

# **Finance & Accounting Mannual**



**ASED HABIGONJ**

(Association for Socio-Economic Development)

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## Finance and Accounting Manual

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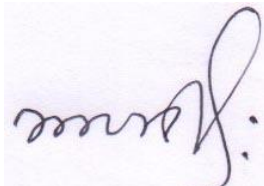
### In cooperation of

All staff of ASED Habigonj

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# Chapter 1

## 1.1 Introduction:

For moving forward organizational activities, proper financial management system is very important. The success of the organization depends on financial control and implementation of all financial issues following the rules and regulations. Staff of different level of the organization, staff of accounts department, relevant govt. departments, auditors, donors – all are involved in financial amangement system at different levels. Considering this phenomenon this finance and accounts management system has been developed, which will be helpful for organizational capacity building and sutainability. ASED Habigonj first prepared finance and accounts management policy in 1996. The policy was revised in 2015 based on organizational practices, experience and updated standards. This revision and improvement of this policy has been done in 2018 to comply with updated standards and pratices.

## 1.2 Context:

NGOs play a vital role in overall development of the society especially for welfare and rights of disadvantaged people. NGOs take and implement different programs and activities for their sustainable development, where they need to use different types of assests and resources. Most of the time these assets come from the sources outside of the organization. Hence, the NGOs need to bear 2 special responsibilities for mobilization of these resources – one is, ensuring positive output and impact of targeted beneficiaries and society using these resources and the other is efficient and effective use of the resources. Generally, it can be said that, the NGOs are successful in creating positive output and impact of targeted beneficiaries and society. But the second issue is still a challenge for many NGOs. In this regard, finance and accounts management policy can be basic regulatory and directing document. ASED Habigonj has already obtained acceptance and good will in the society and among targeted beneficiaries through different initiatives and positive impacts. In this situation, this policy can guide the organization in achieving standards in financial management.

## 1.3 Background of the Organization:

ASED is a non-political, non-profit, voluntary social service and welfare organization, established on 01 January 1991 in Habiganj district under Sylhet Division for the socio-economic development of disadvantaged people of Bangladesh. Thereafter, the organization obtained registration from Dept. of Social Service in July 1996, from Youth Dept. in July 2000 and from Dept. of Women Affairs in October 2005. Later on, the organization amended its name to 'ASED Habigonj' and obtained registration from NGO Affairs Bureau in 2014.

## 1.4 Legal Documents of the Organization:

- A. Registration of Dept of Social Service – No. Habi – 125/1996 Dated 17/12/2009 (With amended name)
- B. Registration of Dept. Youth Development – No. 34.01.3600.000.49.262.17-19, dated 27/02/2018
- C. Registration of Dept. of Women Affairs – No. Habi – 58, dated 16/10/2005
- D. NGOAB – Registration No. 2895, dated 30/09/2014

## 1.5 Objectives of the Organization:

- Pre-primary, Primary, non-formal and mass education programs
- Sanitation, arsenic mitigation, nutrition, reproductive health and general health service programs
- Youth development and curing drug addiction programs
- Development programs for challenged people (disabled)

- Awareness raising programs on human rights, child rights, women rights protection and democracy
- Awareness raising programs on different national issues
- Waste management, social forestry, bio-diversity and environmental conservation programs
- Addressing basic needs
- Improved cooker, bio-gas plant and re-usable energy promotion programs
- Democracy at local level, good governance and social justice programs
- Information Technology and Media Support programs
- Local resource mobilization through research and management development
- Entrepreneurship development program
- Leadership development programs
- Legal support to victim women and children
- Fisheries and livestock management for family welfare
- Agriculture development through modern technologies
- Social bonding, tolerance and peace building programs

### 1.6 Objectives of Accounting:

- To provide necessary directions for financial operations and budgeting of the organization
- Support in effective use and control of financial resources
- Ensure easy and acceptable transactions, documentation and record keeping
- Ensure accountability and transparency
- Support in expected development and sustainability in financing of the organization

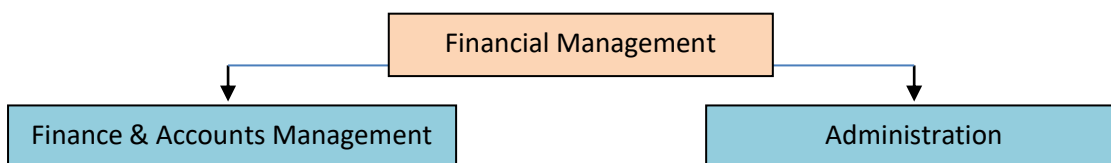
### 1.7 Main concepts and components of Financial Management:

There are standardized concept of transparency and accountability of financial activities of NGOs worldwide, among government, donor organizations and beneficiaries. Financial management is one of the most important parts of NGO management process, which controls and operates an organization effectively, with accountability and transparency. Hence, a good financial system is considered the backbone of an organization. Many NGOs have only an accounting system, but that is only a part of financial management.

Financial management has two main components -

Finance and Accounts Management

Administration



Administration system helps NGO Managers to establish administrative plan, develop communication system, internal control according to the financial management and decision making.

On the other hand, accounting system is related to identify the accounting information, express those in numbers and exchange of those information among relevant parties. Accounting system is a methodological structure for accomplishing these activities. However, with change in internal system of an NGO and/or context or standards, the administrative and accounting system can be changed.

### 1.8 Definition:

This manual will be treated as 'Finance and Accounting Manual' of ASED HABIGONJ.

### **1.9 Explanation:**

If there is any chapter or portio or word in the policy is not self-explanatory, the explanation of the organization authority will be acceptable.

### **1.10 Amendment:**

The policy can be amended or changed when necessary with approval of the Executive Committee of the organization.

### **1.11 Accounts Offices:**

The head office, regional office and project offices will be treated as acconts offices

### **1.12 Issues of Internal Control and Financial Management:**

In this regard, ASED Habigonj will follow accounting standards including voucher system, double checking, double approval for large amounts etc. can be included under internal control. The componenets of internal control can be -

- a. Organizational planning with verified source
- b. Internal approval mechanism, documentation, record keeping, supervision and preservation
- c. Managerial supervision, evaluation and audit

### **1.13 Accounting Power and Responsibilities**

Executive Committee of the organization will be the final authority in financial management. Chief Executive will supervise all financial activities of Accounts Department, approve all vouchers and will submit all necessary information in Executive Committee for approval. Fiance Manager will maintain and preserve all necessary documents and will verify those for submitting to the Chief Executive for approval. Project Manager / Coordinator / Responsible to lead will recommend or verify vouchers before submitting for approval. (Annex 1)

### **1.14 Principles of Internal Control**

For the internal control of ASED Habigonj, the following system will be followed in addition to above mentioned issues.

#### **A. Job responsibility:**

The staff should have specific job responsibilities. For internal control proper responsibility distribution is necessary and specific person should be assigned for specific responsibility. If many persons are assigned for one job and if there any mistakes, it becomes very difficult to identify the person who made the mistakes.

#### **B. Preserve proper data and information**

Proper data and information should be preserved. For assigning responsibilities to take care and protect wealth, proper data and information plays a vital role in controlling. Improper data and information sometimes becomes source of misuse.

#### **C. Proper documentation**

Document preservation and supervision should be done separately. One basic principle of internal control system is, who is responsible for taking care of any wealth, the accounting document of that wealth should not be with that person. For example, if Assistant Store-keeper documents the storing and disburse of materials at store, Store-keeper will sign the demand note of storing materials.

#### **D. Transaction responsibilities**

The differentiable responisibilities or same type of responsibilities should be distributed

among different persons and / or departments so that, one can check job of other.

**1.15 Roles and Responsibilities of Head of Accounts:**

The Head of Accounts will be responsible for over management and supervision of the department. S/he will ensure completion of assignments in coordination with other staff of the department. In discussion with the Chief Executive s/he will prepare job responsibilities for the staff of the department.

- Overall management and observation of account dept.
- Implementation of finance and accounts policy and manual of the organization
- Preparing budget, review and finalization
- Financial reporting
- Completing receipt – payment accounts
- Ensure timely audit
- Supply proper information as per requirement of donors
- Supervise project, regional and branch office financial issues
- To take necessary steps for addressing legal, methodological and compliance issues in financial activities
- Checking sample bill – voucher for quality control
- Assign roles and responsibilities of the accounts dept. staff
- Ensure monthly meeting of accounts dept. staff



### **1.16 Forms and formats**

ASED Habigonj will use the below listed form, formats, books and registers for all financial transactions and income – expenditure accounts.

1. Money Receipts (Attachment 2)
2. Advane Slip (Attachment 3)
3. Purchase Request Form (Attachment 4)
4. Quotation/Tender Notice (Attachment 5)
5. Comparative Statement (Attachment 6)
6. Security Money (Attachment 7)
7. Purchase/ Work Order (Attachment 8)
8. Cash Book (Attachment 13)
9. Petty Cash Book (Attachment 14)
10. Cheque Issue Register (Attachment 15)
11. Stock Register (Attachment 16)
12. Vehicle Log Book (Attachment 17)
13. Vehicle Requisition Form (Attachment 18)
14. Financial Reporting Format (Attachment 19)
15. Salary Sheet (Attachment 20)
16. Credit Voucher
17. Debit Voucher
18. Contra Voucher
19. Journal Voucher
20. Ledger Book
21. Bank Reconciliation Statement
22. Annual Inventory
23. Travel Bill Format
24. Log Book

## **Chapter 2 Budgeting**

### **2. Introduction:**

Proper budgeting is very important for financial management. Mainly, the overall success of a project depends on proper budgeting, which includes – allocating necessary budget for project activities, rational distribution of allocation for project activities, effective use of allocated budget and financial control. For effective management 2 basic componenets are required:

- A. Planning
- B. Control

Planning controls and initiate budget and internal control is a very important streategy of the organization. The budget, on the other hand, is a document through which future work plans, performance appraisals, coordination, communication, etc. are reflected and which simultaneously acts as a source of motivation. Budget gives proper direction in organizational actiivties.

The budget is a key element through which the executive committee provides policy guidelines for the implementation of the organization's programs and functions. The managing authority of ASED Habigonj will prepare the annual work plan of the organization and the budget consistent with it and submit it to the executive council through the chief executive or any of his representatives for approval. Generally, the budget is prepared for the following purposes-

1. It expresses the policy directives of the Executive Committee through specific functions.
2. Provides instructions for performing administrative functions.
3. Determining the amount of funds required for identified and listed project activities up to the specified time.
4. Allocation of minimum required funds for project listed activities for effective financial control.
5. Provides guidance on the means of monitoring and evaluating the work and its results.
6. Coordination of funds allocated between project duration and project activities. Also one of the objectives of budgeting is to mobilize funds for the projects undertaken.

### **2.1 Budgeting Process:**

Organization will prepare a budget in the last part of the running year for the next year. The budget will be prepared organizational strategies and context. Before preparing organizational budget, each unit will submit their plan and budget for the next year to the head of the accounts. Higher management will draft the budget will submit it to Executive Committee for approval.

Types of budget:

- Cash budget
- Detail program budget
- Summary budget
- Revised budget

### **Liabilities of Budget:**

In case of donor financed project the budget will be limited within project agreement. Most of the time project agreement defines flexibility.

In case of the organizational budget, there is flexibility of 10% extra expense on any line item if necessary. For extra expense of more than 10% upto 25% in any line item, prior approval of Chief Executive is required. But, actual cost must be within total budget, it can never surpass the total budget.

The organization can follow any of the below mentioned two-ways to prepare budget:

### **Continuous Budget Preparation Process:**

Following same type of project and activity budget of the organization, implemented earlier considering inflation, possible depreciation and contingency.

### **Aggregation of Possible Budget Allocation:**

Considering running project, current situation, demand and risks, this budget is prepared.

### **2.2 Components of Budgeting:**

- Accounts code for each line item
- Income – expenditure
- Approved budget for running year
- Proposed budget for next year
- Sources of fund shown as line item
- Salary, allowance, program cost, overhead cost should be included in line item
- Capital expenditure

### **2.3 Steps of Budgeting:**

#### ➤ **Aggregation of Budgeting:**

Consolidating the funds allocated on the basis of the listed activities of the adopted project is one of the initial steps in the preparation of the budget. Necessary financial allocation is given for the scheduled activities of the adopted project. The total financial amount of the proposed project needs to be determined by aggregating the funds allocated for the activities and adding the total financial allocations based on the activities.

#### ➤ **Discussion of Budgets:**

The organization will have a budget committee to prepare the budget. The budget can be prepared based on the views of all, in consultation with the concerned staff of the organization, taking into account the possible allocation of funds based on the activities of the proposed project.

#### ➤ **Negotiation with the Sponsors /Donors /Funding Agency**

For the budget prepared for the adopted project, it is necessary to be sure about the funding of the prepared budget through necessary discussions and communication with the concerned funding agency or organization. Basically, this is a very important and more effective step for the budget.

#### ➤ **Approval of Budget**

The budget of the organization will be approved by the executive committee. In case of project, obtained budget from donor agency through necessary communication should be approved by the Executive Committee of the organization. For this, the meeting of the concerned executive committee has to be convened at the appointed time and the agenda of the meeting has to be fixed accordingly.

### **2.4 Principles of Budgeting**

- Budgeting by budget committee of the organization. If required expertise can be hired from outside
- Ensure participation of all levels of staff for effective budgeting
- The budget should follow context and available resources of the organization
- Consider inflationary adjustment
- For effective control and management, the budget should be allocated as annually, half-yearly, quarterly and monthly basis

- The budget can be prepared highest for 5 years considering the strategic plan of the organization

## 2.5 Fiscal year:

The fiscal year of the organization will be July to June. Project year will follow agreement with the donor.

## 2.6 Budget Revise and Reallocation:

The budget can be revised and reallocated if necessary, subject to approval of Executive Committee and/or relevant donor organization. Special Executive Committee meeting should be arranged for this and agenda should be fixed accordingly.

## 2.7 Title / List of Accounts:

### 2.7.1 Head of accounts

Head of Accounts	Head of Accounts
<b>Fixed Asset</b>	<b>Liabilities</b>
➤ Land	➤ Capital
➤ House	➤ Loan from bank, financial institute or donor
➤ Furniture	➤ Loan from general fund
➤ Office Fixtures	➤ Loan recovery from beneficiaries
➤ Training materials	➤ Inter project loan
<b>Vehicles</b>	
➤ Motor cycle	➤ Collection of savings
➤ Bi-cycle	➤ Advance collection
➤ Micro bus/ Jeep / Car /Tractor	➤ Loan from project / programs
<b>Current Asset</b>	
➤ Cash in hand	➤ Loan from staff / provident fund
➤ Bank deposit	➤ Loan from individual
➤ Loan to general fund	➤ Loan from committee member of the organization
➤ Outstanding with beneficiaries	➤ Evaluation of asset
➤ Loan to other project	➤ Welfare fund for beneficiaries
➤ Loan accounts	➤ Payable expenditure
➤ Return of savings	➤ Aggregated depreciation
➤ Advance payment	➤ Deferred income
➤ Stock materials	➤ Unspent project fund
➤ FDR / Savngs Schemes	
➤ Savings	
➤ Recoverable income	
➤ Security Fund against loan	
➤ Different debtors	
➤ Asset sale	
<b>Revenue Income</b>	<b>Revenue Expenditure</b>
➤ Donor fund	➤ Service charge paid to donor
➤ Service charge collection	➤ Service charge paid to head office
➤ Office and material rent received	➤ Interest against savings
➤ Service charge of staff loan	➤ Salary, allowance, honorium, wage, consultancy fee
➤ Member fee	➤ Office rent
➤ Donations	➤ Organizational contribution to PF, welfare funds
➤ Bank interest	➤ Administrative expenditure

➤ Receipts from different sources	➤ TA, DA
➤ Income from different programs, projects	➤ Utilities expenditure
➤ Income from training	➤ Statinery, printing, entertainment cost

### 2.7.2 Coding System

Project Code	Account Code
00	00000
2 Digits	5 Digits
A	B

Codes will be number based. For writing financial transactions in general ledger first two parts must be included.

