



NACO ACCOUNTING FACILITATORS' MANUAL

For TI Accountants and Programme Managers

Introduction

The Accounting Facilitators Manual is a tool to train the TI accountants and Programme Managers on the essentials of basic accounting as well as give a very in-depth understanding of the NACO guidelines and processes regarding accounts and procurement. The knowledge imparted through this training would enable the accountants to conduct the accounting activity in the TIs with greater clarity and efficiency. This manual looks to enhance the capacities of the TI partners in proper administering and accounting of the funds provided by NACO to them. The training manual also tries to provide as much practical experiential learning for the participants as possible. We realise that accounts and accounting has to be learnt with a lot of practice and not just theoretical understanding.

The manual has been developed by Dhriiti – The Courage Within, an organisation promoting entrepreneurship and enterprise development. Over the years, Dhriiti has developed manuals on enterprise accounting, enterprise development and enterprise operations. This manual developed by Dhriiti looks at accounts and accounting practices in NACO TI partners.

Why the Manual?

TIs work under the guidelines and processes prescribed by NACO. These guidelines and processes have been prescribed by NACO to streamline the working of TIs, improve efficiency of implementation and reporting. However, a lot of times TIs do not get the import of the guidelines clearly and hence the purpose of creating the guidelines gets defeated. Also, a lot of times, minor clarifications at the end of the TIs get postponed due to communication and distance.

This manual has been created to bring out the key features of the guidelines by NACO and assist the TIs in implementing the programme activities more efficiently.

For whom is the Manual?

The accounting facilitators manual have been created for the following audience:

- TI Accountants
- TI Programme Managers

How to use the Manual?

Facilitators using this manual will find that every session has been divided into 3 main parts:

- **Session Objective** – the objective of the session. For the facilitator it also translates into what he/she should achieve by the end of the session.
- **Session Details** – detailed instructions for the facilitator on how to conduct the session. It also gives important tips at appropriate places
- **Material Required** – gives a list of the training material, teaching aids that the facilitator will need for the session.

The manual includes handouts, flash cards, visual presentations, exercises, ready reckoners. All these have been annexed to the sessions with reference numbers to make it convenient for the facilitators to use.

The manual also contains the session schedule which gives a snapshot of the sequence and durations of each session.

Pre training requirements

This manual presumes that the participants:

- a. Are familiar with the NACO guidelines on financial and procurement systems for NGOs/CBOs
- b. Work on basic accounts and book keeping
- c. Understand the basic programme requirements
- d. Are aware of the national programme structure
- e. Are at least B.Com graduates

TIP!

The training might be conducted by a single or multiple facilitators. However, it is essential to have a single anchor person throughout the training to smoothen coordination and maintain the comfort level of the participants.

Key things to remember as Facilitator

It is expected that the facilitator or the trainer will read the operational guidelines of NACO, familiarize with the TI data collection tools, brief introduction on the SIMS reporting formats and excel sheet functions. The facilitator will explain most of the content through power point presentation for each session. The power point presentation should contain key information sets from each session / take home messages / key learnings. The facilitator must ensure that these key learning are understood well by the participants by encouraging a recap of the session at the end of each session.

The following “do” and “don’ts” should be kept in mind by the facilitator for an effective facilitation of learning during the training program:

DO’s

- Do maintain good eye contact
- Do prepare in advance
- Do use different teaching methods to enhance participation and retain interest on the subject such as brainstorming, group exercises etc.
- Do ensure all teaching materials like handouts, charts etc are available in advance and sufficient numbers
- Do respect participants’ local knowledge and previous experiences
- Do speak, local language, clearly, loud enough
- Do use good time management and keep the group focused on the task
- Do avoid distracting mannerisms and distractions in the room such as cell phones
- Do summarize, recap at the end of each session and give feedback

DON’Ts

- Don’t read from the modules/power point presentation
- Don’t assume everyone can read at the same level
- Don’t talk to the flipchart
- Don’t block the visual aids
- Don’t stand in one spot; move around the room
- Don’t ignore the participants’ comments and feedback (verbal and nonverbal)

Suggestions for dealing with challenges

Problem: Certain participants don't say anything or seem shy.

Possible responses: Try to draw out quiet participants, but don't put them on the spot. Make **eye contact** – it reminds them that you'd like to hear from them. Look for nonverbal cues that indicate participants are ready to speak. Frequently, people will feel more comfortable in later sessions and will begin to participate. When someone comes forward with a brief comment after staying in the background you can encourage him or her by conveying genuine interest and asking for more information. And it's always helpful to talk with people informally before and after the session.

Problem: An aggressive or talkative person dominates the discussion.

Possible responses: As the facilitator, it is your responsibility to handle domineering participants. Once it becomes clear what this person is doing, you must intervene and set limits. Start by limiting your eye contact with the speaker. Remind the group that everyone is invited to participate: "Let's hear from some who haven't had a chance to speak yet."

If necessary, you can speak to the person by name: we've heard from you; now let's hear those have to say." Be careful to manage your comments and tone of voice—you are trying to make a point without offending the speaker.

Problem: Lack of interest, no excitement, no one wants to talk, only a few people participating.

Possible responses: In such case try to do any energizer or ice-breaking activities. By such thing definitely the energy level of the participants will increase. There are different games & activities through which the facilitator can make them understand about the topic.

Problem: Passive group with little response

Possible Responses: Give people a couple of minutes to jot down ideas and go around the room and ask for each person input. Build on comments. Use 2-3 seconds silence between questions. Ask people directly. Say what you perceive: "I sense that people are reluctant to talk about this. Am I right?" Try to generate discussion. Look directly at someone who appears to have something to say. Ask them for their opinion. Plan an exercise.

Day 1: Basic Accounting

Objective

1. The participant group for the accounting module is mostly TI level accountants and programme coordinators. As per the study undertaken quite a few of them are not from accounting background hence it becomes important to develop a clear understanding of accounting to develop good accounting practices.
2. This module serves as an exercise for accounting knowledge building, with hands on understanding of accounting entries

Session Schedule

Day 1	Basic Accounts		
Time	Duration	Topic to be covered	Methodology
9.30 - 9.45	15 mins	Icebreaker and introductions	Game
9.45 - 10.00	15 mins	Expectation Setting	Discussion
10.00 - 10.15	15 mins	Pre Training Quiz Evaluation	Game
10.15 - 10.45	30 mins	Essentials of a good Vouchers	Imperfect filled in voucher and PPT
10.45 - 11.00	15 mins	Passing a Voucher	PPT
11.00 - 11.30	30 mins	TEA	
11.30 - 11.50	20 mins	Selected items of cost	Discussion and cards
11.50 - 12.35	45 mins	Introduction to Cash Book	PPT and Workbook exercise
12.35 - 13.00	25 mins	Cash Book Exercise	Workbook exercise
13.00 - 14.00	60 mins	LUNCH	
14.00 - 14.05	5 mins	Energiser	Game
14.05 - 14.20	15 mins	Bank Reconciliation Statement (BRS) Demo	PPT and Workbook exercise
14.20 - 15.00	40 mins	BRS Exercise	Workbook exercise
15.00 - 15.30	30 mins	Introduction to Journal and Ledger	PPT
15.30 - 16.00	30 mins	TEA	
16.00 - 16.15	15 mins	Energiser	Game
16.15 - 17.30	75 mins	Journal and Ledger Exercise	Workbook exercise

Key Takeaways

1. It is important for accountants and programme coordinators have a basic understanding of accounting, its maintenance and compilation. This would not only help them perform their regular activity with greater efficiency but would also raise the efficiency in reporting.

Session 1: Essentials of a good voucher

Session Objective

- To discuss the features of a good voucher

Session Details

1. Ask the participants if they have heard of the term voucher
2. Further ask them if prepare vouchers as part of their work
3. Ask them how many kinds of vouchers do they know of (payment, receipt, journal)
4. Circulate a filled in voucher amongst the group
5. (NOTE: Facilitator will have to prepare an improperly filled in voucher before this session)
6. Ask the participants to observe the voucher closely and notice if there is anything wrong or there is anything which can be improved in the way in which the voucher has been prepared.
7. Note down the responses on the white board/black board
8. Show the participants the presentation on essentials of a good voucher to sum up the points

Material Required

- Filled in voucher (improper)
- Powerpoint Presentation (CD/Flash Drive) – slide 3-4
- Laptop/Desktop
- LCD projector
- Projection Screen

Session 2: Passing a voucher

Session Objective

- To discuss the checks that need to be done before passing a voucher for payment

Session Details

1. Continue with the previous presentation
2. Take the participants through the next slide
3. Discuss the checks that need to be done before passing a voucher for payment
4. Discuss slide 6 in detail highlighting the documents that need to be attached to vouchers.

Material Required

- Powerpoint Presentation (CD/Flash Drive)- slide 5-6
- Laptop/Desktop
- LCD projector
- Projection Screen

Difference between Voucher and Bill

Voucher: It is a document used to record basic data that will be posted to the accounting system. It is used as a part of a company's internal control system. It will document accounts to debit / credit, amounts, currency, and prepared by and approved by, etc.

