



UPAY

Underprivileged's Advancement by Youth

UPAY Financial Policy

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Samble

Proposed & Checked by Director (Finance)

PrinTara

Approved by Chairman

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1. Finance Department Mission

The Finance Department of our NGO is committed to timely, accurate and responsible financial management. We work with the director, staff, and board to ensure that all financial matters are managed with care, integrity, and consistency within the best interests of UPAY.

Our financial policies and procedures should be consistent and reflected spirit of our mission. Any funds that flow through our NGO are not an end in ourselves, but merely a tool toward achieving the NGO's goals. Including our mission statement here can serve as both a reminder and guide for all that follows.

2. Purpose

The policy and procedural guidelines contained in this handbook are designed to:

- Protect the assets of UPAY;
- Ensure the maintenance of accurate records of UPAY's financial activities;
- Provide a framework of operating standards and behavioural expectations; and,
- Ensure compliance with due process of Financial Policy.

Exceptions to written policies may only be made if proposed by the Finance Committee and approved by the Executive Body. The Executive Body may approve changes or amendments to these policies at any time. A complete review of the policies shall be conducted every two years by the Finance Committee or other Board designee.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

Section 1 - Financial Control System

1A: Financial Organizational Structure

1A.1: Financial Flow Structure:-

1. Governing Body: Group of trustees
2. Executive Body: central body of UPAY
3. Zonal Body : Zonal Body of UPAY
4. Centre Head : Representative of centre
5. Mentors: Volunteer/Members of UPAY

The Finance Committee:-

It will be consist of Chairman, Director (Administration) & Director(Finance) and will be responsible for time to time review of Financial matters of UPAY financial policy. In case of any ambiguity clarification issued by Financial committee will be final. Implementation committee will be responsible for implementation it will be consist of following members

- 1) Director Finance(Member of Executive Body)
- 2) Zonal Secretary Finance (from each zone)

1A.2 Roles & Responsibility

Governing Body:-

- The superintendence, control and direction of the affairs of the society, its income and property (both movable and immovable) shall be entrusted to the governing body.
- The governing body will be competent to raise funds and purchase property (movable or immovable) as decided by it.
- The governing body shall have full charge of all immovable property(ies) belonging to or vested in the society in such a manner as it thinks fit and these will be handled through the Director (Administration) or as decided by The governing body.
- The governing body shall be competent to invest the funds in the manner it likes and it shall be competent to borrow or mortgage or hypothecate the property(ies) on behalf of the society and these too shall be handled through the Director (Administration) or as decided by The governing body.
- Choosing the auditor and performing regular, in-depth reviews of the organization's financial activity
- Overseeing the development of the annual budget
- Approval of the allocation and distribution of Fund

Director (Finance):-

- Managing Accounts and Financial Transactions of UPAY central account.

- Managing salaries of fellows, operating officers.
- Preparation of budget and presenting budget in Annual Planning meet,
- Fund allotment/disbursement to the zonal accounts.
- Auditing and Reporting of UPAY financial statement
- Compliance of queries raised by the auditor.
- To keep watch on financial condition of the organization.

Zonal Secretary (Finance):-

- Managing Accounts and Financial Transactions of UPAY Zonal account.
- To collect all the monthly formats (Advance /Claim Form a/w Utilization Certificate) from center heads prior to monthly zonal volunteer meeting.
- Meeting with bank official, charity commissioner office, auditors and donors in presence of Zonal Director.
- Monthly submission of Zonal Audit Report to Director Finance after verification from Zonal Director within 7 days after monthly meeting.
- Will be responsible for preparation of zonal budget.
- Quarterly submission of Zonal Report to Director (Finance).
- Raising requisition to Director(Finance) for Zonal fund requirement

Zonal (Director):-

- Supervise Zonal Bank Account operations
- Funds arrangements,
- Stipend of the volunteers,
- Center funds distribution,
- Verifying Monthly & Quarterly report prepared by Secretary Finance

Center Head:-

- Requisition of advance or claim for center fund to Secretary (Finance).
- Will be responsible for fund Center heads should submit last month's expenditure and next month fund requirement, that is monthly report in prescribed format along with expenditures
- Proper maintenance of Stock Register for transparency in Fund Flow
- Proper distribution of Allowances amongst Center Volunteer
- Will maintain a file of bills and advance claim form of their respective center

1B: Requisition of Funds

Advance:-

Every member/Volunteer/Operating officer is entitled to take advance fund for carrying out activities in line with UPAY vision & mission as per his/her entitlement defined in UPAY DOP.

- Apply for advance on website's Finance portal to Secretary (Finance) / Director(Finance) as per DOP.
- Every advance shall be supported by quotation, break up of funds.
- After receiving the advance request, Secretary (Finance)/ Director(Finance) shall release the fund only if the approval are accorded as per UPAY DOP.
- An unique reference number shall be generated for every advance form by the Zonal Secretary (Finance).
- A file shall be maintained at zonal level as well as center.

Claim Form:-

When member/Centre Head/Volunteer /Operating officer has incurred any expenditure for carrying out activities in line with the UPAY vision & mission or claiming reimbursement of Conveyance allowance or salary then they have to fill Claim Form on website's Finance portal.

- All the claims shall be supported by the original bills.
- Amount less than Rs. 1,000/- can be self-certified on a cash voucher if bill is not available.
- For any transaction more than Rs. 1,000/-, proper bill must be taken.
- For higher purchase value, Efforts shall be made to give direct payment to the concerned vendor in case of goods and services outsourced.

Conveyance allowances:

If a member/volunteer/operating officer request for conveyance allowance. It shall be paid as per UPAY HR policy. Approval of conveyance allowance shall be done by Zonal Director and it shall be claimed at the end of the month. Member/volunteer/operating officer shall fill online/offline form and submit it to zonal director for availing the conveyance allowances. Format of requisition form is attached below.

Volunteers Conveyance/Study Allowance

Date:

Name	
UPAY Volunteer ID (as per UPAY I card)	
Centre-Zone	

Date of joining	
Address	
Distance of House from centre	
Profession	
Opting for conveyance/ study allowance	Yes: No:
Account Number & Bank	

I will intimate if there will be any change in address

For Office Use only

Month	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Attendance (days)												
Amount paid												

Amount to be paid based on volunteer's attendance at the centre, attendance to be maintained at centre diary.

Signature of centre Head

Signature of Zonal Director

Payment Guidelines

P-1. Every zone has to maintain a zonal expenditure and donation file.

P-2. All the payments to be made strictly through cheque/online only.

P-3. Volunteers/Members can withdraw monthly or quarterly imprest /advance for cash purchase and other services as per UPAY DOP.

P-4. Volunteers and member have to submit the utilization form at the end of the month or quarter

for the advance taken or claim made.

P-5. All the payments to be made only after receiving the advance or claim form from the applicant

P-6. Claim and advance not to be added, separate cheques to be issued against claim and advance forms.

P-7. Conveyance allowances & centre funds shall be disbursed through cheque or online payment systems directly to the volunteers.

P-8. Every claim and advance forms to be supported by Utilization certificate (attached duly filled utilization certificate) and they have to be filled together in the zonal file.

P-9. Conveyance, other allowances and honorarium to be booked under expenditure and to be claimed at the end of the month through claim form by respective centre heads on behalf of volunteers or by volunteer /members.

P-10. Every utilization certificates to be supported by bills or cash voucher

P-11. Monthly Audit report to be submitted as per utilization certificates and to be prepared for every month as per the budget Head.

P-12. If volunteer/member failed to utilize amount of monthly or quarterly advance in the given period, he/she has to return back balance amount to the UPAY account or he/she will fill a separate advance form and carry forward the balance amount for next period. No new advance will be sanctioned unless previous utilisation certificates are submitted.

P-13. If the utilized amount is more than the advance taken, additional amount shall be claimed by filling the claim form of the additional amount and payment shall be made through separate cheque.

1 C) Approving hierarchy of Requisition

- All the claims and advance to be submitted by the concerned Members/Center Head/ Volunteer/Operating Officer to the concerned Secretary Finance of their Zone.
- Approving authority will be as per UPAY DOP.
- No advance and claim to be sanctioned without taking the duly filled advance form and Claim Form.
- Zonal advance/Claim shall be taken from Zonal account & central advance shall be taken from central account.
- For advance/claim fund, concerned volunteer/mentors/members have to fill the prescribed Form and submit to the zonal secretary (Finance) if the fund is for zonal activity. For central advance fund, form shall be submitted to Director (Finance) through proper channel.
- Every advance form shall reach to Secretary (Finance) /Director(Finance) only after the certification by concerned Secretary or director ie if advance is for operational activity, it shall be certified by Secretary (operation)/Director(operation) , if it is PR related advance, it shall be certified by Secretary (PR)/Director(PR). If the requisite/claimed fund is more than his/her entitlement, he/she has to take the approval of competent higher authority as per UPAY DOP. even if the fund is within his/her entitlement limit , he/she has to take the approval of one level up higher authority ie centre head to take approval of zonal secretary and zonal secretary to take approval of zonal Director etc

1D) Utilization Form

- Every claim and advance forms to be supported by Utilization certificate.
- After utilisation of amount taken, one have to submit utilisation certificate duly filled and supported by necessary Bills and Vouchers.
- No advance or claim shall be sanctioned to volunteer/member/operating officer if they have not submitted the utilization form of previous advance.
- Every utilization shall be furnished within one month from the date of release of advance.
- An unique reference number shall be maintained.
- Every utilization form must be attached with advance and claim form.

