

CENTRE FOR WORLD SOLIDARITY

FINANCE MANUAL

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Documented by

N Rajendra Prasad

Director Finance

Centre for World Solidarity

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LIST OF ABBREVIATIONS

1	AC	Air Conditioner
2	AMC	Annual Maintenance Contract
3	APRC	Andhra Pradesh Resource Centre
4	ASW	Aktionsgemeinschaft Solidarische Welt
5	BoT	Board of Trustees
6	BRC	Bihar Resource Centre
7	BRS	Bank Reconciliation Statement
8	CBO	Community Based Organization
9	CEO	Chief Executive Officer
10	CO	Central Office
11	CWS	Centre for World Solidarity
12	DF	Director Finance
13	ED	Executive Director
14	ERP	Enterprise Resource Planning
15	ES	Executive Secretary
16	EU	European Union
17	FC	Foreign Contribution
18	FCRA	Foreign Contributions Regulations Act
19	FY	Financial Year
20	FPC	Finance and Personnel Committee
21	IT	Income Tax
22	JRC	Jharkhand Resource Centre
23	LC	Local Contribution
24	MoHA	Ministry of Home Affairs
25	MoU	Memorandum of Understanding
26	NACM	National Annual Consultation Meeting
27	NGO	Non Government Organization
28	ORC	Orissa Resource Centre
29	PAN	Permanent Account Number
30	PF	Provident Fund
31	PO	Program Officer/Purchase Order
32	PSC	Program Steering Committee
33	R&P	Receipts and Payments
34	RC	Resource Centre
35	SACM	State Annual Consultation Meeting
36	SMT	Senior Management Team
37	TAN	Tax Assessing Number
38	TDS	Tax Deducted at Source
39	ToR	Terms of Reference
40	TRC	Tamilnadu Resource Centre

OVERVIEW OF CWS

1.1 . PREAMBLE

Centre for World Solidarity, hereinafter referred to as CWS, has committed itself to the cause of the underprivileged and oppressed communities in their struggle for empowerment and to improve their quality of life. The philosophy of CWS is based on a non-political and non-sectarian approach. CWS works on the principles of stewardship in utilizing and managing the funds and resources. CWS has thus found it necessary to revise and update its financial policy document so that it is in consonance with the highest standards of governance, accountability and legal compliances. CWS works on various development initiatives through NGOs; fellowship holders and networks of NGOs/CBOs, and while working with them, thrives to improve the standards of governance, accountability, transparency and legal compliances.

CWS is a civil society movement that draws its intent, inspiration and direction from the Gandhian ideology of small and self-reliant communities. The operational life of CWS commenced from 1992 (it was registered as a Public Trust in 1992). Yet, its springs can be traced to the Berlin-based Action for World Solidarity (ASW), with its 50 years of working internationally and more particularly to its more than three decades of experience in India, as a small resource agency, assisting development work. The India Office of ASW later became the CWS.

1.1.1. Vision

The Vision of CWS is the emergence of an equitable society of small communities, where all those deprived of basic human rights, especially women, dalits, adivasis and minorities, live with dignity.

1.1.2. Mission

The Mission of CWS is to promote a rights-based, gendered and eco-sustainable approach that will advance people-centered governance, livelihoods and management of natural resources. This will be achieved through partnering, nurturing and collaborating with Voluntary Organizations and other stakeholders at all levels.

1.1.3. Objectives

- To promote and protect human rights, particularly of the marginalized communities (women, dalits, adivasis and minorities), so as to ensure a culture of human rights
- To ensure sustainable livelihoods of the marginalized communities so as to eradicate poverty and deprivation
- To empower and enable the marginalized communities to participate in their own governance and development
- To network and advocate for people centered policies that would guarantee peoples' rights to livelihood and to participation in governance and development
- To nurture, develop and strengthen grassroots civil society organizations for promotion and protection of rights and justice, for achievement of sustainable livelihood through people-centered and participatory management of natural

resources, and for advancement of people-centered and participatory governance

1.1.4. Activities

Established as a Trust in 1992, CWS has since made a significant headway in the pursuit of its objectives. Working in league with other Voluntary Organisations, governmental agencies and academic/research institutions, CWS is actively engaged in addressing issues relating to rights, livelihood and governance with particular focus on helping the underprivileged and marginalized sections (especially women, dalits, adivasis and minorities) to assert and defend their rights for a decent and equitable living.

The gamut of CWS's activities can broadly be grouped into three thematic areas, namely **Human Dignity, Livelihood** and **Governance**

Human Dignity

Under this theme, the programmatic interventions address issues relating to Women's Rights, Dalit Rights, Adivasi Rights and Minority Rights.

Livelihood

Promotion of sustainable agriculture with environmentally safe and sustainable methods to enhance quantity and quality of yield, of sustainable forest management with a special thrust on developing livelihood security of the marginalized sections and of conservation and improvement of water resources through effective water harvesting, irrigation and management, and flood management comprise our programme initiatives.

Governance

Strengthening democratic processes and empowering the institutions of local governance and communities for people centred and participatory development and advocacy for devolution of powers have been the primary focus of our activities.

1.2 . INTRODUCTION

CWS is a Trust registered under the Indian Public Trusts Act in the year 1992. It is also registered with the Commissioner of Income Tax under Section 12A of the Income Tax Act, 1961, and with the Ministry of Home Affairs (MoHA) under Foreign Contribution Regulation Act (FCRA), 1976 to receive and utilize foreign contributions.

CWS is being managed by the Board of Trustees (BoT) for the policy matters. The Executive Director/Secretary with the assistance of the Strategic Management Team (SMT) is looking after the day-to-day affairs of CWS.

CWS gets its contributions and donations from various foreign as well as Indian sources, and they are both from government and non-government sources. In addition, CWS also involves in doing consultancies and gets consultancy income from various organizations.

This manual describes policies and processes for ensuring effective and efficient uses of these funds in the diverse settings CWS operates. Where guidance was deemed useful, it is also provided herein. These practices should be observed in the day-to-day operation of the programs.

1.2.1. Address of the Organization

The registered office of CWS is at H.No: 12-13-438, Street No.1, Tarnaka, Secunderabad – 500 017, Telangana. Phone: 0091 40 27018257, Fax: 0091 40 27005243, Email: info@cwsy.org, finance@cwsy.org

1.2.2. Board of Trustees

The Board of Trustees of CWS is as follows:

1. Dr. Rukmini Rao	Managing Trustee
2. Prof. P. N. Das	Trustee
3. Prof. D.Ravinder	Trustee
4. Mr. K. Shivakumar	Trustee
5. Mrs. R. Akhileshwari	Trustee
6. Prof. Asha Hans	Trustee
7. Mr. Anil K. Singh	Trustee
8. Prof. Jaismin Kantha	Trustee
9. Mr. Prabal K Sen	Trustee

1.2.3. Chief Functionary

Dr. Gnana Prakasam is the Executive Director/Secretary and is the Chief Functionary of CWS.

1.2.4. Trust Registration Number

CWS is registered under The Indian Public Trust Act, vide **No. 854/IV/92**, dt. 24/07/1992 at the Office of the Sub Registrar, Bowenapally, Secunderabad.

1.2.5. FCRA Registration Number

CWS is registered under FCRA with a FCRA No- **010230305**, issued by Ministry of Home Affairs, New Delhi by order intimation dated 03/08/1994.

1.2.6. Income Tax Related Numbers

CWS is registered under Income Tax Act, 1961 with:

- 12 A Registration Number: 12A & 80G/16/93-94 dated 14-09-1993,
- 80G Registration Number: DIT (E)/HYD/72(03)/80G/2013-14
- PAN Number : AAATC 2837R and
- TAN Number : HYDC 00800C

1.2.7. Accounting Year

CWS follows the financial year as the accounting year i.e. 1st April to 31st March

1.2.8. FCRA Designated Account

- FCRA designated account of CWS is with Kotak Mahindra Bank, 4-4-82/22, Sri Boot Maker Show Room, Opp. More Market, Nacharam, Habsiguda,

Secunderabad – 500076, Telangana, India

- The account is operated by any two of the three authorized signatories viz. Managing Trustee, Executive Director/Secretary and Director or Joint Director

1.2.9. FC Utilization Accounts

- CWS has opened 5 utilization accounts in RCs and 4 utilization accounts at Central Office level as per the provisions of the FCRA 2010 and Rules 2011.

1.2.10. Local Account

- CWS has 5 local accounts in the RCs, 1 local account for CWS
- The account is operated by any two of the three authorized signatories viz. Managing Trustee, Executive Director/Secretary and Joint Director

1.2.11. Internal Auditor

Sai Sudha and Associates, Chartered Accountants, having office at Flat No. 2, H No. 3-6-542/5, Krishna Dham Apartments, Road No. 7, Himayatnagar, Hyderabad 500 029 are the internal auditors of CWS.

1.2.12. Statutory Auditor

G.R. Venkatesan & Co. **Chartered Accountants**, having office at 1-8-726/35, First Floor, Nallakunta, Hyderabad 500463 is the statutory auditor of CWS.

1.3. CWS FINANCIAL MANAGEMENT

Sound financial management in CWS is critical to the effective and efficient use of its resources. The funds granted to CWS are entrusted to CWS by its donors, for use on behalf of beneficiaries/participants. The ability to provide accurate, complete and timely financial information enables CWS to comply with the rules and regulations of its donors and regulatory agencies, their grant reporting requirements, as well as adhere to generally accepted accounting principles. Accurate and timely financial information also assists in decision-making and enhances our ability to attract funds from our grantors.

The policies and procedures contained in this manual are designed to provide CWS with the tools needed to effectively manage the financial resources. The guidance in this manual is to be used in connection with other policies and procedures as promulgated by CWS.

