



Financial Management Systems Manual

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Abbreviations

BRS	Bank Reconciliation Statement
CBO	Community Based Organization
CEO	Chief Executive Officer
CMIS	Comprehensive Management Information System
FCRA	Foreign Contribution (Regulation) Act
FIFO	First-in, First-Out
HST	The Humsafar Trust
FMS	Financial Management System
RBI	Reserve Bank of India

The Humsafar Trust

Financial Management Systems Manual

1. HST Financial Management Systems Manual

1.1. Need for the Operations Manual

- 1.1.1 Financial management system (FMS) is the backbone of a vibrant and well-managed organization. Strong FMS ensures efficient and effective functioning of the organization and of the projects managed by it.
- 1.1.2 An effective FMS also facilitates transparency and accountability. It enables focussed achievement of an organization's vision and mission.
- 1.1.3 Therefore it is important for The Humsafar Trust (HST) that the policies, procedures and operational protocols of the financial management system are clearly laid down.
- 1.1.4 The HST FMS Manual is aimed at
 - a. Providing reference material to management and staff on standard accounting procedures.
 - b. Providing a clear direction for internal control procedures.
 - c. Providing a clear guidance for handling and reporting of financial transactions and thereby improving accountability.
 - d. Providing a clear manual for the type of accounting records to be kept.
 - e. Serving as a reference document for the users.

1.2. Who is the FMS Manual meant for?

- 1.2.1 This HST FMS Manual is primarily aimed at the Board of Trustees, the Senior Management and all other staff of HST to act as a guideline for efficient, effective, transparent and accountable management of finances/grants/budgets within HST.
- 1.2.2 This manual is meant for existing donors who support HST's work and also potential donors to demonstrate that HST operations are based on well-defined systems and procedures and to communicate confidence in them that their investments shall be optimally and transparently directed for the goal and towards the constituencies for which they are meant.

1.3. Amending the HST FMS Manual

- 1.3.1 HST FMS Manual is a dynamic financial management framework and shall therefore be subject to appropriate and periodic amendments.
- 1.3.2 This manual and the provisions of the current version shall remain valid and applicable unless further written management communication regarding any amendment is issued in writing by the CEO of HST or his/her authorized representative.

1.3.3 Process of Amendment:

- a. Any employee/consultant, irrespective of his/her level and designation, can provide suggestions at any point of time. All suggestions shall be provided to the CEO of HST.
- b. All suggestions shall be duly considered by the Senior Management Team of HST in its regular meetings and appropriate decision to either accept or reject the suggestion shall be taken. All such decisions of the SMT shall come into force only if the Board of Trustees agrees to the recommendations.

1.3.4 Amendments coming into force:

- a. Any amendment to this manual shall come into force only through an appropriate written communication to all staff and consultants from the CEO of HST.
- b. The date of such communication shall be considered as the effective date from which the amendment shall come into force.

1.3.5 Once the amendment(s) come into force, the Finance Manager shall ensure that the soft and hard copies of the earlier versions of this manual are no longer accessible and they are replaced with the latest version. This is to avoid confusion.

2. About The Humsafar Trust

- 2.1 The Humsafar Trust is a male sexual health agency that was started in April 1994 as a community-based organization by self-identified homosexual men with the objective to develop a support system for Mumbai's emerging community of men having sex with men.
- 2.2 In 1994 HST was registered as a non-profit organization under the Bombay Public Trusts Act 1950.
- 2.3 HST is also registered with the Income Tax authorities and has a Permanent Account Number issued by the Income Tax Department of the Government of India.
- 2.4 Under Section 12(A) of the Income Tax Act, it is exempted from income tax and its registration under Section 80(G) ensures that all donations to HST are exempted from income tax.
- 2.5 HST is registered under the Foreign Contributions (Regulation) Act of the Government of India, which allows it to receive foreign funds.
- 2.6 The above legal status of the organization and registrations make it obligatory for HST to comply to a range of statutory requirements and financial reporting requirements. Hence, the financial management system of HST is geared to meet all such requirements.

3. Accounting principles, policies and standards

PRINCIPLES

- 3.1 HST shall at all times strictly abide by, implement and follow the financial management system including the accounting system as outlined and detailed in this manual.
- 3.2 All financial transactions shall be supported by sufficient, formal and written documents containing a complete and accurate description of all transactions and their authorizations.
- 3.3 All financial transactions and operations shall be recorded in TALLY accounting software in conformity with generally accepted accounting principles and shall be in accordance with pertinent laws, regulations and respective donor requirements.
- 3.4 All financial transactions shall be recorded in a cashbook and journal (the primary books of accounts) and in a general ledger supported by subsidiary records as necessary.
- 3.5 All personnel entrusted with the responsibility of financial management and accounting of HST shall ensure complete familiarity with the provisions of this manual.
- 3.6 HST shall follow the Indian government fiscal year beginning on the first calendar day of April of the current year and ending on the 31st calendar day of the month of March of the following year.

POLICIES

- 3.7 Project accounting policies and donor guidelines, if any, shall determine how and when assets and liabilities and income and expenditure are recognized and will ensure uniformity and consistency in accounting and financial reporting.
- 3.8 In general accounting shall be done on accrual basis. Separately and in addition cash basis of accounting shall be maintained for a particular project if the donor for that particular project insists on such a requirement.
- 3.9 The HST shall maintain its accounts in the double entry system of accounting.
- 3.10 Since HST primarily operates on externally funded projects, all budgeting and accounting shall be project-wise and project-wise books of accounts and records shall be maintained. Wherever there is cost sharing between projects and/or common cost allocation, the accounting system shall ensure appropriate recording and tracking of such heads.
- 3.11 The concept of activity-based accounting would include activity planning, activity based costing and reporting would need to be followed. This would help track expenditure against each individual activity and help identify cost effectiveness of each individual activity.
- 3.12 A financial MIS would need to be in place to assist decision-making and maintain a regular check on day-to-day spending.

- 3.13 All assets acquired shall be shown in the balance sheet.
- 3.14 Depreciation shall be charged as per existing applicable laws of Government of India.
- 3.15 All expenses shall be incurred based on a pre-approved plan and only those expenses shall be considered allowable which have prior authorization.
- 3.16 Any expense not within approved budget lines shall be disallowed.

STANDARDS

- 3.17 Indian Accounting Standards prescribed by the Institute of Chartered Accountants of India and international accounting standards shall be followed by HST.
- 3.18 HST shall ensure full compliance to the statutory requirements of the FCRA Act.
- 3.19 HST shall ensure that it complies to all tax and other relevant laws as applicable from time to time. If required for any particular project, taxes paid shall be tracked separately and reported as per the requirements of that particular project.

4. Financial Planning and Budgeting

4.1. Planning and budgeting cycle & responsibility

- 4.1.1 HST has a three-year strategic planning cycle.
- 4.1.2 Each strategic plan has an overall budget estimate which forms the basis of annual budgeting.
- 4.1.3 Annual budget for each project shall be prepared by the concerned programme Head in consultation with the finance teams. The Director Programs will be responsible for ensuring that project budgets of each funded project are finalized to match the submission date of Request for Proposals (RFP). The organizational budget for each financial year will be ready by 31st December of previous year to plan funds and spending's for the next financial year. Director Programs shall finalize all the project budgets in consultation with the CEO.
- 4.1.4 The Finance Director along with CEO shall be responsible for developing the organizational annual budget.
- 4.1.5 The Finance Director along with CEO shall also be responsible for putting together the project budgets and the organizational budget into an overall annual budget and present it to the Board of Trustees.
- 4.1.6 The Board of Trustees are responsible for approving the annual budgets in the Board meeting.
- 4.1.7 Based on the approved annual action plan and budget, respective teams shall prepare the quarterly plan and budget for each project/department.

- 4.1.8 Summary of plan types, deadlines, and responsibilities are furnished in table below:

Plan Type	Deadline	Prepared by	Submitted to	Approved by
Department annual action plan & budget	February 1	Department Heads / In-charge	Programme Director	CEO
Overall organizational annual action plan & budget	December 31	FD / CEO	Board of Trustees	Board of Trustees
Department Quarterly action plan & budget	March 25, June 25, September 25, December 24	Department Heads / In-charge	Programme Director	CEO
Overall quarterly action plan & budget	March 30, June 30, September 30, December 30	Department Heads / In-charge	Programme Director	CEO
Customized Plans	As per donor requirements	To be determined depending on the project team structure	To be determined depending on the project team structure	CEO

- 4.1.9 For organizational budget, quarterly forecasting will be done based on previous quarters expenditure level and planned activity.
- 4.1.10 This exercise is also done quarterly for each funded project unless the project's contractual obligations demand this to be done monthly.
- 4.1.11 The concerned project Finance Officers are responsible for forecasting of project budgets in consultation with the respective Programme In-charge.

4.2. General guidelines for budgeting

- 4.2.1 It is necessary for every activity taken up by HST to be interpreted in financial terms and gets the approval of the designated authority in the organization.
- 4.2.2 Such interpretation takes the form of budgets detailing each and every component of the activity so that a clear evaluation of the total activity and the components thereof can be made before approval.

- 4.2.3 Such budgets normally become necessary, for the certain types of activities, which could include but not be limited to meetings & conferences, special events, remuneration of staff & consultants, capacity building & other training programmes, office running expenses and travel.
- 4.2.4 However, most of the time the expenses incurred on these activities are a part of HST programme budget and specific grants are allocated for such expenses, and would require only a simple sanction.
- 4.2.5 It is therefore necessary that the budget for such activities is prepared at the time of preparing the plan itself. However, in some instances specifically related to national and International travels, they may come up unplanned and may not have been possibly included in the annual action plan. The processes to be followed are:
- i. Budget for each activity to be prepared by the in-charge of the activity giving break up of sub-activities and related costs at least 30 to 60 days in advance of the planned/scheduled activity depending on the nature of the activity.
 - ii. The budget has to be verified and certified by the accounts/finance department and needs approval from CEO to ensure that the costs are realistic as compared to the activities, and the budget captures all the required costs for such activities only.
 - iii. If the activity is forming part of the annual action plan, it is necessary to obtain an approval from the CEO for incorporation into the Plan.
 - iv. An event budget forecast format is provided as (Annex 1).
 - v. Wherever there are procurement of goods and services, for such activities, the guidelines with regard to procurement as specified in Section 13 of this manual need to be followed.
- 4.2.6 A Budget is an estimate of the amount of money to be received and to be spent for a specified purpose in a given time.
- 4.2.7 Budgets set a framework for reporting and analysis.
- 4.2.8 Budgeting never stands completely alone, but rather flows out of the managerial process of setting objectives and strategies and of building plans. It is especially and intimately related to financial planning.
- 4.2.9 While accounting, separate sub-codes are to be created for every activity under the main grant code, so that the utilization of the budget can be monitored activity-wise.

