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fmsf

FMSF- A Snap Shot

“Promoting Accountability” has been the underlying guiding principle of all the activities of FMSF. This year, we complete 15 years of our existence and I would like to take the opportunity to extend my gratitude to EED, Germany for their unconditional support and encouragement. A special note of thanks to our Board of Trustees for their guidance. Last but not the least, we would like to thank all our partners & associates who have constantly helped us in all our endeavors.

The year gone by has been very enriching for us. The Social Accountability Standards developed previously were further fine-tuned & revised during the year. One of the remarkable events of the year was the CSO Partners Annual Reports Awards.

The **“CSO Partners’ Outstanding Annual Report Awards”** was a joint initiative of Financial Management Service Foundation (FMSF), Murray Culshaw Consultancy (MCC) & Credibility Alliance (CA). This is an effort to promote Transparency and Accountability within the Development Sector and raise the standards of reporting as well as preparation and presentation of Annual Reports and Financial Statements. The

award provided us with a platform where we could identify & showcase certain good practices. The overwhelming response received from the organizations across the voluntary sector was extremely encouraging.

We are glad to inform you that **FMSF** received the ICAI award for excellence in Financial Reporting for the most “commendable entry” for the Financial Year 2007-2008 in the category of Not-for-profit Organizations.

Yet another important event was the involvement of FMSF in the implementation of the second phase of the Poorest Areas Civil Societies (PACS) supported by DFID, U.K. FMSF is a part of the IFIRST Consortium and is given the responsibility of establishing the Financial Management System of this programme ACS 2 as well as the required capacity building to ensure that accountability and transparency values are upheld during the implementation process. The programme is expected to commence during the second half of the year 2009.

With this we would like to present the Annual report for the year 2008-09 & once again thank all our partners in making our journey a memorable one.

Sanjay Patra
Executive Director

Program

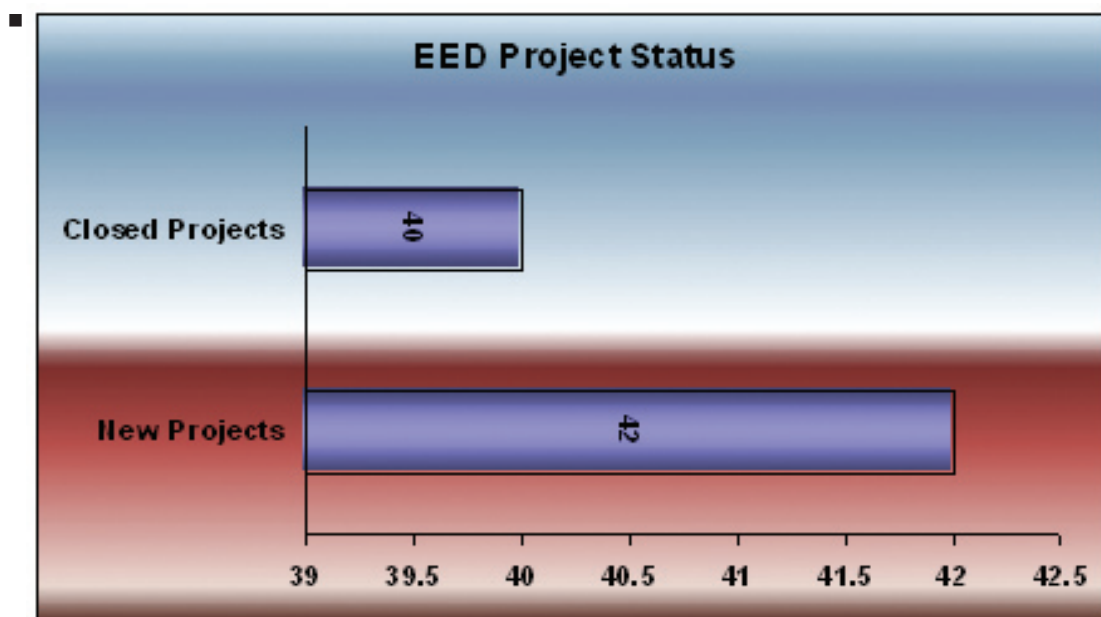
1. Financial Monitoring of Development Projects

One of the key activities of FMSF since its inception has been the Financial Monitoring of Development Projects. The whole idea of financial monitoring at FMSF is to facilitate smooth transfer of funds from donor agencies to the implementing organizations for effective implementation of programs.

