



# Financial Resource Management Policy and Accounts Manual



Approved by The Executive Committee on 31 September 2017 and to be enforced from 01 October 2017



**MUKTI FOUNDATION (MF)**

Tala, Satkhira, Bangladesh

31 July 2017

## Forewords

Financial Resource Management Policy and Accounts Manual is very important tools for an organization. It provides uniform guideline to all stakeholders about the financial resource management and complies with the statutory requirements and regulations of the organization to ensure effective and efficient use of financial resources ensuring value for money.

This policy combining with other policies including human resource management policy, procurement policy, gender policy, conflict of interest policy among other will contribute to institutional development and evidence based policy decision by ensuring transparency and accountability. Considering the organizational growth and development, Mukti Foundation (MF) emphasizes on proper accomplishment of its activities in a lawful way and intended to (i) streamline financial, accounting and management functions, rules, procedures, provisions, systems and practices with other similar practices in Bangladesh; (ii) establish a common understanding of practice and procedures among the stakeholder's e.g. donors, GoB, community, and other stakeholders of MF; (iii) guide management, advisers, staffs, auditors and donor representatives on financial, accounting and administrative issues; and (iv) facilitate internal control environment for ensuring transparency and accountability in day to day operations and also promote value for money among others. In addition, as humanitarian development organization it has created some special provision for procurement of goods and services for emergency (disaster) response under this policy manual.

This manual containing detail the flow of accounting data, procedures within the main accounting system related to major Sub-systems such as donor grant management, Fixed Assets, Procurement, Salary, Cash & Bank have been provided. This Manual attempts to cover most aspects of the vast area of MF. It includes detail Policies as well as examples on accounting procedures and control procedures on all the major components of financial statements of MF.

This policy was primarily developed in 31 July 2017 and revised 02 times on .....(date).... , .....(date).... .....31 September 2107. Considering the better use of the policy and giving more comprehensive guideline the Executive Committee of MF decided to have a separate the Financial Resource Management Policy and the Procurement Policy.

We would like to express our gratitude to **Ashroy Foundation** for facilitating the process under the **Empowering Local and National Humanitarian Actors (ELNHA)** project. Special thanks to Oxfam in Bangladesh for sponsoring the cost of such institutional development process. We would like to extend our thanks to Mr. K M Enamul Hoque for facilitating the process and sharing intellectual insights.

We believe that this policy document will help concerned colleagues of MF to manage the procurement services more systematically to ensure efficiency and effectiveness of the initiative to achieve the organizational objective including reaching services to the community in case of any emergency situation.

**Tala, Satkhira**

31 July 2017



**Gobinda Ghosh**

Director

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# 1 INTRODUCTION

The Financial Resource Management policy of Mukti Foundation (MF) consist of set of rules and regulations to govern the process of financial resource management and set a comprehensive internal control environment for ensuring efficient and effective use of resources of the organisation efficiently towards achieving the organizational goals and objectives. This policy manual provides with set of guidelines and procedures for use of resources, record keeping, analysis and preparing financial statement to meet diverse needs of the stakeholders. It will also contribute in compliance with Generally Accepted Accounting Principles (GCAP) and selected Bangladesh Accounting Standard (BAS) to comply with the law of the land and provide a correct view of the state of affairs.

## 1.1 The Organisation

Mukti Foundation is a Non-Government Organization (NGO). A small group of socially conscious youth deeply hurt and moved by unjust social discrimination in respect of class, caste, creed and gender in a bid to wage struggle against all sorts of social injustice, came forward to form this organization. Mukti Foundation came into being in 1996 and subsequently registered with the NGO Affairs Bureau vide registration No 1391 dated 08 June 1999. The organization is also registered with the Society Act. Vide registration no. Satkhira-124 dated 11 April 2005. The organization is also registered with the Micro Credit Regulatory vide registration No. 0000381 dated 23 February 2009. The organization is also registered with the Social Welfare, Reg. No. Satkhira-1092 dated on 10 November 2010.

MF works with diverse stakeholders including poor and under privileged community of the society particularly (i) the landless poor wage labours, (ii) poor marginal and small farmers, (iii) destitute women, particularly the widows, divorced and abandoned who are the worst victims of gender biased society, (iv) disable People & Natural Disaster affected people, (v) members of the economically and culturally backward religion-ethnic minority community specifically the lower castes and out-castes, (vi) the share croppers and the poor engaged in different professions.

It may be mentioned here that during disaster (AILA) time Mukti Foundation responds to the need of the distressed people irrespective of their economic condition with special preference to the poor. Mukti Foundation also worked in water and sanitation sector in the same way.

### 1.1.1 Vision, Mission, Goal & Objectives

#### **Vision:**

To bring the positive change of livelihood like to get better education, improve health, safe water, deluge environment, employment and to establish rights to khash land of the poor through participation and accountability.

#### **Mission:**

To established a non-explicated, environmentally sound, surplus and rights based community.

#### **Goal:**

The goal of Mukti Foundation is to promote participation, self-reliant, environmentally sustainable development of the poor to help them alleviate poverty and achieve their potential and empowerment.

**Objectives:**

The principal objective of Mukti Foundation has been to work towards their increased self-reliance of rural grass root people by the provision of:

- a) Establishing the rights of the poor in the society and make them self-reliant;
- b) Undertaking development activities for the rural poor irrespective of religion, caste, creed and gender;
- c) Alternative institution building i.e. group formation, savings credit etc. for the resource poor and under-privileged community especially destitute women, landless poor and wage labour;
- d) Alleviate poverty through different income generation;
- e) Eradication of illiteracy;
- f) Improvement of health, sanitation and nutrition status of the under privileged community particularly the women, landless poor, Disable family, Flood affected People. wage labour and out-caste community;
- g) Ensuring human rights and empowerment of resource poor, Disable community & Flood affected People;
- h) Eradication of gender violence in the society;
- i) Sustainable utilization of natural resource and conservation of biodiversity; and
- j) Proper utilization of indigenous knowledge in development activities.

On a nutshell, Mukti Foundation is committed to assist the development movement of the people centered in the development perspectives.

**1.1.2 Legal Status**

Sl.	Name of Registration	Registration No.	Date
1	NGO Affairs Bureau	1391	08 June 1999
2	Society Act	Khulna-124	11 April 2005
3	Micro Credit Regulatory	0000381	23 February 2009
4	Social Welfare	Satkhira-1092	10 November 2010

**1.1.3 The Management and Operation**

The General Body of MF is the highest decision making body. On behalf of the General body the Executive Committee takes the major strategic decisions and provides guidelines to the Director. The Director is the CEO of MF and takes major decisions relating to regular operations and management. MF implements its programs by a group of personnel of 51 staff of different categories (of which 16 are female) through 01 branch office in Satkhira district of Bangladesh.

Key features of the governance towards transparency include the following:

- a. There are 21 members in the General Body of Mukti Foundation who generally meets once a year.
- b. The members of the General Body elect 7-members Executive Committee (EC) for the period of two years. The EC sit once in a quarter to look after the activities of the organization and takes necessary decisions.



- c. In case any changes are required to be made in the constitution, an EGM needs to be called with prior notice along with proposed changes.
- d. Project proposal, Annual Activity Plan and Budget needs to be presented and approved by the EC.
- e. The annual report needs to be authorized by the General Body.
- f. Auditor's appointment is also the business of the General Body. It could be worthwhile to mention here that the Auditor of MF needs to be a Chartered Accountancy Firm enlisted with NGO Affairs Bureau (The Regulatory Body) and Development Partners, if required.

#### **1.1.4 Organization Policy and Code of Conduct**

- a. Employees of MF must maintain highest standards of professional behaviour and integrity at work. They must demonstrate mutual respect for each other irrespective of gender, religion or status.
- b. No one is allowed to get involved in any action or behaviour in such a way that may create a conflict between individual interest and that of organization or tarnish the image of the organization. Each will foster *Team Work* maintaining appropriate work place behaviour.
- c. No individual shall behave in such manner that intimidates other employees in any way.
- d. Any form of harassment including sexual harassment, persecution or discriminatory practices, insubordination at the work place will be dealt strictly as per Human Resource Management Policy (in short HR policy).
- e. No one is allowed to divulge or misuse confidential information of the organization in any form or capacity.
- f. Engagements of MF employees with other entities, that go against the interest of the organization or affect working relationship with MF, will not be accepted and may lead to disciplinary actions being taken against him/her.
- g. The employees of MF shall not be engaged with any political (partisan) or other activity detrimental to the interest of MF or the state.
- h. Employees must deal with the counterparts, associates, external entities or co-workers, customers honestly and diligently to maintain transparency.
- i. All staff of MF will contribute towards maintaining a healthy and safe working environment within the organization.
- j. Each employee must safeguard properties/assets belonging to MF.

## **1.2 The Manual**

The policies and procedures contained in this manual are designed to provide MF with the tools needed to effectively manage its financial resources. The guidance provided through this manual needs to be used in connection with other policies and procedures as adopted by MF authority.

### **1.2.1 Scope of the Manual**

The manual covered the areas of operation of MF such as financial management, internal control, internal audit, and legal or statutory compliance. A separate policy has been adopted by MF for procurement of goods, services (including professional services) and fixed assets.

### **1.2.2 Objectives of the Manual**

Major objective of this financial resource manual is to provide uniform guideline to all stakeholders about the financial resource management of MF so that it complies with the statutory regulation and

also ensure effective and efficient use of financial resources ensuring value for money. The specific objective of the manual is to:

- streamline financial, accounting and management functions, rules, procedures, provisions, systems and practices with other similar practices in Bangladesh;
- guide management, advisers, staffs, auditors and donor representatives on financial, accounting and administrative issues and to be used in connection with training of staffs;
- establish a common understanding of practice and procedures among the stakeholder's e.g. donors, GoB, community, and other stakeholders of MF;
- enhance internal control environment and promote value for money;
- ensure transparency and accountability in day to day operations to enhance efficiency and effectiveness of performance;
- ensure compliance of the statutory requirements, law of the land and development partners requirements; and
- ensure financial reports prepared by MF meets the minimum basic requirements i.e. Generally Accepted Accounting Principles (GAAP) and Bangladesh Accounting Standard (BAS) wherever possible to provide a correct view of the state of affairs along with the financial position of the organisation.

### **1.2.3 Interpretation**

In the event of any dispute, lack of clarity, or non-availability of rule/policy/guidelines, the Executive Committee of MF will interpret and provide solution that shall be final and binding. The Director, MF is entrusted with the final responsibility for administration and application of the Financial and Administrative Manual.

### **1.2.4 Up gradation**

Management of MF feel necessary to upgrading the financial management and accounting system and with the financial support of donor agencies took this initiative of upgrading the system. In case of future need MF can upgrade it by engagement of relevant external resource persons with support of development partners or can be done internally.

## **2 INTERNAL CONTROL**

A sound internal control structure is a pre-condition for efficient, effective and accurate financial management. A well designed control structure which adopts the basic norms of Internal Control, can ensure proper use of an organization's resources, safeguard its assets, provide adequate audit trail and make possible accurate representation of financial information, which not only raises an organizations accountability and degree of transparency among the development partners but also increases efficiency of the organization and its staff members as a whole.

### **2.1 Definition of Internal Control**

The internal control structure consists of management's policies and procedures to reasonably prevent material errors and irregularities from occurring or going undetected. When considering these policies and procedures, we must keep in mind that the cost of designing and implementing a strong control structure should not outweigh the benefits derived (i.e. reduction in control risk.). Internal control can be described as the overall plan of organization and the methods employed by an organization to:

- Safeguard its assets;
- Ensure the reliability of its accounting data;
- Promote efficient operations; and
- Ensure compliance with established organization policies.

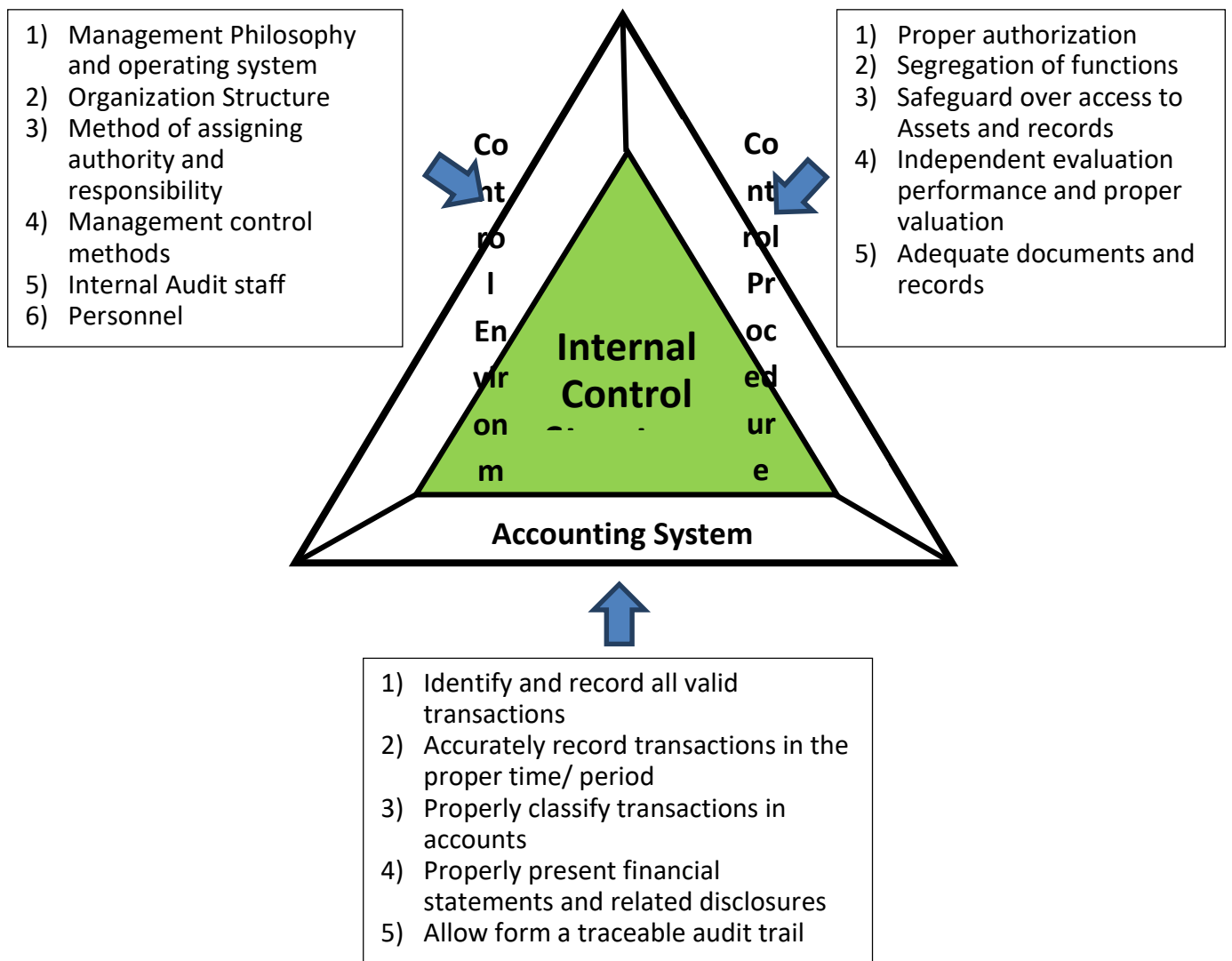
The first two points relate more to financial data and would be of more concern to us in preparation of this manual.

### **2.2 Key Elements of Internal Control Structure:**

An entity's Internal Control Structure consists of the three following element:

- Control environment;
- Accounting system; and
- Control procedures.

**Figure 1: Internal Control Structure of MF**



**2.2.1 The Control Environment:**

The control environment represents organization’s overall attitude, awareness and enforcement of control. The following factors contribute to the overall control environment of an organization:

**a. Management Philosophy and Operating Style:**

This includes how aggressive management is in reporting financial data and accepting risk. Organizations willing to go into multifarious activities and want to attract more and more funds tend to falsify financial reporting.

**b. Organizational Structure:**

This is an entity’s overall framework for pinning directing and controlling operations.

- c. **Methods of Assigning Authority and Responsibility:**  
This deals with the understanding of reporting relationships, delegation of authority and degrees of responsibility within the organization. Organizations, which are one-man show or believe in centralized decision-making lack internal control.
- d. **Management Control Methods:**  
This includes monitoring performance by utilizing budgets, forecasts, variance reports, and clear policies and procedures.
- e. **Internal Audit:**  
The internal audit is a basic component of a strong internal control structure. It is the responsibility of internal audit committee of MF or Internal Audit and Financial Review Subcommittee of the Executive Board of MF to investigate the operations of the system and to evaluate its efficiency. To insure maximum results, the internal auditor should report to management at an appropriately high level.
- f. **Personnel:**  
Properly trained, competent employees affect the entity's ability to accomplish the established goals and objectives. MF will deploy adequate personnel with relevant competencies to achieve the organizational goals.