#### Explanation of Coding:

A is first 2 numbers of accounting code which will indicate specific project. In this system, there is scope of 99 project coding. The project codes will be like: Project 1 – 01, Project 2 – 02 in this manner and so on.

B is 2<sup>nd</sup> part of accounting code with 5 numbers which indicates, different sub-heads of accounts and programs including asset, income, liabilities, expenditures. The first number will indicate type of accounts, the list is as follows:

- 1 fixed asset
- 2 current asset
- 3 liabilities
- 4 revenue income
- 5 – 9 revenue expenditure

Therefore, in program coding is like:

11111 is fixed asset (furniture and other assets)

21112 is current travel accounts (cash in hand)

31100 is liabilities (cash in hand)

41111 is revenue (donor fund)

51112 is expenditure (staff salary)

#### Head of Accounts:

ASED Habigonj has fixed heads of accounts. These heads of accounts are not changeable by all. If any change is required, it must be approved by the senior management committee of the organization. For financial reporting, ledger books, vouchers the indicated codes per head of accounts should be written.

Head of Accounts	Code	Head of Accounts	Code
<b>Fixed Assets:</b>		<b>Liabilities:</b>	
Land	101	Capital Accounts	301
Building	102	Loan from Bank, Donor or Financial Institute	302
Furniture	103	Loan from General Fund	303
Office Materials	104	Debt Collection from Beneficiaries	304
Training Materials	105	Taking Inter-Project Loan	305

Head of Accounts	Code		Head of Accounts	Code
<b>Vehicles:</b>			Loan Account	306
Motor cycle	106		Savings Collection	307
By-cycle	107		Advance Collection	308
Micro-bus / Jeep / Car / Tractor	108		Short-term loan from Project / Program	309
<b>Running Capital:</b>			Loan from Staff Welfare Fund	310
Cash in Hand	201		Loan from Person	311
Bank Deposit	202		Loan from Committee Members of the organization	312
Loan to General Fund	203		Asset Re-evaluation	313
Loan outstanding to beneficiaries	204		Beneficiary Welfare Fund	314
Giving Inter-Project Loan	205		Payable expenses	315
Loan Account	206		Consolidated depreciation	316
Savings Refund	207		Miscellaneous creditors	317
Advance Payment	208		Deferred Contribution	318
Stock Material	209		Transferable Project Fund	319
FDR, Savings Certificate	210		<b>Revenue Expenditure:</b>	
Bad debt reserves	211		Service Charge Payable to Donor Agency	501
Receiveable Income	212		Service Charge Payable to Head Office	502
Contingency / Safety Fund against Loan	213		Pay Interest to savings	503
Miscellaneous debtors	214		Salary, Allowances, Honorium, Wage, Consultancy Fee	504
Asset sale	215		Office Rent	505
<b>Revenue Income:</b>			Organizational contribution to provident fund and welfare fund	506
Fund from Donor Agency	401		Administrative Expenses	507
Collection of Service Charge	402		Travel and Daily Allowance	508
Office Rent Received	403		Gas, Electricity & Water	509
Service Charge of Staff Loan	404		Fuel and Oil	510
Member Subscription	405		Repair and Maintenance	511
Other Subscription and Controbution	406		Printing & Stationery	512
Bank Interest	407		Newspaper, Books and Magazines	513
Miscellaneous Receipt	408		Entertainment Expenses	514
Income from Programs	409		Training / Meeting / Workshop / Seminar	515
Income fro Projects	410		Audit Fee	516
Income from Training Center	411		VAT and tax	517
Income from selling stationery items	412		Postage, Telephone and Mobile Bill	518
			Advertisement Cost	519
			Bank Interest and Commission	520
			Donation and Contribution	521
			Subscription and Registration Fee	522
			Overhead expenditure	523
			Material Development	524
			Survey and Data Verification	525
			Monitroing and Evaluation	526

			Exposure / Learning visit	527
			Expenditure for accessories	528
			Other Program Expenditure	529
			Other Project Expenditure	530
			Social Activism	531
			Miscellaneous Expenditure	532
			Depreciation	533

## **2.8 Financial Documents and Accounting:**

### **2.8.1 Accounting Books, Forms and Registers:**

- A. Cash Register
- B. General Register
- C. Salary Register
- D. Fixed Asset Register
- E. Advance Register
- F. Debit Voucher
- G. Credit Voucher
- H. Bank Debit Voucher
- I. Bank Credit Voucher
- J. Journal Voucher
- K. Stock Register
- L. Money receipt
- M. Cheque Issue Register
- N. Advance form
- O. Requisition form
- P. Petty Cash Register
- Q. Staff Attendance Register
- R. Ledger Books
- S. Project based Cash Register
- T. Register for Tours and Travels
- U. Register for Receiving Donation

### **2.8.2 Accounts Management Process**

ASED habigonj will follow ACCRUAL based accounts. But the organization may follow CASH based system in some cases, if necessary. If there is any requirement from donor, ASEd may follow that with approval of the Executive Committee.

### **2.8.3 Cash Book / Cash Register:**

A book in which cash bank related transactions are recorded in a sequential manner is called a cash book. ASEd Habigonj has a number of projects / programs and for each of these the company uses separate bank account and cash book.

### **2.8.4 General Ledger:**

Cash / Bank and Non-Cash Transactions The book in which the classification is made according to the title of the account is called general ledger. Daily cash transactions are recorded in the cash book according to the account title. On the other hand, all the transactions in the cash book are recorded in the general ledger. Journal vouchers for non-cash transactions are generated and recorded directly in the general ledger.

The main book of general ledger accounts. Financial reports can be prepared at any given time from the general ledger data, through which the activities like assessment of the financial condition of the





## 2.8.7 Depreciation & Abolition

### 2.8.7.1 Depreciation

Depreciation of fixed assets of ASED Habigonj will be calculated following simple linear method. The annual rate of depreciation of different types of assets will be as follows:

SL. No.	Asset	Depreciation Rate
1.	House (Building) (Paka)	2%
2.	House (Semi-Paka)	5%
3.	House (Kancha)	10%
4.	Furniture and Fixtures	10%
5.	Office Materials	15%
6.	Vehicle	10%
7.	Other Assets	15%
8.	Computer and Printer	15%
9.	Croceries	10%

Depreciation rates can only be changed with approval of Chief Executive.

### 2.8.7.2 Abolition of Fixed Asset:

If any fixed property is damaged / damaged or unusable, the controlling department will certify the condition of that property and make a proposal for its disposal. The Accounts Department will submit the proposal to the Management Authority along with information on purchase price / cost of the property, year of purchase, amount of deducted amount, assessed value etc. and the management authority will take a decision in this regard subject to the consent / permission of the Executive Council. The sale price of the canceled assets will be treated as miscellaneous income.

If the purchase price becomes zero after deducting depreciation on any asset, a list has to be prepared and submitted to the Administration Department subject to the approval of the Chief Executive. The administration department can take necessary action by selling or repairing the goods and re-fixing the price.

### 2.8.8 Advance Register:

Advance is a common occurrence in any organization. In order to conduct various activities, one has to buy and sell services and products from different individuals or organizations at different times and in this case sometimes advance is required. Sometimes a third party has to pay in advance to its colleagues based on the specific situation.

The advance registrar is used to properly control the advance payment. This is an additional supporting document in addition to the general ledger. Detailed information regarding advance payment and its adjustment must be properly stored, which is done through this registrar. At the time of preparation of financial statements, a list of all the advances which have not been adjusted is made from this registrar and such advance is matched with the advance recorded in the general ledger.

### ASED Advance Register

Name & Designation: -----

Date	Particulars	Voucher/L.F. No	Debit (অগ্রিম)	Credit (সম্ভরণ)	জমা বা খরচ (Dr. or Cr.)	জের / Balance	মন্তব্য
১	২	৩	৪	৫	৬	৭	৮

### 2.8.9 Voucher Form:

A voucher is a preliminary document with the necessary supporting documents for recording the financial transactions of an organization. Voucher Components -

- Organization Name
- The nature of the vouchers
- Preparation date
- Place
- Account name, code number and amount
- A summary of the transaction
- Signature of appropriate authority
- Bill Attachments / Cash Memo and other attachment documents
- Project code
- Signature of the recipient
- Cash / banking instructions

### 2.8.10. Types of vouchers:

There are 5 types of vouchers used in ASED.

- Debit / Bank Debit Voucher
- Credit / Bank Credit Voucher
- Journal / Jabeda Voucher

#### 2.8.10.1 Debit / Bank Debit Voucher

Debit vouchers are used to record all types of revenue expenditures and capital expenditures such as staff salaries, travel allowances, equipment and machinery, furniture, etc. Note that this voucher is used for all types of cash / bank transactions. Telephone, electricity, water, gas bills and other necessary supporting documents other than the original copy of the contract should be attached to the debit voucher. These vouchers are also widely used in other alternative names. Such as payment voucher, distribution voucher etc.

#### ASED HABIGONJ

#### DEBIT / BANK DEBIT VOUCHER

Voucher No:  Date:

Project: ----- Location: -----

SL.	Code No.	Description	Account Head	Taka	Re. Sign
Total					

Taka in word: -----

Prepared by

Checked by

Approved by

#### 2.8.10.2 Credit / Bank Credit Voucher:

Money received from the donor organization, advance refund from the employee or money received in any way like sale, transfer etc. is recorded in the ledger through credit voucher. Before approving this voucher, you need to make sure that all the necessary supporting documents are attached to it.

**ASED HABIGONJ**  
**CREDIT / BANK CREDIT VOUCHER**

Voucher No:  Date:

Project: ----- Location: -----

SL.	Code No.	Name of Payee	Description	Account Head	Taka
Total					

Taka in word: -----

Received by                      Accounts Keeper                      Checked by                      Authorized by

**2.8.10.3 Journal Voucher:**

Transactions other than cash that are recorded in the ledger are called journals or journal vouchers. Provident fund, income tax, advance adjustment, deduction from salary, depreciation on fixed assets etc. are accounted for through journal vouchers.

**Preparing Journal Voucher:**

The project, code, voucher number, date etc. will be the same as debit and credit vouchers. Other details of this voucher are as follows:

**Account Title:** The debit and credit side of the transaction is mentioned here.

**Debit (money) and credit (money):** Here the amount of money is written.

**Source:** The sources of the journal are mentioned here. For example- Memo No., Meeting, Permission, minutes, etc.

**Description:** The explanation of the transaction should be described in this column.

- A. Temporary transactions - Temporary transactions due to failure to be audited on time Was.
- B. Adjustment - The amount of money is adjusted according to the attached list.
- C. Correction - Corrected is ----- Tang.
- D. Transfer - Transfer is ----- Time Date.

**2.8.11 Money Receipt:**

Receipt of money through both cash and bank is a money receipt. This is the initial proof on the basis of which the money received in any way is recorded in the ledger. When money is received, a money receipt as below is used.

1st copy - Money is paid to the payer

2nd copy - Muri is in the book.

**ASED HABIGONJ**  
**Money Receipt**

SL No. \_\_\_\_\_ Date: \_\_\_\_\_  
 Amount Tk. ----- In Word -----  
 ----- Received with thanks from ----  
 ----- In cash / Cheque / Draft / Pay order / TT / DD  
 No. ----- Bank -----  
 ----- Date ----- drawn on -----  
 ----- On account of -----

Prepared by

Received by

Authorized by

## **2.8.12 Document Preservation**

### **2.8.12.1 Accounting documents:**

It is the responsibility of the finance officer to ensure proper maintenance of accounting and financial documents and other important documents, to protect them from fire or any other damage and to remove them or prevent any unauthorized entry into them. Finance department staff will also be responsible for ensuring safe copies of documents, checkbooks and cash in safe custody.

### **2.8.12.2 Printing of Accounting Books, Register, Forms:**

Head of account will initiate printing with approval of Chief Executive. Distribution also needs approval of Chief Executive.

### **2.8.12.3 Process of accounts documentation:**

Should be written by pen (non-removable ink). Pencil can not be used. No eraser, fluid or chemical to hide or correction. If any mistake, strike through it, and write correctly in the next available space. The correcting person must put signature by the side.

### **2.8.12.4 Disposal of accounting documents:**

Destruction / disposal of financial and accounting documents must be approved by the Executive Council. In this case, the law of the government of Bangladesh and the provisions made for NGOs have to be followed. All documents need to be kept up to a certain time from the date of last transaction as per the demand / agreement of the donor or financing organization. ASED Habigonj will keep its own documents till the specified time.

<b>SL.</b>	<b>Document</b>	<b>Preservation Time</b>
1	Cash Book	Lifetime
2	Ledger Book	Do
3	Asset Register	Do
4	Support Register	Do
5	Audit Notes	Do
6	Meeting Minutes	Do
7	Constitution of the organization	Do
8	Service Rules	Do
9	Voucher (All Types)	5 Years
10	General Documents	5 Years

## **3. Banking**

### **3.1 Opening Official Bank Account:**

Approval of Executive Committee is required for opening or closing of any official bank account. Executive Committee will assign signatory for operating bank account. Before, contacting any bank prior approval should be taken from executive Committee regarding the mentioned issues. President or Chief Executive can approve change of signatory, addition or cancellation.

### **3.2 Rules for Bank Account Opening:**

3.2.1 All bank accounts will be operated with 3 signatories from the below list bank transactions can be done with signatures of any 2 of the 3 signatories.

- Chief executive
- Deputy Chief Executive
- Treasurer
- Assistant Chief Executive

- Director
- Deputy Director
- Program Head
- Head of Accounts
- Branch Coordinator
- Accountant
- Anybody assigned by Executive Committee

3.2.2 Tk. 10,000/- (Ten Thousand) or more must be paid through accounts payee cheque.

3.2.3 Foreign grants will be received as a bank and domestic grants will be received through another bank account (mother account). However, multiple bank accounts can be opened later as required to manage the activities of the project. The procedure for managing a bank account is as follows:

3.2.3.1 After accepting foreign grants in foreign currency or in domestic currency as the only bank, the account number and address of the concerned bank must be sent to the NGO Bureau.

3.2.3.2 After receiving the foreign grant in the above process, it will have to be transferred to a separate account (operational account) to conduct the activities under the relevant program smoothly and smoothly.

