

# ACCOUNTING STANDARD OPERATING PROCEDURES MANUAL

(Applicable from financial year 2019 onwards)

(Approval yet to be received)



SRI KANYAKA PARAMESWARI VISSAMSETTY  
VENKATARATNAM  
HINDU HIGH SCHOOLS COMMITTEE  
KOTHAPET, VIJAYAWADA.

## **Vision of the SKPVV Institution's**

“World class facility to educate the Community, to become Happy, Responsible & Respectable Citizens”

## **Vision for Accounting SOP**

Achieving a  
“Unified Accounting Policy and Procedures”



# **ACCOUNTING SOP**

Prepared, Modified, Trained and Monitored by

**VISION COMMITTEE**

PREPARED BY

**CA. CH. AMAR SUDHEER**

IN-COORDINATION WITH

**JAYADHEER CHITTA**

SUPPORT AND GUIDANCE BY

**CA BVS LINGAMURTHY**

**CA G. GANGADHAR RAO**



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# **CHAPTER - 1**

## **REGULATIONS RELATING TO THE ESTABLISHMENT AND CONTROL OF FUNDS OF AN ORGANISATION**



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**1. Definitions:**

- i. "Organisation Governing body (OGB)" means a management council of a School/ College/ Organisation as appointed through or Periodical Elections made as per SKPVV bye Laws;
- ii. "Secretary of the main committee" means – as defined in SKPVV bye laws
- iii. "Treasurer of the main committee" means – as defined in SKPVV bye laws
- iv. "Secretary (OGB)" means – as defined in the SKPVV bye laws
- v. "Treasurer (OGB)" means – as defined in the SKPVV bye laws

**2. Objectives:**

- i. Adopting uniform account heads throughout the Organisation
- ii. Bring control over maintenance of accounts and to frame its rules and regulations which must be followed by all the Organisation Governing Bodies and Organisations.
- iii. Providing the necessary training periodically, to the concerned field staff as well as the persons who are directly involving in the accounts,
- iv. Monitoring through continuous implementation of the accounting sops and fix the responsibilities to the concerned staff

**3. Applicability:**

The Main Committee of the Sri Kanyaka Parameswari Vissamsetty Venkatratnam Hindu High Schools Committee, Kothapet, Vijayawada, made the regulations relating to required financial controls in an Organisation in this schedule.

**4. Establishment of Organisation funds:**

- i. An OGB of an organisation must establish and administer a Bank Account in accordance with directions issued by the Main Committee.
- ii. A Cashier under the supervision of the Principal must be appointed to look after the funds of the organisation.
- iii. The principal, in consultation with the OGB, must appoint a member of the administrative staff to keep the organisation fund books. If there is no administrative staff employed at an organisation, the principal, in consultation with the OGB body, may request a member of the teaching staff keep the organisation books.
- iv. The OGB body, assisted by the principal and staff members designated by OGB must-
  - a. Keep records of funds received and spent and its assets, liabilities and financial transactions; and
  - b. Ensure that the organisation fund is administered in accordance with these regulations and directions issued by the Main Committee.

**5. Contributions to the fund:**

A fund consists of money collected or received by the OGB by means of-

- i. Fees
- ii. Voluntary contributions;
- iii. All funds raising activities of the organisation and OGB
- iv. Income derived from all assets of the Organisation;
- v. Contributions by learners for Special purposes, but always in compliance with the provisions of the Main Committee, OGB of the organisation and



- vi. Donations and bequest, provided that these are applied in accordance with the conditions of such donations or bequests.

**6. Fees:**

- i. The At least Seven days written notice of the meeting must be given in a manner deemed appropriate by the OGB body.
- ii. The following items were placed before the meeting for approval-
  - a. the proposed budget of the organisation for the ensuing year;
  - b. the amount of fees to be paid by the parents of Students/learners, and
  - c. equitable criteria and procedures in compliance with regulations, partial or Conditional exemption of parents who are unable to pay fees or who are eligible as per the decisions taken by the Main Committee or OGB.
- iii. Decisions by the OGB, for the approval of the budget, fees to be charged and exemption from payment must be made in accordance with decisions taken by the members of the organisation present and voting at the meeting.
- iv. The proceedings at the meeting must be recorded in minutes and the number of votes of those in favour, those against and those abstaining on each motion must be recorded.
- v. A parent is liable to pay the fees determined by the OGB in accordance with the rules unless he or she has been exempted from payment in full or in part.
- vi. The OGB may by process of law enforce the payment of fees by parents who are liable to pay.

**7. Responsibility of the Organisation Governing Body (OGB):**

The Organisation Governing Body (OGB) must take all reasonable measures within its means to supplement the resources supplied by the Main Committee or acquired by it, to improve the quality of education.

**8. Financial Administration:**

- i. The financial year of the Organisation shall be from 1<sup>st</sup> April to 31<sup>st</sup> March.
- ii. The OGB of an organisation must prepare a budget each year according to guidelines, which shows the estimated income and expenditure of the organisation for the following year.
- iii. The OGB must submit the following to the Main Committee-
  - a. By 31<sup>st</sup> July of each year, a copy of the approved estimate of expenditure of the Organisation;
  - b. the name of the Accounts Officer approved by the Organisation, appointed to support in examination and reporting on the records and financial statements of the Organisation.
  - c. The OGB must open and maintain a current banking account in the name of the organisation at a registered commercial bank into which all monies must be deposited.
  - d. Provision '**must**' be made for cheques to be signed by two people.
  - e. All banking accounts opened by the OGB are subject to audit.
  - f. The OGB may deposit surplus funds in the name of the organisation in a savings or fixed deposit account with a commercial bank or post office savings bank (if permits as per law).



- g. The principal shall ensure the deposit of all funds received for the Bank account on the same day, provided the Secretary may authorise the late deposit of funds.
- h. Any Banking account should not be overdrawn.
- i. The signatories (Secretary and Treasurer) of any banking account opened in terms of these regulations are determined by the OGB in accordance with Main Committee instructions.
- j. No signatory to the banking account may sign blank cheque forms for the purpose of drawing funds from a banking account.
- k. The OGB may authorise the principal to keep petty cash in an amount determined by the OGB and in accordance with the regulations set by the OGB.
- l. The expenditure may only in exceptional circumstances be made from the organisation fund without prior estimates approved in OGB meeting same to be ratified and recorded in the immediately following OGB meeting.
- m. Expenditure which is not in accordance with the said prior estimates must be approved by the OGB and bring to the attention of Main Committee for their approval and for necessary further action.
- n. The OGB is obliged to-
  - Check at each meeting all expenditure incurred since its previous meeting;
  - inspect supporting vouchers to ensure that these are in order, comply with these regulations and OGB instructions, and
  - satisfy itself that expenditure is in accordance with the approved budget.
- o. No “cheques payable to cash” may be issued.
- p. The OGB and the principal shall ensure that proper financial records are kept safe in accordance with the regulations.
- q. No educators shall collect fees from Students/ learners. The principal must educate Students/ learners not to pay educators fees of any kind.
- r. The staff responsible for financial records of the organisation must-
  - Immediately issue a receipt for all monies received
  - Uses only one receipt book at a time in one place.
  - Make our receipt in their serial number order, without alterations to the name or amount in words or figures;
  - Use carbon paper to impress a copy of all receipts issued;
  - Return carbon copies in the receipt book of issued receipts;
  - Cancel any receipt form on which a mistake is made, keep original receipt in the receipt book and issue a new receipt;
  - Enter particulars of receipt issued in cash book daily;
  - Record the serial number of all receipt books in a distribution register;
  - Obtain a signature in a distribution register from every person to whom a receipt book is issued;
  - Make payments only a submission of proper documentation as set out in these regulations reflecting-
    - The name of the person to whom payment is to be made;
    - The amount to be paid
    - The nature of the goods supplied or the services rendered;
  - Ensure the safe keeping of vouchers for audit purposes;



- Ensure that all payments and supporting vouchers are presented and ratified at the next OGB meeting.
- s. The OGB and the principal must ensure that:
  - Receipts are issued for all monies received by the organisation;
  - All income and expenditure are recorded and accounted for;
  - All records pertaining to the financial matters of the organisation and the decisions of the OGB pertaining thereto are kept in safe custody;
  - These regulations and instructions pertaining to the finances of the organisation are being adhered to;
  - A copy of the finalised statement of accounts is provided to the Secretary, on or before the 15th June of each year;
  - Employees appointed to assist the OGB in the fulfilment of its duties observe these regulations;
- t. The financial records and other related documents may at any time be inspected by a OGB member or any other officer authorised thereto by the Main Committee.

**9. Auditing of Organisation financial records:**

- i. The books of account are closed at the end of each year (i.e. 31<sup>st</sup> March)
- ii. The OGB must co-operate with the person registered as an accountant and auditor in terms of the Chartered Accountants Act, 1949, and appointed by the Main Committee to audit the records and financial statements.
- iii. the person appointed in terms of sub-regulation (ii) above certifies:
  - a. the accuracy or otherwise of organisation financial records;
  - b. whether or not records were kept in accordance with applicable government regulation;
  - c. Whether or not expenditure was made in accordance with the approved budget, applicable provincial regulations;
- iv. On or before the 31<sup>st</sup> day of July of each year the principal must forward the following to the Secretary
  - a. An audited and certified financial statements;
  - b. A certificate referred to in sub-regulation (iii) above
  - c. A stock inventory referred to in regulation 9 (Mentioned Below).

**10. Purposes for which Organisation funds may be used:**

With due regard to the conditions of any donation, bequest or trust, organisation funds may be used for-

- i. Educational purposes, at or in connection with such organisation;
- ii. Educational purposes, at or in connection with another organisation in agreement with such other organisation and with the consent of the Secretary of the Main Committee;
- iii. The performance of the functions of the Organisation
- iv. Any other educational purpose agreed between the OGB in the board meeting;
- v. improving the organisation and sports grounds, subject to obtaining prior approval from the Main Committee.
- vi. insurance premiums in respect of organisation assets;
- vii. expenses towards repairs to and maintenance of organisation property;

**11. Stock item register:**

- i. The OGB, with the assistance of the principal and staff members identified by him or her for this purpose, must cause a separate register to be kept of all inventory items –
  - a. purchased from organisation funds, and
  - b. donated to the organisation or
  - c. purchased from Main Committee funds.
- ii. The OGB, with the assistance of the principal and staff members identified by him or her must ensure that all stock items purchased from organisation funds, provided by the Main Committee or donated to the organisation are properly maintained and looked after.
- iii. The OGB, with the assistance of the principal and staff members appointed by him/her must ensure that –
  - a. stock registers clearly indicate the source from which items are acquired, and
  - b. stock is taken annually.

**12. Investigations by the Main Committee Secretary:**

- i. The Secretary of the main committee may at any time call for a special report or such other particulars as he/she may consider necessary in connection with the administration of organisation funds.
- ii. The Secretary of the main committee may also appoint an officer to investigate and to report to him/her on the administration of an organisation fund.

**13. Disposal of Organisation funds and equipment on the closure of an organisation:**

- i. When an organisation is closed, the OGB or failing that, the principal of such organisation must –
  - a. ensure the preparation of a final audited income and expenditure statement;
  - b. cause, together with the principal, the preparation of a final stock register in terms of regulation 9 sub-regulation (1);
- ii. Upon the closure of the organisation, the principal shall-
  - a. submit the final audited income and expenditure statement referred to in sub-regulation (i)(a) above together with the final asset register referred to in sub-regulation (ii)(b) above to the Secretary;
  - b. hand over all assets issued to the organisation by the Main Committee, stock items purchased from organisation funds or donated to the organisation, subject to the condition of any donation, bequest or trust, to the Main Committee Secretary.
- iii. OGB of an organisation which is to be closed may recommend to the Secretary the transfer of stock items purchased from organisation funds or acquired by donation to a particular organisation or organisations, subject to the conditions of any donation, bequest or trust.
- iv. The Secretary of the main committee may make organisation funds and stock items referred to in the preceding sub- regulation after considering recommendations as aforesaid, available to another organisation or make them available for any other purpose he or she may consider desirable.

**14. Obligations of the principal:**

- i. The principal must maintain a complete record of statutory provisions and regulations relating to the financial management of the organisation, and the finances of the Organisation.
- ii. The principal must ensure that he/she and staff under his/her control, appointed to assist the OGB in the execution of its duties, are acquainted with all statutory provisions, regulations and instructions of which he or she must bear knowledge to enable him/her to assist the OGB in the execution of its functions.
- iii. The principal must ensure that all statutory provisions, regulations and instructions are observed by him/her and by employees under his/her control.

**15. Irregularities:** All suspected irregularities with regard to the management of organisation funds must be reported without delay to the OGB/ Main Committee as necessary.

**16. Delegation of power:** The Main Committee upon a resolution has authority to delegate powers bestowed on them in terms of these regulations to an officer in the employ of the Organisation.



# **CHAPTER – 02**

## **ORGANISATION FINANCIAL MANAGEMENT**



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**Note:** The Roles, Duties and responsibilities mentioned to various designated persons are only for the purpose of maintaining the Accounts SOP. These items are not exclusive, but inclusive. The actual and real Roles, Duties and Responsibilities of the various designated persons may increase than the ones mentioned.

### 1. **Objective of this Manual:**

The object of this manual is to secure transparency, accountability and sound management of budgeting process, revenue, expenditure, assets and liabilities of the institutions to which the manual applies.

### 2. **Institutions to which the manual applies:**

This manual applies to all the Schools/ Colleges/ Organisations working under the SKPVV Hindu High Schools Committee.

List of institutions covered under the above

- i. SKPVV Hindu High School, Kothapet
- ii. SKPVV Hindu High School, Gandhinagar
- iii. KBN College, Kothapet
- iv. SBSRKR Girls High School, Gandhinagar
- v. MSR English Medium High School
- vi. SKPVV Hindu Mahila Jr. College, Kothapet
- vii. KBN PG College
- viii. KBNC Girls Hostel
- ix. SRSV College of Education
- x. PSCMR College of Engineering and Technology
- xi. Sri Kanyaka Parameswari kala Vedika
- xii. Any other institution established by the SKPVV Hindu High Schools committee after the date of this SOP Approval.

### 3. **Functions and Powers:**

The SKPVV Main Committee shall

- i. Prepare the provincial education budget;
- ii. Promote the education policy framework and implement education policy in the organisations;
- iii. Exercise control over the implementation of the annual education budget, including any adjustments;
- iv. Monitor the implementation of organisations budget;
- v. Promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of the organisations; and
- vi. Implement the Norms and Standards for Organisation Funding regulations including any prescribed standards of Generally Recognized Accounting Practice in public institutions; To the extent necessary to perform the functions mentioned
- vii. Shall assist organisations in building up their capacity to efficiently, effectively and transparently manage their financial responsibility;
- viii. Shall monitor and assess the management of the organisations;
- ix. Shall intervene by taking appropriate steps, to address a serious persistent material breach of the funding regulations by an organisation.



- x. Shall make an appointment of an auditor to audit all the organisation's under SKPVV Hindu High Schools Committee.

#### 4. Financial management in the organisation:

The Organisation Governing Body (OGB) shall –

- i. Issue directives to Organisation's Management team on the establishment and administration of the fund in the organisation;
- ii. prescribe financial management roles and responsibilities and describe operational tasks in financial management and allocate these tasks to specific office bearers, OGB committees and appointed officials of the organisation;
- iii. shall develop and implement targeted introductory and continuing training programmes for Management team in the organisation in building their capacity in efficient, effective, transparent and compliant financial management;
- iv. Shall be accountable for the removal of all forms of economic and financial injustices to any individual on grounds of race, creed, language, colour, talent, aptitude, background, in the organisation.
- v. The principal shall render all necessary assistance to OGB in the performance of their functions.

#### 5. The OGB of the organisation:

- i. The professional management of the organisation must be undertaken by the principal under the authority of the Organisation Governing Body.
- ii. The governance of every organisation is vested in its OGB.
- iii. Theorbo stands in a position of trust towards the organisation.

The OGB shall be the accounting authority in the organisation and shall comprise

- iv. elected and co-opted members from Main Committee of the organisation;
- v. the Principal in his/her official capacity; and
- vi. The treasurer shall keep accurate records by implementing sound financial policies and review reports during the year, including the annual financial statements;

#### 6. Office bearers:

At its first meeting, the OGB shall, from amongst its members, elect office bearers, who shall include at least the following:

- i. President (In absence of the President – Vice President);
- ii. Secretary (In absence of the Secretary – Joint Secretary); and
- iii. Treasurer.

#### 7. Responsibilities of office bearers in financial management:

##### A. Role of the Organisation Governing Body (OGB)

The OGB will be responsible for exercising control over the financial management of the organisation. Their responsibilities will primarily cover the following areas:

- i. Establishment of the Bank Account;
- ii. Preparation of the annual Budget;
- iii. Appointment of the Accounting Head and Cashier;
- iv. Enforcement of the payment of Fees;



- v. Maintenance of adequate financial records;
- vi. Having the annual Financial Statements properly audited;
- vii. Seeking additional sources of income for the organisation; and
- viii. Compliance with the relevant financial aspects of the Legislative framework.

#### **B. The Treasurer shall**

- i. oversee all financial matters of the organisation as directed by the OGB;
- ii. advise the OGB on financial matters;
- iii. monitor the following on a monthly basis:
  - a. that all funds received are deposited in the organisation account;
  - b. that all payments were duly authorised;
  - c. that all donations received in cash and kind were documented and accounted for;
  - d. that all petty cash transactions, including the reconciliation of petty cash, are captured;
  - e. monitor actual revenue and expenditure against the approved budget; and
- iv. The Treasurer shall be the “Financial Controller” of the Organisation; and
- v. Make recommendations to the OGB on the level of fees to be charged per Student/ learner;
- vi. Make recommendations to the OGB on the extent of exemptions from paying organisation fees based on the norms and standards for organisation funding;
- vii. Determine the Organisation’s finance policy;
- viii. Be responsible for the drafting of the Organisation’s proposed estimates of income and expenditure for the ensuing year;
- ix. Propose all expenditure incurred in accordance with the approved budget. Such expenditure should be ratified by the Main Committee;
- x. Advise the OGB on the need for fundraising activities and ways and means of supplementing the Organisation funds;
- xi. Advise the OGB regarding the investment of the surplus funds;
- xii. Ensure that the yearly statement detailing the receipts and payments, income and expenditure and Balance Sheet of the organisation fund is presented to the Main Committee;
- xiii. Exercise overall control of the Organisation’s financial records, and furnish the Main Committee with a detailed report of non-compliance with the organisation finance policy;
- xiv. Perform internal checking functions;
- xv. Submit recommendations to the OGB for proposed expenditure not originally budgeted for;
- xvi. Submit recommendations to the OGB on the amount of organisation fees to be paid by parents;
- xvii. Furnish the OGB with a monthly statement of all outstanding fees;
- xviii. Submit a quarterly report on the financial affairs of the organisation to the OGB;
- xix. Assist with the preparation of the annual financial statements;
- xx. Hold regular meetings which include scheduled as well as impromptu meetings;
- xxi. Keep records of minutes of these meetings.
- xxii. Advise the OGB on fee exemptions in terms of the regulation; and
- xxiii. Ensure that all minutes are properly and securely safeguarded.

**8. Roles and Obligations of the Principal:**

- i. The Principal must maintain and complete record of statutory provision, regulations and instructions relating to financial management of the organisation;
- ii. The Principal must ensure that he/she and staff under his or her control, appointed to assist the OGB in the execution of its duties, are acquainted with all statutory provisions, regulations and instructions;
- iii. The Principal must ensure that all statutory provisions, regulations and instructions are observed by him/her, by employees under his/her control and all members of the OMT;
- iv. Clearly identifies and determines those essential services which he/she has to provide to meet the requirements of the organisation;
- v. Determine priorities within the limits of available funds; Determine and plan the most economical means by which a service can be effectively provided;
- vi. Utilize the monies allocated in terms of the budget most advantageously;
- vii. Submit and motivate to the OGB working documents and draft estimates in respect of those services which he/she intends to provide;
- viii. Regularly evaluate and, where possible improve the effectiveness and efficiency achieved in meeting the requirements and providing the services for which organisation fund monies have been made available;
- ix. Accept responsibility for all expenditure from organisation fund moneys under his/her control and for ensuring that appropriate authority exists for all payments made by him/her;
- x. Produce a voucher in terms of the relevant Organisation Fund Instructions for every payment made by him/her from Organisation fund monies;
- xi. Accept responsibility for the accuracy of the accounting records, accounts and the financial documents under his/her control and for instituting and maintaining adequate systems of the internal checks and control over Organisation fund monies, Organisation fund property and securities;
- xii. Promptly notify his/her OGB when changes in policy, new project, scheme or service which will have an effect on expenditure;
- xiii. The Principal shall not be relieved of his/her responsibility for an irregular payment made under the direction of the OGB unless the irregularity was brought to the attention of the OGB in writing by him/her before he/she made the payment and his/her objection was overruled;
- xiv. The Principal shall obtain written approval from the OGB for all expenditure which is not normal expenditure in terms of the Budget;
- xv. All Organisation fund moneys shall be accounted for as directed by the OGB Instructions;
- xvi. The principal shall not be relieved of any duty or responsibility assigned to him/her or under the relevant Obstruction entrusting such duty or responsibility to a subordinate person; and
- xvii. The Principal shall ensure that the administration of the stock in the organisation he/she manages takes place on a sound basis. Considering the substantial amounts spent on stock, it is essential that this matter should continuously receive serious attention with a view to economy and the purposeful utilization of funds.



## 9. Duties and Responsibilities of Accounting Head of the Organisation:

### A. Responsibility of the Accounting Head:

The responsibility of the Accounting Head shall be

- i. Drawing up a budget for a year;
- ii. Reporting the budget against actual revenue and expenses;
- iii. Providing reports to the Treasurer on Monthly Basis;
- iv. Providing reports to the OGB on a Quarterly basis;
- v. Any other relevant roles delegated and required by the OGB.
- vi. Drawing up an income and expenditure statement each year;
- vii. compiling the annual financial statements;
- viii. Monitoring the income and expenditure of the organisation throughout the year;
- ix. Developing and monitoring the implementation of financial systems; and
- x. Reporting to the other members of the OGB on the financial status of the Organisation.

### B. Duties of Accounting Head:

The Principal in consultation with the Organisation Governing Body must appoint a member of the administrative staff to keep the organisation fund books.

The duties of the Accounting Head are as follows:

- i. Undertaking of receipting duties;
- ii. Preparation of, bank, make up, and depositing organisation fund monies into organisation current account;
- iii. Preparation of payment advice forms;
- iv. Issuing of organisation cheques;
- v. Writing up cash books daily;
- vi. Bank and Cash books reconciliation;
- vii. Checking of bank statements and establishing prescribed and dishonoured cheques;
- viii. Control of collection sheets;
- ix. Assist in fundraising accounting duties;
- x. Stock items control;
- xi. Control of consumable items;
- xii. Completion of handover certificates;
- xiii. Maintenance of organisation records;
- xiv. Disposal of organisation records;
- xv. Preparation of Annual Financial Statements;
- xvi. Undertaking of petty cash duties;
- xvii. Maintaining and controlling distribution register;
- xviii. Keeping and entering the organisation remittance register
- xix. Tuck shop records; and
- xx. Assisting in the preparation of the organisation budget.

## 10. Responsibility of the Cashier:

The Cashier will ensure that there is:

- i. Receipting of revenue;
- ii. daily banking of revenue;



- iii. maintaining the cash book of the Organisation;
- iv. recording all daily financial transactions;
- v. maintaining the various cash registers;
- vi. monthly bank reconciliations;
- vii. must maintain appropriate measures to ensure that grants and other transfer payments are applied for their intended purposes. Such measures may include-
  - a. regular reporting procedures;
  - b. audit requirements;
  - c. regular financial monitoring procedures; and
  - d. any other financial management control measures deemed necessary.

#### **11. Delegation of financial management tasks:**

Financial tasks shall be delegated to various members of the OGB or staff members in writing by the Secretary of the OGB. Duties shall be clearly spelt out and reviewed on a regular basis.

#### **12. Segregation of financial management functions and tasks in an Organisation:**

The Organisation Governing Body shall ensure that financial roles and tasks in an Organisation are properly defined and segregated in the financial framework for members of the OGB and Moth carry them out.

Finance functions to be separated between members of staff will include but not limited to:

- i. Executing-the placing of an order, receipt of goods and services or charging and receipt of a fee;
- ii. Authorising – permission by the responsible officer to proceed with a transaction such as a purchase order or payment;
- iii. Paying – the completion of cheques or batching procedures;
- iv. Custody – keeping a watch over goods and instruments in the designated safe place;
- v. Recording – the completion of the accounting records;
- vi. Post transaction management checking – review previous transactions to identify errors or intentional manipulation; and
- vii. Complying with applicable legislation.

#### **13. Financial management functions and tasks in an Organisation:**

Custody of the financial framework - The Financial Framework shall be kept securely at the organisation by the principal.

#### **14. Organisation Accounting Policy:**

The OGB of an Organisation may

- i. Declare, in the form of its internal accounting policy, how it treats specific items within the annual accounts, prescribed by the financial framework, to be implemented by professional management of the organisation.
- ii. Such Treatment of the head should not interfere with the existing classification recommended by the Main Committee
- iii. Such classification should be approved in the General Body Meeting and enter in the minutes regarding the same.



**15. Organisation Accounting Records:**

The OGB along with Organisation management team shall

- i. keep accurate accounting records of funds received and spent by the organisation and of its assets, liabilities and financial transactions;
- ii. maintain statutory accounts and returns to a defined set of standards in the financial framework;
- iii. furnish to the auditor's support documents such as cheque requisition forms, delivery notes, invoices, tender documents, acknowledgement of payment receipts.
- iv. The financial year of an Organisation commences on the first day of April and ends on the last day of March of each year.
- v. Organisation accounting records shall be kept for a minimum period of 8-years and shall be filed in chronological order.

**A. Organisation accounting records shall include, but not limited to,**

- i. Financial Framework and standard Chart of Accounts;
- ii. Organisation accounting policy;
- iii. Minutes and documents of the Organisation;
- iv. Correspondence;
- v. Insurance;
- vi. Bank statements;
- vii. All receipts;
- viii. Payments;
- ix. Fees and exemption records;
- x. Monthly and quarterly reports;
- xi. Audit reports; and
- xii. Annual Financial Statements.
- xiii. Any other register/document which is required by any other law which is for time being in enforce as per any law.

**16. Organisation Monthly Accounting:**

The OGB shall see to it that the Accounting Head prepares and maintains consistently on a monthly basis

- i. cash book – which shall document all record of payments using the cheque requisition and returned paid cheques, as well as all receipts using the receipt books;
- ii. bank reconciliation – which reconciles the cash book balance to the bank statement balance; and
- iii. general ledger and trial balance – which shall be maintained on an accrual basis of accounting. The general ledger shall be prepared in accordance with the standardised and approved chart of accounts.

**Tasks and responsibility:**

- i. The Treasurer shall review the cash book, general ledger and bank reconciliation for accuracy on a Monthly Basis; and



- ii. The Principal shall supervise compilation of financial records in line with the standardised and approved chart of accounts and any specific advice /requirements of the Treasurer.

The Accounting Head shall

- i. Capture all transactions and provide an audit trail from source documents to the General Ledger; and
- ii. be responsible for orderly storage, filing and safe-guarding of all source documents, registers and other financial information and financial reports.

## **17. Annual Financial Statements (AFS):**

### **Financial year-end process:**

The Annual Financial Statements shall be drawn, as soon as practicable, but not later than two months after the end of the financial year, in accordance with the guidelines determined by the Main Committee.

### **Fairness and accuracy of accounts:**

The OGB of an organisation shall prepare accounts that present accurately and fairly its operations during the year.

### **Reports:**

The OGB of an organisation shall in addition to the annual financial statements produce the Budget Variance Report (Income and Expenditure Variance Report) every year.

