

OPERATIONAL MANUAL

[Policy And Procedure]



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This Operational Manual is designed to:

- Provide reference material to management and staff on standard accounting procedures.
- Provide a clear direction for internal control procedures.
- Provide a clear guidance for handling and reporting of financial transactions and thereby improving accountability.
- Provide a clear manual for the type of accounting records to be kept.
- Serve as a reference document for the users.

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1. BACKGROUND:

1.1. Brief Introduction About PASDO:

Participatory Action for Sustainable Development Organization (PASDO) is a Voluntary, Non-Profitmaking Organisation registered under Societies Registration Act (1989) Manipur in the year 1997 and under FCRA (1976). With a strong belief in the power of the People's Participatory Action, PASDO was formed by committed social activists, experienced community leaders and grassroots workers to facilitate and support participatory actions for sustainable development. It is an offshoot of analysis of experiences of the members with the existing development approaches and process which have rather made people dependent and powerless. PASDO was formed to respond to this issue and is the initiative and effort to facilitate empowering community development process.

1.2. Vision:

PASDO's vision is "A self sustained, empowered, humane and peaceful society."

1.3. Mission:

PASDO's mission is to support and strengthen people's action for achieving sustainable development through awareness campaign, workshop, training & exposure, networking & advocacy and supporting implementation of related project.

1.4. Aims And Objectives Of The Organisation:

Long Term Objectives:

- To support, capacitate and facilitate local people to enhance human resources and leadership for community survival and sustainable development initiatives and actions.
- To strengthen and empower women for effective participation in decision making processes.
- To mobilize and support people's action for sustainable livelihood, sustainable resource management and just social structure which is free from inequality, domination, exploitation, corruption, violence, fear etc.
- To mobilize community action for child rights, human rights and peace
- To organize and network with women groups for their overall empowerment
- To organize & promote different centres and services related to women and children, people living with HIV/AIDS etc. for protection and promotion of their rights.
- To promote and establish Demonstration Centre on Appropriate Rural Technologies etc.

- To organise Vocational Training/ Entrepreneurship Development Training and support projects in improved and appropriate technologies for increasing local productivity and sustainable livelihood.
- To collaborate / network with Non-Government Organizations, Government Agencies and Community Based Organisations in genuine development initiatives and activities for good governance, peace and sustainability in the region.
- To promote local actions on biodiversity conservation and sustainable natural resource management.
- To promote health of the community through programme on empowerment and services of persons with health related issues.

Short Term Objectives:

- Empowering Women through capacity building and skill development training for ensuring food and livelihood security and self-sustained economy.
- Communitization of Education for ensuring children's right to free, compulsory, quality education
- Strengthening community's action for promotion and protection of child/human rights and peace education in the community
- Promoting community based intervention for prevention of HIV/AIDS, STI transmission and for empowerment of people living with HIV/AIDS.
- Strengthening community's action on Bio-diversity conservation, natural resource management and sustainable environment.
- Networking, alliance building and advocacy

2. STRUCTURE:

2.1. The 'Organisation' constitutes the following positions:

The General Body having 20 founding members

The Executive Committee having 9 members

Sub-Committees Viz: Finance, Property and Personnel Committee

Project Director/Executive Secretary

Programme Staff and

Project Coordinators/Manager/Supervising Officer
Asst.Coordinators,

Community/Cluster Coordinators/ Nurse
Outreach Worker

Peer Educators/Volunteers

Administrative Staff

Sr. Accountants

Jr. Accountant

Driver,

Helper / Care taker

2.2. The Present Executive Committee Members are as follows (2019-2022) :

Sl.No. Name & Add.	Occupation	Designation
1. Mrs.Ringyuchon Vashum, Talui Village ,Ukhrul	Social Activist	President
2. Mr.KS.John Khavangpam Kazipphung, Hungpung, Ukhrul.	Retd. ZEO,Ukhrul	Vice-President
3. Mr. Gajendra P. Mohanty 6 th MR Road,Dungrei, Hungpung ,Ukhrul	Social Services	Project Director
4. Dr. Ngahorshai Luithui, Hamleikhong, Hungpung, Ukhrul.	Veterinary Services	Treasurer
5. Ms.Khansingphi H.Mohanty, 6 th MR Road, Dungrei ,Hungpung, Ukhrul	Social Activist	Executive Secretary
6. Ms.Janeth Hungyo Former Principal, Pakshimi H/S, Ukhrul	Social Services	Member
7. Ms.Wonthing Shimray Ringui village, Ukhrul	Education Services	Member
8. Mr. Anot Hongray	Education Services	Member
9. Ms. Hori Rungsung	Social Activist	Member

Any other critical positions which may not be part of the organisation operations but the inputs may be required, from the organisation view point:

- Consultants
- Technical Advisors
- Specialist

If needs be regular updates can be done on the Organisational Structure at specific time intervals.

3. FINANCIAL YEAR:

The organisation shall follow the financial year as per the Income tax Act, 1961 which is starting April and ending March.

4. STANDARDS TO BE MAINTAINED:

4.1. General

The Organisation shall follow cash basis accounting system.

It should be made known to all staff that accountability is a joint responsibility and does not rest solely with the accountant.

4.2. Activity Based Accounting

The Organisation shall follow Activity based Accounting. The concept of activity based accounting would include activity planning, activity based costing and reporting would need to be followed. This would help track expenditure against each individual activity and help identify cost effectiveness of each individual activity. A financial MIS would be in place to assist decision making and maintain a regular check on day to day spending.

5. ORGANISATIONAL:

The Organisation shall maintain clear lines of control and communication.

5.1. The minutes of all official meetings held such as Executive Committee and Sub-Committees meeting, General Body meetings, internal staff meetings, meetings with consultants etc. should be documented and preserved for future reference. The format for recording the minutes of the meetings is provided as **Annexure 1**.

The organisation will maintain mail dispatch and receipt record.

