

হিসাবরক্ষণ ম্যানুয়াল ACCOUNTS MANUAL

চতুর্থ (৪র্থ) সংস্করণ

মে ২০১৭ থেকে কার্যকর
(প্রথম প্রকাশকাল জুলাই ১৯৯৮)



ন্যাশনাল ডেভেলপমেন্ট প্রোগ্রাম-এনডিপি

এনডিপি ভবন, বাগবাড়ী, শহীদনগর, কামারখন্দ, সিরাজগঞ্জ।

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PREFACE

“National Development Programme (NDP)” has established on 1st January 1992. It is a non-governmental organization, called as “NGO”. By virtue of the constitution, it is a non-political and non-profit organization. The key objective of NDP is to strengthen capacity of the targeted project participants (beneficiaries) and create scope for bringing them in the main stream of development. Since its establishment, NDP has been paying efforts in view to changing livelihoods of the poor people it serves and committed to continue its work for their development as long as needed. The organization is registered from Department of Social Welfare, NGO Affairs Bureau, Directorate of Family Planning, Micro-Credit Regulatory Authority (MRA), and European Commission (PADOR) on line, Data Universal Numbering System (DUNS), System for Award Management (SAM).

NDP is working for developing of socio-economic and creating employment for poor people. NDP has been starting Micro-Credit since 1994. Working area was not wide at starting now is very wide. At the present NDP is working in five districts which are Sirajgonj, Bogra, Pabna, Natore, Jamalpur and Tangail. Microcredit activities day by day expand in another poor living district.

National Development Programme-NDP as a Non Governmental Voluntary Development Organization try it's best to deal the financial affairs in smoothly efficiently in different aspect such as finance and accounts 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 sited of biggest river Jamuna in Bangaleshe.

This guideline will assist to all kind of staffs with best 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.

This guideline means Accounts Manual is applying from starting of organization. **This policy as 4th edition has revised at 159 No. meeting of Executive Committee, Date: 21/09/2016** for increasing of scope, new idea and change or amendment- rule and regulation.

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)
Executive Director

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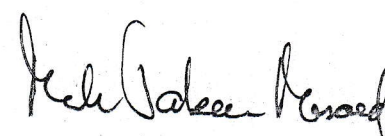
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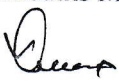


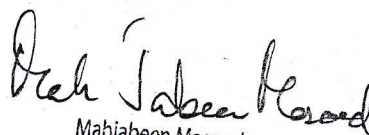
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01.Chapter –I Introduction and Objectives

1.1 Background:

The devastating flood at the end of 1988 engulfed large landscape of the country causing huge damage of lives and properties, which also badly affected to the lives of the peoples in Sirajganj district that situated on the bank of the most treacherous river Jamuna. The national and international NGOs came forward to provide succor to the victims of this deluge. A group of local youth including Md. Alauddin Khan, the chief executive of NDP now has voluntarily dedicated themselves in emergency response and rehabilitation works under the guidance of these NGOs. The experience they gained through it inspired them to take any sustainable development initiatives for the poor people. With this end in view, under the leadership of Md. Alauddin Khan, the “National Development Programme (NDP)” has established on 1st January 1992. It is a non-governmental organization, called as “NGO”. By virtue of the constitution, it is a non-political and non-profit organization. The key objective of NDP is to *strengthen capacity of the targeted project participants (beneficiaries) and create scope for bringing them in the main stream of development*. Since its establishment, NDP has been paying efforts in view to changing livelihoods of the poor people it serves and committed to continue its work for their development as long as needed

1.2 Vision, Mission, Goal:

Vision:

Build a nation free of exploitation and poverty; ensure governance, equality, rights and a friendly environment for all.

Mission:

NDP work towards promoting poor people's access to services for better life & livelihoods through economic development and participation utilizing their potentials.

Goal:

Improve livelihoods and establish rights of the poor people thus contribute towards achieving National Developmental Goals.