### **Tasks and responsibility**

The OGB shall:

- i. Draw up the Annual Financial Statements, as soon as practicable, but not later than 15<sup>th</sup> June after the end of each financial year;
- ii. Submit a copy of the audited financial statements of the organisation, audited or examined, to the Main Committee by 31<sup>st</sup> July after the end of each financial year.

The Accounting Head shall directly, with the Treasurer, be responsible for the preparation of the following annual reports-

- i. Balance Sheet
- ii. Income and Expenditure Statement
- iii. Receipts and Payments Account.
- iv. Variance Report (Revenue and Expenditure Variance Report)
- v. Provide guidance for the maintenance of accounts and their closure.

## **18. Procurement of Goods and Services:**

### **Role of the Organisation Governing Body (OGB)**

The OGB of an Organisation must implement in that institution an effective and efficient procurement management system for

- i. the acquisition of goods and services; and
- ii. the disposal and letting of assets, including the disposal of goods no longer required.



The procurement management system referred to above must

- iii. be fair, equitable, transparent, competitive and cost effective;
- iv. be consistent with any guidelines provided by the Main Committee; and
- v. provide for at least the following: -
  - a. demand management;
  - b. acquisition management;
  - c. logistics management;
  - d. disposal management;
  - e. risk management; and
  - f. regular assessment of procurement system performance
- vi. The OGB is responsible and accountable for all Procurement and related activities/functions. The OGB shall conduct procurement for an organisation in line with the principles set by the Main Committee on this behalf.

#### **19. External Financial Audit:**

- i. The auditor is appointed by the Main Committee to all the organisations
- ii. The Secretary must submit to the Auditor by 20<sup>th</sup> June, a copy of the annual financial statements, for the purpose of the audit.

#### **Submission of audited financial statements**

The OGB shall submit to the Main Committee, within Four months i.e. 31<sup>st</sup> July after the end of the financial year, a copy of the audited annual financial statements.

The OGB shall:

- i. Present the audit report and audit findings at the Organisation's annual budget approval meeting; and
- ii. Instruct the Organisations Management Team to address concerns raised by the auditor in the report.

The Principal shall:

- i. Provide action plans to be implemented to address any concerns expressed by the auditors; and
- ii. Report to the OGB on the progress made in implementing such action plans above.
- iii. Work with external auditors to advise the OGB, the Accounting Head and members of staff on their responsibilities in relation to external audit;
- iv. Supervise the implementation of external audit recommendations; and
- v. Assign appropriate members of staff the responsibility to implement administrative recommendations made by the External Auditor.

Organisation Management Team shall:

- i. Ensure all documentation and systems are up to date and available for inspection.
- ii. Allow access at all reasonable times to information requested by the external auditor.

**20. Risk Management and Control of Resources:****i. Stores Control**

- a. Stores control refers to control over inventory such as merchandise and consumable items such as textbooks, stationery, items used in practical subjects, etc.
- b. The OGB shall appoint a member of staff, in writing (in Minutes), to be responsible for stores control.

**Responsibility/Accountability**

The OGB shall

- a. Determine optimum inventory levels to ensure efficiency of use and timely inventory replenishment.
- b. Be accountable for provision of storage facilities
- c. Approve insurance cover that is adequate for the store control and other assets.

The Principal shall

- a. Ensure that adequate measures are in place to secure the stores and that access to the stores is restricted to authorised persons.
- b. Ensure that a stores record is maintained in accordance with good practice.
- c. Ensure suitable insurance cover is arranged.

**ii. Management of Organisation Assets:**

Asset Management involves the process of guiding the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential.

- a. The OGB shall appoint a member of staff (Asset Officer), in writing, to be responsible for the custodianship of the organisation's assets.
- b. Under no circumstances may an employee, parent or community member utilise the organisation's assets for private use.
- c. The organisation's assets may only be used for organisation purposes authorised by the principal.
- d. Assets of the organisation should only be used at authorised venues as determined by the principal.

**Responsibility/Accountability**

The OGB shall

- a. Ensure that adequate measures are in place to secure assets.
- b. Review the asset register regularly.
- c. Approve the purchase and sale of assets.

The Asset Officer shall

- a. Maintain asset register, in a format approved by the Finance Committee
- b. Reconcile an asset register, in a format approved by the Finance Committee for all property, plant and machinery and moveable assets currently owned or used by the organisation.
- c. Conducting a physical verification of all assets every quarter.



- d. Ensure that suitable insurance cover is maintained in consultation with the Treasurer/Committee.
- e. Permanently tagging all assets for reference to the asset register.
- f. Allocate the organisation's assets to their correct locations and ensure that the assets are accurately marked and used for their intended purpose only.
- g. Maintain a schedule of regular maintenance required for all relevant assets.

## 21. Asset Disposal:

- i. Assets shall only be disposed of if they cannot be repaired or used for their intended purpose.
- ii. The request for a disposal shall only be done once the annual physical verification exercise has been undertaken and obsolete, non-repairable and unnecessary assets have been identified by the Asset Officer.

### Responsibility/Accountability

The OGB

- i. Approve the intended disposal/acquisition.
- ii. Submitting the request for disposal to the Main Committee if necessary.

Principal

- i. Advising on best practice for the disposal/acquisition of assets and on the appropriate accounting entries.
- ii. Ratify the request from the Asset officer/ Asset Custodian to dispose of the assets.
- iii. Ensure that Asset Disposal/acquisition procedures are followed, revenue is received, and appropriate accounting entries are made.

Asset Officer

- i. Explain the need to dispose/acquire of an asset.
- ii. Updating the asset register with the disposal/acquisition

## 22. Internal financial systems and procedures:

### A. Banking Arrangements & Cheques

The OGB of an organisation shall establish a fund and administer it in accordance with directions issued by the Main Committee. The organisation shall operate a single bank account for the collection and payment of money. All receipts and payments of the organisation shall be made through this account.

### Responsibility/Accountability

The OGB shall:

- i. Appoint and make the necessary arrangements with the Organisation bankers.
- ii. Approve purchase of essential stores and services.



The Treasurer shall:

- i. Implement OGB arrangements for the opening, closing and maintenance of any bank account relating to the Organisation's business.

The Principal shall:

- i. Provide for safe custody of cheque books;
- ii. Supervise the Accounting Head and reconciliation of the Organisation bank accounts;
- iii. Give instructions to the Financial officer to issue a cheque or not to

The Accounting Head shall:

- i. Be responsible for operating the Organisation bank account and following procedures;
- ii. Issue cheques approved to beneficiaries; and
- iii. Receive and issue acknowledge receipt for any revenue and bank it.

### **B. Investment Accounts**

- i. Organisations are afforded the opportunity to invest surplus funds in another account other than its dedicated bank account but with the approval from the OGB.
- ii. Written approval to hold an Investment account shall be obtained from the Main Committee before surplus funds can be invested. The investment account shall be held in the name of the Organisation.
- iii. All transfers in and out of the investment account shall be channelled via the Organisation's main account.
- iv. No payments shall be affected from the investment account
- v. An investments account may not be held off shore.

### **Responsibility/Accountability**

The OGB shall

- i. Submit a request to the Main Committee to open investment account;
- ii. Be accountable for any investment account; and
- iii. Handle all the arrangements to open the investment account

In terms of Fair Policy, money from the Organisation may not be paid into another trust, or used to establish a trust fund.

### **23. Revenue:**

The Main Committee of the SKPVV Hindu High Schools imposes a responsibility on the OGB to do its utmost to improve the quality of education in their Organisation. Effective systems are essential to ensure that all revenue due to the Organisation is identified, collected, receipted and banked properly.

Organisation Income's shall be generated only from the following sources:

- i. Fees collected from Student/ Learner;
- ii. Proceeds of tuck shop sales;
- iii. Cash donations received;
- iv. Asset Disposals;



- v. Specified fundraising activities (Approved by the Main Committee);
- vi. Interest revenue from investments made;
- vii. Rentals; and
- viii. Hiring out of Organisation facilities and furniture (Approved by the Main Committee).

The policies and responsibilities for the different types of revenue are indicated below:

#### **A. Fee Revenue**

Fees shall be determined and charged at an Organisation only if a resolution to do so has been adopted by a majority of members attending and voting in the meeting.

A resolution by the OGB to charge a determined fee per learner shall provide for:

- i. The amount of fees to be charged; and
- ii. Equitable criteria and procedure for the total, partial or conditional exemption of parents/guardians who may not be able to pay the approved fees.
- iii. The OGB must implement a resolution adopted at the meeting contemplated above.
- iv. Any Organisation shall not issue bursaries (financial-need based awards that do not have to be repaid) to students.
- v. Fees exemptions shall not be designated as bursaries by the Organisation.
- vi. All fee revenue due to the Organisation shall be processed accurately and securely.
- vii. Official receipts with the Organisation logo and signed by an authorised member of staff, shall be given on receipt of revenue.
- viii. Every receipt issued by the Organisation shall be standardised, pre-printed in duplicate and pre-numbered.

#### **Responsibility/Accountability**

The OGB shall:

- i. Set policies regarding the basis of fees and charges.
- ii. Hold special meetings to consider applications for exemptions, and inform parents of the outcome;

The Treasurer shall:

- i. Arrange for the collection of all school fee revenue due to the Organisation;
- ii. Approve procedures, systems and documentation for revenue collection.
- iii. Order all receipt forms or books and approve the arrangements for their control;
- iv. Check, verify and reconcile receipt book numbers and amounts collected with individual receipts; and
- v. Review the fees receivable register.

The Accounting Head shall:

- i. Maintain a school fees receivable register in the prescribed format;
- ii. Establish that appropriate recovery procedures are undertaken for debts which are not paid promptly;
- iii. Facilitate applications for exemptions by parents who cannot pay in full;



- iv. Issue official receipts for all revenue received; and
- v. Safeguarding of Organisation receipt books.

**B. Ticket Sales**

- i. All tickets intended for sale shall be:
  - a. Standardised;
  - b. Pre-printed; and
  - c. Pre-numbered.
- ii. A register in the format prescribed in the financial framework shall be maintained for all ticket sales;
- iii. Cash received from ticket sales shall be handed to the relevant finance committee member; and
- iv. The Treasurer shall issue a receipt for the total amount handed in for banking.

**Responsibility/Accountability**

The OGB shall

- i. Determine the need for fund raising;
- ii. Determine cash threshold to be reached;
- iii. Appoint a fund-raising committee; and
- iv. Put in place financial controls to receive and record all revenue due to the Organisation from ticket sales.

The Principal shall

- i. Receive the printed tickets and ensure that they agree with the Organisation's order specifications;
- ii. Acknowledge cash received from ticket sales;
- iii. Keep tickets in a secure place;
- iv. Account for unsold tickets to the OGB;
- v. Deliver all ticket sales to the Accounting Head for record and banking;

The Accounting Head shall

- i. Verify that cash received from fund raising was banked immediately into the Organisation's bank account; and
- ii. Reconciling the total cash collected per the register to the amount deposited into the bank account.

The Cashier shall

- i. Issue tickets for cash received;
- ii. Reconcile the total tickets printed to the total issued, sold and unsold;
- iii. Deliver all a day's ticket sales to the Accounting Head for record and banking; and
- iv. Account for unsold tickets to the Finance Committee.

**C. Other minor fundraising activities and their revenue**

- i. Fundraising activities shall not interfere with normal organisation activities;
- ii. All revenue from minor fundraising events such as Farewell Day;





- iii. Sports Classes, Computer Classes for the community, Talent shows, Beauty contests, etc shall be recorded on class lists by the class teachers;
- iv. Learners who may not wish to support the fund raising or who may not have financial means to join in it shall not be victimised in any way; and
- v. The Cashier shall issue a covering receipt for the money reflected on the class list.

### **Responsibility/Accountability**

The OGB shall

- i. Ensure proper financial controls are in place to receive and record all revenue due to the Organisation.

Finance Committee shall

- i. Order and supplying services with all receipt forms, books or tickets and similar items and approve the arrangements for their control;
- ii. Regular sequence check on receipt book numbers and individual receipts; and
- iii. Recommend a framework for charging policies of the organisation.

Treasurer shall

- i. Ensure there is a separation of duties within service areas concerning revenue collection and processing;
- ii. Issue official reports or maintain other documentation for revenue collection;
- iii. In consultation with the Finance Committee, ensure adequate recording, collection and security measures are in place for the collection of revenue;
- iv. Reconciling the actual cash collected and handed over; and
- v. Safeguarding of organisation receipt books.

Fundraising Committee shall

- i. Prepare a plan of fundraising activities for the program and submitting it for approval; and
- ii. Maintain a separate register for each fund-raising activity.

## **D. Requisitioning and Paying for Goods**

Responsibility/Accountability

The OGB shall

- i. Approve all payments to be made after verifying all relevant support documentation is attached.

The Treasurer shall

- i. Recommend the format of official orders, and associated terms and conditions.
- ii. Make payments on the OGB's certification that the expenditure has been properly incurred.
- iii. See that the same is recorded in the minutes of the Organisation
- iv. Provide advice on and making payments by the most economical means.

**The Cashier**

- i. The Financial Officer of an organisation must ensure that internal procedures and internal control measures are in place for payment approval and processing.

**The Principal shall**

- i. Sign the requisition form once completed by each authorised signatory for his/her section and ensure that only members of staff of an appropriate level are authorised to certify invoices for payment;
- ii. Ensure orders for all goods and services are in a format agreed with the Secretary;
- iii. Ensure individuals do not use official orders to obtain goods or services for their private use;
- iv. Ensure that there is sufficient budgetary provision for the raising of any order;
- v. Ensure separation of duties at different stages of order and paying for goods;
- vi. Ensure that value for money is obtained from purchases by obtaining competitive prices for goods and services of the appropriate quality, with regard to any best practice guidelines;
- vii. Notifying the OGB immediately of any expenditure to be incurred as a result of statute, a court order, or other legal requirement but where there is no budgetary provision; and
- viii. Ensure that all invoices are submitted for payment in time to meet the performance indicator for prompt payment.

**E. Travel, Accommodation and Subsistence Costs**

Members of staff may occasionally be required to travel and stay out of station for business purposes. The OGB shall ensure that strict controls are in place to ensure that only official rates are paid for travel and subsistence expenses incurred on behalf of the Organisation.

- i. The Organisation shall reimburse mileage expenses to individuals for business journeys at a rate decided upon by the OGB and adopted by the Main Committee on an annual basis.
- ii. All claims for travel, accommodation and subsistence shall be based on documentary proof and made on the prescribed forms and approved before they are incurred. Receipts or other appropriate evidence of expenditure shall be attached to the claim.
- iii. Retrospective approval shall not be allowed unless noted under exceptional circumstances and the approval of the principal is obtained.
- iv. The principal shall approve all reimbursement expenses below ₹ 2,500/-
- v. The Secretary shall approve all reimbursement expenses above ₹ 2,500/-

**Responsibility/Accountability****The OGB shall**

- i. Determine the rates for mileage, accommodation and daily subsistence for reimbursements.



The Treasurer

- i. Develop internal controls to ensure that only the official rates are paid for travel and subsistence expenses incurred on behalf of the Organisation.

The Principal or the Accounting Head shall:

- i. Approve or reject the request or claim.
- ii. File the claim; and
- iii. Effect payment of the claim

Member of staff shall

- i. Submit a request, in writing, the approval for travel, accommodation and subsistence cost. The request is accompanied with an explanation for the need to incur this cost as well as all the necessary support documentation.

Use of private Motor Vehicle

- i. Prior approval of the principal shall be obtained before any cost for the use of own vehicle for organisation business is incurred. The organisation shall not be held responsible for any theft or accidents while travelling in own vehicle for organisation purposes; and
- ii. A staff member shall not use own vehicle for organisation purposes unless the staff member and the vehicle are adequately covered by insurance.

#### **F. Petty Cash Accounts**

- i. The OGB shall approve the establishment of petty cash, as well as a reasonable funding level and maximum amount allowed per payment. Once approval has been obtained, a petty cash officer shall be appointed in writing.
- ii. Petty cash shall be used only for the payment of minor expenses incurred on a day-to-day basis. The petty cash is limited to a single payment not exceeding 2,500/-
- iii. All petty cash payments to staff shall be supported by an appropriate voucher signed by the member of staff receiving the cash.
- iv. Petty cash shall be kept in a locked box in the safe and the Cashier will be responsible for its security and may be delegated to a Petty Cash Officer. The Principal will be in-charge of petty-cash and its security.

#### **Responsibility/Accountability**

The Treasurer shall

- i. Monitor that petty cash accounts are conducted in line with the instructions issued by the OGB.

The Principal shall

- i. Authorise payment from petty cash; and
- ii. Review the petty cash reconciliations on a monthly basis.



The Accounting Head shall

- i. Operate petty cash account in line with the relevant instructions;
- ii. Maintain petty cash records, including vouchers indicating the full details of expenses and authorisations and invoices or cash slips in respect of payments made;
- iii. Reconcile petty cash records on a monthly basis; and
- iv. Request replenishment cheques for the replacement of petty cash, up to the approved monthly funding level.

**24. Delegation of work:**

- i. The OGB upon a resolution has authority to delegate powers bestowed on a particular in terms of these regulations to another officer in the employment of the Organisation.
- ii. If OGB delegates the work to any other person, such person's duties and responsibilities should be documented along with the appointment of such person.
- iii. The Person appointed above should sign the delegation of authority form.

# **CHAPTER – 03**

## **BUDGETING PROCEDURES**



## **CHAPTER INDEX**

1. Objective
2. Importance of budgeting
3. Organisation Budgets
4. Drafting the budget
5. Organization Development Plan (ODP)
6. Information required in the budget
7. Approval of the Budget
8. Monitoring the budget
9. Budget variance



**1. Objective:**

The objective of the budgeting is to provide Structure, predict Cash flows, allocate resource and measure the performance of the organisation.

**2. Importance of budgeting:**

- i. The budget serves as a control measure to monitor current expenditure against projections.
- ii. A budget helps the organisation to meet its objectives efficiently.
- iii. The organisation needs to draw realistic budgets to improve their cash flows.
- iv. A realistic budget can assist the organisation to focus on common goals.
- v. Regular budget monitoring reveals areas where there are variances.

**3. Organisation Budgets:**

The Organisation Governing body shall

**A. Prepare a budget each year which shows the following**

- i. Estimated Receipts and Payments, Income and expenditure of the organisation for the following financial year.
- ii. The measurable objectives and outcomes for the institution's programmes;
- iii. Details of proposed acquisitions of fixed or movable capital assets, planned capital investments and rehabilitation and maintenance of physical assets;
- iv. Details of proposed acquisitions of financial assets or capital transfers and plans for the management of financial assets and liabilities; multi-year projections of income and projected receipts from the sale of assets;
- v. Details of the Service Delivery Improvement Programme;

**B. Presentation of Budget**

- i. Before a budget is approved by the Treasurer, it must be presented to the OGB convened on at least 7 days' notice, for consideration and approval by a majority of Committee Members present and voting.

**C. Monitoring Budgets**

- i. The OGB shall Monitor the budget quarterly to ensure that resources are used for their intended purposes and any variances properly accounted for.

**D. Controlling budgets**

The OGB shall Control an Organisation budget by periodically reviewing and adjusting its budget targets with realities obtaining in the organisation during the financial year.

**E. Zero-based Budgeting**

The OGB of an organisation shall use zero-base budgeting. In line with the vision and mission of the organisation such budget shall include the following minimum information-

- i. actual revenue and expenditure of the previous financial year;
- ii. projected revenue and expenditure for the full current financial year;
- iii. estimated revenue and expenditure for the following year (the budget year).

**F. Budget surplus or deficit**

The budget of an Organisation shall not estimate for a deficit. If it cannot be brought to surplus then it has to provide a special report detailing all the reasons why the organisation is in deficit.

**G. Amending budget**

The budget approved by Main Committee may be amended before 31<sup>st</sup> July of the following year to consider certain actual amounts that were not available during the budget process and will only be for the following items:

- i. The government allocation made to the organisation;
- ii. The number of Students/ learners enrolled at the organisation; and
- iii. The level of exemptions that will be applicable within each exemption category.

**H. Budget reports**

- i. The Treasurer shall establish procedures for quarterly reporting to the Accounting Team to facilitate effective performance monitoring, evaluation and corrective action.

**I. Regular variance reports**

- i. The Treasurer shall; Prepare a Budget Variance Report for the OGB Committee on a monthly basis.

**J. Budget process tasks and Responsibility**

The OGB shall;

- a. Adopt the draft budget presented and resolve all differences and disputes before presenting it to Main Committee for approval;
- b. Provide a report to the Organisation Management Team on the budget meeting, including a copy of the budget together with a statement that the budget has been approved and the approved cost per Student/ learner charge;
- c. Review monthly monitoring reports and approve options for dealing with over- and-under spending, both actual and estimated.

The Treasurer along with the Organisation Management Team shall-

- a. Present the budget;
- b. Exercise control of the budget so the organisation spends within budget;
- c. Draw up monthly monitoring reports and hold officers to account for the results.

The Principal shall-

- a. Facilitate the process for early drafting, approval and submission of the budget
- b. Maintain control systems and organisation data that will provide financial information to enable budgets to be drafted, approved and monitored effectively.

The Accounting Head shall-

- a. Draft the draft budget in the prescribed format for adoption by the OGB
- b. Capture all financial data relevant for budget planning;
- c. Produce monthly budget information and related advice to the Treasurer;
- d. Advise OGB on areas of potential overspending or under-spending.





The Members of Staff shall-

- a. Report any variations, actual or estimated, and the action proposed to correct overspends.

#### **4. Drafting the budget:**

Responsibility for running the Organisation budget rests primarily with the Treasurer and Secretary of the organisation. However, in doing its work, the Treasurer and Secretary needs to work closely with the School/ College/ Organization management team in preparing and finalising the Budget of the organisation. The Principal is a key person in the budgeting process of an organisation.

The Committee needs to distribute budget preparation forms to all the Heads of Departments (HOD's) and the Instructions and procedures for the preparation of these forms must be given to the HODs.

#### **5. Organization Development Plan (ODP):**

The Organisations Development Plan (ODP) must be used as the basis for the budget. The organisation development planning process follows a sequence from step 1 to 6 and these sequences are interlinked. Some of the main activities in the organisation development planning cycle:

##### **Step 1 - Needs Analysis**

When the organisation prepares for its Organisation Development Plan, they need to have a clear idea of the needs for the organisation. The Organisation's Governing Body with the help of the Organisation Management Team plays a leading role in this phase. The needs of the organisation are generated through the following:

- i. Information sharing
- ii. Previous Organisation Development Plan performance report
- iii. Organisation Self Evaluation
- iv. SWOT analysis (analysis of the organisation strengths/weaknesses)
- v. OGB initiatives or programmes
- vi. Other organisation performance records

##### **Step 2 - Prioritisation of needs**

When prioritising the needs of the organisation, consider the following, as they are the main areas in which organisation spend their funds.

- (i) Focusing on payment of recurrent costs such as water, electricity etc;
- (ii) Focusing on the allocated functions such as maintenance, Long Term Organisation Maintenance;
- (iii) Focusing the key development areas identified by the organisation;
- (iv) Looking at priorities for the current year;

**Step 3 - Working out the costs**

Working out the budget for the activities in the Organisation Development Plan will help your organisation to determine if its financial resources match the activities that you plan to do in the year plan. The Secretary and Treasurer, assisted by the Organisation Management Team, plays a leading role in this phase:

- i. Check previous financial records and identify recurring costs;
- ii. Compile a draft income and expenditure budget;
- iii. Check if in line with the vision mission of the organisation; and
- iv. Write and submit funding proposals and align to budget process.

**Step 4 - Approval of the Organisation Development Plan and Budget**

The Organisation Development Process is not separate from the broad process of the budget approval. The approval of the budget gives effect of the Organisation Development Process priorities. The Organisation Development Process plays a leading role in this phase. It is good practice of the Organisation Development Process to promote ownership of the Organisation Development Process of the whole organisation by:

- i. Presenting the proposed budget to AGM and effect amendments of approved budget.

**Step 5 - Implementation of the Organisation Development Process**

This takes place at the beginning of the New School year (Generally in June). The Organisation Committee team leads in this phase by:

- i. Developing a year plan that is consistent with Organisation Development Process
- ii. Keeping records of Organisation Development Plan delivery.
- iii. Providing quarterly reports that are in line with year plan.

**Step 6 - Monitoring and evaluation of Organisation Development Plan**

This helps an organisation to determine whether it's doing what it planned to do, and this includes planned activities and the financial implications.

**6. Information required in the budget:**

- i. Minimum information required:
  - a. The actual income and expenditure of the previous financial year;
  - b. Projected income and expenditure for the full current financial year;
  - c. Estimated income and expenditure for the following year (the budget year);
  - d. Percentage variance between the actual expenses of the previous year and the projected expenses for the current year for each line item; and
  - e. Ensure it is in line with the vision and mission of the organisation
- ii. Income items:
  - i. Fees indicating number the of Students/ Learners and the random amount per Students/ learners



- ii. Fees exemptions indicating the number of exempt Students/ learners and the random amount per Student/ learner
  - iii. Allocation per Student/ learner
  - iv. Investment income (if any)
  - v. Fund-raising income (e.g. concerts, sport events, uniform sales)
  - vi. Tuck shop sales (Canteen Sales, Parking, Etc.)
  - vii. Donations (e.g. bequests by individuals and institutions,)
  - viii. Sponsorships (sports, library, science laboratory etc)
- iii. Expenditure items:
- a. Administration expenses - office stationery, affiliation fees, rental of equipment, security, telephone accounts
  - b. Teaching and learning expenses - textbooks, library books, exams and assessment
  - c. Education support services – Additional language course
  - d. Auxiliary services - tuck shop purchases, uniform purchases, first aid
  - e. Sports and culture
  - f. Staff costs – OGB appointees, subsistence and travelling
  - g. Municipal services - Water and Electricity
- iv. Surplus and Deficits - The budget should not estimate for a surplus or deficit. Budget surplus balances from the previous year (if applicable) should be included in budget as a surplus balance, only to be utilised in terms of the current budget.
- v. Contingencies - A budget is a financial plan, and planning should be as thorough as possible. However, the budget cannot plan for every expense. So, there is usually an amount allowed for contingencies. Other names for this are “miscellaneous”, “incidental”, or “unexpected” expenses. The amount for contingencies should be small; if the budget is done carefully, there will be no need for a big amount.
- vi. Hostel Budget - A separate budget for hostel income and expenses must be drafted in the same manner as the organisation budget. The OGB is responsible for the running of the hostel. OGB can appoint a hostel Superintendent and household supervisor. The Superintendent can be tasked to draw up the hostel annual budget. The budget must include the following expenditure:
- a. Food supply estimated per boarder
  - b. Water, electricity and sanitary services
  - c. Gas
  - d. Cleaning apparatus and materials
  - e. Cleaning services
  - f. Transport and delivery costs
  - g. Garden Equipment's
  - h. Medical supplies
  - i. Medical emergencies
  - j. Laundry
  - k. Bedding and linen
  - l. Supervision services



- m. Food preparation and cleaning
  - n. Maintenance of building and equipment
  - o. Any other expense that will make the running of the hostel more effective.
- vii. Additional building structures - The OGB must perform fundraising activities in instances where they need to build additional building structures. Building projects must not be included in the organisation annual budget because they will give increase to the annual fee charged per Student/ learner. These activities must be included in the fundraising plan as long-term projects. The fundraising committee should develop a separate project budget for building and other projects.

## **7. Approval of the Budget:**

The treasurer of the Organisation must review and evaluate the budget for completeness and accuracy and sign it as indication of confirmation. The budget, together with the supporting documents and schedules must be presented and explained to the OGB by the treasurer.

