

# **FINANCIAL RULES & REGULATIONS**

(As on 1<sup>st</sup> April 2013)



# Contents

1. Financial Propriety.....	3
2. Procedural Requirements.....	4
3. Cash Management.....	5
4. Management of Bank Accounts .....	8
5. Advances.....	9
6. Project Closing.....	10
7. Grant Delay .....	10
8. Salary .....	10
9. Closing Balance and Transfer to Units.....	11
10. NGO Contribution .....	11
11. Financial Discipline.....	11
12. Verification of Books of Accounts and Documents.....	22
13. Programme and Financial Monitoring.....	22
14. Statutory Audit.....	23
15. Maintenance of Books of Accounts .....	23
16. General Financial Rules.....	25
17. Staff Welfare Fund.....	26
18. Adherence to the Rule .....	27
19. Purchase Policy .....	28
20. Engagement Policy of outside Consultant.....	37
21. Policy for Utilization of Community Contribution.....	38

**: FINANCIAL RULES & REGULATIONS:  
OF SABUJ SANGHA**

(Nandakumarpur, South 24 Parganas, Pin – 743 349, West Bengal)

**1. Financial Propriety**

All expenditure of SABUJ SANGHA (hereinafter called and referred to as “Organization”) shall be guided by high standard of financial propriety. Emphasis shall be given on the following principles.

- a) Every person of the Organization is expected to exercise the same vigilance and care in respect of expenditure incurred as a person of ordinary prudence would exercise in respect of expenditure of his own.
- b) The expenditure should not be prima facie more than the realistic and should be within the approved budget under the specific head of account. For expenses exceeding budgets, it is preferable to revise budget or get such expenses ratified with prior intimation to the concerned authority.
- c) No personal benefit or profit should be expected to be derived from any expenditure while exercising power of approval or payment.
- d) The following indicators should be considered while taking decision for any purchase or procurement of any material for the Organization:
  - i) Purchase / Service is essentially required in the interest of the organisation.
  - ii) Proper market evaluation is made before procurement of Articles or Services.
  - iii) Invitation of quotation will depend on the volume of procurement to be made.
  - iv) The offer price is accepted after taking into consideration all relevant factors and maintaining the high standard of financial propriety.

- v) The quality and value added service would be considered during acceptance of quotation.
- vi) Purchase of fixed assets from reputed vendors well known for their brands will not require quotation.

## **2. Procedural Requirements**

The organization shall draw a budget every year for carrying out development activities with a view to achieve the set out objectives for which it was established. The budget shall be prepared by setting the goal, objectives and broad activities of each and every segment of the organization. The yearly budget will include individual projects which may have definite sources of funding or would have to be financed by the organization itself. Budgets will be prepared separately under both the sections – Foreign Contribution and Non Foreign or Domestic. After the yearly budget has been drawn, monthly Cash Flow statements would be drawn on an overall basis for the sections covering the individual projects. This will enable to apprehend the requirement of funds over the months and appropriate financial planning for the same. The budget shall be supported with Work Plan where duties and responsibilities of each of the staff to be involved would be clearly articulated. While drawing the work plan, care should be taken to carry out activities that would provide holistic developmental support to the beneficiaries. The Work Plan would serve as a support document while the Budget & Monthly Projected Cash Flow Statement will be an integral part of the integrated system of Financial Management. It shall be approved in the meeting of the Core Group which would be duly minuted. A Minute Book shall be maintained for the purpose.

Furthermore the following activities are also to be taken:

- a) The yearly Work Plan shall be converted into monthly Cash Flow Plan.
- b) In order to implement the projected activities in planned manner, required posts of appropriate designation and number should be created. Each post shall be assigned with adequate responsibility commensurate with authority so that the desired objectives of the project could be achieved. These will be governed by the provisions of the HR Manual.

- c) The structure and form of Own Means (Organization's contribution) as per requirement of projects shall be worked out.

### **3. Cash Management**

A. Cash management is an important tool and technique of financial management. The following aspects of internal control procedure shall be kept in mind relating to handling of cash:

- a) The function of approving the payments, writing cheques, handling the cash and making entries in the books of account should be clearly demarcated and effected by different persons to the extent possible, to ensure adequate and effective internal control.
- b) Transactions should be recorded daily.
- c) Cash in hand as per books of accounts shall be reconciled daily with the book balance/Physical cash balance.
- d) At periodical intervals cash to be verified by a person in a position higher than the cashier (Finance Head of the Unit or the Unit Head). This can be surprise verification for more effectiveness.

B. The following procedures shall be observed while managing the cash:

- a) The organization shall notify that whenever cash is deposited to the Accountant, that is so done under a valid original "Cash Receipt"
- b) Cash shall be dealt with and managed as per Cash Flow Plan duly approved by the Director or an official duly authorized by him in writing.
- c) No cash will be disbursed for any expenditure which was not budgeted and not included in the Cash Flow Plan.
- d) Any expenditure proposed to be incurred without having a provision in the budget, will require prior approval of the Director or an official duly authorized by him in writing.
- e) Cash will always be kept in a safe or locked almirah under the dual charges of Accountant and Cashier. To ensure this system double lock safe is to be used in the cash section.

- f) Retention of Cash balance shall not be more than 7 days average requirements.
- g) All cash collections shall be acknowledged promptly by issuing serially numbered printed “Cash Receipt” duly signed by the Cashier. Original “Cash Receipt” shall be issued to the payee and the carbon copy (counterfoil) shall be kept in the “Cash Receipt” Book as evidence for accounting, monitoring and auditing. All collections over Rs.5000 (Rupees five thousand only) shall be acknowledged by affixing Revenue Stamp. If it is not so done on account of unavailability of revenue stamp, revenue stamps to be affixed on that whenever it is available later.
- h) The Cashier shall disburse cash from general fund or sub fund/project account to which the payment relates only against the bill / cash memo for an amount up to Rs. 5,000 (Rupees Five thousand) only duly approved by the Project Coordinator / Director. Payment more than Rs. 5,000/- shall have to be made by A/C payee cheque. However, use of account payee cheques is preferred for payments to outside agencies or parties. In case of salary payments, no cash payments can be made for amounts exceeding Rs.3,000/-. Use of account payee cheques may be diluted under exceptional circumstances after obtaining approval from the Director. In case of operation in remote or other areas where banking facility is not much developed, cash payments may have to be resorted to.
- i) The Cashier shall maintain a Daily Collection & Disbursement Record which will start with the opening balance at the beginning of the day, added with the collections of the day, subtracted by the approved payment made during the day and finally closed with the balance at the end of the closing hour every day. The Cashier will also record the denomination of notes and coins in the DCDR and sign the same daily.
- j) Any donation, collection, recovery by the Unit office shall be deposited to the local bank account of the unit. No expenditure is allowed to be incurred from the same.
- k) Daily Cash balance must be reconciled with the balance as per Projects A/cs every day.

