

Accounts Manual

৩র্থ সংস্করণ
জুলাই ২০১০ থেকে কার্যকরী



ন্যাশনাল ডেভেলপমেন্ট প্রোগ্রাম-এনডিপি

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Preface

National Development Programme-NDP as a Non Governmental voluntary development organization try it's best to deal the financial affairs in smoothly and efficiently in different aspect such as finance and administrative context as per possible. If also NDP is learning about many things through implementing the project at most vulnerable area of Sirajgonj district constructed by silted of Biggest river Jamuna in Bangladesh.

This guideline will assist to all kind of staffs with basic aspect of accounting such as Budgeting, Cash and Inventory Management, Advances and Accrual, all type of vouchers, all kind of Banking Transactions, internal control, Book Keeping and Bank Transactions. It will give clear concept to all level of staff to conduct the financial transaction as maximum associate manual.

If the Guideline is used in accurately and authentically I am sure the financial and accounting systems of NDP will be strong, more effective, smart and efficient in all aspect.

Md. Alauddin Khan
Director

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1. **Introduction:**

The Guideline has been developed for National Development Programme-NDP's smooth functioning of financial transactions in all programme/ projects with a view in improvement and systematic approaches applied. Here it describes respective financial systems, policies and procedures. This guideline will help to drive the Accounting system in smooth operation in the context of the organizational need, preparing financial reports against expenditure, income and utilization of sub-grants fund.

The main purpose of this guideline is to assist speed up in financial transaction of organization's core programme and others strengthening of financial system. Thus it will enable the effective and efficient management of the organization.

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

Scope:

All Project and Programme will follow this guideline to focuses the finance and accounts management issues. Besides, this guideline would be the mainstream to drive the all-financial transaction and the administrative procedures.

Authority:

This guideline will help to improve the financial management in accurately in every transaction of the organization with proper evidence. The degree of authority will may have different which will be explained as follows.

Essential Requirements:

NDP's all programs will follow the guideline in fully. If any changes are needed to drive the accounts that will be permitted by the Chief Executive (Director) on behalf of EC.

Practices:

NDP's Accounts manual designed to respect the Government law, which followed all requirements.

2. **Memorandum of Understanding (MOU):**

Memorandum of Understanding is a mutual agreement between two parties in where everything will have written which cooperate to drive the organization's partnership project perfectly.

3. **Budget:**

National Development Programme-NDP prepared a Yearly budget for all projects at a glance and this budget is approved by the General Committee in t the Annual General Meeting (AGM) including Annual activities plan.

4. **Fund Operational Procedure:**

Since NDP is a small NGO with resources constrains, obviously depends on different donor agency's financial assistance to implement the activities. Besides, a few projects are implemented by organization's own fund.

5. **Procurement Procedure:**

Definition:

Financial discipline is the mirror of an organization and procurement is a part of the financial management. In view to that and make the system as standard the organization has revised the present one thus introduced the described "Procurement Policy" on the 1st January 2005. It is expected that the said procedure will become able to satisfy the present need of the organization and will be followed properly by the staff involved in the process.

i. Approval Committee:

The executive committee (EC), the highest authority of National Development Programme-NDP will select and approve the list of procurement committee. The procurement committees of the organization will consist of three members of them the treasurer will represent the EC and the other two from the senior management staff. The chief executive and the accounts related officers would not be the members of this committee.

ii. General:

The procedure to be followed for procurement of supplies is described below. The procurement committee will send their recommendation to the chief executive and he or his designated representative will finally approve the same. The said committee is responsible for all procurement to the chief executive.

The goods/services procured is to be maintained complete recording and the expenses must be substantiated by proper documentation. No expenditure is expected to be reimbursing for procurement if those are not budgeted, allowable, and reasonable. In case of emergency, prior permission must be obtained from the chief executive.

iii. Procurement ceiling:

The organization will follow the following ceiling guidelines in procurement:

Amount	Source	Quotation	Method of Procurement
Up to Tk 5,000	Open market/ Enlisted vendor	None	Direct purchase by procurement officer/In charge/Designate
Tk 5,001 to Tk 20,000	Open market/ Enlisted vendors	02 (two)	Open market purchase by procurement committee. For enlisted vendor, purchase order should be issued.
TK 20,001 to Tk 2,00,000	Open market/ Enlisted vendors	3 (three)	Open market purchase by procurement committee. For enlisted vendor, purchase order should be issued
Above Tk 2,00,000	Open market/ Enlisted Vendor/ Press tender	3 (three)	Through limited tender (sealed bid)/press tender. For enlisted vendor, purchase order should be issued

- a. When an item is to be procured, a purchase request form as per prescribed format is to be filled up by the Store in-charge/ Accounts officer/ Staff member of NDP and with the recommendation of the section chief is to be submitted to the chief executive for his /her approval. The methods of procurements as stated above to be followed during procurement of supplies.
- b. For purchase TK.5,001 to 20,000:

Procurement Committee will arrange procurement based on two quotations obtained from enlisted vendors. If enlisted vendors are unavailable for a particular item, then procurement committee could procure the requested items from open market with proper justification in consultation with the chief executive. Purchasing from enlisted vendor should have purchase order signed by the chief executive of the organization.