### **i. The Budget Meeting:**

- a. The OGB (Sub-Committee) meeting will take place at a Decided place by the Concerned committee initially. It must be before the submission to the Main committee.
  - b. The Prepared Budget as per the given format must be presented in between May to June of every year as per the Main committee's directions.
  - c. An attendance register must be kept.
  - d. The proceedings and the decisions taken at the meeting must be recorded through minutes.
  - e. Approval of the budget
  - f. The exemption table should be reviewed annually, based on the new proposed fees structure.
  - g. The entire information should be submitted/Presented before the Main Committee.
- ii. **Adjustment to the budget** - The amended budget reviewed by the OGB will be confirmed. After the Governing body confirmation, the same should be submitted for the approval from the Main Committee.

## **8. Monitoring the budget:**

- i. During the year, the OGB needs to monitor (watch) the budget, i.e. ensure that the income and expenditure stay in line with the budget. It is also important to ensure that the "cash flow" is good, i.e. that there are enough funds at the times when they are needed.
- ii. Regular and accurate reporting on the financial situation at the organisation is essential. The OGB must monitor expenditure by obtaining Quarterly budget reports from the Treasurer.

**9. Budget variance:**

- i. Variances are differences between anticipated expenditure and actual expenditure. Some variances, also called “deviations”, show that you have spent too much and others that you have spent too little – in terms of the budget.
- ii. The treasurer will have to co-ordinate with Accounts Dept to explain over-expenditures and under-expenditures.
- iii. Each Quarter, the Treasurer may prepare a Budget Variance Report for the Committee. If the organisation has under-budgeted (that is, over-spent) on any cost centre, there are three main options:
  - a. Working adjustments - If the variances are minor, each month you may adjust in monthly allocations. So, if you spend more than allocated one month, you will have to spend less in the next months.
  - b. Formal adjustment - If the variances are serious, you may need to draft an Interim Budget. This needs to be formally presented to Sub-Committee and Main Committee. The process should be the same as it was for the original budget.
  - c. Special fund-raising - You may decide to have a special fund-raising activity for the cost centre that has seriously over-spent with the pre-approval of the main committee.
- iv. Limits for variances - The Organisation’s Financial Policy limits the variances at 5% of the expenditure. If the amount exceeds the specified limit then the OGB has to take the approval of the Main Committee.
- v. Budget Virement - The Treasurer must manage the budget in consultation with the OMT. Deviations from the approved budget are subject to Main Committee approval. Excess funds cannot be used for other expenditure without proper approval (Written in Minutes regarding the same) by the OGB. To shift allocated funds and use them for budget categories not indicated in the paper budget the OGB must obtain permission from the Main Committee.

**TEMPLATES****MEMORANDUM FOR THE BUDGET MEETING**

Name of Organisation  
Address of Organisation

Date

Dear Members

**NOTICE OF THE BUDGET MEETING**

You are hereby invited to attend a budget meeting to be held on \_\_\_\_\_ (dd/mm/yyyy). The following documents are available at the organisation for your inspection before the date of the meeting:

- i. the detail budget will be available for inspection at the organisation prior to the meeting (specify the date dd/mm/yyyy).
- ii. Schedule for current and proposed fees.
- iii. The criteria and procedures for fee exemption may be obtained from the organisation.

Members are urged to attend this meeting because a resolution of the budget and fees charged for the year will be proposed at the meeting, to be approved by the majority of members present and voting and that this decision will be binding on all parents.

The following documents are attached for your attention and you are further requested to go through them before the date of the meeting.

- a. The proposed agenda of the meeting
- b. A summary of the budget

Your presence at this meeting will be appreciated.

Yours sincerely

\_\_\_\_\_  
President of the Organisation

\_\_\_\_\_  
Treasurer of the Organisation



**BUDGETING TEMPLATE**

| (Organisation's name)               |               |              |          |
|-------------------------------------|---------------|--------------|----------|
| BUDGET FOR THE YEAR                 |               |              |          |
| DESCRIPTION                         | Previous Year | Current Year | Variance |
| <b>INCOME</b>                       |               |              |          |
| <b>Net Income from school fees</b>  |               |              |          |
| Gross school fees receivable        |               |              |          |
| Less: exempted portion              |               |              |          |
| Less: bad debts                     |               |              |          |
| <b>Total school fees</b>            |               |              |          |
|                                     |               |              |          |
| <b>Government Subsidies</b>         |               |              |          |
| Textbooks                           |               |              |          |
| Stationery                          |               |              |          |
| Administration                      |               |              |          |
| Maintenance                         |               |              |          |
| Improvements                        |               |              |          |
| <b>Total Government Receipts</b>    |               |              |          |
|                                     |               |              |          |
| <b>Donations &amp; Grants</b>       |               |              |          |
| General                             |               |              |          |
| Scholarships                        |               |              |          |
| Conditional                         |               |              |          |
| <b>Total Donations &amp; Grants</b> |               |              |          |
|                                     |               |              |          |
| <b>Rental Income:</b>               |               |              |          |
| Tuck shop                           |               |              |          |
| Vendor rental                       |               |              |          |
| Hall rental                         |               |              |          |
| Swimming pool                       |               |              |          |
| Tennis courts                       |               |              |          |
| Fields                              |               |              |          |
| <b>Total Rental income</b>          |               |              |          |
|                                     |               |              |          |
| <b>Sales:</b>                       |               |              |          |
| Tuck shop                           |               |              |          |



|                                  |                      |                     |                 |
|----------------------------------|----------------------|---------------------|-----------------|
| Uniforms                         |                      |                     |                 |
| Text books                       |                      |                     |                 |
| Magazine                         |                      |                     |                 |
| Photographs                      |                      |                     |                 |
| <b>Total Sales</b>               |                      |                     |                 |
|                                  |                      |                     |                 |
| <b>Investment Income:</b>        |                      |                     |                 |
| Interest Received                |                      |                     |                 |
| Profit on sale of investments    |                      |                     |                 |
| Other investment income          |                      |                     |                 |
| <b>Total Investment income</b>   |                      |                     |                 |
|                                  |                      |                     |                 |
| <b>Fund raising income:</b>      |                      |                     |                 |
| Concert                          |                      |                     |                 |
| Sport event                      |                      |                     |                 |
| Other                            |                      |                     |                 |
| <b>Total Fund-raising income</b> |                      |                     |                 |
|                                  |                      |                     |                 |
| <b>Income from hostels</b>       |                      |                     |                 |
|                                  |                      |                     |                 |
| <b>Other Income</b>              |                      |                     |                 |
| Profit on sale of assets         |                      |                     |                 |
| Other                            |                      |                     |                 |
| <b>Total Other Income</b>        |                      |                     |                 |
|                                  |                      |                     |                 |
| <b>Total Income</b>              |                      |                     |                 |
|                                  |                      |                     |                 |
| <b>DESCRIPTION</b>               | <b>Previous Year</b> | <b>Current Year</b> | <b>Variance</b> |
| <b>EXPENDITURE</b>               |                      |                     |                 |
| <b>General Expenses</b>          |                      |                     |                 |
| Accommodation                    |                      |                     |                 |
| Accounting fees                  |                      |                     |                 |
| Advertising                      |                      |                     |                 |
| Audit Fees                       |                      |                     |                 |
| Awards/Sponsorships              |                      |                     |                 |
| Bad debts                        |                      |                     |                 |





|                                    |  |  |  |
|------------------------------------|--|--|--|
| Bank charges                       |  |  |  |
| Catering                           |  |  |  |
| Classroom stationery               |  |  |  |
| Cleaning materials                 |  |  |  |
| Computer software                  |  |  |  |
| Consulting fees                    |  |  |  |
| Day tours                          |  |  |  |
| Day care                           |  |  |  |
| Depreciation                       |  |  |  |
| Computer equipment                 |  |  |  |
| Office equipment                   |  |  |  |
| Office furniture                   |  |  |  |
| Construction Expenses              |  |  |  |
| Minor improvements                 |  |  |  |
| Entertainment (Refreshments)       |  |  |  |
| First aid                          |  |  |  |
| Gardening and cleaning             |  |  |  |
| Governing Body expenses            |  |  |  |
| Insurance                          |  |  |  |
| Insurance claim costs              |  |  |  |
| Laboratory chemicals               |  |  |  |
| Legal Fees                         |  |  |  |
| Library books                      |  |  |  |
| Meals and refreshments             |  |  |  |
| Office expenses                    |  |  |  |
| Office stationery                  |  |  |  |
| Postage                            |  |  |  |
| Printing and stationery            |  |  |  |
| Rates and taxes                    |  |  |  |
| Rental of equipment                |  |  |  |
| Repairs to equipment               |  |  |  |
| Repairs and maintenance – building |  |  |  |
| Salaries                           |  |  |  |
| CS Personnel: salaries             |  |  |  |
| CS Personnel: Other remuneration   |  |  |  |
| Cleaning Personnel: Salaries       |  |  |  |



|  |  |  |  |
|--|--|--|--|
| Cleaning Personnel: Other remuneration           |  |  |  |
| Security   |  |  |  |
| Special events                                   |  |  |  |
| Teachers enrichment                              |  |  |  |
| Telephone and fax                                |  |  |  |
| Text books                                       |  |  |  |
| Tuck shop expenditure                            |  |  |  |
| Water and electricity                            |  |  |  |
| <b>Total of General Expenditure</b>              |  |  |  |
|  |  |  |  |
| <b>Teaching and learning expenses</b>            |  |  |  |
| Consultants                                      |  |  |  |
| Development and training                         |  |  |  |
| Exams and assessment material                    |  |  |  |
| Other (Specify)                                  |  |  |  |
| Transport – Excursions                           |  |  |  |
| Transport – other private                        |  |  |  |
| Transport – other public                         |  |  |  |
| Workshops and seminars                           |  |  |  |
| Education supplies – consumable                  |  |  |  |
| Education supplies – non-consumable              |  |  |  |
| <b>Total Teaching and learning Expenses</b>      |  |  |  |
|  |  |  |  |
| <b>Education support services expenses</b>       |  |  |  |
| Professional Personnel: Salaries                 |  |  |  |
| Professional Personnel: Other Remuneration       |  |  |  |
| Supplies   |  |  |  |
| Consultants                                      |  |  |  |
| Transport (Special Needs Students)               |  |  |  |
| Exam and assessment materials                    |  |  |  |
| <b>Total education support services expenses</b> |  |  |  |
|  |  |  |  |
| <b>Auxiliary Services expenses</b>               |  |  |  |
| Salaries   |  |  |  |
| Other Remuneration                               |  |  |  |
| Supplies: Feeding schemes                        |  |  |  |



|  |  |  |  |
|--|--|--|--|
| Transport: Scholars                        |  |  |  |
| Motor vehicle expenses                     |  |  |  |
| <b>Total Auxiliary service expenses</b>    |  |  |  |
|  |  |  |  |
| <b>Sports &amp; Culture expenses</b>       |  |  |  |
| Salaries                                   |  |  |  |
| Remuneration                               |  |  |  |
| Supplies                                   |  |  |  |
| Utilities                                  |  |  |  |
| Transport                                  |  |  |  |
| Depreciation                               |  |  |  |
| Equipment                                  |  |  |  |
| <b>Total Sports &amp; Culture Expenses</b> |  |  |  |
|  |  |  |  |
| <b>TOTAL EXPENDITURE</b>                   |  |  |  |
|  |  |  |  |
| <b>Surplus/ (Deficit)</b>                  |  |  |  |

**BUDGET BREAKDOWN**

Name of the Organisation:

| Projected Payments for the year 20XX |       |     |     |     |     |     |     |     |     |     |     |     |     |
|--------------------------------------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Exp Items                            | Total | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|                                      |       |     |     |     |     |     |     |     |     |     |     |     |     |
|                                      |       |     |     |     |     |     |     |     |     |     |     |     |     |
|                                      |       |     |     |     |     |     |     |     |     |     |     |     |     |

# **CHAPTER –04**

## **DIRECTIVES ON THE MANAGEMENT AND ADMINISTRATION OF ORGANISATION FUNDS**



## CHAPTER INDEX

1. Objective
2. Different types of Organisation funds
3. Determining of Organisation funds
4. Determining the Fees charged
5. Fundraising activities allowed
6. Management of Organisation funds
7. Hostel Fees
8. Opening a bank account
9. Investment accounts



**1. Objective:**

This guideline is prepared to give guidance to the Organisation Governing Body (OGB) to ensure that the organisations are aware of the processes which need to be followed when managing and administering funds which are allocated and available at their institutions.

**2. Different types of Organisation funds:**

- i. Fees indicating the number of Students/ learners and the rand amount;
- ii. Fees exemptions compensation indicating the number of exempt learners and the rand amount;
- iii. Organisation Allocation amount;
- iv. Investment income;
- v. Fund-raising income (e.g. sport events, uniform sales, new building structure);
- vi. Tuck shop sales;
- vii. Donations (e.g. bequests by individuals and institutions);
- viii. Sponsorships (sports, library, science laboratory etc);
- ix. Rental income (hiring out of Organisation property);

**3. Determining of Organisation funds:**

The OGB of an organisation must take all reasonable measures within its means to supplement the resources in order to improve the quality of education provided by the organisation to all Students/ learners at the organisation.

**4. Determining the Fees charged:**

Fees has to be determined and charged at the organisation only if a resolution to do so has been adopted by the members attending the general meeting. The resolution must provide for:

- i. the amount of fees to be charged; and
- ii. Equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay fees.
- iii. The OGB uses the annual budget of the organisation to determine the amount of Fees to be charged and amounts that should be raised through fund raising activities.

**5. Fundraising activities allowed:****A. Hiring out of Organisation facilities**

- i. The OGB and the person hiring the facilities at the organisation enter into a valid contract.
- ii. The organisation must be compensated for all damages caused by the persons who are using the facilities.
- iii. The OGB must ensure that the organisation is not responsible, through negligence, for any loss, damage or injury to the persons using the organisation facilities.
- iv. It is advisable for the organisation to have a risk management plan. Any negligent damage to the organisation property will be the responsibility of the person hiring the organisation property.



- v. The OGB must charge a refundable deposit when hiring out organisation facilities.
- vi. This is a good way to ensure that if there is any loss or damage to organisation property costs are covered from the deposit.

### **B. Specific fundraising**

- i. The organisation may need to do fundraising for a special project e.g. building a new hall, a sporting trip, an educational tour etc.
- ii. The Main Committee along with OGB must appoint a committee which will deal with the fundraising process of the whole year.
- iii. This committee is drawn as per the provisions provided by the Main Committee.
- iv. members of the community, who have useful skills to contribute, may be included on the committee.
- v. The committee must prepare a year plan of fundraising activities and submit it for approval.
- vi. The fundraising must not interfere with the normal organisation activities.
- vii. The income received from fundraising should be receipted and banked into the organisation bank account.

### **C. Tuck-shop**

The OGB may choose to outsource or run the tuck shop.

#### **Decide to run the shop**

- i. If they decide to run the tuck shop, a Tuck shop in-charge needs to be appointed.
- ii. The tuck shop in-charge will take overall responsibility for the tuck shop.
- iii. The OGB must set up clear and strict procedures for dealing with cash, stock and sales.
- iv. Monies received from the tuck shop should be receipted and paid in at the cashier office on a daily basis.
- v. Proper accounting records for sales, stock and cash received should be maintained.
- vi. Tuck shop accounts must be monitored by the Treasurer on a monthly basis.

#### **Decided to Outsource the shop**

- i. The organisation may decide to outsource the tuck shop and in return they will receive rental income for the facility.
- ii. The business person pays monthly rental to the organisation.
- iii. When deciding on rental the OGB should include the overhead costs involved, e.g. electricity, water etc.
- iv. The rental income should be deposited into the organisation's bank account.

### **D. Sponsorships**

- i. The OGB must disclose all the monies received from external sponsorships as income for the organisation.
- ii. In the event where the sponsor pays directly for the services or assets, the income amount must still be disclosed and the expenditure item relating to that sponsor must also be disclosed.
- iii. The sponsorship monies (cheques received) must be deposited in the organisation's bank account.



**6. Management of Organisation funds:**

- i. All the money received by the organisation including fees and voluntary contributions must be paid into the organisation bank account.
- ii. The money or other goods donated or bequeathed to or received in trust by the organisation must be applied in accordance with the conditions of such donation, bequest or trust.
- iii. The OGB must open and maintain one banking account, but the OGB may, with the approval of the Main Committee, invest surplus money in another account e.g. Investment account.
- iv. The investment should not have a risk factor attached to it.
- v. Fixed Deposits in Banks or Postal Office is allowed
- vi. Investments can be made which are permitted by all governing laws done.

The proceeds thereof of the Organisation must be used only for:

- i. Educational purposes, at or in connection with such organisation;
- ii. Educational purposes, at or in connection with another organisation, by agreement with such other organisation and with the consent of Main Committee;
- iii. Performance of the functions of the OGB; or
- iv. Another educational purpose agreed between the OGB and the OMT.
- v. Money from the Organisation may not be paid into a trust or be used to establish a trust.
- vi. The OGB may not collect any money or contributions from parents to circumvent or manipulate the payment of compulsory fees.

**7. Hostel Fees:**

- i. The organisation must charge each Student/ learner staying in the hostel a minimum fee equal to the average running cost per Student/ learner in the hostel.
- ii. No blanket cross-subsidisation of hostel costs from fee income is permitted.
- iii. However, if the OGB wishes to exempt particular learners from hostel fees, it may do so by recording the necessary in the Minutes.

**A. Hostel subsidy**

Hostel subsidy can be provided to the students whose satisfy any of the following conditions

- i. If there are no available transport near the Students/ learner's parents place of residence; and
- ii. Whose parents cannot afford the per-child hostel cost.

**8. Opening a bank account:****A. Factors to be considered before opening or changing a bank account**

- i. The banking institution must be a registered bank within the Country of India;
- ii. The organisation can only open one bank account.
- iii. Any additional accounts may only be opened subject to formal approval from the Main Committee.
- iv. The application form, together with the applicable information must be filled in and sent directly to the Main Committee;



- v. The bank account (Current account) must be opened in the name of the organisation;
- vi. The banking institution chosen must be decided on in a formal OGB meeting;
- vii. The same should be entered in the Minutes of the Organisation
- viii. The proximity of the banking institution to the organisation must be considered;
- ix. The bank charges charged by the prospective institution to operate the account must also be taken into consideration;
- x. Where accounts are shifted from one bank to another, the OGB must formally approve the shift with prior permission from the main committee, bearing in mind the costs and related bank charges.

### **B. Organisation Bank Account**

- i. The OGB must open and maintain ONE (1) bank account in the name of the organisation.
- ii. Once the OGB has made the decision to open the bank account, the minutes of the OGB meeting approving the authorised signatories (Secretary and Treasurer of the Organisation) must be attached to the application to the financial institution.
- iii. A minimum of three signatories must be put in place, with the instruction that any two of the approved signatories may sign cheques.
- iv. The following supporting documents may be requested by the bank when opening a bank account:
  - a. A copy of Organisation Governing Body's constitution;
  - b. A copy of the identity documents for the signatories.

### **C. Credit Facilities**

- i. Credit facilities refer to overdraft arrangements, asset finance, loans, credit cards and garage cards.
- ii. The OGB may not enter into any loan or overdraft agreement so as to supplement the organisation fund, without the written approval of the Main Committee; and
- iii. The OGB must formally decide, in a constituted meeting, to make such an application, taking into consideration the effect that such an application can have on the cash flow position of the organisation, and the term of office of the OGB.
- iv. The Main Committee must receive the following documents for consideration:
  - a. Application form for Overdrafts and Loans;
  - b. The OGB minutes approving the application;
  - c. A copy of the letter sent to the members outlining the intended application, as well as its purpose and the implications for the institution;
  - d. A motivation outlining the reason(s) for the application;
  - e. The current year's organisation budget, as approved by the Main Committee, as well as an indication of the implication to the fees per Student/ learner;
  - f. A detailed, projected cash flow statement for the duration of the credit agreement's repayment schedule; and
  - g. An indication from the financial institution with which the application will be placed, of the interest rate attached to servicing the loan / credit instrument, the term of the loan and the monthly repayments.



The Main Committee must make a recommendation whether or not to grant permission to make application for credit facilities to the banking institution or third parties. The organisation will be provided with a letter indicating whether approval has been granted to access the facility. This letter must be supplied to the financial institution.

#### **9. Investment accounts:**

- i. Organisations are afforded the opportunity to invest surplus funds in various investment vehicles operated by financial institutions.
- ii. As with opening of additional bank accounts, approval needs to be obtained from the Main Committee before surplus funds can be invested.
- iii. The application process involves the submission of the following documents:
  - a. A certificate of Sound Financial Management for the current year.
  - b. A copy of the latest bank statement of the Organisation's current account.
  - c. Details of all existing investments (if applicable).
  - d. The nature of the investment, e.g., 1 Year Fixed Deposit.
  - e. The reasons for the need for an investment account to be opened.
  - f. A copy of the minutes of the OGB meeting where the application was sanctioned.
- iv. Factors to be considered when investing surplus funds:
  - a. The investment may not exceed Sixty (60) months but may be renewable annually.
  - b. It is imperative that the investment account is held in the name of the organisation and is linked to the Main Committee account if held at the same institution.
  - c. All transfers into or out of the investment fund must be channelled via the main account of the organisation.
  - d. Where the investment is held at another bank, transfers into or out of the investment account must be done via cheque or e-transfer, using the organisation's main account.
  - e. No payments may be affected from the investment account.
  - f. Once an application for the investment of organisation funds has been approved, the approval is valid for as long as the conditions under which the original approval was granted are not compromised.
  - g. Investment accounts may not be held off shore.



## TEMPLATES

### FEE EXEMPTION REGISTER

NAME OF THE ORGANISATION

FEE EXPEMPTION REGISTER FOR THE YEAR 20XX

| Surname | First Name | Grade/<br>Course | Current Fees | Exemption Category |         |           |             | Amount Payable |            |
|---------|------------|------------------|--------------|--------------------|---------|-----------|-------------|----------------|------------|
|         |            |                  |              | Total              | Partial | Automatic | Conditional | Amount         | Receipt No |
|         |            |                  |              |                    |         |           |             |                |            |
|         |            |                  |              |                    |         |           |             |                |            |
|         |            |                  |              |                    |         |           |             |                |            |
|         |            |                  |              |                    |         |           |             |                |            |
|         |            |                  |              |                    |         |           |             |                |            |
|         |            |                  |              |                    |         |           |             |                |            |

Prepared By \_\_\_\_\_  
(Accounting Head)

Approved By \_\_\_\_\_  
(Treasurer of the Organisation)

# **CHAPTER – 05**

## **ASSET MANAGEMENT GUIDELINES**



## CHAPTER INDEX

1. Objective
2. Main Committee Requirements
3. Asset Management Principles
4. Appointment of an Asset officer
5. Asset Planning
6. Asset Valuation
7. Asset Acquisition
8. Asset Maintenance
9. Asset Disposal
10. Asset Register
11. Physical asset verification
12. Loaning out of assets
13. Donations
14. Depreciation
15. Asset Security
16. Asset Identification
17. Physical Verification
18. Insurance cover
19. Allocation of Assets
20. Items lost, stolen or damaged
21. Enhancements of Fixed Assets
22. Changes in Accounting estimates
23. Personal use of Organisation assets
24. Leased assets
25. Financial statement disclosures
26. Financial statement users also find the following information relevant to their need



**1. Objective:**

This guideline is prepared to give guidance to the OGB to assist organisations to implement and maintain consistent, effective and efficient asset management.

- i. To safeguard the fixed assets of the organisation;
- ii. To ensure the effective use of existing resources;
- iii. To emphasise a culture of accountability over fixed assets;
- iv. To ensure that effective controls are communicated to management and staff through clear and comprehensive written documentation;
- v. To provide a formal set of financial procedures that can be implemented to ensure that the organisation's financial asset policies are achieved and are compliance with the relevant legislation

**2. Main Committee Requirements:**

The Main Committee stresses the need for good asset management. Organisations should hold only those assets that are necessary for the efficient, effective and economical delivery of its programs.

The following should be enforced to ensure proper asset control:

- i. All assets must be properly identified and controlled until they are ultimately disposed of.
- ii. The Organisation's accounting policies must be reasonable and consistently applied, with specific reference to the provision for depreciation, amortisation, ageing and the reduction of the value of the assets.
- iii. Assets must be included in the Fixed Assets Register (FAR).
- iv. Ownership of the asset must lie with the organisation and must be reflected in the FAR.
- v. The value at which the asset is reflected on the balance sheet must be correct and be the book value of the asset;
- vi. Assets must be in good working order and when not in use, duly maintained.
- vii. All asset transactions must be duly authorised and noted by the relevant authorised personnel.
- viii. All assets must be kept safe and maintained in good working order

**3. Asset Management Principles:**

Asset Management involves the process of guiding the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential. Good asset management is critical, given the fact that assets exist to support delivery of services.

**4. Appointment of an Asset officer:**

The organisation must appoint an Asset Officer to be responsible for the custodianship of the organisation's assets and to ensure that all assets:

- i. Purchases, transfers, movements, damages, losses and any theft are documented and regularly communicated to OGB;
- ii. Are clearly marked or numbered;
- iii. Are insured and; and



- iv. Are used for their intended purpose.

## 5. Asset Planning:

Planning is a stage of identifying the need for an asset. In establishing the need, the following questions must be answered in the affirmative:

- i. Is the asset required budgeted for?
- ii. Will the usage of the asset benefit the organisation?
- iii. Is the asset being acquired for a specific project? And
- iv. Can the asset be re-used within the organisation?

A capital budget must be complied and approved for all capital acquisitions by the OGB. The approval of the capital budget must follow the same procedure as that of the budget approval process.

## 6. Asset Valuation:

Assets will be valued on the following bases:

- i. The assets should be valued at cost, provided that the initial cost of the asset as determined above, shall be ₹ 10,000.00/- or more.
- ii. Fixed assets with a cost of less than ₹ 10,000.00/- can be recorded in the fixed asset register for control purposes, but should be recorded as expenditure for financial accounting purposes.
- iii. All fixed asset items ₹ 10,000.00/- or above should be capitalised.

## 7. Asset Acquisition:

- i. The need to procure assets originates with the Principal and the user.
- ii. Procurement must be guided by the asset plan, budget, organisation development and strategic plan.
- iii. Asset purchases must follow the normal procurement policy: i.e.
  - a. The user prepares the requisition;
  - b. Quotations must accompany the requisition;
  - c. OGB approves the request based on the needs analysis;
  - d. The order is prepared based on the requisition; and
  - e. The Treasurer approve the order and payment.
- iv. The Asset Officer must ensure that the asset is recorded in the asset register.
- v. It is the responsibility of the Accounting Head to report all asset purchases on arrival to the Asset Controller.
- vi. The following information must be updated in the asset register upon acquisition of an asset:
  - a. Asset type and description.
  - b. Asset number /barcode number.
  - c. Cost of the asset.
  - d. Room allocation.
  - e. Serial number.
  - f. Date of acquisition.
  - g. Asset category.





- h. Depreciation method and rate.
- i. Expected useful life
- vii. Upon receipt of the asset, the asset officer must inspect the goods received against the original order, GRN and invoice to ensure that the correct quantity, price and quality were received.
- viii. On delivery of the asset, the Asset Controller prepares an addition note and updates the asset register. The Asset Controller must permanently tag the asset for reference to the asset register.

#### 8. Asset Maintenance:

- i. A maintenance plan must be developed to ensure that the organisations assets remain in good condition and ensures that assets are serviced as set out in the manufacturer's service manual, e.g. electronic equipment.
- ii. The maintenance plan should:
  - a. Describe how the maintenance work is to be carried out;
  - b. Forecasts the necessary maintenance, major repairs and preventative maintenance expenditure for the planning period;
  - c. All maintenance and repairs must be done according to the stipulated conditions of the relevant contract or warranties until those warranties and contracts have elapse/expire; and
  - d. Staff members are also required to ensure that they comply with rental agreements, warranties, lease agreements as well as maintenance conditions stipulated in the relevant contracts when discharging their duties.