### **2.2.2 The Accounting System:**

The accounting system consists of the methods and records established to identify, assemble, analyse, classify, record and report an entity's transaction and to maintain accountability for the related assets and liabilities. An effective accounting system gives appropriate consideration to establishing methods and records that will:

- a) **Identify and record all valid transactions:**  
Transactions refers to both cash and non-cash transactions occurred during the period that include both project expenditure and core expenditure, purchases of goods, services and assets, salaries and benefits including deferred benefits, acquisition of fund, among others those are related to MF and relevant to the particular accounting period and has implication in preparing the financial statement in terms of amount or as disclosure.
- b) **Accurately record transactions in the proper time/period:**  
All transaction should maintain the principle of 'Cut-off Period' i.e. the transactions and events have been recorded in the correct accounting period.
- c) **Properly classify transactions in accounts:**  
MF ensures that transactions and events have been recorded in the proper heads of accounts and nature of transaction (Dr. /Cr.), receipts/payments, assets/liabilities among others.
- d) **Properly present financial statements and related disclosure:**  
MF ensures that the financial statement provides with a complete and correct view of state of affairs. MF also ensures that all transactions and events that should be recorded have actually been recorded and all related disclosures that should have been included in the financial statements have been included and the disclosures are relevant and understandable in the context of the requirements of the applicable financial reporting framework.

e) **Allow form a traceable audit trail:**

An audit trail ensures security in terms of relevant chronological record, set of records, and/or destination and source of records that provide documentary evidence of the sequence of activities that have affected at any time a specific operation, procedure, or event. Audit records typically result from activities such as financial transactions, scientific research and health care data transactions, or communications by individual people, systems, accounts, or other entities.

**2.2.3 The Control Procedures:**

Control procedures are those policies and procedures in addition to the control environment and accounting system that management should establish to provide reasonable assurance that specific entity objectives will be achieved. These procedures are:

a) **Proper Authorization of Transactions and Activities:**

A system that allows only authorized personnel to approve or initiate certain transactions and will provide a tighter control structure. A strong control environment would require a written and well-circulated document to be in place with specific mention of authorization and/or approval authority of authorized representatives

b) **Segregation of Functions:**

It is important that to the extent possible, the various functions be segregated among employees. This will aid in preventing errors or irregularities in the system. At minimum, the following functions should be segregated:

Record:

A separate person should record the transaction.

Authorization:

A separate person should authorize the transaction.

Custodian:

A separate person should hold or have custody of the asset.

Execute:

A separate person should perform the activity (i. e. make the purchase, sale etc.)

These four functions can be easily recalled by use of the mnemonic "RACE".

When responsibilities are segregated some issues needs to be keep in mind so that that some person responsible for something should not do some of the works to complete the cycle for early detection of errors control the environment to reduce the risk of fraud those include the followings:

**Table 1: Indicative Principles for Segregation of Responsibilities**

<b>Person Who</b>	<b>Should Not</b>
• Prepares Vouchers	• Approve Vouchers
• Prepares Cheques	• Sign Cheques
• Has Access to Blank Cheques	• Reconcile Bank Accounts
• Receives Cash	• Post Payments
• Prepares Bank Deposits or Records Cash Receipts	• Record Cash Receipts
• Is Responsible for the Physical Security of Assets	• Perform the Physical Inventory of Assets
• Converts Currency	• Makes Payments in Local Currency
• Prepares Payroll	• Distributes Payroll Payments
• Maintains Driver Logs	• Monitor Fuel Usage

**c) Safeguards over Access to Assets and Records:**

The assets of an organization can be misappropriated or accidentally destroyed if they are not properly protected by internal control procedures. Internal control procedures must protect against any unauthorized access, whether by direct or indirect means.

• **Direct Access to Assets and Records:**

Direct access refers to the opportunity an individual might have over actual physical possession of assets. Limiting the actual physical availability is the most important protective measure for safeguarding assets. It can be done by physically segregating the assets, use of protective devices, bonded custodians and independent custodians (i.e. banks, safety deposit boxes, independent warehouses).

• **Indirect Access to Assets and Records:**

Indirect access refers to the ability to otherwise dispose of assets. Examples of indirect access include signing a form to allow another to remove goods from a warehouse and writing a check on a bank account. The best way to control indirect access is by adequate segregation of functions.

**d) Independent Evaluation on Performance and Proper Valuation:**

These measures include clerical re-computations, reconciliation, comparisons of actual assets with recorded assets, and user review of computer generated reports. Annual stock taking of assets and reconciliation between physical verification report and existing asset register falls under this category.

**e) Adequate Documents and Records:**

Proper uses of pre-numbered forms and timely generation of reports are examples of adequate documents and records.

## **2.3 Monitoring of performance**

Management's ongoing and periodic assessment of the quality of internal control performance to determine whether controls are operating as intended and modified when needed.

## 2.4 Risk Assessment

Management's identify and analysis of risks relevant to the preparation of the financial statements in accordance with IFRS/GAAP.

**Figure 1: Process of Internal Control**



## 2.5 Early Detection and Reporting of Fraud Suspect for Misuse of Humanitarian Grants

MF maintains high level of transparency in implementing its program, particularly in management humanitarian grants. It is MF's policy to take note of early signals of any kind of fiduciary risks and take necessary measures on a priority basis. In this regard MF will ensure display of the contact details of fraud reporting section of development partners (if any) to all stakeholders including beneficiaries and will publish them on MFs website and make it visible at MF's office. All suspicions of fraud or corruption must be reported to concern desk official of development partners as soon as possible, within at least one week of discovery and before investigation.

Similarly, MF will assign one official to response to similar incidence so that MF can take necessary measures for its stakeholders.

## 2.6 Checklist for the Basic Components of Internal Control Structure

MF Management will follow the following checklist, which will not only walk it through levels of attaining internal control adequacy but also assist in its day-to-day activities as a benchmark to ensure that appropriate level of transparency is attained in its financial activities.

The checklist is broken down in to 8 main segments denoting 8 areas of concentration. It identifies procedures to be adopted and tools to be used in these areas during the ordinary course of business. General section, the first of the nine segments refers not to any specific area, but to the organization as a whole and it lists conditions, which in general an organizations should fulfil to attain a desired level of internal control adequacy.

MF will ensure adopting each and every item of the following checklist:

### a) General

- 1 Chart of accounts
- 2 Accounting procedures manual
- 3 Organizational chart to define responsibilities



- 4 Posting references in ledgers
- 5 Review of Journal entries
- 6 Use of standard Journal entries
- 7 Use of pre-numbered forms (e.g. money receipts, bills, Invoices etc.)
- 8 Support for all Journal entries
- 9 Access to records limited to authorized persons
- 10 Rotation of Accounting personnel
- 11 Review of system at every level
- 12 Appropriate revision of chart of accounts
- 13 Appropriate revision of procedures
- 14 Separation of record keeping from operations
- 15 Separation of record keeping from custodianship.
- 16 Record retention policy
- 17 Bonding of employees
- 18 A conflict of interest policy

**b) Petty Cash Funds**

- 1 Imprest system
- 2 Reasonable amount
- 3 Completeness of vouchers
- 4 Custodian Responsible for fund
- 5 Surprise audits
- 6 Physically secure
- 7 Custodian has no access to cash receipts
- 8 Custodian has no access to accounting records

**c) Cash Receipts**

- 1 Detail listing of receipts
- 2 Restrictive endorsement of checks
- 3 Special handling of post-dated checks
- 4 Daily deposit
- 5 Cash custodians bonded (cashier may be bonded or should have a guarantor)
- 6 Bank accounts properly authorized
- 7 Handling of returned NSF (bounced checks) items
- 8 Comparison of duplicate deposit slips with cash book
- 9 Comparison of duplicate/ counterfoil deposit slips with detail A/R
- 10 Control over cash from other sources
- 11 Separation of cashier personnel from accounting duties
- 12 Separation of cashier personnel from credit duties
- 13 Maintenance of cash register/scroll.
- 14 Numbered cash receipt tickets
- 15 Daily reconciliation of cash collections

**d) Cash Disbursements**

1. Sufficient support for check
2. Limited authorization to sign checks
3. No signing of blank checks
4. All checks accounted for
5. Detail listing of checks
6. Mutilation of voided checks
7. Specific Approval for unusually large checks
8. Proper authorization of persons signing checks
9. Check listing compared with cash book
10. Control over inter-bank transfers
11. Prompt accounting for inter-bank transfers
12. Physical control of unused checks
13. Cancellation of supporting documents to prevent duplicate usage
14. Control over long outstanding checks
15. Reconciliation of bank account
16. Independence of person reconciling bank statement
17. Bank statement direct to Manager/ Deputy Manager
18. No access to cash records or receipts by check signers

**e) Inventory of Consumable**

1. Written inventory instructions
2. Counts by non-custodians
3. Control over count lags
4. Control over inventory adjustments
5. Use of perpetual records
6. Investigation of discrepancies
7. Control over inventory stored at store room
8. Preparation of receiving reports
9. Pre-numbered receiving reports
10. Receiving reports in numerical order
11. Independence of custodian from record keeping
12. Physical safeguards against theft
13. Physical safeguards against fire
14. Use of inventory requisitions
15. Periodic summaries of inventory usage
16. Purchase/Work orders
17. Proper authorization for purchase orders
18. Proper authorization for purchases
19. Review of open purchase orders

**f) Fixed Assets**

1. Detailed Property records
2. Periodic comparison with control accounts
3. Proper authorization for acquisition
4. Written policies for acquisition
5. Control over expenditures for acquisition
6. Use of work orders
7. Individual assets identification numbers
8. Written authorization for sale
9. Written authorization for retirement
10. Physical safeguard from theft
11. Control over fully depreciated assets
12. Written capitalization expense policies
13. Responsibilities charged for assets and depreciation records
14. Written, detailed depreciation records
15. Depreciation adjustments for sales and retirements
16. Adequacy of insurance

**g) Accrued Liabilities and Other Expenses**

1. Proper authorization for expenditure and incurrence
2. Tender and Procurement committee
3. Bids from vendors
4. Verification of invoices
5. Detailed records
6. Responsibility charged

**h) Payroll**

1. Authorization to employ
2. Personnel data records
3. Tax records
4. Responsibility for payroll records
5. Control over unclaimed wages



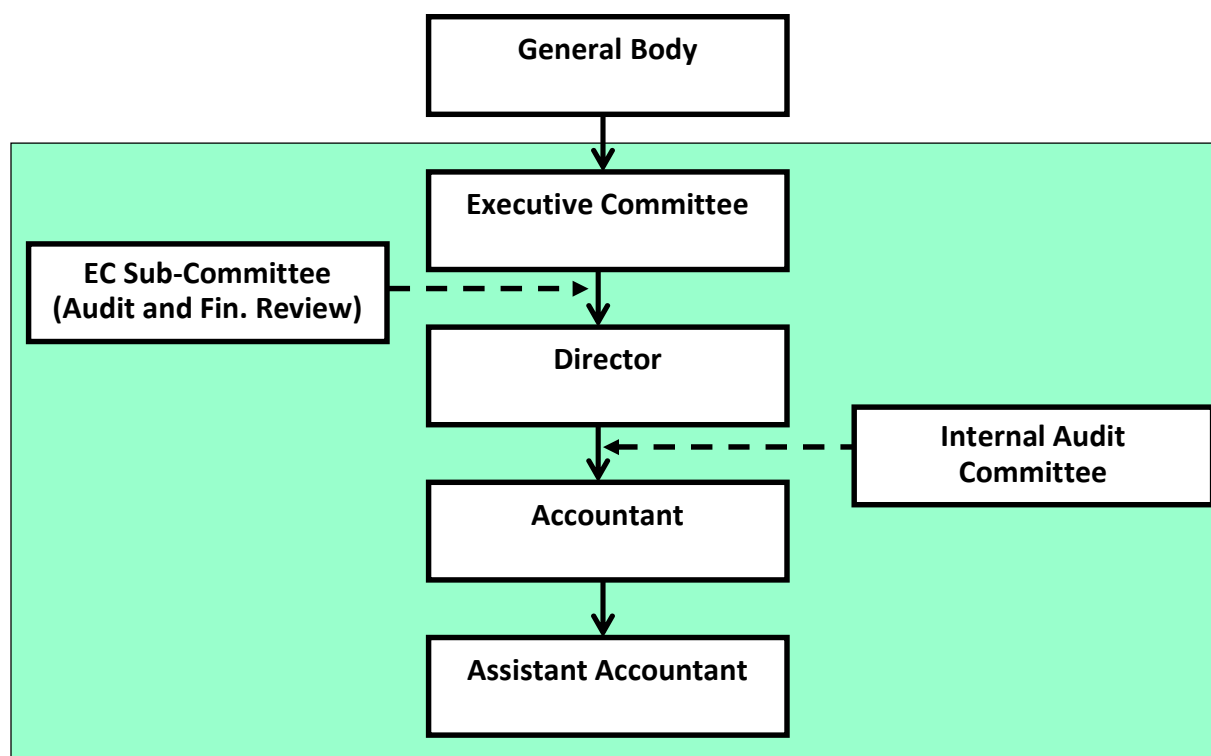
### 3 FINANCIAL MANAGEMENT

#### 3.1 MF Financial Management Team

The Director is responsible for overall MF's financial management. The Accountant is the Head of Finance and Accounts, who will be reporting to the Director of MF. The Accountant will be assisted one or more Assistant Accountant(s) to carry out day-to-day activities of financial management.

MF will also have an internal audit team who will report directly to the Director and an EC Sub-Committee (Audit and Financial Review) who will audit major payments (randomly) and carry out the financial review of the organization time to time and report back to the Executive Committee. .

**Figure 3: The organization structure of MF's financial management team**



#### 3.2 Functions of MF's Financial Management Section

The primary objectives and functions of MF's financial management section are to:

- i. compile appropriate financial data for reporting;
- ii. generate reports in a cost effective way and adopt control mechanisms, which do not surpass benefits derived from it;
- iii. provide neutral and unbiased information;
- iv. provide financial information to the management which are relevant, valuable and complete;
- v. provide consistent and accurate financial data;
- vi. maintain a regularity and discipline in all levels of financial management activities of the organisation;

- vii. ensure transparency and accountability through better implementation of effective financial management control system;
- viii. prepare the financial statements following generally accepted accounting principles;
- ix. ensure that the budget of the organisation is correct and monitor that financial activities are taking place in line with the budget;
- x. ensure efficient administrative control and provide information about organizations assets and inventory management;
- xi. compile financial information needed to monitor expenditure for exercising effective management control of operations of the organization; and
- xii. generate reliable information and reports, to meet the requirements of regulatory bodies, management and others stakeholders, as applicable.

### 3.3 Financial Management System

MF has its own financial rules and procedures to maintain its all accounts in compliance with the law of the land. In addition, MF maintains separate accounts for each project as required by the respective donors.

### 3.4 Authorization (Delegation of Financial Power)

The overall financial accountability of the organization lies with the Executive Committee of MF who is in turn accountable to the *General Body*. The Executive Committee (EC) may delegate the authority to the Director/ CEO and his/her team as per Table of Authority (ToA) as annexed (**Annexure - 01**). The Programme Coordinator, Programme Manager and Accountant among others have been delegated following financial controlling authorities for smooth operation of the programme/projects in line with the Table of Authority.

The Director shall have the authority to look in to the overall financial operations of the organization and its programme/ projects. Program/project heads are responsible for implementation of the programme /projects in achieving the programme/projects objectives.

Programme Coordinator/ Programme Managers shall have the authority to spend project money for which s/he is responsible for implementation. S/he will be responsible to ensure inflows and out flows of funds and coordination with finance and accounts department for proper record keeping with adequate supporting documents. They will also ensure efficient use of resources considering Value for Money (VfM).

### 3.5 Financial Statements

The financial statement of MF consist of (i) Statement of financial position, (ii) Statement of Income and Expenditure, (iii) Statement of Receipts and Payments/Cash flow statement, (iv) Statement of Changes in net Assets. MF also provides disclosure of financial statements wherever deemed necessary through providing Notes to the Accounts. As per statutory requirement the financial statement of MF is audited annually or at the end of the large projects (if required). The auditor's report included independent opinion of the auditor on the financial statement of MF. It also includes the schedule of Fixed Assets, and statement of budget variance, if any among others. The template of such statements, notes and schedules have been annexed (**Annexure -02, 03, 04, 05, 06, 07, &08** respectively).

## **3.6 Payment**

### **3.6.1 Cash/Cheque Payment Limit**

All payments exceeding Tk.10, 000 (Taka ten thousand) should be made through account payee cheque. However, any amount of payment for direct implantation of programmes or travel cost may be paid by cash. This limit may be relaxed for preparation to emergency response which will be dealt by separate procedure.

### **3.6.2 Petty Cash Payments**

MF maintains petty cash using imprest system for BDT 10,000 (Bangladesh Taka ten thousand) only for each projects. The maximum limit of a petty cash payment in a single transaction will not be more than BDT 3,000.00 (Bangladesh Taka three thousand only). The above limit may be extended, with due approval of the Director.

### **3.6.3 Payments by Cheque**

Payment through bearer cheque should strictly be prohibited except in special cases. Payments should be made through account payee cheques only.

### **3.6.4 Authorization of Payments**

The payments should be made after satisfactorily receipts of goods and services with due approval of the competent authority i.e. Director/ Programme Coordinator/ Programme Manager, Manager as the case may be. No payment should be made without preparing proper voucher and without having due approval.

### **3.6.5 Documentations for Payments**

Proper documentation should be made for all the payments. Acknowledgement of receipts should be obtained and revenue stamps should be affixed where applicable in compliance of The Stamp Act 1899 as amended up to date.

