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‘SUPPORT TO CIVIL SOCIETY IN BHUTAN’
A Project Funded by the European Union

**GUIDANCE MANUAL ON FINANCE AND
ACCOUNTING**

A GUIDANCE MANUAL FOR CIVIL SOCIETY ORGANIZATIONS IN BHUTAN

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ABBREVIATIONS

AFD –	Administration and Finance Department
AF –	Advance Form
AR –	Asset Register
BST –	Bhutan Sales Tax
BRS –	Bank Reconciliation Statement
CEO –	Chief Executive Officer
CFO –	Chief Financial Officer
COA –	Chart of Accounts
CSOA –	Civil Society Organization Authority
ED –	Executive Director
FRR -	Financial Rules & Regulations
MoF –	Ministry of Finance
MoHCA -	Ministry of Home & Cultural Affairs
MoLHR -	Ministry of Labour & Human Resources
F&A –	Finance and Accounting
IA –	Internal Auditors
IAU –	Internal Audit Unit
MIS –	Management Information System
PBOs –	Public Benefit Organizations
PPE –	Property Plant & Equipment
RaPS –	Receipts and Payments Statement
RGoB -	Royal Government of Bhutan
SAL –	Statement of Assets and Liabilities
RAA –	Royal Audit Authority
TDS –	Tax Deducted at Source

FOREWORD

Civil Society Organizations in Bhutan were first formally registered in 2010 but the concept of Civil Society is not a new development. Throughout history, Bhutanese have nurtured a sense of community, and informal groups and associations (tshogpas) embedded in our culture have been a source of socio-economic support for decades. Since the enactment of the CSO Act 2007, the number of registered CSOs has grown to 51, with CSOs making substantial contributions across various thematic areas. This has culminated in 22 CSOs being awarded the National Order of Merit (Gold) by His Majesty the King during the 109th National Day Celebrations on 17th December 2016.

CSOs have played a pertinent role in promoting social welfare and inclusiveness by providing social services to the most marginalized groups in the country, and thereby complemented government efforts particularly in relation to accessibility and outreach of services. An active and vibrant Civil Society ideally enables a government to perform effectively and contributes to the development of a democratic country. It is with this view of promoting an enabling environment for growth of Civil Society and positioning CSOs as credible development partners that the need for strong internal governance mechanisms was recognized.

To this end, two series of Guidance Manuals on: 1) Human Resource and Administration and 2) Finance and Accounting, have been developed by Helvetas Bhutan Office through support from the European Union (EU) funded 'Support to Civil Society in Bhutan' Project. It is with the intention that the two documents can serve as suggestive guidelines for CSOs, that the CSOA endorses this Guidance Manual. Such reference documents for CSOs are envisaged to facilitate and strengthen internal processes and systems in relation to HR, Administration and Finance functions, in line with the relevant laws and regulations. We look forward to these Guidance Manuals ultimately serving the broader objectives of the CSO fraternity in Bhutan.



Mr. Jigme Namgyel
Chairperson, CSO Authority

PREFACE

This Guidance Manual for Civil Society Organizations (CSOs) on Finance and Accounting (F&A) is intended to facilitate sound financial management, and prudent and effective utilization of resources. The Manual shall serve as a guiding reference for CSOs to remain compliant with the relevant financial rules and regulations issued by the CSO Authority (CSOA), Ministry of Labour and Human Resources (MoLHR) and Ministry of Finance (MoF).

The Guidance Manual for F&A is intended to provide an overall framework to guide CSOs in the development of their respective Finance and Accounting Manuals. It covers the entire financial operation and financial cycle of an entity. It also provides guidance and framework for preparation of yearly budget for CSOs.

CSOs in Bhutan operate under the CSO Act of Bhutan 2007 and exist outside of the sphere of the government and private sector. Therefore, good financial management practices will ensure that there are adequate resources to meet their objectives, remain solvent and continue meeting their social objectives in the country.

The CSO Act of Bhutan 2007 requires all CSOs to maintain accounting records in accordance with the Financial Rules and Regulations (FRR) 2016 of the Royal Government of Bhutan. Therefore, this Guidance Manual for Finance and Accounting is designed within the principles and standards applicable to CSOs in the country.

This document consists of two parts: i) Guidance on preparation of a Finance and Accounting Manual and ii) Template of a Finance and Accounting Manual. Part 1 on the Guidance is intended to provide CSOs with an overall framework to guide them in the preparation of their own manual, and Part 2 on the Template is intended to enable CSOs to customize the template manual based on the scale of their operations and other specific needs.

The Guidance Manual aims to provide a basis for CSOs to tailor their respective Financial and Accounting Manuals to their context while remaining compliant with the prevailing laws and financial rules and regulations applicable to CSOs.

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PART I – GUIDANCE

1. Background

The Background of the manual would generally outline the general objectives of having a financial and accounting manual, which will enable the users to understand and provide guidance in implementing the manual.

2. Purpose of the Manual

The purpose of the manual should be specific and concise.

3. Scope & Coverage

It shall specify scope & coverage, which will consist of information on the overall contents of the manual.

4. Intended Users

The intended users are generally finance managers, officers and accounting staff.

5. Effective Date

It shall specify the implementation date, which will be the date on which the Manual would be legally enforceable.

6. Procedure for amendment of the Manual

This clause shall contain the procedure for amendment of the Manual in the future. It empowers relevant authorities to change or amend the manual.

7. Accounting system

The accounting system is the entire accounting process to be adopted in the respective CSO entities. It will also specify a software to be installed and the kinds of reports to be generated and the accounting standards that will be followed. If an operation of the CSO is at multiple locations, this section will outline how the financial reports shall be generated and consolidated at the Head Office.

8. Accounting Policy

8.1 General

Accounting policies are the specific principles, rules and procedures implemented by an organization and are used to prepare its financial statements. These include any methods, measurement systems and procedures for presenting disclosures.

Accounting policies are a set of standards that govern how an entity prepares its financial statements. These policies are used to deal specifically with complicated accounting practices such as depreciation methods, recognition of goodwill, employee benefits, accounting of research and development costs, inventory valuation and the consolidation of financial accounts. These policies may differ from organization to organization.

An accounting policy shall typically cover the following broad areas:

- i. Basis of Preparation;
- ii. Basis of Measurement;
- iii. Functional Currency and Presentation;
- iv. Significant Accounting Judgments, Estimates and Assumptions;
- v. Property, Plant and Equipment;
- vi. Deprecation policy;
- vii. Investment properties;
- viii. Intangible assets;
- ix. Cash and cash equivalents;
- x. Payables;
- xi. Provisions;
- xii. Income – Grant, Donation, and Membership fees;
- xiii. Interest Expense on Financial Services;
- xiv. Rental Income;
- xv. Dividend Income;
- xvi. Realized gains and losses;
- xvii. Materials Consumed;
- xviii. Operating and Administration Expenses;
- xix. Prepaid Expenses;
- xx. Employee Benefit Expenses; and
- xxi. Disclosure requirements.

8.2 Existing Reporting Framework and Accounting Polices – Cash basis of Accounting

The CSO Act of Bhutan 2007 requires all the Public Benefit Organizations (PBOs) to establish an accounting system in accordance with the Financial Rules and Regulations (FRR) of the Royal Government of Bhutan (RGoB), which in principle is a cash basis accounting system.

The cash basis of accounting recognizes income and expenses only when cash is actually collected or disbursed. Net income under a cash basis system would always equal the company's cash receipts minus the cash disbursements. Since the cash basis of accounting do not account

the assets and liabilities, a separate reporting is required in the form of additional disclosure in the notes on the details of the assets and liabilities of the CSO's at the year end.