1.3 Objective: The major objectives of NDP are to;

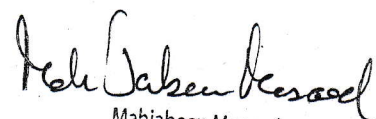
- ❖ Raise community awareness, capacity building and develop skill human resources
- ❖ Enhance poor people's participation and access to development opportunities
- ❖ Create employment opportunities and increase income of the poor peoples
- ❖ Empower and improve livelihoods and dignity of the poor peoples
- ❖ Reduce food insecurity and improve nutritional status of the extreme/ultra poor peoples
- ❖ Increase poor people's access to basic primary health care (PHC) and FP services
- ❖ Increase poor people's access to education and promote quality education
- ❖ Link people with special ability (PWD) with the main stream of development
- ❖ Develop poor people's resilience capacity to cope with disasters
- ❖ Promote bio-diversity conservation and renewable energy making the earth good for living
- ❖ Increase poor people's access to basic rights, entitlements, information and services
- ❖ Reduce violence against women and advocacy & legal supports to the distressed women
- ❖ Promote human rights, good governance and gender equality
- ❖ Strengthen capacity of civil societies, CBO and UP in local level planning and management
- ❖ Ensure standard and extent quality services thus earns organizational sustainability

1.4 Objective of the Manual:

The Guideline has been developed for National Development Programme-NDP's smooth functioning of financial transaction 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



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drive the Accounting system in smooth operation in the context of the organizational need, preparing financial report against expenditure, income and utilization of Grants, Sub-grants fund.

The main purpose of this guideline is to assist speed up in the 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 guideline, it is expected that 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.

1.5 Scope/Application of Manual:

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 accounts procedures.

1.6 Authority/ Process of updating the Manual:

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.

Any change or modification/amendment as approved by the Executive Committee of the Organization shall be circulated through inter-office memo/circular under the signature of the Chairperson/Chairman of the Executive Committee of the organization or his/her designate or Executive Director.

1.7 Essential Requirements:

NDP's all project and Programmes will follow this guideline in fully. If any change are needed as essential requirements to drive the accounts that will be permitted by the Executive Director on behalf of EC.

1.8 Practices:

NDP's Accounts Manual designed to respect the Government law which follows all requirements.

02.Chapter - II Definitions

NDP- means the National Development Programme.

"The Organization" means the NDP

Management- means the senior management team constituted by the organization.

Chairman/Chairperson- means the Chairperson of the Executive Committee.

Executive Director- means the Executive Director of NDP

Month- means calendar months.

Year- means the financial year of the Organizations.

Memorandum of Understanding (MOU):

Memorandum of Understanding is a mutual agreement between two parties in where everything's will have written which cooperate to drive the organization's partnership project perfectly. MOU is the legal document of partnership. Some standard will follow for all. Before signing all partners/parties should go through the MOU carefully and should share if they have any issue or question on any clause. Some highlights of the MOU is shared below maintaining the serial of MOU template:

1) Parties	8) Monitoring and Audit
2) Date	9) Termination
3) Objectives of the Agreement	10) Indemnity/Release of liability
4) Duration of Agreement	11) Confidentiality
5) 1 st Parties Responsibilities	12) Relationship of parties
6) 2 nd Parties/Partners Responsibilities	13) General
7) Payment of Accounting	14) Dispute Settlement
	15) Notice
	16) Survival
	17) Annexure.

Budget:

National Development Programme-NDP prepared a Yearly budget for all Projects and Programmes at a glance and this consolidated budget is approved by the General Committee in the Annual General Meeting (AGM) including Annual Activities Plan.

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.

Donor- means an Agency, Organization, Government or Individual that contributes in kind or cash to NDP.

Government Grants/Donation- Government grants are assistance by Government in the form of transfer of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Grants/Donation related to assets- are grants whose primary condition is that entity qualifying for them should purchase, construct or otherwise acquire long term assets.

Approving officer- means the Chairperson, Executive Director and Head of Finance (Finance & Accounts) or the officer so designated by the Executive Committee/above three person of the organization.

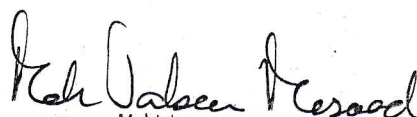
"Primary Document" includes money receipts, credit voucher, debit voucher, transfer voucher and journal voucher.

"Financial Document" includes the letter of agreement between any Government, funding agency, grantor, and organization, lease agreement, bank statement, cheque book, bank deposit slip, audit report and GoB letter of approval. It also includes all the books of accounts required for the organization together with its supporting documents viz. the money receipts, bills, invoices, cash journal, journal vouchers, ledgers, subsidiary ledgers, register and other accounting records, documents and statements.