All records shall need to be maintained for at least 6 years (or suitable period as decided by the organisation) after the completion of the project for inspection by authorised representatives.

6. PROCEDURES:

6.1. Accounting Procedures

Maintaining Accounting Trail

Every transaction would need to be traced back and forth since the account books are maintained in a set pattern. The trail is as follows:

Expense ----- Cash memo ----- voucher ----- cash book ----- ledger ----- final accounts ----- reporting

Hand in hand with an accounting trail, we can trace what we can call as a programmatic trail.

Programme plan with cash flow ----- activity to be performed ----- authorisation from the programme head for the expense related to the activity ----- perform the activity ----- maintain the relevant programme records ----- report to the stakeholders and authorities.

The accounting trail is important as it helps to check/countercheck expenditure incurred/ activities done and thus helps in maintaining a transparent system.

The Organisation will maintain its accounts in the double entry system of accounting. The accounts are maintained as per the standard accounting practices prescribed by the Institute of Chartered Accountants of India and follows cash basis of accounting.'

7. CASH:

Cash Account and Transactions

Cash transactions are to be resorted only for petty expenses and when /where banking facilities are not available. As per Income Tax Rules, no claim exceeding Rs.20, 000/- should be settled through cash payments. These should invariably be by account payee cheques only. As a matter of procedure and control, the attempt should be to minimise the number of cash transactions.

7.1. Daily Cash Balance

The denomination of the closing balance of the cash should be entered on a regular basis and signed by the Cashier. This register/record is to be maintained from the beginning of the financial year through out the financial year.

Maximum and minimum cash limits needs to be fixed looking at the nature of transactions, locational aspect and on case to case basis.

7.2. Withdrawal of Cash from Bank

- The Cash Withdrawal Form/Money Indent in **Annexure 2** to be filled up and signed by the staff handling cash.
- Generally it should be replenishment of cash. In case of some specific requirements duly authorised requests should be attached with the withdrawal form.
- The authorised persons must verify the requirement before signing the cheque for Withdrawal of cash.
- The signature of the person presenting the cheque and receiving the cash should be attested on the back side of the cheque by one of the authorised signatories.
- A Cash Receipt (Contra) voucher to be prepared and accounted for by the Accountant on the same day.
- The Cash book should be updated for receipt of the Cash.

7.3. Cash Payments

- Cash payments will be made only after preparing the Payment Voucher.
- The Voucher **has** to be approved by the competent authority before payment.
- The Payee must sign the voucher for having received the payment or provide Stamped receipt acknowledging the payment received.
- In case the authority is not present, the voucher must be verified/approved by any other person authorised to do so by competent authority (apart from the custodian of Cash).
- As per Income Tax Rules, no cash payment of more than Rs.20, 000/- shall be permitted.
- All cash payments exceeding Rs.5,000/- should be receipted with a revenue stamp. For the voucher in name of staff no revenue stamp is required.
- As far as possible, the number of cash payments has to be reduced by

converting settlements through cheque payments.

7.4. Cash Verification

- The designated authority should physically verify the cash balance occasionally and compulsorily at the end of regular interval.
- The Cash Account record should be signed by the person handling the cash and the person in charge of finance as and when the physical verification of cash is carried out.
- Any discrepancy noticed during the physical verification should be recorded and reported in writing to the person concerned immediately.

7.5. Controls to be exercised

- Third parties should not be allowed access to the cashier or the safe. Cash should be paid to them in the front office.
- Cash is handled by designated person who are responsible for it. In the absence of designated person who is responsible to handle cash, it should be handled by other staff member from accounts/administration department who is authorised to do so.
- Maximum and minimum cash limits to be strictly observed.
- Accounting of cash receipts/payments is done on a daily basis.

8. ADVANCES:

Amounts paid to any staff member for meeting official expenses should be charged to the floating account but for simplification of the process they are to be treated as general advances keeping an account of them against the Employee Number/name.

Staff can obtain advances mainly for the following expenses:

- Travel and Subsistence
- Purchase of goods from the market
- Conference and Workshop
- Field Trips/visits

All such requests should be made in the prescribed format as per **Annexure 3** and duly approved by competent authority, after the accounts department has duly noted any previous outstanding advances in the staff name.

8.1. Controls to be exercised

1. Requests submitted should be complete in all respects and the purpose clearly mentioned. In case of staff travelling, the period and dates and purpose should be specified. The travel need to be duly approved on a Travel Requisition form (**Annexure 4**) by competent authority.
2. The amount outstanding against a staff member should be settled within stipulated time from the advance taken. Generally, it should be settled within 3 days from completing the activities for which advances are taken/advance should be settled within the same month.
3. It should be ensured that there is no advances outstanding or at least very minimal advance outstanding as on last day of the financial year end.

8.2. Cash Advances

- It is essential to understand that small cash advances need to be given for routine expenditure and are unavoidable. However, strict control has to be exercised over the same in order to keep track.
- All advances must be entered in the cash book and when the expense is booked, they shall be adjusted through the cash book.
- The system of IOUs is not foolproof and hence it is advised to keep track of advances through the cash book.
- A fresh advance should not be given to any person/s without settlement of the old advance (except under exceptional circumstances and duly approved by the competent authority).

Description	Required Action	Remarks
Step 1	Follow procedure to get advances for all activities including travel estimates.	Have the purchases/travel/activities been authorised (refer Annexure 4 travel requisition form) • Will the purchase/activity/travel require an advance? If yes proceed to step 2.
Step 2	Obtain an Advance Request Form (see Annex form) and fill accordingly	• Office staff should obtain advance forms.
Step 3	Get authorisation from competent authority	
Step 4	Submit form to Accounts at least one day prior to date of travel	• Forms submitted–after the stipulated time would require necessary justification.(Justified urgencies will be considered)
Step 5	Get payment from Accounts	• The payee should sign and acknowledge receipt of the money. • Accounts will not pay advance to any staff with any previous unsettled advances.
Step 6	Upon return, advances must be settled in totality submitting all the necessary supporting documents.	• All advances must be settled within stipulated time for settling advances after completion of the task.

