



**BASTAR DHARMA KHEMA SAMITI (BDKS)**  
**Sangam Bhavan, Metgda, Jagdalpur**

## **Finance and Accounting Guidelines**

### **1.1 Purpose of the manual**

Receiving funds and accounting is a key and critical function to be undertaken by any organization. The organization can have its own sources, its own corpus funds and receives funds from various sources earmarked for specified type of work such as environment maintenance, disaster management, soil conservation, poverty alleviation, education and health related issues etc. it becomes necessary to have a financial policy to consolidate the financial information so that it is readily available to the management to enable decision-making.

The purpose of this manual is to describe the systems for maintenance of accounts and the processes to be followed for different types of financial transactions that take place within the organization.

This manual is meant to be a guide to help the organization set and maintain high standards of accountability. This will result in an enhancement of their credibility and allow the work to be more fruitful and effective.

### **1.2 Intended Users of the Manual**

Bastar Dharma Kshema Samiti (BDKS) receives funding from various sources for implementation of programs. In order to accurately record the funds received, post them into the different account heads is one of the main tasks. The funds are allocated to different programs for carrying out works and money has to be drawn under different heads according to an approved budget and account for the same. The accounting personnel at different levels of the organization are the main intended users. The users are the management personnel of the organization, the finance and accounting personnel within the organization and the external and internal auditors of the organization. There is a Finance Board which consists of the Executive Director, President and Financial Officer.



### **1.3 OBJECTIVES**

The objectives of this manual are:

- To document the accounting and reporting system
- To readily assist the Finance Department with the financial Policies and procedures
- To serve as a guide for financial management

This manual is only meant to serve as a guideline and provide the purpose and principles but needs to be modified to suit the situation and the specific context.

### **1.4 SCOPE AND ORGANISATION**

- This manual outlines the steps in the cycle from receipts of funds to utilizing them for the intended purpose and accounting for the same.
- It serves as a guideline for recording all financial transactions.
- It describes the process to be adopted for approvals and generating the basic accounting documents.
- The process of compilation of the different accounting statements
- The process required for budgeting and the heads under which budgets need to be prepared.



## **Section 2**

### **Accounting Policies**

#### **2.1 Financial Policy**

##### **Introduction**

- a.** financial policy is a tool as well as a measure for the standards of accountability of BDKS
- b.** Good financial policy enables the fulfilment of the vision of an organisation. The nobler the vision the higher the standards of accountability. Transparency and high standards of accountability can be infused only if there is a sound financial policy.
- c.** The financial policy of BDKS is its guiding light and if it is to be implemented and correctly translated into reality, proper systems and procedures have to be evolved and practised. This is the very core of a financial system.
- d.** All organizations should have a healthy economic policy and for that purpose there should exist a good set of financial policies.

#### **2.2 Areas Covered by the policy**

##### **A Professional set of financial policies must ensure the following: -**

- a.** A creative, honest and sound management of resources to BDKS.
- b.** Optimum utilisation of the above resources for the objectives of BDKS.
- c.** Creative investments of the funds of BDKS.
- d.** High accountability standards.
- e.** A professional system of reporting, monitoring and evaluation.

##### **Training of Finance Staff**

The finance staff should not only have education and experience but also be provided with refresher and orientation courses and workshops on a continuing basis since there is a need for constant training and continuing education in finances. This measure will improve the quality of the accounting standards and therefore will promote better financial management in BDKS.



## **External Review**

There should be an external expert familiar with the finances, who will review the finances and financial policies and systems of BDKS to see whether they are adequately adhered to. The expert should alert with regard to any lapses, delinquencies and deficiencies in standards and policies.

## **Procedures and Systems**

Procedures and systems are like the nuts and bolts of machinery which ensure its smooth running. A good system will make sure there is a clear and automatic functioning of BDKS preventing domination or manipulation by any one person or group of persons for their own personal benefits.

The following are some of the common and generally accepted systems and procedures for BDKS

- a. Internal Control**
- b. Professional Accounting Systems**
- c. Reporting and Monitoring Systems**
- d. Handing Over System.**

## **Internal Controls**

Internal controls are helping to check and to keep balance of the system in its place to avoid frauds and misappropriation or deviations from accepted policies and procedures. Periodic review of internal controls is required to maintain the vitality of the system

The following internal controls are recommended

### **A. Cash Transaction**

#### **i. Segregation of cash payments into petty cash and larger payments**

Both for accounting and control purposes it is wise to segregate payments into petty cash payments and larger payments. In the imprest system there is an inbuilt limit but even otherwise it is advisable to fix limits for petty cash payments. BDKS has fixed a amount of Rs. -----

While petty cash can be entrusted to one-person, large payments should go through the Executive Director.

#### **ii. Cheque payments versus cash payments**



As far as possible all payments for expenses will be made through cheque except for petty cash transactions. In any case it is advisable to make all payments exceeding Rs. 20,000/- by crossed 'A/c payee' cheque or demand draft.

### **iii. Physical verification of cash**

Management should have an inbuilt system for higher authority to verify the Actual cash on hand with the balance shown in the book at least once in a month and also on surprise visits, but definitely at the end of the financial year.

### **iv. Cash Receipts.**

The management should ensure that the cash received by the organisation is promptly deposited in the bank next day. It should be acknowledged through pre-numbered receipts which are properly recorded in the cash book.

## **B. Bank Transactions**

- a.** To have only a few bank accounts as possible except where separate bank accounts are required by funding agencies or by law e.g. Foreign Contribution (Regulation) Act.
- b.** There should be good system of preparation of Bank Reconciliation Statements and of monitoring the same (Refer Chapter 3.25)
- c.** Issuing bearer cheques and post dated cheques should be avoided as far as possible.
- d.** Cheques for payment should be issued only when there is an adequate balance in the account since dishonouring of a cheque will attract criminal liability.
- e.** All cancelled cheques should be preserved for identification and control purposes.
- f.** The cheque book should always be in the safe custody of a designated authority who is accountable.
- g.** Cheques and drafts received by BDKS must be acknowledged through pre-numbered receipts which are promptly deposited and properly recorded and the various functions of receiving, processing and recording should be clearly segregated.

## **C. Fixed Asset and Inventory Control**

While an inventory, (normally known as a Stock Register), records assets which are generally consumable or saleable, a Fixed Assets Register records more permanent assets which provide long term benefits to BDKS. Hence both are valuable since



they represent a substantial portion of the net worth of BDKS. Both types of assets have therefore to be controlled and managed efficiently and also used effectively.

