

# ANNUAL REPORT

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2018-19



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## MESSAGE FROM THE EXECUTIVE DIRECTOR

It is my privilege to write to you as the Executive Director of Financial Management Service Foundation (FMSF). Strong and robust organization is the need of the day and it is no exaggeration to say that our organisation has been talked about as the “perfect” example for providing the support in the development journey of the many organisations. I cannot claim absolute perfection but I can say that we are striving towards it.

Thanks to the guiding values of our organisation ‘Towards Promoting Accountability’, our Organisation has ensured high level of governance practices and maintained the sanctity across all practices and policies. The Board of Trustees, with members of high repute from multiple domains, have been instrumental in guiding us. My Committed team has worked hard through the year and my sincere appreciation to them.

So, it’s with much assurance and confidence that I am addressing you all. I am happy and privileged to share our Annual Report for the Financial Year 2018-19. Development sector in India is in a maturing journey materially through what I believe are some of the megatrends today. Though this sector is facing lots of challenges yet there are several structural enablers that are being put in place, which will eventually ensure progress.

I hope for your continued support and cooperation.

**DR. SANJAY PATRA**

*Executive Director FMSF, India*

# ABOUT FMSF

Financial Management Service Foundation (FMSF) is a development resource organization. Since January 1995, FMSF has been involved in providing support to NGOs in the fields of financial management, legal regulations and governance. In order to capacitate organizations in the voluntary sector, the activities of FMSF focus on two core strategic areas-

- Financial monitoring of development projects
- Capacity building of organizations in the voluntary sector

FMSF also takes up research work on financial management, legal compliances, governance and risk management, issues that are of paramount significance to the voluntary sector. FMSF strengthens and updates its research base with the help of a dedicated 'research team'. As a result of these initiatives, FMSF has an enriched database that is continuously shared with voluntary organizations through workshops, trainings and publications.

FMSF propagates and works towards promoting accountability. Thus, all programmes and activities of FMSF are aligned with a thrust upon promoting accountability.

## “Our Vision”-

*“We aspire for a reality in development cooperation where there will be overall and wholistic accountability among all the constituencies.”*

## “Our Mission”-

FMSF is a resource organisation, which seeks to promote accountability in South Asia by:

- Enhancing the capacity of partners and development stakeholders in financial management & Governance.
- Advocating Social Accountability through networking and influencing policies.
- Research & Information Dissemination



# BOARD OF TRUSTEES



MS. ROSEMARY VISWANATH  
CHAIRMAN  
INDEPENDENT CONSULTANT  
ORGANIZATION CHANGE AND  
DEVELOPMENT



REV. C.B. SAMUEL  
TRUSTEE  
MENTOR & LEADERSHIP  
COACH



DR. VIDYA RAO  
TRUSTEE  
FORMER PROF. OF THE  
DEPARTMENT OF SOCIAL  
WELFARE ADMINISTRATION  
TISS, MUMBAI



PROF . VIRGINIUS XAXA  
TRUSTEE  
ACADEMICIAN AND  
SCHOLAR OF SOCIOLOGY



REV. ROGER GAIKWAD  
DIRECTOR  
THEOLOGICAL EDUCATION,  
MISSION AND EVANGELISM,  
DIOCESE OF NORTH EAST  
INDIA OF CNI

# OUR PROGRAMMES

## FINANCIAL MONITORING

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## CAPACITY BUILDING

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### The objectives of FMSF's programmes are:

- To undertake financial monitoring of the projects by developing close interaction with partner organizations & ensuring regular submission of financial & progress reports; by facilitating timely & regular transfer of funds to the projects as well as develop systems & procedures to ensure timely closure of projects.
- To enhance the organizational capacity of the partner organizations in the areas of financial management, legal compliance and related governance as well as develop good accountable practices.

# 1. FINANCIAL MONITORING

FMSF has been committed towards rendering services to BFTW and its partner organisations. One of the core areas of FMSF intervention is in the financial monitoring of BftW supported development projects. The overall objective of financial monitoring is to facilitate the development process by enhancing capacities of partner organizations and institutionalizing effective systems and processes. FMSF always emphasizes the need for improved project management standards in partner organisations, which would lead to greater accountability and transparent practices and thereby, enhance development effectiveness.

