



FINANCE CONTROL & COMPLIANCE MANUAL

W.e.f. 01.04.2020

**PARTICIPATORY ACTION for
COMMUNITY EMPOWERMENT**

FROM THE DESK OF SECRETARY

This manual is to serve as a guide and handbook of internal systems on Accounting Principles and Financial procedures to be adopted and followed by PACE.

The main objectives of this Manual are to.

- 1. Provide a clear description of various accounting principles and financial procedures, to be observed and put into practice while documenting various accounting transactions;*
- 2. Establish and set minimum standards for working procedures and methods of accounting systems;*
- 3. Clarify the roles and responsibilities of respective departments / units to follow the defined procedures;*
- 4. Serve as an Accountant's guide on Accounting Principles and Financial Procedures of the Organization.*

Participatory Action for Community Empowerment (PACE) is a non-profit, non-governmental civil society organization, based in Uttar Pradesh; the organization is committed for people centred development. It was established on 18th Dec 2000 with the mission of empowering the dalit, poor and marginalized, women and children and old aged community people. It believes in participatory approaches and practices participatory methodologies for empowering the community.

With every passing year, PACE is achieving new heights of success and moving from one milestone to another. This has also added several complexities demanding greater attention for efficient financial and administrative management. Therefore, with a view to regulate its working in a smoother, transparent and more effective manner, these Accounting Principles and Financial Procedures have been framed to serve as a guide and to ensure the functioning of PACE on a more sound footing as well as to strengthen its role as a support organization in wider perspective.

The 'perfection' of any system is a continuous process and there always exists the scope for improvement and therefore, this manual shall always be open to incorporate any suggestions that may be received in future, aiming to further improve upon the existing systems.

Ms. Rajvinder Kaur
Secretary

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CHAPTER – 1: ACCOUNTING PRINCIPLES

1.1 Maintenance of Books of Accounts:

The following Books of Accounts shall be maintained, as per procedure described, at the Head Office at Lucknow (UP), and all Project Offices and any other office(s) to be opened by PACE in future:

- 1) PACE has opted accrual based accounting system whereby expenses are recognized when services are rendered or goods are delivered.
- 2) Computerized Books of Accounts are being maintained in the licensed version of Tally Multi User Accounting Software and updated on a daily basis. Updated version of Tally Software is being used.
- 3) PACE follows Indian Generally Accepted Accounting Principles (GAAP) to prepare, present and report Financial Statements.
- 4) PACE has a Fiscal Year which corresponds with the Indian Income Tax and other Statutory Authorities
- 5) PACE will maintain project-wise expenditure details in the cost centres, to be developed either based on sanctioned / approved budget heads or as per standard reporting formats for respective projects / donors.
- 6) Separate set of books shall be maintained for – i) Projects supported by Local Fund Donors (LF), and ii) Projects supported by Foreign Donors (FC projects).
- 7) Only in case of specific requirement of any Donor Agency, separate set of books will be maintained for such specific projects.
- 8) Donor-wise correspondence files relating to legal and financial matters will be maintained by the Accounts Department.

1.2 Retention of Books of Accounts & Records:

The books of account and relevant records shall be retained for a period of 10 (Ten) Years from the end of the relevant assessment year or as per the relevant donor requirements. However, PACE may take a decision for longer period depending on the provisions of the Societies Registration Act, Income Tax, FCRA or any other Act.

1.2.1 Non-Disposable Records:

The following records shall not be disposed of:

- i. Registration and all other legal documents;
- ii. All documents related to Fixed Assets owned by PACE at any given point in time.

1.2.2 Disposal Policy:

A Disposal Committee consisting of three members as identified by the Secretary shall be formed for disposal of records, which have completed its timeline. The Disposal Committee will submit a proposal to the Secretary and upon approval shall proceed for disposal process of the records.

Disposal proceedings shall be properly documented and shall be submitted to Governing Board for ratification in the next Board Meeting. All necessary documents shall also be kept on records for future reference.

1.3 Reconciliation Statements:

The Accounts Department of PACE shall prepare and maintain the following Reconciliation Statements on monthly basis, or as per specific requirement:

- i. Bank Reconciliation Statement
- ii. Inter-office reconciliation.

1.4 Procedure for Advances:

PACE will provide sufficient advance funding to any employee in need of such funds for conducting approved project activities. The following procedure shall be adopted and followed for releasing advance payments for respective activities:

- 1) A duly approved requisition for release of Advance must be submitted to the Accounts Department in the prescribed format (P1 & P2 Format) at least two days prior to requirement.

No further advance shall be granted until the previous advance is reconciled or acquitted. In exceptional cases, scanned copy of bills sent through e-mail may be considered for release of subsequent advance subject to approval of the secretary.

Note: In following cases, it is mandatory to obtain prior approval of secretary, before releasing and/ or incurring expenditure irrespective of any amount whatsoever:

- i) Any Advances for the purchase of Fixed Assets
- ii) Temporary advances for project due to delay in receiving the relevant project fund for any reason whatsoever;
- iii) Advance required by staff against salary: - As per the decision of the board only a staff can claim a maximum of three months advance salary. This is purely interest free loan to be adjusted within the time frame/ duration of the project.
- iv) If the advance against the salary availed by the staff for any medical emergency or housing purpose under the special consideration the entire loan to be adjusted in ten (equal instalment)

1.5 Procedure for Settlement of Advance Accounts:

1.5.1 General Guidelines:

Each of the staff is expected to follow meticulously the dates decided from time to time for settling their monthly accounts. (i.e. 5th and 20th of every month)

- 1) The field team shall submit duly verified monthly expenditure statement (**MES : 1**) along with original copies of supporting documents as per date specified above to the Accounts Department at HO for settlement.
- 2) All the vouchers shall be duly signed by the persons incurring the expenditure as well as the person recommending/ verifying the expenses at the field level and at HO as per the SoA.
- 3) The Accounts department shall enter the same in the books of Accounts, after the verification and approval from appropriate authority. The accounts shall be reconciled on a monthly basis.
- 4) In case of delay in settling the advance accounts, beyond the prescribed limit, the Management, at its discretion, may with-hold the salary of concerned staff, till the outstanding advance is cleared.