*Explanation: Proper documentation means duly approved set supporting papers which are needed to be required for a payment including payment voucher. For example: salary should be paid against approved salary sheet and approved voucher; advance payment should be made against approved advance requisition form and approved voucher; travelling and conveyance bill should be paid against approved travelling bill containing travel authorisation, hotel bill, tickets, etc. and approved voucher; suppliers and contractors bill should be paid against approved bill containing invoice, purchase order, material receiving report, quality certificate etc. and approved voucher.*

### **3.6.6 Deductions of Advance Income Tax and VAT at Source**

Advance Income Tax and VAT should be deducted at source from the payments and deposited to the government exchequer where applicable as per law.

### **3.6.7 Check List for Payment Procedure**

Before making any payment, due approval of the competent authority and countersignature of the concerned officials should be obtained on voucher and supporting documentations as noted below:

- i. Salary: Attendance register, approved salary sheet, appointment letter, confirmation letter, approval of increment, up gradation/promotion letter, approved voucher;
- ii. Advances: Approved Advance Requisition form, approved voucher;

- iii. Travelling and Conveyance Bill: Approved travelling bill, travel authorization, transportation tickets (standard travel cost circulated by the organization), travel report, other approved supporting bills, approved voucher;
- iv. Other Expenses: Bills, cash memos, money receipts, katcha bills as the case may be and approved voucher.
- v. Suppliers and Contractors Bill: Approved bill, invoice, challan, purchase order/work order, quotations and comparative statement, material receiving report, quality assurance certificate (if applicable) etc., arithmetical accuracy, necessary deductions (value added tax, income tax, advances etc.) and approved voucher.
- vi. General: Approved documents of value for money (Quotations, Comparative Statement/ Bidding Document etc.), vouchers duly signed by competent authority (i.e. Accountant, Project Coordinator, Programme Manager, Director etc. as the case may be), paid seal with date in all supporting documents and voucher, money receipt/ acknowledgement from payee etc. are mandatory.

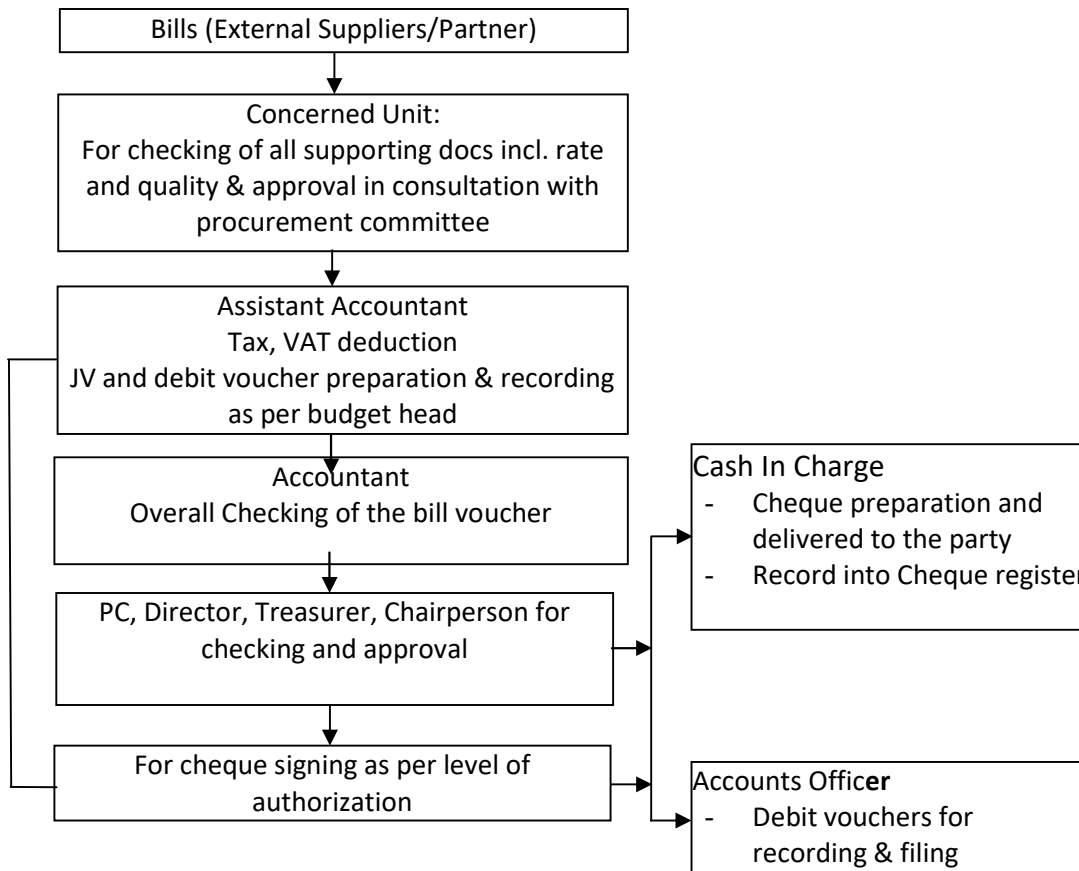
Payments are usually made against purchase of goods and services and transactions related with staffs as per the organizational rules and policy.

### **3.6.8 Payment procedures**

- i. As per table of authority the concerned officer responsible for project or programme will first approve an invoice or bill where the goods or services have been supplied/provided. The concerned programme or relevant section will ensure that the bill has been checked and matches with the requisition, work order, receiving report before forwarding the invoice along with the above documents to Accounts section. While handing over the documents to Accounts section the concerned person must enter all necessary information in the bill register;
- ii. The invoice/bill, voucher and all relevant documents are then forwarded to the Assistant Accountant, who will check the invoice and documents to create liability in the system;
- iii. After doing this the concerned accounts person will then enter the related information in the system with appropriate accounts code to prepare relevant voucher;
- iv. All the documents will then be forwarded to the appropriate level of management (As per ToA) for approval. The management will ensure that all procedural matters have been complied-with and Tax/VAT has been deducted as per Income Tax Rules before authorizing the transaction;
- v. Following approval from the authorized person, he invoice and the voucher along with other documents are then forwarded to the Assistant Account again (as CashIn-Charge) for preparing cheques and also record in cheque register;
- vi. The daily/weekly cheques will then be forwarded to the competent signatory for signature;
- vii. After the cheque is signed, the cheque, voucher, cheque request and invoice are forwarded again to the cashier/Assistant Accountant, who will make entry of the payment in the scroll and arrange for payment;
- viii. All documents are then forwarded to the accountant where necessary entry is made to reduce liability and cash/bank balance in the books of accounts.



**Figure 2: Steps in External Payment**



### 3.7 Receipts Procedures

- a. All cash and cheques will be received by the Cash In-Charge who will inform the Accountant;
- b. All receipts including cash and cheques will be entered in the cash scroll;
- c. The Cash In-charge will prepare money receipts (**Annexure - 09**) in triplicates and forward the cheques /cash along with a copy of money receipt to the concerned accounts personnel for coding and voucher preparation;
- d. The concerned accounts personnel will prepare a credit voucher for each of the transactions and write down appropriate account code on the vouchers, following which the Cash In Charge will prepare deposit slips for bank;
- e. The vouchers, money receipts and cash/ cheque and deposit slips will then be forwarded to the Accountant who will check them and arrange to deposit the cheques /cash in the bank;
- f. The copy of the deposit slip, money receipt and voucher then will be forwarded to the concerned official or make necessary posting in the books of accounts;
- g. At the end of a day the cashier/ Assistant Accountant and Accountant will reconcile daily receipts as per cash book and it will be signed and verified by both Accountant and Assistant Accountant (Cash In-Charge).

### 3.8 Cash Management

MF will maintain cash in hand not exceeding BDT 10,000 (Bangladesh Taka ten thousand only) at the end of the days transactions except the emergency situation. Any amount beyond the limit should be deposited to bank for avoiding fiduciary risk. Exception should be noted and approved by the Director. The above limits may be extended, for the smooth operation of the cost centre with due approval of the Director.

The transactions should be recorded in the Cashbook immediately as and when the payment is disbursed. At the end of the days transaction a Cash Scroll book (**Annexure - 10**) will be maintained to take management decision for reducing the fiduciary risk.

The cash in hand should be physically counted and such counting should be documented (Cash certificate). Cash certificate (**Annexure –11**) should be signed by the Assistant Accountant and Accountant on daily basis. The higher authority should make surprise checks of cash in hand.

The **Imprest Petty Cash** will be maintained Administration Section. The maximum limit of petty cash Tk. 10,000 per project and the expenses for petty cash will not exceed BDT 3,000.00 (Bangladesh Taka three thousand only) per transaction. The expenses which can be borne from petty cash fund are:

- a. Local travel and conveyance;
- b. Gasoline/fuel and minor maintenance of motorcycle and other equipment;
- c. Purchase of stationery including computer accessories, consumable stores;
- d. Communications
- e. Entertainment; and
- f. Minor office maintenance among others.

Any disbursement from petty cash must be pre-approved by the respective department/unit head. All transactions should be recorded in the Petty Cashbook (**Annexure - 12**). When the petty cash balance runs low, a cheque payable to the petty cash custodian should be made out of the general cash for the reimbursement of the petty cash. The cheque should be for the exact amount of the total of pre-numbered vouchers that are submitted as evidence of expenditure. At the end of week the custodian of petty cash will prepare a statement as per Format. The Assistant Accountant will check the statement and attached vouchers; and cancel them to prevent any future use. Once the statement is checked and verified, it will be forwarded to Accountant for approval. The voucher along with the statement then will be forwarded to the Assistant Accountant again for record in the system and payment process.

### 3.9 Managing Bank Accounts

#### 3.9.1 Types of Bank Accounts

The basic principles followed by MF to open and operate bank accounts in its ordinary course of business included the followings:

- a. Bank accounts will be opened only on the basis of organization need and development partners' requirement;
- b. Decision as regards opening of bank account will be pre-approved by the Executive Committee;
- c. The Executive Committee of MF will try to obtain the best possible service for least possible cost while selecting a bank;

- d. In taking decisions the rationale for selecting a bank will be discussed in detail in the EC meeting;
- e. The EC will select individuals as designated cheque signatories and unless any special circumstances, it will require signature of at least two signatories.

MF operates three different types of bank account namely (i) Mother Account, (ii) Project Account, (iii) Other Account. The Mother Account is the statutory requirement of the NGO Affairs Bureau. All foreign donations irrespective of source will be credited to the Mother Account for tracking foreign donations. The project account is maintained for tracking transactions under specific project in a transparent manner. In addition, MF will maintain separate bank accounts for different purposes, namely, Provident Fund (?), Gratuity Fund (?), deferred benefits (?), Old Home Fund (?), and other non-project interventions. MF can also maintain numbers of bank accounts for managing its Capital Fund/General Fund and other resources as decided by the Executive Committee.

Bank accounts, as far as possible, will be an interest-bearing (i.e. Savings Bank Account or Short Notice Deposit Account or Fixed Deposits). The bank accounts of the organization should be operated jointly as approved by the Executive Committee of MF as noted under **Section 3.9.3** below. Calculation of bank interest and bank charge should be verified by the Accountant time to time. Separate *Cheque Register* should be maintained by the Assistant Accountant for each and each of the bank accounts in prescribed format (**Annexure-13**). Cancelled cheques should be recorded in the cheque register and retained with the cheques counterfoil.

### **3.9.2 Bank Account Reconciliation**

Reasons of difference between bank balances as per cash/bank book and bank statement included the followings:

- i. Cheque issued but not presented to bank for collection;
- ii. Deposited by bank but not accounted for in the cash book;
- iii. Interest credited by bank but not accounted for within the period;
- iv. DD/cheque deposited to bank but not collected/credited;
- v. Bank charge/duty/commission/levy debited by bank but not accounted for within the period.

In order to reconcile the difference of balances as per cash book and bank statement due to reasons stated above. Specimen of Bank Reconciliation Statement has been incorporated in this manual (**Annexure-14**). If any difference between bank book and bank statement, Bank Reconciliation Statement will be prepared by the Accountant on a monthly basis. Bank reconciliation statement should be reviewed by the Internal Audit Committee and to be approved by the Director.

### **3.9.3 Bank Signatories**

The bank accounts will be jointly operated by at least two officials among Accountant, Project Coordinator, Director, Treasurer or Chairperson. The table of signing authority is as follows:

<u>Limit</u>	<u>Signing Authority</u>
Up to BDT 50,000	Jointly signed by any two among Accountant, Project Coordinator, Director
Above Tk 50,000	Jointly signed by any two among Director, Treasurer or Chairperson of which Director is mandatory.

The authority for signing may further be delegated, if required, with due approval of the Executive Committee of MF.

### 3.10 Financial Implication of Personnel Policy

#### 3.10.1 Payment of Salary

The Accountant is responsible for the whole process of preparation and payment of salary in consultation with Admin Officer. Salary of all project staff is transferred from the respective project account to the salary account on the basis of systematic salary statement. All payment of Salary is made through bank transfer to employee's individual Bank account. All deferred benefit or deductions are made from salary at source. All rules and regulations of Human Resource policy will be followed by Finance and Accounts section for payment of salary. The following deductions are made from each monthly payment:

- i. Deduction of income tax at source from the staff having taxable income;
- ii. Employee's contribution to provident fund (10% of basic salary);
- iii. Deduction against advance payment or any other reason;
- iv. Any other deduction as per policy

The payment of salary will be made as per approved salary structure of MF.

#### 3.10.2 Fringe benefits

- i. All regular staff is entitled to House Rent, Medical and Conveyance Allowance, 10% Employer's Contribution to PF and Gratuity (one month basic salary per year);
- ii. All confirmed regular employees of MF are entitled to two festival bonuses equal to two months basic salary in a year. *Non confirmed staff who are on probation/contractual will be entitled for festival bonus on a pro-rata basis.* For further detail please refer HR Policy;
- iii. In case of project staff, the fringe benefits will depend on agreement between MF and development partners.

#### 3.10.3 Other benefits

##### a. Transport

- i. Employees of MF from ...(Managerial & Project staff)..... and above level are entitled to use MFs Motorcycle /Vehicle for official purpose only. However, other staffs are allowed to use office motorcycle/vehicle for meeting or any official urgency.
- ii. Director is entitled to fulltime transport including fuel cost, servicing and repairs & maintenance cost which will be borne by MF.
- iii. Any project employee allotted a Motorcycle for accomplish the project interventions are strictly use for official purpose only. Personal use of such motorcycle will be highly discouraged. Management will review the log-book of such motorcycle time to time to confirm such use.

##### b. Telephone

###### i. Land Phone:

The local telephone call should be restricted to urgent matters only and should not extend to personal dialogue. Occasional and brief personal local call is acceptable. NWD and ISD calls during office hours should be made through the admin section. All personal NWD and overseas call will be adjusted from the salary of the concern staffs.

###### ii. Mobile Phone:

Confirmed Staff will be allowed residential telephone/ mobile phone allowance, if considered essential. Limit of such telephone bill (land phone/mobile phone) allowances are given below:

Staff Position	Amount in Taka BDT
	(Monthly)
Director	1000.00
Project Coordinator	800.00
Manager	600.00
Supervisor	500.00
Accountant	500.00
Field Staff	400.00

- Apart from the allowances, staff will be entitled to refill a certain amount into his/her mobile phone through admin section in case of s/he is assigned to implement a specific program but prior approval is needed from his/her section/project head.
- Mobile bill as per mentioned limit will be submitted to the Admin Section within 7 working days of each calendar month and a statement of mobile bill will be prepared on the basis of submitted bills by the Admin Section in each month. The statement will be forwarded to Finance Section after proper approval. The Finance Section will pay to the concerned staff within next 3 working days. If any staff fails to submit the bill within the time frame, s/he would be allowed to submit the bill in the following month but consecutively not more than three months.

#### **3.10.4 Payment of Overtime Allowance**

Overtime allowance will be admissible as per **HR Policy (Section-XX)** to the employees of grade XX (Support Service Staff and drivers, if any) only. The calculation of over time per hour given below:

- i. Single basic on the hours worked on any working day in excess of the employees established working hours mentioned in HR Policy. Formula :  $(\text{Basic salary} \div 20 \text{ days}) \div 8 \text{ Hours}$ ;
- ii. Overtime rate will be double  $(\text{Basic} \times 2)$  the hours worked on holidays (Weekend and Public holidays). Formula:  $[(\text{Basic salary} \div 20 \text{ days}) \div 8 \text{ Hours}] \times 2$ .

All overtime request (**Annexure –15**) and claim shall be submitted to the Admin Section for checking and approval. The Admin Section will forward the claim to the Accounts Section for payment with the following month's salary.

Support staff/Driver will not be entitled to overtime allowance for more than **40 hours** in a calendar month to comply with the labour law. Overtime allowance and per-diem allowance are not payable simultaneously for the same date.

#### **3.10.5 Payment against Provident Fund**

MF will maintain a recognized provident fund for all eligible staff members. The employee will contribute each month @10% of monthly basic pay. The organization will also contribute equal amount of employees' contribution i.e. @10% of employee's monthly basic pay. MF Contributory Provident Fund Trustee Board will administer Provident Fund account. Trustee Board will be responsible for maintaining separate books and records for MF Contributory Provident Fund Account. This fund will be governed in accordance with the Deed of Trust and provisions of Income Tax Ordinance 1984 as amended/to be amended from time to time.