- c. For purchase Tk20001 to 200000:

A summary of bid evaluation (SBE) must be prepared by the procurement committee based on three quotations obtained from the enlisted vendor and a purchase order must be signed by the chief executive of the organization or his /her designated. In case of open market/spot quotations, the procurement committee must visit the market to obtain such quotations. Taking three quotations from one vendor is strictly prohibited; it should be from different vendors.

d. For purchase above TK 200000:

A summary of bid evaluation (SBE) must be prepared by procurement committee based on three enlisted vendors which dropped in the tender box, otherwise a small advertisement will be published in the local News Paper and a notice will hanged in the notice board in open area. But in case of emergency if any, the procurement committee reserves the right to collect quotation on the spot from outside sources-producers/suppliers/sellers etc. All sealed bid evaluation will be opened in presence of the bidders and also the procurement committee. A purchase order (PO) must be signed by the chief executive of the organization or his / her designated.

The organization should always follow the Government of Bangladesh (GOB) rules (like Income Tax, VAT, Stamp Charge etc, to be deducted at source) during the procurement of any charge / services. It should take appropriate measures to ensure the deposition of the said money to the treasury in time with carefully.

iv. General Procedure for Acquisition of Goods and Services:

The acquisition process involves basic steps:

a. Recognize a Demand:

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

b. Select Suppliers /Vendors:

This Step involves identifying suppliers capable of providing the items, grouping items that can be provided by the same suppliers, requesting bids on the requested items evaluating the bids in terms of different criteria, and selecting a supplier.

c. Place the order:

After completion the selection of vendor Purchase Order in writing will act as the contract for the supply of goods / services as per required quality, quantity, and delivery time.

d. Follow up the order:

To get the required Goods /Services in time, be ensure expected quality and quantity and avoid the delay of supply this step is essential to enhance contract through letter, fax , telephone or e-mail.

e. Received the order:

At the time of getting the Goods /Services must have enquired about the specification, quality and quantity according to Purchase Order up to Purchase Requisition, Inventory Control and Accounting Process. If the shipment is not satisfactory buyer must decide to back the products to suppliers, Records on punctuality, quality and quantity deviations as well as must be up dated as part of suppliers evaluation.

f. Delivery of the receipted goods:

Once the goods are received according to requisition in all elements the goods should be delivered to the final users at the earliest opportunity.

g. Mode of Payments:

The organization should always be conscious to make payment to the vendor through Accounts Payee Cheque. Not over 3000/= (Taka three thousand) will be paid in cash, otherwise vendor is bound to accept the Accounts Payee Cheque. In case of emergency spot purchase/open market purchase where vendor is non-willing to receive the check/pay order, then the Chief Executive has to approve to be paid to the vendor considering his request in writings.

v. General procedure about vendor enlistment:

NDP thought to avoid the unexpected risk of improper procurement decreases the chance that inappropriate vendors will be selected and improves the efficiency and effectiveness of procurement.

a. Invitation, evaluation and selection of vendor:

This phase requires the development of evaluation criteria and vendors shall be selected as follows:

- i. Financial strength of vendors, quality, management, technical ability and potential for close long-term relationships.
- ii. The vendors company profile, its services, product quality, price, warranty etc. and sales personnel capabilities should be noted in the evaluation process.

iii. Shorter leads times and on-time delivery also helps the procurement to maintain the project's satisfaction with a deadline for submission their documents.

b. Maintain and developing the enlisted vendor:

The organization's Procurement Committee will make sure that the vendor has an appreciation of quality requirement, schedule of delivery, payment system and others procurement policy. Vendor development includes everything from training to request for quotations to delivery and billing system that is the whole system of procurement.

vi. Purchasing strategies from enlisted vendor:

There are three classic types of purchasing strategies from the enlisted vendors:

a. The open book purchase:

The purchaser determines some cost, which may be held at time of purchasing in break up such as Material cost or on fixed cost or on a delivery time and labor cost etc. This is especially useful for building maintenance and making wooden furniture and fixtures.

b. Price list purchase /sole sourcing:

The Vendor prices are fixed on a published price or index as **BATA Shoe**. The procurement committee will finalize the commission/discounts /levy if any before confirming the goods. While purchasing under this procedure, documents evidence such as price list, sole proprietorship, and distributorship, patent or copyrights any of the above must be attached.

c. Competitive Bidding Process:

The standard procurement policy has already been discussed but here is the definition. When the supplies are not willing to disclose the cost or where near perfect market/fixed price listing is not available as discussed above, the competitive bidding process is often appropriate. To run this process, several enlisted suppliers are necessary. It is most suitable for **Request For Quotations (RFQ)** system where the order usually goes to the lowest bidder. The majority of purchase is done through process. Sealed Bids/Limited Tenders/Press Tender also fall under this process.

d. Preferred vendor:

This is a negotiation strategy to develop long-term partnering relationship with a few suppliers who will work with the purchaser to satisfy the end users needs. Long term suppliers are more likely to understand the broad objectives of the purchasers and the end users. Preferred vendor may be one or two supplier being the ideal number. As the volume of order increases, the supplier receives the repeat order, which follows the strategy of high volume cost.

