

Make The World Wonderful Society Accounting Manual

INTRODUCTION:

Purpose of the Manual:

- The main objective of this manual is to record the procedures and policies practiced over a period and to standardize procedures in the needed areas of accounting and personnel functions.
- Stemming out of the “strategic planning” exercise, the need for this manual was considered critical for a more clearer vision of the policies and procedures to be pursued by all its core competency wings in executing their coverage area operations.
- With this objective, this manual, has been drafted to broadly cover functional areas of the Financial Management Systems.

Scope and Application:

- This manual is meant to manage the Internal Administration of the Make The World Wonderful Society.
- It is designed to deliver simple and lean procedures and guidance in the path of routine operations.
- In order that repetition is avoided and brevity is kept up, the recitals have been as precise as possible.

Exceptional Amendments:

- Imminent amendments as may be considered necessary may be made with the approval of the Board.

1. Part I – Finance & Accounts

1.1. Location:

Accounts of Make The World Wonderful Society shall be maintained at the premises from where the main activities are carried out. Presently, accounts are maintained from the office located at Kandlakoya, Medchal, Ranga Reddy.

1.2 Accounting Package:

Make The World Wonderful Society shall maintain its accounts using an off the shelf accounting package till such time that the need of a customized accounting software is felt. Presently, Make The World Wonderful Society uses the package

1.3 Chart of Accounts:

Make The World Wonderful Society shall not follow a coding system for the account heads used in accounting. The account heads used shall be in line with the budget heads sanctioned by different funding agencies. With regard to the transactions not pertaining to grant funds, Make The World Wonderful Society shall use suitable accounting heads generally used for each such transaction.

1.4 Books of Account

Books of accounts will be separate for Local funds and Foreign Contribution Funds. With regard to Local Funds, books of account for each fund will be maintained if insisted by the funding agency. With regard to Foreign Contribution funds, one Cash book and Bank book will be maintained for all the funds and a fund-wise ledger accounts will be maintained.

1.5 Financial Year:

Make The World Wonderful Society shall follow the April – March period as the financial year. The accounts and transactions shall be recorded in English.

1.6 Accounting Policy:

Make The World Wonderful Society shall use the generally accepted accounting policies and shall follow the cash basis. Make The World Wonderful Society may choose to follow any other basis of accounting in exceptional cases and also where it needs to do so owing to the requirement of the funding agencies.

1.7 Budgets Preparation and Periodic Budget Vs. Actual Analysis

Budgets for the Programs and Activities shall be prepared annually for the activities planned during the year, keeping in view the activities and budgets for the year sanctioned by funding agencies as well.

Analysis of Budget vs. Actual shall be made for every six months and the Core team, the Finance Department and the Program Staff shall act on it.

2. Bank Accounts:

2.1 Accounts

2.1.1 Make The World Wonderful Society shall open accounts in the banks which it chooses from time to time keeping in view the statutory provisions and the safety of its funds.

2.1.2 Opening, closing and operations of the bank accounts are carried out through the resolutions of the board.

2.1.3 FC Bank Account

The FC account shall be the one which is designated through the application made to the relevant department and specified by it in the registration certificate. If the circumstances warrant, this account shall be changed by applying and obtaining the permissions as provided in the FCRA. Also, if the need arises to open a separate account for any of the FC funds, the account shall be so opened and duly informed to the Ministry of Home Affairs. The account/(s) so opened shall be used exclusively to transact FC funds.

2.1.4 Signatories to bank accounts

The accounts shall be operated by joint signatures of a minimum of two persons, authorized to do so by the Board of Members of Make The World Wonderful Society.

2.1.5 Safe Custody:

Cheque books are kept under lock and key in the custody of person (s) authorized by the board.

2.1.6 Bank Reconciliation:

Reconciliation shall be prepared for all the bank accounts of the Society by 5th of each month. The BRSs shall be reviewed by a specified personnel and shall be dated.

2.1.7 Loans from Banks:

As and when needed the Society can take loans, either by pledging of its Fixed Deposits or by other means and all such loans can be taken with the authorization of the Society Board.

2.1.8 Annual Confirmation Certificates;

For all the bank accounts, Balance Confirmation Certificates shall be obtained as on the last date of the each financial year.

3. Cash Management

3.1 Payments & Balances:

- As far as possible, unless the situation warrants, payments may be made only through cheques.
- Cash payments may be made in cases where bills / claims do not exceed Rs.3,000 (Rupees Three Thousand Only).
- All other payments exceeding the above limit, shall be made by means of Crossed Account Payee Cheques only.