The process of financial monitoring involves;

- Close interaction with partner organizations through periodical visits to field areas and regular contacts.
- Ensuring regular submission of financial and progress reports.





Progress Reports and monitoring of the progress of the project.

- Facilitating timely and regular transfer of funds to the projects.
- And developing systems/ procedures to ensure timely closure of projects.

In the above process, various effective monitoring tools have been developed by FMSF.

The partner network of FMSF spreads across South Asia and covers countries like India, Nepal, Bangladesh, Srilanka and Pakistan. The total number of EED supported projects monitored by FMSF during the period is 153.

During the reporting period, FMSF received 139 Financial Reports & 128 Progress Reports. Many new projects were taken up & many projects were closed as well. In the year 2007-08, 42 new EED projects were taken up and 40 projects were closed.

Regular partner visits were undertaken

by FMSF staff to get a deeper understanding of the ground realities.

During this period, FMSF has developed closer interactions with EED program staff and finance staff which has helped in further improving the monitoring systems. FMSF has also identified certain key & crucial

issues that emerged out of monitoring & evaluations of partner organizations which were further taken up for discussion with EED.

Apart from EED Projects, FMSF also monitors 24 projects of Bread for the World (BftW), Germany.

2. Capacity Building, Learning Systems & Networks

Capacity building is one of the core competencies of FMSF. Over the past 15 years, the capacity building initiative has undergone changes. The capacity building initiative, initially was more focused on providing training on EED requirements to the partner network and eventually shifted to the broader areas of financial management, governance, legal aspects and social accountability

issues. The shift has been from an **‘awareness raising’** mode to **‘specific tools’** followed by **‘good practices’**.

2.1. Workshops: During the reporting period, FMSF facilitated 4 workshops for EED Partner organizations. Apart from these, FMSF also facilitated five workshops for other voluntary organizations. The following workshops were facilitated by FMSF during the year.



Workshop for EED Partners		
Workshop for Executive Committee Members of MCCSS	21 st to 23 rd April 2008	Andaman
Workshop on Planning, Monitoring & Evaluation for Agrindus	12 th to 14 th May 2008	Sonbhadra
Workshop on Financial Management for CSD	9 th to 10 th September 2008	Guwhati
Workshop on Social Audit for ODAF	4 th to 5 th November 2008	Orissa
Workshops for Other Organizations		
Workshop on Financial Management & Budgeting for partner organizations of Vishwa Yuva Kendra	14 th July 2008	New Delhi
Workshop on Financial Management & Reporting Requirements for partner organizations of Dan church Aid	27 th to 28 th August 2008	NOIDA
Workshop for Auditors of Caritas India	17 th September 2008	Chennai

2.2. Learning Systems: FMSF also imparts training through long distance mode. In partnership with the Tata Institute of Social Sciences, one of the premiere social work institutes in the country, FMSF launched an online training program on the financial management of not-for-profit organizations. The Diploma in Financial Management & Accountability (DFMA) is a one year long-distance education program on financial management of not-for-profit organizations. It caters to the unmet demand of sustained financial management trainings for the Voluntary Sector. The course is a blend of the online

& long distance mode. The first batch of the DFMA program commenced from the 1st of August 2008. The first semester examination for the first batch was held in the month of January 2009. The various modules that are addressed in the program are Legal Framework, Book Keeping & Accounting, Budgeting & Monitoring, Project Fund Accounting, Control Systems, Audit & Governance. The panel of faculty consists of various eminent persons from the field of academics as well as the development sector, which includes the following members:

Prof. Dr. Vidya Rao, Mr. Manoj fogla, Ms. Rozmin Ajani, Mr. Joselyn

Martins, Mr. Sanjay Patra & Mr. Suresh Kejriwal.