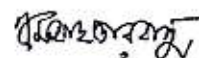
By setting up the list of preferred vendor this would decrease the risk of inappropriate or improper procurement and increases the efficiency and effectiveness of the procurement.

It is expected that the development process of the organization enhanced through following the said procurement policy. It will enhance the accountability of the organization; make it transparent in procuring the office utilities/services. At the same time donor agencies should consider the organization's procurement policy in procurement the project services funded by them.



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6. Cash and petty cash Control

a. Responsibility:

Minimum Two employees must have involved in all kind of processing of Cash excluding Approval Authority for financial Transaction Completion.

i. Cash Handling:

One person will prepared the Transaction Voucher (Debit or Credit, Journal Voucher), writes Cheque, and received all Cash or Cheques from others. All Cheque and Cash deposit to Bank through Transfer Vouchers (TV).

ii. Recording and Accounting:

NDP always follows **Mixed Accounting System (MAS)** that is both of Cash and Accrual basis from the beginning in the context of Core programme and projects. All transactions will be recording in Cash Book including Explanation, proper justifications and Head No. at Every Voucher with Signature of **Cash Book Writer** with. After completion of all formalities of Cash Book then posting will be maintained at General Ledger and Subsidiary respectively. All these perspectives will enhance by the Accountant. At Branch level or Project Level all these process also will apply through recommendation of Project Chief.

iii. Approval:

The Director or His/Her Designated person according to Constitution of NDP will approve all Bill Vouchers with proper justification, which transactions entries at the Cash Book. And cross checked the all formalities for transparency and accountability at organization. Before the Bill Vouchers and Cash Book sign Director or his designated person should be confirmed about the assurance of Manager (Finance and Administration) through Signature at Bill.

iv. Cash Deposit and Recording Procedure:

a. All the Cash Transaction shall be entered into the Cash Book according to Date. If any acceptable causes not possible to entry at the Cash Book on that day then the next working day must have completed the task. The unspent money should be deposited to Bank.

b. All Transaction must have enhanced through proper justification including valid Vouchers for Cash Receipt and Payments with counter Signature.

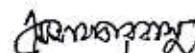
c. All kind of Vouchers that is Disbursement, Procurement Order and Invoices must have used the **Stamp Pad "PAID"**.

e. The Book Keeper who writes the Cash Book must have checked all records and Documentations in Daily Bases.



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- f. Double Entry System will apply in Cash Book.
- g. Separate Cash Book must have used for each Project/Programme including Bank Accounts.

PETTY CASH CONTROLL:

Petty Cash Book used for Small Expenditure where transaction may hold not over TK. 1,000 will be entered into the Petty Cash Book. Petty Cash Operation System stated as follows.

- a. The Cashier shall have maximum TK. 5,000 (Five Thousand) as petty cash.
- b. The Petty Cash Fund must have kept in lockable metal Box during transaction period. After closing the transaction of Day it will have kept in secured place.
- c. No payment shall be made without the approval of the Director or Designated person.
- d. Payments made from the petty cash shall be re-imbrues to the Cashier once in a month of proper vouchers and authenticated documents.
- e. The Cashiers shall regularly enter all the transactions chronologically in the Cash Book. There should be no transaction without entry including Proper Vouchers in to the Cash Book.
- f. "PAID " seal must have put on Bills and Invoices during the payment
- g. The recipient must sign on the appropriate documents while receive any payment.
- h. The physical Cash in hand at the end of day should be counted and documented. Manager (Finance and Administration) will audit at least once in a month all the process.

7. INVENTORY MANAGEMENT:

Inventory means all tangible items owned, such as Office Supplies/Stationery, Vehicle spare parts, Project Material/Equipment, Fuel, Vehicle, Furniture, Fixture and Equipment etc.

Definition of Inventory Management:

Inventory Management is a process, which help to control the tangible assets including receipt, issuance, balancing, accounting, ensuring adequate supporting documentation, controlling, monitoring and proper safeguarding.

Classification of Inventory:

- A. Warehoused Inventory
- B. Non-Warehoused Inventory

- A. **Warehoused Inventory:** The following items are as warehoused Inventory;

i. Office Supplies and Stationery:

Office Supplies and Stationery includes all kind of stationery, electrical goods. All these items are procured and received from local market charge as expenses.

ii. Project Materials:

Some expenses are established and directly procured as requirement for project beneficiaries such as Food, Medicines, Relief Goods, Seeds, Roofing Materials, Sapling, Bamboo, Ropes, Fertilizer, Pesticide, Loading and Unloading, Spade, Khunti, Umbrella, Torch Light, Torch Light Battery, Hurricane, Fodder/Nipper, Homestead Plantation, Arsenic testing Materials, Stove, Table for village, Trunk for Field, Tools etc.