Chapter 2: GOVERNANCE STRUCTURE

2.1. BOARD OF TRUSTEES

The Board of Trustees (BoT) of CWS consists of minimum 7 Indian members and a maximum of 11, with each term being of three years with possible renewal. The Trustees elect a Managing Trustee from among themselves. The Executive Director of CWS is the ex-officio Executive Secretary of CWS. The Trustees are drawn from diverse backgrounds and different regions of India. Changes in the Board of Trustees, from time to time, are noted and recorded in the Minutes Book.

The BoT meets twice in a year, generally in the month of June and December. The BoT meeting held in the month of December, is along with the National Annual Consultation Meeting (NACM), where representatives from partner organizations, fellows and networks are also invited. These invitees are nominated in the State Annual Consultation Meeting (SACM). All programmes and financial issues are placed before a larger constituency of stakeholders in the annual NACM.

2.2. FINANCE AND PERSONNEL COMMITTEE

The Board has also constituted a Finance and Personnel Committee (FPC) comprising of trustees, representatives of from PSCs, external expert, Executive Director/Secretary and selected staff to assist the Board on all matters relating to personnel and financial management of CWS. The present FPC has the following members:

- Mr. Shivakumar, Chairperson, (Trustee)
- Dr. V. Rukmini Rao, Member (Managing Trustee)
- Dr. Gnana Prakasam, Member (Executive Director/Secretary)
- Mr. B V Soma Sastry, Member (Director Finance)
- Mr. L V Prasad, Member (Joint Director – HID)
- Mr. Saroj K. Jena, Member (RC Representative)
- Ms. G Sucharita, Member (RC representative)
- Mr. Shubhamoorthy, PSC - BRC
- Ms. Urmi Ray, PSC – JRC
- Mr. R Chnadrasedhar, External Expert

The function of FPC is to advise the BoT on all financial and human resource management related aspects of CWS.

2.3. EXECUTIVE DIRECTOR/SECRETARY

- Executive Director/Secretary is the CF/CEO of the organization. The ED is expected to provide leadership to the staff and plan CWS work and programmes.
- The ED will also be responsible for the recruitment of CWS staff and for staff development. The ED will be the link between the Board and staff.
- ED is responsible for all the compliances, legal and otherwise. He is also one of the signatories for bank operations. The ED is the ex-officio Executive Secretary (ES) of the Trust and has to convene the Board meetings in consultation with the Managing Trustee.

2.4. STRATEGIC MANAGEMENT TEAM

The Strategic Management Team (SMT) consists of the ED, the Finance and HR Directors, the 3 Theme Directors and the 5 RC Incharges. The SMT meets at least once every three months, but can meet more frequently if needed. The SMT is chaired by the ED. One of the 5 Directors at the Central Office will be nominated by the ED to hold charge when the ED is away for a longer duration. The SMT will review the performance of various projects, themes, offices, etc. and will be the forum for building a wider ownership of ideas and decisions within the organization, and also to constantly keep understanding changes and responding to them.

2.5. PROGRAMME STEERING COMMITTEE

Each RC has a PSC consisting of the local trustee, RC Head, partner representatives and other development professionals. The PSC is convened at least twice in a FY. The major function of the PSC is to appraise and screen the proposals prior to the approval. In addition to this, PSC also reviews the progress of the projects.

2.6. DELEGATION OF FINANCIAL AND NON FINANCIAL POWERS

It is recognized that along with the delegation of responsibility, it is also important to delegate financial and non-financial authority to the key persons responsible for the day to day running of the organization and its various functions / departments.

The following table outlines the level of financial and non-financial authorities as approved by the Board of Trustees. These have to be exercised within the framework of the financial systems and processes as defined in this manual.

2.6.1 Non Financial Authority:

No.	Functions to perform	Designated authority
1	Formulation and approval of policies, rules and regulations	BoT/SMT
2	Signing of appointment or termination orders of all the staff	Executive Director
3	Signing of appointment or termination orders of the Executive Director	Managing Trustee
4	Signature on organizational audited financial statements	Managing Trustee and Executive Director
5	Signature on statutory returns	Executive Director
6	Signature on Project wise Audit Statements and FC-6 Statements	Executive Director
7	Signature on documents pertaining to providing loans and borrowings	Executive Director
8	Deciding staff salaries and increments	Executive Director

2.6.2 Grant Making and Partner Management:

Sr.	Functions to perform	Designated authority
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No.		
1	Selection of partners	PSCs/RCs
2	Signature on partner agreements/MoUs	Executive Director
3	Grant release to partners	Executive Director
4	Closure of partnerships and no cost extension	Resource Centre Incharge
5	Project specific consultancy and small contracts at RCs	Resource Centre Incharge
6	Project specific consultancy and small contracts at CO	Executive Director

2.6.3 Donor Management:

Sr. No.	Functions to perform	Designated authority
1	Signature on all the donor agreements	Executive Director
2	Signature on the narrative reports of donors	Executive Director
3	Signature on the financial reports of donors	Executive Director

2.6.4 Financial Authority:

Sr. No.	Functions to perform	Designated authority
1	Travel / program advance to JDs and Directors	Executive Director
2	Travel / program advance to other staff in CO	Corresponding line managers
3	Travel / program advance to other staff in RCs	Resource Centre Incharge
4	Salary advances to the staff	Executive Director
5	Imprest amount to the RCs	Director – Finance
6	Travel and advance settlements at CO	Director – Finance
7	Travel and advance settlement at RCs	Program Officer – Finance
8	Approval of budgeted expenses at CO	Executive Director
9	Approval of budgeted expenses at RCs	Resource Centre Incharge
10	Making and redeeming of investments	Executive Director
11	Purchase of capital goods	Purchase Committee
12	Signature on RCs rental agreement	Resource Centre Incharge
13	Bank account operations at CO	Managing Trustee, Executive Director, Joint Director – any two
14	Bank account operations at RC	Local Trustee, RC Incharge, one staff – any two
15	Office maintenance – CO	Director – Finance
16	Office maintenance – RC	Resource Centre Incharge
17	Authorized signatory on the vouchers	Director – Finance

- All the decisions taken at the CO and RCs have to be approved by an appropriate authority.
- It is assumed that all the payments made and expenditure approved has a provision in the relevant budget.
- The terms and conditions laid down by the donors are being adhered to.

- All key decisions are being intimated to the FPC and in turn to the BoT.

Chapter 3: FINANCIAL ACCOUNTING AND POLICIES

3.1 . GENERAL RESPONSIBILITIES

CWS policy is that all staff, consultants, subcontractors and sub grantees conduct the activities morally, ethically and in the spirit of public accountability and transparency, and in conformity with applicable laws and regulations.

Specifically, this policy explicitly provides that:

- No funds or assets will be used for any unlawful or improper purpose.
- No contributions will be made for political purposes from CWS funds in India or elsewhere, even in countries where such contributions may be legal.
- Financial data required to be submitted to donors, including governments, must be accurate, complete and current and prepared in accordance with applicable grant requirements, wherever appropriate.
- No payments will be solicited or received by an employee or relative of an employee from a vendor or sub grantee or prospective vendor or sub grantee.
- Payments to agents, brokers or middlepersons may be made where required in the normal course of business to secure goods and services for CWS, taking care that such payments are in line with prevailing practice. Agents' compensation must be reasonable in relation to the services performed and will not exceed the normal rate for transactions of a similar nature and size in the particular location.
- All financial transactions will be accounted for accurately and properly. No undisclosed or unrecorded funds or assets will be established or maintained for any purpose.
- Personal loans cannot be made to staff under any circumstances.
- Salary advances are provided to the staff for education, health and emergencies. The salary advances have to be settled within the same financial year.

The Executive Director will be responsible for disseminating this policy to all employees in the organization and for instituting and maintaining a program to ensure that employees understand standards of ethical conduct. The ED is also responsible for informing employees of the importance of reporting any suspected violations of this policy to management, without fear of reprisal.

CWS requires its employees to abide by the foregoing standards of ethical behavior in their dealings with its suppliers, consultants, sub-grantees, subcontractors and governments. They are also required to report any violations of these standards. Each CWS employee with a responsibility of placing, paying or supervising any supplier, consultant, sub-grantee or subcontractor will be required to understand the following Code of Conduct:

"No employee shall participate in the selection, award, or administration of a contract or grant if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, any member of her or his immediate family, her or his

partner, or an organization which employees or is about to employ any of the parties indicated herein, has a financial or other interest in the organization selected for an award. The employees of CWS shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements. CWS standards of conduct provide for disciplinary actions to be applied for violations of these standards by officers, employees, consultants, or agents."

3.2 . FUNDAMENTAL ACCOUNTING, ASSUMPTIONS AND CONCEPTS

CWS considers itself an entity separate from the person who manages it. It is an artificial legal entity.

- Each fund and restricted project undertaken on behalf of donor agencies is treated as a separate Fiscal Entity. The assets/liabilities and the income and expenditures pertaining to each Fiscal Entity are separately managed and recorded.
- All transactions are recorded at cost price. Any fluctuations in the market value are not accounted for.
- All transactions will be recorded in monetary terms. Quantification of non-cash aspects are done as per the approved procedures.
- Accounting policies shall be applied consistently from one accounting period to another.
- Revenues/incomes shall be recognized on cash basis only.

3.3 . METHOD OF ACCOUNTING

- CWS shall maintain its book of accounts and prepare its financial statements on Cash Basis Method of accounting.

3.4 . INVESTMENTS

- All investments of CWS shall be as per the provisions of section 11(5) of the Income Tax Act, 1961. The investments shall be valued at cost, and in case the market value of the investments falls below the cost price then suitable disclosures will be made in the financial statements.
- The fixed deposit receipts and other securities shall be kept under lock and key under the control of the Director Finance.