FMSF since its inception has been involved in the financial monitoring of development projects in South Asia, as one of its core activities. The regular monitoring function performed by FMSF includes projects supported by BFTW in South Asia viz. India, Bangladesh, Nepal and Sri Lanka. The financial monitoring function carried out by FMSF ensures that funds reach the partner organisations on time, the planned activities are smoothly implemented and partner organisations comply with the reporting requirements of BFTW.

FMSF pursues financial monitoring of BftW projects by:-

- Developing close interaction with partner organizations;
- Ensuring regular submission of financial & progress reports;
- Facilitating timely & regular transfer of funds to the projects;
- Developing systems & procedures to ensure timely closure of projects.

Activities undertaken by FMSF as a part of its monitoring process are:

- Pre-funding assessment
- Analysis of organizational profile and institutional audit report
- New Phase Budget Analysis
- Receipt, scrutiny and initiating fund request, acknowledgement of receipt of funds
- Cash flow planning
- Preparation of PME sheets
- Analysis of partners evaluations and follow-up
- Mid-term assessment of projects
- Regular communication with BftW, partner organizations and auditors
- Receipt & analysis of reports (financial & progress reports)
- Partner visits
- Six monthly Feedback Letters
- Mid Term assessment of Projects
- Follow up of the Evaluation/PFA recommendations
- Final File Review
- Planning and Preparation of the Closure report

# SNAPSHOT OF ACTIVITIES UNDER FINANCIAL MONITORING 2018-19

Key Financial Monitoring Activities Data Score : FMSF has traversed a long way in terms of financial monitoring of development projects in South Asia. Through its regular interventions, FMSF has been able to achieve the following in terms of financial monitoring :

S. No.	Activities	Numbers
1	Analysis of OP & Institutional Audit Report, New Phase budget Analysis	38
2	Pre-funding Assessments	17
3	Financial Statements	220
4	Narrative Reports	222
5	PME Sheets Processed	196
6	Partner Visits	86
7	Six Monthly Feedback Letters	90
8	Mid-Term Assessment of Projects	28
9	Final File Review	32
10	Analysis of Organisational Evaluations	3
11	Preparation of Project Closure Reports (EUFs)	54



# HIGHLIGHTS 2018-19

S.no	Activities	Numbers
1	Cash Flow Disbursements	17,821,125.60 Euros
2	Successful Monitoring of Projects	161
3	Policies Developed by BftW Partners : a) Finance Manual b) Conflict of Interest Policy	115 80
4	Risk Management System and Internal Control Framework	49
5	Smooth transition of the BftW Partners in fulfilling the requirements based on the new agreements	
6	Early detection of the strengths and weaknesses of BftW Partners through Pre-funding assessments	
7	Relevant issues are addressed via workshops	



