Zabarang Kalyan Samity

Policy Cover Sheet

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Primary person responsible for updates to this policy:	Mathura Bikash Tripura
Job title:	Executive Director

Circulation: This policy has been approved by the executive committee members and is available to staff and general committee members. It is addressed to all staff members, volunteers, partners, vendors and applies at any organizational services.

Reviewed by:

Mathura Bikash Tripura
Executive Director
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Date: 15 December 2022

Approved by:

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Chairperson
Zabarang Kalyan Samity

Date:15 December 2022

Accounting and Financial Operational Manual

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Approval Note

Date: 12-06-2021

Zabarang Kalyan Samity (ZKS) is a leading Non-Government Organization (NGO) situated at Khagrachari Hill District. It came into being in 1995 with the collaboration of a group of local hilly educated and energetic young social workers with an aim to promote socio-economic and cultural status of the poor and disadvantaged people particularly, women and children.

ZKS is registered under Societies Registration Act, 1860 and with the Directorate of Social Welfare, Government of the People's Republic of Bangladesh, vide registration No. Khagra – 122/97 dated 29 July 1997. It is also registered with NGO Affair Bureau vide registration No. 1461 dated 27 December 1999 and last renewal date 13 October 2019 effecting from 27 December 2019.

As a rapidly growing organization with vision, ZKS realizes the necessity to develop a separate and sound Accounting and Financial Operational Manual for smooth functioning the process and to make its financial activities more accountable. The policy should be complying with internationally accepted accounting principles generally applicable to not for profit organizations

We are pleased to present here the Accounting and Financial Operational Manual of ZKS, which have been developed in the light of our organizational experiences and GOB's national plan of action and the international commitments. These policy and procedures will come under revision as and when require.

Bikash Tripura
Executive
Zabarang Kalyan Samity

Chairperson
Zabarang Kalyan Samity

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FOREWORD

The purpose of review and updating of this manual and policies is to provide an appropriate guidelines to the **Zabarang Kalyan Samity** (ZKS) to strengthen its internal control procedures. ZKS recognize the need to have policy structure that provide guidelines to its internal control objectives as well as strengthen the financial management system. This updated and reviewed version of the manual aims to enhance capacity building endeavors while ensuring the error free financial operation and reporting.

The guideline deals with basic aspects of accounting such as budgeting, cash and inventory management, advances and accruals, internal control, bookkeeping, bank-transactions, procurement process, etc. It also gives clear directives as to its standard requirements of Generally Accepted Accounting Principles (GAAP). **Zabarang Kalyan Samity** expects that by following this guideline, the financial and accounting systems of the organization will be more transparent and support in the financial planning and follow-up of the donor requirement as per international standard.

The manual explains the key concepts of basic NGO financial management. The manual also includes extensive worked examples and formats. This is a comprehensive introduction to the basis of financial management for NGOs.

OBJECTIVES:

The major objectives of this financial guideline are -

- to make more effectiveness and efficiency of the operations;
- to make reliability of financial reporting;
- to make ensure the compliances with applicable laws and regulations;
- to reduce or eliminate fraud or error;
- to serves as the first line of defense in safe guarding assets;
- to ensure the transparency of procurement;
- to control the delegation of authority;

In short, this manual should act as a tool to help program managers to achieve desired goals of **Zabarang Kalyan Samity** through effective stewardship of resources.

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Chapter-1

INTRODUCTION

1.1 Zabarang Kalyan Samity's Financial System

Zabarang Kalyan Samity (ZKS) is a national organization for the demographic evaluation of populations and their health in developing countries. As a rapidly growing organization, ZKS would like to develop and implement sound financial systems which will comply with internationally accepted accounting standards generally applicable to not for profit organizations.

ZKS's financial system encompasses all the personnel, resources, systems and activities that work together to carry out in an effective manner the financial and accounting functions of the Secretariat. This manual seeks to streamline the functions of all the elements within this system to ensure that all the activities of the Secretariat are carried out in a systematic manner so as to safeguard and add value to assets as well as facilitate and enhance financial reporting.

The implementation of sound financial and accounting systems is therefore designed in such a way as to ensure that:

a) All transactions are executed only upon proper approval and authorization;

b) Only valid transactions are recorded accurately to permit preparation of financial statements that conform to generally accepted international accounting standards, and

c) All assets are safeguarded in a healthy control environment.

1.2 The Purpose of the Manual

This guideline has been developed for **ZKS** with a view to assist in the improvement of their financial and administrative systems, policies, and procedures.

The key purpose of designing this accounting and financial operational manual is to provide guidelines to all staffs at ZKS, particularly the finance and accounting staffs for the orderly execution of their respective responsibilities for the purpose of preparing the Secretariat's financial statements. This also contains guidelines to assist in preparing financial reports against expenditure and utilization of sub-grants funds.

This guideline can be viewed as a tool for fulfilling the basic financial management requirements as per GAAP.

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Through this guideline **ZKS** intends to provide a comprehensive outline for introducing appropriate financial/administrative policies, procedure, designing a tailor-made accounting system coupled with generally accepted accounting principles and standard practices in order to ensure better degrees of financial control, transparency and accountability in their day to day operations.

Thus the main purpose of this guideline is to assist **Zabarang Kalyan Samity** for further strengthening of Financial and Administrative Systems which in turn will enable the effective and efficient management of their organization.

Through the use of this guideline it is expected that good accounting practice be made easier through the clear explanations with representative type of illustration inside, and will reduce the possibility of confusion and misunderstanding during application.

1.3 Scope of the Manual

This manual is intended to cover all aspects of the control environment of the financial system of ZKS. It seeks to touch on all areas of the system that instills order, direction and focus for efficient and effective performance at all levels of management.

The Manual is designed according to the requirements prescribed by Govt. laws so that there should not be any conflict with the legal requirements. The guideline deals with basic aspects of accounting such as budgeting and budgetary control, cash and treasury management, procurement and inventory management, advances and accruals, internal control, bookkeeping, bank-transactions, payroll management, grant and sub grantee management, chart of accounts, etc.

1.4 Authority of the Manual

In developing this manual, consideration was given to all applicable International Accounting Standards, International Public Sector Accounting Standards and the requirements of Govt. of the People's Republic of Bangladesh.

The manual also has the approval of the Executive Director and the full authority of the Executive Committee of ZKS. Failure to comply with any policies and procedures contained in this manual may render an employee liable to disciplinary action.

If for any reason a given policy or procedure cannot be implemented, it would be incumbent upon the responsible official to notify the immediate senior in writing detailing the circumstances and submitting an alternative policy or procedure for the approval of the Executive Director, who shall either endorse or reject the exception and the procedure to be valid as a replacement.

1.5 Essential Requirements

Zabarang Kalyan Samity will follow the guideline as much as possible. If any requirement is found to be difficult to implement, the staff of the ZKS must immediately bring it to the management seek directives to resolve the matter.

1.6 Recommended Practices

The guideline would help ZKS to simplify and strengthen their accounting systems. The Guideline is designed according to the requirements prescribed by Govt. laws so that there should not be any conflict with the legal requirements.

1.7 Modifications to this Manual

This is a living manual which will continuously be adapted and aligned to the environment in which the Network operates. The manual shall therefore be revised annually and/or as required with the approval of the Executive Director of ZKS on advice from the Finance department and the endorsement of the Executive Committee.

Suggestions and ideas on how the manual could be improved may receive from the staffs and should be forwarded to the Head of Finance who would liaise with the higher management to effect the necessary identified changes for the endorsement of the Executive Committee. Modifications will be formally notified to all staff along with replacement sheets and instructions.

1.8 Others Factors:

It is a major undertaking and the following should be considered:

- The manual cannot cover everything; to do so would be too bureaucratic.
- It must be a living manual, used and implemented by everyone.
- It must be regularly reviewed and updated.

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Chapter-2

FUNDAMENTAL CONCEPTS OF FINANCIAL MANAGEMENT

2.1 Financial Management:

Financial management entails planning, organizing, controlling and monitoring the financial resources of an organization to achieve objectives. In practice, financial management is about taking action to look after the financial health of an organization, and not leaving things to chance. This will involve:

Managing scarce resources: NGOs operate in a competitive environment where donor funds are increasingly scarce. We must therefore, make sure that donated funds and resources are used properly to achieve the organization's mission and objectives.

Managing risk: All organizations face internal and external risks which can threaten operations and even survival (e.g. funds being withdrawn, an office fire or a fraud). Risks must be managed in an organized way to limit the damage they can cause. We do this by establishing systems and procedures to bring about financial control.

Managing strategically: Financial management is part of management as a whole. This means managers must keep an eye on the 'bigger picture' – looking at how the whole organization is financed in the medium and long term, not just focusing on projects and programs.

Managing by objectives: Financial management involves close attention to project and organization objectives. The financial management process – Plan, Do, Review – takes place on a continuous basis.

Plan: When an organization starts up, it sets its objectives and planned activities. The next step is to prepare a financial plan for the costs involved in undertaking the activities and where to obtain funds.

Do: Having obtained the funds, the program of activities is implemented to achieve the goals set out in the planning stage.

Review: Using financial monitoring reports, the actual situation is compared with the original plans. Managers can then decide if the organization is on target to achieve its objectives within agreed time scales and budget. The learning from the review stage is then taken forward to the next planning phase, and so on.

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2.2 Importance of Financial Management for NGO:

NGOs operate in a rapidly changing and competitive world. If their organizations are to survive in this challenging environment, managers need to develop the necessary understanding and confidence to make full use of financial management tools. Good practice in financial management will:

- help managers to make effective and efficient use of resources to achieve objectives and fulfill commitments to stakeholders;
- help NGOs to be more accountable to donors and other stakeholders;
- gain the respect and confidence of funding agencies, partners and those served;
- give the NGO the advantage in competition for increasingly scarce resources; and
- help NGOs prepare themselves for long-term financial sustainability.

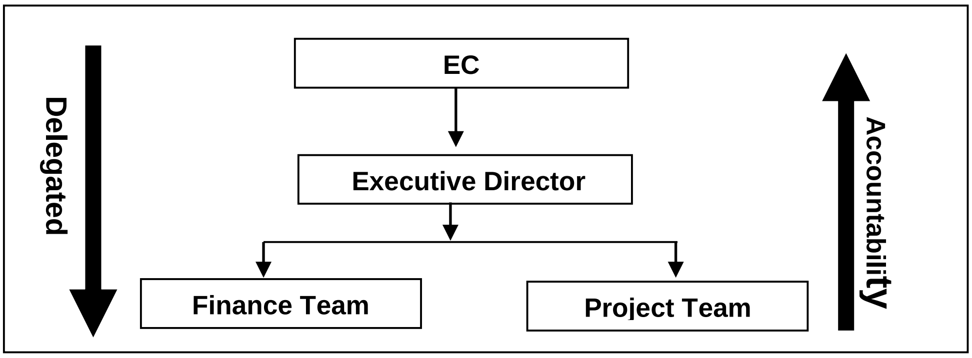
2.3 Financial Control

At the heart of financial management is the concept of financial control. This describes a situation where the financial resources of an organization are being correctly and effectively used. And when this happens, managers will sleep soundly at night, beneficiaries will be well served and donors will be happy with the results. Financial control occurs when systems and procedures are established to make sure that the financial resources of an organization are being properly handled.

2.4 Financial Management Responsibility

The Executive Committee, who are selected by the General Body, is the main management organ of an NGO together have a statutory duty to see that the organization is being properly run and that funds are being spent for the purpose for which they were intended. As the Executive Committee is made up of volunteers who meet only a few times a year, it delegates authority for day-to-day management to the Director. The Director then decides how to further delegate authority, to share out duties amongst the staff team. While it is acceptable for the Executive Committee to delegate authority to staff members, it cannot delegate total responsibility since ultimate accountability rests with the Executive Committee. Furthermore, authority without accountability is unhealthy – the Committee must set up monitoring mechanisms to make sure their instructions are being fulfilled.

Sample Organization Chart – How authority is delegated



Chapter – 3

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OVERVIEW OF FINANCE MANAGEMENT AND ACCOUNTING

3.1 Importance of Financial Accountability

Sound financial management is essential for efficient use of resources. The ability to provide accurate, complete and timely financial information enables us to comply with the rules and regulations of regulatory agencies, grant reporting requirements, as well as adhere to Generally Accepted Accounting Principles (GAAP). Accurate and timely financial information also assist in decision-making and enhances the ability to ensure error free financial reports. The policies and procedures contained in this manual are designed to provide the NGOs of the Governance Coalition program with the tools needed to effectively manage its financial resources.

3.2 Financial Responsibilities of Office Staff

3.2.1 Corporate Policy on Code of Conduct

It is organization’s policy that all staff, consultants, subcontractors and sub grantees conduct our activities morally, ethically, and in the spirit of public accountability and transparency, and in conformity with applicable laws and regulations and practices common with responsible corporations and non-government organizations.

Specifically, this policy explicitly provides that:

1. No funds or assets will be used for any unlawful or improper purpose.
2. No contributions will be made for political purposes.
3. Gratuities, business entertainment, meals and gifts, which are both lawful and customary, may be permissible as per the provisions of ‘Gift and Hospitality Policy’ of ZKS.
4. Financial data must be accurate, complete and current and prepared in accordance with the organizational policies and procedures.
5. No payments will be solicited or received by an employee or relative of an employee from a vendor or sub-grantee or prospective vendor or sub-grantee.
6. Payments to vendors, consultants or others may be made where required in the normal course of business to secure goods and services for organization, taking care that such payments are in line with prevailing practice. Vendor payment must be reasonable in relation to the services performed and will not exceed the normal rate for transactions of a similar nature.

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1. All financial transactions will be accounted for accurately and properly. No undisclosed or unrecorded funds or assets will be established or maintained for any purpose.
2. Payments/cash transactions will be made only into approved bank accounts.
3. Personal loans or advances cannot be made to staff under any circumstances, other than project/miscellaneous/travel advances.

Violation of this policy may lead to disciplinary action as per policy of the organization and may be cause for discharge and legal action. Head of the organization is responsible for disseminating this policy to all employees and for instituting and maintaining a program to ensure that employees understand organization's standards of ethical conduct. He/she is also responsible for informing employees of the importance of reporting any suspected violations of this policy to the ' management, without fear of reprisal.

Organization requires its employees to abide by the foregoing standards of ethical behavior in their dealings with its suppliers, consultants, sub-grantees, subcontractors, and governments. They are also required to report any violations of these standards.

Annually, each employee with a responsibility of placing, paying or supervising any supplier, consultant, sub-grantee or subcontractor will be required to sign and understand the following Code of Conduct:

"No employee, officer, or other related person shall participate in the selection or administration of a contract or grant if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or other related person, any member of her or his immediate family, her or his partner, or an organization which employees or is about to employ any of the parties indicated herein, has a financial or other interest in the organization selected for grant. Organization standards of conduct provide for disciplinary actions to be applied for violations of these standards by officers, employees, consultants, or other related person of the Organization."

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3.2.2 Internal Control

Internal accounting control consists of the plan of the organization, procedures and records to safeguard the assets and to assure the reliability of financial reporting. An effective internal structure includes a series of checks-and-balances required for the appropriate authorization and recording of transactions and ensures that access to assets is limited to authorized personnel.

Each transaction should be divided into component tasks completed by different staff members in order to increase the likelihood of detecting unintentional errors and prevent misappropriation of organization's' assets. As an example, the person who approves vouchers for payment should not prepare or sign cheques. Staff with physical access to cash, such as the Petty Cashier, should not record the receipt or disbursement of cash. The following chart includes other examples of the appropriate segregation of duties:

Person Who	**Should Not**
Prepares Vouchers	Approve Vouchers
Prepares Checks	Sign cheques
Has Access to Blank cheques	Post Payments
Receives Cash	Record Cash Receipts
Prepares Bank Deposits or Records Cash Receipts	Reconcile Bank Accounts
Is Responsible for the Physical Security of Assets	Perform the Physical Inventory of Assets
Prepares Payroll	Distributes Payroll Payments
Maintains Driver Logs	Monitor Fuel Usage

Some of the above things may be done with the prior approval of the Program Coordinator with proper justification. Ensuring sufficient staff training and the presence of written accounting policies and procedures are also elements of sufficient internal accounting controls. Four basic tests -- completeness, validity, accuracy and maintenance -- should be consistently applied to all transactions.

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Besides this, the Head of Finance or his designate will ensure the finance regulations, policies and procedures detailed in this manual are operating effectively by performing self-audits twice a year as follows:

i) An internal control questionnaire shall be developed to provide a tool for self-auditing of the control and operating procedures defined in this manual;

ii) Schedule officers shall ensure the checklists are completed by the 20th day following each half – year end;

iii) The internal control questionnaire is a tool to ensure the institution or operation is in compliance with provisions in the manual. This helps to determine the training needs of employees;

iv) The Head of Finance shall summarize the key outcome from the checklist and follow up the action necessary to ensure compliance.

3.2.2.1 Completeness

Each element of a transaction must be documented and recorded. For example: A cash payment to a worker requires the signature of the worker or other proof as evidence of payment. If the petty cash register shows that 25 payments have been made, 25 petty cash receipts must be posted to the petty cash register. The 25 petty cash receipts must include appropriate documentation and the approval of an authorized individual.

3.2.2.2 Maintenance

After a payment has been approved for payment and recorded, it should be impossible to make changes, such as adding a zero to the amount or changing the payee name, to be made to that payment. Close supervision by the Finance expert and oversight by the head of the organization are vital to ensure that control systems are working and that weaknesses will be identified and corrected.

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3.3 Critical Financial Policies

3.3.1 Basis of Accounting

During the year, it will observe the cash basis of accounting. Accruals basis accounting will be followed at the end of the year or the end of the program. Keeping accounts simply means devising appropriate methods for storing financial information so that the organization can show how it has spent its money and where the funds came from. Accounting records can be kept in a manual format – i.e. hardback books of account – or in a computerized format in one of many accounts packages available. There are two main methods for keeping accounts:

1. **Cash accounting**
2. **Accruals accounting**

Cash Accounting

This is the simplest way to keep accounting records and does not require advanced bookkeeping skills to maintain. The main features are: Payment transactions are recorded in a Bank (or Cash) Book as and when they are made and incoming transactions as and when received. The system does not automatically maintain a record of any money owed by (liabilities) or to (assets) of the organization. The system cannot record non-cash transactions such as a donation in kind or depreciation. When summarized, the records produce a Receipts and Payments Account for a given period. This simply shows the movement of cash in and out of the organization and the cash balances at any given time. See Appendix for a sample Receipts and Payments Account.

Accruals Accounting

This involves 'double entry' bookkeeping which refers to the dual aspects of recording financial transactions to recognize that there are always two parties involved: the giver and the receiver.

It is the policy of ZKS to accrue revenue and expenditure at year-end to reflect unrecorded transactions that affect the year then ended. In order to meet the requirement of BAS and IPSAS, ZKS's entity wide financial statements shall be prepared on the accrual basis. This is to ensure that revenue and cost are;

i. Recognized when earned or incurred, not necessarily when money is received or paid)

ii. matched with each other so far as their relationship can be established or justifiably estimated, and

iii. Dealt with in the income statement for the period to which they relate.