The underlying purpose of a JV is to create an audit trail, so that weeks, months, or years later if a question arises regarding a transaction there is documented evidence and support for why a transaction was posted or posted in the manner that it was posted.

Bill: It is a legal document made by a 'seller' to a purchaser, reporting that on a specific date, at a specific locality, and for a particular sum of money or other "value received", the seller sold to the purchaser a specific item of personal, or parcel of real, property of which he had lawful possession. It is a written instrument which evidences the transfer of title to personal property from the vendor, seller, to the vendee, buyer.

Session 3: Selected items of Cost

Session Objective

- To discuss the items of cost and their payment

Session Details

1. Distribute the flash cards amongst the participants
2. Tell them that this is a snapshot of how various items of cost need to be paid for and what all documents need to be maintained
3. Take the participants through the cards and discuss the points
4. Suggest that these cards should be put up where they are clearly visible so that its easier to refer to them and increase effectiveness

Material Required

- Flash Cards

Session 4: Introduction to Cash Book

Session Objective

- To understand the process of maintaining a cash book

Session Details

1. Ask the participants if they maintain cash books?
2. Ask them what do they mean by a cash book?
3. Ask them what kind of cash book do they maintain – double column or single column.
4. Explain the difference if they are not clear about it.
 - i. **Single Column Cash Book**

It has only one column on each side for amount. In fact, it is written just like cash account in the ledger (being real account what comes in is debited; what goes out is credited). This form of 'cash book has the same ruling as that of a ledger account. There is no need of having a cash account in the ledger. The purpose is ably served by cash book itself. Posting from debit (receipt) side of the cash book is done to the credit side of concerned accounts and from the credit side of cash book to the debit side of concerned accounts.

- ii. **Double Column Cash Book**

These days it is difficult to carry on any business without having dealings with the bank. Normally bulk of its funds is kept by the business at a bank in a current account where frequent withdrawals and deposits are permitted. Bank transactions, i.e. payments into and out of bank are more numerous than cash transactions. Therefore, it is appropriate as well as convenient that cash book should have one additional column on each side to record moneys deposited at bank and payments out of the bank. The additional advantage to having this type of cash book is that bank account is not required to be maintained in the ledger.

- iii. **Contra Entries**

In the double column cash book there will be some cross or contra entries i.e. transfer of money from cash to bank (amount deposited) and vice versa (amount withdrawn from bank for office use). In all such cases both entries occur in the cash book and no ledger entry is required. This is indicated by a contra sign (C) in the folio column indicating thereby that the double entry aspect of this transaction is complete and it requires no posting to the ledger.

Note: NACO insists on double entry accounting system

5. Highlight some important points about maintaining Cash Books
 - i. No cutting or alterations should be made in the cashbook. Correction fluid should also not be used. Any mistake should be corrected by passing a rectification entry.
 - ii. Cashbooks should be written regularly.
 - iii. The Cashbook should be tallied, checked and signed by the competent authority or any other appropriate authority every month.
 - iv. Cashbooks should always remain at the office.
6. Further, show them a cash book format. (annexure 1)
7. Take a practice exercise (annexure 2) and solve it together with the participants. The facilitators can demonstrate the maintenance of a cash book.
8. Explain the meaning and importance of a petty cash book using the following

Petty Cash Book

A large number of repetitive small payments such as, for conveyance, tea/coffee, postage, courier and other expenses are maintained using a separate cash book called Petty Cash Book. The petty cashier works on the imprest system. Under this system, a definite sum, say Rs. 4000/- is given to the petty cashier at the beginning of the period. This amount is called imprest money. The petty cashier meets all small payments out of this imprest amount, At the end of the period say one month he presents the account to the Head Cashier and gets reimbursed from the Head Cashier.

Example: Suppose out of Rs. 4,000 he has spent Rs. 3,850 by the end of the month. He will get Rs. 3,850 from the head cashier. Thus, again he has the full imprest amount in the beginning of the next period. The process of reimbursement can be weekly, fortnightly or monthly depending upon the frequency of small payments. The Petty Cashier is authorised to sanction and disburse small payments. Assignment of the task of making of petty expenses to a person and the maintenance of petty cash book by him reduces the burden of the Head Cashier.

The petty cash book has a number of columns for the amount on the payment side. Each of the amount columns is allotted to items of specific payments, which are common. The last column is allotted for miscellaneous payments. At the end of the period, all amount columns are totalled. The total amount paid is deducted from the opening balance.

Petty Cash Book (Format)									
Amount received	Date	Particulars	Voucher No.	Amt. Paid	Analysis of Payment				
					Conveyance	Tea/Coffee	Postage	Courier	Other exp.
1	2	3	4	5	6	7	8	9	10

Material Required

- Cash Book format (annexure 1)
- Practice exercise (annexure 2)

Session 5: Cash Book - exercise

Session Objective

- To allow the participants to maintain cash book

Session Details

1. Ask the participants if they can create a cash book on their own.
2. Give them an exercise (annexure 3) which they need to do solve individually.
3. Once the participants are done, discuss the exercise.
4. Take questions

Material Required

- Exercise (annexure 3)

Session 6: Bank Reconciliation Statement

Session Objective

- To discuss the meaning and method of preparing Bank Reconciliation Statement

Session Details

1. Ask the participants if they have heard of the term Bank Reconciliation Statement.
2. Ask them what they mean by BRS, why and how is it prepared.

Bank reconciliation statement is prepared to ensure that the balance shown by our bankbook and the bank pass book (bank statement) tallies. It is done in the following way.

It commences with the balance as per our bankbook. To this, we add those cheques, we have issued to suppliers etc. but which have not been presented for payment to the bank, by the suppliers. Any interest that might be credited to our bank by the bank should also be added to our bankbook balance. Cheques which we have deposited in the bank, but which are not yet credited by the bank to our account, have to be deducted from our bank balance. Any bank charges or collection charges, which the bank has deducted from our account, have to be deducted from our bank books.

3. Introduce them to the format for preparing a BRS (annexure 5)

Bank Reconciliation Statement (Format)		
Bank Reconciliation Statement as on _____		
	Details	Total
Debit balance as per Cash Book		
ADD		
Cheques issued or drawn but not yet presented for payment		
Interest allowed by bank not recorded in cash book		
Amount directly deposited by customer in bank account		
Interest and dividends collected by bank		
Cheques paid intobank but ommitted to be entered in cash book		
Any wrong credit given by bank in Bank Statement		
LESS		
Cheques paid into bank for collections but dishonoured by Bank		
Standing instructions given to bank e.g.payment of insurance premium		
Bank Charges		
Cheques issued but omitted to be recorded in Cash Book		
Any wrong debit given by bank in the Bank Statement		
Credit Balance as per Bank Statement		

4. Do a demonstration exercise (annexure 4) to make the participants comfortable

Material Required

- Demo Exercise (annexure 4)
- BRS format (annexure 5)

Session 7: Bank Reconciliation Statement - Exercise

Session Objective

- To allow the participants to prepare a Bank Reconciliation Statement

Session Details

1. Ask the participants to try the given exercise (annexure 6)
2. Discuss the solutions once the participants are done

Material Required

- Annexure 6

Session 8: Introduction to Journal and ledger

Session Objective

- To introduce the participants to journal & ledger

Session Details

1. Ask the participants if they know what journals and ledgers are
2. Explain in detail the purpose of Journal and Ledger (Refer to the annexure 7 for details)
3. Take the following examples and discuss how journal and ledger entries are passed
 - i. 12/08/10 Purchased drugs in cash Rs. 500
 - ii. 15/08/10 Received Grant cheque Rs. 80000
 - iii. 23/08/10 Bought stationery from Rama Book Store on credit Rs. 1000

Material Required

- Annexure 7

Session 9: Journal and ledger – exercise

Session Objective

- To allow the participants to practice journal & ledger entries

Session Details

1. Ask the participants to go back to their organizational settings.
2. Ask them to think of one financial transaction each that is undertaken in their organization
3. Now ask one volunteer to begin by sharing the financial transaction that he/she has thought of
4. This financial transaction is then entered by the entire group in the journal and ledger.
5. Encourage the participants to work individually
6. Answer questions if any.
7. Write the final entry on the black/white board for clarity
8. Repeat the process with other participants

9. Make sure the transactions that the participants give are not all of the same type
10. Encourage everyone to work on all transactions

Material Required

- Black/White Board
- Chalk/Marker

Day 2: NACO Guidelines

Objective

1. NACO has a very comprehensive guideline for accounting, procurement and legal & statutory matters; however the orientation of accountants and programme coordinators is not very high.
2. This module would again emphasise on knowledge and awareness building of the accountants and programme coordinators regarding all crucial components of the NACO Guideline.

