



FERRANDO SPEECH AND HEARING CENTRE

(Early Intervention, Education, Rehabilitation and Man Power Development for the Deaf)
Umniuh - Khwan, P.O.U.C.C., Ri-Bhoi District, Meghalaya - 793122, India

Contact Nos. +91 9862183718 / +91 9862433816

Web: www.fshc.org.in

PURCHASE POLICIES

FHSC have purchases goods and services for smooth running of the programme. Generally, all purchase will be classified into two categories:

- Purchases of capital items
- Purchases of consumables such as food items, medicines, grocery items, stationary items and other disposables.

a. Controls over Purchasing Cycle: No assets / Goods may be purchased before the purchase policy of FHSC as given below and the following procedure has been properly adhered to.

b. Purchase committee

FHSC should have a purchase committee and it should be comprise of Director, Administrator, Programme director / HOD. All purchases of assets over Rs 10,000 shall be recommended by purchase committee. The purchase committee would meet at the time as and when required for taking decision. The members of the committee need to discuss the quotations and analyze the bid. Purchase committee members sign the comparative statement/office note and give the reasons for selecting a particular supplier. Once a particular supplier has selected, a purchase order need to be prepared and assigned to the vendor.

c. Principles to be followed:

The following principles should be kept in mind while going forward with any purchase:

- Maximizing economy and efficiency
- Encouraging wide solicitation of proposals
- Promoting integrity and fairness and maintaining transparency

d. Procedure for purchase:

The requesting officer is responsible for ensuring that all specifications and supporting information for purchase of the requested goods are recorded as appropriate.

All purchase/procurement is initiated through seeking quotations, indicating the required quality and features. Revisions in the request should be avoided as far as possible. As per prudent practice to seek at least three quotations. Cost information may be recorded in writing, but formal quotes are necessary. The purchases decision has to be taken on the basis of comparative statement or office note that has to be preparing on the basis of quotations received.

In exceptional circumstances, it may not be possible to obtain a minimum of three quotations and in such situations the reasons must be recorded in writing. If the decision is made to not go ahead with the lowest quotation, the concerned officer must record the reasons in writing in comparative note/office note.

Estimates received in response are evaluated to ascertain that they match the required quality and specifications. Once this is established, the agreement should be made based upon the lowest quotation. A purchase order/ letter is given as go ahead after selection of the service provider/ vendor. Although specifications should be detailed, they also need to be flexible. If the requesting officer thinks that a particular brand or model is required, he/she needs to provide a full justification.

In case of purchases of regular items (Food items, consumables) purchase up to Rs 10,000 can be made without obtaining bid from vendors. This method of purchases is appropriate in case of existing contractor/vendor whose supply has been of a similar nature.

Every request requires the approval of the Director/administrator who ensures that the requested goods and/or services are in line with the project requirements, and then place the order accordingly. In case of field office every purchase should be approved by field coordinator
/In charger.

Step by Step Purchase Procedure to be followed at FHSC

- As soon as a requirement for a new asset is identified, the person instigating the purchase shall complete a purchase request form. This must be verified by the Administrator and approved by Director. For purchases to be made in the field office, the field office in-charge should initiate the request to the head office. For small purchases up to Rs. 5000/- (Rupees five Thousand) the purchase may be made after the approval of the programme manager/Field Manager.
- Administrator shall obtain at least three quotes for the purchase, in order to ensure the fairest price.
- Requests from program coordinators or field in-charge shall then be approved by the Administrator/ Director. This shall be shown by a signature on the purchase request form.
- Purchase order is made in favour of approved vendor. The purchase order includes the details towards rate, quantity, delivery schedule, payments terms etc.
- The documentation relating to the purchase shall be filed in an appropriate, accessible manner.

e. Payment Procedure

All payments should be made following receipt of goods/ equipment in okay condition. Advance payments should be avoided as far as possible. However, for purchase of equipments etc., an advance payment is the accepted norm, usually by cheque. In certain conditions (e.g. production of printed/ audio-visual materials, purchase of equipments etc.). Proper monitoring should be undertaken in such cases and balance amount should be provided only after ensuring that the final products have been received and are of agreed upon quality. Normal payment terms are at the time of receipt of delivery. All payment has to be processed vide bank payment.