- 1) Cash deposit & cash withdrawal will be under full responsibility of the Cashier. If the Cashier is not available, the local head of office will depute a suitable staff as replacement.

**DAILY COLLECTIONS & DISBURSEMENT RECORD ( DCDR)**

**Date:.....**

**Name of Unit –  
Name of Project**

<u>Collections</u>			<u>Disbursements</u>		
	CR no	Rs		CV no	Rs.
Opening Balance			.....		.....
.....	.....	.....	.....		
.....	.....	.....	.....	.	.....
.....	.....	.....	.....		
			.....		.....
			.....		
			Closing Balance		
			.....		
			Denominations:		
			Rs.1000x		
			Rs.500x		
			Rs.100x		
			Rs50x		
			Rs.20x		
			Rs10x		
			.....x		
			Coins		
			.....		
			.....		
			Maintained by	( Cashier)	
			Verified by		
			( Accountant)		

- m) The Accountant shall verify the DCDR daily with the collections and disbursement records supported by Cash Receipt book and approved payment bills / cash memos. The Closing cash balance shown in the DCDR should tally with that of physical cash balance maintained by the cashier and that of cash book balance maintained by the accountant.
- n) The cashier shall deposit the daily collections to the respective funds designated bank account on for the fund the next working day.
- o) Cash Disbursement Register should be separate for each project.

#### **4. Management of Bank Accounts**

The daily cash collections will be segregated by the accountant in accordance with the heads of accounts. The cashier will fill up the Cash Deposit slip of respective funds account and deposit the collections immediately on the next day to the respective bank accounts.

The Requirement of fund based on Requisition Slips shall be grouped up fund wise and allocation of expenditure and withdrawal of fund shall be arranged from the respective fund account.

The following aspects shall be kept in mind while conducting the banking operations:

- a) General Fund account as well as all the sub funds/Project Accounts to be opened in a Scheduled Bank and be operated by any two of the President, Secretary, Treasurer or any other official to be maintained by the Governing Body.
- b) A Cheque Register shall be maintained by the Accountant. Whenever any amount is required to be drawn or any cheque is required to be issued, the Accountant shall write a short note regarding the expenditure in the cheque Register, enclose the bill together with the Cheque and submit the same to the signatories who will verify the bill, read the note and while signing the cheque will also sign the cheque Register.
- c) Payment of electric bill, telephone bill and to outsiders / suppliers shall be preferably made by A/c Payee Cheque. If it is not possible to



- make such payment on account of an emergent situation, only then can payment be made by cash.
- d) Payment by account payee cheques should be made for amounts more than Rs. 5,000/-.
  - e) Cash withdrawal from respective fund account is permitted only after receiving Requisition slip, the estimated expenditure of which should tally with the projected expenditure shown in the Cash flow Plan.
  - f) The Accountant will reconcile the bank balance of each fund account as per cash book with that of respective fund bank account once in every 3 months.
  - g) Surplus fund in bulk immediately not required for operational/-running expenditure should be kept in higher interest bearing eligible investments as approved by the Governing Body.
  - h) All Cheque book should be kept under the custody of the Accountant.
  - i) Bank balances to be reconciled monthly and appropriate corrective action to be taken.
  - j) Fund Transfer Form to be used for Transfer of Cash or Cheque for Inter Office Transaction. (Annexure).
  - k) Fund requisition should reach Central Office in the prescribed format. (Annexure).

## 5. Advances

- a) Documentation- Every advance granted to any staff member will be on the basis of a valid requisition (filled up requisition format with appropriate approval and other required details). Money receipt to be taken from the person taking the advance. A requisition based on which cash is released to be attached with the voucher and a copy to be presented to accounts at the time of settlement.
- b) Administration: Every staff is eligible to receive one advance for any one specific programme/ project on the basis of action plan and approved budget. The approved advance for one purpose is not allowed to be utilized for any other purposes. The advance money will not be adjusted with the advance of any other person. In case of any deviation in the process a prior approval has to be taken from the level of Regional Manager and above.
- c) A list of outstanding advance with the staff is to be prepared at the end of every month and displayed in the accounts section of the respective

units. A copy of the same will be forwarded to Regional Manager/Unit Head.

- d) Accounting- To record settlement of advances, advance amount taken is to be credited and bill debited as per normal practice and the difference between the two amounts is to be adjusted by deposit of cash.

## **6. Project Closing**

- A. At the end of a project, it is generally found that there is a small deficit or surplus from the project closed. Appropriate GB resolution is to be obtained to transfer the balance fund to the General fund with adequate documentation.
- B. In case of fixed assets of such projects, those will be governed by the relevant terms of grant. If so allowed, those will be transferred from the relevant project to the general section or continued to be held with the project if grant condition do not permit such takeover.

## **7. Grant Delay**

Often delay is experienced in receiving FC funds from donors. In such cases transfer of fund from NFC to FC will have to be made in case there are inadequate funds available in FC. Once FC funds are received this transfer will be adjusted. However, if such a deficit continues at the end of a financial year, advance from NFC in FC fund will be reversed along with the expenses and such expenses are to be recorded in the NFC section.

## **8. Salary**

There will be a master salary register/sheet which will be analytically prepared with details of funding (FC/NFC) and project details uniformly for all division/units. Initial disbursement for all projects are to be made and payments and accounting done likewise. All adjustments are to be made in

the master sheet. The authority however can adopt some other procedure in the event of special/specific reimbursement.

## **9. Closing Balance and Transfer to Units**

At the end of the financial year, accounts of all the Units will be transferred to Central Office where consolidation and preparation of the global account will be made. After adjustment of balances, Central Office will transfer balances of various projects to the respective units, based on which unit will pass opening entries in the projects under their domain.

## **10. NGO Contribution**

The NGO contribution may be necessitated from different agencies under various projects. Suitable debit of the account heads where the NGO contribution is to be made and relevant reference information from where the payment has been made to be maintained. Community contribution and collected donation, and similar other activity in other donor funded projects can be matched with a appropriate disclosure in journal.

However, where, specific outgo is necessary, normal treatment in accounts will be effected.

## **11. Financial Discipline**

### **A. Request for fund for Programme Running Expenses:**

- i. One week's consumption requirement of frequent consumable materials shall be kept in store.
- ii. The eligible person<sup>1</sup> shall make requisition to the store keeper for the materials needed for office use at least 10 days before its requirement.
- iii. The store keeper will consolidate the material-wise requisition and verify the stock. If the stock is not sufficient to meet the requirements the storekeeper shall place an order to the appropriate person at least 7 days before the requirement of the materials.

