

*Building Capacities
For Social Change*



**FINANCIAL MANAGEMENT SERVICE FOUNDATION
ANNUAL REPORT 2019-2020**





MESSAGE FROM EXECUTIVE DIRECTOR

The year 2019-20 has been a significant year in the journey of FMSF. FMSF is 25!!! It has been a memorable journey so far with a number of achievements to our credit. The motto "Towards promoting Accountability" has been our driving force and "Together we matter" has been the key to our success. FMSF in its journey of 25 years has been an inclusive organization and has taken all stakeholders together in its stride.



One of the memorable events during the year was a celebration of the 25 years journey of FMSF where we could spend time with our stakeholders on changing landscapes in development space in India and a possible response.

FMSF is, and always has been an accountable and value based organisation, promoting accountability and transparency for development effectiveness. Our focus as always being in the areas of training, capacity building and dissemination of knowledge. There have been a lot of activities around the focus area during the year the details of which is provided in this report.

We have completed a milestone journey of 25 years and looking forward for many more years of effective engagement in the voluntary sector. Miles to go.....



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.



Board of Trustees

Ms. Rosemary Viswanath

Mr. C.B. Samuel

Professor Vidya Rao

Dr. Roger Gaikwad

Mr. Virginius Xaxa

Statutory Auditors

For Period 2019-20 :

M/s Ragunath Nath Rai & Co.

Chartered Accountants

New Delhi- 110 014

Bankers

Bank of Baroda, New Delhi

HDFC Bank Ltd, Noida Uttar Pradesh



IT TAKES RIGROUS
COMITMENT TO HAVE A

VISION

FOR THE FUTURE

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

MISSION

"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 & Dissemination of Information"*



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FINANCIAL OVERVIEW 2019-2020

The year that was:

The total receipt of funds by the FMSF during the year was INR 40,533,898.00. The disbursements of funds were made as per the budgeted commitments. The detailed quarterly receipts of funds are as follows:

Quarter I April'19- June '19

Type of Grant	Donor Agency	Amount(INR)
Education	Bread for the world	9,355,620.00
Education	Bread for the world	3,117,308.00
Total		12,472,928.00

Quarter II July'19 September'19

Type of Grant	Donor Agency	Amount(INR)
Education	Bread for the world	6,112,212.00
Education	Bread for the world	7,866,710.00
Education	Bread for the world	2,995,260.00
Total		16,974,182.00

Quarter III October'19- December '19

Type of Grant	Donor Agency	Amount(INR)
Education	Bread for the world	4,737,154.00
Education	Bread for the world	6,349,634.00
Total		11,086,788.00



OVERVIEW OF OUR PROGRAMS

FMSF caters to the society in many ways but majorly there are two programs that it undertakes on large scale: Financial Monitoring & Capacity Building of the Partner NGOs. The objectives of FMSF's programs 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.



FINANCIAL ACCOMPANYING SUPPORT



OUT REACH



India, Nepal, Bangladesh,
Sri Lanka



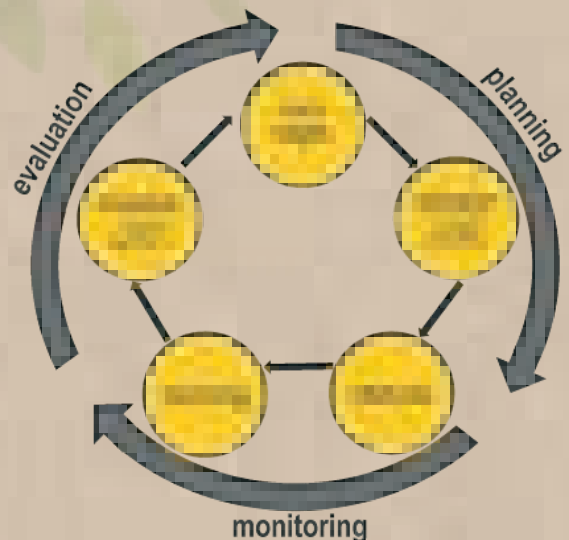
116 Partner Organisations



FINANCIAL MONITORING

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.