- Advances need to be tracked through the advance register.

8.3. Settling of advances

Advances have to be settled either in receipts or cash. When the advance given exceeds the funds needed for the prescribed activity, receipts and all the remaining funds should be returned to Accounts when retiring the advance **Annexure 5**. The procedure to do this is described below:

Description	Required Action	Remarks
Step 1	Obtain an Accounts settlement Form and fill accordingly	• Fill in the form identifying different expenses if necessary. • Attach the original supporting receipts
Step 2	Get authorisation from the staff that authorised the advance.	• Make a photocopy of the form (if required)
Step 3	Submit forms (original and photocopy) to Accounts	• Advances should be retired within the stipulated time days after completion of the assignment
Step 4	Return unspent funds to Accounts	• Staff should ensure Accounts sign and acknowledge receipt of the money in the Advance Register/settlement of accounts

8.4. Obtaining a refund from Accounts

When the advance given fell short of the funds needed for the prescribed activity, and staff needed to contribute to the payment, Accounts will reimburse the additional expenditure. The procedure to do this is described below:

Description	Required Action	Remarks
Step 1	Obtain a settlement of accounts form and fill accordingly	• Fill in the form identifying different expenses if necessary. • Attach the original supporting documents.
Step 2	Get authorisation from the staff that authorised the advance, or if not feasible, refer to the immediate superior.	
Step 3	Submit form to Accounts	Advances should be retired within stipulated time after completion of the assignment.
Step 4	Get payment from Accounts	The payee should sign and acknowledge receipt of the money in the Advance Retirement Form

9. OPERATING OF BANK ACCOUNTS:

Bank Account

Bank Accounts are opened at United Bank of India, Ukhrul Branch at present since that is the only Nationalised Bank Operating in Ukhrul Town. If and when required it can be opened at other Bank as required.

Authorised Signatories

- Every cheque/instrument is signed by either of the two authorised signatories.
- There are authorised signatories (along with their designation within the organisation) as follows:

(a) For Foreign Contribution Account :

1. Mr. Gajendra Prasad Mohanty, Project Director
2. Mrs. Rinyuchon Vashum, President
3. Dr. Ngahorshai Luithui, Treasurer

Being the Project Director and Executive Secretary are husband and wife, Executive Secretary has been excluded from authorised signatory of FC Mother account.

(b) For FC Subsidiary and Local Accounts :

1. Mr. Gajendra Prasad Mohanty, Project Director
 2. Mr. Ringyuchon Vashum, President
 3. Dr. Ngahorshai Luithui, Treasurer
 4. Mrs. Khansingphi H. Mohanty
- The authorised signatories are signing the cheques/instruments for and on behalf of the organisation, and it is therefore necessary that the Rubber Stamp/official seal of the organisation/ Authorised signatories should be affixed on every cheque/instrument, above which only signature should be put.
 - Since the Project Director and Executive Secretary are husband and wife, both will not be jointly signing the cheque.

• 9.1. Closing of Bank Accounts

When it is decided to close the bank account, the following actions should be completed:

- Necessary authorisation from Organisation/Board of trustees etc.
- Transfer balance in the account (leaving the minimum amount required) to the other bank account.
- Surrender all the cheque leaves to the bank under a receipt.
- After receipt of the resolution, deliver it to the bank under receipt and transfer the balance to another account.
- Confirm closure of the bank account and transfer of balance.

9.2. Bank Transactions

The operations and opening of bank accounts should be in line with the operations and the donor requirements. There can be only one designated bank account wherein the foreign funds can be deposited and is designated as FCRA bank account, whereas there can be different local currency accounts either savings

account or current account on need basis.

9.3. Bank Payments

- Payment Voucher has to be prepared before preparing any cheque
- Cheque should not be prepared, for whatever reason, if sufficient balance is not available with bank account.
- All Vouchers have to be verified and approved by designated authorities before payment is released.
- Payment has to be made only against original bills and claims. Any type of copy of bill or claim should not be entertained.
- All supporting documents should be attached with the Payment Voucher and filed according to serial number.
- Cheques should be written legibly and ensured that the amount in words and figures are the same.
- All cheques have to be crossed. A Rubber Stamp stating "A/c Payee Only" should be put on every cheque. Bearer cheques should not be issued under any circumstance.
- Post-dated cheques are not to be issued.
- The cheque number should be written on every Payment Voucher. Preferably the payment voucher should be generated from the accounting package itself as this will reduce the duplication of efforts for preparing the vouchers manually and then entering the same in the accounts package.

9.4. Controls to be exercised

- All letters/instructions to the bank should be signed by the authorised signatories only.
- Never sign cheques in advance or in blank.
- Un-cashed cheques should be cancelled within a reasonable period.
- Do not leave specimen signatures around.
- Cheque books should always be kept under lock and key. Only custodian of the cheque book (person designated to hold the custody of the cheque book) should handle them.
- Receipts for payments made or signature of the recipient should be taken at the time of issuing of all the cheques.
- Prepare the bank reconciliation statement on a monthly basis.

9.5. Bank Reconciliation Statement (Annexure 6)

This has to be done every month to ensure the balances as per the bankbook and the bank statement.

Following the reconciliation make sure that entries are passed (if any) for bank charges, interest received etc. in the books immediately.

This also provides timely alarm for the cheques which are issued and not cleared till date.

10. INVOICE VALIDATION:

The voucher is a basic document which is prepared to record any transaction that takes place.

