ASMITA

Finance & Accounts
Policies & Procedures Manual

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Forward

Dear Friends,

A transparent and good financial management is a key to the organizational growth and its sustainability which impacts on decision making across the organization and as such should be integrated into all aspects of an organization's operations, from managing project budgets to gathering information for strategic decision-making etc.

A smooth and transparent financial management is all pervasive to the growth and development of an organization, especially for development organizations because they are meant for promoting transparency and accountability in the society. With this vision, we have developed this financial manual which aims at facilitating and systematizing our financial management. The module will serve as a guide for us in all the financial matters. We are grateful to our Accountant for developing this valuable document for the organization. The manual is more concerned with the members of the Governing Body and the finance personnel. The document will be revised from time to time and for that purpose your suggestions will be very valuable for us. I hope this module will go a long way in the smooth and transparent operation of our financial activities.

All the best for an efficient financial management

Best regards

Director ASMITA

Passed by the Governing Board in its meeting on 11, September 2021 and revised on 17/09/2023

Contents

Chapter -01

Introduction: ASMITA

ASMITA is a charitable Trust registered in 2008 under Trust Act for Public Charitable/Welfare purpose. From its inception it has been rendering dedicated and committed services for the empowerment of the marginalized specially women and children of the unorganized laborers and slums dwellers to live and lead a dignified life.

Vision
An integrated Human Society living in freedom, equality and justice; above all leading a **DIGNIFIED LIFE**.

Mission
Empowering the marginalized specially women and Children of the Unorganized laborers / slum dwellers to live and lead a **DIGNIFIED LIFE**.

Legal Status and Registrations

Registration under Trust Act

ASMITA has been registered under the Trust Act with the registration number 276/08 IV.

Registration under Foreign Contribution (Regulation) Act

Not Registered

Registration under Section 12A of Income Tax Act

ASMITA has been registered under the section 12A of the Act with Registration Number *AACTA3608EE20210 Valid up to AY 2026-27*

Registration under Section 80G of Income Tax Act

ASMITA has been registered under the section 80G of the Act with Registration Number *80G – AACTA3608EF20221 Valid up to – 2024-25*

PAN (Permanent Account Number)

ASMITA has PAN with Number **AACTA3608E**

NITI AYOG Registration

ASMITA is registered under NITI AYOG with the registration umber UPP/2106/0099637

Chapter -02

Introduction to the Finance manual

This Finance & Accounts Policies & Procedures Manual guides users, especially those involved in finance and accounts functions, in performing their daily tasks systematically. It covers key steps in budgeting, bookkeeping, and financial statement preparation. The manual outlines necessary policies for proper execution, including functions, internal controls, and amendment procedures.

2.1.Objectives of this manual:

- Serve as a reference document for staff, management, auditors, and other stakeholders to effectively execute and manage financial activities.
- Enhance and ensure the completeness and accuracy of data entered into the computerized accounting system from source documents (e.g., invoices, payment receipts, journal, and cashbook).
- Detail operational and administrative procedures for the input, processing, output, and distribution of financial data, ensuring the security of financial data and documents.
- Assist in generating accurate and reliable financial reports, enabling management to exercise effective control over the organization's operations.
- Provide guidance to all staff in the accounts and finance department for the smooth execution of their duties.

2.2.Users of manual

- The Governing Body of ASMITA
- The Director, Head of programs & all the staffs
- The accountant/s
- The internal & Statutory Auditors

2.3.Financial Laws and Regulations

The financial operations of the organization strictly adhere to the prevailing laws and financial regulations of both the country and the organization. The ASMITA Board reserves the right to modify these regulations as needed, and any changes will be promptly communicated whenever they occur.

2.4.Amendment to the manual

Any amendments to the manual shall be carried out only with the approval of the Governing Body/board of trustees on the recommendation of the Director.

Chapter -03

Financial Responsibilities

3.1. Duties of Board of Trustees (Governing Body)

The Board of Trustees of ASMITA holds the responsibility for overseeing the organization on behalf of beneficiaries or the Trust. Their duties include:

- Ensuring funds are effectively utilized to benefit beneficiaries.
- Ensuring the organization maintains adequate funding.
- Ensuring the presence of effective senior management within the organization.
- Ensuring the organization operates in compliance with the laws and statutory requirements of the country.
- Ensuring the absence of conflicts of interest between the organization's operations and the work or business interests of board members

3.2. Duties of an Accountant/Finance Officer/Accounting Firm

An Accountant/Finance Officer plays the role in managing the day-to-day financial operations of the organization. In carrying out these responsibilities, he/she will be entrusted with the following duties:

- To fully acquaint himself/herself with the financial regulations and accounting instructions, and to take care that all are duly followed;
- Promptly accounting of all financial transactions under the appropriate budget headings for the preparation of financial statements.
- Ensuring proper provision for the safe-keeping of cash, stamps, official receipts, requisitions, cheque-books, local purchase order books, and all relevant documents and assets.
- Ensuring no payments are made without proper authorization, and confirming all financial transactions align with organizational policies.
- Ensuring all organizational expenses adhere to predefined budgets in alignment with program requirements and funding organizations.
- Submit any financial statements required by Management.
- Maintaining all books of accounts, registers, and records in accordance with accounting instructions and financial regulations, ensuring they are up-to-date

and securely stored when not in use.

3.3. Duties of Non-finance staff

All office personals have their own due pecuniary responsibilities and duties for the effective management of the organizational financial activities. The major financial responsibilities are as follow;

1. To ensure that all the program expense align with the approved budget and the financial policies of ASMITA.
2. To ensure that all the financial obligations are met for any program or activities of ASMITA.
3. To Safeguarded any entrusted money or assets of ASMITA in their care.
4. To follow the financial instructions and procedures for the smooth functioning of the financial department.