#### **D. Investment Control**

Other than fixed assets and stock, investments represent a substantial net worth of BDKS. These investments also often provide the income for meeting the operative and sometimes capital expenses of BDKS. Hence it is vital, and therefore investments must be managed and controlled efficiently and effectively.

#### **E. Loan and Advance**

The following are some measures to exercise control on loans/ advance,

- a.** Frame a good policy for granting Advance/loan.
- b.** Establish an effective procedure and a system for granting and recovering loans/advance.
- c.** Fix limits and do not exceed the same.
- d.** Do not give a fresh loan/advance until the earlier loan/advance is cleared.
- e.** Establish a practice of obtaining confirmation of outstanding balance at least at the end of each financial year.
- f.** Write out a repayment and deduction schedule from the salary towards the principal and interest.
- g.** Fix the rate of interest on loans.
- h** Loans and advances of Rs.20000.00 and more on the aggregate shall be paid on Ac payee cheque or draft only.



## **Section 3**

### **Accounting and Record keeping**

#### **3.1 MAINTENANCE OF BOOKS OF ACCOUNTS**

##### **Introduction**

Accounting is a basic management tool which is used properly will enable the Governing Body to determine the correct financial status of BDKS. Further it points out weaknesses and indicates areas on improvement. Books of accounts must be maintained on a daily basis, with the financial records.

##### **3.1.1 Types of Accounting: -**

There are different types of accounting. Two important types are :-

- i.** Cash system
- ii.** Mercantile system

##### **Cash System (System followed by BDKS)**

In the Cash system of accounting, entries are made only when the cash is received or paid and no entry is made when the receipts or payment is due.

##### **Mercantile System**

Under the Mercantile System (Accrual System), an entry is recorded on the basis of the amounts having become due for payment or receipt, whether or not payment is made or amounts received.

e.g. At the end of March, a salary of Rs. 5,000/- becomes due but the payment is made only in April.

Under the Cash system no entry will be made in the books of accounts in March, an entry will be made in the books on April.

Under the Mercantile System the following entries will be made :-



- a. On 31st of March the salary account will be debited for Rs. 5,000/- and the salary outstanding account will be credited for Rs. 5,000/-
- b. On April the salary outstanding account will be debited for Rs. 5,000/- and the cash account will be credited for Rs. 5,000/-

### 3.1.2. Accounting for BDKS :-

Following books of accounts are generally accepted and found to be practical: -

- i. Petty Cash Book (or imprest)
- ii. Main Cash Book with cash and bank columns (normally referred to as Cash Book)
- iii. General Ledger (normally referred to as Ledger)
- iv. Project Ledger
- v. Agency Ledger
- vi. Journal Register (normally referred to as Journal)]
- vii. Investment Register
- viii. Fixed Assets Register
- ix. Loans and Advance Registers

BDKS shall maintain exclusively **three** different sets of Books of Accounts as follows:  
-

**One** set of Books of Accounts for Receipt and Utilisation of Foreign Contribution as required under the Foreign Contribution (Regulation) Act 1976.

**Second** set of Books of Accounts for local funds collected and spent by BDKS.

**Third** set of Books of Accounts for Government Grants collected and spent by BDKS. This set of books are to be kept for easy accounting, monitoring and reporting to Government time to time.





### 3.1.3. Steps for maintaining Cash Book

The following steps will have to be followed in maintaining a Cash Book-

1. The closing balances of cash on hand and cash at bank shall be brought forward from the last years balance sheet and shown as opening balances in the cash and bank columns of the cash book.
2. The debit side (left hand side) of the Cash Book is for recording receipts either in cash or in the form of cheques / drafts etc. Cash receipts should be recorded in the cash column of the receipt side and money received in the form of cheques / drafts should be recorded in the bank column.
3. The credit side (right hand side) of the Cash Book is for recording payments either in cash or in the form of cheques / draft. Cash payments should be recorded in the cash column on the basis of vouchers.
4. The Cash Book should be written in the chronological order of payments and receipts should be recorded on their respective sides.
5. A narration (i.e. brief explanation) should be given below each transaction.
6. The Cash Book must balance daily and the balance of cash on hand with the book balance must be tallied daily.
7. A Bank Reconciliation Statement must be prepared so as to reconcile the balances in various bank accounts as per the Cash Book and Bank Statement or pass Book (see chapter 3.25) .
8. The serial number of each voucher must be written in the column provided in the Cash Book and the vouchers be accompanied by supporting documents such as cash bills.
9. When any transaction is written in the Cash Book, the head of account under which it falls should be written.
10. Mention the General Ledger folio number i.e. the page number where the corresponding entry is made in the General Ledger, against each transaction.



## 3.2 Foreign Contribution

BDKS shall maintain the following Books of Accounts for Receipt and Utilization of Foreign contributions.

### F.C. Cash Book (Bank Book)

Bank Book shall be maintained to record the following transactions:

- a) All the inward remittances of Foreign Contributions including Cheque/Drafts.
- b) All the disbursements to the project holders
- c) To strike the closing balance in the bank day after day.

### 3.2.2 Imprest Petty Cash Book

It is used for recording recurring petty transactions and thereby lessens the burden of maintaining the Cash Book as well as posting to the General Ledger. Payments made from the Cash Book shall be acknowledged as receipts in the Petty Cash Book. The difference between the receipts and the total of expenses as shown in the Petty Cash Book reflects the petty cash on hand.

#### Maintaining Petty Cash under the Imprest System

Under the imprest system the Petty Cashier is fixed a certain limit for handling cash. The limit is fixed based on the estimated requirements for a week or fortnight. The Petty Cashier gets the amount reimbursed of the expenditure incurred from the Main Cashier when the cash balance becomes low e.g. The Petty Cash limit is Rs. 1,00,000/- . The Petty Cashier has incurred expenses of Rs.90,000/- under various heads of accounts. The balance cash with the Petty Cashier is Rs. 10,000/- The Petty Cashier will be reimbursed Rs. 90,000/- to ensure that the cash balance is Rs. 100,000/-

This Book shall be maintained to record the following transactions:

- a) All the petty cash payments which are below **Rs.3,500/-**. Payments exceeding **Rs.3,500/-** shall be made in exceptional situations.
- b) To record the recoupment of the imprest cash from the main Administration Account.

