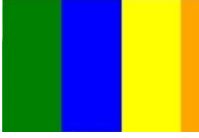
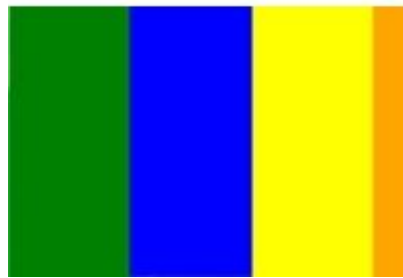


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Accounting Policy & Procedures Manual

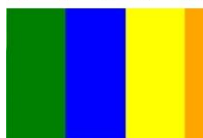
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Pandit Jagat Ram Memorial FORCE Trust

Accounting Policy & Procedures Manual

Version 3.0 –October 31, 2020



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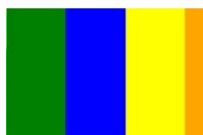
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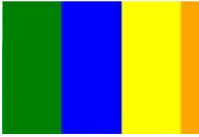
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Accounting Policy & Procedures Manual

CHAPTER ONE

INTRODUCTION

1.0 Purpose of the Manual

This manual has been prepared to document the internal accounting procedures of **Pandit Jagat Ram Memorial FORCE Trust**.

Its purpose is to ensure that assets are safeguarded, financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in the management of the TRUST's fiscal operations are expected to uphold the policies in this manual.

It is the intention of **FORCE** management that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

All employees, projects and programs run by **FORCE** are expected to follow the prescribed financial management procedures as described herein.

1.1 Stakeholders of the FORCE Accounting Manual

The major users of the **FORCE** accounting manual include the under listed officials.

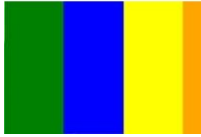
1. Internal **FORCE** Team

- a. Management
- b. Accounts Office
- c. Internal Audit
- d. All Employees

2. Strategic Partners

- a. Funding Agencies
- b. Corporate Sponsors

3. External Auditors



Accounting Policy & Procedures Manual

1.2 Needs of Stakeholders of Manual

- As already indicated, management and employees of the **FORCE** will be guided and directed by the manual in their accounting transactions, procedures and reporting.
- For the Registrar of Society, Auditor General, Strategic Partners and External Auditors it will help in assuring that procedures therein are adhered to.

1.3 Changes to the Accounting Manual should be under periodic review to reflect the changing circumstances and financial information needs of the auditors and Donors.

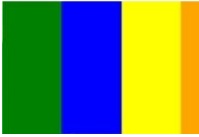
The Management Committee and Accounts department are expected to submit recommendation for effecting such changes.

1.4 Financial Year

The financial year of FORCE shall be the same as that of the Indian Government (i.e. from April to March).

1.5 Duties of the Head of FORCE Accounts

- Organize and coordinate accounting activities of the **FORCE** Head Office.
- Attend regular management meetings and holds regular meetings with the Accounting personnel to brief them on relevant matters arising out of management meetings.
- Allocate schedule of duties to various officers in the Accounts office.
- Ensure that financial management systems improvements initiated by management, Donors and Auditors are implemented.
- Give financial advice to Management, Project Coordinators and other senior staff.
- Monitor revenue and expenditure and other commitments to ensure they are within budget.
- Authorize payment vouchers.
- Ensure that the books of accounts and other accounting documents are well kept.
 - That, entries in cashbook ledgers and registers are properly made.
 - That, expenditures are properly captured in the expenditure records.
 - That, daily cash balances are reported completely and accurately.
- Prepare and forward monthly and quarterly reports and financial statements to the management, donors and auditors.
- Ensure that Bank Reconciliation Statements are prepared for all accounts.
- Assist in the budget preparation of **FORCE**.
- Perform any other duties that may be assigned from time to time by the Management.

**CHAPTER TWO****THE ACCOUNTING SYSTEM****2.1 General Structure****2.1.1 Objectives**

The Accounting System seeks to:

- a. Provide machinery for recording financial transactions in such a manner as to comply with legal and other statutory requirements.
- b. Provide suitable information to management for day-to-day management of the **FORCE** Head Office.
- c. Assist in planning both for short-term and long-term.
- d. Establish internal control measures to safeguard assets of **FORCE** and ensure the completeness, accuracy and reliability of the records.

