



FINANCIAL POLICY

DATE OF APPROVAL-15/09/202

ENGLISH VERSION



MULTI ART ASSOCIATION (MAA)

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THE FINANCIAL POLICY

MULTI ART ASSOCIATION

House No. 153/A, Street- Bhundiha, Near Bazar Samiti, Sudna, Daltonganj,
Palamu, Jharkhand- 822102.

PAN: AACTM9265D

DATE OF INCORPORATION: 20.04.2007

TAN: RCHM03420E

FCRA REGD. No: 337790038 dated 22.02.2024 {Valid up to 31-03-2029}

12A REGD. No: AACTM9265DE20214 dated 28.05.2021.

80G REGD. No: AACTM9265D22PT01 dated 22.10.2022

CSR REGD. No: CSR00007946 dated 07.06.2021

1 DEFINITIONS

The Financial Policy defines the set of procedures on financial administration intended only to provide practical information of organization in terms of fiscal accountability.

MAA: MULTI ART ASSOCIATION

FCRA: THE FOREIGN CONTRIBUTION (REGULATION) ACT-Amended, 2020

FCRR: THE FOREIGN CONTRIBUTION (REGULATION) Rules, 2011

GST: GOODS & SERVICE TAX

ITA, 1961: THE INCOME TAX ACT, 1961

ITR, 1962: THE INCOME TAX RULES, 1962

ITRs: INCOME TAX RETURNS

2 COVERAGE

The Financial Policy of MAA has been developed using inputs obtained from:

- Previous adopted policy document of MAA.
- Local regional factors affecting the financial transactions.
- Different stakeholders such as Funders, Auditors, Observers, etc.
- Various training sessions with Funders, Partnering NGOs and experts.

The Financial Policy covers the Accounting System, Budget, Financial Reporting, Receipts & Payments, Annual Financial Statements and Compliances with Statutory Requirements as may be applicable to the organization from time to time.



3 PURPOSE

The Financial Policy document is committed to timely, accurate and responsible financial management. At MAA, we work with the director, staff, and board to ensure that all financial matters are managed with care, integrity, and consistency within the best interests of MAA. The Financial Policy is designed to:

- protect the assets (both movable and immovable) of MAA;
- ensure the maintenance of accurate financial and narrative records of MAA's financial activities;
- provide a framework of operating standards and behavioural expectations;
- ensure compliance with laws of the country and local legal and reporting requirements.

Exceptions to written policies may only be made with the prior approval of the Governing Board. Changes or amendments to these policies may be approved by the Board at any time so as to keep face with the changing laws and local circumstances. A complete review of the policies shall be conducted every two years by the Board or by any sub-committee specifically delegated for.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

4 EFFECTIVE DATE AND APPLICABILITY

This Financial Policy is effective from 1st April, 2024 and defines instructions in the context of finance and administration.

5 THE ACCOUNTING SYSTEM & GENERAL ACCOUNTING POLICIES

A practical accounting system of MAA consists of the following:

- The financial statements are prepared on Accrual basis of accounting;
- All the financial statements are recorded in the Tally Software and summary thereof shall be prepared in excel sheets;
- The accounting system follows General Accepted Accounting Policies (GAAP);
- Any change in accounting policy shall be effected only to ensure a better presentation of financial statements for the stakeholders or in compliance with specific law or in compliance with the donors' specific requirements.

6 FOCAL POINT

- a. The financial duties and responsibilities are separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function.
- b. The staff accountant has primary responsibility for bookkeeping, designing and maintaining the accounting system.
- c. The accounting records are updated regularly and subject to the review of the governing board or its designate on at least a monthly basis.
- d. A filing system accessible to the Secretary or Treasurer is maintained for all financial records. This filing system may be electronic or paper, or both.

The financial situation of MAA will be reviewed on a monthly basis, with the focus on the budget, receipts and expenditures. The Financial Manager / Chief Accountant and the Treasurer shall be



responsible for ensuring that financial control is in place while both of them shall be responsible in regard to following financial issues:

- Financial Management
- Payroll Management
- Budgets and Deviations Reporting
- Reporting to Governing Board and Auditors
- Expenditures remain within the budget
- Expenditures are only for the purposes set out in the budget
- Financial documentation, including quotations, invoices and receipts are collected and filed in an orderly manner.

MAA will significantly increase the likelihood that:

- a. financial information is reliable, so that the Board and the funders can depend on accurate information to make decisions,
- b. assets and records of the organization are not stolen, misused or accidentally destroyed,
- c. the organization's policies are followed.