1E) Carry forward/return of the unutilized fund

If volunteer/member failed to utilize amount of monthly or quarterly advance in the given period, he/she has to return back balance amount to the UPAY account or he/she will fill a separate advance form and carry forward the balance amount for next period. No new advance will be sanctioned unless previous utilisation certificates are submitted.

1 F) Recovery:- If a member claims excess amount, it shall be recovered from his/her account. If the attached bills are not found satisfactory, The claimed amount shall be recovered from the concerned volunteer/member. Any false claim will result in recovery and disciplinary action. If Advance or Claim taken by Member/Volunteer/Operating Officer and he/she fail to submit the Advance/Claim Form along with duly filled Utilisation Form supported by Bills or Vouchers within 90 days from the date of Advance /Claim taken, then the amount is recovered .

UPAY DELEGATION OF POWER (DOP)

Introduction:

Many minor and significant decisions drive the smooth functioning of an organization in the day to day activities. They are directly or indirectly related to the finances of the organization. There is a delegation of power to few authorities within the organization as per the decision of the apex decision-making body. At UPAY, the apex decision-making body is the governing body. The document contains the details of the powers delegated by the governing body to various jurisdictions in the organizations. The document may be called as a ‘DOP’.

Abbreviations:

CAO: Chief Admin officer

COO: Chief Operating

Officer FD: Functional

Directors

PO: Purchase Order

SCM: Steering Committee Members

ZAO: Zonal Admin Officer

ZD : Zonal Director

ZFS: Zonal Functional Secretaries

ZOO: Zonal Operating Officers

SECTION-A

Powers Delegated w.r.t. Purchase of material/ services by placement of Purchase Orders and Payments to vendors.

Sl.no.	Nature of power	Zonal Director	Functional Director	Chairman
1.	In-principle/Administrative approval of the cost estimate for the purchase of material/services.	Up to Rs. 1 lakh	Up to 5 lakhs	Up to Rs. 10 lakhs.

The proposal shall be initiated as per the value of the cost estimate	Centre head/ZOO/ZAO	Zonal functional secretary	Zonal director/Functional director/CAO/COO
	Up to Rs.20,000	Up to Rs 1 lakh	For Any value

Remarks:

1. If the initiator acts as the approver for any clause as mentioned above, it shall be sent to higher authority for approval.
2. If the provision of the expenditure is not in the budget, in-principle approval has to be taken from the competent authority as per the amount in this clause. However, for central expenses, the competent authority is the functional director/chairman. **In-principle approval shall not be required for the purchase matters already discussed in meetings in the presence of the approving authority.**
3. Reference of estimate and justification of quantity has to be attached/mentioned in the note.
4. Purchase Order (PO) shall be issued necessarily for values above Rs. 20,000/-.
5. The approval of cost estimate, tendering and PO approval may be taken in a single note as per the requirement.
6. Proposal shall be vetted by Finance before approval by the competent authority.
7. For zone related matters, representatives of zone, and for central level related matters, representatives of centre shall initiate the note for approval.
8. Draft Note- Attached at annexure-A1

Sl.no.	Nature of power	Zonal Director	Functional Director	Chairman
2.	Approval for the following modes of tendering for approved cost estimates and award of POs.			
a.	Limited Tender (7 number of minimum parties through vendor enlistment).			Up to Rs 10 Lakh
b.	Limited Tender (3 Number of minimum parties).		Up to Rs. 5 lakh	Up to Rs. 7 lakh
	Limited tender (Single response received).		Up to Rs. 2.5 Lakh	Up to Rs. 5 Lakh
d	Committee Purchase (Minimum 3 quotations required)	Up to Rs. 1 lakh	Upto Rs. 2 lakh	Up to Rs. 5 lakh
	Committee purchase (for single response received)	Upto Rs. 50 thousand	Upto Rs. 1 Lakh	UptoRs. 2 Lakh
E	Through 3 quotations	Upto Rs. 50 thousand	Upto Rs. 1 Lakh	UptoRs. 2 Lakh
f	Through approved vendor on single quotation (definition of approved vendor)	Upto Rs. 20 thousand	Upto Rs. 50 thousand	Upto Rs. 75 thousand
g	Through any vendor on single quotation	Upto Rs. 10 thousand	Upto Rs. 30 thousand	Upto Rs. 50 thousand

Remarks:

1. Nomination for purchase committee shall be done by approving authority.
It will include:
 - a. One member from the initiator party.
 - b. One from finance.
 - c. One from administration or as deemed suitable by the approving authority.
*Minimum 3 members must be available for committee purchase.
2. The purchase committee shall select the vendors fairly, get quotations from them and

henceforth the co-ordinator will process the award of PO. Committee shall ensure that the rates quoted by L1 bidder are reasonable.

3. Similar committee called tender committee shall be formed by the approving authority in order to finalize the vendor, float enquiries of limited tender and process for award of the PO.
4. Reasons to proceed for award with single offers against limited tender/purchase committee or single tender shall be mentioned in the award approval.
5. Proposal shall be vetted by Finance before approval of the competent authority.
6. Purchase orders shall be issued by finance (zonal/centre) after the approval of the competent authority.
7. Purchase Order (PO) shall be issued necessarily for values above Rs. 20,000/-. Up to Rs.20,000, PO may or may not be issued and the decision shall be taken by approving authority.
8. POs may not be issued for online purchases even if the value exceeds Rs. 20,000/-. In such cases, advance/claim for the expenditure shall be permissible through powers under section B of the DOP.
9. Above Rs.10,000, payment to the vendor has to be made directly by raising a claim request.
10. Payment made by volunteer/member to vendor upto Rs. 10,000, for single item may be reimbursed on approval of the claim request. Advances for to the volunteer/member for such cash purchases are permissible. Against such advances availed, 'claim against advance' has to be raised after the purchase. The platform for such requests to raise would be as per circulars issued from time to time. The power for such advance/claims is governed under section-B.
11. In case of emergency with proper justification in writing, Chairman may approve for lower mode of tendering for value upto Rs.10 Lakhs.
12. A vendor with whom any business has been done, shall be entered in the 'approved vendors' list. Each zone shall maintain the list of these vendors. The vendors who submitted quotations against committee purchase or limited tender shall also be included in the list.

Sl.no.	Nature of power	Zonal Director	Functiona l Director	Chairman
3	Approval for deviation in PO value and amendment in PO thereof:			
a.	Upto PO of value of Rs. 1 lakh	30%	40%	50%
b.	Upto PO of value of Rs. 5 lakh		30%	40%
c.	Upto PO of value of Rs. 10 lakh			30%

1. Reasons for amendments in quantity, terms or rate shall be recorded.
2. The change in rates, if any has to be reasonable with respect to the trend of rates in market.
3. Deviation may be granted to the same party on the same rates, terms and conditions as stipulated in the original order with finance concurrence against previous orders, subject to the following
 - a. The normal processing of the case is likely to delay the procurement and adversely affect the work
 - b. The executed qty shall not be more than 3 months after completion of the earlier order.
 - c. A reasonable assessment and certification by the initiator that there has been no downward trend in prices and vetted by finance.
 - d. The prices against earlier order were not escalated to compensate for earlier deliveries.
4. Full power of approval for deviation in PO value and amendment in the same shall be vested to a team consisting of Director(Finance), Dir(admin) and Chairman.

Sl.no.	Nature of power	Zonal Director	Functiona l Director	Chairman
4	Approval for cancellation/closure of PO.	The same authority which approved PO or higher		

Remarks:

1. In case of poor performance of the vendor/contractor, the order issued earlier may be cancelled with the approval of authority which had awarded approval earlier.
2. The proposal shall contain:
 - a. Warning letters/communications issued to intimate about the poor performance
 - b. The work as completed and the payment payable to the agency.
3. After the proposal for cancellation of PO is approved and communicated to the vendor, due payment to the vendor/contractor shall be made.
4. The vendors may be blacklisted depending on their performance. At least three-member committee, consisting of one member from finance and one member from concerned function and one from any other as deemed appropriate by the approving authority, shall be constituted for the review of vendor's performance. The committee may recommend for blacklisting for certain minimum duration or for indefinite period. Based on the recommendation, approving authority may approve the blacklisting. Blacklisted vendor details to be communicated to central level finance team along with the suitable reasons. A list of such vendors shall be maintained by zone.

Sl.no.	Nature of power	Zonal Director	Functiona l Director	Chairman
5	Approval for extension in the time duration of PO	The same authority which approved PO or higher		

Remarks:

1. If the work or the material supply remains incomplete within the time provided in PO, the extension in duration may be sought from the authority which approved the award of PO subject to following-
 - a. No decrease in the price of items in PO.
 - b. No loss to the organisation.
2. The proposal shall be vetted by finance team before approval of the competent authority.