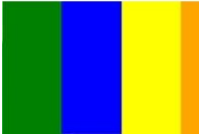
2.1.2 Basic Elements

The Accounting System consists of 4 primary elements. These elements are as follows:

- a. Transaction data from source documents such as invoices, travelling and transport claim, store issue vouchers, etc.
- b. Processing of input data into a form suitable for storage and retrieval for computation, analysis and summaries.
- c. Storage device for holding data for long period, example ledgers, pen drives, Fixed Asset Register, etc.
- d. Reports and listing of data held in storage manipulated according to specific rules.

2.2 Accounting Policies**2.2.1 Basis of Accounts**

- a. FORCE will maintain its transactions using the accrual basis of accounting.
- b. Historical Cost: The Accounts are prepared under historical cost.
- c. Receipts: Receipts are recognized when released by the donors.
- d. Capital Expenditure: Capital Expenditure is capitalised on acquisition and recognised as capital expense.
- e. Inventory: Materials purchased for use in projects are expensed when paid for. Unused stocks are therefore not capitalised.
- f. Quarterly Bank Reconciliation should be done for all the Bank Accounts. Bank Balance certificates / updated pass book shall be obtained from the Banks as on the date of closing



Accounting Policy & Procedures Manual

of the books of accounts for the quarter and the copy of the same shall be available for verification.

2.3 Receipts

2.3.1 Objective

To ensure that all receipts and other amounts due to FORCE are completely and accurately recorded and accounted for.

The amounts received will be deposited in the designated bank accounts as per the requirements of donor and other statutory compliances.

2.3.2 Sources of Funds

Sources of funds include:

- a. State & Central Government departments
- b. Foreign / Indian Funding Agencies
- c. Corporate donors
- d. Others

2.3.3 Receipt Recognition

Amounts released by the Government departments and receipt from donors form the basis for receipt recognition.

A numbered receipt will be issued for all such receipts, whether donor or beneficiary.

2.4 Expenditure

2.4.1 Objective

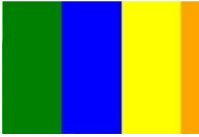
To ensure that:

- a. Expenditures made are for the benefit of the Programme.
- b. Payments are authorized and related to approved expenditures.
- c. The transactions are completely and accurately recorded.

2.4.2 Expenditures

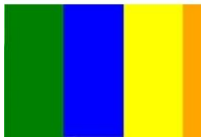
Expenditures and payments are grouped into:

- a. Salaries: Basic pay and allowances.



Accounting Policy & Procedures Manual

- b. Administrative Expenses: such as utilities, office cleaning, office consumables, printing and stationery, travel and transport, maintenance, periodicals, project related expenses,
- c. Service Expenses: training and conference cost, travel and transport cost on monitoring, consultancy fees and feeding cost.
- d. Project expenses: such as rain water harvesting projects, maintenance of rain water harvesting structures, sponsored project expenses etc.
- e. Investment Expenses: such as computers, equipment, furniture and vehicles, etc.