Any confirmed employee is entitled to receive the benefits of Provident Fund. If any member voluntarily resigns or retires or redundant or dismiss from MF service, the employee will be entitled to receive the benefits including profit from this fund is given below:

**Table-2: Payment against Provident Fund Contribution**

Length of PF Membership	Resignation		Redundancy/ Retirement/ Terminate		Dismissal for Misconduct	
	Self-Contribution	MF Contribution	Self-Contribution	MF Contribution	Self-Contribution	MF Contribution
Less than 2 year	Full amount	Nil	Full amount	Nil	Full amount	Nil
2 year or more but less than 3 years	Full amount	Half of contribution amount	Full amount	Half of the contribution amount	Full amount	Nil
3 years or more	Full amount	Full amount	Full amount	Full amount	Full amount	Nil

The amount of organization's contribution to provident fund will be treated as a part of staff benefit.

### **3.10.6 Payment of Employee Gratuity Fund**

MF makes provisions for Employee Gratuity Fund, on the basis of one month's basic salary for each completed year's service for each permanent employee (based on the latest basic salary). Gratuity is to be disbursed upon retirement/ resignation/ redundancy of employees.

Gratuity benefit, if built up in the approved budget, will be equal to one month basic pay for completion of each year of service. For gratuity calculation will be made applying the following formula:

$$= \text{Length of service in complete years} \times \text{last basic salary}$$

For fractional period of the year, monthly payment of gratuity will be made on monthly pro-rata basis.

A confirmed staff will be eligible for gratuity from the date of joining to resignation/ retirement/ redundancy or termination. Gratuity entitlement is determined as per provision of the HR policy and *MF Gratuity Fund Trust Deed*.

If the post is abolished or the project is closed, the employee will be entitled to gratuity benefit irrespective of the period of his/ her service with MF. Employees will get gratuity benefit on the basis of last drawn basic/gross pay as applicable. Gratuity provision is made on a monthly/quarterly basis through Journal Voucher which prepared by the Accountant, reviewed by the Internal Audit Committee and approved by the Director.

### **3.10.7 Leave pay and Leave without pay**

If a staff leave the organization without enjoying accumulated earn leave and compensatory leave, s/he will be entitled leave pay considering an average 20 working days per month.

Calculation Method:

- Gross Salary/20X leave balance (number of days)

Similarly, if a staff takes leave in excess of entitlement proportionate amount is deducted from his or her gross salary. Leave will be calculated for the working days only i.e. leave without pay will be counted from the starting date of his/her leave till the date of his/her joining excluding leaves entitled and weekends and any public holidays. 20 standard days per month will be considered for such calculation as well.

Calculation method:

- Gross Salary/20 X extra leave enjoyed (number of days)

**Note: Basis of calculation based on 20 days per month:**

*There are 365 days in a year. There are 52 weeks and considering 2 days week-end there are 104 days week ends. In addition there are 18 government holidays per year. Consequently total working day per year stands at (365-104-16)= 243 days. So there are (243/12)=20.25 standard working days per month.*

### 3.11 Traveling & Daily Allowances

Employees, Executive Committee members and stakeholders of MF, due to the job reasons, required to travel outside their office/posting place within or outside the country for field visit, training, exposure visit, meeting, and workshop or for any other official business. The travel and daily allowance consist of (i) Travel Cost incurred for use of public transport, (ii) Perdiem for food and accommodation, (iii) pocket money.

#### 3.11.1 Travel Cost

All concerned, including Employees, Executive Committee members and stakeholders of MF are entitled to actual travel expenses incurred on public transport unless they use Motorcycle or vehicle provided by MF. In case of group travel MF authority may consider hiring rent a car to ensure smooth travel and maintain group harmony.

#### 3.11.2 Daily Subsistence Allowance (DSA)/ Perdiem

An employee or authorized person when travelling outside workstation shall be entitled to receive **Daily Subsistence Allowance (DSA)/ Perdiem** as decided by MF Management time to time that will include hotel/accommodation, food (meal and snacks) and water, newspaper and some incidental cost.

If the cost is sponsored by the development partner or other organisation who are inviting or sponsoring the cost, guidelines provided by such institutions needs to be followed. In case of potential deficit of such sponsored cost should be consulted prior to the travel and the Director reserve the right to accept that bill or not.

In case of emergency or special circumstances management can decide on the basis of the merit of the case but that should not be considered as the practice.

Proportionate rate for Perdiem shall be calculated as follows:

<b>Hour's</b>	<b>%</b>
08 to 12 hours	50%
12 to 18 hours	75%
18 to 24 hours	100%



If the travel required by other categories of employees not covered by the above rules, viz.: Advisors and Consultants, they will be paid at actual or the cost determined by the Director.

In special circumstances, during travel within the country, if an employee (male or female) needs to take infants up to 2 years of age for survival reasons, s/he will be allowed to do so but the cost for the baby and attendant (if any) shall have to be borne by the employee.

MF encourages sponsored overseas travel for its employees. In case of unsponsored travel MF will bear the basic cost that include air travel, visa and processing fees, travel insurance (if required), local travel, accommodation with complimentary breakfast, food and pocket money. In case of air travel MF will allow the economy class. With regard to accommodation MF prefer to stay in the same hotel where the training/event will be held or conference venue or convenient facilities nearby as approved by the MF management prior to the travel.

### **3.11.3 Pocket money**

In case of overseas travel MF authority may allow maximum of USD 15 per day as pocket money where the sponsoring organization provides only the food and accommodation.

### **3.11.4 Travel Procedure**

- (i) Whenever an employee intends to undertake any official trip, he/she must fill up the Travel Authorization Form specifying purpose, destination, and time/date of departure and expected time/date of return/arrival with his/her signature (**Annexure - 16**);
- (ii) The proposed travel/trip should have the approval of the competent authority;
- (iii) A Movement Register (**Annexure - 17**) will be filled up by the concerned employee by mentioning date and time of departure, destination(s), purpose and expected date of return after obtaining of due approval from the authority;
- (iv) After returning the concerned employee will sign on the register again along with remarks, if any. While submitting the Travel Bill (**Annexure - 18**) the employee shall have to submit the approved request form along with the travelling bill;
- (v) For overseas travel, the concerned staff will inform the HR & Administration well in advance with relevant documents and the Director's approval/consent for processing the commitment letter/agreement (if any) and settle other official matters. The person visiting abroad will be responsible for providing valid Passport;
- (vi) Where necessary, MF will give travel advances through a voucher to the staff travelling within or outside the country. The travel advances will be determined case-by-case depending on destination as well as duration and anticipated expenses;
- (vii) The Director shall approve advance in overseas travel. The advance has to be adjusted within 7 working days of returning from the visit/upon receipt of the reimbursement. However, in case of travel of Director, both travel authorization and expenditure will be authorized by any one among the Chairman, Vice-Chairman or Treasurer;
- (viii) Upon returning to office, employees are required to submit travel expenses report (along with the vouchers/ bills, if applicable) using Prescribed Form to the Accounts section with approval of the competent authority along with at trip report;
- (ix) The Accounts section can raise point to reimburse mentioned amount if the required rule & procedures are not followed.

### **3.12 Advances**

MF allows advance for the following purposes:



- Advance to staff against procurement and programme expenses
- Advance to third party/consultant/technical experts
- Advance to partner NGOs
- Advance to staff against salary

To manage the advance MF management will follow the procedure stated below:

- A regular/project employee can take advance to bear organization approved procurement or programme expenses. The Project Coordinator or the Director or any other authorised official as per Table of Authority can approve such advances.
- A prescribed form will be used for advance requisition and application for advance (**Annexure - 19&20**)
- Advance should be adjusted within 30 days of receipts of advance;
- A new advance will be allowed to an employee, only up-on adjustment of prior advances, if any. However, in special circumstances that can be relaxed by the authorization of Director.
- The balance of all types of advance will be settled compulsory at the end of fiscal year. But if the duration of advance will not end at the end of fiscal year, these types of cases can be solved by the approval of Director. Accounts section will maintain a register to track advance and provide the management an Aging Report of Outstanding Advances (**Annexure - 21**) and follow it up with concerned personnel time to time;
- The option will be allotted to give advance without project/organizational staff to bear expenses.
- The accounts section will maintain a statement advance and notify concerned employee immediate after expiry of the duration and they will notify by email fortnightly until the advance is settled.
- In case of non-response by concerned official, the accounts section can deduct the amount form the employee's salary. In case of large amount such deduction can be made by instalments as authorized by the Director.

Sometimes advances are given to the third party/consultant/technical experts. The amount of advance and terms of adjustment are agreed between MF and the third party as per MoU before an advance is given.

Advances are given sometimes to the Partner NGOs to meet the program expenses. The amount of advance and terms of adjustment are agreed between MF and the partner NGOs as per MoU. Advance to partner NGOs is adjusted upon submission of bills and vouchers.

### **3.13 Advance/Loan to employees against salary**

Confirmed employees are entitled to draw one -month's salary as advance in special circumstances. The concern staff will apply using specific form for Advance against Salary (**Annexure-22**) and gets own department's recommendation and approval of the Director before submitting it to the Finance Section. Such advances should be repaid with 12 equal instalments from the following month.

An employee who is member of the Provident Fund are also eligible to take loan form the Provident Fund which will be govern by Provident Fund Trustee decision and MoU with Contributory Provident Fund Trustee and MF management. The finance and accounts section will deduct the instalment along with interest as per rule.

## 4 FINANCIAL ACCOUNTING AND REPORTING

### 4.1 General Framework

This *General Framework* sets out the concepts, principles that underlie the preparation and presentation of financial statements of MF.

#### 4.1.1 Underlying Assumptions

Normally, three assumptions underlying the preparation and presentation of financial statements are the, (i) going concern,(iii) consistency, (i) accrual. The going concern refers to the organisation is expected to continue for an indefinite period. The consistency refers to every year the same process is followed; in case of any deviation, notes have been given to the financial statement for such change along with implications. The Accrual refers to a specific period of transaction whether is paid or not. MF follows the Accounting Year from 01<sup>st</sup>July to 30<sup>th</sup>June (of the following calendar year). However, if a project has different period, the project period will prevail.MF will prepare consolidated financial statements for the period July to June basis which will be presented to the Annual General Meeting after audit.

#### 4.1.2 Qualitative Characteristics of Financial Statements

Qualitative characteristics are the attributes that make the information provided in financial statements useful to users. According to this *Framework*, the four principal qualitative characteristics are:

- Understand ability
- Relevance
- Reliability
- Comparability

#### 4.1.3 Financial Principles:

It is a principle of MF that its transactions recording and reporting will meet the law of land and Generally Accepted Accounting Principles (GAAP). MF is aiming toward adopting International Accounting Standards as applicable in Bangladesh in long run.

#### 4.1.4 General Recognition Principle

An item that meets the definition of an element (the 5 universal elements are asset, liability, income, expense, equity/capital fund) should be recognized (i.e., incorporated in the financial statements) if(i) It is probable that any future economic benefit associated with the item will flow to or from the entity; and (ii) The item has a cost or value that can be measured with reliability.

#### 4.1.5 General Measurement Principle

The most common measurement basis in financial statements is historical cost, but that other measurement bases are also used, such as current cost, realizable or settlement value, and present value in case of need as decided by the management.

### 4.2 Financial Statements

The financial statements prepared for MF will identify its primary programs and their costs, disclose the control of development partners over the use of assets, and help the user to evaluate the organization's ability to accomplish its objectives.

MF will prepare the following financial statements:

- a. Statement of financial position
- b. Statement of Income and Expenditure

- c. Statement of Receipts and Payments/Cash flows
- d. Statement of Changes in net Assets
- e. Notes to the accounts / financial statements

#### **4.2.1 Basis of preparation of Financial Statements**

MF prepares and presents the financial statements in accordance with the GAAP. In selected areas MF also comply with IAS/IFRS as adopted by ICAB. MF maintains its books of accounts and records on the basis of programme or project, that is, each project is looked upon as a separate accounting entity having separate set of books. MF's accounting records and financial statements are maintained and presented in accordance with the principles of funds accounting. This is the procedure by which resources are classified for accounting and internal reporting into funds established according to their nature and purpose.

#### **4.2.2 Significant Accounting Policies**

MF follows a Modified Accrual basis of accounting, which is a Combination of Cash and accrual method. Income are accounted for on Cash basis while expenditures on accrual basis. Fixed assets are capitalised and depreciation are being charged on straight-line method within the project period in accordance with the methods discussed in the respective section. Inventory is deemed to be expensed as and when procured, since inventory predominantly consists of consumable items and advances are accounted for on accrual basis and booked as expense as the Statement of Expenditure (SOE) or bills are submitted. Some significant accounting policies followed in the preparation and presentation of these financial statements are summarized below:

##### **a. Fixed Assets**

Items of Fixed Assets, particularly the property, plant, equipment and furniture & fixture are recognized where it is probable that future economic benefits will flow to the entity and their cost can be measured reliably.

##### Measurement and recognition

An item of fixed assets qualifying for recognition is initially measured at its cost. The cost comprises of (i) purchase price, including all non-recoverable duties and taxes but net of discounts, and (ii) costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

##### Subsequent Costs

- Repairs and maintenance expenditure is recognized as expenditure incurred time to time.
- A replacement part is capitalized, provided the original cost of the items they replace is derecognized.

##### Depreciation

Depreciation is an application of the accrual concept. Its objective is to charge to operating expenditure of using fixed assets in each period, so that the end of its useful life the whole of the cost has been written off.

MF follows *Straight Line Method* of depreciation, i.e. there is a constant charge each year, on the assumption that equal amounts of economic benefit are consumed in each year of the assets estimated useful life. If any residual value is considered for an asset on its expiry of expected life, the value is deducted from the cost to arrive at the depreciable amount. It is MF's principle that a notional amount (i.e. BDT 1.00) is considered residual value after the estimated useful life for recognition of the assets. Depreciation is expressed in terms of

percentage of cost of the related assets. The list of fixed assets and related depreciation rates are given below:

<b>Asset Type</b>	<b>Depreciation Rate %</b>
Land	Not applicable
Building	As per decision of MF management or Income Tax Rule.
Furniture & Fixture	15
Office Equipment	20
Computer and related accessories/equipment	33.33
Vehicle	20

However, if any fixed assets are purchased under a donor supported project, it is assumed that the estimated useful life of such assets will end at the end of the project and there will be BDT 1.00 residual value of such assets for ensuring recognition of the assets even after the project period. MF will ensure use of such assets for development purpose until the disposal of such assets.

#### Disposal of Fixed Assets

An item of fixed assets is removed from the statement of financial position when it is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss on the disposal of an item of Property and Equipment is included in the statement of income of the period in which the de-recognition occurs. For selling the asset, prior approval is required from appropriate authority.

#### Transfer of Fixed Assets

Sometimes fixed assets are transferred from one office/project to another for various purposes. Usually the item of fixed assets is transferred at *Written Down Value (WDV)*.

#### **b. Capital work-in-progress**

Property & equipment under construction/ acquisition have been accounted for as capital work-in-progress until construction/ acquisition is completed and measured at cost.

#### **c. Intangible Assets**

##### Recognition

An intangible asset is recognized if it is probable that future economic benefits from the asset will flow to the entity and the cost of the asset can be measured reliably. Cost comprises of:

- Purchase prices (including duties & non-refundable taxes).
- Directly attributable cost of preparing the assets for its intended use.

##### Amortization

An intangible asset with a finite useful life is amortized over the period.

#### **d. Provision and other liabilities**

Provisions are recognized when MF has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

- Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.
- If a transfer of economic benefit is no longer probable the provision should be reversed.
- Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure required to settle the obligation.

**e. Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with (i) supplier/vendor, (ii) partner organization, (iii) concerned Government agencies, and (iv) amount due to employees.

**f. Foreign Currency Translation**

MF maintains its books of accounts in Bangladeshi Taka (BDT). Transactions in foreign currencies are recorded initially at the spot rate of exchange at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Bangladeshi Taka at exchange rates prevailing at that date and any gain or loss is recognized in the income statement.

**g. Cash & Cash Equivalents**

Cash and cash equivalents for the purposes of the statement of cash flows comprise cash and bank balances and fixed deposits.

**h. Revenue Recognition**

Donor Grants

Income from donor grants is recognised on the Income approach as recommended in IAS 20. Income is recognised when conditions on which they depend have been met and income is recognized to equate to expenditure incurred on the project (IAS 20, Para 12). For donor grants provided to purchase fixed assets, income is recognised over the estimated useful life of the fixed assets (IAS 20, Para 24). Donor grants received in-kind, through the provision of gifts and/or services, are recorded at fair value.

Interest on bank accounts, fixed deposits

Revenue is recognized as the interest accrues unless collectability is in doubt.

Other income

All other income is recognized when MF's right to receive such income has been reasonably determined and all conditions precedent are satisfied.

Expenses

Programme related expenses arise from goods and services being distributed to beneficiaries in accordance with the program objectives and activities. MF overhead expenses are allocated to the project at a rate based on agreement with donors.

**i. Accounting Period**

Generally MF shall follow the Fiscal Year as its accounting year i.e. from 01 July to 30 June (following calendar year) for preparing its financial statements for the organization as a whole, but the project-wise accounting period may be different. The accounting period of the projects/programme shall be in accordance with the agreements with the Donors or in accordance with the requirement of NGO Affairs Bureau.