Sl.no.	Nature of power	Zonal Director	Functiona l Director	Chairman
6	Approval for advance/payments to vendors as provided in the PO	Upto Rs 1 lakh	Upto Rs 2 lakh	Upto Rs 10 lakh

Remarks:

1. The advance/payments to the vendor as provided in awarded purchase order shall be done as per the clause mentioned above.
2. In case of zonal/central expenditure, payment shall be made from respective zonal/central account after the approval from the competent authority.

NOTESHEET

Sub: *In-principle/Administrative approval for cost estimate of Rs.....*
for the work/purchase of for zone.....

Justification of Requirement:

(Please enter why is it required, reference to discussions in the meetings or any circular which contains the information may also be given)

Justification of quantity: (brief explanation about how the quantity has been estimated)

Rate reference: (mention any latest awarded rate or quotation from the vendor)

SECTION-B

Powers delegated w.r.t. Advances, claims for individuals

Sl.no.	Nature of power	Zonal Director/ Functional Director	Chairman	Governin g body
1.	Approval for advance /imprest and claims against expenditures to the individuals.	Upto Rs. 50 thousand	Upto Rs. 1 lakh	Above Rs. 1 lakh
	Max permissible amount to a. Volunteer: Upto Rs 5000 b. Centre head/ZAO/ZOO: Upto Rs. 15000 c. ZFS/CAO/COO: Upto Rs. 50000 d. ZD/FD/Chairman: Upto 2 lakhs.			

Remarks:

1. This power shall normally be used for small expenditures. It can also be used where normal procedure of making a purchase are not applicable/possible as per the given circumstances. Advance availed under this clause shall not be utilised for making the payment/procurement of a single item/service of value above Rs 10000. However, advance/claim for the online purchases of multiple items made as per procedures in section-A of DOP, shall be permissible.
2. Same authority cannot initiate the request and approve. E.g. for advance/claim of Rs. 25 thousand to/by ZD or FD, approval of the Chairman is required.

Part A: Advance and claims:

- I. Advance or claim requests shall be vetted by finance team before approval of the competent authority.
- II. If the expenditure against not so common item/work is to be done, in-principle/administrative approval shall be taken first.
- III. Claim against every advance availed shall be raised within 30 days. The unutilised amount shall be deposited to the respective zonal/central account. Additional expenditure shall be reimbursed by finance.

Part B: Imprest

1. Provision of advance to volunteer/member/staff for small expenditures on monthly basis is termed as imprest. One-time approval is required for the sanction of imprest which shall be valid till the end of ongoing financial year or till the time as specified in approval note. It won't hold validity later than the end date of ongoing financial year.
2. Afterwards, the volunteer/member shall raise a request for advance.

- Claim has to be raised for the expenses made preferably at the end of every month or as per requirement. After the claim is approved by competent authority, the approved amount will be reimbursed by finance.

Sl.no.	Nature of power	Zonal Director/ Functional Director	Chairman
2.a.	Approval for sanction of advance to paid staff such as teacher/ZOO/ZAO /COO/CAO from its stipend/remuneration.	Upto amount equal to 2-month stipend/ remuneration or Rs 25000 whichever is LOWER	Upto amount equal to 4-month stipend/ remuneration OR Rs 50 thousand whichever is LOWER.

Remarks:

- In case of personal urgent requirement such as those related to medical treatment, advance amount may be granted to the paid staff of UPAY.
- The request shall be raised by the concerned staff. The reasons shall be mentioned and necessary documents shall be submitted to justify the requirement.
- The advance shall be deducted from the stipend/remuneration of staff in the subsequent months. The advances approved by zonal directors shall be settled in 6 months and those approved by chairman within 9 months. E.g. if the advance amount is deposited in May 2020, adjustment shall begin from June 2020 onwards.

Sl.no.	Nature of power	Zonal Director/ Functional Director	Chairman
2.b	Approval for waiving off advance or part of it or relaxation in duration for repayment of it paid vide 2.a of section-B	-----	Full power

Remarks

- This power shall be utilised only if it is established that the staff is not in a position to return the advance taken due to unforeseen conditions not in its capacity and can be considered on humanitarian grounds.

Sl.no.	Nature of power	Zonal Director/ Functional Director	Chairman
3.a.	Approval for sanction of loan to help volunteers in need	Upto Rs 10 thousand	Upto Rs 25 thousand

Remarks:

1. In case of personal urgent requirement such as those related to medical treatment, loan amount may be granted to the registered volunteer of UPAY.
2. The request shall be raised by the concerned volunteer. The reasons shall be mentioned and necessary documents shall be submitted to justify the requirement.
3. The loan amount shall have to be returned within 6 months if approved by zonal directors/directors shall be settled in 6 months and in 12 months if approved by chairman.

Sl.no.	Nature of power	Zonal Director/ Functional Director	Chairman
3.b.	Approval for waiving off loan or part of it or relaxation in duration for repayment of it paid vide 1.a of section-B	-----	Full power

Remarks

1. This power shall be utilised only if it established that the staff is not in a position to return the advance taken due to unforeseen conditions not in its capacity and can be considered on humanitarian grounds.

Sl.no	Nature of power	Zonal Director	Chairman
4	Approval for advance / reimbursement for/of expenditure towards travel for official work	For zonal works	For central works

Remarks:

1. UPAY will pay only surface transport as far as possible, i.e. bus, train, auto, taxi etc.

2. In case of train journey, fares of 3 Tier-AC class shall be reimbursed.
3. Reimbursement of actual fuel cost of personal vehicle used for official work is permissible, provided the vehicle was shared with other officials of the organisation.
4. Air travel is permissible for urgency cases. However, prior approval of chairman is required for the reimbursement.
5. Accommodation expenditures at the rate of Rs.1500/day in Metro cities and Rs.1000/day in Non-metro cities shall be reimbursed. Accommodation reimbursement amount can be revised by UPAY executive body from time to time.
6. Dearness Allowances will be provided to the volunteers, members and associates at the standard rate of Rs. 400 per day per person.
7. Maximum permissible amount for inter-zone travels would be as per circular dated 08.07.2019 till the issue of next circular.

SECTION-C

Powers delegated w.r.t.write off, sale of items and others

Sl.no.	Nature of power	Zonal Director	Functiona l Director	Chairman
1	Approval for write-off in case of theft or loss of any item, obsolete object, unserviceable/irreparable items such as PCs, cameras, printers etc.	25 thousand	50 thousand	75 thousand

Remarks:

1. A committee shall be constituted of members belonging to the concerned function, finance and admin or as deemed fit by the competent authority. The committee shall assess the usability of the item and submit its recommendation. Accordingly, the competent authority shall take the decision.
2. Amount mentioned above will be the depreciated value.
3. Photograph of current condition to be attached along with the note.

Sl.no.	Nature of power	Zonal director	Zonal Director/ Functional Director	Chairman
2	Approval for sale of scrap items/old items or items after their shelf life.	Upto Rs. 50 thousand	Upto Rs. 1 Lakh	Upto Rs. 2 Lakhs

Remarks:

1. For the declaration of any item as scrap or take the decision to sell any old item, a committee shall be constituted of members belonging to the concerned function, finance and admin or as deemed fit by the competent authority. The committee shall recommend whether the item can be declared as scrap after proper analysis. The competent authority shall take the decision based on the recommendations of committee.

Sl.no.	Nature of power	Zonal Director/ Functional Director	Chairman
3	Approval for sale of new items such as items	Upto Rs. 1 lakh	Upto Rs. 5 lakh

Remarks:

1. A committee of at least three persons with one member of finance team shall be formed by approving authority to analyse and recommend the rate of items to be sold. The competent authority shall take the decision based on the recommendations of committee.

Sl.no.	Nature of power
4	If such a situation arises, chairman may delegate some powers to zonal director/functional director to the extent he decides for a certain duration.

Remarks: The power shall be used under extra-ordinary circumstances only.

Section-D

Powers to quote rates on behalf of UPAY and related

Sl.no.	Nature of power	Zonal director	Functiona l Director	Chairman
1	Approval of rates to be quoted for supply of items or services on behalf of UPAY and acceptance of Purchase Order from the respective clients and raising the invoices against the accepted PO/works	Upto Rs 1 lakh	Upto Rs 5 lakh	Upto Rs 15 lakh

Remarks:

1. As per the value of quotation against an enquiry raised, the approving authority may vary. E.g. for submission of quotation of Rs. 1.5 lakh, approval of the concerned functional director shall be required.
2. A committee of three members consisting of finance member may be formed to analyse the requirements of enquiry and prepare an estimate of rates and submit the same to the competent authority. All the calculations, references, assumptions shall be noted clearly in the recommendations.
3. Recommendations of committee will provide a fair idea to the approving authority to enable the members to take suitable decision. After considering all the factors, approving authority may finalise the rates to quote in the tender enquiry.
4. The approving authority may nominate CAO/COO/ZOO/ZAO for quoting the approved rates in client's system.