CHAPTER THREE

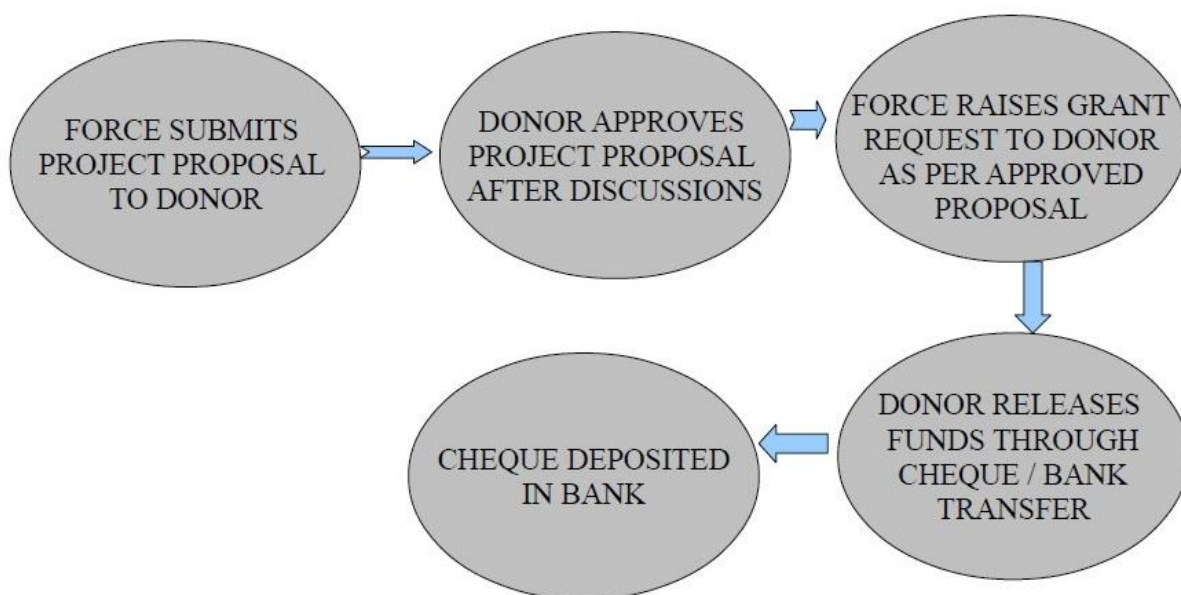
RECEIPTS

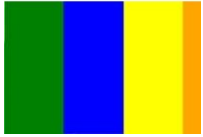
3.1 Request for funds is done based on budget / project approvals received from the donors.

The required procedure to be followed by the FORCE to access funds for administrative and investment purposes are outlined below.

3.1.1 General Procedure (Requesting for Administration Fund)

1. Request for funds by **FORCE** President raising a Grant Request to the donor.
 - a. Copy of the Grant Request is given to accounts for posting an invoice entry in the accounting system.
 - Debit Donor
 - Credit Grant Request
2. Release of funds by donor by way of cheque or direct transfer to the Bank account of **FORCE**.
3. If payment received by cheque, **FORCE** deposit cheque at bank.
4. Accounts department makes bank receipt entry in the accounting system.
 - Debit Force Bank account
 - Credit Donor





3.2 Data Capture

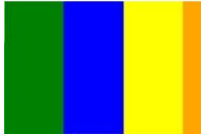
Pay-in-slip is the source of receipt of funds.

Treatment of Pay-in-Slip

- a. Captured in bank book / account.
- b. Filing of photocopy of cheque and supporting documents.

Responsibility Chart

Task	Responsibility
Deposit	Accountant/Delegate
Application for funds	FORCE President / Delegate

**CHAPTER FOUR****PAYMENTS****4.0 Policy**

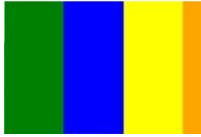
- All cheques are signed by the President **and** the Treasurer **or** Secretary
- Payments shall be made against Bills/Invoices only duly approved by the authorized personnel.
- Payments shall only be authorized after verification of proof of receipt of Materials/performance of activity.
- All payments are to be made only after the approval of the FORCE President.
- Payments to vendors will be made only on Saturdays.
- Salary Payments to the employees will be made on the 7th of every month.
- Expense payments / advance payments will be made to employees on Mondays subject to the claims / advance requests being received by the Accounts department by the preceding Wednesday.

4.1 General Payments including expense reimbursements

All approvals for payments for expenses and vendors will be given strictly governed by the Office Order # 001/ACS/12092018/v1 dated Sep 17, 2018 – Annexure 1

4.1.1 General Payment Procedure**i. For vendor payments:**

- i. Indenter / Project Engineer / Project Coordinator receives the bill from the vendor and attaches relevant documents in original such as work order, work in progress or work completion certificate duly certified by the person in charge of the Project and also the Project Engineer – Payment Certificate Sheet Format – Annexure 2
- ii. The bill is then handed over to the Accountant along with the updated Payment Certificate from Indenter where applicable.
- iii. Accountant raises Manual Journal Voucher (MJV) to the Accounts Head / Project Head
- iv. Accountant makes a MJV for TDS deduction as applicable and immediately ensures the TDS payment for the invoice received before the due date.
- v. All supporting documents except the invoice, shall be attached with payment vouchers. The invoice will be attached with the JV.
- vi. Payments to vendors will be made only through cheque / draft / NEFT transfer.