3.3.2 Signature Authorities

Provided the granting of this authority does not compromise an internal accounting control, the Executive Director/his or her designate person will have the indicated signature authority to approve the following transactions with regard to:

Sign a grant application or contract proposal:

To sign a grant, Executive Director has final authority only.

Hire:

Expatriate Staff: Executive Director has Final authority within the approved budget

National/International Staff: Executive Director has final authority within the approved budget

Temporary Employee: Executive Director has final authority within the approved budget.

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Consultant: Executive Director has authority within the approved budget

Executing a sub-grant or a subcontract: Executive Director has authority within the approved budget.

Entering into a Memorandum of Understanding: Executive Director has final authority.

Approving a timesheet of staff: Relevant line manager.

Limit on making expenditures: Executive Director has authority to incur expenditures approved with in the budget.

Granting a salary increase: Executive Director has final authority within the approved budget

Authorizing a vacation:

- Related line manager for up to 5 days of vacation.
- For more than 5 days, approval will be needed from Executive Director

Purchase of equipment: As per policy described in the section of procurement.

Purchase or lease of a vehicle*:* Resource coordinator/Logistic Officer his or she has final authority within the budget.

Vehicle use: Resource coordinator/Logistic Officer he or she has final authority.

Taking out an insurance policy: For routine insurance (i.e., automobile insurance, health insurance, etc), Resource coordinator /Logistic Officer he or she has final authority.

International travel: Executive Director has final authority within the approved budget.

Opening a bank account: Executive Director has final authority with the consent of the Head of Finance and donor (if require).

Authorizing/executing a bank transfer: Executive Director / he or she has final authority.

Taking of capital assets inventory: Executive Director / his or her designate has final authority.

Chairperson
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3.3.3 Delegation of Authority

The following chart provides the detailed of authority level that the Senior and Mid management can exercise as decided by the Executive Committee of Zabarang Kalyan Samity:

Sl.	Instrument/ Document	Authority	Extent of Authority	Remarks
1.	Cheque signature	Chairperson Executive Director Treasurer/Program Coordinator	Any amount from Mother Account	Any two signatories
2	RE-allocation of budget items	ED	Up to 15%	Above!! 15 % Executive Committee
3.	Capital Expenditure	ED	Full	Provided budget provision and purchase procedures are followed
4.	Write off of asset, Bills Receivables etc.	Executive Committee/ED	Goods value above Tk.50,000 must be sale on open market	Management to place necessary information
5.	Renting-Leasing	ED	Full	
6.	Salary, allowance and other benefits	ED	Full	As per personnel Manual of Zabarang Kalyan Samity
7.	Local Travel Advance/Overseas Travel advance	ED		With concurrence to recommendation from concerned Section in charge
8.	Party bills	ED	Full	All formalities to be followed
9.	Cash expenses like conveyance, entertainment, petty stationery purchase etc.	ED/PC Area/Sub-office Coordinator	As per approved level Up to Tk.10,000/-	As specified under section of cash transaction Only the expenses at concerned area level
10.	Airfare	Secretary/ED	Full	Provided budget provision
11.	TA/DA	Secretary/ED	As per approved level	Recommendation from concerned Section
12	Professional fee like audit, surveyor	ED	Full	
.13.	Consultants bill	ED	Full	
14.	Utilities bill	ED/PC		
15.	Any other	ED		

Explanatory Notes:

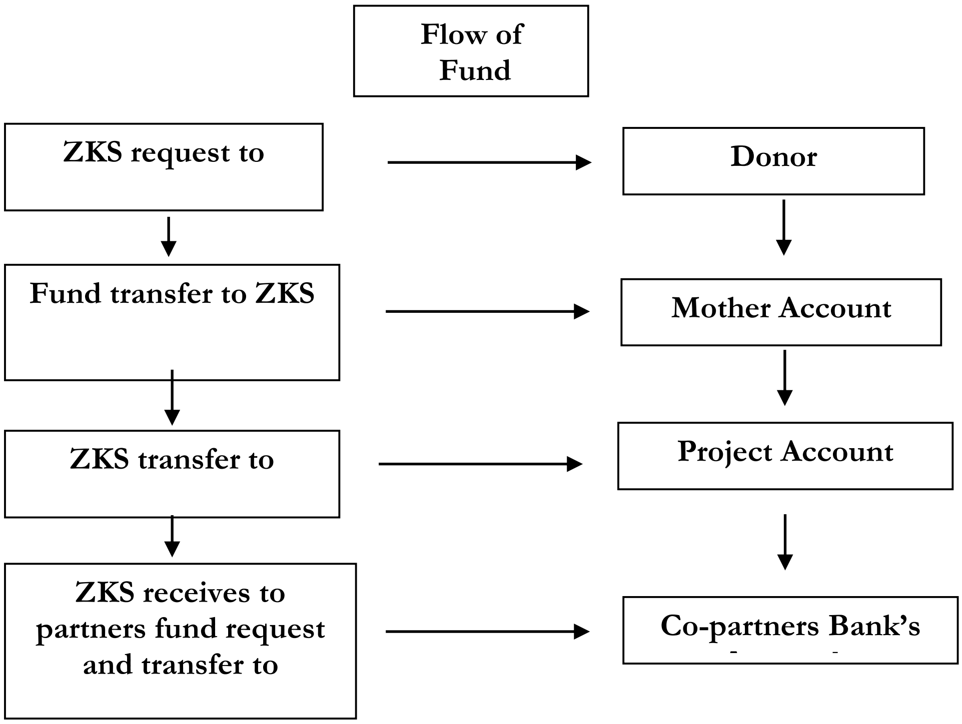
1. Where financial authority is given to the ED, in his absence PM or his/her designated person may exercise the authority.

2. Where financial authority is given to the Finance Manager, in his absence Project Coordinator may exercise the authority.

3. No payment can be made unless there is appropriate provision in the budget.

3.3.4 Flow of Donor Fund

Foreign Donor fund: will be entered in to the Lead NGO's Mother Account. Then the fund will be transferred to the Lead NGO's concerned Project Account. If there is copartner NGOs involved in the project then the fund will be transferred to the Co-partner NGO's mother Bank Account. From the mother account the fund will be transferred to the concerned project account.



Local Donors Fund: Local Donors Account /cash to project Accounts or general/others account.

3.4 Advances and Its Adjustment Procedures

It is recommended to implement advances and adjustment procedures, similar to the ones that is proposed below.

a. Advance:

Advance covers for Travel, Project delivery, Vendor, Landlord and Miscellaneous cost:

1. When one or more staff is likely to incur expenses on the behalf of the organization for travel, project or miscellaneous costs, the

Coordinator will complete an Advance Request and signed by himself, or Director/his designated (for amounts above TK 10,000).

2. The Accountant or the designate should review the Advance Request to determine if all previous advances have been adjusted.
3. Following this review, the Accountant or designate will prepare a Debit Voucher (Cash Disbursement Voucher – example in Attachment D) with the Advance Request as supporting documentation for the recommended amount.
4. If the Check is made payable to the Petty Cashier or the person who handles the other Cash, they will en-cash the Check at the bank. The Petty Cashier or concerned person of project then disburse the advance to each employee listed on the Advance Request and, after receipt of the advance, employee must sign against his/her name.

b. Advance Adjustment:

1. Upon completion of official travel or completion of expenditures related to an advance given for miscellaneous, a Travel Expense Reason/Project Expenses reason/Miscellaneous Expense Reason must be prepared by the employee that summarizes the allowable expenses incurred.
2. In order to adjust the advances that have been given an employee in a timely manner, the Expenses Report (ER) and adjustment should be completed within 7 (seven) working days after the return from travel or completion of works.
3. The completed Expenses Report (ER) has to be reviewed by the Project Coordinator or designate with regard to the field visit schedule, duty record and/or activities that were completed. Following their review, the Accountant will verify the Expenses Report with supporting documents to determine the arithmetical accuracy and proper distribution of expenses to appropriate account head.

   Following the verification, the Executive Director or his/her designated person will authorize/ approve the ER.

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Chapter-4
Full Bookkeeping System

Organizations requiring a full bookkeeping system use a series of ledgers, depending on the activities of the organization.

4.1 The General or Nominal Ledger

This is a central record, which pulls together basic bookkeeping information from the main working books of account (Bank Book, Petty Cash Book, Purchase Ledgers etc). It is like a series of pigeonholes used to sort basic financial information and is especially useful when an organization has several projects and different donors require different reports.

The General (or Nominal) Ledger has one page for each category of income, expenditure, assets and liabilities and information is 'posted' from the other accounting books into each pigeonhole. It plays a central role in the double-entry bookkeeping system and is the basis for the Trial Balance (see below), the starting point for preparation of financial statements.

4.2 Other Ledgers

Other elements in a full-bookkeeping system include:

- Sales ledger and sales day book (but only if you have sales)
- Purchase ledger and purchase day book
- Stock ledger
- Journal or Day Book

These, together with the Bank Book and Petty Cash Book are the day-to-day working accounts books. It is quite possible to set up a General Ledger without these additional ledgers; the choice will depend on the activities of your organization.

The Journal or Daybook is used to record unusual, one-off transactions, which cannot be recorded easily in other books of accounts. These will include non-cash transactions (such as depreciation and donations-in-kind), adjustments and corrections. If these kinds of transactions are made infrequently, for example at the year-end, a separate Journal is not required. A journal entry follows the rules of double entry and will always include entries to at least two accounts. For example, a donation-in-kind in the form of rent-free office space would be recorded as income under 'Donations' and expenditure under 'Office Rent'.

4.3 Wages Records

Employers have a statutory duty to maintain records of all wages paid and deductions made and failure to do so could result in a heavy fine. Be sure to familiarize yourselves with the arrangements of your own Department of Taxes and get hold of the latest tax deduction tables. Larger organizations should also keep a separate Wages Book, which brings together all information on staff salaries and deductions. These can be purchased from stationery suppliers in a pre-printed format and they help to facilitate the year-end reconciliation.

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4.5 Receipts & Payments/Trial Balance

The *Trial Balance* (or what accountants often refer to as the 'TB') is simply an arithmetical check on the accounts maintained using the Double Entry method of accounting. It is also the basis for the preparation of accruals-based financial statements.

At the end of an accounting period – usually monthly – all the accounts categories having a balance in the General Ledger are listed on a summary sheet to form a Trial Balance. Providing no errors have crept in during the recording and summarizing stages, the total of debit balances on the list will equal the total of the credit balances. The figure below illustrates which figures from the Trial Balance end up where in the annual financial statements.

4.6 Financial Statements

Financial statements are the product of financial accounting. They are a summary of all the transactions for a specified period and show the financial position of an organization. Financial statements can cover any period of time – for example, a month, a quarter or a year. The simplest of all financial statements is the Receipts and Payments Account. This is a summary of the Cashbook and includes details of cash balances at the start and end of the reporting period. The other two main reports relevant to NGOs are:

- The Income and Expenditure Account
- The Balance Sheet

Together these contain a lot of useful information. In the chapter on Financial Reports, we look at how to analyze the information in the financial statements.

The Income and Expenditure Account

In the not-for-profit sector, the equivalent of the Profit and Loss Account is the Income and Expenditure Account. It is either produced from a Trial Balance (as described above) where the accruals-based system of accounting is used; or it is based on a Receipts and Payments account with adjustments for 'loose ends'. It records as a summary:

- all categories of income and expenditure which belong to that year;
- all income not yet received but belonging to that financial year; and
- all payments not yet paid but belonging to that financial year.

Income items usually appear first in a list down the page, followed by the summary of expenditure items. The difference between total income and total expenditure appears on the bottom line and is expressed either as:

- "excess of income over expenditure" where there is a surplus; or
- "excess of expenditure over income" where there is a deficit.

This excess figure is then included on the Balance Sheet under the heading Accumulated Funds. Note that there should be an accompanying Balance Sheet for the same date that the Income and Expenditure Account is prepared at.

The Balance Sheet

The balance sheet is a list of all the assets and liabilities on one particular date and provides a 'snapshot' of the financial position of an organization. The purpose of a Balance Sheet is to assess the financial position – or 'net worth' – of an organization at a given date. If the organization ceased operating at that date and all of its assets were converted into cash, and all of its debts were paid off, then what was left over would be what the organization was 'worth'.

The Balance Sheet is in two parts. One part records all balances on assets accounts; the other records all balances on liabilities accounts plus the income and expenditure account balance. The Balance Sheet will either be presented with the Assets listed on the left and the Liabilities presented on the right of the page, or more commonly nowadays, listed down the page with Assets presented first then Liabilities deducted from them.

Cash Flow:

It is a statement where all the cash inflow and out flow have been recorded for a particular period of time.

Notes to the accounts:

Here explanations and detail breakdown of various figures of the financial statements have been included.

4.7 Books of Accounts

Zabarang Kalyan Samity will prepare, maintain and retain the following books and documents related to each transaction of the projects. These documents must be preserved as per donor requirement for future auditing purposes. The minimum requirements for books of account are:

A. Books:

- i. Cash Book / Bank Book
- ii. General ledger / Subsidiary ledger
- iii. Stock Register
- iv. Individual Inventory Register for projects and general fund
- v. Procurement Register

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vi. Advance Register
vii. Check Issue & Received Register
viii. Payroll Register
ix. Money Receipt Register
x. Vendor Register
xi. Vat and Tax Register
xii. Salary Register
xiii. Petty Cash Register

B. Documents / Reports:

i. Vouchers
ii. Bank Documentation
iii. Trial Balance
iv. Expenditure Statement
v. Bank Reconciliation
vi. Receipt and Payment
vii. Income and Expenditure
v. Material & Equipment Report (Monthly/Quarterly/Annually) as per project requirement.
vi. Furniture, Fixture & Equipment Report

As Zabarang Kalyan Samity is maintaining a tally software for its accounting preparation, item of books of records/register can be reduced for maintaining daily records.

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Chapter - 5

Cash and Treasury Management

5.1 Selecting Zabarang Kalyan Samity's Banks

Zabarang Kalyan Samity operates local bank accounts. It is the policy of ZKS to consider the following in selecting the Secretariat's banks

a) Good local and international reputation and management.

b) Size of capital base in the country (must meet all Bank of Bangladesh requirements).

c) Adequate links with correspondent banks to facilitate transfer of foreign funds.

d) Quality of services (professional behavior, internet banking, sms banking, etc), cheques and payment facilities.

5.2 Authorized Signatories of Bank Cheques

Bank account shall be operated by the joint signature of designated signatories selected by the Executive Committee. In one particular bank account, three person can be the signatory where the cheque must be signed by any of two signatories. Before signature of any cheque, supporting documents must have to be endorsed by the authorized persons.

Whenever the situation arises that an officer is not available to endorse a payment, designated officers may be authorized to endorse payments, provided the Executive Director shall approve.

No officer shall issue and sign a payment document such as a cheque in a situation where he is the direct beneficiary. In such circumstances the payment must always be signed by any other senior officer authorized to do so.

5.3 Managing Bank Accounts

a) It is the policy of ZKS to operate bank accounts in accordance with part 4.1 of this manual.

b) The decision to open or close of any bank account shall be authorized by the Head of Finance and approved by the Executive Director.

All the bank accounts shall be reconciled monthly by the Accountant or his/her delegate, reviewed and approved by the Head of Finance of ZKS.

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c) Bank reconciliations should be prepared and reviewed within 7 working days after the end of the month.

d) No ZKS representatives are allowed or authorized to secure loans, overdrafts, nor to incur deficits in their operations.

e) ZKS bank accounts are specifically intended for official transactions and should not be used for deposit or payment of personal items.

f) Available funds will be kept in interest bearing accounts, if possible.

g) If the funds are to remain unspent for a reasonable period of time, ZKS will consider investing such funds in term deposits or similar rate instruments.

h) Control of Bank Cheques:

i. Unused cheque books shall be safeguarded in a safe or otherwise under lock and key by the Head of Finance and a register shall be maintained to record issues.

ii. All cheques must be signed for by the receiving officer.

iii. The Head of Finance shall check all new cheque books to ensure that all cheque leaves are intact when received from the banks.

iv. All cheque books and leaves must be issued in numerical order.

v. Cheques shall be drawn only after the voucher and the supporting documents have been properly prepared by the Accountant and duly approved as per the approval matrix.

vi. Signed cheques that have not been distributed will be safeguarded under lock and key.

vii. Under no circumstances will blank cheques be signed

viii. Voided Checks

- It is the policy of ZKS to maintain voided cheques log and document every cheque that has been voided regardless of the reason.
- If voided cheques are physically available, they will be stamped “VOID” or “CANCELLED” and filed with the canceled cheques for that month or stapled to the cheque book counterfoil.

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ix. Outstanding Cheques (Over 3 months old)
- It is the policy of ZKS to call or write to the payee and inquire whether cheque was received or not.

- If the cheque is lost ZKS will issue an immediate stop payment and consider issuing a replacement cheque upon verification by the bank that the cheque has not been cashed.

- If the cheque has been cashed the Secretariat shall initiate investigation to probe the matter to the bottom and take immediate correcting control measures to prevent recurrence.

5.4 Bank Reconciliation Statements

a) It is the policy of ZKS to have bank reconciliation statements prepared monthly.

b) Bank reconciliation statements will be prepared by the Accountant or his/her assistant.

c) The completed bank reconciliation statements and documentation of voided cheques shall be reviewed by the Head of Finance.

d) The reconciled statements shall be approved by the Executive Director.

5.5 Guidelines for Preparing Bank Reconciliation Statements

a) Bank reconciliation statements shall be prepared within 7 working days after the end of the month.

b) The ending date of the bank ledger and the bank statement should be the same.

c) The bank name, account number, and currency should be clearly indicated.

d) Ideally, the bank reconciliation should be prepared by someone who does not authorize for disbursements.

e) The Head of Finance should review and endorse the reconciliation. The Executive Director will approve the reconciliation statement.

f) The bank reconciliation should include a copy of the balance per the accounting records (the ledger balance) and a copy of the bank statement when it is presented to the Head of Finance for review and endorsement.

g) All cheques not cashed after 3 months (90 days) from the date of issue should be investigated by the Head of Finance. With the consent of the Head of Finance, stale cheques should be written off immediately they become invalid.

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h) Any unexplained difference between the bank statement and the accounting records should be promptly investigated by the Accountant with the express approval of the Executive Director of ZKS.

i) Where the reconciling item requires an adjustment to the accounting records, a journal voucher should be used, and the reference for the subsequent adjustment should be noted on the reconciliation.

j) Where the bank has made an error, documentation should be obtained from the bank giving the explanation and the adjusting entry made. Copies of this notice should be attached to the bank reconciliation.

k) The reconciliation must contain complete descriptions of the reconciling items:

i. Copy of the General Ledger page showing the cash book balance
ii. Complete list of outstanding cheques, including dates
iii. Copy of the summary of deposits and record of all transfers
iv. The original bank statements
v. Any other documentations and working papers

l) Bank statements covering a financial year should be filed together with the bank reconciliation statement.