3.5 . FIXED ASSETS

- All fixed assets shall be recorded at purchase price plus any attributable cost of bringing the asset to its working condition.
- CWS's organizational fixed assets shall be distinguished from bilateral project fixed assets. The assets procured out of the general fund or other funds belonging to CWS shall be treated as general category assets. The assets purchased out of project funds or restricted funds shall be treated as project assets.
- Donated assets shall be recorded at a nominal value. The FPC may also decide to record such assets at a reasonable value. Such value shall be reflected in the balance sheet by creation of a corresponding capital reserve on the liabilities side.
- Fixed assets which are charged off, as expenditure in the income and

expenditure account, shall be reflected in the asset side of the balance sheet by creation of a capital reserve on the liabilities side.

- The project assets shall be treated according to the terms of the project agreement. In the absence of any clause pertaining to treatment to fixed assets in the project agreement, the assets shall be converted into general assets after obtaining a formal permission from the respective donor.

3.6 . DEPRECIATION

- Depreciation on fixed assets shall be provided on a systematic basis for each accounting period throughout the useful life of the asset as per the rates prescribed by the Income Tax Act, 1961.
- Depreciation shall be charged on all assets including those assets, which are charged off as expenditure in the Income and Expenditure account. Charging of depreciation becomes necessary in order to protect the capital/corpus of the organization. Otherwise, the replacement of the asset will not be possible without external support.

3.7 . FOREIGN EXCHANGE TRANSACTIONS

- Transactions in foreign currencies are recorded at exchange rates, prevailing on the date of transactions. Any exchange fluctuations resulting in gain or loss in relation to budgeted amounts, are reported separately.

3.8 . REVENUE AND GRANT

CWS mobilizes resources for its programme and activities from the following sources:

- Grants received from International/Domestic Partner/Foreign Donor for Programmes/Projects to be directly implemented by CWS. In such cases, all restricted project grants shall be credited to a specified restricted fund and shall not be treated as income.
- Grants received from International Partner/Foreign Donor for projects to be implemented by project partners. In such cases, all restricted project grants shall be credited to specified project partners restricted funds and shall not be treated as income.
- Voluntary Contributions received from International and Domestic Donors shall be treated as income of the Trust. Such Voluntary contributions shall be applied for the objectives of the Trust and may also be accumulated as per the provisions of the prevailing laws.
- Corpus Contributions received from International and Domestic Donors shall not be treated as income of the Trust. Such corpus contributions shall be credited to the corpus fund and shall permanently remain with the Trust.
- Income generated from consultancies shall be treated as income of the Trust. Such income shall be treated on par with other voluntary contributions received and shall be applied for the objectives of the Trust and may also be accumulated as per the provisions of the prevailing laws.

3.9 . CASH HOLDING LIMIT

Cash balances are always maintained at bare minimum level and physical cash

balances are frequently verified by the auditors / members of the accounts department with the cashier.

- CWS-CO does not maintain cash of more than Rs. 25,000/- at any given point in time.
- The cash holding limit in the RCs will not be more than Rs. 5000/- on any given day.

3.10. CONTRACTS AND RENTAL/LEASE AGREEMENTS

The Central Office and the Resource Centre Offices, located in different areas / places where the office portions taken on rent shall enter into a formal rental / lease agreements with the landlord, and documentary evidence shall be made available on demand.

3.11. INSURANCE OF MOVABLE AND IMMOVABLE ASSETS

Insurance of all movable and immovable assets is required to be made and renewed regularly. The type of insurance cover required for various types of assets shall be determined by the FPC. Computer and other electrical instruments shall be protected through Annual Maintenance Contract (AMC).

Chapter 4: ACCOUNTING SYSTEM / BOOKS OF ACCOUNTS

The accounting trail is important as it helps to check/countercheck expenditure incurred/ activities done and thus help in maintaining a transparent system. The following are the accounting steps followed in CWS:

- Expense with supporting documents
- Verification of expenses and supporting documents
- Preparing cash memo
- Preparing Voucher
- Entry in the Cash book
- Ledger posting
- Drafting the trail balance
- Finalizing income and expenditure statement
- Finalizing balance sheet
- Auditing the financial statements
- Filing the FC-6 returns online

4.1 . ACCOUNTING RECORDS

- The accounting function is centralized at the CO and is maintained in Tally ERP9 package with each of the 5 Resource Centers linked to the common server. Tally ERP9 package ensures that the entries made at the RC level are merged with the server at the CO.
- The RCs do not have the rights to make any changes to the entries made by them. RCs have to approach the CO for all the corrections and are expected to send proper correspondence for any such change.
- The accounting records are checked by the PO-Finance at RC and then the print out of the vouchers is taken, signed by the accounts person at the RC and then by the RC Incharge.
- Similar procedure is followed at the CO also.
- All the vouchers from the CO and RCs are finally signed as “Authorized Signatory” by Director – Finance.
- All the entries changed by the PO-Finance are done with the knowledge of the Director – Finance (DF), and all the correspondence in that regards is marked to the DF.
- All the vouchers and the supporting documents from the RCs are expected to be received by the CO by the 10th of each month.
- Rectification entries are passed for any amendment to the data that has already been entered.
- Separate books are maintained for the Local Contribution (LC) and Foreign Contribution (FC).
- Separate receipts books are also maintained for the LC and FC funds.
- Ledgers are maintained in Tally as per the budget lines appearing in the approved budget.

4.2. BOOKS OF ACCOUNTS

The following accounting books are maintained separately for LC and FC funds:

- Cash Payment/Receipt Vouchers & Book
- Bank Payment/Receipt Vouchers & Book
- Summary/Daily Petty Cash Book
- Journal Vouchers and Journal
- General Ledger

The filing of records in the accounts section is as follows:

- Cash payment voucher file
- Cash receipt voucher file
- Bank payment voucher file
- Bank receipt voucher file
- Journal voucher file
- Audited reports file
- Income tax file
- FCRA file

4.3. SUBSIDIARY BOOKS/REGISTERS AND FORMS

The following subsidiary books are maintained by CWS:

- Salary register
- Attendance register
- Fixed assets register
- Investment register
- Provident Fund register
- Professional Tax register
- Gratuity register
- Vehicle log books
- Stock register
- Agreement files for consultancies, donor agreements, quotation files, etc
- Bank reconciliation file
- Cheque books with counterfoil
- Unused cheque book
- Registration documents
- TDS returns file
- Partner wise files with the legal documents
- Investment and other title deeds

4.4. JOURNAL

The journal is one of the books of original entry, and each transaction is recorded therein on the principle of “Double Entry System”. This book is for recording all non-Cash transactions, such as transfers between accounts, non-Cash contributions, debit notes from funding agencies, exchange rate adjustments, accruals, etc.

4.5. VOUCHERS

- Vouchers are the office documents authorizing the accountant to pass the

necessary entries, to be accompanied by supporting documents like bills, invoices, tickets, etc., filed chronologically, separate for bank, cash, petty cash in hand and journal.

- Vouchers of cash, bank, petty cash and journal are independently filed in the order of occurrence. Every voucher is numbered automatically by the Tally package. While writing a payment voucher it is ensured that the following are taken into consideration:
 - Date
 - Name of the person
 - Purpose - clear explanation should be given
 - Amount in figures and words
 - Signature of the person
 - No over-writing
 - Guest, meeting, travel expenses are accompanied with details and break-ups
 - When vehicles are hired, details like number of the vehicle, opening and closing meter reading, the place commuted from and to, etc., are provided.

The following points are observed with regard to vouchers of all types:

- The Director – Finance is the authorized person to approve any payment within suitable limits, and under no circumstances are the vouchers signed by any person other than the authorized person.
- Before the authorization of the voucher, the person preparing the voucher signs the voucher.
- In a case where a cash bill or cash receipt is given, the same is attached to the voucher, and there is no need for the payee's signature or for a revenue stamp on the voucher.
- For payments exceeding Rs 5000/-, a revenue stamp of appropriate value is affixed, and the payee or the person authorized by the payee (in the case of a third person) signs.
- Where expenditure cannot be supported by external documentary evidence, a detailed statement of account for the expenditure incurred by the payee, duly signed by the payee, is attached with the voucher or be written on it.
- The head of account under which the transaction falls is clearly written.
- Payment is not released either in cash or by cheque unless the voucher, supported with proper evidence, is produced and is complete in all aspects.

4.6. PROCESSING OF PAYMENTS

The process to be followed for incurring expenditure and the subsequent payment would depend on the nature of expenditure. An overview is as given below:

No.	Category of Expenditure	Process Followed	Supporting Documents
1	Purchase of assets	Purchase procedure as	– Approved requisition in the form

	including fixed assets	documented in the manual	of hard copy or mail – Quotations for assets costing more than Rs. 5000/- – Comparative statement – Purchase order for assets costing more than Rs. 5000/- – Invoice from the vendor with all details – Entry in fixed asset register or inventory register
2	Consultancies	Procedure as documented in the manual	– Consultancy contract – Invoice of the consultant, if possible – Copy of the deliverables of the consultant as per the terms of the contract
3	Remittances to the partners	As per the MoU with the partner	– Copy of the MoU – Addendums to the MoU, if any – Updated / latest reports from the partner – Receipts of the previous remittances – Audit reports of the previous year – Narrative reports
4	Staff salaries	As defined in the guidelines	– Copy of appointment letter – Leave record – Payroll for the month – Communication to the bank for the salary credits
5	Travel advance	As defined in the Team Manual	– Duly authorized travel form from the line manager – Other relevant documents as may be required.
6	Advance settlement	As defined in the process within 10 days of the completion of travel	– Advance settlement claim form duly filled – All the supporting documents – Balance amount, if any
7	Payment to travel agents	After reconciling with the travel agent records and the actual travel records available in the office	– Invoice of the travel agent – Travel authorizations – Used tickets and boarding passes
8	Rent payments	As per the rent agreement	– Rent agreement – Receipt from the land lord
9	Other payments	As per the norms	– Proper invoice in all respects – Proper confirmation of goods or

			receipt of services
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4.7. GENERATION OF BOOKS OF ACCOUNTS AND MANAGEMENT REPORTS

- The BRS is prepared for all the accounts by the 5th of each month for the previous month. The same process is followed by the RCs for the utilization FC account and local fund account.
- The budget vs actual statements are prepared on quarterly basis for the review in the SMT.
- The trial balance for each quarter is printed and filed.
- Half yearly audited statements are prepared for all the projects.