Session Schedule

Day 2	NACO Guidelines		
Time	Duration	Topic to be covered	Methodology
9:30 - 9.45	15 mins	General Standards	PPT
9:45 - 10.15	30 mins	Grant funds	Quiz
10.15 - 10.25	10 mins	Valuing Contributions in kind	PPT
10.25 - 10.35	10 mins	Accountants responsibility in financial procedures	PPT
10.35 - 10.50	15 mins	Accounting and programmatic trails	Paste the pieces
10.50 - 11.00	10 mins	Withdrawal of Cash from Bank	Arrange the Slips
11.00 - 11.30	30 mins	TEA	
11.30 - 11.45	15 mins	Cash Payments	Fill in the blanks (workbook/ppt)
11.45 - 12.00	15 mins	Cash Verification	Correct the wrong statement (workbook/ppt)
12.00 - 12.10	10 mins	Advances - Introduction	Discussion
12.10 - 12.20	10 mins	Obtaining and settling advances	Discussion and Cards
12.20 - 12.40	20 mins	Bank Accounts	Role Play
12.40 - 13.00	20 mins	Bank Transactions	Quiz
13.00 - 14.00	60 mins	LUNCH	
14.00 - 14.05	5 mins	Purchasing	PPT
14.05 - 14.25	20 mins	Identifying the supplier	Story/card
14.25 - 14.45	20 mins	Purchasing Capital Assets	MCQs (workbook)
14.45 - 14.55	10 mins	Identifying drugs to be bought	PPT
14.55 - 15.15	20 mins	Purchase of drugs and condoms	Chain Quiz
15.15 - 15-30	15 mins	Stock Records	PPT (Diagram) and discussion

15.30 - 16.00	30 mins	TEA	
16.00 - 16.10	10 mins	Planning the financials	Discussion and Cards
16.10 - 16.30	20 mins	Reports	Discussion and Cards
16.30 - 16.45	15 mins	TDS	The correct queue
16.45 - 17.30	45 mins	Legal and Statutory Matters	PPT

Key Takeaways

1. Complete orientation and understanding of the NACO Guidelines for accounting, procurement and statutory & legal requirements.
2. Maintain and update regular financial and procurement records in an efficient way in accordance to the NACO Guidelines smoothening NACO operations.

Session 1: General Standards

Session Objective:

- To introduce the participants to the general standards prescribed by NACO to be followed by TIs

Session Details

1. Carry a copy of the NACO GUIDELINES.
2. Show it to the participants and ask them if they have seen it before.
3. Ask them what it contains.
4. Take a couple of correct answers and repeat them loudly for others. Tell them that there are many more things and we will discuss it in the due course of time.
5. Tell them that the first section we look at is the general standards that NACO has prescribed for us.
6. Open the power point presentation and take the participants through the slide show.
7. Read slowly, stressing on important aspects.
8. Take questions, if any.

Material Required

- NACO GUIDELINES
- Powerpoint presentation (CD/flashdrive) – slide 14-16
- Laptop/Desktop
- LCD projector
- Projector screen

Session 2: Grant Funds

Session Objective

- To discuss the NACO guidelines on grant funds

Session Details

1. Tell the participants that the next topic that we will be discussing is of a lot of interest to all.
2. Inform them about the topic and tell them that since its interesting we will have a small quiz on it.
3. Divide the group into 5 sub groups - A, B, C, D, and E.
4. Inform the groups about the rules:
 1. There will be 4 rounds
 2. Each team will get 30 seconds to answer.
 3. Each right answer will get 10 points.

4. If one team cannot answer, it can pass the question to other teams.
5. Each right answer to a passed question gets 5 points.
6. The team with highest points wins.
5. Conduct the quiz as given in annexure 8.
6. Discuss wherever there is confusion or questions.
7. Award the winners.

Material Required

- Quiz (annexure 8)
- Prizes for winners

Session 3: Contribution in Kind

Session Objective

- To introduce the participants to the guidelines on valuation of contribution in kind

Session Details

1. Ask the participants if they receive contribution in kind.
2. Take a couple of examples from the participants to ensure everybody knows what is being discussed.
3. Open the power point presentation and take the participants through the slide show.
4. Read slowly, stressing on important aspects.
5. Take questions, if any.

Material Required

- Powerpoint presentation (CD/flashdrive) – slides 18-20
- Laptop/Desktop
- LCD projector
- Projector screen

Session 4: Accountant's Responsibility

Session Objective

- To introduce the participants to the responsibilities of an accountant in financial procedures

Session Details

1. Open the power point presentation
2. Using slide 22, explain in detail the responsibility of an accountant.
3. Read slowly, stressing on important aspects.
4. Take questions, if any.

Material Required

- Powerpoint presentation (CD/flashdrive) – slides 21-22
- Laptop/Desktop
- LCD projector
- Projector screen

Session 5: Accounting & Programmatic Trail

Session Objective

- To discuss the accounting and programmatic trails with the participants

Session Details

1. Cut out the boxes and arrows from the annexure 9
2. Put the accounting and programmatic trail cut outs in two separate envelopes
3. Make 5 such sets.
4. Divide the groups into 5 sub groups.
5. Give each sub group one set of envelopes.
6. Also handover a chart paper and fevicol to each group.
7. Ask the groups to open the envelopes and paste the cut outs on the chart paper connected by arrows.
8. Discuss the right trails after everyone is done.

Material Required

- Envelopes with cutouts
- Chart papers
- Fevicol
- Annexure 9 for solutions

Session 6: Withdrawal of Cash from Bank

Session Objective

- To discuss the process of withdrawing cash from the bank as per NACO guidelines

Session Details

1. Continue with the groups formed in the last session.
2. Cut out the statements from the annexure 10 and put them in an envelope
3. Make 5 such envelopes.
4. Give each sub group one envelopes.
5. Ask the groups to open the envelopes and arrange the slips in the right order
6. Discuss the process of withdrawal of cash from bank after everyone is done.

Material Required

- Envelopes with slips
- Annexure 10 for solutions

Session 7: Cash Payments

Session Objective

- To discuss the guidelines related to cash payments

Session Details

1. Ask the participants to open their workbooks.
2. Tell them that this exercise will introduce them to the conditions they need to consider while making cash payments.
3. Ask the participants to fill in the blanks.
4. Also put up the exercise slide on the projector.
5. Once the participants are done, discuss the statements one by one.
6. Show the correct answers on the slide.
7. Use the annexure 11 for your reference.

NOTE: Maximum cash limits have been fixed by NACO as Rs. 5,000

Material Required

- Annexure 11 for solutions

Session 8: Cash Verification

Session Objective

- To discuss the guidelines & controls related to cash verification

Session Details

5. Ask the participants to open their workbooks.
6. Tell them that there are some incorrect statements given.
7. Ask them to find out what's wrong in the statements and correct them.
8. Once the participants are done, discuss the statements one by one.
9. Show the correct answers on the slide.
10. Use the annexure 12 for your reference.

Material Required

- Workbooks
- Powerpoint – slide 25-32
- Annexure 12 for solutions

Session 9: Advances - Introduction

Session Objective

- To introduce the topic of cash advances

Session Details

1. Ask the participants if they give/take advance in their organizations.
2. Ask them the main reasons for staff members take advances

Expected Answer:

Staff can obtain advances mainly for the following expenses:

1. *Travel and Subsistence*
2. *Purchase of goods from the market*
3. *Conference and Workshop*
4. *Day to Day expenses*

3. Further ask them if there is a format and system for taking advances.
4. Discuss the main things to be remembered while dealing with advances.

Expected Answer:

1. *Requests submitted should be complete in all respects and the purpose clearly mentioned.*
2. *In case of staff travelling the period and dates and purpose should be specified.*
3. *The amount outstanding against a staff member should be settled within the month the advance is taken unless the staff is travelling on the last days of the month.*
4. *It is compulsory that there are no advances outstanding as on 31st March the end of the financial year.*

5. Discuss how all cash advances should be booked, adjusted and tracked through cash book
6. Suggest that they can maintain an advance register or advance ledger (in case of computerized accounts) to track the advances.

Material Required

- None

Session 10: Obtaining & Settling Advances

Session Objective

- To discuss the procedure for obtaining and settling advances

Session Details

1. Distribute flash cards – Obtaining Advances amongst the participants
2. Ask them to go through their cards.
3. Ask them if the process looks familiar and if it is similar to what they practice in their organization.
4. Inform them that these are the guidelines that NACO has provided to make the process more efficient.
5. Discuss the process by reading the cards and clarifying doubts if any.
6. Inform the participants that they can use these cards as ready reference. These can be pinned up on the soft board or placed in a visible position.
7. Repeat the same process with flash cards – Settling Advances

Material Required

- Flash Cards

Session 11: Bank Accounts

Session Objective

- To discuss the guidelines related to bank accounts

Session Details

1. Ask the participants in which banks their organizations operate bank accounts for the project.
2. Ask them if these are nationalized banks or not.
3. Discuss how as per NACO guidelines, the project should maintain bank accounts separately with nationalized bank exclusively for NACO assisted project. If the NGO has more than one funding from NACO for different activities the account should be separately for all.
4. Inform the participants that we will discuss some more guidelines in the presentation.
5. Open the power point presentation and take the participants through the slide show.
6. Read slowly, stressing on important aspects.
7. Take questions, if any.