5. Books of Accounts and Records

5.1. Books and records to be maintained by HST

- 5.1.1. This section deals with procedures related to recording, management and maintenance of books of accounts and all financial records at HST.
- 5.1.2. There shall be three books and a number of registers.
- 5.1.3. Books maintained shall be Cash/Bank Book, Petty Cash Book, and the General Ledger. These shall be maintained in TALLY with manual records filed in form of printouts.
- 5.1.4. HST shall maintain the following books of accounts and records:
 - a. Cash Payment/Receipt Vouchers & Book
 - b. Bank Payment/Receipt Vouchers & Book
 - c. Summary/Daily Petty Cash Book(Annex 2)
 - d. Ledger
 - e. Trial balance
 - f. Annual accounts, which would include receipt and payment account and balance sheet showing the affairs as at a particular date.
 - g. Fixed Assets Register (Annex 3).
 - h. Stock Register (Annex 4).
 - i. Contracts of national/international Consultants.
 - j. Copies of Consultancy agreements.
 - k. Attendance Register/Time sheet (Annex 5).
 - l. Signed and approved budget copies of various grants.
 - m. File of original bills of assets purchased.
 - n. Copies of all Contracts and agreements.
 - o. Stationery / Store Register.
 - p. File containing Bank Mandate and authorized signatories.
 - q. All procurement records
 - r. Salary register(Annex 7)
 - s. Record of audit and settlement of queries
 - t. Record of utilization statements received from downstream partners/sub-grantees
 - u. Cheque book issue register(Annex 8)

5.2. Related to recording the books

Cash Book

- 5.2.1. A cashbook is a primary book of entry that is prepared after a voucher for a particular transaction. The cash book records all transactions in which cash /bank receipts are involved.
- 5.2.2. A double column cashbook can act as a bankbook or a single column cashbook.

- 5.2.3. Cashbooks have to be written regularly (Tally). All cash balances should be reconciled regularly.
- 5.2.4. The Cashbook has to be tallied, checked and signed by the competent authority or any other appropriate authority every month.
- 5.2.5. Backups of the Tally system should be kept under lock and key in the main office at Vakola, Mumbai.
- 5.2.6. Procedure followed: The Humsafar Trust will follow the system of recording all entries in Tally software package. Back up of recorded entries will be made on weekly (every Monday morning) and the software will be upgraded as and when the upgraded version arrives and the accounting package will be dealt with utmost confidentiality and will be password protected.

Petty Cash Book

- 5.2.7. Petty cash book shall be maintained as per the organizational prescribed format and shall comprise the account of petty cash imprest held in the name of the Finance Manager for day-to-day cash expenses incurred by HST.
- 5.2.8. Petty cash shall be replenished when 75% of the holding limit is spent.
- 5.2.9. Petty cash book shall be balanced daily.
- 5.2.10. Balance of petty cash in hand shall be segregated and stored in safe custody in the cashbox, which shall be under lock and key.

General Ledger

- 5.2.11. General ledger is the control book where all transactions (cash items and non-cash items) are entered duly classified and summarized according to the heads of account for easy preparation of financial statements.
- 5.2.12. After recording transactions in different subsidiary books (or books of original entry) it is necessary to process the entries further and recast them so that all transactions of a kind for the entire period are brought together.
- 5.2.13. All transactions recorded in cash/bank book supported by vouchers shall have to be recorded in general ledger under different accounting heads including codes to which each of them relates.
- 5.2.14. The general ledger shall be generated monthly and signed by the Finance Officer and the Finance Manager.

Bank Reconciliation Statement

- 5.2.15. A monthly bank reconciliation statement (BRS) shall be prepared by 10th of the succeeding month to reconcile bank balance as per cash/bank book.
- 5.2.16. If the balance does not match the difference may be due to the following:-
 - a. Cheques deposited but not credited.
 - b. Cheque issued but not presented.

- c. Excess/less amount debited/credited by bank.
- d. Bank charges not accounted for in the cash/bank book.
- e. Bounced Cheques.

- 5.2.17. The difference in the bank statement and the cash/bank book shall be thoroughly investigated and may require certain adjustments through adjustment entries to be reflected in the BRS.
- 5.2.18. The BRS shall be prepared by the Finance Officer and verified by the Finance Manager. The BRS shall be finally approved by the CEO.

Fixed Asset Register

- 5.2.19. All fixed assets like vehicles, computer, furniture, IT equipment, air conditioners, etc. acquired and shall be recorded by the Finance Assistant in fixed assets register.
- 5.2.20. All assets acquired shall be entered against identification number with date of purchase, supplier's name, payment/voucher reference and location of use.
- 5.2.21. Such registers shall be reviewed six-monthly by the Finance Manager.
- 5.2.22. Results of physical verification shall be reconciled with the quantity of fixed assets entered in the fixed assets register.
- 5.2.23. Excess/shortage after such reconciliation, if any, shall be adjusted in the books of accounts and in the fixed assets register with due approval of the CEO after appropriate internal investigation and documentation.
- 5.2.24. Detail of bartered, donated or otherwise disposed off asset must be specified in the appropriate column of the Register.

Stock Register

- 5.2.25. A stock register should be maintained for all items purchased in bulk at the main office and the field sites.
- 5.2.26. Materials should be issued from the stock register based on the requisitions.
- 5.2.27. Physical verification of stock should be undertaken at the office by HST administrator who is other than the person responsible for stock every six months. The person checking shall sign and date the register.
- 5.2.28. Stock should be maintained on a FIFO (First in first out basis). This means that that the batch received earlier should be issued out first.
- 5.2.29. Any damaged or old goods should be written off with the permission from the authority.
- 5.2.30. This is to be maintained at the office where the goods are purchased or stored centrally.
- 5.2.31. It is important that the person responsible for the stocks initials the quantity in the stock book.
- 5.2.32. All requisitions must be numbered and in duplicate. One copy has to be maintained at the central store and the duplicate given to the accounts.

- 5.2.33. All issues shall be recorded immediately in the stock register and this must be update on a daily basis.
- 5.2.34. The stock registers should be maintained on a FIFO (first in first out basis).

6. Voucher Management Protocol

About Vouchers

- 6.1 Voucher is a basic document, which is prepared to record any transaction that takes place.
- 6.2 Vouchers should have the following information at the minimum:
- a. The name of the organisation and place.
 - b. Date of preparation of voucher and voucher number.
 - c. The concerned project name and line item to which it is charged and the description.
 - d. Columns for approval by the project coordinator, signatory and accountant.
 - e. Column for recipient's signature.
 - f. Where the organisation has multiple donors, the identification of the donors/or project should be done on the vouchers itself.
- 6.3 Voucher numbers are assigned through the accounting package for all transaction at the time of recording the transactions.
- 6.4 Each voucher shall be prepared using appropriate head of accounts. Finance department staff shall collectively ensure this with utmost care and diligence as it may lead to incorrect accounting.
- 6.5 Vouchers shall be issued officially to a designated person who shall be responsible for the custody and accounting of the same.
- 6.6 Vouchers shall not be overwritten. In such cases it is best that the voucher be cancelled and retained for future inspection.
- 6.7 Unutilised or cancelled vouchers shall be retained in the voucher books for inspection by the audit subsequently and shall not be destroyed under any circumstances.
- 6.8 Vouchers and the cash memos need to be defaced with a rubber stamp of a particular project or agency, if they need to be complied to meet the donor requirement.
- 6.9 A "PAID" stamp should be put on all vouchers/receipts for which payment has been made to avoid double payments.

Approval of vouchers

- 6.10 Vouchers need to be approved by the designated authority.
- 6.11 Finance Officer shall be responsible for verifying all vouchers.
- 6.12 While verifying vouchers, the Finance Officer shall:
- Ensure that all supporting documents are signed by the person initiating the payment.
 - It is the responsibility of each person who is responsible for buying goods/ services in the project office to check each bill for its validity. i.e., check that the description of items, number of items, cost per unit and total cost, date of the bill and name of payee (i.e. name of project) are accurate. Payments should be made only after checking these details.
 - Any mistake/ discrepancy should be pointed out to supplier /shopkeeper before payment and if an alteration is necessary, the supplier /shopkeeper should make the change right then and put his/her initials and date. If this results in a change in any of the amounts on the bill it is particularly important that supplier /shopkeeper clearly writes himself/herself on the bill the payment received in words. The management reserves the right to accept such altered bills or not. A better option would be to obtain a fresh bill wherever possible.
 - No other alteration in the bill by project staff is normally permissible. If at all an alteration is unavoidable, e.g., a mistake in the date by supplier which was not corrected such a bill should be brought to the attention of recommending authority who should change it and initial it and a note should be put on the bill why alteration was necessary. The management reserves the right to accept such bills or not.
 - Invoices should only be in the name of the **PROJECT/ORGANIZATION** and not in the name of the project staff.
 - Where bills are in local language, please indicate briefly in English the purpose /item on the bill.
- 6.13 Recommending and approving authority for vouchers for transactions worth different financial values are furnished in the table below:

Financial value	Recommending authority	Approving authority
Up to INR 5.000	Programme staff	Programme Manager
Above INR 5000	Programme Manager	CEO

Releasing payments

- 6.14 No voucher should be passed for payment without supporting documents.
- 6.15 Checks to be done before passing a voucher for payment
- Whether required supporting documents are present.
 - Checking the supporting document
 - Payment should be made only against a valid invoice in original.
 - Approval by concerned person & authorised signatory.
 - Verification of accuracy in accordance with the order/letter/other documents, if any.
 - Verification of numerical accuracy.
 - Checking of advance payments made if any or details of part payments made if any.
 - Making sure that payment has not been made twice for e.g., by making all extra copies of bills as “extra copies” and by making all paid vouchers as paid.
 - Ensure that payments are made on time.
- 6.16 All bills should be in original. Payment should not be made against a quotation, Performa bill, copy of a bill or a fixed bill.
- 6.17 All the vouchers and supports should be filed systematically wherein audit trail can be followed and the system is clear and transparent to the auditor.

