

# FINANCIAL MANAGEMENT POLICY



বাদাবন সংঘ  
Badabon Sangha  
A Human Rights Organization

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## Preface

Balaban Sangha was established in 2015 at Ramoul Upazila under Bogerhat district located in the south-western region of Bangladesh. 'Sardarban' is locally called Balaban. Given the varied meaning in view the organization was named "Balaban" for overall growth and sustainability of an organization it is indispensable to adopt timely and effective policy and implement them as well. Policy gives direction for efficient and successful implementation of all activities of the organization and sets a standard. Considering time and capability, organization adopts different policies and these policies may have to time need to be extended and revised. This is an ongoing process through which organization runs. At the very outset of its journey Balaban Sangha could not produce a financial policy. In order to implement the activities run by the organization a representative participation of employees at all level was held to review "Accounts keeping and financial management policy" and according to the recommendations it was adopted unanimously. Later through approval of IC, the policy was finally put into action from January 2017.

We have appropriate implementation of this policy will play a pivotal role in the making of an enabling and more improved work place for the staffs. All human resources have been addressed as employees in the policy. The policy is published in Bangla language and is being used which will also be published in English later. In case of any difference in the meaning of Bangla and English about any issue and context the Bangla version of the policy will be considered as final.

# Article 1

## Introduction

### 1.1 Objective:

The key objective is formulating the policy to improve financial management system and policies of Baitul Quran Sangha. As a result internal control, transparency and accountability in the operation of financial activities of all the programs managed by Baitul Quran Sangha will be ensured. Baitul Quran Sangha IC expects that by dint of proper formulation and by use of this policy, management and operating system of the programs run by the organization will be strengthened. BAIQURAN SONGHA thru this policy will be able to prepare a comprehensive outline of economic policies, work methods and accounting system. Virtually day to day control in economic activity, transparency and accountability will be ensured.

By use of this policy, it is hoped that pragmatic practices of accurate accounting system will become easier. Because it has clear explanation with examples in it. As a result confusion and misunderstanding will be reduced. In order to lesser and eliminate risk, the policy has been designed. The objectives are divided into three components:

1. Operational : Appropriate and efficient management of the assets of the organization.
2. Financial: Preparation of flawless and transparent financial statements.
3. Compliance: To comply with conventional law and rules of the state with organization's financial activities. Beyond this the accounting and financial management policy will act as safeguard and ensure appropriate use of assets and help identify errors and address accordingly.

### 1.2 Scope of work:

In this policy clearly different aspects of financial and accounts related issues of Baitul Quran Sangha run programs are highlighted. This policy is formulated in compliance with conventional good laws, that's why there is no scope of conflict with existent law, rules and regulation. The policy includes costing plan, cash and inventory management, advance and order management, assets maintenance, internal control, accounting, banking transaction etc.

1.3 Issuance: Issuance/authority: This policy provides an overview of the issuance powers/authority at different stages and for carrying out financial activities in the field work.

1.4 Mandatory: Programs implemented by Baitul Quran Sangha will conduct economic activities in accordance with this policy. If there is any difficulty in pursuing this policy, it will immediately be addressed by raising the issue in the highest management board of the organization or in the head of the finance and administration department.

1.5 Modifications, amplification and Refinement: Financial management is a continuing process. Keeping pace with time and for the sake of maintenance/regularly modification, amplification and refinement, might occur in the policy. In case of such necessity of employees of the organization and program partners as well will be notified with instructions. Only on behalf of IC, IC can give approval to the required modification, amplification and refinement in the policy.

BAIQURAN SONGHA: COMMITMENT OF AN IMPROVED FUTURE 14 |

  
Chairperson  
Executive Committee  
Baitul Quran Sangha

  
Lipi Flatman  
Secretary General/Comptroller  
Baitul Quran Sangha

## Article 2

### Accounting and financial management

2.1 Necessity of financial accountability: For proper utilization of assets, systematic financial management is essential. As business, complete and timely financial data management capacity enable us to comply with rules and regulations of the controlling authority so that it incorporates universally accepted accounting policy.

2.2 Financial Responsibility of the Employees of the Accounts Department:

#### 2.2.1 Legitimate strategy of Code of Conduct:

The general strategy of any organization is that all its staffs /officers and clerks will carry out all its activities in accordance with the prevailing laws and practices of Indian Sangeh in the spirit of ethical norms and accountability. The strategy refers to the following:

1. No funds or resources may be used for any illegal or unproductive purpose.
2. Advancements, business entertainments or gifts may be approved in accordance with conventional practices.
3. Financial data must be accurate and up to date and at the same time consistent with the organization's strategy and operational procedures.
4. No request by the employees or by the relatives of employees for transaction with any buyer or potential seller or subsidiary can be accepted.
5. Financial transactions may be made by the seller, adviser, or someone else in order to procure the product or service for the organization. Payment to the seller must be justified on the scale of service quality and will not exceed the market going rate or similar transactions.
6. All financial transactions must be calculated correctly.
7. Financial transactions must be done through an approved bank account.
8. No money, advance or loan can be issued by the organization for personal use.

Any violation of this policy will result in disciplinary action. The punitive measures will be taken in accordance with the rules of Indian Sangeh.