Material Required

- Powerpoint presentation (CD/flashdrive) – slides 33-35
- Laptop/Desktop
- LCD projector
- Projector screen

Session 12: Bank Transactions

Session Objective

- To discuss the NACO guidelines on bank transactions

Session Details

1. Inform the participants that we will have another small quiz.
2. Divide the group into 5 sub groups - A, B, C, D, and E.
3. Inform the groups about the rules:
 1. Each team will get 30 seconds to answer.
 2. Each right answer will get 10 points.
 3. If one team cannot answer, it can pass the question to other teams.
 4. Each right answer to a passed question gets 5 points.

5. The team with highest points wins.
4. Conduct the quiz as given in annexure 13.
5. Discuss wherever there is confusion or questions.
6. Award the winners.

Material Required

- Quiz (annexure 13)
- Prizes for winners

Session 13: Purchasing

Session Objective

- To discuss the guidelines related to purchasing

Session Details

1. Inform the participants that we will discuss some guidelines about purchasing in the presentation.
2. Open the power point presentation and take the participants through the slide show.
3. Read slowly, stressing on important aspects.
4. Take questions, if any.

Material Required

- Powerpoint presentation (CD/flashdrive) – slides 36-39
- Laptop/Desktop
- LCD projector
- Projector screen

Session 14: Purchasing Capital Assets

Session Objective

- To discuss the guidelines related to purchasing capital assets

Session Details

1. Ask the participants to open their workbooks
2. Ask the participants to complete the exercise (multiple choice questions)

3. Discuss the answers once everyone is done.
4. Refer to annexure 14 for solutions.

Material Required

- workbooks
- annexure 14

Session 15: Identifying drugs to be bought

Session Objective

- To discuss the process of identifying drugs to be bought

Session Details

1. Inform the participants that we will discuss some guidelines about identifying drugs to be bought.
2. Open the power point presentation and take the participants through the slide show.
3. Read slowly, stressing on important aspects.
4. Take questions, if any.

Material Required

- Powerpoint presentation (CD/flashdrive) – slides 40-41
- Laptop/Desktop
- LCD projector
- Projection Screen

Note: Refer to the *WHO GMP certified manufacturers* (<http://cdsco.nic.in/html/gmpcertificate1.htm>)

Session 16: Purchase of Drugs & Condoms

Session Objective

- To discuss the process of identifying drugs to be bought

Session Details

1. Distribute the handouts amongst the participants (annexure 15)
2. Ask the participants to go through the handouts thoroughly
3. Divide the participants into teams
4. Tell them that they will have a new form of quiz called the chain quiz.

5. Tell them that in this form, the facilitator will not ask questions but the teams will ask questions.
6. So Team A will ask Team B, B to C, C to D, D to E and E to A
7. Make sure the teams ask relevant questions from the handout.
8. Every correct answer gets 10 points.
9. If a team cannot answer, the team which has asked the question has to give the answer. The question cannot be passed.
10. Encourage discussion wherever possible.

Material Required

- Annexure 15

Session 17: Stock Records

Session Objective

- To discuss the structure of stock records to be maintained

Session Details

1. Put up the slide with the structure of the stock records
2. Also handover the flash cards to the participants
3. Explain the structure.
4. Take questions if any.

Material Required

- Powerpoint presentation (CD/flashdrive) – slides 42-49
- Laptop/Desktop
- LCD projector
- Projection Screen
- Flash Cards

Session 18: Planning the financials

Session Objective

- To discuss the process of planning for financials

Session Details

1. Handover the flash cards to the participants
2. Discuss the key points to be remembered while planning for financials

3. Refer to annexure16 for explanations
4. Take questions if any.

Material Required

- Flash Cards
- Annexure 16

Session 19: Reports

Session Objective

- To discuss what all reports need to be submitted and when

Session Details

1. Handover the flash cards to the participants
2. Discuss the key points to be remembered while planning for financials
3. Take questions if any.

Material Required

- Flash Cards

Session 20: Tax Deducted at Source

Session Objective

- To discuss the process of deduction of tax at source

Session Details

1. Write each statement in the annexure 17 on a separate sheet in bold letters
2. Ask for 5 volunteers to come forward
3. Stick one sheet on each volunteer's back such that the written side is visible to others.
4. Ask the volunteers to stand in a row with their backs to the rest of the group.
5. Ask the rest of the group to now arrange the volunteers in the order in which tax is deducted at source
6. Take questions if any.

Material Required

- Annexure 17

Session 21: Deeds & Agreements, Professional Tax, Audit

Session Objective

- To discuss the guidelines related to legal and statutory matters

Session Details

1. Put up the power-point presentation
2. Take the participants through various aspects of legal guidelines
3. Take questions if any.

Material Required

- Powerpoint presentation (CD/flashdrive) – slides 50-53
- Laptop/Desktop
- LCD projector
- Projection Screen

Note:

At the end of the day the facilitators should share the card 'snap shot of actions to be taken and documents to be submitted to CA' given as **Annexure 18**

Day 3: Costing Guidelines

Objective

1. A need for clear and better understanding of the NACO costing guidelines was raised by the accountants at TI levels as well as at the SACs levels as coordination between the two on different reporting formats takes a lot of time.
2. Reports send by the TIs on a monthly/quarterly basis are then feeded into the software at the SACs level, greater levels of understanding through practice sessions would clearly reduce lead time in conducting this activity efficiently

Session Schedule

Day 3		Budget Line Items	
Time	Duration	Topic to be covered	Methodology
9.30 - 10.00	30 mins	Energiser	Game
10.00 - 10.30	30 mins	FSW/MSM Costing Guidelines	PPT / Ready reconer booklets
10.30 - 11.00	30 mins	FSW/MSM Exercise	Workbook Exercise
11.00 - 11.30	30 mins	TEA	
11:30 - 11:35	5 mins	Energiser	Game
11:35 - 12:00	25 mins	IDU Costing Guidelines	PPT / Ready reconer booklets
12:00 - 12.30	30 mins	IDU Costing Exercise	Workbook Exercise
12.30 - 13.00	30 mins	Truckers Costing Guidelines	PPT / Ready reconer booklets
13.00 - 14.00	60 mins	LUNCH	
14:00 - 14:30	30 mins	Truckers Costing Exercise	Workbook Exercise
14.30 - 15.00	30 mins	Migrants Costing Guidelines	PPT / Ready reconer booklets
15.00 - 15.30	30 mins	Migrants Costing Exercise	Workbook Exercise
15.30 - 16.00	30 mins	TEA	
16:00 - 17:30	30 mins	Treatment of Loans	PPT

Key Takeaways

1. Complete orientation and understanding of the NACO costing guidelines for each target group.
2. Detailed understanding of the budget availability and the components to be included in each budget line item (incorrect placement leads to maximum confusion in compiling and justifying accounts).
3. Procedural understanding and a understanding on how that effects the overall mechanism of financial compilation at SACS and NACO level

Energizer **Musical Groups**

Session Objective

- To energize the group for the day

Session Details

1. Make as many chits as there are participants (the facilitator will need to do this before the session begins)
2. On each chit, write the name of a musical instrument such that there are 5 chits with the same name on them
3. As the participants enter the training hall, ask them to pick one chit from the bowl and not open it till you tell them to do so.
4. Once everybody is in, ask them to look at their chits without sharing the contents with others in the room.
5. Inform the participants that the chit that they have got, some other have also got. But nobody knows who.
6. Now without talking (by actions and sounds), you are supposed to locate other people who have got the same chit as you.
7. The group which comes together first, wins.

Material Required

- Chits with names of musical instruments
- Bowl to keep the chits

Session 1: **FSW/MSM costing guidelines**

Session Objective

- To discuss the costing guidelines for FSW/MSM group.

Session Details

1. Open the powerpoint presentation.
2. Inform the participants that they would have gone through a detailed excel sheet for the costing guidelines.
3. While one thing to remember is the extent of cost to be booked under each line item of the budget, another important thing is the nature of that cost (what constitutes that line item)
4. Tell them that is what the next few sessions are going to be about.
5. Hand over the ready reckoner for FSW/MSM group and take the participants through the presentations.

6. Answer questions if any.
7. Note down any doubts/questions that are not resolved in the session and include it in the post training follow up.

