



FINANCE MANUAL



DALIT BAHUJAN RESOURCE CENTRE

Towards Empowerment of **MARGINALIZED COMMUNITIES**

About us

Dalit Bahujan Resource Centre is an NGO which evolved in 1992 as a movement for promotion of livelihood, dignity and self-respect of Dalit Bahujan communities. DBRC provides information, knowledge and capacity building to Dalit Bahujan Communities for their social, economical and cultural empowerment.

DBRC focuses on empowering the Dalit Bahujan Communities with special insight on women, children, un-organised sector and the most vulnerable communities in Andhra Pradesh and Telangana.



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D.No:4-16-25/6, Bandlamudi Complex, Bharathpet,
Amaravathi Road, Guntur-522007,A.P

FOREWORD

Accounting Financial Guideline is the definiteness of smooth and sound financial management and effective accounting administration of an Organization. The key intent of the Guideline is to provide written guidelines to all concerned of the Organization with a view to facilitate proper financial control on overall operational activities of the Organization. The aim of propounding this guideline is to implement an appropriate accounting system in all spheres of the financial activities of the Organization.

In order to live up to this principle, the management felt necessary to strengthen the financial management system and for that purpose, develop a guideline as the part of capacity building as well as ensure an error free financial reporting system.

A smooth, sound and sophisticated accounting system is a pre-condition for an effective and meaningful financial management. The basic requirement for ensuring a good and with a well-defined procedure so that the accounting records are maintained accurately and the financial statements are prepared on time. It is obvious that foolproof accounting system is needed first for attaining of the financial management.

The guideline deals with basic aspect of accounting such as Budgeting, Cash & Inventory Management, Advances and Accruals, Internal Control, Bookkeeping and Bank Transactions etc. It also gives clear directives as to what Organization's requirements are in relation to these aspects.

The manual provides guidelines for the financial and non-financial manager or leader to controlling the finances of the Organization in such a way that Organization can discharge its duty of being financially accountable. It should be reviewed by everyone in an Organization who is responsible for financial management, including those who prepare grant proposals and those who record and report on grant project activities, statutory auditors/ internal auditors of the Organization and by any other person with the approval of the Head of Department. To this end, the most important financial reporting and administrative forms are annexed as templates.



Mr. Alladi Deva Kumar
Chief Functionary

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CHAPTER – 1

THE ORGANISATION

1.1 History & Background

Dalit Bahujan Resource Centre (DBRC) is a resource centre working with the Dalit Bahujan and most vulnerable Communities with the special focus on women and children in South India in general and particularly in Andhra Pradesh and Telangana. DBRC closely works with community leaders, professionals, academicians, thematic experts, social researchers and community-based organizations who are working for Dalit Bahujan empowerment nearly for the last two decades. It believes in human dignity, sharing of resources and ensuring the Dalit Bahujan stake in the governance and their improved participation in the development processes.

The emergence of the DBRC is a constituent of the Dalit Bahujan movement spearheaded by various Dalit activists and it emerged out of the outcome of atrocities in Karamchedu and Tsundur in the region and the strong felt-need for Dalit assertive process in Andhra Pradesh. Though the community assertive initiatives at large led to conceptual clarity, cultural changes, and responsive cadre for the movement, there was dearth in various aspects such as alliance building, socio-political research, policy analysis, intellectual discourse, advocacy and policy influencing initiatives.

In this backdrop, Dalit Bahujan Resource Centre was established in 1992 as a community-based movement for promotion and assertion of self-respect and dignity of Dalit Bahujan communities and their social, economical and cultural rights. It focused on creating awareness and articulation on the Dalit Bahujan ideology and promotion of strong grass root leaders to take forward the vision and mission of DBRC. It has become quintessence of Dalit movement and created a tremendous impact among various stakeholders to emulate in using assertion and identity as instruments in claiming the Constitutional rights of the oppressed. It is also very successful in establishing alliances and collaborations with various people's organizations, civil society organisations (CSOs), media etc. However, the issues confronted by Dalit Bahujan are multifaceted and hence there is a dire need for strategic interventions and concerted efforts by various key stakeholders.

From then, DBRC has been focusing its work in over 500 villages of 10 districts of Andhra Pradesh and Telangana States.

1.2 Vision & Mission

VISION:

Vibrant Dalit Bahujan movement by men and women of concern who assert themselves powerfully and effectively as stake holders in the governance to reclaim human dignity and integrity.

MISSION:

The mission of the organization is enabling Assertive interventions of the Dalit Bahujan Communities and mainstreaming towards socio economic and cultural empowerment.