The practice of core ethics among all Indian Sangeh staff will be encouraged and promoted by chief of the organization. The organization will create an enabling environment so that the employees or the finance department concerned persons can faithfully share any breach of the policy to the head of the organization.

The head of the organization will give a clear idea about ethical protocols to all the employees of the finance and accounting department personnel. The finance and accounting department will be working with the stakeholders, suppliers, donor organizations, consultants, partners, and other parties maintaining best ethical practices.

#### 2.2.2 Internal control:

Internal accounts control helps in determining organization plan and working procedures, ensuring safety of assets and preparing financial and budgeted financial statement. In an effective internal infrastructure proper and balanced distribution of assets is ensured the cross verifications.

The following are some examples of internal control:

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G. Srinivas Arav  
Chairman,  
Executive Committee  
Indian Sangeh

  
L. Rajan  
Executive Director  
Indian Sangeh

The person who	That Person will
Will prepare vouchers	Will not approve vouchers
Will prepare the bank/bank deposit register	Cannot sign Cheque
Will do the accounting	Will not prepare bank account balance sheet.
	Will not accept the bank certificate or statement.

### 1.2.2.1 Self-sufficiency

Each component of the transaction must be documented with required papers. For example, if a worker is paid Tk. 100 in cash per day, there must contain the signature/endorsement of the worker including address in the money receipt or in a separate payment sheet. If the money is paid from petty cash, it must be recorded in the retail petty cash book and such payments require approval of the appropriate authority and budget allocation.

### 1.2.2.2 Validation:

If vendor or subcontractors or employees have been paid after checking necessary papers? Are the required documents of this transaction attached with vouchers or receipts? For example, purchase requisition, quotation/tender, comparative statement, purchase order, bill/invoice memo, vendor's money receipt, product acceptance certificate, item issuing receipt roll, registration sheet, travel allowance sheet, training hand-out, photos of the program, etc.

### 1.2.2.3 Accuracy:

- Is the amount of money received or paid recorded correctly?
- Whether all incidental expenses or items have been recorded?
- Whether the transactions and the source of donation have been recorded in the correct books of account?

### 1.2.2.4 Maintenance:

It is difficult to identify the errors when accounts have been finalized. That is why at every stage of record keeping whether internal control and proper verification are done or not that needs to be audited by organization accountant.

### 1.3 Accounting Procedures:

Salazar Sangha will maintain the cash book accounting system throughout the year for projects, but at the end of the year or at the end of the project annual books accounting will be maintained according to donor specifications. Over-labeled programs will also maintain annual book accounting.

### 1.4 Statutory powers:

1.4.1: The executive director has the power to sign the letter of approval and the corresponding reports.

1.4.2: In other contracts such as board rent subletted director or authorized officer has the power to sign.

2.4.5. With regard to grants or agreement, the decision of the Executive Director or the nominated officer will be final as per approved financial plan.

2.4.6. With regard to signing the Memorandum of Understanding (MOU), the decision of the executive director or the designated officer is final.

2.4.7. In regards assorted types of procurements the decision of the executive team/committee director / responsible person is final.

2.4.8. The decision to open a bank account will be taken by the executive committee.

2.4.9. In order to facilitate and strengthen the field level finance and accounting management due to the expansion of activities, the following instructions were given considering the need to prepare accounts of different funds or projects and to verify and approve expenditures and vouchers.

#### 2.4.2.3 General Fund / Member Account:

2.4.2.3.1. Approval of vouchers: According to following instruction vouchers and receipts will be approved:

- Prepared by: Accountant / Accounts Officer / Concerned Staff
- Verified/checked by: Manager (Finance & Accounts) / Coordinator
- Approved by: Executive Director

#### 2.4.2.3.2 Expenditure Approval Procedures :

- The executive director will approve the fund requisition form and original voucher.
- The executive director will approve all expenses (cash or the bill) separately.
- In the case of non-budgetary expenditure and transfer of foreign grants, approval has to be obtained separately from the executive director.
- Requisition is mandatory for purchase of goods.
- All purchases/vales related activities have to be done in accordance with procurement policy.
- Approval of fund transfer requests must be obtained from the executive director.

#### 2.4.2.3 Project Based Accounts:

##### 2.4.2.3.1 Voucher approval:

- Prepared by: Accountant / Accounting Officer / Finance and Accounting Officer
- Verified by: Supervisor / Responsible Officer
- Approved by: Project Coordinator / Program Manager / Representative Officer

##### 2.4.2.3.2 Expenditure approval process:

- The project coordinator/project officer/designated officer will approve the fund requests as per approved budget.
- The project coordinator/program manager / responsible officer will approve vouchers for all expenses within the approved budget.
- For single bills up to an amount of Tk. 10,000 will be approved by coordinator upon recommendations according to approved budget.
- There must be a requisition for every purchase of goods/services.
- All purchases/vales related activities have to be done in line with procurement policy.

2.4.2.4-Contingency will be processed as per approval of the executive committee.

2.4.2.5-Contingency and Employee Welfare Fund:

SECRET [NAME] [TITLE] [MANAGEMENT GROUP] ( )

#### 2.4.7.5.1 Voucher approval

- Prepared by: Accountant / Accounting Officer / Program Officer / Co-Coordinator (Finance & Accounting)
- verified/checked by: Treasurer, PROVIDENT FUND Management Committee / Responsible Officer
- Approved by: Secretary, PROVIDENT FUND Management Committee

#### 2.4.7.5.2 Expenditure approval procedure:

- Chairperson, PROVIDENT FUND management committee will approve all applications/requisitions including loans.
- The secretary, the PROVIDENT FUND management committee will approve fund requisition and vouchers.