The Governing Board shall be responsible for overseeing the regularly implementation of policies and procedures. Due to the number of detailed requirements involved when an organization receives funding from a given donor, the Treasurer and Secretary of MAA will be entitled to review the specific regulations, requirements and compliance factors specific to that donor.

6.1 The funding agreement

The Funding Agreement or Contracts between the donor and MAA outlines all aspects regarding the project and should include the following:

- activities to achieve the deliverables / targets
- funding of the project

- reporting on activities: -
 - Narrative Report
 - Financial Report
 - Periods and Frequency of Reporting

- management of funding and procurement of goods / services
- stipulations in the budget regarding how the funding is to be applied.

The President or Secretary or any other person duly authorized by the board in this behalf shall be eligible to sign and endorse the contracts on behalf of MAA.



6.2 The budget

The budget includes all planned activities listed by type of activity. It is a financial frame work listing all activities and deliverables as stipulated in the agreement. Each line item in the budget indicates the costs which may be incurred for the specific activity (for example, the number of workshops to be presented, the number of persons to attend, the venue's rental costs, the presenter costs. Etc.)

Travelling and Fuel costs are either provided for in a separate line item or aligned with specific Activities, depending on the budget-item so provided in the agreement.

Provision for administrative costs may include:

- bookkeeping fees or accounting charges
- audit fees
- telephone / mobile costs
- rental of premises including plant, machinery or equipment
- stationery or printing costs
- other office costs

➤ Office costs may be subdivided into specific costs, if available in the budget item or may be provided for as a lump sum for overhead costs for the total project.

➤ The organisation's regular running costs which are not project-specific may be paid from the 'own funds' account, which may be called as 'General Fund'. Funds remaining in this account may also be used to bridge periods when projects have been completed and new projects have not yet commenced, but regular running costs like rent, telephone and insurance still have to be paid by the organization.

6.3 The Financial Statements

Monthly Financial Statements must be completed and presented to the Secretary and Treasurer within 15 days of the close of the concerned monthly period.

A financial overview (such as closing balances of each on-going projects and significant underspent and overspent heads, etc.) and Income & Expenditure Statement up to the end of the month immediately preceding the date of Board Meeting must be provided for a general overview.

6.4 Bank account(s)

a. The choice of a bank will depend on the facilities available at the MAA's location, i.e. Daltonganj city of Palamu District. The decision is based on the existence of such facilities in the city and in compliance with applicable law of the land.

b. The bank accounts of MAA shall be jointly operated by any two from the three governing board members, viz, President, Secretary and Treasurer. A unanimous resolution to this effect shall be passed every time when a new bank account is opened or in case of change in the home branch of existing accounts. Signatory of any two treasure will be mandatory.



In case of Internet Banking Facility, necessary credentials viz, User-Id, Password or OTPs shall be vested with the secretary of the organization, subject to unanimous approval from the governing board in this regard.

The secretary shall discharge all the payments by using internet banking facility on at a regular frequency, which shall be chosen by him as per his convenience. Further, he shall be jointly and severally liable for any funds outgo without any legitimate purpose.

c. Payments shall be made via 'Bulk Posting Facility' wherein multiple accounts get credited from a single source account and using a single cheque.

d. Blank Cheques shall never be signed in Advance by any of the authorized signatories.

e. Stale or Voided Cheques are kept separately where the signature is cut out and discarded to prevent misuse.

f. No bearer cheques exceeding Rs. 10,000/- shall be issued in compliance with section 40A (3) of the ITA, 1961 since bearer cheques are treated equivalent to cash payments.

g. A Reconciliation Statement {BRS} shall be prepared at the monthly ends for all the operative bank accounts of MAA.

h. For each project, a separate Bank Account shall be opened for the specific use of the donor's approved budget and activities or else, a separate Tally Company may also be created for each project.

i. The interest earned on saving bank accounts shall be apportioned amongst the operative projects in the ratio of funds received. The utilization of interest amount shall be subjected to the corresponding donors' approval. However, in the absence of any specific approval, MAA shall utilize the interest for the purposes as approved in the subsequent AGM.

- **FCRA Bank Accounts**

FCRA Primary Bank Account: In adherence to the FCRA Amendment Act, 2020 with consequent amendment in section 17(1) of the act, the primary FCRA Designated Bank Account shall be the account opened at **SBI N.D MAIN BRANCH 11, PARLIAMENT STREET NEW DELHI, NCT OF DELHI 110001**, New Delhi Branch vide **Account No. 40108860218**

However, the another FCRA Bank Account at **State Bank of India, ADB Branch, Daltonganj** vide **Account No. 30774140433** shall continue to act as FCRA Utilization Bank Account.