#### 9. Asset Disposal:

- a. Assets must only be disposed of if they cannot be repaired or used for their intended purpose.
- b. The request for a disposal must only be done once the half-yearly physical verification exercise has been undertaken and obsolete, non-repairable and unnecessary assets have been identified by the Asset Officer.
- c. The Asset Officer must then submit a request to the Principal for the disposal of the assets, indicating the reason for the need to dispose of each asset.
- d. The principal then approves the disposal and submits the request to the OGB for approval.
- e. Once approved by the OGB, the request must be forwarded to the Main Committee for approval to dispose (depending on the value of the asset being disposed).
- f. On receipt of the approval from the Main Committee, the asset officer must update the asset register with the following info:
  - a. Date of the minutes of the Committee approval the scrapping/disposal.
  - b. Reason for the disposal.
  - c. Cost, book value and proposed selling price of asset.
  - d. Date of sale.
  - e. All the relevant asset information e.g. number, type etc.
- g. The Accounting Head must ensure that the asset disposal procedures are followed, income is received and the appropriate account entries made.

**10. Asset Register:**

- a. Asset Register contains valuable information about the assets of the organisation.
- b. The Asset Register should be kept in a safe place and should be updated on a regular basis.
- c. The Asset Officer is responsible for maintaining the asset register.
- d. Asset information kept in the register
  - a. Asset number;
  - b. Asset type and description;
  - c. Serial number (Manufacturers identifying number);
  - d. Old asset number (where applicable);
  - e. Location (Room number/place of safeguarding);
  - f. Person responsible (Register linking location to responsible person via applicable sign off documentation);
  - g. Cost centre;
  - h. Purchase price
  - i. Depreciation current period;
  - j. Accumulated depreciation;
  - k. Book value;
  - l. Supplier information;
  - m. Disposal value/Date;
  - n. Stock taking / verification of fixed assets (Dates and person responsible for stocktaking);
  - o. Guarantee period; and
  - p. Insurance coverage.
- e. Fixed assets used by organisation, but not owned by organisation should also be recorded as such, in a separate fixed asset register with nil values, to ensure proper control over these assets. Examples of such assets are:
- f. Fixed assets owned by SKPVV Hindu High Schools Committee, e.g. buildings, (desks, and furniture, etc.)
- g. Leased items e.g. photocopiers, fax machines, telephones in certain instances
- h. The Asset Officer must update the asset register with approved acquisitions and disposals and submit it to the Secretary for approval on a regular basis.
- i. An asset listing must be placed behind each Special classroom door (E.g. Labs) identifying the assets in that classroom. This list must be signed by the relevant educator and the asset officer and must be updated regularly, with movements of assets from one classroom to another.

**11. Physical asset verification**

- a. The Asset Officer must conduct a physical verification of assets every Year.
- b. A certificate, certifying that the asset count was conducted must be signed after, each verification by the Asset Officer, Secretary and Principal.
- c. All fixed assets used by employees leaving the employ of the organisation must be verified immediately before the employee departure.
- d. In addition to the above, the Asset Officer must numerically account for the tag numbers and the Principal must review the sequence Half-yearly, for missing numbers.

**12. Loaning out of assets:**

If OGB loan assets belonging to the organisation the asset controller must keep a record of the borrowed items. The record must show the following:

- a. Description of the item loaned;
- b. Serial number;
- c. Tag number;
- d. Date loaned;
- e. Period for which the asset will be loaned;
- f. Name of the staff member who loaned the item;
- g. Condition of the asset on the date when loaned;
- h. Signature of the borrower on the date the asset was loaned;
- i. Signature of the Principal on the date the asset was loaned;
- j. Condition of the asset on the date when returned;
- k. Signature of the Principal on the date the asset was returned;
- l. Signature of the borrower on the date the asset was returned.

**13. Donations:**

Any donations to the organisation are it in money or in kind, are to be reported to the OGB. The following particulars are to be recorded or documented in the asset register:

- i. Full description regarding the nature of the donation.
- ii. The value or estimated value of the donation.
- iii. How and for what purposes the donation will be utilized.
- iv. Full name and address of donor.
- v. Any conditions that may be attached to the donation are clearly indicated.

Note: SKPVV Main Committee property may not be donated to any person or institution without a written approval by the Main Committee.

**14. Depreciation:****A. Depreciation as per Accounting Standards**

- i. Assets are classified in terms of the Accounting Standard guidelines issued by the Institute of Chartered Accountants of India in consultation with NFRA (National Financial reporting Authority)
- ii. Asset Classification, Depreciations rates and Useful ness of the asset should be determined as per the guidelines given the institute in the standard on this behalf
- iii. The standard should be applied while calculating the depreciation of the organisation for the preparation of regular book of accounts.
- iv. The Accounting Head must ensure that the depreciation calculations are correctly applied and posted in the General Ledger.

**B. Depreciation as per Income Tax Act**

- i. The below should be followed for the purpose of filing of Income tax returns
- ii. Assets are classified in terms of the Income tax Act Guidelines.
- iii. Depreciation is based on the useful life per asset class as assigned by the Income Tax Act 1961.



- iv. Changes in useful life and depreciation rates by the Income Tax Department can be adopted without any approvals

**15. Asset Security:**

- i. All assets should be kept in a secure location, maintained regularly, evaluated for insurance against theft or destruction (fixed assets of significant value), utilised economically and efficiently.
- ii. The Principal should recommend to the OGB the need to acquire or dispose of a significant asset, and the relevant particulars of the transaction have to be submitted to the OGB for approval.
- iii. The disposal of any of the organisation's major assets has to be approved by Main Committee.

**16. Asset Identification:**

A fixed assets and inventory register should be maintained, and all fixed assets should be tagged for reference to the fixed assets register. The Organisation should hold title to all assets.

**17. Physical Verification:**

The Asset Controller must perform a physical verification of all assets every Half-Yearly. A Statement of Existence (SOE) must be issued for assets declaring that all assets listed are on hand and are in a useful working condition. The SOE must be sent to the Principal and Secretary.

**18. Insurance Cover:**

The Secretary/ Principal will arrange the necessary insurance cover for approval by the OGB.

**19. Allocation of Assets:**

The Asset Controller should ensure that assets utilised are restricted to the activities of the Organisation; by continually monitoring to whom, and for what purpose, the assets are allocated. Assets that are used by officials not in their work place (e.g. laptops taken home) must be approved by the Principal.

**20. Items lost, stolen or damaged:**

- i. When a fixed asset, (e.g. a vehicle is involved in an accident, stolen or lost) a report should be submitted to the Principal;
- ii. Quotations should be obtained to establish the extent and value of the damage;
- iii. The Asset Controller will submit a claim to the insurance company;
- iv. The OGB will hold a hearing to determine if the driver/custodian was negligent.
- v. If found guilty of negligence, the employee is responsible for any costs incurred by the organisation and discipline action may be taken against such person on recommendation from the principal, approved by the OGB;
- vi. When it is suspected that an employee abuses asset, this fact should be reported to the Principal (and the OGB, where the value is significant).



- vii. A hearing should be held to determine if this is the case. If found guilty the employee should be subject to the procedure as described in terms of the Standard Conditions of Service;
- viii. Assets/consumables lost or stolen should be reported to the Principal / Treasurer as soon as they are discovered. Items of significant value lost or stolen should be reported to the Financial Committee. The following documents must be submitted;
- ix. A full report of the incident;
- x. Police case number;
- xi. Quotations for the replacement of the item; and
- xii. The Principal/ Accounting Head will submit a claim to the insurance company.

## **21. Enhancements of Fixed Assets:**

- i. Recognition issues - An item of expenditure is recognized by the organisation as an asset when it has the characteristics defined in the policy. (Refer to definition of fixed asset.)
- ii. Subsequent expenditure test - The following test must be done where subsequent expenditure is incurred on an asset already capitalized. Subsequent expenditure relating to an asset should be capitalized to the net book value when
  - a. It is probable that further economic benefits in excess of the original assessment will accrue to the organisation; and
  - b. The expenditure will improve the condition of the fixed asset beyond its original assessed standard of performance.
  - c. The test ensures that if the expenditure is on an enhancement, it is added to the net book value of the fixed asset whereas if the expenditure is on a repair, it is expensed.
- iii. As the classification of an expenditure item (for instance on repairs or an improvement) is often subjective, the following guidelines for enhancements should be used:
  - a. Modifying an item to extend its useful life;
  - b. Upgrading machine parts to achieve a substantial improvement in the quality of output; or
  - c. Adopting new production processes enabling a substantial reduction in previously assessed operating costs.

## **22. Changes in Accounting estimates:**

- i. As a result of the uncertainties inherent in business activities, many financial items cannot be measured but can only be estimated.
- ii. The estimation process is based on judgments based on the latest financial information available.
- iii. Estimates may be required, for example bad debts, inventory obsolescence or the useful lives, (taking wear and tear into account).
- iv. An estimate may need to be revised if changes occur regarding the circumstances in which the estimate was based or as a result of new information, more experience or subsequent developments.
  - a. The effect of a change in accounting estimate should be included in the determination of net gain or loss in:
    - The period of the change if the change affects the period only, or
    - The period of change and future periods, if the change affects both.

**23. Personal use of Organisation assets:**

- i. Under no circumstances may an employee utilise the organisation's assets for personal gain.
- ii. The organisation's assets may only be used for organisation purposes authorised by the principal.
- iii. Assets of the organisation should only be used at authorised venues as determined by the OGB and enforced by the principal.

**24. Leased assets:**

- i. A lease is an agreement whereby the lessor conveys to the lessee in return for payment or series of payments the right to use an asset for an agreed period of time.
- ii. To ensure the existence of a complete and accurate record of acquired leased fixed assets:
  - a. A valid contract must be entered into with the suppliers for all office equipment such as facsimile machines and photocopier machines.
  - b. Lease contracts should not be entered into for a period longer than 36 months.

**25. Financial statement disclosures:**

- i. The measurement basis used for determining the gross carrying amount. When more than one basis has been used, the gross carrying amount for that basis in each category should be disclosed.
- ii. The depreciation methods used.
- iii. The useful lives or the depreciation rates used.
- iv. Depreciation charged in arriving at net profit or loss for the period.
- v. The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and the end of the period.
- vi. A reconciliation of the carrying amount at the beginning and end of the period showing:
  - a. Additions;
  - b. Disposals;
  - c. Acquisitions through business combinations;
  - d. Increases or decreases during the period resulting from revaluations under paragraphs and from impairment losses recognized or reversed directly in equity under the statement on impairment of assets, if any;
  - e. Impairment losses recognized in the income statement during the period under the statement on impairment of assets, if any;
  - f. Impairment losses reversed in the income statement during the period under the statement on impairment of assets, if any;
  - g. Depreciation;
  - h. The net exchange differences arising on the translation of the financial statements of a foreign entity; and
  - i. Other movements.
- vii. The financial statements should also disclose the following:
  - a. The existence and amounts of restrictions on title, and property,
  - b. The accounting policy for the estimated costs of restoring the site of items of property, plant and equipment.



- c. The amount of expenditures on account of property, plant and equipment in the course of construction.
  - d. The amount of commitments for the acquisition of property, plant and equipment
  - viii. An Organisation discloses the nature and effect of a change in an accounting estimate that has a material effect in the current and/or subsequent periods in accordance with the statement on net profit or loss for the period, fundamental errors and changes in accounting policies.
  - ix. Such disclosure may arise from changes in estimate with respect to:
    - a. Residual values,
    - b. The estimated costs of dismantling and removing items of property, plant or equipment and restoring the site,
    - c. Useful lives, and
    - d. Depreciation method.
  - x. When items of property, plant and equipment are stated at re-valued amounts, the following should be disclosed:
    - a. The basis used to revalue the assets.
    - b. The effective date of the revaluation.
    - c. Whether or not an independent evaluator was involved.
    - d. The nature of any indices used to determine replacement cost.
    - e. The carrying amount of each class of property, plant and equipment that would have been included in the financial statements had the assets been carried under the benchmark treatment.
    - f. The revaluation surplus detailing:
      - g. The movement for the period,
      - h. Any restrictions on the distribution of the balance to the organisation
    - i. The realised and unrealised portions thereof, and
- 26. Financial statement users also find the following information relevant to their needs:**
- i. The carrying amount of temporarily idle property, plant and equipment.
  - ii. The gross amount of any fully depreciated property, plant and equipment that are still in use.
  - iii. The carrying amount of property, plant and equipment retired from active use and held for disposal.
  - iv. Where the benchmark treatment is used, the fair value of property, plant and equipment where this is materially different to the carrying amount

**TEMPLATES****INVENTORY ASSET LISTING**

Name of the Organisation : \_\_\_\_\_  
Name of the Asset Holder : \_\_\_\_\_  
Location/ Room Number : \_\_\_\_\_  
Cost Centre (Admin, LTSM) : \_\_\_\_\_

| Asset Number | Asset Description | Serial Number | Condition |
|--------------|-------------------|---------------|-----------|
|              |                   |               |           |
|              |                   |               |           |
|              |                   |               |           |
|              |                   |               |           |
|              |                   |               |           |
|              |                   |               |           |
|              |                   |               |           |

\_\_\_\_\_  
Signature: Asset Holder

\_\_\_\_\_  
Date: (dd:mm:yyyy)



**ASEET VERIFICATION CERTIFICATION**

Name of Organisation:

|                                   |  |
|-----------------------------------|--|
| Asset Custodian/ Holder           |  |
| Location                          |  |
| Date Asset Verification conducted |  |
| Date of Next Asset Verification   |  |

I hereby certify that:

A complete asset verification/count has been executed for all assets within my area of responsibility (refer to attached detailed report on the asset verification/count)

The asset verification/count information submitted in the consolidated asset verification report is a true reflection of the asset status within my area of responsibility

| Sign Off                |                  |           |      |
|-------------------------|------------------|-----------|------|
| Designation             | Name and Surname | Signature | Date |
| Asset Custodian/ Holder |                  |           |      |
| Asset Officer           |                  |           |      |

**FIXED ASSET ACQUISITION FORM**

Name of Organisation

|                                  |  |
|----------------------------------|--|
| FIXED ASSET LOCATION INFORMATION |  |
| Office Number                    |  |
| Asset User                       |  |

| No | Asset Number | Room Number | Asset Serial | Category | Description | Cost of Asset | Name of Supplier |
|----|--------------|-------------|--------------|----------|-------------|---------------|------------------|
|    |              |             |              |          |             |               |                  |
|    |              |             |              |          |             |               |                  |
|    |              |             |              |          |             |               |                  |
|    |              |             |              |          |             |               |                  |
|    |              |             |              |          |             |               |                  |

**ASSET ACQUISITION FORM SIGN OFF**

| Designation   | Name | Signature | Date |
|---------------|------|-----------|------|
| Asset User    |      |           |      |
| Asset Officer |      |           |      |
| Principal     |      |           |      |

**REQUEST FOR FIXED ASSETS DISPOSAL**

Name of Organisation:

| Designation                     |        | Full name and surname |              | Signature       |                         | Date               |      |                 |                |
|---------------------------------|--------|-----------------------|--------------|-----------------|-------------------------|--------------------|------|-----------------|----------------|
| Asset Office                    |        |                       |              |                 |                         |                    |      |                 |                |
| Reasons for disposal of Assets: |        |                       |              |                 |                         |                    |      |                 |                |
| No                              | Assets | Room                  | Asset Serial | Assets Category | Fixed Asset Description | Condition of Asset | Cost | Carrying Amount | Sales Proceeds |
| 1                               |        |                       |              |                 |                         |                    |      |                 |                |
| 2                               |        |                       |              |                 |                         |                    |      |                 |                |
| 3                               |        |                       |              |                 |                         |                    |      |                 |                |
| 4                               |        |                       |              |                 |                         |                    |      |                 |                |
| 5                               |        |                       |              |                 |                         |                    |      |                 |                |

| Disposal Approved by:                   |  |                  |  |           |  |      |  |
|---|--|------------------|--|-----------|--|------|--|
| Designation                             |  | Name and Surname |  | Signature |  | Date |  |
| Principal                               |  |                  |  |           |  |      |  |
| OGB Secretary                           |  |                  |  |           |  |      |  |
| Main Committee Member<br>(If Necessary) |  |                  |  |           |  |      |  |

| Activities to be signed off by the Asset officer after approval |  |           |  |      |  |
|---|--|-----------|--|------|--|
| Particulars   |  | Signature |  | Date |  |
| Confirm details of Assets                                       |  |           |  |      |  |
| Confirm approval of disposal of Assets                          |  |           |  |      |  |
| Confirm disposal of asset                                       |  |           |  |      |  |
| Update asset register   |  |           |  |      |  |

**REGISTER OF BORROWED ASSET**

Name of Organisation:

| <b>REGISTER OF BORROWED ASSETS</b><br>(to be filed with Assets Register) |  |
|--|--|
| ITEM BORROWED<br>(Including serial number)                               |  |
| DATE OF BORROWING  |  |
| DATE TO BE RETURNED  |  |
| NAME OF BORROWER   |  |
| OGB APPROVAL SIGNATURE<br>(on date of borrowing)                         |  |
| SIGNATURE OF BORROWER<br>(on date of borrowing)                          |  |
| CONDITION ON DATE OF BORROWING<br>(Good/ fair/ Damaged)                  |  |
| ADDRESS OF TEMPORARY USE   |  |
| CONDITION ON RETURN<br>(Good/ Fair/ Damaged)                             |  |
| SIGNATURE OF OGB or OMT<br>(on date of return)                           |  |
| SIGNATURE OF BORROWER<br>(on date of return)                             |  |

**STORES ISSUES RECORD**

| Name of Organisation |                     |                 |                  |           |
|----------------------|---------------------|-----------------|------------------|-----------|
|                      |                     |                 |                  | Sl. No. - |
| Date                 | Description of Item | Quantity Issued | Person issued to | Signature |
|                      |                     |                 |                  |           |
|                      |                     |                 |                  |           |
|                      |                     |                 |                  |           |
|                      |                     |                 |                  |           |
|                      |                     |                 |                  |           |

**STORES RECORD**

| Name of Organisation |                     |                 |                  |           |
|----------------------|---------------------|-----------------|------------------|-----------|
| Item Description:    |                     |                 | Tally No.        |           |
| Date                 | Description of Item | Quantity Issued | Person issued to | Signature |
|                      |                     |                 |                  |           |
|                      |                     |                 |                  |           |
|                      |                     |                 |                  |           |
|                      |                     |                 |                  |           |
|                      |                     |                 |                  |           |



ACCOUNTING SOP  
**STORES REQUISITION FORM**

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|  |          |           |
|--|----------|-----------|
| Name of Organisation: _____  |          |           |
| Department From: _____   |          | To Stores |
| Description of Item  | Quantity | Reason    |
|  |          |           |
|  |          |           |
|  |          |           |
|  |          |           |
|  |          |           |
|  |          |           |
| <div style="display: flex; justify-content: space-between;"><div>Requested by: _____</div><div>Date: _____</div></div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"><div>Signature: _____</div><div></div></div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"><div>Authorised by: _____</div><div>Designation: _____</div></div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"><div>Signature: _____</div><div>Date: _____</div></div> |          |           |

**ASSET REGISTER****Name of Organisation:****As on:** (DD/MM/YYYY)

| Location/<br>Room No | Asset<br>Holder | Cost<br>Centre | Supplier | Insurance | Asset<br>Condition | Expected<br>Useful life | Purchase<br>Price | Disposal<br>Value | Depreciation | Accumulated<br>Depreciation | Book<br>Value |
|----------------------|-----------------|----------------|----------|-----------|--------------------|-------------------------|-------------------|-------------------|--------------|-----------------------------|---------------|
|                      |                 |                |          |           |                    |                         |                   |                   |              |                             |               |
|                      |                 |                |          |           |                    |                         |                   |                   |              |                             |               |
|                      |                 |                |          |           |                    |                         |                   |                   |              |                             |               |
|                      |                 |                |          |           |                    |                         |                   |                   |              |                             |               |
|                      |                 |                |          |           |                    |                         |                   |                   |              |                             |               |
|                      |                 |                |          |           |                    |                         |                   |                   |              |                             |               |
|                      |                 |                |          |           |                    |                         |                   |                   |              |                             |               |

Organisation Stamp

---

OGB Secretary

---

(DD/MM/YYYY)

**LOSS REGISTER****Name of Organisation:** \_\_\_\_\_**As on:** (DD/MM/YYYY)

| Asset No | Description of Asset | Location of the Asset | Cost (If available) | Date asset was received | Details of loss | Date of loss | Case no if applicable | Statement attached (Y/N) | Responsible Staff members details | Signature of responsible staff |
|----------|----------------------|-----------------------|---------------------|-------------------------|-----------------|--------------|-----------------------|--------------------------|-----------------------------------|--------------------------------|
|          |                      |                       |                     |                         |                 |              |                       |                          |                                   |                                |
|          |                      |                       |                     |                         |                 |              |                       |                          |                                   |                                |
|          |                      |                       |                     |                         |                 |              |                       |                          |                                   |                                |
|          |                      |                       |                     |                         |                 |              |                       |                          |                                   |                                |
|          |                      |                       |                     |                         |                 |              |                       |                          |                                   |                                |
|          |                      |                       |                     |                         |                 |              |                       |                          |                                   |                                |
|          |                      |                       |                     |                         |                 |              |                       |                          |                                   |                                |

Asset Manager

Name: \_\_\_\_\_

Principal

Name: \_\_\_\_\_

OGB Secretary

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



# **CHAPTER – 06**

## **PROCUREMENT POLICY GUIDELINES**



# CHAPTER INDEX

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**1. Objective:**

- i. The SKPVV Hindi high Schools Committee recognises the need to develop Procurement Policy Guidelines for Organisation, in order to guide effective procurement processes and practices.
- ii. The Procurement Policy Guidelines are also intended to direct and guide organisations towards adherence and compliance to applicable regulations.
- iii. This approach is further supported by the realisation that Main Committee governed organisations are exposed to differing social, economic and organisational environments.
- iv. It is imperative that organisations comply with applicable legislation and consider Procurement best practice.
- v. The “Five Pillars of Procurement” clearly state the objective of achieving a Procurement process worthy of the following attributes:
  - a. Value for Money;
  - b. Open and Effective Competition;
  - c. Ethics and Fair Dealing;
  - d. Accountability and Reporting; and
  - e. Equity.
- vi. It is on this premise that the “Procurement Policy Guidelines for Organisation” seeks to provide a platform for Procurement standardisation that would typically yield benefits of reduced Procurement costs, compliance to applicable legislations and improved Supply Chain efficiencies across Organisations.

**2. Purpose:**

The primary purpose of the Procurement Policy Guidelines for Organisations is to direct and guide organisations towards effective Procurement best practices and compliance to applicable legislations.

**3. Scope:**

The scope of the “Procurement Policy Guidelines for Organisations” is applicable to the organisations covered under the SKPVV Hindu High Schools Committee.

**4. Strategic direction of Procurement:**

It is the aim and objective of The Main Committee to:

- i. Ensure that organisations support and implement best Procurement practice in order to embed corporate governance and compliance to applicable statutes and legislation;
- ii. Ensure that organisations adhere to the Code of Conduct in the execution of any Procurement and related activity by the OGB and/or organisation management team. This includes full disclosure in potential conflict of interest situations.

**5. Legal Requirements:**

- i. A primary objective set out is to ensure that the Organisation has and maintains, an “appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective”.



- ii. All organisations are therefore required to comply with applicable legislation, including the Five Pillars of Procurement.
- iii. It is expected that Organisations will ensure that all reasonable Procurement measures and controls are enforced through the OGB and organisation management team.

## **6. The Five Pillars of Procurement:**

### **A. Value for Money**

Organisations will not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements and should therefore apply the principles of “Total Cost of Ownership” (TCO) when making Procurement-related decisions. It is essential that goods and services procured must be cost effective and also comply with the required standards of quality. Organisations should strive to achieve the following outcomes:

- i. Avoidance of unnecessary costs and delays for themselves or vendors;
- ii. Effective monitoring and benefits realisation of supply arrangements; and
- iii. Continuous improvement in the efficiency of internal Procurement processes and systems

### **B. Open and Effective Competition**

Organisations are subjected to a framework of Procurement, policies, practices and procedures that are transparent and readily accessible to all parties. It is expected that organisations will conduct all Procurement-related activities in line with the principles of open and effective competition.

### **C. Ethics and Fair Dealing**

- i. Organisations will need to achieve the highest possible standard of professional competence in Procurement-related activities and/or functions through subscribed compliance and governance to ethical standards.
- ii. To this end, it is expected that organisations will ensure Procurement ethics and fair dealing through the Procurement Process.

### **D. Accountability and Reporting**

- i. All OGB and organisation management persons and/or officials exercising Procurement functions across organisations must fully regard and comply with the requirements for accountability and reporting.
- ii. Where required by Main Committee, organisations must submit Procurement reports and/or audited reports that reflect the state of compliance and governance at respective organisations. Furthermore, Organisation may be subjected to periodic Procurement monitoring and evaluation.

### **E. Equity**

- i. Organisations are required to reinforce and implement Main Committees commitment to economic growth by adopting Procurement measures to generally and specifically support the advancement and development of the organisation.



- ii. The Preferential Procurement Policy Framework outlines the basis for all Procurement activities across organisations in support of equitable and transformational Procurement objectives.

## **7. Procurement Decision-Making Structures:**

Organisation typically comprise the following Bodies:

- i. OGB - Organisation Governing Body;
- ii. Accounting Head - The appointed Accounting Head with responsibility for Finance and related activities;
- iii. Bursar/ Person appointed by the OGB as a Cashier.

## **8. Applicable legislation:**

The Procurement Policy Guidelines for organisations should be read in conjunction with, but not limited to, applicable legislation including relevant amendments over time. A list of applicable legislation is listed for further guidance:

- i. Registration Act, 1908
- ii. Indian Stamp Act, 1899
- iii. The Income Tax Act
- iv. The Companies Act (for non-profit company)
- v. Foreign Contribution regulation Act
- vi. Goods and Service tax Act 2017
- vii. And other relevant state acts like Societies Registration Act, Andhra Pradesh, etc.,

## **9. Roles & responsibilities:**

The roles and responsibilities of the various Representing Bodies are summarised as follows:

### **A. Role of the Organisation Governing Body (OGB)**

The OGB will be responsible for exercising control over the financial management of the organisation. It should be noted that the OGB bears responsibility and accountability for all Procurement and related activities/functions. It is further expected that the OGB and/or organisation management team conducts its Procurement functions in line with the Five Pillar Principles and all relevant legislation.

### **B. Role of the Treasurer**

The main responsibility of the treasurer will be to ensure that all Procurement and related activities comply with the Accounts SOP and applicable legislation as prescribed by State or Central Governments of India.

**C. Role of the Accounting Head**

The Accounting Head must:

- i. Take all reasonable steps to ensure that proper mechanisms, delegation and segregation of duties in the Procurement system are in place to minimise the likelihood of fraud, corruption, unfair and irregular practices, and favouritism;
- ii. Exercise utmost care to ensure reasonable protection of the assets and records of the organisation;
- iii. Act in a way that is consistent with the roles and responsibilities assigned to the role of the Accounting Head in terms of OGB requirements.

**D. Role of the Organisation Management Team**

- i. The organisation management team of an organisation typically consists of the Principal, Deputy Principal, Head of Department, and any other official duly appointed for the purpose of executing Procurement related activities and/or functions whether on an ad hoc or full-time basis.
- ii. It is expected that organisation management team will ensure that all Procurement and related activities comply with applicable rules and regulations and to report to the OGB, as may be necessary.

**10. Procurement procedure and process for the procuring of goods and services:**

- i. It is a primary responsibility of all organisations to adhere to Procurement procedures and processes for the procuring of goods and services, in order to ensure that compliance and governance is achieved in accordance with prescribed regulations.
- ii. Procurement for an organisation are predominantly channelled through principal and all purchase requisitions submitted to the Secretary for Procurement. These purchase requisitions are required to confirm to annual budget allocations.
- iii. Given that the Main Committee procures on behalf of bulk orders required for the whole organisations, it is expected that the Main Committee conducts all Procurement related activities within prescribed regulations and Procurement Best Practice.
- iv. The following Procurement sub-areas will typically apply to the Procurement processes and procedures at Main Committee level.