#### 2.5 Fund transfer methods:

The Substantive Manager will transfer donations and funds received from donor agencies to different projects/offices for the implementation of programs or projects. Fund transfer will be done in the following way:

1. Project fund will be transferred to project accounts from general fund (Mother Account) in the form of cheque/DITF. Cash transfer is fully prohibited. Fund requisition for the project must be transferred from the General Fund (Mother Account) to the Project fund.
2. The unit/project office will send the fund request in the prescribed Serial A/Span sheet of paper. Accordingly, the director / coordinator (Finance & Accounts) will arrange to transfer the requested funds to project office.
3. Fund transfer evidence from Mother Account (General Fund) to Project account should be preserved at both ends.
4. The transfer of funds to the project account requires I/O's approval.

#### 2.6 Fund contribution method

According to the agreement with the donor agency, the organization will keep track of the grant funds or services as mentioned in the project budget. In addition, in the best interest for the implementation of the project and if it is justified, the organization may bear certain of budget expenditures from its own funds. For the sake of financial discipline, these additional expenditures will be recorded in the organization's own accounts or in the project account separately.



## Article 3

### Documents and books used in accounting

Following documents and books will be used, prepared and maintained by the organization.

#### A. Books

The following books will be maintained by organization.

##### 1) Cash book

##### 2) General ledger

##### 3) Assetize ledger

- a. General Stock Register
- b. Fixed assets Register
- c. Purchase Register
- d. Cheque Register
- e. Salary Register
- f. Advance Register
- g. production and sales Register
- h. Vendor / VAT / Tax Register
- i. Fully depreciated and abandoned property Register

1) Cash book: Only cash and bank transactions will be recorded in this book. A sample of this is attached in the appendix.

2) General ledger: All kinds of transactions will be recorded in this book.

3) Assetize ledger: This ledger is used as reference to the transactions of general ledger. It has a more detailed explanations of all the transactions as in the general ledger book.

- a. General Stock Register: Details of issuing and buying store goods should be recorded in this book.
- b. Fixed assets Register: All fixed assets should be recorded in this register.
- c. Purchase Register: Production related purchase (raw materials or products) should be recorded in this book.
- d. Cheque Register: Cheque no, Receipt and Payment, and to whom and for what it was paid should be recorded.
- e. Salary Register: The name of staff/officer, designation, pay scale, salaries and deduction should be recorded.
- f. Advance Register: All types of advance payments and adjustments should be recorded in this book.
- g. Production and sales related Register: This register is for keeping accounts of data related to production and sales.
- h. Vendor / VAT / Tax Register: The name of the vendor, amount of bill and amount of VAT, etc. should be recorded.
- i. Fully depreciated and abandoned property Register: Details of fully depreciated and abandoned property should be recorded in this register.

ANALYSIS OF FINANCIAL STATEMENTS MANAGEMENT ACCOUNTING

### B. Input documents/vouchers

In order to record financial transactions following input documents/vouchers will have to be used:

- 1) Credit Voucher (Cash / Bank)
- 2) Debit Voucher (Cash / Bank)
- 3) Transfer Voucher / Contra Voucher
- 4) Journal voucher

**Credit Voucher:** All types of cash receipts need to be done through this voucher.

**Debit voucher:** All types of cash payments need to be done through this voucher. The paid and must be used in the voucher. Paid bills can be made and used if instructed by donors.

**Transfer Voucher/Contra Voucher:** If there is more than one component in the same bank, then in the transfer of money from one component to another component, contra vouchers for contra entry in the cash book should be used.

**Journal Voucher:** This voucher is used for all types of cash transactions/adjustments.

### C. Accounting outputs/results

As an output of the book keeping, it is necessary to prepare the required financial reports and statements to verify the accuracy of the accounts:

1. Receipt and payment account
2. Trial balance
3. Production cost and purchase & sales account
4. Income and Expenditure Accounts
5. Balance Sheet
6. Ratio
7. Cash flow statement

### D) Files

The Finance and Accounts Department will use separate files for vouchers:

1. Credit Voucher (Cash / Bank)
2. Debit Voucher (Cash / Bank)
3. Transfer Voucher / Contra vouchers
4. Journal voucher

The Finance and Accounts Department will also use separate files for the following documents:

1. Bank statement
2. Budget
3. Fund / Cash Reservation
4. Contract (project contract, house rent, and sub contract)
5. Purchase receipt
6. Salary
7. Monthly / Quarterly / Half yearly / Annual Report
8. Organization Management, Accounting and Financial Management, Administration and Human Resources and President Fund Guidelines
9. Other files as directed by organization

## Article 4

### Cash and bank

#### 4.1 Cash operations Procedure:

A) **Liability:** In the case of cash transactions at least two persons will be involved.

- 1) **Cash operator:** The person who will do transaction related works, write the cheque and receive and pay cash and cheques.
- 2) **Recorder:** The person who will record the transactions in the cash book and record it in the relevant ledger book.
- 3) **Verifier:** The person who will verify the transactions and documents.
- 4) **Inspector:** The person who will approve the expenditures and accounts related documents.