- **Bank Receipts shall be recorded as and when the funds get credited to the bank account. A separate receipt shall be issued for each receipt in the bank account, whether or not sought by the receiver. However, no receipts shall be required to be issued for Bank Interest which get credited automatically and periodically.**
- **Bank Transfers: The bills and supporting voucher must be approved by the Secretary or other designated Governing Board Member. Cheques are signed by two signatories, as**



has been determined for operation of bank accounts (any two from three, viz, President, Secretary and Treasurer).

- Cash withdrawals from either of the FCRA bank accounts shall be restricted to Rs. 2,000/- in compliance with the guidelines received from the MHA in this regard.
- Utmost care and due diligence shall be exercised to ensure that no general or non-FC funds get mixed with either of the two FCRA bank accounts.

6.5 Petty cash

Petty cash is used only when it is necessary to pay for goods or services to someone who cannot take a cheque, and to provide an adequate amount of change at fund-raising events where cash is accepted. A requisition form must be completed for each transaction and a receipt must be acquired upon payment.

Petty cash disbursements are limited to Rs. 10,000/- for Non-FCRA Account and to Rs. 2,000/- for FCRA Account. When funds drop below the ceiling limit as provided above, the Secretary / Treasurer may replenish the account by completing a requisition form for a cheque endorsed as 'Self'.

Chief Accountant should have control over cash funds, have sole access to the cash, and assume responsibility for the reconciliation of the petty cash vouchers and the remaining cash funds. If the Chief Accountant is in-charge of petty cash, Treasurer is designated to supervise the petty cash operation at intervals. The handler of petty cash is responsible for the reconciliation of the petty cash funds and is liable for any shortages of cash. The key of the cash box remains with the person handling petty cash at all times.

- Cash is kept in a cash box in a secured, lockable cupboard or a safe.
- For pay-outs from petty cash, a petty cash request form must be completed.
- The recipient of the cash signs the petty cash request form when receiving the cash.
- The transaction is finalised when proof of purchase (invoice or till slip) is handed to the accountant of the petty cash and any surplus cash has been returned.
- The final amount paid, and the funds returned to petty cash, are noted on the petty cash request form.

7. FIXED ASSETS LIST

- "Principles of Materiality" shall be applied in case of acquisition of Fixed Assets or Capital Assets in a manner that acquisitions involving substantial outflows must be unanimously approved by the Governing Board. If the price of immovable property is above 49,999, advertisement will be published and necessary action will be completed.
- At least 3 quotations must be sought before finalizing any vendor / supplier for supply of Fixed Assets. For downloading any material above Rs 4,999, three quotation will be rejected.
- Original invoices and warranty cards must be securely kept in a separate file, especially for assets involving warranties.



- Fixed Assets sanctioned by the donors / funders shall be purchased within the timeline as per project schedule along with follow-up of defined standards for procurement. It is also mandatory to follow the standards set for the purchase and the final decision taken by committee meeting.
- Fixed Asset Register {FAR} must be updated on a regular basis thereby maintaining all the relevant necessary records. All the tangible assets must be allotted an identification mark corresponding to the FAR. Any movement of location must be recorded with immediate effect.
- Separate FAR shall be maintained for both FCRA Assets and Non-FC Assets. In case of single FAR, at least a clear demarcation regarding the same must be provided for.
- Donated Capital Assets shall also be recorded in the books of accounts at a bare minimum value of Rs. 100 or Rs. 1,000 with corresponding entry in the FAR.
- A depreciation Schedule shall be prepared annually and shall be verified by the auditors.
- Any disposal or write-offs must be approved by the governing board with corresponding scrap value to be recorded in the books of accounts, if any.

8. RECORDING OF PROJECT ACTIVITIES

The Chief Accountant will be responsible for bookkeeping for all MAA financial transactions. The accounts must be kept in accordance with acceptable practices of accounting. Activities should be executed as agreed upon in the agreement with the donor. Record and proof per activity shall be kept. Reporting is usually done as follows:

a) Narrative reporting on activities

b) Financial reporting on activities

9. RECEIPTS

9.1 SOURCES OF REVENUE

MAA shall generate and engage into revenue collection drives for the attainment of its objectives as mentioned in its Memorandum. Major and prime sources of revenue generation for MAA are listed here under: -

- Donations / Contributions for Individuals / Business Firms / Corporate Sectors, etc.
- Grants in-Aid from the Central Governments or State Governments or Local Authorities for conducting their flagship programs.
- FCRA Contributions from Individuals and Institutions for the activities related to MAA's primary objectives or objectives incidental thereto.



➤ Fees or Charges for providing Consultancy Services in the areas where MAA is authorized by its Memorandum.