5.6 Petty Cash Management

a. It is the policy of ZKS to operate an imprest system that shall be under the responsibility of the Finance & Admin Officer.
b. Project wise the limit of petty cash will be Tk. 10,000 (ten thousand) as per approval of the Executive Director.
c. The limit of petty cash for General Fund will be Tk. 20,000 (Twenty thousand) as per approval of the Executive Director.
d. Any change of the limit of the above figure, the permission of Executive Committee will be required.

e. Surprise cash count by the higher authority may be done at any time. It will be preferable that minimum one surprise cash count is held in each quarter.
f. Before petty cash requisition, signature must be submitted for the present status of petty cash.
g. Petty cash position should be signed by the Head of Finance on weekly or monthly basis.
h. It is the policy that the amount of cash to be held in the office be reduced to the barest minimum in order to reduce the risk of fraud or theft.
i. The cash float shall not be reimbursement until the balance falls to 20% of its total.
j. A reimbursement request and a voucher with the attached valid bills, invoices, receipts and the summary account of expenditure have been submitted to the Finance Department.
k. All individual petty cash vouchers shall be fully attached with all the source documents creating it and must be properly checked and approved before recording it into the accounting system
l. Petty cash should be used only for small payments not more than Taka 4,000 of a single bill transaction and in cases of larger payments where either bank facilities are inaccessible or inadequate or the payee will not accept a cheque; the main cash book shall be used in consonance with this policy.
m. The petty cash box should be locked and stored securely when not in use. Only designated custodians of the petty cash should have access to it. At all times, the petty cash box should be kept in a safe.
n. Petty cash should be counted daily.
o. Certificate of Cash Balance must be issued after the cash count. See appendix 6.

5.7 Cash in Safe (Main Cash Book)

Due to the nature of ZKS operations and the various research activities the Secretariat is involved in, it is important to set out the following additional procedures for the Main Cash Book to account for cash in safe.

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a) A maximum amount of BDT 10,000 would be maintained in safe to meet additional disbursement for research, meetings, workshops and other program activities.

b) All cash obtained for purposes of meetings and workshops will be handled separately from routine petty cash transactions.

c) The Executive Director/ Director must approve all transactions relating to disbursements made out of the main cash book.

d) Any cash balance on workshops/meetings will be accounted for in accordance with the policy on accounting for project funds. All fund reimbursed after the activity would be banked immediately after such meetings/workshops are over.

e) All the control procedures discussed under petty cash regarding authorization and approval of vouchers, etc, shall apply to all main cash book disbursements.

5.8 Receipts

a) Receipts by the Secretariat consist mainly of bank drafts, local cheques and direct transfers from the Donor Agencies' bank accounts into the bank account.

b) All funds received shall be receipted and banked daily.

c) It is the policy of ZKS to list all cheques and other inward remittances on a Daily Cash/Cheque Receipts Register.

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d) The register with the remittances and supporting documents should be passed to the Accountant who will sign both copies as evidence of receipt.

e) On receipt of the mail or of any amounts paid into the accounts office, the Accountant shall take the following actions:

i. Endorse cheques and other negotiable documents with the Secretariat's name and bank account.

ii. Ensure that the name, details and date have been entered correctly. Postdated cheques and cheques which have different amounts entered in words and figures will be referred to drawer for amendments.

iii. Issue a formal receipt.

Each cash receipt form will be numbered sequentially, completed in duplicate and contained within a bound receipt book

- The top copy shall be handed or dispatched to the payer.
- The second copy shall remain in the receipt book. If for any reason a receipt is cancelled or not usable, the original must be firmly fixed to the receipt book.
- Unused receipt books shall be held under lock and key by the Head of Finance who will be responsible for issuing them to the Accountant.
- All receipts issued shall be checked against deposits by the finance officer for completeness of banking of cash receipts.
- Direct credit transfers to the Secretariat's bank accounts should be recorded from the bank statement.

f) It is the policy of ZKS to bank all cash and cheque receipts intact.

g) The daily record and receipted bank deposit slips shall be checked by the finance person to postings into the cash books and filed in a chronological order.

h) All donor receipts shall be authorized by the Head of Finance and approved by the Executive Director/Director before posting by the Accountant.

5.9 Pre-payments

Prepaid Insurance, Rent, Rates and other utilities shall be classified under receivables. All expired portions of the amount pre-paid shall be expensed by passing a Journal Voucher to the appropriate account. The unexpired portion shall be carried to the Statement of Financial Position and classified under receivables.

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5.10 Cash flow statement

The following definitions shall apply in the preparation of the statement of cash flows of ZKS in their annual financial reports:

a) **Cash and cash equivalents** shall comprise cash in hand, current bank balances and short-term deposits that can be converted to cash within two working days.

b) **Operating activities** shall include all transactions and other events that are not investing or financing activities. They shall include but not limited to the following:

   i. Cash receipts from levies and fines;

   ii. Cash receipts from charges for goods and services provided by the entity;

   iii. Cash receipts from grants or transfers and other appropriations made by central government or other public sector entities;

   iv. Cash receipts from fees, commissions and other revenue;

   v. Cash payments to other entities to finance their operations (not including loans);

   vi. Cash payments to suppliers for goods and services;

   vii. Cash payments to and on behalf of employees;

   viii. Cash receipts from and payments to an insurance entity for premiums and claims, annuities and other policy benefits;

   ix. Cash payments of local property taxes or income taxes (where appropriate) in relation to operating activities;

   x. Cash receipts and payments from contracts held

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Chapter - 6

Expenditure Control Management

This section sets out the procedures for all forms of expenditure by the secretariat for the purpose of acquiring fixed assets, procuring items of stock, incurring an expense or engaging in a contract for the benefit of the secretariat either in the short or the long term.

6.1 General Expenditure Control Policies and Procedures

It is the policy of ZKS to strictly follow the following procedures for all forms of expenditure.

a) All procurements shall follow the procurement policies and procedures of ZKS.

b) A Requisition Form shall be raised for all requests for funds for any expenditure whether capital or revenue.

c) All Requisition Forms shall be duly requested by a specific responsible official in a needy department, authorized by the head of that department and approved by the Head of Finance after checking all valid bills, invoices, or source documents that shall be attached to the request. See Appendix 2 for sample Requisition Form.

d) A Payment Voucher shall be raised for all approved Requisition Forms referred to under part (c) above.

e) The Payment Voucher shall be duly checked by the Accountant, authorized by the Head of Finance and approved by the Executive Director after examining all the attachments and assuring themselves of their relevance, quality, validity, accuracy, completeness, and whether the items in question have been budgeted for and funds are available. See Appendix 3 & 4 for sample payment vouchers.

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f) If vouchers submitted for payment are not approved, they will not be processed and will be returned to the relevant staff for rechecking and approval.

g) All payment vouchers will possess the following qualities:

i. Description of the transaction
ii. Amount of voucher
iii. Name of Payee
iv. Appropriate Account Code
v. Appropriate Program/Project Number
vi. Appropriate Donor code
vii. Appropriate workshop/conference code – in case of major conferences and workshops such as ZKS's General Assembly

6.2 Payment by Cheque

a) Once payment vouchers have been approved, a cheque will be prepared

b) All cheque payments will comply with all the control procedures outlined under part 5.1 above.

c) The cheque number will be entered in the appropriate space on the payment voucher form.

d) All cheque payments shall comply with part 3.3(k) of this manual on cheques under Managing Bank Accounts.

e) Paid Stamp

It is the policy of ZKS to stamp on each paid invoice with the word "PAID" upon payment.

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6.3 Payment by Letter of Transfer

The policy of ZKS allows for payments by Letter of Transfer. In such cases,

a) All Letter of Transfer Payments will comply with all the control procedures outlined under part 5.1 above

b) the Accountant shall prepare the letter and address it to the respective bank Manager clearly indicating the following details:

   i. Beneficiary Account Name
   ii. Beneficiary Account Number
   iii. Swift Code
   iv. Correspondent Bank Details
   v. The Amount to be transferred

c) The appropriate signatories to the bank account shall sign the letter of transfer and the payment voucher.

d) The letter shall be in duplicate or the endorsed original letter shall be photocopied to be stamped received by a responsible official at the bank.

e) The original of the letter together with the duplicate or the photocopy shall be sent to the bank. The original shall be left with the bank and the duplicate or the photocopy (stamped received) shall be attached to the payment voucher for filing.

6.4 Payment by Cash

a) Conventionally, cash payments are not encouraged except for minor payments which are catered for by petty cash.

b) Where any major payment is required to be made by cash in urgency, an open cheque shall instead be written in the name of the beneficiary.

c) In cases where a group of people are to be paid in cash, it shall be the policy of ZKS to write an open cheque in the name of the Accountant to effect such payment.

d) In cases such as under part (c) above, there shall be attached to the payment voucher a detailed list of beneficiaries, the amount per beneficiary and signature acknowledging receipt of payment.

e) All Payments by cash will comply with all the control procedures outlined under part 5.1 above

6.6 Mobile Money Transfer (MMT)

Mobile money transfer (MMT) describes financial transactions that are conducted using a mobile phone, where value is stored virtually (e-money) in an account associated with a SIM card. Such transactions are compatible with basic phones and do not require internet access. The organization may use MMT for the following cases:

i. Monthly allowance for remote working volunteers;
ii. Vendor payment
iii. DSA payment to the participants of virtual events;

6.7 Expenditure Approval

Vouchers and cheques for any amount must be approved by the Executive Director of ZKS or any member with express delegated authority (if necessary) from the Executive Director.

In particular level of expenditure, ZKS has different authority to approve the bill/ vouchers / requisitions, etc. The matrix of authorization will be as under:

Amounts in BDT

Authorized Staff	Authorization Limit for Approval of		
	Payment Voucher	Purchase Requisition	Advance Requisition
Executive Director	Above 50,000	Above 100,000	Above 50,000
Program Coordinator	Up to 50,000	Up to 1,00,000	Up to 50,000
Head of Finance	Up to 30,000	Up to 50,000	Up to 30,000
Project Manager/ Project Coordinator	Up to 20,000	Up to 30,000	Up to 20,000

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Chapter – 7

PROCUREMENT AND INVENTORY MANAGEMENT

7.1 Basis of Procurement

All types of purchases and procurements of head office including area/project offices of Zabarang Kalyan Samity should be made as per the procedures and guidelines narrated below. All procurement must be on fair and competitive basis and a competitive price is made for goods and services.

In order to implement the purchase procedures effectively it is necessary to set up an efficient purchase unit under the administrative section. The staff member responsible for purchase should:

- Have considerable experience in buying;
- Have organizing ability;
- Have ability to negotiate;
- Be reliable, dependable and honest;
- Have broad base technical ability;
- Have general concept for value for money.

The Policy of ZKS, no item shall be procured for secretariat need less-

a) It has the approval of the Executive Director / authorized person as per delegation matrix;
b) It has been provided for the approved budget;
c) Funds are available for it at the time of procurement;
d) It is beneficially required to further the interest of the ZKS.
e) It has been made from the most favorable supplier.
f) It is done with highest professional, ethical, moral and legal standards within the spirit of the prudent person principle.
g) It reflects fairness in spending of the ZKS resources.
h) These procedures shall be reviewed from time to time to take into consideration the changing mode of operations in the ZKS and the macro economy as whole.

7.2 General Acquisition Process

The acquisition process involves 7 basic steps.

a. **Recognize a Need**:

The process begins when purchase section receives a request to buy materials or services from open market/ enlisted vendor. The request (called a purchase requisition, PR) includes the item's description, quantity and quality desired, and desired delivery date.

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b. **Select Suppliers/Vendors**

This step involves identifying suppliers capable of providing the items, grouping items that can be provided by the same supplier, requesting bids (RFQ – Request for Quotation) on the requested items, evaluating the bids in terms of different criteria, and selecting a supplier. The selection criteria must be mentioned in the request for bids.

When a long-term contract has already been set up for an item, this step is not necessary.

c. **Place the Order**

Once a vendor is selected, a written order should be issued which is called Purchase Order (PO). The PO will act as the contract for the supply of the goods/ services as per the required quality, quantity, price and delivery time.

d. **Track the Order**

Tracking includes routine follow-up of orders to avoid late delivery or deviations from requested order quantities. Suppliers are to be contacted by letter, fax, telephone, or e-mail. Follow-up is particularly important for large purchase when a delay could disrupt project delivery.

e. **Receive the Order**

Incoming shipments must be checked for specifications, quantity and quality, with the purchase order (PO), the unit placing the purchase requisitions (PR), inventory control and accounting. If the shipment isn't satisfactory, purchaser must decide whether to return it to the supplier. Records on punctuality, quality and quantity deviations as well as the price should be updated as part of supplier evaluation.

f. **Delivery of the Goods**

Once the goods are received and the quality is checked, then the goods should be delivered to the end users at the earliest opportunity. Information on arrival of the goods and its readiness should be intimated to all the end users at the earliest possible time. It would help to solve the storing and spaces problems, reduce the risk of pilferage, breakage, damages etc.

g. **Pay the Invoices**

After reception of the goods, invoices must be checked against the purchase order and the delivery note before being approved and paid.

7.3 Prepare the Purchase requisition

It is recommended to implement a procedure similar to the following one.

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a. The respective official prepares a request for buying goods or services after having checked that the expenditure, which is foreseen, is necessary to implement the project, reasonable and eligible, and that enough budget is available. A purchase request form is to be prepared by the respective staff member of the organization and will be submitted to the Approval Authority for Authorization.
b. The Executive Director (approving authority) of **Zabarang Kalyan Samity** can authorize any request for expenditure or procurement. All such requests must be supported by the submission of appropriate documentation.
c. After authorization, a proper procurement procedure is launched.
d. If no budget is available or if the goods or services to be procured were not foreseen in the agreement, it is mandatory to get the written approval from the donor / Executive Committee (as applicable) before launching the procurement procedure.

7.4 Procurement Committee

There shall be a procurement committee (PC) to be approved by the Executive Director to conduct purchase related activities. The committee may be consisted of minimum 3 member and maximum number as per the decision of the Management. Procurement committee headed by a Convener and should be formed by an odd number of members. At least two-third (2/3) members should always be available at the time of decision making of any purchase and sales. The procurement committee may comprises the following members-

a. Convener: from HR / Admin / Programme department
b. Procurement Manager/ Logistic Manager
c. Representatives from program department
d. Member with technical background

One staff from Finance & Accounts department will be act as Member Observer in the committee. The Procurement Committee may co-opt any other members as deemed necessary.

7.5 Responsibilities of Procurement Committees

The procurement committees will ensure the following issues-

a. Vendor enlistment process as per policy and forwarded for approval.
b. Setting criteria for weighted scoring of open tender/RFP’s response.
c. Review the technical and financial proposal including the evaluation report.
d. Make final recommendations of Comparative Statement (CS) for Approval.
e. Procurement committee will review and evaluate the decision of regional/ field level procurement committee on sample basis.

The procurement committee shall reserve the right to accept or reject any or all quotation / tenders within project justification.

7.6 Conflict of Interest

No employee shall participate in the selection, award, or administration of a contract if a real or apparent conflict or interest would be involved. Such conflict would arise when the employee or any member of the employee's immediate family, the employee's partner or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

7.7 Transparency, confidentiality and Fairness

All suppliers should be treated fairly and even-handedly at all stages of the procurement process. This means being open with all those involved, so that everyone, especially suppliers, understand the elements of the process, that is, the procedures, timescales, expectations, requirements, criteria for selection and so on. Supplier confidentiality should be safeguarded.

7.8 Types of Tender Enquiries

No purchase except cash purchases and emergency purchase shall be made without making proper tender enquiry.

The recommended minimum number of vendors invited to bid for each tender is outlined in the table below.

Value of Tender (BDT)	Solicitation document required	Minimum number of vendors to be invited
Up to 20,000	No written document	By a survey to ascertain the prevailing competition pricing
20,001-50,000	Spot Quotation	Two (open market / enlisted vendor)
50,001-200,000	Spot Quotation	Three (open market / enlisted vendor)
200,001-500,000	RFQ / RFP (Sealed)	Three (open market / enlisted vendor)
Above 500,000	RFP/Open Tender	Open/press tender (In case of field level procurement, the issue to be done in consultation with Central Management)

Tender enquiry shall be as follows:

a. Single tender enquiry: This type of tender enquiry shall be issued exclusively to the manufacturers or their authorized agents when the items are purely of proprietary nature. Tender enquiry with detailed terms and conditions will be sent to the manufacturer or their authorized agent free of cost inviting quotation from them within a specified period of time.

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b. **Spot tender enquiry:** This type of tender enquiry shall be issued to the genuine and bonafide dealers/Stockiest/traders in specific and exceptional cases of extreme urgency of the item and /or if the estimated value of requisition/item or service to be procured is in between BDT 20,001 to BDT 200,000 or when response against a limited tender enquiry is very poor and/or the quoted rates are abnormally high through a team of 3 (three) officials one from Procurement, one from Finance & Accounts department and one from indenting department. Minimum 3 quotations are to be collected against Spot Tender Enquiry in all cases.

c. **Limited tender enquiry:** This type of tender enquiry in the form of ITB/RFQ shall be issued to the enlisted Suppliers/ Contractors only when the items are of non-proprietary nature or estimated value in between BDT 200,001 to 500,000. Tender enquiry with detailed terms and conditions will be sent to the enlisted Suppliers/Vendors/ contractors allowing a specific five for submission of sealed quotation. Minimum response from three bidders for estimated value up to BDT 00,000 and five for estimated value up to BDT 800,000 is generally expected.

d. **Press Tender:** This type of tender inquiry will be made through publishing in a national/local dailies and/or online media if the estimated value is above BDT 500,000 or if the nature of item is irregular/rear.

7.9 Performance Guarantee or Security Deposit

The Performance Guarantee (PG) money should be deposited to ZKS in the form of pay order / bank draft / Bank Guarantee drawn on any schedule bank in Bangladesh (in case of international tender foreign bank may be accepted) at the time of issuing work order. The Performance Guarantee should be refunded without interest after the contact/warranty period is over, provided all contract/ PO conditions are met successfully by the vendor. PG will be applicable for work order value above BDT 500.000 (Five lac) except consultancy service and installation of hardware options. For installation of hardware options PG is applicable for all cases irrespective of any work order value.

7.9.1. Amount of PG should be 2-10% maximum of purchase/work order value.

7.9.2. Focal Person of procurement should keep a list of purchase order/work order(s) requiring PG showing the reference number and date of purchase/work Order, name of the local agent, amount of the purchase order/work order and required amount of performance bank guarantee/pay order/bank draft number/name of the bank issued these instruments, date of issue, and date of expiry. PG may be extended up to completion of contract obligation.

7.9.3. Once PG in the form of Bank Guarantee (BG) is received, Manager, Procurement should forward the same to the Finance & Accounts department with a forwarding letter for verification that the BG is authentic. Manager, Finance & Accounts should inform Focal Person, Procurement within three working days in written that the BG is received, wither authentic or false and Procurement Manager will communicate with the vendor for explanation of providing false Bank guarantee and based on the reply from the entity, Procurement Committee may take appropriate initiate within three working days.

7.9.4. PG /Security Deposit is to be deducted from the total payable amount from the successful bidder who awarded to install hardware options. The amount will be kept for minimum six months period from the date of completion of the work and refunded without interest to the bidder based on satisfactory performance of the hardware options and prayer from the vendor.

7.10 Tender Opening Committee Composition

7.10.1. The composition of the tender opening committee shall be as below

a) Procurement Focal Person - Convener
b) One member from Finance & Accounts /Internal Audit Department
c) One member from Indenting Department
d) Technical Expert

7.10.2. Regional/Field Level Procurement Committee will perform the role of tender opening committee at Regional Offices.