#### B) **Cash deposit and filing:**

- 1) All cash receipts should be deposited in the bank on daily basis.
- 2) If cash is not possible to deposit that day, then it must be deposited in the bank in the first half of the following working day through a separate deposit slip.
- 3) All cash payments and receipts must be made through vouchers.
- 4) A responsible person other than accountant will check and verify the accounts.

#### 4.2 Bank Account Operations :

4.2.1 **Organization's own and donor funded projects/programs:** There will be specific rules for managing bank accounts for organization for programs and donor funded projects . The rules and regulations are as follows.

A) **Deposit and transfer of funds:** Funds received from the donor organization will be deposited directly into the general fund. The funds will then be transferred from another account (G) to the concerned project account.

**Bank Accounts:** The organization will open accounts/official and other kinds of bank accounts as per the instructions of donors for implementing programs run on its own funds and donor funds. All bank accounts must be opened in a scheduled bank approved by the government of Bangladesh. Different policies of the bank should be taken into consideration while opening a bank account. After plan out of the project bank account will be closed with the approval of the executive committee.

B) **Signature of bank account:** For the convenience in banking transactions, bank account will be operated by any two operators including (G) or by the nominated representatives upon approval of (C). In case of central account operations banking transactions will be done by joint signatures of any two between president, treasurer and (I), while (D) will remain as mandatory signatory of the account.

C) Over the cancelled cheques the word 'cancelled' should be written making a hole with it with explanation why cheque is cancelled. The explanation must adhere with the cheque. Cancelled cheques must be posted in the register.

D) All payments over Tk.5000 take must be paid by account payee cheque. However, in case of payment of bills over Tk. 10,000, approval of appropriate authority is required.

E) Considering the risk of financial transactions of the project, two different persons may be assigned with specific responsibilities. One for withdrawal of cheques and the other for approval of the resolutions.

#### 4.3.2 Cheque book writing, preservation, approval process, and others:

- A) If it is necessary to purchase any kind of product/service in a project, the concerned staff following the submission of fund requisition will receive necessary approval of the executive director or coordinator. Based on approved budget and after verifying supporting documents accountant will prepare requisition. Then after checking bank balance the accountant will prepare the cheque and put it in the cheque register.
- B) The accountant will keep the valuable documents including cheque book, bank passbook, requisition, bank deposit slip, and expenditure related documents in a safe place (or a metal Almirah). Unless an issue the accountant is not permitted to hand over accounts related documents to anyone else.
- C) More than one cross cheque can be issued on the same date for payment of bills. Not more than one cheque can be issued on the same date to cover associated costs. When issuing a cross cheque, you have to draw two parallel transverse lines either vertically across the cheque or on the top left hand corner of the cheque. Account name of the recipient to be placed between the lines.
- D) If the approving persons are the signatories of the bank account and sign the cheque after necessary verification of cheque requisition and cheque register then no separate approval would be required.
- E) When the organization runs out of cheque, the accountant will take initiative to get a new cheque book from bank after maintaining necessary banking formalities.
- F) In case of loss, theft, or damage to cheque, the account holder and the concerned bank managers should be informed in writing immediately.
- G) Blank cheques should not be signed by signatories. If any unintended occurrence in relation to finance take place due to signing blank cheque out of negligence, the cheque signatories will be held responsible and must pay the full money to the organization.

#### 4.3.3 Cash withdrawal and bank deposits:

- A) All cash receipts or collections have to be deposited in the bank within the banking hours every day.
- B) After depositing the collected money in the bank, the bank passbook to be written by the concerned officer of the bank.
- C) If it is not possible to deposit the collected money in the bank on the same day due to unavoidable reasons, it must be deposited in bank in a separate deposit slip in the first half of the next working day. In that case, the amount of money must match with the previous day's cash book.
- D) Bank deposit slip should be preserved in a separate file.
- E) Every day's bank deposit must be checked and signed by unit manager in regular basis.

#### 4.3 Bank Documents:

Following documents should be preserved for all programs:

- A. Bank passbook/bank statement
- B. Bank Reconciliation Statement

#### 4.4 Cash in hand:

4.5.1. The general fund permits a maximum amount of Tk. 5000 cash in hand.

4.5.2. If cash is not spent within 15 working days from the date of withdrawal from bank, it has to be deposited again in the bank. However, in case of Eid holidays / long holidays, you have to deposit cash in the bank before the holidays start. The Internal audit department and higher authorities will regularly check cash in hand. Cash in hand can be used as petty cash.



## Article 6

### Fixed asset management

#### 6.1 Introduction

The Organisation will consider any material/assets to be a permanent asset when it meets the following requirements:

- The desired lifespan is more than one year.
- Considering cost/benefit if the value of the asset is more than Tk. 500.

Assets will help in generating revenue. The administration and human resource department will look after the fixed assets. Employees may personally use fixed assets.

#### 6.2 Purchase of fixed assets

The organization will purchase all fixed assets following the purchase policy. Fixed assets should always be recorded with the purchase cost including related expenses (transportation and installation).

6.3 There will be an identification number for fixed assets. The finance and accounts department will issue the number after the purchase of fixed assets. The identification number must be permanently written on the asset. The given identification number cannot be used for any other new fixed assets in case of sale/damage /transfer of the fixed asset.