8.3 Modified Cash-basis of Accounting

As per the Financial Reporting Manual for CSOs 2018 developed by the CSOA Secretariat, a "modified cash-basis" system of accounting is recommended. On a modified cash-basis accounting system, certain transactions are recorded on an accrual basis and some transactions on a cash basis. For example, all unpaid bills will be recorded on an accrual basis but uncollected income on a cash basis. Payroll taxes, health contribution, provident fund, loan amounts that have been withheld from employee salaries, but which have not yet been paid to respective agencies are some of the transactions that will be recorded on accrual basis.

9. Accounting Process & Procedures

Accounting processes and procedures are clear and concise instructions on how to abide by the accounting policies and detail the sequence of activities that are required to complete tasks. They should include the 'how to' guidelines to achieve the necessary results. A procedure can also be developed as a training tool for new Finance and Accounts employees.

10. Income & Fund Management

Income and fund management section consists of sources of funds, and the areas of investments and the mobilization of funds. It provides the overall framework of the process of accounting of income/ revenue and the management of CSO's funds.

11. Expenditure Process

An expenditure process is the process of creating a requisition and/or purchase order for goods/ services incurred. The primary objective should be to ensure transparency and control over the expenses made by a CSO. It should consist of general policy, categories of expenditure and expenditure process.

12. Closing of Accounts & Period-End Procedures

Closing of accounts & period-end procedures should contain a general concept, month/period-end checks, finalization of financial statements, components of financial statements, preparation of trial balance and statutory compliance. The process is the culmination of the entire financial operation of a CSO for the financial year, which has to be presented in a format as per relevant rules and regulations. The report is prepared and validated for presentation to the relevant stakeholders.

13. Audit & Reporting

CSO entities are subject to audit by the Royal Audit Authority as per the CSO Act of Bhutan 2007. There are various types of audits applicable to the CSOs as under:

13.1 Annual Audit

The Finance Manager/Officer is responsible for coordination and timely completion of Annual Audit. Final Accounts shall be prepared in time and submitted for the audit. The Finance Manager/Officer is responsible to ensure that all the rectifications recommended by the Auditors are discussed with Management and acted upon. Obtaining final audited Financial Statements is the responsibility of the Finance Unit/Division of the CSO.

13.2 Other Audits

The Finance Manager/Office is responsible for any other audits as required by various donors, authorities and stakeholders they may be undertaken from time to time. Before sharing any sensitive/confidential information with the auditors, the approval of Head of the CSO, and Board as appropriate shall be taken.

13.3 Internal Audit

The Internal Auditors (IA) work directly under the guidance of the Audit Committee or the Board of CSO entities. IA is responsible to plan and conduct audit as per IA Charter issued by the Board from time to time. IA issues reports/memos to various departments upon completion of audit. On financial matters, Finance & Accounts Unit is responsible for responding/replying with comments to the internal audit observations, and with action plans to remedy the identified lapses.

Management Response

Upon receipt of draft report from the auditors, the observations shall be reviewed internally by the CSO management. Appropriate responses/comments are drafted and sent to auditors by the Finance Manager/Officer. The Auditors shall then issue the final report with the auditee comments.

14. Budgeting

This part of the Manual provides the framework for preparation of annual budget for the CSO entities. A budget is a formal written statement of plan for the future, which is a management control tool normally covering a one-year period. The essentials of a budget are to set specific goal for future operations and to have a periodic comparison of actual results with the financial goals established. It is a predetermined statement of income and expenditure of a CSO for a specific period, which includes projection of resources and estimated expenditure, required to achieve organizational goals in numeric terms.

PART II – TEMPLATE FOR FINANCE AND ACCOUNTING MANUAL

1. Background

This Finance & Accounts Manual has been drafted to help the finance and accounts team to have a transparent accounting and reporting framework, prepare financial projections, and also enable judicious and optimal utilization of resources available. The Manual covers various accounting policies, procedures, documentation, and internal control over financial transactions, levels of authority, and the statutory obligations to be fulfilled. This Manual shall also enable CSO entities to achieve enhanced transparency, robust controls, and strong reporting framework to meet the requirements of various stakeholders.

2. Purpose of the Manual

The Manual shall enhance the CSO Management’s efforts to monitor performance with established procedures, and helps ensure that policies and procedures are consistent. The Manual shall also help improving efficiency in training employees during period of transition, and helps them use this as a ready reference for various accounting and finance matters.

The Manual has three basic purposes, viz. instruct accounting personnel about various accounting processes, provide consistent reporting of transactions, and provide answers to the questions that arise during the accounting process.

3. Scope & Coverage

The Manual shall include a general description of the overall accounting system, organization structure, a chart of accounts, key accounting policies and procedures, preparation & presentation of financial statements, and budgeting and its templates.

4. Intended Users

The Manual is intended for the use of the finance and accounting staff in CSO entities. It may also be used by internal and external auditors as input to test the level of controls, and to gain an overall understanding of the processes and procedures.

5. Effective Date

This Manual shall come into effect from 1st January, 202....

6. Procedure for amendment of the Manual

The Manual has been prepared taking into consideration the current operating situation in the

CSO entities and the statutory reporting requirements. As changes take place in the internal and external environment of CSO entities, such as changes in statutes and applicability of Accounting Standards, the F&A Manual will be amended accordingly to include those changes.

In case of minor changes, the Finance Manager in consultation with the Head of the CSO should use her/his knowledge and discretion to make suitable amendments to the Manual and the same shall be apprised to the Board of Directors for necessary information. All major amendments shall be placed before the Board of Directors for approval and issuance.

7. Accounting system

7.1 General

CSO entities will have a Finance & Accounts Manager/Officer. Transactions are accounted for in adherence with the F&A policies as per this F&A Manual. Procedures have been established to ensure compliance with Financial Reporting procedures required under the CSOA rules and regulations.

At the end of the accounting period, Trial Balance from the software will be generated and exported to a spreadsheet.

*The Financial Statements shall be prepared under “**modified cash-basis**” system of accounting as per the CSOA’s Standard Financial Reporting of Accounting and Financial Management of CSOs in Bhutan*

‘OR’

The Financial Statements shall be prepared under Cash-basis of accounting as per the Financial Rules & Regulations 2016 of the Royal Government of Bhutan.

Once the financial statements are prepared, the external/financial auditors shall then examine and audit the Financial Statements.

The accounting system in CSOs transaction occurrence to financial Statement preparation is represented below.



7.2 Function of Finance and Accounts Unit/Division Manager/Officer

Finance and Accounts Unit/Division shall have following functions:

- a. Ensure that the financial resources are managed efficiently;
- b. Timely compilation and consolidation of financial statements for periodic submission to the Head of the CSO/Board of Directors;
- c. Recommend financial policy to the Board for adoption;
- d. Implementation of polices approved by the Board;
- e. Prepare consolidated budget based on budget proposals submitted by the Programme Officers;
- f. Review internal control systems of the CSO and recommend changes for improvement;
- g. Report on the performance – ‘budget vis-à-vis actual’ and communicate to Programme Officers and the Head of CSO/Board on a periodical basis;
- h. Co-ordinate and facilitate conduct of annual audit of the CSO and follow up on audit observations; and
- i. Assessment of financial position of the CSO and apprise issues for attention of the Head of CSO/Board.