Rectification of incorrect entries

- 6.18 If errors are discovered in voucher entries, the Finance Manager shall have the authority to make rectifications **but only with prior written authorization** of the CEO.

7. Cash Transaction Management Protocol

7.1. Limited nature of cash transactions

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

7.2. Withdrawal of cash from the bank

- 7.2.1 The authorised persons must verify the requirement before signing the cheque for withdrawal of cash.
- 7.2.2 The signature of the person presenting the cheque and receiving the cash should be attested on the backside of the cheque by one of the authorised signatories.
- 7.2.3 A Cash Receipt (Contra) Voucher to be prepared and accounted for by the accountant on the same day.
- 7.2.4 The Cashbook should to be updated for receipt of the Cash by the Finance Manager.

7.3. Petty cash management and control

- 7.3.1 Petty cash shall be used and maintained for limited purposes of project or organizational needs.
- 7.3.2 Daily petty cash holding limit is INR 10,000 for each project and INR 20,000 for the organizational expenses. On occasions should petty cash need exceed this limit for any specific purpose, an application for the same with appropriate justifications has to be submitted to the CEO for approval.
- 7.3.3 Separate petty cash records / register will be maintained for each project and for the organization.
- 7.3.4 For project petty cash account, the finance staff of that particular project will be the custodian of the cash and the Programme Manager will be the authority responsible for its usage and shall have the rights to approve petty cash expenses.
- 7.3.5 For organizational petty cash account, the Finance Officer of HST will be the custodian of the cash and the Finance Manager will be the authority responsible for its usage and shall have the rights to approve petty cash expenses.
- 7.3.6 It shall be the duty of the custodian of the petty cash account to ensure physical counting and verification of cash in hand with the petty cash register and close the petty cash account daily with signature and date.
- 7.3.7 The denomination of the closing balance of the cash should be entered on a regular basis and signed by the custodian. This register/record is to be maintained from the beginning of the financial year throughout the financial year.
- 7.3.8 Finance Manager shall be responsible for random monthly physical verification of each petty cash records including physical cash count.
- 7.3.9 Any discrepancy noticed during the physical verification will be recorded and reported in writing to the person concerned immediately.
- 7.3.10 Third parties will not be allowed access to the cashier or the safe. Cash will be paid to them in the front office.

- 7.3.11 Cash will only be handled by designated person who is responsible for it. In the absence of designated person who is responsible to handle cash, it should be handled by other staff member from accounts/administration department who is authorised to do so.

7.4. Cash payments

- 7.4.1 Cash payments will be made only after preparing the Payment Voucher.
- 7.4.2 The Voucher has to be approved by the competent authority before payment.
- 7.4.3 The Payee must sign the voucher for having received the payment or provide stamped receipt acknowledging the payment received.
- 7.4.4 In case the authority is not present, the voucher must be verified/approved by any other person authorised to do so by competent authority (apart from the custodian of Cash).
- 7.4.5 As per Income Tax Rules, no cash payment of more than Rs.20,000/- is permitted.
- 7.4.6 All cash payments exceeding Rs.500/- should be receipted with a revenue stamp. For the voucher in name of staff no revenue stamp is required.
- 7.4.7 The number of cash payments has to be reduced by converting settlements through cheque payments.

8. Bank Transaction Management Protocol

8.1. Bank accounts

- 8.1.1 HST bank accounts will be opened as per the Bank Opening mandate stipulated in the trust deed of HST.
- 8.1.2 Any change in the mandate will require approval of the board.
- 8.1.3 The operations and opening of bank accounts should be in line with the operations and the donor requirements.
- 8.1.4 There can be only one designated bank account wherein the foreign funds can be deposited and is designated as FCRA bank account. However, there can be different local currency accounts either savings account or current account on need basis.
- 8.1.5 Each project will have a separate bank account.
- 8.1.6 HST shall open bank accounts only in nationalized banks or leading private banks in India that have necessary authorizations and approvals from the Reserve Bank of India.

8.2. Authorized signatories

- 8.2.1 Minimum two signatories shall be mandatorily required for any bank transaction.
- 8.2.2 Every cheque/instrument shall be signed by the Chairman of HST and any one other Trustee.

- 8.2.3 There are authorised signatories (along with their designation within the organisation) notified to the Bank as follows:

- 1) *Chairman / Managing Trustee*
- 2) *Any other two board members as approved by the board of trustees*

- 8.2.4 The authorised signatories are signing the cheques/instruments for and on behalf of the organisation, and it is therefore necessary that the Rubber Stamp (or printed by the bank as such) for “for ‘name of the organisation’ should be affixed on every cheque/instrument, below which only signature should be put.

- 8.2.5 Employees who are custodian of the cheques books and petty cash are not entitled to be an authorised signatory.

8.3. Bank transactions and payments

- 8.3.1 Payment Voucher has to be prepared before preparing any cheque.
- 8.3.2 Under any circumstances, cheque should not be prepared if sufficient balance is not available with bank.
- 8.3.3 All Vouchers have to be verified and approved by Finance Manager / CEO before payment is released.
- 8.3.4 Payment has to be made only against original bills and claims. Any type of copy of bill or claim should not be entertained.
- 8.3.5 All supporting documents should be attached with the Payment Voucher and filed according to serial number.
- 8.3.6 Cheques should be written legibly and ensured that the amount in words and figures are the same.
- 8.3.7 All cheques have to be crossed. A Rubber Stamp stating “A/c Payee Only” should be put on every cheque.
- 8.3.8 Bearer cheques should not be issued under any circumstance.
- 8.3.9 Post-dated cheques are not to be issued.
- 8.3.10 The cheque number should be written on every Payment Voucher. Preferably the payment voucher should be generated from the accounting package itself as this will reduce the duplication of efforts for preparing the vouchers manually and then entering the same in the accounts package.
- 8.3.11 HST also has the online transaction facility with its bank and most of the payments are transferred online through the National Electronic Fund Transfer System that is controlled and regulated by the Reserve Bank of India.
- 8.3.12 As almost 80% of payments are done through NEFT from bank accounts, it is mandatory that each NEFT transfer has an approval from the CEO of the organization

- 8.3.13 The Finance Officer of each project shall send a budget of expense head detailing the nature of the expense marking the Program In-charge, Finance Manager and CEO.
- 8.3.14 The CEO approves the expense requesting the Finance Manager to make necessary transfer giving details of the project and expense head that needs to be charged with the specific expense.
- 8.3.15 The Finance Manager has the authority and access to the user ID and the password for online transfers and he does it based on internal documentation, verification and authorizations / approvals as per the provision of this manual.

8.4. Closing of bank accounts

- 8.4.1 All decisions related to closure of any HST bank account shall be taken by the Chairperson of the HST for an on behalf of the Board of Trustees.
- 8.4.2 When it is decided to close the bank account, the following actions will be completed:
 - a. Necessary authorisation from Organisation/Board of trustees etc.
 - b. Transfer balance in the account (leaving the minimum amount required) to the other bank account.
 - c. Surrender all the cheque leaves to the bank under a receipt.
 - d. After receipt of the resolution, deliver it to the bank under receipt and transfer the balance to another account.
- 8.4.3 Confirm closure of the bank account and maintain the following records in safe custody:
 - a. Documentation from the bank substantiating closure of account.
 - b. Bank statement as of the date of closure
 - c. All other documentation regarding the closure of the account like submission of unused cheque leaves.

8.5. Internal controls related to bank transactions

- 8.5.1 All letters/instructions to the bank should be signed by the authorised signatories only.
- 8.5.2 Under any circumstances, signing of blank cheques or post-dated cheques should be avoided.
- 8.5.3 Un-cashed cheques should be cancelled within a reasonable period.
- 8.5.4 Do not leave specimen signatures around.
- 8.5.5 Chequebooks should always be kept under lock and key. Only custodian of the chequebook (person designated to hold the custody of the cheque book) should handle them.
- 8.5.6 Receipts for payments made or signature of the recipient should be taken at the time of issuing of all the cheques.
- 8.5.7 Monthly bank reconciliation statements should be prepared as per the guidelines specified earlier.

- 8.5.8 The password for Net Banking shall be changed periodically to avoid any risks related to unauthorized online access of bank account.
- 8.5.9 Any indication for unauthorized online access to the bank account shall be immediately reported in writing to the Bank authorities, password changed instantly and follow up actions will be pursued with the Bank as required.