**NUMBER OF PROJECTS  
MONITORED BY FMSF IN SOUTH ASIA**



**PROJECTS MONITORED IN INDIA  
REGION WISE BIFURCATION**



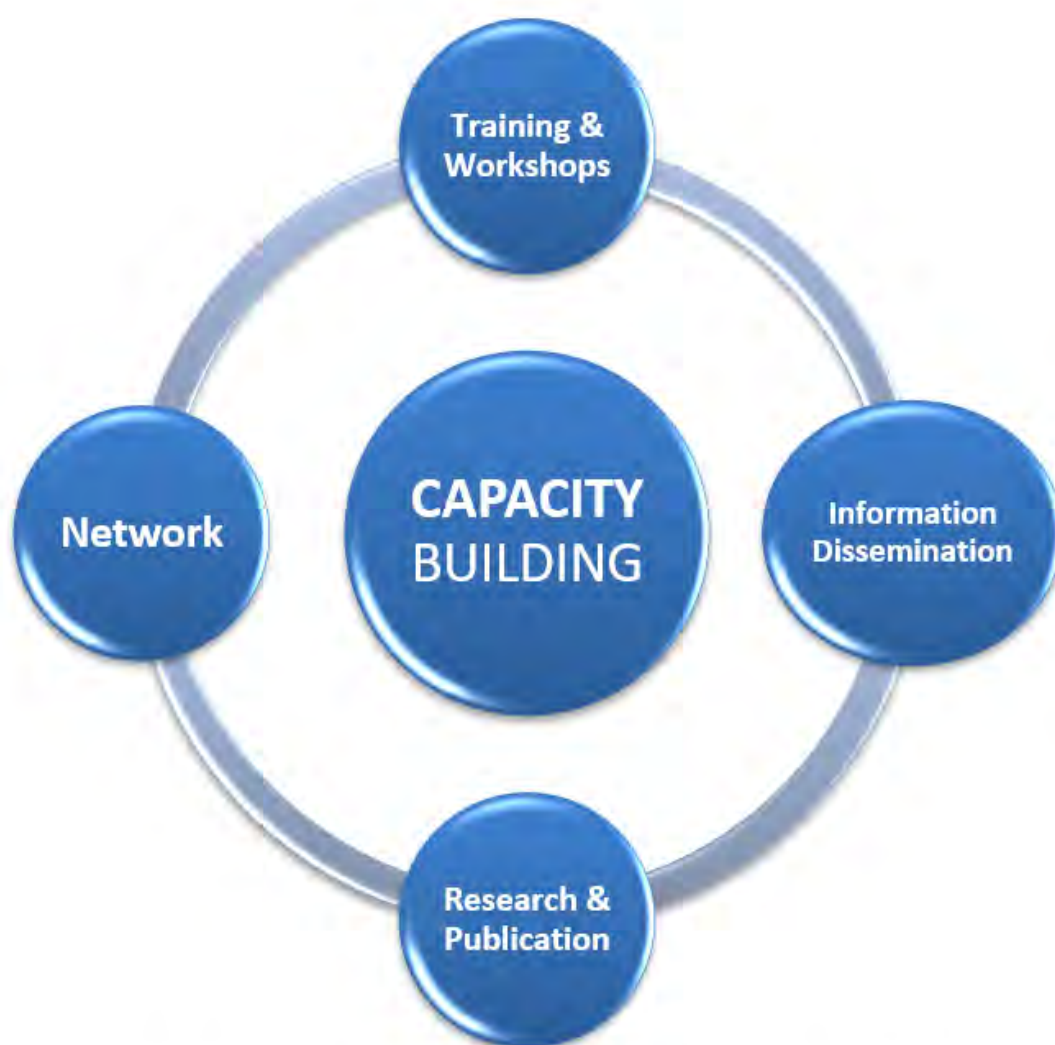
# GLIMPSES OF ACTIVITIES IN FINANCIAL MONITORING



## 2. CAPACITY BUILDING

Capacity building of NGOs is one of the core areas of intervention of FMSF. FMSF aims to capacitate the partner organizations as well as other NGOs in the areas of financial management, internal control systems, governance and other related areas. FMSF strives to build capacities of NGOs and conducts various workshops. Apart from organizing and facilitating workshops, FMSF also undertakes capacity-building projects for partner organizations under CSR funding. Over the past 25 years, the capacity building initiative of FMSF has undergone changes. At present, FMSF endeavors to provide specific 'Application-based' capacity building support to partners.

FMSF follows a four-component intervention in its capacity-building framework.



**FIGURE 1: FOUR COMPONENTS OF CAPACITY BUILDING**



# I. TRAININGS & WORKSHOPS

FMSF has conducted several workshops on topics of governance, financial management, budgeting, internal controls and legal compliances. These workshops are highly appreciated by the partner organisations. During the workshops, resource material is also provided to all the participants. The feedback of partner organisations on workshops has been very positive.

At the end of each workshop, a way forward/action plan is shared with the organisations. The methodology followed for the workshops is interactive and participatory. The capacity building programme addresses relevant issues for the NGOs.