Material Required

- Powerpoint Presentation (CD/Flash drive) – slides 55-99
- Laptop/Desktop
- LCD projector
- Projection Screen
- Ready Reckoner

Session 2: FSW/MSM Costing guidelines - Exercise

Session Objective

- To allow the participants to work with the costing guidelines

Session Details

1. Hand over the costing formats to the participants
2. Also put up the slide for the transactions that they need to record in the format
3. Ask the participants to work according to the guidelines discussed in the previous sessions

Material Required

- Costing Formats
- Powerpoint slide
- Laptop/Desktop
- LCD projector
- Projection Screen

Session 3: IDU Costing guidelines

Session Objective

- To discuss the costing guidelines for IDU group.

Session Details

1. Open the powerpoint presentation.

2. Hand over the ready reckoner for IDU group and take the participants through the presentations.
3. Answer questions if any.
4. Note down any doubts/questions that are not resolved in the session and include it in the post training follow up.

Material Required

- Powerpoint Presentation (CD/Flash drive) – slides 100-145
- Laptop/Desktop
- LCD projector
- Projection Screen
- Ready Reckoner

Session 4: IDU Costing guidelines - Exercise

Session Objective

- To allow the participants to work with the costing guidelines

Session Details

1. Hand over the costing formats to the participants
2. Also put up the slide for the transactions that they need to record in the format
3. Ask the participants to work according to the guidelines discussed in the previous sessions

Material Required

- Costing Formats
- Powerpoint slide
- Laptop/Desktop
- LCD projector
- Projection Screen

Session 5: Truckers Costing guidelines

Session Objective

- To discuss the costing guidelines for Truckers group.

Session Details

1. Open the powerpoint presentation.
2. Hand over the ready reckoner for Truckers group and take the participants through the presentations.
3. Answer questions if any.
4. Note down any doubts/questions that are not resolved in the session and include it in the post training follow up.

Material Required

- Powerpoint Presentation (CD/Flash drive) – slides 146 -156
- Laptop/Desktop
- LCD projector
- Projection Screen
- Ready Reckoner

Session 6: Truckers Costing guidelines - Exercise

Session Objective

- To allow the participants to work with the costing guidelines

Session Details

1. Hand over the costing formats to the participants
2. Also put up the slide for the transactions that they need to record in the format
3. Ask the participants to work according to the guidelines discussed in the previous sessions

Material Required

- Costing Formats
- Powerpoint slide
- Laptop/Desktop
- LCD projector
- Projection Screen

Session 7: Migrants Costing guidelines

Session Objective

- To discuss the costing guidelines for Migrants group.

Session Details

1. Open the power-point presentation.
2. Hand over the ready reckoner for Migrants group and take the participants through the presentations.
3. Answer questions if any.
4. Note down any doubts/questions that are not resolved in the session and include it in the post training follow up.

Material Required

- Powerpoint Presentation (CD/Flash drive) – slides 157-169
- Laptop/Desktop
- LCD projector
- Projection Screen
- Ready Reckoner

Session 8: Migrants Costing guidelines - Exercise

Session Objective

- To allow the participants to work with the costing guidelines

Session Details

1. Hand over the costing formats to the participants
2. Also put up the slide for the transactions that they need to record in the format
3. Ask the participants to work according to the guidelines discussed in the previous sessions

Material Required

- Costing Formats
- Powerpoint slide
- Laptop/Desktop
- LCD projector
- Projection Screen

Day 4: Lab Component: In Practice

Session Schedule

Day 4	NACO formats		
Time	Duration	Topic to be covered	Methodology
9.30 - 10.15	45 mins	Microsoft excel - guided tour	PPT
10.15 - 11.00	45 mins	Microsoft excel - exercise	Do It Yourself'
11.00 - 11.30	30 mins	TEA	
11.30 - 12.15	45 mins	Filling formats Demo	Excel
12.15 - 13.00	45 mins	Filling Formats Exercise	Exercise task
13.00 - 14.00	60 mins	LUNCH	

Key Takeaways

1. Practical understanding of the concepts of Microsoft Excel and its features that can be used by the accountants for easier implementation of their work.
2. Working on excel to fill formats that an accountant needs to fill for regular accounting work.
3. Working on excel to understand the basic concepts of data entry, analysis and reporting.

Session 1: Microsoft Excel – guided tour

Session Objective

- To take the participants through the basic features of MS Excel

Session Details

1. Open a MS Excel worksheet
2. Take the participants through the following basic features:
 1. Row
 2. Column
 3. Cell
 4. Entering text
 5. Formatting (bold, italics, font, font size)
 6. Merging Cells
 7. Inserting rows & columns
 8. Inserting graphs & charts
 9. Basic Formulae – sum, product, average, count
 10. Linking cells and worksheets
3. Set the size of the worksheet in a way that everyone can see what is being demonstrated.
4. Make sure you demonstrate only one feature at a time so that participants are not confused.

NOTE: Please inform the participants that the features of MS excel in different versions of MS Office would be different.

Material Required

- MS Excel
- Laptop/Desktop
- LCD projector
- Projection Screen

Session 2: Microsoft Excel – Exercise

Session Objective

- To allow the participants to practice MS Excel

Session Details

Ask the participants to open the exercise file Excel.xlsx located on their desktops

1. To make them familiar and comfortable with the sheet, ask them a few questions like:
 - What is opening balance for bank for the month of June 2009?
 - What is the cell address of the cell containing the amount paid to M/S ABC Pharma?
 - When was the reimbursement paid to the staff?
2. If time permits, you can ask more questions to help the participants maneuver easily in the worksheet.
3. Once the participants are comfortable, give them the exercise.
4. “Create the cash book for July 2009 using the following transactions”

1/7/2009	Paid advance rent for the month of July 2009 (Cheque)	Rs. 5000
1/7/2009	Paid salaries for the month of June 2009 (Cheque)	Rs. 45000
3/7/2009	Bought file covers for office (cash)	Rs. 56
3/7/2009	Paid for office cleaning	Rs. 500
3/7/2009	Paid for tea for staff	Rs. 410
5/7/2009	Paid reimbursements to staff	Rs. 825
	Withdrew from the bank	Rs. 2000
11/7/2009	Sale of old newspapers	Rs. 110
12/7/2009	Paid the bill to Rochak Printers (printing of voucher books)	Rs. 580
15/7/2009	Paid for lunch (visit from NACO)	Rs. 355
20/7/2009	Courier charges	Rs. 55
28/7/2009	Deposited Grant Cheque	Rs. 150000

5. Discuss the linking of cells and sheets by linking the closing balance of June to Opening Balance of July.
6. Solve doubts and answer questions, wherever needed.

NOTE: Individual computers would be needed for every participant for this activity

Material Required

- MS Excel
- Laptop/Desktop
- LCD projector
- Projection Screen

Session 3: **Filling Formats - Demo**

Session Objective

- To familiarize the participants with the formats that they need to fill up during the programme

Session Details

1. Tell the participants that there are many types of formats that we need to fill up during our regular work.
2. It is essential that these formats are filled properly. It will make the process more efficient and also avoid rework on our end at a later date.
3. Tell them that in the next few sessions, we would be going through and practicing the filling up of these formats
4. Take the following formats and show them to the participants explaining the need and features
 - Indent for money amount
 - Voucher
 - Requisition of cash against travel & field advance
 - I.O.U
 - Retiring of advance format
 - Money Receipt
 - Purchase Order
 - Fixed Assets Register
 - Stock registers (all types)
 - Requisition Form
 - Requisition for tour booking
 - SOE
 - Utilization Statement
5. Take questions, if any

Material Required

- Empty Formats

Session 4: Filling Formats - Exercise

Session Objective

- To allow the participants to fill up during the formats

Session Details

1. Tell the participants to assume that they are back in their office.
2. Hand them over the Practice Exercise Booklet
3. Tell them that this is their task for the next two hours
4. All formats etc. are available in the training hall.
5. However they need to decide which format to fill and how.
6. They can consult the facilitator if they are stuck but they should try and work independently
7. Facilitate the process

Material Required

- Empty Formats
- Computer
- Exercise files (soft version)

Annexure : 1

Cash Book Format

Date	Particulars	LF	Amount (Dr)		Amount (Cr)	
			Cash	Bank	Cash	Bank
1-Apr						

Annexure : 2

Practice Exercise – Cash Book

1. 1/03/10

Paid Salaries through cheque – Rs. 20000

2. 10/03/10

Paid cash for stationery - Rs. 1500

3. 11/03/10

Received cash Rs. 500 from social marketing of condoms

4. 15/03/10

Withdrew cash for office expenses Rs. 2000

5. 22/03/10

Deposited cheque in the bank Rs. 5000

Annexure : 3

Cash Book Exercise

1. **1/09/09**

Paid cash for office rent – Rs. 3000

2. **1/09/09**

Paid Salaries through cheque – Rs. 25000

3. **3/09/09**

Miscellaneous receipts in cash – Rs. 500

4. **5/09/09**

Withdrew cash for office expenses Rs. 1500

5. **15/09/09**

Received second instalment of grant Rs. 1, 50,000

6. **15/09/09**

Deposited cheque in the bank Rs. 1, 50,000

Annexure : 4

Demo Exercise

1. Balance as per our bank book **Rs. 27500**
2. Received interest **Rs. 520**
3. Cheque deposited but not credited **Rs. 15000**
4. Cheques issued but not presented **Rs. 10000**
5. Bank Charges **Rs. 110**