4.8. DATA SECURITY

CWS follows a proper system of data security. To ensure this the following process is followed:

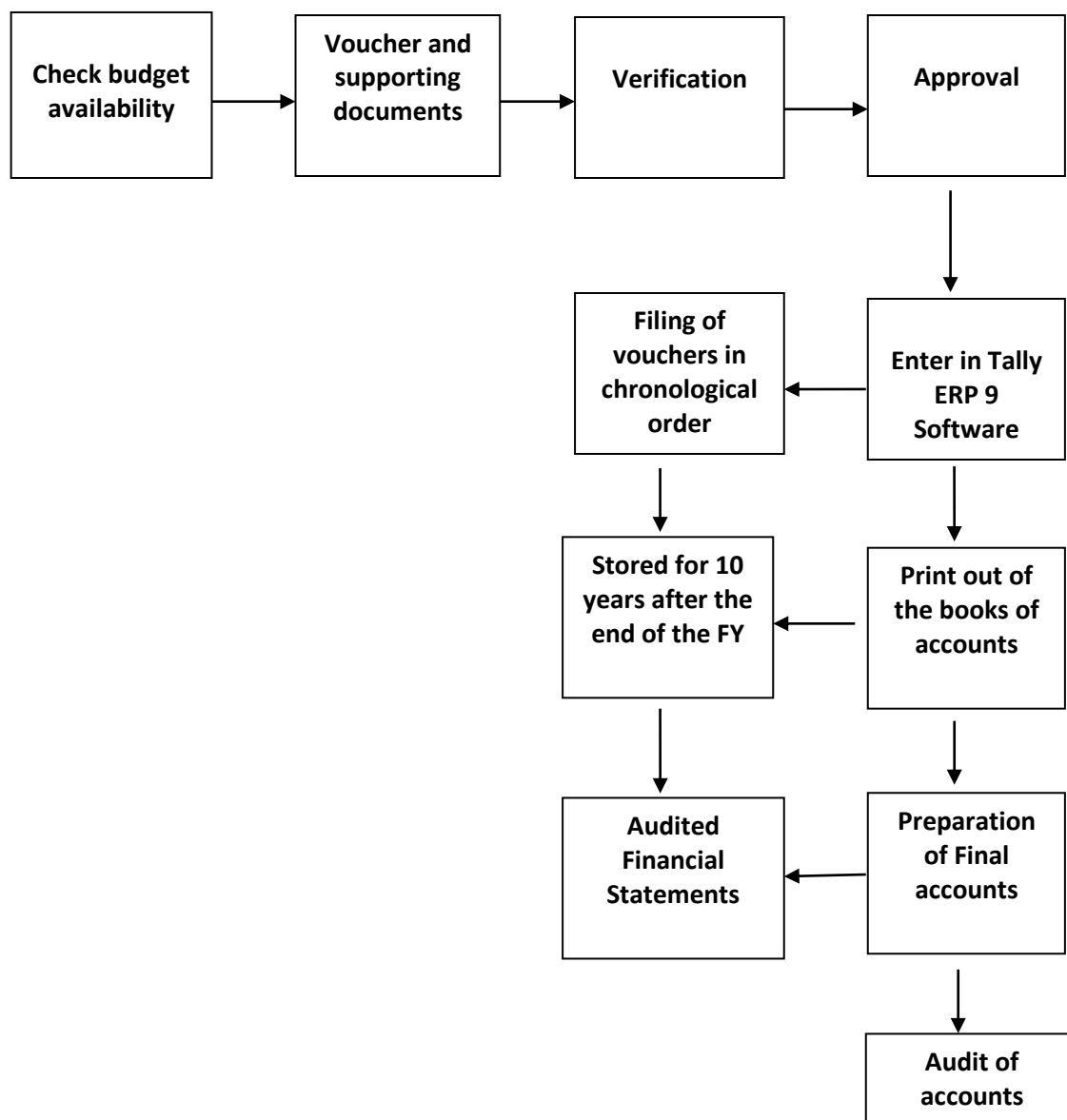
- Every day the back up of the data is taken in the server. This data is further taken as a back up in an external hard disk.
- All the accounting information in the server is password protected, and the administrative rights are with Director – Finance.
- The RCs also take a back up of their data in a pen drive or an external hard disk.

4.9. MAINTENANCE OF PAST RECORDS

All the financial records are maintained for at least the last 10 years, prior to the financial year that has ended. All the documents are filed year wise clearly demarcating the details viz. bank vouchers, cash vouchers, journal vouchers, RC vouchers, etc. At the end of 10 years of retention, the following records are scrapped:

Sr. No.	Record Type	Exception
1	Books of accounts, vouchers and supporting documents attached to the voucher	Vouchers and supporting documents related to the purchase of building viz. purchase agreement, construction/ additions, lease deeds etc. Vouchers relating to equipment and all fixed assets. Vouchers relating to the insurance of the capital items This will help retain the data like date of purchase, purchase price, depreciation claimed, etc.
2	Audited financial statements	Retain all the audited reports of CWS. CWS has also maintained all the scanned copies of all the audited financial statements since inception.

4. 10. ACCOUNTING PROCESS



4.11. RESOURCE CENTRE FINANCIAL PROCESSES

4.11.1. Remittance of funds to Resource Centres:

- CWS has Resource Centres in the five states of Andhra Pradesh, Bihar, Jharkhand, Orissa, and Tamilnadu.
- All the RCs have opened a local bank account and a FC utilization bank account for using the funds transferred to them. The FC funds and LC funds are separately transferred to the accounts for the respective projects.
- The settlement of the advances is made once in a month. The RCs send the vouchers with all the supporting documents to CO with a copy of the R&P, BRS and other relevant details.
- The accounts are operated by the Local Trustee, RC Incharge and a staff with any two of the three signing the cheques.
- The remittances are meant for the running expenses of the RCs, program

- advances, travel advances, etc,
- The funds are remitted to the RCs based on the monthly forecast sent by them in the first week of each month.
- The cash holding limit of the RCs is Rs. 5000/- at any given point in time.
- Most of payments are made through account payee cheques, and payments below Rs. 1000/- are made by cash.
- Any payment attracting TDS is referred to the CO, and the payment is made after deducting the applicable TDS rate.

4.11.2. Records maintained at RC

The following records are maintained at the Resource Centre level:

- Current cheque books with the counterfoils
- The used cheque books
- Bank statements
- Bank reconciliation statements
- Cheque issue register
- Advance details of the staff
- Soft copy of the financial correspondence with the CO
- Stock register
- Attendance registers
- Asset register
- Copy of the vouchers sent to the CO
- Log book for the vehicles

4.11.3. Reports to be sent by the RCs

The RCs have to send the following documents/reports to the CO on monthly basis:

- All the vouchers for the month along with the supporting documents with a summary sheet of all the expenses incurred during the month.
- The vouchers are merged with the CO server on a daily basis
- Copy of the bank statement
- Bank reconciliation statement
- The documents have to be submitted to the CO by the 10th of the succeeding month.

4.12. Year end closure

The CO and the RCs have to adhere to the following processes during the year end closure i.e. 31st March:

- Minimum cash balance
- Physical verification of cash
- Bank statement to be obtained from the bank as on 31st March
- The last cheque number of all the bank accounts maintained by CWS has to be frozen and noted down.
- Nil or minimum advances and receivables.
- Nil or minimum deposits.

Chapter 5: BUDGET AND MONITORING OF THE BUDGET

In CWS, the budget is prepared for all the programmes/projects (core, state specific and others), and the overall organization budget integrating all the aspects of CWS.

- In the current processes the soft copies of all the budgets for all the programs are maintained with the finance staff as well as the program staff. The ledgers in the accounts are also prepared on the similar lines, as what is mentioned in the approved budget so that there is no confusion in booking the expenditure and at the time of report preparation.
- At the end of each quarter, the budget against the utilization statements are prepared for monitoring the financial progress of the projects. All the copies of the statements are shared with the RCs. These reports are also presented in the SMT meetings held every quarter.
- Separate formats have been developed for the program monitoring reports and financial monitoring reports. Each Program Officer is expected to visit a partner at least twice in a year for the core, AEI one to one and ASW one to one partners. For the rest of the projects, the visits will depend on the requirement of the program. In the projects implemented by CWS, the visits are more.
- The program staff is also expected to review the budget utilization position of the partner to which he/she is attached. The financial monitoring visits are random, based on the feedback of the program staff or alternatively at the behest of the finance staff in consultation with the RC head.
- As a regular practice, the partners in implementation are required to submit at least the half yearly financial (in some cases audit reports) and progress report to CWS. This is linked to the release of 2nd installment of the partner. The release of the funds of any partner not fulfilling the requirement is held up.
- For the state specific projects, the utilization statements have to be submitted based on the requirement of the donors. The utilization statements from the partners and that of CWS is consolidated and sent to the donor. The reporting is maintained in the formats prescribed by the donor.
- In addition to this, the entire donor reporting ranges from monthly financial reporting to yearly reporting. All these reports are sent to the donors as per the requirements. Many of the donor funds are linked to the quarterly and half yearly reporting by CWS on the projects. The fund requests are considered subject to CWS submitting the financial reports.

Chapter 6: REPORTING

6.1 . BOARD OF TRUSTEES

The Board of Trustees in CWS meets at least 2 times in a year. During the meeting, the following reporting is made to the members of the Board.