### 4.3 Donor Fund

MF's major projects are financed by donor grants. As per IAS-20 (Accounting for Government Grants and Disclosure of Government Assistance), accounts for the donor funds through the following account heads:

- Donor fund - Grant received in advance
- Donor fund - Investment in fixed assets
- Donor Grants

#### 4.3.1 Donor Fund - Grant Received in Advance

All grants irrespective of their nature and purpose are credited to this account. Later funds are transferred to other accounts according to use. However, in case of foreign donation, a separate mother account needs to be maintained to comply with the NGO AB directives.

#### 4.3.2 Donor Fund - Investment in Fixed Assets

When the donation is used for buying fixed assets or construct building, the fund is transferred from 'Grant Received in advance' to 'Donor fund - Investment in fixed assets'. This is treated as deferred income. At year-end income is recognized from this fund to the extent of depreciation.

#### 4.3.3 Donor Grants

All recurring expenses related to donor fund except the above mention one, incurred during the period, are transferred as income in the statement of Income and Expenditure from 'Grant Received in Advance' to 'Donor Grants' account.

#### 4.3.4 Project Completion

When a phase of a project ends, the unutilized donor fund, if any is treated according to the terms of the agreement. If any refunding clause exists in the agreement, the fund is refunded to the donor. Otherwise the remaining balance is used for new phase of the project or, if there is no new phase, for a similar project.

*Note: Unless exceptional cases NGO AB discourage any refund to the donor.*

### 4.4 Accounting Model

#### 4.4.1 Basic Accounting Equation:

All accounting transactions and statements are based on the following accounting formula:

$$\text{ASSETS} = \text{LIABILITIES} + \text{EQUITY}$$

$$\text{i.e. } A = L + E$$

- Assets** are defined as resources of an entity. They are any owned physical object (tangible) or right [intangible] having economic value to its owner.
- Liabilities** are defined as claims against assets or debts owed to another entity. It is an amount owned by one person to another payable in money or goods and services.
- Equity** is defined as residual ownership of assets after claims and debts (liabilities) have been settled. RULE: Any change on the left side of the basic accounting equation,  $A = L + E$ , must result in changes on the right hand side of the equation and vice versa.

$$\text{ASSETS} = \text{LIABILITIES} + (\text{EQUITY} + [\text{REVENUE} - \text{EXPENSES}])$$

- d. **Revenue** is defined as net inflows of resources that effect equity arising from services rendered. It is also known as an inflow or enhancement to assets that have been earned by the organization.
- e. **Expenses** are defined as net outflows of resources that effect equity as a result of MF's attempt to earn the revenue. It is usually defined as outflows or other exhaustion of assets or incurrence of liabilities (or a combination of both) during a period from delivering or rendering services, or carrying out other activities that constitute MF's purpose of being.

#### 4.4.2 Rules for Determining Debit and Credit

The basic rule, which must always be observed, is that every financial transaction gives rise to two accounting entries, one a debit and other a credit. The total value of debit entries in the nominal ledger is therefore always equal to the total value of credit entries. The following rules are to be followed to determine the debit and credit entries:

- A debit entry will :
  - Increase an asset
  - Increase an expense
  - Decrease a liability
  - Decrease capital
  - Decrease income
- A Credit entry will:
  - Decrease an asset
  - Decrease an expense
  - Increase a liability
  - Increase capital
  - Increase income

#### 4.5 The Accounting Cycle

The Accounting Cycle of MF refers to the process of accounting, The major steps of such process are:

- Recording (through vouchers);
- Analysing (through General Ledger); and
- Summarizing (by Financial Statements).

To complete the accounting cycle, which usually takes place within one fiscal year, can be summarized as follows:

- Transaction documents, such as invoices, purchase orders, payroll sheet, bills, money receipts, credit or debit notes;
- Transaction analysis, such as account head, code of accounts/budget line determination;
- Journal entries through debit, credit and journal vouchers;
- Posting to ledgers;
- Trial Balance;
- Adjusting entries;
- Financial Statement preparation;

#### **4.6 Basic features**

Double entry system is adopted to reflect accounting transactions properly in the books of accounts. Sequentially numbered pre-printed money receipt, challan, indent and other accountable forms shall be used to control and facilitate the recording of transactions. Journal voucher, debit voucher, credit voucher and transfer voucher number will be generated when those are entered in the system or recorded in the concerned books of accounts.

The accrual method of accounting is used to ensure the proper matching of revenues and expenses and a realistic financial picture of MF. Under this method, revenues and expenses are recorded in the period they are earned or incurred; not in the period they are collected or paid.

Chart of accounts simplifies the recording of transactions but at the same time provides meaningful financial information to management. The numerical accounting code has been designed in a manner so that accounts could be maintained and easily classified using computer aided spreadsheet.

The accounting process covers general accounting systems which is consists of all the financial activities of MF. The system is introduced by being initiated at the basic data source, at the lowest level of transactions in terms of receipt of fund and expenditure for revenue and capital, acquisition of assets, entry for amounts receivables and payables, long term and short term liabilities, deferred income and expenditure. The accounts will be prepared on generally data originated through three cash vouchers namely (i) credit voucher, (ii) debit voucher, (iii) Transfer voucher and one and one non-cash voucher namely journal voucher (**Annexure –23, 24, 25, & 26**).

#### **4.7 Types of Voucher**

The postings to the general ledger accounts may come from any and all of the following books of original entries, the records in which the business first records transactions.

##### **4.7.1 Credit Voucher**

Voucher designed to use for recording of all receipts in cash or through bank. This voucher shows name and address of the organisation/ person from whom the fund is received, account code (classification), program/project code, explanation of receipts, receipt documents reference etc.

##### **4.7.2 Debit Voucher**

Voucher designed to use for recording all payments made in cheque and cash. This voucher shows name and address of payee, purpose of payment, account code (classification), program/project code, explanation of receipts, receipt documents reference etc.

##### **4.7.3 Transfer Voucher**

This will be used for any transaction between cash and bank withdrawal, deposits, transfers.

##### **4.7.4 Journal Voucher**

This will be used for any non-cash transactions, as well as for adjustments, corrections, etc. Following transactions may be recorded on journal vouchers:

- a. To record revenue/ grants/ contribution receivables.
- b. To record expenses, payables transactions.
- c. For payroll summary posting with a credit to accrued payroll.
- d. To record adjustments, depreciation, provision, corrections/rectification entries



All entries (recurring and nonrecurring) that originate from vouchers should be supported with source documents, such as

- Invoice
- Purchase Order
- Payroll sheet
- Depreciation Calculation Sheet
- Contract/ agreement
- Material Receiving Report (MRR)
- Credit Notes
- Money Receipt
- Cash Book
- Bank Book
- Petty Cash Statement

Certain entries, called recurring journal entries, are made every period. These entries include, but are not limited to, the following:

- Depreciation of fixed assets
- Amortization of prepaid expenses
- Amortization of deferred grants
- Accrual of interest expense on loans that are not paid within each accounting period
- Accruals of interest income
- Amount of loans become due

Nonrecurring adjusting journal entries must be prepared and posted by Accounts Officer after approved by Director. Nonrecurring adjusting journal entries include, but are not limited to, the following items:

- Correction of posting errors
- Accrual of income and expense items
- Recording of noncash transactions

All cash and bank transactions will be recorded in the Cashbook and then the transactions will be classified and transferred to the general ledger. After posting to the general ledger, the control accounts will be re-totaled to reflect the new balances. The general ledger accounts will then be re-added to determine that the trial balance is in balance after the posting from journals.

From trial balance, financial statements will be prepared on a periodic (monthly, quarterly, half yearly, annually) basis.

There should be some separation of responsibilities so that either accountant or Assistant cannot complete the entire accounting cycle. It would be preferred the Accountant will lead the process after the trial balance is prepared.

#### **4.8 Books, Forms and Registers**

- a. Separate sets of books and records for each and every project to be funded by separate donors to be maintained with the use of separate program/ project code;
- b. Financial reports for each project shall be separately prepared, and consolidated financial statements shall be prepared in order to reflect the state of affairs and results of the activities for MF as a whole;

- c. Finance personnel ensure proper maintenance of accounting and financial records, documents and other essential records, their protection from damage (by fire or other means) and unauthorized access or removal;
- d. Day to day transactions is recorded in the various books, forms and registers. A brief list of such books, forms and registers included the followings:
  - i. Cash & Bank Book
  - ii. Ledger Book
  - iii. Advance Register
  - iv. Fixed Assets Register
  - v. Register for Outstanding liabilities
  - vi. Leave Register
  - vii. Salary Register
  - viii. Stock Register
  - ix. Money Receipt
  - x. Travelling Bill Form
  - xi. Cash Requisition Form

## 4.9 Reports

As per requirement of stakeholders and regulatory bodies, the following reports will be produced by the MF Management:

### 4.9.1 Donor Reports

The Finance & Accounts section/ department generates various financial reports and statements for Donors that include:

- i. *Quarterly Financial Report*  
This report is prepared project-wise at the end of each quarter. It contains budget, actual expenditure and analysis of budget variance for the quarter.
- ii. *Half-Yearly Financial Report*  
This financial report is prepared at the end of six months of each project. It contains budget, actual expenditure and analysis of budget variance for half year.
- iii. *Yearly Financial Report*  
This financial report is prepared at the end of each year. It contains budget, actual expenditure and analysis of budget variance, Receipt & Payment Accounts, Income statement/Statement of Income & Expenditure & Balance Sheet/Statement of Financial Position.
- iv. *Project/Phase End Financial Report*  
This financial report is prepared at the end of the project. It contains budget, actual expenditure and analysis of budget variance, Receipt & Payment Accounts, Income statement/Statement of Income & Expenditure & Balance sheet/Statement of Financial Position
- v. *Other Financial Report as required.*
- vi. *Project wise narrative /Progress report:*  
Project wise narrative /Progress report is prepared by Program personnel, unless otherwise agreed, the Project Coordinator/focal person, at the end of each quarter or the period agreed with the development partners/donors.
- vii. *Other report:*  
Other narrative reports as required by the donors or donor agency representatives.

#### **4.9.2 Reports for External Evaluators**

MF implements various types of projects and many donor agencies are involved with such process. Each year several evaluation teams may come to the organization for evaluating projects on behalf of the donors. Thus to fulfil the evaluators' requirements different kinds of analysis and reports are prepared.

#### **4.9.3 Statutory Reports**

Statutory reports are prepared as per requirements of the law of the land and registration authority. Some of these are required by the constitution of the organization while some are legal requirements. Two such reports are Auditors Report and Annual report.

The NGO AB enlisted Chartered Accountancy Firm is appointed, as approved in the AGM, for audit of financial statements while a team under the supervision of the Director prepare the Annual Report of the organization. Both the documents need to be approved by the General Body of MF in its Annual General Meeting.

MF publishes the Audited financial statements and the Annual Report, as approved by the Executive Committee and Annual General Meeting through its website.

#### **4.9.4 Project-Wise Report for NGO Affairs Bureau**

Submit financial reports (i.e. Balance Sheet, Statement of Income and Expenditure, and Statement of Receipts and Payments), Auditor's certificate (FD-4) along with the Statement of Budget Variance as prescribed in format for each donor-funded project to NGO Bureau as per project period.

#### **4.9.5 Reports for National Board of Revenue (NBR)**

MF requires submitting income tax return for National Board of Revenue (NBR) for each year along with annual financial statements. VAT return is submitted to NBR on a monthly basis.

#### **4.9.6 Reports for the Upazilla Nirbahi Officer (UNO) and the Deputy Commissioner (DC)**

MF ensure involvement of concerned government official in the planning phase of the project and also report back to the UNO and DC time to time as per standard requirements. The Project Coordinator or Focal Point is responsible to ensure timely reporting to the local authority with support from the Finance & Accounts section.

The Director or his/her representative will join the monthly coordination meeting on a regular basis and submit the activity and budget utilization report on a monthly basis. The Accountant is responsible to ensure timely availability of data or report in the prescribed form. Moreover, Audit report, Copy of FD-6, NGOAB Clearance Certificates and other relevant documents are required to submit to the DC office on yearly basis or as per project period for their clearance.

#### **4.10 Computer System Backup Procedures**

Although MF maintains its accounts in manual system, but there are numbers of important financial information prepared using the computer. The Accountant will ensure monthly back-up of data from the computers used by the finance and accounts section on CD/DVD.

To avoid theft or damage by fire, the copy should be kept outside the Head Office. However, these files should be passwords protected to maintain confidentiality. Any breach of confidentiality will not be acceptable.



## 5 FIXED ASSETS MANAGEMENT

### 5.1 Scope of Fixed Asset Management

Fixed assets are durable and reusable nature assets those has relatively longer useful life such as land and building, motorcycle and vehicles, furniture and fixtures, computer and office equipment etc. This section will cover management rules and procedures of fixed asset either transferred from Donors as well as assets procured out of Donor or fund. For identification convenience, new and transferred assets may be separated. Admin department shall be the custodian of the fixed assets of MF and will maintain a list of fixed assets.

### 5.2 Ownership of Fixed Assets

Whatever assets imported on cost-sharing basis or solely out of Donor fund ownership will remain with the MF.

### 5.3 Deployment and Use of Project Assets

Assets shall be used for project purposes only. Assets may be deployed at different locations for use or may be transferred from one location to the other based on utility. New recipient shall be the custodian of the assets.

### 5.4 Classification of Fixed Assets

Items of disposable nature or shorter duration such as calculator, camera, set squares, books, flasks, burner; helmet etc. should not be considered as fixed assets.

### 5.5 Asset Registration

Assets of MF are to be categorized and listed location-wise. Admin section will prepare the list and affixing individual identification number to each asset. Finance will coordinate listing of assets and affixing identification numbers correctly. Assets list to be updated annually.

### 5.6 Asset Identification Code

Each asset shall be coded in a systematic manner having open-ended provision for inclusion of new assets. Asset coding shall be arranged in accordance to asset nature, location and unique identification number. The codes must be affixed on the body of the assets by permanent ink or any suitable means that cannot be removed. However, small hand tool or precession items may be kept outside the affixing identification number due to their smaller size.

The identification code should include name of the organization, name of project, location of the assets, category of assets, Assets ID Number, and year of purchase.

However, asset identification system is recommended as follows:

**Formula:** Name of Organisation/Project/Location (department/section)/Types of assets/  
Serial number of assets – Year of Purchase

**Sample Code:** MF/ELNAH/HO/Sec. Table/001-2017

Asset Identification code to be assigned on the basis of availability of assets at the time of registration. Once assigned, the number cannot be changed.

### 5.7 Asset Movement Registration

For practical reasons, assets may need to physically transfer from one location to the other. Therefore a track record needs to be maintained. Whenever, assets are transferred from one location to the other, an Asset Movement Slip (**Annexure -27**) should be filled in by the custodian in triplicate. Recipient shall acknowledge receipt of the asset. One copy of the movement slip shall remain with the recipient office one other copy to the issuing office and the 3rd copy to be forwarded to Admin for updating the central list.

On transfer from one location to the other, asset identification code need not to be changed but lists of issuing and recipient office assets are to be updated with inclusion or exclusion.

### 5.8 Physical Verification of Assets

Admin/ Managers in a constant manner shall physically verify the assets under their custody at least once in a year and update the list. Discrepancies, if any, are to be sorted out immediately. Physical verification shall also update the asset status. List of lost, broken, unusable or obsolete assets are to be listed and submitted to the project management with recommendation for appropriate action. A reconciliation statement will be prepared at the end of every financial year (**Annexure –28**)

### 5.9 Disposal of Unusable Assets

Damaged, worn off, broken, unusable assets which has no further usage value may be disposed off through auction or donated to a charity. Admin/Manager will identify such assets and propose for disposal in an appropriate manner. However, Director’s clearance may be required to dispose of the assets. Respective custodian office or Admin may be authorized for disposal.

Major assets like construction equipment, vehicles, laboratory equipment etc., could not be disposed off. Disposed assets shall be deleted from the list.

In case of Disposal of Unusable Assets through auction, Disposal of assets should be done through the following auction committee with prior approval of the Director:

- |                              |                  |
|------------------------------|------------------|
| a. ....Designation .....     | Convener         |
| b. ....Designation .....     | Member           |
| c. ....Designation .....in   | Member           |
| d. Programme officer         | Member           |
| e. Representative from Admin | Member Secretary |

The Director, if required may change the composition of the committee through office order.

### 5.10 Function of Auction Committee

The auction committee should perform the following functions:

- Prepare and verify the list of items to be disposed off.
- Computation of estimated disposal value and obtain approval from the Director to initiate disposal process.
- Issue notice, publish tender etc. as the case may be for collecting offers from the prospective bidders.
- Prepare comparative statement and make recommendation for approval for disposal.
- Supervise the disposal and delivery of the assets.

## 6 INVENTORY MANAGEMENT

### 6.1 Inventory of Consumables

At MF inventory will be denoted as the inventory of consumable goods like printing materials, stationeries, computer accessories, refreshment items etc. MF will maintain a minimum inventory level for consumable goods as per program requirement. Major objective of inventory management is to:

- a. ensure that items do not run out in the middle of an engagement;
- b. enable MF management to buy supplies in bulk and attain the advantage of economy of scale;
- c. ensure that appropriate procurement policies are followed.