9. Disbursement Policy

- 9.1 In the course of its work, HST may enter into grant agreement with downstream partners / Sub Recipients (SR) / Sub-Sub Recipients (SSR) for implementation of activities.
- 9.2 All such downstream partners shall operate only on the basis of a valid legal agreement entered with them by HST.
- 9.3 All such grant agreements shall have detailed provisions of how funds will be disbursed to them that may be specific to each project/agreement.
- 9.4 However, the following principles shall remain common while determining the grant / partner specific disbursement guidelines:
 - a. Each downstream partner shall submit monthly/quarterly (depending on the partner and the project) requests to HST for transfer of funds as per the approved work plan and budget.
 - b. Request for fund transfer shall always be accompanied by detailed progress update in the format prescribed for each project managed by HST at that point of time.
 - c. Following criteria shall be used to determine the eligibility for disbursement:
 - i. Is the disbursement request in the prescribed format and duly signed by the authorized signatory?
 - ii. Is the disbursement request within the approved budget lines?
 - iii. Are all the previous expenditure reports (financial and physical) submitted along with all required support documents and are all clarifications, if any, addressed? (not applicable for release of first instalment)
 - iv. Are all unspent cash in hand accounted for with notes on why the expense was not incurred in the previous period and how and by when the funds are likely to be spent?
- 9.5 Disbursement of last tranche of funds to any downstream partner under a project shall be only after the following conditions are satisfactorily met:

- a. All programmatic commitments and responsibilities are met by the partner.
 - b. All programme documents and financial records including but not progress reports, data if any, as may be required by the donor is satisfactorily handed over to HST.
 - c. Decisions related to all assets procured under the grant are taken cognizance of and all decisions related to their disposal are taken in writing from the donor agency of that particular project. If the donor does not have restrictions related to this, HST shall have the right to take its own decision and all such decisions taken by HST are documented and communicated to the downstream partner.
 - d. There are no contractual or project related legal liabilities and responsibilities pending.
 - e. All unspent funds, disallowed expenses if any, and any other financial liabilities are adjusted and the final financial settlement statement is mutually agreed upon in writing with the downstream partners.
 - f. Project-end audit commissioned by HST is successful completed and the audit report is unqualified.
- 9.6 Along with the above general principles, the disbursement criteria and guidelines/SOPs of any funded project as prescribed by the donor shall be strictly adhered to.
- 9.7 In case of any conflict between the donor disbursement guidelines of a particular project and the HST Disbursement Policy, the former shall prevail but only after a written approval from CEO regarding the same.

10. Cost sharing Policy

Definition

- 10.1 Such expenses that are incurred as a whole, but cannot be assigned directly or wholly to any particular activity or project are treated as Common Cost.
- 10.2 These common costs in general include organizational management and overhead expenses that HST incurs to run the operations and its projects but are not solely attributable to a single project. They include but are not limited to:
- i. Salaries/fees of management staff
 - ii. Salaries of support/admin Staff
 - iii. Organizational monitoring and quality management services
 - iv. Internal and external audits
 - v. Legal services

- vi. Organizational level accounting services
- vii. Information system Support Services
- viii. Office rent and maintenance
- ix. Utilities and office supplies
- x. Communications
- xi. Postage & Delivery
- xii. Staff development
- xiii. Vehicle running costs
- xiv. Organizational publication costs

Application

- 10.3 Common cost sharing policy and guidelines shall come into practice for situations where any such common cost type cannot be directly and fully budgeted into a particular project.
- 10.4 In all such cases HST will attempt to allocate proportionate common costs as per these guidelines that HST will incur at the organizational level to manage that project and its contractual obligations successfully.

Methodology

- 10.5 **Cost sharing of human resources:** Core team senior management team position costs, especially at the Director level and senior manager level, which are not necessarily booked 100% into a single funded project, shall be shared across different projects.
- 10.6 These positions could be the CEO, Director Programmes, Director Finance, and other senior management teams.
- 10.7 Depending on the scope and size of the project (determined by the financial outlay of the project), the Senior Management Team shall decide the percentage of total time that a cost shared position will dedicate for a particular project.
- 10.8 At no point in time the total percentage of such cost shared amounts booked be more than 100% of the total salary of that position. This could be tracked through the following table:

Position	Total monthly salary (1)	Percentage of salary booked				Total percentage booked (6) = 1+2+3+4+5
		Project A (2)	Project B (3)	Project ...n (4)	HST Core fund (5)	

- 10.9 The value of column (6) above should never be more than 100% at any point in time and should be equal to the sum salaries booked under different projects and the percentage salary paid out of HST core fund if required.
- 10.10 HST management should aim at ensuring that the maximum possible salaries be booked across different projects to ensure that the percentage of salary paid out of HST core fund is kept to minimum if not zero.
- 10.11 All cost shared staff/consultant positions shall need to maintain a detailed timesheet clearly indicating the quantum of time spent under different projects on a daily basis to be able to book proportionate expenses under appropriate accounting heads and ensure availability of evidence/support documentation for accounting records.
- 10.12 All time sheets shall be approved by the immediate supervisor on a monthly basis and shall form the basis of processing salaries/fees.
- 10.13 **Cost sharing of Office Rent:** Office rent shall be apportioned across different projects on a pro-rata based on actual space occupied by the total number of staff and services of that particular project and apportioning of common areas in the office space. Illustration:
- (a) Total office area: 2000 square feet
 - (b) Common areas (reception, kitchen, washroom, Chairman/CEO/Director/Finance & Administration office space, meeting room): 450 square feet = 15% of total office area
 - (c) Total rent: Rs. 60,000
 - (d) Per square feet rent = (c) / (a) = Rs. 60,000/3000 sq. ft. = Rs. 20/- per square feet
 - (e) Project A: 3 staff: 3 workstations. Assume each work station occupies 30 square feet
 - (f) Total direct space required by Project A: 3 workstations X 30 square feet = 90 square feet
 - (g) Pro-rata common area allocated to Project A = (f) X (b) = 90 square feet X 15% = 13.5 square feet
 - (h) Total space allocated for Project A = (f) + (g) = 90 + 13.5 = 103.5 square feet
 - (i) Total rent allocated for Project A = (h) X (d) = 103.5 square feet X Rs. 20/- per square feet = Rs. 2070/-.

- 10.14 **Cost sharing of Office supplies and utilities:** HST shall quantify its office supplies and utilities cost (which will include but not be limited to electricity charges, water charges, other office utilities, repair and maintenance, office supplies and stationery) on an annual basis at the time of developing its annual budget.
- 10.15 These costs will be apportioned to each project on a pro-rata basis based on the percentage of project a budget to the overall budget of HST for that particular year.
- 10.16 **Cost sharing of organizational costs:** HST shall quantify its organizational cost (which will include but not be limited to Board Meetings, annual reports, other publications, website maintenance, organizational planning process, external and internal audit charges- unless any of these are wholly or partially funded under a project) on an annual basis at the time of developing its annual budget.
- 10.17 These costs will be apportioned to each project on a pro-rata basis based on the percentage of project a budget to the overall budget of HST for that particular year.
- 10.18 **Cost sharing of any other cost:** As and when the need arises for sharing any other cost not included in the categories mentioned above, HST shall use the methodology described above for apportioning such costs to be shared across projects.

Tracking of total cost being shared

- 10.19 It shall be the responsibility of Director Finance to ensure that for all cost shared items across different projects, the following non-negotiable need to be borne in mind and ensured:
- a. At no point in time the sum total of percentages of a particular budget line booked under different projects be more than 100%.
 - b. Unit rate used for calculating budget for same budget line booked under different projects should be consistent. For example, if per square feet rent is Rs. 20/-, this rate of Rs. 20/- per square feet should be consistently used for calculating the part rent to be booked under different projects. Likewise, for example, if the salary of a particular staff whose cost is to be shared is Rs. 75,000 per month, only this monthly rate needs to be uniformly used for calculating part salaries to be booked under different projects for the same position.
- 10.20 A separate tracking sheet (of the kind demonstrated in para 10.8 above) shall be maintained by the Finance Department for each cost shared budget line.

- 10.21 The Director Finance shall provide the first level of supervision of the entire cost sharing process and documentation and the CEO shall be responsible for all oversight functions.

11. Managing Advances

- 10.22 HST shall issue advances only for the purpose of official and programmatic purposes within limits and with due documentation and authorizations.
- 10.23 Amounts paid to any staff member for meeting official expenses should be charged to the floating account but for simplification of the process they are to be treated as general advances keeping an account of them against their Employee Number/name.
- 10.24 Staff can obtain advances mainly for the following expenses:
- Travel and Subsistence
 - Petty cash purchase of goods from the market
 - Conference and Workshops
 - Training and capacity building activities
 - Research activities
 - Health Camps
 - Community Events
 - Advocacy Activities
 - Drop In Centre Expenses
- 10.25 All such requests should be made in the prescribed format as per Annex 10 and duly approved by competent authority, after the accounts department has duly noted any previous outstanding advances in the staff name.
- 10.26 Table below summarizes the actions required for release of advances:

Description	Required Action	Remarks
Step 1	Follow procedure to get advances for all activities including travel estimates.	Have the purchases/travel/activities been authorised (refer Annex 11 travel requisition form) • Will the purchase/activity/travel require an advance? If yes proceed to step 2.
Step 2	Obtain an Advance Request Form (see Annex form) and fill accordingly	• Office staff should obtain advance forms.
Step 3	Get authorisation from competent authority	
Step 4	Submit form to Accounts at least one day prior to date of travel	• Forms submitted after the stipulated time would require necessary justification. (Justified urgencies will be

		considered)
Step 5	Get payment from Accounts	<ul style="list-style-type: none"> • The payee should sign and acknowledge receipt of the money. • Accounts will not pay advance to any staff with any previous unsettled advances.
Step 6	Upon return, advances must be settled in totality submitting all the necessary supporting documents.	<ul style="list-style-type: none"> • All advances must be settled within 48 hours after completion of the task or return to Mumbai in case the staff is traveling

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Controls to be exercised

- 10.27 Requests for advance submitted should be complete in all respects and the purpose clearly mentioned.
- 10.28 In case of staff travelling, the period and dates and purpose should be specified.
- 10.29 The travel need to be duly approved on a Travel Requisition form by Project Manager / CEO.
- 10.30 All advances must be entered in the cashbook and when the expense is booked, they shall be adjusted through the cash book.
- 10.31 A separate advance register will be maintained by the Finance Manager and all issue and settlement of advances need to be recorded.
- 10.32 The CEO shall undertake periodic physical verification of the Advance Register.

Settlement of advances

- 10.33 The amount outstanding against a staff member should be settled within stipulated time from the advance taken.
- 10.34 Advances have to be settled either in receipts or cash. When the advance given exceeds the funds needed for the prescribed activity, receipts and all the remaining funds should be returned to Accounts using Annex12 'Settlement of Advances' The procedure to do this is described below:
- 10.35 It should be ensured that there are no advances outstanding as on last day of the financial year end.
- 10.36 All advances must be settled within 48 hours after completion of the task or return to Mumbai in case the staff is traveling In situations where further advance is required and the concerned staff is not in a position to settle the previous advance for reasons beyond his / her reasonable control,

a request for the same has to be made and the request has to be approved by either the Director Programmes or the CEO.