### 3.2.3 Fixed Deposit Cash Book



This book shall be maintained to record the following transactions

- a) All the transactions relating to the Fixed deposits, Investments, interest on Fixed Deposit, Dividend on Investments made out of Foreign Contribution.
- b) All the inward remittance in connection with the above mentioned transactions.
- c) All transaction relating to purchase and sale of units, bonds etc.
- d) All transaction related to short term, long term Fixed Deposit.

### **3.3 General Ledger**

This is a book of accounts in which transactions are posted from the Cash Book, Petty Cash Book and Journal Register under account headings according to the date of occurrence e.g., Salaries, Repairs & Maintenance; Travelling & Conveyance; Rent; Interest received; Income from Craft Centre; Donations received.

### **3.4 Agency Ledger**

This Ledger shall be maintained to reflect the status of funds Agency-wise.

This Ledger shall contain the following transactions:

- a) Amount received from the Agency
- b) Amount disbursed out of the Agency funds.
- c) Adjustments as per the notes received from the Project Departments pertaining to Agency Account.
- d) Balance available or deficit in the Agency Account.

#### **3.2.1 Administration Cash Book**

This book shall be maintained to record the following transactions.

- a) All transactions relating to the Establishment, Administration, Travelling, General Charges and Loans and Advances.
- b) All the remittances made towards Grants for Projects.
- c) All the inward remittances connected with the above-mentioned transactions.



- d) All transactions relating to purchase and sale of movable and immovable assets.

### **3.5 Administration Ledger**

This Ledger is maintained to record the following:

- a) Transactions relating to Establishment, Administration, Travelling, General Charges and Loans & Advances.
- b) Such other Transactions that are entered in the Administration Cash Book are recorded against the respective Expenses Account.
- c) Entries made through the Journal Book.

### **3.6 Fixed Deposit Ledger**

This Ledger shall record entries relating to Fixed Deposits made out of Foreign Contribution with the date of deposits made, principal amount, interest received, period of deposit, maturity date are entered bank-wise.

### **3.7 Project Ledger**

Project Ledger shall be maintained to record the following transactions.

- a) Project-wise receipts
- b) Project-wise allocations
- c) Project-wise disbursements
- d) Project-wise Adjustments as per the notes from the Projects Departments.
- e) Balance yet to be disbursed to the project holder.

### **3.8. Block Grant Allocation Register**

This register shall be maintained to record the following:

- a) Total Block Grant available
- b) Block Grant received
- c) Block Grant allocated to a particular project
- d) Block Grant yet to be allocated



- e) Block Grant disbursed
- f) Balance to be disbursed

### **3.9. Accounting for different projects: -**

BDKS carries out various projects in collaboration with State Government as well as with Funding Agencies abroad. Invariably the above agencies require our organisations to maintain accounts separately for each project or programme funded. In all the above cases BDKS have to maintain a separate set of books for each of the funded projects.

Of course, if there is any component of local funds used with foreign grants separate set of books will have to maintained. However, for the purpose of reporting to the funding agency, transactions from both local funds and foreign funds have to be merged.

All the foreign contributions through received for different projects have to pass through the designated FCRA bank account.

Further the project control accounts must be online with the main computerised systems. The integrated accounts of the project must be validated once in every quarter. Reporting formats must be evolved to ensure proper monitoring of the project finances.

### **3.10 Journal Book**

This is kept for passing adjustment entries, rectification entries, closing entries and for consolidation of two or more accounts.

#### **a) Agency Journal**

Entries made as per the notes received from the Project Departments pertaining to the Projects and Agencies.

#### **b) Administration Journal**

Entries relating to Administration such as the adjustment of Advances and recoveries of Loans made.

### **3.11 Asset Register**



Asset Register shall be maintained to reflect all the movable and immovable assets owned by BDKS.

Asset Register shall reflect the following information:

- a) Date of purchase
- b) Invoice No. or Bill No.
- c) Name of the article
- d) Cash Book Folio and Ledger Folio
- e) Purchase amount
- f) Sale amount
- g) Depreciation rates
- h) Depreciation amount
- i) BDKS Code for future verification.

Asset Register shall be in Form No.3.12 prescribed herein.

### **3.12 Loans and Advances**

#### **a) Loans**

A ----- amount available can be approved by the Executive Director as petty loan payable to the staff. The Finance Department shall ensure that the same is recovered within stipulated time agreed upon both. Fresh loans shall be granted only after the settlement of the previous loan balance.

#### **b) Advances**

Advances that are made are classified as under:

- i) Advances made towards the project.
- ii) Advances made to the staff.

#### **i) Advances made towards the projects**

Project advances are generally made from Agency General Fund and Agency Emergency General Fund and sometimes from the concerned Agency accounts to which the project is allocated.



Once such an advance is made both the Projects Department and the Finance Department shall keep a tracking of it and ensure that the same is regularized within the Financial year.

Such advances that cannot be regularized within the financial year should not be made. This has to be strictly adhere to.

## ii) **Advances made to the staff (Travel)**

The Finance Department shall ensure that the tour advances taken by the staff are settled within 3 days after the reporting on his of her return from the tour. No advance shall be made to any staff before the settlement of the previous account.

### **3.13 Advance made to the staff (other purposes)**

- a. Staffs are entitled to take advance for a maximum amount of **Rs -----/-**. Staff is not entitled to take advance for more than **Rs. ----/-**, for any unavoidable circumstance more cash is required - a written permission from the Executive Director is necessary.
- b. For programme advance maximum amount of **Rs. ----/-** is permissible under one single name, and if more that **Rs. 20,000/-** the amount may be taken under **two or three** different names (**only staff**)
- c. For purchase of office items / maintenance, **cash is not permissible.**

### **3.14 Local Contribution**

BDKS shall maintain the following Books of Accounts for the Receipt and Utilization of Local contributions.

#### **3.15.1- Local Contribution Bank Book**

This book shall be maintained to record the following:

- a) All the inward remittances or local contributions including cheques/drafts received towards campaign, special collections etc.
- b) All the disbursements made to the projects holders and towards charity grants.



- c) To strike the closing balances in the Bank day after day

### **3.15.2 - Local Contribution Fixed Deposit Cash Book**

This book shall be maintained to record the following transactions :-

- a) All the transaction relating to fixed deposit, Investments, Interest, Dividend on Fixed Deposits, Dividend on Investments made out of local contribution.
- b) All the Inward remittance in connection with the above mentioned transaction.
- c) All transaction relating to purchase and sale of units, bonds and Government Securities etc.
- d) All transaction related to short term, long term fixed deposit.