### 3.3 Cheque Receive:

Money receipt must be issued against any cheque received. Cheque must be submitted to banks within 2 working days of receiving.

### 3.4 Cheque Issue Register:

ASED Habigonj will use below mentioned Cheque Issue Register format.

Date	Cheque Book No.	Cheque No.	Payment to whom	Why Payment for	Amount			Sign of the Signatory	
					Deposit	Withdrawn	Balance	1	2

### 3.5 Bank Reconciliation Report (BRR)

Bank reconciliation report should be prepared at the end of every month, within first 3 working days of the next month. Head of Account will sign that.

#### ASED HABIGONJ Bank Reconciliation Report (BRR)

Name of Month :  
 Name of Project :  
 Name of Bank A/C :  
 Bank A/C Number :  
 Name of Bank :

Particulars						Amount (Tk.)
Balance as per bank statement						0000
Add: Deposited into bank but not credited into bank:						
Sl. No.	Cheque No.		Date	Amount (Tk.)	Sub-Total	
Less: Cheque issued but not presented to the bank for payment:						0000
Sl. No.	Cheque No.	Name of Party	Date	Amount (Tk.)	Sub-Total	
Balance as per cash book (Tk.)						0000

Prepared by

Checked by

Approved by

**3.6 Cheque Cancellation:**

Cheque can be cancelled by crossing it with red ink. The signatures on the cheque should be crossed. The cancelled cheque should be preserved for audit.

**3.7 Cash Transaction:**

Staff of Accounts department will do expenditure / bill payment by themselves.

If for any reason Accounts staff can not go there, 2 levels of program staff will accomplish the jobs.

For all cash transactions, a receipt should be issued, 1 copy should be preserved, photocopy should be kept with voucher.

## **Chapter 3**

### **Financing**

#### **3.01 Introduction:**

Financing is one of the most important issues in the financial management of the organization. Without financing the financial management of the organization is baseless. Therefore, on the basis of the prepared budget, it is necessary to arrange the necessary minimum funding from the possible sources. As a possible source of funding, the organization's own income-generating activities (Self Revenue Generating Activities) will be funded by the service providers (In & out of country) through the service providers. Need to make arrangements.

#### **Self Revenue Generating Activities:**

The following issues can be adopted and implemented in the organization's own activities through the formulation of a realistic and appropriate plan.

#### **Proper use of local resources:**

Efforts can be made to fund the organization by identifying local resources and ensuring their proper use. The use of local resources should be ensured based on the geographical location and nature of the organization. Income generating activities like agriculture, fisheries, cattle rearing, planting of tree saplings and planting of trees, handicrafts, sale of expertise, printing press, business center etc. can be taken and implemented.

#### **Group Savings:**

Necessary funding for the respective parties can be arranged by regularly encouraging the parties consisting of the target population of the organization. The created funds need to ensure proper use of income and development work for the concerned beneficiaries. In this case, arrangements have to be made to develop the skills and increase the capacity of the team. In order for the concerned party to ensure proper utilization of the said funds in its income generating activities, the party has to provide guidelines for the use of funds at the initiative of the organization. In addition, in order for the team concerned to maintain and maintain a sound account of the funds created, the team must cooperate in developing the necessary skills.

#### **In Country Financing:**

There are a number of government and non-government organizations in the country with the aim of providing minimum financial assistance and services to voluntary organizations in development activities. These organizations can generally be considered as service providers, financial aid providers and money laundering organizations. Below is a brief description of the organizations.

##### **1. Service Providing Organizations**

There are service providers at both government and non-government levels. Such organizations provide small-scale financial and technical assistance and training based on activities and projects to organizations working at the community level. Such organizations raise funds from the respective donor agencies and provide the necessary assistance to the partner organizations in relatively simple terms and conditions.

Among the government service providers, the Department of Social Services, the Department of Fisheries, the Department of Education, the Department of Youth Development, the Department of Health and Family Planning, the Department of Women's Affairs, the Department of Environment, etc. are particularly notable. NGOs working at the private level include NGO Forum for Drinking Water Supply and Sanitation, Bangladesh Health and Population Consortium, FPSTC, Path-Finder

Fund, Helen Keller International, CDF, IVS, Prep-Trust, etc. In addition, BRAC, Proshika and Care have recently been providing small-scale support to small organizations in a number of activities.

## **2. Financial Institutions**

Such companies usually borrow at relatively low interest rates from various donor agencies and financing agencies and lend money to implementing agencies through very reasonable interest rates and special conditions in due process. The name of Palli Karma Sahayak Foundation is particularly significant among the companies investing in this type of money. In addition, national level organizations like BRAC, Proshika, Asha etc. are also providing small scale financial assistance to small NGOs for loan activities. Recently, various types of banks are also providing loans at community level through NGOs on relatively easy terms.

## **3. Donors**

In order to develop and manage the activities of NGOs, a number of donor agencies in the country regularly contribute the minimum required amount to their local offices. The donor agencies are - US-Aid, Novib, SDC, DANIDA, Norad, Aga Khan Foundation, USCC-B, Canada Fund, Water-Aid, Asia Foundatio, World Bank, EU etc.

## **4. UN Donor Organizations:**

A number of UN agencies are working as aid agencies in this country. All these organizations also cooperate with NGOs through the concerned departments of the Government of Bangladesh. The UN agencies are: UNICEF, WFP, IFAD, UNFPA, UNHCR & UNDP etc.

## **5. International Development Funding of Foreign Govt.**

High commissions of different donor countries are located in Bangladesh. These High Commissions provide financial assistance to NGOs in various small scale projects and programs, namely - British High Commission, Candian High Commission, Netherland Embassy, Australian High Commission, German Embassy, Japan Embassy etc.

## **6. International Donor Organizations**

Various foreign donors are providing the necessary minimum financial assistance to the various voluntary organizations working in Bangladesh. In Bangladesh, through the government's Bureau of NGO Affairs, these donor agencies provide financial assistance on the basis of project proposals for various projects.

### **3.02 Financing System**

The below mentioned process should be maintained:

#### **A. Financial Planning**

The organization needs to formulate a realistic and appropriate plan for financing. The financial plan should include clear explanations and guidelines on who will raise how much money in which sector, where and how. In this case, the company must have a strategic plan.

#### **B. Finding financing sources:**

Find out the possible sources of funding and compile a list of government, private, international and UN level domestic and foreign donors and donors.

#### **C. Communicating with donors**

To communicate about the receipt of funds through official letters to the concerned financial aid and disbursement organizations located in the country and abroad and to collect the guidelines for receipt of funds.



**D. Project proposal**

The project proposal should be prepared and sent in a timely manner, mentioning the sectors of acceptable and potential financial demand on the program determined on the basis of the financial guidelines provided by the concerned donor agency.

**E. Self-Revenue Generating Activities**

The organization needs to formulate and implement realistic financial plans for its self-revenue generating activities.

## **Chapter 4**

### **Accounts management**

#### **4. Introduction:**

The main goal of account management is to ensure the day-to-day accounting activities in a regular and anticipated manner by ensuring the effective participation and necessary cooperation of the employees at all levels concerned in a systematic manner. The activities of the Accounts Department can generally be divided into four parts: planning, organizing, motivating, and financial control in order to ensure proper accounting management conducted by the Accounts Department of the organization. The following is a brief description of the activities.

#### **A. Accounting Planning:**

The management of the organization is totally dependent on proper accounting planning. Accounting planning basically includes details of what will be done, how to do it, when to do it, where to do it, who will do it and why it will be done. The accounting department of the organization will formulate this accounting plan in consultation with the concerned authorities of the organization.

#### **B. Organizing accounts:**

Necessary preparations and arrangements have to be made to organize the accounting system properly on the basis of the prepared account plan. Necessary documents including preparation of bank account for account, preparation of account register (cash book, ledger book, journal etc.) debit and credit voucher, statement of account, preparation of balance sheet should be prepared. In addition, all the staff and officers who will be directly managing the accounts will have to organize them on a regular basis.

#### **C. Motivating Accounting Dept. Staff Members:**

In order to manage the accounting activities of the organization smoothly, it is an important activity of account management to make the concerned employees regularly interested. In order for the concerned staff to complete the accounting activities in a timely and timely manner, arrangements have to be made to provide necessary ideas and training including recognition of their work. Also those who are involved in the implementation of the organization's program are an integral part of account management. So they also need to make arrangements to provide the necessary ideas so that they can and do account of the money received in a timely and timely manner.

#### **D. Financial Control:**

Financial control is another major function of account management. One of the objectives of financial control activities is to ensure that the amount of money that can be spent in all the sectors is approved in the budget. The overall financial responsibility of the organization rests with the executive committee. The Executive Council will distribute power to the Chief Executive and his team according to their responsibilities (as per Annexure-1). The chief executive will have the omnipotence to oversee project implementation and financial matters.

It also includes all the necessary activities related to accounting including effective day-to-day maintenance and preservation of accounts, preparation of financial reports.

#### **4.1 Internal Financial Transactions:**

A. In case of planned activities, the amount of money should be mentioned in the prescribed financial demand letter for the required amount and the financial demand letter should be submitted to the accounting branch of the organization by the concerned department or employee.

- B. The Accounts Department will regularly analyze the requirements and rationale of the said financial demand and present it with the necessary recommendations for the approval of the officer in charge. After obtaining approval from the officer in charge, the Accounts Department will prepare the financial check and withdraw the required amount from the bank after the signature of the concerned persons. It should be noted that after presenting the financial demand, if it seems reasonable, the demanded money should be paid to the concerned worker within 2 (two) working days as per the rules.
- C. Cash or financial check may be issued to the concerned employee against the approved bill of expenditure or the amount demanded in cash or in the form of check may be paid to the concerned employee in advance against the approved financial requirement.
- D. Full cooperation should be given to all the concerned staff for more efficient regulation, acceptance and regularization of smooth transaction and account management of the organization.

**Internal control mechanism:**

- Receipt Accounts
- Payment Accounts
- Payable account
- Receiveable Accounts
- Procurement Accounts
- Sales Accounts
- Stock Accounts
- Fixed asset Accounts

**4.1.1 Receipt Accounts:**

Money receipt has to be given against the cash received for sale, advance refund etc. The Chief Officer of the Accounts Department shall ensure that the cash received on any given day is deposited with the concerned bank within the next working day. The responsibilities and duties of the person receiving the cash should be kept as separate as possible from the responsibilities.

- ❖ Receipt of receipt of receipt of voucher / cash.
- ❖ The following procedures should be followed in accepting any goods or products (grants):
- ❖ The head of the accounting department will confirm the receipt through internal notes.
- ❖ In case of goods of fixed asset nature, its price will be determined at market price and it will have to be accounted for.
- ❖ Fixed assets Goods of nature should be included in the fixed assets register.
- ❖ Consumables will be stored in the store and will have to be properly recorded.

**4.1.2 Payment Accounts**

Tk. 5001 – 10000 can be paid through bearer cheque. Tk. More than 10000/- must be paid by accounts payee cheque, Account Payee only/Not-Negotiable should be written on the cheque. In order to make an exception in any special case, there must be written prior approval of the Chief Executive / Head of Accounts / Responsible Person.

- ✓ 5,001 / - (five thousand one) to 10,000 / - (ten thousand) rupees can be paid by bearer check.
- ✓ Prepared vouchers and approved vouchers should be kept separate.
- ✓ Internal transactions can be executed by cash / check.
- ✓ All types of checks must have a joint signature. The check book can only be in the custody of the person authorized to supervise the preparation of the check or the preparation of the check.

- ✓ All canceled checks must be saved.
- ✓ All bank accounts will be reconciled on a monthly basis. If any check or deposit is due for more than one month, it should be investigated in accordance with the administrative and financial rules and necessary steps should be taken to resolve it.

#### **4.1.3 Payable Accounts:**

Invoices received from the supplier should be verified in the light of purchase order and receipt report.

If there is any discrepancy between these, action should be taken immediately and in case of any coordination, it should be approved by a responsible person. The supplier's invoice must be recorded and stored promptly and accurately.

A. Vouchers and cash book of daily transactions have to be signed by the concerned approving authority at the end of the day's work. The concerned officer will check the real hand cash along with the cash book and ensure the refund.

B. The limit for approval of cash disbursement will be Rs  
 Manager / Coordinator - Tk. 3,000 / - (Three Thousand)  
 Program Head - 5,000 / - (Five Thousand) Taka  
 Director - 10,000 / - (ten thousand) Taka  
 Assistant / Deputy Chief Executive - Tk. 20,000 / - (Twenty Thousand)  
 Chief Executive - Tk. 200,000 / - (Two Lakh)

C. The financial spending approval authority will be limited according to the connected authority matrix.

D. After payment, all the relevant supporting bills / vouchers should be paid with the date 'Paid' seal.

E. According to government rules, revenue stamps have to be used in the bill.

F. No advance can be made from Peticash for personal needs.

G. Hand cash limit is maximum of Tk. 10,000 / - (ten thousand).

#### **4.1.4 Receiveable Accounts:**

- Invoice of delivery of goods, order of delivery of goods and delivery should be verified in the light of the report. If any discrepancies are observed between them, immediate action should be taken and in case of any coordination, it should be approved by a responsible person.
- Initiatives should be taken at regular intervals to recover the dues and inform the management about the actual situation.
- Receipt invoice and receipt receipt of payment must be recorded and saved immediately and accurately.

#### **4.1.5 Procurement Accounts**

- For any purchase the demand form has to be prepared, verified and approved by the appropriate authority.
- All types of purchases must be made under the Procurement Policy section of this policy.
- Purchased products should be accepted on the basis of relevant certification by the concerned department (store, administration, etc.).

#### **4.1.6 Sales Accounts**

- The price of goods for sale must be determined by the appropriate authority by adding a certain amount of profit to the total cost of production.
- Must pay the sales invoice and pay receipt.
- If the rest is sold, the accounting department should be informed immediately.
- You need to use the Sales Registrar to record any sales.
- The management authority will check the sales registrar and pricing from time to time.
- In addition, the company's disposable and unusable goods can be sold subject to the approval of the authorities.

#### **4.1.7 Stock Accounts**

- All goods received internally by the person in charge must be certified and duly recorded.
- In case of delivery / delivery of goods from X Store, signature of both the giver and the receiver is required.
- No one else will have access to the goods stored in the store except the person in charge of the store.
- All goods should be arranged in an orderly manner.
- Goods can be delivered only on the basis of duly approved demand.

#### **4.1.8 Fixed asset Accounts**

In case of purchase / sale / transfer of fixed assets, the prescribed administrative and accounting procedure should be followed:

- The actual value must be verified with the budget value allocated for fixed assets.
- The stock must be recorded as soon as the purchased assets are received.
- According to the company's policy, fixed assets can be sold and transferred only on the basis of specific approval.

#### **4.2 Change of Responsibilities:**

There must be a written transfer of money and vouchers in case of change of responsibilities. Both the payer and the receiver will sign the declaration of cash and the declaration must have the counter-signature of the head of the accounting department.