➤ Sale of Products or By-Products produced or manufactured during the course of attainment of main or incidental objectives.

9.2 MODE OF COLLECTION OF REVENUE

➤ MAA shall collect the revenue from aforesaid sources in different permissible modes such as Cash, Cheques, Demand Drafts, Pay Orders, and other Electronic Modes as defined under Rule 6ABBA of the ITR, 1962, namely: -

- (a) Credit Card
- (b) Debit Card
- (c) Net Banking
- (d) IMPS {Immediate Payment Service}
- (e) UPI {Unified Payment Interface}
- (f) RTGS {Right Time Gross Settlement}
- (g) NEFT {National Electronic Fund Transfer}
- (h) BHIM {BHARAT INTERFACE FOR MONEY} or AADHAR PAY

➤ It shall be necessary to issue a valid signed "Receipt" for the amounts collected from all the sources and from any persons. The Receipt so issued must be serially numbered thereby containing all the relevant information of the society, viz Name, Address, PAN, A mention of registration u/s 12AB and u/s 80G of the ITA, 1961, Registration Number granted in 80G Registration Certificate.

9.3 PROHIBITIONS ON THE SOURCES

MAA shall not receive any grant / contribution / donation: -

1. the purposes of which are ultra-vires to the Memorandum of Association.
2. for the activities which are prohibited under any other law for the time being in force.
3. for the activities which may be categorised as Anti-National, Anti-Social, against the interest of the country or detrimental to the cordial relationship with other countries.

10. PAYMENTS

Payments are usually made through issue of account payee cheques or 'Bulk Posting' facilities wherein a single cheque from the source account is issued for crediting multiple accounts or in petty cash. The procedure for paying electronically by internet banking is as follows:

- payment of an invoice is authorised by the Secretary and the Treasurer signature after first scrutinization by the accountant and an indication of the budget line item on the invoice;
- All the details of invoice, like invoice number, the date of the invoice, name of the supplier / vendor and name of the related project, must be clearly mentioned in the Tally System while passing the payment entry in order to prevent double payment of invoices

In the case of general purchases (stationery, refreshments, fuel, cleaning material):

- a purchase order is completed before the item is purchased;



- the delivery note, confirming receipt of goods, is signed by the designated MAA staff receiving the goods;
- the invoice is approved by the Secretary and Treasurer for payment and signed, along with the payment request form and he or she indicates the relevant budget line item;
- the payment is made by bank;
- the low-cost items such as refreshments and cleaning materials may be purchased via petty cash.

10.1 Payment for Goods, Works and Services and petty cash

• All orders for procurement of goods, works and services must be made on official Purchase Orders regardless of the amount of money involved. All Purchase Orders should be treated as accountable documents. All payments should be made for goods and services with invoices attached to authorized Purchase Orders and a properly authorized payment voucher.

• All payments must be made by account payee cheques or bank transfers.

• No payment shall be released without deduction of TDS, wherever applicable.

• No cheques must be signed before it is written and all authorizing papers must be attached for verification.

• Payments will be made only against invoices and for all cash payments, payees must sign a petty cash voucher.

• Applications for petty cash in [cash or cheque] must be made in appropriate forms and must be certified by accountant and project coordinator and approved by the Secretary or in his absence, Treasurer.

Petty cash should only be given to the employees and must be accounted within seven days of return [if it was for travel] or completion of the assignment for which the petty cash was issued. No petty cash will be given before the previous one has been accounted for.

• No advance payments shall be given for supply of goods or services unless provided for in the contract.

• No petty cash transaction should be left incomplete at the end of each month. The closing balance at the end of the month must be reconciled with the cash available. Any shortfall is refunded to the petty cash by the handler of the petty cash from his or her own pocket.

10.2 Verification of Bills and Vouchers

• Vouchers shall be prepared and counter-signed by the accountant which shall be accompanied by relevant bill or invoice along with mention all the necessary particulars for substantiating the payment.

• All the bills and vouchers of a particular financial year shall be certified by at least two members from either of the President, Secretary or Treasurer.

• Payments to any of the governing board members shall be certified jointly by other two governing board member.



11. MONTHLY SUMMARIES OF EXPENSES

On this schedule all expenses are recorded for each budget line item, per month. In one column the budget according to the agreement is listed. In another column the differences between actual costs to date and the budget are indicated, appearing as under budget or over budget. This schedule is an important instrument of MAA to keep track of the progress of spending on a funding agreement.

12. REPORTING TO A DONOR

Intervals of reports will be as per the agreement between the donor and the organisation. Reports will consist of a narrative and a financial report. The narrative report covers all activities completed for the reporting period, in detail. The financial report lists all expenses progressively during the period of the agreement. The reports, as shown in the appendices, are adjusted to cover the donor's requirements.