6.4 Fixed Assets Register: Fixed assets play important role in every organization. That is why, it is necessary to keep all the information about fixed assets up to date. The following information is required for fixed assets:

- Date of purchase.
- Terms of the assets (source of purchase, quantity, brand, material etc.)
- The quantity of assets.
- The value of the assets.
- Manufacturer.
- Depreciation rate.
- Current location.
- Identification number.

#### 6.5 Depreciation

Depreciation is the decrease of the value of a fixed asset over its life span. There are several methods for determining depreciation. The organization will determine the depreciation of fixed assets in a diminishing balance method. Note that if the asset is purchased within the 15<sup>th</sup> of a month then the full month and if the assets is purchased after 15<sup>th</sup> of a month then the full month will be deducted for calculation of depreciation of assets.

Depreciation rates should be set on various fixed assets.

Asset type	The depreciation rate of fixed assets
Land	
Building (Brick class room building)	5%
Building (Brick built Tin sheet)	10%
Tin sheet or mud house	15%
Furniture	10%
Office Equipment	20%
Software	30%
Electrical equipment	20%
Vehicles (motor cars)	15%
Vehicles (Motorcycles, Bicycles)	20%
Books and Journals	20%
Wedding Equipment	50%

#### 6.6 Sale / Transfer and Disposal of Fixed Assets:

Any fixed asset can be sold/transferred/disposed of, if it is out of order, broken, obsolete, or of no use. In case of sale/transfer/disposal of fixed assets, prior approval of the Executive Director is required. For sale, transfer, or disposal of land, house, car etc., approval of the executive committee of the organization is required. In case of sale of fixed assets, the following procedure should be maintained:

1. A committee has to be formed or the procurement committee can be given the responsibility.
2. The committee will reject/accept quotations from various parties.
3. The committee will take decision for the sale of assets to the highest bidder through invitation of tenders.

Approval is required if any assets are lost, damaged or sold/transferred/disposed of.

#### 6.6 Leasing of fixed assets:

In order to strengthen the sustainability of Institute through its own assets can be leased inside and outside the organization to generate revenue through proper use of the property through short and long term leasing for implementation of projects.

##### 6.7.1 Assets to be considered for rent:

1. Purchased assets owned by the organization such as land, free wheelers (jeep, vans, car, etc.), motorcycles, furniture, photocopiers, motorcycles, cameras, sound systems, conference rooms, computers/servers, office space, etc. will be considered for rent.
2. Beyond this on the basis of demand and capacity to supply the property other than the above list can be rented during the time not in use by the organization.

##### A) Method of paying rent:

1. In order to implement the approved project, the Project Coordinator / Responsible person will forward an application to the executive director through the Department of

  
 Shri. Anil Chandra  
 Executive Director  
 Institute of Management Studies

  
 Lila Raitman  
 Senior Lecturer, Institute of Management Studies

Administration and Human Resources with a request for renting the property with reference to the name of the specific property.

2. Admin & HR will check the availability of the requested property for rental and make recommendations in favor of the application.
3. Upon approval of the application a contract between Director/ Admin coordinator (as 1<sup>st</sup> party) and project coordinator/responsible person (as 2<sup>nd</sup> party) will be signed in the contract paper terms of property, amount of rent, contract period, compensation due to damage, plate, name of the user etc. must be mentioned clearly.
4. Admin & HR department will hand over the approved property to PC/MP for rent.
5. When a certain amount of money is allocated by donor for use of fixed assets of the organization (such as land, four-wheelers, motorcycle, furniture, photocopier, multimedia, camera, sound system, conference room, computer/laptop, office space etc.) by the projects, their organization will receive the allocated fund through signing an agreement with the project and ensure default of committed services to the project as per signed contract.

#### **B) Obligations for the lessee:**

1. After the use of the property it should be returned to the person specified in an unimpaired condition and if the leased property is damaged or destroyed, the lessee will be compelled to pay compensation as per the terms of the contract.
2. The lessee will pay for the transportation costs of the property (if applicable).
3. The lessee can't re-rent the rented property to a third party or organization.

#### **A.2.1 Location of rent of the properties:**

##### **A) Land:**

1. The conventional terms and conditions of local land leasing should be taken into consideration for leasing the land.
2. Location of land leasing area will be supervised by the administration and human resources department.
3. The full amount of money from land rent to be collected prior to the lease.

##### **B) Office space:**

1. The rent will be finalized in consultation with both parties in case of renting organizations own or rented owned office space of the organization.
2. Agreement with regard to rental of office space will be signed between director (PA) and coordinator Admin & HR (as lessee) and concerned project (as lessee). This contract will be treated as a sub contract.



## Article 7

### Inventory Management:

#### 7.1 Introduction:

To carry out daily activities, it is necessary to store stationary items and various materials/products/office supplies of the project. Proper stock management of the products and materials is highly essential.

#### 7.2 Information sheets and other documents:

##### 7.2.1 Information Sheet:

The organization must use a stock register for all its stocked goods.

##### 7.2.2 Forms and reports:

###### 7.2.2.1 Form:

- A) **Delivery Challan / Master Roll:** In order to distribute project materials among program or project stakeholders delivery challan and master roll to be used and filed accordingly for proper documentation.
- B) **Requisition form:** For distribution of stationary items store requisition form should be used and kept in the files.