#### **4.3 Rules for Petty Cash Use:**

Highest tk. 10000/- (ten thousand) can be kept in petty cash at a time. Organization can decide for what purpose petty can be used. This must be adjusted at the end of the project or on a quarterly basis and on the last working day of each month for general accounting. The use of retail money will be limited to the following areas:

- Pay rent
- Postage
- Travel / Transportation / Travel
- Service / utility bill
- X Meeting costs
- Repair and maintenance costs

- Daily wages of irregular employees
- Fuel bill
- Stationery items below Rs. 1,000 / - (one thousand)
- Emergency retail costs

## **5. Advance Management:**

General rules for receiving advance:

- The application for advance has to be approved subject to the recommendation of the appropriate authority.
- Must have an approved budget.
- The approved application has to be submitted to the Accounts Department at least 1 (one) working day (bank working day) before 11.00 am. In case of special emergency, the approved application can be submitted to the Accounts Department before 11.00 am on the day of need, but the explanation of urgent reasons must be mentioned.
- In case of all types of advances, if the previous advance is not adjusted, the advance cannot be taken again.
- If the advance is to be adjusted within the date mentioned in the advance form, the approval of the chief executive must be sought by requesting extension of the adjustment date.

### **Types of Advance:**

#### **5.1 Advance for Procurement:**

A. Advance can be taken by filling up the demand form in advance. If the purchase order for purchase is approved, advance can be taken for that purchase. If you take an advance for purchase, you have to adjust it within the date mentioned in the advance form.

B. If any advance has already been taken in the name of that person, no new advance can be taken till it is reconciled.

C. Only the person selected for the purchase can take the advance for the purchase. Advance taken in the name of one person cannot be transferred in the name of another.

D. If there is any money left in advance, it has to be deposited in cash in the accounting department, no other new advance can be taken with that money.

#### **5.2 Advance for Project activities**

A. Advance payment can be made for execution of project work as per project budget. In this case the budget of the project has to be attached with the demand letter in advance.

B. One advance cannot be paid while another is in advance.

C. If the money received in advance is left, cash has to be deposited.

#### **5.3 Advance for Travel:**

A. Advance payments can be made according to the approved itinerary.

B. This type of advance can be paid if the advance is approved after calculating the possible travel cost. Travel expenses can only be calculated in advance by calculating the cost of car rental, food cost, accommodation cost, fuel cost.

C. No other advance can be paid while there is an advance.

#### **5.4 Advance against salary**

- A. Only permanent officers / employees of ASED who have completed 1 (one) year of service can avail advance against salary.
- B. Up to 60% of the advance payable (GHB) can be taken against the salary and it will be adjusted with the 6 months' salary in the month in which the advance is taken.
- C. An officer / employee who has been suspended, dismissed or submitted a resignation will not be able to take an advance against the salary.
- D. New advances cannot be taken until the previous advance has been adjusted.
- E. If an officer is transferred, adjustment must be made in advance before leaving the workplace.
- F. If someone is fired without adjustment in advance, the money will be collected from the organization

### 5.5 Others:

- A. Advance may be paid for any special reason other than the above reasons such as: Advance may be paid to a supplier against a work order. In this case, if it is more than Rs. In this case there should be a note for record regarding the advance payment of the purchasing committee and it should be mentioned in the work order.
- B. Multiple advances cannot be made against a work order.
- C. The advance paid must be adjusted when paying the bill.
- D. If a supplier does not deliver the goods or services after receiving the advance, his work order will be canceled and the advance will be adjusted from the deposit.

### Advance Approval Process:

Activity Type	Operations Dept.	Admin & Accounts Dept.	Monitoring & Documentation Dept.
Payment	Cashier / Accounts Officer	Cashier / Accounts Officer	Cashier / Accounts Officer
Approval Authority for Tk. 5001 & above	Chief Executive	Chief Executive	Chief Executive
Recommendation	Head of the Concerned Dept.	Head of the Concerned Dept.	Head of the Concerned Dept.
Recommendation	Concerned Supervisor	Concerned Supervisor	Concerned Supervisor
Check	Accounts Dept.	Accounts Dept.	Accounts Dept.
Application	Applicant	Applicant	Applicant
Approval Authority upto Tk. 5000	Head of the Concerned Dept.	Head of the Concerned Dept.	Head of the Concerned Dept.
Recommendation	Concerned Supervisor	Concerned Supervisor	Concerned Supervisor
Check	Accounts Dept.	Accounts Dept.	Accounts Dept.
Application	Applicant	Applicant	Applicant

### Advance Adjustment:

Payment of claims and expenses for allowance and accounting of advance should be done on the basis of travel expenses report.

A. Employees who will travel will carefully prepare travel expenses claims. He will ensure that the date, purpose and formula of expenditure are clearly stated in the presented claim form.

B. Actual receipts, i.e. bus or train tickets, boarding passes, taxi fare receipts, public call center (for phone-fax) receipts, hotel bills, etc. should be attached as far as possible. Travel allowance must be calculated and claimed in accordance with the company's policy.

C. The Travel Expenditure Report must be verified and recommended by the head of the branch / program concerned and approved by the authorized officer.

#### **Dailiy Allowance:**

Regular, project staff, contract based, part-time staff:

The capital and divisional city: 255/- (Breakfast 35/-, Lunch 100/-, Dinner 100/-, 2 snacks 20/-);

District and Upazila level: 245/- (Breakfast 25/-, Lunch 100/-, Dinner 100/-, 2 snacks 20/-);

For snacks time will be considered 11 am and 4 pm.

President, Chief Exeutive, Executive Committee Members and Directors: Tk 500/- (Five Hundred) per day.

In case of project, the project will avail bill as per agreement.

#### **Accommodation:**

All staff and volunteers will get Tk. 400/- (Four Hundred) per night in case of capital and divisional cities and Tk. 250/- (Two Hundred Fifty) per night for district and upazila towns.

The President, Chief Executive, Executive Members and Directors will receive Rs. 600/- (Six Hundred) per night for accommodation.

In case of project, the employees will avail the bill as per the agreement signed with the project.

#### **Mobile bill:**

, required. ASED habiganj can decide on this.

<b>Designation</b>	<b>Amount (Tk.)</b>
Chief Executive	Any amount
Deputy / Assistant Chief Executive	Any amount
Director	500/- (Monthly)
Coordinator / Manager	500/- (Monthly)
Other Officers	300/- (Monthly)
Other Staff Members	Subject to Approval

#### **Foreign Tour:**

If any member of the organization goes abroad for official work, the travel bill will be applicable as per the rules of the office. The cost of the passport must be borne by the person. Visa cost can be paid by office. Going abroad for official work must have the approval of the appropriate authority.



DA: In SAARC countries USD 10 and other countries USD 15.

**Own Working Area:**

No employee will receive a travel bill within their work area. However, the actual bill can be accepted subject to approval. In addition, someone is 20 (twenty) km outside his / her work area. Or you can bill for lunch if you work in a field more than that. In that case, if you leave the office at least at 11 am and stay in the working area till 3 am, you will be entitled to this bill. Moreover, if you return from the field after 9 pm, you will be able to bill for dinner. Note that those who are getting Daily Allowance will not be covered.

**Benefit on earned Leave:**

It will be calculated as salary of last month divided by 30, multiplied by earned leave days.

**Type of Transportation:**

In case of payment of travel allowance, it is necessary to use road vehicles as far as possible, such as: bus, train, launch, etc. Subject to the prior approval of the authorities, if staff members use any type of private vehicle for work, s/he will get reasonable fuel bill as km. Employees will receive repair costs if they use private vehicles.

**5. Salary and Wage payment:**

Salary will be paid through bank account. Staff members have to open bank account in any commercial bank and will need to inform office in written. Salary will be transferred to bank account of staff after 25<sup>th</sup> of the month.

**5.1 Salary Statement / Bill Processing:**

The Accounts Department will prepare monthly statements as per the project. In this case, follow the following procedures:

- A. He will quickly and accurately record the relevant salary details such as recruitment, promotion, transfer, resignation, revocation or dismissal.
- B. The inclusion of all this information must be accompanied by appropriate credentials (such as approvals, instructions, etc.) and must be properly verified.
- C. Salary can be paid from 25th of every month subject to preparation and approval of salary statement.
- D. The salary statement includes the name, title, basic salary, residential allowance, medical allowance, special allowance (if any) and various deductions such as- payment to provident fund, loan against provident fund, interest on loan taken against provident fund, income tax etc., total payable and Account number along with bank and branch name will be mentioned.
- E. The head of the accounting department will make a recommendation for the payment of salaries to the head office and submit it to the chief executive for approval. Must be prepared, recommended and approved in accordance with the line management of the branch office of the project / program / department.
- F. A copy of the salary statement along with the account payable check / debit advice should be sent to the bank on the basis of which the bank will transfer the money as the concerned employees. Salary allowance will be given to the permanent employees of ASED Habigonj in the light of the salary structure of the organization. In addition to the salary, 50% of his basic

salary will be given to those working in districts and upazilas, 60% working in divisional cities and 70% working in the capital.

G. Part-time and contract workers will receive salary allowance and other benefits as per the terms of the contract and project workers will receive the salary allowance and other benefits prescribed in the project. Note that the salary allowance of project / contract workers may be more or less than the salary structure of regular employees of the company depending on the qualifications and skills and the type of project / work. But it has to be consistent. Project workers will be able to voluntarily donate a portion of their salary to the general fund of the organization for the overall development of the organization.

### **5.2 Payment for Overtime:**

An additional Tk. 25/- (twenty-five) per day (working day) can be paid for those programs whose employees are comparatively overworked or whose activities are not bound within the stipulated office hours. The allowance can be increased / decreased or suspended as per the decision of the Personnel Management Department. In this case, the minimum office hours are from 6:00 pm to 6:00 pm for a minimum of 2 (two) hours. This facility will be applicable only for permanent employees of the organization (from Grade D-MLSS / equivalent position to Grade B-2- with: Program Coordinator / Equivalent). However, if a project has such facilities, it can be provided. In case of overtime, a seat has to be prepared as per the policy of the organization (for support staff during the festival) and it has to be certified by the concerned branch / activity head.

### **5.3 Increment:**

A. Arrangements will be made to increase the basic salary at the rate of 0-15% per annum by evaluating the skills of the permanent employees working in the company. No one will get the increased salary till the end of the apprenticeship period. However, if an employee becomes regular before the expiry of his / her term due to multiple qualifications and skills, he / she will get this benefit.

B. If an employee is specially trained or has a special role in the implementation of the organization's activities, or has additional responsibilities, or possesses special skills and qualifications, the organization may arrange special salary increase for such employee in recognition of him or for some other logical reason. This special pay increase rate will be a maximum of 5% of the employee's basic salary and a maximum of once a year.

### **5.4 Bonus / Special Allowance and other Benefits:**

#### **A. Festival Allowance / Benefits:**

Regular employees of the company will receive a festival allowance (equivalent to one month's basic salary) per year. Generally, Muslim workers will get the allowance for the two Eids and workers of other religions will get the festival allowance 15 days before their biggest religious festival, Puja / Christmas / similar day. This festival allowance will be paid based on the basic salary of the previous month of the month in which the festival will be held. This festival allowance will not be given to any worker working on daily basis. The workers working in the project will not get festival allowance if they are not in the project. Project staff will receive festival allowance / benefit as per project rules. Part-time and

contract workers will receive festival allowance at the rate of 40% of their monthly salary after completing the apprenticeship period.

**B. Provident fund and staff-welfare fund:**

A future fund will be set up for the permanent employees of the organization considering the future financial security of the employees of ASED. Employees will contribute 5-10% of their basic salary to this fund every month. If a worker does not work in the company for a minimum of 5 years, only his own deposit will be refunded. Do not get part of the interest paid by the bank. The money of this fund can be invested in any income generating sector with the approval of the staff management department if the company deems it necessary. In addition, employees will be able to borrow 90% of their savings from future funds. However, if the employee is above 2 years of age, he can avail this facility. However, it has to be accepted by executing a contract on cartridge paper.

A fund called Staff Welfare Fund will be set up to provide emergency assistance to all the employees of the organization. 1% of the monthly basic salary of the employees will be deposited in this fund. In case of any accident of any employee of the organization, assistance will be provided from this fund as per the decision of the Board of Directors of the Staff Welfare Fund on the basis of their application.

Note that in the case of a project, all the above matters will be determined in accordance with the terms of the project.

**C. Provident Fund:**

Any financial security plays a helpful role in motivating the individual / employee to fulfill their professional responsibilities, thus bringing motivation and dynamism to the work of the employee. With this in mind, ASED will provide for the provision of funds for the employees as well as the provision of gratuity for the employees, which will make the employees more loyal to the organization by ensuring greater financial security. Promising staff is an invaluable asset to any organization.

The system of paying the equivalent of one month's basic salary for each full year of service will be called gratuity. In case of payment of gratuity to the employee, unwritten rules will be followed.

- The age of employment will be calculated from the date of stabilization in the job.
- The provision of gratuity will be applicable only to permanent employees.
- No gratuity will be paid for ten years of service.
- Will receive a gratuity for every two full years of service for ten consecutive years or up to 20 years.
- Will get one and a half gratuity benefits for every two years of service from the age of 21 years and above.
- In case of gratuity payment, the basic salary will be calculated based on the salary received in the last month.
- The Executive Committee may decide to increase, decrease or suspend the benefits of the said provision considering the financial capacity, status etc. of the organization.

**D. Accidental compensation:**

If an employee has an accident while working for the organization, his / her medical expenses can be partially / fully paid from the organization's welfare fund. However, action

will be taken as per the decision of the concerned committee according to the type of accident.

**5.5. In case of resignation or dismissal, salary of the employee, provision of provident fund:**

In case of resignation or dismissal of an employee, payment of salary, provident fund, etc., must be followed in accordance with ASSED's employment rules or personnel management policy.

**5.6 Salary and Allowance of Dead Staff:**

Salary allowances of the deceased worker may be paid to his / her heirs. In that case the following steps will be followed:

A. A list of all the debts of the said employee should be given to his nominated nominee / heir.

B. The unpaid salary, allowances, gratuity money of the said employee should be paid to him subject to receipt of appropriate proofs from his nominated nominee / heir.

C. The creditor has to pay the account payee to his valid nominee by check.

**5.7 Nominee Related Information:**

I nominated this organization to pay the money to the person / persons appointed after my death. I reserve the right to cancel or change the nomination at any time. I further agree that the company will not be liable in any way for the transaction as per my instructions.

(Nominee announcement / selection format is given)

Nominee: Name	Date of Birth	Relation	Percentage (%)	Photograph of Nominee
1.				
2.				

**6. Personal File of Staff Members:**

The head of the Accounts department will ensure that the information of each employee is kept in the finance and administration department:

- Job application form
- Necessary documents for recruitment
- Order to be permanent
- Employment contract
- Contact number
- Bank account information
- Insurance Information
- Annual Salary Increment, Promotion (if applicable), Notice of Reason (where applicable)
- Holiday, Leave account
- Annual Benefit or Provident Fund Payment Information.

**7. Income Tax on Salary:**

Income tax will be deducted at source as per rule of Govt. of Bangladesh.