- Based on the date of the meeting, the audited financial statements either half yearly and/or annual is presented to the Board for approval.
- The Board is updated on the legal compliances of CWS viz. utilization status of CWS for the previous financial year as per IT Act, filing of income tax returns, filing of FC-6 to the MoHA amongst others.
- Status of the investments made by CWS during the year
- Half yearly or annual status of the projects

6.2 . EXECUTIVE DIRECTOR/SECRETARY

All the day to day payments are brought to the notice of CF as he/she is also the authorized signatory for the cheques.

- Legal compliances are reported to him as and when they happen. These include deduction, payment and filing of tax deducted at source, professional tax, gratuity premium and provident fund amongst other compliances.
- The status of the projects is also intimated to the CF for him to arrive at a decision on the same.
- The donor reporting which fall due either on monthly, quarterly, half yearly and annual basis is also sent after reporting to the CF.
- All the investments made and redeemed, are done with the prior reporting to the CF.
- Bank reconciliation statement for all the accounts are reported and signed by the CF before filing.

6.3 . STRATEGIC MANAGEMENT TEAM

- The Senior Management Team consists of CF, the Directors of Finance and HID, all the thematic heads and RC heads. The meetings of the SMT are held every quarter.
- The financial status of all the projects is shared with all the SMT members.
- Budget vs Actual of all the projects is shared, and clarifications are sought from the concerned members of the SMT.
- All the reports are marked to the RC heads while they are sent from the CO to the donors.

6.4 . FUNDING AGENCIES

CWS receives funding from various agencies.

- Based on the donor requirements, CWS regularly sends its reports to the donor from the CO. All the reports are sent in the form of soft and hard copies signed by the CF.
- In addition to this, the individual audit reports of each project and the consolidated audit reports are also sent to the donors.

6.5 . GOVERNMENT

- All the statutory reporting is done by CWS to the government agencies. All the reporting is done within the stipulated time limits prescribed by the agencies.
- The income tax returns are filed with the IT Department.
- The TDS is remitted to the IT department, and the quarterly returns are filed
- The professional tax is deposited every month to the AP Government.
- The employee and employer contribution of PF is remitted to the PF authorities.
- The FC-6 is filed online with the MoHA. The hard copy of the same is sent to the Ministry along with the FC receipt and payments account.
- Any other statutory requirement as when it arises

6.6 . PUBLIC AT LARGE

- The annual report of CWS is circulated to as many stakeholders as possible. The copy of the same is also uploaded on the website.
- The consolidated audit reports are also uploaded to the website.

7.1 . INTRODUCTION

Internal Control implies development of systems within the organization to ensure efficient functioning and minimize the possibilities of mismanagement and inefficiency. The nature and extent of Internal Control can be developed on the size and activities of the organization. It is very difficult to recommend any universal system for all organizations, and therefore, it is important to understand the features and mechanism of Internal Control. All organizations should develop their own systems of Internal Control depending on their needs and resources, and accordingly CWS has developed the following systems.

The key elements of internal control are in the following areas:

- Delegation of financial authority
- Approval and payment process
- Cash management
- Bank management
- Procurement process
- Inventory control
- Fixed asset management
- Advances management

Some of the above elements have already been covered, and others will be covered in the following sections. The internal control systems followed by CWS at all levels are as follows:

7.2. CENTRAL OFFICE

- At the CO, there are 3 staff in the finance department in addition to the Director – Finance (DF)
- The 3 staff at the CO have been assigned independent tasks and are broadly divided in to the following categories:
 - Cash and donor reporting
 - Bank
 - Donor reporting, supervision of tally records, preparation of financial statements
- All the payments are routed through the office of DF
- All the payments involving statutory compliances are made from the CO since the RCs are not registered organizations. They function more as field offices.
- CWS has a Finance Manual in place, and all the payments are made as per the norms laid out in the manual.
- Staff advances i.e. salary advance, program advance and travel advance are also tracked in similar lines. No new advance, either travel or program, is approved for the staff unless the previous advance is settled. The salary advance is also deducted in equal installments every month from the staff salaries and ensured that it is settled by the FY end.
- CWS insurance cover the office, two wheelers and the four wheeler.

7.3. RESOURCE CENTRES

- All the RCs and Project Offices have one finance and admin staff to manage the

finance.

- All the budget and routine expenditure is approved by the RC/Project head in all the offices. The PO approaches the CO for any deviation.
- The RCs and CO are connected with Tally ERP.9 package. The POs in the RCs pass the entries in tally, and they are synchronized on a daily basis. The figures are reconciled every month before transferring a new advance to the RCs.
- Any change in the entries made by the staff at the CO or RCs can be edited only with the administrator password with the DF.

7.4. BUDGET

- The budget is reviewed every quarter in the SMT meetings. The budgets for each program are tracked and informed to all the RCs for them to take corrective measures.
- Donor wise reports are maintained in soft as well as hard copies.

7.5. BANK MANAGEMENT

- As per the requirement of FCRA, a separate designated bank account is opened for the foreign contribution remittances. All such contributions are deposited in the account.
- As per the provisions of the FCRA 2010 and Rules 2011, CWS has also opened utilization accounts at the 5 RCs and for the EU Project Office. These accounts are used only for the utilization of funds. No grant is released to the partners from this account.
- A separate FCRA company is created in Tally, and all the ledgers are created as per the budget heads provided by the donors in the approved budgets.
- For the projects supported by local funds, a separate bank account is there. In case, the donor has a specific requirement to open a separate account, the same is being done. At the end of the project, the account is closed.
- All payments above Rs. 1000/- are made through account payee cheques.
- Monthly Bank Reconciliation Statements (BRS) is prepared for all the projects and common BRS for the FC account. As per the donor requirement, the copy of the BRS is submitted.
- Bank Reconciliation Statement is prepared for all the bank accounts with CWS. The RCs also prepare the same at their level.
- CWS maintains separate account for FC money as per the statute.
- CWS also maintains separate project bank accounts for local projects as per the requirement of the donor.
- All inter project transfers are made by physical transfer of funds from one account to another. It also is ensured that there is no mixing of FC and LC funds.
- The cheques are signed by 2 of the following three signatories viz. Managing Trustee, Executive Director/Secretary and Joint Director. Similarly, for the bank accounts at the RCs, the cheques are signed by the local Trustee, the RC Incharge and a staff (any two of the three) as per the resolution passed by the BoT.
- All the cheque books, used and unused, are kept in a lock and key.
- All the payments are made by "Account Payee Cheques".
- All the stale cheques are cancelled, and the proper record is kept of them.

Reversal entries are passed in Tally for all such cancelled cheques.

7.6. CASH MANAGEMENT

- The cash is maintained with the person entrusted to handle cash. Separate cash record is maintained for the LC and FC funds. Cash is withdrawn with three persons viz. Finance staff, Finance head and Executive Director signing the withdrawal request.
- As a policy, CWS does not keep cash of more than Rs. 25,000/- at CO and Rs. 5000/- at the RCs. The average cash over a period of 12 months is on an average of Rs. 15,000/-. In exceptional cases, viz. during workshops, trainings, meetings, etc. the cash exceeds the said limit. Any such deviation is noted, and details are provided to the statutory auditor.
- Any payment above Rs. 1000/- is to be made by account payee cheque unless otherwise there is an approval for any deviation.
- All the cash payments are made only after the proper authorization and submission of relevant supporting documents.
- At the end of the day, the cash book is closed, and the physical cash book is verified with the balance available.

7.7. ADVANCES MANAGEMENT

In CWS, the advances are of the following types:

1. Travel advance
2. Program advance
3. Salary advance
4. Supplier advance

7.7.1. Travel advance:

- The travel advance is released against the authorized and approved travel plan.
- All the advances to the staff are transferred to their respective salary accounts from which they are expected incur the expenditure.
- No fresh advance is provided without the settlement of previous advance.
- All the advances have to be settled within 7-10 working days after the completion of the travel or before the next travel request, whichever is earlier.
- The settlement has to be made in the format prescribed by CWS which includes all the details viz. accommodation, per diems, train tickets, etc.
- The amounts spent on accommodation should be within the norms prescribed by CWS.
- The advance settlement has to be authorized by the immediate line manager which will be subject to scrutiny by the finance department.
- The copy of the tour report has to be submitted along with the claim settlement form.

7.7.2. Program Advances

- These advances are given to the staff for conducting various budgeted and approved workshops, meetings, trainings, etc. Project and program specific advances are given to the staff.

- The advances up to only Rs. 1000/- is paid by cash, and all advances beyond that limit are transferred to the salary account of the respective staff.
- All such advances are settled with the office by submitting proper supporting documents viz. travel claims of the participants, miscellaneous expenses during the meeting, etc. All big ticket expense like accommodation and food are made directly from the office.
- In case of RCs, all such advances are transferred to the RC bank account based on the forecast sent by the RC. The RC in turn will provide the advances to the staff as per the requirement.

7.7.3. Salary Advance

- Salary advance is provided only for purposes of education, medical and emergency.
- The salary advance for all the staff in CWS has to be approved by the ED. For the CO staff, the approval is done on application and for RCs, the approval is on mails.
- The maximum eligibility for the salary advance is calculated as 3 times of Basic + DA.
- The salary advance has to be settled by the staff within the same FY, and under no circumstances can this advance be spilled over to the subsequent FY.

7.7.4. Supplier Advances

- The supplier advances are paid based on the terms of the contract. In case the supplier does not quote any advance for the work, the entire payment is made on completion of the work / delivery of goods.
- All the necessary and applicable taxes are deducted at source before the payment is made.
- All such advances are adjusted, including the TDS, against the final payment made to the supplier.