Annexure :5

Bank Reconciliation Statement

Bank Reconciliation Statement (Format)		
Bank Reconciliation Statement as on _____		
	Details	Total
<i>Debit balance as per Cash Book</i>		
ADD		
Cheques issued or drawn but not yet presented for payment		
Interest allowed by bank not recorded in cash book		
Amount directly deposited by customer in bank account		
Interest and dividends collected by bank		
Cheques paid into bank but omitted to be entered in cash book		
Any wrong credit given by bank in Bank Statement		
LESS		
Cheques paid into bank for collections but dishonoured by Bank		
Standing instructions given to bank e.g.payment of insurance premium		
Bank Charges		
Cheques issued but omitted to be recorded in Cash Book		
Any wrong debit given by bank in the Bank Statement		
<i>Credit Balance as per Bank Statement</i>		

Annexure : 6

BRS exercise

- 1. Balance as per our bank book Rs. 45250**
- 2. 31/03/10 Received interest Rs. 1210**
- 3. 31/03/10 Grant Cheque deposited but not credited Rs. 15000**
- 4. Cheques issued to drugs suppliers but not presented Rs 3000**
- 5. Bank Charges Rs. 280**

Annexure : 7

Journal & Ledger

JOURNAL

A journal entry, in accounting, is a logging of transactions into accounting journal items. The journal entry can consist of several items, each of which is either a debit or a credit. The total of the debits must equal the total of the credits or the journal entry is said to be "unbalanced". Journal is also known as the book of prime entry.

Journal Vouchers are used to book entries in the accounts which do not have any effect on the cash book or bank book. Accordingly, booking of provisions, transfer of entries from one code to another or correction of wrong entries is routed through the journal. Journal vouchers have to be treated with same importance as bank or cash payment vouchers.

The general ledger is where all accounting transactions are posted in a double entry system using debits (on the left) and credits (on the right) for each transaction.

The **debit and credit** entries impact at least two ledger accounts and it is usual to capture enough information in each leg of the entry to be able to identify the other one.

The general ledger provides data for the Balance Sheet and income Statement. The ledger can be electronic or physical depending on whether you are using computer software or a manual system. Most companies use a computerized version of the general ledger, allowing for greater ease of entry and reporting.

Annexure : 8

Quiz (Answers are given next to the question)

ROUND 1

- a. Programme interventions for a long term basis are approved on what basis? **Annual**
- b. Reapplication for financial support is subject to approval of what? **Progress & financial reports**
- c. Funds are released in what kind of instalments? **Half yearly**
- d. Funds would be remitted by SACS through what channel? **DD or bank transfer**
- e. On receipt of the funds, what should be should be signed and returned promptly to the SACS confirming the exact amount received and the date of receipt? **Remittance Advice**

ROUND 2

- a. If a grantee wants to relinquish the funds, whom should it notify? **TSU/SACS**
- b. If a grantee wants to relinquish the funds, how should it notify the TSU/SACS? **In Writing**
- c. Who must sign and date the notification of relinquishment? **Project Manager or authorized official**
- d. In the case of relinquishment, obligations incurred after which date are not reimbursed? **Termination Date**
- e. Serviceable assets purchased from the funds of the Project will be retained by the grantee or returned to the SACS? **Returned**

ROUND 3 (True/False round)

- a. Failure to comply with any one or more of the conditions for Grant Funds is a reason for postponement/suspension? **True**
- b. Failure to submit all required reports on or before the prescribed time and in an acceptable manner is a reason for postponement/suspension? **True**
- c. Failure to execute the program activities outlined in the relevant program plan without a sufficient and acceptable explanation is a reason for postponement/suspension? **True**
- d. Financial impropriety is a reason for postponement/suspension? **True**
- e. Noncompliance of technical requirements as spelt out in the proposal is a reason for postponement/suspension? **True**

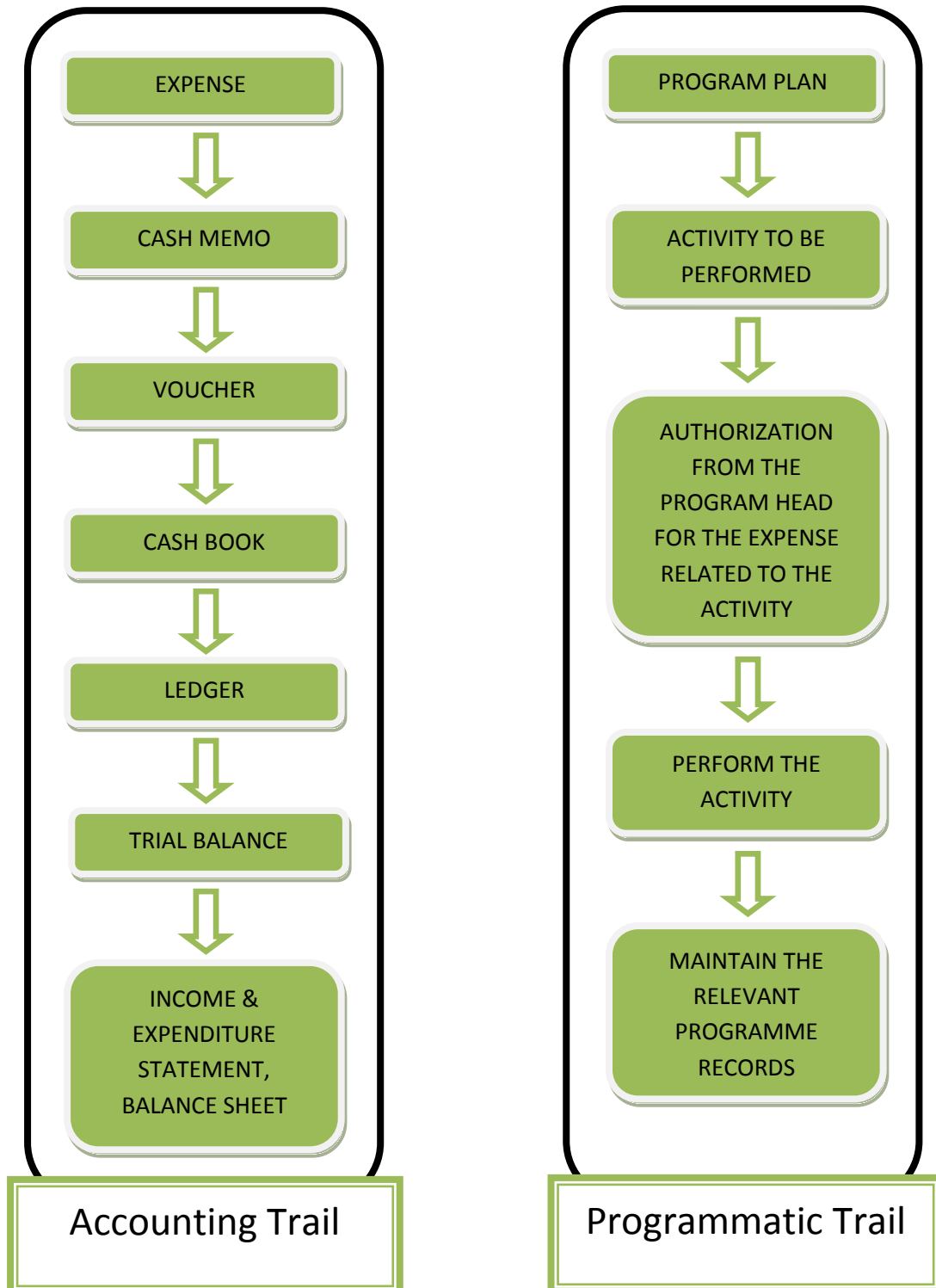
ROUND 4

- a. Any one reason which can lead to termination of the grant? **(any reason from the guidelines)**
- b. Within how many days do SACS give reasons for termination? **7 days**

- c. How many days does the grantee get to justify its case? **30 days**
- d. Can failure to make adequate progress during a project year lead to termination of a grant? **Yes**
- e. Use of grant funds not in accordance with what can lead to termination of a grant?
Allocation in programme plan or budget

Annexure : 9

Accounting & Programmatic trails



Annexure : 10

Withdrawal of Cash from Bank

- The Cash Withdrawal Form/Money Indent to be filled up and signed by the staff handling cash.
- The cash balance available and the estimated expenses would need to be computed.
- The authorized persons must verify the requirement before signing the cheque for withdrawal of cash.
- The signature of the person presenting the cheque and receiving the cash should be attested on the back side of the cheque by one of the authorized signatories.
- A Cash Receipt (Contra) voucher to be prepared and accounted for by the accountant on the same day.
- The Cash Account (Manual) to be updated for receipt of the Cash.