Sometimes, during the period of the project, it appears that certain activities cannot be carried out as planned, or are not as effective as expected, but could, with adjustments, achieve better results. Under such circumstances, the consent of the donor is to be obtained ahead of changes in the execution of the project. Should this require adjustments to budget line items, such changes are discussed with the donor as well. Only after written consent of the donor has been received MAA may adjust it to the program.

13. STAFF ADMINISTRATION

13.1 Salary / Honorarium payments

13.1.a. Appointment Letter

Any personnel employed with MAA will be issued an appointment letter prior to his / her employment. The appointment letter will officially announce his / her position within the organization, the place of assignment and the effective date of employment. The appointment letter will carry annexes, specifying the employee's job description, terms of reference, salary and benefits and other relevant terms of employment.

13.1.b. Probationary Period

A probation period of **three months** shall apply to all new employees from the date of hire. Exceptionally, the probation period may be extended to six months. In case, if a new employee fails to perform in accordance to expectations of MAA's Board, he/she will be given a notice, terminating the contract at the end of the probationary period.

13.1.c. Remuneration

All employees of MAA are entitled to salary or honorarium, depending upon their skills, qualification, experience and as per the guidelines of funding agencies and subject to the ceiling limits so fixed by the funding agencies. Salary / Honorarium will be mentioned in the appointment letter.



Salaries / Honorariums are payable within one week immediately succeeding the salary-month. Tax is deducted according to the provisions of the Income Tax Act, 1961. Salaries / Honorariums are also subjected to deductions on account of Jharkhand Professional Tax.

13.1.d. Working Days

MAA will follow 6 days a week working schedule from Mondays to Saturdays and Sunday considered a non-working day. Unless otherwise specified, NGO will observe the same public holidays as those prescribed by the Government not exceeding 12 days a year. The President will prepare a calendar of public holidays not exceeding 12 calendar days at the beginning of each fiscal year and circulate it to all staffs. In addition to the national holidays 12 holidays will be given, like expect on 15th august, 26th january, 1st may, 2nd October.

13.1.e. Office Hours

The office shall open from 09.00 am in the morning till 05:30 pm in the evening. All employees are expected to complete 8 working hours daily. There will be a lunch-break of 45 minutes.

13.1.f. Travel Rules

Staff members may be asked to travel away from their usual workplaces on authorized missions. The payment of travel allowances shall be restricted to the ceiling limit fixed by the funding agencies and shall apply to all employees regardless of job category or status. It also applies to the consultants, when mentioned in their agreement.

The expenses will not be reimbursed if proper justifying documents (original receipts) are not attached except.

MAA will pay only surface transport as far as possible, i.e. Train/bus. If any individual is using personal vehicle for organization's work, they can be reimbursed the actual fuel cost based upon the mileage. Some maintenance will also be awarded if required.

13.1.g. Leave and Holidays

All employees of NGO are entitled to 20 working days off as paid leave per year due to public holidays. Public holidays are specified in advance by the President in consultation with staff members. Employees who are required to work on public holidays are entitled to compensatory day off. NGO will keep records of number of hours/days worked by its employees on public holidays. Request for compensatory leave shall be substantiated with this record and approved in advance by the Secretary.

13.1.h. Absences

(1) An employee who is unable to come to the office is required to notify the office of the reason for his/her absence.

(2) Unauthorized absences are grounds for disciplinary action. The following procedures shall apply:

i. An employee that has been absent for two consecutive working days without notice nor explanation shall be personally sought of by the Secretary. He/she shall be asked to put in writing the reason(s) for his/her absence.

ii. If, after seven consecutive days of absence, the employee continues to fail to give any explanation of the cause of his/her absence, the employee will be considered to have resigned from his/her position.

iii. In cases where the employee cannot give any satisfactory answer to the cause of his/her absences, in the judgment of the Governing Board, the employee may be subjected to disciplinary action.



13.1.i. Conditions for Employees' Termination

Employees shall lose their jobs under any of the following Conditions:

1. Voluntary Resignation
2. Redundancy of the Position {owing to closure of the concerned Project}
3. Termination with Cause Grounds for employee termination are the following:
 - i. continuing inefficiency and gross negligence of duty.
 - ii. fund embezzlement.
 - iii. Misuse of office equipment, and other properties.
 - iv. repeated unauthorized absences and leaves
 - v. intoxication while on official business or within office premises
 - vi. unauthorized disclosure of official information.

13.1.b. 'Salary Certificate' per employee may be issued in duplicate on special demand. One is handed to the employee and the second copy is kept by the employer.

