

## AUDIT, INCOME TAX AND FCRA CHECKLIST

**Disclaimer:** The list of documents/ points/ links to sample documents mentioned in this document are only illustrative and not exhaustive. You may refer to the relevant acts/ statutory provisions and if required consult a CA or a legal advisor.

At the close of every financial year (31<sup>st</sup> March), every NGO registered as Trust/ Society/ Section 25 or Section 8 Company in India, is required to get its accounts finalised and audited, file Income Tax returns and if it has FCRA registration, then it has to file quarterly and annual returns with the Ministry of Home Affairs irrespective of whether it has received foreign contributions or not. You may use this checklist to help you comply with these statutory requirements. Please discuss the same with your Chartered Accountant (CA) before getting your accounts audited. We hope this helps you with your financial & legal compliances and in turn enhances your transparency & accountability.

### LIST OF DOCUMENTS TO BE INCLUDED IN AUDITED ANNUAL ACCOUNTS

1. Auditor's Report (typically on the letterhead of the CA/auditor).
2. Balance Sheet (Signed and stamped by the CA/auditor), signed by your Chief Functionary & Board Members
3. Income and Expenditure Account (Signed and stamped by the CA/auditor), signed by your Chief Functionary & Board Members
4. Receipts and Payment Account. This is mandatory if you have an FCRA registration. (Signed and stamped by the CA/auditor), signed by your Chief Functionary & Board Members. However, it is a good practice to prepare consolidated Receipts and Payments account (both foreign and domestic transactions) irrespective of whether you have an FCRA account or not.
5. Notes to Accounts (including significant accounting policies). Also, you can include your organisation's registration details, date of filing income-tax return and FCRA return and details of 12A, 80G, 35AC and FCRA registration.
6. Fixed Assets Schedule.
7. Complete Schedules if your balance sheet, income and expenditure account mention the same. **Each page should be stamped along with the initials of the CA.**
8. Ensure that year (i.e. 2016 or 2017) is correctly mentioned in all schedules and annexures.
9. Ensure that there are no typo errors or rounding off errors across all pages.
10. Ideally, figures for previous year should be provided in all statements and schedules.
11. Would be good to have the pages numbered. Also, use a clear font and ensure the original copy is of good quality print.
12. Payment of fees/ salary/ remuneration/ reimbursements to Trustees/ Governing Body members/ Directors should be tracked and reported separately.
13. If your CA/auditor makes any comment/ qualification in their draft audit report, discuss the issues with them and provide your response in a management report so that the CA/auditor can incorporate the same in their final report.
14. Ensure you have shared an action taken report with your CA/auditor on issues that they raised in the previous year's report.
15. If your accountant has made separate project wise/ location wise accounts and also separately for FCRA and domestic transactions, please ensure that the accountant has also prepared consolidated statements for the organisation as a whole.

### INCOME TAX FILINGS

1. Please ensure that you file your income-tax return within the due date (which is generally 30 September of that year) because it is a sign of good governance and increases your transparency. *(Please note that filing your income tax return on time is a criterion for GuideStar India Gold and Platinum certification).*
2. Form 10B – Audit report under Income-tax Act, 1961 ('IT Act')
  - a. Please ensure that your CA files Form 10B online in the [income-tax e-filing website](#) and provides you with an Acknowledgement of filing the same. Please view the [sample document](#) of Form 10B which is filed online. You may also view [an acknowledgement](#) of uploading Form 10B online.
  - b. Please ensure that related party transactions under section 13(3) of the IT Act mentioned in Form 10B match with the details provided in your audited financial statements.
3. In case you file your return with a Digital Signature, then you need not send the acknowledgement (ITR-V) to the Centralised Processing Centre, Bengaluru. *In case you file your return without a Digital Signature, then you are required to sign the ITR-V and post the signed copy of the ITR-V to Centralised Processing Centre, Bengaluru. While uploading ITR-V on the GuideStar India website, please ensure that you upload a signed copy of the ITR-V.*