10.37 However, under no circumstances more than two advances can be provided without settlement of prior advances released.

10.38 Table below summarizes the actions required for settlement of advances:

Description	Required Action	Remarks
Step 1	Obtain an Accounts settlement Form and fill accordingly	<ul style="list-style-type: none"> • Fill in the form identifying different expenses if necessary. • Attach the original supporting receipts
Step 2	Get authorisation from the staff that authorised the advance.	<ul style="list-style-type: none"> • Make a photocopy of the form
Step 3	Submit forms (original and photocopy) to Accounts	<ul style="list-style-type: none"> • Advances should be retired within the stipulated time days after completion of the assignment
Step 4	Return unspent funds to Accounts	<ul style="list-style-type: none"> • Staff should ensure Accounts sign and acknowledge receipt of the money in the Advance Register/settlement of accounts

12. Finalizing Accounts

12.1 HST shall prepare and finalize its monthly accounts within the 10th calendar day of the next month. The reports to be prepared each month for closing of monthly accounts are furnished in Section 16 'Financial Management Information System' of this manual.

12.2 All monthly reports shall be signed off by the Finance Manager and approved by the CEO as an indication of finalizing of accounts.

12.3 HST shall finalise its annual accounts for the year financial latest by the 30th of September, that is within six calendar months of the close of the financial year.

12.4 The final accounts shall include:

- Receipts and payments account
- Trial balance
- Income and expenditure account
- Balance sheet

- e. Schedule of fixed assets
- f. Schedule of outstanding advances recoverable
- g. Schedule of sundry debtors/creditors (if applicable)
- h. Bank reconciliation statement along with balance statement from bank.
- i. Utilization certificate(s), if required

13. Procurement

13.1. Objectives of the HST Procurement Policy

- 13.1.1 The objective of the HST Procurement Policy is to ensure that there is a continuous availability of quality products and services in right quantities at the right time purchased from the right price in a transparent manner.
- 13.1.2 Continuous availability means ensuring availability at a time when the product is needed thereby not having any effect on timely execution of project activities.

13.2. Scope of the HST Procurement Policy

- 13.2.1 This procurement policy of HST covers procurement of “**products**” and “**services**”.
- 13.2.2 “**Product**” includes “medical” and “non-medical” products.
- 13.2.3 “**Services**” include hiring of individual consultants, and consultancy services through independent for-profit or not-for-profit organizations specializing in offering such services.
- 13.2.4 “**Non-medical**” products include furniture, fixture, office equipment including computers and accessories, communication system, and civil works for restructuring, up-gradation and expansion of office space including mechanical, engineering and plumbing services.
- 13.2.5 “**Medical**” products include medicines, medical supplies, condoms, diagnostic test kits, lab supplies and medical equipment.

13.3. Principles of HST Procurement Policy

- 13.3.1 **Transparency & Accountability:** HST procurement process shall be transparent and accountable.
- 13.3.2 **Efficiency:** The choice of procurement method shall be determined by the size of procurement to promote efficiency.
- 13.3.3 **Quality and cost based selection (QCBS):** In general, HST shall follow a process of ‘quality and cost based selection’ where primary focus shall be on the quality of goods and services procured. This shall imply that the agency offering the lowest quote may not necessarily be the preferred bidder/provider. At times, HST may choose to go in for only Quality

Based Selection, for which appropriate justification has to be provided by the Procurement Committee.

13.3.4 **Compliance to local laws:** All procurement and contracts issued shall ensure compliance to all local laws including tax liabilities.

13.3.5 **Procurement Committee:** HST shall have a Procurement Committee that shall be responsible for all procurement as per the provisions of this policy. The Procurement Committee shall constitute the following members:

Permanent Members

- a. Finance Manager (officiating as the Procurement Officer)
- b. Administrator
- c. One representative from the Board of Trustees

Invited Members

- d. Programme Manager/In-charge of the project under which the procurement is supposed to be made.
- e. Finance Manager/In-charge of the project under which the procurement is supposed to be made.

13.3.6 **Functioning of the Procurement Committee:** The Procurement Committee shall function in the following manner:

- a. The Finance Manager shall officiate as the Procurement Officer
- b. All communication of the Procurement Committee shall be passed under the signature of the Finance Manager.
- c. In the absence of the Finance Manager, the HST Finance Officer shall officiate as the Procurement Officer.
- d. All meetings and decisions of the Procurement Committee shall be minuted and recorded with signatures of all the members of the Procurement Committee.
- e. The CEO shall have an oversight over the functioning of the Procurement Committee.
- f. All decisions of the Procurement Committee shall need to be ratified by the CEO.
- g. The Procurement Committee shall have the powers to undertake procurement of products and services above Rs. 25,000/- (Rupees Twenty Five Thousand Only) and up to a value of Rs.1, 000,000/- (Rupees Ten Lakh only).
- h. For procurement of value above Rs 1,000,000 (Rupees Ten Lakh only) the CEO shall be a part of the procurement committee and shall chair the Procurement Committee.

Procurement range per transaction	Processing authority	Approval authority
Up to Rs. 25,000/-	Finance Manager One more staff (admin or the person from the project under which the procurement is taking place)	CEO
More than Rs. 25,000 and up to Rs. 10,00,000	Procurement Committee	CEO
More than Rs. 10,00,000	Procurement Committee + CEO who will head the procurement committee	Chair of the Board of Trustees

13.4. Procurement Cycle – General Guidelines

Demand forecasting

13.4.1 Given the nature of current activities of HST, there is no large-scale procurement. As such there is no need to develop periodic procurement plans. This will be done as and when required in future of demanded under a specific project by the donor.

13.4.2 Currently demand for products or services are requisitioned by the concerned Department Head or Programme Head in a requisition format (Annex 13 “Product / Services Requisition Form”)

13.4.3 The filled up and signed requisition form will be submitted to the Administrator of HST, who will forward the same to the Manager Finance.

Validation of procurement forecasts

13.4.4 The Finance Manager shall thereafter validate the requisition.

13.4.5 The Finance Manager shall verify whether the item(s) required for procurement is within a budgeted activity and whether funds for the same are available or not.

13.4.6 The Finance Manager will also assess whether the quantities requisitioned is in line with previous demands or in sync with any planned and budgeted programme activity.

Procurement methods: a summary

13.4.7 Table below summarizes the different methods of procurement that shall be used by HST and the conditions under which different methods could be chosen.

Method	Applicability	Criteria
Sole source contracting (single quotation)	Products	For value less than or equal to Rs 10,000 per purchase per calendar month
	Services	All consultancies (individual and institutional up to Rs 400,000/-) in a financial year
Local shopping (minimum three quotations)	Products	For value from Rs 10,001 to Rs. 500,000/- per purchase in a financial year
	Services	All consultancies (individual and institutional above Rs 400,000/- up to Rs 1,000,000/-) in a financial year
Open competitive bidding (through limited tender sent to eminent suppliers/providers, through e-groups and web forum and if resources permit through open newspaper tender)	Products	For value of Rs 500,001 and above per purchase in a financial year
	Services	All consultancies (individual and institutional above Rs 1,000,000/-

Procurement method: Sole Source Contracting

13.4.8 For sole source contracting, the procurement committee shall draft a terms of reference (TOR) for the services required or the specifications and bill of quantity (BOQ) for the product(s) to be procured.

13.4.9 Based on the above direct procurement shall be done from a suitable vendor as deemed appropriate by the HST.

13.4.10 Sole source contracting shall be used to save time in procurement and when the transaction cost of procurement does not justify the value of procurement.

13.4.11 Three quotations are not required for sole source purchases.

13.4.12 However, for sole source procurement of services up to the limit provided in the table above, the Procurement Committee will provide a detailed justification for going ahead with sole source contracting.

13.4.13 All sole source procurement, either of products or services, will need the final sign off of the CEO.

Procurement method: local shopping

13.4.14 For local shopping, the Procurement Committee shall:

For products

- a. Prepare a bill of quantities, which will include the product to be purchased, detailed specification, quantities required and estimated cost.
- b. Through word of mouth, newspaper and internet search, minimum three reputed and established vendors will be identified.
- c. HST will get quotations from at least three such vendors.

For services

- d. The Department Head needing a particular service shall draft a Terms of Reference (TOR) for the Services to be secured, along with a list of deliverables, time frame, available budget and the minimum skills / experience required of the service provider.
- e. Along with the TOR the Department head will also propose the proposal evaluation criteria and plan, which could be one of the following:
 - i. **Quality based selection:** In this method, the scoring matrix for evaluation of proposals shall be developed. The proposal scoring the highest marks will be invited for negotiations. If negotiation fails with the provider having the highest quality score, the provider with the next highest score will be invited.
 - ii. **Quality & Cost based selection:** In this method, prior to proceeding with the procurement, the Procurement Committee will need to decide the weightage that will be provided to the technical and financial proposals. As a routine practice, since HST places high emphasis of quality of work and services, at least 70% weightage shall be provided on the technical score and 30% on the financial score. All proposals will be evaluated on a scale of 100 marks.

The formula for determining the financial scores (Sf) is the following:

$S_f = 100 \times F_m/F$, in which S_f is the financial score, F_m is the lowest/minimum quoted price and F the price of the proposal under consideration.

S_t = Technical Score

Weight: Technical 70% or (0.7) & Financial 30% (0.3)¹

$TOTAL\ SCORE = (S_t * 0.7) + (S_f * 0.3)$

The service provider getting the highest total score will be the preferred bidder and will be invited for negotiating the terms and conditions and contracting.

- f. The CEO will approve the TOR.
- g. Based on the approved TOR, the concerned Programme / Department head needing the service shall assist the Procurement Committee in identifying at least three service providers fulfilling the eligibility criteria.
- h. Such identification could be through established networks, individual knowledge of HST staff about such service providers, Internet search, HST's own data base of consultants, etc.
- i. The TORs will be emailed to at least three such providers from whom proposals / quotations will be sought within a defined time frame.