- In exceptional circumstances, payments may be made in cash towards bills / claims exceeding Rs.3,000 but not exceeding the maximum amounts specified by the statutes. All such payments shall be made by recording the reasons in writing and duly authorized by board or its nominee.
- Cash balance on hand shall not generally exceed Rs.15,000 (Rupees Fifteen Thousand Only) on any given date. Higher balance can be kept under exceptional situations, recorded in writing and approved by the board or its nominee.
- Comprehensive Insurance Policy, which also covers the cash balance in hand, shall be kept in force to mitigate loss due to theft, etc.

3.2 Safe Custody & Cash Control:

- Cash shall be kept under lock and key. The custodian of the cash shall generally be the accountant / cashier, as authorized from time to time.
- A daily cash balances book shall be kept wherein the closing balance of each working day shall be recorded. See Annexure 1 for the format.
- The cash shall be physically inspected by the Finance Manager / Accounts Officer / Authorised officer of the Society once in a week.
- Surprise checks and random checks may be carried out at the discretion of the Finance Manager / Accounts Officer / Authorised
- Officer of the Society any time.

4. Accounting Procedures:

4.1 Preparation of Vouchers:

Below mentioned vouchers shall be maintained:

4.1.1 Cash / Bank Payment Vouchers (PV):

PVs will be prepared in the format given in Annexure 2 for all cash and bank payments. The vouchers will be prepared by the cashier and the designated authority will verify the vouchers and the evidences attached with it wherever applicable and authorize. The cashier disburses the payments. The vouchers are entered into the accounting package by the Accounts Officer. Revenue stamps as needed by relevant statute shall be affixed and the payee's signature obtained.

4.1.2 Journal Vouchers (JVs):

For all non-cash and non-bank transactions, JVs will be prepared. The cashier prepares the JVs in the format given in Annexure 3. The JVs and the evidence attached with it are checked by the Accounts Officer, and the authorized signatory of Society shall authorize the same, whereupon the JV will be entered in the system.

4.1.3 Receipts:

Serially numbered manual receipts will be issued for receipts of Grants, Donations. The format of Receipts is given as Annexure 4 below. The designated Member shall be the custodian of the receipt books and who shall also sign on behalf of the Society on all the receipts issued.

For other receipts, like Cash drawn from the Bank, Interest credited by bank, Amount returned as settlement of advances, etc. credit vouchers (Annexure 5) are prepared, which shall be authorized by the Accounts Officer.

4.2 Advances

- 4.2.1 Program advances will be given based on the program advances requests, which shall be endorsed by the related program personnel and approved by concerned authority.
- 4.2.2 As a policy, no program advance shall be given while an earlier program advance is pending for liquidation. However, a second advance shall be given if warranted, after being approved by the concerned authority member.
- 4.2.3 Program advances shall be liquidated within one week after the completion of the activity for which the advance was sanctioned. Any delay in liquidation requires the reasons for delay being documented in writing and getting approved by the concerned authority member.
- 4.2.4 Program advances shall be used for the purpose for which they have been taken. If it is warranted that the advance taken is required to be used for purpose other than for which it is taken, approval of the concerned authority member is to be obtained and reasons for doing so shall be documented in writing.
- 4.2.5 Salary advances, subject to a maximum of three months' net salary, will be given, with the approval of the concerned authority.

4.3 Fixed Assets

- 4.3.1 Fixed Assets shall be procured in the name of the Society, unless specified otherwise by the funding agencies.
- 4.3.2 Fixed assets register shall be maintained with the details of date of purchase, particulars of invoice, vendor's particulars, cost of purchase, location, details of location shift.
- 4.3.3 For Assets received as donations-in-kind, the information required as per FCRA shall be recorded and also the procedure laid down in the Income-tax Act shall also be followed.
- 4.3.4 All the assets shall be given suitable serial numbers which shall depict the year of purchase and also the name of the respective funding agency, and the number shall be inscribed on the asset using durable paint.
- 4.3.5 Fixed Assets shall be physically verified and shall give details of the condition of the fixed assets as on that date. The person conducting the verification shall bring to the notice of the Society board about assets not traceable, if any and also the details of assets needing repairs or condemnation. The board shall initiate action based on such physical verification report.
- 4.3.6 Fixed Assets can be sold only with the approval of the Society Board that too by following due process of ascertaining the market/saleable value of the assets and at the terms and conditions favorable to the Society.

4.4 TDS and Advances Registers:

Subsidiary books for TDS and Program Advances shall be maintained. TDS register shall give particulars of the TDS made as required for monitoring and filing the specified periodical returns. Advances Register shall give particulars of advances including liquidations.