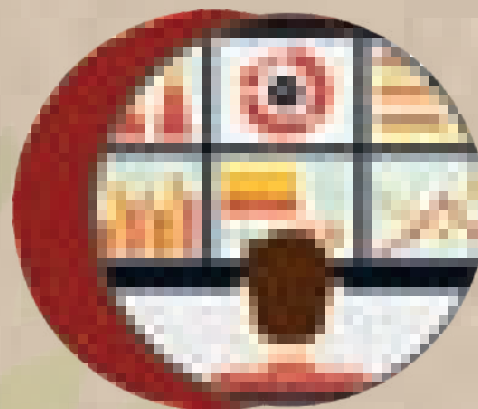




FINANCIAL MONITORING

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 2019-2020

Activities	Numbers
Organisational Profile and Budget Analysis	19
Pre-funding assessments	09
Financial statements processed	251
Narrative reports processed	227
PME	249
Partner visit	103
Six monthly Feedback letters	170
Mid Term Assessments	44
Final File Review	63
Organization Evaluation	03
Evidence of Final utilization	57

HIGHLIGHTS OF ACTIVITIES 2019-2020

Activities	Numbers
Cashflow Disbursements	Euros 14.718.522,20 (103,29%)
Monitoring of Projects	159
Policies developed by partners Conflict of interest	95
Financial Manual	108
Risk Management Framework/ Internal Control Framework Developed by the partners	87
FMSF Evaluation has been conducted successfully.	
FMSF Renovation	
Launch of 3 new publication	
25 years of FMSF	



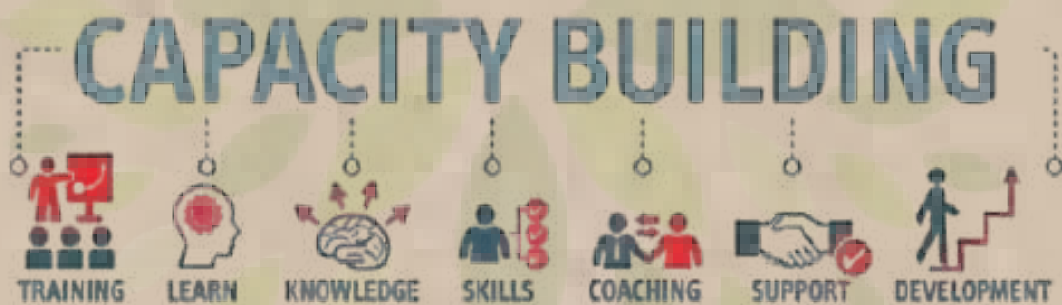
CAPACITY BUILDING





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:

- Training & Workshops
- Information Dissemination
- Research and Publication
- Networking



TRAINING & 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.

FMSF has identified following below mentioned areas of training in past year

- Project Financial Management
- Governance & Compliance
- Risk Management Internal Controls Procedures
- BftW Reporting Requirements
- Legal Issues



ACHIEVEMENTS IN CAPACITY BUILDING 2019-2020

Topics Addressed	No. of other organizations participated	Date of Workshop	Place of Workshop
Workshop on Governance & Compliance Standards	8	19th & 20th March 2019	Dubai
Basic Project Financial Management	11	16th & 17th April 2019	Hyderabad, India
BftW Auditors Meet	22	9th & 10th April 2019	New Delhi, India
Workshop on Risk Management	10	9th & 10th May 2019	Kathmandu, Nepal
Workshop on Project Financial Management – Basic Level	14	29th & 30th July 2019	Bangladesh
Workshop on Project Financial Management – Desirable Level	13	31st July & 1st August 2019	Bangladesh
Workshop on Risk Management	13	4th & 5th September 2019	Hyderabad, India
Workshop on Internal Controls	13	17th & 18th October 2019	Hyderabad, India
Workshop on Internal Controls	9	31st October & 1st November 2019	Colombo, Sri Lanka
National Consultation on Governance, Compliance & Resources	77	25th & 26th November, 2019	New Delhi, India
Webinar on Implications of Budget 2020		10 th February, 2020	Over Zoom



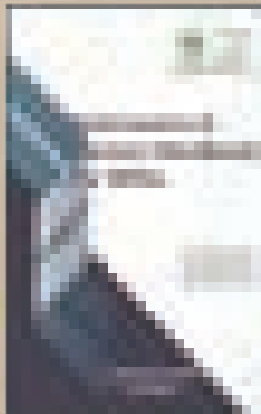
FMSF engages in disseminating relevant and useful information in the voluntary sector. Thus, research is an integral part of FMSF's daily activities. The research work at FMSF is primarily oriented towards developing tools and concepts that would be helpful for the sector. Further, the research work also feeds into the capacity building initiatives of FMSF by developing resource materials and concept notes, e-communicate and Standard & Norms; based on financial management, legal compliances, governance, internal controls, social accountability, etc.