7.3 Delegation of Financial Powers

The Board of CSO shall issue a power of attorney to the Head of the CSO on the overall operation of the CSO including financial powers. However, all Cheques and bank advices shall be jointly signed by:

- The Head of the CSO as the final approving authority.
- Head of CSO and Finance Manager/Officer for Nu. and above; and
- Finance Manager/Officer and one designated Officer for Nu..... and below.

8 Accounting Policy

8.1 General

Accounting policies are the specific principles, rules and procedures implemented by an organization and are used to prepare its financial statements. These include any methods, measurement systems and procedures for presenting disclosures. Accounting policies are a set of standards that govern how an entity prepares its financial statements.

8.2 Existing Reporting Framework and Accounting Polices – Cash basis of Accounting

The CSO Act of Bhutan 2007 requires all the Public Benefit Organizations (PBOs) to establish an accounting system in accordance with the Financial Rules and Regulations (FRR) of the Royal Government of Bhutan (RGoB), which in principle is a cash basis accounting system.

The cash basis of accounting recognizes income and expenses only when cash is actually collected or disbursed. Net income under a cash basis system would always equal the company's

cash receipts minus the cash disbursements. Since the cash basis of accounting do not account the assets and liabilities, additional reporting is required in the form of additional disclosure in the Notes and Schedules on the details of the assets and liabilities of the CSO's at the year end.

8.3 Modified Cash-basis of Accounting

As per the Financial Reporting Manual for CSOs 2018 developed by the CSOA Secretariat, a "modified cash-basis" system of accounting is recommended. On a modified cash-basis accounting system, certain transactions are recorded on an accrual basis and transactions on a cash basis. For example, all unpaid bills will be recorded on an accrual basis but uncollected income on a cash basis. Payroll taxes, health contribution, provident fund, loan amounts that have been withheld from employee salaries, but which have not yet been paid to respective agencies are some of the transactions that will be recorded on accrual basis.

9. Accounting Process and Procedures

9.1 General Principles

A CSO shall follow the following process of accounting to ensure proper and transparent maintenance of Books of Accounts:

- a. Funds appropriated for specific purposes or activities and made available from time to time shall be utilized solely for those specific purposes;
- b. Claims against any expenses incurred shall become due for submission immediately on completion of the required services or on fulfillment of conditions as specified in individual contracts;
- c. Personal claims of employees shall be submitted within the time period prescribed for each in the rules for processing of such claims;
- d. A claim against any activity shall be presented by submission of a bill indicating the nature and amount of the claim;
- e. A claim may be drawn by a staff in an appropriate claim form prescribed for the particular nature of the claim and signed by the officer-in-charge or the staff as the case may be;
- f. A bill may be presented by a supplier, contractor, firm or corporate body in respect of supplies, works or services delivered or to be delivered in accordance with a valid agreement. All such bills raised against the CSO must be signed by the claimant; and
- g. Every claim against a CSO shall be established as legitimate prior to making payments out of funds already allocated.

9.2 Books of Accounts

- 9.2.1 The Finance Manager/Officer shall maintain following list of books of accounts and backup documents:
 - i. Purchase order forms and Advance forms (AF);
 - ii. Vouchers;
 - iii. All backup documents;
 - iv. Cash book;

- v. Bank book;
- vi. Ledger book;
- vii. Subsidiary ledger books; and
- viii. Assets register.

9.2.2 The following Books of Accounts will be maintained in a computerized accounting software:

- i. Cash book;
- ii. Bank book;
- iii. General ledger;
- iv. Subsidiary ledgers;
- v. Inventory register; and
- vi. Assets register

9.3 Chart of Accounts

In order to present and prepare financial data for a period it is essential that every transaction accounted for is properly classified under a proper head, such as, income, expenditure, asset or liability. These Accounts Heads are called “Chart of Accounts” (COA). Books of accounts/ records shall be maintained strictly as per the COA. A sample COA is annexed (***Annexure 1***)

9.4 Accounting Process

9.4.1 Vouchers

Vouchers should be the primary documents for recording transactions and entering data into the system. Following vouchers must be prepared depending upon the nature of transactions:

- a. **Payment Voucher:** For disbursement of money, both cash and bank including relevant deductions (***Annexure 2***).
- b. **Receipt voucher:** For receipt of money either in cash or cheque and through bank transfer (***Annexure 3***).
- c. **Journal Voucher:** For non-cash/non-bank transaction/adjustment/provisions (***Annexure 8***).

9.4.2 Backup Documents

Backup documents are documents that support the genuineness, approval, and authorizations of the payments or expenditures. Documents include bills or Invoices, Cash Memos, money receipts, etc. produced by the concerned vendors, shopkeepers, suppliers, contactors, service providers, employees. etc.

9.4.3 Numbering of documents

All payment vouchers, receipt vouchers, journal vouchers, money receipts, debit notes, credits notes, and invoices must be printed and sequentially numbered. All these printed vouchers/ documents must be used chronologically in order to keep track of any miss-

ing vouchers/ documents.

9.4.4 Record keeping

All vouchers shall be kept chronologically according to its number in a file. Separate file for different series of vouchers/documents shall be maintained. All vouchers/documents files shall be kept under safe custody and only authorized person shall be given access to those vouchers/documents.

9.4.5 Receivables, payables, and accrued expenses

Journal vouchers should be used for accounting of receivables, payables, and accrued expenses. For all types of receivables, payables, and accrued expenses, monthly/quarterly/half-yearly statements showing all the transactions should be generated. At the end of each year, direct confirmations should be obtained for the receivables and payables. CSO entities must ensure that payments are made within the credit period. Every 6 (six) months' balance confirmation should be done for the receivables and payables as shown in the accounts. If there are differences with debtors/creditors, such matters must be reconciled immediately and updated in the ledger account.

9.4.6 Taxes

Taxes should be deducted at source from all applicable payments as per the relevant tax rules and regulations issued by the Government from time to time. As and when taxes are paid it should be accounted for in the books of account. All taxes paid in advance should be accounted for as assets and adjustment shall be made at the time of final settlement of tax.

9.4.7 Exchange Rates

Monthly exchange rate of USD or other relevant foreign currencies to the local currency must be obtained from a financial institution to be used for transaction purposes.

9.4.8 Reconciliation

9.4.8.1 Physical Verification of Cash

Physical verification of cash is the physical count of all notes and coins in hand as on a day. The objective of cash verification is to ensure that the physical cash in hand tallies with the cash balance shown in the books of accounts. It helps identification of errors and checks whether all entries have been passed. It acts as a basis for recording missing entries in the Cash Book. It should be carried out on a regular basis and the following procedure should be followed:

- i. Update the Cash Receipts & Payments on a regular basis;
- ii. Count the physical cash in hand and record it regularly;
- iii. Find the difference, if any, between the balance as per Cash Book and actual cash balance;

- iv. Analyze the reasons for difference, if any, and initiate action to rectify errors (if any) before depositing to the bank; and
- v. Cash should be checked on an unscheduled (surprise) basis by the Head of the CSO at least once in a year. Audit will also examine if verifications are conducted regularly and properly, by reviewing relevant files.

9.4.8.2 Bank Reconciliation Statement

The objective of preparing a Bank Reconciliation Statement is to reconcile the Bank balances as per the Accounting records and the Bank Statement, and identify reasons for differences if any. It should be carried out monthly.

Benefits of Bank Reconciliation include identification of errors, ensure passing of all entries, serving as basis for recording missing entries in the Cash Book and/or Bank Book, identification of false transactions, helping auditors perform audit functions smoothly, and enabling better working capital management.