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“Financial Statements” means and includes Financial position (Balance Sheet), Comprehensive Income (Income and Expenditure Account), Receipts and Payments Statements, Cash Flow Statements and Explanatory Notes.

03.Chapter-III Accounting Principles and Policies

3.1 Accounting System:

The accounting system is accrual based and records are maintained by double entry system. However cash basis financial reports may be prepared if required by the Donors and Regulatory agencies. All income received during a particular year shall be accounted for in the same year. Any part of income, which is committed for subsequent years, shall not be treated as income in the year of receipt. All expenditure incurred, paid and accrued shall be considered as expenditure in the year to which it relates.

The accounting of **NDP** financial transactions shall be managed with properly designed accounting system in accordance with internationally accepted accounting principles and accounting standards.

3.2 Accounting Period:

NDP shall maintain its accounting year from July 01 to June 30; Individual Donor's Account may be different as per the requirement of the donors.

3.3 Significant Accounting Policies:

3.3.1 Basis of Accounting:

The financial statements are prepared on accrual basis of accounting; The Financial Statements have been measured under historical cost convention.

3.3.2 Currencies:

All of organizations assets, liabilities, capital fund, income and expenditure are denominated in terms of nearest BDT.

Revenue Recognition:

3.3.3 Service charges on loan:

NDP is collecting Service Charges from beneficiaries at declining balance method, here the rate is counted as per loan and savings policy of Microcredit/Others loan activities and circulate letter.

The amounts of service charges actually collected from the beneficiaries are recognized as income. The service charges due but not collected are not recognized as income.

3.3.4 Interest on Fixed Deposit and Bank Account:

Interest on fixed deposit is accounted for on accrual basis under MFI Investment excluding Others such as General Fund, TC, PF, Gratuity, PSF etc. The **NDP** made investment in fixed deposits against the various funds (Savings /Reserve Capital Fund/Staff Securities/Disaster Management/Staff Contribution/Training Centre etc.).

Interest on Bank account (Organization Bank account Project/Programme/Branches) is accounted for on cash basis.

3.3.5 Interest Expenses:

Interest expenses have been accounted for on accrual basis.

3.3.6 Other Expenses:

Other expenses have been accounted for on accrual basis.

3.3.7 Interest paid on savings:

Interest paid on savings is recognized on accrual basis. Interest rate on savings is calculated as per yearly circulate letter.

3.3.8 Fixed Assets and Depreciation:

For Core Project/Program:

Fixed assets are valued at cost. Depreciation is charged on fixed assets except land on straight-line method at rates determined on the basis of effective life of individual assets. The annual rates of depreciation charged are as follows:

Name of assets	Rate (%)
Office Building	10
Furniture and fixtures	10
Office Equipment	20
Vehicle	20

Full year's depreciation shall be charged on fixed assets. Depreciation will record as per journal voucher by following depreciation expensed debit and accumulated depreciation fund credit. If assets are acquired within the 1st, 2nd, 3rd, 4th quarter in FY so depreciation will be charge 12Months, 9Months, 6Months, 3Months as respectively.

For Donor Project/Program:

Fixed assets are shown expensed as per decision of Donor. Accordingly depreciation on assets are not been charged. A list of assets however will be included as a part of this report. Details of Property, plant and equipment are shown in the list of Property, plant and equipment not charge in Balance sheet or Donor requirement.

3.3.9 Capitalization Policy:

An individual item of assets valued over Tk. 3,000 is capitalized. All other items whose expected life are more than one year, but cost of an individual item is less than Tk.3,000 are treated as non-capital assets and charged to revenue.

Noted that one item is purchase as individual such as chair, table, rack, sofa, water filter etc. it's cost value is less than Tk.3,000 but useful life more than one year and charged to capital for these item.

Fixed Assets shall be recorded at actual cost. Any expenses incurred in the acquisition or construction of fixed assets shall be included in the costs of assets.

3.3.10 Loan Loss Provision:

The NDP is following MRA guidelines for loan classification, loan loss provisioning and write off policy.