FERRANDO SPEECH AND HEARING CENTRE

(Early Intervention, Education, Rehabilitation and Man Power Development for the Deaf)
Umniuh - Khwan, P.O.U.C.C., Ri-Bhoi District, Meghalaya - 793122, India

Contact Nos. +91 9862183718 / +91 9862433816

Web: www.fshc.org.in

SCRAP POLICY

Any material / fixed assets which is not in use and is also not required in future by the organization should be classified as discarded item and need to be identified by Administrator/ Director / Technical person in office.

- a) In case of sale of project assets written permission from donor should be obtained (if required as per the grant agreement)
- b) Sale proceeds of FC assets have to be deposited in to the designated bank account and proper disclosure has been given in FC-6 as subsequent receipt column.
- c) The information regarding discarded assets has to be filed to the administrator who put such information before the Director with his recommendations.
- d) At least two quotations should be invited from scrap dealers to obtained maximum scrap value of discarded items.
- e) Accounts department has to be record the sale proceeds in books under the head other income and resulted gain or loss should also be reflected in income & expenditure account.
- f) The Fixed assets register should be updated with the details of discarded /junk fixed assets.
- g) The scrap dealer need to deposit the money in the accounts department before lifting the material
/assets
- h) Finally, Scrap dealer to lift the asset / material.



FERRANDO SPEECH AND HEARING CENTRE

(Early Intervention, Education, Rehabilitation and Man Power Development for the Deaf)
Umniuh - Khwan, P.O.U.C.C., Ri-Bhoi District, Meghalaya - 793122, India
Contact Nos. +91 9862183718 / +91 9862433816
Web: www.fshc.org.in

DONATION –IN-KIND POLICY

FHSC receive donations or support in the form of donation in kind from the various donors. In order to regulate, record, treatment and control of donation in kind followings norms should be follows:-

1. All donations in kind should be acknowledged vide issuing a thanks letter to the Donors.
2. Every thanks letter should have reference number.
3. Every Thanks letter is made in two copies as original copy to donor and first copy for accounts department.
4. Thanks letter shall be prepared by Administrator and signed by Director
5. A register shall be maintained year wise to records all the receiving and utilization (Distribution) of donation in kind. The register should contains followings details:-
 - Particulars of Donor (Name of the Donor ,Address, Telephone No)
 - Date of receiving of articles
 - Description of articles (Nature of article, quantity received)
 - Location of the article received
 - Thanks letter acknowledgement no
 - Issuing details of consumable items such as clothes, shoes, medicines, grocery items
 - Signature column
 - Issuing Place
6. Any amount received via sale of any articles or material received as donation in kind should be treated as income of that financial year and disclosed as other income in Income & expenditure account of the organization.
7. FHSC have not recognized any monetary value of contribution received as consumable in kind in its books of accounts.

8. Fixed assets such as laptop, computer system, furniture, cupboard, file rack which had received as donation in kind should be recorded in books of accounts and fixed assets register.
9. Following Disclosure has been made in audited financial statements:-
 - The organization has been received donation in kind from local/ foreign sources
 - No monetary value has been recognized in books of account of consumables received in kind.
10. FC-7 shall be filed to the FCRA Department in case of donation in kind received from foreign sources.