1.3 Objectives

- To Eradicate Social challenges like Poverty, Unemployment, Dowry System, Untouchability and discrimination towards Dalit Bahujans and Women in particular with the cooperation of multi stakeholders.
- To build, strengthen the marginalized and vulnerable communities to access, ascertain the human development components such as education, Health, livelihoods and dignity with right centric approach.
- To eliminate and reduce the adverse environmental impacts by working on environment and climate change related issues such as Solid Waste Management, integration of informal sector in to Waste Management.
- To address violence against women by capacitating women activists / leaders and establish coordination mechanisms with commissions, Legal Service Authorities, Police and other judiciary set ups contributing to violence free society.
- To conscientise and empower HIV and AIDS affected people and its families with comprehensive mainstreaming process.
- To support, strengthen efforts of state, central and local governments in empowering downtrodden, marginalized communities.

1.4 Users of Manuals

The finance manual is used by the following persons:

- Board
- Sub-committees
- Finance Team
- Program Team

1.5 Amendment of Manual

For any amendment in manual, the draft would be submitted to Governing Body including all the proposed amendments. The same is reviewed by the board and after the approval of the board, the manual is amended.

CHAPTER – 2

BUDGETS & BUDGETARY CONTROL

2.1 Introduction

Budget is a comprehensive and coordinated plan of action, expressed in monetary terms, for the operation and utilization of resources of an organization for some specified period in future.

A Budgeting and Cost plan sets out the organization's strategic objectives for the next 3-5 years with an additional budget for how much it is likely to cost. A financing plan sets out how the organization plans to bring the funds to cover those costs.

However, Budgeting is one of the crucial elements for ensuring effective financial management in the organisation and there are several steps to be followed such as:

- Plan
- Monetary Term
- Resources and
- Specific time in future

2.2 Objective & Scope

- A key management tool for planning, monitoring and controlling the finances of different projects.
- Monitoring the income and expenditures over the course of a year (or a specific project time frame).
- Helping to determine if adjustments need to be made in the programs and goals of the organization.
- Forecasting income and expenses for projects, including the timing and the availability of income.

2.3 Activity Schedule/Time Table

- Before submitting, prepare a budgeting time table.
- Commence the process early so that the entire budget exercise for the next financial year is over.

2.4 Planning & Budgeting Process

Budgeting: -

- ✓ Needs assessment, base line survey, activities plan and cost plan

- ✓ Budgets to be prepared by Programme Manager/Coordinator and Finance Manager.

Planning Process: -

- ✓ Feedback to be taken from field staff
- ✓ Internal review to be done bi-yearly followed by an external review in the third year
- ✓ At the time of activity planning, co-ordination between different activities to be taken care of.

2.5 Approval of Budget

- ✓ To be submitted by the respective Program Manager/coordinator to Executive Secretary for review
- ✓ The budget is finally approved by the Board

2.6 Budget Variance Analysis

- Program Manager/Coordinator and Finance Manager would be responsible for preparing budget variance analysis. This process would consist of following steps:
 - Finding of reasons
 - Corrective action to be taken
 - Person responsible for the corrective action
 - Follow up report for the same in the format (if prescribed)

CHAPTER – 3

THE ACCOUNTING SYSTEMS

3.1 Introduction

- The accounting function plays an essential role in the success of management of any Organization.
- Beyond book-keeping and cash management, accounting includes monitoring of all fund-related activities throughout the Organization.

3.2 Accounting & Responsibility Matrix

- DBRC follows double entry book keeping in accounting systems. i.e. Cash and Bank entries are simultaneously done and further reflected in the Cash and Bank book.
- DBRC shall also use authorized licensed Tally Package. The Package has dual accounting. All accounting systems of organizational projects are computerized.
- Responsibility Matrix:

Tasks	Executive Secretary	Finance Manager	Accountant
Preparation of Vouchers	No	No	Yes
Books of account	No	Yes	Yes
Passing of Bills	Yes	Yes	No

3.3 Books of account, Records and Files

DBRC shall maintain the following books and records for effective finance management in the organization:

A Program / Project Cash Book

Day Cash Book will be in double entry mode (manual) and the transactions shall be posted in Tally package on regular basis. Cash book shall be closed on daily basis by the Accountant with clear note of closing balances of Cash and Bank. Clear denominations of cash in hand will be recorded every day in books of records which will be verified by the Finance Manager.

B Petty Cash Book

Petty cash book would be maintained by the Accountant. Maximum of Rs 5000 only per day is allowed to keep as petty cash for general office expenditure. The petty cash expenditure bills will be reviewed and verified by the Finance Manager on day to day basis. The verified bills of expenditure will be routed to the Accountant for posting of entries in the respective project accounts based on the nature of expenditure. The

common expenditure such as electricity, rent, water, phone, internet etc. shall be distributed among the projects as per the pro rata basis.