The following procedures shall be carried out:

1. Payments

- i. Ensure that all the cheques (by tracking their numbers) have been booked in the Bank Book;
- ii. With the bank book as the base, check each and every payment in the Bank Statement;
- iii. In case of entries present in the Bank book, but not in the Bank Statement, classify them under “Cheque issued but not encashed”; and
- iv. In case of entries found in the debit column of the Bank Statement but not in the payments side (Credit) of the Bank book, analyze the reasons for the same.

2. Receipts

- i. Ensure that with the bank book as the base, each and every receipt is reflected in the Bank Statement.
- ii. In case of entries present in the Bank book, but not in the Bank Statement, classify them under “Cheque deposited but not credited” and
- iii. In case of entries found in the credit column of the Bank Statement but not in the payments side (Debit) of the Bank book, analyze the reasons for the same.

9.4.8.3 Reconciliation of Accounts Payable

The objective of reconciliation of Accounts Payable is to ensure that the balances as per General Ledger is the same as that of the respective vendor’s statement of account/ledger. This reconciliation also ensures that reasons for differences in the above statements have been identified and reported. It should be carried out monthly. Benefits of carrying out reconciliation of accounts payable are to:

ensure that all invoices, payments, debit notes and credit notes are properly accounted for; give the correct balances of accounts payable thereby enhancing the working capital management policy; and enable identification of differences.

The following procedures should be carried out:

- i. Obtain the statement of accounts from all the vendors/suppliers on a regular basis;
- ii. Scrutinize and tally each and every item on the credit side of the statement of accounts to the debit side of Accounts Payable Ledger and vice versa; and
- iii. Any differences that arise should be properly reconciled and rectified.

10. Income & Fund Management

10.1 General Policy

Income/Revenue/Funds refer to the amount of money or its equivalent received by a CSO during a particular period of time or any other income in exchange of labour or services, endowments from sale of any items or property, or earnings from the financial investments in the form of interest and dividend.

10.2 Fund Management

A money receipt must be issued at the time of receipt of Income/Revenue/Funds. Every single collection must be deposited with the finance unit/Division on the same day of receipt. Finance unit/Division shall deposit all collected funds to the nominated bank account on the following day and immediately update the books of accounts on the same day.

10.3 Investment

As per decision of the CSO Board, funds may be placed in short-term deposits and other savings instruments. The title of the investments must belong to the CSO. Under no circumstances can these investments be pledged as security or guarantee without the approval of the Head of the CSO. Record of each investment should be maintained separately with information such as principal amount of the Investment, Interest Accrued, Principal En-cashed, Interest En-cashed, and Closing Balance, etc. Regular balance confirmation for the investment should be obtained and differences (if any) must be reconciled immediately.

Any investment made by the CSO in any financial or non-financial instrument should consider the following factors:

- i. Safety;
- ii. Liquidity; and
- iii. Returns.

10.4 Loan

A CSO may take loans or mobilize funds from different sources as decided by the Board. Mobilization of funds in the form of loans and borrowings may be availed for the project or activity that are viewed as self-sustainable with repaying capacity or the entity has received a commitment of funds for the project but is yet to receive the funds. In such situation, the CSO may resort to borrowings to fill in the resource gap for immediate initiation of an activity or a project.

The CSO should consider and explore the cheapest sources of funds with favorable terms and conditions on the loans and borrowings.

11. Expenditure Process

11.1 General Policy

Expenditures must be incurred, approved, and reimbursed in a manner consistent with the policy outlined in this document. Any circumstances not addressed in this document should be dealt with in the spirit expressed throughout the policy, i.e., incurred and reimbursed expenditures would be:

- » Reasonable (defined as neither lavish nor extravagant) and necessary to accomplish the intended purpose;
- » Properly documented and reported in a timely manner; and
- » Approved by the proper authority.

Employees at every level are responsible for expenditure management. Supervisors are responsible for ensuring that expenditure is correct and adhere to the policies and common business sense.

11.2 Categories of Expenditure

11.2.1 Expenditure can be divided into the following two categories:

- Revenue expenditure: Expenditures that are immediately charged against revenue.
- Capital expenditure: Expenditures that increase CSO's investment in productive facilities.

11.2.2 Classification of Expenditure: Expenditure will be categorized and classified as per Chart of Accounts.

11.3 Expenditure Process

Following will be the procedure for revenue expenditure:

Step 1: Respective units will raise a requisition for the expense.

Step 2: The requisition will be approved as per the delegation of authority and submitted to the finance unit.

Step 3: Finance Manager/Officer will prepare a payment voucher based on requisition, along with cheque/bank advice signed by authorized persons.

Step 4: Payment will be made.

12. Closing of Accounts & Period-End Procedures

12.1 Concept

Closing of Accounts and Period-end procedures refer to the activities that are to be performed on the last day of every month before closing the books for that month and preparing the Monthly Financial Statements.

12.2 Month/Period-end checks

Complete the BRS and ensure that all bank charges and financial charges have been booked in the Income Statement.

- i. Make the month-end provision entries for:
 - Investment contract liabilities;
 - Electricity;
 - Rent;
 - Salaries and Wages;
 - Contract expenses;
 - Depreciation;
 - Tour and travel; and
 - Other expenses which the company has incurred, but no bills have been received.
- ii. Scrutinize the trial balance and ensure that all assets and expenses show debit balance, and all liabilities and revenues show credit balance. Any exception to this rule should be scrutinized and rectified, if necessary.
- iii. Ensure that inventory verification and cash verification have been carried out and differences, if any, have been properly accounted for.
- iv. Ensure that all foreign currency transactions and balances have been accounted for.
- v. Ensure that all statutory reconciliations such as TDS, BST, etc. have been completed and differences, if any, have been accounted for.
- vi. Ensure that reconciliations of accounts receivables and accounts payables have been carried out and the differences, if any, have been accounted for as detailed in this Manual.
- vii. Ensure that the closing stock and Cash in hand and the physical balances tally as per the books.
- viii. Ensure that the closing accrual entries for outstanding expenses have been passed.

- ix. Ensure that the entries for depreciation on fixed assets have been passed.
- x. Ensure that the entries for recording provision for unrealized income have been passed.
- xi. Ensure that requisite entries been made in the books for any sale of assets/investments.

12.3 Finalization of Financial Statements

The following process should be followed to finalize the Financial Statements:

12.3. Cash basis of Accounting

- i. **Prepare Statement of Receipts & Payments (SRP):** All the income or revenue received in cash will be shown under the Receipts column, including the opening balance of cash and bank. All payments made only in cash shall be reflected under the Payment column and the closing balance of cash and bank will also be shown in under the Payment column (*Annexure 5*); and
- ii. **Prepare Bank Reconciliation Statement (BRS):** Bank reconciliation is a comparison of transactions listed on a bank statement with the transactions listed on an entity's books (i.e. cash basis). BRS helps in ascertaining a true bank balance of an entity at a given moment, usually at the end of the financial year or at any point of time. BRS enables an entity to discover any irregularities and address at the earliest; and
- iii. **Prepare Notes and Schedules to SRP:** Statement of Receipts & Payments results from processing large number of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified date, which forms line items in the financial statements (*Annexure 6*); and
- iv. **Prepare Notes and Schedules on closing balance of assets and liabilities:** Since an SRP will not contain Assets and Liabilities (except closing Cash and Bank balances) items, a separate Schedule on Assets and Liabilities on the closing date shall be disclosed as a part of the SRP (*Annexure 7*);
- v. Review and clear all the financial statements;
- vi. Present provisional financial statements to management and Board; and
- vii. Audit and certify the Financial Statements.
- viii. Present the audited Financial Statements to the Board.

