

# 1. Introduction

## a) Purpose and scope of this manual

This manual has been designed to help Sida<sup>1</sup> Partners in India streamline or improve their accounting systems and meet Sida's accounting and reporting requirements.

The manual focuses primarily on financial and accounting aspects of Sida grants. Some of these aspects are connected to other issues, such as FCRA or Income Tax. Therefore, a limited discussion of these matters is also given.

## b) Authority

This is a composite manual to help strengthen accounting systems of our partners in general. The contents of this manual may have varying degrees of authority. This is explained below.

### (1) Essential Requirements

These are practices, which Sida considers as a must for all projects supported by it. If a requirement is found to be difficult to implement, you must immediately bring it to Sida's notice in writing. Sida will then attempt to resolve the matter. Essential requirements are highlighted in **blue colour**.

### (2) Recommended Practices

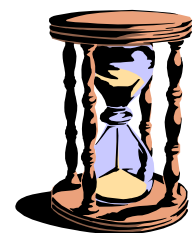
Following these would help you simplify and strengthen your accounting systems. Our monitoring teams may also encourage you to adapt these practices. However, it is up to your judgement whether or not to follow these. These are coloured **green**.

### (3) Compliance with Indian Law

These are requirements prescribed by Indian laws as interpreted by the designers of this manual. The manual is designed so that there is no conflict with the legal requirements. However, please note that it is your responsibility to follow the law and you must obtain independent expert legal advice wherever required. Legal compliance issues are **marked with yellow**.

## c) Modifications to this Manual

No manual can ever survive the test of time. We expect this one to evolve over a period of time. Your inputs in this process will be welcome. Modifications will be formally notified to all existing Sida partners along with replacement sheets and instructions.



## d) Other Versions

A Hindi version of this manual is now available. Both the English and the Hindi versions are also available now on CDs. To get either of these, please contact Sida office at New Delhi.

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<sup>1</sup> Refers to Development Cooperation Section (DCS) of the Embassy of Sweden

Both the English and Hindi versions are available on the Internet also. The address of the web-site is [www.ngoAccounting.net](http://www.ngoAccounting.net).

### e) A word about style, colour and care

We feel that reading an accounting manual from cover to cover needs a lot grit, courage and determination. To ease your journey, we have added graphics and tried to use a light, conversational style of writing.

This manual has not been printed on offset presses, as we needed very few copies. The colours were added to help readability but are washable. Only the black ink is permanent. So please be careful about spilling tea or coffee on the manual!



Still accidents do happen. If your manual is spoilt by chance, please write for another copy to Sida at New Delhi.

### f) Terminology

Today, there are no terms or words which can meet everyone's approval. We have tried to use words which are common. In this context, 'NGO' means Sida partners or organisations which mainly implement programs directly. Often we have used the word 'you' when addressing the NGO. Organisations which mainly raise or provide funds for such programs have been termed as 'Agency'. 'Accountant' means the person who looks after your accounts. Throughout this manual, 'Sida' refers to Development Cooperation Section (DCS) of Embassy of Sweden.

We have also tried to keep this manual free from gender-bias. At some places, this means difficult grammar. At other places, where using appropriate terms would debilitate the monitoring process, we have retained gender-bias.

### g) If you need any clarifications...

- You can discuss the matter with your auditors / advisers; or
- You can speak to the concerned Sida program person; or
- You can contact Sida office at New Delhi; or
- You can write to Sanjay Aditya & Associates<sup>1</sup>, with a copy to Sida at Delhi.

### h) Acknowledgement

We would like to acknowledge the support and inputs provided by our partners during development stages of this manual. Part of the material used in the manual has been adapted from the AccountAble™ series of circulars published by AccountAid™ India, with their consent. Other material has been developed by Sanjay Aditya & Associates, in consultation with Sida.

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