For the second batch, FMSF has received 128 online registrations. The process of online screening of

2.3. Networks: FMSF primarily facilitates two networks Forum for Ethics Accountability & Transparency (FEAT) & NGO Accountants Network (NAN).



the applications is now going on. The second batch is scheduled to commence from July 2009.

2.3.1. Forum for Ethics Accountability & Transparency (FEAT): FEAT is a network of finance consultants engaged in the voluntary sector in providing necessary

consultancies in the area of financial management and legal compliances. The membership of FEAT has remained the same as in the previous year. The services of FEAT members are used from time to time in financial evaluation of NGOs & other advocacy initiatives.

Some of the FEAT members are also involved in the DFMA (Diploma in Financial Management & Accountability) Program as faculty. Many of them also act as

accompaniers and consultants to various partners that FMSF works with. During the reporting period, the fourth confluence of FEAT was held in Chandigarh on 6th & 7th March 2009. The two day confluence was organized with an objective to focus on "Accounting & Audit of NPOs: Ethical Practices". About 45 members had participated in the confluence. Dr. Avinash Chander, Technical Director, Institute of Chartered Accountants of India, delivered the Keynote Address. The theme of the



confluence was discussed in 4 Technical Sessions:

- Challenges & Good Practices in Accounting of NPOs;
- Legal Challenges in NPO Sector;
- Evolution of Accounting Standards of NGOs in Philippines &
- Social Accountability standards & Social Audit of NPOs.

The open house discussion at the end of the above technical sessions brought out the “Chandigarh Declaration”.

The Confluence also had the participation of Ms. AnneBohrer from Asia/Pacific Desk of EED and Dr. John Mwangi, consultant from Nairobi.

2.3.2. NGO Accountants Network

(NAN): NAN is a forum of accountants initiated to sensitize the NGO accountants regarding financial

“Chandigarh Declaration”

- *To focus on the need to improve accounting, reporting, meet with statute requirements, auditing procedures and systems while at the same time there is a need to advocate and lobby on some statutes to synchronize with ground realities.*
- *To focus on the need to evolve systems and a framework that is derived from our principles, moving away from just compliance be it statute or donor.*
- *To ensure that these frameworks conform to the principles of social justice, equal partnership and empower the communities to promote and invoke accountability.*
- *To address ethical issues in a positive manner and look at various support systems such as (maybe) setting up a panel of auditors etc to support/promote better practices.*
- *Work towards developing systems and frameworks to meet principles that will help to meet the stakeholders requirements and ensure accountable practices.*
- *To further work towards the various options/methods such as the audit which need not be only finance focused but also advice/support to develop better systems, governance, management etc. Overarching we pledge to facilitate a change process from within the NGDO sector taking the felt needs of the sector to make it happen.”*

management & other relevant issues at grass root level. The Second National Convention of NAN was organized by FMSF on 16th & 17th of February 2009 at Don Bosco, New Delhi. The convention was attended by 80 representatives from 52 voluntary organizations with a fairly good representation from various regions in India. The convention focused around the day to day good financial management, legal & governance issues. Special focus was given to the amendment made in the *“definition of charitable purpose”* in the Finance Act 2008.

The issues were discussed in 4 technical sessions and facilitated by resource persons comprising of Mr. Sanjay Patra, Mr. Manoj Fogla, Mr. V. Rethinam & Mr. K.N.Gupta.

During the concluding sessions, the participants came up with the recommendation of initiating Regional Chapters for the NAN so as to cater to the specific regional needs and queries of the accountants. The participants also requested to enhance the duration of such conventions.