## SNAPSHOTS OF CAPACITY BUILDING PROGRAM 2018-19

### WORKSHOPS ORGANIZED BY FMSF FOR BFTW PARTNER ORGANIZATIONS

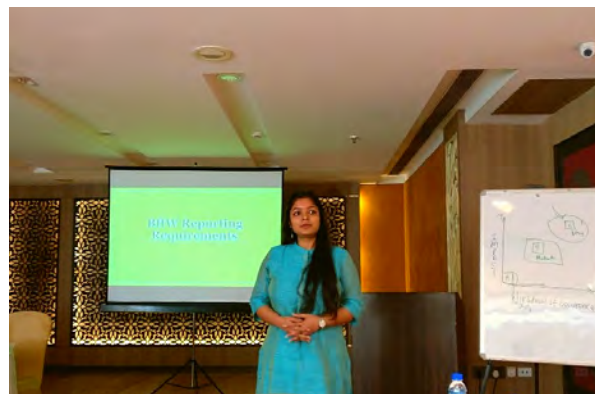
WORKSHOPS ORGANIZED BY FMSF					
S. No	Topics addressed	No. of BFTW partner organizations participated	No. of other organizations participated	Resource Team	Place & Date of Workshop
1.	Workshop on Project Financial Management for BftW Partners - Desirable Level	12	-	Dr. Sanjay Patra Mr. Sandeep Sharma & Ms. Mohini Chaudhary	24 <sup>th</sup> & 25 <sup>th</sup> May 2018, Kolkata
2.	Auditors Meet	-	12	Mr. David Wortham & Mr. Axel Stelzner, BftW	7 <sup>th</sup> & 8 <sup>th</sup> June 2018, Kathmandu Nepal
3.	Workshop on Project Financial Management – Basic & Desirable Level	10	-	Mr. Sandeep Sharma & Ms. Mohini Chaudhary	24 <sup>th</sup> & 25 <sup>th</sup> July 2018, Kathmandu Nepal
4.	Workshop on Governance & Project Financial Management - Basic Level	06	-	Dr. Sanjay Patra & Mr. Sandeep Sharma	9 <sup>th</sup> to 11 <sup>th</sup> July 2018, Colombo, Sri Lanka
5.	NAN Convention	19	55	• Dr. Manoj Fogla • CA Amrish Gupta	22 <sup>nd</sup> & 23 <sup>rd</sup> November 2018- Hyderabad



### WORKSHOPS ORGANIZED BY FMSF

S. No	Topics addressed	No. of BFTW partner organizations participated	No. of other organizations participated	Resource Team	Place & Date of Workshop
				<ul style="list-style-type: none"> <li>• Dr. Sanjay Patra</li> <li>• Mr. Suresh Kejriwal</li> <li>• Mr. Sandeep Sharma</li> </ul>	
6.	Workshop on Internal Controls- Basic Level	9	0	<ul style="list-style-type: none"> <li>• Dr. Sanjay Patra</li> <li>• Mr. Sandeep Sharma</li> <li>• Ms. Akrita Bharos</li> <li>• Ms. Mohini Chaudhary</li> </ul>	17 <sup>th</sup> & 18 <sup>th</sup> December 2018-Noida
7.	Workshop on Governance & Compliance Standards- Desirable Level	8	1	<ul style="list-style-type: none"> <li>• Dr. Sanjay Patra</li> <li>• Mr. Sandeep Sharma</li> <li>• Ms. Bushra Khan</li> </ul>	19th & 20th March, 2019-Dubai