The Salary Certificate shall list the following:

- name of organisation with PAN and TAN
- name of employee with corresponding PAN
- UAN and IP details, if registered under EPFO and ESIC respectively
- period of payment
- gross salary
- all relevant deductions (listed individually)
- net payment due to employee

13.1.c. Contract employees shall be paid **honorarium** on the basis of yearly contracts and the contracts shall be subjected to periodic evaluations and performance assessments. They will have the responsibility towards the day-to-day functioning and / or in any one or more ongoing / prospective projects of the organization.

13.1.d. Salary / honorarium of a particular period shall be determined after due consideration of undermentioned records: -

Attendance Register

Advance Register

Reports to be submitted or pending to be submitted

Any claim of reimbursement subject to submission of bills in that regard.

13.1.e. Any request for advance against salary / honorarium shall be disposed-off by the governing board and shall be limited to a maximum of 2 months' salary / honorarium. The sanctioned advance amount shall be disbursed through bank mode and shall be recoverable in maximum 12 monthly instalments.

13.1.f. Any advance taken for the operational activities of the organization shall be squared-off lately by the close of the financial year, i.e. 31st March thereby submitting the necessary bills and vouchers; except otherwise specifically permitted by the secretary or treasurer.



13.2 Income tax registration of employees

Employees must possess valid PAN and Aadhar. A copy of PAN and Aadhar has to be kept by the accountant in the respective dossiers of each employee.

13.3 Consultants

If external consultants are engaged for the completion of certain activities related to an agreement, an honorarium agreement is reached between MAA and the consultant. It stipulates the following:

- honorarium payable to consultant
- address of consultant
- profession of consultant
- donor and project for which the honorarium is granted
- period in which the task to be completed
- amount due
- budget line item
- activity description of work performed by consultant.

The honorarium agreement is signed by both a representative of MAA and by the consultant. The date on which the agreement is signed is recorded.

14. AUDITED ANNUAL FINANCIAL STATEMENTS (EXTERNAL AUDIT)

The Chief Accountant must within two months of end of each financial year complete accounting books and submit them to the designated external auditor for preparation of an audit report. The audit covers the fiscal year of 1st April to 31st March every year.

The External auditor must submit to the Board Members an audit report within 3 months. The External Auditor must be provided in a timely manner with all required information/documents by Chief Accountant to ensure completion of the audit report in time.

Each donor is supplied with a copy of the audited financial report in accordance with agreement in effect.

15. STATUTORY COMPLIANCES

15.1 TDS Rate Chart {the rate as provided corresponding to each section is subjected to change on the basis of prospective amendment by way of a circular from CBDT or by way of the Finance Act post Union Budget}

Section 194A- TDS on Interest other than interest on securities {Deposits with Banks / Post-office / Co-operative Banks / deposits with any other person}: -

10% for all categories of recipients

Threshold Limit: - Rs. 50,000/- in aggregate in a financial year in case recipient is senior citizen and interest is paid / payable by banks / co-operative bank / post-office.

Threshold Limit: - Rs. 40,000/- in aggregate in a financial year in case recipient is any person other than senior citizen and interest is paid / payable by banks / co-operative bank / post-office.



Threshold Limit: - Rs. 5,000/- in aggregate in a financial year irrespective of the category of recipient and interest is paid / payable by any other person other than banks or post-office as aforesaid.

Section 194B- TDS on Winnings from lottery or crossword puzzle, card games and other games of any sort (other than winnings from online games): -

30% for all categories of recipients

Threshold Limit: - Rs. 10,000/- in aggregate in a financial year.

Section 194BB- TDS on Winnings from online games: -

30% for all categories of recipients

Threshold Limit: - Zero {No threshold limit}

Section 194BB- TDS on Winnings from horse races: -

30% for all categories of recipients

Threshold Limit: - Rs. 10,000/- in aggregate in a financial year.

Section 194C- TDS on Payments / Credits to resident contractor or sub-contractor: -

1% if recipient is an Individual or HUF

2% if recipient is other than an Individual or HUF

Threshold Limit: - One-time payment or credit is Rs. 30,000/- per recipient or Rs. 1,00,000/- in aggregate in a financial year.

Standard formula for recognizing the status of recipient- Just check the 4th character of PAN before application of TDS rate.

If the 4th character is: -

"P" – Individual

"H" – HUF {Hindu Undivided Family}

"F" – Partnership Firm

"C" – Company {Public or Private or Governmental}

"A" – AOP {Association of Persons}

"T" – Trusts

Section 194D- TDS on Insurance Commission: -

5% if recipient is a resident other than a company

10% if recipient is a domestic company

Threshold Limit: - Rs. 15,000/- in aggregate in a financial year.