### **8. Payable Accounts / Payment to Third Party:**

Transactions begin with a supplier, contractor or consultant by executing a contract or giving him a work order. The things that a contract must include are:

- Will have the signatures of both parties;
- Will specify the product / service to be provided;
- Will have a deadline;
- Only pay by account payee check (excluding special cases);
- According to the Income Tax Act, tax will be deducted from the source.
- If there is any difference / dispute, there should be a condition / section on how it will be settled.

### **9. Process of Reimbursement:**

- The supplier will submit the bill and invoice to the concerned department;
- The Accounts Department will check the bills, invoices and other documents and the officer in charge will recommend for payment of the bill in the prescribed form;
- Officers of different levels will approve the bill according to their financial capacity;
- The Accounts Department will issue the check to the supplier, take the receipt of receipt from him and send it to the person in charge for recording in the cash book and ledger.

### **10. Receivable Accounts:**

A. The officer in charge will prepare all receipts of accounts or advance requests for the project / contract. The application form has to be signed by the officer in charge. Invoices have to be prepared for all receipts / revenue.

B. The invoices have to be prepared in the invoice form of ASED. Take an invoice number from the invoice book which will be saved by the accountant. The money coordinator will sign all the invoices and send copies of them to the concerned accountant for making journal vouchers and recording them in the general ledger.

C. The officer in charge will approve the inclusion of all the journals.

D. It is the responsibility of the officer in charge to ensure the collection / delivery of invoices which have not been collected / delivered. To this end, he will ensure the following steps:

- Issue invoices at the right time;
- Issuance of urging notice;
- Consult with the concerned responsible staff regarding the bad debt.

### **11. Abolition of Receivable Accounts:**

There must be certain conditions before a debt can be declared recoverable:

- The debtor cannot be found;
- The amount of money spent on debt collection will be more than the amount of unpaid debt;
- It failed after taking legal action through the court;
- The chief executive shall propose to the executive council for the cancellation of the accounts receivable;
- The decision to cancel the accounts receivable cannot be communicated to the debtor.

## **12. Authority:**

According to the decision of the Executive Committee, the senior and middle level employees of the organization will get the authority / authority:

A. The financial powers vested in the Chief Executive may be exercised in his absence by any member of the Executive Council / any officer nominated by the Chief Executive / Head of the Accounts Department;

B. The financial powers vested in the head of the accounting department may be exercised by the finance officer of the general fund in his absence.

C. No payment can be made if it is not in line with the budget.

## **13. Accounts of Sub / Area / Project Office:**

ASED's accounts will be managed centrally, but the company's branch / regional offices will have to adjust the balance according to the subsidiary accounts and the financial year.

### **13.1. Procedure to be followed for sub office:**

#### **A. Transfer of funds:**

According to the budget, after calculating the cost of activities every 3 (three) months (if necessary every month), the money has to be transferred to the regional / branch / project office and the money has to be kept in a bank in the concerned area. The money transferred to the Regional / Branch / Project Office will be treated as an advance and the advance account will be disposed of against the expenditure report of that office.

#### **B. Cash book:**

Regional / Branch / Project Offices will use column led cash book and all cash and bank transactions will have to be recorded in the respective cash or bank column. At the same time the expenditure column should be similarly recorded.

#### **C. Sending report to central office:**

Regional / Branch / Project Office will send report on monthly basis. This month's report must be sent within 3 (three) working days of the next month.

#### **D. Internal audit:**

The Accounts Department / Audit / Monitoring Department of the Central Office will audit all the expenses of the Regional / Branch / Project Office at regular intervals (at least once every three months) outside the internal verification process of the Regional / Branch / Project Office.

## **14. Inter-Project Loan**

If the loan / grant received from the donor agency is not received in time and there is no problem in the implementation of the program, short term loan can be taken from the general fund for the project. On the other hand, loans can also be taken from the project in need of general funds. In both cases there must be a written decision of the concerned authority.

## **15. Donor Fund:**

Major projects of ASED Habigonj are funded by donors. Therefore, the accounting system of the money given by the donor organization is one of the most important issues in the management of ASED's account. The accounting of the grant received by the organization can be broadly divided into two categories / methods:

- A. Donor Funding - General
- B. Donor Funding - Investment in fixed assets

The following rules should be followed in accounting for assets and revenue related grants:

**15.1. Asset related grants:**

Determining the exact value of the grants related to the assets including the non-financial grants, the value should be shown in the balance sheet showing the value as late income.

**15.2. Income / Revenue related grants:**

The grant will be recognized as income up to the time during the corresponding expenditure which should be accounted for in the corresponding expenditure so that there is no system loss in the annual report. It cannot be added directly as capital.

**15.3. Donor Funding – General:**

When the grant is accepted, it is recorded under this account without considering its nature. Subsequent grants used for the assets are transferred as corresponding. Grants used for expenditures of a revenue nature up to a time will be transferred as income. The rest of this is treated as an unused grant.

Sometimes there can be a shortage of money in the form of grants. In such a situation, the potential income sector / account is created as a grant and it is adjusted with the expenditure or this deficit is met from its own funds. At the time of creation of potential income sector, potential income sector debit and general grant fund accounts are credited.

Grant Fund - General Accounting related to the following should be recorded as:

<b>A. Grant Received:</b>	
Cash & Bank Account	Debit
General Grant Account	Credit
<b>B. Grant used in Fixed Asset:</b>	
General Grant Account Fund	Debit
Fixed Asset Grant Account Investment Fund	Credit
<b>C. Revenue Expenditure Grant Account:</b>	
General Grant Account Fund	Debit
Grant Income Account	Credit
<b>D. When Use of Fund Cross the Receivable Grant</b>	
Receiveable Account	Debit
Grant Account	Credit

**15.4 Donor Fund – Investment in Fixed Asset:**

When the grant is spent on fixed assets, the corresponding grant is transferred under the heading Grant Fund - Ordinary and this part of the said fund is treated as deferred income. The depreciation that will be levied on the respective assets at the end of the year should be shown as income from this fund. For this you have to enter the specified entry:

Fixed Asset Grant Account Investment Fund	Debit
Income – expenditure Account	Credit

Only for depreciation of grant funded fixed asset.

### 15.5 Phase out / Project Closing:

The procedure for utilizing / managing the remaining grant funds at the end of a phase of a project should be as follows:

#### Donor Fund – General:

In case of surplus of the fund, action has to be taken as per the terms of the relevant agreement. If there is a condition in the contract that the unused money has to be returned, then the money has to be returned to the donor agency. Otherwise it will have to be submitted as a new phase. And if the project is completed, the capital will be transferred from the national fund to the general fund of the organization.

#### Donor Fund – Investment in Fixed Asset:

The balance of this account will be transferred to the capital fund after the completion of the phases. In this case you have to provide the specified entry:

Grant in Fixed Asset Fund Account	Debit
Capital Account	Credit

### 16. Financial Report:

Financial reports and statements are the final result of the finance and accounting department. All the transactions performed throughout the year are recorded through some books and documents. Procedural documentation and storage helps an accountant to create a financial statement that is timely and useful to meet the needs of users. Financial data is presented in the form of samples in financial reports and statements. Statutory financial statements are prepared in accordance with the concept of accounting, customary practices and other applicable norms. In other cases, reports and statements are created based on the needs and requirements of the users. However, in both cases financial data is collected from the same book and documents.

ASED's Financial Reporting Users List:

- Internal user
- Donor Agency
- Government of Bangladesh
- Economic expert / researcher
- Others

The following types of financial statements are prepared to meet the needs of the above users:

- Internal report
- Donor agency report
- Statutory report

#### 16.1 Internal Report:





	Surplus Income over Expenditure				Extra Expenditure over Income		
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ASED Habigonj  
Project Name:  
Surplus Accounts  
Year (Financial Year of the Project)

Assets	Note	Taka
Fixed Asset	03	0
Closing Balance	04	0
Miscellaneous Creditor	05	0
Total		0
<b>Fund and Liabilities</b>		
Unspent Fund	06	0
Miscellaneous Debtor	07	0
Total		0

### 16.2. Provisional Receipt and Payment Statement (All Projects)

This statement presents the status of receipts and disbursements as per the account title of all the projects. This mainly means the situation of cash and banks. This statement helps in planning for the next month. Because it shows cash and bank deposits at the end of the month. Moreover, it presents the current data as well as the previous data at the same time, making it possible to compare the data.

The key people in the organization such as the chief executive / project head will be the users of this statement.

### 16.3. Variance Analysis of Project Budget and Cost:

This is done on a monthly or quarterly basis. This makes it possible to have a systematic analysis of the budget with actual data. As a result, the percentage of the difference in expenditure with the budget and the reason for this difference can be understood. The users of this statement are the finance and administration department and the program head.

ASED Habigonj  
Project Name:  
Year (Financial Year of the Project)

Head	Budget (Taka)	Actual Expenditure (Taka)	Variance (Taka)	Variance Rate
1	2	3	4 = (2-3)	5
Expenditure	10,000.00	8,000.00	2,000.00	80%

Total Expenditure	10,000.00	8,000.00	2,000.00	80%
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ASED Habigonj  
Project Name:  
Income – Expenditure Statement  
Year (Financial Year of the Project)

Head	Explanation Note	Current Year of Project	Previous Year of Project
Income	07	0	0
Grant	08	0	0
Expenditure	09	0	0
Extra Expenditure over Income	10	0	0
Expenditure transfer to Capital Account	11	0	0

ASED Habigonj  
Project Name:  
Surplus Accounts  
Year (Financial Year of the Project)

Assets	Explanation Note	Current Year of Project	Previous Year of Project
Fixed Asset	03	0	0
Closing Balance (Bank Deposit)	04	0	0
Miscellaneous Creditor	05	0	0
Total			
Fund and Liabilities	06	0	0
Unspent Fund	07	0	0
Miscellaneous Debtor	08	0	0
Total			

**16.4 Donor Reporting:**

Donor reports are prepared according to the requirements:

**16.4.1. Provisional financial report:**

It is a systematic financial report that is prepared according to the needs of the donor organization. This report presents the relevant 6 (six) month budget and actual data. It also includes an analysis of the difference between budget and expenditure.

**16.4.2. Project Audit Report:**

At the end of each project phase an audit report is prepared by a chartered accounts firm. This report includes independent audit report, donor fund reporting (receipt and disbursement) and certification of income-expenditure statement and balance sheet.

### **16.4.3. Statutory report:**

These reports are prepared to meet statutory requirements. Some of these are structural of the organization and some are prepared due to the relevant legal requirements. These are:

#### **16.4.3.1. Annual financial statement:**

At the end of each financial year, the required financial statements have to be prepared on 30th June. These statements are basically a consolidated compilation of the annual financial statements of all the projects. The consolidated financial statements include:

- Balance Sheet (Status)
- Income-Expenditure Statement
- Cash Flow Statement / Receipt
- Explanatory attachment
- Bank Coordination Statement
- Statement of fixed assets

This financial statement is audited by an independent / independent auditor and is published in the annual report of ASED for general use.

#### **16.4.3.2. Reports for the Government of Bangladesh (Bureau of NGO Affairs)**

For each project implemented with the funding of the donor organization, a set of financial statements including the Certificate of Auditor (FD-4) has to be submitted to the Bureau of NGO Affairs. All these reports are to be submitted on annual basis (project year). As per the notification issued by the Bureau of NGO Affairs dated 23rd October, 2000, the project based report and statement should be submitted to the Bureau of NGO Affairs:

- Independent / Independent Auditor's Report
- Surplus letter
- Income-Expenditure Statement
- Receipt Statement (as per FD-6)
- A brief description of the project with the cost variance with the relevant notes and budget
- FD-4 certificate with Annex-A / 1
- Auditor observation
- Other (if any)

### **17. External Audit:**

- ❖ To meet the statutory legal requirements must conduct annual audit of accounts through a chartered accounts institution.
- ❖ The selection of the auditor will be decided by the executive council of the organization.
- ❖ Annual audit should be performed within 3 (three) months after the end of the financial year.
- ❖ The head of the accounting department shall ensure the submission of the final accounts along with the relevant documents as per the prescribed schedule and if any explanation regarding the audit is required he shall submit it.
- ❖ will finalize the Memorandum of Understanding in consultation with the Chief Executive and the Head of Accounts and taking into account the needs of the donor agencies.

## **18. External financial transactions:**

Sometimes it is necessary for the organization to make financial transactions related to the office in the external field. In the case of external financial transactions, the ASED will follow the following steps.

- A. The approved amount of the said person or organization has to be paid by check against the bill submitted by the concerned person or organization. Payment by Pay Order, DD or Accounts Payee Check must be paid within maximum 07 working days of submission of the said bill. Authorities may extend or reduce this period if necessary.
- B. The amount of the bill presented and approved by the concerned person or organization up to Tk. 10,000 (ten thousand) can be paid to that person or organization in cash through the accounting branch.
- C. In case of any payment above Tk. 10,000 (ten thousand), payment has to be made by Pay-Order, DD or Accounts Payee Check.

### **18.1. Bank account**

The ASED Habigonj will open a bank account in its own name to make the proper accounting, security and accounting of the money earned and received on a project basis more systematic and acceptable. The company will follow the following steps in opening and managing bank accounts.

- A. As per the decision of the Executive Committee, ASED will be able to open and open accounts in any local bank with the approval of the Government of the People's Republic of Bangladesh.
- B. At the decision of the Executive Committee, any convenient bank located at the local level will have an original bank account in the name of ASED Habigonj.
- C. The authority will determine the nature of the bank account (savings account, current account, STD account, etc.) of the organization as per the instructions of the concerned payment institution or donor organization.
- D. A joint signatory will be selected to manage all types of bank accounts as per the guidelines mentioned in the constitution of the company. However, with the approval of the Executive Committee, the authority may select a joint signatory comprising of the concerned regional level staff to manage the bank accounts under the project or regional office of the company. Officers directed by the constitution of the organization will be nominated as joint signatories to manage the bank accounts at the central level.
- E. The proceeds will have to be deposited initially as the core of the organization and subsequently transferred regularly as a project or donor agency based managed bank.
- F. If for any reason the name of the signatories is to be changed as a bank, the authority may do so with the approval of the Executive Council. In this case, it has to be done through the decision of the meeting of the executive council for the change of signature of the bank account managed at the central level and the Chief Executive himself can take necessary steps for the change of the signature of the bank account managed under the regional or project office.
- G. All the documents related to the bank account should be kept by the accounting branch of the concerned office of the organization. In this case the documents of the central level will be kept by the accounting branch of the central office and by the accounting branch of the project or regional office.