The following e-communicates and standard and norms were developed during the period:

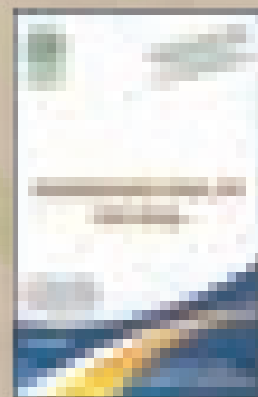
Volume and Issue	Month	Topic
Volume 11, Issue 13	April	CBDT clarification on penalties for delayed filing of return in ITR – 7
Volume 12, Issue 2	May	Unregistered NPOs are eligible for tax benefit available to an individual
Volume 12, Issue 3	June	New circular condoning belated submission of audit report in form 10B
Volume 12, Issue 4	July	FCRA - Legally inconsistent public notice on change in functionaries
Volume 12, Issue 5	August	Major amendments for NPOs in budget 2019
Volume 12, Issue 6	August	FCRA notice for condonation of delay in filing of return
Volume 12, Issue 6	September	Analysis of the changes in the new form FC-4 under FCRA
Volume 12, Issue 11	February 2020	Major changes for NGOs in Budget 2020
Volume 12, Issue 12	February 2020	Tax laws for NPOs – concerns And need for a relook
Volume 12, Issue 12A	March 2020	Myths and Mysteries of Draft CSR Rules 2020

THE BOOKS PUBLISHED BY FMSF DURING THE YEAR 2019-2020

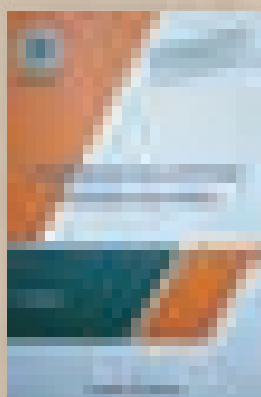
Governance & Finance Handbook for NPOs



Governance Toolkit for NPOs



Hand book on Control Systems for NPOs

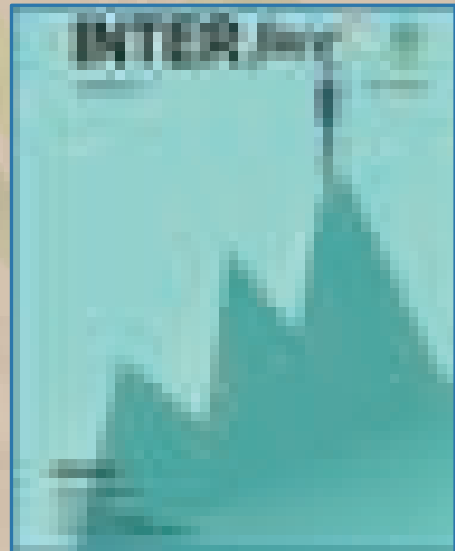




FMSF published a journal "INTERface" that covers legal, financial and governance related issues. A primary aspect of this magazine is to provide extensive and detailed information on voluntary sector laws. Thus, FMSF has been creating awareness amongst partner organizations on these latest developments in the voluntary sector. The issue of "INTERface" covered the following topics during the period:

I. LEGAL SECTION

- Analysis of the changes in the new Form FC - 4 Under FCRA 7
- FCRA notice for condonation of delay in filing of return
- Major amendments for NPOs in budget 2019
- FCRA - legally inconsistent public notice on change in functionaries
- New circular condoning belated submission of audit report in form 10b
- Unregistered NPOs are eligible for tax benefit available to an individual
- CBDT clarification on penalties for delayed filing of return in ITR - 7
- Types of registration/approval for NGOs under income tax
- Delayed filing of form 9A & 10 for accumulation under income tax
- Major changes in FC(R) amendment rules, 2019



II. GOVERNANCE

- Committees- An Introduction
- Executive Committee
- Audit Committee
- Finance Committees
- Human Resource Committee
- Programme Committee
- Policies- An Introduction
- Human Resource Policy
- Conflict of Interest Policy
- Finance Policy
- Gender Policy

III. FINANCIAL MANAGEMENT

- Control System in General
- Control System in reference to NGO
- Financial Statements and Reporting requirements of NGO
- Suggested Notes/Disclosures in Financial Statements and Audit Report

IV. CSR

- Accounting Treatment of CSR Expenditure as per ICAI 104
- Accounting Treatment of CSR Income as per ICAI 107
- Presentation & Disclosure in Financial Statements 109
- A Holistic and Sustainable Fundraising Platform (Indiadonates.in) for Funding NGOs



CREATING SCALABLE & REPLICABLE MODELS OF ACCOUNTABILITY IN NGO'S- PHASE III, 2019 - 20



OVERVIEW OF THE PROJECT

Creating Scalable & Replicable Models of Accountability in NGO's" Phase-III is the initiative of FMSF supported by Oracle Foundation. This program provides a unique opportunity for the NGO's in India to develop their Governance and Financial Management system. It is a one-year program, wherein every organization selected had to undergo two workshops focusing at "Strategic Management level" and "Operational Management level" in the areas of Governance, Financial Management and Legal Compliances.

