

## Training Module No. 5

### **1 Day Training Programme on VSS/EDC/SHG Accounting Procedure & Book Keeping**

**Date :** \_\_\_\_\_

**Venue:** \_\_\_\_\_

#### **Participants: 30 Persons**

- VSS/EDC President
- VSS/EDC Secretary
- Member Secretary and FG
- 2 other persons from VSS/EDC

#### **Objectives of the Training**

The objectives of the training are:

1. To familiarize the participants with the VSS/EDC Accounting Systems.
2. To help participants understand the basics of record keeping, fund accounting such as writing Minutes of the VSS/EDC meetings, preparation bills and vouchers,
3. To have hands on training/practice of filling up accounting formats and monitoring of budget vs. expenditure.

#### **Training Outcomes**

Participants develop an understanding on

1. Accounting Systems
2. The basics of record keeping, fund accounting such as writing Minutes of the VSS/EDC meetings, preparation bills and vouchers,
3. Filling up accounting formats and monitoring of budget vs. expenditure.

#### **Registration of Participants (30 Minutes Prior to the Start of First Session)**

**Pre-requisite for this Training:** The participants must have completed the module on community mobilization and Institution building.

#### **Instructional Requirements**

1. White board with marker
2. Over head projector/Laptop
3. Pointer (stick/ Laser)

#### **Materials and Aids Required**

1. Drawing sheet
2. Flip chart
3. Colour sketch pen (2-3 sets)
4. Markers

## Detailed Session Plan:

<b>SESSION -1 : INTRODUCTION</b>			
<b>Session Time/ Duration</b>	<b>Topics</b>	<b>Methodology</b>	<b>Materials Required</b>
90 min	Welcome, Self-Introduction, About AJY Need and Purpose of the Training on Accounting Procedure and Record Keeping. Need and Purpose of the Record Keeping at VSS/EDC level. Types of Records/Books to be maintained Nature of data and information (financial & Non-financial) to be kept in the records/books	Lecture Discussion	Handouts
<b>SESSION -2 : Banking Transaction and Non- Financial Records</b>			
90 min	<ul style="list-style-type: none"> <li>• Bank account opening.</li> <li>• Filling up pay-in slips, writing &amp; signing a cheque</li> <li>• How to read a Bank Pass Book(carry our small exercise for the above)</li> <li>• Minutes Book (Sabha Khata), Visitors Book etc</li> <li>• Understanding each in-flows and out-flows (expenditure), Bills, Vouchers and Money Receipt</li> <li>• Cash Book, Ledger Book</li> </ul>		
<b>SESSION - 3 : Fund Management and Role and Responsibilities</b>			
45min	<ul style="list-style-type: none"> <li>• What constitutes VSS/EDC Fund</li> <li>• Steps to be taken for prudent fund management</li> <li>• Responsibility &amp; Accountability</li> <li>• Role of President, Secretary, Treasurer and members in fund management.</li> </ul>	Lecture Discussion	Handouts
<b>SESSION - 3 : Revolving Fund and Loaning Process</b>			
45 min	<ul style="list-style-type: none"> <li>• What is Revolving Fund? If any</li> <li>• Revolving funds utilization</li> <li>• Good and bad practices-Dos and Don'ts</li> <li>• Practical exercises, in two separate groups and conducting a meeting and recording proceedings in a proper format.</li> </ul>	Lecture Discussion	Handouts
<b>SESSION - 4 : Concluding Session</b>			
45 min	<ul style="list-style-type: none"> <li>• Open Session</li> <li>• Evaluation &amp; Conclusion</li> </ul>	Discussion	Handout

### Session 1 : Introduction to AmaJangalaYojana

The AmaJangalaYojana scheme is based on the tradition of conserving forests through informal village level institutions in many forests fringe villages of the state. In the recent past for strengthening and supporting such community based initiatives, many significant efforts have been made by the State Forest Department, more particularly, through the Odisha Forestry Sector Development Project (OFSDP) Phase- I, which was funded by Japan International Co-operation Agency (JICA).The basic approach in this project was improving the forest cover along with generating alternate livelihood avocations to reduce pressure on forest. The experience gained under OFSDP reveals that with the support provided by the Government, in terms of finances and capacity upgradation, the outcome has further improved both in terms of conservation and management of the natural resources as well as benefitting the forest fringe communities' in income generation activities.