### 6.2 Record Keeping for Inventories

- a. Admin staff will prepare a requisition which will be in line with requisition placed by different departments or project based on their future demand for the period;
- b. As the requisition is placed, Admin personnel will prepare a list of items to be purchased and accordingly follow appropriate procurement policy to procure the items;
- c. As regards accounting of goods procured appropriate accounting procedures discussed earlier in procurement section will be followed;
- d. Admin personnel will prepare Material Receiving Report (MRR) in prescriber format and when material received from the suppliers and he well be the custodian of all consumable goods. In his/her presence physical inventory of all consumable goods will be taken for reordering;
- e. Admin will maintain a stock register in prescribed format (**Annexure -29**) ;
- f. Each project, section, or department will be maintained a record to keep track of their inventory.

### 6.3 Inventory Control Procedures

- a. Inventory should be procured within budget provision having due approval of departmental requisition.
- b. Every month Designation of personnel in Admin will submit to designation a consumption report containing information for the month and immediate preceding months (at least 2) to analyse inventory procured and/or used as well as to monitor the trend of usage.

### 6.4 Year-end Stock Taking and Reconciliation

Year-end physical inventory of consumable stock should be conducted through a committee duly constituted by the Director and concerned Program Head/Project Head in prescribed format (**Annexure –30**). A reconciliation statement of consumable stock should be prepared in case of any deficiency found during the physical visit, i.e. difference between the stock register balance and physically found quantity.

### 6.5 Accounting for short / excess found in physical inventory

Proper accounting adjustment should be given in the books and records for short, excess, damaged or disposed off consumable stock. Such stock should be discarded from the stock register.





## **7 COMPLIANCE OF GOVERNMENT LAWS, RULES AND REGULATIONS**

Government rules and regulations relating to operation of NGO should be complied with and properly documented. Government rules and regulations including but not limited to the followings:

### **7.1 Income Tax**

The management of MF will be followed the following as per Income Tax Ordinance- 1984:

- a. Obtained Tax Payers Identification Number.
- b. Timely submission of annual Tax return along with audited financial statements.
- c. Tax will be deducted at source, if applicable and deposit to Government treasury within the time mentioned in the Income Tax Ordinance.

### **7.2 Value Added Tax**

The management of MF will be followed the following as per Value Added Tax- 1991:

- a) Obtained VAT Registration.
- b) Timely submission of VAT return.
- c) VAT will be deducted at source, if applicable and deposit to Government treasury within the time mentioned in the VAT Act.

### **7.3 NGO Affairs Bureau**

#### **7.3.1 Registration**

- a. The registration of the organization shall be renewed after the expiry of every five years. As a process of renewal, an application along with prescribed fee shall be made to the Director General of the Bureau at least six months before the end of five years period.
- b. The constitution of the organization, list of members of Executive Committee and resolution of annual general meeting shall be submitted to the Bureau.

#### **7.3.2 Accounts**

- a. All foreign donations must be received through a particular bank account called mother account of any schedule bank.
- b. Payment vouchers shall be kept in the central office of the organization for five years. Whereas, in the Partner offices/field offices, true copy of their payment vouchers shall be kept in that office for the same period.
- c. When foreign donation is received in kind, books of accounts shall be kept in the form of FD-5.
- d. When foreign donation is received in cash, books of accounts shall be kept under Double Entry System of Book-keeping.
- e. Semi-annual Statement of accounts shall be prepared.

#### **7.3.3 Audit**

- a. Accounts of the Organization shall be audited within three months from the end of the accounting period by the Chartered Accountants firm enlisted in the Bureau.
- b. Three copies of audited accounts & report shall be submitted to the Bureau.

#### **7.3.4 Submission of Annual Report**

An annual report stating the following information shall be prepared & submitted to the NGO Affairs Bureau within three months from the end of the accounting period.

- Objective of each project shall be discussed in the annual report.

- Activity-wise actual & budgeted expenditure.
- List of all immovable and movable property.
- Statement of organization's own sources of project-wise income and expenditures.
- Statement of foreign tour of officers and staffs.
- Statement containing the various particulars of key employees. Particulars of employees include their name, designation, qualification, age, nationality, gross salary & allowances and length of service.

#### **7.4 Stamp Act**

The management of MF will be complied with the provisions mentioned in the Stamp Act-1899.

## **8 BUDGETORY CONTROL SYSTEM**

### **8.1 Objective of Budget and budget monitoring**

Budgeting is the monetary form of planning of a project. The objectives of budgeting in the context of NGOs can be stated as under:

### **8.2 Planning**

Budget is required to plan a new project. The management of the NGO can obtain an accurate idea about the cost of the project. From the preparation of budget the management can assess whether they have the ability to implement the project or not or they can raise the fund or not and if the fund is available they can make the perfect use of available fund.

### **8.3 Fund Raising**

The budget helps the management to negotiate with the donors. The budget gives the details of targets of activities and results thereof if the fund is made available to them. Generally the donors being satisfied with the targets and achievement shown in the budget provide necessary fund for implementation of the project.

### **8.4 Project Implementation**

Budget is needed to control the cost of project under implementation. The comparison of actual cost with that of budget the management will be able to decide how to control and keep the cost within budget level. Sometimes budget may require to be revised with the change of project plan. All these can be made effective only if there is an effective and accurate budget the management have.

### **8.5 Monitoring and Evaluation**

Budget is also works as an important tool for monitoring and evaluation of the project in terms of line item-wise cost, achievements and benefits derived out of the expenditure so incurred each line item. Fair monitoring can only be possible if there is a fair budget for each line item.

### **8.6 Essentials elements of Budgeting**

While preparing budget the following elements are to be taken into consideration:

- Accounts Code Number of each line item of the budget
- Particulars of income and expenditure
- Actual for the year prior year if available
- Approved budget for this year if available
- Actual up to ..... month of this year if available
- Revised budget for this year if available
- Proposed budget for the coming year
- Income mentioning the various sources showing details as line item
- Expenditure relating to Salary and Allowances, Program Expenditure and Administrative Overhead showing details as line item
- Capital expenditure along with head-wise details

### **8.7 Budget Preparation Process**

The budget is the financial expression of the project or program as undertaken by MF Project supported by donor agencies must have approval of MF Executive Committee and the agreement be signed between MF and funding agency. MF may implement project from its own resources and in such cases the budget should be approved by MF Executive Committee only. Expenditure will be incurred in accordance with the provision of budget line item. Accountant shall provide technical assistance for preparation of unit/project budget. Program Head/Project Head will closely monitor the budget against budgeted performance to assess the effectiveness of budget expenditure.

### **8.8 Budget Year**

In case of budget for the organization out of its own source of fund the budget year will be the financial year of the MF i.e. July to June following year. In case of project budget, the budget year/period will be determined as per timing of the project to be implemented.

### **8.9 Budget variance analysis**

To exercise proper budgetary control over the expenditure budget variance analysis with actual expenses may be done monthly, quarterly, half yearly and yearly. A template should be used for budget variance analysis so that it can be compare periodically. But variance should not exceed plus/minus 10% against each line item. In case, if the variance seems to be exceeded more than 10% against any line item prior approval from the competent authority should be obtained. Although, variance may be allowed against line item but total expenditure should remain within total budget provision.

### **8.10 Responsibilities for Preparing the Budget Variance Report**

In case of unit/project the concerned Program Head/Project Head and in case of Head Office, the Accountant should be liable for preparing the Budget Variance Report. For variances, reasonable explanations should be provided. The Director from time to time should review the budget variance analysis and should take necessary action and remedial measures.

### **8.11 Budget Revision**

- a. In certain circumstances, it may be needed to revise the budget. Generally it happens due to unavoidable circumstances viz. natural disaster, political unrest, abnormal price hike due to obvious reasons etc. Under such situation the budget may be revised with the consent of the donor as well as the NGO Affairs Bureau, Government of the People's Republic of Bangladesh. But the revision if any should have widely acceptable reason.
- b. Sometime partial revision may be done when a particular component of the project becomes frustrated due the reasons stated above. Under such situation the budget may be revised with the consent of the donor as well as the NGO Affairs Bureau, Government of the People's Republic of Bangladesh and should have widely acceptable reason.

## 9 INTERNAL AUDIT

### 9.1 Purpose

MF is concerned with timely implementation of planned activities in a transparent manner. To facilitate the process *Internal Audit* is one of the important tools among others. The internal audit activity of MF evaluates and contributes to the improvement of:

- a) risk management,
- b) control, and
- c) governance processes using a systematic and disciplined approach.

As MF is yet to grow enough as an institution to afford dedicated internal audit staff, thus the MF authority has decided to form two committees to facilitate the internal audit functions, namely, (a) Internal Audit Committee, and (b) Audit and Financial Review Sub-committee of the Executive Committee.

#### j. Internal Audit Committee

A three-member Internal Audit Committee, consisting of staff from the organization, designated by the Director, is an independent appraiser for all activities of MF. It assists MF management in the effective discharge of its responsibilities by furnishing them with analysis, appraisals, recommendations and comments concerning the activities reviewed. The Internal Audit Committee provides reviews to assure that the organization's plans are carried out, policies and procedures are observed, assets are accounted for, and records and reports are reliable.

#### k. Audit and Financial Review Sub-committee of the Executive Committee

Audit Committee for MF is comprised of the following members:

- Treasurer of the MF Executive Committee
- One or two members from Executive Committee who are not involved in program implementation
- The Committee will sit quarterly and will review the holistic annual, half-yearly report and annual plan, strategic plan of the Internal Audit department.

The Terms of Reference (ToR) for the Audit and Financial Review Sub-committee of the Executive Committee (**Annexure –31**), defines the role, mandate, composition, and accountability of the committee and prescribes the requirements for the convening and conduct of meetings.

The Terms of Reference specifically assign a number of responsibilities to the Committee with respect to the internal audit functions.

The following sections deal with the authority, reporting structure and supervision, procedure and other issues related to the Internal Audit Committee. .

### 9.2 Authority

The Internal Audit Committee has access to all MF activities, records, properties related to the subject under review. It does not exercise direct authority over other persons or operations or program activities within the organization. Internal Audit Committee's findings and recommendations are provided to assist management. As such, the responsibility to execute specific actions remains with management.

### 9.3 Reporting Structure and Supervision

The Internal Audit Committee reports to the Director. A copy of the internal audit committees report will also be forwarded to concerned PC/ project focal person who will reply in writing within 2 weeks to the Director in order to take management decision.

### 9.4 Scope and Objectives

The Internal Audit Committee may be concerned with any area of MF and is responsible for the following activities:

- Review and appraise the soundness, adequacy and application of accounting, financial and other operating controls to promote effective controls at reasonable cost;
- Review and test compliance with statutory, regulatory, and internal policy requirements;
- Determine the extent to which resources are used efficiently and effectively;
- Evaluate the timeliness, reliability, and usefulness of organization records and reports;
- Determine extent to which MF assets are accounted for and safeguarded from loss.

The specific scopes of Internal Audit Committee are as follows:

#### a. Financial

- Financial Reporting;
- Cash & Bank;
- Disbursement, Accounts Payable, Purchases;
- Cash Collection;
- Payroll and Expenses;
- Books of Accounts Maintenance;
- Fund Management.

#### b. Performance and Compliance

- Attainment of MF Goals and Objectives;
- Staff Performances, Attendance;
- Cost Centre Performance/Achievements;
- Management Compliances of MF Policy, Procedures;
- Compliance of Local Laws (Tax, VAT, Stamp Act ), Donor requirements;
- Economy, Effective & Efficient use of Manpower, Fund and other resources (assets);
- Compliance and Effectiveness in the Preparation and Reporting of the Cost Unit;

#### c. Operational

- Budgeting;
- Effective and efficient programme;
- Program Documents (MoU with partners, concept papers etc.);
- Effective and efficient use of program related equipment and assets;
- Maintenance of Registers, Records, Files, Reports;
- Program materials stock maintenance, distribution and sale proceeds;
- Attendance, activities and payments to trainees, trainers.

#### d. Test of Transaction

- Confirmation;
- Reconciliation Tests;
- Vouching;
- Review/ Analysis of Account;
- Physical verification;

- Cut-off Test;
- Inquire management personnel;
- Inspection of documents, records;

## 9.5 Types of Audit to be Conducted

- Routine Audit;
- Financial Audit
- Subject Specific Audit;
- Follow-up Audit;
- Surprise Audit;
- Complain Audit;
- Special Investigation.

## 9.6 Internal Audit Procedures

Outlined below are the procedures that will normally be followed by the Internal Auditor for conducting internal audits at MF.

### a. Prepare Annual/Project-wise/Periodical/Special Internal Audit Plan

- In cooperation with the senior management, conduct a preliminary assessment (areas where auditor's intervention is required) session.
- Gather top management input on the preliminary assessment.
- Prepare a Draft Annual Internal Audit Plan based upon the results of the preliminary assessment process.
- This plan will be subject to quarterly reviews to ensure that focus continues to be on the higher risk areas, given changes in MF's operational environment.

### b. Communicate annual/project-wise/periodical/special audit plan

- Distribute the Annual Internal Audit Plan to all unit heads/program managers.
- Keep managers informed of any changes to the Annual Internal Audit Plan.
- Ensure that appropriate managers are informed at least three days prior to each planned audit.
- Note that reviews of alleged irregularities or special projects (as assigned by the Director and/or Deputy Director/ might require different procedures involving little or no notification to involve management in consultation with Director (if necessary).

### c. Perform Audit Fieldworks

- Carry out fieldwork as indicated in the audit plan.
- Conduct fieldwork with minimal disruption to program activities; for example, whenever possible, obtain information from central sources (such as finance department) rather than from departmental staff or line management.
- Obtain cooperation from programs as necessary in identifying and obtaining documentation, conducting interviews, etc.

### d. Report Results

- In general, share important and sensitive findings with concerned program managers immediately upon verification by the auditor; memo reports may be used in this process.
- Prepare a draft report and submit it with concerned managers immediately following the fieldwork.

- In case of extremely sensitive issues the report will be forwarded directly to the Director the report will be considered/titled as a 'special report.'

**e. Wrap Up Audit**

- In case of extreme sensitive issues wrap up meeting may not be necessary;
- Schedule a Closing meeting after concerned manager received the first draft report; this meeting will provide the opportunity for concerned manager to discuss findings, conclusions, and recommendations with the internal auditor (if necessary);
- During or immediately after the Closing meeting, ask concerned manager to provide their responses to the auditor's findings and recommendations, either in writing or in sufficient detail for the auditor to capture them and reduce them to writing in the final draft report.

**f. Review Final Report**

- After processing changes, issue the final report to the distribution indicated on the cover of the report.

**Note:** All reports will contain an executive summary, which summarizes the primary observations, management responses, and auditor's conclusion.

**g. Report Dissemination**

- Provide a copy to Director, Deputy Director and respective managers. A copy may also be forwarded to Manager (F & A) by the Director should there be any financial and/or administrative implications.
- Director may provide the Chair of MF Executive Committee with periodic summaries of audit findings, with access to summaries or full reports, if requested.

**h. Follow Up**

- Following completion of each audit, the management team will ensure implementation of agreed actions based on audit findings in prescribed format (**Annexure-32**)

## 9.7 Confidentiality

All internal audit documents, memos and reports will be treated as highly sensitive and confidential matter and be used for internal management purposes only. This will not be usable for public use.

## 9.8 Professional Requirements of Audit Staffs

The following skills & qualities must be fulfilled:

- Adequate knowledge and training
- Value addition;
- Report writing;
- Timelines;
- Updated techniques and tools;
- Integrity;
- Independence;
- Management partner;
- Fraud detection;
- Competency.



## **10 ADMINISTRATIVE RULES AND REGULATIONS**

### **10.1 Care and Custody of the Keys of the Office Rooms**

There should be one full set of keys (except the keys for cash and stationery) in the office keyboard for use by the employees on all working days. The key for locking the keyboard will remain under the safekeeping of the Human Resource Department.

The PABX telephone with the NWD facility will remain locked with a password and will be under the control of the operator. Normal telephone facilities will be used with utmost caution. The admin section will be held responsible for any unauthorized use of the telephone beyond office hours.

The Finance Department will keep the key of the vault/safe containing the cheque books and cash-in-hand. Keys for the stationery store will remain with the Store in Charge and in his/her absence with the Admin personnel

### **10.2 Custody of Assets**

Custody of any official assets assigned to an employee is solely his responsibility and s/he will be responsible for any damage caused due to mishandling or for unauthorised use.

If any asset (e.g. equipment or official material) is to be taken off the office premises it has to be signed out in the Asset "In Out Register" held by the Officer, HR & Administration. If it is beyond office hours this will be the responsibility of the security guard.

### **10.3 Office Security**

The security guards will be solely responsible for security of the office (including the equipment, files and other valuable articles) after office hours and during weekend/holidays.

To record the movements of employees and visitors in the offices on weekend/holidays an "In Out Register" register will be maintained by the security guards and the movement of any office equipment to outside of the office, a gate pass must be carried with the employee/visitor at all times for checking of the security guard.

### **10.4 Reception**

The Receptionist will maintain and keep the Employee Attendance Register. S/he is also responsible for any activity of dispatch. Employees should avoid long discussions through the office telephone extension available at Reception.

### **10.5 Visitors**

All visitors to the office must register their names, purpose of visit and the employee to be visited in the Visitors Book maintained at security guard/reception.