12.3.2 Modified Cash-basis of Accounting

1. **Reclassify Trial Balance:** The process of preparation of Financial Statements shall be preceded by the preparation of Trial Balance. Trial Balance is a list of closing balances in all the accounts in the General Ledger and the Bank Books. The total of all debit balances should always tally with the total of all credit balances. Any difference between the two indicates that there are one or more errors in the books of accounts, which must be traced and rectified. Whenever such a difference arises, the entries, carried forward and opening balances, totals and ledger postings must be checked to find out the reasons for the difference and to rectify them. Steps for preparing Trial Balance are:
 - i. All ledger accounts should be closed at period-end and debit or credit balances shall be calculated;
 - ii. The debit balances shall be posted in debit column of the Trial Balance and credit balances in the credit column of the Trial Balance;
 - iii. The Bank Books shall be closed and the balances shall be posted in Trial Balance; and
 - iv. Both Debit and Credit column of the Trial Balance shall be totaled.
2. **Prepare Statement of Assets and Liabilities (SAL):** Statement of Assets and Liabilities means a pro-forma balance sheet prepared on modified cash-basis which sets forth the value of the assets and liabilities (*Annexure 8*).
3. **Prepare Receipts and Payments Statement of (RPS):** RPS is a summary of an organization's cashbook (cash and bank) over a specific period of time. It is prepared at regular intervals to show the results of receipt and payment accounts for a given period (*Annexure 9*).
4. **Prepare Bank Reconciliation Statement:** Bank reconciliation is a comparison of transactions listed on a bank statement with the transactions listed on an entity's books (i.e. cash basis). The Bank Reconciliations Statement helps in ascertaining the true bank balances of an organization at a given moment usually at the end of the financial year or at any point of time. The BRS enables an entity to discover any irregularities and address at the earliest (*Annexure 10*).
5. **Prepare Notes and Schedules to RaPS, SAL and Annexure to BRS:** Financial statements result from processing large number of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which forms line items in the financial statements (*Annexure 11*).

Additional information, which are not presented on the face of the financial statements but are necessary for presentation of the entity's cash receipts,

cash payments and cash balances, shall be disclosed in the form of schedules presented separately as under:

- i. Restricted & Unrestricted Fund;
 - ii. Expenses;
 - iii. Deductions & Remittances;
 - iv. Advances & Recoveries;
 - v. Property, Plant & Equipment;
 - vi. Statement of Outstanding;
6. Review and clear all the financial statements.
 7. Present provisional financial statements to the management.
 8. Audit and certify the Financial Statements.
 9. Present the audited Financial Statements to the Board.

13 Audit & Reporting

There may be various forms of audit applicable to the CSOs of which the Annual Audit may be more frequent which will be conducted every year by the RAA as CSOs entities are subject to Audit by Royal Audit Authority as per the CSO Act 2007.

The Finance officer shall be responsible to ensure smooth conduct of auditing and shall be responsible for the following:

- i. Coordination and timely completion of Annual Audit.
- ii. Preparation of Final Accounts and timely submission for audit.
- iii. Provide all supporting documents for inspection, verification and confirmation by the auditors.
- iv. Ensure that all the rectifications recommended by the Auditors are discussed with Management and acted upon.
- v. Initiate review of all audit observations upon receipt of draft report from the auditors.
- vi. Initiate follow-up discussion with the auditors on the audit observations.
- vii. Ensure that the final audit report has incorporated all comments of the management relevant to the audit observations.

14 Budgeting

14.1 General

A budget is a formal written statement of plan for the future. A financial budget is a management control tool normally covering a one-year period. The essentials of the budget are to set specific goal for future operations and to have a periodic comparison of actual results with the financial goals established. It is a predetermined statement of income and expenditure of an organization for a specific period, which includes projection of resources and estimated

expenditure required to achieve organizational goals in numeric terms.

14.2 Objective

The purpose of preparing a budget is to ensure proper utilization of limited resources to their maximum potential, for which adequate planning, organizing and controlling are essential. Apart from the above primary objective, the budget will also fulfill the following objectives:

- i. to provide basis for the evaluation of the financial performance according to the plans;
- ii. to provide a tool to control cost; and
- iii. to create cost awareness.

14.3 Process of Preparing Budget

Step 1. Operating Budget

The operating budget lists, for the upcoming fiscal year, anticipated income by source, and anticipated expenses such as salaries, supplies, and utilities (*Annexure 12 & 13*).

Step 2. Capital Budget

The capital budget summarizes future plans for acquisitions of plant facilities and equipment. The management must determine how much of its' capital plan should be devoted to renovations and expansion projects (*Annexure 14*).

Step 3. Responsibility for preparation and passing of the Budget

- i. The Finance Manager/Officer shall prepare budget as per the CSOs format or donor-prescribed format.
- ii. The Management approves the budget and places before the Board.
- iii. The Board approves the Budget for implementation.

PART III - ANNEXURES

Annexure 1: Chart of Accounts

Group Code	Account Code	Head of Accounts	Group Head	
Capital and Equity				
1000	1001	Capital Fund	Capital Fund	
	1002	General Reserve	Reserves & Surplus	
	1003	Revenue Reserve	Reserves & Surplus	
	1004	Surplus & Deficit Account	Reserves & Surplus	
Long Term Liabilities				
2000	2001	Secured Loans	Long term Liability	
	2002	Unsecured Loans	Long term Liability	
	2003	Government - Deferred Grant	Long term Liability	
	2004	Interest accrued and due on Secured Loans	Long term Liability	
	2005	Interest accrued and due on Unsecured Loans	Long term Liability	
	2006	Interest accrued and due on Subsidized Loans from Government	Long term Liability	
Current Liabilities				
3000	3001	Sundry Creditors for Goods Supplied	Current Liability	
	3002	Sundry Creditors for Expenses	Current Liability	
	3003	Sundry Creditors for Works	Current Liability	
	3004	Government - Deferred Grant	Current Liability	
	3005	Performance Security from Suppliers/Contractors	Current Liability	
	3006	Earnest Money Deposits from Suppliers/Contractors	Current Liability	
	3007	Retention Money –Contractors /Suppliers	Current Liability	
	3008	TDS from Contractors/Suppliers/Consultants	Current Liability	
	3009	BST Refunds	Current Liability	
	3010	Unpaid Cheques	Current Liability	
	3011	Loans Repayable	Current Liability	
	3012	Interest accrued and but not due on Secured Loans	Current Liability	
	3013	Interest accrued and but not due on Unsecured Loans	Current Liability	
	3014	Interest accrued and but not due on Subsidized Loans from Government	Current Liability	
	Employee Related liabilities			
	3015	Net Salary Payable	Current Liability	
	3016	Provident Fund Payable	Current Liability	
3017	TDS from Employees	Current Liability		