C Ledger

The Ledger will be maintained in Tally package based on the day book. Print copy of the ledger shall be taken on monthly basis for the approval of the Chief Functionary.

D Program Advances Register

Advance register is the most important document in any organization. DBRC will maintain Program Advance Registers against individuals for easy tracking and monitoring of advances. Program Advances shall be issued to the program staff on submission of the request which should be approved by Chief Functionary. The staff should be approved by head of the project/ authorized person. The staff should submit the bills in 10 working days after completion of the programme.

E Stock and Issue Register

A common preprinted stock register will be maintained at DBRC Office for all the projects and this register will be in the custody of the Office Administrator. The stock register will be updated by Office Administrator on regular basis based on the purchase of stock / material and issue including programmatic stationery. The Stock and Issue register shall be verified by the Finance Manager on monthly basis.

F Fixed Assets Register

A Fixed Assets Register is a register which shows all the permanent assets owned by an organization. The register shows the quantity and value of things like land, buildings, vehicles, furniture, electrical and electronic equipment, etc. It may also show where these assets are kept or used. A serial number would be inscribed on the item and noted here. Any assets that are sold would also be recorded here. A common Fixed Assets Register will be maintained at DBRC office for all the projects and this register will be in the custody of the Office Administrator. The register will be updated by Office Administrator on regular basis based on the procurement and purchase.

Different sheets or pages must be used for different types of items. For example, all tables, chairs, cupboards, etc. on one sheet under the title of furniture. Similarly, all cars, Motorcycles, cycles etc, are written on one sheet under Vehicles. If DBRC receives any item as a gift it should also be recorded in the register. In such cases, an estimated value for the item should be reflected.

The Fixed Assets shall be physically verified once in six months by the Finance Manager or the Chief Functionary or person designated by Chief Functionary. Some assets may need to be written off considering its durability and service. Details of such assets need to be entered in the register. The Fixed Asset Register to be used by DBRC has been provided below:

Sl. No.	Category of the Asset	Financial Year	Description of the Item	Qty	Value of the item	Bill Date and Bill Number
1	2	3	4	5	6	7

Is it purchased / Sold item	Purchased from / Sold to	Allotted Code to the Asset	Location of the Asset	Funded / Supported by	Remarks
8	9	10	11	12	13

G Fixed Assets Movement Register

A Fixed Assets Movement is a register which shows the details of issue of assets to the employees / departments including field staff of the organization. The register also shows who uses these assets and up to what period.

The person to whom the asset has been issued is responsible for the asset till the time it is returned back in the organization. The Fixed Asset Movement Register to be followed by the organization has been given below:

Sl. No.	Category of the Asset	Description of the Item	Issued to	Date of Issue	Sign	Date of Return
1	2	3	4	5	6	7

H Cheque Issue Register

The Cheque issue register will be maintained for each bank account / Project account separately.

For cancelled cheques, DBRC would cut the cheque number of the cancelled cheque and would paste it in the cheque issue register.

The register will be maintained by Finance Manager as per the following format.

No	Date	Cheque no	Payee Name	Amount	Remarks
1	2	3	4	5	6

I Salary Acquittance Register

DBRC ensures bank transfers of salaries to all its employees. It maintains required documentation for releasing of salaries. In connection with this, DBRC would maintain Salary Acquittance Register for issue of monthly salaries. Though the salaries released through the Bank, the Finance Manager is responsible to obtain signatures on a revenue stamp from the respective staff members in the Salary Acquittance Register whenever they are available / make a visit to the office. The Salary Acquittance Register will have the following template.

(Salary / Honorarium for the month of: _____)

Sl. No.	Name & Designation	Gross Pay			Total Gross
		Basic Pay	Cheque No & Date	Date of Payment	
1	2	3	4	5	6

Deductions					Total Deduct-ions	Amount Paid	Date of payment	Cheque No and Bank account	Signature
PF	ESI	TDS	GPF	Prof tax					
7	8	9	10	11	12	13	14	15	16

J Bank Reconciliation Statement (file)

Monthly bank reconciliation statement will be prepared by the Accountant by using Tally accounting software and the same is kept in Bank Reconciliation Statement file, in consultation with Finance Manager for tallying the bank balances as per the cash book and Bank Book. The statement will be undersigned by Accountant, Finance Manager or the Chief Functionary.

K Audit Reports (file)

An audit report file will be maintained by the Finance Manager. The file shall contain all the original copies of the audit reports of the financial years. Separate audit report files will be maintained in case of DBRC having multiple projects. The Audit Reports file shall be accessed and circulated only by the Finance Manager and Chief Functionary.