Procurement method: open competitive bidding

13.4.15 For open competitive bidding, detail tender documents shall be prepared.

13.4.16 Such tenders shall be available to the potential bidders through an open advertisement in local newspaper and/or different electronic media such as internet, e-forums, whichever is cost effective. Procurement Committee shall bear in mind the availability of funds for newspaper advertisements as they may not be available and/or the costs of such advertisement may not justify the value of procurement.

13.4.17 A tender box shall be available for submitting the tenders. All tenders received through post / courier shall be placed in the tender box without opening the seal.

13.4.18 Tenders received after the due date shall be returned unopened.

¹The Procurement Committee can decide the weight to be applied which can vary from tender to tender but the decision has to be backed by appropriate justification and approved by the CEO.

- 13.4.19 Tender shall be opened publicly in the presence of at least two members of the procurement committee at the scheduled date and time mentioned in the tender document which can be attended by the applicants submitting the tender.
- 13.4.20 The proceedings of the tender opening shall be documented and signed by all parties present.
- 13.4.21 Thereafter, the evaluation process shall take place as per the guidelines specified in the tender document.
- 13.4.22 Opening of financial tender shall necessarily be through tender opening meeting for which all applicants shall be informed and invited to attend the financial tender opening meeting, if they choose to.
- 13.4.23 The proceedings of such meetings shall be documented and signed by all parties present.
- 13.4.24 The preferred bidder shall be formally intimated through a letter of intent following which the contracting formalities shall be undertaken, provided the preferred bidder fulfills all prerequisites if mentioned in the tender document.
- 13.4.25 The Procurement Committee shall have the right to call for any additional information/documents to substantiate the claims made by the applicant in their application.

Work orders / contracts

- 13.4.26 For all decisions related to issuing work orders / contracts, except for sole source purchases, a comparative statement will be developed summarizing the quotes, evaluation scores, etc. (as required) and signed by all the Procurement Committee Members. The comparative statement shall include the final recommendation for award of work including justifications for the same explaining how the Procurement Committee has arrived at its recommendation.
- 13.4.27 The recommendation of the Procurement Committee shall be vetted by the CEO.
- 13.4.28 Wherever appropriate and required, HST shall issue work order / contracts for products / services being procured.

13.4.29 The work order may be accompanied with an advance for procurement depending on the terms of the vendors. However, the threshold of advance cannot exceed more than 50% of the total cost of procurement.

13.4.30 The work order / contract shall include but not be limited to the products required / services sought, quantities/deliverables, time frames, delivery schedules, the terms and conditions, payment schedule, etc.

Product receipt and storage

13.4.31 At the time of receiving the product, the Procurement Committee shall use the following checklist to document inspection and file the same as post shipment inspection report (Annex 14 ‘Good Receipt Note’)

- a. Does the product delivered match the specifications in the work order/contract?
- b. Is the packaging sealed and un-tampered?
- c. Are the product brochures, catalogues, manuals in order?
- d. Are the quantities as per the purchase order and the delivery note?

13.4.32 Random supervisory checks will be conducted both on the quality and quantity of the goods delivered as a means to detect any possible irregularities.

13.4.33 Acceptance of goods upon delivery will be made by the Administrator and the concerned Programme Head shall be consulted wherever required.

The following checks will be made on any equipment purchased:

Delivery	Item received matches order
Quality	Quality check conducted
Service contract	Service contract matches requirements and guarantees
Maintenance	Maintenance log book and call outs record
Identification	Item marked according to donor

13.4.34 Suppliers are required to issue bills or invoices for payment at the time of the delivery of goods or quickly afterwards. Audit checks will be conducted on these bills or invoices.

13.4.35 Payments for goods or services will be made against duly certified invoices, bills, receipts or claims within specified time limits to avoid any undue delay.

13.4.36 Regular reports on payments made for the procurement of goods and services will be made available to the CEO. Any discrepancy and the result of investigation will be immediately brought to his/her attention.

13.4.37 After inspection, the Administrator shall receive the product and ensure appropriate documentation and recording in the asset register as per the guidelines mentioned in the Asset Management Policy.

13.4.38 The Administrator shall ensure appropriate and secure storage and/or installation (as applicable) of such products.

Wastages and stock outs

13.4.39 To avoid wastages, the first-in-first-out (FIFO) procedure shall be followed for fast moving consumable goods/items. First-expiry, first-out (FEFO) procedure shall be followed for medical products.

13.4.40 While forecasting demand adequate buffer stock shall be estimated and procured to ensure no stock outs. While estimating the buffer stock, the rate of consumption/usage of a particular product, its shelf life and its ordering time shall also be kept in mind.

13.4.41 Inventory cut off levels for determining the time for reordering shall be developed product wise by the procurement committee wherever required.

13.5. Special note on procurement of pharmaceuticals, medicines and medical products

13.5.1 Though the scope of this policy refers to medical products as well, HST Board of Trustees is conscious of the fact that this policy does not include specific details related to large-scale procurement of drugs.

13.5.2 Therefore this policy covers purchase of medicines and medical products in limited quantities only where the donor/client provides the detailed specifications of the products and also provides the list of empaneled vendors from whom such purchases need to be made.

13.5.3 In all such cases, the Procurement Committee shall ensure that only such empaneled or notified vendors are used. For all such procurement, the guideline mentioned in this clause 13.5.2 shall supersede all other procurement method related provisions of this policy.

13.6. Ethical guidelines, prevention of fraud and conflict

- 13.6.1 “Corrupt practice” means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution²;
- 13.6.2 “Fraudulent practice” means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract³;
- 13.6.3 “Collusive practices” means a scheme or arrangement between two or more bidders, with or without the knowledge of the Borrower, designed to establish bid prices at artificial, non-competitive levels⁴;
- 13.6.4 “Coercive practices” means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract⁵.
- 13.6.5 HST shall ensure that no corrupt, fraudulent, coercive and collusive practices are followed during the procurement process and if any such practices are detected, the same shall be dealt with as per the provisions of the “*HST Policy on Risk Management and Prevention of Fraud and Corruption*”.
- 13.6.6 All current and anticipated conflict of interest issued should be tabled upfront and cleared with the procurement committee to ensure that there is no conflict of interest which facilitates / promotes a procurement decision in favor of or against any supplier, agency and individual.

14. Asset Management Policy

14.1. Recording and identification of fixed assets

- 14.1.1 Fixed assets acquired by HST shall be entered in the asset register with all relevant details such as date of purchase, brand, specifications, etc.
- 14.1.2 All assets shall be identified through a unique serial numbering process.

14.2. Verification of fixed assets

- 14.2.1 The Finance Manager and the Administrator shall conduct physical verification of the fixed assets every six months.
- 14.2.2 The procedure for physical verification shall be as follows:

²Source: World Bank

³Source: World Bank

⁴Source: World Bank

⁵Source: World Bank

- a. Finance Manager and the Administrator shall physically verify the fixed assets at its location with respect to the physical presence, condition of the asset and its workability (i.e., whether the asset is in running condition or not).
- b. Any discrepancy or otherwise noticed during the physical verification shall be noted on the statement of physical verification of fixed assets.
- c. The Finance Manager shall explain in detail, the reasons for the discrepancies noticed, if any, during physical verification. A supporting sheet shall be enclosed for this purpose.
- d. All discrepancies recorded as above shall be intimated to the CEO for suitable action to be initiated thereupon.
- e. In case of any discrepancy, a comparative statement indicating fixed assets as per records, assets as per the physical verification conducted, variation and reasons thereof shall be appended with the annual audited statements of accounts.

14.3. Disposal of fixed assets

- 14.3.1 Fixed assets have a certain life after which its usage may result in increased operational cost on account of increased repair and maintenance requirements.
- 14.3.2 HST procurement committee shall have the power to decide on disposing fixed assets after its full life span is over or it is rendered unusable due to irreparable damage.
- 14.3.3 To dispose its assets, HST has the following options:
 - a. Dispose unusable and irreparable items without violating any State Pollution Control Board guidelines.
 - b. Donate items no longer required by HST to trusts, societies, CBOs having similar objectives.
 - c. Exchange old items against new purchases, which shall ensure that new purchases are procured as a lesser direct cost.
- 14.3.4 In case HST chooses to donate items, the following guidelines shall be followed to ensure that there is no conflict of interest:
 - a. Donor cannot be a staff, consultant or a volunteer who has been working with HST or any of its funded partners for the last 5 years.
 - b. Any trust, society, CBO which has received funds from HST in the last 5 years shall not be a recipient of any such donations.
- 14.3.5 Decision regarding disposal of any assets procured under an externally aided grant shall during the tenure of the grant or on its completion be taken only after seeking concurrence from the concerned donor. However,

this is not applicable after the project closure, settlement of accounts and donor deciding to leave all such assets with HST, in which case such ownership of such assets get transferred to HST.

14.4. Insurance of fixed assets

- 14.4.1 All assets shall be protected with adequate insurance cover.
- 14.4.2 The insurance coverage shall include but may not be limited to damage due to fire, loss due to theft and burglary and any other natural disaster.
- 14.4.3 However, the extent of coverage shall depend on the existing policies available in the market.
- 14.4.4 All premium shall be paid within the due date to ensure that the insurance cover remains valid at all times.
- 14.4.5 All records of insurance policies and premiums paid shall be maintained properly.

15. Foreign Exchange Fluctuation Risk Management Policy

- 15.1 Functional currency for HST is India National Rupees (INR) as all funds received by HST are in INR or if transferred in a foreign currency gets converted into INR by the Bank on the date of transfer itself.
- 15.2 The rate at which the conversion takes place from foreign currency to INR at the time funds being credited in the HST account shall be considered as the basis.
- 15.3 HST shall measure its financial results and financial position in the functional currency.
- 15.4 Each expenditure head shall be tracked individually to determine the net variation at the end of each month on account of exchange fluctuation.
- 15.5 For externally funded projects managed by HST, the guidelines and SOPs related to each such project as prescribed by the donor/agency representing the donor shall be followed by HST.
- 15.6 If losses due to foreign exchange rates are significantly affecting the value of the grant, HST may request the following assistance from the donor:
 - Requesting to allow accelerated spending of the budget
 - Changing the budgeted exchange rate
 - Changing the allocation of the budget between years (for example, increasing the Year 1 budget and then decreasing the Year 2 budget by the same amount).
- 15.7 These principles will also be followed by the downstream partners/sub-grantees of HST wherever HST disburses grants to such partners.

