

United Nations Development Programme (UNDP)



Addendum to CSO Capacity Assessment of CUTS International, Jaipur

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1.1 Background

Lochan & Co (Chartered Accountants) (the assessment firm) has conducted the capacity assessment of Civil Society Organization (CSO) – **CUTS International, Jaipur** for the United Nations Development Programme (UNDP). The assessment team has visited the office of CUTS International during 26 August 2013 to 28 August 2013 for executing the assessment.

After submission of Final Report for Capacity Assessment of the organization, UNDP has shared the report with CUTS International which has submitted its comments on the report. Based on comments from CUTS International and request by UNDP, the addendum to final capacity assessment report is issued. The original report should be considered after changes as suggested below in *italics and underline*.

Rajeev Lochan _{FCA}
Partner
[Lochan & Co](#)
Chartered Accountants

Date: 14 March 2014
Place: Delhi

SECTION – II

2.0 Detailed Assessment

2.1 Part 1: Assessing CSO Commitment to the UNDP principles of Participatory Human Development and Democratic Governance

2.1.1 Legal Status and history

CUTS International is a society registered under the Rajasthan Societies Registration Act, 1958 as on 11 June 1984. It is registered under section 12A and has been granted an exemption under section 80G of Income Tax Act 1961. Further, it is registered under Foreign Contribution (Regulation) Act, 1976. CUTS International is complying with statutory reporting requirements under various statutes. The purpose behind creation of CUTS International was to provide an institutional voice to consumer grievances by forming a society. It has two resource centres in India based in New Delhi and Calcutta and four affiliated resources centres in Zambia, Kenya, Hanoi and Switzerland. Brief overview of programme centres and resources centres is presented in annexure 3.2.1.

Risk Assessed: Low

2.1.3 Constituency and external support

CUTS International has a clear constituency and base for the membership. Vision document of CUTS international has focus in long term community development. Program staffs of respective centre visits field at regular interval depending on the requirement of each project. CUTS International has good linkage with various organizations at local as well as international level. It has a comprehensive website containing relevant information about different centres and projects under implementation to inform its various stakeholders. CUTS International is accredited by Credibility Alliance and affiliated with the United Nations Conference on Trade and Development (UNCTAD). It has participated in various workshops, conferences and seminars organised by the Government of India, World Bank, World Trade Organization (WTO) and various national and international agencies. CUTS International has received funds from various State Governments, Government of India, UN agencies, bilateral donors such as Norway, UK, Sweden, Switzerland, Finland, Australia, USA, The Netherlands and various foundations for implementing projects in the past.

Risk Assessed: Low

2.2.4 Financial capacity

Project budgets are prepared by the CUTS International for implementation of project activities. The maximum amount of money that CUTS International has managed for a particular project is approx INR 10 crores. There is adequate system for management and security of advances and cash. Insurance coverage has been obtained for cash security. It has well established policies and procedures for financial management and administration of the funds. Financial records of CUTS International confirm the stability and reliability. The statutory audit is undertaken on annual basis whereas internal audit is conducted on quarterly basis by affirm of Chartered Accountant.

It is using accounting software “Tally ERP 9” for maintaining books of account. **The invoices are properly PAID, checked and approved. However, there is no system of affixing project code on invoices.** Financial reports are prepared in an Excel sheet after extracting

data from accounting software for the purpose of submission to donor agencies. As informed to the assessment team, budgets are closely monitored and compared with actual expenditure. **However, there is scope for improvement in documenting comparison of budget with actual expenditure and seeking justification for under/over utilization from the concerned programme staffs.**

Risk Assessed: Low

SECTION – III

3.1 Check-list: CSO Capacity Assessment Tool

CSO Capacity Assessment Tool

Part 1: Assessing CSO commitment to the UNDP Principles of Participatory Human Development and Democratic Governance		
Areas for Assessment	Yes / No / Review	Remarks / Comments
1.1 Legal status and history		
1.1.2 History		
How has the CSO evolved in terms of scope and operational activity?	Review	<p>Over the span of 30 years, CUTS International has created massive awareness about consumer rights to the grass root level and linked the matter of consumer sovereignty to the international level.</p> <p>It has established three programme centres in Jaipur (CUTS Centre for International Trade, Economics and Environment; CUTS Centre for Consumer Action, Research and Training; CUTS Centre Competition, Investment and Economic Regulation) and one centre in Chittorgarh (CUTS Centre for Human Development).</p> <p>It has two resource centres in India based in New Delhi and Calcutta and four <u>affiliated</u> resource centres in Zambia, Kenya, Vietnam, and Switzerland.</p> <p>From creating awareness on consumer rights to advocating consumer sovereignty in all levels, it has widened its scope of work within and across borders in the following functional areas:</p> <ul style="list-style-type: none"> • International Trade and Development • Competition, Investment and Economic Regulation • Consumer Safety • Human Development • Consumer Protection and Good Governance <p>Brief overview of programme centres and resources centres is presented in annexure 3.2.1.</p>
1.3 Constituency and external support		
1.3.3 Other partnerships, networks and external relations		
Are these partnerships a source of funding?	Yes	<ul style="list-style-type: none"> • <u>CUTS International has received funds from various State Governments, Government of India, UN agencies, bilateral donors such as Norway, UK, Sweden, Switzerland, Finland, Australia, USA, The Netherlands and various foundations for implementing projects in the past.</u> <p>The funds flow diagram of CUTS International has</p>

Part 1: Assessing CSO commitment to the UNDP Principles of Participatory Human Development and Democratic Governance

Areas for Assessment	Yes / No / Review	Remarks / Comments
		been attached as annexure 3.2.5 . Further, detail of funds received by CUTS Centre for Consumer Action, Research and Training (CUTS-CART), a centre of CUTS International in the past three financial years has been attached as annexure 3.2.6 .

2.4 Financial Capacity

2.4.1 Financial management and funding resources

Does the CSO have a record of financial stability and reliability?	Yes	<ul style="list-style-type: none"> Financial records of CUTS International provide stability. The assessment team has reviewed surplus/deficit arising from audited financial statements for the past five financial years the detail of which is mentioned in a table below: <table border="1" style="margin: 10px auto;"> <thead> <tr> <th style="text-align: center;">S. No.</th> <th style="text-align: center;">Financial Year</th> <th style="text-align: center;">Surplus / (Deficit) Amount in INR</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2007-08</td> <td style="text-align: right;">686,511.76</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2008-09</td> <td style="text-align: right;">4,483,260.22</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">2009-10</td> <td style="text-align: right;">703,824.70</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">2010-11</td> <td style="text-align: right;">206,330.32</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">2011-12</td> <td style="text-align: right;">(1,044,249.09)</td> </tr> <tr> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: right;">5,035,677.91</td> </tr> </tbody> </table> Annual financial statements are audited by a firm of Chartered Accountants and laid up before in the meeting of General Body. <u><i>Apart from this, internal audit of the organization is also undertaken by the firm of a Chartered Accountant on quarterly basis.</i></u> 	S. No.	Financial Year	Surplus / (Deficit) Amount in INR	1	2007-08	686,511.76	2	2008-09	4,483,260.22	3	2009-10	703,824.70	4	2010-11	206,330.32	5	2011-12	(1,044,249.09)		Total	5,035,677.91
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