Chapter -04

Internal Controls

Internal controls serve as checks and balances, acting as safeguards to prevent fraud, misappropriation, or deviations from established policies and procedures. Regular reviews of internal controls are essential to uphold the robustness and effectiveness of the system over time.

The following will be the internal controls: -

4.1.Segregation of Duties:

- Ensure that no single individual has control over an entire financial transaction process.
- Segregate responsibilities such as authorization, recording, and custody of assets.

4.2.Authorization and Approval:

- Implement a system where all the financial transactions require proper authorization before payment and entering into books.
- Establish clear approval hierarchies for expenditures approvals

4.3.Financial Reporting Controls:

- Regularly reconcile financial records with bank statements and other external documents.
- Conduct periodic internal and external financial audits.

4.4.Budgetary Controls:

- Establish and adhere to a budget approval process.
- Monitor actual financial performance against the budget regularly.

4.5.Cash Handling and Banking Controls:

- Ensure segregation of duties in cash handling, deposit preparation, and reconciliation.
- Implement controls for secure storage and transport of cash and checks.

4.6.Asset Management:

- Maintain an accurate inventory of assets.
- Implement controls to safeguard physical assets, including property and equipment.

4.7.Conflict of Interest Policies:

- Develop and enforce policies addressing conflicts of interest among board members, employees, and key stakeholders.
- Disclose and manage potential conflicts of interest appropriately.
  (refer to separate policy in conflict of interest)

4.8.Donor Contribution Controls:

- Establish controls to ensure accurate recording and acknowledgment of donor contributions.
- Implement procedures to verify the legitimacy of contributions.

4.9. Recordkeeping and Documentation:

- Maintain well-organized and detailed records of financial transactions.
- Ensure documentation supports all financial activities.

4.10. Compliance Controls:

- Stay informed about relevant laws and regulations governing not-for-profit organizations.
- Establish controls to ensure compliance with applicable legal and regulatory requirements.

4.11. Periodic Reviews and Assessments:

- Conduct periodic internal control reviews/ internal audits and assessments to identify weaknesses and areas for improvement.
- Modify and strengthen controls based on the results of these reviews.

4.12. Bank & Cash transactions

Wherever feasible, the organization aims to execute payments for expenses through bank transfers or cheques, with the exception of minor transactions through petty cash. Payments above Rs. 5,000/- will be paid only through Crossed "A/c Payee" cheques, demand drafts, or bank transfers. In the event of ASMITA undertaking a project in collaboration with a supporting agency that stipulates a lower cash transaction limit, the organization will adhere to the specified limit imposed by that agency.

4.13. Cash Receipts

ASMITA encourages donations to be made directly into the organization's bank account. The bank details of the organization are provided to individuals intending to donate. Online donations are also accepted through the payment gateway available on the ASMITA website.

- If someone is unable to make donations online, cash donations will be accepted up to a maximum limit of Rs. 5000/-.
- All such cash donations will be promptly acknowledged by issuing pre-numbered institutional receipts and will be deposited in the ASMITA account within 7 working days.
- Donations exceeding Rs. One lakh will only be accepted with a letter of intent from the donor. These letters will be documented in the office for future reference.
- All donations, whether in cash or through bank transactions, will be acknowledged through pre-numbered receipt and will accurately record in the cashbook.

4.14. Bank Transactions

a. ASMITA’s bank accounts will be operated jointly by 2 persons out of three authorized signatories as per the proviso in the Trust Deed.
b. All the bank account of the organization will be reconciled every month and the BRS will be verified by Accountant and the Director.
c. Issuing bearer cheques and post-dated cheques will be avoided as far as possible.
d. Cheques for payment will be issued only when there is an adequate balance in the account.
e. All canceled cheques will be preserved for identification and control purposes.
f. The cheque book will always be kept securely in the custody of a designated authority.
g. Cheques and drafts received by ASMITA will be acknowledged through pre-numbered receipts, promptly deposited, and accurately recorded. The tasks of receiving, processing, and recording will be distinctly segregated for clarity and control.

4.15. Internet Banking/Digital Transaction Policy

To enhance convenience and save time, ASMITA prefers using Internet banking or Mobile Banking facilities for money transfers to vendors, staff, contractors, and payment of utility bills.

To ensure security and compliance to internal control systems, Internet Banking or Mobile Banking access will not be assigned to a single individual. ASMITA employs a double-checker system or OTP (One-Time Password) mechanism for executing any transactions through digital mode.

The director or finance personnel initiates the payment by logging into the bank. The treasurer of the ASMITA Trust handles the OTP for added security for approving transitions.

Under no circumstances will bank login details be shared with any third party for any purpose. Utmost care will be taken to securely maintain the custody of banking credentials. The Director will oversee and ensure that passwords are regularly changed for added security.

4.16. Inventory, Stock Register and Fixed Assets Register

ASMITA would maintain Inventory, Fixed Assets Register and Stock Register. While an inventory records items, goods, furniture, that are in the office. Fixed Assets Register records more permanent assets, which provide long-term benefits to ASMITA and Stock Register records things which are generally consumable either purchased or received as donation in-kind.

The records will be composed with the following information.

Inventory	**Fixed Assets**
Name of the item	Date of purchase
Year of receipt	Purchased under project
Quantity	Name of the Item

Current status	Description of item and purpose
Name of the item	Identification number
Purpose of the item	Value at the time of purchase
Quantity at the time of purchase	Current value after depreciation
Dates of distribution/use	Current status
Current availability	

Refer to the procurement and asset management policy for details

4.17. ASMITA will follow the given measures for exercising adequate internal control;

- Internal auditing will be conducted annually with the assistance of external agencies.
- The Board of Trustees will annually review ASMITA's financial system.
- ASMITA will engage external consultants for impact assessment, auditing, and establishing financial systems to ensure policy implementation. Recommendations will be discussed in Governing Body meetings, and necessary steps will be taken for improvement.
- A professional accounting system will be implemented for maintaining bills, vouchers, document security, investments, petty cash, and a Fixed Assets Register.
- Periodic physical verification of stock and fixed assets will be conducted by the management.
- Management will ensure an annual physical verification preceding for the assets before statutory audits.
- Original documents, such as sale deeds, vehicle registration, sanctioned building plans, and land-related revenue records, will be carefully preserved.