This was followed by "Mentoring and Guiding Support", which span over a 6 months' period. At the end, those organizations, which successfully completed the program, were accredited by FMSF and Oracle India for a period of one year. During its third phase the organizational capacity enhancement program was focused on building capacities of 30 small and medium organizations in five states i.e. Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala

Out of 30, total 26 organizations took active participation in all the process. At the end of oneyear capacity building process only 15 organizations qualified for accreditation based on the due diligence process conducted by CPA Services. The accreditation is given on three categories of rating i.e.

- Silver- Basic standards
- Gold- Desirable Standards
- Platinum- Advanced Standards

Three organizations were accredited under platinum category, six under Gold category and six under Silver category. All these organizations were issued certificate with the seal of CPA Services, FMSF and Oracle.



FINANCIAL HIGHLIGHTS OF FMSF

Income				
For the year ended 31.03.2020		Particulars	For the year ended 31.03.2019	
Amount in ₹	%		Amount in ₹	%
		FCRA		
538,384	5.68	Rent	487,694	16.03
35,863	0.38	Interest	852,549	28.02
16,304	0.17	Interest on IT refund	21,106	0.69
153,500	1.62	Other Income	115,503	3.78
		Non- FCRA		
336,000	3.55	Rent	324,000	10.65
622,564	6.57	Interest	525,758	17.28
54,955	0.58	Interest on IT refund	24,260	0.80
8,450	0.09	Sale of Publications	1,300	0.046
5,000	0.052	Honorarium	76,200	2.50
-		Sale of Assets	3000	0.99
-		Other Receipts	3	-
7,707,582	81.32	Excess of expenditure over Income	610,948	20.08
9,477,602	100%		3,042,321	100%

Expenditure				
For the year ended 31.03.2020		Particulars	For the year ended 31.03.2019	
Amount in ₹	%		Amount in ₹	%
		FCRA		
2,372,728	25.03	Staff Cost	2,040,689	67.08
442,588	4.67	Expense for use of facilities	467,473	15.37
19,812	0.21	Expense on facilities provided	19,718	0.65
3,795,696	40.05	Revenue Expenditure	302,774	9.96
2,673,698	28.21	Capital Expenditure	88,577	2.91
		Non- FCRA		
85,452	0.90	Repair & maintenance- office building	-	-
28,928	0.31	Repair & maintenance- equipment	-	-
17,700	0.19	Subscription fee	17,700	0.58
35,000	0.37	Staff welfare	-	-
-		Bank Charges	-	-
-		Amount written of	105,390	-
6000		Capital expenditure	-	-
9,477,602	100%		3,042,321	100%

Application of Funds				
As on 31.03.2020		Particulars	As on 31.03.2019	
Amount in ₹	%		Amount in ₹	%
32,291,754	73.53 %	Fixed Assets	22,332,355	35.48%
8,553,582	19.48%	Investments	13,076,161	20.77%
3,068,485	6.99%	Current Assets	27, 538,590	43.75 %
43,913,821	100%		62,947,106	100%

Source of Funds				
As on 31.03.2020		Particulars	As on 31.03.2019	
Amount in ₹	%		Amount in ₹	%
246, 769	0.56%	Unlisted Grants	22,958,012	36.47%
13, 290	0.030%	Corpus Funds	12,841	0.020%
11,362,008	25.87%	General Funds	17,643,898	28.03%
32,291,754	73.53%	Asset Fund Account	22,332,355	35.48%
43,913,821	100%		62,947,106	100%



Good governance is the cornerstone for effective functioning of the organization. In FMSF, governance means 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 organization 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 Head of Desks are responsible for the day to day management of the organization.

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, 50th Board Meeting was held on 10th September 2019 and, 51st Board meeting was held on 16th January 2020.

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 20th Annual Planning Meeting was held at Goa from 13th to 17th January, 2020.



OUR TEAM

Management

Dr. Sanjay Patra, Executive Director

Mr. Sandeep Sharma, Director Programs

Ms. Anuradha Singh, Director Finance & Administration

Financial Monitoring Team

Ms. Sapna Singh, Manager Grant Management

Mr. Benz Chell, Senior Grant Management Officer

Mr. Abhisek Dutta, Senior Grant Management Officer

Mr. Lijomon Joy, Grant Management Officer

Ms. Sheetal Salila Jachuck, Grant Management Officer

Ms. Mohini Chaudhary, Grant Management Officer

Ms. Susmita Sarkar, Grant Management Officer

Ms. Bhanushree Goyal, Grant Management Officer

Capacity Building Team

Ms. Parul, Capacity Building Officer

Accounts Department

Mr. Lalatendu Samanta, Finance Manager

Admin Team

Ms. Renu Arora, Sr. IT & Admin Officer

Our Task Support Team

Mr. Ram Bahadur

Mr. Rajman Yadav

Mr. Anil Sharma

Mr. D.S. Rawat

















FINANCIAL MANAGEMENT SERVICE FOUNDATION

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