###### 7.2.2.2 Reports:

- A) A report about project stocks should be prepared at least once a year.
- B) Quarterly report on stationary items consumed by the project should be prepared.

### 7.3 Management:

- A) Store should be kept locked in a safe place.
- B) The executive director/project head/office head/manager will approve the requisition form.
- C) Finance and accounts department's designated person or the manager will be in charge of the store and he is the only person to have free access to the store room.
- D) After receiving the products, they should be recorded in the stock register. If the office hours is over the supplied items, to be recorded in the stock register on the next working day.
- E) In the case of receipt of goods there should be a challan to receive.
- F) After the quality has been checked and signed by the concerned officer, the person in charge of the store will receive the supplied products and goods from the supplier.
- G) Separate requisition form should be used for the distribution of stationary items among the employees.
- H) Invoice or master roll should be used for distribution of project materials among the stakeholders.
- I) At the time of receiving the stationary items from the store, the recipient has to sign.
- J) After each receipt and delivery of stationary materials, the balance should be carried over.
- K) Quarterly physical inventory must be matched with the stock register. If any difference is found in books and figures that has to be adjusted with the approval of the authority.

FOR AND ON BEHALF OF THE PROJECT MANAGER (IP)

  
Prakash Kumar  
Chairman  
Executive Committee  
Bharat Sanstha

  
Lipi Rahman  
Senior Social Justice Campaign  
Bharat Sanstha

## Article 8

### Budget and budgetary control

#### 8.1 Introduction:

Balidan Sangha will use the budget as a key tool for planning and controlling financial matters and various activities, in order to make sure if short term or long term project budget as well as organization's activities are progressing as per set plan and goal that needs to be checked and monitored on regular basis.

#### 8.2 Types of budgets:

A) The budget of the organization will be as follows:

- Project budget
- General accounting budget
- Consolidated budget / organizational budget

B) Considering length of time budget is divided into two parts:

- Annual budget
- Perennial budget

#### 8.3 Annual budget:

An annual budget (short term) for the organization, consolidating all project budgets and general accounting budget, should be prepared. After segregating annual budget into monthly work plan, it should be compared with financial and materials budget in view of actual achievement by end of each month.

#### 8.4 Perennial budgets:

A 3-5 years budget should be prepared incorporating future objectives and plans of the organization. This budget will help receive funds from donors and help the organization achieve long term sustainability.

#### 8.5 Budget formulation:

- A) The concerned program/project coordinator will submit the annual action plan with estimates to the head of the finance and accounts department at a scheduled time and in the prescribed template. It is important to formulate the budget prior to the start of the fiscal year.
- B) The finance and accounts department will prepare an expenditure budget including some expenses not directly related to the program which will be incorporated in the proposed work plan and estimates given by the program/project coordinator.
- C) The finance and accounts department will also prepare financial estimates for the core general accounts.
- D) The treasurer of the executive committee, will then review and examine the draft budget properly and in consultation with the executive director, will make necessary inclusions and exclusions. Finally it will be presented/ forwarded to the Executive Committee or in the general meeting (preferably in June each year) for approval.

#### 8.6 Budget control:

Whatever type of budget it may be, project or general accounting budget that cannot be implemented or kept on right track without close monitoring and inspection. Therefore, the

organization will take the following steps to control project budget and the general accounting budget on regular basis.

- A) The Finance and accounts department will inform the program/project coordinator about the approved budget.
- B) Program/project coordinators will keep the actual expenditure within the limits of approved budget.
- C) Actual expenditure cannot be more than 10% (±) of authorized expenditure.
- D) Budget variance should be reviewed every month.
- E) If an amount is required to transfer from one head to another in order to reallocate an expenditure, IO's approval is necessary.
- F) If necessary, over-funded project budget and general accounts budget will be reviewed in the middle of a fiscal year (preferably in Dec) and might be approved in the IC meeting.

## Article 9

### Financial statements

#### 9.1 Introduction:

The financial report is the final outcome of the finance and accounting department. Throughout the year, all financial transactions are recorded in the ledger. The systematic documentation system helps an accountant create financial reports as per the needs of the users. The users of the financial statements of the organization are:

- Internal users such as finance and accounting department, program head/project head, executive director, evaluation committee, etc.
- Donor agencies.
- NGO Bureau / MHA, on behalf of the Government of the People's Republic of Bangladesh.
- External auditor / internal auditor
- Others.

To meet the needs of users, reports should be prepared in the following way:

- Internal/management information report
- Donor Reports
- Statutory reports

#### 9.1 Internal / Management Information Report:

Internal / Management Information Reports are as follows:-

##### 9.2.1 Project-wise monthly receipt and payment report:

This report highlights the accumulated monthly receipts and payments of a project including accumulated receipt and payment of the financial year till that month. This report helps the program/project head and the executive director in monitoring / assessing the financial status of the program/project.

##### 9.2.2 Monthly Receipt and Payment Report of General Accounts:

This report contains monthly as well as the fiscal year's chronological receipt and payment statement of a project till the month in report. This report helps the head of the Finance and Accounts Department in monitoring / assessing the financial condition of general accounts.