7.8. PAYROLL

- The admin department prepares the payroll every month, and the copy is sent to the finance after the approval by the Executive Director. The finance department verifies the details for salary advances, tax deduction, etc and transfers the salaries to the salary accounts of the staff.
- A copy of the appointment letter with all the details viz. designation, date of appointment, pay scale, gross, other benefits, etc is sent to the finance department for records. Salaries are not released in case the copy is not sent. This applies in case of new appointments for first salary.
- The salary accounts of CWS staff are maintained with State Bank of India. All the new staff recruited to CWS has to open an account with State Bank of India in the respective locations.

7.9. FIXED ASSETS

- CWS has a purchase committee for the purchase of fixed assets. A staff is designated as the convener of the committee. Any request for the purchase of fixed asset or any procurement above Rs. 5000/- comes to the committee.

- The convener procures at least 3 quotations from the vendors either by hand or email. A comparative statement is prepared, discussed in the committee and then purchase order issued to the selected vendor.
- In cases where 3 quotations have not been obtained or the nature of the goods is such that 3 quotes cannot be obtained, proper justification to the effect has to be presented to the purchase committee.
- In case of the purchase of asset at the RC, the RC will send at least 3 quotes for the purchase of assets. The quotes are processed by the convenor of the purchase committee. The purchase order is sent to the RC.
- Fixed asset register is maintained by the admin and is updated every quarter.

7.10. INVENTORY/STOCK

- The major component of stock in CWS is in the form of stationery. In addition to this, CWS has certain reports and publications which are also printed.
- The stationery is procured after getting the staff requirements every month. A proper register is maintained for recording all the receipts and issues of stock.
- A separate list of all the publications is maintained.

Chapter 8: PURCHASE PROCEDURES

Purchase/Works request against approved budget can be approved by the Project head with the program staff recommendations. If not, it is necessary to obtain approval from Executive Director. It is Executive Director's discretion to approve the work with or without purchase committee consultation.

8.1. LIMIT FOR PURCHASE / WORKS FOR APPROVED BUDGETED ITEMS

- If a request (single or one month utilization) is less than Rs.5000/-, the convener of the purchase committee can decide about the supplier.
- If a request (single or one month utilization) is above Rs.5,000/-, the purchase needs to be brought to the Purchase Committee by way of a purchase request.

8.2. PROCESS

- Program Officer is responsible to obtain approval in the prescribed format for approved budgeted items from the line manager within Rs. 5,000/-. For request above Rs.5,000/-, permission to be obtained from line manager and the request has to be sent to the PC.
- In emergency, ED or RC heads may approve the purchase before Purchase Committee scrutiny subject to the approval from the Purchase Committee.
- If it is a regular purchase, the previous Purchase Committee decision (evidence through comparative chart within 3 months) may be considered and ordered with the same supplier for the same quality and cost.
- If the cost is different, it cannot be taken into consideration. Otherwise purchaser should collect minimum three quotations from different vendors.
- The quotations collected from the vendor should be on the letter head of the vendor.

8.3. QUALITY OF QUOTATIONS

- The following information should be available in quotations.
 - Quality Description
 - Unit cost
 - Validity of quotation
 - Packing and forwarding charges (if any)
 - Cash discount (if any) – Quantity wise.
 - Tax (if any)
 - Guarantee
 - Date of delivery
 - Payment details – mode and type
- The Convenor of the purchase committee will obtain minimum of 3 quotations in case of purchase being made in the CO. In case of RC, the quotations are collected locally and sent to Convenor for processing.
- After obtaining the quotations from different vendors, a comparative chart is prepared with the recommendation to purchase source with detailed justification, and submitted to the Purchase Committee.

8.4. DUTIES OF PURCHASE COMMITTEE

- Scrutinize quotations
- If necessary, the Purchase Committee may obtain opinion from external source for some specialized goods.
- Selection of supplier / service provider.
- Further negotiations, if any
- Terms and conditions of the purchase / service.

8.5. DUTIES OF THE CONVENOR OF PURCHASE COMMITTEE

- Convene Purchase Committee meeting
- Preparing minutes of the Purchase Committee proceedings
- Have a track on needs and study technical and financial feasibility in consultation with the concerned PO
- Collecting quotations from vendors
- Preparing comparative chart and table with recommendation to Purchase Committee
- Issuance of purchase order to vendors as per the purchase committee decision and satisfy purchase committee intention.
- Ensure 'value for money'.
- Receiving and verifying the ordered goods and ensuring quality and quantity of the goods. In case of goods being delivered at RC, the respective RC should verify the goods.
- Maintenance of 'Stock/Assets Register'

8.6. PURCHASE ORDER

The purchase order contains the following:

- Name of the supplier
- Date of issue of the PO and reference of the quotation
- Description of the quantity and specification of the item to be supplied
- Quantity, unit rate and total value of the purchase
- Applicability of taxes
- Place and schedule of delivery
- Terms of payment
- Penalty clause, if any

8.7. CONTRACTING CONSULTANTS

- The process of contracting the consultant for a particular activity is initiated by the respective project Incharge. In case of any institutional consultancy with respect to the overall governance processes of CWS, the ED will initiate the process.
- At least two or three consultants are identified based on the type and requirement of the assignable work. After further discussions with the line manager/ED, the consultant is finalized.
- After the identification is done, the ToR for the consultancy is prepared and shared with the consultant. This will also include the payment and the schedule

for the consultancy.

- For all the contracts, a written document, signed by both the parties to the contract, is kept as an evidence for the process.
- The applicable TDS, as per the norms, is deducted from the final payment, and this is also specifically mentioned in the contract.

Chapter 9: FIXED ASSET MANAGEMENT

9.1. DEFINITION

Fixed asset is an asset, which is:

1. held with the intention of being used for the purpose of providing services.
2. not for sale in the normal course of the activity.
3. expected to be used for more than one financial year.

9.2. COMPONENTS OF FIXED ASSETS

- Purchase price
- Any non refundable taxes
- Applicable duties
- Any cost directly attributable to bring asset to working condition
- Installation cost
- Professional fee, if any

9.3. CAPITALIZATION OF ASSET

- All the assets which give a benefit that exceeds one year and the value of which exceeds Rs. 5000/- are capitalized.
- Some assets which are of capital nature and the benefit is accrued for more than one year while the value is less than Rs. 5000/-, such assets, though not capitalized, will be recorded separately in a register.
- Asset received as 'Grant in Kind' will be recorded at the invoice price if such asset is new. In case of an old asset, a nominal value i.e. Re. 1 will be recorded in the fixed asset register.

9.4. IMPROVEMENTS, REPAIRS AND INSURANCE

- If the expected benefits of the assets do not change after repairs, such kinds of expenses are charged to the maintenance cost of the asset.
- If after repairs, the expected benefits of the assets increase the expected capacity, then such cost is added to the value of the asset.
- The insurance cover for all the movable and immovable assets is renewed every year.

9.5. DISPOSAL OF ASSETS

- Any unutilized asset is put to disposal subject to the condition that it is proved beyond reasonable doubt that the repair of the asset is not justifiable.
- In case of assets purchased from the donor funds, the terms and conditions specified in the donor agreement are strictly followed.
- The sale or disposal value of the asset is shown as "Sale of asset", and the same is also reflected in the FC-6, if the asset has been purchased from foreign contributions.
- The sale or disposal value of assets not capitalized is shown as miscellaneous income/sale of scrap.
- In both the above cases, the assets are removed from the respective registers

after disposal.

9.6. RECORD OF FIXED ASSETS

- A detailed and comprehensive fixed asset register is maintained by CWS.
- The fixed asset register includes the following:
 - Date of purchase and invoice number
 - Name of the supplier
 - Voucher number
 - Details of the model/brand
 - Total cost of acquisition
 - Location
 - Name of the donor
- The fixed assets register is updated at the time of purchase/sale/disposal/write off/transfer of asset.

9.7. PHYSICAL VERIFICATION OF ASSETS

- Physical verification of assets is done on an annual basis as on 31st March. The details of the fixed asset are also sought from the RCs.
- The physical verification details are compared with the fixed asset register for reconciliation.
- Any discrepancy in the fixed assets is documented, reconciled and appropriate action initiated.
- The record of the physical verification details sent by the RCs is recorded and filed.

Chapter 10: INVESTMENT MANAGEMENT

10.1. INVESTMENT POLICY

- CWS invests its project funds and its own resources in short term, medium term and long term deposits with a view to generating revenues for the organization. It is also ensured that the investment of project funds does not in any way hamper the functioning of the project for the lack of funds.
- The investments are made by CWS as per the provisions of Section 11 (5) of the Income Tax Act 1961 and any other Act applicable to CWS.
- The purpose of investment is to secure optimum returns while ensuring the safety of the funds invested.
- Any requirement laid down by the donor in the grant letter/agreement is adhered to.

10.2. INVESTMENT RECORDS

- In order to track the investments made, their maturity, interest rate, etc, the following details of the investment are maintained:
 - Date of investment
 - Type of investment
 - Name of the institution
 - Certificate number
 - Amount of investment
 - Rate of interest
 - Duration of investment
 - Maturity date
 - Maturity amount
- The investment register will help in tracking the maturity dates, interest earned on investment, receipt of interest on time, reinvestment of funds, etc.
- All the investments are held till maturity. In the event of the investment broken prematurely, the prior approval of the ED with proper justification is necessary.

10.3. SAFE CUSTODY OF THE INVESTMENT DOCUMENTS

- The original certificates of the investments are maintained in safe custody with the authorized person. The custody of the investments in CWS is with the Director – Finance.
- The original certificates are verified as on 31st March every year.