# GLIMPSES OF TRAINING/WORKSHOPS



## II RESEARCH & PUBLICATIONS

### CONCEPT NOTE ON PREPARATION AND MANAGEMENT OF VOUCHERS

## III. INFORMATION DISSEMINATION

### A. INTERFACE



#### I.LEGAL

1. INTEGRATION OF BANK ACCOUNTS WITH PFMS UNDER FCRA
2. BUDGET 2018 – FCRA RETROSPECTIVE AMENDMENT
3. BUDGET – 2018 BUSINESS PROVISIONS APPLIED TO NGOs
4. LANDMARK RULING BY SUPREME COURT REGARDING SET OFF OF PAST DEFICIT
5. REVIEW PETITION UNDER FCRA AGAINST NON-RENEWAL OR CANCELLATION
6. FCRA NOTIFICATION ON PROSECUTION & COMPOUNDING OF OFFENCE
7. CONSOLIDATION OF ACCOUNTS IN A SECTION 8 HOLDING COMPANY
8. TAXATION OF IMMOVABLE PROPERTY RECEIVED AS DONATION
9. SUPREME COURT RULING ON TREATMENT OF INTEREST ON CORPUS FUND
10. BRANCH OFFICE AND LIAISON OFFICE NOW UNDER FCRA
11. RECENT CIRCULAR ON CUSTODY OF FC ASSETS BY CENTRAL GOVERNMENT
12. BELATED SUBMISSION OF AUDIT REPORT IN FORM 10B ALONGWITH IT RETURN

#### II.GOVERNANCE

1. HOW TO SEND A NOTICE FOR BOARD MEETINGS
2. PREPARATION OF AGENDA
3. WRITING MINUTES OF THE MEETINGS



### III.FINANCIAL MANAGEMENT

1. DIFFERENCE BETWEEN COMMERCIAL AND  
FUND ACCOUNTING SYSTEMS

2. NOTIONAL EXPENDITURES IN DEVELOPMENT PROJECTS

### IV. CSR

1. FOREIGN & INDIAN COMPANIES SUBJECT TO FCRA UNDER CSR

2. TAX IMPACT UNDER VARIOUS TYPES OF CSR ACTIVITIES

#### b. E-communiqué - Standards & Norms

<b>1</b>	Legal Series	Volume 11, Issue 1	April	Landmark Ruling By Supreme Court Regarding Set Off Of Past Deficit
<b>2</b>	Legal Series	Volume 11, Issue 2	May	Review Petition Under FCRA Against Non Renewal Or Cancellation
<b>3</b>	Legal Series	Volume 11, Issue 3	June	FCRA Notification on Prosecution & Compounding Of Offence
<b>4</b>	Legal Series	Volume 11, Issue 4	July	Consolidation of Accounts In A Section 8 Holding Company
<b>5</b>	Legal Series	Volume 11, Issue 5	August	Taxation of Immovable Property Received As Donation
<b>6</b>	Legal Series	Volume 11, Issue 6	September	Supreme Court Ruling on Treatment Of Interest On Corpus Fund
<b>7</b>	Legal Series	Volume 11, Issue 7	October	Branch Office And Liaison Office Now Under FCRA
<b>8</b>	Legal Series	Volume 11, Issue 8	November	Recent Circular on Custody Of FC Assets By Central Government
<b>9</b>	Legal Series	Volume 11, Issue 9	December	Belated Submission of Audit Report In Form 10b along with It Return
<b>10</b>	Legal Series	Volume 11, Issue 10	January	Major Changes in FC(R) Amendment Rules, 2019
<b>11</b>	Legal Series	Volume 11, Issue 11	February	Delayed Filing Of Form 9a & 10 For Accumulation Under Income Tax
<b>12</b>	Legal Series	Volume 11, Issue 12	March	Types of Registration/Approval For NGOs Under Income Tax
<b>13</b>	Legal Series	Volume 12, Issue 1	April	CBDT Clarification On Penalties For Delayed Filing Of Return In ITR - 7

## IV. NETWORKS

NGO ACCOUNTANTS NETWORK (NAN) is a capacity building initiative of FMSF. This network was formed by FMSF with the objective of building a pool of expertise, creating mutual learning platform, and to capacitate the NGO Accountants on new tools and concepts for Financial Management. Accountants who are working with the NGOs are part of this network and are invited as and when this is organised. FMSF acts as a facilitator and resource organisation to the network.