### **3.15.3- Local Contribution Ledger**

This Ledger shall be maintained to reflect the status of local funds. This ledger shall contain the following transactions.

- a) Amount received towards campaign and special collections.
- b) Amount disbursed out of local funds.
- c) Balances available or deficit in the funds account.

### **3.16 Depreciation**

Depreciation is a process which aims to distribute the cost or basic value of the fixed assets less salvage value if any, over the estimated useful life of the fixed assets in a systematic manner. The net result is that there is a fall in the value of an asset.

The factors that cause depreciation are :

- Wear and tear due to actual use
- Passage of time
- Fall in market value
- Accidents
- Obsolescence

Depreciation is provided in order to achieve the following objectives :

- To ascertain the true surplus





- To show the asset at its fair value.
- To present a fair and true picture of the financial status.
- To provide for replacement of the depreciation asset.

Depreciation is a non-cash expenditure of BDKS. It is a allowable expenditure under the Income Tax Act.

### 3.16.1 Methods of providing depreciation

the following are some of the methods of providing depreciation :

- Straight Line Method
- Written Down Value Method

### BDKS is following " Straight line Method "

#### Straight Line Method

A suitable percentage of the original cost is written off the asset every year. e.g. if an asset cost Rs.1000.00 and the rate of depreciation is 20% then the depreciation will be as below :

#### Original cost

#### Depreciation

1st year Rs.1000.00 at 20% = Rs.200.00 : the asset Value is Rs.1000.00-  
200.00=800.00

2nd year-Rs.1000.00 at20%=Rs.200.00 : the asset Value is Rs.800.00-  
200.00=600.00

### 3.17 Depreciation Fund

It is prudent for BDKS to create a depreciation fund and set apart the same for making specific investments. The depreciation fund set apart as above should be reflected in the liabilities side of the Balance sheet along with other Sources of funds.



### **3.17.1 Depreciation Fund Investments**

The amount set apart towards a depreciation fund should be invested in accordance with the provisions of the Income Tax Act and the Societies Registration Act to be ploughed back for replacing the depreciated assets.

The depreciation fund investment should be reflected on the assets side of the Balance sheet as a separate item along with the other investments.

### **3.17.2 Depreciation Fund Cash Book**

This Book is maintained to record the following:

- a)** Amount of depreciation that is provided on the assets annually is credited in this book.
- b)** Return on investments of this funds is also entered as an inward remittance.

### **3.18 Government Grant Cash Book**

This book is maintained to record the following :-

- a)** The amounts received from Central Government and State Government towards the projects approved.
- b)** Return on Investment of these funds, inward remittance of above Grants

### **3.19 Local Contribution Journal Book**

This book shall record the following:

- a)** Entries relating to adjustment of advances as per the notes received from the project departments.

### **3.20 Fixed Deposit Ledger**

This Ledger shall record entries relating to Fixed Deposits made out of Local contribution with the date of deposit, principal amount, interest received, period of deposit and maturity date, bank-wise.



### **3.21 Maintenance of Bank Accounts**

BDKS shall maintain exclusively a separate bank account for operating Foreign Contributions and separate bank account or accounts for operating local funds and also Government Grants.

#### **3.21.1 Bank Account for Foreign Contributions.**

This bank account is the account officially approved by the Foreign Contribution Regulation Act Division of the Ministry of Home Affairs, Government of India, while granting registration to the organization under FCRA. This account shall contain only the transactions relating to foreign contributions. All inward remittances of foreign contributions shall be deposited and encashed through this bank account. No local funds shall be remitted into this account under any circumstances.

#### **3.21.2 Receipt of Foreign Contribution**

All the receipts of foreign contributions shall be credited into the Foreign Contribution Bank Account against which official receipts should be issued to the Donor Agency. No other receipt shall be paid into this bank account under any circumstances.

#### **3.21.3 Payment out of Foreign Contribution**

Payment out of foreign contribution shall be made for the following purposes.

- a) Disbursements to project holders.
- b) Drawing for administrative expenses of BDKS.

### **3.22 Bank Account for Local Funds**

BDKS may maintain as many bank accounts as it may be required for operating various local funds like Campaign fund, special collections, Government Grants etc.

BDKS shall open or close such bank accounts from time to time with the proper resolution of the Governing Body.

### **3.24 Bank Reconciliation Statement**

The Finance Department shall prepare a bank reconciliation statement every month which shall be certified by the Head of the Department and attached to the monthly management report described elsewhere.



The correction, rectification entries required shall be passed on or before the first week of next month.

The difference in the balance could be due to the following :-

- a) Bank charges debited by the bank are not immediately entered in the books of the Institution.
- b) When cheques are being deposited, BDKS will record it in its books immediately whereas the bank will enter it in the bank pass book or statement only on realisation of the cheques.
- c) Errors may be committed in the books by the bank and or by BDKS.
- d) Standing instruction given to the bank to make payments or collect receipts are entered in the bank books but the entries in the books of the institution are passed only after received the bank advice.

### **3.24 Encashment of remittance from abroad.**

BDKS generally receives its project funds in foreign currency instrument like US\$, Euro., F. Franc, etc.

**3.24.1** It shall be the responsibility of the Finance Department to ensure that best rate of exchange is obtained in encashing the above project funds. It may be required that the HOD of Finance Department interacts with different banks to identify the highest rate prevailing in the market to negotiate with RDS DWS own bank for the best rate of exchange. Please see Form No.3.26.1

**3.24.2** The Finance Department shall maintain a register for documenting the best exchange rate negotiation in Form No.3.26.1 prescribed herein. The Finance Department shall also present a report of exchange along with the monthly management report in the Form No.3.26.2 prescribed herein.

**3.24.3** The Finance Department shall maintain an inward remittance register exclusively for foreign contributions encashed in Form No.3.26.3 prescribed herein.



### **3.25 Cash Flow Projection**

The Finance Department should prepare a cash flow projection report at least every quarter to serve the following triple purposes:

- a)** to make the best investment decisions for the funds of BDKS.
- b)** to ensure that there is smooth flow of cash receipts and payments.
- c)** to avoid any cash crunch/deficit situation.

In order to prepare a scientific cash flow projection report the finance department may take the assistance of other departments like Post funding and Emergency for obtaining the projected disbursements to project holders including the Block Grant allocations and disbursements. The Cash flow Projection Reports of the Departments shall be in Form No.3.27.