L Monthly / Quarterly Financial Statements (file)

The Finance Manager of the organization is responsible for preparing Monthly / Quarterly financial expenditure statements as per the prescribed format provided by the respective donor agency. The expenditure statements will be prepared separately for each project. The expenditure statement will be approved by the Chief Functionary of the Organization.

M Financial Approvals / Internal Notes (file)

The accounts department shall be responsible for generation / maintaining finance approvals / internal notes for all the expenses and expenditure of the various projects. The file will be maintained with the relevant documents such as request of advances, program expenditure statements, salary approvals, comparative statement for any procurement, quotations etc.

N IT Returns (file)

DBRC will submit Income Tax Returns every year before due date and maintain a file. This file will be under the custody of Chief Functionary.

O FCRA Returns (file)

DBRC will submit FCRA Returns every year before due date and maintain a file. This file will be under the custody of Chief Functionary.

P Staff TDS / Form 16 / Form 16 (A) file

DBRC strictly follows all the Rules and Regulations of Tax Deduction at Source (TDS). This policy will be applicable to all the staff / consultants and Service Providers of DBRC. Form 16 or Form 16 A will be issued (based on the nature of service hired) to the concerned staff / party and a copy will be maintained in a file under the custody of Finance Manager. DBRC shall issue Form 16 / 16 (A) for the staff once in a year at the end of the Financial Year.

Q Expenditure / Bills Vouchers file)

Expenditure / Bills voucher file will be maintained under the custody of Accountant. The bills and vouchers will be filed properly in a Box File. Each expenditure bill or group of bills related to same expenditure will be accompanied with a Voucher signed by the concerned staff members provided with complete details.

➤ **Separate Book Keeping for each project:**

DBRC shall maintain separate books of accounts i.e., Cash Book, Ledgers, Voucher Files, Bank Book, Cheque Issue Registers etc. for each and every Project (as per the rules and regulations of cooperation agreement of the donors) to ensure high level of transparency and to avoid confusion.

However, there may be few records such as Stock, Stock Issue, Fixed Assets and Fixed Assets Movement Register etc. which would be maintained commonly at organizational level irrespective of the projects.

The audit of the various projects also shall be done on project / program basis by submission of all relevant records, documents to the Auditor.

CHAPTER - 4

INTERNAL CONTROL SYSTEM

4.1 Transactions

a. Expenditure and Payments

No expenditure will be reimbursed unless it is approved by the concerned Approved Authority. As far as possible, the originator of request for payment (either in cash or otherwise) will not be allowed to authorize the payment. In other words, the approving authority must be different from the requesting authority. The accounts department would disburse the requested advance / expenses / expenditure on approval from the sanctioning authority, whether it be in cash or otherwise. All payments made must have appropriate supports attached.

The expenditure bills must be verified by the appropriate authority before approval. While approving the expenditure, the approving authority must review the relevant bills, invoices and other supporting's, as may be relevant. Once, the expenditure is approved for payment, the approver is responsible in case of any dispute about the expenditure. A rubber stamp stating **PAID** will be stamped when the respective payment is made.

DBRC ensures reimbursement of all expenditure through banking channels only. However, the current limit for cash payment / reimbursement is Rs 5,000.00 (Rupees five thousand only). In other words, payments for bills/ invoices exceeding Rs 5,000.00 should be made through proper banking channels only. However, in exceptional circumstances, where it is not possible to pay/ reimburse through banking channels, then the DBRC would pay/ reimburse maximum up to Rs 10,000.00. The "exceptional circumstances" are to be decided on case to case basis, and is at the discretion of the approving authority. All expenses to be rounded off to the nearest rupee i.e. if less than 50 paise the amount would be the lower rupee and if more than 50 paise the amount would be higher rupee.

b. Approving Expenditure and Authority

The expenditure before approval by the approving authority must be checked for TDS, CST/EST and ledger entry. This should be specified in the requisition slip while signing the same for issue of Cheque. (TDS is organizations responsibility, and failure to comply with it attracts heavy penalties. TDS can be reclaimed by the person or company after filing their returns.) The approving authority will check for valid CST/ BST, any exception to this shall be the responsibility of the approver.