Chapter 11: DONOR MANAGEMENT

11.1. OVERVIEW

- CWS projects are being funded by many donor agencies, both Indian and foreign. Some of the Government agencies are also funding CWS. Each of the donors have their prescribed set of norms for grant management viz. grant accounting, utilization and reporting. It is imperative for CWS to manage all the donors and their requirements within its financial management systems and processes.
- Most of the projects of CWS are funded by foreign donors. There are certain cases where the funds are also routed through an Indian agency but the source is foreign. CWS ensures that all the funds received are correctly recorded as first receipting or subsequent recipient.
- Most of the donor funds come with certain rules and regulations attached to it. It is very important for the CWS systems to be robust and meet the requirements of the donor.
- CWS is following fund based accounting, and all the ledger heads are created as per the approved budgets. At any given point in time, CWS is in a position to provide the status report to any of the donors.
- Each donor may have its own set of norms for grant management. It is not possible for CWS to integrate all such norms into the system. Hence, the concerned PO and the finance department ensure that the grant agreement is studied carefully, and all the norms pertaining to procurement, payment (cash and bank), etc. are adhered to.

11.2. ACCOUNTING OF DONOR FUNDED PROJECTS

- The project period of all the projects vary based on the approval dates of the donors. CWS is following the statutory accounting period only i.e. FY from 1st April to 31st March.
- The donor specific reports and UCs are sent as per the requirements, but all the projects are duly audited as per the FY i.e. 1st April to 31st March.
- For each donor, a group is created in Tally, within which the ledgers are prepared as per the approved budget of the donor. This makes reporting to the donor simpler.

11.3. GRANT UTILIZATION

- Utilization of funds is in accordance with the approved / sanctioned budgets and activity plans.
- All the project related expenses are charged to the concerned project and most of the projects have to undergo the audit scrutiny of the donor appointed auditors.
- For any deviations in the budgets or activities, the prior written approval of the donor is sought.
- Notional expenses are strictly prohibited in CWS, and none of the projects has any notional expenses booked. This decision has been taken in the BoT.
- Interest earned on the grant is reported to the donor, and necessary permissions are sought for the utilization of the interest amount.

11.4. REPORTING TO DONORS

- All the donors have different reporting periods ranging from monthly to annual reporting. It is ensured that all the reports are duly submitted in the prescribed formats within the stipulated time frame.
- Reports are generated from the books of accounts. At any given point in time the reports will always tally the CWS books of accounts.
- All the grants are reconciled as on the date of reporting and the information is sent to the donor along with the regular reports.
- The reports submitted to the donors are either filed or stored as a soft copy. A back up of all the reports is also available.

11.5. GRANT CLOSURE

- Most of the projects with CWS are for a period of 3 years except the EU project which is for duration of 5 years. The further break of the project budget into annual budgets is also made.
- In case of any potential underutilization of funds in any project, efforts are made to secure a no cost extension for the project, the duration of which is based on the donor considerations and availability of funds. This is done at least 3 months before the actual closure of the project
- In such cases, where it is strongly felt that the next phase is important for furthering the objectives of the project, the planning process is started at least 6 months in advance so that the new phase is approved by the time the exiting phase comes to an end.
- All other necessary conditions prescribed by the donors in the grant agreement for the closure of the project are adhered to.
- No expenditure is incurred after the project period is over, unless otherwise it is specifically approved in writing by the donor.

Chapter 12: FINANCIAL MONITORING OF PARTNERS

CWS is working in 5 States under various projects and is associated with approximately 130 partners across these 5 States. Hence, the financial monitoring of the partners is an

important aspect in the entire process. This starts with the pre funding appraisal to the closure of the partnership.

12.1. PRE ASSESSMENT AND SELECTION PROCESS

Before a new project is given to a partner, it is essential that a pre assessment of the partner is done. This is to ensure that certain basic documents are available with the partner, and it also provides an opportunity to interact with the partner which will help us in getting some information of the systems that are in place. The information includes the following:

- Copy of the income tax exemption under section 12A of the IT Act
- Copy of the registration under FCRA
- Copy of the Trust Deed or bye laws
- Copy of the audited financial statements of the previous 3 years
- Copy of the FC - 6 for the previous 3 years
- Copy of the management letter from the auditor
- Copy of any of the documented financial policies
- Annual reports of the previous 3 years
- Copy of the IT assessment
- Copy of PAN card
- Copy of TAN
- Other relevant document

12.2. AGREEMENT WITH PARTNER POST SELECTION

- The agreement will clearly lay down the terms of engagement with the partner.
- The agreement with the partner is classified into the following aspects:
 - The details of both the parties to the contract i.e. address, name of the contact person, etc.
 - Scope of the MoU
 - Roles and responsibilities of CWS (will cover the scope of the PO, monitoring visits of PO, compliance on the observation, etc.).
 - Roles and responsibilities of the partner (will cover reporting mechanism, procedure for deviation, audit requirements, legal compliance, separate accounting records, etc.)
 - Address for communication
 - Duration of the MoU and termination clause
 - Confidentiality
 - Relationship between the parties to the MoU
 - Indemnity
 - Arbitration
 - Assignment
 - Jurisdiction
 - Modification
 - Notice
 - Other terms
- It is to be noted that any specific clause mentioned by the donors and applicable to the partner, are incorporated in the MoU within the existing MoU frame work.

CWS has a specific format for the MoU, and all the details have to be filled accordingly.

- The budget copy of the partner is enclosed with the MoU. In addition to this, all relevant documents (documents will differ for existing and new partner) are also submitted to CWS before the release of funds.

12.3. REPORTING BY PARTNER

- The partners are expected to report based on the terms and conditions laid down in the MoU. The reporting requirement varies from one project to another and ranges from monthly reporting to annual reporting.
- CWS is expected to make at least two program monitoring visit and need based finance monitoring visit to the partners.
- The PO has to ensure the timely reporting from the partner for both financial reporting as well as progress report.
- The reports have to be sent in the formats prescribed by CWS.
- No deviation above 10% is accepted by CWS unless it has the prior written approval from CWS to the partner.
- It is the responsibility of CWS to ensure that there is a correlation between the amount spent and the activity implemented.

12.4. CLOSURE OF PARTNERSHIP

- At the end of the project period, the actual closure will happen upon the receipt of the audited financial report and the progress report from the partner
- The relevant documents are filed in the partner file.
- In case of any premature closure of the partnership, the following reasons are attributed:
 - Misappropriation of financial resources
 - Non implementation of the planned activities
 - Non submission of the requisite documents / reports / compliances as agreed in the MoU
- In the above case, the partnership is not closed immediately. The partner is given at least 3 month's time to justify the case and put things in order. Efforts are also made from CWS to ensure that the donor requirements are met.
- In extreme cases only, the premature closure of partnership is done.

Chapter 13: TRAVEL NORMS

13.1. PROGRAMME ADVANCE/ FUNDS RELEASE

- Request for advance or release of grant or payment is to be filled in as per the format for program advance/payment/release of funds, signed by the concerned staff, approved by the line management and submitted to the Finance Team minimum three days in advance.

- Program advance has to be settled within one week as per the format prescribed for program / travel advance, settlement along with the report and supporting bills. Program / visit report has to be approved by the concerned line manager. The Line Manager should ensure the submission of report as required along with the statement of accounts.

13.2. ELIGIBILITY

- Each staff member is eligible to travel 3AC by train or AC bus for official visit to the field or for other purposes.
- Executive Director, Directors, Joint Directors and Trustees are eligible for Air travel and 2AC or AC vehicles depending on the urgency and requirement.
- Travel by Air for other positions (in exceptional cases/distance) shall be approved by the Executive Director along with the respective line management.
- Any other staff wishing to travel by air for any reason, should seek the prior approval from the ED.
- Use of AC vehicles for other positions shall be only with the approval of Executive Director along with the respective line management.
- Use of four wheeler (non-AC) is permitted for the following:
 - Travel beyond 25 kms to more than two places for work in the city
 - When there are more than four members traveling together, they are eligible to hire four wheeler of bigger type.
 - Hiring of vehicle for outstation travel is not permitted when the team members are touring for more than one day. It is permitted only when the team members return on the same day (i.e. going in the morning and returning in the evening).
 - Team members are encouraged to use public transport for outstation travel and hire local vehicles for visits to different fields/places at the arrival location.
 - In any emergency, this mode of travel is permitted with the approval of Executive Director along with the respective line management.
- When attending any outside meeting/work within the city or that of CWS, the staff members are eligible to hire auto-rickshaw. The details of expenses and purpose of travel shall be mentioned in the concerned format duly filled in and signed for reimbursement.
- The priority to use the office vehicle is for the ED, Directors and Joint Directors. Others could use the office vehicle when there is no such use and with the prior approval.

13.3. TRAVEL REQUIREMENTS

- Travel advance requisition format along with the travel schedule and advance required is to be filled in, signed and approved by the respective line manager and submitted minimum three days in advance to the Finance Team. Any emergency requirement has to be approved by the Executive Director.
- Travel advance should be settled as per the prescribed format for program/travel advance settlement with the original used tickets for train/bus. In case of flights, the submission of boarding pass is compulsory.
- Travel advances have to be shown as NIL at the end of year i.e. as on 31st March, and hence any travel made during the last week of March has to be settled

before 31st March. If the travel is during the end of March, then the same will be settled in the following month.