7.11 Purchases against Proprietary/Brand items

Only proprietary items or items available with a particular source of supply/brand items may be purchased directly from the manufacturer of their authorized agents. The purchase will be processed as usual. Any available published rate is acceptable and required for this type of purchase.

7.12. Enlistment/Pre-qualification of Suppliers/Contractors/Vendors

Enlistment Process will be followed by open circular using notice/national/local daily newspaper etc. In this process existing successful vendors will be enlisted inevitably if provide updated documents.

In Case of selecting vendor(s) for foreign purchase, pre-qualification of manufacturers/suppliers can also be made taking into consideration such matters as contractor integrity, record of past performance, financial and technical resources, or accessibility to other necessary resources.

Enlistment of different category of suppliers will be made based on the nature of the procured items and frequency of purchase. Such as:

a. Advertising Firm/Media Agency
b. Audit Firm / Tax Advisory Firm / Legal Advisory Firm / Individual Consultant
c. Courier Service and Carrier of Goods.
d. Electrical & Electronics Items.
e. Furniture & Furnishing
f. General Suppliers, Stationeries, Promotional Items
g. Information Communication Technologies
h. Medicine & Medical Equipment
i. Printing & Packaging
j. Reagent, Water testing equipment & Lab Materials
k. Repair and Maintenance Service of Fixed Assets
l. Garage/Workshop/Automobile/Construction Firm/Contractor

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Application for enlistment shall have to be made by the supplier/Vendor mentioning the group or groups of items along with the following document-

a) Current valid Trade License
b) Income Tax Certificate (updated)
c) VAT registration Certificate
d) Bank Solvency Certificate (if applicable)
e) Organization profile (If applicable)
f) Performance certificate from 3 organizations (if applicable)
g) Press declaration certificate (for printing & packaging), if any
h) List of machinery (If applicable)
i) List of manpower (If applicable)
j) List of clients

7.13. Verification of submitted documents and Vendor Evaluation

Procurement Department will verify the information and particulars furnished by an applicant and if found genuine and acceptable, will take necessary steps for enlistment of the firm.

After verifying all the submitted/required and applying best judgment, reputed agency/ vendor/ firm will be selected for enlistment. It is expected that all documents submitted by the concerned agency/vendor/firms are correct and from genuine source.

The participated vendors who have relevant experience and performance (as assessed by testimonials, quality inspection), reasonable physical facility, adequate manpower and technical support (as assessed through physical inspections), financial soundness (as assessed through bank statements) would be evaluated by the procurement department and forwarded to Executive Director for central office and respective Regional Manager for field and regional office with due recommendations of the procurement committee.

7.14 Validity of Enlistment

Enlistment once made shall remain valid for a period of two years and may be extended for further two years, subject to satisfactory performance and up gradation of relevant documents.

7.15 Emergency Procurement

Procurement in the event of critical situation (such as natural calamities, political unrest, riot, blockade, and so on) which could result in heavy loss or hamper in normal operations or regular activities of ZKS and where normal purchase procedures cannot be resorted to as time the most critical factor and adherence to the standard purchasing procedure is not possible. Emergency procurements would require the approval of Executive Director in all cases. Spot quotation and spot decision will be taken by the Emergency Procurement Team if time is limited otherwise Spot quotation method will be followed.

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The Emergency Procurement Team may be formed comprising 5 (five) officials as follows-

Indenting Department-1,
Finance & Account /Audit department-1,
Technical Person-1,
PC Member-1,
Staff from concerned Region/Field Office-1.
ED will form the Emergency Procurement Team in all cases.
The team will submit the Spot decision in written form with the bill.

7.16 Cash Purchase

ZKS discourages cash purchase. However, in unavoidable situation, procurement department as well as the Regional/ Project Offices with due diligence are allowed to buy materials or services amounting up to BDT 20,000 with the approval of Head of Finance & Accounts/Manager Finance.

In very exceptional cases, If the item is irregular or vendor is limited and not willing to participate in formal tendering process, or not ready to accept payment by A/C payee cheque, then irrespective of the value of the item a **Cash Purchase Committee** comprised of minimum three members will be formed by ED for this type of purchase.
All cash procurements are to be completed within seven working days and bills are to be submitted to the Finance & Accounts department for immediate adjustment or reimbursement.

All Cash Purchase Committee will submit a summary document related to the cash purchase along with the bill.

7.17 Conditions where Tender Enquiry not required

a) All goods & services purchased under bi-lateral or multilateral agreement.

b) For the following goods and services:
   i) Travel of staff/ consultant/delegate
   ii) Legal expenses
   iii) Participation in overseas training
   iv) Purchase of foreign exchange
   v) Rental of office accommodation / store
   vi) Utility expenses
   vii) Any government fees
   viii) Entertainment/refreshment
   ix) Paper advertisement
   x) Oil & petroleum products
   xi) Participate/organize training/workshop/seminars/different types of meeting
   xii) Hiring/contracting resource persons/consultant
   xiii) Emergency repair and maintenance
   xiv) Vehicle registration/Tax/VAT
   xv) Project registration/approval

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xvi) Food Stuff*
xvii) Food Supplies*

- ∗ Due diligence should be applied in case of procuring these and event management etc.
- ∗ Food items like bottle water, soft drinks should goes under BOA.
- ∗ However, in case of bulk food stuff/food supplies which estimated cost is more than BDT 30,000 (thirty thousand), it is advisable to supervise the job by the Procurement Committee.

7.18 Preparation and Approval of Comparative Statement (CS)

Comparative Statement (Annexure) of offers is to be completed immediately after opening of the tender or receiving the technical and financial evaluation report if applicable.

Comparative Statement will reflect all the basic and relevant information like specifications, quantity, price, delivery schedule, validity of offer, country of origin, packing, increase/decrease over last purchase price, etc.

Soon after the finalization of the Comparative Statement, the purchase approval process is to be initiated by the Procurement Focal Person and the file to be routed as per annexed Routing System which will from integral part of the Procurement Policy.

Authority to accord purchase approval shall be exercised as per delegation of power defined by Executive Committee from time to time.

Purchase Committee will make its final recommendations on CS for Approval to the concerned authority.

7.19 Purchase Order/Work Order (Purchase Commitment) Authority Limit

After making a competitive review, Procurement Focal Person shall initiate the purchase order to the concerned authorities for their review and approval. Purchase order/Work Order is issued as per the following table-

Authorized Person	Authority Limit in BDT.
Executive Director	Any amount
Programme Coordinator / Director	Up to 100,000
Head of Finance	Up to 50,000
Project Manager / Coordinator	Up to 30,000

In case of budget limitation, found in the middle of the procurement process consignee will be responsible to ensure the additional budget or any other adjustment.

7.20 Cancellation/Amendment of PO/ WO

For Cancellation of Purchase Order/Work Order same authority limit will be followed as stated.

A report should be generated by Procurement Department on quarterly basis showing total numbers of PO/WO issued and cancelled.

7.21 Repeat PO/WO

In case a material is urgently required and its procurement through tendering is not likely to yield fruitful result, repeat order system may be adopted and provided:

a) the supplier agrees in writing to accept a repeat order,
b) the repeat order is placed within 6 months from the date of original order.
c) terms, conditions and price of the repeat order are the same as those of the original order.
d) Price of material in the repeat order is not above the original order,
e) a particular item is not purchased more than twice by repeat order,
f) The repeat order should be approved as per delegation of authority.

7.22 Receiving of Goods

Supplier/Vendor will deliver the goods/items to the respective office/place as mentioned in the Work Order/Purchase Order within the Office working hours. Goods must be received by the respective store against invoice/delivery challan from the supplier/vendors. Receiver of goods must put the signature, date and time of receipt of goods, in the challan and give a copy of the challan to the supplier/vendor which has to be submitted with the bill.

If the supplied goods are not acceptable, then it should be notified to the Procurement Manager in writing immediately by the person checking the quality mentioning specific reason for rejection and a quantity rejected. Procurement Manager will inform the Vendor in writing about this rejection along with a date for the replacing the rejected quantity.

Material Receiving Report (MRR) will be raised only for store items after obtaining the quality check

7.23 Payment Terms

Payment will be made upon satisfactory completion and acceptance of work and based on bill submission including relevant documents. After examination of all reports regarding procurement, the accounts department shall review the same and forward for approval. After approval, accounts department shall arrange for issue of check. Payment to the supplier against their bill shall be made by Account Payee cheque only.

In principle, no advance payment is to be made to any supplier/vendor. However, reasonable initial payment may be made in specific applicable cases as per the obligation of contract.

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Partial payment may be made on the basis of actual performance and / or specified deliverable as per payment terms considering the nature of work/assignment.

Acknowledgement of payment should be collected from the vendor.

7.24 Documents & Registers to Maintain

7.24.1 The following documents should be accompanied with a procurement action –

a) Procurement Requisition (PR) with Specification
b) Purchase committee meeting resolution
c) RFQ / ITB/ RFP
d) Tender Invitation Letter with list of invited vendors
e) Receive quotation
f) Evaluation Report(s)
g) Approved Comparative Statement
h) Work Order/Purchase Order
i) Contract Agreement (if applicable)
j) Quality Inspection/Challan
k) Material receiving note
l) Bill/Invoice
m) Other relevant documents and correspondence

7.24.2. The following registers (records/ soft form) are to be maintained by the Procurement Department-

a) Enlistment list / Register
b) Purchase resolution book
c) Work Order (WO)/Purchase Order (PO) Register
d) Tender Document Issue Register
e) L/C Opening Register
f) Purchase and payment record of same vendors in a financial year.

7.25 Inventory Management

It is recommended to implement and maintain an inventory management system.

'Inventory' means all tangible items owned, such as office supplies/stationery, vehicle spare parts, project material/equipment, fuel, vehicle, furniture, fixture and equipment, etc.

The term 'Inventory Management' is the process of managing the proper record keeping of tangible assets including receipt, issuance, balancing, accounting, ensuring adequate supporting documentation, controlling, monitoring and proper safeguarding.

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WAREHOUSED INVENTORY: Should be considered as warehoused Inventory office supplies and stationery, as well as project materials and equipment. They are usually procured as per the requirement of the project and directly charged as expenses.

NON-WAREHOUSED INVENTORY: The following things/items are generally considered as non-warehoused Inventory (usually for items which value exceeds TK. 2,000);

A. Furniture, Fixture and Equipment:

Furniture, fixture and equipment (FF&E) includes table, Chair, Mobile set, Telephone set, Computer, Printer, Photocopier, Generator, Sofa sets, Fire Extinguisher, File cabinet, Fan, etc.

B. Vehicles:

Vehicle includes Motorcycles, Four Wheel, Bi-cycle Trolley, Engine boat, etc.

<u>BOOKS and DOCUMENTS:</u>

Zabarang Kalyan Samity have to maintain the following documents, which should be prepared for the warehoused and non-warehoused Inventory.

A. Forms:

i. Delivery note:
Delivery note should be prepared during the delivery of materials and equipment and should maintain file for the same.

ii. Store Requisition Form (SRF):
Store item should be issued to the staff for project purpose through Store Requisition Form and should maintain file for the same.

iii. Assets Identification Number:
Asset identification plate should be affixed to each Furniture item and maintain the Asset Register for items with purchase price TK. 5,000, or above and a useful life of more than 1 year. The Identification Plate should mention "ownership of ", with the name and address of the owner, as well as an Identification Number.

iv. Write off Form of FF&E

A write-off form should be duly filled up by the concerned authority, if any FF&E item is lost, damaged or sold. The Executive Director should approve the writing off of any Asset.

B. Registers:

The following registers must be maintained:

Asset Register
All FF&E items as well as vehicles should be recorded in the Asset Register.

Stock Register
A stock register shall be maintained for warehoused items such as note books, pens, pencil, paper, pen drive, calculator, etc.

C. Reports:

The following reports should be prepared and updated on a quarterly basis:

i. Materials and Equipment Report (M&E).
ii. Furniture, Fixture and Equipment Report (FF&E)
iii. Disposal Report for lost or damaged items

MANAGEMENT OF INVENTORY:

a. Store Space

The store should be placed in a safe space and it should be kept in a place under lock and key.

b. Store authorization process:

The Project Coordinator or any designate should authorize the Store Requisition Form (SRF).

c. Responsibilities:

Responsibilities for and access to the Store must be clearly identified.

d. Receiving/recording procedures:

i. Inventory receipts must be recorded into the Stock Register immediately after the receipt. If any item is received after office hours, it is to be recorded within the following working day.

ii. There should be documented bill or invoice against every receipt.

iii. Store in-charge will receive all the store items from the suppliers after checking the quality and duly signed by the concerned authority.

e. Issuance procedures:

I. Store items should be issued to the Staff or designated person against individual SRF.

II. There should be documented SRF, delivery note or Waybill against every issuance or disbursement.

III. There should be a recipient signature by the receiver at the time of receiving inventory items from the store.

f. Physical Inventory:

The balance of physical inventory at the end of each month must be agreeing with the Stock Register. A committee or team must conduct physical counting of inventory to reconcile with the stock register at least once a year.

g. Documentation:

The organization is to keep sufficient and detailed records of both incoming and outgoing inventory.

h. Store Management:

For ensuring better internal control system, responsibilities should be decentralized to at least two persons to maintain the inventory in the store in the following area:

i. Handling/Recording; ii. Purchasing/Accounting; iii. Approval

Chapter - 8

Property and Equipment

8.1 General Policy Guidelines

a) This section sets out procedures that seek to ensure that Fixed Assets of ZKS are acquired, recorded, utilized, or disposed of within appropriate levels of authorization and approval. The main focus is to safeguard and account for assets.

b) Fixed Assets shall include movable and immovable assets.

c) Capitalization of Assets

   It is the policy of ZKS that all its fixed assets are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

d) It is the policy to expense assets in the period of purchase if these assets cost BDT 2,000.00 or less individually. Assets costing in excess of BDT 2,000.00 will be capitalized and depreciated in accordance with the organization's depreciation policies.

e) It is the policy of ZKS to capitalize Repairs and improvements to real property and leasehold improvements if they cost in excess of BDT 50,000 individually.

8.2 Acquisition

The Secretariat shall procure any fixed asset provided that:

a) It complies with the Procurement Policy of ZKS.
b) It complies with section 4.1 of this manual.
c) It falls within the ambit of the Secretariat's eligible expenditure
d) It has been provided for in the Annual Budget
e) There is availability of funds for the purpose.
f) The transaction has been approved by the Executive Director.
g) It is the policy of ZKS to register all acquired fixed assets in the name of ZKS.
h) It is the policy of ZKS to insure all fixed Assets comprehensively and inspect for roadworthiness on acquisition. Insurance and roadworthy (in the case of motor vehicles) certificates shall be obtained and securely kept by the Secretariat.
i) It is the policy of ZKS to assign all fixed assets with special identification numbers. They shall also be clearly labeled as ZKS.

8.3 Recording

a) All fixed assets acquired by the Secretariat must be properly recorded in the Ledger Accounts with the approved valid vouchers duly attached.

b) A Fixed Assets Register shall be maintained to keep track of all properties owned by the Secretariat.

c) The register shall have columns for the following

   i. Date of acquisition
   ii. Name of the Asset
   iii. Accounting Code of the Asset
   iv. Identification number of the asset
   v. Insurance certificate number of the Asset
   vi. Cost of the Asset
   vii. Depreciation rate
   viii. Accumulated depreciation
   ix. Depreciation charge for the year
   x. Disposal costs for the year
   xi. Book value of the asset
   xii. Description or remarks column

d) Assets shall be grouped into their various categories or classes in the Register

8.4 Custody

It is the policy of ZKS to:

a) Maintain and keep all of its assets in good physical condition at all times.

b) Keep all of its assets at secure physical location.

c) Distinctively identify all of its assets.

d) Use its Assets only for the benefit of the Secretariat

e) As much as possible make the assets available at all times for inspection by all authorized persons.

f) Conduct physical asset counts on a quarterly basis

8.5 Depreciation of Fixed Assets

a) It is the policy of ZKS that depreciation of all of its fixed assets is calculated on a straight line basis at rates estimated to write off the cost of each asset over the estimated term of its useful life.

b) Fully depreciated fixed assets will remain on the organization's statement of financial position until they are disposed off or otherwise deemed worthless.

c) Assets shall be capitalized in accordance with the organization's capitalization policy.

d) ZKS will follow the straight-line method for calculation of depreciation on fixed assets. The annual rates of depreciation on different categories of assets are as follows:

Charging period (half in purchasing year full after one year)

Group of Asset	Rate of Depreciation
Building (Pucca)	5%
Building (Semi Pucca)	7.5%
Building (Kancha)	10%
Furniture and Fixture	15%
Office Equipments	15%
Vehicle	10%
Office Equipment / Electric Equipment	15%
Computer with Printer	15%
Printing Machine	20%

Any change in the rate of depreciation will be done through approval of the Executive Committee.

e) It is the policy of ZKS that a half year's depreciation is charged in the year of acquisition. No depreciation is to be charged in the year of disposal. In other years', full depreciation will be charged.

8.6 Disposal and Sales of Fixed Assets

When the fixed assets are purchased by maintaining some procedures, they are entered in fixed assets register and balances are added in ledger accounts too. Similarly, the disposal is treated.

Disposal of fixed assets means discarding the fixed asset from the performance to create any value. In case of disposal of any fixed assets due to damage, obsolete or other reason, the maintenance/logistic section will certify the condition and propose for disposal/sale. Finance section will place the proposal with the relevant data of cost, year of purchase, depreciation charged, written down value etc. to the Management for appropriate decision with the consent of the Executive Committee. A disposal form is enclosed in the attachment. Asset value above BDT 100,000 must be sale on open tender.

It is the policy of ZKS not to dispose of any fixed assets of the Secretariat unless they have:

a) To be disposed of as scrap.
b) Become too costly to maintain.
c) Become obsolete.
d) Fully depreciated.
e) Been approved by the Executive Director in conformity with this policy.

Further, disposal has bit more complicated procedure than the purchases sometime. It will depend on the complexity of entity's nature of business. The common procedures for disposal of fixed assets are the administrative and accounting procedure.

Administrative procedures:

The following are the procedures to be considered by administration while disposing off the asset:

a) Try to dispose the assets within the organization after making necessary communications within the circles of businesses/projects asking whether any other businesses would like to purchase the asset.

b) If the asset has very little or no value, it can be recycled through e-waste, or sold as scrap.

c) If the assets to be disposed have value below or above the particular threshold, required permission has been obtained from the authorize person in the entity to dispose of the assets. This is to make sure that the disposed assets are not take advantages by anyone in the company.

d) Where an asset is sold, a sales invoice shall be raised to record the sales and taxes shall be added to the invoice at the standard rate of tax prevailing at the date where applicable.

e) A form for disposal shall be filled while disposing off the assets. It shall contain the details such as:
   - Description of the asset disposed off
   - Reason for disposal
   - Financial year originally acquired
   - Method of disposal i.e. sale/scrap/part exchange/other
   - Value received for disposed asset
   - Sales invoice number and asset ID

Accounting procedures:

Fixed assets can be disposed through various accounting methods as sale, scrap, part exchanges of asset and other methods. The accounting aspects for disposal of fixed assets are describing below with the help of an example:

- **Discarding the asset completely**

Let's say ZKS purchases an asset for BDT 100,000 and recognizes BDT 10,000 of depreciation in every year.