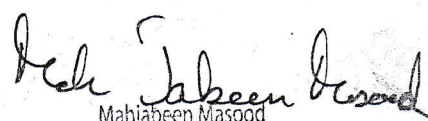
3.3.11 Policy on Loan to Beneficiaries:

Micro-credit program is conducted as per manual provided by the PKSf and Org and MRA guideline.



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3.3.12 Policy on savings collection:

The NDP has adopted its own savings collection policy embodied in its Credit Operation Manual. The collected savings will be deposited to the bank on the same day. 6% interest or circulate rate (different year) will be paid to the members on yearly basis of their savings.

3.3.13 General:

i) Salary of the employees will be disburse through bank account for head office/Project/Programme and branch office salaries.

ii) Previous year's figures will be re-arrange, where necessary, to conform to current year's presentation.

3.3.14 Grant/Donation accounting:

Individual accounting system is existing and ongoing for different or particularly grant/donation fund.

3.3.15 Government Grant/Donation:

Bangladesh Accounting Standard (BAS) 20 "Accounting for Government Grants and Disclosure of Government Assistance" shall follow during this period under audit for recognition of grant income.

As per BAS 20 grants received are initially recorded as liability. Grant amount used to acquire Property Plant and Equipment has been shown as "Property Plant and Equipment Fund". Grant amount used for project expenses has been recognized as income to the extent of expenses incurred.

Any donation in kind will have a value assigned to it and will be credited to the income and expenditure statement or capital fund account as appropriate.

3.3.16 Overhead Income:

A certain percentage of the project expenditure will be allocated in the donor's budget as organization income of NDP. This percentage usually called overhead income will be transferred to core fund of NDP without any supporting documents of expenditure. The purpose of this income is to cover indirect institutional cost and central management staff's cost for implementing the project.

3.3.17 Partial Salaries of Central Staff/Management Staff:

A certain amount is provision in the project/programme budget for running of central staffs/managements staff as organization partial salaries. These partial salaries will be transferred to core fund of NDP. Because those staffs are receiving salaries from core fund for this reason it will transfer to core fund instead of individual staff. By this way those staffs are not need open a lot of Bank account.

3.3.18 Local Income:

a) Local Donation:

Any income received from sources inside the country by any means is treated and recognized as local donation income.

B) Tutuon/Training/Consulting/Facilitation/Honorium/Fees:

All fees, charges, training course fee etc. recived or accrued by the organization are booked under these head.

C) Rental Income:

Any income received or accrued by the organization on account of lease of organization properties, facilities, etc. shall be treated as rental income and shall be accounted for in the year to which it relates.

D) Organization Contribution:

If there is any arrangement with donor to contribute the project from the organization's fund that shall be recognized as income.

E) Commission:

Any income received or accrued by the organization on account of Commission shall be treated as income from commission and shall be accounted for in the year to which it relates.

F) Miscellaneous Income:

Any income received or accrued from any source other than donation, overhead cost sharing, interest, training fees, tuition, training, consultancy, honorarium, fees, facilitation, rental, commission or Training Centre income, service charge loan shall be accounted for in the year to which it relates.

3.3.19 Expenditure:

Any payment or obligation for payment year shall be recognized as expenditure in the year to which it relates. Expenditure accrued but not paid shall also be considered as expenditure in the financial year it was obligated.

3.3.20 Apportionment of Common Costs:

If it is deemed necessary some costs may be apportioned between different program/activities and cost centers. In such cases, the apportionment will be made depending upon the nature and purpose of expenses and budget allocation. The finance department will always review ratio of cost allocation after phased in/out of any project. The Finance department will make cost sharing and send to Project/Program/Branch for payment against bill with approval.

3.3.21 Bank Charges or Interest Expenses:

Bank Charges or interest paid for transferring/receiving any amount shall be charged to the particular program/project for which the amount was paid/received.

3.3.22 Liabilities:

Liabilities represent any obligation to any party arising due to receipt of fund, goods and services and any amount payable to any person or organization by NDP fund. All liabilities and obligations must be accounted for in the accounts before the yearend/closing date.

3.3.23 Capital Fund/Owners Equity:

The capital fund/owners equity represents the accumulated balance of excess of income over expenditure and may also contain direct credits.

3.3.24 Procurement:

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 Procurement Policy which will be up date time to time as revised.