The pattern of disbursements of the previous months or the same period in the last year or past years may be considered.

The administrative expenses to be incurred shall also be taken into account.

The cash flow projection report shall be in Form No.3.27(A) prescribed herein.

### **3.26 Cash Flow Statement**

This statement presents the flow of funds of the reporting period that has just expired. The purpose of this statement is to compare the actual transaction with the projection referred in the previous para and to make any such adjustments as may be required. The cash flow statement shall be in Form No.3.28 prescribed herein.

### **3.27 Maintenance of Financial Records and Documents.**

Maintenance of proper financial records and documents on a daily basis is basic for a good accounting system. Any transaction must be supported by certain valid documents e.g. vouchers, receipts etc. These are known as supporting documents and they are an integral part of any accounting systems.

#### **3.27.1 Vouchers**



A voucher is the basic documents used to support the authenticity of a transaction entered in the books of accounts. All the details shown in the following format must be included and supporting evidence be **provided e.g. a** cash / bank voucher.

- Note: 1** Vouchers can be of different colours for bank and cash transactions which may be useful during a Reconciliation of Bank Statement.
- 2 Vouchers for expenses incurred from local contribution and foreign contribution must be filed separately.

### **3.27.2 Third party vouchers versus self-vouchers**

Third party vouchers are vouchers with supporting documents acknowledging the receipt of payment from the organization e.g. cash bill for medicine, petrol etc.

Self-vouchers are vouchers with no supporting documents for which payment is attested by the person who has incurred the expenditure e.g., conveyance

Wherever it is not possible or practical to obtain third party vouchers, self-vouchers may be used. In all other cases third party vouchers should be used.

Vouchers will have to be maintained separately for payments made out of the foreign contribution account and the local contribution account. The vouchers are classified as Petty Cash, Bank, and Journal. They should be independently filed in order of occurrence and duly numbered.

### **3.27.3** The following points are to be observed with regard to vouchers of all types:

- Any payment should be approved by a duly authorized person with suitable limits and under no circumstances should vouchers be authorized by the person preparing the voucher.
- In case where a cash bill or cash receipt is give, the same shall be attached to the voucher and there is then no need for the payee's signature or for a revenue stamp on the voucher.



- For payment above Rs.5000/- a revenue stamp of appropriate (at present Re.1/-) value must be affixed and the payee, or the person authorized by the payee, should sign and in the case of a third person, write his/her address.
- Where expenditure cannot be supported by external documentary evidence, a detailed statement of account for the expenditure incurred by the payee, duly signed by the payee, should be attached with the voucher or be written on it. This is to be signed after affixing a revenue stamp of appropriate value if the payment is above Rs.5000/-
- The head of account under which the transaction falls must be clearly written.
- Payment should not be released either in cash or by cheque unless the voucher supported with proper evidence, is produced and is complete in all aspects.

### **3.28. Receipts**

A receipt is acknowledgement of money by an organization towards capital and income, (revenue), such as donation, advance recovered and loans received. Receipts can be classified into two types:

1. Capital receipts e.g. corpus donations, loans received, money from sale of fixed assets.
2. Revenue receipt e.g. voluntary contributions which are not corpus donations, revenue from a craft centre, bank interest etc.

**3.28.1** The following points are to be observed with regard to issuing receipts.

- i. Receipts should be serially numbered.
- ii. A duplicate copy of the receipt should be retained on record.
- iii. The address of the donors should be mentioned in the receipt book.
- iv. Each receipt should be signed by a duly authorized person.
- v. If a donation received towards the corpus fund of the institution then a letter should be obtained from the donor and kept in a separate file for corpus donation. The letter should be voluntary and not in a standardized format.



- vi. If an institution has obtained 80 G exemption for donations, then the necessary information must be printed on the receipt or a seal affixed on the reverse side of the receipt, giving full details of the exemption issued i.e. reference number, date of issue and period for which it is valid.
- vii. Separate receipt books must be kept for foreign contributions and local contributions.

### **3.29 Maintenance of Files**

A good filing system is an integral part of the accounting systems of an Organization.

**3.29.1** Normally the following files should be maintained in a non-profit organization:

1. Voucher file for cash Book
2. Voucher file for Petty Cash Book
3. Voucher file for journal Register
4. A separate bank file for each bank account
5. Receipts file/book
6. Fixed asset file /register
7. Fixed deposit file
8. Management reports (monthly or quarterly)
9. Financial statements/audited accounts
10. Audited accounts
11. Budget file
12. Separate files for Telephone bills, electricity bill
13. Income tax file
14. Registrar of Societies file
15. Foreign Contribution file

Separate files must be maintained separately for local contribution and foreign contribution. Some of the above files are permanent documents and certain others are non-permanent records.





### **3.30 Documentation of Fixed Assets.:**

Fixed Asset can be classified into two types:

1. Immovable e.g. Land, Buildings
2. Movable e.g. Vehicles, Furniture, Equipment

The following documents relating to Fixed Assets have to be properly preserved:

#### **Immovable Assets:**

##### **a. Land (freehold)**

- i. Original sale deeds
- ii. Parent documents
- iii. Sketch of the property
- iv. Encumbrance certificates
- v. Legal opinion as to the title of the property
- vi. Land tax receipts, if any
- vii. Patta/katha

In the case of leasehold land the lease agreement document should be preserved.

##### **b. Building**

Purchase of Building:

- i. Original sale deed
- ii. Parent documents
- iii. Sketch of the land and building
- iv. Encumbrance certificate
- v. Legal opinion
- vi. Patta/katha



vii. Property tax and land tax receipts

### **3.30.1 Constructed building:**

- i. Building plan approved by the Government
- ii. Valuation report from an approved valuer as to the value of the building

### **3.30.2 Movable Assets:**

#### **a. Vehicles**

- i. Invoice
- ii. Registration document of the vehicles
- iii Road tax
- iv. Insurance

#### **b. Other Assets**

- i. Cash bills
- ii. Invoice
- iii. Cash receipts

### **3.31 Preservation of Financial Records**

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



## **Section 4**

### **Reporting and Monitoring**

#### **4.1 Reporting**

Reporting is a process through which BDKS presents a reflection of its current status, especially the financial situation. Reporting is important because it enable not only those in authority but also the public at large to know whether or not activities which had been planned have been carried out, whether there have been any deviations and whether there are high standards of efficiency and accountability or not.