- Acquisition or disposal of fixed assets will occur only with proper authorization and will be adequately safeguarded with the Director's consent as per the policy.
- All expenses, including those of the Board of Trustees, will be subject to approval by the chief functionary. The chief functionary will appoint from the board of trustees to oversee daily operations, holds the authority for approval of all transactions. Expenses incurred by the chief functionary will be approved either by the treasurer or the president of the trust, ensuring a checks-and-balances system within the organization.

Chapter -05

Planning and Budgeting

5.1.Need for Planning

ASMITA emphasizes strategic planning with wisdom and foresight to fulfill its mission in the most economical, efficient, and professional manner, adhering to the highest standards of quality and timeliness

5.2.Annual Budgeting

Budgeting serves as an important tool for ASMITA's financial planning. The organization adopts a corporate approach to budgeting, considering various departments, projects and program. The accountant consolidates budget estimates from different projects/departments and presents them by January 31 each year to the director. The Director then presents the budget in the annual Governing Body meeting for review and approval.

Program/Project Revenue and Expenses:

- Specific donations and grants for programs/projects.
- Direct costs, personnel, training, and othe program expense

General Donations and Fundraising Revenue:

- Unrestricted donations and fundraising income.

Administrative and Overhead Expenses:

- Admin Staff salaries, office costs, communication, Rent, Professional etc.

Capital Expenditures:

- Asset acquisition, infrastructure, and major equipment.

Loan Repayment (if any):

- Repayment of outstanding loans or debts.

Contingency and Reserves:

- Emergency fund and reserves for future needs.

Annex – 1 Budgeting Format (attached)

5.3. Budget Monitoring – Budget Comparison and Revision of Budget

After the governing body provisionally approves the budget, The Director and Accountant will keep tabs on it every three months. They'll look at what we planned, what we spent, and what is left over as unspent balance against each project/program through budget and expenses comparison statements.

Chapter -06

Accounting and Record Keeping

6.1.Maintenance of Financial Records and Documents

Keeping proper financial records every day is the foundation of a solid accounting system at ASMITA. For any transaction to go through, it needs to be backed up by valid documents like vouchers and receipts. These papers, known as supporting documents, are important components of our accounting process. We ensure their safekeeping by entrusting them to the Director.

6.2.Maintenance of Files

The following files concerning the financial transactions will be maintained in ASMITA:

1) Voucher files
2) Petty cash book/ Register computerized
3) Journal registers
4) Bank details file
5) Cheque book register
6) Receipts file/register
7) Fixed Asset file/register
8) Fixed deposit Register
9) Management reports financial statements
10) Audited accounts statements (separate files for separate projects)
11) Budget file
12) Income Tax Files (Returns, TDS files, assessments Etc.)
13) Different contract and agreements
14) Salary files/Staff file
15) Different files for all the programs implemented by ASMITA.
16) Files for PAN, 12A, 80 G etc.
17) Correspondence with the Banks
18) Correspondence with the auditors
19) Minutes of the meeting
20) Grant and project reports files

6.3. Basis of accounting

ASMITA follows the Cash System of accounting, where entries are recorded exclusively upon actual cash receipt or payment. No entries are made for anticipated receipts or payments. This approach ensures a direct reflection of the organization's cash position.

Additionally, ASMITA adheres to a Daily Closing System, recording entries on a day-to-day basis. This practice enhances real-time tracking of financial transactions, maintaining an up-to-date and accurate overview of the organization's financial status.

6.4. Accounting for ASMITA: -

The Following books of accounts will be used: -

1) Petty Cash Book
2) Main Cash Book with cash and bank columns (normally referred to as Cashbook) (Computerized)
3) General Ledger (Normally referred to as Ledger)
4) Separate books of accounts for Projects
5) Journal-Register (Normally referred to as journal)
6) Fixed Assets Register (Manual or Computerized)
7) Loans and Advance Register (Manual or Computerized)

6.5. Petty Cash Book

ASMITA maintains a petty cash book for each of the projects separately. It will be used for recording recurring petty transactions and to have a look at the available cash balance with the organization. Payments made from the Cash Book will be acknowledged as receipts in the Petty Cash Book. The difference between the receipts and the total of expenses as shown in the Petty Cash Book will reflect the petty cash in hand. The accountant will maintain the petty cash book and there will be a monthly closing of the petty cash book.

ASMITA maintains a separate petty cash book for each project. It is used to record recurring petty cash transactions and to monitor the available cash balance within the projects/organization. Payments made from the Main Cash Book will be documented as receipts in the Petty Cash Book. The variance between receipts and the total expenses, as indicated in the Petty Cash Book, will represent the petty cash in hand. The total cash balance with the main cash and petty cash will be considered as the cash balance of the organization at any point of time. The accountant/cashier is responsible for managing the petty cash book.

- Petty Cash will be fixed to a limit of Rs. 25,000 for handling cash transactions.
- When the cash balance falls below 5,000 the petty cash will be replenished to the available limit is Rs.25,000/-.
- Petty cash register will be closed on a daily basis which the accountant shall verify and the chief functionary shall approve.
- Cash reconciliation shall be done on a monthly basis and the same shall be approved by the director.

- The maximum limit for petty cash payments will be Rs. 2000/-. In exceptional circumstances, the limit may be exceeded up to Rs. 5000/- with the approval of the director.