B. Non -Warehoused Inventory:

The items of Non-Warehoused Inventory are as follows.

a. Furniture, Fixture and Equipment (FF&E):

Furniture, Fixture and Equipment indicates Table, Chair, Calculator, Computer, Printer, Photocopier, Generator, Sofa Sets, Fire Extinguisher, File Cabinet, Television, VCP, Air Color, Almira, Cot, and Fan.

b. Vehicles:

Vehicle indicates Motor Cycle, Four Wheel, Bi- Cycle, Trolley, Normal Boat and Engine Boat.

Books and Documents:

NDP followed the documents are as below in order to Inventory Management:

- A. Formats and Reports
- B. General

A. Formats and Reports:

NDP prepared the reports on Warehoused and Non Ware housed Inventory on a monthly, quarterly and annually by responsible person.

a. Formats:

i. Delivery Challan/Way Bill/ Master Roll:

NDP must have prepared the Delivery Challan/Way Bill or Clearance Letter / Master Roll (Annexure) during the delivery of Materials and Equipment to the beneficiaries and maintained file for the same.

ii. Store Requisition Form (SRF):

Requisition for materials will have submitted through Store Requisition Form (SRF) and maintained file for the same.

iii. Assets Identification Number:

NDP must have appended the Identification number against each FF&E items and maintain the Fixed Asset Register which useful life is more than one year.

iv. Write-Off Form of FF&E.

NDP must be filled up a Write-Off Form in a year for the asset due to lost, damage or sold. In this case the Chief Executive of NDP or Donor NGO informed by the responsible person and approved by the authority.

v. Reports:

The Following Reports are to be prepared in Quarterly Bases.

- a. Materials and Equipment Report (M&E).
- b. Furniture, Fixture Equipment Report (FF&E).
- c. Disposal Report for Lost or Damage including Explanation

B. General:

If any Branch /Donor Funded Project when the material got as donation for ever can be sell or deposed off with the Pre Approval of Director not others.

MANAGEMENT OF INVENTORY:

a. Store Place:

NDP has a special place for Storing including lock and Key.

b. Store Authorization Procedure:

Director or his designated employee is responsible for authorization of Store Requisition Form.

c. Responsibilities:

Accountant or Director designated employee is responsible for the storing.

d. Recording Procedure:

- i. After getting the recipient materials recorded at Stock Register within Office time if any emergency causes not possible to record then the next Working day it must have completed.
- ii. Challan /Bill/Invoice must be recorded against receipt.
- iii. Store Responsible Person will care to get the materials from suppliers in this case he/she check the all criteria that is quality, Quantity, Order System etc.

e. Permission Procedures:

- i. Every staff presents the **Store Requisition Form (SRF)** to get the materials.
- ii. Store Requisition Form, Challan and Master Roll should be properly documented against disbursement.
- iii. Recipients must have signature at the time of receiving materials.

f. Asset Register:

The identification of properly affixed and maintain in the Asset Register.

g. Physical Inventory:

An Inventory Team will conduct the physical counting by sixth monthly with the stock Register.

h. Documentation:

NDP must keep available and particulars records of ins and outs inventory.

i. Store Management:

At least two persons will maintain the inventory in the following area:

- a. Handling/Recording.
- b. Purchasing/Accounting.
- c. Approval.

8. ADVANCE AND ADJUSTMENT:

A. ADVANCE

Some procedures will be applied before paid the advance against any cost.

i. Advance money will be utilized against Traveling and Transportation, Project Delivery, Salesman, Land & owner of Homestead and miscellaneous.

1. Director or his selected person can approve the Advance.
2. Accountant or responsible person must have considered whether the past advance adjusted. In this case accountant will reconsider the advance requesting.
3. After considering the matter the accountant prepared the **Advance Requesting Form (ARF)** and prepared against advance paid.
4. Advance Register must be recorded at the same time Cheque/Cash (not more than Tk. 3000) will be paid.
5. More than one person can be take advance; in this case all advance receivers will collect money through a group advance requesting form. In this case Cashier/Accountant/ Team Leader/ Project Chief will withdraw the amount on behalf of all advance beneficiaries. And individual context **Debit Voucher** and Cheque must have prepared.
6. Accountant will observe the recipient signature at Debit Voucher who takes advance. Cashier as a client present the Cheque in front of Cheque Issued Authority.
7. In this case Cashier will withdraw the money from the Bank and distributed the amount to recipients against signature.
8. **Advance Requesting Form (ARF)** must be followed. **Annexure-K**
9. **Advance Register** must be up date after make up the payment. **Annexure-L**

B. ADVANCE ADJUSTMENT:

After completion the expenditure from Advance Money, the traveling expenditure report, Traveling Expenditure report or any others allowable expenses report must be submitted to accountant for adjustment.