At the end of these 10 years, the asset becomes fully depreciated as there is no residual value decided at beginning. ZKS gives the asset away and records the following journal entry as:

Date	Particulars	Debit	Credit
xxxxx	Accumulated Depreciation	100,000	
xxxxx	Assets (to record the discarding of assets)		100,000

This accounting journal is try to remove the accumulated depreciation and assets' gross value from financial statements to become zero. There is no other entries is necessary for this disposal since the organization just write the assets off without any gain.

- **Sale of an asset at gain**

Let's say ZKS sells a machinery of BDT 200,000 for BDT 70,000 cash after having completed BDT 140,000 of accumulated depreciation. The requisite journal entry would be:

Date	Particulars	Debit	Credit
xxxxx	Cash account	70,000	
xxxxx	Accumulated Depreciation	140,000	
xxxxx	To gain on asset disposal (P&L)		10,000
xxxxx	Machinery (to record the sale of assets at gain)		200,000

The entries above recognized the cash amount BDT 70,000 since it is based on the assumption that customers who pay to company by cash at the time of selling.

If the sales are on credit, then accounts can record as receivables from customer. Gain from selling of assets compare to the net book value are charged to income statement. And both accumulation and gross value of assets are discharged from financial statements.

- **Sale of asset at loss**

ZKS sells machinery that has original cost of BDT 80,000 for BDT 50,000 in cash. Accumulated depreciation has charged BDT 20,000 on the machinery. The required journal entry would be:

Date	Particulars	Debit	Credit
xxxxx	Cash account	50,000	
xxxxx	Accumulated Depreciation	20,000	
xxxxx	Loss on asset disposal (P&L)	10,000	
xxxxx	Machinery (to record the sale of assets at loss)		80,000

Organization sold the assets lower than its net books value or carrying value therefore it was making losses on disposal of this assets. This is why this entries recognized BDT 10,000 charged to income statement.

Recognized cash amount BDT 50,000 is also based in the assumption that company made cash sales. If it was on credit, then account receivable is where it should charge to.

The same as above case, accumulated depreciation and the gross value of the disposed assets should remove from financial statements and also from listing accordingly.

8.7 Reporting

It is the policy of ZKS that the presentation of fixed assets in the financial statement and its notes are in conformity with the International Public Sector Accounting Standards (IPSAS). By the these standards;

a) The financial statements should disclose, for each class of property, plant and equipment recognized in the financial statements:

   i. The measurement bases used for determining the gross carrying amount. When more than one basis has been used, the gross carrying amount for that basis in each category should be disclosed;
   ii. The depreciation methods used;
   iii. The useful lives or the depreciation rates used;
   iv. The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
   v. A reconciliation of the carrying amount at the beginning and end of the period showing***:***

      - Additions;
      - Disposals;
      - Acquisitions through business combinations;
      - increases or decreases during the period resulting from revaluations and from impairment losses (if any) recognized or reversed directly in net assets/equity under the appropriate international or national accounting standard adopted;
      - Impairment losses (if any) recognized in the statement of financial performance during the period under the appropriate international or national accounting standard adopted;
      - Depreciation;
      - The net exchange differences arising on the translation of the financial statements of a foreign entity; and
      - Other movements.

b) The financial statements should also disclose for each class of property, plant and equipment recognized in the financial statements:

i. The existence and amounts of restrictions on title for property, plant and equipment pledged as securities for liabilities;
ii. The accounting policy for the estimated costs of restoring the site of items of property, plant and equipment;
iii. The amount of expenditures on account of property, plant and equipment in the course of construction; and
iv. The amount of commitments for the acquisition of property, plant and equipment.

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c) The selection of the depreciation method and the estimation of the useful life of the assets are matters of judgment. Therefore, disclosure of the methods adopted and the estimated useful lives or depreciation rates provides users of financial statements with information which allows them to review the policies selected by management and enables comparisons to be made with other entities. For similar reasons, it is necessary to disclose the depreciation allocated in a period and the accumulated depreciation at the end of that period.

d) ZKS would disclose the nature and effect of a change in an accounting estimate that has a material effect in the current period, or which is expected to have a material effect in subsequent periods, in accordance with BD Govt. policy. Such disclosure may arise from changes in estimates with respect to:

   i. residual values;
   ii. the estimated costs of dismantling and removing items of property, plant or equipment and restoring the site;
   iii. useful lives; and
   iv. Depreciation method.

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Chapter - 9

HUMAN RESOURCES MANAGEMENT

This personnel management policy is applicable for Zabarang & its partner. Also the NGO's, who have their own personnel policy in place, should share it with Zabarang.

9.1 Classification of Employees

Employees are classified according to their contractual status. ZKS has the following categories of staff:

A. Core Staff
B. Project staff
C. Contractual Staff
D. Part-time staff
F. Volunteer

9.2 Grade, Designations, Salary Matrix and approval of new positions

Employees will be recruited giving grade, designation and salary structure based on their specific job responsibilities. Employees who share the same grade may have different functions, according to their job description, but equivalent levels of responsibility. It is the responsibility of the Head of HR in consultation with Executive Director/ Program Director to justify the grade and number of new recruitment based on projects/ organization need.

All staff members of ZKS are classified in grade as below table. The matrix below depicts different categories of staff corresponding to their existing designation.

Grade	**Designation**	**Gross Salary**	
		Entry	**Maximum**
I	Executive Director		
II	Directors (Program, Finance and Administration)		
III	Head/Chief of Unit/Project		
IV	Medical Officer, Lawyers, APC, Auditor, MIS Officer, Finance officers, Administrative Officer		
V - VII	Admin Assistant, Medical Assistant, Field Facilitators		
VIII	Driver, Support staffs (office assistant/ Peon/ Office Helper/ messenger, guard)		
The formula of calculating salary: 60 % of gross salary will be basic while 36% is house rent, 2% is medical and 2% is conveyance allowance.			

9.3 Procedure for Recruitment

The number of staff to be recruitment by the NGO for its office is usually given in the project proposal document. As per Zabarang NGO project organogram, the NGO office staff comprises of the following:

1. Executive Director
2. Project Coordinator/Program Coordinator
3. Finance & Administration Manager
4. MIS Officer
5. Accountant
6. Administrative Assistants
7. MIS Assistants
8. Security Guard
9. Messenger

The NGO's will strictly follow the standard of qualification set forth for each position in "Job Description" chapter of this manual and Project Implementation Document. Exception can be made only by rational and proper justification and in consultation with Zabarang.

For hiring of all project staff, excluding support staff, NGOs will make advertisement in the newspaper subject to availability of budget provision on the specific "Line Item". For hiring of support staff local advertisement may be made in different offices and public places mentioning the qualification and skill needed for the position.

The NGOs should avoid gender discrimination and both the gender should be given equal opportunity during recruitment.

9.4 Possible Recruitment process

- The position should be approved in the proposal and there should be budget provision for the positions
- The position(s), except the support staff, should be advertised in the national and or local newspaper as per budget provision. Advertisement may also be circulated locally in different similar NGO offices places.
- The NGO Selection Committee will be responsible for hiring of other NGO office staff. The NGOs, that have already selection committee in place, may continue with it. The NGOs, that do not have selection committee in place, may form a selection committee with the following members:

9.5 For hiring of NGO office staff

- NGO Contact person for Zabarang project
- Representative(s) from NGO, as nominated by EC
- Executive Director
- After receiving the application, it should be short listed as per criteria mentioned in the Job description
- Inform the short listed applicants to attend interview
- Interview the candidates and grade them on the basis of their interview
- Make a panel with three best candidates with chronological grade. The panel will remain valid for three months from the date of interview
- Keep minutes of the Selection Committee meeting
- Verify information with the referees
- Verify selective achievements with respective institutions
- Issue Appointment Letter along with a Job Description to selected candidate mentioning date of appointment and place of reporting. If the candidate fails to join within the specified date, offer the job to the 2nd and subsequently third candidate.
- For recruitment of Executive Director, The NGO should send minutes of the selection committee and copies of CV of the first three candidates for review and concurrence.

9.6 Appointment Letter

Staff Appointment Letter should contain the terms and condition as per NGO personnel policy, ensuring the following:

1. Name of the position
2. Effective date of Appointment
3. Grade Step falls under Zabarang NGO salary matrix
4. Place of Reporting
5. Monthly salary and benefit, annual festival bonus, if any
6. Accountable/reportable to whom
7. Income Tax provision
8. Provident Fund (if any)
9. Registration and termination procedure
10. System Performance Appraisal
11. Working hour and Annual leave
12. Whether job is transferable
13. Signature of the Appointing Authority

Other conditions:

1. They should submit clearance certificate from their previous employer. if any
2. No full-time staff are allowed to hold any other kind of employment or work in any other organization or project during his/ her working period with the project
3. NGO EC member or office bearer cannot be an employee of the Zabarang Kalyan Samity

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9.7 Signing of Appointment Letter:

- Executive Director has the authority for signing the Appointment letter;
- In case of Executive Director's appointment, NGO Chairperson or Contact person for Zabarang Kalyan Samity will sign the appointment letter;
- In the both cases, recommendation from NGO Selection Committee and for Executive Director prior written concurrence from Zabrang Kalyan Samity will be required.

9.8 Staff Management

9.8.1 Staff Appraisal:

NGOs will use the staff appraisal instruments as per attached Appraisal Form (Attachment-) or as per NGO policy for annual staff appraisal:

Three active Executive Committee members will review the performance of Executive Director. The Executive Director and NGO Contact person will be jointly responsible for appraisal of NGO office staff. The Executive Director will be responsible for appraisal of other staff.

9.8.2 Annual Increment

- After completion of one-year continuous service with Zabarang Kalyan Samity, new staff will be eligible for annual increment.
- Zabarang Kalyan Samity, will circulate annual applicable increment rate during the budget modification process.
- Zabarang Kalyan Samity, will provide necessary guideline during project modification period to adjust the current NGO staff salary with the new salary matrix.

9.8.3 Additional Employment:

No full-time staff is allowed to hold any other kind of employment or work in any other organization or project during his/her working period with the Zabarang project.

9.8.4 Salary and Benefits:

Salary will be paid to the project staff on monthly basis, preferably by the 25^{th} to 30^{th} day of the month, as per budget provision. This schedule may be relaxed only during religious festivals as per decision of **Zabarang Kalyan Samity**. Only full-time project staffs are entitled to benefit.

Festival bonus should be released before ten days from the specific festival.

9.8.5 Provident Fund

The NGOs, who have provident fund policy, may continue with its existing policy. The NGO(s), who do not have provident fund in place, may introduce provident fund facility for its staff in phases. The provident fund should be operated as per government policy. However, Zabarang Kalyan Samity wants to ensure the following:

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- After completion of provisional period, one staff will be eligible to be a member of provident fund benefit
- If participating the employee's own contribution should be deducted from his/her monthly basic salary by the NGO. The amount should not exceed 10 percent of basic salary of the employee.
- One separate interest-bearing bank account should be opened for depositing the provident fund money. Preferably in the same bank, where staff salary accounts are maintained. The account will be operated jointly by Executive Director and NGO contact person.
- The provident fund amount will be deducted and deposited in the respective Bank account along with the salary statement.
- If a staff leaves the organization before completing one year of services with the project, he/she will get back her without any interest.
- For smooth implementation of provident funds, the Executive Committee may develop a separate manual as per GOB policy and share it with Zabarang.

9.8.6 Per Diem and Lodging

A per diem is a uniform allowance for each day of stay at a place of official visit away from permanent station of duty, which is intended to cover the extra daily expenditure (meal, lodging and incidentals) incurred by an employee in consequence of such absence.

It should be calculated from the time of commencement of journey until return to the station of permanent duty.

Per-diem Rate

Grade	Position	Breakfast	Lunch	Dinner	Incidental	Total
I-II	Members of the Executive Committee, General Members, Executive Director and all Directors	100	300	300	250	950
III	Head of Prog, Finance, Gender & Development, PC, APC, PM	100	300	300	150	850
IV – V	Officer, Organizers, Lawyer, Facilitators, Center manager	100	300	300	150	850
VI-VII	Assistant officers	100	300	300	150	850
VIII	Support Staff, Volunteers, Guard etc.	100	300	300	150	850

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General Conditions of per-diem:
When food cost is borne by the office or any other sponsored agency, ZKS will provide only incidental cost subject to the provision in the respective project budget.

- Breakfast cannot be claimed where it is attached with accommodation.
- For training/meeting/workshop where food and accommodation costs are not provided by respective organization/authority per diem will be applicable as per duration.
- In case of participation in a meeting, workshop, training, breakfast, lunch, dinner is provided by the host organization/authority then the person will be paid the incidental cost as applicable rate.
- In case of participation in a meeting, workshop, training and only lunch or dinner is provided by the host organization/authority then the rate for dinner/lunch amount will be deducted from applicable per diem rate.
- No per diem is allowed for less than 6 hours travel away from work station.
- No per diem is applicable when working within the duty station.
- Irrespective of grade and level, all are eligible to receive a per diem (food, accommodation & incidental), upon the submission of a travel expense report. No bills need to be submitted for these. All other expenses other than the mentioned allowances incurred, must be supported by receipts.

If per diem is claimed the expenses report must contain an attachment of a brief trip report. Movement register must be filled up. A tour approval is required before traveling outside the work station. The tour approval must contain an invitation letter/e-mail. Without these, per diem is not be allowed.

The following timing will be considered for calculation of per-diem:
Breakfast: Departure at or before 7:30 A.M
Lunch: Return after 2:30 P.M
Dinner: Return at or after 8:00 P.M

9.8.7 Entitlement for Accommodation

Zabarang Kalyan Samity is sensitive to the security of its staff. In this context, accommodation expense limit for over-night stay for staff of ZKS is described below:

Grade	Position	Capital /Divisional City Area (Maximum limit in BDT)	District / Upazilla Area
I-II	Members of the Executive Committee, General Members, Executive Director and all Directors	2000	1200
III	Head of Prog, Finance, Gender & Development, PC, APC, PM	2000	1200
IV - V	Officer, Organizers, Lawyer, Facilitators, Center manager	2000	1200
VI-VII	Assistant officers	2000	1200
VIII	Support Staff, Guard etc.	2000	1200

For cost reduction, ZKS will encourage to look for secured low cost NGO accommodation facility wherever available.

9.8.8 Personnel File:

The NGO office must maintain a personnel file for each individual staff. This file will contain copies of all the official correspondences/documents made by the NGO 'from interview letter to separation' of a particular staff. Personnel file should be updated duly, upon changes in information of a staff, In the NGO office Admin Assistant will be responsible for maintaining personnel file. Office Assistant/MIS Assistant/Service Promotion Officer is responsible for maintaining personnel files.

Contents of Personnel File:

- Copy of job / position advertisement
- Copy of short list result
- Copy of interview letter/Notice
- Recommendations of the Executive/Recruitment committee
- Copy of final result
- Copy of Appointment letter along with a copy of job description
- Copy of joining letter and a copy of clearance certificate from previous employer, if any
- Reference check report
- Bio-Data of the staff with a passport size photograph and with salary history
- Copies of educational and experience certificates
- Copy of National Identity Card
- Copies of notice, appreciation, warning etc. letter given to the staff
- Records of all training attended
- Copies of leave application
- Copies of registration/termination/release order
- Copies of Staff performance appraisal

All personnel file should be kept confidentially under the responsibility of head of HR.

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Chapter - 10
Grants and Sub-Grants Management

10.1 Administration of Grants

a) ZKS receives funds from various donor/funding organizations to finance various research activities.

b) The donor/funder funds shall be administered in an economic, efficient and effective manner by the officers in charge of such projects.

c) The donor/funder funds administrative process shall include timely feedback to the donors of details of projects funded by them.

d) Donor/funder funds shall only be utilized in accordance with the provisions of the grant agreement.

e) As part of the annual budget, grants shall be included in the annual estimates in the following manner:

   i. Donor/funder grants shall be budgeted for, committed in signed agreements and where they can be expected to be received during the year with a high degree of certainty, the Grants Manager / Head of Finance shall review all signed agreements to confirm the existence and the value of the grants included in the budget.

   ii. In the event that an agreement is unsigned, or in a signed agreement with a high degree of uncertainty of receipts of grants, the Head of Finance will remove the related expenditure from the budget.

10.2 Mode of Receiving Grants

a) The Funder/Donor transfers the Grant direct to the Secretariat's Bank account

b) The Funder/Donor issues a cheque in the name of the Secretariat.

10.3 Contributions Acknowledgment

a) It is the policy of ZKS to send letters or notes on ZKS's letterhead acknowledging all contributions, regardless of the amount.

b) The letters will indicate the dollar amount contributed and the local currency equivalent, where necessary.

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10.4 Revenue Recognition

i. ZKS shall report on two streams of revenue:

   a. Revenue from exchange transaction
   b. Revenue from non-exchange transaction.

ii. ZKS shall define Exchange and Non Exchange Transactions in accordance with IPSAS as follows:

   a. Exchange Transactions
   A transaction in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

   b. Non-exchange Transactions
   Where an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

iii. Revenue from Exchange Transaction

   a. Broadly, revenue under this shall be reported when a service is rendered to a sub-grantee or any other income earned as a result of the normal operations of the organization.

   b. Measurement and recognition
   Revenue on exchange transaction shall be measured at the fair value of the consideration received or receivable.

   c. Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably where all the following conditions are satisfied:

      - The amount of revenue can be measured reliably;
      - It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
      - The stage of completion of the transaction at the reporting date can be measured reliably; and
      - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
      - Where the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue would be recognized only to the extent of the expenses recognized that are recoverable.

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iv. Revenue from non-Exchange Transaction

i. ZKS main source of revenue from non–exchange transaction as defined by IPSAS 23 is grant.

ii. ZKS would ensure that inflow of resources from a non-exchange transaction, other than services-in-kind, that meets the definition of an asset, shall be recognized as an asset where, and only where:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and

- The fair value of the asset can be measured reliably.

v. Measurement of Assets on Initial Recognition

An asset acquired through a non-exchange transaction would initially be measured at its fair value as at the date of acquisition.

vi. Recognition of Revenue from Non-Exchange Transactions

An inflow of resources from a non-exchange transaction would be recognized as an asset to the extent that revenue has also been recognized.

Where ZKS satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, the carrying amount of the liability would be reduced and an amount of revenue equal to that reduction would be recognized

vii. Measurement of Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions would be measured at the amount of the increase in net assets recognized by the entity.

10.5 Transfers

a) ZKS shall recognize an asset in respect of transfers where the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

b) Transfers shall include grants, debt forgiveness, fines, bequests, gifts, donations and goods- and services-in-kind. All these items have the common attribute that they transfer resources from one entity to another without providing approximately equal value in exchange and are not taxes as defined.

c) ZKS may, but is not required to, recognize services in-kind as revenue and as an asset.