Annexure :11Cash Payments

1. Cash payments will be made only after preparing the Payment voucher.
2. All vouchers should be preprinted with machine made serial numbers
3. The Voucher has to be approved by the competent authority before payment.(as per the requirement of _SACS the signature of the PC is a must)
4. The Payee must sign the voucher for having received the payment.
5. No cash payment of more than Rs. 5,000/- is permitted.
6. All cash payments should be receipted with a revenue stamp as per the provisions of the stamp act
7. The number of cash payments has to be reduced by converting payments through cheque.

Annexure :12

Cash Verification

WRONG: The competent authority should physically verify the cash balance once in six months or whenever possible.

CORRECT: The competent authority should physically verify the cash balance occasionally and compulsorily once in a month.

WRONG: The Cash Account record should be signed by the person spending the maximum as and when the physical verification of cash is carried out.

CORRECT: The Cash Account record should be signed by the person incharge of finance and the person making the physical verification as and when the physical verification of cash is carried out.

WRONG: Any discrepancy noticed during the physical verification should be reported at the end of the financial year.

CORRECT: Any discrepancy noticed during the physical verification should be recorded and reported in writing to the person concerned immediately.

WRONG: Third parties should be allowed direct access to the accountant or the safe to save time.

CORRECT: Third parties should not be allowed access to the accountant or the safe. Cash should be paid to them in the front office.

WRONG: Cash is handled by anyone who needs to make programme expenditure.

CORRECT: Cash is handled by only one designated person who is responsible for it.

WRONG: Cash disbursements should be made whenever the accountant thinks fit.

CORRECT: A fixed period of time has to be fixed for cash disbursements. Only emergency payments can be released during other times.

WRONG: Accounting of cash receipts/payments is done on an annual basis.

CORRECT: Accounting of cash receipts/payments is done on a daily basis.

Annexure : 13

Quiz (Answers are given next to the question)

- A. What should be issued to acknowledge bank receipts? **Official Receipt**
- B. The date on official receipt and date of deposit in the bank should be the same or different? **Same**
- C. What should be attached with the receipt voucher for bank receipts?
Bank Deposit Slip
- D. Which voucher needs to be prepared before preparing any cheque?
Payment Voucher
- E. Should a copy of a bill or claim (as against original bill) be entertained for payment? **No**
- F. What should the rubber stamp on the cheque say? **“A/c Payee Only – Not Negotiable”**
- G. Should post-dated cheques be issued? **No**
- H. Should the payment voucher carry the cheque number? **Yes**
- I. What should be done with uncashed cheques? **Cancelled within a reasonable period**
- J. When should Bank Reconciliation Statement be done? **on a monthly basis**

Annexure : 14

Purchasing Capital Assets

Choose the correct answer from the choices given:

- A. Fixed assets are a**
- i. **Non consumable item of equipment**
 - ii. Consumable item
 - iii. Fixed in one place
- B. In the case of capital asset purchases and consumables in bulk, what should always be issued**
- i. Invoice
 - ii. **Purchase orders**
 - iii. Quotation
- C. All non consumable items of expenditure should be purchased with:**
- i. **Minimum three quotations**
 - ii. Minimum six quotations
 - iii. Minimum one quotation
- D. All incidental charges which are incurred to get the asset to the place where it is situated and to get the asset into operating condition must be:**
- i. Deducted
 - ii. **Added to the cost of the asset**
 - iii. Taken into the income and expenditure account
- E. The fixed assets register should be approved and signed by the competent authority after it is**
- i. Updated daily
 - ii. **Updated every six months or annually.**
 - iii. Checked by the employee who purchased the asset
- F. Which of the following is incorrect:**
- i. All assets must be given an identification number
 - ii. Identification number must be painted on the asset
 - iii. Identification number should also be mentioned in the fixed assets register
 - iv. **Identification number should be pinned up on the main notice board**
- G. Physical verification of assets should be undertaken**
- i. **At least once a year**

- ii. Everyday
- iii. Every month

H. Reconciliation of fixed asset register means

- i. Comparing the field office fixed asset register with the main fixed assets register**
- ii. Comparing fixed assets registers of two similar organizations
- iii. Comparing fixed assets registers of two consecutive years

I. Assets which have become worn out or unserviceable should be

- i. Written off from the list with proper authorizations**
- ii. Repaired
- iii. Kept in the storehouse

J. No item of asset bought with _SACS funds can be

- i. Used
- ii. Used without the express permission of TSU/_SACS.
- iii. Disposed off or changed / modified without the express permission of TSU/_SACS**

K. For individual drugs at the main office and the clinic sites,

- i. A stock register should be maintained**
- ii. A box should be kept
- iii. A room should be allotted

L. Materials should be issued from the stock register based on

- i. Requisitions**
- ii. Requirements
- iii. Requests on phone

M. Physical verification of stock should be undertaken at the main office and every clinic site once a month by:

- i. Someone other than the person responsible for stock**
- ii. Someone who has a degree in Stock keeping
- iii. Someone who is responsible for stock

N. The medicine stock registers should be maintained on a

- i. FIFO (First in first out basis)**
- ii. LIFO (last in first out basis)
- iii. Average method basis

Annexure : 15

Purchase of Drugs

- A. **Minimum of three quotations** should be obtained before purchase of drugs and condoms. The supplier has to have WHOGMP certification and should be selected based on a comparative analysis of the quotations and other criteria like quality of drugs supplied, reliability, past performance etc.
- B. The organization should **maintain details** about quotations received, which supplier/s (it can also be a panel of 2 or 3 suppliers) are selected and why.
- C. A system for purchase of drugs and condoms should be **included in the general rules for purchasing**.
- D. As a rule drugs should be bought only on the basis of **requisitions raised by the project doctors / STD control officers**. A monthly drugs requisition form can be given to the project doctor to the coordinator based on which procurement can be done.
- E. The quantity of drugs to be bought shall be decided by the organization based on a number of factors like past history, patient load etc. subject to **a ceiling of Rs. 1,50,000/per annum**.
- F. The basic tenet is that **minimum stock of medicines should be maintained** so that there is no danger of expiry, theft, space problem etc.
- G. All medicines purchase shall be inspected for quality and **checked and counted by the receiver** against the purchase order.
- H. Drugs stocks shall be **held in a secure location** at the main office and the clinic sites and **one person each shall be designated as responsible** at the office and clinic sites
- I. Proper **control should be exercised** over medicines purchased and issued, so that there is no case for expired medicines. However in cases where there is no off take for a particular medicines etc., and there is a stock of expired medicines, the same should be got to the notice of the head of the organization and with his/her permission, they should be reflected in the stock books. However, this should not become a regular case and reasons for expired medicine stocks should be analyzed and acted upon, so that they can be avoided in future.
- J. **Colour coded medicines** if supplied by SACS/NACO to be used for STD treatment and proper inventory to be maintained.

Annexure : 16

Planning for Financials

- A. The whole team needs to be involved in budgeting process.
- B. Objectives of the programme along with activity plans must be completed before starting the budgeting process.
- C. Changes in strategies for the forthcoming year based on the past experience have to be unanimously decided by the team and the budget should be accordingly formulated.
- D. List out the resources required to achieve these activities and cost them.
- E. All line items in the budget must flow from planned activities.
- F. Budget should be as detailed as possible with justifications and break up of costs matched against each activity.
- G. When budgeting for subsequent years/phase, cost increases due to inflation, exchange rates etc would need to be kept in mind.
- H. All expenses have to be reviewed against the budget on a monthly basis.
- I. The project management shall verify the quarterly reports against the budget, analyze causes for variance and take appropriate action.
- J. Funds lying unutilized under any of the activity should be reviewed on monthly basis by the programme & finance division and remedial actions to be taken either to surrender the funds if the activity cannot be done due to any reason or identified the bottle necks and corrective action taken.

Annexure : 17

Tax Deduction at Source

1. The applicable rate of tax reduction is to be ascertained from the appropriate authorities and prompt recovery may be remitted to government within the stipulated time.
2. Deduct tax right from the first payment, irrespective of the value, to ensure that no payment escapes deduction of tax even by oversight.
3. Separate challans to be filled in for each category of tax deduction like Contracts, Rent, Payments to professionals, etc.
4. The tax deducted during a month to be deposited to the Govt. account latest by 7th of the subsequent month.
5. Prepare the TDS Certificate in Form 16A and forward it to the competent authority for signature, together with the original challan and a statement of tax deductions.