Section 194H- TDS on Commission / Brokerage (other than Insurance Commission): -

5% for all categories of recipients

Threshold Limit: - Rs. 15,000/- in aggregate in a financial year.

Section 194I- TDS on Rent: -

2% for rent of Plant & Machinery or Equipment for all categories of recipients

10% for rent of Land / Building / Furniture & Fixtures for all categories of recipients

Threshold Limit: - Rs. 2,40,000/- in aggregate in a financial year.



Section 194J- TDS on Profession Fees, Technical Fees, Royalty, etc.:-

10% for Professional or Technical Fees for all categories of recipients

2% for Royalty Payments for all categories of recipients

Threshold Limit: - Rs. 30,000/- in aggregate in a financial year.

Section 194N- TDS on Cash-Withdrawals {including bearer cheques} from banks / co-operative banks / post-office: -

Case-1- If the person withdrawing cash has not filed income tax returns in past

2% for cash payment exceeding Rs. 20 lakhs but not exceeding Rs. 1 crore.

5% for cash payment exceeding Rs. 1 crore.

Case-2- If the person withdrawing cash has filed income tax returns in past

2% for cash payment exceeding Rs. 1 crore.

Section 194Q- TDS on payment / credit exceeding Rs. 50 Lakhs for purchase of goods {Normally TDS is not attracted for purchase of goods but if payment / credit made to a particular person in excess of Rs. 50 Lakhs for purchase of goods, TDS u/s 194Q is attracted}: -

0.10% for all categories of recipients

Threshold Limit: - Rs. 50,00,000/- in aggregate in a financial year.

Section 194R- TDS on Benefits / Perquisites in respect of business or profession: -

10% for all categories of recipients

Threshold Limit: - Rs. 20,000/- in aggregate in a financial year.

15.2 CONSEQUENCE OF NON-LINKING OF PAN WITH AADHAR OF VENDORS / SUPPLIERS

Section 139AA- (2) of the Income Tax Act, 1961 provides that- "Every person who has been allotted Permanent Account Number {PAN} as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to such authority in such form and manner as may be prescribed, on or before a date to be notified by the Central Government in the Official Gazette.

Provided that in case of failure to intimate the Aadhaar number, the PAN allotted to the person shall be made inoperative after the date so notified in such manner {01-04-2023} as may be prescribed."

Now, section 206AA (1) of the act provides for deduction of TDS @ 20% in cases where PAN is not-available.

Further section 206AA (6) provides that- "w.e.f. 1st April, 2023; Where the Permanent Account Number provided to the deductor is invalid or does not belong to the deductee, it shall be deemed that the deductee has not furnished his PAN to the deductor and the provisions of sub-section (1) shall apply accordingly."



It is the duty of the accountant to ensure that the PAN & Aadhar each Individual Vendors / Suppliers / Service-Providers must be linked in order to apply normal TDS deduction rates; otherwise, the rate for TDS Deduction shall be 20% w.e.f. 01-04-2023.

15.3 APPLICATION OF INCOME ON ACTUAL PAYMENT BASIS

Explanation to section 11(7) which was introduced w.e.f. 1st April, 2023; provides for application of income on Actual Payment Basis. The relevant extract of Explanation to section 11(7) is reproduced here under: -

“For the purposes of this section, any sum payable by any trust or institution shall be considered as application of income in the previous year in which such sum is actually paid by it (irrespective of the previous year in which the liability to pay such sum was incurred by the trust or institution according to the method of accounting regularly employed by it):

Provided that where during any previous year, any sum has been claimed to have been applied by the trust or institution, such sum shall not be allowed as application in any subsequent previous year”

Henceforth the society is supposed to be very careful in recognizing liability in favours of vendors / suppliers as mere creation of liabilities would not be allowed as Application of Income.

15.4 CAPPING THE FCRA ADMINISTRATIVE EXPENSES TO A MAXIMUM OF 20% OF THE FC AMOUNTS

FCRA {Amended} Act, 2020 has limited the administrative expenses to 20% of the Foreign Contribution. List of Administrative Expenses has been given in Rule 5 of FCRR,2011. The accountant is primarily responsible to monitor this capping of 20% in FCRA Projects.