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10.6 Disclosures

The following would be disclosed, either on the face of the financial statements of
ZKS or in the notes to the extent applicable:

a) Indicating the amount of revenue from non-exchange transactions recognized during the period by major classes showing separately:

   i. the amount of receivables recognized in respect of non-exchange revenue

   ii. the amount of liabilities recognized in respect of transferred assets subject to conditions

   iii. the amount of assets recognized that are subject to restrictions and the nature of those restrictions

   iv. the existence and amounts of any advance or receipts in respect of non-exchange transactions

   v. the amount of any liabilities forgiven

b) The following shall be disclosed in the notes:

   i. The accounting policies adopted for the recognition of revenue from both exchange and non-exchange transactions

   ii. For major classes of revenue from non-exchange transactions, the basis on which the fair value of inflowing resources has been measured

   iii. The nature and type of major classes of bequests, gifts, donations showing separately major classes of goods-in-kind received

10.7 Grant Agreements

Ensuring compliance with terms and conditions of donor/grant financing agreements starts with ensuring that a donor/grant financing agreement fully complies with ZKS financial policy and procedures.

a) The Executive Director would be ultimately responsible for ensuring that the organization consents to and complies with all financing agreements with donors/funders.

b) The grants committee (consisting of the legal expert, Head of Finance shall review the donor/funder procedures and advise the Executive Director on its acceptability.

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c) Compliance

i. All project coordinators/head of project management units shall ensure that all donor/funder funds are utilized according to the terms and conditions of the grant agreement. This shall include:

- Application of funds in accordance with the approved budget
- Compliance with procurement procedures
- Compliance with disbursement and payment procedures including claims and other retirement of funds
- Compliance with reporting procedures for donors among others

ii. The Head of Finance shall review compliance of all projects and donor procedures and advice the Executive Director where exceptions are noted.

a) Financial management

Sub-grantees would adhere to the following guidelines;

i. Request for funding for sub-grantees shall be in accordance of the financing/grant agreement
ii. Implement disbursement operations in accordance with the grant agreement by ensuring that appropriate documentation is retained
iii. Produce monthly cash flow forecast for the three following months to ensure that the sub-grantee operations does not run short of cash disbursements. The monthly cash flow shall be authorized by the project officer
iv. Safeguards funds and other resources of the sub-grantee
v. Operate special accounts in accordance with the requirements of opening bank accounts as detailed in the manual.
vi. Maintain cash book and provide timely report.

b) Procurements

All procurement activities such as planning, preparation of standard bidding documents, procurements of goods and services would be handled by the Secretariat unless otherwise authorized.

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c) Monitoring and Evaluation Reports

Each Sub-grantee will be responsible for reporting on the project. The following minimum project monitoring, physical and financial reports will be produced by the Sub-grantee, unless otherwise specified in the sub-grant contract;

i. Quarterly Reports

- Discussion of Project Progress
- Physical monitorable indicators progress report against planned outputs
- Financial results against approved budgets
- Procurement progress reports against planned procurements
- Outlook/prospects for the next quarter

ii. Annual Project Progress report

The PMU would complete an annual substantive project progress report which will comprise the following;

- Discussion of project progress
- Physical monitorable indicators progress report against planned outputs
- Financial results against approved budgets (use of funds by project activities)
- Procurement progress reports against planned procurements
- Annual work plan schedule of the following financial year**;**
    - The detailed work plan will be attached to the annual progress report
    - The work schedule shall include the procurement plan

10.8 Accounting Entries

i. When an advice is received from our bankers, the following entries shall be made:

Dr: Bank Account and

Cr: Name of Grant

With the amount of funds granted

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Chapter - 11

Budgeting and Budgetary Control

11.1 Introduction

a. Budgetary control is the practice of regularly comparing actual results against expected results.

b. The most important method of budgetary control is variance analysis, which involves comparison of actual results achieved during a period with the budget.

c. The difference between actual results and expected results are called variances and these are used to provide a guideline for control action by management.

d. Effective budgetary control requires robust, reliable and relevant financial management reporting systems, which should be able to communicate the results of management action on a timely basis.

11.2 Responsibilities

a) The administration of budgetary control shall be the responsibility of the Executive Director.

b) However the detailed work of communicating variance information and co-coordinating control efforts shall be the responsibility of the Head of Finance.

c) The Head of Finance shall be responsible for generating from the accounting software or any other accounting system as approved by the Executive Committee. Monthly reports, analyzing between actual and budget to date, not later than 14 days after the end of the relevant month.

d) The Head of Finance shall receive comments from the Executive Director on the variances within 7 days of receiving the reports from the Head of Finance.

e) The Executive Director shall endorse appropriately agreed control action on the variances.

f) The Head of Finance shall ensure that approved control action is implemented within the agreed timeframe.

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11.3 Budgets, a Tool for Budgetary Control

a) For the purpose of budgetary control, the annual master budget shall be prepared on a monthly /quarterly basis

b) All operational overheads expenses shall be apportioned equally, unless particular items of expenditure are known with certainty for specific periods.

c) Direct operational expenses shall be apportioned between monthly and quarterly periods based on timing of each activity in accordance with the approved work plan.

d) Capital expenditure budget shall also be apportioned between monthly and quarterly periods based on the anticipated time of purchase of the asset.

e) Grants, donations, interest and sundry income shall be budgeted for the months in which they are expected to be received.

11.4 Computation and reporting of variances

a) Computation and reporting of variances shall be carried out in conjunction with the production of monthly management accounts

b) The reporting format for variances is similar to the budget preparation formats set out in appendix …. of this manual.

c) The variances shall be reported in the following manner

    i. Actual for the month – previous year
    ii. Approved budget for the month – current year
    iii. Actual for the month – current
    iv. Variance amount (ii-iii)
    v. Variance %
    vi. Cumulative approved budget – current year
    vii. Cumulative actual – current year
    viii. Cumulative actual – previous year
    ix. To date variance amount (vi-vii)
    x. To date variance %

d) In order to ensure uniformity, presentation of periodic management accounts shall follow the annual financial statements reporting format.

11.5 Investigation of variances

a) All significant variances shall be investigated to enable remedial control measures to be implemented.

b) Recommended remedial measures which are agreed with the respective heads of departments shall be approved by the Executive Director and form part of the budgetary control process of ZKS.

Chapter - 12

Financial Reporting

12.1 Fair Presentation and Compliance with IPSASs

To comply with the provisions of BAS, ZKS would ensure that;

a) The financial statements present fairly the financial position, financial performance and cash flows of the entity;

b) The financial statements comply with all the requirements of each applicable BAS

c) Where the financial statement complies with other Standards such as IFRS in situations where there are no specific BAS, management would state this fact.

12.2 True and Fair View

a) The monthly and annual financial statements of ZKS shall give a true and fair view of the state of the Secretariat's affairs and the income and expenditure for each financial period.

b) The Head of Finance is responsible for ensuring that the monthly and annual financial statements are prepared in this manner. ZKS shall apply the accounting assumptions and concepts described in this section on the appropriate BAS, which would then result in a true and fair view of the financial statements prepared.

c) Any material non-compliance (including any deviations from an BAS) and the effect of any such non-compliance shall be disclosed in the financial statements as notes and reported to the Board.

12.3 Communication of Standard Accounting Guidelines

The Head of Finance of ZKS in consultation with other Head of Finances of other Sites and Institutions supported by ZKS shall issue standard accounting guidelines from time to time in order to classify and standardize accounting policies and procedures which are specific to ZKS operations

12.4 Common Information in Financial Statements

The Head of Finance is responsible for the preparation of the annual financial statements. This

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must be reviewed by the Director Program and approved by the Executive Director.

A complete set of financial statements according to BAS 1 comprise:

(a) A statement of financial position;

(b) A statement of financial performance;

(c) A statement of changes in net assets/equity;

(d) A cash flow statement;

(e) A statement of comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements;

12.5 Monthly and Annual Reporting Procedures

a) Monthly Procedures and Time Table

The following procedures would be followed in the preparation of monthly reports:

i) The Head of Finance will use tools aimed at ensuring that monthly reports are circulated not later than 10th of the month following the end of the relevant month. A timetable would be circulated every month by the Head of Finance as required. When each step of the task is completed, the Head of Finance will mark a cross (x) in the column under the working day when it is achieved to enable him review progress and to take hastening action where necessary.

ii) For each month a complete set of management information reports, which include the following listed below, are required by the 10th of the following month:

- monthly management accounts;
- budgetary variances;
- Donors report; and
- Notes and supporting schedules.

iii) As far as the financial statements are concerned it is a standard requirement that these shall be completed by the tenth working day after each month end.

iv) The Head of Finance shall issue a timetable each month showing the actual dates by which the various stages of work must be completed.

v) The timetable shall indicate the officers responsible for the task and list date of

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- Completion of cashbook postings and bank reconciliations.
- Completion of subsidiary ledger postings and reconciliations

- The various standard journal vouchers to be prepared
- Completion of postings to the general ledger and extracting the preliminary trial balance
- Completion of final trial balance after review and necessary adjustments
- Completion of balance sheet and income statement
- Preparation of supporting schedules
- Receipts of variance analyses explanations

vi) Against each item, the required completion date will be indicated in the column under the required working day.

vii) The Head of Finance will circulate other guidance notes as they become necessary for the preparation of the monthly accounts and reports.

b) End of Year Reporting

i) Prior to the end of the financial year, the Head of Finance will prepare instructions setting out the timetable for the submission of accounting returns and the names of the officers responsible for their completion.

iii) The creditor's ledger and accruals and prepayments register will be kept open until the end of the fifth week after the year end, to ensure that all relevant items are included as accurately as possible.

iv) After those records are closed, any further adjustments will be made only on non-standard journal vouchers authorized by the Head of Finance.

v) The annual accounts must be completed within one month (by 30 January) following the financial year. The audit report together with the management letter from the auditors and management responses shall then be made available to the Board of Trustees in February after the Executive Director's approval.

c) Year End Accounting Routines

i. Most of the year end accounting routines would be the same as those performed each month. However there are specific tasks to be completed at the end of year which include:-

- the provisions for slow-moving or obsolete or deteriorated stock where applicable;
- the write-off of unusable or obsolete property, plant and equipment;
- the certification of cash in hand;
  - the provision for bad or doubtful debts;
  - the assessment of prepayments and accruals and
  - certificates of bank balances and investment

ii. At the end of the year, all officers will be required to certify a statement of the balances held by them. All sundry revenue will be paid into the bank on or before the last working day of the financial year.

iii. The Head of Finance will prepare an age analysis of all ZKS'S sundry debtors. On the basis of this analysis, a provision will be made for any bad or doubtful sundry debts where applicable

iv. The Head of Finance will review the nominal ledger to identify those expenses which have been prepaid. Also he will assess the nature and value of those accruals for which provisions will be made.

v. All source documents during the first two months of the new financial year will be scrutinized carefully at the time of approval; any transactions relating to the previous year's accounts will be marked clearly.

vi. Once the trial balance has been extracted correctly, the Head of Finance will prepare the statutory accounts in accordance with International Public Sector Accounting Standards. He shall ensure that the statutory accounts are completed and are ready for audit by the Secretariat's external auditors. In addition, he shall prepare a report to the Executive Director/Board which analyses and explains the results for the year.

12.6 Financial Control

ZKS shall maintain the highest levels of financial control both at the Secretariat and for Sub-grantees. In order to ensure the high levels of financial control, the finance department will conduct a self review through the use of the following**:**

b) Internal control questionnaire

The Head of Finance or his designate will ensure the finance regulations, policies and procedures detailed in this manual are operating effectively by performing self audits twice a year as follows:

i) An internal control questionnaire shall be developed to provide a tool for self auditing of the control and operating procedures defined in this manual;

ii) Schedule officers shall ensure the checklists are completed by the 20th day following each half – year end;

iii) The internal control questionnaire is a tool to ensure the institution or operation is in compliance with provisions in the manual. This helps to determine the training needs of employees;

iv) The Head of Finance shall summarize the key outcome from the checklist and follow up the action necessary to ensure compliance.

b) Balance Sheet Review

i) The Head of Finance or his designate shall conduct balance sheet reviews of the Secretariat.

ii) The reconciliation folders will include the following;

- Bank reconciliations
- Petty cash float count confirmation (including cash in safe)
- Accounts receivables
- Provisions for bad and doubtful debts
- Prepayments schedules
- Deposits/investments accounts
- Accounts payable
- Accruals schedule

Any follow up actions will be agreed after the review and agreed with the finance or schedule officer.

12.7 Specific Donor/Funder Financial Reporting

a) As mentioned in this manual, ZKS has adopted accrual BAS for the preparation of the entity wide financial statements. However, to enable ZKS comply with specific donor reporting guidelines which are principally on cash basis, it would adopt cash basis BAS for the preparation of all specific donor reports.

ZKS would prepare and present the cash basis financial statements to include the following components:

i) A statement of cash receipts and payments which:

- Recognizes all cash receipts, cash payments and cash balances ; and

- Separately identifies payments made by third parties on behalf of ZKS in accordance with the Standard;

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ii) Accounting policies and explanatory notes; and

iii) When the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the statement of cash receipts and payments would be presented

b) Information to be presented in the Statement of Cash Receipts and Payments.

The statement of cash receipts and payments should present the following amounts for the reporting period:

i) Total cash receipts of the entity showing separately a sub-classification of total cash receipts using a classification basis appropriate to the entity's operations;

ii) Total cash payments of the entity showing separately a sub classification of total cash payments using a classification basis appropriate to the entity's operations; and

iii) Beginning and closing cash balances.

Total cash receipts and total cash payments, and cash receipts and cash payments for each sub-classification of cash receipt and payment, would be reported on a gross basis.

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Zabarang Kalyan Samity

Chapter – 13

Chart of Accounts

13.1 Series and Chart of Accounts

SERIES and CHART OF ACCOUNTS

Chart of Account is a list of general ledger account names and numbers. A complete list of all accounts utilized by an organization or a company. This list also contains account descriptions and other identifying heads. The series and chart of accounts is needed to maintain and prepare the financial books and reports on a regular basis against individual bank account for each accounting transaction. A sample of series and chart of accounts are given below:
Accounts Series are in Relation to the Following Major Heads:

SL#	Series of Accounts	Major Heads
A.	1-09	Assets
B.	10-14	Liabilities
C.	15	Income
D.	16-32	Expenses

Details of the chart of account are as follows:

Head No. Description of individual Head

Code-1 **Cash Ledger**:
The cash contribution register is a chronological record of the receipt and payment of funds of the organization's cash account. A cash ledger is maintained to record on a regular basis. Example, Donation received in cash, member's contribution received in cash etc. (Annex-A1).

Code-2 **Bank Ledger**
The Bank Ledger is a chronological record of the receipt and payment of funds of the organization's Bank account. Whenever a receipt memo or cheque request is made and funds have been either received or disburse, the information should be entered on the Bank Ledger.

Code-3 **Petty Cash Book:**
The Cash Book is maintained to record daily petty cash funds. Disbursements will be reimbursed periodically from the organization's Bank Account.

Code-4 **Advances:**
Miscellaneous Advance: This advance is applicable for miscellaneous expenses such as tickets, postage and other small expenses. This type of advance to be given to the organization's employees. It should be debited Hd-4 and adjustment should be made against expenses.

Project/ program advance: This is applicable for project expenses (Where a band account does not exist) such as training, beneficiary payments and miscellaneous project/program expenses at site. It should be debited Hd-5 and adjustment should be made against expenses.

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Travel Advance: The is applicable for travel for field trips, other office trips. It should be debited and adjustment should be made against expenses.

Code-5 **Prepaid Expenses:**

It may be necessary to advance money for services to be received over a period of time (months or years). A common example would be an office/ware house, rent advance which would cover a period any where between two months to no. of years. While this advance is given, it should be debited Hd-5 and credited Bank Account (Hd-2). Each month, for which the advance applies, an adjusting journal entry is prepared crediting Hd-5 and debiting by the appropriate expenses Hd-40 to 99.

Code-6 **Vendor Advance:**

It may be necessary to provide an under capitalized vendor with an advance in order to obtain project materials an equipment and that should not be above 25% of total amounts. It is expected that such advances will be adjusted within a short period not more than one month. Such advance should be debited to Hd-6. Upon receipt of

the item an adjusting journal entry is prepared debiting by the appropriate expenses Hd-40to 99.

Code-7 **Miscellaneous Receivable:**

In general, the term receivables are claims held against others for money, goods or services. The term receivable is utilized in accounting to include any money due to be received from any party or entity for any reason due to a past transaction such as Office Maintenance and Repairs, Telephone bill etc. expenses on behalf of a landlord. Such receivable is debited to Hd-7 and credited to cash/bank (Hd-2).

Code-8 **Deposit:**

Deposits are sums submitted to utilities, landlords or service companies as security or collateral. This account should be used if it is reasonable expected that the deposit will be retuned upon completion of service/rental agreement. It is unlikely that a deposit will be available upon completion of the agreement; an appropriate expense head should be used.

Code-9 **Accrued Income:**

This account will be established when Zabarang will provide the initial fund a loan for starting before receiving the fund from the donor.

<u>LIABILITIES</u>

Code-10 **Zabarang Fund (Loan) Account:**

This account will be established when Zabarang will provide the initial fund a loan for starting before receiving the fund from the donor.

Code-11 **Donor Fund (Cash in transit) Account:**

The cash in transit ledger is a chronological record of the transfer of a direct fund from donor through demand draft. This ledger will always have zero or credit balance.

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Code-12 **Miscellaneous Payable Account:**
In general, the term payables are amount owed by Zabarang to other entities. The payable is utilized in accounting to include any money owe to be paid to any party or entity for any reason due to a past transaction such as office maintenance and repairs, telephone bill etc. expenses on behalf of the organization. Payments received from transferring personnel to pay for personal bill receipt after their departure.

Code-13 **Accrued Expenses:**
Service/goods have been received but payment not yet made, this is called accrued expenses. Thus accruals may be occurred of each month/quarter/year or at the end of a contractual agreement with a donor or any other unavoidable situation.

Code-14 **Tax and VAT:**
This account includes all type of deductions from the vendor and service provider against their payment as tax, rent tax. Tax and VAT will be maintained as per the Government policy.

<u>INCOME</u>

Code-15 **Miscellaneous Income:**
Gain on sale of project equipment, materials, non-fixed assets and received any miscellaneous sources such as bank interest, donation etc. Such transactions are debited to cash/bank (Hd-2) and credited to miscellaneous income.

<u>EXPENSES</u>

Code-16 **Salary and benefit:**
This account includes all types of staffs salary and benefits (festival bonus, award, gratuity, dearness allowance, performance allowance, increment) for Executive Director/Accountant/Supervisor/Contract Employee /Field Trainer/Project Officer/Community/Administrative Assistant/Unit Manager/Field Worker/Volunteer Trainer/Field Organizer/Other Officer/Guard if hired on a regular and causal basis for project implementation.

Code-17 **Honorarium:**
This account includes all type of consultant fee for project related consultant, teachers, child learning circle (CLC) facilitator, remuneration for all time school caretaker etc.

Code-18 **House Rent:**
This account includes all type of expenses related to office rent and temporary or regular warehouse rent etc.

Code-19 **Office Utility**
This account includes all type of expenses related to office utility like electricity bill, gas bill, and water bill and cleaning materials etc.

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Code-20 **Office maintenance and other office cost**

This account includes all type of expenses related to repairs of furniture, fixture and equipment items, sign board making cost, assets maintenance and repair cost.