In the midst of the changing regulations, it is imperative for the organisations to be oriented on the new compliance requirements. Furthermore, preparedness of the organisation to deal with increasing requirement also demands strengthening of its capacities. At the same time mutual learning and sharing of experience amongst NGO finance personnel also contributes towards organisational preparedness. During this period, a NAN (NGO Accountants Network) convention was organised in India where several organizations participated.



# OTHER INITIATIVES

## INDIADONATES- A

‘Not-for-Profit’ online fundraising platform.



Indiadonates is an initiative of Financial Management Service Foundation (FMSF) for creating sustainable programs through viable fund mobilisation mechanism. It is legally held by DevPro Trust which is part of the FMSF family and is driven by the same core values. Indiadonates is a 'not-for-profit' web based platform providing intelligent solutions for NGOs in India to raise funds for development programs. It seeks to bridge the gap between the donors and beneficiaries.

*For more details on Indiadonates visit us at - [www.Indiadonates.in](http://www.Indiadonates.in)*



### LAUNCH

**EVENT:** Indiadonates was launched on 12th April, 2019 in the presence of eminent Panellists, Corporate Heads, Ngo's, Philanthropists, and Civil Society Organisations. A number of 100 people attended the launch followed by Panel discussion on – "Complimenting role of CSR & Civil Society in Social Transformation".

### INDIADONATES

*LAUNCH, 12TH APRIL 2019, INDIA HABITAT CENTRE, NEW DELHI*

## CREATING SCALABLE & REPLICABLE MODELS OF ACCOUNTABILITY IN NGO'S- PHASE II 2018-2019

Voluntary Organisations exist in and operate within a complex and dynamic web of social, economic, cultural and political surrounding. Primarily, voluntary organizations aspire to improve the lives of the poor and their focus remains on programme delivery. Secondly, since the incorporation laws for NPOs do not promote a structured evolution there is no external pressure to develop systems and processes. The major challenge for NGOs is the legal framework. The legal framework for NGOs is getting more and more complex by the day. Voluntary organisations have to be accountable to various stakeholders ranging from direct beneficiaries, government and donors (primary stakeholders) and other social organisations and society at large (secondary stakeholders). The challenge to demonstrate and enhance accountability is an ongoing requirement for an organisation. While looking at aspects about enhancing accountability, it is important to also look at the existing capacity of a voluntary organisation to support and face emerging new demands in the sector.

Given these circumstances, the logical response was to build capacity and establish scalable models of good governance and financial accountability for selected non-profit organisations in India. Therefore, a grant from Oracle funded the institutional capacity building of 30 non-profits in five states. This capacity building programme focused in the areas of financial management, governance, legal compliance, control systems, and operational excellence.

*During the period April – March 2019, the following activities have been taken :*

- 1. Need Assessment*
- 2. Strategic Management Workshop*
- 3. Mentoring & Guidance Support-I*
- 4. Operational Management Workshop*
- 5. Mentoring & Guidance Support-II*
- 6. Impact Assessment*
- 7. Accreditation & Certification*

The organisational capacity enhancement programme focused on building capacities of 30 organisations in five states i.e. West Bengal, Jharkhand, Odisha, Chhattisgarh & Bihar. Initial registrations for about 80 organisations were received, out of which 30 organisations were shortlisted based on fulfilment of basic requirement of documents and selection criteria. These 30 organisations successfully completed the need assessment process and out of these only 27 organisations attended strategic management workshop i.e. the first two-step of the process. In order to reach the goal of 30 organisations, we once again made announcement for the program and enrolled 3 more organisations.

The need assessment was done for these 3 organisations and later given training on “Strategic Management” during the two day “Mentoring & Guiding Support” process. In total, 30 organizations were enrolled for the program.

*Strategic Management Workshop :*

FMSF conducted a two day Strategic Management Workshop for its partner organisations in NOIDA under “Organisational Capacity Enhancement Programme”(OCEP) 2018-19 supported by Oracle INDIA. The two day workshop was held on 24th & 25th July 2018 at Kolkata. Forty-nine participants from 27 organisations of five states namely West Bengal, Jharkhand, Bihar, Odisha & Chhattisgarh participated.