3. Research, Publications & Information Dissemination

3.1. Research : FMSF since its inception has firmly believed in the importance of accountability as the basic principle of responsible practice for any institution, be it a public organization, a private enterprise or an NGO. *One of the key challenges faced by the not-for-profit sector is the lack of standardization* .

Recognizing the challenge, FMSF has worked in the area of developing basic standards for the voluntary sector. In the area of research, FMSF had already brought out Social Accountability Standards for Voluntary organizations and published it in the year 2007.

During the year, efforts were made to further fine tune the existing standards. Realizing the various initiatives being taken up in the sector by other organizations like the Credibility Alliance, FMSF considers it important to bring

together the various thought processes so as to develop comprehensive & relevant standards for the voluntary sector. A brainstorming session was organized on the 5th of June 2008 at FMSF in which representatives from key organizations such as Credibility Alliance, VANI, Christian Aid, PRIA, CSO Partners & MCC had participated. A task group was formed to take forward the initiative. Mr. Manoj Fogla was assigned the responsibility to develop the draft of the revised standards.

The work on basic framework of standards was complete by December 2008 and was shared with all the members who had participated in the previous meetings. To discuss the Draft Standards, and the Way Forward, FMSF convened a meeting of the following members on 31.01.2009 to brainstorm on the same, obtain feed-

back from the members and develop a common understanding.

The members present for this meeting included:

society for their inputs and suggestions. Based on the inputs and suggestions the standards were further revised and have been compiled.

1. Mr. Jagadananda, *State Information Commissioner, Orissa*
2. Mr. Vijay Nadkarni, *Credibility Alliance*
3. Mr. Srivastava, *Credibility Alliance*
4. Mr. Joselyn Martins, *Chartered Accountant*
5. Mr. Hemant Kumar, *CSO Partners*
6. Mr. Soumitra Ghosh, *CSO Partners*
7. Mr. Pooran Pandey, *Times Foundation*
8. Mr. Suresh Kejriwal, *Chartered Accountant*
9. Ms. Rozmin Ajani, *Chartered Accountant*
10. Prof. Vidya Rao, *TISS, Mumbai*
11. Mr. Manoj Fogla, *Chartered Accountant*
12. Mr. Sanjay Patra, *FMSF*
13. Ms. S.P.Selvi, *FMSF*
14. Ms. Swati Kundra, *FMSF*
15. Ms. Anuradha Singh, *FMSF*
16. Mr. Ravi Kharka, *FMSF*
17. Ms. Madhuchhanda Mishra, *FMSF*

This draft Standard thus compiled by Mr. Manoj Fogla was distributed to cross-section of the civil

Further to the revised Social Accountability Standards, a concept note on “*Gender Budgeting: a step*

towards mainstreaming gender equality" was developed during the period.

Social Audit Training in ODAF: One of the pioneering efforts of FMSF in the field of Research was to develop a methodology of Social Audit. The aim of developing the methodology was to provide a step by step guide to NGOs in conducting a social audit which will enable them to enhance their accountability to stakeholders. During the past year, FMSF conducted the training on Social Audit for its partner organization Orissa

Development Action Forum (ODAF) in Orissa on 4th & 5th November, 2008. The workshop was attended by about 30 members of the network. The two day workshop process included an overview of the concept of Accountability in the context of Voluntary Sector and the linkage between Social Audit and Social Accountability of an organization. Following this, a brief input session on Social Book-keeping and accounting was provided as this is very crucial in the process of implementing the Social Audit concept.