FERRANDO SPEECH AND HEARING CENTRE

(Early Intervention, Education, Rehabilitation and Man Power Development for the Deaf)
Umniuh - Khwan, P.O.U.C.C., Ri-Bhoi District, Meghalaya - 793122, India

Contact Nos. +91 9862183718 / +91 9862433816

Web: www.fshc.org.in

STAFF ADVANCES POLICY

a) Salary Advance

Usually no salary advances are given to Staff, but in case of emergencies salary advance are sanctioned by Director. The advance against salary can be given to the employees of the FHSC. These shall be duly deducted from the monthly salary of the employee in accordance with the terms set out at the time of giving the salary advance. The salary advance must be recovered either as per the terms set out or within maximum period of one year, whichever is earlier. Under no circumstances the amount of such advance shall exceed two months' salary of the employee. No advance shall be made to any staff before the settlement of the previous account. The organization has not charge any interest on such advance from employees. The request for salary advance should be made on formal letter. All salary advances has to be credited in the respective bank account of the concerned staff.

b) Advances made towards the project / Programme

Project advances are generally made to carry out different project activities. All programe advance request shall be made on specified format and must be verified by concerned project coordinator and approved by Administrator. It must be settled within seven days after the completion of the activity/event. The request of programme advance should be accompany with the details working of fund request under various expenses heads. Programme advance up to Rs 18000 (Rs. Eighteen thousand) can be processed in cash. However, in exceptional cases advances of more value can also be process subject to the approval of Director.

Once such an advance is made the Finance Department shall keep a tracking of it and ensure that there is no outstanding exist at the end of financial year since long back. All further advances can be processed subject to the settlement of previous advances. However, in exceptional cases subject to the approval of Director further advance can be processed. At the time of settlement of programme advance concerned person should submit the complete details and proof of expenses incurred to the accounts department.

Detail procedure of Disbursement of Cash Advances

From time to time, members of staff may receive cash advances under the conditions stipulated in below. For payments under Rs. 18,000/- the process for disbursement are as follows:

1. The member of staff submits an advance request to the program coordinator/ Supervisor. The program coordinator /Supervisor must verify that this advance is according to budget. If this is recommended, then the Head of programs shall sign the request letter and pass it to the accounts department.
2. The accounts department shall submit the request directly to the Director/Administrator for approval. If this is granted, then the Director/Administrator shall sign the letter next to the program coordinator's signature. They shall pass this back to the accounts department.
3. Once the accounts department receives the letter and the form with the approval of the project coordinator and the Administrator or Director, it shall process the claim for disbursement. Cash shall be passed to the claimant and the cash book updated to reflect the payment.



FERRANDO SPEECH AND HEARING CENTRE

(Early Intervention, Education, Rehabilitation and Man Power Development for the Deaf)
Umniuh - Khwan, P.O.U.C.C., Ri-Bhoi District, Meghalaya - 793122, India

Contact Nos. +91 9862183718 / +91 9862433816

Web: www.fshc.org.in

ALLOCATION OF COMMON EXPENSES POLICY

Expenditures that cannot be directly associated or identify with a particular project can be classified as indirect expenditures e.g. salary of Director / salary of office accountant, rent of administrative office etc. The policy related to allocation of common expenditure consists of followings:-

Common Expenses Charging Policy: - Basically common expenses mean those expenses which are not related to any particular project. This kind of expenditure has been incurred at organization level and benefit may be avail by more than one projects run by the organization. Some of the common example of such kind of expenses as follows:-

- Salary paid to Chief functionary / CEO / Managing Director of the organization
- Salary paid to the supporting staff (watchman /Gardner / Peon)
- Rent paid of administrative office building (particularly in case of head office have multiple branch offices and field offices
- Electricity charges of administrative office building
- Insurance of administrative office building
- Salary of the accountant working for multiple projects etc.

All common expenditures should be allocated to various projects on some rational basis. Following are some acceptable basis of allocation of common expenses to the various projects:-

S.No	Expenditure	Allocation basis
1	Insurance/ Rent of office building	Floor area occupied
2	Electricity charges of office building	No. of light points or floor area occupied
3	Salary of the accountant working for multiple projects	Time devoted to each projects
4	Salary of CEO/Ex. Director	Time devoted to each projects or on the basis of funding ratio



FERRANDO SPEECH AND HEARING CENTRE

(Early Intervention, Education, Rehabilitation and Man Power Development for the Deaf)
Umniuh - Khwan, P.O.U.C.C., Ri-Bhoi District, Meghalaya - 793122, India
Contact Nos. +91 9862183718 / +91 9862433816
Web: www.fshc.org.in