CHAPTER – 2: FINANCIAL PROCEDURES

2.1 Procedure for Releasing Payments:

The Accounts Department of PACE shall observe the following policy for releasing of payments:

- 1 All Advances payments/reimbursements up to Rs. 5,000/- (Rs. 2,000/- in case of FC funds) may be paid in cash, while payments for more than Rs. 5,000/- must be paid through an account payee Cheque or Direct Bank transfer.
 - a) In case of field trainings and workshops, all efforts shall be made for direct payment to party. In case of small vendors or extreme cases, payment may be made in cash subject to approval from appropriate authority.

2.2 Procedure for Cash Handling:

For withdrawal of cash from the bank, the Accounts Department of PACE shall follow the following procedure:

- 1 Cash withdrawals from the bank are made as and when funds are required.
- 2 If the bank withdrawal is for less than Rs. 20,000/- a cash requisition will be raised by the Cashier, duly approved by the delegated authority. For more than Rs. 20,000/-, the cash requisition will be approved by the Secretary.
- 3 Cash retention limit is defined up to a maximum of Rs.75,000/-
- 4 For programs conducted in places other than HO and if the disbursement of money is for more than Rs. 50,000/-, the finance unit shall ensure that either one of their staff accompanies the organizers of the program or they ensure that one of the senior staff of the organization accompanies the program to assist in financial matters.
- 5 The Accounts Officer/Manager verifies the Indents, Vouchers and the supporting Bills and checks the accounting statement given by the Cashier. He/She, then checks and verifies the cash balance as per books of accounts in Tally Accounting Software, tallies it and then closes the Accounts for the day.

2.3 Procedure for Bank Operating:

The following procedure shall be adopted by the Accounts Department of PACE, for preparing, signing and issuing the cheques for making respective payments:

2.3.1 Authorizations from Governing Board:

The Secretary is authorized to open savings / current accounts with Scheduled Bank as per Organizational requirement. The information of opening a new bank account will be provided to the Governing Board during the subsequent Board meeting.

2.3.2 Type of Bank Account:

PACE may open savings / current accounts with only scheduled banks. PACE will operate separate bank accounts for Foreign Contribution Fund and Local Fund.

In case of any specific donor requirement, PACE shall open a new Bank Account for the specific project funds and such bank accounts shall be closed on the closure of the project.

In other cases, PACE shall designate any one of the existing Bank account for the project to receive funds and incur expenses for the committed project period.

2.3.4 Authorities Signatories:

All the bank accounts will be operated jointly by any two authorized signatories for all cheques up to Rs. 3,00,000/-. For all cheques amounting to more than Rs. 3,00,000/-, signature of three authorized signatories shall be required out of which the signatures of the Secretary is mandatory.

Any Payment above Rs 3,00,000 to be approved by the President or Vice President.

2.4 Schedule of Delegated Authority

Area of Authority	Limits Applied	Designated Persons
Legal Documents (where not covered below)		Any Two from PR, TR, ES
Current / Savings Account Cheques		Any Two from PR, TR, ES
Bank Account Transfers		Any Two from PR, TR, ES
Staff Advance / Loans		DR For DR , ES
Staff Expenses	(within Approved Budget)	Immediate Supervisor for all staff below DR For DR , ES For ES, PR
Board Member Expenses		PR / TR
Orders for Goods & Services	(within Approved Budget)	(within Approved Budget)
	Up to INR 5,000	LS
	Up to INR 25,000	PC / DR
	Over INR 50,001	DR / ES
Petty Cash Expenditure	Up to INR 500 (single Transaction)	LS/ AO
	Up to INR 5,000	PC/ FM
	Above 5001	DR / ES
Safe keys		FM / ES
Receipt of Cash and Cheques		AS / AO
Banking of Cash and Cheques		AS / AO
Annual / Sick Leaves		LS/ PC/ DR/ ES
Maternity / Paternity Leaves		DR (or in case of DR, ES) (In case of ES, PR/ TR)
Work Orders		FM or ES
Contracts of Employment	All staff	ES

Key:

PR: President | TR: Treasurer | ES: Executive Secretary | MoGB: Members of Governing Board

DR: Director | FM: Finance Manager | AO: Accounts Officer | AA: Accounts Assistant |

PC: Project Coordinator | LS: Line Supervisor

CHAPTER – 3: COMMON COST POLICY

3.1 Definition:

Such expenses, which are incurred as a whole, but cannot be assigned directly to any particular project, are treated as Common Cost viz. electricity bills, phone bills etc.

Normally projects are sanctioned on the basis of:

- 1) Specific budgetary limitations for respective expense heads;
- 2) Total fixed amount, without specifying any expense head

For projects with specific budgetary limitations for respective expense heads, it will be mandatory to apportion the common cost under respective expense heads accordingly. However, for projects of fixed amount, with a view to determine the actual cost incurred under such projects, it will be necessary to apportion the common costs to respective projects. Therefore, the policy being described below shall be applicable to both types of projects.

