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Management Report

Financial Year 2023-24

As part of our audit of Lok Astha Sewa Sansthan (LASS) for the specified period, we assessed the internal control systems to the extent deemed necessary under generally accepted auditing standards. This evaluation was conducted to establish a basis for reliance on our opinion regarding the financial statements. The study aimed to determine whether the internal control systems are adequate and appropriate for the size of the organization and its activities.

Our audit identified areas where financial management and internal controls could be enhanced. The management and internal control aspects are summarized in the following points:

1. **Accounting Policies, Fixed Assets, Investments, Cash & Bank Management, Inventory, and Others**

   The society maintains an accounting policy, and the books of accounts are kept according to the mercantile system of accounting. A fixed assets register is maintained to oversee the assets. However, society should be implementing a more detailed asset management system for ensuring better classification, custody, security, disposal, and annual verification procedures. The Chief Functionary of LASS regularly verifies the assets and cash, and no discrepancies were reported to us.

2. **Accounting Records & Systems**

   Separate books of accounts are maintained using a Tally license version for the project. The society follows an accrual system of accounting for project accounts. Records of all FCRA funds and local funds are maintained separately. All accounts are managed through a double-entry system in Tally. LASS securely keeps cheques, bank passbooks, vouchers, bills, receipts, contracts, and supporting documents. Bank passbooks are regularly updated, and bank reconciliation statements are prepared monthly. The bank account of LASS is operated under the joint signatures of three office bearers: the President, Secretary, and Treasurer, with transactions requiring the signatures of any two office bearers.

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3. **Internal Control Authority for Approvals and Safety Measures**

The organisation maintains separate ledgers for FCRA and local funds. Expenditures are checked by the accountant, verified by the coordinator, and payments are released only after approval from the chief officer. The cash is under the custody of the accountant and is regularly verified by the chief officer. The cheque book is also kept by the accountant, and cheques are issued only after obtaining the necessary signatures; no pre-signed cheque books were found. The institute primarily makes payments through bank transactions rather than cash.

4. **Legal Compliance & Registration**

The Society has compiled all legal compliance requirements.

- The FC-4 return was filed on 17/11/2023 for the Financial Year 2022-23.
- The Income Tax return for the same financial year was submitted on 18/10/2023.
- The Society's Annual Return was filed on 18/07/2023 with the Firms & Society in Raipur for FY 2022-23.
- TDS is being deducted as required for those falling under the TDS category.
- There are no compliance issues during this audit period.
- No professional tax is applicable in the state of Chhattisgarh.

5. **Budget Control and Budget monitoring System**

The institute implements a budget monitoring system that includes variance analysis and the preparation of annual, half-yearly, and quarterly operational budgets. Expenditure on all projects is closely monitored through quarterly and half-yearly budget variance analyses. Additionally, the chief functional coordinator oversees the monthly expenditure monitoring."

6. **Assets acquisition, Insurance , Sales and Depreciation**

No immovable property was acquired during the specified period. The motorcycle was previously insured; however, it is currently not in use. It is recommendable to get the asset insured as and when the asset is used.

No assets were sold during this audit period; instead, an unusable asset was disposed of.

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7. **Investment Compliance with regulations and donor requirements**

During the project period, no such investment is made by the society. Hence, investment compliance is not required. The society is suggested that after getting approval from the agency, they can make a fixed deposit of the amount for some time after passing it in their board.

8. **Contingent Liabilities Case/ legal dispute-**

In the context of contingent liabilities, it is important to note that no such liability or legal dispute has occurred.

9. **Reporting and Monitoring-**

The organisation executes its annual plan through systematic quarterly and monthly scheduling. All project activities, including budget planning and reporting, are organized and scrutinized. Depending on the funding stipulations, progress and financial updates are provided quarterly, biannually, and annually. The financial statements presented to the funding agency undergo both auditing and non-auditing processes. Additionally, budget discrepancies should be evaluated every quarter to facilitate monitoring and any necessary adjustments.

10. **Any Other issue-**

LASS should uphold a comprehensive set of records and registers, which include a Day Book detailing cash and bank transactions, as well as a Cheque Book Register. Additionally, a Ledger, Voucher File, and Bank Reconciliation File should be meticulously kept. Records of Program Attendance and Minutes will be systematically organized, alongside a Procurement File. Furthermore, meticulous records of Staff Attendance, Leave, and other program-related documents should be maintained to ensure thorough documentation and accountability.

FOR:JAIN M PRASAD & CO.
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