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- vii. Advance / subsequent payments will be given to the vendor strictly as per the terms of the PO / Work Order.
- viii. Advances given to Party/Supplier for purchase of goods and services should be adjusted within 30 days.
- ix. No payments will be given to a vendor if Work Order / Purchase Order has not been raised and authorized by the competent authority.
- x. Accountant makes a Manual Payment Voucher (MPV), gets it authorized and has the cheque made. The same is then posted as a Payment Voucher in the accounting system.

b. For payments to employees:

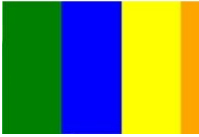
- i. attached to MJV should be the expense claims, bills and other relevant documents such as Expense Indent Approval from in original.
- ii. Project Head / Project Director minutes on MJV (certifies)
- iii. Approval is given by President
- iv. Accountant posts the MJV in the accounting system and files the papers in the JV File along with the JV printed through the Accounting System
- v. Accountant prepares, certifies, and makes MPV and forwards to the President / Treasurer for payment.
- vi. Attached to the MPV should be the copy of the approved MJV and the printed JV.
- vii. President approves the payment
- viii. Accountant hands over the payment to the employees and get their signature on the receipt / Manual Payment Voucher and posts the same in the accounting system.

ALL VENDOR PAYMENTS WILL BE MADE ONLY ON SATURDAYS

ALL PAYMENTS TO EMPLOYEES (except salary) WILL BE MADE ONLY ON MONDAYS & THURSDAYS, PROVIDED THE EXPENSES / ADVANCE REQUESTS HAVE BEEN SUBMITTED TO THE ACCOUNTS AT LEAST THREE DAYS EARLIER.

4.1.2 Salaries/Allowances

1. Accountant prepares allowances/salaries (These include transfer letters, schedules, tax and bank advice) based on the attendance record.
2. Accounts Head / Project Director signs the salary sheet.
3. President signs and authorizes the salary sheet.
4. Accountant prepares JV, certifies and forwards Manual Payment Vouchers (MPV) to President / Treasurer along with the cheque for approval and signature.
 - a. Attached to the cheque and the MPV should be the copy of the approved Salary sheet.



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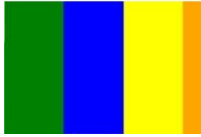
5. Treasurer / Secretary signs cheque.
6. President signs cheque
7. Accountant issues cheque and posts the payment voucher in the Accounting system and takes print of the Payment Voucher from the system and files appropriately.

4.1.3 Advances to Employees

Advances to employees for expenses will be given strictly as per the Office Order # 001/ACS/12092018/v1 dated Sep 17, 2018 – Annexure 1

4.1.4 Other General Guidelines

1. Contingent cash float to be maintained at the office for maximum of Rs.20,000/-. A Cash register should be maintained to account for the cash on daily basis. Verification of the Cash register with the actual cash should be done on every Monday and signed by the Accountant and Treasurer / President.
2. Advance given to employees would be subject to maximum of 50% of the individual's monthly remuneration and should be adjusted within two months and no advance should be given to the employees without adjusting/recovering old advances. Exceptions, if any, shall be documented through Decision Logic Note, detailing the reasons and must be sanctioned by the authorized person at the controlling office of the organization

**CHAPTER FIVE****PROCUREMENT PROCEDURES****5.0 Procurement Policy**

- All procurements should be approved by the President
- The procurement system must ensure value for money in the procurement of goods, services and works.
- The procurement system aims at procuring goods, services and works of the right quality, at the right price, at the right time and at the right place through an open competitive tendering process.
- The use of funds in the TRUST's activities must be conducted in a transparent and open manner, allowing stakeholders access to information on procurement actions by the TRUST as well to control and audit all procurement cases.
- All Purchase Orders/Contracts issued shall be complete in terms of quality, quantity and rates and shall be numbered serially.

5.1 Procurement of Goods

5.1.1 Definition of Goods: Goods means objects of every kind and description including raw materials, products and equipment, as well as services incidental to the execution of projects and smooth running of the TRUST.