6.6. Accounting for different projects: -

ASMITA will undertake various projects/programs in collaboration with the Central and State Government, as well as with Funding Agencies. Invariably, these agencies may request ASMITA to maintain separate accounts for each funded project or program. In all such instances, ASMITA will keep a separate set of books of accounts for each funded project.

6.7. Advances & Reimbursement

For the execution of programs, ASMITA will follow both the Advance and Reimbursement system. Whenever feasible, advances and reimbursements will be made through bank transactions to the requester. Program heads are advised to minimize cash transfers and enhance online payment methods to vendors and the payment details to be submitted along with the reimbursement claim. The following procedures will be adhered to for both advances and reimbursements -

6.7.1. Advance

- The project head will submit the duly filled form prior to five working days of the date of advance required, to the accountant who will after verifying will forward it to the Director for the approval.
- Advance will be given on the previous day of the advance required date or any other prior date as per the need.
- Fresh advance will not be sanctioned if any previous advance is due for settlement by the applicant.
- Claimant should use prescribed format for any kind of bill submission.

6.7.2. Reimbursement

- Reimbursement is where any staff or the management meets the expenses out of his/her pocket and then he/she submits a reimbursement claim.
- ASMITA encourages the program heads to meet the expenses/pay the bill/travel and then claim it for reimbursement.
- If the amount is more than 2,000/- then the reimbursement will be made only to the account of the person submitting it in normal cases.
- The claim shall be submitted to the accountant who shall get it passed by the director before making the payment.
- Once approved the reimbursement will be made either in cash or bank transfer in accordance with the payment policy.
- All staff are expected to clear the bills by the end of the month. Reimbursement will not be accepted beyond 30 days unless there is a solid reason to do so.

6.7.3. Advances made towards projects

Program advances will be made from the project grant Once such an advance is made both the Program head and the accountant will keep track of it and ensure that the same is settled as soon as the expenses are incurred. No advance shall be carried forward beyond the relevant financial year.

6.8.Travel expenses of Staff

- ASMITA calculates city travel expenses based on prevailing shared auto charges.
- A fare chart, updated periodically, is prepared using market rates and displayed for staff.
- Staff maintains individual travel registers according to the chart, submitting them at month-end for reimbursement.
- If a project has an upper limit, ASMITA transfers only the allocated amount within the project.
- Office staff without regular travels can fill a travel voucher, submitted to the accountant for reimbursement upon director approval.
- Actual travel costs for booked or hired vehicles are reimbursed to the driver or program in charge.
- For travels outside Varanasi, bus is encouraged for short distances and trains for longer distances. Staff can book Sleeper or 3rd AC.
- After completing travel, staff submits the entire expense, including food and lodging with the ticket, for reimbursement.
- The director overseeing programs can submit fuel bills with the vehicle log book, reimbursed only after chief functionary's approval.

Annex: Format for the Advance

Annex: Format for the Reimbursement

Annex: Travel voucher

Annex: Fare Chart

Annex: Logbook

6.9.Donations

Types of donations

a. Cash Donations – Any donations in the form of money
b. In-Kind Donations - Any donations other than money

6.9.1. Modes of Donations

a. Bank Donation – Money is directly transferred to bank account through bank transfer/cheque/Demand Draft/Transfer Order etc.
b. Cash donation – Cash is given in the hands of the authorized person for receiving donations.

ASMITA encourages donations to be made directly into the organization's bank account. The bank details of the organization are provided to individuals intending to donate. Online donations are also accepted through the payment gateway available on the ASMITA website. If someone is unable to transfer money to ASMITA's account electronically, cash donations will be accepted up to a maximum limit of Rs. 5000/-. All such cash donations will be promptly acknowledged by issuing pre-numbered institutional receipts. These cash donations will be deposited in the ASMITA account within 7 working days. Donations exceeding Rs. One lakh will only be accepted with a letter of intent from the donor, which will be documented in the office. All donations, whether in cash or through bank transactions, will be acknowledged through pre-numbered receipts, which are accurately recorded in the cashbook.

Any funds designated for a specific purpose will be utilized exclusively for that intended purpose. In the event that an amount exceeding one lakh is received for a specific purpose without a pre-determined budget provided by the donor, the funds will be classified as either a project fund or a restricted fund. The organization will develop a budget for such funds, and it will be subject to approval by the board before any expenditures are made. All restricted funds will be segregated and treated separately in the financial statements. Periodic reports detailing the utilization and status of these restricted funds will be shared with the respective donors to ensure transparency and accountability.

6.9.2 Information gathering and use

We collect information from you when you:

- Make a donation
- Sign up for our campaign and signing up to stay updated
- We won’t collect or record your personal information unless you choose to give it to us.

6.9.2. Acknowledgement of the donations

Anyone donating any amount will be given a receipt of the donation duly signed by the director/treasurer or any other authorized person. The details will be preserved for the purpose of auditing and legal requirements. The details in the receipt will contain -

- Name of the donor
- Address

- Contact Number/Email
- Purpose of donation
- Mode of payment
- Any other data as required for donation and issuing certificate for exemption such as PAN or ADHAR or any other identityy of the donor as accepted.
- Signature of the Director/Treasurer/ Any other authorized person.

6.9.3. Donations under 80G

All donations made to ASMITA are eligible for exemption under Section 80G of the Income Tax Act, 1961. Donors seeking a receipt for claiming exemption under Section 80G will have their donations processed through Form 10BD. Subsequently, a donation certificate in Form 10BE will be issued to those donors who require a receipt for claiming exemption under the Income Tax Act, specifically under Section 80G.

The filing of Form 10BD will be completed on or before the 31st of May of the subsequent year to ensure compliance with the regulatory requirements.