SECTION-E
(DOP w.r.t appointments)

Sl.no.	Nature of power	Zonal director	Functiona l Director	Chairman
1	Appointment of staff/trainee as per requirement with stipends / remuneration up to.	Upto Rs 15 thousand per month	Upto Rs 25 thousand per month	Upto Rs 50 thousand per month

Remarks:

1. Before initiating the process of selection of candidates, in-principle approval from the chairman shall be required. Requirement of staff, expected remuneration, qualifications shall be mentioned in the note of approval.
2. After the in-principle approval, detailed responsibilities to be given to the staff. Henceforth, the process for calling applications or scheduling interview and finalisation of candidate shall be done with the approval of the approving authority in this sl.no.
3. The selection committee shall include minimum four members having one of them from administration. Moreover, in case of appointment for zones, one member from another zone or centre shall be nominated.
4. The committee shall submit recommendation to the approving authority after selection process.

General Notes:

1. Representatives of zones shall initiate processes of approvals for requirements/matters of zone.
2. Zonal Director may nominate ZOO/ZAO in the committees mentioned in the DOP.
3. Chairman/Functional Director may nominate COO/CAO in the committee mentioned in the DOP.
4. SCM appointed for upcoming zones shall have power of value of 50% of zonal directors mentioned in DOP.
5. Approvals shall be processed through proper channels only. For approval of chairman on zonal matters, the note shall be routed through zonal director.
6. Any deviation from the DOP, shall require approval of governing body.
7. Proposal value shall not be split up to avoid requirement of approval from higher authorities.

Section 2 Budgeting

2A) Budget Planning:-

Budget means an estimate of the amount of money to be received and to be spent for various purposes in a given time. Every year in the month of April, Zonal Secretary Finance will have to submit budget estimate a Duly signed by Zonal Director & Sec(Fin) of their respective zones in the prescribed format to the Director(Finance).Inputs for budget estimate to be taken from centre heads of respective zones.

The budget of newly added zone, shall be taken care from the central account.

Newly added zone can also be either clubbed with existing zones or operated through central account as decided by the executive body. The budget is compared to the monthly financial statements in order to monitor the actual results.

2B) Pre-budget Approval Expenses: In case there is a delay in budget approval , pre-approval expenditure shall be taken care as per UPAY DOP and approval of the competent authority shall be accorded for disbursement of zonal funds.

2C) Budget Approval :-

Director(Finance) to put up the consolidated budget of all zones for approval in Annual planning meet. It shall be approved by the month of June every year; accordingly funds shall be allocated to the zonal accounts for yearly expenditure after the consent of governing and executive body.

2D) Budget Disbursement :-

Zonal funds shall be disbursed quarterly .Once budget is approved quarterly disbursement of zonal funds does not need re approval , if the requisite fund is within the approved limit.

2E) Budget Utilization:

All the zones must submit Utilization Report duly signed by zonal Director and secretary finance. Quarterly reconciliation of all the zonal expenditures shall be completed.

Monthly utilization/audit report as shall be prepared at every zone by secretary finance and shall be put up for zonal director approval.

2F) Budget Revision: Zonal Secretary (Finance) can revise its estimate in the month of October and extra funds will be credited to zonal accounts based on the requirement.

2G) Budget heads:

Budget heads are the type and nature of expenditure incurred at central and zonal level . as on now 12 nos of budget heads are included in budget statements. Addition and deletion of budget heads can be done by the executive body on the recommendation of financial committee .

2H) Budget Formats:**Form -1 Detail Zonal Budget Estimate**

FY: (Date)

No of CENTER:

INITIATIVE: Footpath Shala / Reach & Teach

ZONE:

Nagpur

NO OF CHILDREN:

Budget Head	Heads	Sub Heads	Particulars	Nature of expenditure	Annual Budget Estimate
BH01	Center Operations	Stationary	pen, board, chalk, center diary, attendance register, slates etc	Monthly	
BH01	Center Operations	Sports items	Sports items at	Annually	
BH01	Center Operations	snacks	Snacks for children after classes (for footpathshala only, once in a week)	Weekly	
BH01	Center Operations	Medicines	First aid box , basic medicines	Annually	
BH01	Center Operations	Prizes	Prizes for children for competitions	Monthly	
BH01	Center Operations	Meetings/ workshops	Parents meeting , volunteers meeting	Monthly	
BH01	Center operations	Honorarium /conveyance allowances	Paid Teachers salary at Reach & teach centers		
BH01	Center operations	News papers/magazine	Newspaper, magazines , books for library	Monthly	
BH01	Center Operation	Total			
BH02	Center development	Initial center requirements	Pavement, blackboard making, painting , cleaning , shed making	Quarterly	

BH02	Center development	Rents/Subscriptions	Solar light , electricity bill, room rent	Monthly	
BH02	Center development	Assets	Fan, lighting, mats , music player	Annually	
BH02	Center development	Printing	Banner, syllabus, brochure ,notebook, bags, I cards	Annual	
BH02	Center development	Total			
BH03	Child Development activity	Regular events	sports, balsabha , nukkadnatak	Weekly	
BH03	Child Development activity	Health check up camps	Arrangements for health check up camp	Quarterly	
BH03	Child Development activity	visits	Park/ museum/ science center visits	Annually	
BH03	Child Development activity	Surveys	Survey forms, biometric details	Annually	
BH03	Child Development activity	total			
BH04	Social Awareness event s	cultural	Festival celebration	Monthly	
BH04	Social Awareness event s	Swachh center abhiyan	Cleaning of center premises	Annually	
BH04	Social Awareness event s	Conveyance	Commutation of children for school (5k/month/center)	Quarterly	
BH04	Social Awareness events	Total			

BH05	Center expansions	Pre-opening expenditure	Initial Expenditures for new centers (10 centers in a year, 2 centers per zone)	Quarterly(to be filled by zonal team, not for center)	
BH06	Fundraiser events	Fund raiser	Annual day , fund raiser events		
BH07	Legal & Statutory	Legal fees	audit fees/Reports preparation & SUBMISSION		
BH07	Legal & statutory	Postal expenditure	Letter sending /posting		
BH07	Legal & statutory	Total			
BH08	Publicity & Promotional expenditure	College, park publicity	Publicity for volunteers induction and fund raising		
BH08	Publicity & Promotional expenditure	Website hosting/ pamphlets/banners	Web site renewal, website development, web hosting charges, domain charges		
BH08	Publicity & Promotional expenditure	Total			
BH09	Training & research	Training expenditures	Induction , half yearly zonal training and annual planning meet	Half yearly	
BH10	Administrative	Employee's Salary		Monthly	
BH10	Administrative	Rental Charges		Monthly	

BH10	Administrative	Meetings & Travels		Monthly	
BH10	Administrative	Misc Office expenditure		Monthly	
BH11	Library Operations	Establishment cost		Annual	
BH11	Library Operations	Books & Magazines		Monthly	
BH11	Library Operations	Librarian's Salary		Monthly	
BH11	Library Operations	Rental charges		Monthly	
BH12	Skill Development	Establishment cost		Annual	
BH12	Skill Development	Material		Monthly	
BH12	Skill Development	Trainer's Salary		Monthly	

Section 3 :Accounting

3A) Bank Account

6. Type of account (central /Zonal)
7. Account opening
8. Account operation
9. Account termination
10. Account Reconciliation

Type of Account

Central Account :-

UPAY shall have one central Account. All the donations irrespective of any zone shall have to be credited to the central account. The fund shall be transferred to each zone through Central Account only. One separate account shall be maintained for foreign contribution.

Zonal Account:-

Each Zone will have a separate bank Account. All the conveyance and expenses related to zone shall be debited through zonal account.

Account Opening:-

If any new zone is added, initially all the expenditure shall be taken care by the central account through steering committee. Executive body can club the new zone with existing zone till the new zone becomes stable. Once the zone becomes sustainable a separate zonal bank account shall be opened by the authorization letter issued by Executive body.

UPAY central/zonal accounts can be opened in any national/semi national/Govt/private bank.

Account Operation:-

Every Account whether Central/Zonal should have four account holders and can be operated by the signature of 3 out of 4 signatories.

The Central Account shall be operated by the joint signature of Chairman/Vice Chairman, CEO, Director (Finance), and Director(Administration) or Director(operation).

The Zonal Account shall be operated by the joint signature of Zonal Director/ Zonal Coordinator, secretary (Finance) , and Secretary(Administration) or secretary (operation)

Account Termination:-

The Zonal Account can be terminated if the Zone is closed or if two Zones were merged together. Also if decided that all the zone will be operated through one Central Account.

Account Reconciliation

If Zonal Secretary (Finance) /Director(Finance) issues cheques against bills, then zonal pass-book balance and the ledger bank balance will probably differ. Secretary (Finance)/Director(Finance) to do a bank reconciliation each month to identify break-up of the difference.

Even when bank account is mainly used to draw cash, Secretary(Finance) /Director(Finance) shall compare the pass book balance with ledger balance every month. This is a safeguard against mistakes by the bank. Three things required to prepare a bank reconciliation.

(i) Bank Pass Book;

(ii) Cash Book or Ledger containing the Bank Account;

(iv) Previous reconciliation, if there was difference in opening balance.