- iv. The office Assistant, entrusted with the job, will prepare a weekly (6 days) requisition slip based on the requisition made by the Store Keeper for Programme Running Expenses. The materials stated in the Requisition slip should be in conformity with the cost incorporated in the approved monthly cash flow plan.
- v. The Weekly requirement of fund shall be released as Advance in two equal installments to meet the requirement of 3 days each. After incurring the expenditure for the first 3 days, the Office Assistant will submit accounts on the 4<sup>th</sup> day stating the detailed break up of utilization of the amount as stated in the requisition slip and get his advance adjusted. Fresh advance for the next 3 days will be released only after adjustment of the earlier advance. The cycle of paying advance as adjustment of the same and will continue as usual.
- vi. The office Assistant shall bring the material purchased together with the bill / Cash memo to the store keeper who will check the quality and quantity physically with that of the sample (or earlier stock) if there is any and bill / Cash memo and also verify with the list of materials he had requisitioned. After the verification, he will enter the details of the goods in the Material Purchase Register and then will put a stamp “Materials received in good condition and entered in page no. \_\_\_\_\_ of MPR” on the face of the bill / cash memo and put his signature thereon. The materials shall be in his custody in the store room.
- vii. The respective unit heads shall issue an order authorizing the person/s specifying his / her designations who is / are eligible to receive materials from the store keeper for the purpose of running the organization.
- viii. The Accountant shall make payment only after satisfying that the bill / cash memo bears the stock entry stamp as per Para 6 above and signature of the Office Assistant and the purchase was made in due approval.
- ix. The authorized persons /s can obtain the material required for running project / office work from the store keeper after observing the following procedure:

- a. Prepare a materials requisition slip and get it approved by the Project Coordinator / Director.
  - b. Submit the approved Materials Requisition slip to the store keeper
  - c. Store keeper shall issue the approved materials after obtaining signature of the receiver in the Materials Issue Register.
  - d. Store Keeper shall file the approved Materials Requisition slips in chronological order.
- B. In case of certain important heads of expenditure, the procedure to be followed are as follows:
- i. Salary will be paid to the staff appointed by the organization.
  - ii. Contract / agreement will be executed or Letter of appointment will be issued by the Secretary / Director to the concerned staff stating his / her pay, job description, duties and responsibilities leave rules etc, a copy of which should be forwarded to the respective finance section.
  - iii. Personnel Service File for each of the staff shall be maintained.
  - iv. Every staff shall sign the Staff Attendance Register at the time of coming into and going out from the office.
  - v. Salary to the staff will be paid through Salary Register or Salary sheet.
  - vi. There will be a master salary register and that is to be analytically prepared with details of funding (FC/ NFC) and project details uniformly for all division/ units. Initially disbursement for all FC projects to be made under FC general and transfers effected between the concerned project and FC general. Similar practice will be followed in the NFC section through NFC general. All adjustments to be made in the master sheet.
  - vii. The Salary Register or sheet will be ready by 25<sup>th</sup> of every month. Each column of the salary register or sheet will be totaled horizontally

as well as vertically so that net salary amount tallies in both ways. The Accountant will write the net salary amount in words also and to put his signature on the salary register / sheet. The register should be placed before the Secretary for approval through the head of local finance section. Once the amount is approved, the Accountant will write a Cheque for the approved amount of the Salary which will be drawn from respective designated bank account on the day of disbursement.

However, it will be preferable if the salary of as many officials as possible can be transferred to the bank account of respective persons.

- viii. Salary exceeding Rs. 5,000/- shall be paid by a/c payee Cheque / Bank Transfer.
- ix. Statutory deductions such as Income Tax, Profession Tax, and other deductions like excess leave (Which should be governed by service rule) etc, shall be made as per rules from the salary of the respective staff before its disbursement.

Deduction towards the staff welfare scheme if introduced any time, where employees' contribution is compulsory, should also be made before payment.

- x. Each staff shall receive the salary from the Accountant after signing the Salary Register.
- xi. The organization should apply for TAN & PAN for Income Tax purpose and Profession Tax registration for the organization.
- xii. Statutory deduction collected from the employees should be deposited to the bank within a week of its deduction.
- xiii. Periodical Profession Tax Return, annual TDS return of the employees and PF return shall be submitted to the appropriate authorities in time.
- xiv. Salary certificate in Form 16 shall be issued, by 30th April every year, to the employees from whom income tax has been deducted at source during the previous financial year ending on 31st March.

### **C) Electricity Expenses:**

- i. The meter reading noted in the bill is to be verified and it is to be ascertained that the bill amount is consistent with the last payment. In case there is an abnormally high amount charged which merits special/immediate attention, adequate follow up measures should be initiated with the Power supply concern.
- ii. Payment of electricity bill shall be made by A/c payee Cheque before the due date to avail rebate.

### **D) Telephone, Fax, email expenses:**

- i. The bill amounts are to be verified and checked that it is consistent with the last payment. In case of an abnormally high amount charged which needs special/immediate attention, appropriate follow up measures should be initiated with the telephone authorities.
- ii. Fax and email shall be made for official purpose only. The email password should be kept confidentially and will not be used unless authorized by the appropriate Authority.

### **E) Property Tax to Government / Panchayat / Municipal Authority**

The organization shall pay the notices / demand of the Property Tax to be paid to Government / Panchayat / Municipal authority as the core may be is received / collated in time. All action shall be taken to pay the dues on time so that rebate can be availed. Records of such payment should be kept safely period wise for future reference.

### **F) Printing:**

- i. Printing of Vouchers, Cash Memo, bills, cash receipts, forms, registers, etc shall be made on receipt of Requisition by the Accountant from the Stationary in Charge. When the level of stock comes down, arrangement shall be made to procure or print the concerned materials by taking appropriate action in conformity with the purchase rules of the organization.

- ii. Quotation shall be invited asking rates of printing and delivery with giving specification, quantity, quality of the materials, delivery time, last date of submission of quotation, etc. (where possible with sample to be printed).
- iii. A contractor / supplier can be selected only after receipt of at least 3 quotations. Offer quoting lowest price / cost should be accepted and work / supply order to be placed.

However, in exceptional cases, a rate higher than the lowest one can be accepted where it is absolutely necessary. In such case the reasons are to be stated in writing on the comparative statement under signature of the official who invited the quotation. Such recommendation should go to the Director for final approval. If the proposal is approved by the Director, procurement at a higher rate can be made.

- iv. Payment through A/c Payee Cheque will be made after verifying that the printed materials have been checked, verified and received in good condition by the stationery in charge / storekeeper.