Apart from the above mentioned, FMSF

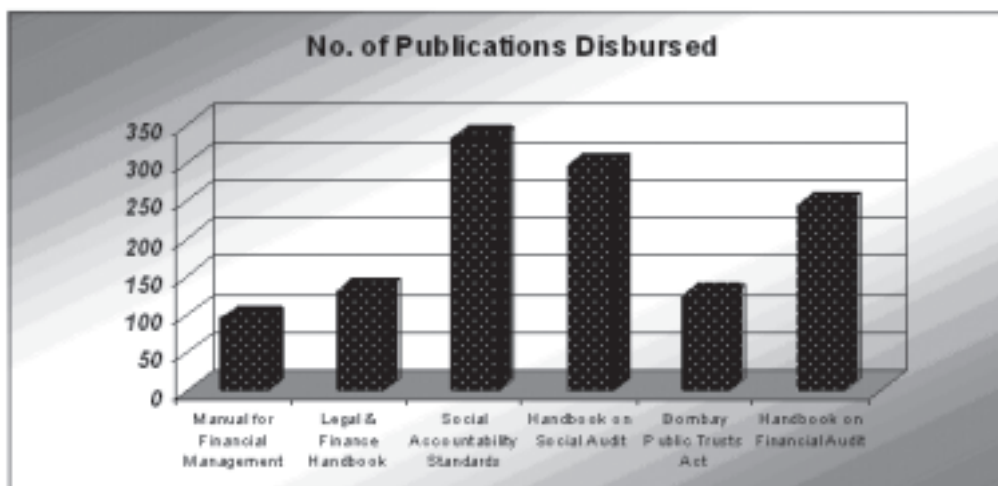


also receives a number of queries on various aspects of Income Tax, Registration, FCRA from a number of voluntary organizations. All the relevant queries are replied to by our research team.

3.2. Publications: FMSF till now has published six books namely:

- Manual of Financial Management & Legal Regulations
- Legal & Finance Handbook for
- Handbook on Bombay Public Trusts Act
- Handbook on Financial Audit & Reporting in NGOs

The above given graphs shows the disbursement of FMSF publications during the reporting period. This includes both through sale as well complimentary distribution. In the year , 2008-09, 331 copies of Social Accountability Standards & 296 copies of Handbook on Social Audit



- voluntary organizations
- Social Accountability Standards for Voluntary Organizations
- Handbook on Social Audit in NGOs

in NGOs were disbursed. 245 copies of Handbook on Financial Audit & Reporting were sold. 132 copies of Legal & Finance Handbook, 124 copies of Handbook on

Bombay Public Trust Act & 95 copies of Manual of Financial Management were disbursed. 3.3. **INTERface:** FMSF also publishes a journal that covers legal, financial & governance related issues pertaining to the Voluntary Sector. During the last year INTERface was made a six monthly journal from a quarterly one. During the reporting period, 2 issues of INTERface were published.

The topics covered in the issues published during the period are as follows:

- Governance
- Governance Controls
- Evaluation as an Empowering process
- Internal Control Procedures
- Charities need charitable amendment
- FCRA
- Creation of Specific funds & their investment in voluntary organizations in

India

- Promoting & Deepening Accountability of Governance for Substantive Democracy
- Charities under the dock
- Financial management - Practical issues and Challenges *for a Voluntary Organization*
- Satyam Fallout & Implications on Governance

3.4. Standards & NORMS: During the year 2008-09, FMSF started publishing a new E-communiqué “**Standards & NORMS**”. As on March 2009, eight issues of Standards & NORMS were published. The topics addressed in the published issues are:

- Impact of Finance Act 2008 on Business activities of NGOs
- International activities of NGO outside India
- International activities of NGOs inside India

- Donor agencies working inside India
- Mini Handbook on FCRA: Issues & controversies
- Impact of Finance Act 2008 on Business activities of NGOs (revised edition)
- Inter-Charity donations
- Accounting & Legal Treatment of Project Grants

It is widely circulated amongst the partner constituency of FMSF and has received good response.

3.5. Websites: FMSF is engaged in disseminating relevant and useful information in the voluntary sector

through its various websites. It has five highly informative websites. Apart from the organizational website (www.fmsfindia.org) there are four other specialized sites.