## AUDIT, INCOME TAX AND FCRA CHECKLIST

### FCRA FILINGS

1. Please ensure that you file your FCRA annual return within the due date (which is generally 31 December of that year) because it is a sign of good governance and increases your transparency. This disclosure has to be filed even if you have NIL receipts. *(Kindly note that filing your FCRA return on time is a criterion for GuideStar India Gold and Platinum certification).*
2. Prepare and disclose your FCRA quarterly disclosure of foreign receipts and details of donors within 15 days of end of each quarter. You can either upload the details on the [FCRA website](#) or display the same on your website. You may [click here](#) to view a sample disclosure form.
3. Ensure online submission of intimation (in Form FC-6) to Ministry of Home Affairs within 15 days of any change in respect of change of name of the association, or its address within the State for which registration has been granted under FCRA, or its nature, aims & objectives, or its designated FCRA bank account details, or change of 50% or more of the original members of the governing body, etc. Also, ensure online submission of intimation (in Form FC-6) to Ministry of Home Affairs within 15 days of any Utilization Bank A/c for utilisation of the FC received.

### Other points to be looked into

#### **AUDITED ACCOUNTS**

Sr. No	Items	Action to be taken
1	Mostly for Gujarat and Maharashtra NGOs: - For the query regarding whether tenders were invited for repairs or construction involving expenditure exceeding Rs.5000/-	In case there was no such expenditure in your organisation, then ensure that the auditor writes 'NOT APPLICABLE' in your audit report. Leaving it blank or writing "No" may be construed as non-compliance. Wherever it is applicable then ensure that the auditor provides further details.
2	Fixed Assets register	Please ensure that you maintain a fixed assets register and get it audited.
3	Investment register	Please ensure that you maintain an investment register and get it audited.
4	Cash register - The auditor's generally write a comment saying that they have not tallied or verified the cash balance	Please ensure that you maintain a cash register and get a certificate of the cash balance on the last date and get the same verified/ audited by the auditor.
5	Loans From Trustee/ Member	In case the Trust/ Society/ Section8/25 Company has received any loan from a Trustee/ Board Member then it is a good practice to mention the details (amount of loan, the rate of interest of the loan, name of the trustee etc.) in the audited accounts.
6	Loan given to Trustee/ Member	In case the Trust/ Society/ Section 8/25 Company has given any loan to a Trustee/ Board Member then it is a good practice to mention the details (amount of loan, the rate of interest of the loan, name of the trustee etc.) in the audited accounts.
7	Related Party Transactions	In case the Trust/ Society/ Section 8/25 Company has entered into any transaction with related parties, then please ensure that Auditor mentions complete details of such transactions in the audited accounts and Form 10B (income-tax audit report).

#### **FCRA**

8	Any non-compliance under FCRA. for e.g. (funds received in another bank account)	In case there is any non-compliance on account of FCRA, if the Auditor makes any comments in the audited financials ('Notes to Accounts') then please ensure that the auditor provides adequate details of such non-compliance.
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#### **INCOME TAX & OTHER LITIGATIONS**

9	Any ongoing assessment/ litigation	Please discuss with your Auditor and ensure that s/he provides adequate details of such assessments/ litigation in the audited accounts.
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#### **Due dates at a glance**

Income Tax return online submission	30 <sup>th</sup> September 2017	
Form 10B online submission	30 <sup>th</sup> September 2017	
FCRA annual return	31 <sup>st</sup> December 2017	
FCRA quarterly return of foreign receipts and details of donors	<b>Quarter</b>	<b>Due Date</b>
	1 <sup>st</sup> January to 31 <sup>st</sup> March	15 <sup>th</sup> April
	1 <sup>st</sup> April to 30 <sup>th</sup> June	15 <sup>th</sup> July
	1 <sup>st</sup> July to 30 <sup>th</sup> September	15 <sup>th</sup> October
	1 <sup>st</sup> October to 31 <sup>st</sup> December	15 <sup>th</sup> January