1. After completion the purpose of Advance the expenditure record will present at Account Department within 07(Seven Days). In special case with the concern of Chief Executive it might be extended 03 (Three) Days.
2. The Chief of project will overview the expenditure record such as authentic field visit, activities, and supportive bill vouchers with proper justifications including Accounts Code Numbers and arithmetical accuracy. At least Chief Executive of Organization approved the Expenditure Sheets.
3. NDP follows the advance adjustment if Cost exceeds the advance amount through **Debit Voucher**, the cost is less than advance amount through **Credit Voucher** and the cost is equal to advance amount through **Journal Voucher**.

4. Advance Clearance Certificate (ACC) should be paid to Advance receiver.
Annexure-M

C. LIMITATIONS:

1. **NDP** will permit the amount minimum Tk. 500.00(Five Hundred) and maximum Tk. 10,000.00(Ten Thousand Tk.) at a time. But if break the ceiling it might be approved by Executive Committee in special case.

2. Nobody get advance against Salary.

3. Any level of staff get advance one at a time. After realization/adjusted of Current Advance may claim other advance but not.

9. ACCRUAL AND ADJUSTMENT PROCEDURES:

What is Accrual?

Goods and Services received from suppliers but not paid in cash it is called **Accruals**. Some times funds are not available or Suppliers may delay to give vouchers then used this accrual system such as Electricity Bill and Telephone Bill.

REQUIRED OF ACCRUAL METHOD:

1. Accrual is needed at the end of Accounts Closing such as Quarter, Fiscal Year or at the end of Project Contractual Agreement with donor or emergency case.
2. Purchase Order /Contract is given but goods /services not received with in financial reporting, this cost will not consider as accrued Expenses.

3. The Accrual Expenses is show at Accrual Expenses Subsidiary Ledger until adjusted in next fiscal year or quarter.

4. In some cases the accruals are kept on estimated expenses. But at the time of Bill Received there may be difference estimated accruals and actual amounts of Bill. When these expenses are paid and the actual amount does not tally with the payment. In these cases, adjusting entry is essential to be made.

5. For Accrual Base Accounting, NDP followed the **Journal Voucher** and when it is received in cash then it is used adjustment.

10. **SERIES AND CHART OF ACCOUNTS:**

NDP has structured Chart of Accounts for each accounting transaction to maintain and prepare the financial books and reports on a regular basis against individual bank account. A series and chart of accounts are given as follows annexure – D,

- A. ASSETS
- B. LIABILITIES
- C. INCOME
- D. EXPENSES

11. **BANK ACCOUNT OPREATION POLICIES:**

All the receipts as donations, grants, and loan must be kept in the Bank. Bank Accounts shall be maintained through Joint Accounts.

1. Bank Accounts: Separate Bank Accounts are to be opened and separate Bankbooks are to be maintained for each individual project.

2. Bank Signatory: There are three signatories for the Bank Accounts as follows.

- i. President
- ii. Secretary/Director
- iii. Treasurer or Accountant, Branch Manager
- iv. In context of Project, Project Chief may be involved but not exceed the three signatories.

Any two of the above shall sign the banking documents but the signature of the Secretary/Director is mandatory.

3. Cheque Preparation and Withdrawals from Bank:

A Cheque signatory must not prepare Cheques and Vouchers. It is required to withdraw money from the Bank for program implementation; the concern person for the program shall submit a requisition letter to the Director. After approval from Director, the Accountant will prepare a Cheque, get signature from the concerned person for the program and withdraw money from the Bank. On the counter part of the Cheque Book, Accountant will write down the date, amount of money, name of the payee and purpose for which the money has been paid. Requisition Letter will have attached with the voucher and counter foil is to be written down. A register will be maintained for collection of Cheque Books from the Bank.

4. Cash Transaction:

Cash Receipt must be deposited into Bank Accounts as soon as possible after receipt. If cash is received after Banking Hours the amount must be deposited within next working day.

5. Cancelled Cheque:

Cancelled Cheque must write by "CANCELLED" and kept in preserved in accounts Depart.

6. Payment Procedure:

a. Ceiling of Cash:

All kinds of payment should be accomplished through Accounts Payee Cheque more than 3000.00(Three Thousand Taka). In any special case it is not possible to implement this limitation than must have justifications on that matter.

b. Acknowledgment:

An Acknowledgment must have obtained from vendor after payment of any Bill.

7. Financial Documentation for individual Project:

Each of the projects will collect the following financial Report from respective Bank.