- Voucher numbers are assigned through the accounting package for all transaction

- at the time of recording the transactions.
- Vouchers shall be issued officially to a designated person who shall be responsible for the custody and accounting of the same.
- Vouchers shall not be overwritten. In such cases it is best that the voucher be cancelled and retained for future inspection.
- Unutilised or cancelled vouchers shall be retained in the voucher books itself for inspection by the audit subsequently and shall not be destroyed under any circumstances.
- Vouchers and the cash memos need to be stamped with a rubber stamp of a particular project or agency, if they need to be complied to meet the donor requirement.
- A “PAID” stamp should be put on all vouchers/receipts for which payment has been made to avoid double payments.
- Vouchers need to be approved by the designated authority.
- No voucher should be passed for payment without supporting documents.
- All the vouchers and supports should be filed systematically wherein audit trail can be followed and the system is clear and transparent to the auditor.

10.1. System of Commitment and Approval and delegated authority

In any organisation there should be trail of the events occurring before the payment is actually released in favour of the vendor/supplier. There should be

- responsible person who **verifies** the delivery of goods/services,
- authorised personnel to **recommend** the payment and
- Authority who will **approve** the payment.

The monetary limits can be fixed where in, up to certain value of transactions the specific authority will recommend/approve the payments. This will provide a clear demarcation of the authority and depicts a good transparent system.

Vouchers should have the following information at the minimum:

- The name of the organisation and place
- Date of preparation of voucher and voucher number (pre-printed)
- The concerned project name and line item to which it is charged and the description.
- Columns for approval by the Head of the Organisation, signatory and accountant.
- Columns for recipient’s signature.
- Where the organisation has multiple donor’s, the identification of the donors/or project should be done on the vouchers itself.

10.2. Checks to be done before passing a voucher for payment

- Whether required supporting documents are present.
- Checking the supporting document (see section on “supporting document” for details)
- Payment should be made only against a valid invoice in original.
- Approval by concerned person & authorised signatory.
- Verification of accuracy in accordance with the order/letter/other documents, if any.

- Verification of numerical accuracy.
- Checking of advance payments made if any or details of part payments made if any.
- Making sure that payment has not being made twice for e.g., by making all extra copies of bills as “extra copies” and by making all paid vouchers as paid.
- Ensure that payments are made on time.

10.3. Supporting document for vouchers

- All bills should be in original. Payment should not be made against a quotation, Performa bill, copy of a bill or a fixed bill.
- All supporting documents should be signed by the person initiating the payment.
- It is the responsibility of each person who is responsible for buying goods/ services in the project office to check each bill for its validity. i.e., check that the description of items, number of items, cost per unit and total cost, date of the bill and name of payee (i.e. name of project) are accurate. Payments should be made only after checking these details.
- Any mistake/ discrepancy should be pointed out to supplier /shop keeper before payment and if an alteration is necessary, the supplier /shop keeper should make the change right then and put his/her initials and date. If this results in a change in any of the amounts on the bill it is particularly important that supplier /shop keeper clearly writes himself on the bill the payment received in words. The management reserves the right to accept such altered bills or not. A better option would be to obtain a fresh bill if possible.
- No other alteration in the bill by project staff is normally permissible. If at all an alteration is unavoidable eg., a mistake in the date by supplier which was not corrected such a bill should be brought to the attention of recommending authority who should change it and initial it and a note should be put on the bill why alteration was necessary. The management reserves the right to accept such bills or not.
- Invoices should only be in the name of the **PROJECT** and not in the name of the project staff.
- Where bills are in local language, please indicate briefly in English the purpose / item on the bill.

11. MAINTAINING A CASH BOOK:

A cashbook is a primary book of entry that is prepared after a voucher for a particular transaction. The cash book records all transactions in which cash /bank receipts are involved.

- A double column cashbook that can act as a bankbook or a single column cashbook (in case a bank book is maintained separately) has to be maintained. **Annexure 7**
- Cashbooks have to be written regularly (as and when a transaction takes place). All cash balances should be linked up regularly.
- The Cashbook has to be tallied, checked and signed by the competent authority or any other appropriate authority every month.
- Cashbooks should always remain at the office.

12. ACCOUNTING:

Account Books and Documents to be maintained

- Cash Payment/Receipt Vouchers & Book

- Bank Payment/Receipt Vouchers & Book
- Summary/Daily Petty Cash Book
- Ledger
- Trial balance
- Annual accounts which would include receipt and payment account and balance sheet showing the affairs as at a particular date.
- Fixed Assets Register
- Contracts of national/international Consultants.
- Attendance Register/Time sheet.
- Signed and approved budget Copies of various grants.
- Copies of Consultancy agreements.
- File of original bills of assets purchased.
- Copies of all Contracts and agreements.
- Stationery Register.
- File containing Bank Mandate and authorised signatories.
- Quotation files for all purchases.
- Advance Payment Register (Advance to Staff).

13. PURCHASING, STOCKS AND INVENTORY:

13.1. Purchasing

The purchasing function involves:

- Identification of needs, for goods and services.
- Identification of costs to cover the needs for those goods and services.
- Identifying the suppliers, procuring estimates (at least three).
- Negotiating favourable trading terms with them.
- Placing an order, and preferably should be a written order
- Receiving the goods and/or services and paying for them.
- Preparation of accounting and archiving expenditures.

Identifying the supplier

- Credibility of the supplier in terms of being able to supply the requirements and in time.
- Cost effectiveness of the goods supplied.
- Quality of goods supplied.
- Supplier should meet all necessary formalities in connection with its status as per the rules and regulations of the Government.
- Supplier must be able to supply all the goods in the requisition/or of the specification prescribed in the purchase order.
- Must be local, reliable and known.
- Must be able to supply large quantities, if necessary.

The data base should be used to identify the suppliers and if need be the list of items required and the suppliers should be reviewed at regular interval. This will ensure that the required items are covered and the up to date list of suppliers is available with the organisation.

13.2. Control objectives

The control objectives here will be to ensure that:

- All purchases are duly authorised and approved before the goods and services are ordered.
- All goods received or services rendered are according to specification and in

quantities requested for.

- Liability for all purchases is accurately reflected in the books of account and that suppliers are paid only in accordance with the agreed terms.
- Goods ordered are actually received into stores as may be appropriate and relevant accounting records updated accordingly.