## 18.2 Accounting Heads:

The income-expenditure heads of the organization can be as follows:

Receipt	Code No.	Payment	Code No.
1. Grant by Donor	I - 01	1. Staff Salary	P - 01
2. Local Contribution	I - 02	2. Travel and Daily Allowance	P - 02
3. Govt. Grant	I - 03	3. Staff Training cost	P - 03
4. Fund Received for Special Program	I - 04	4. Honorium of Resource Person	P - 04
5. Borrowing Money	I - 05	5. Consultancy Fee	P - 05
6. Member subscription	I - 06	6. Office Rent	P - 06
7. Service Charge	I - 07	7. Utilities	P - 07
8. Cost of service	I - 08	8. Printing	P - 08
9. Bank Interest	I - 09	9. Stationery Items	P - 09
10. Selling different forms		10. Capital Expenditure (Vehicle, Land, Furniture Procurement)	P - 10
11. Income from welfare fund	I - 10	11. Postage and Telephone	P - 11
12. Income from IGA	I - 11	12. Repair and Maintenance	P - 12
13. Expertise	I - 12	13. Fuel	P - 13
14. Miscellenious	I - 13	14. Audit	P - 14
	I - 100	15. Books, Magazines etc	P - 15
		16. Seminar / Workshop / Learning visit	P - 16
		17. Advertisement	P - 17
		18. Bank Charge	P - 18
		19. Welfare Fund	P - 19
		20. Loan Re-payment	P - 20
		21. Renewal Fee	P - 21
		22. Evaluation Cost	P - 22
		23. Entertainment	P - 23
		24. Relief anf Rehabilitation	P - 24
		25. Land Procurement	P - 25
		26. Building Construction	P - 26
		27. Miscellenious	P - 100

## 18.3 Capital and Debt of the Organization:

Capital	Debt
1) General Fund	1) Money Taken for Lending
2) Accumulated General Fund	2) Deficit of Income-Expenditure Accounts
3) Staff Welfare fund	3) Arrears
4) Capital of IGA	4) Any Unspent money
5) Surplus of Income-Expenditure Accounts	

6) Savings Certificate & Investment	
7) Received fund from different sources	

#### **18.4 Organizational Asset**

1. Land purchased and received in the name of the organization
2. Buildings in the name of the organization
3. All equipment purchased in the name of the organization
4. Vehicles purchased in the name of the organization
5. All the furniture and telephones of the organizations
6. Assets invested in the income generating activities of the organization

#### **18.5. Use of revolving loan funds:**

The following points will be followed to ensure the use and management of the revolving credit fund of ASED:

- A. Debt management committee should be formed consisting of the concerned employees of the company. The head of the company will form a loan management committee consisting of the concerned employees on a regular basis.
- B. In case of disbursement of loan from revolving fund, the head of the company will approve all the vouchers. In order to further decentralize the loan activities, the company may, in consultation with the main loan management committee, authorize the concerned responsible staff to approve loans up to a maximum of Tk. 5,000 / - (five thousand) on a regular basis.
- C. The loan activities should be conducted on the basis of the loan management guidelines of the company.

#### **19. Transaction recording method:**

Financial transactions are an important issue in the ongoing process of the organization. In order to conduct activities or other activities related to the activities, it is often necessary to pay or accept the purchase of some material every day, to the concerned employee, person or organization. As a result, proper accounting of the money given and received is one of the conditions of account management. The company will follow the following steps to maintain and effectively maintain financial transaction information.

##### **19.1. Concerning the receipt and payment of cash:**

1. Photocopies of financial checks received in the name of the organization from grants or other sources of the concerned donor organization should be duly stored by attaching them to the credit voucher. After the approval of the authority, the cash folio along with the voucher number should be mentioned while writing it in the cash book.
2. In case of receipt of money, necessary details of sources of funds (name of donor / paying company, name of bank, number of installments etc.) should be mentioned.
3. Documents (Cash Memo, Receipt Receipt etc.) of the funds invested and revolving in the income generating activities of the organization should be kept regularly.
4. Purchasing policy must be followed while paying the bill for purchase of any office related goods.
5. Bank transaction information should be entered in the cash book regularly.

6. A maximum of Tk. 10,000 / - (Ten Thousand) can be deposited at the end of the day as cash in the Accounts Branch. However, in special circumstances, the branch can save any amount of cash subject to the approval of the chief executive and it has to provide security.
7. At the end of each working day, cash should be kept in the office through D note (Cash Certificate).

### **19.2. Writing the original cheque book:**

Necessary information on receipt and disbursement of cash only through cash and bank should be recorded in the original cash book on a regular basis. The book will have two columns each on the Receipt and Delivery page. In one of these columns the details of cash transactions and in the other the details of bank transactions should be recorded regularly. In addition to the original cash book, the following can be followed for individual bank accounts and project based bank accounts.

1. You will need to use a separate cash book for each bank account.
2. Each cash book must have the same type of column attached.
3. Necessary information on receipt and disbursement of all types of cash should be recorded in the cash book on a regular basis and the cash and bank column should be completed on the same day and the surplus information should be displayed. At the end of the day, the accountant and the person in charge will sign the cash book.
4. The required line (in the same paragraph) of the Receipt and Payment column of the cash book should be used for posting the account / information of each type of item.
5. In case of cash received by check, it should be duly recorded in the cash-out bank column stating the full details including date and check no.
6. On the last working day of each month, on the basis of the information mentioned in the cash book, the total calculation of the amount received and paid for that month has to be completed. After the completion of the work, the head of the accounting branch will sign in the outer corner of the cash.

### **19.3. Excerpt from the ledger**

#### **1. External ledger**

- A. Only the main accounting heads should be mentioned in the general ledger.
- B. At the beginning of the year, the previous year's fund should be recorded as the initial fund.
- C. This book should record the information of each financial transaction as well as the folio number of the assistant ledger.

The authority may, if necessary, increase or decrease the rate of non-performing loans with the approval of the executive committee of the organization. The concerned officers in charge of the concerned branches / projects / regional offices will prepare the list of the expired loans and send it to the central office on a regular basis. The list of overdue loans should be submitted to the head of the organization by the accounting department after regular inspection by the accounting department of the organization or any officer in charge of the authority or an external expert. The head of the organization will present the said list to the meeting of the executive council of the organization for necessary approval after regular examination. After the approval of the Executive Committee, regular adjustment will be made by the Accounts Department of the said bad debt institution. Note that if it is ever possible to recover the arrears, it has to be deposited in the general fund of the organization.



## **2. Assistant ledger:**

- A. The sub-sectors (ledgers of cash recipients, ledgers of supplier contractors, etc.) should be preserved in the assistant ledger as the main head of the general ledger. For the purpose of account control, separate accounts have to be maintained according to the line item.
- B. When posting according to the line item in the assistant ledger, voucher number, cash folio and the amount of money must be mentioned correctly and clearly.
- C. The monthly sum of each sub-sector expenditure has to be transferred regularly as general loss.

### **19.4 Rewamil ready:**

Rewamil has to be prepared from debit and credit of the accounts kept in the ledger. Notes for Rewamil Preparation:

- A. To verify the mathematical accuracy of the monthly accounts, the concerned accountant will prepare the rewamil on the basis of the debit and credit rates of the financial account.
- B. The balance of each accounting sector should be ensured on the total working day of each week. But for the preparation of Rewamil, debits and credit debits have to be recorded in the accounting sectors as each week and sum of the month.
- C. The total amount of money saved in Rewamil must be shown.

### **19.5. Coordination and concluding writing**

#### **Suspicious and bad debt**

If there is no possibility of repaying the loan given by the company at all, then it can be generally considered as bad loan. 20% of the total loan disbursed can be treated as doubtful accumulated funds of bad loans.

#### **Retail cash flow**

Retail cash books can be used to properly store information on daily small financial transactions. The following rules can be followed in case of retail cash / cash book storage.

- A. On the first working day of every month, the accountant in charge will collect petty cash up to a maximum of Rs. 10,000 / - (ten thousand) through financial demand.
- B. The department will record and save the account of retail expenditure in accordance with the prescribed schedule.
- C. According to the prevailing rules, the amount of petty cash received has to be adjusted regularly. In this case, the account of the amount spent including the account summary has to be recorded in the ledger within a week.

### **19.6 Project-based cash flow**

The project based cash book can be used as per the need in terms of location, capacity and scope of the organization. As a result, it will be possible to get an accurate account of the sector income and expenditure under each of the ongoing projects of the company. Another advantage of project-based cash book storage is that it is easy to know the exact amount of surplus or deficit under each project, including income and expenditure of each project.

### **Maintenance and preservation of account registers**

In order to develop and manage the accounting system properly, ASED will maintain and maintain the necessary registers of accounts on a regular basis. All these registers are as follows:

- 1) Stock Register
- 2) Inventory
- 3) Register of Donation
- 4) Salary Register
- 5) Cheque Register
- 6) Staff Attendance Register
- 7) Movement Register
- 8) Material Register
- 9) Product & Sale Register

A brief description of the registers, maintenance and preservation procedures is as below:

**Stock Register:**

The stock register should be used for regular receipt and supply of various office related goods in the repository of all project / regional / unit offices including the head office of the organization. The stock registers are generally as follows:

1. Register of stocks of functional material goods
2. Register of stocks of beautiful materials
3. Register of stock of postage stamps related to office

Materials related to the activities such as medicines, tube wells, latrines, handicrafts, tree saplings, poultry and other income generating activities of the organization will be included in the register of material goods related to the activities. Postage stamps will be included in the postage stamps of the company for office related items such as notebooks, pens, pencils, registers, staplers, punch machines etc.

**Store management and maintenance of stock register:**

1. If possible, the company should appoint a staff member in charge of the store or hand over the responsibility of managing the store to the accounting department of the company.
2. It is better to use different stores based on the nature of the stockpiled goods. In this case, one store can be used for activities related goods and another store for storage of attractive items. In fact, there is no need to store postage stamps.
3. Prior to receiving the goods from the store, the responsible staff must be sure about the quality of the goods and acknowledge receipt of the goods received.
4. A copy of the acknowledgment of receipt of the goods received in the store should be sent to the Accounts Department of the company. The Accounts Department will pay the price to the concerned supplier on the basis of acknowledgment of receipt.
5. The goods received should be arranged in such a way that the stored goods can be easily identified and delivered. In the interest of maintaining a healthy environment, the environment of the store should be kept clean and tidy at all times.
6. The information of the goods received and supplied in the store should be immediately recorded in the stock register on a regular basis.
7. The concerned employees have to meet the demand using the format prescribed by the company and receive the necessary goods from the store through approval from the appropriate authorities.

8. Arrangements have to be made for regular supply of medicines stored in the store within the specified period. A separate register may be used if necessary to confirm the validity of the prescription. The name of the drug, nature, name of the manufacturer, date of receipt, specified duration and date of possible delivery (from the store) etc. can be stored in the said register.
9. The concerned officer in charge will submit a written report to the Accounts Department at the end of each month stating the stock location of the store.
10. The staff in charge will take steps to ensure the safety of the stores.

#### **Inventory:**

Basically this register has to be maintained in order to keep proper account of the fixed assets of the organization. The following rules may be followed for the preservation and maintenance of this register.

1. The name of the property, identification number of the property, size / model, price, date of purchase etc. should be mentioned in the register of fixed assets.
2. With the purchase of any type of fixed asset, the details of the asset should be duly recorded in the fixed asset register.
3. At least 2 times in each financial year (June / December) an audit statement has to be prepared by directly auditing the position of fixed assets. The assets mentioned in the audit statement should be sent to the head office with the signature of the authority in charge of all the offices of the organization.
4. The fixed annual depreciation value of fixed assets should be regularly deducted from the actual value each year.

#### **Register of Donation:**

Employee attendance register should be used as proof of attendance of the concerned employees at the workplace on office working day. Employees of all levels working in each regional / project / unit offices including the head office of the organization are required to regularly sign the attendance book as proof of workplace presence. If any employee is working in the field or staying in any other place related to the office or is on leave, the box of the specified date next to the name of the concerned employee should be filled regularly as per the instructions of the service rule of the company. It is to be noted that in case of payment of salary of the employee, the accounting department or the authority can take the help of the employee attendance register.

#### **Salary Processing and Salary Register:**

1. Regular and project employees of the company should be paid on a monthly basis and part-time employees on a contractual basis.
2. The concerned employees have to open a personal account in their own name in the bank where the money of the company is deposited in their workplace and deposit the account no. In the relevant account branch at the workplace.
3. The Accounts Branch will take necessary consultation with the authorities while preparing the salary statement of the concerned employees. On the advice of the authorities, the salaries of the employees will be sent to the employees as per the respective banks on a regular basis.
4. The Accounts Branch will specify the amount of salary as a personal bank for all the employees concerned based on the project and will request the bank authorities to transfer the required amount through a forwarding letter.

5. Employees of each Regional / Project / Unit Office including the Head Office will receive their monthly salary by regularly signing the Salary Register. The concerned accounting branch must affix the revenue ticket at the prescribed price at the time of payment of salary. Note that the signature of the employee has to be taken on the said revenue ticket. The cost of revenue ticket has to be borne by the concerned staff.

6. An employee of the company can receive 60% of the total salary for 1 month as advance salary subject to the approval of the CEO. Advance pay should be recorded and saved in the register. It has to be adjusted from the current month's salary of the employee.

**Staff Attendance Register:**

Employee attendance register should be used as proof of attendance of the concerned employees at the workplace on office working day. Employees of all levels working in each regional / project / unit offices including the head office of the organization are required to regularly sign the attendance book as proof of workplace presence. If any employee is working in the field or staying in any other place related to the office or is on leave, the box of the specified date next to the name of the concerned employee should be filled regularly as per the instructions of the service rule of the company. It is to be noted that in case of payment of salary of the employee, the accounting department or the authority can take the help of the employee attendance register.

**Travel / Movement Register:**

Specific travel information of employees for office related work should be recorded and stored in this register. The following can be done for travel registers:

1. If any employee travels for office related work and is allocated in the budget, he / she will be paid travel fare and daily allowance as per the service rules of the company.
2. While paying the travel fare and daily allowance of the employee, the Accounts Branch will take the help of the travel approval letter and travel register of the concerned employee. Note that at the end of the trip, the concerned employee will prepare and attach the travel report with the bill while presenting the travel and daily allowance bill in the accounting branch.

**Cheque Register:**

The organization will maintain separate cheque register for all bank accounts. The cheque register will contain each and every transaction through cheque. The cheque register should be approved by proper authority.

**Donation Register:**

This register must be used to receive donations from donor agencies or any other source. At the time of receipt of grants, the Accounts Department of the organization shall record and maintain the register of financial grants and receipts on a regular basis by mentioning the name of the donor / paying company, amount and nature of funds, date of receipt of money, main sector of expenditure etc.

**20. Management and use of funds:**

The overall need of the organization is to raise money from various sources. Money is accepted from the concerned donor / paying agency subject to various conditions. Sushilan considers it his sacred duty to ensure the proper use of the money received. In this case the company will follow the following policy.

**Bank account management:**

Financial checks issued by the concerned payer / donor organization should be accepted by opening the original account in the name of the organization in any of the local banks listed in the schedule of Bangladesh Bank. The company will take the following steps to open the original account.

1. Photocopy of the resolution regarding the decision of the Executive Council to open a bank account
2. Photocopy of registration letter issued by the Department of Social Services
3. Bureau of NGO Affairs clearance (if foreign aid)
4. Letter written by the head of the company along with the bank manager etc.

In case of management of all bank accounts of the head office of the company up to Tk. 20,000 / - (twenty thousand) Head of the Accounts Department and Head of Activities Implementation Branch / Nominated Senior Officer and for more than Tk. 20,000 / - (Twenty Thousand) Chief Executive and Accounts Branch The signature of the chief will be required.