##### 9.2.3 Project-wise budget variance review:

This review will be conducted on a monthly, quarterly, half-yearly, and yearly basis. This report reviews the budget and actual income/expenditure. The percentage of the variance and its reasons will also be focused on it.

#### 9.3 Donor Report:

##### 9.3.1 Monthly / Quarterly / Half yearly Financial Report:

This report is made as per donor specifications. This report also highlights the relevant quarterly/half yearly budget and actual income/expenditure. It also focuses the review of budget variance. In addition, the cash flow statement has to be prepared as per the requirements of the donor organization.

#### 3.4 Statutory Report)

The statutory report of Statash Sangha is prepared as required. Some reports are prepared according to the constitution and some reports are prepared according to the legal obligation. These reports are as follows:

##### 3.4.1 Annual Financial Report:

The organization will prepare its annual financial report on June 30 at the end of each fiscal year. The annual report is basically the consolidated annual report of all projects and general accounts. These reports are as follows:

- A) Balance Sheet
- B) Income and expenditure
- C) Production and key ratios
- D) Receipt and payment account
- E) Trial balance

The financial report must be audited by an independent auditor and presented in the annual report.

##### 3.4.2 Report for NGO Bureau:

Financial report, including TD-4 certified by the audit firm, is required to submit to MGNAB by the donor funded projects. This report has to be submitted annually. In addition to all these reports, the NGO Bureau may also be required to submit on-demand reports at any time for the donor funded projects.

## Article 10

### Audit

#### 10.1 Internal Audit:

The importance of internal audits is increasing as the scope of work of Halabon Sangha is growing. The organization will have an internal audit department to monitor all projects and projects. The Head Office, Branch Offices and Project Offices under the direct supervision of the executive director shall arrange for an inspection at least once a year. The internal audit team will be accountable to the executive director or the executive committee and will submit the audit report to them. The department of internal audit will have a separate policy for the implementation of audit activities and the activities will be implemented in accordance with the policy. Apart from this, there will be a list for carrying out internal audit activities. Annexure the details on the purpose and scope of work of internal audit and internal-audit activities.

#### 10.1.1 Objectives of Internal Audit:

- To verify the accuracy and correctness of monthly/quarterly/half yearly/annual financial reports about recorded financial transactions made throughout the year.
- To make statements and recommendations after review with regards to what extent organizational administrative, financial and other rules & regulations have properly been applied or ignored.
- To audit about irregularities, frauds and forgery and misappropriation of fund, etc., and if any discrepancy is found that should immediately be brought to the notice of authority.
- To examine and advise if or not internal control system is fully effective regarding key factors and inform the same to authority.
- To examine if supervisor's budget control mechanism is properly maintained or not and inform it to the higher authority.

#### 10.1.2 Stage of work of Internal Audit:

- To check if organization's financial activities are done in accordance with organization's rule and regulations.
- To examine if Bangladesh Accounting Standard (BAS) and organization's rules are properly followed in preparing books of accounts.
- To check if financial transactions are properly recorded.
- To cross verification of financial transactions with cash memo, counter foil of cheques, approvals, budget and related papers to ensure if they are consistent with activities of the organization.
- To check if project expenditures are consistent with project plan of activities.
- To ensure if transactions have been recorded in the appropriate books of accounts/budget.
- To check mathematical correctness of the recorded transaction in the books of accounts.
- To ensure if Halabon's accounts have been correctly recorded and maintained.

- (i) To collect the reports of permanent assets and inventory goods and examine if stocked goods comply with stock registers and record books
- (ii) To assess the causes of differences after preparing a comparative statement of expenditures according to Sarbanes rules and regulations
- (iii) To analyze the reasons of difference by preparing a comparative statement of budget and actual costs.

#### **5.3 Internal Audit:**

As per org's preferred time in every fiscal year (July-June) general and project accounts must be audited by a CA firm duly authorized by ICAB. ICAB approved various project accounts (as per specific project time frames) must be audited separately by an ICAB certified independent CA firm that is duly approved by ICAB.

## Amendment-1

Date: 1 July 2021

As part of procurement policy, the following paragraphs will be replaced in the following order

### 1.2 Purchase requisition and budget approval

#### a. Purchase requisitions approving body

Designation	Approval Limit
Program Manager	Tk. 10,000/-
Senior Manager/ Departmental head / Program head	Tk. 10,001/- to Tk.500,000/-
Executive Director	Above Tk. 500,000/-

1.2a In case of purchase of goods over 50000 taka, there should be at least 2 quotations and at least 3 quotations will be required for a purchase of more than 20000 taka. If necessary, head of purchase committee together with a member of the committee can collect quotations on the spot. If the value of purchase of goods is more than 100,000 taka, the purchase notice should be published in the national daily newspaper (in case of Dhaka), and in the local newspaper (in case of the area other than Dhaka) or on blogs or equivalent website. The newspaper must be widely circulated and duly approved by Executive Director, Inshahad.

1.2b Procurement committee will prepare a comparative statement of the quotations together with necessary documents and will make recommendations in favor of the lowest tender for issuing work order. Considering the quality standards of the products and services, if it is deemed appropriate to issue work orders in favor of any bidder other than the lowest one, it must be recommended by the Purchase Committee and approved by the Executive Director.