1. Ticking Off common items

- First decide the period for reconcile.
- Compare the opening balance of the Pass book and the Ledger.
- If there is a difference in the opening balances, locate the previous reconciliation.

Now you have to start ticking off the common items in the pass book and the ledger. For this see the first entry in the ledger on debit side. Locate this entry in the pass book also (in Deposits column).

Compare both the entries – are the amounts same? If there is a small difference, it may be due to collection charges. Note the difference separately.

Tick off both the entries if these match. In this manner, tick off all matching entries on debit side

Now look at the Credit side of the ledger. Compare these entries with those in Withdrawal column of pass book. Match cheque numbers also if possible. Tick off all common entries one by one.

2. Correcting Our Ledger Balance

Now prepare the first part of the Reconciliation:

Take a fresh sheet of paper and note down the closing balance as per ledger.

From this deduct any bank charges (or collection charges) or cheques that may have been dishonoured. This will give you the corrected ledger balance.

3. Reconciling the Pass Book balance

Finally reconcile the Pass Book balance. Note down the balance as per pass book. To this balance add those cheques which have been deposited but not yet cleared. You will find these as unticked items on the Debit side of the ledger.

Then deduct the cheques which you have issued but which have not reached your bank. These will appear as unticked items on the Credit side of the ledger.

The resulting balance should be the same as the corrected Ledger balance.

If a difference remains, scan the pass book and ledger for unticked items. Check the totalling and the manner in which you have added or deducted items. If the difference still remains, you will have to tick the items again. Use a different color pen this time. And be more careful!

Follow-up Steps

After reconciling the bank, you must look into the items that appear on the list. Pass entries in the ledger for bank charges, interest etc. Pass entry for dishonored cheque also. Depending on reasons for dishonor, talk to the concerned party or your bank. If the amount for any cheque which you issued is different from your records, approach the bank immediately. Find out the reason for the difference. If there is a mistake at the bank, have it corrected.

When discrepancies are found, Director/Secretary Finance investigate these discrepancies and take appropriate corrective action. This may involve making journal entries to correct balance errors. All information found, analysis performed, and actions taken are stored for audit purposes. The account reconciliation process must be completed before closing of Financial Year and have to issue final financial statements.

3B) Corpus/Investments/Deposits /Endowment

Corpus and the law

It refers to funds contributed by founders/ promoters/Members generally to start the NGO. It also includes donations/contributions received with specific directions. These are non - refundable funds, which can however be increased by additional contribution by the founders/promoters/ donors/contributors with specific directions in furtherance of the objects of the NGO. Membership fees will be considered as corpus.

As per Income Tax Act, 1961 Donations towards corpus need not be spent. These are not treated as income for calculating the 85% figure of expenditure-requirement.

In addition to corpus donations, NGOs exempt under section 12A have to spend 85% of their income each year. NGO can transfer up to 15% income to its corpus in a year. Funds have to be invested in approved modes.

As per Foreign Contribution (Regulation) Act, 1976 Corpus created with FC funds should be shown on FCRA Balance Sheet. Related investments should also be shown on FCRA Balance Sheet. If you create (or increase) a corpus with FC funds, then its income becomes foreign contribution. Such income should be deposited in FCRA account. This interpretation is used by FCRA authorities and is supported by accounting logic.

Apart from contribution from promoters/founders/member is a donor gives a letter saying that the donation is towards corpus, the fund can be booked as corpus.

Endowments

Legally, an Endowment Fund is similar to a Corpus. The differences are only with respect to use of income from the Endowment Fund. An Endowment Fund is created under specific direction from the Donor. Income from the Endowment Fund can be used only for the purposes specified by the Donor.

Permitted Investments.

The funds can be invested only in specific securities. For example, Fund can not invest in shares of public companies, in commodities (or in gold bricks!). Presently following investments are permitted under Income Tax Act. However, local laws (such as Bombay Public Trust Act) may specify other investments. need to work out a common list of permitted investments for your state before investing.

3C) Assets:

There are two type of asset, one is current asset and second is fixed asset, Fixed assets are those assets which are held with the intention of being used for the purpose of producing or providing services and not held for sale in the normal course. Under each head, the original cost, the additions thereto and deductions

therefrom during the year, depreciation written off or provided during the year, and the total depreciation written off or provided up to the end of the year should be stated.

Fixed assets should be recorded at cost of purchase price or market value for donated assets.

3D) Donations/ Credits

Donations

Donation means something given in contribution to benefit a cause. A donation receipt shall be given to all the donors irrespective of mode of donation. all the details related to donation received at zone shall be kept at zonal file.

Domestic Donation :

When a donation is received from donor with Indian Passport and within India's territory ,such donation is classified as domestic donation.

Foreign Donation:-

When donation is received from outside India's territory by non-Indian passport holder .such donation are Foreign Donation.

Cash Donation

The donation can be received from donor in Cash. The donation amount have to be deposit in UPAY central Account indicating the donor's details.

Donation Through Cheque:

The donation can be received from donor in Cheque.The Cheque must be in f/o "Under Privileged Advancement by Youth" and have to be deposit in UPAY Central Account.

Online Donation :

The donor can donate online through payment gateway or Transfer directly to the central bank account "Underprivileged Advancement by Youth".The donation should be in UPAY Central A/C No.-31985816052, SBI Mauda, Nagpur, Branch Code-04813, IFS Code-SBIN 0004813.

Donation in Kind

A kind of donation where instead of giving money, donor can directly donate goods and services for the use of UPAY. All the kind donation shall be reflected in the stock register.

Asset Donation :-

In addition to cash donations, donor can donate capital assets for the benefit of UPAY. Asset can be land /office space /products from current inventory, obsolete/depreciated assets, computers, and other equipment etc. This donation shall also be reflected in the Asset register.

Grants

The grants received shall be classified and disclosed as follows:

1. Central Government
2. State Government (s)
3. Institutions/Welfare Bodies
4. International Organisations
5. Others (Specify)

Subscription

It is a primary source of income of a non-profit organisation. It is usually collected every month from all the ordinary members. Subscription is the amount paid by the members to keep their membership alive. The subscription amounts are treated as revenue receipts. In income and Expenditure Account, subscription for current year will be shown. If total subscription received as per Receipts and Payments Account during the year is given, adjustments will be made for

outstanding subscription in the beginning and at the end of the year; and advance subscription in the beginning and at the end of the year.

Registration and Membership Fees:

Registration fee for membership of UPAY is Rs 200 /- (can be exempted by Zonal Director for exceptional cases) and which is deposited in UPAY Central Account and is nothing but a kind of donation.

Membership fee for General Members is minimum Rs. 1000/- shall be paid at the time of registration and annual subscription of min Rs 1500 shall be paid before end of 31st March every Year.

Life Time Membership fees of minimum Rs 5000 shall be paid by the member to UPAY at the time of registration and min Rs 2000 subscription shall be paid before 31st March every Year. Registration fees shall be included in corpus.

Receipts of Donation:-

The donation should be mentioned in donation Slip in duplicate .One copy should be sent to donor and one kept for accounting Records.

Sale of Old Assets:

If any asset is sold, the amount is debited to Receipts and Payments Accounts. It is not taken to Income and Expenditure Account. The profit or loss made on sale of old asset is recorded in Income and Expenditure Account.

Sale of Old Sports Materials and Old Newspapers:

The amount received on account of sale of old sports materials and old newspapers are recurring incomes to a concern and therefore, treated them as revenue incomes. The purchases of balls, nets, etc. are revenue expenditure.

Accounting Procedure for donation

All funds received have to be deposit in UPAY Central Account. Total funds are compared to daily log totals to ensure an accurate total of cash received. A Deposit Record is prepared listing the source account, source description, date received, amount received, and amount deposited for each line item, and a total of all funds received and deposited. *None of these funds is used to pay for expenses of any kind.* Notes are added for any discrepancies. Daily logs are attached to the Deposit Record. The Deposit Record is initiated by the preparer. A donation slip is prepared and a copy attached to the Deposit Record.

After the deposit is made, the Deposit Record with attached daily logs, deposit slip, and deposit receipt is kept for auditing. All deposit papers are reviewed, confirmed, and recorded.

All cheques and cash received are recorded on a daily log, listing the date received, payer, purpose, and amount received. All cheques are stamped “for Deposit only” immediately upon receipt.

All funds received are sent daily with the daily log to the accounting department for processing. Total funds are compared to daily log totals to ensure an accurate total of cash received. A receipt is provided by the accounting department for all funds received, with receipt copies attached to the daily log.

3 E) Expenses

All the expenditure incurred in achieving the UPAY vision & mission shall be considered as UPAY expenses . Here are following type of expenditures

Zonal expenditure:

All the expenditure incurred for zonal activities shall be booked under zonal expenditure. The payments for such type of expenditure shall be made from zonal accounts.

Central expenditure

All the expenditure incurred for central activities shall be booked under central expenditure. The payments for such type of expenditure shall be made from central account.