In order to facilitate financial transactions in the regional / project / unit offices of the company, a bank account should be opened in the name of the company in the selected bank at the local level.

In case of change of joint signatory of the original account, the company shall send a letter along with its sample signature along with a photocopy of the decision taken by the Executive Council mentioning the names of the selected persons / persons in due course.

In case of need to change the signature of the bank account of the regional / project / unit office of the organization, only the letter sent by the head of the organization along with the name, title and sample signature of the selected person will suffice. In this case, the decision letter of the executive council will not be required.

If it is necessary to close the bank account, the head of the company will send a request letter to the concerned bank manager by attaching the decision letter of the executive council.

**Bank transactions:**

In case of bank transactions, ASED will follow the following policy.

1. In case of need of money related to the office, the accounting branch of the company has to get the approval of the head of the company by mentioning the amount of money in the financial demand letter of the company.
2. The amount of the sanctioned amount should be mentioned in the bank check and the signature of the concerned signatory along with the head of the company should be accepted on the said check.
3. The same rules have to be followed for withdrawal of required funds from the bank account no. Of regional / project / unit offices. In this case the officer in charge of the regional / project / unit office will perform the appropriate duties on behalf of the head of the organization.

4. For issuing bank checks, the Accounts Branch of the company will maintain and maintain two separate check registers.
5. The accounting branch of the company will keep the check book of the bank account in safe custody at all times.
6. Necessary precautions and safety measures must be taken to avoid any kind of accident while withdrawing money from the bank and carrying money to the office.
7. If a bank check is canceled for any reason, the cancellation check should be marked with two cross marks in the middle and the word cancel should be written in the middle. The canceled check should be recorded in the check issue register and the word cancel should be mentioned in the comment box.
8. The amount of money withdrawn on the cover of the issued check, purpose of withdrawal, date of issue of the check and signature of the head of the organization should be accepted along with the signature of the officer of the concerned accounting branch. Photocopy of check must be saved.
9. The bank account of the company will usually be managed in current or savings account no. If there is ever any excess money (principal fund and bank interest) in the said accounts, it may be transferred to the general fund as a permanent deposit of the company with the approval of the executive council of the company.

**Bank Reconciliation Statement:**

1. The bank certificate has to be collected and stored from the bank within maximum 7 (seven) days of the completion of the accounts by the accounting branch of the company.
2. After receiving the bank balance certificate, it has to be matched with the cash balance bank balance. In case of any inconsistency, bank reconciliation statement should be prepared.
3. The discrepancies between the bank balance certificate and the reconciliation statement will be settled and adjusted by the accounting department of the company in a timely and appropriate manner. In this case, the whole matter has to be brought to the notice of the head of the organization.
4. The matters included as bank charges and reconciliation will be adjusted regularly and in a timely manner with the accounts of the accounting branch of the organization.

**21. Managing daily accounts**

- A. At the end of each working day, the actual amount of cash and bank funds for that day has to be determined by adding cash and bank column. The officer in charge of the concerned accounting department of the company will inspect the matter on the spot and confirm the amount of money and sign it in the closing balance format at the appropriate place every day.
- B. At the end of the week or month, the company will verify the amount of the principal fund and sign the cash book on a regular basis.
- C. The amount of project based cash will never exceed Rs. 10,000 / - (ten thousand). If the amount of funds received at the end of the working day is more than Rs.
- D. In the first week of every month, the bank pass book should be done regularly. Bank balances need to be ensured by collecting bank statements of bank accounts which have not been booked or do not exist.

E. Each month, the relevant accounting branch of the company will prepare a financial statement stating the amount spent, cash and bank savings under various projects of the company and will present it to the head of the company.

G. If for any reason the bill bearer is not present in person, the bill can be paid to the bearer of the letter of empowerment by the actual bill holder. In this case the name and signature of the bill taker has to be accepted in the payment voucher. If the bill is paid through financial check, the name and signature of the bill taker should be received at the counter part of the check. The word paid should be mentioned in the payment voucher after payment of the bill.

H. All financial checks issued from the bank and used counter files should be kept in the accounting branch on the basis of the office order signed by the head of the company.

I. The required information of the check canceled by the company should be communicated to the concerned bank authority in writing.

## **22. Budget Control:**

Measures taken to ensure effective utilization of allocated funds in the mentioned sectors can be considered as budget control in general. The following steps can generally be taken in the budget control process.

A. Monthly expenditure plan has to be prepared on the basis of sectoral allocation and all departmental expenditure has to be executed on the basis of expenditure plan. In no case can the excess cost of the scheduled expenditure plan be incurred.

B. Regular monthly expenditure reports should be prepared stating the cost of all types of line items based on the allocated budget. If any discrepancy is detected through comparative analysis of monthly allocation and expenditure, it should be immediately reported to the authorities on a regular basis.

C. If 60% of the money allocated for a line item is spent, the matter should be reported to the authorities in writing and the amount of possible expenditure in that sector should be determined till next time.

D. If a line item costs more than the allotted amount for reasonable reasons, the minimum expenditure required on those items can be met by creating a supplementary budget. In this case, the rules and regulations related to accounting have to be followed effectively with the approval of the appropriate authority.

## **Preparation of financial statements:**

Monthly, quarterly and year based financial statements should be prepared to verify the accuracy and effectiveness of the financial accounts of the organization. The following points need to be followed for preparation of financial statements.

### **1. Receipt and payment account:**

At a given time (monthly, quarterly, half-yearly and yearly) the financial accounts of the organization should be prepared on a regular basis on the basis of receipt and payment of cash. In this case the following rules have to be followed.

A. This calculation has to be prepared for a certain period of time on the basis of line items mentioned in the budget.

B. This statement will cover all types of receipts and payments made by the department. At the same time, the receipt of the money deposited by the department so far and the information of the amount paid should be mentioned in the said statement.

- C. The previous month's cash and bank balances should be included in the financial statements.
- D. In case of calculation of amount received and disbursed on an annual basis, the closing fund of the previous year should be included as the starting fund for the current year.

## **2. Income-Expenditure Account:**

This statement of account is prepared to know the additional expenditure of the project based income of the organization and the excess or deficit of expenditure. The following rules should be followed in preparing this statement of account.

- A. All types of money received by the project department should be treated as income and the information of the money received towards the income-expenditure account of the statement should be recorded.
- B. All expenses related to revenue (accounting) should be mentioned in the Expenditure column of the statement.
- C. Depreciation value of fixed assets should be included in this statement of account.
- D. The amount of income and expenditure of the sector and the amount of money allocated should be compared and analyzed and the balance (idhasadhahapab garhhabu) and the amount of unpaid expenses and income should be mentioned in the statement. At the end of the year, the amount of additional or deficit expenditure and income should be calculated and mentioned by comparing the amount allocated with the income and expenditure account.

## **3. Balance Sheet Preparation:**

The position of the company's assets and debts and principal funds up to a certain period of time is mainly represented through the balance sheet. Therefore, balance sheet is considered as a very important method and material in the financial accounting process. The following points can be followed for preparation of balance sheet.

- A. The company has to prepare the balance sheet on the basis of annual rewamil surplus.
- B. The surplus or deficit amount of the company's income-expenditure account will be consolidated against the original fund.
- C. On the closing day of the balance sheet, all the assets and debts of the company should be clearly and regularly mentioned.
- D. Any unpaid debt must be included in the balance sheet of the year by deducting or eliminating the potential loss and recoverable debt. In this case, the decision must be taken by the executive council of the organization.
- E. A list of all assets and debts of the said company should be attached to the balance sheet.



## **Chapter 5**

### **Internal Control**

#### **5.01 Introduction:**

Internal control system is very important and essential in the greater interest of maintaining financial consistency and accuracy of accounts in the financial management process of the organization. In order to make the financial accounting and accounting system more transparent and effective, it is necessary to divide the transaction style.

The following action procedures must be followed in this process.

#### **5.02 Internal Control Mechanism:**

##### **A. Involvement of more than one person in accounts management:**

In order to make the day-to-day financial transactions and accounting process of the organization more acceptable, credible, participatory, accountable and regular, more than one person has to be involved in the account management process. There is a risk of miscalculations and irregularities in the management of accounts if the accounting activities are done by a single person. As a result, in order to avoid such mistakes and irregularities, it is essential to involve more than one person in account management.

##### **B. Regularization of Accounting Registers and Documents**

Accounts of daily financial transactions should be maintained and maintained on a regular basis. The concerned officer in charge of the accounting department will sign his sample in the cash and ledger book along with the accounting documents of the daily financial transactions. If any mistake or irregularity is found, he will take immediate action to correct it. The concerned officer in charge of the unit / regional office shall perform similar duties in the day to day maintenance and preservation of the regional / unit office.

##### **C. Control Expenditure according to budget**

All day-to-day expenses of the organization must be met on the basis of financial allocation. Under no circumstances should the money allocated be spent in excess. In the same way, the amount allocated for the sector in the budget cannot be spent in any way in that sector under any circumstances. However, in case of non-compliance with the expenditure fixed by the sector allocation due to rising commodity prices or inflation, the approval of the concerned donor body along with the approval of the executive council of the company is required. In this case, when preparing the budget, the accidental expenses must be included in the budget.

##### **D. Avoid Unnecessary Expenses**

Ignoring any kind of financial expenditure outside the budget is another important strategy of the internal prevention system. The ongoing process of the organization can often lead to many types of financial costs that are not included in the financial allocation or budget. This kind of unwanted expense must be ignored with extreme caution.

##### **E. Internal Audit**

Internal audit is a very important method in the internal financial control system of an organization. Money spent and invested in the ongoing activities of the organization,

accuracy of accounting and preservation procedures, financial decisions and exercise of powers to be closely monitored. Also the need for internal audit is essential to determine the scope of the organization, current assets and ongoing funding. Regular internal audit can be done by any employee who is skilled in financial matters in the company. Also, if possible, an internal audit cell can be set up based on the capacity of the organization. No matter how the internal audit is done on a regular basis, the staff responsible for the internal audit will be responsible to the head of the organization. Each time the internal audit is completed, the concerned staff will present the audit report to the head of the organization and save the reports in a regular manner.

#### **F. Approval of Expenditure:**

Bills for all types of expenses of the company have to be submitted to the concerned officer in charge after being examined by the accounting department. Before presenting the bills, the Accounts Department will note the following.

- A. Has the cost of bills submitted in the procurement policy and approval process of the company been met regularly?
- B. Is it reasonable to approve such expenses according to the employment rules of the company?
- C. Has the training cost been made as per the training register?
- D. Is the bill spent consistent with the company's purchase and annual expenditure plan?
- E. Has the said expenditure been made as per the prescribed financial allocation and line items?

#### **G. On the Spot Checking of Asset**

The position of the company can be determined on the basis of the amount of current assets of the company. Therefore, ensuring proper protection and security of assets is one of the important responsibilities of the organization. ASED is implementing multifaceted activities in managing activities. As a result of the decentralization process, the assets of the organization are sent and stored in each unit / regional office including the head office. It is essential to verify the current location of these resources through on-the-spot inspection. In this case, ASED will follow the following strategies.

- A. A committee consisting of 3 (three) members should be formed by convening the officer in charge of the accounting department. This committee will inspect the assets of the regional / unit office including the head office at least 1 (one) time in a year through on-the-spot inspection to determine the exact location of the permanent, temporary and floating assets of the organization.
- B. The committee will carry out on-the-spot verification of the assets on the basis of the list provided by the Accounts Department.
- C. Within a maximum of 15 (fifteen) days of the inspection, the said committee shall submit the inspection report to the head of the organization on a regular basis.
- E. In case of any discrepancy between the list provided by the Accounts Department and the assets received on the spot, the Inspection Committee shall clearly state the matter in the report. The concerned authorities will take necessary steps regarding the concerned regional / unit / project office. If the matter is considered reasonable, it will be adjusted subject to the approval of the head of the organization.

#### **H. Preservation of Accounts Related Documents and Proofs**

A. All the documents related to the financial transactions of the organization should be kept for a maximum of 5 (five) years.

B. In case of project, all the documents of financial transactions of the last one stage including the current one have to be kept regularly. It is important to keep in mind that the core funds of each financial account can never be wasted or incinerated.

**Annexures:**

Annex -1	<u>AUTHORITY MATRIX</u> -(Financial figure to be changed as per Council decision)
Annex -2	M O N E Y R E C E I P T
Annex -3	ADVANCE REQUISITION FORM
Annex -4	P U R C H A S E R E Q U I S I T I O N F O R M
Annex -5	QUOTATION/TENDER NOTICE
Annex -6	C O M P A R A T I V E S T A T E M E N T
Annex -7	STATEMENT OF TENDER SECURITY
Annex -8	PURCHASE/WORK ORDER
Annex -9	TENDER OPENING RECORD OF ATTENDANCE FOR ASED OFFICIALS
Annex -10	Procurement Department- TENDER OPENING RECORD OF ATTENDANCE FOR ASED TENDERERS
Annex -11	GOODS RECEIVE NOTE (GRN)
Annex -12	VENDOR PERFORMANCE EVALUATION
Annex -13	CASH BOOK
Annex -14	PETTY CASH BOOK
Annex -15	CHEQUE ISSUE REGISTER
Annex -16	STOCK REGISTER
Annex -17	LOG BOOK OF VEHICLE
Annex -18	VEHICLE REQUISITION FORMAT
Annex -19/1	STATEMENT OF FINANCIAL POSITION
Annex -19/2	STATEMENT OF INCOME AND EXPENDITURE
Annex -19/3	STATEMENT OF RECEIPTS AND PAYMENTS
Annex -19/4	NOTES TO THE ACCOUNT
Annex -19/5	BUDGET VARIANCE ANALYSIS
Annex -19/6	BANK RECONCILIATION STATEMENT
Annex -20	SALARY SHEET



**ASED HABIGONJ**  
(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
Authority Matrix

Sl. #	Expense Head	Limit of Approval Level (Taka)	Authorized Person	Remarks
1.	Salary & Allowances	Any Amount	- Chief Executive	As per HR Policy
2.	TA/DA :			Subject to budget provision
	- Chief Executive	Any Amount	- Treasurer/President	
	- Director / Deputy Director/ Program Managers/ Managers	Any Amount	- Chief Executive	
	Staffs of Program	Upto Taka 20,000	- Program Managers/ Managers/Program Personel selected by EC	
		Above Taka 20,000 but not exceeding Taka 50,000	- Director	
		- Above Tk.50,000	- Chief Executive	
3.	Program Related Expenses	- Each single bill-Up to Taka 20,000	- Program Managers/ Managers/Program Personel selected by EC	Subject to budget provision & As per Financial Rules of ASED.
		Above Taka 20,000 but not exceeding Taka 50,000	- Director	
		- Above Tk.50,000	- Chief Executive	
4.	Daily Expenses Bills Related to Office Management/Logistics (Expendable Items)	- Each single bill-Up to Taka 20,000	- Program Managers/ Managers/Program Personel selected by EC	Subject to budget provision & As per Financial Rules of ASED.
		Above Taka 20,000 but not exceeding Taka 50,000	- Director	
		- Above Tk.50,000	- Chief Executive	
5.	Capital Expenditures	- Each single bill-Up to Taka 20,000	- Program Managers/ Managers/Program Personel selected by EC	Subject to budget provision & As per Financial Rules of ASED.
		Above Taka 20,000 but not exceeding Taka 50,000	- Director	
		- Above Tk.50,000	- Chief Executive	



Annexure – 02

**ASED HABIGONJ**  
(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
**MONEY RECEIPT**

Sl. No. xxxxxxxxxxxxxxxxxxxx

Date: \_\_\_\_\_

Amount

From

\_\_\_\_\_

\_\_\_\_\_

Sum of (Word).....