- a. Bank Statement/Pass Book
- b. Bank Reconciliation Report
- c. Cash Recap by Bank Account

12. AUTHORIZATION OF EXPENDITURE

a. Supreme Authority:

Director will authorize all kinds of transaction against appropriate Bill Vouchers.

b. Making Payment:

Before making the payment Accountant/ Cashier must have check against bill or invoice whether minimum three persons valid signature including Director is mandatory.

c. Proper Procedure for Authorization:

1. Every Transaction must be properly authorized.

2. Authorization:

Authorization must be documented and the documentation must contain the signature or initials of a person who is entitled to authorize the transaction.

3. Preserve the financial report:

NDP will preserve all financial report for 10(ten) years as follows.

- a. Check Signatory for each bank account
- b. Debit Vouchers
- c. Credit Vouchers
- d. Journal Voucher

All documents those are associated with disbursement/ receipts:

- a. Invoice, Bills, Receipts, Quotations and Contract of procurement must be attached with vouchers.
- b. The Accountant should write the Head of Expenses including Accounts Code on each bill and invoice
- c. Cheque Signatory or Designated person will be reviewed and approved the all-supportive expenses Bill Vouchers against payments.

13. BOOKS & DOCUMENTS /REPORTS:

NDP should have maintained the following documentations as below.

A. BOOKS:

- I. Cash Book
- II. General Ledger/Subsidiary Ledger
- III. Stock Register
- IV. Register for FF&E
- V. Separate Inventory Register
- VI. Procurement Register
- VII. Advance Register
- VIII. Cheque Issue & Received Register

B. DOCUMENTS/REPORTS:

- I. Vouchers
- II. Bank Documentation
- III. Trial Balance
- IV. Expenditure Statement
- V. Material & Equipment Report (Quarterly)
- VI. Furniture, Fixture & Equipment Report

A. BOOKS:

i. Cash Book:

NDP should maintain a Double Column (Cash & Bank) Cash Book on the basis of Double Entry System according to individual Bank Account as per Annexure-G.

ii. General Ledger/ Subsidiary Ledger:

General Ledger-

General Ledger is the main book of accounts, which comes from original entry. **Annexure-I**

Subsidiary Ledger-

Subsidiary Ledger is a supporting record of General Ledger. The total of subsidiary ledger for an account should equal the account total in the General Ledger. The subsidiary ledger contains more details than the General Ledger.

III. Stock Register:

NDP should maintain the **Stock Register Book (SRB)** according to Annexure-S

IV. Register for FF & E items: NDP should maintain a register for assets (equipment/vehicles and non-consumable items) for a value of more TK. 2000.00 (Two Thousand only) and useful life of more than one year. NDP should affix the identification number for all the assets by the project as **Annexure-Z**.

V. Personal Inventory Register: NDP should maintain a **Personal Inventory Register (PIR)** for staff custody as per **Annexure – W**.

VI. Procurement Register:

NDP is required to maintain Procurement Register for TK. 5000.00 (Five Thousand) or above against the Quotation or Contract of Purchase or Purchase Order as per Annexure-R.

vii. Advance Register: NDP should maintain Advance Register to account for all kind of advances as per **Annexure-K**

VIII. Cheque Issued and Received Register: NDP should Cheque Issued and Received Register to account for all kind of transaction as per Annexure- A-13

B. DOCUMENTS/REPORTS:

I. Voucher:

Vouchers play vital role to make proper documentation and is cross –referencing of final books.



Types of Voucher:

- a. Credit Voucher
- b. Debit Voucher
- c. Journal Voucher
- d. Transfer Voucher

- a. **Credit Voucher:** All kinds of Receipts should recorded such as each deposit into Bank Account, Cash, Checks/Demand Draft, Bank Transfers, Interests and other deposits on a **Credit Voucher (CV)** as per **Annexure-B**
- b. **Debit Vouchers:** All kinds of Payments should recorded such as payment of Goods or services received, Cash Disbursement from Bank Accounts, withdrawal, transfers and Bank Charge with the accounting entry on a **Debit Voucher (DV)** as per **Annexure-C**
- c. **Journal Voucher:** Journal Voucher only used for non-cash transactions as per **Annexure-F**
 - 1. **Accrual Basis:** At the period of an accounting period to bring up to date on an Accrual Basis of Accounting.
 - 2. **Previous Entry:** Rectifying a previous Entry.
- d. **Transfer Voucher (TV):** All Banking Transaction will be accomplished through **TV. Annexure-E**

II. BANK DOCUMENTATION:

Bank documentation requires preparation/Collection of the Following three reports:

- 3. Bank Statement/ Pass Book in case of Savings Accounts
- 4. Bank Reconciliation Report
- 5. Cash Recap By Bank Account

1. Bank Statement:

A Bank Statement should be collected from respective Bank against Account of Project/Branch/Head Office in separately as monthly basis.