13.3. General procedures

- For all purchases of capital good, and goods purchased in bulk like stationary and other supplies, three quotations should be obtained. Then the final supplier is decided upon. However justification should be given in case the lowest of quotes is not selected. Quotations should be attached with the relevant vouchers while submitting the same for checking.

14. PURCHASING CAPITAL ASSETS:

- Any non consumable item of equipment, needed to start program operations and major capital expenditures as outlined in the plans and budgets are called fixed assets.
- In the case of capital asset purchases, it is always healthy to issue purchase orders **Annexure 8** clearly spelling out the terms and conditions of purchase.
- As mentioned above, all non consumable items of expenditure should be purchased with three quotations. It is important here to understand that attractive assets like camera, tape recorder etc also form part of fixed assets, even though their value might not be very high. Office equipment and IT equipment will also form part of the fixed assets.
- All incidental charges which are incurred to get the asset to the place where it is situated and to get the asset into operating condition must be added to the cost of the asset.
- An inventory of the capital assets should be maintained.
- The fixed assets or inventory of capital assets (**Annexure 9**) register need to be verified by a person authorised to do so, at least every six months.

15. STOCK RECORDS:

- A stock register **Annexure 10** should be maintained for all items purchased in bulk at the main office and the field sites.
- Materials should be issued from the stock register based on the requisitions.
- Physical verification of stock should be undertaken at the office by some one other than the person responsible for stock every three months. The person checking shall sign and date the register.
- Stock should be maintained on a FIFO (First in first out) basis. This means that the batch received earlier should be issued out first.
- Any damaged or old goods should be written off with the permission from the authority.

15.1. Maintaining a Stock register

- This is to be maintained at the office where the goods are purchased or stored centrally.
- The format of the central stock register is enclosed.
- This register shall be updated on the receipts column as and when fresh stocks arrive. It is important that the person responsible for the stocks initials the quantity in the stock book.
- All requisitions must be numbered and in duplicate. One copy has to be

- maintained at the central store and the duplicate given to the accounts.
- All issues shall be recorded immediately in the stock register and this must be update on a daily basis.
- The stock registers should be maintained on a FIFO (first in first out basis).

16. CASH FLOW PROJECTION/FORECAST:

16.1. Planning

Budgets & Approvals

It is necessary that for every activity taken up by us to be interpreted in financial terms and gets the approval of the designated authority in the organisation. Such interpretation takes the form of budgets detailing each and every components of the activity so that a clear evaluation of the total activity and the components thereof can be made before approval. Such budgets normally become necessary, for the following activities:

- Meetings & conferences
- Special events
- Remuneration of Staff & Consultants
- Capacity Building & other Training Programmes
- Office Running Expenses
- Travel

However, most of the times the expenses incurred on these activities are part of our programme budget and specific grants are allocated for such expenses, and would require only a simple sanction. It is therefore necessary that the budget for such activities is prepared at the time of preparation of the plan itself. The processes to be followed are:

Budget for each activity to be prepared giving break up of sub-activities and related costs.

The budget has to be verified and certified by the accounts/finance department to ensure that the costs are realistic as compared to the activities, and the budget captures all the required costs for such activities only.

It is necessary to obtain an approval of the budget for incorporation into the Plan. An event budget forecast format is provided as **Annexure 11**. Wherever there are procurement of supplies and services, for such activities, the formalities with regard to multiple quotations, evaluations, etc. have to be followed

Budget Management

- A Budget is an estimate of the amount of money to be received and to be spent for a specified purpose in a given time.
- Budgets set a framework for reporting and analysis.
- Budgeting never stands completely alone, but rather flows out of the managerial process of setting objectives and strategies and of building plans. It is especially and intimately related to financial planning.
- While accounting, separate sub-codes are to be created for every activity under the main grant code, so that the utilisation of the budget can be monitored

activity-wise.

Bank Account	This report shows bank receipts and payments during the month	End of each month	Finance/Accounts	Management
Bank Reconciliation	Reconciliation of bank statement and cashbook balances	End of each month	Finance/Accounts	Management
Advances	Shows unsettled advances by staff as at month end.	End of each month	Finance/Accounts	Management

17. REPORTS:

Monthly Accounts

The financial reports and schedules as prescribed below should reach the relevant persons by month end.

The following reports on financial information will be produced by Accounts for internal and external use.

Internal control measures

In addition to setting up adequate internal control measures, Management shall from time to time perform these checks to safeguard assets:

Check/Frequency	Funding Agency	Finance Dept	Management
Spot Checks			
Cash count		✓	
Physical verification of Fixed Assets	✓	✓	
Proper authorisation of payment vouchers		✓	✓
Monthly Checks			
Cash reconciliation		✓	✓
Bank reconciliation		✓	✓
Advance summary		✓	✓
Monthly Cash Forecast		✓	✓
Quarterly Checks			
Quarterly Cash flow statement		✓	✓
Physical verification of Fixed Assets		✓	
Annual Checks			
One year Income and Expenditure report		✓	✓

18. HUMAN RESOURCE ISSUES:

The human resource related issues are governed by the human resource policy of organisation.

Staffing Requirements

1. Full time staff as per the project proposal need to be in place.

All staff positions as mentioned in the proposal document to the donor agencies need to be in place. They must be suitably qualified and experienced, in order to ensure proper programme management.

Job Descriptions

Every employee working with the Organisation is required to have a proper job description and an official designation. The staff is expected to have a copy of job description provided to them along with the appointment letter.

Recruitment Procedures

Regarding the recruitment procedure, please see the Human Resource Manual of the organisation.

For all position the following records should be maintained.

1. Number and detail of candidates who appeared in the interviews
2. Procedure for selection/interview record
3. Job application form and education certification of the selected person
4. Job descriptions.