3.2 Components of Common Cost:

In PACE, the main components of Common Cost comprises of:

1. Salaries and Remuneration of Support staff.
2. Mobile Expenses of Director and Secretary and HO staff.
3. Office space & Utilities Cost
 - i) Telephone and Internet Expenses
 - ii) Electricity Expenses
 - iii) Rent & Maintenance Expenses
4. Photocopy and Printouts Cost
5. Vehicle Running Cost
6. Postage Expenses
7. Stationery Expenses
8. Usage of Office Equipment
9. Publication cost
10. Audit and legal expenses
11. Any other expense as defined by the Secretary.

3.3 Procedure for Allocation of Common Cost:

The specific procedure to be adopted for allocation of respective common cost components is being described below:

3.3.1 Salaries and Remuneration:

Salaries of regular staff and remuneration to Consultants shall be paid by PACE from Core Funds. The same will be allocated to the concerned project as follows:

- i) Fixed Salary Basis

The Salaries of specific Project staff will be allocated to the project under the committed budget for human resource cost. The allocable amount will be determined on basis of actual salary paid or committed budget whichever is low.

ii) Time Sheet Basis:

In case of non-availability of the fixed committed human resource cost in the sanctioned budget, the human resource cost may be charged on the basis of the time spent by staff for the Project. In this category cost of human resource will be calculated as mentioned below,

Monthly salary / 20 days x 1.5 = Cost per day x No. of days worked for the project

PACE may charge a different rate to any Project depending upon the complexity or nature of the Project and subject to approval of the Secretary.

3.3.2 Office Space & Utilities Cost:

- i) Telephone and Internet Expenses
- ii) Electricity Expenses
- iii) Rent & Maintenance Expenses

The above three type of expenses are known as office space & utilities cost. The said expenses will be allocated to respective projects as per the method defined below:

The above all three categories of expenses will be paid from Core Funds. On monthly basis the cumulative expenses will be allocated to the following three heads,

3.3.3 Audit, Legal and Insurance Expenses

Audit and legal expenses shall be allocated on pro-rata basis depending on the volume of work undertaken in the project and availability of budget

3.3.4 Other Common Costs:

All the expenses incurred on common costs (as mentioned above in para 3.2) shall be first paid out of Core Account on actual basis. Thereafter, the costs shall be recovered from respective projects as per monthly MIS prepared on the basis of usage and rates decided by the Management from time to time. The same shall be credited as Organizational Receipts to Core Books of Accounts. All necessary documents shall be maintained to back up the expense and shall be available for reference and audit purpose.

CHAPTER – 4: TRAVEL POLICY

The following travel rules shall come into effect from **1st April 2020** and shall be applicable on all employees of Participatory Action for Community Development (PACE).

4.1 Defining 'Official Tour':

For the purpose of these rules, any official travel undertaken by the professionals and/or staff of PACE outside the Municipal limits of headquarters i.e. normal place of posting of a person, involving more than 12 hours of absence from the place of posting, shall be considered as 'official tour'.

The official will be eligible for DSA only while travelling outside base station. If official is staying in night at assigned field area in compliance to the need of project, actual lodging expenditures will be reimbursable on submission of bills/declaration.

However, field visits undertaken by the concerned field staff in their own project areas will not be treated as tour and, therefore, during such field visits, persons travelling within their respective project areas, shall not be entitled to make any claim for Daily Subsistence Allowance (DSA). Only in some exceptional cases, subject to prior written sanction from the Secretary to this effect, a person may claim for DSA during such visits also.

Professionals and/or staff of PACE undertaking an 'Official Tour' may be provided Travel Advances, if required, for travelling out of their respective base city for official purposes, it is advised that for short duration travel advance is not taken; actual reimbursement of bills should be claimed after completion of journey.

4.2 Categorization of staff for TA/DA:

For the purpose of claiming Travelling Allowance and Daily Subsistence Allowance (DSA), the professionals and staff of PACE have been grouped into following five categories:

- Category I: Drawing monthly gross salary/ professional fee of Rs.75,000/- and above
- Category II: Drawing monthly gross salary/ professional fee between Rs.40,000/- to 74,999/-
- Category III: Drawing monthly gross salary/ professional fee between Rs.25,000/- to 39,999/-
- Category IV: Drawing monthly gross salary/ professional fee between Rs.15,000/- to 24,999/-
- Category V: Drawing monthly gross salary/ professional fee up to Rs.14,999/-

Travel for official purpose will normally be admissible by the shortest route. However, the Secretary may relax this condition wherever so justified.

The traveller shall be able to claim as per the defined rates in the policy or the budget provided, whichever is lower.

4.3 Mode of Travel:

Staff of all the categories is entitled to travel in 3rd AC/ AC Chair Car. However, a female staff travelling alone during night-time can travel up to 2nd AC if required. Staff may travel in a higher class only if so approved by an appropriate authority.

Air travel/Taxi will require the prior approval of Secretary/Appropriate Authority. However, Secretary and Executive Director are entitled to travel by Air/ Taxi.

4.4 Lodging:

The limits of lodging charges shall be as under:

Category	Metro cities	State capitals and Class-I cities	Cities other than Class-I cities
Categories I	Rs. 2,500/- per day	Rs. 2,500/- per day	Rs. 2,000/- per day
Categories II employees/ staff	Rs. 2,000/- per day	Rs. 2,000/- per day	Rs. 1,500/- per day
Categories III employees/ staff	Rs. 2,000/- per day	Rs. 1,500/- per day	Rs. 1,200/- per day
Categories IV and V	Rs. 2,000/- per day	Rs. 1,500/- per day	Rs. 1,000/- per day

Double Occupancy is encouraged wherever possible.