*Operational Management Workshop :*








A two day Operational Management Workshop was organised for the partner organisations in NOIDA under “Organisational Capacity Enhancement Programme”(OCEP) 2018-19 supported by Oracle INDIA. The two day workshop was held on 15th & 16th November 2018 at Kolkata. Fifty participants from 30 organisations of five states participated. At the end of one year capacity building process only 28 organisations qualified for accreditation based on the due diligence process conducted. One organisation accredited under Platinum category, sixteen under Gold category and eleven under Silver category. All these organisations were issued certificates. The impact has been covered in print & electronic media i.e. Facebook live video has been actively uploaded and shared. Mass- mailers has been circulated to various groups and in networks of the partners located in the four states.



## FMSF TEAM

		
<b>Dr. Sanjay Patra</b> Executive Director	<b>Mr. Sandeep Sharma</b> Director Programs	<b>Ms. Anuradha Singh</b> Director Finance & Administration
		
<b>Mr. Lalatendu Samanta</b> Singhar Finance Manager	<b>Ms. Renu Arora</b> Sr. IT & Admin Officer	<b>Ms. Sapna Singh</b> Manager – Grant Management
		
<b>Mr. Abhishek Dutta</b> Sr. Grant Management Officer	<b>Mr. Benz Chell</b> Sr. Grant Management Officer	<b>Mr. Lijomon Joy</b> Grant Management Officer
		
<b>Mr. Sheetal Salila Jachuck</b> Grant Management Officer	<b>Mr. Mohini Chaudhary</b> Grant Management Officer	<b>Mr. Vikas Negi</b> Grant Management Officer

## FMSF TEAM

		
<b>Ms. Akrita Bharos</b> Capacity Building Coordinator	<b>Ms. Akanksha Gupta</b> Grant Management Officer	<b>Ms. Meenu Sharma</b> Fundraising Coordinator
		
<b>Mr. Rajman Yadav</b> Driver	<b>Mr. Ram Bahadur</b> Caretaker	<b>Mr. Dharmendra Singh Rawat</b> Driver
		
<b>Mr. Anil Sharma</b> Caretaker		



# OUR GOVERNANCE

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Good governance is the cornerstone for effective functioning of the organisation. In FMSF, governance aims to achieve high level of accountability, efficiency, responsibility and justice in all area of operation. The mission of FMSF is to 'Promote Accountability' which is practiced at all level of the organisation through robust governance mechanism and processes. There is a clear distinction between governance and management. While the Board of Trustees is responsible for the governance aspects, the Management team headed by Executive Director and comprising of Director of Programs and Director of Finance & Administration are responsible for the day to day management of the organisation.

## **MEETINGS**

### **I. BOARD MEETINGS**

The Board of Trustees meets at regular intervals to review the work and to make strategic decisions for the organisation. During this period, the 48th Board Meeting was held on 17th September, 2018 and 49th Board Meeting was held on 18th January, 2019.

### **II. ANNUAL & MID-TERM PLANNING MEETING**

The Annual Planning Meeting of FMSF is organised every year to evaluate/plan the year ahead with the progress of its operations and locate different areas of improvement. This year, the 19th Annual Planning Meeting was held at Mahabalipuram, Tamil Nadu from 15th to 17th January, 2019.

The objectives of the meeting were :

1. Building team spirit among the team members in order to achieve healthier team building approach and enhanced team spirit.
2. To understand the growth and position of the assignments taken up during the previous year.

The 36th Mid-term Planning of FMSF team was held from 31st July 2018 to 02nd August 2018 at Lemon Tree Hotel, Manesar. The main objective of this meeting was to think and dream about how each team member can contribute towards the objective of the organization.



## *Together We Matter*







## **FINANCIAL MANAGEMENT SERVICE FOUNDATION**

ACCOUNTABILITY HOUSE

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Tel: 00-91-120-4773200

Email: [fmsf@fmsfindia.org](mailto:fmsf@fmsfindia.org)

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