Expenses during events/fundraisers /functions/meetings

All the expenditures incurred during any event or program shall be booked under zonal /central expenditure based on the nature of expenditure. An estimate shall be prepared by concerned member and in principle approval shall be taken by competent authority as per UPAY DOP. After the approval an imprest can be taken as per UPAY DOP by the concerned member for petty expenses.

Financial coding of centers for expenses.

To maintain the proper accounting following financial coding shall be used to book the expenditure in the financial statement . it will be a 4 digit code.first two digit will represent zonal code and last two digits will reflect center code in the order of establishment.

ie

Central expenditure : 0000

Zonal expenditure (Mouda:0100) ,(Nagpur:0200), (Gurgaon: 0300), (Pune:0400) Delhi(0500) and Bangalore(0600)

Center wise expenditure :Kumbahri, Mouda center expenditure: 0101 , Rahadi (0102).Sohna Road , Gurgaon center expenditure : 0302etc

Liabilities

Liability is amount paid/booked but work not completed or in process of completion. pending or specific donation can also be booked

3 F) Bills and Cash Vouchers:-

While submitting Advance/Claim Form along-with duly filled Utilisation Certificate, relevant Bill Receipt regarding payment should be attached. The Bill Receipt should be self- attested and mode of Payment has to be mentioned on Bill Receipt by the member/Volunteer who has taken Advance or Claimed. If payment done through cheque ,Cheque Number along with cheque date should be mentioned on Bill Receipt.

For petty cash transaction(less than Rs 1,000/-) cash vouchers should be furnished and it should be signed by the volunteer/member who has taken Advance or claimed. For amount more than Rs 1,000/- bills must be submitted.

3 G) Procurement /Purchase of Goods and services:-

1.Purpose:

In order to operate and aid expansion and optimization of performance, Organization have to procure various goods and services from external suppliers at the best possible price to satisfy their requirements of external goods and services. Procurement guideline is to structure UPAY's purchasing processes and sourcing strategies to ensure that the services and goods are acquired in a transparent, objective, time and cost-effective manner. Adhering to this Policy is mandatory; violations may result in disciplinary action.

The purpose of procurement procedures is to ensure that:

- Procurements are made to the maximum extent possible on a practical, open and freely competitive basis
- The grant recipient obtains the maximum value for money on all its procurements of goods and services
- Procured goods and services are delivered in the correct quantity and quality and in a timely manner

There are three mode of purchase

- 1) Direct purchase
- 2) purchased by quotation
- 3) Committee purchase
- 4) purchase through tender

2. Mode of Purchase:

The limit set for procurement depending on the amount of expenditure as per UPAY's financial policy is as follows:

Sl.no.	Nature of power	Zonal Director	Functional Director	Chairman
2.	Approval for the following modes of tendering for approved cost estimates and award of POs.			
a.	Limited Tender (7 number of minimum parties through vendor enlistment).			Up to Rs 10 Lakh
b.	Limited Tender (3 Number of minimum parties).		Up to Rs. 5 lakh	Up to Rs. 7 lakh
	Limited tender (Single response received).		Up to Rs. 2.5 Lakh	Up to Rs. 5 Lakh
d	Committee Purchase (Minimum 3 quotations required)	Up to Rs. 1 lakh	Upto Rs. 2 lakh	Up to Rs. 5 lakh
	Committee purchase (for single response received)	Upto Rs. 50 thousand	Upto Rs. 1 Lakh	UptoRs. 2 Lakh
E	Through 3 quotations	Upto Rs. 50 thousand	Upto Rs. 1 Lakh	UptoRs. 2 Lakh
f	Through approved vendor on single quotation (definition of approved vendor)	Upto Rs. 20 thousand	Upto Rs. 50 thousand	Upto Rs. 75 thousand
g	Through any vendor on single quotation	Upto Rs. 10 thousand	Upto Rs. 30 thousand	Upto Rs. 50 thousand

A. Direct Purchase: Purchase can be done directly from a reputed and identified vendor while those amounting to less than INR 10,000 can be done from any vendor even through cash purchase. The procurement cost more than Rs 10000/- shall be procured by center heads and above only.

B. Purchase through Quotation: Goods and services valued at more than INR 20,000 but less than INR 50,000 should be procured through quotations. Atleast three quotation needs to be produced for approval. More than Rs 10,000- procurement shall be done at

zonal level or above only. And initiator can be from the zonal team/ZOO/ZAO/CAO/COO or above.

C. Committee Purchase: The procurement amounting more than INR 50,000 calls for committee purchase. After Administrative approval, Competent authority may nominate a purchase committee for market survey and collection of quotations and procurement. The nominees may, if deemed necessary, be from different geographical locations. On completion of market survey, CQC shall be submitted to the competent authority for further action. To be initiated at zonal and central level only and Qualification requirement can be prepared by the concerned zonal/functional team. Role of tender committee will be to finalization of vendors, procurement and supply. Coordination of entire procurement process and ensure the timely payment to the supplier is responsibility of the initiator.

D. Purchase through Tendering: All goods and services valued more than INR 2, 50,000 and over should be procured by tendering. To be initiated at zonal and central level only. After administrative approval a tender committee will be nominated by the competent authority for tendering and procurement purpose. Minimum 3 vendors to be explored and prices to be compared as CQC. The role of tender committee will be to prepare the Qualification requirement based on the requirement submitted by initiator, finalization of vendors, procurement and supply. Coordination of entire procurement process and ensure the timely payment to the supplier is responsibility of the initiator.

3. Methodology:

UPAY shall follow certain methods in purchasing goods, equipment and services required for the needs of the organization or its projects.

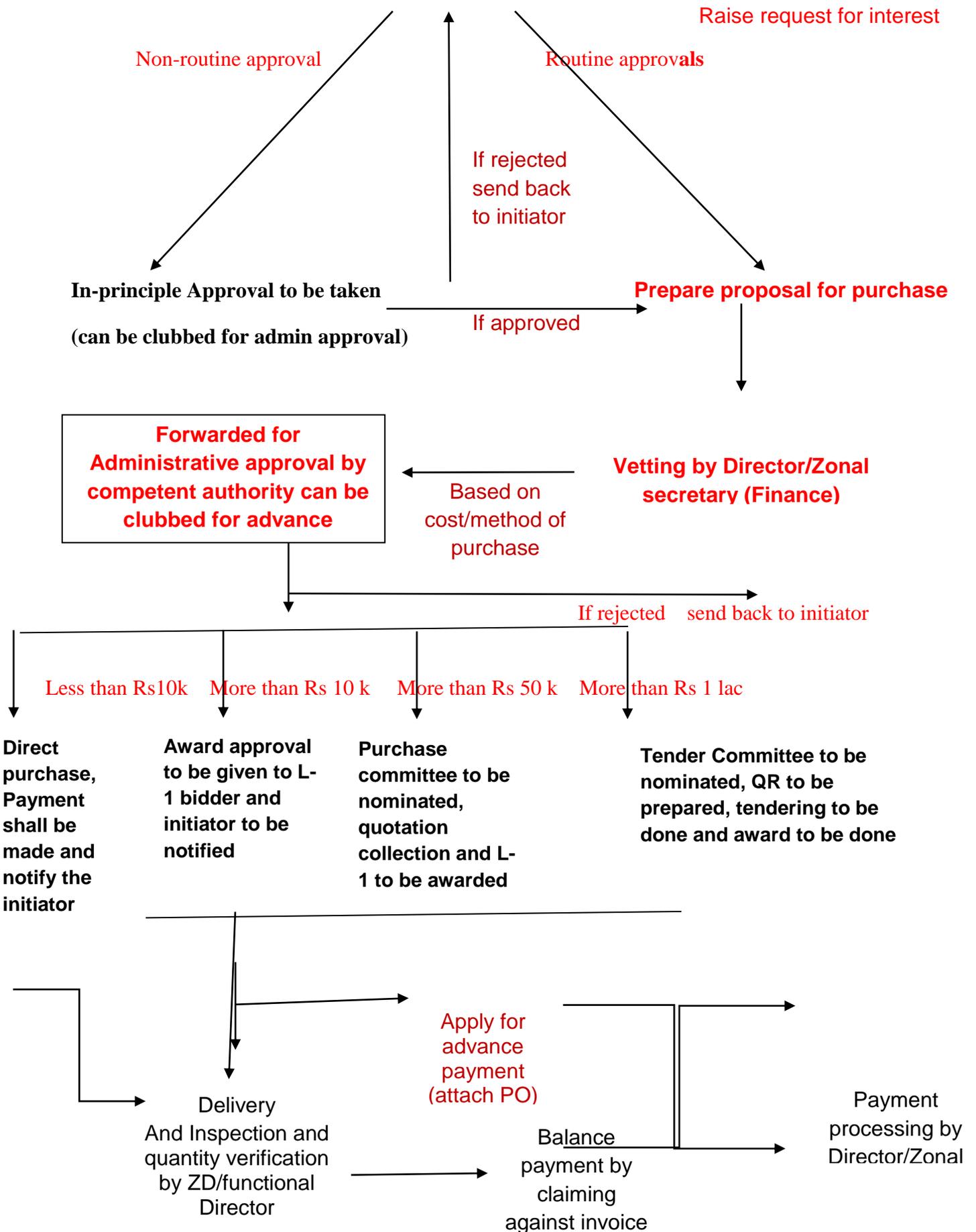
- 1. In-principle Approval:** The in-principle approval has to be taken before raising a proposal for purchase, service or any other kind of expenditure which is not a part of regular practice at the organization. The competent authority in this case is usually the Chairman at UPAY.
- 2. Proposal of Purchase:** The procurement of any item or service amounting more than INR 5,000 initiates through raising a proposal. The volunteer, member or associate will have to raise a request for interest and produce a proposal for the desired procurement to the competent authority as per the DOP clauses of UPAY's financial policy. The proposal must include the description of the item or service, nature of material, quantity along with justification or bifurcation (wherever needed), location of procurement, previous purchase reference (if any), estimated rate or quotations from genuine vendor, delivery terms and conditions, payment conditions, warranty (if any), inspection clause. On receiving the quotations, a comparative quotation chart (CQC) has to be prepared, which depicts the lowest rate of all. In case of any advance payment to the vendor (50%

of the total amount is permissible according to the UPAY's financial policy), vendor's bank account details has to be produced in the proposal.