6.9.4. Cash Receipts

ASMITA encourages every cash donated or received must come as a bank transfer to the proper account of the ASMITA organization. No money shall be received in the individual accounts of any of its officer bearer or staffs. In unavoidable circumstances we can receive in cash donations. However, the same has to be deposited in the proper account of ASMITA as early as possible.

ASMITA will maintain donation receipt book with proper serial number. The receipt book will contain the name, address, contact details and the purpose for which the donation received. A copy of the same will be given to the donor.

6.9.5. In Kind Contributions

Those who are willing to support us with things in kind will also be encourage. We shall maintain an in-kind donation register. The same items will be entered into stock register as well.

6.10. Bank Account

ASMITA will maintain as many bank accounts as it may require for operating various funds like Campaign fund, special collections, Government Grants, donations etc. ASMITA will open or close such bank accounts from time to time with the proper resolution of the Governing Body and in accordance with the provision in the trust deed.

- *For operation of accounts refer internal controls*

6.10.1. Bank Reconciliation

- The accountant will perform monthly bank reconciliations to identify discrepancies arising from the following:
  - Bank charges debited by the bank may not be immediately entered in ASMITA's books.
  - When cheques are deposited, ASMITA records it immediately, while the bank enters it in the passbook or statement only upon cheque realization.
  - When cheques are issued, ASMITA records it as payment, but the bank will not debit it until each party presents the cheque for payment.
  - Errors may occur in the books, either by the bank or ASMITA.
  - Standing instructions given to the bank for payment or receipt collection are entered in the bank books, but ASMITA's entries are made only after receiving the bank advice.
- Bank reconciliation shall be verified and approved by the director on a monthly basis or as and when he/she wished to do so.
- Bank reconciliation statement shall be documented in the file along with the bank statements.

6.11. Documentation of Fixed Assets:

The following documents relating to Immovable Assets will be preserved at ASMITA:

Land (Free hold)	**Building**	**Constructed Building**
Original Sale Deeds	Purchase of Building:	Building plan approved by the Government
Parent documents	Parent documents	Valuation report from an approved value as to the value of the building
Sketch of the property	Encumbrance Certificate	
Encumbrance Certificate	Legal opinion	
Legal opinion as to the title of the property	Property tax and land tax receipts	
Land Tax receipts, if any	Original Sale deed	
Patta/katha	Sketch of the land and building	

The following documents relating to movable Assets will be preserved at ASMITA:

Vehicle	**Other assets**
Invoice	Cash bills
Registration document of the vehicles	Invoice

Road Tax	Cash Receipts
Insurance	Warranty/Gurantee cards
Quotations	Quotations

6.12. Depreciation

Depreciation will be accounted in order to achieve the following objectives:

- ✓ To ascertain the true surplus
- ✓ To show the asset at its fair value
- ✓ To present a fair and true picture of the financial status

Method of providing depreciation

- Depreciation on the Fixed Assets will be applied on written down value method as per the rates prescribed under the Income Tax Act 1961.
- Fixed assets are recorded in the books of accounts in the financial statement at the historical cost less depreciation.
- Depreciations will be charged only ones in a year, i.e. for the closure of the year on 31st March.
- A fully depreciated fixed asset will remain in the fixed asset sub-ledger until the fixed asset is disposed.

6.13. Preservation of Financial Records

The financial records will be preserved at least for 12 years and made available for verification by the Governing Body, members of the organization, the funding agencies, auditors and Government authorities.

6.14. Expenses of the Board Members/Chief Functionary

- Out-of-pocket expenses incurred by Board Members or the Chief Functionary in fulfilling organizational aims and objectives will be reimbursed upon submission of a reimbursement claim along with bills and supporting documents.

- The Chief Functionary is empowered to approve expenses for any board member, including the president. However, approval for the Chief Functionary's own expenses must be obtained from either the president or the treasurer.

Chapter -07

Procurement & Sale Policies & Procedures

Procurement is the purchase of works, assets, goods and services for the organization.

7.1.Objectives of a procurement policy

- A good procurement process ensures that:
- The correct goods or services are purchased, in terms of the correct quality and specification
- Best value for money is achieved
- The process is safe, i.e., risk of fraud is minimized
- The process is fast enough to meet program needs
- Grant conditions are complied with

7.2.Authorities involved in the process;

- **Governing Body**
  The Governing Body would get involved by authorizing very high value purchases such as land, building etc. or more when such items were not budgeted.

- **Purchasing Committee**

  The Purchasing Committee is led by the Director/Chief Functionary, along with the members such as Finance head/accountant, and the head of the specific program/project for which the purchasing is intended. In the event of the program head's absence, any staff member from the program designated by the Director will be included in the committee.

7.3.Procedures followed in purchasing an item

ASMITA will follow a clear-cut procedures in purchasing assets, properties, electronics, vehicles, consumables and stationeries for programs.

- Purchase of any properties, buildings will be done by the board members after being discussed in the Governing Body meeting.
- Consumable on a regular basis for the beneficiaries need not have the approval by the board. For the same ASMITA can enter into a vendor agreement after comparing the rates with other vendors to a particular vendor for a year. After a year the same can be renewed with a fresh bid. Once that is done continuous purchase can be done until the agreement expires.
- Except on an emergency requirement, assets intending to be purchased needs to get approved in the budget.
- Assets that are not part of the budget but are above the value of 25,000 should have the approval of the president of the Trust unless part of any approved program/project budget.