Out of about 12500 VSSs, that have been constituted in Odisha so far, 2426 have already been covered under the OFSDP Phase – I project (2006-07 to 2014-15) and forests conservation and management in these VSSs is now being practiced in the Joint Forest Management (JFM) mode i.e. with active participation of the village community. However, still there are more than 10,000 VSSs that need to be assigned the task of forest conservation and management in the JFM mode. Out of these about 3000 VSSs are proposed to be covered under the OFSDP Phase- II for which a proposal has been submitted to the Government of India for accord of approval.

The present AJY scheme is, therefore, proposed for implementation in 7,000 number of VSSs/ EDCs, located in 30 Territorial and Wildlife Divisions of the state of Odisha, which have not been covered under OFSDP Phase-I or which are not included in OFSDP Phase – II proposal. The proposal in principle aims at further strengthening of the participatory forest management in the state by bringing the informal village level institutions/ bodies involved in the protection and management of forest resources under the fold of AJY in addition to creation of new VSSs. *It is mandatory that any VSSs/ EDCs covered under AJY Scheme should agree to maintain the plantation areas and forests protected by them as per the Working Plan prepared or modified by the Forest and Environment Department.*

Considering the learning from the success of the Odisha Forestry Sector Development Project, under which adequate support was provided to the VSSs/ EDCs, the scheme titled AmaJangalaYojana (AJY) or the Community Forest Protection and Management Program (CFPMP) has been proposed by the forest & Environment Department. The objective of this scheme is to strengthen the VSSs/ EDCs in the State of Odisha, by providing financial, managerial

and facilitation support. The scheme will be implemented by the State Forest Department through Odisha Forestry Sector Development Society (OFSDS), in partnership with selected NGOs and VSS members at the field level.

The AJY Scheme aims to achieve sustainable forest management in the project area through forest restoration initiatives, along with providing income generating and livelihood opportunities to the forest dependent communities, so that the pressure on adjoining forests is relieved/ reduced. The main project objectives of AJY Scheme are listed below:

1. To conserve and restore degraded forests through forest restoration initiatives.
2. To arrest further degradation of forests through participatory forest conservation and management strategy.
3. To empower forest dependent communities by building up their capacity to participate in the sustainable forest management.
4. To improve the livelihood opportunities of the forest dependent communities so as to reduce their dependence on forests.

#### **AJY Components**

It is proposed to cover 7000 VSS in 30 Territorial and Wild Life Divisions of the state of Odisha. Out of these 2000, 2500 and 2500 number of VSSs, respectively will be covered in the first three years of implementation of the scheme, i.e., during 2016- 17, 2017- 18 and 2018- 19. The interventions of forest restocking in these VSSs/EDCs will be maintained for next three (i.e., in 2019- 20, 2020- 21 and 2021- 22) along with forest conservation, management and capacity building initiatives.

Under AJY, an area of up to 50 ha. will be assigned to each VSS out of which 10 ha will be maintained as the control plot, 5 ha will be the demonstration plot and the remaining 35 ha will be for taking up Aided Natural Regeneration (ANR) with gap planting at the rate of 200 plants per hectare. In about 500 VSSs, where suitable land for ANR with gap is not available, an area of 10 ha will be covered under Block Plantations.

The year wise area to be treated under the two types of plantation designs is given below:

<b>Year</b>	<b>No. of VSS</b>	<b>ANR with Gap</b>	<b>Block Plantation</b>	<b>Total</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
2016-17	2000	70,000	2,500	<b>72,500</b>

2017-18	2500	95,000	1,250	<b>96,250</b>
2018-19	2500	95,000	1,250	<b>96,250</b>
2019-20	Only maintenance works of plantations			
2020-21				
2021-22				
<b>Total</b>	<b>7,000</b>	<b>2,60,000</b>	<b>5,000</b>	<b>2,65,000</b>

Therefore, the total area of 2,65,000 ha will be treated under AJY Scheme during the project implementation period, which will include 2,60,000 Ha under ANR with gap and 5000 ha under Block Plantation.

The scheme will be implemented in the 30 forest divisions of the state over a period of 06 years, commencing from 2016-17 and up to 2021-22. The year 2015- 16 will be the preparatory phase year of the AJY Scheme. While the main interventions of the scheme will be for the initial three years i.e. from 2016-17 to 2018-19, the maintenance of plantations raised under the scheme and other consolidation works along with capacity development initiatives will be carried out in the remaining three years, i.e., during 2019-20 to 2021-22.