Sl. No.	Ceiling of Expenditure / Expenses	Authority of Approvals
1	Upto Rs 1,000	Finance Manager
2	Rs 1,001 to Rs 5,000	Project Coordinator
3	Rs 5,001 and Above	Chief Functionary

The Administrator approves routine expenses related to maintenance.

c. Cheque / Demand Drafts

All Cheque books must be kept in the safe of the Organization. The Finance Manager shall be responsible for the same. Both the signatories should put their full signatures. No cheque should be signed without furnishing any details. In the case of sending a cheque or Demand Draft through post, a Registered Post / Regular courier should be opted. Local cheques should be handed over to trusted persons / regular courier. All cheques must be crossed on the top left corner of the cheque by putting words A/C Payee only. Any bearer cheques issued would be considered as cash payment only.

d. Issuing of Cheques

No cheque will be issued without the requisition slip signed by the approving authority stating mode of payment either in cash / DD / Cheque. (Since accounts department does not have any authority to make any payments in any form to anyone, every request or order for payment in whichever form must be authorized by the authorities, this helps in pin pointing the responsibility of making payments. Any payments made by accounts department without obtaining proper authorization will be deemed as personal responsibility of the person making payment in which ever form.

All payments shall be made through Bank Cheques only including office administration expenses such as telephone and rent etc.

4.2 Cash Withdrawal and Cash Management

a. Cash Withdrawals

Cash Withdrawals for Petty Cash are done when the cash balances less than Rs 5000-00 (Rupees five thousand only). Cash withdrawals are made for programmes after the Accounts department receives an estimate from the Project Coordinators at least two working days in advance. Cash shall be withdrawn only when necessary i.e. after checking the cash balance and the request for such cash payments. All cash must be withdrawn from the bank by 'Self Cheque' only. This cheque must have a stamp bearing the withdrawing persons signature attested by the signatories. Under no circumstances, cash should be withdrawn in the name of the person.

b. Cash Maintenance

Petty cashbook is maintained & cash is closed at the end of every working day. The physical cash would be checked by Accountant and will be reported to the Finance Manager at the end of the day. The cash will thereafter be kept in the security safe of the institution. Cash will not be disbursed after 5:00 PM every day as the cash will be required to be counted and sealed and kept in the security safe of the Institution. In case of emergency payments required after office hours, the same should be stamped and logged in separate logbook.

This can be brought to the notice of Chief Functionary as and when required.

c. Cash in Transit

The Office Assistant deputed for this purpose is responsible for withdrawing cash from the bank. After withdrawing the cash, he is required to report back to the office directly. He / She is required to carry a secure briefcase / bag for this purpose. If he /she is in the possession of more than Rs. 10,000-00 he is required to hire an Auto rickshaw for returning directly back to the office. If the amount is more than one lakh rupees an authorized person should accompany him in the organization's vehicle.

4.3 Operational Procedures

a. Vouchers

- Vouchers will be prepared for all transactions, even those accompanied with a cash memo or a bill. A Paid stamp will be used on a cash memo or voucher so as to know that money has been paid to the concerned person. The cash memo or bill must be stapled twice on to the voucher on the left-hand side. Where supports are more, bigger staples must be used. The vouchers must be punched deep inside the margin and also ensuring that the punch holes are evenly aligned. The vouchers must be stored in a box file as they are better protected. Also, it must be ensured that the files are not overloaded with too many vouchers.
- Labeling the files showing details such as organization's name and address, financial year / month, numbering of vouchers and project or location name. All vouchers will be numbered continuously during the 6 months.
- Old vouchers will be stored for at least ten years for Income Tax purposes. Voucher narrations should be crisp and must cover all-important facts such as names of the payee and the payer. What services or goods were purchased, if the payments are recurring payments the relevant month should be included, if the payment is for a particular event or work, the date and place must be included and finally the purpose of the payment must be included.
- Any voucher without supporting (or proper) bills is to be accompanied by a Declaration in a Support Voucher by the concerned person prior to approval of the sanctioning authority. The declaration should be accompanied with the full details regarding date, nature of expense, amount incurred etc. as possible with respect to the expense incurred.
- Voucher above Rs.500-00 would be not accepted. In case of expenses below Rs.500-00, the expenses are to be consolidated against one voucher only. This practice

would be followed as far as possible and will be at the discretion of the approving authority. Submission of the vouchers related to recurring expenses would be done on regular basis.

c. Bank Reconciliation

Bank reconciliation has to be done because there is a difference in the bank balance and on any specific date as shown in the cashbook or ledger and the passbook on the same date. The difference may occur due to some cheque has not reached the bank for payment or the difference may be due to a dishonored cheque or the bank may not have credited some deposit to your account. Apart from these, small charges like collection charges, bank charges etc. levied by the bank from time to time and bank interests, which are credited twice a year. Sometimes totaling errors may also take place by our bankers hence bank reconciliation is necessary. The Bank Reconciliation Statement is prepared by the Accountant which is further verified by the Finance Manager of the organization.