Code-21 **Communication:**

This account includes all type of expenses related to telephone bills and its connection cost, fax, postal expresses, postage (courier service and S.A. Paribahan), satellite dish/cable, mobile bill and email etc.

Code-22 **Stationery and Supply:**

This account includes all type of expenses related to stationery and other paper supply, printing, documentation, publication, books binding, ledger books, photocopy, towel, duster cloth, electrical goods, rain coat, field bag, tea, pencil battery, calculator, first aid box etc. for general office use.

Code-23 **Furniture, Fixture and Equipment /Assets:**

This account includes all type of expenses related to furniture, fixture and equipment like table, chair, wooden rack, steel almirah, board, Ceiling fan, table fan water filter, computer, computer table, printer, UPS, voltage stabilizer, generator, fire extinguisher, file cabinet, sofa set, motor cycle, helmet, bicycle, trolley, engine boat, land etc.

Code-24 **Vehicle fuel, repairs and maintenance:**

This account includes all type of expenses related to vehicle fuel, repairs and maintenance like petrol, octane, spare parts, vehicle registration fee, Mobil, and insurance etc.

Code-25 **Travel and Lodging:**

This account includes all type of expenses related to travel and lodging while on official business. Such travel allowance, food, hotel fare, field allowance, daily allowance and other expenses related to field work.

Code-26 **Training:**

This account includes all type of training related expenses (meeting/workshop, seminar)

Code-27 **Entertainment:**

This account includes all type of expenses related to snacks or entertainment in the office such as office meeting.

Code-28 **Materials and Equipment:**

This account includes all type of expenses related to direct delivery material and equipment to the project beneficiaries like all commodities including food, medicines, relief goods, seeds, roofing materials, bamboo, rope/sutli, niddle, cotton, fertilizer, agricultural tools and goods, pesticide, carrying charges (any mode of transportation), spade, khunti, umbrella, torch light, torch light battery, hurricane, fodder/nipper, homestead fruit/tree/arahar, Plantation, arsenic testing materials, stove, table for village, trunk for field, tools and any contingency expresses etc.

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Code-29 **Construction and maintenance:**
This account includes all type of expenses related to construction and maintenance like flood shelter, communal latrine, bridge/culvert, low cost latrine, urinal, shallow, tube well, homestead/institute ground raising, wave protection wall, village road and connecting, training centre, office building, school building, low cast house for beneficiaries, maintenance work, contingency for earth work, plantation tools, plantation at communal places, plantation activity, contractor's services and labor etc.

Code-30 **Evaluation:**
This account includes all type of expenses related to evaluation fees like baseline survey, focus group discussion, key informant's interview, case study, etc.

Code-31 **Audit:**
This account only for fees for annual audit of financial records, project and general audit, other activities by the external audit firm.

Code-32 **Other Administrative cost/Miscellaneous:**
Any item of office administrative cost in nature does not fall under any aforesaid heads, which includes advertisement, bank charge, recruitment cost, legal fees, etc. A certain percentage of total program management cost may be considered in the annual budget for this head.

This chart of accounts is not final and fixed and also not limited to these heads. It may change or include any head as per requirement time to time.

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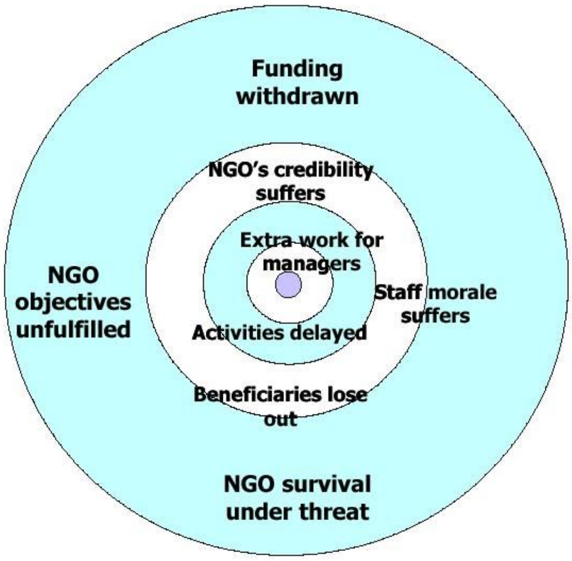
Chapter – 14

Dealing with Fraud and Other Irregularities

14.1 Overview of Fraud and Irregularities

There will be occasions when internal control systems fail to prevent losses through theft, fraud or other irregularities. Fraud is defined as: a deliberate, improper action, which leads to financial loss to the organization. This includes theft of goods or property; falsifying expenses claims; and falsification (or destruction) of records to conceal an improper action. Fraud does not include: accounting errors; actions condoned by established practice; and cases where no loss is incurred. Other irregularities include unauthorized activities for private gain: e.g. 'borrowing' from petty cash; use of vehicles; or abuse of telephones and other equipment.

14.2 The Ripple Effect of Fraud



Incidents of fraud and irregularities require sensitive handling to minimize the long-term impact. It is important to be prepared to deal with any occurrences of fraud or financial irregularity by having a written procedure, which covers steps that need to be taken.

14.3 Deterrence

The procedure should state clearly that routine controls, checks and balances are in place to safeguard the assets of the organization and to protect staff from any suspicion of, or temptation to, fraud or other impropriety. Paid staff and volunteers are therefore obliged to co-operate fully with internal control procedures and failure to do so will be dealt with as appropriate within the organization's disciplinary code.

14.4 Types of Irregularity

The procedure will identify different types of irregularity; how seriously they are viewed; and how they will be dealt with. For example, all instances of theft and fraud will be viewed as Gross Misconduct and will result in immediate dismissal and loss of terminal benefits. A clear statement of the organization's policy on the circumstances in which the Police will be informed must also be made. This must take in account local circumstances.

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14.5 Detection

A procedure for reporting suspicions of irregularities should be made clear to all. This should make it easy for people to report concerns in confidence and without fear of retribution. When an irregularity is reported or detected, record the details in writing; report it immediately to a superior. Follow up all reports or suspicions immediately; do not allow rumors to spread or let the 'trail' go cold.

14.6 Investigation

When an irregularity comes to light, it must be dealt with quickly and sensitively; look for corroboratory evidence before instigating a formal investigation. If all the evidence points to an irregularity, the individual(s) involved should be formally interviewed with a third person present to take notes. Protect documents and records by either removing access to them by those involved in the irregularity or by suspending the people involved during the investigation. The policy will identify who is responsible for conducting a formal investigation. This will depend on the nature of the irregularity; it could be conducted by the senior manager, the internal auditor, the external auditor or, in more serious cases, the Police.

14.7 The Aftermath

Don't under-estimate the long-term and less tangible impacts of fraud. It will involve a lot of a managers' time during the investigation and afterwards. In particular:

- People will be distressed by the experience and need to be supported. Colleagues will suffer all the mixed emotions of bereavement: anger, guilt, disappointment and loss. They will be worried that their own jobs are under threat.
- New staff may need to be recruited and trained.
- Donors will need reassuring that their resources are safe and the project will not suffer.

14.8 Summary

Here are some tips on how to deal with fraud and other irregularities – to keep RISKS LOW:

DO
Report the incident to a superior or Board member
Investigate incidences, gather the facts
Secure the assets and records
Keep calm!
Swiftly act

DON'T
Look the other way
Overlook the 'fall out' of a fraud
Withhold information to protect others

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Executive Director
Zabarang Kalyan Samity

Chairperson
Zabarang Kalyan Samity

List of Attachment

Financial Manual

Consolidated Project Budget (CPB)
Project life - From dd/mm/yy to dd/mm/yy

Name of Project:____________________________

HEAD	MAJOR EXPENDITURE	Year – 1 Amount in BDT
	SALARY & BENEFITS:	
	Subtotal	
	HONORARIUM:	
	Subtotal	
	OFFICE RENT/WAREHOUSE RENT:	
	Subtotal	
	OFFICE MAINTENANCE/REPAIR/CLEANING MATERIALS	
	Subtotal	
	COMMUNICATION:	
	Subtotal	
	STATIONERY/SUPPLIES:	
	Subtotal	
	FURNITURE, FIXTURE & EQUIPMENT (FF&E):	
	Subtotal	
	VEHICLE FUEL, REPAIRS & MAINTENANCE:	
	Subtotal	
	TRAVEL & LODGING:	
	Subtotal	
	TRAINING:	
	Subtotal	
	MATERIALS & EQUIPMENT FOR BENEFICIARY:	
	Subtotal	
	CONSTRUCTION & MAINTENANCE:	
	Subtotal	
	EVALUATION:	
	Subtotal	
	AUDIT:	
	Subtotal	
	OTHERS ADMINISTRATIVE COST:/ *Miscellanies*	
	Subtotal	
	GRAND TOTAL BDT:	

Note: Detail project budget or working sheets should be attached with the 'Consolidated Project Budget'

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Zabarang Kalyan Samity
Khagrapur, Khagrachari

DV #:
Date:

Debit/Payment Voucher

Paid to ---

In Cash/Cheque No ---Dated -----------------------

A/C No -------------------------------- Bank Name --

Sl. No	Particulars	Head of Account	Amount
TOTAL TAKA			

In ward: ---

Prepared by **Checked by** **Approved by**

Received by

Zabarang Kalyan Samity
Khagrapur, Khagrachari

CV #:
Date:

Credit/Receipt Voucher

Received from --- Address: -----------------------------------

in Cash/Ch./DD/TT No ---Dated: ---------------------------

A/C Code	Account Head	Narration	Amount
TOTAL TAKA			

In ward: ---

Received by **Prepared by** **Checked by** **Approved by**

Zabarang Kalyan Samity
Khagrapur, Khagrachari
Journal Voucher (JV)
(For any Correction Entry of CV/DV)

JV #:

Date:

Voucher No.	
Date	

Sl. No.	Code	Particulars	Folio No.	Debit		Credit	
				Taka	Paisa	Taka	Paisa
Total							
In Word (Tk.)							
Note							

Prepared by:____________ Checked by:____________ Approved by:____________

Name: ____________ Name:____________ Name:____________

Position: ____________ Position:____________ Position:____________

Date: Date: Date:

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General Ledger

Name of Head:

Head/Code-

Date	Ref/ Folio	Description	HD #	Debit (TK.)	Credit (TK.)	Balance (TK.)

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GOODS (OR SERVICES PROVIDED) RECEIVED NOTE

Name of Supplier	
Order/Other Reference Number	
Quantity or Amount (BDT value) Received	
Name of Receiver (The person who requested to purchase)	Signature: Name: Received Date:
Verified by (The person from Accounts/Admin Section)	Signature: Name: Received Date:
Goods/Services referred to	Asset Register/Stock Register/Others

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Advance Request Form

Date: ____________________

To:
____

From:
____

Subject: **Advance Request**

Request for approval for travel or other advance(s)* for the following purposes as listed below. The total amount of the request is BDT_______________.

Purpose	Travel Date	Advance Amount	Expected Adjustment Date
Total			

* Other Advances:

Purpose	Event Date	Advance Amount	Expected Adjustment Date
Total			

Submitted by:____________________ **Date:** ____________________

The above employee's have no outstanding advances: Yes/No

Checked by:__________ Reviewed by:__________ Approved by:__________

Received by:________________________ **Date:** ___________________

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Zabarang Kalyan Samity

ADVANCE & ADJUSTMENT PROCEDURES:

For advances associated with; miscellaneous advance, Project advance & Travel advance and its adjustment, please see the following example:

ADVANCE:

Example-1:
Mr. X received an advance for BDT 10,000 for project expenses from his office through a cheque bearing # 001121 dated June 10, 200X:

Description	Head	Amount
Advances A/C	HD-	10,000
Bank A/C	HD-	(10,000)

ADJUSTMENT:

Example-1:

Mr. X has submitted his bills/invoices for BDT 9,500 against his advance and balance refunded to office. A Journal Voucher is required for this adjustment.

Description	Head	Amount
Expenses A/C	HD-	9,500
Cash A/C	HD-	500
Advances A/C	HD-	(10,000)

The balance amount has been deposited into Bank on the same day by the NGO. A Credit Voucher is required for this transaction.

Description	Head	Amount
Bank A/C	HD-1	500
Cash A/C	HD-2	(500)

Example-2:
Mr. X has submitted his bills/invoices for BDT 11,000 against his advance and balance has been paid through a cheque # 001129 dated June 20, 200X. A Debit Voucher is required for this adjustment.

Description	Head	Amount
Expenses A/C	HD-	11,000
Bank A/C	HD-2	(1,000)
Advances A/C	HD-	(10,000)

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Example-3:

Mr. X has submitted his bills/invoices for BDT 10,000 against his advance. A Journal Voucher is required for this adjustment.

Description	Head	Amount
Expenses A/C	HD-	10,000
Advances A/C	HD-	(10,000)

Accruals & Adjustment Procedures:

Example-1:

A telephone bill is estimated to be BDT 4,000 for the period May-June and is accrued on June, 200X (FY01). When the bill is paid in July 31 200X, the exact amount is BDT 1,900 and August 31 2001, the exact amount is BDT 2,300 under XYZ NGO (FY01 & FY02).

THE TRANSACTION ENTRIES ARE:

Month: June 30, 200X

For the Accrued Expenses through a Journal Voucher (JV) for BDT 4,000:

Description	Head	Debit	Credit
Telephone bill for May & June	HD-	4,000	
Accrued Expenses	HD-		4,000

Month: July 31, 200X:

For the payment against accrued expenses through a Debit Voucher (DV) for BDT 1,900:

Description	Head	Amount
Accrued Expenses	HD-	1,900
Bank A/C	HD-	(1,900)

Month: August 31, 200X:

For the payment against accrued expenses through a Debit Voucher (DV) for BDT 2,300:

Description	Head	Amount
Accrued Expenses	HD-	2,100
Expenses A/C	HD-	200
Bank A/C	HD-	(2,300)

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Example-2:

A telephone bill is estimated to be BDT 5,000 for the period May-June and is accrued on June 30, 200X (FY01). When the bill is paid in July 31, 200X the exact amount is BDT 2,500 and August 31, 200X the exact amount is BDT 2,000 under XYZ NGO (FY01 & FY02).

THE TRANSACTION ENTRIES ARE:

Month: June 30, 200X

For the Accrued Expenses through a Journal Voucher (JV) for BDT 5,000:

Description	Head	Debit	Credit
Telephone bill for May & June	HD-	5,000	
Accrued Expenses	HD-		5,000

Month: July 31, 200X:

For the payment against accrued expenses through a Debit Voucher (DV) for BDT 2,500:

Description	Head	Amount
Accrued Expenses	HD-	2,500
Bank A/C	HD-	(2,500)

Month: August 31, 200X:

For the payment against accrued expenses through a Debit Voucher (DV) for BDT 2,000:

Description	Head	Amount
Accrued Expenses	HD-	2,500
Expenses A/C	HD-	(500)
Bank A/C	HD-	(2,000)

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Khagrapur, Khagrachari

PURCHASE REQUEST (PR)

OFFICE: ________________________ PR #: ____________

Requested by: ____________________ Date: ________________
Signature

Checked by: ____________________ Date: ________________
Signature

Reviewed by: ____________________ Date: ________________
Signature

Approved by: ____________________ Date: ________________
Signature

SL #	Description	QTY. Req.	QTY. In Hand	Unit Cost	Budgeted Cost (BDT)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
				TOTAL:	

REMARKS:	
PURCHASED BY: NAME and Date:	RECEIVED BY: NAME and Date:

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Khagrapur, Khagrachari

Break-down

<u>Monthly/Additional Requisition</u>

Project .... Operation Office ....

Month .... Year ....

Sl #	Particulars	Amount		Remarks

Prepared by Recommended by Checked by: Approved by:

Zabarang Kalyan Samity

Khagrapur, Khagrachari

Material Requisition

Date of Requirement: **Date of Requisition:**

Project .... Operation Office ----------------------

Sl #	Name of Item	Requested Quantity	Approved Quantity	Allocated Budget	Remarks

Expected Delivery Date:

Prepared by: Recommended by: Checked by: Approved by:

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Submission date:

....

Money Requisition

Project : .... Operation Office: ....

Sl #	Head of Expenditure (with specification)	Budget Code	Budgeted Provision	Cash/ Cheque	Requirement Date	Purpose

Prepared by: Recommended by: Checked by: Approved by:

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Khagrapur, Khagrachari

Advance Register

Name of Project :

Name :

Designation :

Date	Particulars	Debit	Credit	Balance

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Receipt & Payment Statement
Period: ....

Name of NGO: Date: ------------------

Name of Project:

Received:

Installment	**Cheque/DD**	**This Quarter**	**Qualitative**	**Remarks**
1st Installment				
Loan Received				
Opening Balance :				
In hand				
At Bank				
Total				

Payment:

Sl. No.	**Particulars**	**Budget (Tk)**	**Previous Expenditure**	**Expenditure this quarter**	**Expenditure Cumulative**	**Variance**	**%**
	Closing Balance :						
	Cash in hand						
	Cash at Bank						
	Total						

Note : Attached bank statement

Prepared by
Name :
Designation:
Date :

Checked by
Name :
Designation:
Date :

Approved by
Name :
Designation:
Date :

Bikash Tripura
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Zabarang Kalyan

Chairperson
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Zabarang Kalyan Samity
Khagrapur, Khagrachari

Stock Register

Name Of Item: ____________________________ Rate: ________________ Page # ________

Date	Ref.	Received		Disburse		Balance		Remarks
		Qty.	Value	Qty.	Value	Qty.	Value	

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Procurement Register

Date	Ref	Description	Amount (in BDT)	Remarks

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STORE REQUISITION FORM (SRF)
(Goods/Supplies/Other)

SRF # ____________
Date: _____________

To: Store In-charge
____

From: ____

Please issue the under mentioned item(s) to: Mr./Ms. ________________________

For official purpose such as ____

SL #	Description (in brief)	Qty. Req.	Qty. Issued	Unit Cost	Total Cost	Reg. Page # Item Code
1						
2						
3						

Remarks:	
Requested by: _______ date:___ __ Name: ______________________ Position: ____________________	Approved by: __________ date: ________ Name: __________________________ Position: ________________________
Issued by: _________ date: _______ Name: _______________________ Position: _____________________	Received by: ________ date: ________ Name: __________________________ Position: ________________________

Distribution: Main copy retained by issuing office
Copy to be attached with voucher for project account

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Chairperson
Zabarang Kalyan Samity

Zabarang Kalyan Samity
Khagrapur, Khagrachari
Delivery Challan

Challan No. ________________ Date: __________________________

To: __________________________ From: __________________________

Issuing Authority: _______________ Carried by: ______________________
Signature Name & Date

SL #	Quantity	Description	Cost	Project	Source/Remarks

Materials Received: ____
Name in Full & Date

Distribution: Main copy-Issuing Office, Copy 1-Receiving Office, CC 2-(Returned to Issuing Office)

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Submission Date:

Cash/Cheque Requisition

Sl No	Head of Expenditure	Bank A/C No	Cheque No	Amount Tk.	Requirement Date
TOTAL TAKA					

In Ward: ---

Requested by **Recommended by** **Checked by** **Approved by**

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Khagrapur, Khagrachari
Traveling & Daily allowance bill

Name	Project/Section	Designation	Signature and Date

Purpose of Travel: ---

1.Traveling

Date	From (Departure)	Time	To (Arrival)	Time	Mode of Travel	Amount (Tk.)
(1) Total travel**:**						

2. Food cost

Date	Breakfast	Lunch	Dinner	Total Taka
(2) Total				

3. Daily allowance/Incidental allowance

Date	Total days	Allowance per day	Total Taka
(3) Total daily allowance**:**			

Total **(**1+2+3**):**	In word:	Amount:	

Checked by: ----------------------   Approved by: --------------------

Reviewed by: --------------------   Received by: ---------------------

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Executive Director
Zabarang Kalyan Samity

Chairperson
Zabarang Kalyan Samity

Zabarang Kalyan Samity

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Date & description of work

Date	Description

Bill prepared by**:**

Name:

Designation**:**

Date**:**

Prepared by: Recommended by: Checked by: Approved by:

Mangal Bikash Tripura
Executive Director
Zabarang Kalyan Samity

Chairperson
Zabarang Kalyan Samity

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Khagrapur, Khagrachari

Summary Voucher

Sl. No	A/c Code No.	Description	Amount in Taka
		Total Taka:	

Prepared by: Recommended by: Checked by Approved by:

Bikash Tripura
Executive Director
Zabarang Kalyan Samity

Chairperson
Zabarang Kalyan Samity

Zabarang Kalyan Samity
Physical Cash counting Sheet

Date: ____________________

Name of NGO ... ...   PIN ... ...   HQ/Clinic (Name) ... ...