- The Purchasing committee will have its first meeting and entrust one person to get two quotations for items below 30,000 and 3 quotations for assets above 30,000. This is to ensure cost effectiveness (cost benefit analysis). A comparison may also be made with e-commerce sites for better rate.
- Post getting the quotes the director will call the meeting of the purchasing committee to analysis the quotes and finalize the item. The reasons for choosing a particular vendor will be clearly mentioned.
- Post decision the item is purchased and the quality is ensured as per the requirement.
- The committee will ensure that all requirements are fulfilled in installation, documentation, billing and money transfer and warranty registration is properly done.
- The Purchase committee will enter the details into Procurement format and attach it in the files.
- The details are entered into the assets register/stock register/inventory.
- Assets register/file will be maintained to keep the quotations, and the committees' decisions regarding the purchase.
- After purchase/installation, proper identification mark (asset number) will be put on the asset by the accountant.
- Copy of the original bill will be maintained in a file at the same time the photocopy will be attached to the voucher.

9.4. Standard documents to be maintained

- Quotations
- Bid analysis statement
- Purchase Orders
- Original invoices
- Payment Voucher
- Purchase decision record (or equivalent)/ Minutes of purchase committee.

9.5. Sale of fixed assets – Procedures

- If an asset has to be disposed of due to wear and tear, an upgrade to a better one, or transfer to other programs or projects, the reasons for such disposal must be documented and maintained in a separate file.
- The Director will have the authority to approve the disposal after a thorough review of the reasons provided.
- The sale value of the disposed asset should be promptly credited to the ASMITA account and recorded in the books of accounts

- Additionally, any relevant documentation or records associated with the disposal, such as sales invoices or receipts, should be retained for audit purposes
- If an asset has to be disposed of due to wear and tear, or upgrade to a better one, transfer to some other programs or projects the reasons need to be maintained in a separate file.
- Director will have the power to approve the same after reviewing.
- The sale value of the asset should be credited to the account of ASMITA and in the books of accounts.
- If the assets are purchased out of project grant and the same is being sold the revenue earned out of that asset shall be received in the project books of accounts.

Chapter 08

Reporting and Monitoring

Finance reporting at ASMITA communicates the organization's current financial standing. It provides transparency to those in authority and the public, indicating whether planned activities have been executed, identifying deviations, and assessing standards of efficiency and accountability. ASMITA follows a specific reporting protocol tailored to its organizational needs.

i. Reporting to the Governing Body and Donors
ii. Reporting to the Director
iii. Reporting to the Government, reporting to the public at large e.g., by publishing an annual report hosting in web sites etc.
iv. Reports for the statutory compliances

8.1.Reporting to the Governing Body/Donors

The following will be the common reports submitted to the Board: -

a) Annual Financial Report
b) Legal Compliance Status Report
c) Projects Status Report
d) Donor Agency Status Report
e) Management letter from statutory auditors
f) Grant completion Report to Donor Agency

a) Annual Financial Report

As per the legal requirement, ASMITA will present its audited financial statement in the Board meeting for its approval before filing it with the relevant statutory Authorities.

The Board will review the following reports:

i. Audited Financial Statement including: -
ii. Receipts & Payments Account
iii. Income & Expenditure Account
iv. Balance Sheet
v. Utilization Status Report for the purpose of Income Tax (85%)
vi. Administrative expenditures
vii. Legal Compliance Status Report
viii. Project Status Report

b) Legal Compliance Status Report

This report will update the Board on ASMITA's adherence to essential laws, such as filing Income Tax Returns and renewals of 12A and 80G. Any government actions against ASMITA will be transparently communicated to the Board, with no intentional concealment of information.

c) Project Status Report

In case ASMITA operates many programs simultaneously, it will be important for the Chief Functionary as well as Board to understand the status of the stage of completion of each program. This report, therefore, gives clear details about each program at any particular point of time. Reconciliation between agency balances will be carried out through a proper system. Further, a report on administrative expenditure in each project or program will be submitted.

d) Management letter from statutory Auditors

The statutory auditors will provide a management letter with advice and give recommendation for improving the financial practices of the organization. The Board of ASMITA will ensure that the recommendations are discussed and a specific time plan be drawn for implementation.

A recommendation closure document will be prepared as to number of recommendations implemented, which is also intimated to the statutory auditors and the Financial Advisor.

e) Grant completion Report to Donor Agency

- Once the project period concludes, the final financial report, along with the completion narrative report, will be submitted to the Donor Agency within one month of project completion.

To finalize the completion report, the following documents will be considered:

- Audited Statement of Accounts for the entire program period or Utilization certificate for the completed program.
- Completion Report of the program.
- Project books of accounts (on demand)

8.2.Reporting to the Director

While it will be the Board, which frames the policies, it is the Director who will implement such policies and takes care of the day-to-day affairs of ASMITA. Therefore, these reports will be required for the Director to evaluate and improve the effectiveness of the organization.

a) Weekly Reports From the coordinators

The Director, for a smooth functioning and attainment of its objective undertakes complete and fulltime monitoring of the day today activities of the organization. However, he will ensure that a robust reporting/documentation system with regards to each of the programs running is put in place. Program heads will meet the director once a week with the reporting formats. This reporting includes the action done and the plan for the upcoming week.

b) Utilization percentage of expenses for the purpose of Income Tax

ASMITA aims to allocate 85% of its annual income toward its objectives. Any unspent amount will be considered for exemptions and may be accumulated for utilization in the subsequent years. Monthly tracking is essential to prevent potential non-compliance with tax laws by the end of the year hence monthly budget and expenses comparison statements will be prepare for each projects and as an Organization as a whole.

c) Petty cash status and Bank status

The accountant will report constantly about the bank status and petty cash balance to the director formally or informally so that he can have a clear picture of the organization and do the needful.

8.3. Reporting to the Government & General Public

ASMITA will compile an annual report for donors, government agencies, the general public, these reports will be available on the organization’s website. This report includes conducted activities, their impact, and success stories, providing a clear and concise overview of the year including the income and expenditure of the year. The audited report of ASMITA will be submitted to government authorities as and when applicable.

8.4. Monitoring

Monitoring at ASMITA will be conducted at various levels, with the Board serving as the primary monitoring authorities accountable and fully responsible for overseeing all the activities of the organization.