The step by step procedure for preparing BRS are provided below:

- Note down the closing balance as per ledger.
- From this deduct any bank charges or cheques that have been dishonored. This will give us a corrected ledger balance.
- Finally, we reconcile the passbook balance.
- Note down the balance as per Passbook.
- To this balance add those cheques which have been deposited but not been cleared. This will be found as un-ticked items on the Debit side of the ledger.
- Then deduct the cheques, which you have issued but have not reached the bank. These will appear as un-ticked items on the credit side of the ledger.
- The resulting balance should be the same as the corrected ledger balance.
- After reconciling with the bank, one must look into the items that appear on the list. Pass entries in the ledger for bank charges, interest etc.

4.4 Financial Management Meetings

Financial management meetings would be held thrice every year i.e. after every four months. The meetings would essentially be to review the financial proceedings and to take corrective actions as may be necessary. The meetings would be chaired by the Treasurer. Minutes of these meetings were to be recorded and maintained in a financial management file and copies of the same would

be forwarded to the board members for their views/ comments. All correspondences / suggestions should be documented and maintained in the Financial Management file by the treasurer.

a. Correspondence

All correspondences related to financial matters will be the responsibility of person entrusted by the Chief Functionary.

All correspondence with the Donor Agencies will be the prime responsibility of the Chief Functionary/ Person entrusted by Chief Functionary. The responsibility includes forwarding of the Annual Programme and Financial reports and Final reports at the end of each funding cycle. He / She will also be required to submit fresh proposals from time to time and relevant follow-up.

b. Budgeting and Monitoring

Budgeting for every financial year would be done by March end of every financial year. The budget projections for the year would be worked out and further divided into quarterly projections. These projections would include programme expenses, recurring expenses, salaries and contingency. Quarterly monitoring would be carried out to evaluate any variations that would be occurred.

CHAPTER – 5

STATUTORY COMPLIANCE

5.1 Foreign Contribution Regulation Act' 2010

- The foreign contribution to be received in the designated bank account and all the onward grants to be released from the said account.
- The foreign contribution to be utilized for the purpose for which it is provided.
- Maintenance of separate set of books for the FC funds received by it.
- In case of onward grants, organization should ensure that the partners also maintain a separate set of books for the same.
- Filing the online FC-4 returns well before the prescribed date of 31st December of each year.
- A separate FC receipt book to be maintained for all the grants received.
- No foreign contribution should be transferred to any organization not registered under FCRA.

Requirement of FCRA with regards to annual financial statements other reports: -

Preparation of separate set of financial statements as required under FC law for online submission to FCRA Departments of the Ministry of Home Affairs as follows:

- Audited Receipts and Payments Account
- Audited Income and Expenditure Account
- Audited Balance Sheet
- Annual return in Form FC4
- A copy of the FCRA designated bank account statement certified by the bank
- A certificate from the Chartered accountant
- Declaration by chief functionary

5.2 Income Tax Act'1961

- Every society is required to be registered under Section 12A of the Income Tax Act, 1960. After this registration society does not have to pay income tax. If the society is not registered income tax is payable on surplus during the year. Application for registration should be made in form 10A. Two sets of following documents should also be filed in the office of the Income tax Commissioner. Attested copy of the registration certificate issued by the Registrar of societies.

- Attested copy of the Memorandum of associations and rules and regulations of the society. Original copy of these documents is also shown at the time of registration. Copy of final accounts for last two to three years in case of an old society.
- The society should apply for this registration in the first year. But in case society has not applied so far then an application for excuse of delay needs to be given to the Income Tax Officer. To remain exempt from Income Tax it is necessary that the society should use most of its income in charity or public welfare work and should get an audited report from a chartered accountant on Form 10B.
- Every year the society's Income Tax return must be filed in form 3A before 30th September of every year. However, if your society's income is more than Rs 50,000-00 or if the society is registered under the Co-operative Society Act then the last date for filing the returns is 31st October. Form III-A should be used for filing returns.
- An acknowledgement sheet is attached to the return. This should be filled in duplicate. When the return is deposited one of them will be stamped and, returned to you. Two sets of documents will be made out, one for the Income tax office the other for our files.

1. Income Tax return (Form III-A)
2. Audit Report (Form -10B)
3. Balance Sheet
4. Income and Expenditure account
5. Receipt and Payment Account
6. Registration Certificate under 12A (Copy)
7. Application for carry forward to next year
8. Resolution for accumulation
9. Application for accumulation for 10 years.
10. After the return is filed it is sent to the circle or ward.

- The Income Tax Return has to be filed within the due date as may be prescribed for filing income tax return i.e. 30th September of the relevant assessment year.
- After scrutiny of the document's intimation is sent that the returns filed are broadly accepted by the IT Department. If during scrutiny there is any anomaly then the IT department issues a notice for hearing. The auditors need to be consulted immediately in this regard. After the hearings are complete the Department will issue an Assessment order. If it is felt that the assessment is unjustified the organization can file an appeal against it.