#### 1.2c Procurement process/issuance of work order/till approving authority

Designation	Authorized limit	Purchase process officer
Program manager	Tk. 10,000	Manager Admin
Senior Manager/Departmental Head/Program head	Tk. 10,001 - 500,000	Manager Admin
Executive Director	Above that 500,000 taka	Manager Admin

1.2d In case of selecting service/training center for meeting/seminar/workshops, in view of product and service quality, considering time and budget constraints or in case of recruiting intellectual or procurement of supplies/services from a single specific supplier, all these can be done through sole source procurement process. However, a form is to be prepared stating justification of such procurements which shall be approved by the Executive Director.

1.2e In order to purchase, sale and transfer of land, houses, vehicles, etc., prior approval of governing body is mandatory.

1.2f In case of purchase of goods and services, the following table shall be applicable.

  
Chairperson  
Executive Committee  
Bhadrakali College

  
Executive Director  
Bhadrakali College  
Bhadrakali College



## Amendment- 2

Date: 1 July 2021

As part of Accounting and Financial Management Policy the paragraph relating to 'Expenditure Approval Methods' are replaced as follows:

### 2.4.1.2 Authorization of expenditure

The Executive Director will approve the original voucher

Senior Development Managers/Program Managers will separately approve all purchases, petty transactions and expenditure (single bill).

Executive Director/Senior Development Manager will approve the cheque requisition for withdrawal of money from the bank.

In case of out of budget expenditure and transfer of foreign grants, separate approval must be taken from Executive Director on the recommendation made by Senior Development Manager

In the case of purchase of materials, as usual, purchase requisition must be there

All purchases/bills must be done in line with procurement policy.

Proposer of purchase requisition or expenditure	Verifier of purchase requisition or expenditure	Authoriser of purchase requisition and expenditure	Voucher approved by
Program volunteer/program assistant	Accounts officer	Concerned Center Manager	Executive Director
Program Officer	Accounts officer	Program Manager	Executive Director
Program Manager	Accounts officer	Senior Development Manager	Executive Director
Senior Development Manager	Manager(Accounts & Finance)	Executive Director	Executive Director
Executive Director	Manager(Accounts & Finance)	President, Executive Committee	President, Executive Committee

### 2.4.1.3 Approval of vouchers

- Prepared by: accountants/Accounts officer
- Verified by: Manager (Accounts and Finance)
- Approved by: Executive Director

By removing this section, all the previous inconsistencies and rules have been rectified/changed.

## Amendment: 03

Date: 30 March 2022

The subsequent articles will be replaced or added accordingly as the part of Accounting and Finance Management Policy.

### Article 4

#### Cash Advance and Banking

##### 4.1. Petty Cash

4.1.1. The organization's petty cash and general fund shall have a maximum of 10,000 taka for petty cash, and one person should verify all the expenditure and maintain the Petty Cash Register. Amount would be reimbursed after spending 95% of the received money and upon submission of all necessary bills and supporting documents.

### Article 5

#### Purchase Policy

##### 5.1. Purchase Policy

Cash Amount	Source	Number of Tender	Purchase Procedure
0 - 10,000	Open Market/ Invited Vendor	0 (Zero)	Purchase officials / any two designated officers will purchase instantly.
10,000 - 50,000	Open Market/ Invited Vendor	1 (One)	Open market/ according to the purchase policy, purchase will be done from listed vendors or open market. Work order is required.
50,000 - 1,00,000	Open Market/ Invited Vendor	3 (Three)	Open market/ according to the purchase policy, purchase will be done from listed vendors or open market. Work order is required.
5,00,000 and more	Open Market	Not specified	According to the purchase policy, RFI to be issued and published in National Newspaper/Journals. Work order is required.

##### 5.2.2 Payment Policy

If the amount is more than 50,000 taka, the payment should be made to the vendor (Govt. or service provider) through an account payee cheque. But, in case of immediate or urgent payment/ purchase from the small shops or vendors or service providers who do not agree to take cheque or pay order, payment could be made in cash/BNP/TT upon approval from the Executive Director.

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Md. Masudul Alam  
Executive Director  
Bhaban Sangha

  
Lipi Rahman  
Executive Director  
Bhaban Sangha

### **11.6 In exceptional situations/purchases in a catastrophic period:**

The organization can make change in procurement policy during disaster or catastrophic situation. The Executive Director/ Executive Committee will approve any change or deviation of the original policy and that to be limited for emergency/catastrophic period only.

Deviating with changed policy in disaster or catastrophic situation does not mean elimination or discontinuation of the original policy of the organization. We should bear in mind, complete accounting records and documental proofs of all expenditures must be kept for the funds/grants received from donor agencies in emergency/catastrophic period. Donor agencies may any time ask for original invoices/proofs of payments or audit reports. So, it is necessary to follow the rules and regulations even in disasterous situation.

### **11.7 Audit:**

External audits for organizational general fund and projects accounts must be done according to the organizational fiscal year (July-June) by renowned chartered accountant firms registered with the Institute of Chartered Accountants of Bangladesh. Audit of the NGO funded approved projects must be done separately by chartered accountant firms registered with the Institute of Chartered Accountants of Bangladesh and audited with NGO Affairs Division. Chartered accountant firms could be appointed for a maximum of (3)times per an year approved from the Executive Board.