15.5 LIST OF STATUTORY COMPLIANCES WITH THE PRESCRIBED TIME FRAME

- Monthly discharge of TDS liabilities within the prescribed due-date
- Monthly discharge of GST liabilities within the prescribed due-date, if applicable
- Quarterly e-TDS returns filings for Form 26Q and Form 24Q within the prescribed due-date
- Monthly GST returns filing in GSTR-1 and GSTR-3B within the prescribed due-date
- Monthly ECR preparation and PF returns filing within the prescribed due-date
- Monthly ESIC returns filing within the prescribed due-date
- Annual FCRA Returns filing within the prescribed due-date
- Online filing of e-returns for donations received in Form 10BD within the prescribed due-date
- Issue of certificates to donors in Form 10BE within the prescribed due-date
- Online filing of Annual e-returns to the Registrar of Societies, Ranchi, Govt. of Jharkhand within the prescribed due-date
- Online filing of Audit Report in Form 10B / Form 10BB within the prescribed due-date
- Online Income Tax Return filing within the prescribed due-date

The list as provided above is not an exhaustive list. The prescribed due dates shall be the dates as provided by the corresponding authorities and applicable for the time being in force.



Schedule: - Business Record Retention Schedule {An inclusive list}

PAN of MAA	Permanently
Society Registration Certificate	Permanently
Memorandum and Articles of Association	Permanently
Records of Amendments in MOA and AOA	Permanently
Property Records	Permanently
Records / Receipts with Utility Providers for new connection, etc.	Permanently
Fixed Assets Records	Permanently
Certificate of Registration u/s 12AB of the ITA, 1961	Permanently
Certificate of Registration u/s 80G of the ITA, 1961	Permanently
Certificate of GST Registration under the CGST Act, 2017	Permanently
Certificate of FCRA Registration	Permanently
Records of online forms submitted to the MHA in online fcra portal	Permanently
Records of online clarification sought by the MHA in online fcra portal.....	Permanently
Records of Approvals received from the MHA through online fcra portal.....	Permanently
Certificate of CSR Registration	Permanently
Certificate of PF Registration	Permanently
Certificate of ESIC Registration	Permanently
Dosier of Governing Board Members	Permanently
Dosier of Employees and Consultants	Permanently
Minutes of Meetings.....	Permanently
Annual Audit Reports.....	10 years
ITR Acknowledgements	10 years
Audit Reports in Form 10B / 10BB online.....	10 years



Receipts for Quarterly e-TDS Returns.....	7 years
Certificate of TDS deductions in Form 16A / Form 16.....	7 years
Annual e>Returns for Donations Received in Form 10BD.....	7 years
Annual certificates provided to Donors in Form 10BE.....	7 years
Notices / Enquiries from the Income Tax Department.....	7 years
Replies / Clarifications to the Income Tax Department.....	7 years
Income Tax Assessment Orders	7 years
Acknowledgements for FCRA Quarterly Returns	10 years
Acknowledgements for FCRA Annual Returns in FC-4.....	10 years
Acknowledgements for Annual Returns to Registrar of Societies, Ranchi	10 years
Electronic Challan-cum-Return {ECR} of Monthly PF Returns.....	7 years
Challans of Monthly ESIC Returns.....	7 years
Challans of Monthly GST Returns	7 years
Bank Statements and BRS Statements.....	10 years
Budgets for Different Project Undertaken.....	10 years
Cash Receipt Records.....	7 years
Deposit Slip Duplicates	2 years
Cheques (Cancelled or Stale).....	7 years
Invoices / Bills	10 years
Receipts for important payments such as taxes, cess or fee to local authority such as holding tax or municipal tax, etc. should be filed with the papers pertaining to the transaction and kept.....	Permanently
Contracts & Leases (expired)	7 years
Contracts & Leases (terminated from either side)	Permanently
Contracts & Leases (active).....	Permanently



Correspondence (general)	3 years
Correspondence (legal).....	Permanently
Grant Award Letters.....	10 years
Employee Records (after termination)	Permanently
Employment Applications.....	3 years
Financial Statements.....	Permanently
Insurance Records, Accident Reports, Claims, Policies, Certificates.....	Permanently
Journals / Annual Reports.....	Permanently
Minutes of Meetings.....	Permanently
Payroll Records.....	7 years
Purchase Orders.....	7 years



SIGNATURE OF BOARD MEMBERS

SL.NO	NAME	DEGINATION	SIGNATURE
1.	JITENDRA SINGH	PRESIDENT	Jitendra Singh
2.	MITHLESH KUMAR	SECTREARY	Mithlesh Kumar
3.	JAMES HERENJ	TREASURE	James Herenj
4.	SUBHAS LOHAR	EXECUTIVE MEMBER	शुभास लोहरा
5.	ANJANA GRECE HUHAR	EXECUTIVE MEMBER	Anjana Grace Huhar
6.	TAGREN KERKETTA	EXECUTIVE MEMBER	
7.	BIRENDRA KUMAR PASWAN	EXECUTIVE MEMBER	

