
Books of accounts and accounting policies

BOOKS OF ACCOUNTS

THE ACCOUNTING CENTERS OF SMART PROJECT WILL HAVE TO MAINTAIN THE ACCOUNTING RECORDS IN TALLY PROVIDED BY PCMU.

PRINT OUTS OF THE SAME NEED TO BE TAKEN OUT ON A MONTHLY BASIS AND THEY ARE TO BE ATTESTED BY THE ACCOUNTANT AND HEAD OF THE ACCOUNTS IN THAT ACCOUNTING CENTER.

Accounting Policy & Accounting

Accounting:

Parent - Central Pool Account Banking System has been adopted for the SMART Project. Accordingly, accounting centres mentioned in institutional arrangement have to maintain the accounts for each transaction incurred at their level for SMART Project in Tally provided by PCMU.

As discussed previously under banking arrangement for SMART Project, fund limit were given by PCMU(Parent) to all accounting centers of SMART on the basis of demand raised by them. Every time when expenditure made at accounting center level, corresponding entry for grant received from PCMU have to be passed in the books of accounts i.e. TALLY.

Accounting entry for expenditure (say TA/DA:Rs.5000)

| | | |
|---------------------|-----|------|
| Travelling Exp. a/c | Dr. | 5000 |
| To Bank A/c | Cr. | 5000 |

Corresponding entry for grants to be made in books

| | | |
|---------------------|-----|------|
| Bank A/c | Dr. | 5000 |
| To Grants from PCMU | Cr. | 5000 |

Primary Books of accounts:

| Sr.No | Name of the record to be maintained | Format |
|-------|---|-----------------|
| 1 | Cash Book | Tally generated |
| 2 | Bank Book | Tally generated |
| 3 | General ledger, Bank Reconciliation Statement, Trial Balance. | Tally generated |
| 4 | Journal Register | Tally generated |

Secondary Books of Accounts/ Suporting Records:

| Sr.No. | Name of the record to be maintained by Accounts Branch | Format |
|---------------|---|---------------------|
| 1 | Bill Register- Pending and paid | As per Annexure-A1 |
| 2 | PFMS Print Payment Advice file. | - |
| 3 | Cheque issued / bank draft issued register | As per Annexure –A2 |
| 4 | Advance Register | As per Annexure –A3 |
| 5 | Security Deposit Register | As per Annexure –A4 |
| 6 | Beneficiary Contribution Register (wherein receipt of beneficiary contribution is recorded) | As per Annexure-A5 |
| 7 | Audit compliance register | As per Annexure –A6 |

Secondary Books of Accounts/ Suporting Records:

| Sr.No | Name of the record to be maintained by Administration Branch | Format |
|-------|--|---------------------|
| 1 | Consumable Stock register | As per Annexure –A7 |
| 2 | Fixed Asset /Dead Stock Register | As per Annexure-A8 |
| 3 | Imprest Amount Register | As per Annexure –A9 |

Preservation of Records

All the relevant record related to financial transactions incurred at the level of each accounting center needs to be preserved throughout the Project period.

Accounting Treatment in parent child banking system

1. As we know we have adopted parent child banking arrangement, the accounting center except PCMU have zero balance bank account.
2. Fund limit will be allocated to each accounting center and within that expenditure is to be made.
3. To the extent of amount swipe in and out from bank account of respective accounting center, recording of expenditure and receipts will happen in books of accounts.
4. It is necessary to reconcile bank with books of accounts.

Example :

| Transaction of VCDS expenditure at accounting center level | | Suppose Rs.300000 | |
|--|---------------------|-------------------|-----------------|
| | | | |
| | Original Bill-Basic | | 254237.3 |
| | CGST 9% | | 22881.36 |
| | SGST 9% | | <u>22881.36</u> |
| | TOTAL | | 300000 |
| Accounting entry | | | |
| Project Expenditure(B1.a.iii) | Dr. | 300000 | |
| To CGST TDS | | | 2542 |
| To SGST TDS | | | 2542 |
| TO IT TDS | | | 25424 |
| TO Bank | | | 269492 |

TALLY ENTRIES

1) Accounting entry for Grants to CBO

| | | |
|--|-----|-----|
| Name of CBO(Grant to CBO as an advance) a/c | Dr. | |
| To Bank a/c | | Cr. |

2) On release of second tranche since first tranche need to be expended at least 70% thus two entries to be passed here

A) Booking of expenditure of first tranche

| | | |
|---------------------------------|-----|-----|
| Expenditure (under component B) | Dr. | |
| To Grants to CBO | | Cr. |

B) Release of second tranche

| | | |
|--|-----|-----|
| Name of CBO(Grant to CBO as an advance)a/c | Dr. | |
| To Bank a/c | | Cr. |

Expenditure Rs.300000 to be shown in IUFR expenditure under B Components(Row No.44)

If Taxes(GST and Income Tax) remain unpaid as on last day of quarter is to be shown in Unpaid Retentions in Receipt(Row No. 12)

Grants to be shown to the extent of payment made i.e. 269492 and bank balance will reflect accordingly. When taxes paid the same will be reduced from unpaid retentions and bank balance also get reduced.

If taxes have been paid to government before end of quarter then in grants 300000 to be shown and in expenditure 300000 to be shown and bank balance will be nil

In case of bank charges the same to be shown in D components (Row No.80)and to that extent amount will be shown in grants Column.

Balance as per bank statement should be shown in IUFR.

Grants to CBO will be as an advance to be shown in books as well as in IUFR though eligible for WB funding. When CBO comes for second tranche then on the basis of audited UC vouchers and other documents ,the first tranche shown as an advance need to be shift to expenditure. It is to be noted that when this being shifted to expenditure should not be claimed again in IUFR.

The detailed IUFR format 4 is to filled ,where the grants to CBO ,date,name will have to entered and details of expenditure booked against it will have to be shown