	3018	Health Tax Recovery	Current Liability
	3019	GIS- Group Insurance Scheme	Current Liability
	3020	Salary Saving Scheme	Current Liability
	3021	House Rent Recovery	Current Liability
	3022	Employee Loan from BOB	Current Liability
	3023	Employee Loan from BNB	Current Liability
	3024	Employee Loans from other Financial Institutions	Current Liability
	3025	Other Staff Recovery	Current Liability
	3026	Leave Encashment Payable	Current Liability
	3027	Employee Welfare Scheme	Current Liability
	3028	Audit Recoveries	Current Liability
	Provisions		
4000	4201	Provision for Gratuity	Current Liability
	4202	Provision for doubtful debts	Current Liability
	4203	Provision for Doubtful Advance	Current Liability
	4204	Provision for Unsettled Legal Claims	Current Liability
	4205	Provision for Non Moving & Obsolete Items	Current Liability
	4206	Provision for other expense	Current Liability
	4207	Provision for Depreciation- Building	Current Liability
	4208	Provision for Depreciation- Compound wall & Fencing	Current Liability
	4209	Provision for Depreciation-Roads & Culverts	Current Liability
	4210	Provision for Depreciation-Water Supply & Sanitations	Current Liability
	4211	Provision for Depreciation-Lab Equipment	Current Liability
	4212	Provision for Depreciation-Office Equipment	Current Liability
	4213	Provision for Depreciation-Computers & Peripherals	Current Liability
	4214	Provision for Depreciation- Furniture Fixtures & Fittings	Current Liability
	4215	Provision for Depreciation- Vehicles	Current Liability
	4216	Provision for Depreciation- Servers & Internet Equipment	Current Liability
	4217	Provision for Depreciation- Photography Equipment	Current Liability
	4218	Provision for Depreciation- Television Equipment	Current Liability
	Fixed Assets		
5000	5001	Land	Fixed Assets
	5002	Building-Office	Fixed Assets
	5003	Building- Residential	Fixed Assets
	5004	Roads & Culverts	Fixed Assets
	5005	Compound Wall & Fencing	Fixed Assets
	5006	Water Supply & Sanitation	Fixed Assets

	5007	Office Equipment	Fixed Assets
	5008	Computer & Peripherals	Fixed Assets
	5009	Lab Equipment	Fixed Assets
	5010	Furniture Fixtures & Fittings	Fixed Assets
	5011	Vehicles	Fixed Assets
	5012	Servers & Internet Equipment	Fixed Assets
	5013	Photography Equipment	Fixed Assets
	5014	Television Equipment	Fixed Assets
	5015	Investment	Fixed Assets
	5016	Capital Work in Progress- Works	Fixed Assets
	5017	Library Books, Text Books &	Fixed Assets
	Current Assets		
	5201	Stock of Materials	Current Assets
	5202	Stock of Stores and Spare Parts	Current Assets
	5203	Stock of Stationary	Current Assets
	5204	Sundry Debtors	Current Assets
	5205	Cash in Hand-CD account	Current Assets
	5206	Cash at Bank-CD account	Current Assets
	5207	Fixed Deposits	Current Assets
	5208	Other Current Assets	Current Assets
	5209	Interest receivable	Current Assets
	5210	Prepaid Insurance	Current Assets
	5211	Prepaid Expenses	Current Assets
	5212	Advance to Suppliers	Current Assets
	5213	Advance to Contractors	Current Assets
	5214	Other Advance	Current Assets
	5215	Outstanding Tuition Fees	Current Assets
	Advance to Staff		
	5216	Salary Advance to Employees	Current Assets
	5217	Travel Advance to Employees	Current Assets
	5218	Advance against Expenses to employees	Current Assets
	5219	Advance against Expenses to Employees- Capital works	Current Assets
	Operational Expenses		
6000	6001	Pay & Allowances	Expenses
	6002	Other Personnel Emoluments	Expenses
	6003	Special Allowance	Expenses
	6004	Travel – In-country	Expenses
	6005	Travel – Outside Bhutan	Expenses
	6006	Utilities – Telephone, Telex, Fax, E-mail, Internet	Expenses
	6007	Utilities – Postage & Courier Service	Expenses

6008	Utilities – Electricity, Water, Sewerage charges	Expenses
6009	Utility	Expenses
6010	Rental - Buildings	Expenses
6011	Rental – Vehicles	Expenses
6012	Rental – Equipment	Expenses
6013	Rental – Others	Expenses
6024	Maintenance of Properties – Buildings	Expenses
6025	Maintenance of Properties – Vehicles	Expenses
6026	Maintenance of Properties – Roads	Expenses
6027	Maintenance of Properties – Equipment	Expenses
6028	Maintenance of Properties – Plantations	Expenses
6029	Maintenance of Properties – Computers	Expenses
6030	Maintenance of Properties – Others	Expenses
6031	Op. Exp. – Advertising & Promotion	Expenses
6032	Op. Exp. – Taxes, Duties, Royalties, Handling/Bank charges	Expenses
6033	Op. Exp. – Transportation	Expenses
6034	Op. Exp. – Energy/Propulsion charges	Expenses
6035	Op. Exp. – Purchase of Power	Expenses
6036	Op. Exp. – Others	Expenses
6037	Hospitality & Entertainment	Expenses
6038	Write Off – Stock, Loss of Cash/Goods	Expenses
6039	Donations	Expenses
6040	Subscriptions to International Organizations	Expenses
6041	Contributions – Provident Fund	Expenses
6042	Retirement Benefits	Expenses
6043	Interest on Secured Loans	Expenses
6044	Interest on Unsecured Loans	Expenses
6045	Interest on Govt. subsidized Loans	Expenses
6046	Exp. On Structure – Plantations	Expenses
6047	Professional Services	Expenses
6048	Training – Human Resource Development	Expenses
6049	In county Meeting & Celebration	Expenses
6050	Miscellaneous Expenses	Expenses
6051	Fuel Woods/Fire Wood	Expenses
6052	Auditors Remuneration	Expenses
6053	New Program Development	Expenses
6054	Storage Charges	Expenses
6055	Honorarium	Expenses
6056	Loss In Exchange	Expenses
6057	Losses under Investigation	Expenses

	6058	Loss on sale of Assets	Expenses
	6059	Consultancy/ Expert Fees	Expenses
	6060	Depreciation Expenses	Expenses
	Income		
7000	7001	Fees	Income
	7002	Rental Income	Income
	7003	Rental of hire of Infrastructure	Income
	7004	Hire Charges of Equipment	Income
	7005	Donations	Income
	7006	Revenue Grants from RGoB	Income
	7007	Revenue grants from.....	Income
	7008	Revenue Grants from...	Income
	7009	Revenue Grants from....	Income
	7010	Revenue Grants from....	Income
	7011	Revenue Grants from....	Income
	7012	Revenue Grants from Others	Income
	7013	Income from fixed deposits with Banks	Income
	7014	Sale proceeds of Obsolete items	Income
	7015	Tender Form Sales	Income
	7016	Profit on disposal of fixed assets	Income
	7017	Profit on sale of stores and spares	Income
	7018	Excess stores during physical verification	Income
	7019	Gains in Exchange	Income
	7020	Consultancy Charges	Income
7021	Research Fees	Income	
7022	Income from sale of Journals	Income	
7023	Penalties and Liquidated damages	Income	
7024	Liabilities no longer required	Income	
7025	Income from Exchange Program	Income	
7026	Miscellaneous Income	Income	

Annexure 2: Payment Voucher

Payee: _____

PV No: _____
 PV Date: _____
 Cheque No: _____
 Cheque Date: _____

Payment Particulars	A/C code	Total in Nu.	
Total Payable in Ngultrum (in word)			

Prepared by	Checked by	Authorized by

I here acknowledged received of Cheque number _____ amounting to _____

Signature:

Name:

Date collected:

Annexure 3: Receipt Voucher

OFFICE /

RECEIPT VOUCHER

RECEIVED FROM:
 CHEQUE/DD/PO NO:
 ACCOUNT:
 Date.....

PURCHASE ORDER
 VOUCHER NO:.....
 DATE:.....