About 2.60 lakh hectares of forest area will be targeted for Assisted Natural Regeneration with gap planting covering about 2000, 2500 and 2500 VSSs respectively, in the first, second and third year of implementation of the scheme with subsequent 3 years maintenance. Further, Block Plantations of 5000 ha will also be raised in the first three years of implementation (i.e. 2,500 ha during 2016- 17 and 1,250 ha each during 2017- 18 and 2018-19) of the scheme with maintenance in subsequent three years. Besides restocking of forests through ANR with gap and Block Plantations, the scheme also includes various other forestry interventions like soil and moisture conservation works and forestry operations such as silvicultural cleaning, climber cutting, fire line tracing and fire line maintenance etc. Apart from these forestry interventions, major emphasis under the scheme will be given to protection and management of forests through community participation and providing livelihood alternatives to the members.

### **Session 2: VSS Account**

(VSS /EDC Accounting Procedures & Record Keeping)

VSS accounting procedure is required to ensure uniformity in maintenance of accounts in all VSS and to guide the staff of the Executive Body.

**Financial Year:** 1<sup>st</sup> April to 31<sup>st</sup>, March of Next year

**Annual Action Plan.:**

The Annual Action Plan will be prepared by the Executive Committee of the VSS based on the approved Micro-Plan and shall be placed before the GB for discussion, modification and approval.

**Annual Budget:**

The Annual budget will be prepared by compiling the various activities included in the APO of the VSS. The Budget will be prepared by the VSS in the consultation of the GB and the Member Secretary and is to be approved by the DFO following the cost norm approved by the PCCF. FMU staff and NGO team will assist the VSS in preparing the estimates in respect of technical works.

**Fund Management:**

- The EC will meet once in a month and plan for the fund required.
- Member secretary will send the requisition for fund to DMU through FMU chief
- The withdrawal of fund from VSS account will be done as per VSS resolution-2011.
- EC will monitor the progress of implementation of Annual work Plan and prepared the completion report.
- EC will place the completion report before the GB for its review.

**VSS Accounting Procedure:**

- VSS will open one saving bank account preferably in any nationalized bank/ RRB in the name and style of the VSS after obtaining the approved resolution of the EC.
- The account will be operated jointly by the Member Secretary and Treasurer.
- Separate books of account should be maintained by the VSS for scheme wise.
- The VSS fund should be utilized for the activities provided by the Scheme.
- As per monthly work programme, the EC will withdraw the require amount for the work.
- All the vouchers of expenditure will be passed by the EC.
- The Member secretary will maintain the VSS cashbook and will be assisted by the treasurer and animator(if provided).

**Village Forest Development Fund (VFDF)**

- i) Like VSS Account , VFDF Accounts (Savings) will be jointly operated by the member secretary (local forest guard/forester) and any one of the chairperson or treasurer.
- ii) Revolving fund, Addl. revolving fund, Corpus fund and funds for project activities received for the VSS shall be deposited in VFDF Account.
- iii) Revolving fund/Addl. revolving fund received through VFDF Account shall be utilized by way of loans to SHG towards their income generating activities.
- iv) Quantum of loan to each SHG shall be approved by the EC with a maximum limit for release in instalment from time to time as per SHG's requirements. In this case the local climatic as well as marketing/harvesting conditions are to be considered for ensuring timely repayment of loans and interest by the SHG. For each requirements, SHG concerned shall have to submit application with joint signature of all SHG member to avail loans from VFDF account. The loan register is to be got signed each time by the secretary/president of the SHG.

- v) Corpus fund received shall be kept fixed deposit Account (with the same bank, having VFDF Account) for a period of 3 years. Interest earned on FD of corpus fund is to be kept in VFDF Account. On maturity of FD account the same shall be renewed further as per the instruction from project authorities. A resolution of the EC before its maturity shall be submitted to FMU/DMU. A Xerox copy of each FDR should be kept with FMU/DMU for future reference & follow up.
- vi) Interest earned from loans to SHG shall have to be deposited in VFDF Account along with loan amount being refunded by SHG. A money receipt against such refund should be issued to the SHG.
- vii) Enrolment fees/Membership fees, user fees for assets created under the project or other VSS assets, fines, penalties for illegal action, sale of forest produce of VSS shall have to be deposited in VFDF Account.
- viii) Utilisation of amount for VFDF Account (50% at least) shall be in forest regeneration and maintenance of assets created under the project while 10% shall be for others. Utilisation of funds for VFDF Account shall be made only after completion of the project.