CONFLICT OF INTEREST POLICY

There is clearly defined policy to ensure that any conflict of interest in the FHSC has properly dealt with. The issues which may be regarded as material interest are as under:-

- Appointment of relatives in board or senior management
- Payment of fees and remuneration
- Directorship or management position in other NGOs
- Providing consultancies in personal capacities
- Having commercial interest in any decision or resolution

The board of directors should declare such interest. The interested person should not participate in the decision making and voting process for the particular resolution. An annual declaration of such interest should be placed in the annual general meeting. The “Related Party Questionnaire Disclosure form” is also relevant in conflict of interest policy. The specify format of such questionnaire are as follows;-

Related Party Questionnaire Disclosure form

- (1) Do you or any related party of yours have any material interest, direct or indirect, in any transaction (complete or pending).
- (2) Do you or any related party of yours been indebted to FHSC at any time during your tenure with the organization? Please exclude amounts due for purchases on usual trade terms and for ordinary travel and expense advances.
- (3) If you have ownership or management control of another entity which could significantly affect the operating results or financial position of FHSC, please indicate the nature of the relationship.
- (4) Please list all companies, partnerships, associations, or other organizations of which you or a related person are a director, trustee, partner, or member
- (5) Please list all companies, partnerships, associations, or other organizations of which you or a related person is an officer or employee

The answers to the foregoing questions are correctly stated to the best of my knowledge and belief.

Definitions for Purposes of This Questionnaire

- a) **Related Person:** A related person means as same is defined in income tax Act and Company Act.
- b) **Control:** Means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a specified party whether through ownership, by contract, or otherwise.
- c) **Management:** Means any person(s) having responsibility for achieving the objectives of the organization and the concomitant authority to establish the policies and make the decisions by which such objectives are to be pursued. It would normally include members of the Board of Directors, the president, secretary, treasurer and vice president in charge of an organization and other individual persons who perform similar policymaking functions.
- d) **Disclosure:** Means disclosure by the director who has a conflicting interest of :-
 - (A) The existence and nature of the director's conflicting interest, and
 - (B) All facts known to the director respecting the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment as to whether or not to proceed with the transaction.
- e) **Ownership:** Means beneficial ownership of a company, including, but not limited to, stock options, warrants, debentures, and other convertible securities



FERRANDO SPEECH AND HEARING CENTRE

(Early Intervention, Education, Rehabilitation and Man Power Development for the Deaf)
Umniuh - Khwan, P.O.U.C.C., Ri-Bhoi District, Meghalaya - 793122, India

Contact Nos. +91 9862183718 / +91 9862433816

Web: www.fshc.org.in

Investment Policy

Funds received by FHSC for various projects which are not used immediately for the Project or funds from the General Reserve are placed in fixed deposits with scheduled banks in accordance with the provision of section 11 (5) of the Income Tax Act, 1961 subject to not in contradictory with FCRA, 2010. All the surplus funds pertaining to FC fund shall be invested in Bank FDR with FC designated bank account and other funds i.e. local fund shall be invested in same local bank account. All Investment shall be subject to the approval of Director. Investment shall be verified physically once in a year by auditor of the organization and time to time by administrator. All investment whether from local funds or foreign funds shall be supported by written working note. The working note has contained the following information: -

- Mechanism to calculate surplus fund available for investment
- Tracking of Donor fund that has to be invested in FDR or other permitted mode of investment as referred in section 11(5) of income tax law

The procedure for deploying funds in fixed deposits, their proper accounting and their safe keeping should be in accordance with the following procedure.