TITLE OF ACCOUNTS	CODE OF ACCOUNTS								Amount Nu.	
TOTAL										

NARATION

PREPAED BY:

FINANCE MANAGER:

EXECUTIVE DIRECTOR:

Annexure 4: Journal Voucher

Date: ___-___-___

Account Code	Account Description	Reference	Debit Nu.	Credit Nu.
Total				

Remark:

.....

Prepared by:	Authorized by:	Posted to accounts on

Annexure 5: Cash-basis Statement of Receipts & Payments

RECEIPTS AND PAYMENTS STATEMENT for the Period: 01.01.2019 to 31.12.2019

Amount in Ngultrum

Receipts	Schedules	2019	2018	Payments	Schedules	2019	2018
A. Opening Balances:				D. Operation Expenditures:	4	xxx	yyy
a. Cash in Hand	1	xxx	yyy	E. Programme Expenses:			
b. Cash at Bank	2	xxx	yyy	a.		xxx	yyy
Sub-Total (A)		xxxx	yyyy	b.		xxx	yyy
B. Fund Receive	3			c.		xxx	yyy
a.		xxx	yyy	Sub-Total (E)		xxx	yyyy
b.		xxx	yyy	F. Purchase of Assets	5	xxxx	yyyy
c.		xxx	yyy	G. TDS & Other Contributions		xxxx	yyyy
Sub-Total (B)		xxxx	yyyy	H. Closing Balances:			
C. Other Cash Transaction				a. Cash in Hand	1	xxxx	yyyy
a. TDS to RRCO		xx	yyyy	b. Cash at Bank	2	xxxx	yyyy
Sub-Total (B)		xxx	yyyy	Sub-Total (H)		xxxx	yyyy
Grand Total (A+B+C)		xxxx	yyyy	Grand Total D+E+F+G+H)		xxxx	yyyy

Prepared by

Approved by:

Certified by

Finance Officer

Executive Director

Audit Firm

Annexure 6: Notes and Schedules to Statement of Receipts & Payments

1. Opening Bank Balance		2019 (Nu.)	2018 (Nu.)
1	Bank of Bhutan Limited		
2	Bhutan National Bank Limited		
	Total	-	-
2. Other Income		2019 (Nu.)	2018 (Nu.)
1	Interest		
2	Rental Charges		
3	Miscellaneous Income		
4	Salary		
5	Provident Fund (Employer) Refund		
6	Printing Expenses		
7	Teaching Supplies for Support Group 2019		
8	Nutritional & Financial Support for Cancer Patients		
	Total	-	-
3. Other Cash Transaction		2019 (Nu.)	2018 (Nu.)
1	Advance Received from Staff		
2	Suspense Account		
3	TDS from suppliers		
4	Health Contribution		
5	PF Employee Contribution		
6	DS - Salaries		
7	GIS		
8	Mileage/Per diem		
9	Salary Refund		
10	Penalty Refund		
	Total	-	-
4. Operation Expenses		2019 (Nu.)	2018 (Nu.)
1	Employee Benefit		
2	Maintenance & Repairs		
3	Penalty		
4	Rental & Hiring		
5	Hospitality & Entertainment		
6	Telephone & Internet		
7	Utility, Electricity		
8	Advertisement & Printing		
9	Bank Charges		

10	Audit Expenses			
11	Books and Periodicals			
12	Postage & Telegram			
13	Provident Fund			
14	Renewal & Registration			
15	Security Deposit			
16	Staff Welfare Expenses			
17	Transportation Expenses			
18	Miscellaneous			
19	Stationaries & Supplies			
	Total	-		-
5. Other Programme Expenses:		2019 (Nu.)		2018 (Nu.)
1	World Health Organization (WHO)/WWF/.....			
2	Translation			
3	Monitoring & Impact Assessment			
4	Specialist Consultation Session			
5	Development for Communication Materials			
6	Honorarium/Professional fees			
7	Air Tickets			
8	Care & Support Programme			
9	Cabin Charges			
10	Travel Support for patient			
	Total	-		-
6. Assets Purchased during the year		2019 (Nu.)		2018 (Nu.)
1	Epson Projector with Screen Stand			
2	Lap Top (Acer Ao142A76)			
3	Lenova 13 All in One V310Z-1			
4	Lenova 13 All in One V310Z-2			
5	Offcie Table with Drawer			
6	Hard Drive			
7	Heater 3 Nos.			
8	Tally Software Installation			
	Total	-		-

7. Other Cash Transaction		2019 (Nu.)		2018 (Nu.)
1	TA/DA Refund			
2	Health Contribution			
3	PF Employee Contribution			
4	PF Employer Contribution			
5	TDS - Salaries			
6	GIS			
7	TDS from suppliers			
8	Advance to Employee			
9	Miscellaneous			
	Total	-		-
8. Closing Bank Balance		2019 (Nu.)		2018 (Nu.)
1	Bank of Bhutan Limited			
2	Bhutan National Bank Limited			
	Total	-		-

Annexure 7: Notes and Schedules on Assets & Liabilities

Note/Schedule 1. Balance of Advances to Staff

Sl. No.	Name of the staff	2019 (Nu.)	2018 (Nu.)

Note/Schedule 2. Balance of Advances to parties/suppliers

Sl. No.	Name of the party/supplier	2019 (Nu.)	2018 (Nu.)

Note/Schedule 3. Statement of Fixed Assets as on year-end

Sl. No.	Particulars of Assets	Qty/Units	Date of purchase	Unit Cost (Nu.)	Total Cost (Nu.)

Note/Schedule 4 - Statement of Outstanding Loans as on year-end

Sl. No	Loan Availed			Opening Balance as on 1st January (Nu.)	Disbursement during the FY (Nu.)	Repayment			Closing Balance as on 31st December (Nu.)
	Lenders and Projects	Date	Amount (Nu)			Principal (Nu.)	Interest & Charges (Nu.)	Total	

Annexure 8: Statement of Assets & Liabilities

Statement of Assets and Liabilities - Modified Cash Basis (As on 31st December 20.....)

Assets	Schedule	Current year (Nu.)	Previous year (Nu.)
Cash		xxx	xxx
Bank		xxx	xxx
Account Receivables		xxx	xxx
Inventory		xxx	xxx
Prepaid Items		xxx	xxx
Plant & Equipment		xxx	xxx
Accumulated Deprecation		xxx	xxx
Advances		xxx	xxx
Total Assets		xxx	xxx
Liabilities			
Account Payables		xxx	xxx
Loans & Borrowings		xxx	xxx
Accrued Liabilities		xxx	xxx
Statutory Remittances		xxx	xxx
Total Liabilities		xxx	xxx
Total Net Assets		xxxx	xxxx
Represented by			
Endowment Fund		xxxx	xxxx
Excess of income collected over expense disbursed:			
Beginning of the year		Xxxx	Xxxx
For the year		Xxxx	Xxxx
End of the year		Xxxx	Xxxxx

Annexure 9: Receipts & Payments Statement

Receipt and Payment Statement - Modified Cash Basis (For the period ending 31st December 20.....)