2. Bank Reconciliation Report:

A comparison of the Cash balance as reported by the Bank, and the balance noted on the Cash Book, for a given period to find errors or irregularities or discriminations items between Bank Statement and NDP conducted Cash Book as per **Annexure-A-2**

3. Cash Recap by Bank Account:

Cash Recap should be prepared for every Bank Account as a financial activity in every month as per **Annexure-A-3**

III. TRIAL BALANCE:

Trial Balance is the list of all Ledger balances in a particular date, which shows total of Debit balances equal to total of credit balances. The sum of all credits must equal the sum of all Debits on the Trial Balance as per **annexure-A-6**

IV. EXPENDITURE STATEMENT

The Expenditure Statement is a management tools devised to facilitate monitoring of account wise expenditures against individual Budgeted account wise expenditures as per **Annexure-A-5**

V. Material & Equipment Report:

NDP should prepare Material & Equipment Report as the project requirement for undelivered items on quarterly basis as per **Annexure-Y**.

VI. Furniture, Fixture & Equipment Report:

NDP should prepare F, F&E report using identification numbers on a quarterly basis as **Annexure-Z**

14. PERSONNEL MANAGEMENT

NDP should have standard personnel policy and procedures for the following issues:

1. Guidelines of Staff Recruitment
 - a. Formation of Recruitment Committee
 - b. Set up benchmark for the Respective position
 - c. Job Advertisement (Daily News Paper, Notice Board)
 - d. Scrutiny the application
 - e. Written Test and VIVA
 - f. Recommendation/Approval by the board member
 - g. Offer Letter for primary discussion
2. Job Description
3. Staff Salary & Benefits
 - i. Honorarium for Director
 - ii. Leave Policy
6. Transfer benefits/promotion/demotion
7. Award
8. Staff Development
9. Performance Appraisal
10. Disciplinary Action
11. Separation

15. CHECKLIST:

A team should have access to investigate against all financial affairs including disciplinary action.

- For Micro Finance
- For Accounts
- For Administration
- For Project

It depends on need based. Formatting may be design according to necessity.

16. AUDIT:

I. Internal Audit:

NDP should arrange the Internal Audit throughout the fiscal year as determined by Internal Audit Cell.

II. External Audit:

External Audit Firm should oversee the all books of Accounts, Financial Reports, related documents and others reports as per NDP financial guidelines as per requirements of GOB.

17. AMENDMENT: This guideline may be changed based on needs.


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CHART OF ACCOUNTS:

Annexure-D

Chart of Accounts – a list of General ledger account names and numbers.

ASSETS:

Cash Ledger:

The Cash Ledger is a chronological record of receipt and payment of fund from the Organization's Cash Book. Cash Ledger is maintained in Daily Basis as per example Donation received in cash.

Bank Ledger:

The Bank Ledger is a chronological record of receipt and payment of fund from the Organization's Bank Account .

HD- Petty Cash Ledger:

The Petty Cash Ledger is maintained to record daily petty cash funds and reimbursed periodically from NDP Bank Account.

HD- Loan Disbursement / Loan Realization:

Loan Disbursement to Village Organization/Shamity for loan recipients and in the contrary Loan Realization from members of Shamity will include in this head.

HD- Advance:

Miscellaneous Advance:

This Advance indicates miscellaneous expenses such as Ticket, Postage and others small expenses for NDP staff.

Project Advance:

Project Advance shows that kinds of expenses such as training, beneficiary payments and Project expenses at site.

Travel Advance:

This advance indicates travel for field trips, office trips and others Donor Office trips.

HD- Prepaid Expenses:

Prepaid Expenses should be used if the services will get for a period of time such as months or years as for example office/ warehouse rent advance. Prepaid expenses are Debit and Bank Account is credit. Each month, for which the advance applies, an adjusting journal entry is prepared crediting and debiting by the appropriate expenses.

HD- Vendor Advance:

In order to obtain project materials and equipment this advance is used not be above 25% of total amounts. This advance will be realized within one month.


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HD- Miscellaneous Receivable:

Miscellaneous Receivable is utilized in accounting to include any money due to be received from any party or entity for any reason due to past transaction such as Office Maintenance and repairs and Telephone bill etc. expenses on behalf of a landlord.

HD- Deposit:

Deposits are sums submitted to utilities, landlord or services companies as security or collateral. This account should be used if it is reasonable expected that the deposit will be return upon completion of service/rental agreement. It is unlikely that a deposit will be available upon completion of the agreement.

HD- Accrued Income:

This accrual is concerned with expected future cash receipts against our services or goods provided to or for others. Such as materials sold but amount not yet received on time.

LIABILITIES:**HD- Fund (Loan) Account:**

NDP received fund from others project or Donor as Loan.

HD- Donor Fund (Cash in Transit):

Get fund from DONOR through Demand Draft.

HD- Savings Collection and Return:

Savings Collection from Village Organization Members in the contrary Savings return to Village Organization Members will include in this head.

HD- NSSP (NDP Special Savings Programme):

NSSP collection from Village Organization Members in the contrary Savings return to Village Organization Members will include in this head.