16. Financial Management Information System

Introduction

- 16.1 Financial management information system (FMIS) is a tool to enable effective management of finances and financial operations.
- 16.2 This section lays down the FMIS framework for HST to ensure that it complies with its own internal guidelines and management objectives, to the donors who fund HST activities and also to the local and national statutory authorities.

Framework and guidelines

- 16.3 Basis of financial data recording shall be the approved budget heads against which funds are allocated.
- 16.4 Expenditure reports shall be submitted within five working days of the expenditure being incurred and for outstation travel within three working days of the person joining work after travel.
- 16.5 Monthly expenditure statements of the departments and the sub-grantees shall be submitted within the 7th calendar day of the next month.
- 16.6 The Finance Manager shall ensure that verification and consolidation of the expenses take place within the 12th calendar of the next month, or earlier working day if the 12th calendar day is a holiday.
- 16.7 All queries and feedback, if any, shall be shared by the Finance Department and clarifications sought and final statements / reports prepared within the 15th working day of the next month.

Internal Reports and Statements

- 16.8 For internal control and monitoring, the Finance Department shall prepare the following reports:

Monthly

- a. Monthly project-wise receipts and expenditure statement
- b. Monthly consolidated receipts and payments statement (applicable only when multiple projects are being managed simultaneously)
- c. Monthly project-wise budget variance statement
- d. Petty cash statement for each petty cash account
- e. Staff leave records
- f. Salary statement
- g. Imprest advance statement
- h. Project-wise monthly bank reconciliation statement
- i. Organizational monthly bank reconciliation statement

Quarterly

- j. Internal audit report

Six-monthly

- k. Income and expenditure reports
- l. Utilization certificate signed by the auditor

Annual

- m. Income and expenditure reports
- n. External Audit report with all its attachments

Report to Donors

- 16.9 Each donor may have its specific financial reporting requirements and formats.
- 16.10 The internal FMIS and reporting mechanism and system of HST is comprehensive as it ensures compliance to the well established procedures of the India Accounting Standards. This shall therefore enable HST to generate financial reports in any format and frequency prescribed by a particular donor.
- 16.11 At the start of any externally aided project, HST shall in consultation with the donor develop the financial reporting requirements for that particular project and establish the system in place that all such reports are generated as per the requirements and expectations of the respective donors.

Report to Statutory Authorities

- 16.12 HST shall prepare and submit the following reports to various statutory authorities within the prescribed timeframe:

No.	Report type	Prepared by	Approved by	Submitted to	Deadline
1	Audit report	External Auditor of HST	Chairman / Board of Trustees (BOT)	a. Income Tax Department b. Charities Commissioner	30 th Sept
2	Income and Expenditure Statement	Finance Director HST	Chairman /BOT	FCRA Division, Ministry of Home Affairs, GoI	31 st December
3	Statement of Expenditure	Finance Director HST	CEO	Donor Agency	As prescribed

4	Audit Report / Annual Report	Finance Director / CEO - HST	Chairman / BOT	Donor Agency	As prescribed
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Reporting at a Glance

16.13 Summary of HST financial reporting requirements:

No.	Internal Financial Report	Frequency	Deadline	Prepared by	Submitted to
1	Bank reconciliation statement	Monthly	10 th of every month	Manager Finance	CEO
2	Bank Receipt and payments statement (project wise)	Monthly	10 th of every month	Manager Finance	CEO
3	Consolidated receipts and payments statement	Monthly	15 th of every month	Manager Finance	CEO
4	Project-wise budget variance statement	Monthly	15 th of every month	Manager Finance	CEO
5	Consolidated receipts and payments statement	Quarterly	15 th July, 15 th Oct, 15 th Jan, 15 th Apr	Manager Finance	CEO
6	Project-wise budget variance statement	Quarterly	15 th July, 15 th Oct, 15 th Jan, 15 th Apr	Manager Finance	CEO
	Statutory Report	Frequency	Deadline	Prepared by	Submitted to
7	Income & Expenditure Statement	Quarterly	15 th July, 15 th Oct, 15 th Jan, 15 th Apr	Manager Finance	Regional Office, RBI
8	Income & Expenditure Statement	as required		Manager Finance	Ministry of Home Affairs, Government of India
	External Financial Report	Frequency	Deadline	Prepared by	Submitted to
9	To decided from project to project			Manager Finance	Respective Donors

17. Integration of CMIS and FMIS

About CMIS

- 17.1 HST is in the process of developing a Comprehensive Management Information System (CMIS) that will align the indicators of each of the projects managed and implemented by the HST with its strategic plan and framework.
- 17.2 In the CMIS the indicators results at the project level will feed into the indicators that will be measuring overall organizational objectives and goal.
- 17.3 The project budgets and the overall organizational budget will be structured to allow allocation of budget figures as per the project activities and organizational activities.

Integrating financial data with CMIS& tracking budget versus expenditure

- 17.4 The CMIS architecture will have provisions of feeding budget and expenditure figures against project and organizational objectives and will go down up to activity level budget allocation wherever possible.
- 17.5 In the first phase all budget and expenditure figures will be manually entered every month by the Finance Department.
- 17.6 In the next phase of up-gradation of the CMIS which shall happen as and when HST is able to mobilize resources for the up-gradation, the TALLY accounting system will be customized and integrated with the CMIS to allow the CMIS to automatically extract relevant budget and expenditure data real time from the accounting software.
- 17.7 Once a new project is approved or the annual organizational budget is finalized, all activities and budgets will be uploaded to the CMIS.
- 17.8 This will allow the management to generate budget versus expenditure figures, trend analysis charts based on utilization history and also establish correlation between physical achievements and expenditure data.

Access Rights& Data Protection

- 17.9 Usage and access rights to the FMIS and CMIS are defined in the table below.

Staff Level	Organizational / Programme MIS				Finance MIS			
	View	Upload	Edit	Download/ Print	View	Upload	Edit	Download/ Print
Board of Trustees	✓	X	X	✓	✓	X	X	✓
CEO	✓	✓	✓	✓	✓	✓	✓	✓
Director Finance	✓	X	X	✓	✓	✓	✓	✓
Director Programmes	✓	✓	✓	✓	✓	X	X	✓
Other Directors	✓	✓	✓	✓	✓	X	X	✓
Programme Managers / In-charges	✓	X	X	✓	✓	X	X	X
Other staff	✓	X	X	X	X	X	X	X

- 17.10 Each staff will be provided with a unique ID and password to access the HST CMIS.
- 17.11 The software will have the provision of logging and tracking CMIS usage history (viewed, downloaded, printed, uploaded) per user ID assigned.
- 17.12 HST shall follow a zero-tolerance approach for any activity on the CMIS in contradiction with the ‘Usage & access Rights’ table mentioned above. Any breach reported under this will attract strictest disciplinary action and may lead to termination of services and/or even initiating civil and criminal proceedings as per the provisions of existing laws of land.
- 17.13 This monitoring will be done by the CEO and is aimed towards ensuring data security.
- 17.14 All CMIS data will be backed up weekly as a part of ensuring data security.
- 17.15 Any breach in data security and unauthorized access.

18. Financial Monitoring and Analysis

Scope

- 18.1 Scope of financial monitoring includes:
- a. Ensuring full compliance to the provisions of the HST Financial Management Systems Manual.
 - b. Monitoring accuracy of financial data
 - c. Monitoring budget versus utilization
 - d. Monitoring timely reporting
 - e. Monitoring financial risks, fraud and corruption
 - f. Internal checks and balances for tracking human errors in data recording and accounting.

Responsibility

- 18.2 Director Finance shall be the process in-charge for financial monitoring and analysis.
- 18.3 The CEO shall supervise the Director Finance and provide oversight on all financial monitoring and analysis functions within HST.
- 18.4 In the absence of Director Finance, Manager Finance shall undertake this responsibility.

Ensuring full compliance to the provisions of the HST Financial Management Systems Manual

- 18.5 Compliance monitoring shall be the primary function of Manager Finance.
- 18.6 This will be supervised by the Director Finance.
- 18.7 Manager Finance will track compliance issues during day-to-day ongoing and financial management functions within HST.
- 18.8 If the register reveals lack of compliance on three or more occasions from the same staff, the matter shall be reported to the Director Finance and the CEO who shall determine appropriate corrective measures, which may include providing warning in writing. All such actions will be determined on a case-to-case basis.

Monitoring accuracy of financial data

- 18.9 The voucher management protocol and the systems of preparing monthly statements of account mentioned in the relevant sections of this manual are aimed towards ensuring accuracy of financial data.
- 18.10 Manager Finance shall ensure that the provisions thereof are complied with.

- 18.11 Monthly BRS statements will also ensure accuracy of data.
- 18.12 All discrepancies identified in the BRS shall be entered into the NC&EL Register.
- 18.13 It shall be the responsibility of Director Finance to monitor the NC&EL Register and assess whether any trends are emerging in the type of errors logged to be able to strategize timely corrective measures.

Monitoring budget versus utilization

- 18.14 Budget versus utilization statements shall be generated every month for each project.
- 18.15 The budget versus utilization statements shall be shared with the respective Programme Managers who will have to provide reasons for all positive or negative variances. All such reasons will be recorded in the budget versus utilization statement, review jointly by the Director Programmes and Director Finance and signed off for filing.
- 18.16 This shall be done through the CMIS once the FMIS is fully integrated with the CMIS.
- 18.17 Any underutilization of 10% or more needs to be immediately reported by the Manager Finance to the Finance Director.
- 18.18 Overutilization of 10% or more needs to be immediately reported to the Finance Director and the CEO for immediate inquiry into the reasons.

Monitoring timely reporting

- 18.19 Manager Finance shall maintain a table of all reporting obligations with deadlines and responsibilities.
- 18.20 Wherever required, advance timely reminders have to be provided by the Manager Finance to the concerned staff for ensuring that the reports are within time.
- 18.21 All attempts shall be made to ensure that the draft reports are prepared well in advance before the external submission deadline to ensure adequate quality time for internal review and approvals.
- 18.22 HST will follow a zero-tolerance policy regarding delays in financial reporting.
- 18.23 HST shall include “% of reports submitted in time” as one of the performance indicators in the job descriptions and appraisals of all concerned staff.