The NDP shall be follow procurement policy for purchasing any goods and services of all projects and programmes. **(Reference: As per Organization Individual Procurement Policy)**

3.3.25 Following documents and rule-regulation especially will be considered for Micro Finance Program:

➤ **Books and Register:**

NDP-Micro Credit will be maintaining Cash Book, Ledger, voucher, Members Admission Register, Subsidiary Ledger, Savings Refund Register, salary register, fixed assets register, collection register and loan disbursement register through **MFI Monitor or Existing MFI Software** which are sufficient to maintain the accounts and records;

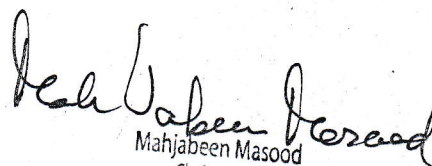
➤ **Depreciation:**

Depreciation is charged on fixed assets on the basis Straight Line Method. Whole year depreciation is charged in addition to fixed assets irrespective of the date of acquisition;



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➤ **Maintaining Control Ledger:**

NDP will be maintaining control ledger and subsidiary ledger through **MFI Monitor or Existing MFI Software;**

➤ **Member savings deposit Investment:**

As per MRA Rule 2010,

1. Every Microcredit Organization must maintain 15% liquidity fund of its entire compulsory, voluntary and term deposit, or whatever name assigned to the deposit funds, in the savings account of a scheduled bank of the branch offices.
2. Liquidity fund may be maintained in the form of minimum 5% in cash and the remaining portion as fixed deposit.

➤ **Statutory Reserve Fund:**

Observation: MRA Rule 2010 section 20 every Microcredit Organization will create a reserve fund using 10% (ten percent) of its total income surplus and the reserve fund will be maintained in a bank account of a specified scheduled bank under the supervision of the head office of the relevant Microcredit Organization.

Note: Time to Time/Up-date or amendment policy of MRA shall be followed.

Compliance of MRA Rules & Regulation

- a) NDP will be complied with the International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) while maintaining accounting records and preparing financial statements.
- b) NDP's all activities will implement as "Microcredit Regulatory Authority Act-2006." Or "Micro credit Regulatory Authority Ordinance - 2010." Or amendment act for future.
- c) Closing balance of last year's audited financial statement will be carried forward as opening balance in current year's accounts.
- d) The books of accounts of NDP are maintained proper books for sector-wise receipt of funds and they are properly complied with the rules and regulations as per accounting manual provided by the authority.
- e) Fund management of NDP will kept the records separately for the collected funds under various components of micro credit activities and submit separate reports on that basis.
- f) NDP will be maintain properly record and accounts for the receipt and disbursement of fund from different donor organizations and utilized them as per their principles/ terms and conditions of the agreement with the donors.
- g) The member's savings collection and savings will properly record and deposit to bank after collection. The organization is paying 6% interest/circulate letter's rate on member's savings.
- h) Before disbursing loan among the beneficiaries for all formalities and properly complied with the provisions in the rules mentioned before disbursing loan among the beneficiaries.

- i) The documents of passbook, loan / savings collection schedule, and loan application form regarding loan write off, bad loan record, register and document will preserve separately.
- j) NDP properly complied with the rules regulations relating to the constitutions particularly in respect of formation of General Body and Governing Body.
- k) The physical existence of assets acquired out of surplus service charge and fund received from different sources for institutional development as loan or grants.
- l) The loans will properly utilized by the beneficiary members.
- m) All kinds of transactions will be done through bank except collection of savings, disbursement of micro credit and some other small amount of transaction.
- n) The collection money from beneficiaries and recover loan and savings amount from members will be duly deposited into bank after daily disbursement to loanee on the same date.
- o) Collecting savings are properly recorded and accounted for at member's level as well as samity level.
- p) All recovery of loan disbursed out of fund received from several sources are made as per Schedule.
- q) Loan loss provision will be computed and accounted for as per Microcredit Regulatory Authority Act 2006 and Micro credit Regulatory Authority Rules 2010.
- r) Closing cash balance at the time of ending day and found will be OK. Internal Auditor will check bank balance of year end/month end by collecting certificate of bank balance and also check Bank Reconciliation Statements and found ok.
- s) Internal auditor will be checking the payments procedures with proper approval authority of bills/ voucher. And a "Budgetary control system" exists in the organization.
- t) Internal monitoring team (Finance/Auditor) will be monitored in unusual fund.
- u) Audit report and audited financial statement will be presented to different donor organizations, regulatory authority and other authorities.
- v) There will be a proper compliance with the provision of the Income Tax and Value Added Tax (VAT) authority rules implemented by the Government.
- w) The procurement policy, service policy, loan and savings policy etc. are in place and are properly followed by the Branches.
- x) NDP has an internal audit arrangement/ division and internal audit shall conducted regularly.
- y) Comment on Compliance of the status of the prior year/prior internal audit/financial monitoring visit audit observations:

Sl. No.	Observations	Implementation Status

- z) NDP share its cost between of micro-credit and other program.
- aa) The transaction processes of NDP will be implementing through bank for significant amounts excluding saving returns, loan disbursement or meeting minutes.
- bb) Yearly ratio analysis will prepare for sustainability analysis:
One example has mentioned for clear understanding:

Sl. No.	Particulars	PKSF Standard	Current Year 2015-2016	Last Year 2014-2015	F.Y. 2013-2014
1	Debt to Capital Ratio	Max 9:1	1.86 : 1	2.28:1	2.47:1
2	Capital Adequacy Ratio	Min 10%	37.29%	31.78%	30.46%
3	Debt Service Cover Ratio	1.25:1	6.27:1	6.67:1	5.40:1
4	Current Ratio	Min 2:1	2.25:1	2.12:1	2.00:1
5	Liquidity to Savings Ratio	Min 15%	10.14%	10.94%	12.12%
6	Rate of return on capital	Min 1%	28.84%	28.52%	33.27%
7	On Time Recovery	Min 92%	99.63%	99.31%	98.35%
8	Cumulative Recovery Rate (CRR)	Min 95%	99.91%	99.44%	99.84%

Note: Time to Time/Up-date policy of MRA shall be followed.

04.Chapter –IV Accounting Books of records

4.0 General

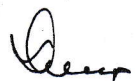
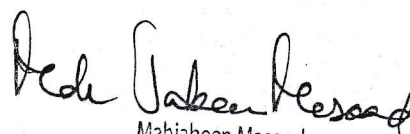
The accounting books and registers are important for recording financial transactions. These books and registers are treated as documentary evidence of financial transactions. The Finance & Accounts department of NDP shall maintain necessary books of accounts and registers for recording the financial transactions and related information by using software or manually.

The books of accounts registers are important documents which should be maintained and preserved for proper documentation. Correction entries will be initialled by an authorized person. Depending on the needs of the organization, the organization should maintain the following standard books of records:

Sl. #	Description	Maintained by	Checked by
1.	Control Cash Book	AM (F&A)	DM (F&A)
2.	Control Ledger Book/ General Ledger	AM (F&A)	Mag. (F&A)
3.	Project/Programme wise Cash Book	AM (F&A)	DM (F&A)
4.	Project/Programme wise Ledger Book/ Transaction	AM (F&A)	DM (F&A)
5.	Daily Petty Cash Statement	ACC	AM (F&A)
6.	Receipt/ Credit Voucher	AM (F&A)	DM (F&A)
7.	Payment/ Debit Voucher	AM (F&A)	DM (F&A)
8.	Journal Voucher	AM (F&A)	DM (F&A)

9.	Cheque Register	ACC	AM (F&A)
10.	Salary Register-(Expect Bank Transfer)	ACC	AM (F&A)
11.	Fixed Asset Register	AM (F&A)	DM (F&A)
12.	Vat Register	ACC	AM (F&A)
13.	Bill Register/Voucher Documents	AM (F&A)	DM (F&A)
14.	TDS Register	AM (F&A)	DM (F&A)
15.	Advance Register	AM (F&A)	DM (F&A)
16.	Attendance Register	Admin Asst.	H.A
17.	Leave Register	Admin Asst.	H.A
18.	Staff Trip / Movement Register	Admin Asst.	H.A
19.	Training Register	Training Asst.	H.A
20.	Fund Register	ACC	DM (F&A)
21.	Asset movement Register	Log	AM (F&A)
22.	Inventory Register	Log	AM (F&A)
23.	Log Book	Driver	L.O
24.	Fuel Consumption Register	Driver	L.O
25.	FD-6, FD-2, and all NGO Bureau reporting	Admin Off	HOF
26.	Monthly financial statements including budget variance statements	AM (F&A)	DM (F&A) /Mag. (F&A)
27.	Quarterly financial statements including budget variance statements	AM (F&A)	DM (F&A) /Mag. (F&A)
28.	Yearly financial statements including budget variance statements	AM (F&A)	DM (F&A) /Mag. (F&A)
29.	Fund request and forecast to Donors	AM (F&A)	DM (F&A) /Mag. (F&A)
30.	Bank Correspondence	AM (F&A)	DM (F&A) /Mag. (F&A)
31.	All Correspondence with donors	DM (F&A) /Mag. (F&A)	HOF
32.	All Correspondence with NGO Affairs Bureau	DM (F&A) /Mag. (F&A)	HOF
33.	All Correspondence with government agencies and NBR	DM (F&A) /Mag. (F&A)	HOF
34.	Other	DM (F&A) /Mag. (F&A)	HOF