I/We have made a surprise Cash count of above mentioned Upazila to day as on .... at .... AM./PM. The details of checked and found of petty cash balance as folows :

Balance per petty cash book	Tk. ... ...
Physically petty cash found balance	Tk. ... ...
Difference (if any)	Tk. ... ...

Physical cash counting particulars of Denomination (i.e., notes / coins)

Sl. #	**Notes / Coins**	**Quantity**	**Total in Taka**
1			
2			
3			
4			
5			
6			
7			
8			
Coins (Total):			
	Total (all)		

I/We have found that the petty cash book balance agreed/ discharged with physical cash balance as on date.

Reasons of date (if any) ....
…..

Cash Counted by ________________
(Name & Signature)
Designation: ____________________

Date: ______________

Cash Counted by ________________
(Name & Signature)
Designation: ____________________

Date: ______________

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Khagrapur, Khagrachari

Leave Application Form

Date : ______________________ File Ref: ______________

Name : _____________________________

Designation: ________________________

Project/Section: _____________________ Job Period: _______________

Type of Leave : Annual leave / Sick leave / Other's

Leave Period: From ___________ To ____________ Total: ____________ day(s)

Contact address while on leave: ____

____

Telephone: ______________________________ Cell phone: ___________________

____

Applied by

<u>For Office Use Only</u>

Annual leave: _____________ Leave taken: ____________ Due: _________

Sick Leave: _______________ Leave taken: ____________ Due: _________

Others: __________________ Leave taken: ____________ Due: _________

Checked by:

Name:

Designation

Approved by:

Name:

Designation:

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Chairperson
Zabarang Kalyan Samity

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<u>Individual Time Sheet</u>

Name of Project: Month/Year :

Name of Staff: Designation:

Date	**Task performed**	**Time in**	**Signature**	**Time out**	**Signature**	**Total Hours**
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
	Total Working Hours:					

Leave Calculation:

Annual leave: _____________; Sick Leave: ____________; Others Leave: ___________

Supervisor's approval:____

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Tour approval sheet

Date:

Name of NGO :

Name of Program/Project:

Name of Traveler:

Designation:

Sl No	Content	Detail
01	Objective of Travel	
02	Starting Date	
03	Visit Area	
04	Returning Date	

Remarks:

Date of Submission:

Prepared by

Name :
Designation:
Date :

Date of Approval:

Approved by

Name :
Designation:
Date :

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Petty Cash Book

Date	Ref :	Description	HD #	Debit (TK.)	Credit (TK.)	Balance (TK.)

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WRITE OFF FORM

DATE: ____________

Sl. #	Description	Date Acquired	Source	Original Cost	Condition (Present)	Remarks

Description:

____

____

____

Prepared by: ____________ Signature
Inspected by:__________ Signature
Approved by: ___________ Signature

Name:
Position:
Date:

Name:
Position:
Date:

Name:
Position:
Date:

Bikash Tripura Executive Director Zabarang Kalyan Samity

Chairperson Zabarang Kalyan Samity

ZABARANG KALYAN SAMITY
Name of Project:
Bank Reconciliation Report (BRR)

As on: ______________________ Name of Bank: _________________

Bank Account Name: ______________________________

Bank Account Number: ____________________________

				Amount in BDT.
1. Balance as per Bank Statement				
2. Deposit in Transit:				
Date:	Slip #	Amount		
2.a.Total Deposits in Transit:			BDT.	
3. Sub Total (Line 1+2a):			BDT	
4. Outstanding Cheque:				
Date:	Cheque #	Amount Tk.		
-				
4.a Total Outstanding Cheque:			BDT.	
5. Adjusted Bank Balance (3-4a)				
6. Book balance (4 of Bank Recap)				
Difference:				

Prepared by:
Name:
Position:
Date:

Reviewed by:
Name:
Position:
Date:

Approved by:
Name:
Position:
Date:

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Zabarang Kalyan Samity

Chairperson
Zabarang Kalyan Samity

Bank Reconciliation Report (BRR) preparation process:

The Bank Reconciliation Report, is prepared for each Bank Account in order to reconcile the cash balance(s) as reported on the Bank statement as of close of the financial month.

Line 1: Balance per Bank statement:

The original Bank statement is to be attached to the BRR and also closing balance of Bank statement should be written on BRR.

Line 2: Deposit in Transit:

Itemize the deposits in transit by date, RM Number and Amount. Suppose a Demand draft/Cheque debit on the NGO records without corresponding credits on the bank statement.

Line 2a: Total Deposits in Transit:

Enter the total value of the deposits in transit as itemized on line 2.

Line 3: Subtotal (Line 1 + 2a):

Enter the sum of Line 1 plus line 2a. sub-total

Line 4: Outstanding Cheques:

Itemize the Cheques, which have been issued but have not cleared the bank account per the bank statement. Suppose, a cheque has been credited on the NGO records without corresponding debits on the bank statement.

Line 4a: Total Outstanding Cheques:

Enter the total value of the outstanding Cheques.

Line 5: Adjusted Bank Balance (line 3 - 4a):

Line 3 minus the subtotal of line 4a.

Line 6: Book Balance (4 of Bank Recap):

Enter the Bank ledger balance for the last day of this period. This should be line 4 of the Bank Recap form.

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Comparative Statement

Name of NGO: ____________________________; Date: _______________________________

Name of Project: ___________________________; Source of Fund: ______________________

SL No.	Name of Goods & description	Name of the Vendors				
		Vendor-1	Vendor-2	Vendor-3	Vendor-4	Vendor-5

Remarks & Signature of Procurement Committee Members:

Member-1	Member-2	Member-3	Member-4
Name:	Name:	Name:	Name:
Position:	Position:	Position:	Position:
Signature and Date	Signature and Date	Signature and Date	Signature and Date

Remarks and Signature of the Approval Authority:

Magna Bikash Tripura
Executive Director
Zabarang Kalyan Samity

Chairperson
Zabarang Kalyan Samity

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Trial Balance
As of:

SL #	Description	Head No.	Debit	Credit
01	Cash in Hand			
02	Cash at Bank			
03	Petty Cash			
04	Advances			
05	Prepaid Expenses			
06	Vendor Advance			
07	Misc. Receivable			
08	Deposits			
09	Accrued Income			
10	NGO Fund (Loan) Account			
11	Donor Fund (Cash in Transit) Account			
12	Misc. Payable Account			
13	Accrued Expenses			
14	Tax & VAT			
15	Misc. Income			
16	Salary and Benefits			
17	Honorarium			
18	Office & Warehouse rent			
19	Office Maint. Repairs &Cleaning Materials			
20	Communication			
21	Stationery & Supplies			
22	Furniture, Fixture and Equipment			
23	Vehicle Fuel, Oil, Repairs & Maintenance			
24	Travel and Lodging			
25	Training			
26	Materials & Equipment			
27	Construction & Maintenance			
28	Evaluation			
29	Audit			
30	Others Administrative Cost			
Total	BDT:			

Prepared by:
Name:
Position:
Date:

Reviewed by:
Name:
Position:
Date:

Approved by:
Name:
Position:
Date:

Chairperson
Zabarang Kalyan Samity

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Expenditure Statement
For the month/year ended: _______________

Sl#	Description	Head #	Total Approved Budget Amount BDT	Actual Expenditure BDT			Deviation or Balance BDT	% of Total Expenses
				Previous months/ Qtrs.	Current month/ Qtr.	Total Exp. to date		
A	B	C	D	E	F	G=E+F	H=D-G	I=G/D*%
1	Salary and Benefits	HD-40						
2	Honorarium	HD-41						
3	Office Rent & Warehouse rent	HD-42						
4	Office Maint., Repairs & Cleaning Materials	HD-43						
5	Communication	HD-44						
6	Stationery & Supplies	HD-45						
7	Furniture, Fixture and Equipment	HD-46						
8	Vehicle Fuel, Oil, Repairs & Maint.	HD-47						
9	Travel and Lodging	HD-48						
10	Training	HD-49						
11	Materials & Equipment	HD-50						
12	Construction & Maintenance	HD-51						
13	Evaluation	HD-52						
14	Audit	HD-53						
15	Others Administrative Cost	HD-54						
Total								

Prepared by:	**Reviewed by:**	**Approved by:**
Name:	Name:	Name:
Position:	Position:	Position:
Date:	Date:	Date:

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Zabarang Kalyan Samity

Zabarang Kalyan Samity

Khagrapur, Khagrachari

Motor Cycle Fuel Claim Form

Name of Staff: --Designation:--------------------------

Project: --- Motor Cycle No:---------------------

Date	Meter Reading					Fuel rate per K.M. Tk.	Total claimed Amount Tk.
	Starting K.M.	Closing K.M.	Total used K.M.	Official used K.M.	Personal used K.M.		
TOTAL AMOUNT							

In Word: ---

Prepared By :

Designation :

Recommended By:

Designation :

Checked By :

Designation :

Approved By :

Designation :

Madhab Bikash Tripura
Executive Director
Zabarang Kalyan Samity

Chairperson
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Micro Bus Log Book

Date	Users' Name & Designation	Purpose of use of Car	Travel Start			Travel End			Use of Fuel			Maintenance / Servicing Cost	Servicing Meter Reading	Signature of User	Signature of Inspector
						Place	Time	Meter Reading	Petrol Litre	Mobil Litre	Meter Reading				
			Place	Time	Meter Reading										

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Khagrapur, Khagrachari

Double Column Cash Book

Month:________________

Head - 1 & 2

Date	Vr#/ R #	Particulars	L/F #	Cash	Bank	Date	Vr#/ R #	Particulars	L/F #	Cash	Bank
		Opening balance									
								Closing balance			

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Fixed Assets Register

Name of Project:

Acquisition date	Unit acquisition cost	Description	Model number	Serial of other ID number	Source	Title	Location	Current Condition	Sticker/ Identification no. (yes/no)	Remarks

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Salary Register

Date :

Name of Project :

Month :

Sl. no.	Name	Designation	Gross Salary	Festival Bonus	Total	Reduction	Total Salary Paid	Receiver Signature (With Revenue stamp)	Remarks

Prepared by:	**Checked by:**	**Approved by:**
Name:	Name:	Name:
Designation:	Designation:	Designation:
Date:	Date:	Date:

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Cheque Register

Name of Project :

Date	Cheque book no.	Cheque no.	Amount			Payment to whom	Why payment for	Signature			Remarks
			Withdrawn	Deposit	Balance			Accountant	Fin. & Admin. Officer	Executive Director	

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ACCOUNTING CONCEPTS AND TERMINOLOGIES

Financial Management:

Financial management is concerned with the acquisition, financing, and management of assets with some overall goal in mind. Thus, the decision function of financial management can be broken down into three major areas: the investment, financing, and management decisions.

Accounting Theory:

Accounting is the process of recording, measuring, interpreting and communicating of financial data. The set of principles and procedures for financial book keeping, and for analyzing and interpreting the events which affect the financial condition of a business enterprise.

Accounting:

The set of principles and procedures for financial book keeping, and for analyzing and interpreting the events which affect the financial condition of a business enterprise.

Book keeping:

The process of classifying and recording business transaction in terms of money or some other unit of measurement in the books of account.

Double-entry book keeping:

Recording of transactions that requires entries to at least two accounts. Every transaction is reflected in offsetting debits and credits. Where debits are always equal to credits.

Financial statement:

A document prepared by book keepers and accountants which summarizes the effects of business transactions during an accounting period; for example, the balance sheet and income statement.

Accrual accounting:

Accrual accounting - "attempts to recognize non-cash events and circumstances as they occur and involve not only accruals but also deferrals, including allocations and amortization. Accrual is concerned with expected future cash receipts and payments: it is the accounting process of recognizing assets or liabilities and related liabilities, assets, revenues, expenses, gains, or 'losses for amounts to be received or paid, usually in cash, in the future.

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Some Basic Concepts:

The following definitions are per the statement of Financial Accounting Concepts.

1) Assets:
Assets are defined as resources of an entity. They are any owned physical object or right having economic value to its owner.

2) Liabilities:
Liabilities are defined as claims against assets or debts owed to another entity. It is an amount owed by one person to another payable in money or goods and services.

3) Expenses:
Expenses - are outflows or other using up of assets or incurred of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

4) Revenues:
Revenues are defined as net inflows of resources that effect equity arising from services rendered or products sold. It is also know as an inflow or enhancement to assets that have been earned by the organization.

5) Equity:
Equity is defined as residual ownership of assets after claims and debts (liabilities) have been settled.

6) Net Assets:
Net Assets is the residual interest in the assets of an entity that remains after deducting its liabilities. Nonprofit organizations in general do not have owners and thus do not have equity. The concept that substitutes for equity is Net Assets, which are defined as assets for which no liability exists. This is also known as fund balances. In other words, they are the excess of assets over liabilities.

7) Gains:
Gains - are increases in net assets from principal or incidental transactions of an entity and from all other transactions and other events and circumstances affecting the entity except those that result from revenue or investments by owners.

8) Losses:
Losses - are decreases in net assets from principal or incidental transactions of an entity and from all other transactions and other events and circumstances affecting the entity except those that result from expenses or disbursements to owners.

9) Other:
Transactions and other events and circumstances affecting an entity - the sources or causes of changes in assets, liabilities, and net assets.

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What are Assets:

Assets are defined as resources of an entity. They are any owned physical object or right having economic value to its owner.

Type of assets: -

a) Current Assets
b) Fixed Assets

a) Current Assets - assets which include cash and other assets which are reasonably expected to be realized in cash, delivered, or consumed during the normal operating cycle of an entity or one year, whichever is less.

b) Fixed Assets - an item with physical substance, with a life of more than one year, and acquired for use in the operation of the business.

What are liabilities:

Liabilities are defined as claims against assets or debts owed to another entity. It is an amount owed by one person to another payable in money or goods and services.

Type of liabilities:

a) Short term or Current liabilities
b) Long term liabilities.

a) Current Liabilities - liabilities whose liquidation is reasonably expected to require the use of current assets within one year.

b) Long term Liabilities - liabilities whose liquidation is reasonably expected to require the use of assets more then one year.

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ACCOUNTING TERMINOLOGIES
Account:

An account can be defined as a classification or storage unit utilized to group and summarize money measurements of an activity. An account is a formal record of a particular type of transaction expressed in money or other unit of measurement and kept in a ledger.

Type of Account:

a. Nominal Account
b. Real Account
c. Personal Account

a. Nominal a/c - a revenue, expenses, gain, or loss account.
b. Real account - an asset, liability, or net asset account.
c. Personal Account- persons or organization/received/given.

Transaction:

Transaction - events or happenings that change the financial position or earning of an entity. Transactions should be recorded in a journal by a voucher and then posted to a ledger.

Rule for transaction in double entry book-keeping:

"For every debit entry, there must be a corresponding credit entry that is equal in amount".

The rules for transactions to accounts are:

i. A Debit is defined as an entry on the left-hand side of the account.
ii. A Credit is defined as an entry on the right-hand side of the account.
iii. Assets and expense account always have zero or debit balances.
iv. Liability, net assets and revenue accounts always have zero or credit balances.

This rule of debit and credit is illustrated as follows:

Debits	Credits
Increase assets	Decrease assets
Decrease liabilities	Increase liabilities
Decrease net assets	Increase net assets
Decrease revenues	Increase revenue
Increase Expenses	Decrease expenses

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Entry:

A record, in a book of account or other accounting document, of the effect of an operation or transaction.

Posting:

To transfer an amount to a ledger from a book of original entry or from a source documents. Positing - the act of transferring journal recorded transactions to the records of the General Ledger (and the subsidiary Ledger, if applicable).

Adjusting Entry:
Adjusting entry - also known as adjusting journal entry (AJE).

i. Accounting entry made at the end of an accounting period to bring accounts up to date on accrual basis of accounting.
ii. A correcting entry to correct a previous entry.

Closing entry:
An entry or series of entries to reduce the balances of nominal accounts to zero in order to prepare the accounts for next period's transactions.

Definition of Cash:

For accounting purpose, Cash is defined as any item with monetary value that a commercial bank with accept for deposit, plus any amount currently on deposit with a Bank. This definition including not only the coin and currency that a business has on hand, but also personal Cheques, money order (Bank or Postal) made payable to the business, and bank draft. Also included in our definition are any fund that are on deposit at a bank and readily available such as in a Cheque or saving account.

Because cash and cash items are easily lost, stolen, or misappropriated, a business will generally deposit all such items in a Cheque account where they will be insured. This is a measure of internal control.

Internal control is a system of checks and balances, authorizations and releases, used in business to try to ensure what takes place is what was actually intended. When we apply internal control to an asset, is used for business purpose in the way that was intended.

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Cash Policy:

a. Cash is monetary current asset immediately available to management for planned activities.

b. Internal control . . . the plan of organization and all of the coordinate methods and measures adopted within a business to safeguard its assets, Cheque the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed polices. All the methods and procedures adopted by the Management of entity to assist in achieving Management objectives including safe guarding of assets, prevention and detection of fraud and errors, accuracy and completion of accounting records and timely preparation of financial information and statements.

c. Cash is the asset most subject to misappropriation.

d. How to avoid misappropriation:

Petty Cash:

Petty cash - an amount of money kept on hand to meets small incidental expenditures. Petty cash is controlled via an impress system for disbursements.

Cheque (Cheque):

Cheque - a draft against a financial institution payable upon demand to the person named on the draft.

Nature of Donor contribution:

i. **Cash**: Cash funding or donations to an entity are funds received in paper currency, coins, Cheque, etc. except postdated Cheque, IOUs, and notes receivable.

iii. **Contribution-in-Kind (CIK**) - also "In-kind Contribution" - are funding or donations to an entity that are received in other than cash. Such as land, food commodities, equipment, good, services, and use of facilities.

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