1. The head of the accounts department has to inform the management about the surplus funds available in the bank accounts of the Society along with a formal request for placing the funds in a fixed deposit.
2. Investment of Project funds / Donor Funds shall be subject to the provisions of project agreement. If there is no prohibition clause in the agreement towards investment then, subject to the availability of surplus fund, investment has to make in Bank FDR.
3. The management/ Director upon receiving the request and assessing the future fund requirements shall give their authorization for the same.
4. The authorization of the Director shall be duly taken on a voucher prepared by the accounts department for the said purpose.
5. All fixed deposits made or renewed shall then be duly recorded in a register maintained for this purpose. The format of this register shall be as below:

S. No.	Particular	FDR No.	Bank	Name	Amount invested Rs.	Duration	Date of Maturity	Matutiry Value (Rs)

6. A Separate investment register has made for all investment made out of Fc funds in compliance of rule 4(3) of FCRR, 2011. At the end of every financial year bank confirmation certificate towards investment should be obtained from each of the bank.
7. The investment register shall contain the following details: -
 - The nature & description of the investment
 - Certificate / FDR no
 - Name in which the investment has been made
 - Maturity dates
 - Due date of receipt of interest
 - Principle Amount invested
 - Source of Fund
8. The investment register and all original receipt of Investment made (FDR) shall always kept in secure custody of Administrator.

Treatment of Investment Income

1. Interest income received on domestic funds shall be treated as part of local fund.
2. Interest income received on FC funds shall be treated as FC receipt and accordingly reported in FC-6 statement under subsequent receipt column.
3. 3 Income accrued / arises, received on project funds (Local or FC) shall be considered as the part of concerned project. However, in case of absence of clear instructions from donor same income shall be utilized for donor project.
4. Income from project funds shall not be transferred as own income of the FHSC under any circumstances.
5. Income from organization fund (General fund) has to be treated as own income of the organization.
6. Income from restricted fund (Corpus fund, earmarked fund etc.) shall be treated as the part of same restricted fund and hence credited into respective fund account.

7. Interest income has recognized in books of account on actual receipt basis.
8. At the end of each financial year a certificate towards interest paid from bank should obtained and reconcile with recognized interest income in books.

Treatment of saving Bank Interest

1. Interest earned on a particular project bank account shall be directly credited to the concerned project account.
2. Interest earned on common saving bank account whether local bank account or FC bank account has to be credited on the basis of funding ratio at the time of interest credited in concerned bank account. The organization has prepared and documents a detail working sheet of appropriation of saving bank interest.

Fixed Asset management

The purchases of fixed assets are necessary for smooth operation of FHSC. The aim of fixed assets policy of the organization is to ensure that all assets are duly authorized and approved before the ordered. Capital items which may be defined as non-consumable item needed to start programme operation and major capital expenditures as outline in the plan and budget. Further, capital item costing over Rs. 5,000 and has useful life more than one year shall be treated as fixed assets in the organization. All purchase of capital items should be approved by Director/ Board.

I. The fixes assets are subject to the following's controls: -

- a. All capital expenditure shall be capitalized in financial statements.
- b. All fixed assets purchases should be recorded in the name of the organization.
- c. Fixed assets acquired out of donor fund will be used to for the objectives of its mission and programs.
- d. Original documents related to purchases/ acquisition of fixed assets such as sale deeds, registration documents for vehicles, sanctioned building plans, land related revenue records, and invoices of assets purchased etc. shall be maintained carefully in a file and kept with secure location.
- e. All fixed assets should be numbered for identification and accounting purposes. These shall correspond to the asset numbers recorded in the Fixed Asset Register.

Fixed Asset Register

- a. Fixed asset register has maintained for entering the assets of permanent nature in details. The Fixed Assets Register shall be kept in a secure location under custody of Accounts department.
- b. Fixed assets register has to be update on regular basis. The responsibility of fill up and updating of assets register has been assigned to the accountant.
- c. The fixed assets register has contained the followings details regarding the fixed assets in asset register.
 - Particulars of the assets
 - Date of receipt of the asset
 - Quantity received
 - Location of the asset
 - Donor name
 - Assigned Identification mark No
 - Signature

II. Physical Verification of fixed assets

- a. A physical verification of assets shall be performed annually at year end by the organization or statutory auditor.
- b. The working papers related to physical verification of fixed assets should be verified by statutory auditor/ management and well documented.