
**CENTRE FOR URBAN AND REGIONAL
EXCELLENCE**

FINANCE MANUAL

1. Scope

This document provides a means for formalized, systematic documentation and communication of accounting policies and procedures within the framework of Centre for Urban and Regional Excellence (“CURE” or “ORGANIZATION”) Financial Management System.

2. Objective

The objective of this manual is to provide a framework of management procedures for grants awarded by various donors for the project. The manual ensures that the guidelines and principles are established and grant recipient implement their Project in accordance with donors regulations in a manner that contributes to donor's strategic objectives.

These guidelines serve to document standard Financial Management procedures and practices for all personnel working at National, State and District level for the Project. Any exceptions from these guidelines must obtain prior approval in advance and in writing from the supervisor.

These Financial Guidelines are implemented with objective to:

- Provide assurance to donor and CURE that funds are spent judiciously by following proper procedures;
- Provide assurance to CURE that financial propriety is exercised and Financial guidelines and policies are adhered;
- Appraise, modify and update these guidelines with practical suggestions emanating from the National, State and District offices;
- Provide guidance to personnel to perform the Administrative & Finance activities in National, State and District offices;
- Assist CURE to take preventive/corrective measures through management decisions, keeping in view the goals and objectives of the Project.

All personnel at National, States and Districts are expected to uphold the policies and procedures in this manual. The intention of this document is that this manual serves as staff commitment to proper, accurate financial management and reporting.

3. Accounting Policies

A Grant shall be recognized only when the corresponding activity has been performed as per the terms of the grant agreement with the donor. The expenditure shall be booked on accrual basis.

4. Chart of Accounts

Accounting system to be maintained by each projects will be as per the requirements of Finance and Accounts section of CURE. The ledger heads of accounts may be modified to suit donor's requirements, which will facilitate reporting and monitoring requirements of the Projects. As far as possible budget head shall be followed scrupulously to enable near accurate consolidation of accounts and effective comparison of reports.

The indicative Chart of Accounts is attached as Annexure for reference.

5. Accounting and Financial Management

5.1 Maintenance of Project Accounts / Bills and Vouchers:

- 5.1.1 CURE shall maintain separate Books of Accounts in Accounting Software Tally ERP for the project supported by each donors.
- 5.1.2 All accounting of project transactions shall be done centrally at CURE Head Office based at Delhi.
- 5.1.3 CURE will maintain separate documentation of the transactions relating to the project such as bills, vouchers, other notes and documents in support of the transactions. These will be kept safely and securely till such time prescribed under the Applicable Law and also as per the donors requirement.

5.2 Maintenance of Bank Account:

- 5.2.1 All foreign grants shall be received in the designated FCRA Bank Account maintained with State Bank of India, Main Branch, New Delhi as per FCRA Regulations. A separate Utilization Account shall be maintained exclusively for incurring and recording of transactions related to respective project.
- 5.2.2 All domestic grants shall be received in a specified bank account maintained for purpose of tracking all grants centrally.
- 5.2.3 CURE shall maintain exclusive Bank Account, preferably Saving Account, as per donors requirement for utilization purpose. All transactions for grant receipt and expenditure of Project shall be made exclusively through the said Bank Account.
- 5.2.4 The grants / advances received in excess of monthly projected expenditure, if any, shall be kept in the deposit account by CURE.
- 5.2.5 Any Interest earned on the Project Funds will be treated as per the terms and conditions of the grant agreement executed with the Donor. In absence of any clear instructions, then such interest shall be used for the objectives of the Organization.

6. Bank Reconciliation

- 6.1. Bank statements shall be obtained from bank on a regular basis.
- 6.2. The Finance Officer shall reconcile each account promptly upon receipt of the bank statements. All accounts will be reconciled no later than 7 days after receipt of the monthly bank statements.
- 6.3. When reconciling the bank accounts, the following items shall be included in the procedures:
 - 6.3.1. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.
 - 6.3.2. A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.

- 6.3.3. An investigation of items rejected by the bank, i.e. returned cheques or deposits.
 - 6.3.4. A comparison of wire transfers dates received with dates sent.
 - 6.3.5. A comparison of canceled cheques with the disbursement journal as to cheques number, payee and amount.
 - 6.3.6. An accounting for the sequence of cheques both from month to month and within a month.
 - 6.3.7. An examination of cancelled cheques, irregular endorsements, and alterations.
 - 6.3.8. A review and proper mutilation of void cheques.
 - 6.3.9. Investigate and write off cheques which have been outstanding for more than three months.
- 6.4. Completed bank reconciliations should be reviewed by the Associate Director and initialed and dated by the reviewer.
- 6.5. Copies of the completed bank reconciliations will be forwarded to the Finance & Admin unit for records.

