

2023

GUIDELINES FOR GRANT ACCOUNTING, SPENDING, PROCUREMENT

by
Change Initiatives

1/04/2023



PROCUREMENT POLICY and ACCOUNTING GUIDELINES

These guidelines are to be complied with while procuring, spending and accounting for the grant received. These guidelines are applicable with immediate effect. (1 April 2023)

The procurement list should be placed before the Executive Committee (Secretary, Treasurer and Director) who will decide the mode of procurement in each case and approve the same.

Capital Expenditure

While purchasing any Fixed Assets (FA) above Rs. 20,000/- (Rupees twenty thousands only), the following points are to be ensured:

- o Obtain the quotations from at least 3 vendors.
 - o Such quotation should be for the same type of asset with same configurations to be considered valid.
 - o Management should approve the purchase of FA by selecting the lowest quotation. In case lowest quotation is not selected, the reason for choosing any other quote must be recorded in writing.
 - o The purchase must be supported with an invoice which must contain the name of purchasing organization. GST bill must.
 - o Further, Invoice should contain the serial number, brand, and other particulars of the asset purchased for their unique identification. For example: Computer purchase invoice should have the Serial Number of the computer, brand name and detailed configuration whereas the purchase of chair and table should have the model type, color, quantity, make (which type of wood used) etc.
 - o Furthermore, invoice should be dated and contain the name of the party to whom it is issued, invoice no. and signature of the vendor/company.
 - o The invoice received from the vendor should be in agreement with the Purchase Order and / or the quotations issued.
 - o The purchase should be as per the budgeted amount and should not exceed it in any case.
- **Fixed Assets Records/Register should be maintained and should contain the following details:**
 - o Item wise details of all the fixed assets:
 1. S. No of the assets
 2. Name of the vendor
 3. Date of purchase of asset
 4. Type of assets Example: Computer
 5. Description of Asset – Example: LG Computer i5 3rd Gen.
 6. Location of Asset

7. User of Asset
8. Value of asset purchased
9. Asset code – Each Asset should be allotted a Unique code for identification

Sample format for FAR is provided below:

S. No of the assets	Asset code	Name of the vendor	Date of purchase of asset	Type of assets	Description of Asset	Location of Asset	User of Asset	Value of asset purchased
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• Mode of payment:

- o Any cash purchases exceeding Rs. 5,000/- shall not be allowed as a valid purchase.
- o Any payment for an asset purchase above Rs. 5,000/-, must be made through Chq/ DD/ NEFT or any other banking method. The payment made in cash will not be accepted as valid modes of payment.
- o The payments should only be from the bank account of the organization.

• Location of asset:

- o Assets purchased should belong to that location only for which it is purchased.
- o Physical verification should be done by the member of Governing body once in a year and the report of it should be made and kept as an audit trail. Such report should mention that the asset located at the center are in working condition or not and if not, the reason for it.
- o In some cases where fixed assets are usually taken to other places, such movement should be authorized and documented by the authority. A register for asset movement should be kept for the purposes.

Operating Expenses

Operating expenses include the office running expenses like Rent of the center, Housekeeping charges, Internet expenses, Salaries of Project staff, Travelling expenses and other related expenses.

The following general points are to be ensured while spending the fund: -

- o Expenses will be allowed only if incurred during the period of the project.
- o All the operating expenses should be supported with the proper invoices and not with the estimates/receipts/cash memos, wherever practicable.
- o These are few examples for supporting bills:
 - a. Electricity Bill - Bills and Receipts from the Electrical Department.
 - b. Water Bill - Bills and Receipts from the Water Department.
 - c. Computer Maintenance - Authorized bill from the Service provider.
 - d. Carpentry - Labor charges bill from the Service provider.
 - e. Plumbing Work - Service Charges bill from the Service provider.
 - f. Electrical work - Service Charges and Material bill from the Electrician.
 - g. Maintenance Materials - Authorized bills from Shop.

- h. Telephone Bills - Telephone bill and Receipt from Telephone Department.
- i. Courier / Parcel - Original Receipt from the Courier / Parcel Service Centre.
- j. News Paper Bill - Authorized bill from the Particular Agent.
- k. Photocopy - Bills from the particular Photocopy Centre.
- l. Internet / print / Scan - Bills from the Particular Browsing Centre.
- m. Mobile Allowances - As per Mobile Allowances.

- o Payment of expenses should be made through Bank Account of the organization and no cash payments of any expense exceeding Rs.2, 000/- shall be allowed for any project head. This limit, however, is subject to other disallowance for salaries / rent etc. The purchases made in Cash would be excluded from the acceptable fund utilization.
- o Reimbursements should be made only after authorization from the relevant authority and should be supported with the bills wherever practicable.
- o If the bills received are in regional language, the contents of the invoice should be translated in the English language through hand written interpretation on the invoice and should be attached to the invoice.

- **Salary / Contractual Employment:**

1. In case of the employees are on payroll, their appointment should be supported by the Employment Agreement. These must be signed by the authorized signatory of the organization and must be accepted by these staff.
2. In case the employees are on contractual basis (and not as employee), their appointment must be documented before their start of work in the form of a written Contract. These must be signed by the authorized signatory of the organization and must be accepted by these staff.
3. The remuneration/ salaries paid should be in agreement with the contract entered and should be paid only through normal banking channel such as Crossed chq/ DD/ NEFT etc. No payment through bearer chque is allowed.
4. Attendance of staff should be maintained at the office in the form of Attendance Registers and should be verified at the time of making the payment.
5. Leaves should be authorized from the appropriate authority and relevant leave records should be maintained at the center.

- **Rent:**

1. A valid lease agreement should be entered into for the office and project office.
2. Payment of rent should be made according to the rent agreement entered and should be paid only through the normal banking channel such as Crossed Chq/ DD/ NEFT, and should be paid to account of the landlord only. No payment through bearer chq is allowed.
3. Rent receipts may be collected from the landlord.

•Following are the specific points that are to be considered while making the expenditure:

- The Payment and Receipt Vouchers will be dated and Monthly serially numbered.
- No payments would be made, unless they are approved by the any two of the members. (Treasurer, Secretary, project coordinator or Director).
- After payment, the recipient's signature would be obtained. If the payment is more than Rs. 10,000/- (Rupees Ten Thousand only) Revenue Stamp would be affixed.
- All payments beyond Rs. 5,000/- would be made by cheque.
- For cash payments, the government photo ID copy of the vendor and his current mobile number would be collected.

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