The lodging charges paid by an employee/ staff while on tour shall be reimbursed on production of receipt/ bills from hotel/guest house. The receipt must be stamped as 'Paid' by the Hotel /Guest house.

The excess expenditure over and above the aforesaid limit will be deducted from Salary/advances unless approval of Secretary / Executive Director is obtained for such excess expenditure.

4.5 Daily Subsistence Allowance (DSA):

All staff members shall be entitled for the following DSA:

Category	Metro cities	State capitals and Class-I cities	Cities other than Class-I cities
Categories I	Rs.1000/- per day	Rs 800/-per day	Rs.700/- per day
Category II	Rs.900/- per day	Rs.600/- per day	Rs.600/- per day
Category III	Rs.750/- per day	Rs.500/- per day	Rs.500/- per day
Category IV and V	Rs.500/- per day	Rs.400/- per day	Rs.300/- per day

If any of the officials of PACE is attending workshop/ meeting/ conference/ training organized by outside organizer, and if the Organizer, then the employee provide all arrangements shall be entitled for only 25% of DSA as per rates specified above. An employee/ staff shall be entitled to claim DSA as per his grade provided:

1. Prior Approval is sought for the tour;
2. The travel duration should be more than 12 hours
3. In cases where travel is for 6 to 12 hours, the employee shall be entitled for 50% of applicable DSA

4.5.1 DSA for Staff travelling as Resource Person

50% of the applicable DSA shall be admissible when a staff is travelling as resource person for Training Programs/ Meetings/ PACE's work/ Event etc, where boarding and lodging expenses are covered (breakfast, lunch and dinner) by the Office/ Organization/ Institution. If only lunch is provided, the applicable DSA rate will be 75%. The staff will be treated as resource person if he/she is a trainer or facilitator.

4.5.2 DSA for Staff travelling as Participant in a Training/ Workshop

In case a staff is attending Event/ Workshop/Training/ Meeting as a participant for either Capacity Building or representing organization where boarding and lodging costs are covered, only 25% of the DSA will be applicable.

4.6 Broad Rules for Overseas Travel:

The DSA for the tour performed abroad would be as under:

For Western, European countries and other developed countries	: 25 US \$ per day
For Asian / African / others countries	: 15 US \$ per day

Employee has to submit an undertaking that DSA has not been paid by the concerned institution. In case DSA has been paid to the employees by the concerned institution, no DSA shall be payable by PACE. Document detailing the support provided by the agency should be attached with the travel claim.

The Secretary / Executive Director at his/ her own discretion, may decide on the eligibility criteria for DSA for foreign travel on a case to case basis.

4.7 Local Conveyance Rules:

Staff shall be eligible for claiming local conveyance in case of in city travel for official purposes.

Use of own vehicle for local travel can be claimed as under:

- 1) For Four-wheeler: Rs. 10.00 per kilometre
- 2) For two-wheeler: Rs. 5.00 per kilometre

However, the above rates are subject to revision, depending upon the future increase/ decrease in petrol/ diesel prices.

Further local conveyance shall be permitted on the following basis:

Category I – Taxi/ Own Car

Category II to IV – By Auto/ own car (SUBJECT TO APPORVAL),

Category V – By Bus/Auto if Bus is not available for the route

Category II to V may be permitted for Taxi in following circumstances

- 1) If staff member is going to field and she/he is carrying heavy material.
- 2) If staff member has to catch train at odd hours i.e. between 10 P.M. and 7 A.M.

Any other exigency, subject to approval from the appropriate authority.

In case local travel is carried out by official vehicle, staff should ensure mentioning necessary details like Project name/purpose/ Budget line etc. in the Log book of the vehicle.

In case of tour conducted by Secretary / Executive Director, actual expenditure on tour would be reimbursable subject to production of bills/ supporting documents.

4.8 Submission of Travel Claim:

Prior approval for any official tour, in the prescribed **format (TL: 3)** should be sought from the Supervisor with a copy at tour_pace@gmail.com. Copy of tour approval and tour report needs to be attached with the travel claim, without which the travel claim is liable for rejection.

Upon returning to HQ, within 3 days of the completion of tour, travel claim, in the prescribed format **(TR: 1)** along with all supporting documents needs to be submitted, to the Accounts Department for further process. It will be the responsibility of the concerned staff to seek approval from his supervisor and submit approved claim to the Accounts Department.

4.9 Categorization of Places for official travel:

4.9.1 Metro Cities

Delhi NCR, Mumbai, Chennai, Kolkata, Bangalore, Pune, Ahmedabad, Surat and Hyderabad , Gurgaon and Noida.

4.9.2 Class 1 Cities

Andhra Pradesh & Telengana : Vijayawada, Hyderabad, Warangal, Visakhapatnam, Guntur

Assam : Guhawati

Bihar : Patna

Chandigarh : Chandigarh

Chhattisgarh : Durg-Bhilai Nagar, Raipur,

Gujarat : Rajkot, Surat, Ahmedabad, Jamnagar, Bhavnagar, Vadodara

Haryana : Gurgaon, Panchkualla Faridabad (Only for HRA purpose)

J & K : Srinagar & Jammu

Jharkhand : Jamshedpur, Dhanbad& Ranchi

Karnataka : Bengaluru, Belgaum, Hubli-Dharwar, Mangalore, Mysore

Kerala : Kozhikode, Kochi, Thiruvananthapuram

Madhya Pradesh : Gwalior, Bhopal, Jabalpur, Indore

Maharashtra : Amravati, Pune, Aurangabad, Nasik, Nagpur, Bhiwandi, Sholapur, Kolhapur

Orissa : Cuttack, Bhubaneswar

Punjab : Amritsar, Jalandhar, Ludhiana

Pondicherry : Pondicherry

Tamil Nadu : Salem, Tirruppur, Coimbatore, Tirucherapalli, Madurai

Rajasthan : Bikaner, Jodhpur, Kota, Raipur

Uttarakhand: Dehradun, Haridwar and Rishikesh

Uttar Pradesh : Moradabad, Meerut, Aligarh, Agra, Bareilly, Lucknow, Kanpur, Allahabad, Gorakhpur, Ghaziabad

CHAPTER – 5: PROCUREMENT POLICY

5.1 Procurement Procedure:

This Policy guides on the step-by-step procedure for Procurement of goods and services.