#### **G) Stationery Bill:**

- i. Stationery items shall be purchased only on the basis of Requisition for Stationery that is to be prepared by the stationery In charge when the stock of stationery items comes down to the level of one week's consumption.
- ii. The Authorized Official shall verify the requisition of stationery with that of the stationery stock register and satisfy himself that the requisition is correctly drawn after taking into account the balance of stock and quantity proposed for purchase.
- iii. Stationery should be purchased in a phased manner as per requirement. Bulk purchase should preferably be avoided. Stationery stock register should be maintained item-wise.
- iv. Every purchase of stationery shall be first recorded in the Stationery Receipts Register immediately on arrival of the stock.



- v. All issue of stationery items should be distributed through Stationery Issue Register.
- vi. Stationery Stock Register shall be maintained on the basis of purchase and issue of stationeries.
- vii. All payments of stationery bills / reimbursement bills of stationery purchased should be made after proper verification that the article/ materials were actually received by the stationery In charge, who has put his signature under the certificate as per Para 11 (A) (vi) of this rules on the face of the bill / cash memo and ensuring that it was entered in the stationery Receipts Register.
- viii. All actions for purchase of stationeries should be in conformity with the purchase rules of the organization.

However, purchase of stationeries upto Rs. 200/- can be made without observing formalities of collecting quotations.

#### **H) Travelling Bill:**

All Traveling bills shall contain the following details:

- Duty Schedule
  - Place from where travel begins and place where it ends.
  - Mode of travel
  - Duration of travel
  - Details of expenditure supported with documents wherever applicable.
  - Approval of the higher authority sanctioning the tour.
- In case of travel undertaken for project work the terms and conditions of the relevant projects would have to be honored.

#### **I) Repair & Maintenance:**

- i) Repair of assets (Building, furniture, fixture, computers office equipment etc) shall be done after receiving report from the respective staff under whose custody the asset is kept and after getting it technically verified separately.

- ii) It is worth while to enter into an AMC after verifying the rate from different agencies.
- iii) Payment above Rs. 1000/- only under this head should be made by A/c Payee Cheque.
- iv) All maintenance and repair works above Rs. 1000/- are to be done after observing formalities of collecting quotation, etc. as mentioned in other places of this rule.

**J) Vehicle running & Maintenance Charges:**

- i) Due economy measures should be maintained in respect of repair and maintenance of vehicles of the organization. Vehicles shall strictly be used for official purpose only.
- ii) In case of major repair works or purchase of any vehicle parts formalities as per Para 11 (F) (ii & iii) along with the provisions of purchase rules of the organization should be followed.

Old parts replaced must be returned to office for suitable disposal by the authority.

- iii) Proper maintenance of vehicle should be ensured. Payment of taxes, insurance premium, and renewal of driver's license must be done by the due dates to avoid fine and penalties or legal action.
- iv) Milometer of the vehicle shall be kept in running condition. One Logbook for each vehicle should be maintained, which will besides other things contain the date and cost of maintenance also and a monthly assessment of consumption of fuel, repair & maintenance and use shall be done to monitor the economy of maintaining the vehicle.
- v) Whenever any fuel or lubricating oil is filled in, the Driver will enter the kilometer reading and quantity of fuel in the Logbook and also write the kilometer reading on the face of the bill/ cash memo which is to be submitted to the cash section for payment.

- vi) When the driver takes the car out of garage, he will check the meter reading and record the kilometer in the vehicle's logbook. He will fill up the logbook for every journey undertaken with name of the user, place of journey, purpose of journey, kilometer covered and get the signature of the user before his descend from the vehicle.
- vii) The Driver will record the kilometer reading of the vehicle in log book after perking the vehicle in garage. And on the next day when the vehicle is taken out of garage he will verify the kilometer reading of the previous day with the log book.
- viii) Charges ascertained by the authority will have to be paid by the person using the vehicle if ever the office vehicle is used for personal purpose (with the prior permission of the authority).

**K) Car Hire Charges:**

- i. Only authorized representative of the organization is eligible to hire a car if the official vehicle is out of order or engaged in other official duty and there is necessity of another or more vehicles in the interest of the official work.
- ii. The charging pattern of rate of vehicle engaged regularly for programme purpose should be verified with at periodical intervals.
- iii. Duty slip of the vehicle with necessary details duly signed by the user together with the bill shall be presented for payment.
- iv. Payment should be made preferably by A/c Payee Cheque and Money Receipts should be obtained against the payment.
- v. One or more agency can be fixed yearly for the purpose of taking vehicle on hire after formal comparison of rates to find out the lowest.

**L) Rendering bills for program / other expenses:**

- i. All bills / cash memos (for reimbursement / adjustment) should be in original and must be trustworthy.
- ii. Kuccha bills should be avoided as far as possible. In case of difficulty in getting printed bills / cash memo in rural areas, the following information should be in the document:
  - Name and address of the person who is receiving the money.
  - Amount paid to be written in figure and words also.
  - Purpose of payment (with number, quantity, weight, etc in details).
  - Signature of the payee must be in the voucher
  - Certificate from the person making payment as ‘that the payment was actually made and no Pakka cash memo could be obtained’.
  - Such bill should be countersigned by the authorized official.
- iii. In case of bill / cash memos are for expenditure of any meeting / seminar/ workshop /training etc the following additional information should be furnished.
- iv. A brief description of the meeting / workshop / seminar / training etc stating its venue, subject, duration, number of participants, name of resource persons .
- v. The list of participants with their signatures should be attached.
- vi. In case the amount paid for any food expenses detailed break up should be given e.g. number of heads, cost per meal, number of meals per day, number of days.
- vii. A detailed record of the business done in such programme should be maintained.
- viii. In case where any bulk quantity of item is to be procured the estimated cost of which is more than Rs. 5000/-, formal quotation, with due publicity, should be invited stating therein the last date of submission of the same and also quantity , specimen and details of each materials, need to be procured. On receipt of quotation, action to be taken as per Para 11 (F) and guidelines given in this regard at other places of the rules and the Purchase Policy of the organization. While

it is reasonable to accept the lowest offer, discretion may be exercised in consideration of the quality and other factors relating to such supply. In such cases reasons for accepting the higher offer should be noted in brief.

- ix. All payments to third parties shall be made preferably by A/c payee Cheque.
- x. Payments of bill shall be supported by Money Receipts.
- xi. Signature of the actual recipient shall be obtained when the amount is paid to him. Otherwise letter of authority to be obtained if paid to any representative.