**A. Specifications**

It is expected that all purchase requisitions across organisations will be accompanied with relevant specifications for goods and services, where necessary and applicable. All specifications should be approved by the relevant organisation secretary and the funds for such purchases should be confirmed by pre-approved budget allocations.

**B. Purchase Requisitions**

- i. Where applicable, all purchase requisitions must be accompanied with relevant specifications and forwarded to the Main Committee for approval by Main Committee Secretary.
- ii. The Main Committee will then affect the necessary Procurement of goods and services according to an agreed contract between the service provider and the organisation.



- iii. Organisations are allowed the discretion to procure goods and services within the prescribed parameters. In all cases, it is required that purchase requisitions meet certain criteria. These criteria are, but not limited to:
  - a. Requests for the acquisition of goods and services must only be accepted from the Principal, Heads of Departments.
  - b. All requests must be done in writing.
  - c. Each Organisations OGB and/or organisation management team must in turn co-ordinate and approve all requests from educators.
  - d. Estimated cost of goods and/or services;
  - e. Availability of funds;
  - f. Necessity of the goods and/or services;
  - g. Will competitive proposals be called for?
  - h. Correctness of the specification (e.g. is the specification written around a specific product, brand name or trade mark?)
  - i. Are there any special conditions for inclusion in the purchase requisition? Are they justified and are they necessary?
- iv. All purchase requisitions and approvals must be documented on a standard form which must be pre-printed and pre-numbered. The purchase requisition form must contain at least the following details:
  - a. Description of requested items;
  - b. Quantity;
  - c. Value;
  - d. Purpose; and
  - e. Name of the intended beneficiary.

### **C. Evaluation, Recommendation and Adjudication of Proposals**

The Procurement Policy Guidelines for organisations will inform the best approach towards evaluation of proposals, together with meaningful and accountable recommendations for the awarding of proposals in accordance with the prescribed Five Pillar directives and Main Committee delegations. The evaluation, recommendation and adjudication of proposals must consider the evaluation criteria listed below:

- i. All proposals received in time must be dealt with in the same manner;
- ii. No conditions may be changed during the evaluation process to prejudice / favour the State or any bidder;
- iii. No Procurement Official or User who has an interest in a particular offer may be allowed to participate in the evaluation, recommendation and adjudication of such proposals;
- iv. bidders may be allowed a second opportunity to change any condition or price to the detriment of other bidders (If it is beneficial to the Organisation);
- v. Reasons for decisions taken must be made available on request and must be able to stand up in a Court of Law; and
- vi. Documentation of all proposals received in time and Procurement decisions by the OGB and/or organisation management team must be properly filed for record and audit purposes.



- vii. A proposal, which is the lowest on a comparative basis and which offers an improvement on the specification may be accepted, irrespective of whether higher proposals are strictly to specification.
- viii. A proposal, which is not the lowest on a comparative basis and which represents an improvement on the requirements of the specification, may be recommended for acceptance by the OGB, and provided that all competitive bidders are approached beforehand, but are unable to offer an improved product/service at a more favourable price. It is expected that each case must be considered on its own merits. As a general guideline, such an improvement should exceed the specified minimum requirements.

#### D. Request for Quotations (RFQ's)

- i. The OGB needs to exercise their insight and discretion in balancing the criteria of best price versus superior quality.
- ii. Occurrences where lowest priced suppliers are contracted and an unacceptably low service delivery is rendered should be avoided.
- iii. The following RFQ evaluation criteria must be considered for reasonable and competitive pricing.
  - a. **Market price comparisons** - Reasonableness must be tested primarily on the grounds of comparisons with market related prices for similar products or tariffs for similar goods and services.
  - b. **Price history** - Prices paid in the past may be used as a guide for determining reasonableness of current prices.
  - c. **Price evaluation**
    - A purchase order/contract can only be concluded when the proposal price is assessed by a reasonable delegated person to be in line with market prices and/or previous proposal prices.
    - Confirmation of whether the price is correct or not must therefore be obtained from the bidder in such cases. These procedures should allow for the correction of prices, since this allows for a second opportunity for the bidder to recalculate his prices.
    - Where three quotations are required, it is imperative for OGB to pay appropriate attention to the concept of balancing Price and Quality.
- iv. Price obviously plays a significant factor in selecting a supplier but an increasing number of situations where unsatisfactory services are rendered due to lack of competence of the supplier's behalf need to be avoided.
- v. The Treasurer may establish a data base of service providers whereby performance can be effectively monitored and based on key supply criteria, past performance and benchmarked to that of other comparable service providers.
- vi. At least annually the Financial Officer must evaluate all regular suppliers' prices in comparison to their competitors and report accordingly.
- vii. Every order must be supported by at least three quotations. Where the order is made based on a quotation other than the lowest the principal must motivate the decision in writing giving reference to:
  - a. Expected delivery dates;
  - b. Value for money comparison;
  - c. Quality of goods and services; and





- d. Payment and discount terms, where applicable.

#### **E. Communication with Bidders**

During the proposal evaluation process, communication with bidders by authorised and/or delegated organisation officials, may only take place with designated officials. It is incumbent upon organisations to ensure that all communication with bidders reflects the principles of the “Five Pillars of Procurement”.

#### **F. Ordering of Goods and Services**

- i. The ordering of goods and services across organisations must only take place if an approved and documented purchase requisition has been received.
- ii. The purchase requisition must meet the criteria as outlined in Section 10(B)(ii) of this document.
- iii. The formal process prescribed by the Financial Directives and Procurement Policy must be followed at all times and this function must only be restricted to the Principal/Accounting Head and supported by the OGB at various organisations.
- iv. The Principal/Financial Officer must ensure that:
  - a. The nature of items is correct;
  - b. Items were budgeted for;
  - c. The supplier is an approved one;
  - d. The quantities and value will not exceed budgeted amounts;
  - e. The authorised requests are attached;
  - f. The person who authorised the request has the due authority to do so.

#### **G. Order Approval guideline**

All orders up to and including ₹10,000 must be approved by the principal. Each record must reflect the following details:

- i. Quotation date;
- ii. Supplier;
- iii. Item description/specifications;
- iv. Payment terms including discounts, if applicable; and
- v. Quoted price.

The organisation orders above ₹10,000 must be split into the following 3 authorisation levels:

**Level 1** – All Orders between ₹10,000 to ₹1,00,000 must be approved by the OGB Secretary or OGB Treasurer

**Level 2** - All orders between ₹1,00,000 to ₹10,00,000 must be approved by the OGB and supported by three written quotations on official supplier letterheads.

**Level 3** - All orders above ₹10,00,000 relating to the purchase of capital goods (equipment, computers, etc) including improvements must be approved by the Main Committee.

Where organisations have entered into contracts with suppliers, those contracts must be in writing and must include cancellation and renewal clauses.

**H. Typical Procurement Timeframes**

|                       |           |
|-----------------------|-----------|
| Standard requirements | - 07 days |
| Public tenders        | - 15 days |
| Urgent                | - 02 days |

- i. After the order has been approved, the “three-part” “pre-printed, pre-numbered” purchase order copies must be distributed as follows:
  - a. The original must be sent to the supplier;
  - b. The second copy must be kept by the Financial Officer attached to the original requisition and supplier invoice;
  - c. The third copy must never be pulled out from the order book and should serve as a permanent record of the transaction.
- ii. All completed order books must be neatly filed away in their sequential order in a secure location. Only one order book must be in use at any given time.

**I. Receiving of Goods and Services**

- i. Two members of the organisation must be assigned the responsibility for receiving goods.
- ii. On delivery of the procured goods/services the Inventory Controller must verify the order placed with the goods/service received as prescribed on the delivery note or invoice. This process might entail actual counting of the items of inventory or physical inspection to verify that the service was delivered.
- iii. Only after the inventory controller is satisfied that the order as placed was delivered must the goods delivery note be signed off and goods accepted. In the case of service delivered, the sign off should only occur if the organisation is satisfied that all agreed aspects of the service to be rendered, have been fulfilled or until all noted queries have been resolved.
- iv. The member receiving goods must complete a pre-printed, pre-numbered goods received voucher (GRV) with details of goods actually received i.e. description and physical quantity.
- v. The person receiving the goods must sign the GRV, as evidence that the correct goods were indeed received.
- vi. The Accounting Head must file the top copy of the GRV together with the relevant purchase order, requisition and supplier invoice.
- vii. The Financial Officer must carry out regular reviews of all unmatched purchase orders and take corrective action.
- viii. All completed GRV books must be neatly filed away and the Accounting Head must ensure that only one book is in use at a time.

**J. Relevant Procurement Payment Documentation**

- i. Typical Procurement documentation that would be required by organisation to effect timely supplier payments in line with the requirements would be, but not limited to the following:
  - a. Quotation from potential supplier and/or service provider



- b. Purchase requisition, including an order number, signed by either the Headmistress, the Bursar, the OGB Treasurer or the OGB Secretary
- c. A delivery note signed by a duly appointed/delegated organisation representative
- d. An Invoice/Statement
- e. A Cheque/Electronic Payment Requisition Form signed by at least one of the above signatories
- f. Cheque/EFT payment to be signed by any two official signatories
- ii. Uniformity across organisations is important, in respect of required details where submissions deal with the recommendation of offers for acceptance. Typically, the following minimum information is required:
  - a. Recommended bidder's name;
  - b. Price and price basis (i.e. firm or non-firm prices);
  - c. Basis of delivery;
  - d. In case of material or equipment being awarded, the country of origin,
  - e. trade mark and model;
  - f. Delivery period;
  - g. Preferences;
  - h. Comparative prices.
- iii. All goods and services purchased must have matching invoices. The invoices must match with the corresponding GRVs, signed delivery note, requisition and purchase order. The Accounting Head must sign all supplier invoices as evidence that the document has been checked against order and requisition.
- iv. The Accounting Head must date stamp all invoices for tax purposes.

#### **K. Risk Management**

- i. The overall objective of the Procurement Policy Guidelines is to effectively guide organisations in their pursuit of compliance and governance to existing legislation. Due consideration must also be given to the existing risk management and legal policies at organisation level. Where applicable, risk and legal issues must be incorporated into Procurement procedures and processes as part of embedded best practice corporate governance and compliance.
- ii. It is expected that all organisation officials who are involved in the Procurement function, should possess high levels of professional ethics and maintain the highest standards of personal integrity in the execution of their duties. Where relevant and practical, identified risks should be allocated to a delegated organisation official best suited to manage such risks via typical methods such as risk avoidance or reduction, risk transfer and risk control.
- iii. It is also expected that the Principal, together with the OMT, would ensure that the organisation establishes and maintains an effective system of risk management for the identification, consideration and avoidance of material risks in the overall Procurement and related functions across Organisation s.

#### **L. Code of ethics and Conflict of interest**

- i. All Organisations must ensure that the Code of Ethics is consistently complied with and any conflict of interest is declared and addressed in line with relevant procedural requirements and conformance to the Code of Ethics.



- ii. The organisation commits itself to a policy of fair dealing and integrity in the conduct of Procurement related activities. All organisation officials who are involved in the Procurement function should therefore ensure that duties are performed efficiently and effectively, in accordance with the relevant legislation and regulations and are further required to promote:
  - a. Fairness, transparency and independence;
  - b. Mutual trust and respect;
  - c. An environment where business can be conducted in a fair and reasonable manner and with integrity; and
  - d. Value for money and cost effectiveness.
- iii. In the instance where an organisation official fails to observe the Code of Ethics, he or she may be subject to appropriate disciplinary action. It is expected that any organisation official, who becomes aware of a breach or failure to comply with any aspect of the Procurement procedure and process, must immediately report the breach or failure to the Principal/ OGB in writing.
- iv. All allegations of corruption, improper conduct or failure to comply with the Procurement procedure and process shall be investigated by the Principal or a delegated authority, who will then instigate justified steps against such official.

#### **M. Declaration of Interest**

- i. Any purchase over and above of ₹ 2,00,000/- should follow the following conditions
- ii. Attention is drawn to the prohibition of misuse of any organisation official position/s to his/her own unlawful or unauthorised advantage or disadvantage or which serves to unlawfully prejudice the Organisation or any other person or legal person. Bearing this in mind, a declaration of interest form must be included with respective proposal documents.
- iii. Any organisation official who is involved in the evaluation and recommendation process, or who is in any way involved with the Procurement process, shall also certify, as part of the recommendation that he/she complies with The Prevention and Combating of Corrupt Activities. All Organisation officials and/or OGB (Includes Main Committee Members for this clause) who can influence the award of a quotation/bid, are regarded as officials who are involved in the recommendation process.
- iv. An official who is involved in the recommendation process, or who is in any way involved with the Procurement process, shall also certify Declaration of Interest Form that he / she complies with the requirements of the Code of Conduct for OGB's and/or organisation management team and any other directive that may be issued from time to time.

#### **N. Procurement Reporting Requirements**

- i. Information and data may be used by organisation to develop plans, evaluate alternative courses of action and, where necessary, institute corrective actions. Ideally, management information should be:
  - a. Economically justified, without redundancy;
  - b. Flexible and capable of rapid adjustment should needs change;
  - c. Comparable, to ensure that decisions are benchmarked; and
  - d. Relevant to each educator's particular area of responsibility.



- ii. Improving the quality of available Procurement information across organisation. The primary purpose of Procurement and/or management reports will be to identify potential areas of improvement and to effectively discharge Procurement roles and responsibilities across organisations, in line with applicable legislation.
- iii. Organisation Procurement reports should focus mainly on performance against budget and support of educational service delivery improvement programmes. This approach may typically alert the relevant management personnel to speedily effect remedial action, where necessary.

#### **O. Quarterly Reporting**

- i. The Financial Year of Organisation's runs from 1<sup>st</sup> April to 31<sup>st</sup> March.
- ii. Financial Statements should be prepared Quarterly for submission to the OGB for reporting purposes. Quarterly statements should typically provide information on the following:
  - a. Income and Expenditure for the quarter and for the year to date;
  - b. Comparisons of Procurement amounts with budgeted amounts and an analysis of variance;
  - c. Projected cash flow statement linked to Procurement spend;
  - d. Analysis of debtors and debts owing to the Organisation;
  - e. Analysis of creditors and Procurement payments payable;
  - f. Status of all projects of a Procurement nature – both major and minor;
  - g. Status of Supplier Performance, if applicable; and
  - h. Commodity breakdowns (if applicable) and a value for money analysis

#### **P. Annual Reporting**

Unaudited Organisation Annual Financial Statements will be presented to the OGB for due consideration after the end of each financial year. These financial statements must be subjected to an independent audit by the auditor appointed by the Main Committee and the findings/results forwarded to the relevant organisations together with identified remedial actions.

#### **Q. Procurement Performance Monitoring & Evaluation**

- i. Organisations will be subjected to periodic monitoring and evaluation of Procurement procedures and processes by a person delegated by Main Committee.
- ii. Procurements over and above ₹ 10,00,000/- are subject to performance evaluation
- iii. To this end, Organisations are expected to compile and record accurate Procurement records for this purpose.
- iv. The primary purpose of Procurement monitoring and evaluation is to ensure that organisations comply with relevant regulations and to further identify Procurement improvement opportunities, in support of efficient educational service delivery.

#### **R. Non-Compliance to Procurement Policy Guidelines**

- i. The normal disciplinary process and procedures will apply, where relevant and applicable, in cases of Procurement non-compliance across Organisations.
- ii. During this process, compliance/non-compliance to all applicable legislation, as referred to in these guidelines will be investigated, as may be necessary.

**TEMPLATES****ORGANISATION GOODS RECEIVED NOTE**

SGRN Reference No: \_\_\_\_\_

Name of the Organisation: \_\_\_\_\_

Address: \_\_\_\_\_

Delivery Address: \_\_\_\_\_

Purchase Order No: \_\_\_\_\_

Current Date: \_\_\_\_\_

GRV Date: \_\_\_\_\_

|               |   |
|---------------|---|
| Movement Type | <input type="radio"/> Goods receipt for purchase order          |
|               | <input type="radio"/> Goods receipt reversal for purchase order |
|               | <input type="radio"/> Return Deliver to vendor or supplier      |
|               | <input type="radio"/> Reversal of Return Delivery               |

|                 |  |
|-----------------|--|
| Return Delivery | <input type="radio"/> Wrong Venue                    |
|                 | <input type="radio"/> Incorrect Goods/ Services      |
|                 | <input type="radio"/> Others (Please Specify): _____ |

|                           |                  |         |             |             |                   |                        |
|---------------------------|------------------|---------|-------------|-------------|-------------------|------------------------|
| Goods/ Service<br>Details | Delivery Note No |         |             |             |                   |                        |
|                           | Line No          | Item No | Description | PO Quantity | Quantity Received | PO Cost                |
|                           |                  |         |             |             |                   | Invoice/ Del Note Cost |
|                           |                  |         |             |             |                   |                        |
|                           |                  |         |             |             |                   |                        |
|                           |                  |         |             |             |                   |                        |

|                             |                         |
|-----------------------------|-------------------------|
| Vendor/ Supplier<br>Details | Vendor/ Supplier: _____ |
|                             | Delivered By: _____     |

|                |                              |
|----------------|------------------------------|
| GRV Acceptance | Authorised Recipient: _____  |
|                | Date: _____ Signature: _____ |

**ORGANISATION PURCHASE CONTRACT FOR GOODS & SERVICES****SPC Reference No.**

(This form must be filled in duplicate by both the successful bidder (part 1) and the purchaser (part 2). Both parts must be signed in the original so that the successful bidder and the purchaser would be in possession of originally signed contracts for their respective organisation purchasing records.)

**PART 1 (TO BE FILLED IN BY THE BIDDER)**

1. I hereby undertake to supply all or any of the goods, works and/or to render all or any of the services described in the attached bidding documents to the purchaser (The Organisation) in accordance with the requirements and specifications stipulated in the bidding documents at the price/s quoted. My offer/s remain(s) binding upon me.
2. The following documents shall be deemed to form and be read and construed as part of this agreement:
  - A. Bidding documents, viz
    - i. Invitation to bid / Request for Proposal (RFP);
    - ii. Tax clearance certificate;
    - iii. Pricing schedule's;
    - iv. Technical Specification's;
    - v. GST registration number in terms of the GST Act, as applicable;
    - vi. Declaration of interest;
    - vii. Special Conditions of Contract; and
  - B. General Conditions of Contract
3. The acceptance of my bid shall be communicated to me by returning one (1) Purchase Contract Form signed by me in the original, of which Part 2 is filled in and signed by the Purchaser (the Organisation).
4. I confirm that I have satisfied myself as to the correctness and validity of my bid; that the price(s) and rate(s) quoted cover all the goods, works or services specified in the bidding documents; that the price(s) and rate(s) cover all my obligations and I accept that any mistakes regarding price(s) and rate(s) and calculations will be at my own risk.
5. I accept full responsibility for the proper execution and fulfilment of all obligations and conditions devolving on me under this agreement as the principal liable for the due fulfilment of this contract.
6. I declare that I have no participation in any collusive practices with any bidder or any other person regarding this or any other bid.
7. I confirm that I am duly authorised to sign this contract.

NAME (PRINT) \_\_\_\_\_

CAPACITY \_\_\_\_\_

SIGNATURE \_\_\_\_\_

NAME OF FIRM \_\_\_\_\_

DATE \_\_\_\_\_

**PART II** (TO BE FILLED IN BY THE PURCHASER (the Organisation))

1. I..... in my capacity as ..... accept your bid under reference number .....dated ..... for the supply of goods, works or services indicated hereunder and/or further specified in the annexure(s).
2. An official order indicating delivery instructions is forthcoming.
3. I undertake to make payment for the goods, works delivered and/or services rendered in accordance with the terms and conditions of the contract, within 30 (thirty) days after receipt of an invoice accompanied by the delivery note.

| Item No. | Price (incl GST) | Description/ Brand | Unit of Measure | Delivery Date |
|----------|------------------|--------------------|-----------------|---------------|
|          |                  |                    |                 |               |
|          |                  |                    |                 |               |
|          |                  |                    |                 |               |
|          |                  |                    |                 |               |

Name of the Organisation: \_\_\_\_\_

Address: \_\_\_\_\_

Delivery Address: \_\_\_\_\_

Current Date: \_\_\_\_\_

4. confirm that I am duly authorised to sign this contract.

SIGNED at \_\_\_\_\_ on \_\_\_\_\_

PURCHASER NAME (PRINT) \_\_\_\_\_

SIGNATURE

OFFICIAL STAMP





**PAYMENT ADVICE**

Name of Organisation: \_\_\_\_\_

Cheque date: \_\_\_\_\_ Cheque no: \_\_\_\_\_

The OGB Secretary

Kindly approve the payment of ₹ \_\_\_\_\_

( \_\_\_\_\_ amount in words)

to \_\_\_\_\_ (name of the payee) \_\_\_\_\_ for \_\_\_\_\_ nature of goods  
supplied or service \_\_\_\_\_

Purpose:

---

---

I hereby certify that the payment is proper charge against organisation funds, is fair and reasonable and is supported by the authorised vouchers. The amount is in accordance with the estimates of expenditure and will be met from the amount budgeted for \_\_\_\_\_

Name of Official and Date

Approved: \_\_\_\_\_

PRINCIPAL

Date: \_\_\_\_\_

\_\_\_\_\_  
SECRETARY

Date: \_\_\_\_\_

\_\_\_\_\_  
TREASURER

Date: \_\_\_\_\_

**Affix the following:**

Return Cheque (in front)

Invoice (at the back)

Delivery Note (at the back, if applicable)

**OFFICIAL STAMP**

**PURCHASE ORDER**

|                       |                  |               |            |                                   |
|-----------------------|------------------|---------------|------------|-----------------------------------|
| Name of Organisation: |                  |               |            | Order No:                         |
| Name of Supplier:     |                  |               |            |                                   |
| Address of Supplier:  |                  |               |            |                                   |
| Description of Item   | Quantity Ordered | Cost per Unit | Total Cost | Is there sufficient budget? (Y/N) |
|                       |                  |               |            |                                   |
|                       |                  |               |            |                                   |
|                       |                  |               |            |                                   |
|                       |                  |               |            |                                   |
| Total:                |                  |               |            |                                   |
| Prepared By:          |                  |               |            |                                   |
| Authorised By:        |                  |               |            |                                   |
| Date:                 |                  |               |            |                                   |

**Notes:**

1. Order book must at least be in three parts
2. Distribution:
  - i. Original (top) copy is sent to the supplier
  - ii. Second copy is an office copy to be attached with other procurement documents
  - iii. Third copy is kept in the purchase order book

**REQUEST FOR EFT PAYMENT**

Name of Organisation: \_\_\_\_\_

Date : \_\_\_\_\_

Please transfer funds from account

in to the following recipients account:

|                              |  |
|------------------------------|--|
| Recipient Name               |  |
| Recipient Bank Name          |  |
| Recipient Account Number     |  |
| Recipient Branch IFSC        |  |
| Amount to be paid            |  |
| Own Reference No             |  |
| Recipient reference (If any) |  |

Being: \_\_\_\_\_

Requested By: \_\_\_\_\_ Approved By: \_\_\_\_\_

Account Signatories: \_\_\_\_\_

(Only Names)

---

**ACCOUNTS DEPARTMENT**

EFT Reference Number: \_\_\_\_\_

GEN Ledger Allocation: \_\_\_\_\_

| Description | GL ACC | Debit | Reference |
|-------------|--------|-------|-----------|
|             |        |       |           |
|             |        |       |           |
|             |        |       |           |
|             |        |       |           |
| Total:      |        |       |           |

# **CHAPTER – 07**

## **STANDARD CHART OF ACCOUNTS**



# CHAPTER INDEX

1. Objective
2. Legislation
3. Standard Chart of Accounts
4. Classification of accounts



**1. Objective:**

- i. The main objective of the Guideline is to provide direction regarding the accountability for organisation monies and to ensure effective efficient and transparent recording of the day to day transactions in operation.
- ii. The Guideline establishes the parameters within which monies are spent and accounted for. It is also a guide in satisfying the responsibilities arising from being entrusted with money and lays down rules that must be complied with.
- iii. Furthermore, this document will outline a standard chart of accounts by which management ought to adopt for the accounting of all transactions.

**2. Legislation:**

- i. keep records of funds received and spent by the organisation and of its assets, liabilities and financial transactions; and
- ii. as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the Applicable legislations.

**A. Appointment of an Accounting Head**

- i. An Accounting Head must be appointed in writing, to record the day-to-day transactions.
- ii. The appointment must be minuted at a governing body meeting.
- iii. This delegated person will be accountable for accurate financial record-keeping.
- iv. All the transactions must have supporting documents, i.e. cheque requisition form, delivery note, Invoices, Vouchers, Bills, etc.
- v. The processed cheques, together with all supporting documents, must be filed in chronological order (according to date). All the accounting documentation must be kept secure for 8 years before any disposal can take place. A disposal certificate must be completed and handed to the Organisations governing body.
- vi. The monthly bank statement must be safely stored with all the aforementioned documentation.

**B. Recording transactions**

The financial officer should record the transactions in the following manner:

- i. All receipts should be recorded in the cashbook.
- ii. All payments should be recorded in the cashbook.
- iii. Transactions should then be posted to the general ledger to the relevant accounts. (Refer to Standard Chart of Accounts) below.
- iv. Once the transactions have been processed to the general ledger the trial balance must be produced monthly reflecting the transactions that occurred for the month.