ASMITA will ensure that external audit and assessment of its accounts and effectiveness of the programs will be conducted once a year through an external agency. The agency will study the books and program implementation and give us a report. The report will be tabled at the Governing Board and appropriate actions will be taken to improve the situation.

Chapter -09

Investment of Funds

The investments will be with the Nationalized Banks only. ASMITA will ensure that the investment is done only after approval by the Board that too after studying the safety and high returns from different banks. The major investment would be turning the fund into corpus fund, investing as Fixed Deposits, Bonds, Shares, mutual funds etc.

9.1.TIME FRAME FOR INVESTMENTS

The terms of investments will be indicated as follows:

Long term	-	2 to 6 years
Medium term	-	1 to 2 years
Short term	-	six months to 1 year

9.2.INVESTMENT REPORTS

The accountant will prepare investment Report as part of annual financial report and submit to the Director.

The detail will include the following information besides having the name of the Fund for which the amount is available for investment: -

Serial No.
Bank's Name
FD Number
Date of Deposit
Date of Maturity
Rate of Interest
Period
Amount Deposited
Interest
Amount on Maturity

Chapter -10

Legal Compliance

10.1.Income Tax Act 1961

ASMITA is a charitable and non-profitable organization having exemption from the Income Tax Act. ASMITA will file an annual return on or before 30th September of the calendar year for the fiscal year of March of each year.

10.2.Annual Return to the Income Tax Department

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

a) Form ITR V provided by the Income Tax Department
b) Audited Financial Statements
- Receipts and Payments Account
- Income & Expenditure Account
- Balance Sheet

c) Audit Report in form 10B certified by the Auditor
d) Certificate of Income & utilization u/s 11
e) Copy of certificate of registration under section 12A
f) Latest Governing Body Members List
g) Form 10 in the case of accumulation of fund for the utilization in upcoming years

10.3. Tax Deducted at Source (TDS)

The Income Tax Act requires ASMITA to deduct tax at source on taxable salaries paid to the staff.

a. Such Tax deducted at source will be paid to the Central Government within on or before 7th of the following month after the deduction of Tax in Challan ITNS 281
b. Quarterly Returns will be filed to the concerned department on or before 20th of the succeeding month.
c. Annual Returns for tax deduction from salaries will be filed in form no.24 on or before 31st May.
d. ASMITA will issue a certificate to all concerned staff for deduction/non-deduction of tax in Form no.16 within one month from the closure of the financial year.

10.4. Tax Deduction at source on payment other than salaries

Payments made other than salaries which are taxable and include payments like payments to contractors, professional etc. TDS will be also deducted on these payments as per the applicability under the income tax rules.

Form 16 A will be issued to those from the TDS is deducted on their payment within one month from the closure of the fiscal year or as per the request from the parties.

Rate of Tax

Rate of tax will be as per the rules under the Act.

10.5. Annual Returns

The annual return in Form no.26 will be filed on or before 30th of June, for the fiscal year ending 31st March of each year in the case of TDS deducted on the payments made to contractors, professional, technical services and rent payments.

10.6. Compliance related to 80G

ASMITA is exempted under 80 G of the Income Tax Act. It is the duty of the accountant to provide certificate of donation in Form10BD of the IT Act before 31st of May of the following year.

10.7. Notice from the Income Tax Department

Any notice received from the Income Tax Department regarding the income tax hearing by the income tax officer, income tax appeals, income tax appellate tribunal or high court or any other tax authority will be taken seriously.

The accountant will take charge of any such notice on issue and contact the Auditor or Tax consultant and attend to the issues till the appropriate completion and end results.

Chapter -11

Audit

11.1. Definition of an Audit

An Audit at ASMITA will be a systematic review of the financial transactions. The auditor will present a report to the management in order to help them to improve the accounting standards and practices.

11.2. The purpose of an Audit

An audit will safeguard the accountability standards of ASMITA and will certify the authentic financial status of ASMITA and will point out, if there are any deficiencies, malpractice or frauds. It will thus build confidence in the minds of the people connected with ASMITA whether they are Board Members, beneficiaries or the public. It will also be a means for legal compliance.

11.3. Definition of an Auditor

An auditor is a person who is qualified as a CHARTERED ACCOUNTANT within the meaning of the CHARTERED ACCOUNTANTS Act 1949. Only a person who is approved by the Institute of CHARTERED ACCOUNTANTS of India as a practicing auditor can certify the financial statement of ASMITA.

Any certification to the Government or funding agencies has to be obtained only from a qualified and practicing auditor. If it is certified by anyone else it cannot be an audited statement.

The auditor will be appointed by the Governing Body of ASMITA to audit the accounts of ASMITA. Every year the auditor will be appointed by the board.

11.4.Responsibilities of Auditor towards ASMITA

- Certified Financial statements
- Receipts & Payment accounts for the financial year ending
- Income expenditure Account the financial year ending
- Balance sheet as at the end of the year
- Auditors Report
- Management letter

11.5. Books. Records and Statements

ASMITA is to submit the appropriate books, records and report for audit.

Among other things, the following must be submitted for audit:

a) Books of accounts updated and closed
b) Vouchers and other supporting documents

c) Tallied Trial Balance
d) Tallied Financial Statements - Receipts and Payments Accounts; Income & Expenditure Account; Balance Sheet
e) Bank Reconciliation Statement & Bank statements
f) Details of TDS deducted and deposited
g) Cash withdrawal/Cash expenses details
h) Cheque register
i) Budget copies of the different projects
j) Various Grant letter from donors
k) Any other supplementary documents required for audit
l) Copy of the receipts

11.6. Possession of Original Documents

ASMITA will retain in safe custody all original documents including the following:

- Memorandum of association and bye-laws (Trust Deed)
- Certificate of Registration of Trust etc.
- Certificate of Registration u/s 12 A of the Income Tax Act.
- Certificate of Registration u/s 80 G of the Income Tax Act.
- CSR 01
- Certificate of NITI AYOG
- Assessment orders issued by the Income Tax Department on completion of assessment
- Cheque books/pass books, receipt books
- Complete bills and vouchers of the past 10 years
- Any other relevant financial records.