Sl. No.	Group/Broad Head of Account	Schedule	Receipts (Nu.)	Payments (Nu.)
1	Opening Balance			
	a. Cash		xxx	
	b. Bank		xxx	
2	Revenue			
	a. Operating Revenue		xxx	
	b. Non-operating Revenue		xxx	
3	Grants			
	a. Cash		xxx	
	b. In-kind		xxx	
4	Donation			
	a. Cash		xxx	
	b. In-kind		xxx	
5	Program & Project Supports			
	a. Cash		xxx	
	b. In-kind		xxx	
6	Expenditure			
	a. Operating Revenue			xxx
	b. Non-operating Revenue			xxx
	c. Program & Project			xxx
	Excess of income collected over expenses disburse			
7	Other cash transactions			
	Principal Repayment of loan			xxx
	Restricted Fund		xxx	
	Bank Loan received		xxx	
	Assets Acquisition			xxx
	Statutory Recoveries/Remittances			xxx
	Advances & Adjustments		xxx	xxx
	Net other cash transactions			
	Excess of cash receipts over (under) disbursement for the year			
8	Closing Balance			
	a. Cash			xxx
	b. Bank			xxx
	Total		xxx	xxx

Annexure 10: Bank Reconciliation Statement

(Name of the CSO)
Bank Reconciliation Statement
 (As on 31 December 20..... for A/C No...)

A. Particular	Amount (Nu.)
1. Opening Bank Balance as per Cash Book	xxx
2. Total Receipts in Bank	xxx
3. Less: Closing Bank Balance as per Cash Book	xxx
4. Difference: Amount withdrawn as per Cash Book (1-2)	xxx
B. Reconciliation	
1. Amount withdrawn as per Bank Statement (Debit Balance)	xxx
2. Add: Cheques issued but not Cashed (Annex-1)	xxx
3. Add: Amount debited in Cash Book but not in Bank Statement (Annex-2)	xxx
Total	xxx
4. Less: Amount debited in Bank Statement but not in Cash Book (Annex-3)	xxxx
Total (1+2+3-4)	xxx

Annexure 11: Notes and Schedules to RaPS, SAL and BRS

Note/Schedule 1: Cheques issued but not cashed up to 31 December 20...

Cheque No.	Date	Amount (Nu.)	Remarks
Total Amount			

Note/Schedule 2: Amount debited in Cash Book but not in Bank Statement

Cheque No.	Date	Amount (Nu.)	Remarks
Total Amount			

Note/Schedule 3: Amount debited in Bank Statement but not in Cash Book

Cheque No.	Date	Amount (Nu.)	Remarks
Total Amount			

Note/Schedule 4 - Deductions & Remittances

Schedule of Deductions & Remittances For the Period 1 January to 31 December 20...

Month	TDS				Provident Fund				Group Insurance Scheme				Health Contribution			
	Date	Re-cov-ered (Nu.)	Date	Remit-ted (Nu.)	Date	Re-cov-ered (Nu.)	Date	Remit-ted (Nu.)	Date	Re-cov-ered (Nu.)	Date	Remit-ted (Nu.)	Date	Re-cov-ered (Nu.)	Date	Remit-ted (Nu.)
Jan.																
Feb.																
Mar.																
Apr.																
May																
June																
July																
Aug.																
Sep.																
Oct.																
Nov.																
Dec.																
Total																

Note/Schedule 5 - Advances & Recoveries

Schedule of Advances

For the Period 1st January to 31st December 20...

Sl. No.	Details		Advances		Opening Balance as on 1st January (Nu.)	Transactions			Closing Balance as on 31st December (Nu.)	Purpose of Advances & Other Remarks
	Name	Identity	Date	Amount (Nu.)		Payments (Nu.)	Recovered/ Adjusted (Nu.)	Reference		
1	Personal Advances									
	Total									
2	Employees for work									
	Total									
3	Creditors									
	Total									
4	Beneficiaries									
	Total									
	Grand Total									

Note/Schedule 8 - Property, Plant & Equipment

Property, Plant & Equipment

For the Period 1st January to 31st December 20...

Sl. No	Description of Assets	Total Cost (Nu.)				Total Deprecation (Nu.)					Carrying Amount	
		Beginning	Additional	Disposal	Year End	Rate	Beginning	For the Year	Disposal	Year End		
	Office Equipment											
1												
2												
3												
	Sub Total											
	Furniture											
1												
2												
3												
	Sub Total											
	Machineries & Equipment											
1												
2												

3										
Sub Total										
Vehicle										
1										
2										
3										
Sub Total										
Grand Total										

Note/Schedule 9 - Statement of Outstanding Loans

**Statement of Outstanding Loans
For the Period 1st January to 31st December 20...**

Sl. No	Loan Availed			Opening Balance as on 1st January (Nu.)	Disbursement during the FY (Nu.)				Closing Balance as on 31st December (Nu.)
	Lenders and Projects	Date	Amount (Nu)			Principal (Nu.)	Interest & Charges (Nu.)	Total	
Grand Total									

Annexure 12: Revenue Budgeting

REVENUE BUDGET FOR THE YEAR 20....			
PARTICULARS	BUDGET Nu.	ACTUAL Nu.	Variance - Budget & Actual %
Revenue	xxx	xxx	
Fund from RGoB/Other Agencies	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
....	xxx	xxx	
TOTAL	xxx	xxx	

Annexure 13: Expenditure Budgeting

EXPENSES BUDGET FOR THE YEAR 20....			
PARTICULARS	BUDGET Nu.	ACTUAL Nu.	Variance - Budget & Actual %
Staff Cost			
Salary & Wages			
P.F.			
Leave encashment benefit			
Medical expenses (Staff)			
Canteen expenses			
L.T.C.			
Cash handling charges			
Liveries			
Staff welfare & Recreation Exp.			
Sub-Total	xxx	xxx	
Occupancy Cost			
Rent			
Electricity & Water charges			
Water & Sewerage charges			
Laundry and sewing			
Land Tax			
Rates & Taxes			
Sub-Total	xxx	xxx	
Operating Cost			
Medical and surgical supplies			
Drugs			
Printing & Stationeries			
Miscellaneous expenses			
Bank charges			
Policy/agreement stamp			
Books & Periodicals			
AMC			
Sub-Total	xxx	xxx	
Travelling & Transfer Cost			
Travelling & conveyance Expenses			
Transfer Expenses			

Motor Car Expenses (Fuel)			
Motor Car Expenses (Repairs)			
Motor Car Expenses (Spares)			
Vehicle Blue Book Renewal			
Sub-Total	xxx	xxx	
Communication Cost			
Postage & Telegram charges			
Telephone/FAX/Mail exp.			
Telephone & Mobile Allowances			
Sub-Total	xxx	xxx	
Advertising Cost & Public Relation Cost			
Entertainment exp.			
Public Relation Fund			
Gift & Presentations			
Sub-Total	xxx	xxx	
Statutory & Consultant Cost			
Consultancy Fees/Expenses/ATS			
Legal Charges			
Meeting Expenses/Directors			
Director's Fees			
Audit Fees & Expenses			
Sub-Total	xxx	xxx	
General Administration			
Gratuity Expenses			
Repairs & Maintenance			
HRD			
Deprecation			
Sub-Total	xxx	xxx	
Grand Total	xxx	xxx	

Annexure 14: Capital Budget

PROPOSED CAPITAL BUDGET FOR 20...				
Sl. no.	PARTICULARS	BUDGET Nu.	ACTUAL Nu.	Variance - Budget & Actual %
1	Furniture & Fixtures/Curtains			
2	Office Equipment			
3	Computer Equipment & Accessories			
4			
5			
6			
7			
	Grand Total			

Annexure 15: CASH ADVANCE REQUEST FORM

Date: _____

Requested by: _____

Amount: _____

Purpose Advance for _____

Requested by

Prepared by

Approved by

Annexure 16: EXPENDITURE REQUEST FORM

Date: _____

Requested by: _____

Description: _____

Purpose _____

Requested by

Prepared by

Approved by