Monitoring financial risks, fraud and corruption

- 18.24 Provisions of different sections of the HST FMS Manual, if followed fully, shall ensure financial risks, fraud and corruption is minimized.
- 18.25 The HST Policy on “Risk Management and Prevention of Fraud and Corruption” shall be fully complied with to assess risks, develop strategies to minimize them and prevent instances of fraud and corruption.
- 18.26 Some of the red flags that HST management should be aware of an indications of potential risks, fraud and corruption are:

Related to procurement

- i. False expenditure documents and forged signatures
- ii. False competing bid documentation
- iii. Over-priced goods
- iv. Excessive goods or services (e.g. fuel)
- v. Purchase of unnecessary goods or services
- vi. Multiple invoices by a single vendor
- vii. Invoices very close in time from same vendor
- viii. Counterfeit and expired goods.
- ix. Per Diems: Forged signatures for “events”
- x. Multiple per diems charged in single day or several months in one
- xi. Prospective charges (billing for later periods in order to capture in the expenditure up front in current/earlier period)

Related to invoicing

- xii. Identical invoices from different purported vendors
- xiii. Common mistakes on invoices from purportedly “different” vendors
- xiv. No address, no telephone number, no date, lack of specificity of good or service purchased
- xv. Good or service that does not match the description of the Vendor
- xvi. Absence of registration number, PAN/TAN/TIN number of the vendor

Related to payments

- xvii. Transfer of programme funds to staff bank accounts
- xviii. The same names of suppliers appearing frequently among payments
- xix. Forged documents used to support payments
- xx. Persons on the payroll who may not exist (cash payments for salaries)
- xxi. Large cash payments upon receipt of grant funds

This is not an exhaustive but an indicative list and can be expanded by HST based on experience.

Internal checks and balances

- 18.27 Day-today monitoring of the systems and processes shall take place through the inbuilt internal checks and balances in the FMS manual.
- 18.28 These checks and balances are included in bank and cash transactions, approval authorities and threshold limits and other different sections of this manual.
- 18.29 Director Finance shall be overall responsible for ensuring that these checks and balances are maintained and shall hold Manager Finance, who is the process manager, responsible for lack of compliance which goes unreported.

19. Maintenance and Preservation of Records

- 19.1 All financial records including but not limited to vouchers, ledgers, registers shall be safely and securely maintained in HST.
- 19.2 Following measures shall be adopted for ensuring safety and back up of data:
 - a. All electronic records from TALLY shall be printed and filed on a weekly basis.
 - b. Back up of all financial data shall be preserved on the server or two external hard drives with secure passwords and access rights clearly determined for relevant authorized officials.
 - c. Back up of data shall be done weekly by the Finance Manager.
- 19.3 All such external hard drives shall be kept at off-site locations for additional security and two different Board of Trustees.
- 19.4 Copies of key financial records and documents shall be made and kept at off site location to protect against any contingencies.
- 19.5 All financial records shall be maintained for a period as prescribed by the Charity Commissioner and / or the Donor agency

20. Accountability, Oversight and Audits

20.1. Accountability and oversight

Definitions

- 20.1.1 Accountability means ensuring that personnel working or associated at any level with HST are answerable for their actions and that there is redress when duties and commitments are not met.

Functions

- 20.1.2 Accountability mechanisms within HST are aimed at detecting and preventing abuse and arbitrary behaviour.
- 20.1.3 **Organizational accountability** shall be ensured through ensuring that the Constitution of HST will remain its guiding principle at all times. The Board of Trustees shall be responsible for ensuring this through its regular Board meetings.
- 20.1.4 **Programmatic accountability** shall be ensured by the Director programmes through working closely with the programme teams and adhering to the following:
- a. Strategic plan and operational plan of HST
 - b. Work plans of each funded project
 - c. Compliance to contractual obligations vis-à-vis programmes being implemented by HST.
- 20.1.5 **Staff accountability** shall be maintained by ensuring that all staff, consultants and volunteers are fully aware of the organizational policies and procedures as specified in the HST Institutional Manual that guide the working, functioning and conduct of each staff and consultant.
- 20.1.6 It shall be the responsibility of the HST Senior Management Team to ensure staff accountability at all levels.
- 20.1.7 **Financial accountability** shall be ensured through compliance to the HST Financial Management Systems Manual and the provisions thereof. Director Finance shall be responsible for this and will be supported by Manager Finance.
- 20.1.8 Internal and external financial audits shall further strengthen the accountability systems. For details refer to Section 20.2 of this manual.

Transparency

- 20.1.9 HST shall make available at required and relevant information to the concerned stakeholders like donors.
- 20.1.10 All required information to the statutory authorities shall be made transparently and in a timely manner.
- 20.1.11 Summarized information regarding the activities of the organization shall be captured in annual reports and accessible on request.

20.2. Audit

Internal audit

- 20.2.1 The Board of HST shall appoint an internal auditor who will undertake internal audits of accounting records of the organization and each project.
- 20.2.2 Quarterly internal audit reports shall be submitted by the Internal Auditor to the Board of Trustees.
- 20.2.3 Internal audit observations, if any, shall be treated with utmost priority by the Board of Trustees and corrective measures as and when required shall be initiated.

External audit

- 20.2.4 As per the provisions of the Constitution of HST and statutory requirements, the Board of HST shall appoint an external auditor for conducting the annual statutory audit of its records.
- 20.2.5 The staff and management of HST shall provide the external auditor access to all accounting books and expenditure records, including all other related documents as needed by the auditors.
- 20.2.6 The scope of external shall include among other things audit of HST inventory and fixed assets.
- 20.2.7 All statutory audit and its reports will be completed within 180 calendar days of the end of the financial year.
- 20.2.8 Audit reports shall be made available to stakeholders as and when required for justifiable reasons.

Annexes

Annex 1 Format for Budget Forecast

BUDGET FORECAST SHEET
FORCAST FOR THE MONTH OF:-

Day and date of submission :			
Submitted by :			
Details of Project :			
Period covered :			
DETAILS OF THE FORECAST			
Activity planned	Required Amount	Calculation	Remarks
Total	0		

Annex 2 Format for Petty Cash Book

PETTY CASH STATEMENT (PCS)
Project:-
Project Coordinators:-
Accountant :-
REPORTING MONTH :-

DATE	DETAILS OF RECIEPTS	AMOUNT	TOTAL AMOUNT
	petty cash received		
	Total	0	0
Sr. No.	DETAILS OF EXPENSES (ACCOUNT HEAD WISE)	AMOUNT	TOTAL AMOUNT
1			
2			
3			
5			
8			
9			
	Total	0	0
	Opening balance of petty cash on	0	
	Add : Receipts during the month		
	Total Amount Received during the month	0	
	Less : Expenses during the month		
	Closing balance as on	0	
	Estimated Cash requirement for the next month		0

Annex 3 Format for Fixed Asset Register

Asset Register									
Name of Organization:									
Project:									
No.	Tag no.	Description / Specification / Model	Model / Serial no.	Specific Location	Vendor Name	Asset cost (INR)	Purchase Date	Purchase Doc. Reference	Responsible Person

Annex 4 Format for Stock Register

Stock Register Sheet

Date	Item	Received Qty	Issued Qty	Balance	Recipients Signature

Annex 5 Time sheet

TIME SHEET

Name of Organization _____

Name of Project _____

MONTH / YEAR

Name _____

Designation _____

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
Project Hours																
Other Hours																
Total Hours																

	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL
Project Hours																	
Other Hours																	
Total Hours																	

Employee Signature _____ Date _____

Supervisor Approval _____ Date _____

Annex 7 Salary Register

Sr.No.	Name of the Staff	Designation	Earned Salary	Earned Allowance	Loan /Advance Deduction	TDS	PT	Total	Signature

Annex 8 Cheque Book Issue Register

Cheque Book Or Register

Date	Chq. No.	Payee's Name	Amount	Purpose

(Ref 5.1.4 v)

Annex 10 Advance Request Form

Advance/Imprest Form

Voucher No: _____

Date: __/__/_____

Name : _____

Designation : _____

Purpose/Reason: _____

Amount : _____

Remarks : _____

Signature : _____ Approval _____

Annex 11 Travel Requisition Form

Travel Form

1. Name_____

2. Name_____

Date	From	Time	TO	Time	Details	Amount
					Total	

Applicant Signature _____ Approved By _____

Annex 12 Format for Settlement of Advances

Advance Settlement

Name:					
Date					
Reason					
Place					
Sr No	Date	Particulars	Amount	Supporting	Sign
		Total			
		Imprest received			
		Previous balance			
		Total Amount Receive			
		Current balance			

Annex 13 Product / Services Requisition Form

Purchase Order

Date:

To: _____

Subject: _____

Sr. No	Particulars	Qty	Rate INR	Amount
			Total	

Rupees in words	
Terms & Conditions	
Delivery Details	
Payment	
Packaging and forwarding	
Taxes	
Authorized Signatory	
Organization Copy	Supplier Copy

Annex 14 Good Receipt Note

GOOD RECEIPT NOTE

GRN No.:

Inspection by: (Name/designation)

Product type / category / name:

Procurement Reference:

(Order Number, Purchase approval reference)

No.	Parameter	Observation			Comments If any	Inspection By (name & designation)
		Yes	No	Not applicable		
1	Is the product received matching the order?					
2	Are the specifications matching the specifications of the order?					
3	Are the receipts in right quantities?					
4	Are the product received with un-tampered packaging?					
5	Is the price mentioned in the invoice as per the agreed value / sanctioned value?					
6	Has the product been installed?					
7	Has the test run been demonstrated?					
8	Are all the user manuals / literature available?					

Recommendation:

☐
☐

Accepted and forwarded to Manager Finance for release of payment

Not accepted & returned to the vendor

Signature of the Administrator

Signature of the Programme in-charge

Name, designation & date

Name, designation & date