**Change of Signatory in Bank Accounts:-**

In case of any change of signatory to Joint Account holders of VSS/EDC account and VFDF Account (arises out of transfer, physical disability or otherwise) the same shall be placed in the EC and a resolution copy shall be submitted to the bank for their records to facilitates day to day transactions. Any existing signatory is to attest/certify the signature of new signatory, as required by the bank. A copy of the resolution made on the EC to this effect for change of signatory to bank account of VSS/EDC & VFDF account shall be submitted to FMU for records & confirmation to bank.

**Bank Reconciliation:-**

- i) The pass book should be made up to date at least twice a month & monthly statement is to be obtained regularly from the bank. A copy of the Pass book entries/ bank statement should be submitted by the member secretary to FMU after due checking of receipt & withdrawal details, to facilitate bank reconciliation at FMU level. Any discrepancy noticed regarding receipt from DMU & credited by the bank should be brought to the notice of the FMU.
- ii) A copy of the updated bank pass book statement should be submitted by the Member Secretary to FMU after due checking in the following manner:
  - a. A comparison of dates and amounts of deposits as well as receipts as shown in cash books/ bank books or any other system of record keeping should be made.
  - b. A comparison of inter bank account transfers (VSS vs VFDF if any) should be checked and corrected.
  - c. To check and enquire into any rejected items of entries by the bank, if any, being inadvertently shown in the Pass Book/ Bank Statements.
  - d. A comparison of cleared cheques/ transfer advices/ debit/ credit entries with that of the book keeping records including amount payee etc. with sequential cheque numbers.

- iii) The Member Secretary or Treasurer will verify that any voided cheques, (if received from SHG or others) after deposit in the bank account, if returned by the bank are properly defaced/ cancelled and filed.
- iv) The Member Secretary or Treasurer will verify outstanding cheques every month.
- v) The conciliation reports will be reviewed, approved, dated and intimated by the FMU Chief after submission by the Member Secretary.

#### **Utilisation Certification-**

Monthly UC shall be prepared by the Member Secretary with the help of Treasurer to be placed before the EC for approval & submission to FMU within 7 days of the subsequent month.

#### **Record Keeping**

1. The member secretary (Local Forester/Forest Guard ) shall maintain the cash book of VSS/EDC, assisted by the treasurer.
2. Simple accounts for recording all receipts & expenditure shall be maintained & recorded in cash book. All receipts on left hand side and all payments on right hand side of the cash book are to be recorded, to make an easy understanding to VSS members for all transactions.
3. Actual receipts & expenditure (only if it is spent) are to be entered in cash book. No receivable/ payable, nor any anticipatory expenditure shall be recorded.
4. All expenditure shall be passed by the executive committee and signed by the chairperson, Member Secretary & Treasurer.
5. Separate set of books/ register shall be maintained by VSS for the funds received from Project.

#### **Records:**

Following records/ registers maintained & kept at VSS level.

- a) **Cash Book-** The Cash book should be in the manner of receipt & payment type. All receipts on left hand side and all payments on right hand side of the cash book are to be recorded, to make an easy understanding to VSS members for all transactions. Cash book should be written & closed daily. There should not be more than Rs.2000/- of cash in hand.
- b) **Bank Book/Cheque Register-** Payments of more than Rs.5000/- are to be made in shape of Cheque. Hence, Cheque register/ bank book is to be maintained to record all cheque payments.
- c) **Register of Cheques-** A register is to be maintained on receipt of cheque books from the bank, duly countersigned by the FMU Chief. In case of transfer of charges the list of unused cheques is to be handed over to the receiving officials of VSS (Member Secretary).
- d) **Ledger Book** – All individual type of items indicating the amount received and / or paid are to be recorded in the ledger. Month end trial balance is to drawn from ledger book entries to prepare Receipt & Payment Account.
- e) **Stock & Store Register** – Item wise entries are to be made for office stationery, Programme materials & other related supplies as well as issue to users/place of use etc.