## 10.6 Administrative Authority

The following table shows the levels of administrative authority

Sl. No	Item of Work	Initiator/Executor	Recommending authority	Approving authority
i	Recruitment proposal	Official Responsible for Programme Planning or Head of HR	Project/ Departmental Head	Director
ii	Transfer	Immediate supervisor /Admin or HR Personnel	Project Coordinator/Head of Admin or HR	Director
iii	Promotion	Immediate supervisor (1 <sup>st</sup> Supervisor)	2 <sup>nd</sup> Supervisor	Director
iv	Leave	Concerned staff &Admin Personnel	Immediate supervisor	Project Coordinator/ Departmental Head/Director
v	Local Travel Request	Concerned staff & Admin Personnel	Immediate supervisor	Departmental Head

If any of the above items involve the Director, approval has to be sought from the Chairperson.

## 10.7 Conflict of Interest

During employment with MF, an employee is fully committed and responsible to contribute towards enhancing the causes of MF. As such, during the tenure of his employment, an employee's responsibility is to uphold the gain of the organisation over any personal interest. An employee shall be free from any personal interest, which could influence his judgment or action in terms of delivering MF services to others. MF will have a comprehensive Conflict of Interest Policy to ensure transparent and efficient use of financial resources.

## 10.8 Confidentiality

- a. The policy hereunder relating to confidentiality applies to the members of the Executive Committee, Director and all other employees, seasonal workers, volunteers and beneficiaries of MF. It relates to spoken, written and computerized information pertaining to the organisation.
- b. The organization recognizes the importance of confidentiality for individuals. As such, confidentiality must be pivotal to the work of MF. Beneficiaries must be assured of confidentiality when they seek access to MF facilities/services. It is crucial that employees, volunteers, casual workers and beneficiaries recognize the requirements in this regard.

“Confidentiality means, treating with confidence personal information about beneficiaries, whether obtained directly or indirectly or by inference. Such information

includes name, address, biographical details, and other descriptions of the beneficiaries' life and circumstances, which might result in their identification"

- c. Documents containing confidential information must be kept securely locked up and not left lying around unattended on desks or in an open area.
- d. Records will be reviewed annually and all information in them considered no longer relevant or required shall be destroyed. (In accordance with Government/Donor Policy).

## **10.9 Housekeeping**

It is the responsibility of each employee of the organization to keep the office area neat and clean with the help of the support staff, if available

## **10.10 Motorcycle/Vehicle Management**

### **a. Manage Vehicle use**

Motorcycle is used by MF official as per project need and handover to concerned officials.

All other types of vehicle should be use based on the requisition (**Annexure - 33**) for both official and personal use. Same principle will be sued for using rent a car as well.

### **b. Maintenance of Log Book for each Vehicle**

Log Book in prescribed format (**Annexure - 34**) should be maintained for each and every vehicle.

### **c. Use of Maintenance of Register**

A Vehicle Maintenance Register in prescribed format (**Annexure - 35**) should be maintained for vehicles of the organization.

### **d. Monitoring of Fuel Expenses**

Expenses relating to fuel for vehicles should be monitored with a view to control the fuel expenses. At the end of each month a comparative statement of fuel expenses per kilometre should be prepared and reviewed by the competent authority i.e. the Director/ Program Head/Project Head as the case may be.

Management of vehicle

## **10.11 Other Administrative Rules**

### **10.11.1 Drug Use & Smoking**

All MF offices are non-smoking and drug free environments. All employees are made aware of this and severe disciplinary action will be taken against violations of these rules.

### **10.11.2 Sexual Harassment**

MF will not tolerate sexual harassment of any kind. Sexual harassment directed towards an employee includes the following:

- Unwanted sexual advances/approaches
- Requests for sexual favours as a condition of employment/service
- Verbal and/or physical conduct of a sexual nature

- Displaying posters, calendars, or other visible materials of a sexual nature.

Any employee who believes that he is being harassed should immediately bring it to the attention of his supervisor for reporting to the Director. The ED on receipt of such a report will instigate an impartial enquiry by a committee consisting of two senior personnel. Necessary disciplinary action will be taken on the basis of the findings of the enquiry committee.

### **10.11.3 Salary Withdrawal and Settlement of Claim**

The Finance Department will disburse salaries to employee's bank accounts in the last week of the calendar month. If an employee does not have a bank account s/he may contact the Finance Department to draw his salary. An employee will follow the same procedure for settlement of any outstanding claims.

### **10.11.4 Consultants/ Expert Services**

A consultant /expert hired for a specific assignment shall enter into a contract with MF. The contract will include a Terms of Reference outlining the scope of work, the outputs to be delivered and the terms of payment.

### **10.11.5 Use of MF facilities**

The following facilities must only be used for official purposes:

- STD telephone lines (nationwide dialling)
- ISD telephone line and fax
- Photo copier
- Motorcycle and other vehicles
- Conference room facilities
- Recording and sound systems
- Digital Camera
- Multimedia equipment
- Laptop/ computer

Employees may use Motorcycle, vehicles, STD/ISD telephone, photocopier facilities for personal purposes on payment, with the specific approval of the Director.

## **10.12 Human Resource Management**

Please refer to Human Resource Policy Manual of MF

## **10.13 Procurement Policy**

Please refer to Procurement Policy Manual of MF

## 11 Annexure



### MUKTI FOUNDATION (MF)

#### List of Annexure

- Annexure -01: Table of Authority
- Annexure -02: Statement of financial position
- Annexure -03: Statement of Income and Expenditure
- Annexure -04: Statement of Receipts and Payments/Cash flows
- Annexure -05: Statement of Changes in net Assets
- Annexure -06: Specimen Notes to the Accounts
- Annexure -07: Schedule of Fixed Assets
- Annexure -08: Statement of Budget Variance
- Annexure -09: Money Receipt
- Annexure -10: Cash Scroll Book
- Annexure -11: Cash Certificate
- Annexure -12: Petty Cashbook
- Annexure -13: Cheque Register
- Annexure -14: Bank Reconciliation Statement
- Annexure -15: Overtime Requisition Form
- Annexure -16: Travel Authorisation
- Annexure -17: Specimen Movement Register
- Annexure -18: Travelling Bill
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- Annexure -20: Request for Advance against Expenses/Purchase
- Annexure -21: Aging Report of Advances
- Annexure -22: Application form for Advance against Salary
- Annexure -23: Credit Voucher
- Annexure -24: Debit Voucher
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- Annexure -26: Journal Voucher
- Annexure -27: Asset Movement Slip
- Annexure -28: Fixed Assets Reconciliation Statement
- Annexure -29: Stock Register
- Annexure -30: Statement of Annual Inventory
- Annexure -31: Terms of Reference (ToR) for Audit and Financial Review Sub-committee
- Annexure -32: Report on follow-up action of Internal Audit Report
- Annexure -33: Vehicle Requisition Form
- Annexure -34: Log Book
- Annexure -35: Motorcycle/Vehicle Maintenance Register





## MUKTI FOUNDATION (MF)

### Table of Authority

(As approved by the Executive Committee on XX Month XXX)

No.	Action	Threshold	Authority to Approve	Backup Authority	Remarks
1	<b>Partnership Agreement Signing</b>				
	At all level and any change of the terms	ALL	Director	Chairman	
2	<b>Purchases</b>				
	<i>1.ASSETS</i>				
	Immovable (Land, Building)	ALL	Executive Committee	Director	Director will sign the deed after receive approval from Executive Committee. Resolution / Executive committee meeting minutes should be maintained with attendance.
	Vehicles	ALL	Director	Chairman	
	All Other Fixed Assets (for Project)	ALL	Project Coordinator	Director	
	All Other Fixed Assets (From General/Capital Fund)	ALL	Director	Chairman	
<b>ICT Devise</b>	ALL	Director	Chairman		

No.	Action	Threshold	Authority to Approve	Backup Authority	Remarks
	2. OTHER PURCHASE	Upton TK 5,000	Director/ her designated person	Project Focal Person / Person designated by ED.	
		Above TK 5,001	Director	Designated by ED	In absence of ED documents may be signed by person, who is designated by ED,
	3. Invitation for Tender or issuing Work Order for any Purchase	ALL	Director	Designated by ED	
<b>3</b>	<b>Write Off/disposal</b>				
	Fixed Assets Write off :	ALL	Director	Designated by ED	
	Advance to Staff	Up to Tk 10,000	Director	Director	
	Overdue loan, receivables, stock, payables	ALL	Executive Committee		
<b>4</b>	<b>Hiring a house on rental basis</b>				
	Rent (Head Office)	ALL	Director	Director	Letter of Designated person should be kept with accounts/admin officer.
	Rent for Project/Branch Office	ALL	Project Coordinator	Designated Person by the Director	
<b>5</b>	<b>Hardship Allowances</b>	ALL	Director		Payment should be made soon after completion of the emergency project & approval from Donor.
<b>6</b>	<b>Donation</b>	ALL	Director		Donation includes cash and non-cash items.
<b>7</b>	<b>Refund to Donor</b>	ALL	Director	Chairman	If case of foreign donation, approval of NGOAB is mandatory
<b>8</b>	<b>Dealing with Co funding</b>				



No.	Action	Threshold	Authority to Approve	Backup Authority	Remarks
	Submit application, finalise the budget and activity plan, and process for signing agreement or amendment/cancellation of agreement (New Donor/project)	Large Project	Executive Committee	Director	Project Value up to BDT 500,000.00 ED can directly deal the matter and inform the EC in immediate next meeting
	Submit application, finalise the budget and activity plan, and process for signing agreement or amendment/cancellation of agreement (regular/on-going project)	ALL	Director	Designated Person by the Director	
<b>9</b>	<b>Managing Staff Matters</b>				
	Annual salary review	All	Executive Committee	Director	Director will sign the documents after receive approval from Executive Committee. Resolution / Executive committee meeting minutes should be maintained with attendance.
	Salary Changes during the year	All	Executive Committee	Director	
	New position creation	All	Executive Committee	Director	
	Action/inaction taken on the discovery of fraud	All	Director	Executive Committee	
	Recruitment Expenses	Up to BDT 5,000	Project Coordinator	Person designated by Director	This expenses will include advertisement , interview postage etc. costs & all documents will be signed by focal person/ designated person in by Director case of project. Admin officer in case of general staff recruitment.
	Recruitment Expenses	Above BDT 5,000	Director or his/her designated person	Director	This expenses will include advertisement , interview postage etc. costs & all documents will be signed by focal person/

No.	Action	Threshold	Authority to Approve	Backup Authority	Remarks
					designated person in by Director case of project. Admin officer in case of general staff recruitment.
	Final Settlement	All	Director	Designated by Director	Financial portion completed by concern project accounts/finance officer , Other portion will be completed by concern PC/PM & Administrative officer.
	Staff appointment/transfer/confirmation etc. shall be governed in accordance with the approved Personnel Manual	All	Director	N/A	Only Director can authorize beyond the terms and conditions of the manual
<b>10</b>	<b>Dealing with Banks</b>				Bank Accounts are operated by joint signature of Director (Mandatory) one among Chairman or Treasures as
	Opening/Closing accounts	All	Executive Committee		
	Changes to bank signatories	All	Executive Committee		
<b>11</b>	<b>Travel</b>				
	In country Travel	Up to Tk 3,000	Project Coordinator/Manager	Project Focal Person / Person designated by Director.	No travel, food, accommodation will be allowed in caseof holidays or extra hour working in the workstation. This rule can be relaxed for emergency situation.
		Above Tk 3,000	Director	Designated by Director	
		Director 's Bill	Chair[arson/Treasurer		
	Outside of the country	All	Director	Chairman	
	In country travel for the support service unit (Adm, Finance, etc.)	ALL	Director	Designated by Director	No travel, food, accommodation will be allowed in caseof holidays or extra hour working in the workstation. This rule can be

No.	Action	Threshold	Authority to Approve	Backup Authority	Remarks
					relaxed for emergency situation.
<b>12</b>	<b>Staff Training</b>				
	In country Training	ALL	Director	Project Focal Person / Person designated by Director.	All training proposal has to be approved by the supervisor of trainee.
	Outside the country	ALL	Director	Chairman	The training has to be approved by the Director
<b>13</b>	Consultancy Service	ALL	Director	Chairman	PC,PM or personnel of equivalent position shall forward the consultancy requisition to the Director for approval and then hire and contact with the Consultant. On payment request from consultant, Director shall approve the bill and collect the service recipient consent to pay the bill.
<b>14</b>	<b>All other expenditure</b>	As per budget	Project Coordinator/Manager	Director	Items not specifically otherwise directed
<b>15</b>	<b>Advance</b>				
	Advance-Head Office	Any Advance	Director	Designated by Director	
	Advance for Project activities	Up to Tk 10,000	Project Coordinator/ Manager	Project Focal Person / Person designated by Director.	Any individual person/staff for project activity implementation / travel purpose
		Tk 10,001-	Project Focal Person	Director	

No.	Action	Threshold	Authority to Approve	Backup Authority	Remarks
		25000			
		Above Tk 25001 to above	Director		
	<b>Advance taken by Purchase Committee</b>	ALL	Director		Director shall mention the ceiling of Advance during the formation of PC .
<b>16</b>	<b>Voucher Approval</b>				
<b>a)</b>	<b>Head Office</b>				
	All sorts of voucher i.e. Payment voucher, Receipt voucher, Journal voucher, Transfer voucher	Up to Tk 10,000	PC or Accountant	Director or her/his designated person	
	All sorts of voucher i.e. Payment voucher, Receipt voucher, Journal voucher, Transfer voucher	Above Tk 10,001	Director/his or her designated person	His/hers designated person	
<b>b)</b>	<b>Project</b>				
	All sorts of voucher i.e. Payment voucher, Receipt voucher, Journal voucher, Transfer voucher	Up to Tk 10,000	Director or her/his designated person	Director or her/his designated person	
		Above Tk 10001	Director or her/his designated person	Designated by Director	
<b>17</b>	<b>Stationers, workshop food and accommodations</b>				
<b>a)</b>	Head Office Meeting, Workshop food and accommodation, venue rent, etc. among others	ALL	Director	Director or her/his designated person	
<b>b)</b>	Project Office Meeting , Workshop food and Accommodations, venue, etc.	Up to Tk 5,000	Project Coordinator/Manager	Project Focal Person / Person designated by Director.	

No.	Action	Threshold	Authority to Approve	Backup Authority	Remarks
		Above Tk 5,001	Director	Director or her/his designated person	
<b>18</b>	<b>Authority to make payment</b>				
<b>a)</b>	<b>Head Office</b>				
	Salary and allowance	ALL	Director	Authorized person/Chairman	
	Advance-In absence of PM/PC/ Director	Up to Tk 10,000	Focal Person	Director	
<b>b)</b>	<b>Project</b>				
	Salary and allowance	ALL	Director	Designated by Director	
<b>19</b>	<b>Leave Approval</b>				
	Head office Support staff	ALL	HR & Admin	Director	
	Head office Management staff	ALL	Director	Director or her/his designated person	
	Project/Branch office staff leave	ALL	Project Coordinator/ Manager	Project Focal Person / Person designated by Director.	
	Project/Branch office Management staff leave	ALL	Director	Director or her/his designated person	
<b>20</b>	<b>Cash Balance Limits</b>				
<b>a)</b>	<b>Head Office</b>				This is the absolute maximum cash balance ceiling.
	Cash in Safe	Max Tk. 5,000			
<b>b)</b>	<b>Project</b>				
	Cash in Safe	Max Tk. 5,000			
<b>21</b>	<b>Setting &amp; Adhering to budget</b>				
	a) Annual plan/budget	All	Executive Committee	Director	

No.	Action	Threshold	Authority to Approve	Backup Authority	Remarks
	b) Budget revision as an when necessary	All	Executive Committee	Director	

**Notes to Consider:**

- No staff can approve his/her own bill. It should be approved by his/her supervisor or a senior staff as designated by the authority.
- All bills related to any particular project should be signed by Accountant & Project Coordinator/Manager for respective project.
- In case of emergency, Director can nominate any staff to carry on the emergency activity if he/she is out of station.
- All bills of Director should be approved by the Chairman. In absence of chairman, it may be approved by the Vice-chairperson or Treasurer.

**1) Project Coordinator/Manager :**

The Project Coordinator/manager of the project shall be treated as an in-charge of the budget. In case of the Head office, the Project Focal Person shall be considered as a budget in-charge unless otherwise written nomination by the Director.

**2) Emergency Expenses:**

All expenditure on emergency situation shall be governed according to the rules set out above unless otherwise directed by Director.

This limit will be relaxed whenever there is any signal for emergency due to natural calamity

**3) Authority to make payment:**

Authority to make payment means the designated employee will authorise payment after confirming that the financial rules and regulations have been complied with.

**4) Donation:**

Donation means voluntary contribution to any person or organisation without expecting any return or output. It will not be associated with any project activities.



**MUKTI FOUNDATION (MF)**  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER .....

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

Dated, Satkhira

.....

Head of Accounts &amp; Finance

Director



**MUKTI FOUNDATION (MF)**  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER .....

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

Dated, Satkhira  
.....

Head of Accounts & Finance

Director





**MUKTI FOUNDATION (MF)**  
**STATEMENT OF RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER .....**

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

Dated, Satkhira

.....

