

# AccountAble™

In AccountAble 108A, we have discussed how the FCRA Department sends out a questionnaire to identify lapses in compliance. In this issue, we continue the discussion.

FCRA QUESTION	EXPLANATION
<b>Receipt &amp; Utilization of FC(contd.)</b>	
<p>11. Details of utilization of foreign contribution (FC) received from the year ____ till date in the following format (year wise) :</p> <p>a. Year</p> <p>b. Total amount of FC received</p> <p>c. Amount spent on welfare activities</p> <p>d. Amount spent on administrative expenses</p> <p>e. Amount spent on acquisition of fixed assets</p> <p>f. Unspent amount at the close of each FY</p>	<p>Details in tabular format. Match figures with FCRA Receipts &amp; Payments A/c</p> <p>Figure should match FC-4 and audit certificate. Ignore contribution in kind.</p> <p>Total amount utilised, less payments for administrative expenses (11.d below) and purchase/construction of fixed assets (11.e below).</p> <p>Calculate as per rule 5. Effective from FY 11-12. See <i>AccountAble 54: Administrative Expenses under FCRA</i> at <a href="http://www.AccountAid.net">www.AccountAid.net</a> for a detailed explanation of rule 5 for calculating administrative expenses.</p> <p>Figure should match with FC-4 and audit certificate. Ignore contribution in kind.</p>
<p>12. Details of foreign contributions received in kind.</p>	<p>Provide year-wise list. Check whether intimation in form FC-1 filed or not. Check that equipment, vehicles, etc., received in kind are recorded in FCRA Fixed Assets Register.</p>
<b>Assets/investments made out of FC</b>	
<p>13. The complete details of fixed assets acquired out of foreign contribution viz. date of creation of assets, location, acquisition value of each such asset as on 31.03.____ along with Xerox copies of their title deeds.</p>	<p>Title deeds needed for land/buildings. Land/buildings should not be registered in personal names.</p>
<p>14. Details of the fixed assets, if any, acquired out of foreign contribution and transferred to other beneficiaries for use along with the details of beneficiaries viz. name, address, relationship with Beneficiary and basis of selection of beneficiaries for extending assistance.</p>	<p>FCRA restrictions may apply if FC fixed assets transferred to SHGs registered as society (refer p.137, AccountAble Handbook on FCRA 2010; Available at <a href="http://www.accountaid.net">www.accountaid.net</a>)</p>

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FCRA QUESTION	EXPLANATION
15. The details of investments made out of foreign contribution, if any and held by the association as on 31.03.____ along with Xerox copies of their title deeds held by the association.	Enclose copy of fixed deposit receipt, bond, scrip, etc.
16. A list of vehicles purchased out of foreign contribution by association with make, model, value and Xerox copies of registration.	RC copy needed for vehicles. Vehicles should not be registered in personal name.
<b>Other Details</b>	
17. Details of Organizations being managed/financially supported by the Association	Check carefully. One entity managing another entity may be a problem under law. If you are giving grants to other organisations, then provide a list showing the names, amounts and FCRA registration/prior-permission details.
18. Whether any trustees/office bearers of the association are also trustee/office bearers of any other association. If so, provide details thereof.	Some overlap between trustees of two FC registered organisations is normal. However, complete overlap or common Chief Functionary is not acceptable.
19. Whether any of the trustee/office bearers of the association is a Govt. Servant. If so, specify his/her role in the association	Govt. servants may need permission under their service rules. Full-time role in NGOs is generally not permitted.
20. Xerox copies of the correspondence between the association and the foreign donors specifying the purposes for which the foreign contribution was received and utilized.	Share signed grant letter or signed grant agreements. Review and match purpose given in letters with actual utilisation and narrative reports given to the donor.
21. Details of any income generation projects, if any, undertaken by the association out of foreign contribution, along with details like income earned and expenditure incurred from the year ____ till date.	Income earned from FC-funded projects is treated as foreign contribution.
22. The details of employees deployed by the association indicating their nationality, role assigned, salaries paid per month/per annum and their relationship with Chief Functionary/Office bearers.	List all current employees. Foreign nationals should have proper work visa or volunteer visa.
23. Details of cash payments of value Rs.20,000/- and above made during last 3 years.	Cash payments over Rs.20,000 are discouraged by FCRA department.

FCRA QUESTION	EXPLANATION
24. Details of loans given and advances made from/out of foreign contribution, from the year ___ till date.	Include micro-credit loans, as well as loans and advances to other organisations, vendors, etc.
25. Details of loans taken from and repaid to the office bearers of the association from the year ___ till date	List all loans from board members, whether in cash or by cheque. Loan transactions over Rs. 20,000 in cash are prohibited under sec. 269SS of Income Tax Act
26. Details of printing material/publications being brought out and distributed by the association during the last three years.	List all books/periodicals published. Pamphlets and posters, if printed in large quantities, should also be listed. Match quantities with printing bills booked in accounts and in stock register/distribution record.
27. Mention the changes in the governing body of the association in chronological order with names of the outgoing and incoming office bearers.	List changes during last six years.
28. Details of remuneration paid to the Chief Functionary/ Office Bearers for discharging association's work along with a copy of agreement executed with the donors.	Match amounts paid with: <ul style="list-style-type: none"> <li>• Signed donor agreement/ budget,</li> <li>• Audited accounts</li> <li>• Form 10B</li> </ul>
29. Copies of the consolidated audited annual accounts statements for the period from ___ to ___ as submitted to the Income Tax Department/Charity Commissioner/ Registrar of Societies.	Provide audited accounts of entire organisation for up to last six years
30. Whether the association is registered under Section 12 of I.T. Act, 1961. If yes, provide details	Number and date of the 12A registration letter.
31. Brief note on the activities of the association together with Year wise activity/agency/purpose wise utilization of foreign contribution during last 3 years.	Match narrative report with FCRA returns and audited accounts before submitting.
32. Confirmation that the information/details furnished above is extracted from the books of accounts and records and if required, they can present these books of accounts and records for verification.	Get the information reviewed by your auditors/FCRA advisers before submitting.

## WHAT HAPPENS AFTERWARDS?

Your reply to the FCRA questionnaire (and copies of documents) may run into hundreds of pages. It's a good idea to discuss the draft reply with your auditors or FCRA advisers before submitting it. The reply should be sent by speed post, and acknowledgement (print of online tracking) kept in your FCRA file. The FCRA Department has now shifted to:

Ministry of Home Affairs (FCRA Wing),  
1st Floor, Major Dhyan Chand National Stadium,  
Near Pragati Maidan, New Delhi-110001

FCRA Department may take several months to analyse your responses. If no violations or irregularities are detected, your case will be closed. However, if there are discrepancies or the Department has received information about possible violations by your organisation, then FCRA Department may ask you to visit their office in Delhi with your accounts and records for scrutiny. This can take several days.

Or they may decide to send a team to visit your office itself! That, of course, is another story.

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**Questions and doubts?** AccountAid provides complimentary advice to implementing NPOs and NPO auditors on matters related to accounting or financial regulation. You can send your questions by e-mail ([query@accountaid.net](mailto:query@accountaid.net)) or letter. You can also discuss these over the phone.

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