They provide information on various issues like

- **legal**
www.legalissuesforngos.org,
- **income tax**
www.incometaxforngos.org
- **FCRA**
www.fcraforngos.org
- **Social Accountability**
www.socialaccountability.net

4. Other Areas of Involvement

4.1. External Consultancy: The following external assignments were conducted by FMSF during the reporting period.

4.2. CSOP Awards: The CSO Partners' Outstanding Annual Report Award is an endeavor in creating benchmarks in the realm of NGO reporting and is the first and only Annual Report

Name of the Organization	Assignment	Place
Baptist World Aid Australia (BWAA)	Financial Accompaniment of Baptist Aid-BBCF Dhaka	Bangladesh
Christian Aid	Financial Review of Environics Trust	New Delhi
Christian Conference of Asia	Financial Review	Chiang-Mai
CANA	Developing of Financial Manual	New Delhi
Swiss Agency for Development Cooperation	Financial Review of its partner organization ICCOA	Bangalore
Caritas India	Financial Review of Tsunami Program	Southern India

Awards in the voluntary sector. It is an effort to build a movement for transparency to bring in accountability. The award was instituted by the **CSO Partners** jointly with **Financial Management Service Foundation, Murray Culshaw Consulting, & the Credibility Alliance**. Not-for-Profit Organizations across India were invited to participate in the process. The reports received were categorized into three different categories, '**Small**' (*Organizations with an annual income of less than Rs.50 lakhs*) '**Medium**' (*Organizations with an annual income*

range of between Rs.50 Lakh to Rs. 5 Crore) & '**Large**' (*Organizations with an annual income of more than Rs. 5 Crore*).

The annual reports were judged by an independent panel of evaluators who analyzed and scrutinized the reports thoroughly. The annual reports and audited financial statements of the organization were evaluated on three main aspects of 'financial reporting', 'transparency' 'reader friendliness & effective communication'. Relevant criteria for each aspect were developed for balanced assessment



of Annual Reports. Over 200 nominations were received. The short listed annual reports were then presented to a Panel of Jury who then judged the reports and selected the winners.

The entire process culminated in an “award ceremony” that was organized on the 27th of March, 2009 at the India Habitat Centre in New Delhi where all the participants were invited and winners were felicitated. Shree Wajahat Habibullah, Chief Information Commissioner, Government of India as the Chief Guest of the evening graced the occasion with his presence.

The overall response for the awards was extremely encouraging. The large number of reports received for the awards is *a recognition of the effort by the organizers to create a platform to identify and showcase the good practices existing in the voluntary sector.*

4.3. Poorest Areas Civil Society

(PACS): The implementation of the second phase of the Poorest Areas Civil Societies (PACS) supported by DFID, U.K. was awarded to Christian Aid led consortium, IFIRST. At the time of proposal submission FMSF was invited by Christian Aid to be part of this consortium. FMSF is given the responsibility of establishing the Financial Management System of this programme PACS 2 and also the required capacity building to ensure that accountability and transparency values are upheld during the implementation process. The programme is expected to commence during the second half of the year 2009.

4.4. Program Centre: FMSF also runs a Program Centre in its office premises. It is an initiative to provide support to various development organizations and like-minded agencies in conducting workshops and organizing training programs. It also offers

accommodation facilities at reasonable contribution. Various NGOs and development organizations during the year have sought the services of FMSF program centre.

- Habitat for Humanity International
- Rotary Club of NOIDA
- CNI-SBSS
- Evangelical Fellowship of India
- Tata Institute of Social Sciences
- DanChurch Aid
- Yogi Institute of Holistic Management

- Delhi Bible Fellowship
- SPAR - FCFC
- EED

4.5. ICAI Award for Excellence in Financial Reporting: With a view to promote better standards in the presentation of information in the financial reports, the Institute of Chartered Accountants of India has been holding an annual competition for the **ICAI Awards for Excellence in Financial Reporting**.

The awards are given for the various categories, Manufacturing and Trading enterprises, Banking and Financial Institutions, Service,



Insurance, Information Technology, Communication and Entertainment enterprises, Infrastructure & Construction Sectors and Others (Section 25 companies, Educational Institutions, NGOs, Charitable hospitals and other organizations).