**M) Acquisition of Assets & Properties:**

- i. Assets should be acquired after observing the procedure of inviting quotations and follow-up action as per rules. Due publicity should be given in this regard for fair participation by the supplier / contractor. In case of acquiring or constructing immovable property, prior approval of the Governing Body is to be obtained.
- ii. Each moveable asset is to be marked by allotting a distinctive identification Number and to be grouped up in appropriate sub heads.
- iii. Fixed Asset Register Should be maintained, sub head wise stating the name of the asset, identification number, location, date of purchase, name of the supplier, bill number, cost price, depreciation, disposal value, scrap value (if it has been rendered obsolete) and WDV.
- iv. If movable asset is acquired through donation, Gift, a deed to that effect should be prepared in non-judicial stamp paper stating the market value of the donated property where the donor and the donee shall sign. Necessary resolution regarding the donated asset should be passed in the Governing Body meeting. Appropriate accounting entry shall be made through the books of accounts of the organization accordingly.
- v. If immovable property is acquired through donation, gift, an appropriate deed should be prepared declaring the value of the property and the deed should be registered in the name of the

organization after paying the requisite amount of stamp duty. Necessary resolution regarding the donated property should be passed in the Governing Body meeting. Appropriate entry shall be made through the books of accounts of the organization accordingly. A Fixed assets register and a land register should be maintained.

- vi. Depreciation to be calculated at rates provided by the Income Tax and the W-D-V method of depreciation will be applicable.
- vii. Fixed Assets should be physically verified by the organization once in a year. Material discrepancies noticed, if any should be reconciled and dealt with properly in the books of accounts after finding out the cause of such discrepancy.
- viii. In case of disposal of fixed assets, prior approval of the Governing Body to be obtained and necessary adjustments made in the books of accounts and register. In case of disposal or transfer of fixed assets, additional conditions if any was imposed by the donor for project related assets to be followed.

## **12. Verification of Books of Accounts and Documents**

In order to ensure that the financial activities are carried out in conformity with the approved cash flow plan, a routine checking of the financial transaction shall be conducted by the Treasurer or any one authorized by him (internally or externally) through verification of the books of accounts and documents. During the course of verification if any discrepancy / mistake are noticed, the treasurer or the person authorized will give a written note to the accountant stating the nature of the mistake/discrepancy. The accountant, in consultation with the coordinator, will rectify the mistake, which will be counter verified by the treasurer or his representative in his next inspection to the organization. However if no rectification is done without sufficient reason, the Treasurer shall report the matter in writing to the Governing Body.

## **13. Programme and Financial Monitoring**

Periodical monitoring of program as well as finance & Accounts shall be done through the process of comparing actual performance against the

desired result. Remedial actions shall be taken if major deviation (more than 20%) is detected. The monitoring process shall indicate as to whether the programs are being carried out as per plan to achieve the objectives. It will also specify as to whether the programs are being implemented as per work plan and whether the expenditure are being carried out as per budgeted projections as well as cash flow plan and in conformity with the financial rules and regulations.

The treasurer or any authorized person shall monitor not only the physical activities of the organization but also its financial transactions at regular intervals. He shall provide adequate feedback about the status of the activities as well as of finance of the organizations to the Governing Body. The organization shall take corrective measure if found necessary to gear up the activities as per findings and directions of the Governing Body.

#### **14. Statutory Audit**

- A. The Accounting year of the organizations shall be a period of twelve months from 01<sup>st</sup> April to 31<sup>st</sup> March. The Accountant shall prepare the financial statements of the organization for every financial year by the end of May of the following the Financial Year. The Financial statements will have to be audited by a practicing firm of Chartered Accountants and the audit report of the previous financial year shall be obtained by July every year.

The organization shall submit the audited statement of accounts together with the auditor's report in the AGM in which it will be discussed and passed.

- B. The appointment of auditors of the organization and fixation of their remuneration shall be made every year in the AGM.

#### **15. Maintenance of Books of Accounts**

- A. Accounting is an important aspect of Financial Management system. It would facilitate to ascertain a true and fair financial status of the activities of the organization. The books of accounts shall be maintained under the double entry system of accounting.

**B.** A chart of agreed upon accounting heads will be drawn in conformity with the activities of the organization. The accounting heads will be designed in accordance with the main heads and sub heads reflected in the budget as well as in the cash flow plan. To facilitate financial monitoring system to evaluate actual achievement with that of the projected targets and necessary remedial measures to be suggested to ensure that the program and finance move in the right direction.

**C. Accounting Procedure:**

A simple but transparent system of book keeping and accounting system shall be implemented at every level of the organization and these should be done keeping in view the various provisions of different applicable statutes. The following are the guiding principles for maintenance of accounts.

- i. All collections shall be acknowledged (through printed numbered receipt book as far as practicable) forthwith and to be entered in the books of accounts immediately.
- ii. No person shall incur any expenditure or enter into any transaction which creates liability unless such expenditure or transaction, as the case may be is already incorporated in the budget and prior approval taken.
- iii. Payment should be made on production of proper bills / cash memos. In rural areas kuccha bill may be obtained for which adequate caution to be followed as stated earlier. Such bill should be properly certified.

**D. The following *books of accounts* shall be maintained:**

- I. Cash book (double column with cash & bank)
- II. General Ledger
- III. Personal Ledger (for monitoring the movement of individual advance)
- IV. Journal Register

**E. Following important books and registers should also be maintained:**

- I. Salary Register
- II. Fixed Assets register
- III. Land Register (stating purpose date of acquisition, purchase price / donated price, Location, measured area, deed number, details of holding number, seller's / donor's name & address)



- IV. Staff Attendance register
- V. Vehicle Log Book
- VI. Subsidiary books for the organization:
  - i) Purchase Register
  - ii) Issue Register
  - iii) Stock Register
  - iv) Money Receipts Register
  - v) Vehicle Movement Register
  - vi) Staff Movement Register
  
- VII. Filing System of Bills: Bills should be kept properly and date-wise separately in files under head “Pending bills”, “Approved but not paid” & “Paid”.
  
- VIII. Backup of files should be kept on regular basis.
  
- F. A separate set of accounts and records shall be maintained exclusively for foreign contribution received and utilized and the books of accounts like Cash Book and Ledger will also be separately maintained for this section. A separate designated bank account approved by the Ministry of Home, FCRA section, shall be maintained to receive such contribution.
  
- G. The following financial statements and schedules shall be prepared at the end of every financial year.
  - i) Receipts and Payments Accounts
  - ii) Income and Expenditure Accounts
  - iii) Balance Sheet
  - iv) FC3 with financial statements (only for foreign contribution)
  - v) Schedule of Advances
  - vi) Schedule of Fixed Assets
  - vii) Schedule of expenditure/payments of individual project
  - viii) Schedule of receipts/income from various sources/heads
  - ix) Bank Reconciliation Statement

## **16. General Financial Rules**

- a) Back up of TALLY and other accounting software to be kept and updated regularly.