Further the objective is to maximize the efficiency in procurements by adopting standard, fair and transparent mechanism.

5.1.1 Requisition:

- Project Requirements: In such cases as per the requirement of committed activities under any project, the Project Coordinator will raise a requisition to Admin Department.
- Non Project Requirement (Core): In such cases, the concerned department head will raise a requisition to the Admin department.
- Purchase Requisition shall contain the following:
 - Budget/approvals/project/donors id
 - Estimated costs
 - Timelines
 - Any recommended vendor/suppliers.
 - Samples if any
 - Technical specifications
 - Minimum threshold limit for purchase requisition is as per table

5.1.2 Identifying the supplier:

The following points need to be considered while identifying a supplier for goods and/or services:

Credibility of the supplier;

- He/she should be registered under GST and income tax authorities;
- His/her capacity to provide the goods/services should be adequate;
- Required goods/services should be his/her main business ;
- In instances wherein the vendor may have worked with PACE earlier, his previous record of service should not have been TERMINATED FOR ANY REASONS.
- The supplier should preferably be a local one and agree for timely supply;

5.1.3 Request for Quotations and analyses:

Preparing, sending and evaluating the Request for Quotes (RFQ)

Procurement team shall follow the steps involved in the RFQ procedure, if the assessed value of the goods or service exceeds INR 20,000 in one single purchase. Then procurement team shall raise the RFQ specifying all the below information to the vendor, a RFQ note detailing out standard information for parity purposes shall be sent out to all vendors, which may include:

- Concept Note / Note on activity,
- Product Description, photographs, sample specification
- Product / Service delivery terms, and/or

- Timeline of submission
- Submission of sample, if needed
- Payment terms
- Any other relevant document required to be submitted by vendor

1. Procurement team will prepare the RFQ by covering the above points and send the same over registered email id of the vendors
2. After the timeline of submission of quotation mentioned in RFQ is over, procurement team shall get the samples submitted by vendors (if mentioned in RFQ) evaluated by User requesting the products /Any other person preferably from another project.
3. Person evaluating the sample on technical parameter should not know the detail of the vendor-submitting sample.
4. The financial shall be evaluated finance team by at least two members
5. After technical and financial evaluation is over, a comparative evaluation sheet shall be prepared.
6. **The above evaluation sheet shall be submitted to the Purchase Committee for approval and further negotiations. On the basis of the recommendation of the purchase committee, an approval shall be required from the Executive Director for placing the order.**

Request for quotations should be sent electronically to prospective suppliers, detailing technical specifications of the items required and quantity needed, as per the following limits:

Value of Goods / Services (in INR)	Purchase Requisition	Purchase Order	RFQ	RFQ through E-Bid	Min no. Of Quotations	Approval Authority
0 – 30,000	NO	NO	NO	NO	One	PC
30,001 – 50,000	NO	NO	NO	NO	Two	Director
50,001 – 5,00,000	Yes	Yes	Yes	No	Three	Director & Exe. secretary
5,00,001 – 10,00,000	Yes	Yes	Yes	Yes	Five	Gov. Board
Above 20,00,000	Public International / Tender procedure					Gov. Board

Preparing, sending and evaluating the Request for Quotes (RFQ) through e-bid process

Procurement team shall follow the similar steps involved in the RFQ procedure, if the assessed value of the goods or service exceeds INR 3,00,000 in one single purchase. All the steps outlined in clause above shall be followed except that the RFQ shall be sent from an email id other than of procurement team to eliminate the potential risk of any biasness.

A special email id created for the procurement only shall be used for sending out the RFQ and vendors would be **strictly** asked to submit their proposal/quote only on the email id listed above, however if any vendor inadvertently submits the quotes to procurement team also, then procurement team shall disclose the same before doing the comparative evaluation.

The access of this email id shall be with IT team/ person designated by the Executive Director only and after the deadline for submission of quotation is over, IT team shall forward all the quotes received on this email to procurement team for further processing. All further steps outline in clause above shall remain same.

5.2 Purchase Committee:

The Purchase Committee shall consist of minimum three members, which will be designated by Executive Director. The committee will be separately formulated at Head Office level and State/Regional Offices level. In such committee the following three departments will be involved;

1. Programme Department / Programme Monitoring Unit;
2. Accounts Department;
3. Admin Department.

Note: All procurement above Rs. 15,000/- should be routed through purchase Committee.