5.3 TDS/ TCS

The following steps should be followed with respect to the TDS compliances in the organization.

- ✓ A certain percentage of amounts to be deducted by the organization at the time of making/crediting certain specific nature of payment.
- ✓ Deducted amount to be remitted to the Government account through TDS challan no.81.
- ✓ The Finance Manager should confirm that the amount exceeds the deduction limit by analyzing earlier and future payments.
- ✓ Rate of deduction to be applied as per Income tax Act'1961.
- ✓ Obtaining the acknowledged TDS challan back from the bank and filing it properly in the relevant file.
- ✓ Obtain the acknowledgement from the deductee.

Form 16 for the organization's employees should be filled in by the first week of March and the tax will be deducted in the salary of March (to be paid at the end of March).

Form 16-A is for the Consultants to whom the organization pays more than Rs:20,000-00 per year. Before paying the last installment, the tax should deduct and the balance amount should be paid to them.

The deducted tax should be deposited in the Bank within 8 days of deduction

5.4 Provision of Gratuity Act'1972

The following steps to be kept in mind while making payment of gratuity.

- Amount of gratuity to be paid on the termination of employment.
- At least 5 years of continued service to be completed i.e. uninterrupted service except the situation specified in the Act.
- Termination of employment by death or disablement due to accident or disease, the requirement of continued service of 5 years need not to be complied with.
- Gratuity should be calculated as follows:
$$= \frac{\text{last drawn monthly basic wages} \times 15 \text{ days} \times \text{no. of completed years}}{26 \text{ days}}$$
- Maximum amount of gratuity to be payable should be restricted to Rs:10 Lakhs.
- Gratuity should be paid by the organization within 30 days when it becomes payable.

5.5 Employees Provident Fund Act'1952

The following steps should be kept in mind while making provisions for Employees PF.

- The organization has to make following contribution as per the provisions of the Act.: -

Account head	Employee's share	Employer's share
EPF Contribution	12.00%	3.67%
Administration Charges	-	1.10%
Employee Pension Scheme Contribution	-	8.33%
Employees Direct Linked Insurance (EDLI)Contribution	-	0.5%
EDLI Administrative Charges	-	0.01%
Total	12.00%	13.61%

- Voluntary higher contributions should be acceptable, at the joint request of the member and the organization.
- The organization should remit the above-mentioned contribution in one challan in a scheduled by a single cheque, before the 15th of the following month.
- Collection of PF challans with acknowledgement from Bank
- The organization should file: -
 - The initial returns of Form 9, Form 3(Pension Scheme), and Form 5A.
 - The monthly returns in Form 12A, Form 5, Form 10 and Challans for remitting the dues.
- Circulation of annual PF statement when received from PF office.

5.6 Professional Tax

Monthly Professional Tax of the organization's salaried staff will be deducted as per Professional Tax Act applicable in the state of Andhra Pradesh and Telangana.

CHAPTER – 6

AUDITING

6.1 Internal Audit

- An independent, objective ongoing appraisal of the organization's financial operations by internal and / or external personnel.
- An internal auditor as appointed by the Governing Body of the organization shall carry out internal audit once in six months. The Internal Auditor will also provide inputs and training to the accounts wing and support them in filing TDS / ITRs of the staff etc. The internal auditor shall submit a written report on observations and recommendations to the Chief Functionary after every audit
- Audit report along with recommendations should be received from the internal auditor.
- Finance Manager would ensure that Action Taken Report (ATR) is prepared within three months of receipt of audit report.
- Internal audit would be conducted twice a year.

6.2 Statutory Audit

- Independent examination of the organization's annual accounts and financial records in accordance with professional auditing standards lay down by the Institute of Chartered Accountants of India.
- Audit by a qualified chartered accountant.
- Appointment by the General Body.
- Final accounts to be prepared by Finance dept.
- Audited annual accounts to be laid down before General Body.
- The statutory auditor would issue a Management letter. Thereafter, the management would reply on the issues shared by the auditor within 30 days of receipt of such letter.

Statutory Audit of the institution shall be carried out by a recognized firm of Chartered Accountants as appointed by the General Body of the organization for the financial year. The Statutory Audit will be carried out by the Statutory Auditor once in a year. The auditor shall also be responsible for time-to-time renewal of 80G and FCRA etc. A detailed report of the audit will be submitted to the Chief Functionary with the observations and recommendations / suggestions.