There are several ways of reporting depending on the different types of organisation and the sort of information they need. The following are some of the ways of reporting by BDKS :-

1. Reporting of the Board / Governing Body.
2. Reporting to the Director / Executive Committee.
3. Reporting to the Government
4. Reporting to the funding agency.
5. Reporting to the public at large e.g. by publishing an Annual report.

#### **4.2 Monitoring**

Monitoring is a process by which people who are connected in various capacities to BDKS ensure that the project or activity is carried out in accordance with the planned objectives.

Planning and control are two sides of the same coin. Monitoring ensures that one side of the coin, namely control is adequately exercised.

There are various levels of monitoring depending on the relationship of the people connected to BDKS e.g. The Board is the first level of monitoring authority being the legal body which is accountable and fully responsible for all the good deeds and misdeeds of BDKS.



Similarly, the Government, both at the State and Central levels, monitors the activities of BDKS through various laws which cover BDKS e.g. FCRA, taxation etc.

### **4.3 Reporting to the Board**

The following are the common reports submitted to the Board :-

- a. Half Yearly Financial Report.
- b. Annual Financial Report
- c. Legal Compliance Status Report
- d. Projects Status Report.
- e. Budget Comparison Report
- f. Investment Status Report
- g. Donor Agency Status Report.
- h. Management letter from statutory auditors.

#### **a. Half Yearly Financial Report**

Boards of BDKS meet at least every half yearly during the fiscal year. This is a healthy practice.

In such half yearly meeting the following reports should be presented for the review of the Board :-

- i. Receipts & Payments Account
- ii. Income & Expenditure Account
- iii. Balance Sheet
- iv. Legal Compliance Status Report
- v. Project Status Report
- vi. Budget Comparison Report
- vii. Investment Status Report

#### **b. Annual Financial Report**

Normally it is a legal requirement that BDKS should present its audited financial statement in the Board meeting after the end on the fiscal year and adopt the same before filing it with the appropriate Government Authorities



The Board may then like to review the following reports :-

- i. Audited Financial Statement including :-
  - a. Receipts & Payments Account
  - b. Income & Expenditure Account
  - c. Balance Sheet.
- ii. A report of the key financial ratios
- iii. Legal Compliance Status Report
- iv. Annual Budget Comparison Report
- v. Project Status Report
- vi. Investment Status Report

**c. Legal Compliance Status Report**

This is a report that informs the Board whether BDKS has complied with the necessary laws e.g. filing the Income Tax Returns, reporting to the Ministry of Home Affairs under FCRA etc.

If there is any action against BDKS by the Government it should be reported to the Board. Information should not be purposely concealed from them. If there is any violation of the law then it will have serious implications and will cause immense damage to BDKS.

**d. Project Status Report**

BDKS often implements many projects simultaneously. Therefore it is important for the Chief Functionary as well as Board to understand the status of the stage of completion of each project. This report therefore gives clear details about each project at any particular point of time.

Tracking between agency balance must be carried out through a proper system. Further a report on administrative expenditure in each project or programme shall be submitted.

**e. Budget Comparison Report**

Unless a plan is reviewed regularly any deviation from it cannot be rectified in a timely manner. A budget is a financial plan and hence it needs to be compared with the actual financial statement periodically (monthly, quarterly, half yearly or annually) when any deviation should be identified. After analysis the deviation,



corrective measures must be taken immediately, A Budget Comparison Report is a tool to assist in the above process.

**f. Investment Status Report**

BDKS may be making different types of investments. Funds must be invested in a creative manner and then be measured in terms of capital appreciation, safety, liquidity and rate of return thereby improving the resources of BDKS effectively and efficiently.

**g. Donor Agency Status Report**

Various donor agencies prescribe different types of reports. It is for the Board to ensure that the reports prescribed by the donor agencies are complied with. It is advisable to develop a calendar for reporting to donors and incorporate the same with the financial calendar in practice.

Quarterly monitoring is advisable in order to ensure a regular review of the activities of BDKS. It enables BDKS to take the necessary corrective activity for any deviation from the actual plan before it is too late. It will be too late to take any corrective activity for any deviations from the actual plan before it is too late. It will be too late to take any corrective action at the end of the fiscal year but a review after the end of the fiscal year serves no purpose at all.

**h. Management letter from statutory Auditors.**

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

A recommendation closure document shall also be prepared as to number of recommendations implemented which is also intimated to the statutory auditors and external expert.

**4.4. Reporting to the Executive Director**

While it is the Board which frames Board policies, it is the Executive Director which implements such policies and takes care of the day-to-day affairs of BDKS. Therefore the following reports will be required for the Executive Director more frequently than they are required by the Board :-



- i. Monthly Financial Report
  - a. Receipt & Payment Account
  - b. Income & Expenditure Account
  - c. Balance Sheet.
- ii. Budget Comparison Report
- iii. Investment Status Report
- iv. Donor Agency Status Report
- v. Bank Reconciliation Statement
- vi. Legal Compliance Report

A good reporting and monitoring system ensures transparency in the accounting of BDKS.

Reporting and monitoring are two important functions which are complementary to each other for the effective functioning of the finance department.

Reporting function enables the management to obtain certain key information required to ensure that the financial system is working smoothly and is intact.

Monitoring function facilitates taking note of any deviation from what has been planned or budgeted and enables corrective action before it is too late.

#### **4.5 Monthly Management Reports Separately for FC and IC Funds**

The following reports shall be submitted to the management to ensure reporting and monitoring function effective.

It is the responsibility of the HOD of Finance to prepare, certify and present the report. The above reports shall be submitted on or before the 7th day of the following month.

##### **4.5.1 Receipt and Payment Account**

The Receipts and Payments Account reflects the movement of funds. It is nothing but a summary of cash transactions under various broad heads which helps to know how the funds are utilised. In a Receipts and Payments Account both capital and revenue items have to be considered. It is almost a reproduction of the Cash Book, but instead of recording the transactions according to date, the transactions pertaining to the period are regrouped under major heads of accounts. The receipts are recorded on the debit side while payments are recorded



on the credit side. A Receipt and Payment Account would only show the actual inflow and outflow of funds and not entries passed for provisions such as outstanding expenses, depreciation etc.

#### 4.5.2 Income & Expenditure Account

The income and Expenditure Account is a summary of the income and expenditure of the relevant period including provisions such as depreciation. It considers only revenue items and no capital transactions should be included. The expenditure is recorded on the debit side and income is recorded on the credit side. The difference represents the excess of income over expenditure or vice versa.