Working Hours

Normal office hours are 10.00 am to 4.30 pm Monday to Friday during summer (March-September) and 10.00 am to 4.00 pm during winter (October-February) and 10.00 am to 1.30 pm on Saturdays. Second Saturdays shall be holiday. Staff may be required to vary or change their normal working hours according to the needs of the programme.

If a member of staff is late for whatever reason, including public transport difficulties, they may be asked to make up the time, according to the needs of the programme. Persistent lateness for three days in a month will be calculated as absent for one day and if repeated it will result in disciplinary action being taken against the staff member concerned.

Annual/Sick Leave

All staff is entitled to casual/sick leave as per the Human resources manual. Holidays are to be agreed and authorised by the authorised person in the organisation.

Requests for holiday leave for more than 3 days will need to be made a minimum of 1 week in advance. Occasional days leave can be granted at short-notice, but approved by the authorised person.

Once the dates have been agreed, it is the staff members' responsibility to complete a Leave Request Form and pass it to the Project Director for approval. The Casual/Sick Leave format is attached as **Annexure 12**.

Personal records

The organisation must maintain personal files of all employees, and should contain the following:

- a. Job application form
- b. Interview selection record
- c. Appointment letter
- d. Job description
- e. Leave documents
- f. Appraisal records

- g. Copy of educational certificates
- h. Capacity enhancement needs

Attendance registers

A system need to be established to track employees' job attendance. This is done by maintaining a simple attendance log or a time sheet (more preferred), which records dates and hours worked.

Travel Policy

The staff, while on official travel, are entitled for reimbursement of the actual expenses of travel, local conveyance, food and accommodation subject to the limit specified by the organisation. Refer Human Resources Manual.

Performance evaluation

Staff performance evaluations are an important means for providing an objective basis and mutually agreed upon criterion for assessing job performance. Performance evaluations should be **conducted annually**. The main purpose of appraisals is to:

Provide an opportunity for staff to assess their work themselves and with their immediate supervisor and together identify areas for and means of improving performance and to obtain constructive feedback from a supervisor

Clarify the organisational perception of staff performance, providing a basis for awards or disciplinary action.

19. DISCIPLINARY POLICY:

Organisation prefers to deal with minor cases of unsatisfactory performance and misconduct by informal means. A counselling approach will normally be undertaken in preference to formal disciplinary action as we recognise that it is often a more satisfactory way of resolving problems. In instances where the counselling approach is ineffective or inappropriate disciplinary action would need to be taken. At all stages in the process staff, members will have the opportunity to state their case at a formal hearing, answer any allegations and appeal against the outcomes.

Procedure for Dealing with Misconduct

Staff members will maintain good standards of conduct, time-keeping and attendance and will comply with all rules and procedures.

Most cases of misconduct will be dealt with by informal advice and counselling and these remedies do not form part of the disciplinary procedure. Where these informal remedies have proved ineffective or are inappropriate the staff member will be invited to attend a formal hearing. Staff members will be given at least two days' notice of such a hearing.

What may be considered as Misconduct

- Failure to observe rules and procedures
- Downloading software or programme (xxx.exe) files from the Internet
- Viewing and/or downloading of pornographic or other offensive material from the Internet
- Abusive behaviour

- Harassment of another staff member which may amount to sexual harassment
- Poor time-keeping
- Excessive, unexplained or unreasonable absence

What may be considered Gross Misconduct

- Unauthorised possession or misuse of office property
- Use of the Internet for any form of illegal activity
- Serious infringement of health and safety rules or procedures
- Serious incapability whilst on duty due to alcohol or illegal drugs
- Being convicted of a serious criminal offence
- Serious bullying or harassment of another staff member
- Physical violence
- Deliberate damage to property
- Serious negligence which causes or might cause unacceptable loss, damage or injury
- Committing a material act of dishonesty
- Falsification of reports, accounts or expense claims

This list is not exhaustive or exclusive.

Grievance Procedure

Organisation recognises that from time to time employees may wish to seek redress for grievances relating to their work. In the first instance staff should raise the matter with their line manager. If the staff member is unsatisfied at this stage and wish to take the grievance further he/she may then raise it with the higher authority. In following this procedure the member of staff may be accompanied by a work colleague of their choice. In all cases a staff member's complaint will be dealt with in confidence.

20. OFFICE DECORUM, VALUES AND ADMINISTRATION RELATED:

Confidentiality

All information, which comes to a member of staff during the course of work, should be treated as confidential. Staff must not divulge any information relating to the programme to an external person or persons, unless authorised by their line manager. Any breach of this rule will be regarded as serious misconduct and will result in disciplinary action being taken.

Equality and Diversity

Organisation encourages an open workplace culture based on trust and mutual respect and is comprised of individuals from different backgrounds, different gender, different ethnicities, different work styles, different values and different ways of thinking. We invite and value these differences.

Members of staff are expected to carry out their work with due regard for the dignity of their colleagues regardless of differences in personal backgrounds and characteristics.

Personal Property and Valuables

Staff must take care of personal items, as organisation is not liable for loss or damage to personal property.

Electrical Safety

Electrical equipment is potentially dangerous and must be operated responsibly. There is a risk of an electric shock from electric equipment, particularly if the item is damaged. Staff must take care when using electrical equipment and notify the concerned personnel immediately if they discover any damaged or unsafe appliance. All electrical equipment should be inspected periodically for signs of damage or overheating.

Fire Emergency

If a member of staff discovers a fire, they should stay calm and shout 'FIRE' to evacuate the building. Telephone the Receptionist and give details of the emergency e.g. the nature of the fire and its position. Staff should not take any risks with their own safety. Staff should make their way out of the building using the staircase and not the lift.

Procurement and ordering of consumables

Post

All in-coming mail should be date stamped when received. A circulation procedure for correspondence is in place.

A dispatch book should be kept for correspondence being hand-delivered, the item should be signed for in the book, to record that it has been delivered to the recipient.