- The request for booking train/bus/flight shall be given minimum seven days in advance in the travel booking requisition format duly filled in, signed and approved by the line manager.
- To avail apex fare it shall be 20 days in advance. Up-gradation of travel could be provided in special cases and in cases of exigencies, keeping the time factor into consideration. All travel bookings should be done through the Admin.
- The request for booking a vehicle shall be given in the travel booking requisition format duly filled in, signed and approved by the line manager three days in advance to the Admin.
- Request for cancellation of tickets shall be given to the Admin in writing indicating the reason for cancellation and approved by the line manager. If the concerned person is in the field traveling, then s/he should intimate the Admin over the phone and submit the concerned format once he/she is back from the field. Reason for cancellation should be valid and if not the staff member becomes responsible for the payment towards cancellation and any loss of amount.
- Prior permission of the line management along with the Executive Director is required if any of the family members are accompanying the staff on official travel. In such cases, the concerned staff member has to bear all the expenses related to travel, accommodation, food, etc.
- The support to the accompaniment in the case of children below five years of age would be considered for children under lactation and if the tour is for more than a day. In such cases, the office would consider the following:
 - Expenses up to 50% of per diem for the accompaniment
 - Actual expenses of lodging and one way travel expenses
- The request for accompaniment should be given in writing along with tour advance request to the line management. This provision shall be availed only when it is absolutely necessary and as a matter of special provision.
- Accompaniment of children above five years of age up to 14 years will be considered if there is no one to take care of the child at home. Such requests need to be approved by the Executive Director, and in such cases, office would bear the expenses towards boarding, one way actual travel expenses and 50% of per diem towards food and related expenses.
- If travel expenses are reimbursed by the host organization, the amount has to be paid back to CWS.
- The entertainment of guests/partners during travel/field visit will not be reimbursed unless it is related to a program accompanied with due report/authentication.
- Local conveyance can be claimed as per actual. A separate format is available for claiming the local conveyance.
- In the case of use of own vehicle, the rate per kilometer for 2 wheeler (@ Rs. 4 per km) and 4 wheeler (@ Rs. 8 per km) have also been prescribed.
- When staff members of the same gender are traveling together as a team, then availing a shared accommodation could be considered, but the option is left to the staff traveling and mutual acceptance.

- The security of women staff will be given priority while approving the place of stay at different locations, and such cases have to be approved by respective line management and the Executive Director. However, such exceptions shall not become recurrent.
- The accommodation/stay provided by the partner is to be preferred by staff where there is no accommodation or security is a concern
- If a reasonably safer option is available for the staff to stay with relatives/friends at their own cost, such stay shall be encouraged. In such cases, the local conveyance (auto fare) will be reimbursed, and lodging charges cannot be charged to the office under such circumstances.

13.4. PER DIEMS

No	Categories	Per Diem
1	Towns other than Major cities: Any place not mentioned in (2) below	Rs.400/-
2	Cities: Anantpur, Kurnool, Nellore, Kakinada, Vijayawada, Vishakaptnam, Tirupati, Rajhmundry, Muzzafarpur, Katihar, Nawada, Nalanda, Gaya, Ara, Buxar, Madhubani, Cuttack, Puri, Keonjhar, Dhenkanal, Rourkela, Berhampur, Sambalpur, Rayagada, Jamshedpur, Bokaro, Dhanbad, Deoghar, Hazaribagh, Daltangunj, Madurai, Tirucharapalli, Coimbatore, Salem, Erode, Tirunelveli, Vellore, Tutticoran, Tanjore, Tirupur, Kanyakumari	Rs.500/-
3	State Capitals/Metros	Rs.700/-
4	Abroad travel	35 Euros

Breakup of the per diems

Breakfast	Lunch	Dinner	Total
Rs. 80	Rs.160	Rs.160	Rs.400
Rs.100	Rs.200	Rs.200	Rs.500
Rs.140	Rs.280	Rs.280	Rs.700

** While claiming the per diem the destinations should be the basis of the claim including the travel days.*

13.5. ACCOMMODATION

CWS staff are eligible for the following accommodation whether AC or Non AC per day.

No	Description	Tariff (including taxes)
1	Towns other than Major cities: Any place not mentioned in (2) below	Actuals up to Rs.1500/-
2	Cities: Anantpur, Kurnool, Nellore, Kakinada, Vijayawada, Vishakaptnam, Tirupati, Rajhmundry, Muzzafarpur, Katihar, Nawada, Nalanda, Gaya, Ara,	Actuals up to Rs.1800/-

	Buxar, Madhubani, Cuttack, Puri, Keonjhar, Dhenkanal, Rourkela, Berhampur, Sambalpur, Rayagada, Jamshedpur, Bokaro, Dhanbad, Deoghar, Hazaribagh, Daltangunj, Madurai, Tirucharapalli, Coimbatore, Salem, Erode, Tirunelveli, Vellore, Tutticoran, Tanjore, Tirupur, Kanyakumari	
3	State Capitals/Metros:	Actuals up to Rs. 2500/-
4	Abroad travel	As prescribed for the purpose

** Up to 5% of variance could be approved by the Executive Director.*

13.6. TELEPHONE ALLOWANCE

- The staff members are eligible for monthly telephone reimbursement as given below.
- Staff has to submit a proper bill for the reimbursement of telephone expenses.
- There will not be any other reimbursement of telephone expenses incurred and expenses incurred towards purchase of instruments or repair of such instruments.
- The following are the telephone reimbursement limits for the staff based on the designation:

No	Staff Designations	Reimbursement limit
1	Office Assistants, Senior Office Assistants, Drivers, Senior Drivers	Rs.300/-
2	Programme Assistants, Sr. Programme Assistants, Programme Associates and Senior Programme Associates	Rs.400/-
3	Programme Officers, Sr. Programme Officers, Programme Coordinators	Rs.500/-
4	Joint Directors, Directors	Rs.1000/-
5	Executive Director	Rs.1500/-

Chapter 14: AUDIT MECHANISM

14.1. INTERNAL AUDIT

CWS has a system of internal audit in place. The internal auditor is recommended by the Finance Committee to the BoT. The frequency of the internal audit is quarterly, and a report is submitted by the internal auditor to the management. The major functions of the internal auditor are as follows:

- Look into the day to day accounting and financial management systems and make observations for corrections and recommendations to CWS management
- Study the cash flow and recommend for proper investments within the purview of IT and FCRA
- Take up vouching to verify the accuracy, budgetary provisions and proper approvals
- Verify books of accounts including cash book, ledgers and other related books of accounts
- Look into the compliances of CWS with regard to the Management of CWS Resource Agencies, Income-Tax Department, FCRA, PF, Gratuity and Professional Tax
- Look into the Finance Manual of CWS and make suggestions for improvement from time to time and for best practice of the same
- Attend FPC meetings as a special invitee and debrief the members of the observations and suggestions
- Interact with the Statutory Auditors whenever necessary on the observations and recommendations

14.2. STATUTORY AUDIT

- CWS audits its accounts every six months viz. April to September and October to March every financial year.
- The auditors are the special invitees to the FPC meetings, and they report to the BoT on specific issues. The audit qualifications are also made in the Management Letter submitted to the Board. Broadly, the following are the functions of the statutory auditors:
 - Conduct audit of overall accounts of CWS and certify the same on a six monthly basis.
 - Verify and certify various program specific accounts of CWS
 - Consolidate various program specific accounts and certify
 - Help CWS in strengthening the Finance Management Systems
 - Issue Management Letter, narrating the observations of audits of CWS on various programs and CWS as a whole
 - Filing of Income tax returns and represent CWS for assessments
 - Consolidate all FC accounts and certify the FC statements and FC-6 return
 - Provide advisory services on accumulations of funds and investments.
 - Attend Finance Committee Meetings as Special Invitee
 - Attend Board Meetings as Special Invitee
 - Enter into donor specific Audit Agreements as and when required on mutual terms and conditions

- Interact with the Internal auditors and suggest ways for improvements in the areas of Financial Management Systems
- Provide advisory services on other legal aspects (FCRA, IT, PF, Gratuity, Professional Tax etc.)

Chapter 15: STATUTORY COMPLIANCES

CWS ensures that it complies with all the statutory and legal compliances under all the Acts in which it is registered or which apply to it from time to time. The following are the Acts which are currently applicable to CWS:

15.1. INCOME TAX ACT, 1961

- CWS is registered under Section 12A of the Income Tax Act, 1961. All the provisions applicable to CWS under the Section are being adhered to.
- CWS has also obtained the PAN and TAN as per the requirements of the Act.
- As per the provisions of the Act and the rates prescribed from time to time, CWS has been deducting the TDS on the transactions attracting the same. The deducted TDS is being deposited to the Treasury of Government of India within the prescribed time period.

15.2. FCRA 2010

- The foreign contribution is received in the designated bank account, and all the onward grants are released from the said account.
- CWS has also, as per the provisions of the FCRA 2010 and rules 2011, opened 6 utilization accounts in the RCs and CO. The information of opening such accounts has been sent to MoHA within the prescribed time of 15 days.
- The foreign contribution is being utilized for the purpose for which it is provided.
- CWS is maintaining a separate set of books for the FC funds received by it. In case of onward grants, CWS also ensures that the partners also maintain a separate set of books for the same.
- CWS is filing the online FC-6 returns well before the prescribed date of 31st December of each year. CWS is also sending the hard copy of the FC- 6 immediately after the online returns are filed.
- A separate FC receipt book is maintained for all the grants received by CWS. A detailed annexure with all the details is annexed with the FC-6 returns.
- No foreign contribution is being transferred to any organization not registered under FCRA.

15.3. PROVIDENT FUND ACT

- CWS is depositing the employee and employer's share of contribution with the department within the prescribed time. Any change in the staff is intimated immediately to the PF department.
- The yearly maintenance charges are also paid within the prescribed time.
- All the records pertaining to PF are filed separately, and the annual receipts, depicting the balances in the respective account, are also collected and shared with the staff.

15.4. PROFESSIONAL TAX

- CWS pays the salary to all its staff members from its CO in Hyderabad. Although, the PT is not applicable in the States of Tamilnadu, Bihar, Jharkhand and Orissa, but the source of the salary being AP, the PT as applicable is deducted and deposited with the Government Treasury.

15.5. GRATUITY ACT

- CWS provides the benefit of gratuity for all the staff who have put in at least 3 years of service with CWS.
- Every staff is provided this facility as part of social security benefit, but a staff who leaves CWS without completing 3 years of service is not entitled to the benefit.
- A Group Gratuity Scheme with LIC is in force, and an annual premium is paid to LIC.
- The annual premium of all the staff is paid once in a year.