#### 4.5.3 Points of Difference between a Receipt and Payments Account and an Income and Expenditure Account

These are given below :-

Sl. No.	Points of Difference	Receipts & Payments A/c	Income and Expenditure A/c
1.	Opening Balance	Opening Cash & bank balance	No opening balance
2.	Capital receipts &	Included payments	not included
3.	Outstanding Expenses	Not included	included
4.	Accrued Income	Not included	included
5.	Prepaid Expenses	Included	Not included
6.	Income received in advance	Included	Not included
7.	Depreciation, provision etc.		Not included/included
8.	Credit purchase & sales	Not included	included
9.	Closing Balance	Closing cash bank balance	surplus or deficit

#### 4.6 Trial Balance

The list of debit and credit balances prepared at any specified time from the Main Cash Book and General Ledger is called a Trial Balance. Under the double entry system, since every debit has corresponding credit, the total of the debits in the Trial





Balance will have to equal the total of the credits. If the totals are the same, it proves that the books are arithmetically correct. A tallied Trial Balance need not be conclusive proof of accuracy, but sufficient proof is accuracy. If the trial balance does not tally then one has to locate the error committed and then make the necessary corrections or pass the necessary journal entries.

HOD shall certify the same and present it along with the monthly management report.

#### **4.7 BALANCE SHEET**

This is a document which reflects the financial status of the organisation in terms of assets, liabilities and its net worth.

This document is prepared based on the Receipts and Payments Account and the Income and Expenditure Account.

All assets are represented in the Trial balance as debit balance and all liabilities are represented as credit balances. The right hand side of the balance sheet gives an idea as to what is owned by BDKS. Depreciation is provided for the fixed assets and is charged to the Income and Expenditure Account.

#### **4.8 Agency Balance**

This report is meant to reflect the balance of funds in each agency's account along with the current receipts from the agency and the disbursements out of all the agency's funds.

Any negative balance in the agency account shall be treated immediately to avoid violation of Foreign Contribution Regulation Act by recouping the funds from the agency concerned.

#### **4.9 Block Grant Status Report**

This report is meant to reflect the status of balance in the Block Grant and will serve the purpose of taking appropriate decisions.

This report shall be in Form No.4.9 prescribed herein. This shall be part of the monthly Finance Report.



#### **4.10 Budget Comparison Statement**

This statement shall reflect the budgeted income and expenditure as against the actual for the month and the deviation if any. It is an important tool for the management to ensure that the income and expenditure are adhered to the budget planned and approved.

#### **4.11 Expenses Tracking Report for Income Tax Purposes**

Often organization violates the Tax Laws by not spending the required amount of income of a fiscal year under the present Income Tax Act. BDKS has to spend 75% of its income during the year towards its various objectives. BDKS can take recourse to other possibilities of obtaining exemptions by accumulating the income to be spent in the next or in the succeeding years. However, it is to track the above information on a monthly basis so that towards the end of this year BDKS does not face a situation of non-compliance of the Tax Laws.

#### **4.12 Annual Financial Statements Separately for FC and IC and Consolidated**

BDKS has to prepare a separate set of financial statements for the submission to FCRA Departments of the Ministry of Home Affairs as follows:

- a) Receipts and Payments Account**
- b) Income and Expenditure Account**
- c) Balance Sheet**
- d) Form FC3**

BDKS shall also prepare another set of financial statements including the foreign contributions and local contributions as follows

- a) Receipts and Payments Account
- b) Income and Expenditure Account
- c) Balance Sheet

The consolidated financial statements shall be used for the following purposes:

- 1) Submission to the Income Tax Department
- 2) For filing returns to the Registrar of the Society
- 3) For obtaining Certificate of Exemption U/S 80G.



## **Section 5**

### **Planning and Budgeting**

#### **5.1 Need for Planning**

BDKS has a vision which must be translated into reality. BDKS is based on certain values of service to humanity and it should be a regular practice for them to go through a process of vision building and making a mission statement. It is wise for BDKS to plan for the future with wisdom and foresight, so that the mission can be fulfilled in the most economical way, within the least time limit, with professionalism and quality and in accordance with the highest standards.

#### **5.2 Significance of Planning**

One ounce of planning is like a pound of doing is an old maxim. The Finance of BDKS can be healthy only if the same is used for the planned activities of BDKS to achieve the objectives and finally to serve the vision.

#### **5.3 Annual Budgeting**

Budgeting is an important tool for planning the finance of BDKS. Budgeting has to be a corporate approach in BDKS since there are many departments which make the expenses. Therefore, the finance department should propose the budget estimates on or before 31st January for the succeeding financial year.

The finance department should consolidate all the estimates of various regional offices and departments concerning replacements and new equipment for the coming year to the Executive Director on or before 31st January.

The Executive Director may make such comments having regard to the broad objectives and the needs of BDKS and present the final version to the Finance Advisory Committee on or before 15th February of the Calendar year.

The Finance Advisory Committee shall study the budget estimate and make such comments as they consider necessary and forward the same to the Governing Body.



The Executive Director shall thereafter place the budget with the comments of the FAC before the next Governing Body meeting, thereafter in the next Governing Council of BDKS.

#### **5.4 Finance Advisory Committee**

- 1) It shall be responsibility of the above committee to review the annual budget of BDKS and make such comments as may be necessary.
- 2) Review the audited annual financial statement of BDKS and make such observations.
- 3) Advice BDKS on the investment policies.
- 4) To meet periodically at least every half year to review the finance system of BDKS.
- 5) To meet for such purpose having financial application of BDKS and render advise, for example, mobilization of Corpus Fund, Construction of additional floor etc.

#### **5.5 Budget Monitoring**

All budget, however provisionally prepared, will be a futile exercise if the same is not monitored periodically. It is therefore recommended that finance department shall monitor budget on a monthly basis as per the format and the procedure recommended earlier.

#### **5.6 Capital and Revenue Budget**

While budgeting the following aspects should be considered:-

##### **i. Self-Reliance**

It is healthier to run BDKS in a self-reliant manner rather than to be dependent. High dependency will affect the stability of BDKS and result in dislocation of its activities. All efforts should be made to make BDKS self-sufficient through sensible budgeting processes.

##### **ii. Capital Assets**



Capital expenses (non - recurring expenses), are the acquisition of new assets, vehicles, land and building and / or additions to building. These assets require substantially large resources.