7. Cash Payments

As a part of internal control measure, cash payments should be minimized. Accordingly, all payments above Rs. 5,000 (Rupees Five Thousand only), as far as possible, should be made through account payee cheque / draft / NEFT / RTGS Transfers. Day-to-day cash payments will be made through petty cash floats. Such floats will be maintained by persons authorized by the Finance Head. A petty cash book will be maintained by the person maintaining the cash float.

8. Revenue Expenditure

- 8.1 Detailed guidelines are provided in the procurement manual and the Delegation of Authority on the incurrence, authority to incur, procedures to be adhered to and the records to be maintained.
- 8.2 Claims for reimbursement of expenses for which cash advance is released, shall be submitted immediately and in any case, not later than 3 days from the last date of incurrence of such expenditures.
- 8.3 Orders for procurement of printing & stationery and any other items to be procured, shall be as per the norms specified in the procurement manual.
- 8.4 All expenses incurred on regular basis, like telephone bills, electricity charges, water charges, newspaper and magazines and similar items, shall be paid on or before the due dates. Due care shall be taken to avoid incurrence of penalties for delayed payments.
- 8.5 Accounting for all expenses incurred shall be made on a daily basis.

9. Capital Expenditure

- 9.1 Rules and procedures laid down in the procurement policy shall be followed for incurring Capital Expenditure.

9.2 Advances may be released in terms of the Work Order or Purchase Order and shall be accounted simultaneously.

9.3 Where progressive payment is involved, accounts shall ensure monitoring of the program by concerned process owner on whose requisition the order is issued.

9.4 Final payment shall be released as per the terms and conditions of order, upon satisfactory completion of the order and defect liability period, imposed if any.

9.5 At every stage, accounting entries shall be passed prior to release of payments.

10. Accounting treatment of Advances

As a general rule, the Project funds will not be used for giving advances, except for Project purposes, such as travel advances, advances to suppliers, etc.

Advances to suppliers be given only if these are required as per the general practice in the trade. However, preventive measures such as bank guarantees, etc. may be considered for any major advances. No advance, in any case, can be given which is not part of any written agreement.

All advances should be accounted for on receipt of settlement statement.

11. Approval of Expenditures

11.1 All transactions accounted in the financial system will be done through authorized vouchers only. The Project In-charge will be the authorized person to approve all expenditure.

11.2 The Delegation of Authority lays down the limits for approval of expenses and signing of cheques.

12. Statutory Dues / Recoveries

12.1 All statutory payments, recovered from the employees as well as part or full time consultants, contractors, service personnel, etc., together with amount due to be paid by the Organization on its part, shall be paid in time to avoid levy of penalties. It is cautioned that, such deposits shall be made immediately without waiting for the last day of deposit, except in exceptional circumstances. Under no circumstance, such payments can be delayed beyond the prescribed date.

13. Settlement of bills

13.1 Expenditure bills / Invoices need to be forwarded to CURE Project Finance Team for settlement. All bills to be obtained in the name of "**Centre for Urban and Regional Excellence**".

13.2 Printed original bill / stamped bill is necessary. The bill / invoices forwarded to CURE Finance Unit should be in original. The bill should contain the complete address / contact no. / registration no. of the vendor etc.

13.3 Such bills / Invoices should be certified and approved by officer in-charge. The nature / purpose of expenditure should also be clearly mentioned while forwarding it to CURE Project Finance Unit

- 13.4 The Payment which attracts TDS, irrespective of any amount, should also be forwarded to CURE Finance Unit at Delhi for direct payment for e.g. Taxi Vendor Bill, Printing Invoices, service bills, bills for venue hired for workshop / training etc.
- 13.5 For all the vendors whose payment has to be made directly by CURE Finance Unit, the staff should ensure to send the Vendors such information.
- 13.6 The Finance unit at CURE will process the bill for payment within 30 working days of receipt of valid bills.

14. Record Retention

All financial records including vouchers, invoices, book of accounts and other details/information shall be retained for the period as stipulated in the relevant statutes and/or the terms and conditions of the donor agreement.

This finance guideline is subject to review and change