5.2 Procurement Methods:

Methods that can be used in the procurement of goods include:

- Competitive Tendering
- Single Source (Direct Procurement)
- Request for Quotations (RFQ)

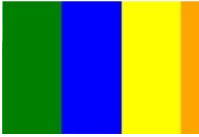
5.2.1 Competitive Quotation:

Competitive Quotation is appropriate for procurements valued at INR 50,000 and above.

5.2.2 Single Source:

Single source procurement from a supplier without competition (direct procurement) is subject to a specific approval being granted by the Procurement Board.

Single source procurement is appropriate when:



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- The purchase is for urgently needed products, provided this is restricted to the minimum quantity to meet the urgent need until a purchase by other methods can be fulfilled; or
- The requirement can only be supplied by one source for physical, technical or policy reasons.
- This procurement method can be used only for purchases for less than INR 50,000.

5.2.3 Request for Quotations

Suppliers (at least three) are required to present price quotations which are compared. This ensures competitive prices are chosen.

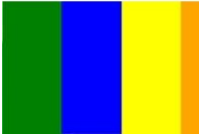
5.3 Procurement Process

5.3.1 (Goods valued below INR 50,000)

1. Obtain formal request for items from the needy department.
2. Check for the availability of products.
 - a. If in stock, supply to the needy department.
 - b. If not in supply, the under listed steps:
3. Memo is written to the Project coordinator.
4. Project Coordinator approves memo and forwards it to the designated purchase officer for making the purchase.
5. Goods received are duly entered in the Stock register.
6. Good are issued to the needy department against Material Issue Receipt and entry made in the Stock register.

5.3.2 (Goods valued above INR 50,000)

1. Obtain formal request for items from the Procurement plan or needy department.
2. Check for availability of funds/source of funding for the product(s).
3. Prepare the bidding document and Clearly specify quantity, unit size and specification of Products.
4. Provide Request for Bid identification number.
5. Call bids from at least 3 vendors
6. Bids must be received on the letter head of the vendor.
7. Constitute Evaluation Panel to evaluate submissions, negotiate terms and prices and make recommendation for award.
8. Submit evaluation report to Tender committee for approval.
9. Award contract on receipt of approval from tender committee.
10. The contract will be awarded as a Work Order / Purchase Order duly signed by the Program Manager, Accountant as witnesses and the President as the Authorized signatory.



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5.3.3 Procurement Process (Goods valued above INR 50,000 and Proprietary in Nature)

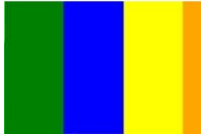
1. Obtain formal request for items from the needy department.
2. Check for the availability of products.
 - a. If in stock, supply to the needy department.
 - b. If not in supply, the under listed steps:
3. Memo is written to the Project coordinator.
4. Project Coordinator writes officially seeking approval from Procurement Review Board for Sole Sourcing.
5. Based on approval, formally inform the supplier about the Quantity, unit size and specification of product required.

5.4 Delivery of Items

1. Storekeeper and User Department checks the quantity and quality (specifications) of goods supplied with the PO.
2. Prepares Received Advice.
3. Attaches copy to invoice and waybill.
4. Forwards it to the Accounts Department.

5.5 Procurement of Service

Same process to be followed as in case of procurement of Goods.

**CHAPTER SIX****PETTY CASH**

6.1 Definition of Petty Cash: Petty cash is an imprest fund that is used only for expenditure of an incidental nature.

An imprest fund is a fund established for a fixed amount that is replenished in the exact amount expended from it.

6.2 Policy:

- Petty Cash imprest limit is INR 5,000.00.
- The Accounts Department is responsible for the proper safeguarding of petty cash monies for the TRUST
- The petty cash custodian/handler (usually an Accounts Officer), under the supervision of the Senior Accountant, is personally responsible for the cash which was specifically issued to him/her. Therefore, access to the fund must be limited to the custodian.
- The disbursement from petty cash funds must be properly documented and for a valid business purpose.
- Petty cash fund must be kept separately from all other funds.

6.3 Purpose of Petty Cash

The petty cash fund is established in the Office to improve the efficiency of the operations. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual procurement methods.

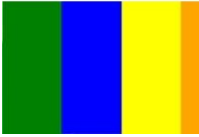
6.4 Restrictions on Use

The petty cash fund cannot be used to:

- a. Purchase goods currently covered by the TRUST's negotiated contract.
- b. Pay personal services that will be considered either wages or independent contract payments.
- c. Pay travel expenditures, except for local travel.
- d. Make personal loans or salary advances.