**3. Standard Chart of Accounts:**

The following template must be adopted as a standard chart of accounts when processing all transactions:

(Result of the trial balance based on the processing of accounts in the general ledger).



| <b>(ORGANISATION NAME)</b>                            |              |               |
|---|--------------|---------------|
| <b>TRAIL BALANCE AS ON 31<sup>st</sup> MARCH 20XX</b> |              |               |
| <b>INCOMES</b>  |              |               |
| <b>DESCRIPTION</b>                                    | <b>DEBIT</b> | <b>CREDIT</b> |
| <b>Net Income from fees</b>                           |              |               |
| Gross fees receivable                                 |              |               |
| Less: exempted portion                                |              |               |
| Less: bad debts                                       |              |               |
| Total Fee Income                                      |              |               |
|   |              |               |
| <b>Government Transfer</b>                            |              |               |
| Administration  |              |               |
| Textbooks   |              |               |
| Stationery  |              |               |
| Services  |              |               |
| Maintenance and Repairs                               |              |               |
| Improvements  |              |               |
| Total Governmental Receipts                           |              |               |
|   |              |               |
| <b>Donations &amp; Grants</b>                         |              |               |
| General   |              |               |
| Sponsorships  |              |               |
| Conditional   |              |               |
| Total Donations & Grants                              |              |               |
|   |              |               |
| <b>Rental Income</b>                                  |              |               |
| Tuck shop   |              |               |
| Vendor rental   |              |               |
| hall rental   |              |               |
| Swimming pool   |              |               |
| Tennis courts   |              |               |
| Fields  |              |               |
| Total Rental Income                                   |              |               |
|   |              |               |
| <b>Sales</b>  |              |               |
| Tuck shop   |              |               |



|                               |  |  |
|-------------------------------|--|--|
| Uniforms                      |  |  |
| Text books                    |  |  |
| School magazine               |  |  |
| School photographs            |  |  |
| Total Sales                   |  |  |
|                               |  |  |
| <b>Investment Income</b>      |  |  |
| Interest Received             |  |  |
| Profit on sale of investments |  |  |
| Other investment income       |  |  |
| Total Investment Income       |  |  |
|                               |  |  |
| <b>Fund raising income</b>    |  |  |
| Concert                       |  |  |
| Sport event                   |  |  |
| Other                         |  |  |
| Total Fund-Raising Income     |  |  |
|                               |  |  |
| <b>Income from hostels</b>    |  |  |
|                               |  |  |
| <b>Other Income</b>           |  |  |
| Profit on sale of assets      |  |  |
| Other                         |  |  |
| Total Other Income            |  |  |
|                               |  |  |
| <b>Total Income</b>           |  |  |
|                               |  |  |
| <b>EXPENSES</b>               |  |  |
| <b>General Expenses</b>       |  |  |
| Accommodation                 |  |  |
| Accounting fees               |  |  |
| Advertising                   |  |  |
| Audit Fees                    |  |  |
| Awards                        |  |  |
| Bad debts                     |  |  |
| Bank charges                  |  |  |





|                                    |  |  |
|------------------------------------|--|--|
| Catering                           |  |  |
| Classroom stationery               |  |  |
| Cleaning materials                 |  |  |
| Computer software                  |  |  |
| Consulting fees                    |  |  |
| Day tours                          |  |  |
| Day care                           |  |  |
| Depreciation                       |  |  |
| Computer equipment                 |  |  |
| Office equipment                   |  |  |
| Office furniture                   |  |  |
| Construction Expenses              |  |  |
| Vehicles                           |  |  |
| Minor Improvements                 |  |  |
| Entertainment (Refreshments)       |  |  |
| First aid                          |  |  |
| Gardening and cleaning             |  |  |
| Governing Body expenses            |  |  |
| Insurance                          |  |  |
| Insurance claim costs              |  |  |
| Laboratory chemicals               |  |  |
| Legal Fees                         |  |  |
| Library books                      |  |  |
| Meals and refreshments             |  |  |
| Office expenses                    |  |  |
| Office stationery                  |  |  |
| Postage                            |  |  |
| Printing and stationery            |  |  |
| Rates and taxes                    |  |  |
| Rental of equipment                |  |  |
| Repairs and maintenance            |  |  |
| Repairs and maintenance - building |  |  |
| Salaries                           |  |  |
| CS Personnel: salaries             |  |  |
| CS Personnel: Other remuneration   |  |  |
| Cleaning Personnel: Salaries       |  |  |



|  |  |  |
|--|--|--|
| Cleaning Personnel: Other remuneration     |  |  |
| Security                                   |  |  |
| Special events                             |  |  |
| Teachers enrichment                        |  |  |
| Telephone and fax                          |  |  |
| Text books                                 |  |  |
| Tuck shop expenditure                      |  |  |
| Water and electricity                      |  |  |
| Total General Expenses                     |  |  |
|  |  |  |
| <b>Teaching and learning</b>               |  |  |
| Consultants                                |  |  |
| Development and training                   |  |  |
| Exams and assessment material              |  |  |
| Other (Specify)                            |  |  |
| Transport Excursions                       |  |  |
| Transport other private                    |  |  |
| Transport other public                     |  |  |
| Workshops and seminars                     |  |  |
| Education supplies consumable              |  |  |
| Education supplies non-consumable          |  |  |
| Total Teaching and Learning Expenses       |  |  |
|  |  |  |
| <b>Education support services</b>          |  |  |
| Professional Personnel: Salaries           |  |  |
| Professional Personnel: Other remuneration |  |  |
| Supplies                                   |  |  |
| Consultants                                |  |  |
| Transport (Special Needs Students)         |  |  |
| Exam and assessment materials              |  |  |
| Total Education Support Services Expenses  |  |  |
|  |  |  |
| <b>Auxiliary Services</b>                  |  |  |
| Salaries                                   |  |  |
| Other Remuneration                         |  |  |
| Supplies: Feeding schemes                  |  |  |



|   |  |  |
|---|--|--|
| Transport: Scholars                           |  |  |
| Motor vehicle expenses                        |  |  |
|   |  |  |
| <b>Sports and Culture</b>                     |  |  |
| Salaries                                      |  |  |
| Other remuneration                            |  |  |
| Supplies                                      |  |  |
| Utilities                                     |  |  |
| Transport                                     |  |  |
| Depreciation                                  |  |  |
| Equipment                                     |  |  |
| Total Sports and Culture                      |  |  |
|   |  |  |
| <b>Total Expenditure</b>                      |  |  |
|   |  |  |
| <b>ASSETS</b>                                 |  |  |
| Bank and Cash                                 |  |  |
| Classroom Consumables                         |  |  |
| Debtors                                       |  |  |
| Investments                                   |  |  |
| Text Books                                    |  |  |
| Furniture & Equipment                         |  |  |
| Furniture & Equipment - Acc Depreciation      |  |  |
| Building Improvements                         |  |  |
| Building Improvements - Acc Depreciation      |  |  |
| Vehicles                                      |  |  |
| Vehicles - Accumulated Depreciation           |  |  |
| Utilities & Tools                             |  |  |
| Utilities & Tools - Accumulated Depreciation  |  |  |
| Fixture & Fittings                            |  |  |
| Fixture & Fittings - Accumulated Depreciation |  |  |
| Lab Apparatus                                 |  |  |
| Lab Apparatus - Accumulated Depreciation      |  |  |
| Learning Support Material                     |  |  |
| Learning Support Material - Acc Depreciation  |  |  |
| Sports Equipment                              |  |  |



|   |  |  |
|---|--|--|
| Sports Equipment - Accumulated Depreciation |  |  |
| <b>Total Assets</b>                         |  |  |
|   |  |  |
| <b>LIABILITY</b>                            |  |  |
| Creditors                                   |  |  |
| <b>Total Liability</b>                      |  |  |
|   |  |  |
| <b>OWNERS EQUITY</b>                        |  |  |
| Equity                                      |  |  |
| Reserves                                    |  |  |
| <b>Total Owners Equity</b>                  |  |  |

#### 4. Classification of accounts:

##### A. Income's Classification

- Fees receivable - Agreed amounts paid by parents to an organisation, which is intended to improve the quality of education of learners.
- Exempted portion - This occurs when a Student/ learner is declared as not liable for payment. Parents may apply to be exempted from paying fees, all values in relation to exemptions should be processed to the "exempted portion" account.
- Bad Debts Recovered - All amounts earlier determined by the OGB/ Auditor as per the applicable legislation s bad debts now recovered e.g. fees, failure of rental payment etc.
- Allocation - All monies forwarded to organisations in relation to the above-mentioned sub items e.g. Textbooks, Stationery, Services etc.
- Donations & Grants - All monies or material goods received by the institution from other persons or organisations.
- Rental Income - All monies received for the hiring of any structure, land, service or equipment owned by the organisation. E.g. Tuck shop, Hall, fields etc.
- Sales - Any income generated from the sale of any commodities held by the organisation e.g. Tuck shop sales, uniforms, text books etc.
- Investment income - Any income generated from the investment of any financial instruments e.g. Interest Received, Profit on sale etc.
- Fund raising income - All income generated from activities (apart from the organisations day to day activities) initiated by the organisation for the purposes of additional income e.g. Concert, Sport event etc.
- Other Income - All other forms of income not defined above.

##### B. Expenses Classification

- Accommodation - Expenditure for overnight accommodation for educators and Students/ learners that is incurred in relation to the organisation activities.
- Accounting fees - Fees paid to any personnel or professional body for the purpose of compiling or assisting the organisation to compile and maintain adequate accounting records.



- c. Advertising - Expenditure incurred for the purpose of promoting the organisations identity, image etc.
- d. Audit fees - Fees paid to any professional entity for the purpose of providing the organisation with a set of audited financial records together with an audit opinion.
- e. Awards - Expenditure incurred for the purpose of acknowledging individual learner achievements.
- f. Bad Debts - Any debts determined by the OGB/ Auditor as per the applicable legislation as bad debts
- g. Bank Charges - All service fees charged on the Organisations bank account by the relevant financial institution which the organisation has used.
- h. Cleaning materials -All consumables purchased for the purpose of maintaining a level of cleanliness within the Organisations premise.
- i. Computer software - Any computer “programme” purchased for the purpose of improving the Organisation operational and financial activities.
- j. Consulting fees - Any expenditure incurred in the process of dialogue that leads to a decision. And as a result, services are rendered by an external party with the intention of meeting the intended objective.
- k. Depreciation - This is regarded as a noncash expense that arises from the value of a calculation that reduces the value of an asset as a result of wear and tear, age or obsolescence.
- l. Entertainment - Any expenditure incurred to accommodate entertainment needs of guests or organisation personnel.
- m. First Aid - Any expenditure incurred for the purpose of facilitating the health and well-being of organisations personnel or Students e.g. medication, first aid plasters etc.
- n. Governing Body expenses - Expenditure incurred in order to facilitate the needs of members of the governing body e.g. refreshments etc.
- o. Insurance - All monies paid towards an authorised financial services provider for the purpose of insurance cover on all “organisation” owned assets.
- p. Insurance claim costs - In the event of any insurance claim, all expenditure incurred in order to facilitate the claim.
- q. Lab chemicals - Any items purchased for the purpose of increasing chemical contents in the organisation laboratory.
- r. Legal Fees - All monies paid towards any professional personnel or body for the purpose of facilitating any legal action pursued on behalf or against the Organisation e.g. litigation etc.
- s. Meals and refreshments - Any expenditure incurred for the purchase of meals or refreshments for organisation personnel.
- t. Office expenses - Any expenditure incurred for the purchase of items in relation to the operational functioning of the office.
- u. Postage - Any expenditure incurred for organisation postage.
- v. Rates and Taxes - Any monies paid towards monthly municipality charges in relation to rates and taxes.
- w. Rental of equipment - All monies paid towards the rental of any equipment that is hired for the facilitation of organisation operations e.g. Photocopy machines etc.
- x. Repairs and maintenance - Any expenditure incurred for the purpose of fixing any sort of mechanical, electrical device and building structures.



- y. Salaries - Any monthly remuneration paid towards Personnel appointed by the OGB.
- z. Security - Any expenditure incurred for the purpose of attaining protection against danger or loss as well as attaining a sense of safety for learners and educators.
- aa. Special events - Any expenditure incurred in the process of organising and coordinating special events hosted by the organisation e.g. community fun walks etc.
- bb. Sports consumables - Any expenditure incurred for the purchase of sports consumables for organisation sports activities.
- cc. Swimming pool services - Any expenditure incurred for the servicing of organisation swimming pools only.
- dd. Teachers' enrichment - Any monies paid for the purpose of development programmes for educators.
- ee. Water and electricity - Any monies paid towards monthly municipality charges in relation to water and electricity billed in the name of the organisation.
- ff. Year-end expenses - Any expenditure incurred for the purpose of year end activities e.g. awards evening, year-end organisation parties, matric dinners etc.
- gg. Development and training - Any expenditure incurred for the purposes of development programmes for educators and learners.
- hh. Exam and assessment material - Any monies paid towards enhancing exam and assessment material
- ii. Workshops and seminars - Any monies paid towards the attending of organisation activity related workshops and seminars
- jj. Feeding schemes - Any expenditure incurred for the purpose of facilitating organisation feeding schemes.
- kk. Motor vehicle expenses - Any expenditure incurred for the purpose of maintaining organisation owned vehicles
- ll. Stationery
  - i. Classroom stationery - all items of the following nature:
    - Chalk
    - Black board eraser
    - Black board ruler etc.
  - ii. Office stationery - all items of the following nature;
    - Pens, pencils, rulers
    - Erasers
    - Receipt books
    - Paper clips etc.
  - iii. Printing & stationery - all items of the following nature;
    - All paper procured for the photocopying, printing etc.
    - Replacement cartridges for printing machines.

# **CHAPTER – 08**

## **GUIDELINES FOR THE PREPARATION OF ANNUAL FINANCIAL STATEMENTS**



## CHAPTER INDEX

1. Legislation
2. Background
3. Responsibility/Accountability
4. Monthly Records
5. Variances
6. Limits for Variances
7. Calculating Variances
8. Contents of the annual financial statements
9. Balance sheet
10. Non-Current Assets/Fixed Assets:
11. Current Assets
12. Accumulated Funds
13. Long Term Liabilities
14. Current Liabilities
15. Income and Expenditure statement
16. Receipts and Payments Statement
17. Income and Expenditure variance report
18. Statement of Accounting Policies
19. Post-employment Retirement benefits
20. Medical Benefits
21. Other Organisation specific policies
22. Timeframes and action plans





**1. Legislation:**

- i. The Standards as issued by Institute of Chartered Accountants of India;
- ii. Income Tax Act 1961
- iii. Indian Trusts Acts 1981/ Society Registration Act 2001
- iv. Any standard/ Guidelines issued by the Central Government, State Government or through any other governing body time being in force.

**2. Background:**

The OGB of an Organisation requires:

- i. To keep records of funds received and spent by the organisation and of its assets, liabilities and financial transactions;
- ii. To draw up annual financial statements, as soon as practicable, but not later than 2 months after the end of each financial year;
- iii. To Co-Ordinate with
  - a. Person registered as a Chartered accountant in terms of the Chartered Accountants Act 1949 to audit the financial records and financial statements of the organisation; or
  - b. to submit draft annual financial statements to the OGB by no later than 15<sup>th</sup> June of the year; and
  - c. To submit a copy of the financial statements of the organisation, audited and examined as contemplated above, to the Main Committee within 4 months after the end of each financial year.

**3. Responsibility/Accountability:**

- i. All accounting records must be kept accurately and adequately by the Accounting Head. If necessary, the Accounting Head may be assisted in keeping the organisations accounting records by the treasurer of the OGB.
- ii. Based on all the information provided the accounting head prepares the following annual reports:
  - a. Balance Sheet;
  - b. Income and Expenditure Statement;
  - c. Receipts and Payments; and
  - d. Budget Report (Income and Expenditure Variance Report)
- iii. The Accounting Head is also responsible for ensuring that the financial records are ready for the auditor.
- iv. The Accounting Head must also present the financial reports to:
  - a. to the Treasurer (monthly);
  - b. to the OGB (quarterly);
  - c. to the Main Committee (annually).

**4. Monthly Records:**

The following monthly records of financial transactions must be produced at the organisation:

- i. Cash Receipt Journals;
- ii. Cash Payments Journals;



- iii. Receipts & Payments;
- iv. Bank Reconciliation Statements;
- v. Petty Cash Journals; and
- vi. Tuck shop Trading Statements – if the tuck-shop is not sublet out.

It is also required to constantly update other financial records, e.g. Monthly payroll, fees receivable register, ticket sales, stores records and asset register.

#### 5. Variances:

- i. Variances are differences between anticipated expenditure and actual expenditure. Some variances show that you spend too much or too little during the quarter, in terms of the budget.
- ii. Each quarter the Accounting Head will calculate the variance on each item within the budget report. If the organisation has overspent (or under-spent) on any cost centre there are three main options:
  - a. **Working Adjustments:** if you have spent too much on any item in any quarter, you will have to spend less in the remaining quarters.
  - b. **Formal Adjustments:** if the variance is serious, the treasurer may need to draft an interim budget. This needs to be formally presented to OGB at a meeting. The process for approval must be the same as for the original budget.
  - c. **Special fund-raising:** It is bad practice to raise funds for one cost centre. It is better to move funds from one cost centre to another. If you have overspent on one cost centre and under spent on another, you should move funds from the one to the other. It is recommended not to hold a special fund-raising event to raise funds for the overspent cost centre.

#### 6. Limits for Variances:

The organisation must set limits for variances. These may be:

- i. Less than 10% - it should be easy enough to adjust future spending to return to budget limits;
- ii. Between 10% and 20% - The Accounting Head will point out the difference to the treasurer and take advice on ways to overcome the problem;
- iii. Between 20% and 30% - The matter must be reported to the OGB, who will decide whether other budget cuts will be made; and
- iv. More than 30% - The budget must be redrafted and presented to the Main Committee for approval.

#### 7. Calculating Variances:

The recommended way of highlighting variances. You can put a minus sign before the percentage to show under expenditure and a plus sign to show over expenditure.

#### 8. Contents of the annual financial statements:

- i. The annual financial statements are provided by the Accounting Officer monthly. The OGB of an organisation must ensure that the annual financial statements of the organisation consist of the following:
  - a. Balance Sheet



- b. An Income and expenditure statement;
- c. A Receipts and Payments statement;
- d. An income and expenditure variance report;
- ii. Fairly present the financial position of the organisation as at 31<sup>st</sup> March of the financial year concerned; and
- iii. Contain sufficient particulars to enable any interested person to reliably ascertain the financial position of the organisation.

#### 9. **Balance sheet:**

- i. The balance sheet is a list of balances and the two parts of the balance sheet must “balance”.
- ii. The one part of the balance sheet lists assets, both fixed assets and current assets.
- iii. The other part of the Balance Sheet contains accumulated funds. The organisation may also have small liabilities, i.e. amounts owing.  
$$\text{Assets} = \text{Accumulated Funds} + \text{Liabilities}.$$

The following information must be presented on the face of the balance sheet:

#### 10. **Non-Current Assets/Fixed Assets:**

- i. Non-current assets/fixed assets refer to immovable assets and movable assets. Immovable assets are assets which cannot move e.g. land and buildings.
- ii. Movable assets include furniture and equipment. Each year, as the value of these assets depreciates, the reducing amount is shown in the Balance Sheet. The value of all assets transferred from the Main Committee, Other organisations, as well as those fixed assets procured by the organisation must be included in the Balance Sheet.

#### 11. **Current Assets:**

Current assets refer to cash in bank, petty cash or assets which could be easily converted into cash e.g. value of stock in the stores or stationery on hand.

#### 12. **Accumulated Funds:**

The Accumulated Funds part of the Balance Sheet may show two items:

- i. **Accumulated Funds** - If funds were left over from the previous year, these are referred to as “accumulated funds”. If an organisation has a surplus again on the current year, this is added to accumulated funds. If there is a deficit, this is subtracted from the accumulated funds.
- ii. **Transfer of Assets from the Main Committee** - When assets are transferred to the organisation, the principal draws up an inventory which give the value of the assets at the time. This amount will appear in the Balance Sheet under accumulated funds – and the amount will never change. Please note that the asset themselves will probably depreciate and the reduced value is shown under fixed assets in the Balance Sheet.

NB: In any one year, an organisation’s budget should balance between income and expenses.



### 13. Long Term Liabilities:

Long term liabilities are amounts owed to creditors and are usually paid over a period longer than one year. However, organisations may not have long term liabilities without prior approval of the Main Committee.

### 14. Current Liabilities:

Current liabilities are short term debts which will be paid during the next 12 months. organisations are strongly discouraged from creating any liabilities at all e.g. buying on credit. However, some current liabilities are unavoidable e.g. amounts owing to Telecom, or the Municipal Corporation/ Electricity Board for water and electricity. If there are amounts unpaid on 31<sup>st</sup> March, they must be shown as current liabilities in the Balance Sheet.

### 15. Income and Expenditure statement:

The income and expenditure statement must record all revenue received and all payments made by the organisation during the financial year and include any adjustments relating to owing or pre-paid revenue, owing or pre-paid expenditure and asset depreciation.

Adjustments are additional amounts which may be owed or prepaid; or need to be changed as at 31 December of the year in question. Examples of types of adjustments include:

- i. **Revenue owing** - At the end of financial year, amounts may be owing to the organisation (e.g. rental income for tuck shop. This is called “rental income owing”) If the organisation expects to receive these funds, they should be added to this year’s revenue.
- ii. **Revenue prepaid** - It is possible that the rental income on the tuck shop has been prepaid for the following month. This money has already been received, but it really belongs to the following year’s income. The amount should be deducted from this year’s income.
- iii. **Expenses owing** - Expenses may be owed as at end of the year, (e.g. the organisation ordered a netball kit and has received a set of uniforms for the netball team. The amount is still owed. The organisation has not yet paid the amount, but it should be added to this year’s expenses.)
- iv. **Expenses paid** - The organisation sometimes needs to prepay expenses on an annual basis (e.g. on 1<sup>st</sup> October the organisation paid for insurance premiums (from 1 July this year to 30 June next year), At the end of the year, only half of this amount belongs to this year and half to next year. Next year’s half should be deducted from this year’s expenses.)
- v. **Depreciation** - Any asset which is purchased is recorded in the books at its “acquisition price”. Assets are expected to lose value each year and the depreciation must be calculated on the method as specified in the standards or as adopted by the Organisation upon recommendation from the Main Committee. The amount of depreciation each year is an expense and must be shown in the Income and Expenditure Statement.



- vi. Furthermore, the income and expenditure statement referred to in paragraph 5(a)(i) must reflect all items of income and expenditure contemplated in the organisation's annual budget for the year concerned.

#### **16. Receipts and Payments Statement:**

- i. A receipt and payment account are a summarized cash book (cash and bank) for a given period" Or "This is simply a summary of the cash transactions as in the cash book, analysed and classified under suitable headings, including the opening and closing balances".
- ii. Organizations should prepare a receipt and payment account at the end of year.
- iii. All the information necessary for the preparation of this account is available from cash book. Various cash receipts and cash payments during the whole year find place in this account in a classified manner. Its closing balance indicates cash in hand and cash at bank at the year end.

#### **17. Income and Expenditure variance report:**

The income and expenditure must

- i. record the income and expenditure of the organisation for the year concerned;
- ii. compare this income and expenditure on an item-by-item basis with the approved annual budget of the organisation; and
- iii. Reflect the percentage variance between actual and budgeted income and expenditure, together with an explanation in writing where any variance exceeds 10%.

#### **18. Statement of Accounting Policies:**

- i. Accounting policies are disclosed as a separate statement and as part of the annual financial statements.
- ii. A reader's interpretation of a set of financial statements can be significantly influenced by the accounting policies adopted by the reporting entity and for this reason the statement of accounting policies is included at the beginning of the financial statements.
- iii. Institute of Chartered Accountants of India is responsible for the development of accounting standards in India. Any deviations from these policies should be brought to the attention of the Auditor of the Organisation.
- iv. The exception to the above rule is for policies relating to provisions, retirement benefits and medical benefits, which are not consistent. Each Organisation would need to assess its own policies on provisions, retirement benefits and medical benefits and amend the suggested policy accordingly.
- v. Any Organisation should not change the wording of accounting policy for any reason.

#### **19. Post-employment Retirement benefits:**

Specific legislation that may have an impact on the organisation and the retirement benefits granted, for example, The Gratuity Act, should be considered in finalising the wording of the gratuity paid to the employees.

#### **20. Medical Benefits:**

The benefits provided to all employees of the organisation may differ. Each organisation should amend the wording of the policy to reflect circumstances applicable.

**21. Other Organisation specific policies:**

The headings used in the prescribed format should not be regarded as being exhaustive and any other matters that relate to the financial statements as a whole can be included, provided they enhance the reader's interpretation of the financial statements.

**22. Timeframes and action plans:**

Steps needed for the Accounting Head/ OGB to complete the Annual Financial Statements for the year are as follows:

| Activity   | Responsibility  | Timelines                   |
|--|-----------------|-----------------------------|
| Opening trial balance prepared   | Accounting Head | 15 <sup>th</sup> April 20XX |
| Complete posting of all transactions to cash book and other records of prime entry | Accounting Head | 15 <sup>th</sup> May 20XX   |
| Make any year-end adjustments as appropriate (e.g. accruals)                       | Accounting Head | 31 <sup>st</sup> May 20XX   |
| Complete year end bank reconciliation  |                 |                             |
| Review balance sheet accounts for reasonableness.                                  | Accounting Head | 10 <sup>th</sup> June 20XX  |
| Reconcile those accounts on the accruals basis.                                    |                 |                             |
| Only timing differences should be carried forward.                                 |                 |                             |
| Prepare closing trial balance  |                 |                             |
| Prepare income and expenditure account   |                 |                             |
| Prepare balance sheet  |                 |                             |
| Submit to the Principal and Secretary  | Accounting Head | 15 <sup>th</sup> June 20XX  |
| Submit to auditors   | OGB             | 15 <sup>th</sup> June 20XX  |
| Approve annual financial statements  | OGB             | 31 <sup>st</sup> July 20XX  |

# **CHAPTER – 09**

## **AUDIT GUIDELINES**



## **CHAPTER INDEX**

1. Objective
2. Legislation
3. Banking Arrangements & Cheques
4. Appointment of an auditor
5. Auditor's Report
6. Guidelines for Audit procedures for Budget variance report
7. Checklist for compliance
8. Overview of the Year-End Audit
9. Availability of Financial information





**1. Objective:**

The objective of this guideline is to explain the legal requirements for auditing, as well as to illustrate ways in which an auditor will check the financial records of the organisation and whether the organisation is complying with the legislative requirements.

**2. Legislation:**

- i. Income Tax Act 1961,
- ii. Standards issued by the Institute of Chartered Accountants of India
- iii. Any other Applicable/ as felt necessary by the Auditor

In terms of the above-mentioned Acts, strong consideration will be given to the following:

➤ Codes of Good Practice

A. Summary of legislative prescriptions and requirements

**3. Banking Arrangements & Cheques:**

- i. The OGB of an organisation must establish a bank account and administer it in accordance with directions issued by the Main Committee and those mentioned above.
- ii. All receipts and payments of the organisation must be made through this account.
- iii. The OGB must open and maintain a bank account in the name of the organisation and must ensure that all revenue received by the organisation is paid into the bank account. This account shall be opened without an e-card facility that allows withdrawals from ATMs
- iv. The Main Committee generally designates the President, the Secretary and the Treasurer of the Governing Body as the only authorised signatories in respect of the bank account.
- v. This can be altered only upon a requisition made to the Main Committee by the OGB and sufficient cause of such alteration was given. The Main Committee upon satisfaction can alter the signatories in an organisation. The same is to be recorded in the Minutes.
- vi. No cheque may be prepared before a cheque requisition form has been authorised by the Treasurer. The cheque must be signed by at least 2 authorised signatories and no cash or blank cheques may be issued. All cheques must be crossed. Cheque books must be properly stored and safeguarded.

**A. The OGB is therefore responsible for the following**

- i. All arrangements with the organisation's bankers.
- ii. Arranging safe custody of the cheque books.
- iii. Ensuring reconciliation of the organisation's Bank Accounts.

**B. The Treasurer is responsible for the following**

- i. Consulting and agreeing with the OGB on all arrangements for the opening, closing and maintenance of any bank account relating to the organisation's business; and
- ii. Reconciliation of Bank Accounts.
- iii. Accountable for operating bank accounts and procedures associated with the paying in and out of organisation monies.



#### 4. Appointment of an auditor:

The Main Committee appoints an auditor, the following factors ought to be considered:

- i. How much money the organisation set aside to pay for the audit?
- ii. How well the organisation books of account were maintained for an easy preparation of its annual financial statements.
- iii. Are any special investigations needed? Is there suspected misappropriation of funds (fraud)?
- iv. the OGB of an organisation must appoint a person registered as an accountant and auditor in terms of the Chartered Accountants Act, 1949, to audit the records and financial statements of the organisation.
- v. The level of assurance that is required for organisations is high due to the reliance that the Main Committee places on the audit report in respect of the functions that have been allocated to organisations.
- vi. Furthermore, the OGB must submit to the Main Committee, within 4 (Four) months after the end of each financial year, a copy of the audited annual financial statements.
- vii. The auditor's basic duties are governed by statute and include;
  - a. confirming the accounts are lawfully prepared,
  - b. ensuring that proper practice has been observed, and
  - c. that proper arrangements have been made for securing economy, efficiency and effectiveness in its use of resources (value for money audit).

#### 5. Auditor's Report:

The auditor will look into every detail, e.g. petty cash slips, Vouchers, Bills, receipts, cheque requisitions, cash books, Receipts & Payments Statements, Assets Register, etc.