FMSF received the award for the

most “commendable entry” for the Financial Year 2007-2008 in the category of Not-for-Profit Organizations. The award function was held in Mumbai on 25th January, 2009. Mr. Sanjay Patra, Executive Director, FMSF received the shield on behalf of Financial Management Service Foundation.

Governance

5. Board of Trustees

The Board leads the organization. It has the ultimate authority for directing the affairs of the organization and to ensure that the objective for which it has come is being achieved.

5.1. Composition: FMSF has a highly multi-skilled Board of Trustees. EED is always represented in the Board of Trustees.

a. Chairman - Bishop (Dr.) C.L. Furtado is a retired Bishop of Church of South India. He has rich experience of governance of faith based as well as secular Voluntary Organizations. He has an outstanding track record of management of various organizations.

b. Trustee Ms. Rosemary Viswanath is an Organizational Development expert having rich experience in the Voluntary Sector. She is a Post Graduate Diploma in Management from Indian Institute of Management,

Bangalore with dual specialization in Personnel Management & Organization Behavior and Habitat and Human Settlements. She heads an organization, "EQUATIONS" - a campaigning, advocacy and research organization working on the impacts of tourism. She has been involved in many study and evaluation processes that has contributed in strengthening organizational processes of NGOs and has wider knowledge of the grassroot realities of the development organizations.

c. Trustee - Dr. Cornelius S. Walter is the former Director (South Asia) of the Leprosy Mission, a charity based in U.K and operating in many parts of the world. He is experienced in governance of many hospitals and other community health organizations.

d. Trustee - Dr. (Ms) Nalini Abraham is presently working as advisor to Plan International in India. She

is a renowned consultant in community health and is into governance of many Voluntary Organizations in India.

e. Trustee - Mr. C.B. Samuel is an experienced resource person and is heading a network of voluntary organizations known as PRABHAHV. He has been involved in various mentoring and counseling processes in the Leadership Development in NGOs. He has also been involved in building capacities in the areas of programme and governance matters in the development organizations.

f. Trustee - Prof. (Dr.) Vidya Rao is from the academic background and is the professor of the Department of Social Welfare Administration at the Tata Institute of Social Sciences, (TISS) Mumbai. She has done her Master's in Social Work from University of Michigan, USA, & has done her Ph.D (Social Work) from Tata Institute of Social Sciences. She brings in

rich academic background and contributes in FMSF's capacity building initiatives to be more effective. She has also conducted various training programs on District Planning, Tribal Development and NGO Management

■ **Board Meetings:** The Board of Trustees meets once in six months to review the work of the organization and in making strategic decisions of the organization.

6. Audit

FMSF has a clear policy for audit. The Statutory Auditors are appointed in the Annual General Meeting of the Board of Trustees and their remuneration is fixed. The Audit Report along with the Management Report is received by the Board of Trustees. The Internal Audit is also carried out at regular intervals and the recommendations are followed by the strategic core team.

7. The Staff Team

The staff team consists of people from various backgrounds like chartered accountants, I.T professionals, rural management professionals etc. The staff team at FMSF is led by Mr. Sanjay Patra,

Executive Director. During the year, Ms. Pooja Bagga & Mr. Kshitij Thakur left the organization & Ms. Swati Kundra along with Mr. Ravi Kharka joined FMSF. The staff team of FMSF as on 31st March 2009 is give below:

- Aarti Sharma
- Amit Choudhry
- Anil Sharma
- Anuradha Singh
- Dharmendra Singh Rawat
- Esha Sharma
- Madhuchhanda Mishra
- Prashant Sahoo
- Rajman Yadav
- Ram Bahadur
- Ravi Kharka
- Renu Arora
- S.P.Selvi
- Sandeep Sharma
- Sanjay Patra
- Sapna Singh
- Sougat Sarkar
- Swati Kundra

8. Performance Appraisal

The Board evaluates the performance of the Executive Director once in three years. The process includes feed-backs from the Board Members, EED and certain staff members. The performance of the staff is also evaluated every year. For this purpose, a structured format is used. The appraisal is participatory in nature.