- b) All statutory deductions at subsidiary units to be transferred to Central Office in time for deposit of the consolidated amount.
- c) Opening Cash balance status to be informed to Central office by the first half of each day.
- d) Money Receipt books for FC & IC to be used separately.
- e) Salary from Project A/c will be transferred to General A/c for Centralized Salary Disbursement at each unit.
- f) Caution to be exercised for avoiding double payment of any dues.
- g) Payment at field level should be made by a person who is not directly involved in that work as far as practicable.
- h) Contract work should follow the Steps like detailed estimates- Quotation (Tender) –Vender Evaluation – Comparative analysis – Placing of Work Order – Certificate of Satisfactory Completion of Work – approval of bills – payment by A/c payee cheque.
- i) Local purchase should be limited to Rs. 5,000/-. For amounts exceeding Rs. 5,000/- but within Rs. 50,000/-, comparison of quotations to be made. Tendering system to be followed in cases of procurement cost exceeding Rs. 50,000/-.
- j) All bills should be recorded in Bill Register.
- k) Purchase Committee wills control the entire purchase procedure.
- l) FC Bank account and Cash balance in FC section at the units to be maintained in such a way so that at any point of time it is convenient to understand the Project wise FC balance.
- m) Audit fees and such other common expenses under different Projects should be transferred to General A/c at appropriate time. Actual payments from General Account to be made after the transaction is completed.
- n) Any refund of advance will be supported by the issue of money receipts.
- o) Staff Welfare fund & Festival Fund should be kept in separate bank a/c for easy control.

## **17. Staff Welfare Fund**

Contribution towards Staff welfare fund or any other welfare scheme introduced by the organization will be deducted from Salary every month and separate accounts should be maintained for each of such schemes.

The Utilization of Staff Welfare Fund will be made on the following causes:

Staff Incentive, Medical grant, Staff Recreation, Accidental compensation, Group Insurance, Stipend to staff for study, Scholarship to meritorious children of staff, Capacity building, Construction of Staff quarter.

## **18. Adherence to the Rule**

A. This rule shall be followed taking in view the purchase policy of the organization as and where it is relevant.

B. Any matter not found / not clear and seek further clarification shall be referred to the Director, whose decision will be final.

C. In selected cases the Director may if he so desire or in his view there is need to refer the matter noted in B to the Governing Body, he may do so and the decision / clarification issued by the Governing Body will be final and binding.

D. Everyone in the management and working as an employee of Sabuj Sangha shall apply common sense and intelligence as he is required to apply, in all work under this rule and its interpretation.

# **Sabuj Sangha Nandakumarpur**

## ***THE PURCHASE POLICY***

### **The Prologue**

After a considerable progress in the motivation and awareness generation of people in a Peoples Participatory Process (PPP) for a few years, the people were asked to identify their own problems and find out the local resources and other inputs required from outside for hastening the pace of development for leading a quality life. At this stage, the necessity arose for creating some infrastructure particularly in the field of shelter, drinking water, sanitation, education and health care services and for supplying the required inputs to the community for their income generation and better living.

At the beginning of these activities, the question of purchasing huge materials for creating the required infrastructure for supplying some income generating inputs to the individual beneficiaries. In view of the above, **Sabuj Sangha** had to adopt a Purchase Policy for the cause of transparency and economy in purchases. Since **Sabuj Sangha** observes utmost economy in purchases for the holistic development of the area, it is also the adopted policy of **Sabuj Sangha** to boost local trades and local business so as to ensure total economic development of the area.

#### 1. The Purchase Committee

In view of the above to conduct any procurement under any specific project, a Purchase Committee consisting of at least 5 (five) members is to be formed with the approval of the Governing Body for a specific period of one year. In the committee there has to be adequate representation of finance, administration and the program/projects for which procurement has to be made. Further, while dealing with procurement of technical nature like say purchase of medical equipments, the Committee will be adequately strengthened with members having expertise in the technicalities of such items. This will be so done for procurement of this particular item only.

After the end of one year, a new committee has to be formed though existing members are eligible for re-election.

It is generally expected that decisions of the Purchase Committee are taken unanimously. However, circumstances may arise when decision of the majority may be necessary. In any case, all decisions of procurement taken by the Purchase Committee are to be recorded in Minutes of the Purchase Committee.

### **Market Survey**

Initially, the Committee will scrutinize the proposals for purchase from the various projects/programs forwarded to it and identify the various materials to be purchased and the quantity required including item wise specification. The Committee will also consider various agencies who are capable of providing various services of general nature (like maintenance, car upkeep, repairs, logistics support etc). Thereafter, a market survey is to be conducted in the locality to find out whether such materials or agencies are available locally or not and the prevalent prices. Such basic information about the required quantity and value of materials/cost of providing services for implementing the project proposal will enable Sabuj Sangha to take the appropriate decision.

### **Selection of Vendors**

While conducting the market survey, **Sabuj Sangha** will also prepare a list of local reputed vendors indicating their names and addresses and the materials they deal with or the type of service they are capable of providing. Simultaneously, their past volume of turnover is also recorded so as to understand the volume of order they would be able to handle within a stipulated period. Since the policy of **Sabuj Sangha** is to encourage local traders to ensure holistic development of the area, sometimes orders for huge quantities of materials may be sub-divided at the office end and placed with more than one vendor having regard to their turnover capability. However, in case of such order splits only one price per item will be considered and allowed to all such vendors.

The list of vendors, thus prepared, is reviewed at yearly intervals to include the names of new vendors if they fulfill the basic minimum standard prescribed by **Sabuj Sangha**. During such review, the name of any enlisted

vendor may be black-listed provided he is found guilty on any one of the following grounds.

- 1) Not able to supply the goods within the stipulated period indicated in the purchase order .
- 2) Supplying inferior quality goods as compared to samples submitted with the quotation.
- 3) In case of service providers , if their services have been irregular or not up to expectations.
- 4) If the vendor indulges in any kind of subversive activities detrimental to the interest of **Sabuj Sangha** or the community.
- 5) If he is found to be guilty of any charge involving moral turpitude.

### **Purchase Procedure**

Once the materials of regular use to be purchased are decided and the list of local vendors are ready, quotations are invited from the local listed vendors as well as outside reputed vendors for the supply of goods and services. Materials or services of regular use will generally mean those that are required by the organization year to year for implementing its various projects and general activities. This will also include capital items like television, computer, printer, furniture ,notepad ,AC machine ,generator etc. (However, purchase of land or construction or purchase of building will remain outside the purview of the Purchase Committee as decisions in such cases will lie with the Governing Body). Quotations for procurement of materials or services are invited through tenders for submission of quotes in case of purchase of materials or provision of services of value exceeding Rs. 50,000. Notices for tenders are to be prominently put up in the office board and sent to reputed vendors. In case of procurement of goods or availing of services below Rs. 50,000 but exceeding Rs. 5,000, no tenders will be invited but purchase will be made on the basis of evaluating quotations of at least three listed suppliers or agencies. In case of procurement exceeding Rs. 5, 00,000, notice inviting tender will be put up in the local newspaper having wide circulation in the region or area. In case of purchase till Rs. 5,000, procurement may be made from existing supplier without seeking comparative quotes. The vendors are required to submit the quotations along

with samples and/or specifications of goods/services, as the case may be, indicating their price, the validity period of their quotes as also the other terms and conditions such as delivery mechanism, after - sales service, warranty period, free demonstration and other benefits, etc.