Couriers

Where necessary, couriers may be used for urgent deliveries. Items must be passed to Reception/Office Manager. Overseas deliveries should be passed to Reception/Office Manager as soon as possible, in case courier companies impose earlier cut-off times.

Telephone use

Staff is permitted to make personal calls from the office, within reasonable limits. Personal calls should be limited to lunch break periods if possible, and kept to a minimum. Staff is not permitted to make personal international calls, unless they have authorisation from their Line Manager and pay for the cost of the call.

Some staff is issued with mobile phones, and the above rules apply to these as well.

Answering the Telephone

When answering an external caller the receiver should start conversation with greeting (e.g. 'Good Morning'), good morning/afternoon, staff member's name, and then 'how can I help you'.

Office Maintenance

Office cleaning is undertaken by the Care Taker/Helper. The Office Assistant is responsible to ensure offices are kept clean and tidy.

All faults with office equipment must be reported to the Office Manager. Faults must be attended to promptly, and staff responsible should be pro-active in repairing faults, e.g. light bulbs replaced.

Documentation

A paper less office is what organisation strives to achieve. At present all documentation is maintained in both soft & hard copies and is stored in a similar index in the office.

Respecting and protecting the environment

Organisation encourages a healthy respect for the environment. We should minimize the use of paper- using both sides of the pages, re-using the envelop etc. We should use energy saving compact florescent bulbs. As far as possible and practicable, we shall depend on renewable energy sources by installing devices/equipment such as solar lights, solar water heater etc.

All the staff are expected to inculcate environment friendly behaviour such as switching of lights when not needed, use natural light as far as possible and make judicious use of water.

Contact Lists

Up to date contact details are very important to organisation's work and operations. Lists including names, phone numbers, addresses etc. are to be compiled and maintained by the person concerned.

Business Cards

Managerial and Technical staffs are required to have Business cards. The cards should have their name, title, organisation logo and contact details. Printing of cards should be undertaken by a reputable printing house to ensure good quality.

Security

The office will have at least one Security Guard present during working hours.

Office keys will be held by authorised personnel and Office Assistant who have been authorised to hold them. It is important to ensure that a limited number of keys are made, and who is holding them. At the end of each working day the last person to leave must make sure that all computers and screens, photocopiers, and lights are switched off, and filing cabinets and safes are locked.

Transport

Available Office vehicles shall be used for official purposes only. Besides, these, if need arises vehicles shall be hired to carry on the programme activities.

Information Technology Policies

Failure to observe these guidelines may lead to disciplinary action being taken against the member of staff. Additionally, the misuse of IT may have legal consequences resulting in criminal or civil prosecution, for staff member.

All staff members are required to use computers and are expected to have the minimum skills required. If additional skills are needed in order to work effectively

additional training may be provided .Personal use of IT facilities is strongly discouraged. Nevertheless, based on a level of trust and in keeping with its culture, organisation recognises the personal needs of its employees and does allow personal use within reasonable limits. It is expected that staff will act responsibly when using photocopiers.

- Access to the IT system should be restricted to authorised personnel only.
- Records should be backed up on regular basis.
- System should be virus checked on a regular basis.

Consistent abuse of the above conditions may force a review of policy on personal use.

All software would need to be appropriately licensed. Virtually all software, (whether freeware, shareware, or commercial) requires a license from the copyright owner specifying the terms and conditions of its usage. Any infringement of this license or failure to demonstrate appropriate licensing (software piracy) is illegal and may lead to criminal proceedings against both the staff member and the organisation.

Unauthorised software is also a potential source for computer viruses and is prohibited.

Staff is requested to use common sense in choice of screensavers, and are reminded of the rules regarding the downloading of material from the Internet and loading of software. Some visitors to the office may be unfavourably influenced by what they see as a screensaver.

21. LEGAL AND STATUTORY MATTERS:

Income Tax – TDS, Provident fund and other statutory requirements

The applicable Income tax provisions under the Income tax Act 1961 are taken care of by Organisation. All other applicable statutory requirements should be taken care by the organisation. This will ensure that the organisation does not default on any grounds and will also avoid penalties for non-compliance.

Deeds and Agreements

Agreement/ deeds for providing any services/ goods required to be entered into with the suppliers/ vendors which attract Income Tax provisions regarding deduction of tax at source will be entered into by organisation after due approval by authorised personnel.

**Sd/-
Gajendra Prasad Mohanty
Project Director
PASDO,Ukhrul**

Annexure 1

Record of Meeting / Discussion

Project Title/Title of the Meeting *Name of the Project/s for which the meeting is held*

Subject/Agenda *The type of meeting like internal staff meeting, meeting with client, meeting with any other organization/agenda of the meeting*

Location **Date of Meeting**

Member Present *Insert the Name and Designation of people attending the meeting e.g.
1. Mr.XX
2. Ms. YY
. So on*

Recorded by: *Name of the person recording the minutes of the meeting* **Distribution:** *List of the Names of all the people to whom the minutes of the meeting is to be circulated e.g.
Mr. XX, Ms YY, Mr.SS etc.*

Item	Text	Action on
1.	<i>Small description of the 1st Item discussed in the meeting</i>	<i>What action is to be performed on 1st item and by whom</i>
2.	<i>Small description of the 2st Item discussed in the meeting</i>	<i>What action is to be performed on 2st item and by whom</i>

Annexure 2

*Participatory Action for Sustainable development Organisation
(PASDO)*

6TH MR Road, Dungrei, Hungpung, Ukhrul

CASH WITHDRAWAL / MONEY INDENT

Date : _____

Request by : _____
(PRINT Name & Designation)

Balance in hand (as per Cash Book) : Rs _____

Balance Requested for the purpose detailed below : Rs _____

Balance in Cash Book after this withdrawal : Rs _____

Details of expenses for Cash Withdrawal Requested:

Date	Purpose	Amount in Rupees
Total Cash Withdrawal Requested: Rs		

Requested by

Accountant

Checked by

Accountant

Approved by

*Executive Secretary
/Project Director*

Annexure 3

*Participatory Action for Sustainable development Organisation
(PASDO)*

6TH MR Road,Dungrei,Hungpung,Ukhrul

ADVANCE REQUEST FORM

Date : _____

Request by : _____
(*PRINT Name & Designation*)

Details of ADVANCE Requested:

Purpose	Quantity	Unit Price	Amount in Rupees
Total Advance Required: Rs			

Advance must be RETIRED within 3 days from the date of completion of assignment or field trip by completing the ADVANCE RETIREMENT FORM

Approved by*Project Director/**Executive Secy***Processed / Paid by***Accountant***Received by***Requisitioner***TO BE COMPLETED BY THE ACCOUNTANT**

Received on	Advance Request No.	Cash / Bank Book Ref.	Cheque Ref.	Voucher Ref

Annexure 4

*Participatory Action for Sustainable development Organisation
(PASDO)*

6TH MR Road, Dungrei, Hungpung, Ukhrul

TRAVEL REQUISITION

Date_____

1. Name_____

2. Name_____

3. Name_____

4. Name_____

Date	From	Time	To	Time	Mode	Flight No.
------	------	------	----	------	------	------------

Hotel Accommodation Required – Yes / No

Applicant Signature_____ Approved By_____

Annexure 5

*Participatory Action for Sustainable development Organisation
(PASDO)*

6TH MR Road, Dungrei, Hungpung, Ukhrul

ADVANCE RETIREMENT FORM / EXPENSE CLAIM FORM

Submission Date: _____

Submitted by: _____
(*PRINT Name & Designation*)

Period covered: _____

Details of Expenditure:

Purpose in Details	Attached Receipts No	Budget Head	Amount in Rupees
Total Expenses in this Statement: Rs			

Advance Received (Adv Req No _____): Rs _____

Total Expenses in this Statement: Rs _____

Adjustment / Returned: Rs _____

Submitted by

Processed / Paid by

Approved by

Accountant

*Project Director/
Executive Secretary*

TO BE COMPLETED BY THE ACCOUNTANT

Received on	Cash / Bank Book Ref.	Cheque Ref.	Voucher Ref

Annexure 6

BANK RECONCILIATION STATEMENT

As of: (The Cut Off Date of the Month End)

Deposits				
Date dd/mm/yy	Description	Indian Rupees	Conversion Rate	Indian Rupees
	Balance on			Nil
	Transfer from Donors Account	0.00		-
				-
				-
	Total	0.00		-
Bank Book Balance as on (Cut Off Date)				0

RECONCILIATION

Actual balance as per Bank Statement as on	-
Less: Outstanding cheques not cashed to date	
Cheque no xxxxxxxx dt xx/xx/xx	-
Cheque no xxxxxxxx dt xx/xx/xx	-
Cheque no xxxxxxx dt xx/xx/xx	-
Cheque no xxxxxxx dt xx/xx/xx	-

	-
Balance at Bank (after reconciliation)	-

Bank Payment / Withdrawal				
Date dd/mm/yy	Paid to / Purpose	Voucher No	Cheque No	Cheque/Voucher Amount – Rs.
Total of Bank Payment				-

Annexure 7

The Cashbook and Bankbook format

Date	Transaction No		Transa ction Amount	Transaction Description		Acc ount	Sub	Activity	Budge t Line
	Vouch er No	Chequ e No		Purpo se - in details	Supplie rs' Name / Payee				
dd/m m/yy			Indian Rupees			Num ber	Accou nt	Code	
1	2	3	4	5	6	7	8	9	10

Total Current Month

0.00

Total Cumulative

0.00

Annexure 8
Purchase Order

**P. O. Serial
Number:**

Service for:
Organisation Name
Project Name
**Address of the
Organisation**

P.O. Date	Terms of Payment	Requisitioner	Budget Head	
SI #	Unit	Description	Unit Price	Total
1			INR 0	INR 0
Quotation Ref: Nil dt (This Purchase order has been prepared in reference to the above Quotation)				

**Amount
in word
(e.g.
Thirty Six
Thousand
Only)**

**Total
Due**

INR 0

Authorized Signature

**Accepted for
Supplier:**

Signature
& Date:

Supplier Copy

**Organisation
Copy**

Annexure 9

Capital Assets Inventory Register Sheet

Asset Type										
Ref no	Item	Make & Model	Product Serial No	Inventory Serial No.			Date Received	Purchase price	Comments: Physical Inventory	Ownership

Annexure 10

Stock Register Sheet

Date	Item	Received Qty	Issued Qty	Balance	Recipients Signature

Annexure 11*Participatory Action for Sustainable development Organisation**(PASDO)*6TH MR Road,Dungrei,Hungpung,Ukhrul**Event Budget Forecast**Date: _____
_____ of _____

Page:

Type of Event: _____

Period:

From _____ to _____

Venue: _____

No.	Description	No. of units	Unit Cost	Total Amount In Rs.	Note
Fares/Travel					
1.					
Accommodation					
2.					
3.					
Subsistence Allowance					
4.					
Hire charges (if any)					
5.					
6.					
7.					
Other Expenses					
8.					
9.					
10.					
11.					
TOTAL PROJECTED BUDGET for EVENT					

Budget Prepared by:

Verified By

Approved by

(Please Sign & Print Name)_____
Accountant_____
Project Director/Executive Secy

Annexure 12

LEAVE APPLICATION FORM

To:

The Project Director,

Date: _____

Name of Employee

Date of Employment

Leave request on/from _____ to _____

No. of Days on leave _____

Specific reason for leave request: _____

Employee's Signature

Remark: Sanctioned/ Not sanctioned LO

Project Director

For Office use only: If necessary, please refer Form "N" for leave record which is to be submitted along with leave application.

Leave Record: Last leave taken on/from

_____ to _____ Days _____

Balance _____ days as on _____ (Leave Record to be filled in by Personnel before sanction is given)

Name _____