9. Legal & Donor Compliance

9. Legal & Donor Compliance - FMSF is a registered Charitable Trust. It is also registered under the Income Tax Act, 1961 and the Foreign Contribution (Regulation) Act, 1976. Filing of audited reports and returns are regularly made as required under the legal framework. Further, FMSF also complied with the reporting requirements of the resource sharing agencies like EED, BftW, and ICCO with whom it has participated during the year.

10. Addition to Fixed Assets

During the year, the fixed assets that were acquired basically included computers, furniture and other office equipments and vehicles worth Rs. 6,53,866/-.

11. Sustainability

The sources of resources continue to be derived out of services rendered against the major thrust areas. Some of the specific aspects that contribute in resource mobilization of FMSF are:

11.1. Financial Sustainability: The sources of resources continue to be derived out of services rendered against the major thrust areas. Some of the specific aspects that contribute in resource mobilization of FMSF are:

- **Working with other donors:** FMSF, primarily, receives support from EED for the financial monitoring of development projects supported by it. However, it is also working with other funding agencies such as Bread for the World (BftW), ICCO, Christian Aid, Tearfund, U.K., etc. This has enabled FMSF to receive support from these agencies for the services rendered to them.
- **Training fees from workshop:** FMSF receives contribution towards course fees from the

participants for the workshops and trainings organized by it.

- **Income from “Programme Centre”:** FMSF offers conference / meeting facilities as well as accommodation facilities in its Programme Centre at nominal contribution to like-minded organizations and agencies. Through this facility, FMSF raises income.

11.2 Programmatic sustainability -

FMSF believes that sustainability is not only linked with financial resources but it also includes organizational and programmatic sustainability. The recent initiative of DFMA would also provide programmatic sustainability. The follow-up of the recommendations of the FEAT (Forum for Ethics Accountability & Transparency) Confluence on aspects such as standardizing the Reporting Format for NGOs, Accrual Basis of Accounting for NGOs, and Specific Accounting Standards for NGOs etc. will contribute towards programme sustainability.

12. Conclusion

FMSF is stepping into its fifteenth year of operation. We take this opportunity to thank all those who partered with us & supported us in all our endeavours. A special note of gratitude to EED for their continuous support & encouragement.

The journey of fifteen years would not have been possible without their support. The team of FMSF has also

significantly contributed in all its initiatives. The Board of Trustees of FMSF has been very supportive and encouraging all through out.

With the vision of promoting greater accountability in the voluntary sector, we move into another year of partnerships & collaboration for promoting better development effectiveness.

KUMAR MITTAL & CO
CHARTERED ACCOUNTANTS

303-White House, 352, Sarf Nagar, East of Kailash, New Delhi – 110 065 Phone-Fax : 26236184-88, 26238188

**AUDITOR'S REPORT TO THE MEMBERS OF THE GOVERNING BODY OF
 FINANCIAL MANAGEMENT SERVICE FOUNDATION**

We have audited the attached Balance Sheet of FINANCIAL MANAGEMENT SERVICE FOUNDATION as at March 31, 2007 and also the Income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of FINANCIAL MANAGEMENT SERVICE FOUNDATION. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.

We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion proper books of account as required by law have been kept by FINANCIAL MANAGEMENT SERVICE FOUNDATION so far as it appears from our examination of these books;
3. The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of account;
4. The Balance Sheet, and Income and Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India;
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and Notes to Accounts (Schedule - XII) give the information required, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of Balance Sheet, of the state of affairs of the Trust as at March 31st, 2007 ; and
 - (b) in the case of the Income and Expenditure Account, of the excess of income over expenditure for the year ended on that date.

For KUMAR MITTAL & CO.
 Chartered Accountants


 (ANURAG KUMAR)
 Partner
 M. No. 90883

Date : 14.07.2007
 Place : New Delhi