Chapter -12

Financial Calendar of ASMITA

SL.NO.	NATURE OF DEADLINE	DATE
2	Annual Budget 1st Draft	30th January
3	Annual Budget 2nd Draft	15th February
4	Annual closure of Project Disbursements	31th March
5	Annual Budget final draft	05thApril
6	Annual Closure of Accounts	31st March
7	Issue of TDS Certificates to Staff/Contractor/Professional/Rent	30th April
8	Annual Audit	30th June
9	Finalization of Audit with Director	10th June
11	Annual Return for TDS for contractors/professionals/Rent	30th June
13	Half yearly closing of accounts	30th September
14	Filing of Income Tax Return	30th September

****

Annexures: Forms and Formats

Annex - 1 – Advance Request Format

ASMITA

D64/137, Sigra, Near Sajjan Cinema, Varanasi, 221002 UP 788451098

Project Advance REQUEST

Date	
Project/ Centre Name	
Utilization Account Number	
Bank Balance as on the date of request (INR)	
Amount Requested (INR)	
Centre/Project In-charge	
Mobile number Centre/Project In-charge	

Details/Break-up of requested funds

Account code	Account Head/ Allocation	Details of Expenses	Estimated Amount (INR)
		TOTAL	

Submitted by – *Ac No -*
Signature – ________________
Date - ___________________

1. Bill Submission Statement

ASMITA CHILDLINE

D.64/137, VIDYAPITH ROAD, SIGRA, VARANASI U.P, INDIA-221003,

BILL SUBMISSION STATEMENT

For Fin. &accounts dept. use only	*Project Name*		*Project Code*	
			Account Code	

Date.........................

Names of the Person..Designation..

Name of theActivity/Event/ Visit etc. ....

....Date..................................

Acc. Code	Description/ Particulars of bills attached	Amount (INR)	
B.2.1			
B.2.2			
B.2.3			
B.2.4			
B.4			
B.5			
B.3.12			
	Total [INR]		

Amount (In Words): ....

....

Short Narration of Activity/Event/Visit etc.

....

....

....

....

....

Submitted by Name:	Verified Finance Dept.	Approved Director/AD

Advance Settlement details

For Fin. & accounts dept. use only	Advance taken (INR)		Balance amount received (INR)		
	Bills Submitted (INR)		Extra spent reimbursed (INR)		
	Balance (INR)		Balance (INR)		Signature Finance& Accounts Dept.

Supplementary Evidences/documents to be attached:

1. *Visit Plan/Schedule* **2.** *Short narrative report)***3.** *In case of unforeseen expenditure; copy of correspondence regarding the approvalof the same* **4.** *Other relevant supportings if any.*

2. Travel Statement

CHILD LINE 1098 NIGHT & DAY

ASMITA

D. 64/137, Vidyapeeth Road, Sigra, Varanasi, U.P., INDIA-221003

Project : CHILDLINE

BORN FOR THE MARGINALIZED ASMITA

STATEMENT OF EXPENDITURE FOR TRAVEL AND CONVEYANCE

Name of the Staff..

Child Name...Case ID..

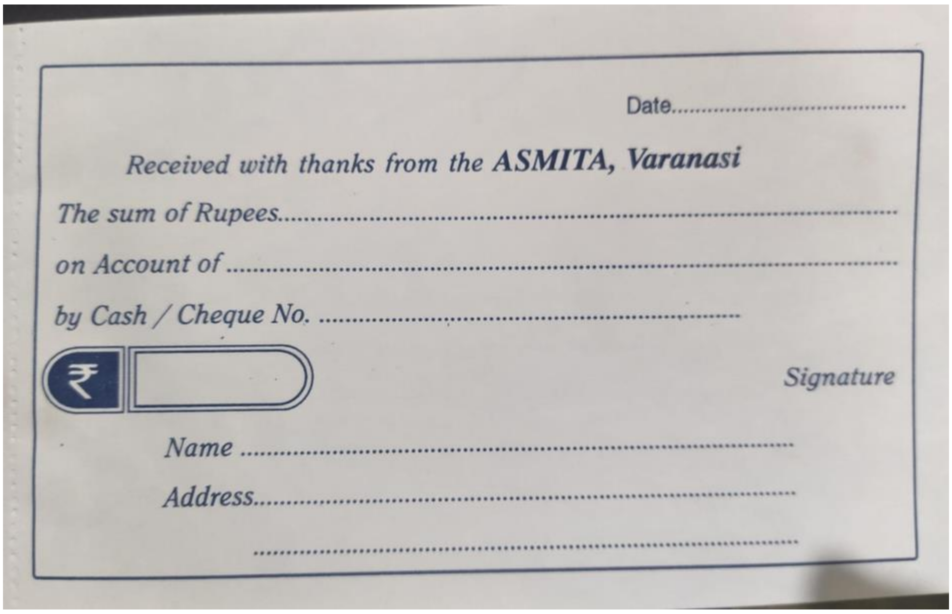
Purpose...

Category...Date...................................

Date & Time	From	To	Mode of Travel	No. of Person	Amount (₹)
				GRAND TOTAL	

Amount in words :..

Signature of Staff **Verified By** **Approved by Director / AD**



Date.......................................

Received with thanks from the ***ASMITA, Varanasi***

The sum of Rupees...

on Account of ....

by Cash / Cheque No. ....

₹

Signature

Name ....

Address...

....