

CHAPTER 14

Natural & Programme Heads

“I criticize by creation, not by finding fault.”

Cicero

PROGRAMME HEADS

14.01 Most of the large charitable organisation depends on external grants for their activities. Owing to their dependence on external agencies their books of accounts and financial statements are also influenced by the reporting requirements of such donor agencies. Donor agencies normally prepare budgets on various programme heads and the reporting is also required to be done accordingly. For example, the box below provides some instances of programme heads :

- i) Regional networking A/c
- ii) Staff capacity building A/c
- iii) Advocacy & awareness A/c
- iv) Conferences & seminars A/c
- v) Education campaign A/c
- vi) Contingency & unforeseen A/c
- vii) Core programme A/c
- viii) Media & communication A/c
- ix) Project monitoring & evaluation A/c
- x) International convention & material A/c

14.02 The above mentioned programme heads are normally required for reporting purposes to donors

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under various projects. Each of such programme head may have various components of natural head. For instance, natural heads such as travel expenses, salaries, conveyance, etc., could be incurred under the above mentioned programme heads. Ideally all expenditures should be booked under natural heads and then should be transferred to various project accounts as per the programme heads. But many charitable organisation have a practice of booking expenditure directly into the programme heads and consequently, it becomes difficult to keep track of the expenditures as per natural heads.

14.03 The Auditor should be careful while analysing the accounting system and the method of recording entries in the book of accounts. Many charitable organisation maintain only project accounts under programme heads to facilitate their reporting requirements. In such cases the Auditor needs to understand the various natural heads to be included under the particular programme head. In order to ensure that the expenditure under each project/programme are appropriate and pertain to that project/programme only.

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