Resources should be invested in capital assets only if they are required for the objects of BDKS.. Capital assets will otherwise turn out to be liabilities for BDKS e.g. maintenance charges for rundown or idle building and equipment etc.

**iii. Operating Expenses (revenue or recurring expenses)** Operating expenses represent the operative expenses of BDKS such as Establishments, Administration, Travel, General Charges, etc.

**iv . Cash Budget**

Cash budget represents the estimated cash and bank receipts and cash bank disbursement and the resultant balance at the end of the month or year as the case may be. This budget enables an organisation to plan its cash flow.

### **Difference between Capital and Operating Expenses**

While operating expenses are recurring in nature, capital expenses are non - recurring. If BDKS does not have sufficient resources to match its operating expense its financial health is questionable. Good financial procedure requires BDKS not only to raise the resources needed for its operative expenses but also to plan and accumulate the necessary resources for its capital expenses.

For constructing any of the above budgets the following steps have to be kept in mind:

- . Estimate the income/receipts.
- . Estimate the expenditure/payments
- . Review the previous two to three years Income and expenditure for the pattern
- . Arrive at the surplus/deficit in either case, plan how to use the surplus or manage the deficit.

### **5.7 Linkage between Activity plan and Financial plan.**



BDKS in order to attain its goals and objectives will undertake activities for implementation of the project. Each of this activity plans is linked to the financial plan through budget code and budget head of account. This linkage facilitates to prepare a clear budget.

## **5.8 Chart of Accounts.**

Chart of Accounts is list of accounts agreed in an organization.

Chart of Account is a list of accounts agreed in an organisation based on the Vision, Mission, Goals and Objectives. The accounts are prepared based on the programmes run which falls within the vision of the organisation. Any expenditure has to be classified to the agreed head of account and not to any other head of account. Both the heads of account and the description of the nature of expenditure under each head have to be agreed and not to be charged without proper authorisation. In short the budget heads shall be integrated with chart of Accounts



## Section 6

### Investment of Funds

#### 6.1 Introduction

BDKS deal with funds received for carrying out their various objectives and goal. They received funds for various purposes :-

- a. for operating expenses
- b. for specific or designated funds e.g. revolving funds for income generation programmes, education development fund.
- c. Corpus funds.

One of the important ways of improving the resources in BDKS is by making prudent and creative investments. Often large funds are blocked in low yielding, non - capital appreciating investments. If they are channelised to high yielding, capital appreciating investments, the funds of BDKS will be augmented. Often prudent and creative investments contribute to the augmenting of internal resources.

#### 6.2 Planning for investment

It is important that BDKS has a good investment policy in order to ensure that the funds are invested in the most effective and efficient investment options.

For this purpose BDKS should draw an investment plan based on the following factors :-

- i. Nature of funds available for investment in short term deposits and long term deposits.
- ii. Time plan for implementation of the projects for which funds are received .
- iii. The type of cash flow required in BDKS.

#### **BDKS has :-**

- i. To ensure conformity and stability by developing a healthy economy.
- ii. To avoid financial crisis.
- ii. To avoid high dependency and insecurity.



## 6.2.1 Investment Policy

The policy of Investment for the funds of Bastar Dharma Kshema Samiti is to identify all idle and surplus funds and make efficient investments which are within the legal framework of the laws applicable to Charitable societies in India as well as ethically in conformity with the values it stands for. Every such investment should be made without causing any delay in disbursements of funds to Projects and Programmes implemented by BDKS as well as its partners.

### **Issues Involved:**

1. Availability of Funds
  - Corpus Fund
  - Endowment Fund
  - Reserve Fund
  - Depreciation Fund
  - Project Fund
2. Time Frame
3. Categorisation of funds in different modes

For investment of any fund, we have to make an analysis based on the following rating.

1. Liquidity
2. Return
3. Capital Appreciation
4. Social compliance of Investor
5. Linking with the purpose of Specific Funds
6. Track Record
7. Compliance of Sec.11(5) of the Income Tax Act 1961.

Chart 1, 2 & 3 should be presented along with the Audited Statement of Accounts half yearly and Annual Budget. Whenever any investment is to be carried out, the scheme should be graded based on the following rating as given in Chart 4. However, Chart No.3 & 4 should be prepared for each investment. For the time being it is to be kept in mind that all investments in Mutual Funds are ruled out.





### 6.3 Types of Investments :-

Funds of BDKS should be invested in accordance with the provisions of section 11(5) of the income Tax Act, 1961 in the following manner :-

- i. Investment in savings certificates or any other securities issued by the Central Government.
- ii. Deposits in any account with the Post Office, scheduled Banks.
- iii. Deposits in any account with a scheduled bank or a co-operative society engaged in Banking.
- iv. Investments in the Unit Trust of India.
- v. Investments for money in any security created and issued by the Central Government or State Government.
- vi. Investments in any debentures issued by a company or corporation where both the principal thereof and the interest thereon are fully and unconditionally guaranteed by the Central Government or by State Government.
- vii. Investment in any Public Sector company.
- viii. Deposits in any Bonds issued by a financial corporation engaged in providing long term finance for industrial development in India.
- x. Deposit with the Industrial Development bank of India.
- xi. Any Transfer of deposits to the Public Account of India.

Two types of funds for making investments as follows

- i. Corpus Funds
- ii. Other Funds.

#### **Corpus Grants**

Any Corpus donation can be attached with a Corpus letter/Donor letter.

These funds are not meant for ordinary expenses or projects disbursements. On the other hand they are solely to be invested and the income there from to be used for meeting the administrative expenses.

It is, therefore, important that these funds are invested in the most judicious manner possibly in long term investments.



### **Other Funds**

These funds consist of both foreign contribution and local funds, meant for project disbursements and for meeting the administrative expenses. However, at every point of time, there will be certain amount of ordinary funds available with BDKS which can be again invested in a judicious manner in order to ensure that the best returns are earned on the funds and they are not kept idle.

However, it may be difficult to have the best of all the above parameters in any investment, for example, the option which earns the highest returns may not have the highest capital appreciation possibly. Therefore, funds regard to the nature of funds viz. short term and long term, the investment decision has to be made in a judicious manner.

### **6.4 Investment Report**

The Finance Department shall prepare an investment Report on a monthly basis and present the same to the Executive Director along with the monthly management report.

An annual investment report shall also be prepared in the same form as stated earlier and the same shall be presented to the Governing Body.

\*\*\*\*\*