CHAPTER 7

JOB DESCRIPTION

Finance Manager

- Bank operations, Investments.
- Routine operations, Withdrawals, transfer.
- Bank balances, interest, maintaining of savings Accounts and liaison with Bankers.
- Maintaining bank books and data entries
- Professional tax income tax (institutional and personal), TDS
- Preparing salary statements, Provident Fund statements.
- Insurance renewal, both personal and all offices assets.
- Director's reimbursements, personal advance.
- Audit related work, preparation of receipt and payment on a monthly basis.
- Fixed asset register.
- Receipt of Cheque and issue of Cheque against vouchers.
- Annual reports, audited statements to be sent to the funding organizations.
- FCRA – III forms to the central government.
- Budget monitoring.
- Preparation of Fund Flow, Cash Flow and financial statements.

Accountant

- Maintaining the cash book
- Tallying the cash book
- Informing about cash advances.
- Preparation of vouchers and keeping a record of the same.
- Classify expenses into various project and account heads.
- Settlement of training programme and travel expenses.
- Advances for tours and settlement of accounts after tours.

- Assist the Finance Manager in data entry work and other relevant tasks.
- Maintaining the Cheque Issued register.
- Bank Reconciliation statements.

Internal Auditor

- To give inputs regarding legal matters like Professional tax, Income tax, TDS for consultants.
- Inputs for Provident Fund and Gratuity.
- Inputs for investments other than earmarked funds.
- Checking bank recovery.
- Physical check of cash in hand.
- To attend to any queries / problems of the accounts department.
- Monthly checking of basic account documents (voucher checking) and guidance to day to day accounting procedure.
- Monthly verification of receipt and payment accounts quarterly and six-months reports with observations and suggestions.
- Preparation of Annual accounts reports.
- To give vital inputs in Taxation matters to include TDS, Salary returns, Tax audit income tax returns of the Society and other legal matters as required.
- Personal Income Tax guidance as required.
- Physical check of cash in hand.
- Advice for investments other than earmarked funds.
- Checking bank recovery and bank reconciliation.
- Work related to the charity commissioner budget for the next financial year, change report etc.,
- Preparing Form FC III and certify the same by June 30th of every year.
- Any other help / attending to queries as required by the management / accounts department.
- Discussions with the management on accounting procedural issues.

External Auditor

- Conduct external Audit of the Institution at the end of every six month i.e. October and April.
- Finalization of accounts with co-ordination with the internal auditor and certifying the same.
- Carrying out the functions as statutory auditor under the Income Tax Act / Society Act.
- Attending the meetings of the Board / Society as and when required.
- Filing of the institutions Income Tax Returns with the I.T Commissioner.
- Be responsible for time to time renewal of 80G Certificate
- Be responsible for filing the Audited Statement of accounts with the Charity commissioner
- FC- 3 Form will be filled in by the External Auditor by the last week of May
- A detailed report of the audit will be submitted to the Chief Functionary giving observations and recommendations / suggestions.

CHAPTER 8
ANNEXURES

Form – 1 : DBRC – Program & Travel Advance
DALIT BAHUJAN RESOURCE CENTRE

BUDGET REQUISITION FORM

Support Project Name:			Date:
Name of the Applicant:		Designation:	
Budget Code	Name of the Budget Head	Description / Break up	Total Cost
Total (in Figures)			

Total (in Words):.....

Executive Secretary/ Program Co-Ordinator

Finance Manager

Receiver's Signature

DALIT BAHUJAN RESOURCE CENTRE

Budget line	Budget head/ sub-head	Current month expenditure	Year to date expenditure	Year to date budget	Total budget	Year to date Variance	Percentage variance	Reason for deviation exceeding the threshold	Corrective action	Responsible person
		A	B	C	D	E=C-B	(E/C)*100			

Mission

The Mission of DBRC is Enabling Assertive interventions of Dalit bahujan Communities and mainstreaming towards socio economic empowerment.

Vision

Vibrant Dalit Bahujan Movement by men and women of concern who assert themselves powerfully and effectively as stake holders in the governance to reclaim human dignity and integrity.

Goal

The Goal of DBRC is to enable Dalit Bahujans to actualize their dreams, a new society where Dalit Bahujans will become aware of their rights and entitlements; develop strong social and financial resources; and become part of decision making bodies and processes at all levels.

Human Dignity

Social Justice

Social Democracy



Dalit Bahujan Resource Centre

D.No. 4-16-25/6, Bandlamudi Complex, Bharatpet, Amaravathi Road,
GUNTUR. Ph : 0863-2254271. E-mail : apdbrc@gmail.com
E-mail : apdbrc@gmail.com www.dbrcindia.org

Developed by: CPA SERVICES PVT. LTD, 233, Sunrise Plaza, II Floor, Vasundhara Enclave, Delhi-110096