3. **Cost Vetting:** On submission of proposal, the Department of Finance at central or zonal level has to vet the proposal and requirements before forwarding the same to the approving authority. Wherever necessary, vetting authority shall call for enquiry or redirect the method of purchase, in accordance to the UPAY's financial policy.
In case any previous written communication between the buyer and approving authority is available, the buyer may proceed for award of purchase order without the administrative approval.
4. **Administrative Approval:** Any purchase of good or service needs an administrative approval from the Directors of the department concerned. The proposal for the purchase raised, has to be approved by the competent authority after vetting. After thorough review, the competent authority may approve the procurement by nominating a member or volunteer for carrying out the procurement and permits the release of purchase order. Multiple vendors may be chosen in case of multiple procurements, according to the CQC, for award of order. The advance payment (if any) shall be approved at this stage of approval.
5. **Purchase order:** On grant of approval, the purchase order has to be drafted and sent to the vendor by the approver with clear instructions in terms of quantity, design, specification, delivery, and clauses of inspection. If any advance if applicable, the transaction shall be carried out by the cheque or online transfer method by the vetting or fund-releasing authority.
6. **Order Delivery:** On receiving the item, it has to be inspected for quantity, quality and other clauses and request for payment shall be initiated by claiming the balance amount against the invoice.
7. **Single tender/vendor:** if the procurement has to be done through one vendor keeping the in case of urgency and emergency. Proper justification to be given and approval shall be taken from competent authority.
8. **Cash Purchase:** Cash purchase only up to Rs 5,000/- Rs allowed from single vendor. More than Rs 5,000/- purchase, amount shall be transferred directly to vendor's Account. in rare case cash purchase up to Rs 10,000/- is allowed with the prior approval from Zonal director/chairman.

Approval Flow:

Proposal to be initiated by initiator as per policy



4. Glossary:

1. **Procurement:** A procurement process can be defined as a series of steps that an organization identifies and follows in order to obtain goods or services for their goals and objectives.
2. **Tender:** Tender is the offer from a possible vendor or consultant responding to an invitation from UPAY for that offer.
3. **In-principle Approval:** Approval from the competent authority as per UPAY's DOP, against the proposal or request for interest raised by the members or volunteers, for procurement of an item, asset, or service; which is not a part of routine practice in the organization.
4. **Administrative approval:** Approval from the competent authority as per UPAYs DOP, by the department concerned for the work, in order to execute certain tasks at a stated sum to meet the administrative needs of the organizational department requiring the work.
5. **Vetting:** The process of performing a background check or doing fact checking prior to making any decision to accord approval to funds, supplier, or award of purchase order.
6. **Purchase Order:** A purchase order is the official documented confirmation of an order sent from a purchaser/organization to a vendor that authorizes a purchase.
7. **Invoice:** An invoice requests payment for a purchase made, sent from the vendor to the purchaser/organization.
8. **Quotation:** Quotation is a document of setting out the estimated cost, for supplying goods or services or procuring something.
9. **Comparative Quotation Charts (CQC):** A comparative statement that compares a particular financial statement between different vendors.
10. **Initiator:** person who initiated the proposal of procurement and coordinate for procurement process.
11. **Procurer:** Person who actually procures the martial and involve in the finalization of vendor.
12. **Tender committee:** A committee nominated by competent authority for QR preparation, tendering vendor finalization and procurement. It is consisting of minimum 3 members. 75 % members shall be from the executive body. Concerned zonal /function director must be mart of the tender committee.

13. Purchase committee: a committee nominated by competent authority for procurement of material, finalization of vendor and procurement. It is consisting of minimum 3 members. 25 % members shall be from the executive body. Concerned zonal /function director must be part of the tender committee.

14. Qualifying requirement (QR): to meet the quality and requirement of organization, qualification requirements to be made and shall be shared with vendor before quotation submission. Vendors if they fail to meet the QR shall not be preferred even if they are lowest bidder.

Sample Purchase Order

Under Privileged Advancement by Youth

C/O PRATIK KAMBLE
 BANK COLONY, SHIVAJI WARD
 BHANDARA, MAHARASHTRA, 441904
 Phone 9403964873 EMAIL: ngoupay@gmail.com



The following number must appear on all related correspondence, shipping papers, and invoices:

APPROVAL DOC NUMBER:
P.O. NUMBER: [UPAY/ZONE/YEAR/SN]:

TO:
 (vendor Name)

SHIPPING ADDRESS:

P.O. DATE	Procurer name and contact number	Warranty if any	Delivery Schedule	PAYMENT TERMS



QTY	UNIT	DESCRIPTION	UNIT PRICE	TOTAL
Notes to us that pertain to your purchase			SUBTOTAL	
			GST	
			SHIPPING & HANDLING	
			OTHER	
			TOTAL	

Authorized by _____ Date _____

Accepted by Vendor
 Date _____



4B) Reviewing

Zonal Director shall review the zonal Monthly/Quarterly Financial report before submitting it to Director (Finance). If any discrepancies are found. The same shall be corrected and rectified report shall be submitted.

Director (Finance) shall review the Zonal Financial Statement and shall present the Quarterly Report during Executive Body meeting.

Annual Review of the Financial Reports shall be done in the month of April and Financial Report shall be Prepared by Director Finance during Annual Planning Meeting. After the Approval from Executive body , it shall be Duly signed by Chairman, Director(Finance) and Director(Administration).

4C) Auditing & Filing

Audit:

An audit is an independent examination of records, procedures and activities of an organisation, resulting in a report on the findings. There are two kinds of audit: The Internal Audit & The External Audit.

The audit should be a positive experience and not one to be feared; it is an opportunity to receive feedback on strengths and weaknesses in systems.

Use your auditor to discuss ways of improving your accounting systems and procedures.

Audits are important for NGOs as they demonstrate a commitment to transparency and accountability and bring credibility to the NGO.

It is also a legal requirement in most countries to have the financial statements reviewed by an independent auditor once a year.

Internal Audit

- Internal audit is undertaken for the benefit of those inside the organisation, ie trustees and management. Internal audit involves a structured review of systems and procedures, as set by the Board and managers, to ensure efficient and effective practices. It is not an internal policing function, rather an opportunity to improve systems and build internal capacity.

The internal auditor's report will highlight findings and make recommendations for action, where needed.

It may be carried out by someone within the organisation, or an outsider may be engaged to carry out an 'internal audit'.

An internal audit will include a range of checks as part of the independent review, including: financial accounting systems and procedures; management accounting systems and procedures; Internal control mechanisms.

The internal auditor reviews the adequacy of the design of the systems of procedures, and checks that they are being appropriately implemented.

A report is presented to the governing body and management, who respond by taking corrective action, perhaps changing a procedure, or training a staff member.

The Three E's influence an internal auditor's approach:

- 1. Economy:** paying no more than necessary for the resources needed.
- 2. Efficiency:** getting the greatest benefit with the fewest resources.
- 3. Effectiveness:** how successful we are at meeting objectives or „doing the right thing“.

External Audit

As the name implies, an external audit is primarily for the benefit of those outside the organisation, eg stakeholders and funders. An external audit is an independent examination of the financial statements prepared by the organisation.

It is usually conducted for statutory purposes (because the law requires it).

External auditors may also be engaged to do other specific assignments, (eg a fraud investigation).

Purpose

The purpose of external audit is to verify that the annual accounts provide a true and fair picture of the organisation's finances; and that the use of funds is in accordance with the aims and objects as outlined in the constitution.

The purpose of an external audit is NOT:

- To act as a fraud investigation
- To prepare the accounts
- To provide a certificate to say "there are no problems"
- Proof that internal control systems are effective
- Evidence that accounts are 100% error free
- Although it is not the prime role of the audit to detect fraud, this may of course come to light during the checks that take place. Auditors have thus been described as „watchdogs not bloodhounds“.