4.5 Stock Register:

At present, the volume of purchase of stationery and consumables does not warrant maintenance of stock registers.

4.6 Minutes Books:

Minutes books shall be maintained for:

- General Body Meeting
- Governing Body Meetings

4.7 Fixed Deposits Register:

A register shall be maintained for the Fixed Deposits of the Society showing the Date of Fixed Deposit, Serial No., Name of the Bank, Amount of Deposit, Date of Maturity, Interest Received, Details of Renewal and Details of Proceeds

4.8 Audit:

- The Society shall be subjected to statutory audit by a Chartered Accountant / a firm of Chartered Accountants who shall be appointed in the Governing Body Meeting.
- As at present the internal audit is not mandated, the statutory auditor will be requisitioned to carry out the audit of the books once in six months as part of the statutory audit itself. Management Letter shall be obtained for such audits and the Society shall carry out the recommendations and corrections pointed out therein.
- As and when the need for internal audit is felt, the Board shall appoint suitable auditors to carry out the function after fixing an appropriate Terms of Reference.

5. Payments to Board Members:

- The Board Members shall not be paid any remuneration by whatsoever name called for discharging their duties as Board Members. They shall not be accorded any direct or indirect benefit out of the funds of the Society or the properties of the Society, if any.
- If any of the Board Member, apart being a Board Member, also provides his/her services in a particular position for any of the programs funded externally, he/she shall be paid the

remuneration for the said position as approved in the sanctioned budget by the respective funding agency. The funding agency shall be informed about the Board Member providing service in the said position.

- The Board Members shall be compensated for all the expenses incurred by them in connection with the discharging of their duties as Board Members.

6. Conflict of Interest:

No Board Member shall act in any way which can be construed as being in "Conflict of Interest" vis-à-vis his/her position as a Board Member.

7. Purchase and Procurement Procedures:

- For all Purchases and Procurements, including Services, for an amount exceeding Rs.10,000, comparative quotations shall be obtained from three reputed vendors.
- The Quotations so obtained shall be analyzed by a Purchase Committee.
- The Purchase Committee shall be constituted for the said Purchases and Procurements.

- The Purchase Committee shall have three constituents:

- The Purchase Committee, after taking into consideration all the related issues, shall, in written form, recommend one of the Vendors to the Authorization team. The Authorization team shall, taking into consideration the recommendation of the Purchase Committee, shall finally approve the Vendor.

- Purchase Orders / Work Orders shall be issued to the selected Vendors listing out the terms and conditions.

8. Travel Expenses:

- Local Travel (Conveyance) shall be paid, after ascertaining the reasonability of the amount claimed, against submission of supports like bus tickets, petrol bills, etc. For auto expenses claimed, the support enclosed should contain the registration No. of the Auto.

- For Outstation Travel, the reimbursement of expenses shall be as follows:

Train/Bus/Taxi/Air fare	Actuals, basing on supporting bills and tickets.
Lodging	Actuals, basing on supporting bills and tickets.
Local Travel expenses at the place visited	Basing on a detailed statement and with supports applicable for local travel mentioned above.
Food Expenses	Food expenses shall be paid on Per-Diem basis which shall be fixed from time to time keeping view the position of the staff and place of visit.

9. Program Related Expenses:

All Program related expenses shall, apart from the bills, be supported by the report of the activity, photographs, participants list and all other such documents which shall help in establishing the actual carrying out of the activity.

Annexure No. 1

Daily Cash Balances Book

Date:

Location:

Denominations:

S.No.	Denomination	Nos.	Amount
1	Rs.1000		
2	Rs.500		
3	Rs.100		
4	Rs.50		
5	Rs.20		
6	Rs.10		
7	Rs.5		
8	Rs.2		
9	Rs.1		
10	Coins		
11	IOUs		
	Total		

Details of Soiled notes included in the above:

Cashier / Accountant

Verified

Annexure No. 4

Make The World Wonderful Society

Survey No:48, Gandhi Maissama Road,
Kandlakoya Village, Medchal - 501401
Hyderabad, Telangana, India.

RECEIPT

Date:

Received with thanks from _____

Sum of Rs. _____ Rupees

_____ through Cash/DD/Cheque

_____ Dated: _____ towards

Receiver Signature

Annexure No. 5

Format of Credit Voucher

Name of the Organisation

Make The World Wonderful Society

Survey No:48, Gandhi Maissama Road,
Kandlakoya Village, Medchal - 501401
Hyderabad, Telangana, India.

Voucher No.

Date:

Credit Voucher

Accountant

Authorised Signature

Receivers Signature