5.3 Purchase Controls:

The following controls need to be exercised while purchasing goods and/or services:

- a) All purchases are to be duly authorized and approved by the competent authority, as described below, before the goods and services are ordered:

Purchases up to Rs. 20,000/-	Section In-charge / PC / PM / PMU
More than Rs. 20,000 and above	Purchase Committee

- b) All goods and services are actually received and are in accordance with the specifications and in quantities requested for;
- c) Liability for all purchases is accurately reflected in the books of accounts and that suppliers are paid only in accordance with the agreed terms;

Selection Process for CONSULTANT HIRING

- The Secretary / Executive Director shall set up a three member team with relevant skills for the selection of a consultant
- The Team shall establish the selection criteria for the Consultant
- Develop a rating sheet on the attributes that are needed; weightage may be applied to each criterion as per importance
- If possible or where required, conduct interviews, references checks, ask for detailed proposals and presentations by consultant.
- Evaluate and select consultant based on these criteria and seek approval from the Executive Director on the selected consultant
- Draft agreement describing the Scope of Work and other necessary details

The Secretary / Executive Director may hire a consultant for a specific purpose, without following the above process, if the consultant possesses necessary qualifications & experience to perform the tasks effectively.

5.4 Purchase Order and Agreements:

The Admin Department shall prepare Purchase Order / agreement for supply / services after getting the recommendation from purchasing committee.

In all the Purchase Order / agreement, following provisions should be specifically incorporated:

- i) Details and specifications of supply / services to be rendered;
- ii) Quantity, unit Price & total cost (taxes shown separately)
- iii) Start and completion period;
- iv) Periodicity and format for submission of progress/final reports;
- v) Terms of payment;
- v) Penal clause of default in services;
- vi) Non-disclosure clause;
- vii) Any other terms& conditions as may be mutually agreed.

5.5 Advance Payment to Party:

- No advance payment shall be made against any of the aforesaid Purchase Order/ agreements, until and unless it has been so specifically mentioned under the payment terms of the contract.
- In exceptional cases where advance payments are needed beyond the contractual terms of payment, suitable amendments be made in the PO/ agreement to incorporate the 'advance payment', specifying the reasons for such amendment.
- The ratio of advance payment shall be pre-determined, as per mutual agreement between PACE and contractor.
- The advance payment shall be released after making applicable statutory deductions.
- All advances received have to be acknowledged in writing by respective parties.

5.6 Settlement of Bills and Release of Final Payment:

- On the receiving invoice / bills from the party on the completion of assigned job / supply of goods, the Admin Department bills submit to Account Department after getting required approvals and verifications from the concerned authorities.
- After the required verifications accounts department will release the final payment to the concerned party.

5.7 Sole Source & Selected Source Procurement:

Sole source purchases arise when only a single vendor is known to be capable of fully satisfying the requirements for a particular good or service.

Selected source purchasing refers to purchases from one selected supplier, even though there are other suppliers that provide similar goods or services.

A written justification must be prepared and kept on file for any sole or selected source procurement. The justification may be based on factors such as significant prior knowledge of PACE's programs and program philosophy and/or a prior history of fulfilling similar assignments successfully and in a timely and cost-effective manner. In justifying the use of a selected/sole source, the written statement may include a price/cost analysis of alternative vendors (if alternative vendors are available).

5.8 Non-Conflict of Personal Interest:

With a view to avoid any conflict of interests, no services shall be hired or goods purchased from the following categories of persons/institutions:

- Any person who is a relative of any of the staff member of PACE or any member of its Governing Board, However, in special cases & subject to approval, the vendor details should be disclosed before initiation of procurement process.
- Person having any direct or indirect involvement in the on-going project activities;

CHAPTER – 6:

POLICY ON FIXED ASSETS & DEPRECIATION

All fixed assets must be procured and disposed of in accordance with PACE's Procurement Guidelines or applicable donor requirements. Fixed assets procured for direct program work and approved by donors may be expensed off at the time of procurement, unless the donor has other requirements.

All other fixed assets meeting the following criteria must be capitalized and depreciated.

- Not paid for directly with donor funds (Core funded)
- Purchase price greater than INR 10,000
- Useful life that extends beyond one year

DEPRECIATION

There are three types of rates applicable for charging depreciation for various types of assets:

- Rates as per the Companies Act
- Rates as per the Income Tax Act
- Rates as per the Organizational Approved Policy

6.1 Current Depreciation Policy:

Presently PACE is following the rates of depreciation applicable as per the Income Tax Act 1961 based on Written down Values, which is as under;

S. No.	Category of Assets	Rate of Depreciation*
1	Furniture & Fixtures	10%
2	Office Equipment	15%
3	Computers	60%
4	Vehicles	15%

*The above rates are subject to change, from time to time, as per Income Tax Rules.

Fixed Asset Register

An Asset Register needs to be maintained in which all non-consumable items are recorded. An annual physical count of all assets purchased should be conducted to identify any discrepancies between the assets register and actual property on hand. Disposal or write-off of the asset shall be properly documented. The Register and other relevant documents such as warranties relating to the assets shall be available for audit. The Asset Register will include necessary information detailed in a later section

Disposal of Fixed Assets

Fixed Assets may be disposed off in accordance with the Donor Guidelines. In case of disposal of assets procured out of Core Funds, prior approval from GB/ Executive Director will be required. Once an asset reaches its non-useable condition for the purposes of PACE, such assets may be disposed off in the open market, subject to prior written approval of the Executive Director.

Any asset due for disposal, having the written down book value of Rs.10,000/- may be sold without inviting proposals. For disposal of Assets having the written down book value of more than Rs. 10,000/-, cost proposals will have to be invited from the prospective buyers and the item shall be sold to the highest bidder.