.....

In cash/ draft/ pay order/ ceque No. XXXXXXXXXXXXXXXXXXXX

Date: XXXXX

Drawn on XXXXXXXXXXXXXXXXXXXXXXXXXXXX

On account of XXXXXXXXXXXXXXXXXXXXXXXXXXXX

.....

.....

.....

\_\_\_\_\_  
Prepared by

\_\_\_\_\_  
Received by:

\_\_\_\_\_  
Authorized by



Annexure – 03

**ASED HABIGONJ**

(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)

**ADVANCE REQUISITION FORM**

Date:.....

Requestor Name : ..... Designation.....

Required Date:..... Expected Date of Settlement:.....

SL#	Description / Specifications	Amount	Budget Head
	<b>Total Taka :</b>		

There is Tk. .... Dated...../ on other advance is lying with her/ him.

\_\_\_\_\_  
Accounts & Finance section

Advance Tk. .... has been Approved which will be Adjusted on .....

\_\_\_\_\_  
Manager

\_\_\_\_\_  
Authorized by







**ASED HABIGONJ**  
(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
QUOTATION/ TENDER NOTICE

Reference No. .... Dated: .....

Subject: Notice inviting tender/quotation for procurement of .....

Dear Sir,

ASED HABIGONJ (Association for Socio Economic Development) is inviting tender/quotation to procure the following materials/services with the terms and conditions as detailed below:

Sl. No.	Description/specification	Quantity	Unit Rate	Total Value

Terms and Conditions:

1. The tender/quotation must be submitted to < Insert > within < Insert > days from date of receipt of schedule.
2. Ordered goods must be delivered to < Insert > within < Insert > days from the receipt of the work order.
3. The authority will not accept the supplied goods if the same are not supplied as per schedule.
4. Bill will be processed for payment after proper delivery of goods and submission of two copies bills and two copies challans.
5. Quoted rate should be inclusive of VAT.
6. Income Tax, VAT will be deducted at source as per applicable Government Rules.
7. [Optional: If in the opinion of Procurement Committee a performance Security would be beneficial, than it may be requested for an amount of up to 5% of the purchase order value] : X% of the total amount will have to be deposited by successful bidder as performance security.
8. Bill will be settled through account payee cheque.
9. Goods should be delivered by the supplier organization at their own risk.

Thanking you,  
Yours faithfully,

Signature:  
Designation:  
Distribution:



**ASED HABIGONJ**  
 (ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
 COMPARATIVE STATEMENT

Sl. No.	Name of Items	Quantity	Previous Rate	Particulars of suppliers and rates quoted					
				Rate	Amount	Rate	Amount	Rate	Amount

Recommended to place order in favor of M/s. .... to supply the above items for the following reasons:

- 1.
- 2.
- 3.

Dated: ..... Member Member President

Approved

(Chief Executive )

Dated: .....





**ASED HABIGONJ**  
(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
PURCHASE / WORK ORDER

Supplier's name and Address: .....		Order No. ....		
.....		Date: .....		
.....		Required date: .....		
.....		.....		
Sl. No.	Description/specification	Quantity Ordered	Unit Cost	Total Cost
			Total Taka:	
Amount in words: (Taka ..... .....)				
<b>Terms and Conditions:</b>				
Terms and conditions will be applied as per procurement policy (clause no-14).				
On behalf of	On behalf of			
ASED HABIGONJ	Supplier			







**Annexure – 11**  
**GRN #.....**

**ASED HABIGONJ**  
(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
**GOODS RECEIVE NOTE (GRN)**

Name of Supplier _____	PRF Ref. No _____ Dated: _____
Address _____	Supplier's Invoice No. _____ Dated: _____
Purchase Order No. _____ Dated: _____	Supplier's Chalan No. _____ Dated: _____

Serial No.	Particulars	Name of Unit	Quantity Ordered	Quantity Received	Store Ledger Ref.	Remarks

Remarks: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Prepared by  Signature: _____ Date: _____	Reviewed by  Signature: _____ Date: _____	Approved by  Signature: _____ Date: _____
--	--	--



**ASED HABIGONJ**  
 (ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
**VENDOR PERFORMANCE EVALUATION:**

Name of the vendor	
Business Address	
Contact Person	
Position/Designation	
Contact Number	

Questions	Answer	Remarks
Type of vendor	<input type="checkbox"/> supplier <input type="checkbox"/> Retailer <input type="checkbox"/> Manufacturer <input type="checkbox"/> Distributor <input type="checkbox"/> Dealer <input type="checkbox"/> Agent <input type="checkbox"/> Sole Agent <input type="checkbox"/> Authorized Dealer	
Trade License	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Copy of trade license	<input type="checkbox"/> Collected <input type="checkbox"/> Not Collected <input type="checkbox"/> Not interested	
Copy of f Dealership	<input type="checkbox"/> Collected <input type="checkbox"/> Not Collected <input type="checkbox"/> Not interested	
Reputation	<input type="checkbox"/> Well <input type="checkbox"/> Moderate	
Payment Deal	<input type="checkbox"/> Cash <input type="checkbox"/> D.D/T.T/P.O <input type="checkbox"/> AC payee	
Payment in favor of	<input type="checkbox"/> Organization <input type="checkbox"/> Owner <input type="checkbox"/> Others	
Name of cheque issue		
Payment Time	<input type="checkbox"/> After Delivery <input type="checkbox"/> Before Delivery <input type="checkbox"/> Time of Delivery	
Advance Required	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Advance	<input type="checkbox"/> Time of Work Order issue <input type="checkbox"/> Time of Work in process	
Advance amount	<input type="checkbox"/> .....% of ..... <input type="checkbox"/> Tk.....	
Payment Location	<input type="checkbox"/> Local <input type="checkbox"/> Any where <input type="checkbox"/> Cash	
Transportation	<input type="checkbox"/> No Transportation <input type="checkbox"/> Local Transportation <input type="checkbox"/> With Transportation	
MUSOK – 11	<input type="checkbox"/> Will Provide <input type="checkbox"/> Can not provide	
AIT Deduction	<input type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	
Delivery on time	<input type="checkbox"/> Able <input type="checkbox"/> Unable	

Conclusion remark by committee:

1. Vendor is  Potential  Not Potential
2. Vendor can be selected/ Not selected for submitting quotation.
3. Value for money is ensured/ not ensured if selected.
4. Vendor can be selected for  time constrain  better efficiency.
5. Others:

Signatures













**ASED HABIGONJ**  
 (ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
**LOG BOOK OF VEHICLE**

Reg. No.: ..... Date: ..... Driver name: ..... Pin: .....	<b>Daily Vehicle Examination</b> Mobil <input type="checkbox"/> Battery <input type="checkbox"/> Extra Wheel <input type="checkbox"/> Brake <input type="checkbox"/> Pump & machineries <input type="checkbox"/> Radiator Water <input type="checkbox"/> Indicator Light <input type="checkbox"/> Front & rear light <input type="checkbox"/>	<b>Fuel Intake:</b> Octane / Diegel ----- Liter. CNG----- Cubic Meter  Meter No.----- Receipt No. ----- Driver Signature -----
--	---	---

Description of Travel	Starting Time	Starting Meter	Reaching Time	Reaching Meter	Requisition No.	Type of Duty	Building Department	Official / Personal Use	PIN of User	Name, Signature & Date of User

Travel Allowance: Morning <input type="checkbox"/> Night <input type="checkbox"/> Food Allowance <input type="checkbox"/> Night Accommodation (Open / Close) <input type="checkbox"/> Operating Time-----Hour -----Minute
---

Checked By -----

Driver Signature -----



**Annexure – 18**

**ASED HABIGONJ**  
(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)

**Vehicle Requisition Form**

Requisition Form Accepted by: -----

No. of Passengers : -----

Date & Time : -----

Type of Vehicle : -----

Requisition Form No. : -----

From ----- date, (Day) ----- Morning/afternoon ----- Till ----- date, (Day) -----

Morning/afternoon ----- (Time) For Personal / Official purpose, please allocate one vehicle in my name.

The proposed route of the vehicle

Starting Point	Destination	Cause of Travel

Driver Name: -----

User Name: ----- Signature : -----

PIN: -----

PIN: ----- Designation: ----- Level: -----

Vehicle no.: -----

Dept. : ----- Date: -----

\_\_\_\_\_  
**Signature**

**Vehicle Distribution Responsible Staff**

\_\_\_\_\_  
**Departmental Approval**



**ASED HABIGONJ**  
 (ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
 STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE .....

Particulars	Note	As on 31-12-(CY)	As on 31-12-(PY)
<b>ASSETS:</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3.00		
Capital work in progress	4.00		
Investment	5.00		
<b>CURRENT ASSETS</b>			
Stock and stores	7.00		
	8.00		
Advances Deposits & Prepayments	9.00		
Accounts and Other Receivables	10.00		
Other Current assets	11.00		
Grants Receivables	12.00		
Cash and cash equivalent	13.00		
Total Assets			
<b>LIABILITIES AND NET ASSETS:</b>			
<b>NON CURRENT LIABILITIES</b>			
Long term loan	14.00		
Grants Received in advance	15.00		
Donor fund investment in fixed assets	16.00		
<b>CURRENT LIABILITIES</b>			
Liabilities for Goods and Supplies	17.00		
Liabilities for Expenses	18.00		
Provision and other Liabilities			
Short term Loans	19.00		
Loan from others	20.00		
	20.00		
Total Liabilities			
<b>Net Assets</b>			
Capital Fund	21.00		
Other Fund	22.00		
Total Net assets			
Total Liabilities and Net Assets			

Date, Place  
 .....

Head of Accounts & Finance

Chief Executive



**ASED HABIGONJ**  
(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
**STATEMENT OF INCOME AND EXPENDITURE**  
FOR THE YEAR ENDED 30 JUNE .....

Particulars	Note	Current Year	Previous Year
<b>INCOME:</b>			
Donor grants income	23.00		
Bank interest income	24.00		
Service charge income	25.00		
Other Income	26.00		
<b>Total Income</b>			
<b>EXPENDITURES:</b>			
Salary and Allowances	27.00		
Honorarium and Consultancy Fees	<b>28.00</b>		
General Administrative Expenses	29.00		
Rent and Utilities	30.00		
Project Expenditure	31.00		
Printing, Stationeries and Supplies	32.00		
Training and Workshop	33.00		
Evaluation, Survey, Assessment	34.00		
Depreciation	35.00		
<b>Total Expenditure</b>			
Surplus/(Deficit) for the year			
<b>Total Taka</b>			

Date, Habigonj

Head of Accounts &amp; Finance

Chief Executive





**ASED HABIGONJ**  
**(ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)**  
**STATEMENT OF RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER .....**

Particulars	Note	Current Year	Previous Year
<b>RECEIPTS:</b>			
Opening Balance:			
Cash in Hand			
Cash and Bank			
Grant from Donors			
Local Income			
Bank Interest			
Service Charge			
Sale of Forms and Format			
Training Fee			
Other Income			
Loans and Advances			
Receivable from Community			
Other Receivables			
Investments Encashment			
Revolving Loan			
Sale of Fixed Assets			
Savings Fund			
<b>Total Taka:</b>			
<b>PAYMENTS :</b>			
Salary and Allowances			
Honorarium and Consultancy Fees			
General Administrative Expenses			
Rent and Utilities			
Project Expenditure			
Printing, Stationeries and Supplies			
Training and Workshop			
Evaluation, Survey, Assessment			
Fixed Assets			
Capital Work in Progress			
Revolving Loan Disbursement			
Investments			
Stock and Stores			
Advances Deposits & Prepayments			
<b>Total Payments Taka:</b>			
Closing Balance:			
Cash in Hand	23.00		
Cash and Bank	23.00		
<b>Total Taka:</b>			

Dated, Habigonj  
 .....

Head of Accounts & Finance

Chief Executive



**ASED HABIGONJ**  
 (ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
**NOTES TO THE ACCOUNT**

01.0 (Head of Accounts)			
01.01 Movement			
Particulars	Note	This Year	Previous Year
Opening Balance			
Add: Addition for the year			
Less: Adjustment for the year			
Closing Balance			

01.02 Break Up				
Code No.	Particulars	Note	This Year	Previos Year
	Total Taka:			



**ASED HABIGONJ**  
 (ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
**BUDGET VARIANCE ANALYSIS**

1. Name of the Organization :
2. Name of the Project :
3. Date of Govt. Approval with Memo no. :
4. Fund release Memo no. and Date :
5. Project Period and Budget :
6. Current Period and Budget :

Sl.	Head of Expenditure	Budget	Actual	Variance	Reasons for Variances
	i. Civil construction, if any				
	ii. Direct Project Activities				
	iii Personnel				
	a. Chief Executive				
	b. Other Managerial Staff				
	i) Foreign				
	ii) Local				
	c. Skilled				
	i) Foreign				
	ii) Local				
	d. Unskilled				
	iv) Travelling Allowances and Daily Allowances				
	v. Training, if any				
	vi Office Accommodation				
	vii Office equipment				
	viii Custom duty and Sales Tax				
	ix Head Office and Branch office's expense charged if any this Project				
	xiv Others				



**ASED HABIGONJ**  
 (ASSOCIATION FOR SOCIO ECONOMIC DEVELOPMENT)  
**BANK RECONCILIATION STATEMENT**  
 For the month ended .....

Bank Reconciliation Statement of ..... Bank ..... Br. ...., Account No. ....			<b>Amount</b>
Balance as per Cash Book as on .....			
Add: Cheque Issued But not presented to Bank for collection.			
Particulars	Accounted Date	Amount	
Add: Deposited by Bank but not accounted for/entry in the Cash Book			
Particulars	Accounted Date	Amount	
Add: Interest credited by bank but not accounted for within .....			
Particulars	Accounted Date	Amount	
Less: DD/ Cheque deposited to Bank but not credited/entry by Bank			
Particulars	Accounted Date	Amount	
Less: Bank Charge/Duty/ Commission / Levy debited by bank but not accounted for with in .....			
Particulars	Accounted Date	Amount	
Balance as per Bank Statement			
Prepared By:		Checked By:	Approved by
Prepared Date:		Checked Date:	Date:



**Conclusion:**

ASED's financial practices and policies are not a static document, but need to be reviewed and updated / changed based on realities and requirements at regular intervals so that it can be a living and evolving document. It can be assumed that the aspirations and needs of an organization are reflected through the accounting system of that organization. Therefore, with the change of demand, subject to the approval of the Executive Council, amendment / change of this policy will be considered as an essential issue.

End