project: \_\_\_\_\_

No. of Days you have worked this month: \_\_\_\_\_ No. of Scheduled Holidays: \_\_\_\_\_ No. of Leave: \_\_\_\_\_

Days	Work Hours	Description of Work	Result	Remarks	Verification (by Supervisor)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					

21.					
22.					
23.					
24.					
25.					
26.					
27.					
28.					
29.					
30.					
31.					

Attach your written progress report with this sheet.

Have you got grant of leave?

Have you deviated from the Action Plan? If yes, explain please with reason.

Your Signature

Date of Submission

Signature of Supervisor

**TRAVEL EXPENSES CLAIM FORM**

Date:

Project:

Name:

Designation:

Purpose of Visit:

Dates From:

To:

Place:

**A. Fare**

Date	From	To	Ticket No.	Mode	Amount
TOTAL (A)					

**B. Local Conveyance**

Date	From	To	Mode	Amount
TOTAL (B)				

**C. Lodging**

Dates/Days	Place of Stay	Attached Voucher No.	Amount
TOTAL (C)			

D. Per Diem: No. of days ..... Rate: ..... TOTAL (D): .....

GRAND TOTAL [A+B+C+D]: ..... (in words .....)

Approved by:

Checked by:

Sign. of Claimant