6.5 Maintaining the Fund

1. The cash should be kept in a locked drawer or cabinet with the key in the custodian's possession.
2. A Petty Cash Receipt Form must be used to document the disbursement of cash.



Accounting Policy & Procedures Manual

- a. The form must be supported by original receipts.
 - b. For reimbursement of business meals (i.e. Refreshment meetings and workshops) the names of the individuals in attendance, the meeting's purpose, date, and place of meeting must be clearly stated on the Petty Cash Form.
 - c. The individual receiving the payment must sign the Petty Cash Receipt Form to acknowledge the receipt of cash.
3. The receipts, plus cash on hand, should equal the amount of the fund at all times.
 4. The fund is subject to audit at any time without prior notice.

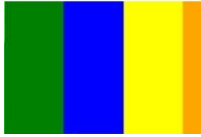
6.6 Petty Cash Procedures

1. A memorandum justifying the need for a petty cash for purchase should be issued by the needy department.
2. If approved by the accounts department, a Payment Authorisation Form is attached to the Request Memo and forwarded to the Accounts Head.
3. The Accounts Head Deputy recommends approval by the President
4. Approval by the President
5. Cash is paid to the person requesting the petty cash payment

6.7 Reimbursement Procedures:

Reimburse a purchaser –

1. The custodian of petty cash needs to:
 - a. Verify that the Department required the purchase.
 - b. That it was a proper petty cash fund purchase.
 - c. That the Department actually received the purchase.
2. Secure proper receipt or itemized bill / invoice marked "Paid" from vendor.
3. Reimburse the purchaser from the fund.

**CHAPTER SEVEN****ACCOUNTING FOR FIXED ASSETS AND STORES****7.1 Fixed Assets****7.1.1 Objective**

- To control the acquisition and disposal of fixed assets and ensure their security and proper use.
- To ensure that fixed assets are properly accounted for.

7.1.2 Responsibility

The Head of Accounts is responsible for the complete and correct recording of details on fixed assets.

7.1.3 Acquisition

Acquisition of fixed assets may be through annual budgets of the TRUST or through donations.

The purchasing procedure is as described under procurement.

7.1.4 Cost

The cost of an asset is the total expenditure incurred to bring the item to its present location and condition which comprise of the purchase price (per invoice) and any directly attributable cost.

7.1.5 Marking of Assets

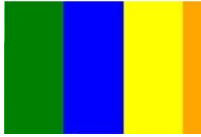
On receipt, the asset should be given a unique identification mark with indelible ink/paint.

The marking should be alpha-numeric to show the following initials of the TRUST:

- Unit;
- Asset Class;
- Location; and
- Serial Number

7.1.6 Fixed Assets Register

A Fixed Assets Register is kept facilitating monitoring and control of assets in use and the



following particulars provided:

- Description;
- Marks;
- Supplier;
- Location;
- Cost and
- Remarks.

7.1.7 Disposal

An asset may be disposed off after the proper authority has been sought.

Disposal may be by scrap, sale, write off or destruction.

7.2 Stores

7.2.1 Objective

- To maintain a system of control over receipt, custody, issue and security of stocks.

7.2.1 Functions

Store keeping functions include:

- a. Maintaining the stores in a tidy manner.
- b. Accepting goods and raising Stores Receipt Advice (SRA), Goods Receipt Notes.
- c. Correct positioning of stocks and issue of bin or tally cards.
- d. Checking that bin card quantities agree with physical quantities all the time.
- e. Issuing goods out on proper authority on receipt of approved requisitions and issuing stores Voucher.
- f. Advising on obsolete, damaged and slow-moving stocks, and
- g. Raising requests for stock replenishment for common user items.
- h. All issue of materials shall be made on the basis of written requisition duly approved by authorized person.
- i. Material receipt and issue notes in a standard format shall be maintained to record receipt and issue of materials and the same shall be signed respectively by the person receiving the goods or by the person to whom the goods are issued.
- j. Stock register shall be maintained giving item wise details of materials received/ issued and balance of stock on daily basis. The book balance must tally with the physical balance.