These sealed quotations will be accepted by the Administrative Division and submitted to the Purchase Committee for opening of all such quotations. Generally all the members of the Purchase Committee are expected to be present for taking decision . However, a minimum of 3 (three) members will form a legitimate quorum. The members of the Committee will prepare a comparative statement detailing the costs and benefits, as quoted by each vender. While preparing this comparative statement the Administration Section would provide necessary inputs after consultation with the concerned Project Section.

The Purchase Committee will give due consideration to the costs and benefits of each item as quoted by the vendors and indicate their acceptance with reasons thereof. Generally the one offering the least cost will be accepted out of the technically eligible suppliers. In case the minimum bidder is not selected by the Purchase Committee, the selection of the ultimate supplier should be justified and documented in the minutes and signed by the members present .Once the Purchase Committee puts its seal on the quotations, the Administration Section will issue necessary purchase orders to the vendor(s) with copy to Projects Section, Store keeper and the Accounts Section for further necessary action.

### **Spot Purchases**

Having regard to the peculiar geographical situation of the area served by **Sabuj Sangha**, certain bulk materials are sold by mobile vendors in boatload such as bricks and sand. The mobile boat owners carry these materials in boat loads and anchor at various ferry ghats in search of buyers. It often becomes easier to purchase these materials from them. However, the normal procedure like obtaining quotations and preparing comparative statements etc. is not possible to be followed in such cases.

It has, therefore, been decided that in such cases two persons – one from the Projects Section and the other from the Administration Section will be deputed and will be authorized to negotiate with these mobile vendors for

purchase. While doing so it should be ensured that the quality matches with the requirements and the price quoted does not vary more than 5% with the price obtained through the latest market survey/ purchases made.

Once the designated persons are satisfied with the material and its price, an office note will be prepared. After approval by the Director, purchases will be made.

### **Small Purchases**

Sometimes for the purpose of implementation of projects, certain small value items of irregular use are required to be purchased (irregular items are nails, screws, galvanized wire, straw etc). These are unbranded small items for which no quotations are available locally. Moreover, these are generally traded by small vendors who do not know the procedure for submission of quotations etc.

In these circumstances, it has been decided that whenever such items are required, **Sabuj Sangha** will designate two persons – one from the Projects Section and the other from the Administration Section who shall visit the local market, visit 2/3 shops dealing in such goods, compare quality and quotes ,if available, and then make spot purchases by making cash down payment.

However, on any occasion such purchases shall not exceed the maximum limit of Rs. 5000.00 on each such occasion.

### **Emergency Purchases**

Emergency purchases may be required to be resorted to under two special circumstances, such as –

1. Disaster management ;
2. Completion of a job as per scheduled date.

The operational area of **Sabuj Sangha** is a disaster-prone area particularly during heavy monsoon months. People suffer a lot due to occasional hailstorms, heavy downpour and consequential flush floods. During such emergencies certain relief materials are required to be purchased when there will be no time to wait to call for quotations etc. During such emergencies,



**Sabuj Sangha** will depute two persons to purchase the required relief materials by paying cash.

Secondly, whenever any construction work is targeted to be finished by any specified date, there may be marginal shortage of any material which may hamper the completion date. In such cases also, **Sabuj Sangha** will depute two persons to make the purchases from the local market on cash payment basis.

These two persons to be deputed for emergency purchases should generally be those whose names are included as Purchase Committee members.

### **Purchase Committee Meetings**

Normally, the Purchase Committee will meet as and when required for selection of vendor . Seven days notice will be served for convening the meeting. The quorum for valid meetings is 3(three).The meetings will normally discuss the following agenda.

1. Confirmation of the proceedings of the last meeting ;
2. Ratification of spot purchases and emergency purchases made after the last meeting ;
3. Listing and black-listing of vendors, if any, on the basis of reports of performance submitted ;
4. Decide on the quotes obtained and selection of vendor.
5. Preparation of comparative statements for selection of the ultimate vendor with reasons thereof.
6. Recording proceedings in minutes.
7. Deciding on future purchases.
  
8. Put forward proposal for amendment of Purchase Policy as and when required to the Governing Body ;
9. Any other relevant matter.

## **Receipt of goods and Quality Control**

Whenever any goods are supplied against Purchase Orders, the Purchase Officer or any person designated or made responsible for such function should first check the quality and quantity of goods supplied. If satisfied, he will make the following remarks on the back of the challan.

“Quality and quantity checked.  
May be accepted”

**Date**

**Signature**

The challan with this remarks will then be placed before the Central Store Keeper who will allow the entry of the goods in the godown after once again checking the quality and quantity of goods supplied. As and when the goods are loaded in the godown the Central Store Keeper will make an entry in his stock book and make the following endorsement on the back of the challan.

“Quality and quantity checked  
Entered in the Stock Register.”

**Entry No.**

**Dated**

**Date**

**Signature :**

Whenever any single material is supplied by more than one vendor, the same should be stacked separately with proper identification.

In many cases, the construction work (such as latrine) is done for the beneficiaries. As such, the beneficiaries themselves are required to check the quality of materials they receive and reject the ones which are inferior in quality. In case there is heavy rejection (generally more than 5%) of any material supplied by a particular vendor, the storekeeper should immediately report the matter to the Administration Section, Projects Section and the Accounts Section so that the payment of the bill may be withheld. Negotiation may be made with the vendor for replacement of the rejected stock or reduction in the value of the bill and finally the particular vendor may be blacklisted also.

## **Payment Policy**

Every bill, properly drawn and supported by receipted challans, should be recommended by the concerned Project Officer and sent to the Accounts Section along with all necessary documents. The Accounts Section will make a prima-facie scrutiny of the bill and make an entry in the Bills Register. All incomplete bills should be returned to the maker of the bill along with a note regarding the deficiencies observed so that the necessary rectification becomes easier.

Once the bills are entered in the Bills Register, the concerned Accountant should scrutinize the bill properly, compare it with the available budget and prepare the internal payment voucher and place it before the Approving Authority for approval.

On approval, all bills shall be paid by A/C Payee cheques, with the following exceptions.

- 1) Payments for spot purchases where the mobile vendors do not accept cheques for obvious reasons ;
- 2) For small purchases, where un assorted articles are purchased from petty shops ;
- 3) Emergency purchases when normal procedure cannot be followed due to the exigencies of the situation ;
- 4) Payment to small local vendors who do not have their own bank account.