Head of Accounts &amp; Finance

Director



**MUKTI FOUNDATION (MF)**  
STATE MENT OF CHANGES IN NET ASSETS  
for the year ended 31<sup>st</sup> December XXXX

**Current Year**

PARTICULARS	CAPITAL FUND	OTHER FUND	TOTAL TAKA
<b>Opening Balance</b>			
Net Surplus for the year			
Addition during the year			
Transfer during the year			
Adjustments during the year			
<b>Closing Balance</b>			

**Previous Year**

PARTICULARS	CAPITAL FUND	OTHER FUND	TOTAL TAKA
<b>Opening Balance</b>			
Net Surplus for the year			
Addition during the year			
Transfer during the year			
Adjustments during the year			
<b>Closing Balance</b>			





**MUKTI FOUNDATION (MF)**  
**SCHEDULE OF FIXED ASSETS**  
 as on .....

PARTICULARS	V A L U E   A T   C O S T				D E P R E C I A T I O N					Written down Value
	Opening Balance	Addition for the year	Adjustme nt for the year	Total Cost	Opening Balance	Rate	For the year	Adjustment	Accumulated	
Land										
Buildings										
Machinery										
Vehicles										
Furniture & Fixture										
Electrical Equipment										
Computer & Accessories										
Office Equipment										
Other Assets										
<b>Total Taka:</b>										
<b>Previous Year's Total Tk.</b>										



**MUKTI FOUNDATION (MF)**  
STATEMENT OF BUDGET VARIANCE

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

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



**MUKTI FOUNDATION (MF)**  
MONEY RECEIPT

SI. No. PY0000000000000000.....	Dated: _____					
<table style="width: 100%; border: none;"> <tr> <td style="width: 15%;">Amount</td> <td style="width: 15%; border: 1px solid black; text-align: center;">BDT</td> <td style="width: 15%; border: 1px solid black; text-align: center;">XXXX</td> <td style="width: 15%; border: 1px solid black; text-align: center;">USD</td> <td style="width: 15%; border: 1px solid black; text-align: center;">XXXX</td> </tr> </table>		Amount	BDT	XXXX	USD	XXXX
Amount	BDT	XXXX	USD	XXXX		
From						
Sum of BDT .....						
In cash/ draft/ pay order/ cheque No. <u>XXXXXXXXXXXXXXXXXXXX</u>						
Date: XXXXX						
On account of <u>XXXXXXXXXXXXXXXXXXXXXXXXXXXX</u>						

Prepared by

Received by:

Authorized by



**MUKTI FOUNDATION (MF)**

**CASH SCROLL BOOK**

Date:.....

Particulars	Opening Balance	Receipts/ withdrawals	Payments/ Deposits	Balance	Remark
	Taka	Taka	Taka	Taka	
<u>Cash:</u>					

Particulars	Opening Balance	Receipts/ Deposits	Payments/ Withdrawals	Balance	Remark
	Taka	Taka	Taka	Taka	
<u>Bank Accounts:</u>					
-					
-					
-					
-					

**Details of Cash in Hand**

Denomination	Taka
1,000 X	
500 X	
100 X	
50 X	
20 X	
10 X	
5 X	
2 X	
1 X	
Coins	
Sub Total:	
Suspense:	
Total Taka	

**Prepared by**

**Checked by**

**Approved by**



**MUKTI FOUNDATION (MF)**  
CASH CERTIFICATE

Name of the Project:..... Date:.....

Cash holding limit:..... Actual Cash Balance:.....

Break-up of Above is as follows

Particulars	Denomination	Amount (TK)
<b>1. Taka Denomination</b>		
	Taka 500 X	
	Taka 100 X	
	Taka 50 X	
	Taka 20 X	
	Taka 10 X	
	Taka 5 X	
	Taka 2 X	
	Taka 1 X	
<b>2. Coins Denomination</b>		
	Paisa 100 X	
	Paisa 50 X	
	Paisa 25 X	
	Paisa 1 X	
<b>3. Others (Postal Order &amp; Cash equivalent, if any)</b>		

Excess Cash (if Any): .....

Reason for exceeding limit (if applicable):.....

.....

Directors note on crossing the cash holding limit (if any):.....

.....

.....

Prepared by

Checked by

Approved by









**MUKTI FOUNDATION (MF)**  
**BANK RECONCILIATION STATEMENT**  
 For the month ended .....

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



**MUKTI FOUNDATION (MF)  
OVERTIME REQUISITION FORM**

Date: .....

Project/Department/Section: .....

Staff Name: .....

Overtime hours required: date:.....form ..... to .....

Total hours required: .....

Purpose of overtime: .....

Special instruction (if any) .....

Employee's Signature

Recommended by

Authorised by



**MUKTI FOUNDATION (MF)**  
TRAVEL AUTHORISATION FORM  
(for out of station movement)

Date: .....

Name: .....

Designation: ....., project/section/department:.....

Departure (date & Time) ....., Mode of transport:.....

Expected Arrival (Date& time) .....

Special Note (if any):.....

Employees Signature:

Authorized signature:

Name:.....

Designation:.....

**On Return from Travel**

Actual Date of Return:.....

Reason for changes (if any): .....

Employees Signature:

Authorized Signature:







**MUKTI FOUNDATION (MF)**  
ADVANCE REQUISITION FORM

Date:.....

Name : .....

Designation:.....Project/ Unit/Section: .....

Sl. No.	Particulars	Amount	Source of Fund	Date of Requirement	Remarks

Requested by

Recommended/Authorised by





**MUKTI FOUNDATION (MF)**  
 REQUEST FOR ADVANCE AGAINST EXPENSES/PURCHASE

Date:.....

Requestor Name : .....

Designation:.....Project/ Unit/Section: .....

Purpose of Advance:.....

.....

Amount (Tk.)..... (in words) Taka.....

.....only)

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

Source of Fund:.....

Special Note (if Any):.....

**Signature of Applicant**  
**(with date)**

<p><b>Status of Previous Advance</b>                  (To be filled in by Finance/Accounts Section)</p> <p><input type="checkbox"/> There is no outstanding Advances  <input type="checkbox"/> There is an outstanding balance of advance amounting to Tk. .... Dated.....</p> <p align="right">_____                  Signature</p>
--

<p><b>Authorization by Competent Authority as per ToA</b></p> <p><b>Recommended by:</b>                  Special Note (if any).....                  .....</p> <p align="right"><b>Signature</b> (with Date and designation)</p> <p><b>Approved by:</b>                  Special Note (if any).....                  .....</p> <p align="right"><b>Signature</b> (with Date and designation)</p>
--





**MUKTI FOUNDATION (MF)**  
AGING REPORT OF OUTSTANDING ADVANCE

Sl. No.	Name of Employee/Vendor	Date of disbursement	Outstanding Balance	Outstanding for a period of				Remarks
				1 to 30 Days	31 to 60 days	61 to 90 days	Over 90 days	



**MUKTI FOUNDATION (MF)**  
APPLICATION FORM FOR ADVANCE AGAINST SALARY

Date:.....

Name : .....  
Designation:.....Project/ Unit/Section: .....  
Purpose of Advance:.....  
.....  
Amount (Tk.)..... (in words) Taka.....  
.....only)  
Required Date:.....; Proposed number of instalments to repay: .....

**Signature of Applicant**  
**(with date)**

<p><b>Status of Previous Advance against Salary</b> (To be filled in by Finance/Accounts Section)</p> <p><input type="checkbox"/> There is no outstanding advance against salary</p> <p><input type="checkbox"/> There is an outstanding balance of advance amounting to Tk. .... as of .....</p> <p style="text-align: right;">_____ Signature</p>
---

<p><b>Authorization by Competent Authority as per ToA</b></p> <p><b>Recommended by:</b> Special Note (if any)..... .....</p> <p style="text-align: right;"><b>Signature (with Date and designation)</b></p> <p><b>Approved by:</b> Special Note (if any)..... .....</p> <p style="text-align: right;"><b>Signature (with Date and designation)</b></p>
--



**MUKTI FOUNDATION (MF)**  
CREDIT VOUCHER

VOUCHER NO.....

PROJECT: .....

Date 

--	--	--

	Heads of Account	Account No.	Amount		Particulars
			Taka	Ps	
Total : Taka					

Received By  
Signature:

Name in Full .....

\_\_\_\_\_  
Cashier/Asst. Accountant

\_\_\_\_\_  
Checked By

\_\_\_\_\_  
Authorised Signature





**MUKTI FOUNDATION (MF)**  
TRANSFER VOUCHER

VOUCHER NO.....

PROJECT: .....

Date 

--	--	--

Particulars	DR		CR	
	Status	Amount	Status	Amount
Being the amount withdrawn/deposited from/in our bank A/c No. _____ with _____ Bank vide Cheque No. _____ _____ Date: _____	Cash <input type="checkbox"/>  Bank <input type="checkbox"/>		Cash <input type="checkbox"/>  Bank <input type="checkbox"/>	

\_\_\_\_\_  
**Prepared By**

\_\_\_\_\_  
**Checked By**

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



**MUKTI FOUNDATION (MF)**  
JOURNAL VOUCHER

VOUCHER NO.....

PROJECT: .....

Date 

--	--	--

Sl. No.	Heads of Account	Account No.	Debit	Credit	Source	Particulars
			Taka	Taka		
Total : Taka						

\_\_\_\_\_  
Prepared By

\_\_\_\_\_  
Checked By

\_\_\_\_\_  
Authorised Signature





**MUKTI FOUNDATION (MF)**  
**ASSETS MOVEMENT SLIP**

Name of Assets:.....  
Identification No:.....  
Date of acquisition: .....Current location:.....  
Cost Price:....., Accumulated Depreciation:.....  
Written Down Value:.....  
New Location of the Assets: .....  
Location updated in Fixed Assets Register by:..... on: .....  
Accounting Record Updated by: ..... on: .....

**Custodians Signature**

**Authorised Signature**







**MUKTI FOUNDATION (MF)**  
**STATEMENT OF ANNUAL INVENTORY**  
as on \_\_\_\_\_

Code No.	Description	Unit	Balance as on Inventory Date		Adjustment		Balance as on Closing Date		Unit Price	Value of Physical Balance	Difference				Unserviceable or Damaged Stock		Slow Moving Stock		Remarks	
			Ledger	Physical	Receipts	Issues	Ledger	Physical			Excess		Shortage		Quantity	Value	Quantity	Value		
											Quantity	Value	Quantity	Value						
Stock taken by: NameSignature							Valuation made by				Adjustment made by				Explanatory note (if any):					
a) b) c) d)							Signature: Date:				Signature: Date:									



### MUKTI FOUNDATION (MF)

#### TERMS OF REFERENCE (TOR) FOR AUDIT AND FINANCIAL REVIEW SUB-COMMITTEE

MF Executive Committee is concerned that internal audit and financial review are conducted, ordinarily involving a small independent team (Sub-Committee) constituted by 2-3 representatives from the Executive Committee or other relevant independent persons. Considering the key roles related to internal audit and financial review on behalf of the Executive Committee, the Treasurer (or any other similar position) and one or two other individuals who are similarly not involved in direct programme / project implementation but have knowledge of the overall functioning, mission and vision of the organization will be eligible to be the member of such Sub-Committee. The team is expected to review and confirm that the use of project funds is consistent with the organisation norms, processes and towards intended purposes as outlined in the proposal and activity plans. The internal audit and financial review sub-committee is required to submit a written report to the Executive Committee at least twice a year.

As part of ensuring that all government and development partner's financial regulations are being adhered to and that better internal control systems are in place, MF has decided to set up an Internal Audit Committee at its Head Office.

The Executive Committee of MF will appoint an audit committee (from within the boards) who will provide oversight to all administrative and financial matters of the organisation. Part of the internal audit unit functions will be:

- a. to ensure that financial regulations and procedures for the all projects/programmes are being adhered to and are integrated in all internal processes of the organisation; recipients;
- b. to assess the effectiveness of the risk management systems and develop recommendations on how to improve the risk management process;
- c. to assess the effectiveness of all grant recipients internal control systems at all levels of the programme;
- d. to perform risk assessment on key areas of the programme and use the information to guide what has to be covered in the year end project audit;
- e. to conduct site visits to review internal control structure;
- f. anticipate any risky issues that might arise and provide ways and processes to mitigate them;
- g. As part of the financial review the Sub-committee will review the financial position prior to every EC meeting and discuss the pertinent issue to provide directives to the Director;
- h. The sub-committee will also look into the financial sustainability of the organisation and facilitate the process for taking necessary actions in this regard.





## MUKTI FOUNDATION (MF)

### গাড়ির চাহিদা পত্র

----- তারিখ সকাল/বিকাল ----- ঘটিকা হতে ----- তারিখ সকাল/বিকাল -----  
ঘটিকা পর্যন্ত দাপ্তরিক/ব্যক্তিগত কাজে ব্যবহারের জন্য আমার নামে অনুগ্রহপূর্বক একটি গাড়ি বরাদ্দ করুন।

গাড়িটি নিম্নলিখিত পথে চলাচল করবে:

ক্রম	যাত্রাস্থল	গন্তব্যস্থল	ভ্রমণের নির্দিষ্ট কারণ
১			
২			
৩			
৪			

চালকের জন্য বিশেষ দিকনির্দেশনা (যদি থাকে):

চাহিদা/ব্যবহারকারীর স্বাক্ষর :

চাহিদা/ব্যবহারকারীর নাম :

পদবী :

বিভাগ/সেকশন/প্রকল্প :

তত্ত্বাবধায়কের স্বাক্ষর :

পদবী :

গাড়ি বরাদ্দের বিবরণ

চালকের নাম :

গাড়ির নম্বর :

গাড়ির বন্টনকারী কর্মীর স্বাক্ষর :

তারিখঃ







## MUKTI FOUNDATION (MF)

দৈনিক গাড়ির লগ

গাড়ি নং: .....	দৈনিক গাড়ি পরীক্ষা:	জ্বালানী গ্রহণ:
তারিখ: .....	<input type="checkbox"/> মবিলা <input type="checkbox"/> ব্যাটারী <input type="checkbox"/> তিরিক্ত চাকা <input type="checkbox"/> ক <input type="checkbox"/> প্রয়া <input type="checkbox"/> পাতি	অকটেন/ডিজেল -----লিটার. সিএনজি-----ঘন মিটার
চালকের নাম: .....	<input type="checkbox"/> রেডিয়েটর পানি <input type="checkbox"/> ইন্ডিকেটর লাইট <input type="checkbox"/> আইট- সামনের, পিছনের	মিটার নং-----রশিদ নং -----চালকের স্বাক্ষর -----
ব্যক্তিগত নম্বর: .....		

তারিখ	যাত্রার সময়	যাত্রার স্থান	যাত্রার মিটার	পৌছানোর সময়	পৌছানোর স্থান	পৌছানোর মিটার	ডিউটির ধরণ	দাপ্তরিক/ব্যক্তিগত ব্যবহার	ব্যবহারকারীর নাম	গাড়ী ব্যবহারকারীর স্বাক্ষর
								মোট ব্যবহার-----কি.মি.-----ঘন্টা দাপ্তরিক ব্যবহার -----কি.মি.-----ঘন্টা ব্যক্তিগত ব্যবহার -----কি.মি.-----ঘন্টা		
								মোট ব্যবহার-----কি.মি.-----ঘন্টা দাপ্তরিক ব্যবহার -----কি.মি.-----ঘন্টা ব্যক্তিগত ব্যবহার -----কি.মি.-----ঘন্টা		
								মোট ব্যবহার-----কি.মি.-----ঘন্টা দাপ্তরিক ব্যবহার -----কি.মি.-----ঘন্টা ব্যক্তিগত ব্যবহার -----কি.মি.-----ঘন্টা		
								মোট ব্যবহার-----কি.মি.-----ঘন্টা দাপ্তরিক ব্যবহার -----কি.মি.-----ঘন্টা ব্যক্তিগত ব্যবহার -----কি.মি.-----ঘন্টা		
								মোট ব্যবহার-----কি.মি.-----ঘন্টা দাপ্তরিক ব্যবহার -----কি.মি.-----ঘন্টা ব্যক্তিগত ব্যবহার -----কি.মি.-----ঘন্টা		
								মোট ব্যবহার-----কি.মি.-----ঘন্টা দাপ্তরিক ব্যবহার -----কি.মি.-----ঘন্টা ব্যক্তিগত ব্যবহার -----কি.মি.-----ঘন্টা		
যাতায়াত ভাতা : <input type="checkbox"/> সকাল <input type="checkbox"/> রাত্রি <input type="checkbox"/> খাবার ভাতা <input type="checkbox"/> রাত্রিযাপন (বন্ধ/খোলা) <input type="checkbox"/> ওটি-----ঘন্টা -----মিনিট										

চালকের স্বাক্ষর -----

পরিদর্শক/পরীক্ষকের স্বাক্ষর -----



**MUKTI FOUNDATION (MF)**  
**MOTORCYCLE/VEHICLE MAINTENANCE REGISTER**

Motorcycle/Vehicle No.: _____				Name of User: _____			
Model: _____ Type of Vehicle: _____				Date of Purchase: _____			
Date Repair	Mileage on Date of Repair	Particulars of Repair and Parts Replaced	Approved by	Quantity / Number	Rate per Unit	Amount	Remarks

*S. Prasad*



*S. Prasad*