- i. The Auditor's Report, submitted in the company's letterhead MUST be signed, stamped and dated by the auditor.
- ii. The auditor must express an opinion on the financial health and management of the organisation. The report may be:
  - a. An unqualified report: This means that the auditor found no problems, and has no reason to make special comments.
  - b. A qualified report: This means that the auditor wants to make special comments. A qualified report may indicate that the auditor has found problems in the organisation's financial records and procedures. However, not all qualified reports mean that the auditor has found fraud.
  - c. Adverse Report: This means the auditor has found a serious irregularity in the organisation. This may include Fraud, Misrepresentation etc.
  - d. Disclaimer of Opinion: This means that the auditor is not able to make any opinion on the books of accounts maintained by the organisation. This report is given generally when the books of accounts are not at all maintained by the organisation or the books maintained not totally completed.
- iii. An engagement letter must be requested by the Auditor. This engagement letter MUST include the following additional duties over and above the normal duties. These are:
  - a. To report on compliance in respect of submission of statutory returns e.g. TDS Return, PPF Return, ESIC Return etc.



- b. To report on the organisations compliance with the relevant sections of the Act.

## 6. Guidelines for Audit procedures for Budget variance report:

The guideline below provides an indication of the level of detail which the auditor will examine when auditing the budget:

- i. Obtain the minutes and attendance register of the meetings at which the budget of the year was tabled.
- ii. Review the minutes and attendance register and confirm the following:
  - a. The quorum for the meeting was met in accordance with approved quorum requirements.
  - b. The majority of members' present approved the budget as tabled.
  - c. All amendments to the budget were recorded and subsequently approved by members.
- iii. Select a sample of expense items on a random basis and carry out the following procedures:
- iv. Confirm that the expense was approved, by the correct person, in terms of the organisation approval policies and procedures.
- v. Inspect supporting documentation for the expense item and confirm the following:
  - a. The amount on the Budget Variance Report agrees to the supporting document;
  - b. The supporting document is issued in the name of the organisation and has been correctly dated.
- vi. Confirm that the approved policies and procedures in respect of procurement were correctly adhered to.
- vii. Confirm that the expense item is recorded in the correct budget line category by review of the supporting documentation and by discussion with the appropriate personnel.
- viii. Select a sample of invoices and supporting documentation on a random basis and carry out the following procedures:
  - a. Confirm that the policies and procedures for the procurement of goods and services were complied with in terms of authorisation levels and procedural responsibilities.
  - b. Report in terms of amount and category classification (budget line item).

## 7. Checklist for Compliance:

These questions are included here so that Treasurer knows exactly what the auditor will look for when assessing compliance with the organisation audit:

- i. Based on the review of the minutes of OGB meetings, did any OGB member vote in a decision in which said member had a personal interest?
- ii. Was any OGB member remunerated for services rendered to the organisation?
- iii. Has the OGB established and, maintained a Bank Account in accordance with directions from the Main Committee?
- iv. Were all monies received paid into the organisation bank account?
- v. Did the organisation receive any donations, bequests or other charitable and voluntary contributions?
- vi. Has the organisation complied with all terms and conditions imposed by contributors with regard to money contributed?
- vii. Did the organisation maintain a fixed asset register?



- viii. Has the register been updated and correctly reconciled to the general ledger?
- ix. Are assets utilised for educational purposes or for carrying out the functions of the OGB?
- x. Did the organisation prepare an annual budget showing income and expenses for the year?
- xi. Was the budget approved by a majority of Members present at the general meeting?
- xii. Has the organisation charged a Fee for the year?
- xiii. Was the organisation fee charged approved by a majority of members present at the general meeting?
- xiv. Did the organisation comply with regulations on the exemption of parents who cannot pay Fees?
- xv. Has adequate documentation been maintained by the organisation with regard to the procedures followed in the granting of exemptions?
- xvi. Did the organisation incur any non-payment of Fees by parents? If yes, did the organisation take adequate steps and procedures to recover such money?

#### **8. Overview of the Year-End Audit:**

- i. Legislation requires that the auditor be impartial and perform his/her duties without any fear or prejudice when conducting the audit.
- ii. During the audit the requests for information (RFIs) will be received from the auditor to assist them with completing their work. These need to be distributed to the relevant members of staff in order that the information can be provided. The information provided to the auditor must be complete and accurate.
- iii. More serious matters, or matters that have not been addressed at the RFI stage of the audit, result in audit queries (AQs) The process for addressing these is similar to that of RFIs, but is more significant in terms of outcome for the organisation.
- iv. It is after the audit that the auditor can express an opinion; the audit opinion is that part of the auditor's report to the management of the organisation in which the auditor expresses an opinion about the financial affairs of the organisation as they have been presented in the annual financial statements. The fact that it is an opinion and not a certification is meant to indicate to financial statement users that the auditor is providing reasonable assurance, and not complete assurance.
- v. An audit report is a statement of the auditor's assessment of the validity and accuracy of the organisation's financial information and conformity with the generally accepted accounting practices.
- vi. Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the annual financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.
- vii. The audit opinion contained within the audit report may be qualified or unqualified.
  - a. Where the auditor is satisfied that the financial statements of the organisation fairly present the financial position of the organisation, the auditor issues what is referred to as an unqualified audit opinion. This opinion indicates that no limiting circumstances were encountered during the audit process.



- b. Where the auditor is not satisfied that the financial statements fairly present the financial position and the results of the organisation, or that they are not consistent with the auditor's knowledge of the business, in other words, where the auditor believes the financial statements contains material misstatement, the auditor issues what is referred to as a qualified audit opinion. A qualified audit opinion is an opinion that identifies a material misstatement or limitations to the auditor's scope during the audit process. Material misstatement refers to errors identified within the annual financial statements that are material. Limitation of scope means that information requested by the auditor was not received by him.
- c. In addition, the auditor may include emphasis of matter or other matter paragraphs in the audit report. These set out controls weaknesses or other matters that the auditor is of the opinion should be brought to the user's attention.

**9. Availability of Financial information:**

- i. Accounting Head of organisation must, subject to the provisions of the relevant legislations, retain all financial information in its original form, as follows –
- ii. Information relating to eight (8) financial years has to be retained
- iii. After the expiry of the above retention period, the information may, if required, be secured in an alternative form that ensures the integrity and reliability of the data and ensures that the information can be reproduced, if necessary, as permissible evidence in a court of law.

# **CHAPTER – 10**

## **INTERNAL FINANCIAL PROCESS AND PROCEDURES**



## CHAPTER INDEX

1. Objective
2. Receipts
3. Fundraising
4. Tuck-shop Sales
5. Other Fundraising Sales
6. Payments
7. Petty Cash
8. Travel and Re-Imbursement Costs
9. Recording Payments
10. Procedure for Stores control
11. Control over Organisation fixed assets
12. Cash and Bank
13. Financial Accounting



**1. Objective:**

- i. The following set of internal financial procedures and processes are designed to secure sound management of the organisations.
- ii. The financial processes and procedures are broken down and laid out in a manner that is easy to follow while at the same time ensuring sufficient levels of transparency and accountability by the Principal (in his/her capacity as the Financial Officer of the organisation), Organisation Management Teams (in their capacity as the day-to-day organisation management officers) and the Organisation Governing Body (in its capacity as the independent and overseeing policy making body of the organisation).
- iii. These processes shall apply to all organisations. Although a manual administration system has been emphasized, the processes apply equally to computerised systems.
- iv. Pursuant to these objectives the procedures are therefore designed to equip the Organisation Governing Body (OGB), Organisation Management Team (OMT) and the Main Committee to fully understand the various financial interest areas of the organisation, to minimize financial and operational risk in the organisation and to enhance effective financial decisions.
- v. The following critical aspects of the financial procedures/processes have been emphasized at the various stages of the administration system:
  - a. The process element.
  - b. The main source documents required for recording funds received and spent by the organisation and of its assets, liabilities and financial transactions as required.
  - c. The minimum details to be contained in the source document.
  - d. The various stages of the process.
  - e. The frequency of the process.
  - f. The persons responsible for the process.
- vi. The Accounting Head, appointed by the OGB in writing, should be the central person in the administration of day-to-day procedures and processes at the organisation. The appointment must be minuted at an OGB meeting. The Accounting Head should be accountable to the Treasurer.
- vii. Accounting Head key functions should involve the following:
  - a. Receiving and managing fees (cash receipts journal);
  - b. Daily monitoring of expenses (cash payments journal);
  - c. Managing of financial records i.e. bank / petty cash reconciliation, trial balance and detailed ledger;
  - d. Keeping of financial records;
  - e. Assets management; and
  - f. Assisting the treasurer in financial reporting.

**2. Receipts:****A. Control of Receipt Books**

- i. The Treasurer must arrange, through the normal procurement procedures, quotations to have the official receipt books printed for the organisation.
- ii. The Treasurer needs to estimate receipt books requirements for the following year in advance.



**B. Receipt book details**

- i. A receipt should have spaces for completing the following details:
  - a. Name, address, and organisation badge;
  - b. Name, grade and class of the learner;
  - c. Date of receipt;
  - d. Receipt number (unique to each receipt);
  - e. Name of person or institution paying;
  - f. Amount received both in words and figures;
  - g. Method of payment differentiating between cheques and cash received;
  - h. Purpose of payment; and
  - i. Signatures of persons receiving payment and issuing the receipt.
- ii. The duplicate receipt must reflect all the details as indicated on the original receipt.
- iii. Should a receipt be incorrectly completed, such receipt must be cancelled and a new receipt issued.
- iv. If a receipt is cancelled, the original must not be detached from the duplicate.
- v. Under no circumstance must information be altered i.e. using correction fluid.
- vi. Receipt books must be pre-printed and pre-numbered in sequential order.
- vii. Receipt books must be brought into circulation in their order of sequence.
- viii. Once the organisation gets delivery of the receipt books, the principal must record all receipts books in the receipts books “distribution” register and store them in a safe place.
- ix. Each time a person is issued with a receipt book, the name of the recipient must be recorded in this register against the receipt book. The latter must sign as acknowledgement that he/she received the receipt book.
- x. When the receipt book for a particular purpose gets finished (e.g. fundraising) it has to be handed back to the principal and get recorded as closed and the person re-issued with a new one.
- xi. On a monthly basis the Cashier must reconcile all receipt books in circulation against the procured stocks.

**C. Fees (Billing)**

- i. The organisation budget will determine the amount of fees that should be levied per Student/ learner.
- ii. An OGB meeting must be held to approve Fees for the ensuing year.
- iii. Following this meeting the Organisation Governing Body must, at the beginning of each year prepare and circulate a notice in any mode, to all parents detailing the amount of fees payable, due dates and the various payment options available.
- iv. On the basis of approved minutes of the Organisation Governing Body duly signed by the President, the Cashier must bill in full all the learners with fees due, regardless of their status.
- v. All Students/ learners that will not be required to pay fees as determined by the criteria for fees exemption process must be recorded in a Fees Exemption Register.
- vi. Only after the billing process has been completed should all individual accounts of learners that are exempt from paying fees get credited of their accrued debts.

**D. Procedure for Receiving Money**

- i. The organisation may receive money in a number of ways:
  - a. Cash (handed over the desk);
  - b. Cheques/ Drafts and
  - c. Electronic transfers,
  - d. Challan Payment.
- ii. When receiving cheques, they should be checked very carefully to see they have been correctly completed otherwise the organisation will not be able to collect the money from the bank. The checklist should include the following:
  - a. That the name of the organisation is correct;
  - b. That the amount in words is the same as the amount in figures;
  - c. That the date is correct and; and
  - d. That there are no alterations on the cheque.
  - e. The cheque must have credentials as prescribed by the RBI/ Any Authority from time to time.
- iii. The initial step on receiving money is to record it into a receipt book. This step will entail ensuring that each carbon is correctly positioned and recording all essential details such as:
  - a. Date of receipt;
  - b. Name of person paying;
  - c. Amount in words and in figures;
  - d. Purpose of payment i.e. name of learner and account;
  - e. Method of payment; and
  - f. Signature of person receiving money on behalf of the organisation.
  - g. If the person writing a receipt makes a mistake it must be clearly marked CANCELLED by drawing two lines across the receipt and writing the word “cancelled” between the two lines.
  - h. The cancelled receipt must not be pulled out from the receipt book and if it had been pulled out it must be pinned back into the receipt book. This will serve as evidence that the receipt has not been stolen.

**E. Procedure for Depositing Money**

- i. All money received by the organisation must be deposited on a daily basis unless this is practically impossible as would be in the case of a Holiday for Banks.
- ii. The Cashier must ask the bank for a deposit book. Using a deposit book ensures all deposit slips remain bound together and therefore serve as a more secure permanent record of all money deposited.
- iii. The Cashier must sign the bottom of each deposit slip as evidence of who made the deposit.
- iv. The bank will stamp all return deposit slips as proof that the money was actually banked. All finished deposit books must be safely filed away.
- v. The Cashier must reconcile the deposit slips against the receipt book on a weekly basis and get the Accounting Head to check and sign as evidence that the reconciliation was indeed checked.

**F. Government Subsidies**

- i. All funds received from the Government (Either State or Central) must be receipted and reconciled against budgeted amounts.
- ii. The Accounting Head must, within a space of a week, acknowledge in writing the receipt of funds from the Department and, if applicable, query any differences between budgeted allocations and actual amounts received.

**3. Fundraising:**

Fundraising can improve the physical and human resources of the organisation. The key to successful fundraising-events rests in proper project planning and the extent to which the OGB can take advantage of and utilize skills within the organisation and its surrounding community.

**A. Fundraising project planning**

- i. Set the goals (targets) by keeping the organisation development plan in mind;
- ii. Choose or prioritise only those needs that fund-raising can realistically address. The targets must be achievable.
- iii. Before starting a project, a financial projection must be prepared that shows the expected income and expenditure.
- iv. Draw up an action plan for the project or event by considering the following questions about the project or event, (who, when, where, what and how)
- v. People generally regard education as a worthwhile cause, but it takes good publicity to persuade the community that the cause is worth supporting. Use of pamphlets, radio, internet, face-to-face communication, etc must be considered appropriately.
- vi. Ensure everyone is given a chance to be creative without losing sight of the budget.
- vii. Evaluate the planning, implementation and results of the project or event.
- viii. Use experience from past events to better current and future projects.
- ix. Reconcile all income and expenditure and keep comprehensive financial records of the project.

**B. Fundraising Using Printed Tickets**

- i. If the organisation is selling tickets, the tickets must look “official.” The tickets must therefore not be little pieces of photocopied paper. This will undermine the image of the organisation in the community and expose controls over receivable funds.
- ii. The procurement process will determine the best supplier of pre-printed tickets.
- iii. The tickets must be pre-printed, pre-numbered and show the full name of the organisation, date of the function and the price
- iv. A staff member of the organisation must be present when the printed tickets are received.
- v. A record of the tickets must be made immediately into a register where all fundraising events are recorded and must be signed for by the Principal and the witnessing Staff.
- vi. Each educator receiving tickets for distribution to learners must sign the distribution list contained in the fundraising events register.
- vii. Prior to the fundraising event the Fundraising Committee must draw up a list of rules for the fundraising drive. The rules must focus on the following:
  - a. Whether members of the committee may personally buy tickets or not;



- b. Date the tickets must be distributed;
- c. Date, place and time when the tickets must be returned;
- d. Date the event will be held;
- e. Place or venue where the event will be drawn;
- f. The procedure for banking the money received;
- g. Procedure on how to handle Students/ learners who lose their booklets or fail to hand in money collected.

#### **C. Collecting Cash**

- i. Members of the Community must be informed that they should hand in cash only to the cashier/ Any designated person for that purpose.
- ii. Regardless of the stipulated closing date, Students/ learners must be allowed to hand in money earlier to minimise the risk of losing it.
- iii. The cashier needs to be available for early submissions of cash.
- iv. The organisation must make sure that every learner issued with tickets brings back cash collected by recording both amounts received and the matching number of tickets sold in the Tickets Sales Register.

#### **D. Banking of Cash Received**

- i. All cash received must be properly receipted and then deposited in the organisation Bank Account.
- ii. A reconciliation must be prepared showing the following details:
- iii. The total number/value of ticket sales expected,
- iv. Total number/value of unsold tickets and,
- v. Total cash received and actual number of tickets sold.

#### **E. Fundraising that does not involve tickets**

- i. When fundraising activities are conducted by other means other than by issuing of tickets the OGB must ensure such events are strictly controlled.
- ii. The Secretary must always be in charge of the collection of cash.
- iii. The Secretary and other members present must sign the Amount Receipt List. This will serve to indicate their agreement about the total amount of cash received.
- iv. All cash received must immediately be handed over to the Accounting Head for banking and a receipt issued.

### **4. Tuck-shop Sales:**

The OGB must evaluate and decide on the feasibility of running the tuck shop against outsourcing it. If the decision is in favour of running one then a tuck shop staff accountable to the treasurer must be set up to control all tuck shop activities.

#### **A. Setting up a Tuck-shop Committee**

- i. The Tuck-shop must have a person who is a staff appointed by the OGB.
- ii. The appointed staff should take overall responsibility for the tuck-shop - its healthy menu, its good organization, its cleanliness and security.
- iii. The OGB must decide on the following:
  - a. Items to be sold in the tuck-shop e.g. no alcohol, cigarettes or other illegal goods.



- b. Some tuck-shops may choose to supply healthy food and drinks.
- c. Other tuck shops keep their stocks simple - only selling cold drinks, fruit-drinks and crisps – i.e. items that cannot go stale.
- d. The amount of float required as change money (e.g. ₹ 2000) at the beginning of each session this float is made available.
- e. The amount required for tuck-shop petty-cash float e.g. ₹ 2000. This float is separate from the office petty cash but works in a similar way. This amount is reimbursed at the end of each week and is used to buy small items needed in the tuck-shop
- f. Large items e.g. crates of cold drinks must be delivered and paid for by cheque following the procurement procedures.
- iv. The tuck-shop percentage “mark-up” must be agreed by the OGB. The OGB must approve all price lists which must always be dated and signed by the Secretary and displayed at the point of sale (on the wall behind the counter).
- v. While setting such mark-up the OGB should look for the MRP rules applicable on the goods being sold.
- vi. The opening and closing times of the tuck-shop
- vii. Appoint in writing the Tuck-shop staff and other assistants. The Tuck-shop staff and the assigned assistants must complete and sign OGB delegation of authority forms accepting responsibilities commensurate with their positions.
- viii. Supervise the Tuck-shop staff ensuring he/she reconciles cash and stocks on a regular basis.
- ix. Must follow the rules and regulations issued by the Weights and measures department/ or any other concerned authority from time to time.

#### **B. Controlling the tuck-shop**

- i. Particularly for high-sales tuck shops there must be strict procedures for dealing with cash, stocks and sales.
- ii. The Accounting Head must keep a separate general ledger account for the tuck-shop
- iii. Persons delegated to run the tuck-shop must generally be well organized and responsible people.
- iv. The tuck-shop must be kept secure at all times and only authorized persons must be allowed behind the counter.
- v. The tuck-shop must be assigned at least 2 members with a shared responsibility of overseeing the collection of cash from sales. One must handle the money while at least one person serves behind the counter.
- vi. At the beginning of every session a member on duty must count the amount of cash float on hand and reconcile it to the sales records of the previous session.
- vii. At the end of each session the member on duty must record the amount of sales into the sales record based on total cash on hand after deducting the cash float at the beginning of the session. Both members must sign the sales book as evidence of their approval of the cash collected for the session.
- viii. In between sessions the two members must be involved with counting sales cash, handing in sales cash at the office, replacing stock, cleaning and organizing the tuck-shop.

**C. Buying stock**

- i. All large items must be bought using the following procurement procedures:
- ii. The Tuck-shop staff completes and signs a purchase request form detailing all stocks that the tuck-shop requires e.g. cold drinks, crisps etc.
- iii. The purchase request form is handed to the Accounting Head.
- iv. The Accounting Head draws up a purchase order that is supported by quotations and gets it signed in accordance with the required authorization levels (refer to section on ordering procedures). An order is then placed with an approved supplier.
- v. When the stock is delivered, the Tuck-shop staff is called to check that the items are correct, in good condition and match the order.
- vi. The Accounting Head should complete a Goods Received Voucher which must be signed by the Tuck-shop staff.
- vii. Based on the source documents (i.e. a valid order, goods received voucher, supplier invoice) the Accounting Head must arrange for a cheque payment to the supplier.
- viii. The Tuck-shop Manager should keep the petty cash in a lockable cash box which must be kept in a secure place.
- ix. Every time when purchases are made from petty cash, the Tuck-shop manager fills in a petty cash voucher which must be stapled together with all supporting cash slips or supplier invoices.
- x. At the end of the week the Tuck-shop Manager must prepare a proper petty cash reconciliation attaching all relevant vouchers. The cashier must check the reconciliation and sign before re-imbursement. The re-imbursement amount must be equal to the amount spent during the previous week.

**D. Tuck-shop stock control**

- i. The Tuck-shop Manager must maintain a complete, independent set of tuck-shop records in respect of purchases, sales and stocks. Record of purchases must contain at least the following details:
  - a. Date;
  - b. Goods received number;
  - c. Invoice number;
  - d. Description;
  - e. Quantity;
  - f. Unit cost price;
  - g. Unit selling price; and
  - h. Total expected sales value.
- ii. Record of sales must contain at least the following details:
  - a. Date,
  - b. Receipt number and,
  - c. Amount.
- iii. This record must be recorded each time when cash is handed in at the office.
- iv. Record of stock in hand must contain at least the following details:
  - a. Date,
  - b. Description,
  - c. Quantity,
  - d. Unit cost price,



- e. Unit selling price and,
- f. Total sales value.
- v. Physical stock takes in the tuck-shop must be carried out at the end of every week and reconciled. The reconciliation must show items that are missing or broken or if there is a surplus. Damaged stocks must be kept as proof that the items were not sold or stolen.
- vi. Tuck-shops that return good profits have strong management to ensure the following stock controls:
  - a. Perishables such as milk are turned over regularly;
  - b. There is no over-supply of daily foodstuffs or loss of foods;
  - c. Consumption of goods by staff is strictly regulated;
  - d. Pilfering is avoided.

#### **E. Cash Control**

- i. Apart from the Petty Cash discussed above the Tuck-shop staff must keep a “change float.”
- ii. At the end of each trading session the Cash Controller counts the amount of sales, puts aside the float and hands in the Sales cash at the office.
- iii. Each tuck-shop day when the cash is handed in, it must be accompanied by the Tuck-shop Cash Reconciliation detailing the following:
  - a. Opening cash in hand (float);
  - b. Cash received (sales according to sales records);
  - c. Total cash in hand (float + sales);
  - d. Cash handed in at office (receipts numbers given for each day) and,
  - e. Closing cash on hand (float).
- iv. The reconciliation must be signed by the Tuck-shop staff at the end of each day and certified by the Cashier weekly.
- v. If cash or stock reconciliations do not balance or if there are other problems, these must be reported immediately to the Principal.
- vi. No stock replenishments must be done out of sales cash.

### **5. Other Fundraising Sales:**

Any other fundraising event must be authorized by the OGB and one committee member assigned to run the event.

#### **A. Rental Income**

- i. The OGB may decide to rent out the hall, hostels, assets or classrooms to the community. If this is the agreed route, advertisements can be placed in the local newspapers announcing the facilities available and providing the contact details of the organisation. This approach ensures that the organisation gets the best deal in the market.
- ii. The OGB must decide on a rental fee and draw up a proper standard contract. The fee must be reviewed annually. The contract should charge a refundable deposit fee.
- iii. A separate receipt book must be set aside for purposes of receipting this type of income.



**6. Payments:****A. Requisitioning**

- i. Requests for the acquisition of goods and services must only be accepted from the Principal, Heads of Departments and Organisation Management Team.
- ii. All requests must be done in writing.
- iii. Each Department/ Committee must in turn co-ordinate and approve all requests from educators/members.
- iv. Prior to the approval of a request the Head of Department/Member must consider the following:
  - a. That the request was budgeted for (this practice ensures that budgets are monitored at the transaction stage);
  - b. That there are adequate funds available from the authorised budgeted amount;
  - c. That the acquisition is not wasteful but based on priorities and objectives of the department/ committee.
- v. All requests and approvals must be documented on a standard form which must be pre-printed and pre-numbered. The requisition must contain at least the following details:
  - a. Description of requested items;
  - b. Quantity;
  - c. Value;
  - d. Purpose;
  - e. Name of the intended beneficiary.

**B. Ordering**

- i. The ordering of goods and services must only take place if an approved and documented request has been received. The formal process prescribed by the Financial Directives and Procurement Policy must be followed at all times.
- ii. The Accounting Head must ensure that:
  - a. The nature of items is correct;
  - b. Items were budgeted for;
  - c. The supplier is an approved one;
  - d. The quantities and value will not exceed budgeted amounts;
  - e. The authorized requests are attached;
  - f. The person who authorized the request has the authority to do so.
- iii. Every order of more than ₹ 1,00,000/- must be supported by at least three quotations. Where the order is made based on a quotation other than the lowest the Treasurer must motivate the decision in writing giving reference to:
  - a. Delivery dates,
  - b. Quality of goods and services and,
  - c. Payment terms.
- iv. At least bi-annually the Treasurer must evaluate all regular suppliers' prices in comparison to their competitors.
- v. After the order has been approved, the "three-part" "pre-printed, pre-numbered" purchase order copies must be distributed as follows:
  - a. The original must be sent to the supplier;
  - b. The second copy must be kept by the Treasurer attached to the original requisition and supplier invoice;





- c. The third copy must never be pulled out from the order book and should serve as a permanent record of the transaction.
- vi. All completed order books must be neatly filed away in their sequential order in a secure location. Only one order book must be in use at a time.

### C. Authorisation Levels

All orders up to and including ₹ 10,000 must be approved by the principal and the other two signatories. Each record must reflect the following details:

- i. Date;
- ii. Supplier;
- iii. Item description and,
- iv. Quoted price.

The organisation orders above ₹10,000 must be split into the following 3 authorisation levels:

**Level 1** – All Orders between ₹10,000 to ₹1,00,000 must be approved by the OGB Secretary or OGB Treasurer

**Level 2** - All orders between ₹1,00,000 to ₹10,00,000 must be approved by the OGB and supported by three written quotations on official supplier letterheads.

**Level 3** - All orders above 10,00,000 relating to the purchase of capital goods (equipment, computers, etc) including improvements must be approved by the Main Committee.

Where organisations have entered into contracts with suppliers, those contracts must be in writing and must include cancellation and renewal clauses.

### D. Receiving of Goods:

- i. A member of the staff who are is involved in the ordering function must be assigned the responsibility for receiving goods.
- ii. On delivery of the procured goods / services the Inventory Controller must verify the order placed with the contents / service received as prescribed on the delivery note or invoice. This process might entail actual counting of the items of inventory or physical inspection to verify that the service was delivered.
- iii. Only after the inventory controller is satisfied that the order as placed was delivered must the goods delivery note be signed off and goods accepted. In the case of service delivered, the sign off should only occur if the person receiving the service is satisfied that all agreed aspects of the service to be rendered, have been fulfilled or until all noted queries have been resolved.
- iv. The member receiving goods must complete a pre-printed, pre-numbered goods received voucher (GRV) with details of goods actually received i.e. description and physical quantity.
- v. The person receiving the goods must sign the GRV, as evidence that the correct goods were indeed received.
- vi. The Accounting Head must file the top copy of the GRV together with the relevant purchase order, requisition and supplier invoice.



- vii. Accounting Head must carry out regular reviews of all unmatched purchase orders and take corrective action.
- viii. All completed GRV books must be neatly filed away and the Accounting Head must ensure that only one book is in use at a time.

#### **E. Suppliers Invoice**

- i. All goods and services purchased must have matching invoices. The invoices must match with the corresponding GRVs, signed delivery note, requisition and purchase order. The Accounting Head must sign all supplier invoices as evidence that the document has been checked against order and requisition.
- ii. The Accounting Head must date stamp all invoices for tax purposes.
- iii. It is the responsibility of the Treasurer to apply for tax re-imbursements from the Income tax department before September 30.
- iv. Payments to public utilities must be done monthly before the last day acceptable to the utility provider i.e. municipalities, Electricity, etc. to avoid the embarrassment of being disconnected.