Before releasing any cheque for payment, the procedure laid down for checking the quality and quantity of goods received should be thoroughly made to the satisfaction of the Accounts Division.

## **Vendor education**

All listed vendors, from whom **Sabuj Sangha** will be purchasing goods, should be of a minimum standard, such as –

- 1) They should submit the bills in properly printed and serially numbered format.

- 2) Should maintain proper records in their books about the bills submitted to the buyers.
- 3) Should have a bank account in the firm's name so as to accept A/C Payee cheques against payment of the bills.

In case any local vendor is not having any of such attributes, the workers of **Sabuj Sangha** would try to educate him about the formal requirements. Pending finalization of the above requirements, a maximum of three payments may be made to him. Even after proper intellectual inputs and three payments are made in case the vendor does not come up to the standards prescribed, the vendor may be black listed.

All vendors should be selected on the basis of credentials submitted by them.

### **Contract for supply of similar items**

Sometimes contracts are made with the vendors for supply of common articles over a period of time such as food for the children, regular stationery articles like writing pads, pens, pencils, computer consumables etc. The market prices of these articles are subject to frequent seasonal changes. It has, therefore, been decided that contract for supply of such articles should be made only for six months at a time. At the end of every half-year (September and March) fresh quotations will be invited from the listed vendors and on the basis of market survey and comparative statements, fresh contracts will be awarded for the ensuing half-year.

In case all the materials are purchased from a single vendor over a period then the basis for that should be recorded clearly in writing.

### **Saving Clause**

This Purchase Policy has been prepared on the basis of the existing situations. The Governing Body reserves the right to change, amend, repeal or otherwise deal with the Purchase Policy in future to accommodate the special circumstances as and when necessary.

## **A Policy Paper for engagement of outside consultants by Sabuj Sangha**

Sabuj Sangha is engaged in holistic development of the rural and semi-urban areas with multi-dimensional activities. For the purpose of taking up certain activities, the available manpower with Sabuj Sangha and their expertise is not always matching the situation. To tide over such a situation, Sabuj Sangha often requires the services of outside consultants for performing certain specific jobs.

However, for the purpose of engagement of outside consultants, it is not possible for Sabuj Sangha to call for global leaders, or all-India tenders or even all West Bengal tenders, as the consultants will have to stay and work in a remote village devoid of many modern facilities of life. Moreover, such consultants should not only be competent and sound in their technical knowledge but should also be acquainted with extension work in rural areas and conversant with NGO culture.

In view of the above, it has since been decided by the Governing Body of Sabuj Sangha that whenever any need for any consultant will arise, the Core Management Team will, at the initial stage, discuss in their meeting the following points.

1. The need for the consultant;
2. The particular job in hand;
3. The need for technical expertise;
4. The possible time needed for the job;

5. The possible amount of fees that can be spared;  
and also short-list the names of certain firms/persons who can be engaged for the purpose.

On the basis of the above short-listing, Sabuj Sangha Core Team will negotiate with the already short-listed firms/persons and finalise the terms of reference (TOR).

On the basis of the above negotiations, firm contracts will be signed with the selected firm/person. While renewing such contracts, if found necessary, their past performance would also be taken into consideration.

## **Sabuj Sangha**

### **Policy for Utilisation of Community Contribution**

In the past Sabuj Sangha had been supported by various donor agencies to create certain physical assets for the benefit of local poor people. Examples of these are

1. Installation of drinking water tubewells for community use;
2. Establishment of sanitary latrines for individual household use.

The most important donor agencies have been

1. Water-Aid, London
2. GOAL, Ireland
3. Water for People, USA

#### **A. Community Tubewells :**

In the case of community assets, the proposed beneficiaries are required to make some initial down payment as community contribution to ensure their wholehearted participation and also to pay regular monthly subscription to the Village WATSAN Committees for their future maintenance as these community assets are subject to normal wear and tear.

**B. Household Assets :**

In the case of individual assets, such as household sanitary latrines, the beneficiaries, as per the conditions of the donor agency, will be required to make some down payment either in cash or kind (mostly in kind in the shape of his own unskilled labour).

Due to constant awareness generation and motivation of local people and also because of all pervasive rural development work initiated by Sabuj Sangha, the village people in general have become quite pro-active and instead of being mere sideline onlookers, they are now eager to contribute their might for the holistic development of the area in which they live. As for example, unless the entire area is covered with sanitary latrines, the beneficiaries who are already covered will not be spared from the rampage of fly borne diseases.

Accordingly, in consultation with the local Village Committee Members, it was decided that the individual beneficiaries should contribute for local development in easy instalments. Earlier, the beneficiaries had agreed to contribute at the rate of Rs. 20.00 per month. This rate has been revised to Rs. 50.00 per month per household with effect from April 01, 2007. For the purpose of such household collection, Sabuj Sangha had appointed field level volunteers who are paid 15% of the amount so collected as commission for such collection. Thus, 85% of the collection money will be received by Sabuj Sangha which is a local fund being voluntary contribution by local people.

Out of the net fund thus collected 15% will be credited to Corpus Fund of Sabuj Sangha for long-term development of the organisation. Similarly, all one time contribution will be utilized for the long-term development of the organization.

Another 15% of the net collection will be generally utilised for management of the fund such as salary of the administrator, accounts keeping, printing & stationery, audit fee, etc. In case, there is any saving in this regard this will be added with the remaining amount.

The remaining part of the fund i.e. 55% of gross collection, plus savings in the provision for administrative expenses plus interest earned from the fund invested outside for the time being will be generally utilised for the following purposes.

**The Policy for utilization of the above mentioned fund will be as follows:**

1. Maintain the net collection amount in a separate bank account apart from General Bank Account of Sabuj Sangha and a major part of it in fixed deposits.
2. With the amount thus collected, establish another set of community assets, mainly household sanitary latrines, with conditions of down payment as hitherto, so that new houses and broader areas can be covered *sans* donor dependency. Since 85% of the money is being collected every time, this process will continue at least for another 15 years. In certain specific cases of identified destitute families assets may be created without any contribution made by the beneficiaries.
3. Secondly, a part of the money may be utilised to create a permanent **Endowment Fund** in the Sabuj Jeevan Deep Division to pay a monthly pension amount for identified destitute beneficiaries. Such a Fund may be created in conjunction with other available funds for which a separate policy guidelines have been framed.
4. Under extreme circumstance, a part of the Fund may also be utilised for disaster management, as may be decided by the Governing Body of Sabuj Sangha.

Sabuj Sangha reserves the right to change the above Policy guidelines as and when the situation so demands.

This document has been finalized in the meeting of the Governing Body held on 27-12-2007.

\*\*\*

END

-----