

**Managing Accounts
by
Non- Governmental Organisations**

Presentation

By

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Role of NGOs

- NGOs are often setup to plug in the gaps left by the government.
- By some estimates, India has 3.3 million NGOs, or one NGO for every 400 individuals.
- NGOs play a positive role in virtually every sector of the economy. They are active in different areas of nation building (such as integrated rural development, woman and child welfare, in tribal and hilly areas, etc.).

Role of NGOs

- Comparing nation building to a 'chariot' that is driven by five horses:
 - the Central Government,
 - the State Governments
 - the Panchayati Raj Institutions (PRIs),
 - the Private Sector & Voluntary Organizations and
 - Community Based Organizations.
- three most important contributions of VOs in national development:
 - innovation,
 - empowerment and
 - research & advocacy.

Govt. Grants and VOs

- voluntary sector enjoys certain functional advantages, being community based and capable of providing services at a lesser cost.
- Voluntary organizations have the flexibility to develop innovative projects based on local needs and resources in contrast to the standardization that normally characterizes governmental actions.
- Ministries are promoting voluntarism in the area of development of women and children, health and family welfare and other local area development projects.
- Large number of schemes by various ministries for providing grants and aid to VOs for various projects under their jurisdictions.

De-addiction Programme/Schemes

- Ministry of Social Justice and empowerment
 - For rehabilitation of drug addicts
 - For awareness creation and counselling
- Ministry of Health and Family Welfare
 - Drug De-addiction Centres in medical colleges/hospitals
- Ministry of Development of North Eastern Region
 - Financial Assistance for Seminar, Symposium, etc. from North Eastern Council(NEC)
 - Grant-in-aid under Plan Scheme “Capacity Building and Technical Assistance”
- Ministry of Finance
 - Grant from the NATIONAL FUND FOR CONTROL OF DRUG ABUSE

Common Defaults by NGOs

- NGOs continue to play a larger role in Indian society, but it is also essential for NGOs to open themselves for auditing and reporting.
- Voluntary organisations black listed by Central Social Welfare Board on account of:
 - Non recovery of loan funds
 - Non- submission of accounts
 - Misappropriation of funds
 - Misapplication of funds
 - No trace of the organisation

Common Defaults by NGOs

s.no	State	No of organisation	reasons
1	Meghalaya	323	Non- submission of accounts
2	Assam	150	---do---
3	Manipur	197	---do---
4	Mizoram	12	---do---
5	Nagaland	78	---do---
6	Sikkim	2	---do---
7	Tripura	69	---d0---

Financial Accounts

- Income and Expenditure Account
- Receipt & Payment Account
- Balance Sheet
- Auditors' Report

Books of Accounts

- Cash Book
- Bank Book
- Journal
- Ledger

Supporting Evidences

- Receipts
- Cash Vouchers
- Bills
- Invoices
- Bank statement

Subsidiary Records

- Stock Register
- Pay roll
- Fixed Assets Register
- Vehicle Log Book
- Investment Register
- Register of Members

Writing books of accounts

- Manual
- Electronic records
- Trial Balance

Basic Principles of writing books

- Double Entry System:
 - **Real accounts**- deals with material things- Comes in Debit, Goes out Credit
 - **Personal accounts**- deals with persons-Debit the Receiver , Credit the Payer.
 - **Nominal accounts**- Debit the expense , credit the Income.

Basis of Accounting

- Cash Basis
- Accrual Basis

Nature of Expenditure and Receipt

- Capital Expenditure
- Revenue Expenditure
- Capital Receipt
- Revenue Receipt

Fixed Assets and Depreciation

- Fixed Assets
- Rate of depreciation
- Notional but allowable expense

Bank Reconciliation Statement

- Difference of bank balance as per books and as per Bank Statement
- Reasons for differences:
 - Cheques issued but not presented for payment
 - Cheques deposited but not yet credited
 - Bank charges not recorded in accounts
 - Wrong entries

Progress Report

- Annual Report of the organisation
 - Objectives accomplished
 - Summary of Receipt and expenditure
 - Details of beneficiaries
 - Budget analysis
 - Budget estimates for the forthcoming year
 - Replies to comments by auditors on the financial statement

Preparation of Utilisation Certificate

- Certified that an amount (s) of Rs.....has/have been sanctioned as Grant in Aid for the year (s) in favour of for the project titled vide Sanction Order (s) No dated.....and
- out of which, a sum of Rs Lacs received as.....Instalment and Rs..... as..... instalment during the financial year.....
- Of the amount (s) received Rs..... has been utilised for the purpose for which the grants have been sanctioned or has/have been utilised to repay the loan/borrowings taken (in the absence of grants) for running the project during the financial year of and
- a balance amount of Rs.....remaining unutilized has been returned or will be adjusted as unspent balance towards the grant payable during the next year.
- A statement, duly certified by Chartered Accountant showing postwise/ itemwise break up of expenditure for the yearis enclosed in the prescribed format.
- Certified that I have satisfied myself that the conditions on which the Grants in Aid was sanctioned/released have been duly fulfilled and I have exercised the following checks to see that money was actually utilized for the purposes for which it was sanctioned.
- Kinds of checks exercised :-
 - i. Registers and records maintained for recording receipt of grant.
 - ii. Bank Statements, Cash Book, Ledgers
 - iii. All Vouchers, Bills maintained
 - iv. Others to be specified.

Authentication of Utilisation Certificate

- Audited item wise/post wise break up of expenditure made by the organization during the year in respect of- for the Project of.....at.....

Name, Signature, with Date and seal of the
President/Secretary

Name, Signature, with Date and Seal of the
Chartered Accountant

Income Tax

- Registration u/s 12AA of the Income Tax Act
- Income which do not form part of total income under section 10(26)
- Income which do not form part of total income under section 10 (26AAA)
- Obtaining PAN

Tax Deduction at Source

- Obtaining TAN
- Deductions to be made towards:
 - salaries
 - payment of interest
 - rent
 - payment to contractors
 - payments to professionals
- Deposit of tax into Central Govt. Account and filling of quarterly returns

Internal Control Procedures

- Authorisation for payment.
- Safe custody.
- Periodical physical verification.
- Disposal of assets
- Audit by third party.



The Planning Commission of India invites all VOs/ NGOs to Sign Up on this system:

Participating Ministries/Departments/Government Bodies:

- [Ministry of Health & Family Welfare](#)
- [Ministry of Social Justice & Empowerment](#)
- [Ministry of Tribal Affairs](#)
- [Ministry of Women & Child Development](#)
- [Department of Higher Education](#)
- [Department of School Education & Literacy](#)
- [Council for Advancement of People's Action and Rural Technology \(CAPART\)](#)
- [Central Social Welfare Board \(CSWB\)](#)
- [Department of Youth Affairs](#)

Benefits of signing up:

- Get details of existing VOs / NGOs across India
- Get details of the schemes of the above Ministries/Departments/Government Bodies offering grants to VOs / NGOs
- Apply on - line for NGO grants
- Track status of your applications for grants

Thank You.

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