Annexure : 18

Snap shot of actions to be taken and documents to be submitted to CA

Group of Records	Description of item
A Primary records of account:	<ul style="list-style-type: none"> • Cash Books completely up to date to the year-end • File of invoices/vouchers for all items of expenditure • File or book of receipts for moneys received • Bank statements, paying in slips and cheque books • Wages book and records • General Ledger
B Summaries and Reconciliation statements:	<ul style="list-style-type: none"> • A Trial Balance and/or a summary of all receipts and payments by the NGO • budget category • Bank reconciliation statements for all bank accounts at the yearend cut-off date • Petty cash reconciliation statement to the year-end cut-off date • Stock sheets • Sanction letters issued by the SACS for release of funds.
D Other information:	<ul style="list-style-type: none"> • A letter from bankers to confirm balances [this will be requested by the auditors themselves] • Constitution of the organisation • List of Committee members and staff • Minutes of Board and management meetings • Donor agencies funding agreements and audit requirements • Rental agreement • Any other contracts/purchase orders

Frequently Asked Questions

1. Can we use the money left in one line item for meeting expenses under another line item?

YES, but only after prior written approval from SACS.

2. Can we reapply for funds?

Partner organization is invited to reapply for financial support subject to approval of progress and financial reports

3. Can we pay advances to office/field staff?

Staff can obtain advances only for official purposes mainly for meeting the following expenses:

- a. Travel and Subsistence*
- b. Purchase of goods from the market*
- c. Conference and Workshop*
- d. Day to Day expenses*

All advance requests should be made in the prescribed format

4. Can we purchase drugs from any of the WHOGMP certified firms?

Yes, but only after inviting at least three quotations and analyzing the same for the best price

5. Do we need to maintain any record of fixed assets purchased under the project?

An inventory of the capital assets should be maintained (an inventory of assets funded by SACS should be maintained separately and this should form part of the overall organizational asset list) and updated from time to time.

6. Can we sell off the assets purchased under the project?

No item of asset bought with _SACS funds can be disposed off or changed / modified without the express permission of TSU/_SACS.

7. What should we do with the interest income on _SACS funds?

All interest income accruing for _SACS funds should be reflected in the partners' quarterly financial reports. For partners who have multi donors, proportionate amount of interest for _SACS funds should be calculated and shown in the project accounts.

8. Is it mandatory to deduct tax at source?

Deduction of Tax at source is the responsibility and liability of the organization. Failure to deduct tax and issue TDS certificates within the stipulated time attracts penalty under the Income Tax Act.

9. Is it necessary to attach the supporting documents with every voucher?

Yes. Supporting documents –in the form of original bills – are the real proof of transactions based on which payment is effected.

10. Can the invoices be in the name of individual staff member who is purchasing the goods/services?

Invoices should only be in the name of the PROJECT and not in the name of the project staff.

11. Our bills are usually in local language. Do we need to get all the bills in English?

No. Getting all the bills in English is not necessary. Bills that are in local language should indicate briefly in English the purpose /item of the bill.

12. We are a small NGO with few transactions. Can we update our cash book on a weekly basis?

Cash is to be written on daily basis if there are no transactions an entry NIL should be shown.

13. What is a Bank Reconciliation Statement? Do we need to prepare one?

Bank reconciliation statement is prepared to ensure that the balance shown by our bankbook and the bank pass book (bank statement) tallies. It is done in the following way. It commences with the balance as per our bankbook. To this, we add those cheques, we have issued to suppliers etc. but which have not been presented for payment to the bank, by the suppliers. Any interest that might be credited to our bank by the bank should also be added to our bankbook balance. Cheques which we have deposited in the bank, but which are not yet credited by the bank to our account, have to be deducted from our bank balance. Any bank charges or collection charges, which the bank has deducted from our account, have to be deducted from our bank books.

Yes, Bank Reconciliation Statement should be prepared on a monthly basis.

14. Do I need to maintain journal vouchers even if I am preparing cash book on a regular basis?

Yes, Journal Vouchers are used to book entries in the accounts which do not have any effect on the cash book or bank book. Accordingly, booking of provisions, transfer of entries from one code to another or correction of wrong entries is routed through the journal. Journal vouchers have to be treated with same importance as bank or cash payment vouchers.

NACO Formats

VOUCHER

NAME OF PROJECT	ORGANISATIONS NAME
-----------------	--------------------

VOUCHER NO.

--

DATE DEBIT / CREDIT		
---------------------	--	--

PARTICULARS		
PARTICULARS	AMOUNT	
Being.....		
.....		
.....		
.....		
.....		
.....		
.....		

Rupees		
..... TOTAL		

Rs.

Payee's Signature

Director/Accountant

Requisition of Cash against Travel & Field Visit Advance

Date :

1	Job No.	
2	Name of Person	
3	Place of Visit	
4	Duration of Visit	
5	Cash Required on	
6	Cash Required	

Signature

Approved by

Please give breakup of the required cash on backside of this requisition

IOU

Date :

PROJECT

Amount	Particulars
Payee's	Payee's Signature

Received From

Sanctioned by

RETIRING OF ADVANCE FORMAT

ACCOUNTS SUMMARY SHEET

PROJECT:

PERIOD:

Income Amount received	Amount		Expenditure Amount Paid	Amount	
	Rs.	P.		Rs.	P.

INCOME:

EXPENDITURE:

BALANCE:

ACCOUNT SHEET

A/c Period

Income Amount received	Amount		Expenditure Amount Paid	Amount	
	Rs.	P.		Rs.	P.

INCOME:

EXPENDITURE:

BALANCE:

TRAVEL & CONVEYANCE EXPENSES

Amount Received		Date.....	
Purpose			
Travel Details		Amount	
From	To		
From	To		
From	To		
Total			
Balance Due / In and			
Signature		Approved	

EXPENSES SHEET

Date.....		
Amount Received		
Purpose		
Travel Details	Amount	
Total		
Balance Due / In and		
Signature		Approved

MONEY RECEIPT

No. Date..... Rs.

Received with thanks from

The sum of Rupees

In Cash/Cheque No.

on A/c of

Rs.

Signature of Authorized Person

VOUCHER

VOUCHER

NAME OF PROJECT	ORGANISATIONS NAME
-----------------	--------------------

VOUCHER NO.	DATE
-------------	------

DEBIT / CREDIT

PARTICULARS			
PARTICULARS	AMOUNT		
Being.....			
.....			
.....			
.....			
.....			
Rupees.....			
..... TOTAL			

Rs.

Payee's Signature

Director/Accountant

--

CASH BOOK

CREDIT					CREDIT				
DATE	PARTICULARS	LF	CASH	BANK	DATE	PARTICULARS	LF	CASH	BANK

LEDGER

SALARY A/C.

CREDIT					CREDIT				
DATE	PARTICULARS	LF	CASH	BANK	DATE	PARTICULARS	LF	CASH	BANK

COMMUNITY EVENTS A/C.

CREDIT					CREDIT				
DATE	PARTICULARS	LF	CASH	BANK	DATE	PARTICULARS	LF	CASH	BANK

PURCHASE ORDER

Name & Vendor.....

Kind Attn :

Subject :

Reference :

Dear Sir,

This has reference to your quotation mentioned above regarding purchase

..... You are requested to supply the following items as per the specifications mentioned alongside.

Warranty :

..... Price:

..... Taxes:

.....

Delivery :

..... All the

above items should be delivered at :

within days from the receipt of this purchase order

All carriage will be borne by vendor

Credit Period

 days towards invoice processing

Thanking You

Yours sincerely

FIXED ASSESTS REGISTER

List of Assets for

Sl. No.	Description of Assets	t .	Date of Make / Pur. Brand	Supplier Name	Value Per Pc. Rs.
1					
2					
3					

STOCK BOOK REGISTER

		Date			Date			Date		
Date	Particulars	Receipt	Issue	Balance	Receipt	Issue	Balance	Receipt	Issue	Balance

REQUISITION FORM

REQUISITION FORM

Project Name :

Date :

Work Activity :

Purpose :

Estimate :

Estimate Approved by :

Signature of Project in charge

Sanctioned :

Passed for Payment :

Date :

FINANCIAL MEMO

From	FINANCIAL
MEMO To	
CC :	Date :

Please insure that the details of accounts against an advance of Rs. _____
 (Rupees _____) taken by
 you on _____ still remain pending / unsettled.

You are requested to settle the same latest by _____ bet
 ween _____
 11 A.M. and 1 P.M.

Thanking You,

Head of the Department - Finance.

NACO ACCOUNTING MANUAL

YEAR PLAN PROJECTIONS / EXPECTED RELEASE OF FUNDS /
 REPORTS / PROPOSALS / EVENTS

MONTHS	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
DAY												
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
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29												
30												
31												

KEY

PROJECTIONS
 REPORTS
 EVENTS

EXPECTED RELEASE OF FUNDS
 PROPOSALS

Requisition of Tour Railways / Air Tickets Booking

Date :

Job No.	:	
Name & Age	:	
Place & Period of Visit	:	
Purpose of Visit	:	
Date of Dep. (Onwards journey)	:	
Ticket Required (Rly / Air)	:	From
ToTrain Name & No. / Air No.	:	
Date of Dep. (Return journey)	:	
Ticket Required (Rly / Air)	:	From
ToTrain Name & No. / Air No.	:	
Total Advance Required	:	

Signature

Approved By

Powerpoint Slides