- f) **Receipt Register** – All receipts, whether project fund or otherwise are to be recorded in this register. Money receipt is to be issued against the amount received by the VSS.
- g) **Money Receipt Book** – The Money Receipt Book used for acknowledging receipts by the VSS is to be serially number & approved by the FMU.
- h) **Credit Voucher** – Credit voucher is prepared for all receipts- project head- wise, budget head-wise indicating the purpose, amount & details of receipts. Credit voucher is to be passed by the Member Secretary and to be approved by EC during their subsequent meeting.
- i) **Debit Voucher** –Debit Voucher is prepared for all payments- project head-wise, budget head-wise indicating the purpose, amount & details of payments. The mode of payment whether cash or cheque is to be indicating the voucher. It is to be passed by the Member Secretary and approved by the EC during their subsequent meeting.
- j) **Meeting Registers**
  - i) Minute Book- Proceedings of discussions in the meeting of the EC/GB convened from time to time is to be recorded in the minute book. Each page of the book is to serially numbered and countersigned by the FMU chief for use by VSS. The resolution is to be recorded immediately after the meeting is over, to be signed by the chairperson & Member Secretary on each page while all the members attained the meeting are to signed on the last page of the proceedings recorded.
  - ii) Attendance Register – All members attaining the meeting of EC/GB should have the dated signature in the attendance register.

**Practical:**

**Reference Material for VSS/EDC Training for Book Keeping**

VSS/EDC Accounting Formats such as Cash Book, Journal and Ledger formats. The illustrations are given below for easier understanding:

<b>CASH BOOK</b>												
<b>Date</b>	<b>Particulars</b>	<b>Vr. No.</b>	<b>LF No.</b>	<b>Cash</b>	<b>Bank</b>		<b>Date</b>	<b>Particulars</b>	<b>Vr. No.</b>	<b>LF NO.</b>	<b>Cash</b>	<b>Bank</b>
1/1/2009	<b>OB</b>	1	1	500	200000		1/1/2009					
								By Stationary	1	1	100	0
								<b>CB</b>			400	200000
			<b>Total</b>	500	200000			<b>Total</b>			500	200000
2/1/2009	<b>OB</b>			400	200000		2/1/2009					
	To Bank			50000				By Cash				50000
								By Poly Bags/Ch. No.12345 dated 2/1/2009	2	2		20000
								By Wages	3	3	30000	
								<b>Total Exp.</b>			30000	70000
										<b>CB</b>	20400	130000
			<b>Total</b>	50400	200000			<b>Total</b>		<b>Total</b>	50400	200000
3/1/2009	<b>OB</b>			20400	130000		3/1/2009					
	To Bank Int.	2	2		300			By wage	4	4	11000	
								By Bank Com.				200
								Total Exp.			11000	200
										<b>CB</b>	9400	130100
			<b>Total</b>	20400	130300			<b>Total</b>		<b>Total</b>	20400	130300

LEDGER for Bank Interest								
Date	Particulars	F.No.	Dr		Date	Particulars	F.No.	Cr
			Amount					Int. Amount
					3/1/2009	by bank		300

LEDGER for Bank Commission								
Date	Particulars	F.No.	Dr		Date	Particulars	F.No.	cr.
			Amount					Amount
3/1/2009	To Bank		200					
3/1/2009	To Bank		200					

LEDGER for Wages								
Date	Particulars	F.No.	Dr		Date	Particulars	F.No.	Cr.
			Amount					Amount
2/1/2009	To Cash		10000					
3/1/2009	To Cash		11000					

LEDGER for Stationary								
Date	Particulars	F.No.	Dr		Date	Particulars	F.No.	Cr.
			Amount					Amount
1/1/2009	To Cash		100					

LEDGER for Salary								
Date	Particulars	F.No.	Dr		Date	Particulars	F.No.	Cr
			Amount					Amount
31/1/2009	Salary Payable		5000					

LEDGER for Salary Payable								
Date	Particulars	F.No.	Dr		Date	Particulars	F.No.	Cr
			Amount					Amount

					31/1/2009	Salary		5000
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**Journal Register**

**Journal Voucher**

			<b>Dr.</b>	<b>Cr.</b>
<b>Sl.No.</b>	<b>Date</b>	<b>Particulars</b>	<b>Amount</b>	<b>Amount</b>
1	31/1/2009	Salary A/c	5000	
		To-salary Payable		5000
		(Being the salary payable to Mr. Ram for Jan'09)		

**LEDGER for Poly Bags**

<b>Date</b>	<b>Particulars</b>	<b>F.No.</b>	<b>Dr</b>		<b>Date</b>	<b>Particulars</b>	<b>F.No.</b>	<b>Cr.</b>
			<b>Amount</b>					<b>Amount</b>
2/2/2009	To Bank	4	20000					