For maintaining the records of such disposed assets, an Asset Disposal register shall be maintained

Chapter- 7: COMPLIANCE POLICY

PACE shall observe various compliances, as per following schedule prescribed for Voluntary Organisation

7.1 Statutory and Legal Compliances

No	Description	Tenure	Due Date
1	Submission of Income Tax Return	Annual	30 th September of following financial year
2	Deposition of Monthly TDS	Monthly	Within 7days after then of the month under which tax deducted
3	Submission of Tax Deducted at Source (TDS) Return	Quarterly	Within 15 days of completion of quarter
4	Issuance of TDS Certificates to concerned parties	Form 16- Annual Form 16-A Quarterly	30 April of following financial year Within 15 days after the submission of Quarterly TDS Return
5	Deposit of Provident Fund deducted from the salary of employee in the account of PF Commissioner	Monthly	Within 15 days after the end of the month under which amount deducted
6	Filing of Provident Fund Return with the PF Commissioner	Annual (March to February)	30 th April of following financial year
7	FCRA Returns	Annual	31 st December
8	Deposit of Professional Tax deducted from the salary employee	Monthly	Within 15 days after the end of the month under which amount deducted
9	Submission of Professional Tax Return	Quarterly	Within 15 days of completion of quarter
10	Reports Submission to office of the Registrar Public Trust	Annual	In next financial year

7.2 Local Authority Compliances

No	Description	Tenure	Due Date
1	Payment of bills of Electricity, Telephone etc	As per dates prescribed in the respective bills	As per dates prescribed in the respective bills
2	Office Rent	Monthly	As per dates prescribed in the respective mutual agreement

7.3 Management Compliances

No	Description	Tenure	Due Date
1	Statutory Audit	Annual	As per due date
2	Internal Audit/System Audit	Quarterly	Within 15 days of completion of quarter
3	Internal Audit Report Compliances	Quarterly	Within 5 days of on receipt of the report
4	Submission of utilisation certificate/statement of expenses	As per dates prescribed in the respective mutual agreement	As per dates prescribed in the respective mutual agreement
5	Submission of Management Financial Information Report	Monthly	Within 5 days of completion of Month

Chapter- 8: AUDITING OF ACCOUNTS

8.1 Appointment of Auditors:

As per requirement, following auditors are appointed by the Finance Committee:

- a) Internal Auditor
- b) The statutory auditor.

The Finance Committee shall identify suitable Chartered Accountant Firms preferably having experience in handling audits of Organizations in the Development Sector. Upon finalization of respective Auditors, the Finance Committee shall prepare a detailed note justifying the selection of the particular firm and seek approval of the secretary / Executive Director

Once approved, a Contractual Order/appointment letter, for a maximum period of Three Years shall be issued in favour of the Auditor.

The Statutory Auditors are appointed by the Governing Board on the proposal submitted by the secretary/ Executive Director.

8.2 Submission of documents for Audit:

Audit of Accounts shall be carried out on six monthly basis i.e. in the months of Oct and April.

In addition to Six monthly audits, Annual Audit shall be conducted by the Statutory Auditor As per timelines.

The Accounts Department shall submit all the documents, as may be required by the Auditor for completing the Audit work.

Chapter- 9: PLANNING, BUDGETING AND ACTIVITY IMPLEMENTATION

General Guidelines for Planning, Budgeting and Activity Implementation.

The following 10-point general guidelines may be observed at the stage of planning and budgeting of each project activities:

Based on the all projects a budgetary projection to be prepared and shared to the Governing Board for approval.

Once the Project is sanctioned the activities are implemented as per the Project Guidelines.

- 1) First of all, the Project Coordinators along with other members of the project should prepare a Monthly Action Plan and sent to the Director /Secretary for review.
- 2) Based on the Action Plan a Fund request is to be prepared and sent by the Project Coordinator and sent to the Accounts Team for approval.
- 3) The Finance team check the budget and line item and approves and present to the Director /Secretary.
- 4) After the approval from the Secretary the activities are implemented as per the norms.
- 5) On completion of the project activity an activity completion report is prepared by the Project Coordinator or activity in charge and submitted along with the monthly report to the finance team for filing and billing purpose.
- 6) On submission of bills all details are verified and approved by the Secretary and books in the tally or accounting software.
- 7) As an outcome of the proposed Action Plan, suitable and practical success indicators as well as impact of the planned activities should be clearly defined as a measure of achievements.
- 8) The suggestions, if any, made by the authority, are incorporated in the draft report, by the Project Coordinators, to give a final shape to the report to be shared to the donors.

Chapter- 10: FINANCE COMMITTEE

10.1 Finance Committee composition and meeting interval

- 1) The Finance Committee has been constituted by the Governing Board nominating a three-member team. The purpose of the committee is to become sounding board for the GB on the financial and administrative matters. The committee will have the Treasurer of the Society as the Head of the committee and the Executive Director will be the Member Secretary of the committee. There will be a nominated Chartered Accountant as an expert in the committee.
- 2) The committee will meet two Times in a Financial Year; preferably before the GB meeting. The report/minutes of the committee meeting will be reviewed by the GB.

10.2 The Main Objectives of the Finance Committee

- 1) To provide its members an opportunity to discuss and receive in-depth information on items pending for action and also for future course of action on certain items.
- 2) To manage the financial resources in a cost effective, controlled, transparent and accountable way.
- 3) To manage the Financial Operations more efficiently and effectively;
- 4) To work out plans for the implementation as per agreed strategies and policies;
- 5) To formulate and implement Financial Principles, Accounting Procedures and Staff Policy of the organization;
- 6) To perform any other activity as the Committee deem appropriate for the smooth functioning of the organization;
- 7) Conduct agenda based meetings with a common framework and complying with the defined systems of Finance Management;
- 8) To document in the minutes of meetings on the ratio of compliances made in terms of the decisions taken in the previous meeting;
- 9) The minutes of this Finance committee meeting shall be circulated to all the Project Coordinators in order that all Coordinators are adequately informed about the financial matters of the organizations.