Appointment of Auditor

- An external audit can be conducted either as part of the annual review of accounts or as a special review by a donor agency.
- It is conducted by a firm of accountants with recognised professional qualifications.
- Auditors are appointed by the Board of Trustees (or Annual General Meeting) or by a donor for a special audit. They are independent of the organisation employing them.
- Being independent means that the auditor must not have been involved in keeping the accounting records and is not personally connected in any way with the organisation being audited.

What is involved?

- Auditors only have a limited time in which to complete their work, so they concentrate on testing the validity of a sample of transactions and results rather than vigorously checking everything.

- Although an auditor's independence must be respected and observed at all times, they are nonetheless providing a service for a fee – you have a right to expect value for money.

What Does the Auditor Need?

- An auditor will need a quiet place to work where the checks can take place without interruption.
- If individual staff members are to be interviewed, then a private room where confidential discussions can take place will also be required. Depending on the type of audit taking place, the auditor will usually give advance notification of the records needed.
- Ensure that all the records are up-to-date and properly filed as this will facilitate the routine checks and cause minimal disruption for the organisation. This will also help to save on audit fees.
- A checklist of records and other documentation which might be requested by the auditor follows

An Auditor's Checklist

1. Primary records of account:

- Cash Books completely up to date to the year-end
- File of invoices/vouchers for all items of expenditure
- File or book of receipts for moneys received
- Bank statements, paying in slips and cheque books
- Wages book and records
- General Ledger, if kept

2. Summaries and reconciliation statements:

- A Trial Balance and/or a summary of all receipts and payments by budget category
- Bank reconciliation statements for all bank accounts at the yearend cut-off date
- Petty cash reconciliation statement to the year-end cut-off date- Stock sheets

3. Schedules:

- Schedule of Creditors (money owed by the organisation)
- Schedule of Debtors (money owing to the organisation)
- Schedule of Grants Due
- Schedule of Grants Received in Advance
- Fixed Assets Register

4. Other information:

- A letter from bankers to confirm balances
[this will be requested by the auditors themselves]
- Constitution of the organisation
- List of Committee members and staff

- Minutes of Board and management meetings- Donor agencies funding agreements and audit requirements

4 D) Submissions of Reports :

Auditing shall be completed by the month of June. And duly signed audited financial Report & Annual report shall be submitted by Director(Finance) and zonal Secretary(Finance) to Charity commissioner by July.

Filing of ITR (return) :

ITR shall be filed online before september of every month.

Form No: Form No is ITR 7(can be download ITR7 for Income Tax Return of NGO from income tax website)

Last Date:Last date for filing return is 30th September

Hard Copy or Online: It is now mandatory to file ITR7 only online. NGO need to login to income tax website and fill the form to upload.

Signature: This online form is to be digitally signed by the Authorized person. So mostly DSC of managing trustee can work.

Details – Income

In the Income Tax Return of NGO, it is necessary to give information regarding the details of Income of NGO – mostly they are

Voluntary Contribution – Corpus

Voluntary Contribution – General

Grants – (FC grant separately)

Government Grants

Other Income like Bank Interest, FC Interest and any other income

Business Income if any should shown separately

Details – Application of Funds

Also need to fill details regarding how the above income is used – application of funds

Expenditure shown in the Income and Expenditure Accounts

Amount set apart or carried forward

Depreciation etc..

Details – Others

Many other information are needed to be filled in the Income Tax Return of NGO like

All the Registration details, 12A, 80G, 35AC, FC Details

PAN and Address of all the Trustees

TDS information

Investments of NGOs etc..

Conclusion

Mostly, Income Tax Return of NGO filled by themselves or their Auditor or CA. However it is

necessary for NGO accountant and top management to at least go through all the details of draft ITR7 and then upload finally.

4E) Conflict of Interest

Purchases of goods or services are not made from any member/volunteer or director of the organization. Members of the Board of Directors declare any conflict of interest with regard to financial terms. Purchase of personal items for member,volunteers or directors is not made.

4F) Imprest

Imprest is the advance taken by the members/volunteers for the smooth functioning of centers as per UPAY DOP.

4G) Revision of policies

Revision of policies can be done time to time after yearly review of financial policy. Any changes shall be recommended by Financial committee and shall be approved by Executive body and governing body

4H) Records:

Fellowship/honorarium/allowances Register:

A separate records of Fellowship/honorarium/allowances shall be maintained at zonal and central level

Fixed Assets Register

This register keeps track of the fixed assets the UPAY own. What is a fixed asset? thing that UPAY own and can use for more than one year. Consumables such as stationery are not treated as fixed assets. Money paid for fixed assets should be reported to the donor as ‘utilised’, not as ‘spent’. Secondly, such assets can be capitalized .The register is essential for all large organisations. It is also very useful if you have multiple offices or decentralized operations.

Log Book

Most people expect you to keep a logbook for the office vehicles. The logbook helps keep track of how the vehicle is being used. You can also monitor fuel consumption, servicing etc.through the log book. The logbook can also be used as evidence if you are wrongly implicated in a hit-and-run case! Most NGOs are not able to keep a log book because the tachometer cable keeps breaking down. In such a case, you can try and note down estimated distances, without giving the meter

reading. Pre-printed log books are available in the market. A separate log book should be used for each vehicle.

Stock Register

A stock register shows goods received, issued and the balance in hand. It is mainly used for fast-moving items such as stationary, medicines etc. You should not enter fixed assets in the stock register. A simple example of stock register is shown here.

Stock registers are used by NGOs mainly for three types of activities:

1. For this could be raw material, finished items, etc.
2. For material distributed to people as relief or as part of some development program.
3. For stationery or other office consumables.

One should keep a stock register only for items that add up to a large value over the year. A simple stock register should contain at-least the following information: date of purchase/ issue, reference/ bill number, quantity of items purchased, issued to (branch office/ person), issued quantity, signature of receiver, balance stock, and initials by stock-in-charge. Like fixed asset register, stock register should also have separate page for each item.

Minutes Book

Normally every society or trust is expected to maintain two minutes books. One should record minutes (discussion and decisions taken) of the governing body meetings and the other should record minutes of the general body meeting. Generally the Secretary is supposed to write the minutes. What should be recorded in the minutes books? This depends on your memorandum and articles / bylaws. Normally this includes decisions such as opening a bank account, purchasing immovable property, investments of endowment funds in approved Bonds, appointment of new president/ secretary/ treasurer/ members, change in objectives, etc. For each of these decisions, people record the discussion in brief, followed by the decision. The decision is called the 'resolution'. The minutes book also contains the date, place and agenda of each meeting held by governing body. Names of the persons attended the meeting are also given, along with their signatures

Notice Register

Organization shall keep a notice register , where it can intimate to the members about the meetings or any information.

4H) Glossary of Terms

Investments

The investment objectives of UPAY, in order of importance, are the safety of principal, liquidity, and a competitive rate of return. Investment restrictions may, at the discretion of the Board of Directors, include such issues as quality, diversification requirements, or social issues. The Finance Committee has primary responsibility for advising the Board on investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).

Assets

Resources controlled by an organisation, and in which it has ownership rights such as cash, inventory and fixed assets.

Audit

The process of verifying the correctness of a set of accounts using detailed checks of transactions totals, broad tests on account values as well as reviewing internal control.

Bank reconciliation

The reconciliation of the balance on the cash book to the balance on the bank statement.

Budget

A budget is a statement of estimated expected expenditure for the organisation for a given period.

Cash accounting

Under the cash basis of accounting, receipts and payments are recognised only when cash is received or paid. The cash basis of accounting is often used in the preparation of financial statements for donor funded organisations.

Cash books

A cash book is a ledger (record book) that records all the cash transactions (ie, cash received and payments made by the organisation).

Depreciation

The annual write-off of a portion of the cost of fixed assets over the expected useful life of the asset.

Expenditure

Expenses incurred by the organisation which are payable either by cheque or cash.

Fixed assets

Fixed assets are those assets (items of value) which are acquired for continuous use in the business, and not for conversion into cash (trading). The life of such assets should extend beyond one year such as buildings, office equipment and furniture, computers, motor vehicles, etc.

Fixed asset register

This is a record of all the fixed assets owned by the organisation.

Float

Amount of cash kept in petty cash.

General ledger

A summary of all transactions grouped into different accounts or budget line items. The totals on the general ledger are posted to the trial balance.

Imprest system

The imprest system is a method of maintaining cash or petty cash, whereby the cashier starts with a fixed sum, and at each reconciling period given cash or a cheque for the exact amount of the disbursements made, thus restoring the balance to the original figure. Documentation supporting the disbursements should be properly authorised and maintained.

Journal entry

The chronological, day-to-day recording of business transactions of an organisation such as cash receipts and cash disbursements.

Payroll

A record of salaries and benefits paid to all staff members of an organisation.

Petty cash

A small amount of cash kept for paying small expenses.

Trial balance

A summary of income received and expenditure incurred for the organisation for a particular period. The trial balance is drawn up from the general ledger. The financial statements of an organisation are derived from the trial balance.

Liabilities

All debts incurred and owed by the organisation.

Revenue

All moneys received by the organisation such as grants, investment income, interest income and cash donations.