HD- Miscellaneous Payable Account:

The Payable is utilized in accounting to include any money owe to be paid to any party or entity for any reason due to past transaction such as Office Maintenance and Repairs, Telephone Bill etc. expenses on behalf of NDP. Payments received from transferring personnel to pay for personal bill s received after their departure.

HD- Accrued Expenses:

Service or Goods have been received but payment not yet made, this is called Accrued Expenses. Thus accrual may be occurred of each month/ quarter/year or at the end of a contractual agreement with donor or any other unavoidable situation.

HD- Tax and VAT:

All kind of deductions from the vendor and service provider against their payments as Tax, Rent Tax, Sources Tax & VAT as per GOB policy.

INCOME:

HD- Miscellaneous Income:

Gain from sale of Tree, Fish, Project Equipment, materials, non fixed assets, Pass Book Sale, Loan Form Sale and received any miscellaneous sources such as bank interest, donation etc.

EXPENSES:

HD- Salary and Benefits:

This account includes all type of staff salary and benefits (festival bonus, award, Gratuity, Field Allowance, Performance allowance, increment) if hired on a regular and casual basis for program's need.

HD- Honorarium:

All kinds of consultant fee for project related consultant.

HD- Office & Warehouse rent:

This Account includes all type of expenses related to office rent and temporary or regular warehouse rent.

HD- Savings Dividend/ Interest:

All kinds of Savings Dividend /Interest will involve in this head.

HD- Office Maintenance, Repairs & Cleaning Maintenance:

Related to Office Maintenance, Repair & Cleaning Materials like electricity bills, Gas Bill, water bill, sewerage bill, repairs the FF& E items, sign board making cost & cleaning materials etc.

HD- Communication:

All types of expenses related to telephone bills & its connections cost, fax, courier service, postal expenses,, postage, e-mail etc.

HD- Stationery & Supplies:

All kinds of expenses related to stationery and others paper supply, printing, books binding, ledger books, photocopy, towel, duster cloth, electrical goods, rain coat, field bags, tea, pencil battery, sugar, milk, tea utensil, first-aid box etc for general office use.

HD- Furniture, Fixture and Equipment:

All type of expenses related furniture, fixture & equipment like table, chair, wooden rack, pigeon box, steel Elmira, board, ceiling fan, table fan, water filter, calculator, computer table, printer, UPS, Voltage stabilizer, generator, fire extinguisher, file cabinet, sofa set, motor cycle, helmet, bi-cycle, trolley, engine board etc.

HD- Vehicle Fuel, Oil, Repair & Maintenance:

All kinds of expenses related to travel while on fuel, oil, repairs & maintenance like petrol, oil, spare parts, vehicle registration fee, driving licenses fee and insurance etc.

HD- Travel and Lodging:

All kinds of expenses related to travel while on official business such as Travel Allowance, Food, Hotel Fare & Dearness Allowance. Daily Allowance and other expenses related to fieldwork.

HD – Training:

All kind of expenses related to training /meeting/workshop/seminar/for the staff, management committee, volunteers, gender, monitor, evaluator, risk and resource mapping, resource center rent, nutrition & rehabilitation, cultural & recreation, musical, simulation, awareness campaign/programme, day observance, FFS Study Plot, agriculture fair, capacity building, foundation, IGA, School Program, Self Evaluation, report writing, produces facilitation skill, arsenic, nursery establishment, right farmers field school, exhibition, home gardening, Krishi mela, linkage development on farms trial, action research, rally, strategic planning, sustainability, campaign, leaflet, /poster publication, networking, refresher, materials, venue, food, travel cost, passport for cross visit, cross visit expenses.

HD- Material & Equipment:

All types of expenses related to direct delivery material & equipment to the project beneficiaries like all commodities including food, medicines, relief goods, seeds, roofing materials, sapling, bamboo, rope/shutli, fertilizer, pesticide, carrying charges, spade, khunti, umbrella, torch light battery, hurricane, fooder/nipper, homestead fruit/tree plantation, arsenic testing materials, stove, table for village, trunk for field, tools any contingency expresses related with beneficiaries etc.

HD- Construction & Maintenance:

This account includes all type of expenses related to construction and maintenance like flood shelter, communal latrine, bridge culvert, low cost latrine, urinal, urinal, shallow, tube –well, homestead/ institute ground raising, block works, wave protection wall, village road and connecting, maintenance work, contingency for earth work, plantation tools, plantation at communal places, plantation activity, contractors services and labor etc.

HD- Monitoring and Evaluation:

All type of monitoring and evaluation including baseline survey will involve in this head.

HD- Audit:

Fees for Annual Audit of Financial records including project audit by external auditor.

HD- Administrative Cost/Miscellaneous:

Any item of office administrative Cost in nature does not fall under any aforesaid heads (above heads), which includes advertisement, bank charge, recruitment cost, newspapers, local conveyance, local transportation and legal fees. A certain percentage of total program management cost may be considered in the annual budget for this head


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