Chapter-11: MAINTENANCE OF REGISTERS

The following registers shall be maintained at the Head Office of PACE

11.1 Assets Register:

PACE maintains two separate registers for recording its Assets details. One register records details for all assets amounting to Rs. 5,000 and less. The other register records details of all assets for value more than Rs. 5,000/-All donor funded assets shall be separately recorded.

11.1.1 Fixed Assets Physical Verification

The fixed assets physical verification to be conducted by the team consist of accounts, programme and admin person once in a year.

Other Assets Register

Both these registers contain the following details:

- i) Classification/Coding of Asset
- ii) Item description
- iii) Name of Company
- iv) Product Number
- v) Quantity
- vi) Rate
- vii) Total amount
- viii) Supplier Name
- ix) Bill No & date
- x) TIN
- xi) Name of funding agency
- xii) Expenditure Booking Voucher Number
- xiii) Identification Number
- xiv) Location of asset
- xv) Rate of depreciation
- xvi) Written down value of asset (calculated at the end of year)

The Assets Register shall continue to be updated on regular basis.

11.2 Fixed Assets disposal register:

For maintaining the records of disposed assets, an Asset Disposal register shall be maintained with following details:

- 1) Description of item(s) sold
- 2) Cross reference number in the Assets Register
- 3) Date of disposal
- 4) Value received for item(s) sold
- 5) Name of purchaser
- 6) Remarks, if any

Assets as well as Assets Disposal Registers are open for random inspection by Executive Director any time at his convenience.

11.3 Inward & Outward Register:

A register will be maintained for the records of all the correspondence from the accounts departments, these registers contain the following details:

1	2	3	4	5
Date	S.No.	Particulars	Place	Remarks

11.4 Fixed Deposits Register:

A register will be maintained for the records of all fixed deposits with bank, this registers contain the following details:

1	2	3	4	5	6	7	8	9
S.No.	Name of the Bank	FDR No.	Account No.	Date of Preparation	Face value	Date of maturity	Maturity value	Remarks

11.5 Cash Verification Register:

A register will be maintained for the records of cash verification on the day/daily basis, this registers contain the following details:

1	2	3	4	5
S.No.	Date	Cash Balance amount	Signature	Remarks

11.6 Data Backup Register:

A register will be maintained for the records of data backup which will be taken on a particular period basis e.g. Completion on quarterly audit, six monthly closure and yearly closure, this registers contain the following details:

1	2	3	4
S.No.	Date of backup	Signature	Remarks (Data Records)

11.7 Cheque Issue Registers:

A cheque issue register will be maintained for each bank account. On issue of each and every cheque the authorized signatories must sign on their signature column in the register.

This registers contain the following details:

1	2	3	4	5	6	7
S.No.	Payees Name	Cheque No.	Amount	Date	Authorized signatures	Remarks

Note: In case of cancelled cheque, the cancel cheque number must be attached with register at its serial number.

Performa 1: Requisition for General Advance:

To

Sub: Requisition for Advance

Nature of Advance required*:

Organisational Activity
Implementation

Against Salary

Specific Tasks

*(Please tick on the appropriate box)

Purpose:

Amount Required:

₹

(Amount in words)

Signature

Name

Designation

Forwarded By

Recommended By

Approved By

Performa 2: Requisition for Project Advance:

To

Sub: Requisition for Advance to implement project specific tasks

Dear Sir/ Madam,

With reference to the Project _____ at Location _____

I the undersigned require advances to implement the following activities at field level.

The details are as mentioned below:

Sl.	Budget Head / Line item	Approved amount as in budget line	Amount Required	Date of activity implementation
	Total			

Specify the requirements in **Cash** as well as direct **Transfers** to vendor accounts separately.

Sl	Amount required in personal account for CASH expenses	Amount to be credited to vendors directly. <i>(* bank details of each vendor to be provided separately with a copy of PAN/ Aadhaar / cancelled cheque.)</i>
	INR:	Vendor 1: INR
		Vendor 2: INR
		Vendor 3: INR
		Total INR:

Signature

Recommended By

Name and

Designation

Approved By

Trip Report Template (MES)

S.N	Particulars	Details
1.	Name the Staff	
2.	Designation	
3.	Project Name	
4.	Start Date of Travel	
5.	End Date of Travel	
6.	Purpose of the Travel	
7.	Brief of the Visit Completed	
8.	Location of the visit	
9.	Expenses during the travel	
10	Food Expenses	
11	Local Travel Details	
12	Boarding Expenses	
13	Other Miscellaneous Expenses	
14	Signature	
15	Approved by	
16	Remarks if any	

**Registered Office:**

PACE, 1/22, Jankipuram Extension,
Sitapur Road Scheme,
Lucknow – 226021 (U.P.)

H.O. & Field Offices:

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15/180, Indira Nagar,
Lucknow - 226016
Tel: +91 522-4073227

PACE (Child Line),
C/o. Mr. Biharilal Goswami,
House No.-138, Awas Vikas
Colony, Near Canal Road,
Lakhimpur Kheri.
Ph. 05872-796373

PACE (Child Line),
House No. 73, Janakpuri
Colony, Munshiganj,
Near Paniki Tanki,
Taj Palace, Sahaspur Road,
Sitapur, Ph.: 05862-298944

PACE, Opp. Misrikh Bus Stand,
Misrikh Road, Sidhauri,
Sitapur - 261303.
Tel.: 05864-273570.

PACE,
Vill & Post Gothani, Block-Chopan,
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**Participatory Action for
Community Empowerment**