#### **F. Cheque Payments**

- i. If the order delivered complies with the purchasing order, payment processes can be initiated.
- ii. A Cheque Requisition Form or E-payment Requisition Form to initiate payment must only be prepared by the Accounting Head for authorization by the OGB members. Every payment requisition form must be accompanied by all relevant original source documents.
- iii. The cheque requisition must contain at least the following details:
  - a. Date of the cheque;
  - b. Amount of the cheque;
  - c. Cheque number;
  - d. Name of payee;
  - e. Reason for payment;
  - f. Signature of the requesting official;
  - g. Signature of the person approving;
  - h. Relevant bank account in order to allocate payment correctly;
  - i. Expense allocation code as per the Standard Chart of Accounts.
- iv. A proper requisition must be accompanied by the following documentation:
  - a. Purchase order;
  - b. Requisition form;
  - c. Quotation;
  - d. Supplier invoice;
  - e. GRV and,
  - f. A signed delivery notes.
- v. All cheques issued to suppliers must be stamped or written "Account Payee" across the left top of the cheque between double lines.
- vi. Payments should only be made against original tax invoices. This practice will remove the possibility of "double payments."
- vii. Invoices must only be paid if they are in the name of the organisation.



- viii. The Accounting Head must check the correctness and completeness of the requisition and whether there are sufficient funds in the bank before authorizing payment.
- ix. The Main Committee approves all cheque signatories of which the secretary, treasurer are compulsory signatories.
- x. The secretary must sign all cheques together with any one of the other two signatories, based on fully completed and signed payment advice forms.
- xi. Once the cheque requisition is approved and the cheque written out and signed the Accounting Head must ensure that the transaction is captured in the payments cash book of the organisation.
- xii. The Accounting Head must ensure that the words "PAID" from a stamp or in hand writing appear on all paid invoices. Under special circumstances when a copy of an invoice is used for making a payment, it must be marked "Not previously paid."
- xiii. A cancelled cheque must be filed for future reference purposes.
- xiv. Invoices must not be split in order to circumvent the procurement policy of the institution.
- xv. Under special circumstances where an open cheque (not recommended) has to be raised the Accounting Head must make a copy of the cheque and file it away in a special file marked "Open cheques." These copy cheques must be easily accessible by the Treasurer or principal to confirm payments with the bank and therefore guard against fraud or alterations that may be done between the organisation and the bank.
- xvi. In the case of e-banking, the e-receipt / transaction confirmation must be attached to the e-payment requisition form.

#### **G. Debit Orders:**

All recurring debit orders for payment of expenses must be authorized annually by the OGB and minuted at an OGB meeting.

#### **H. Cash on delivery:**

- i. If "cash on delivery" terms were agreed upon, the necessary cheque requisition form should be completed and a cheque issued by the Treasurer attached together with all relevant source documents i.e. quotation, order, supplier's invoice and GRV.

#### **I. Control over Cheque Books**

- i. All new cheque books must be kept in a single and secure place in the Principal's office and so should all have used cheque books.
- ii. The principal should always ensure that only one cheque book is in circulation at a time.
- iii. Under no circumstance should a blank cheque be signed.
- iv. All cheque requisition forms and supporting documentations received from the bank must be filed in their chronological order and kept for audit purposes.

#### **7. Petty Cash:**

- i. The Treasurer must delegate in writing the person responsible for looking after petty cash. This person must formally accept responsibility for this function by completing an OGB delegation of authority form.



- ii. The OGB must formally approve the establishment of petty cash as well as a reasonable funding level (and maximum amount allowed per payment) given the operational requirements of the Organisation.
- iii. The Petty Cash Officer must maintain a petty cash imprest system for all small items of expenses that are incurred on a day to day basis and are too small to be paid for by cheque.
- iv. The petty cash must be kept safely in a lockable box that is kept entirely separate from the cash received by the Organisation during the normal course of business.
- v. At the end of each month a cheque is made to restore the float. The re-imburement cheque amount must exactly equal the amount spent on small items during the previous month.

#### **A. Recording Petty Cash**

- i. The imprest system requires that the organisation always starts the new month with the same amount e.g. ₹ 20,000. The Financial Directives suggest that float be limited to ₹1,00,000. However, the treasurer can decide the best amount for the float depending on the volume of expenses. The amount should be enough to keep the organisation running for one month i.e. able to make daily small payments e.g. buying stamps, newspapers, etc.
- ii. At the beginning of the month the float amount must be recorded on the receipts side of the Petty Cash Journal. The Accounting Head will reflect the contra entry in the payments cash.
- iii. Every time money is taken out of the petty cash-box; a petty cash voucher must be written and signed by both the Petty Cash Officer and the cash recipient. A record of this payment is made on the Payments side of the Petty Cash Journal.
- iv. At the end of the month the Petty Cash Journal is balanced and the float restored.
- v. If a mistake is made in writing out the petty cash journal, the wrong entry must be neatly crossed and the correct one made in the following line. No correcting fluid must be used.
- vi. Pages in the Petty Cash Journal must be pre-printed and pre-numbered. The Principal and Finance Committee Treasurer must check regularly that there are no missing pages.

#### **B. Checking the Petty Cash Journal**

- i. At the end of the month, the principal must check the Petty Cash Journal and its supporting vouchers.
- ii. The Principal must count the money in the petty cash box and ensure that it is the same as the balance in the Petty Cash Journal.
- iii. The Petty Cash Journal must be signed and dated to show that it has been checked.
- iv. No matter what the crisis is, petty cash must never be loaned out.
- v. If any money is missing it must be reported immediately to the Treasurer. The shortage must be replaced personally by the person in charge of the petty cash where negligence in securing petty cash is proven.
- vi. Whenever the petty cashier is going away a proper hand over of the petty cash must be done. The person taking over must check both the Petty Cash Journal and its supporting vouchers. Both parties must sign a “hand over certificate”

**8. Travel and Re-Imbursement Costs:**

- i. All travel and reimbursement costs must be approved in writing before they are incurred. Retrospect approvals must not be allowed, unless there are exceptional circumstances that must be explained and noted in detail.
- ii. Claimants must clearly understand / have access to the travel policy and the applicable rates. The travel policy must be circulated every time the document is updated.
- iii. Reimbursement for subsistence expenses must be clearly stipulated e.g. daily flat rate, or exact claims for expenses actually and necessarily incurred.
- iv. All travel and reimbursement claim forms must be forwarded to the Treasurer for review and approval who must pay due regard to the following:
  - a. That only official rate is paid for travel and subsistence expenses incurred on behalf of the organisation.
  - b. That the costs are in line with the objectives, priorities and outlined activities.
  - c. That the costs are authorized based on the approved annual operating budget.
  - d. That the nature of the expense e.g. uses of own vehicle, bus hire, refreshments etc is correct.
  - e. That the level of authorization required based on the nature of expense complies with standard guidelines.

**A. Air Travel**

- i. Air travel must be by “Economy Class” to the Management team of the Organisation. The Secretary of the OGB or the Principal must approve all Air Travel.
- ii. Air travel can be made by “Business Class” to the OGB Members.

**B. Accommodation**

Accommodation must be not more than a “3 Star Hotels”. The Secretary of the OGB or the Principal must approve all accommodation costs.

**C. Car hire**

Quotations must be obtained in writing detailing the following:

- i. The price per day;
- ii. The charge out rate per kilometre;
- iii. The type of the vehicle;
- iv. The appropriateness of the vehicle for travelling within the required areas;
- v. Whether adequate insurance cover is available in the event of an accident or theft occurring.
- vi. The Secretary of the OGB or the Principal must approve all car hire expenses.

**D. Taxi/Bus hire**

Quotations must be obtained. The best quotation must be accepted based on the following factors:

- i. Reputation of the taxi/bus hire company;
- ii. Price charged for the vehicles;
- iii. Safety of persons to be transported and the distance to be travelled
- iv. The Secretary of the OGB or the Principal must authorize the hire of taxi or buses.

**E. Use of private motor vehicle**

- i. A standard rate per kilometre must be used.
- ii. The rate must be reviewed by the OGB from time to time. The organisation must display in an appropriate area all the information concerning use of own vehicle such as: the need to seek prior approval, that insurance is the responsibility of the staff member and not the organisation and specify the rate applicable at the time.
- iii. The Secretary of the OGB or the Principal must approve all car hire expenses before they are incurred. It must be noted however that in certain cases, the organisation may have the option with regard to the use of an own vehicle instead of using air travel. In this case the cheaper option must be chosen.

**F. Reimbursement of Expenses Authorisation Levels**

- i. The Principal must approve all reimbursement expenses below ₹ 10,000.
- ii. The Secretary of the OGB must approve all amounts above ₹ 10,000.

**9. Recording Payments**

- i. Every payment must be recorded in the Cash Journal using the allocation criteria and format in the Official Chart of Accounts and Budget Guidelines.
- ii. The recording of payments must be categorized into the following expense groups:
  - a. General expenses: these will include all expenses considered to fall under this category e.g. accommodation, bank charges, insurance, security, telephone etc.
  - b. Teaching and learning expenses: these will incorporate various items like professional consultants' payments, stationery relating to this category, printing, exams and assessment material, education supplies, workshop and seminars etc.
  - c. Education Support Services (& Auxiliary Services): these will incorporate expenses relating to salaries and consultants' payments of this category, feeding schemes, transport of learners etc.
  - d. Sports and culture: these will incorporate items like salaries paid in this category, supplies, utilities, transport etc.
- iii. Every payment transaction must be recorded clearly as and when payment is made.

**10. Procedure for Stores control****A. Management of Inventories**

- i. A designated area must be assigned for the storage of all items in store.
- ii. A member of the Staff must be allocated the responsibility for the control of all consumables. This person, also called the Stores Controller must complete and sign an "OGB delegation of authority" form accepting the responsibilities commensurate with the position.
- iii. The Stores Controller should carefully monitor all inventory levels at the institution as maintained in the inventory, consumables and asset registers.
- iv. Inventory is defined as all merchandise and consumable items e.g. textbooks, stationery, items used in practical subjects, polish, etc.
- v. Optimum inventory levels should be determined by the OGB to ensure efficiency of use and timely inventory replenishments.
- vi. Once inventory levels reach the replenishments level, the Stores Controller must source quotations, in line with the approved budget and procurement procedures.



- vii. Once quotations have been sourced, approval of the quotations that represents “best value” should be decided upon in accordance with the procurement policy and practice.
- viii. After the necessary approval has been obtained, the order for the acquisition of goods or services can be processed or issued.
- ix. The person responsible for the custody of stock items must maintain a “Stores Record”.  
The stores record book must contain at least details relating to:
  - a. Stores requisitions;
  - b. Stores Issued Records and,
  - c. Stock Records.

#### **B. Stores requisitions**

- i. When staff members within different parts of the organisation need stock, they must complete a stores requisition form.
- ii. The requisition form shows what is needed, when and who is making the request.
- iii. The requisition form must have at least the following details:
  - a. Description of item or items being requested;
  - b. The name of the person requesting;
  - c. The date when the request is being done;
  - d. Purpose of the request and,
  - e. Signature of the person requesting.

#### **C. Stores Issued record**

- i. Each time items are being issued from the store-room, a Stores Issued record will be completed by the Stores Controller. To control stores, pre-printed and pre-numbered Stores Issue forms must be used. These must at least contain the following details:
  - a. Date of Issue,
  - b. Description of item,
  - c. Quantity of items issued,
  - d. Person issued to and,
  - e. Signature of the person issuing and recording.

#### **D. Stores Records**

- i. Each type of consumable must have its own separate Stores Record or “Tally Card”.
- ii. The Stores Records must show additions each time stock items are received and reductions each time items are issued from the stores and the balance left over.
- iii. The Stores Record balance must be the same as the actual number of items on hand in the store room.
- iv. These stock records must be kept in a “Stock File” A copy should be updated every time there is a change.

### **11. Control over Organisation fixed assets:**

#### **A. Recording Assets**

- i. A member of the Staff must be assigned the responsibility for custodianship of the organisations assets. The person in charge of assets (Asset Controller) must sign an OGB delegation of authority form.
- ii. The Asset Controller must ensure the following:





- a. That all assets are allocated to the correct locations;
  - b. That assets are clearly marked or coded;
  - c. That assets are used for the purpose intended;
  - d. That assets are physically secured to prevent theft;
  - e. That assets are adequately insured in case of theft, fire or accident occurring;
  - f. That the assets are in good condition and working order.
- iii. The Asset Controller must maintain an asset register that is pre-numbered and updated at least once a year. The pages of the asset register must never be removed and replaced; this measure prevents pages from being re-written to conceal missing items. The register must be filed together with all relevant documentary evidence of items e.g. proof of purchase, disposal documents, documents relating to theft etc.
- iv. The register must maintain at least the following in respect of each asset:
- a. Class of asset e.g. computer equipment, furniture and fittings, educational aids, motor vehicles etc;
  - b. Full description of each asset including model;
  - c. Supplier name;
  - d. Asset purchase value / accumulated depreciation / net book value;
  - e. Date of acquisition or donation;
  - f. Manufacturer asset number or serial number;
  - g. Custodian of the asset; and
  - h. Internally generated asset number for control purposes and physical location code.

#### **B. Marking of Organisation Property**

- i. The asset controller must ensure that every item of the organisation property is clearly marked using indelible (un washable) ink if possible. The marking should use descriptive words like:
  - a. MS-LE-101 (for laboratory equipment number 101)
  - b. MS-FF-4B (for furniture belonging to Grade 4B class)
  - c. MS-CE-ADM-3 (for an Administration computer number 3)
- ii. An inventory listing must be pinned at the back of each door showing all physical assets designated for use in special rooms like Computer lab etc. e.g. computers, furniture, office equipment etc.

#### **C. Acquisition of Assets**

- i. The need to procure assets should always to be guided by the asset plan, budget, development and strategic plan.
- ii. The requesting HOD/ Member should do the following:
  - a. Confirm whether the assets are budgeted for;
  - b. Obtain three quotations in writing where required;
  - c. Complete an asset requisition form detailing the full description of the item, purpose and value of the item;
  - d. Ensure that the request is authorized.
- iii. All fixed asset items above ₹ 5000 must be capitalized. Fixed assets below ₹ 5000 must be expensed and recorded in the asset register for inventory control and administrative purposes only.



**D. Receiving New Assets**

- i. Each time there is a delivery of assets; the Asset Controller must check that the assets are in good condition and match the physical items against the delivery note and purchase order.
- ii. The asset controller must sign both the delivery note and the GRV.
- iii. The controller must complete an asset addition form.
- iv. The controller must use the asset addition form to record all the necessary details into the assets register.
- v. The assets must be moved to their appropriate location and marked accordingly.
- vi. The asset controller must ensure that all new assets of significant values are adequately covered by the insurance policy.

**E. Donated assets**

As in the case with all deliveries, when the organisation receives donated items (e.g. computers or sports equipment) the Asset Controller and any other member of the organisation, together should do the following:

- i. Assess the value and exact nature of the donated items e.g. two second hand computers, market value (on date of donation) ₹ 8000 each.
- ii. Add these items to the Asset Register including the expected economic life of the assets.
- iii. Consider whether the items should be included in the insurance policy of the organisation.

**F. Stock-taking**

- i. At least once a year the OGB must delegate two or three persons to conduct stock-taking of all property.
- ii. These persons must be different from the usual Stores Controller and/or the Asset Controller.
- iii. By getting different people to do the stock-take the OGB ensures that the property is well looked after and that records are accurate. The stock takers must include the Principal and the Auditor.
- iv. The stock-take involves:
  - a. Taking all Stores and Asset Registers and walking around the organisation, counting all stores and stock, checking whether every item of property is in good condition and noting problems.
  - b. Preparation of the stock-taking report for the OGB.
  - c. Drawing up of an asset verification certificate which must be signed by all participants confirming that an asset count was conducted.
- v. The stock-taking report should reflect the following:
  - a. The general condition of stores and equipment-excellent, good or poor;
  - b. Any shortages or surpluses;
  - c. Whether assets are redundant, irreparable or useless;
  - d. Whether items are being properly used;
  - e. Whether there is any evidence of neglect.

**G. Disposing Fixed Assets**

- i. If the stock-take identifies any problems the OGB must decide what should happen.
- ii. Theft must be reported immediately to the police depending on the asset lost (if it is not been reported).
- iii. Disposals should only be restricted to redundant, irreparable or useless assets.
- iv. The Asset Controller working in consultation with the Principal must complete an asset disposal form and include in it a detailed motivation for the recommended asset disposal.
- v. The Treasurer must review the recommendations and table them for consideration by the OGB. If the OGB approves, the Secretary must apply to the Main Committee for authority to scrap the listed items (where necessary).
- vi. No assets should be disposed of without authority given in writing by the Secretary of the OGB.
- vii. The Treasurer must establish the price and negotiate the disposal value with other institutions where applicable.
- viii. Once the asset has left the organisation, the Assets Register must be updated accordingly to show what items have been disposed of.
- ix. The individual's name or the institution that received the sale/ donation must be recorded as well as the selling price. Like any other source of income, the proceeds from sale of assets must be receipted and banked.
- x. The Asset Controller must report regularly (at least once Half-Yearly) to the OGB with regard to losses, theft and record of assets.

**H. Procedure for Loaning out of Assets**

- i. If the organisation policy allows, that staff members can borrow assets belonging to the organisation e.g. computers loaned to educators for use during Summer holidays.
- ii. It must be understood that the borrower is fully liable in the event of damage or loss of property under his or her possession.
- iii. The asset controller must keep a record of any loaned items.
- iv. This record must show the following details:
  - a. Description of item loaned;
  - b. Serial number and organisation mark on item;
  - c. Date of loaning;
  - d. Name of borrower;
  - e. Principal approval signature;
  - f. Signature of person loaned;
  - g. Condition of asset on date of loaning;
  - h. Condition of asset on date of return;
  - i. Signature of Principal on date of return;
  - j. Signature of person loaned on date of return.

**I. Depreciation of Fixed Assets**

- i. The Assets Register must be updated each year showing the decreasing value of each class of assets. The Accounting Head must calculate depreciation using the straight-line method of depreciation.



- ii. The method reduces the original value of each asset equally over the asset's expected useful life

## 12. Cash and Bank

### A. Opening a Bank Account

- i. The OGB must open and maintain one account in the name of the organisation. Once the OGB has made the decision to open the bank account, the minutes of the OGB meeting approving the authorised signatories must be attached to the application to the financial institution. A minimum of three signatories must be put in place, with the instruction that any two of the approved signatories can sign cheques.
- ii. As in all such cases of delegation by the OGB those appointed to be signatories must complete and sign delegation of authority forms.
- iii. The following supporting documents may be requested by the bank when opening a bank account:
  - a. A copy of Governing Body's constitution;
  - b. A copy of Organisation Financial Directives;
  - c. A copy of the identity documents for each of the signatories.

### B. Signatories of the Account

- i. The Main Committee decides on which people will sign cheques or bank forms on behalf of the organisation.
- ii. There should be three signatories all of whom should be members of the OGB. By virtue of office the OGB Secretary and OGB Treasurer need be signatories to the account.
- iii. An arrangement must be made with the bank for the signatories to sign.
- iv. The Bye laws requires that there be elections for office bearers of the governing body. After elections the Secretary of the OGB should write to the bank to effect change of signatories on the Bank Account.

### C. Credit Facilities

- i. Credit facilities refer to overdraft arrangements, asset finance, loans, and credit cards.
- ii. Organisations may not enter into a loan or overdraft agreement with the bank or any other creditor, subject to:
  - a. The OGB may not enter into any loan or overdraft agreement so as to supplement the fund, without the written approval of the Main Committee.
  - b. If the person lends money or grants an overdraft to an organisation without the written approval of the Main Committee, the organisation and the OGB at the point of taking the will be bound by the contract of lending money or an overdraft agreement.

### D. Investment accounts

- i. Organisations are afforded the opportunity to invest surplus funds in various investment operated by financial institutions. As with opening of additional bank accounts, approval needs to be obtained from the Main Committee before surplus funds can be invested. The application process involves the submission of the following documents:
  - a. A certificate of Sound Financial Management for the current year.
  - b. A copy of the latest bank statement of the organisation's current account.
  - c. Details of all existing investments (if applicable).



- d. The nature of the investment,
- e. The reasons for the need for an investment account to be opened.
- f. A copy of the minutes of the OGB meeting where the application was sanctioned.
- ii. Factors to be considered when investing surplus funds:
  - a. The investment may not exceed twelve (60) months but may be renewable annually.
  - b. It is imperative that the investment account is held in the name of the organisation and is linked to the main organisation account if held at the same institution. All transfers into or out of the investment fund must be channelled via the main account of the organisation. Where the investment is held at another bank, transfers into or out of the investment account must be done by cheque or “e-transfer”, using the organisation’s main account.
  - c. No direct payments may be affected from the investment account.
  - d. Once an application for the investment of organisation funds has been approved, the approval is valid for as long as the conditions under which the original approval was granted are not compromised.
  - e. Investment accounts should not be held off shore.

### 13. Financial Accounting:

#### A. General Ledger Maintenance

- i. The Accounting Head must maintain on a monthly basis a general ledger and trial balance for the organisation.
- ii. The financial records of the organisation must be maintained on an accrual basis of accounting. This basis will involve the maintenance of the debtors’ ledger system for controlling outstanding fees receivable and a creditors’ ledger system to maintain and monitor all amounts payable to suppliers of goods and services.
- iii. The general ledger must be prepared in accordance with a standard chart of accounts in prescribed form based on budget reporting.
- iv. The budget figures obtained from the budget report must be captured by the Treasurer into the budget column of the general ledger. This will facilitate the reporting of actual activities against budgeted activities.
- v. Each major activity and sub activity expense line included in the budget report must be captured as a separate general ledger and sub general ledger account respectively.

#### B. Cash Book Maintenance

- i. A “cash book” must be written up by the Cashier on a monthly basis. The cash book must separately record all payments using the cheque requisition and return paid cheques as well as all receipts using the receipt book.
- ii. This cash received summary or cash receipt journal (CRJ) is designed in columnar form. The CRJ must provide for the recording of:
  - a. The reference number of the source document;
  - b. Date of the receipt;
  - c. The name of person from whom the cash is received;
  - d. The amount received;
  - e. The date and amount of all deposits into the bank account;
  - f. The account to be credited.



- iii. All payments (excluding petty cash payments) must be made by cheque, stop order or direct debit by the bank.
- iv. The items on the bank statement must initiate the recording of the transaction in the payments analysis summary or “cash payments journal” (CPJ).
- v. A cash payments journal must provide for the recording of:
  - a. The cheque number;
  - b. Date of the payment;
  - c. Name of beneficiary;
  - d. The amount of the cheque;
  - e. Accounts to be debited.
- vi. Bank reconciliations must be prepared by the Accounting Head on a monthly basis.
- vii. The Principal and treasurer must sign the bank reconciliation as evidence of review and approval.
- viii. The treasurer must confirm that all reconciling items are valid and that long outstanding items are followed up and investigated on a regular basis.

### **C. Procedure for Preparing Bank Reconciliations**

- i. The end of each month, after receiving the Bank Statement a bank reconciliation must be prepared by the Treasurer. The process entails comparing and agreeing all bank entries against cash book bank entries.
- ii. Bank entries appearing in the Bank Statement that do not appear in the cash book should be updated in the cash journals.
- iii. Entries appearing in the cash book that do not appear in the Bank Statement must be recorded in the Bank Reconciliation.
- iv. The objective is to provide the reasons in a specialised way as to why there is a difference between the bank statement balance and the cash book balance when in fact the two records relate to the same transactions except that they are recorded and maintained by two parties.

### **D. Finance Records and Filing**

- i. All organisations must maintain and keep the following information on organisation finances for at least 8 years:
  - a. Policy, regulations and rules on the financial management;
  - b. Minutes and documents of the Committee;
  - c. Correspondence;
  - d. Insurance;
  - e. Bank statements;
  - f. Funds through collections, payments, exemptions, recurrent accounts;
  - g. Fundraising from activities such as tuck shop, concerts etc; and
  - h. Payments;
  - i. fees and exemption records;
  - j. Monthly and Quarterly Reports i.e. full sets of accounts including,
  - k. General ledger, trial balance, income and expenditure, balance sheet, and
  - l. Audit reports

**TEMPLATES****BANK RECONCILIATION STATEMENT**

Bank Reconciliation Statement of \_\_\_\_\_ (Name of the Organisation)

As on \_\_\_\_\_ Dated (DD/MM/YYYY)

| <b>PARTICULARS</b>                                  | <b>Amount (₹)</b> |
|---|-------------------|
| Balance according to Organisation Books             |                   |
|   |                   |
| Add:  |                   |
|   |                   |
|   |                   |
| Less:   |                   |
|   |                   |
|   |                   |
| Balance as per Reconciled books of Accounts         |                   |
|   |                   |
| Balance as per Bank Statement                       |                   |
|   |                   |
| Note: These amounts must be equal after reconciling |                   |

**CHEQUE REQUISITION**

|                                  |            |                |           |
|----------------------------------|------------|----------------|-----------|
| <b>Name of the Organisation:</b> |            |                |           |
| Date:                            | Cheque No: | Amount:        |           |
| Name of Payee                    |            |                |           |
| Reason for Payment:              |            |                |           |
|                                  |            |                |           |
| Order Number                     | GRV Number | Invoice Number |           |
|                                  |            |                |           |
|                                  |            |                |           |
| Description                      |            | Debit          | Reference |
|                                  |            |                |           |
|                                  |            |                |           |
|                                  |            |                |           |
| Total                            |            |                |           |
| Cheque requisition prepared by:  |            |                | Date:     |
| Authorised by:                   |            |                | Date:     |

**APPLICATION TO INVEST SURPLUS FUNDS**

Date:

The Main Committee

SKPVV Hindu High Schools Committee

**Application to invest Surplus Funds****Name of Organisation:**

We herewith apply for the approval of the Organisation Governing Body (OGB) to invest surplus money in separate bank accounts.

**2. Details of the investment:**

Type (Fixed Period/ Other) :

Amount :

Name of the banking institution :

Period of the investment :

**3. The following documents are hereby attached:**

- a. Certificate of Sound Financial Management
- b. Latest Bank Statement of the Organisation
- c. Minutes of meeting at which the Organisation Governing Body approved the investment of surplus funds.

\_\_\_\_\_  
Governing Body: Secretary

\_\_\_\_\_  
Governing Body: Treasurer



**DELEGATION OF AUTHORITY FORM**

Name of the Organisation :

Address of Organisation :

Date :

Ms (Secretary)

Organisation Name

Dear (Name of the Person)

**Delegation of Responsibility: Petty Cash**

We hereby confirm that you have agreed to take responsibility for petty cash in our organisation, with effect from 15 January 200X

As Petty Cashier, you are expected to abide by the Organisation's financial policy, and perform the following tasks:

1. Start with a petty cash float of ₹ \_\_\_\_\_ to be kept in a tin, safely locked in a filing cabinet. Only you will have access to the key.
2. Each time cash is removed from the tin, complete a petty cash voucher. As soon as possible, staple source documents to their appropriate vouchers, as proof of payment.
3. Record all payments in the Petty Cash Book, and at the end of the month balance the Petty Cash Book.
4. At the end of each month, present the Petty Cash Book, all vouchers with source documents and remaining cash tin, to the Accounting Head.
5. Never lend Petty Cash to any person, for any reason, for any time.
6. If any problems arise, report these to the Treasurer as soon as possible.
7. If for any reason, you will be away from organisation for longer than one day, arrange with the Principal for an acting Petty Cashier. Both parties must check the amount of cash in the tin, and sign a handing over certificate. When you return to your duties, this process should be repeated.
8. If for any reason, Petty Cash money goes missing, it is your personal responsibility to replace the missing amount.

We sincerely appreciate your preparedness to assist in the efficient and effective financial control of the Organisation.

Yours sincerely

Secretary of \_\_\_\_\_ (Organisation Name)

Delegation accepted: \_\_\_\_\_ Date \_\_\_\_\_