Note: Maintained by, Checked by both responsibility are depended by available staff's in Project/Program. Where one staff is recruiting in Project/Program here all activities shall be done by him with the assisting of Accounts Department-Head Office.

The abbreviation used in the table stated in full as follows:

AM (F&A) -	Assistant Manager (Finance and Accounts)
DM (F&A) -	Deputy Manager (Finance and Accounts)
Mag. (F&A) -	Manager (Finance and Accounts)
ACC -	Accountant
HOF -	Head of Finance
H.A -	Head of Admin
Log -	Logistic
LO -	Logistic Officer

There should be inclusion of bill/invoice and voucher in serial number 1 (for individual FY) to be maintained by Accountant/Accountants Assistants and checked by Finance Officer/ Finance Manager/ Assistant Manager (F&A).

The details write up for this clause will be as follows:

The respective accountant personnel will verify all the bill and vouchers before making any payments and in case of any conclusion arising thereto, the Main Accountant-Project/Finance Manager / Head of Finance will give the final decision.

The frequency of recording transactions in the books and records will be as follows:

Transaction – cash and non cash	Frequency
Adequacy of documents of transaction	As and when it takes place
Approval of transaction	For each transaction
Receipt voucher	For each transaction
Posting to cash book	For each transaction
Balancing to cash book	Daily Basis
Obtaining of book balance confirmation	Daily Basis
Preparation of bank reconciliation statement	Monthly Basis
Journal voucher	Monthly Basis/Need base
Adequacy of document of Journal voucher	As and when it takes place
Posting to all types of ledgers	For each transaction
Balancing of all ledgers	Daily Basis
Posting of fixed asset register	Daily Basis
Posting to inventory register	As and when it takes place
Posting and balancing of advance register	As and when it takes place
Preparation of Trial Balances	As and when it takes place
Preparation of financial statements	Monthly/Quarterly/Yearly Basis
Budget variance statement	Monthly/Quarterly/Yearly Basis
Others Activities	Monthly/Quarterly/Yearly Basis

4.1 Control Cash Book

The Cash book, either maintained software or by manually, is used to record all transactions made in cash or through bank, it is used to record the following types of transactions:

- All receipts in cash
- All payments in cash
- All receipts in the form of cheque/pay order/telegraphic transfer or any form other than cash
- All payments in the form of cheque/pay order/telegraphic transfer or any form other than cash

At the end of each day, the bank and cash balances should be extracted and the cash balance be checked against cash in hand. If the amounts are found correct and agreed, the concerned Accounts Officer should sign the Cash Book. At the end of each day, the Finance Officer/ Finance Manager/Branch Manager/Head of Finance/Head of Micro credit should review and sign the Cash Book for authentication.

The Cash Book must be totaled at the end of each month and balances of cash in hand and cash at bank extracted. The official authorized in this behalf to approve the expenditures should verify physical cash in hand. The Accounts Officer and Finance Officer/ Finance Manager Approving Officer must sign the Cash Book if it is agreed with the amount physically found.

4.2 Control Ledger/ General Ledger

A general ledger contains a classified account of income and expenditures. All Expenses of a particular nature are posted chronologically under a specific line item assigned for this purpose. At the end of each month, the ledger must be checked against the cash book and journal entry ensures that all the expenditures have been posted in the ledger.

4.3 Project wise cash book

These are maintained separately for each individual project/Program/Fund in the Head Office or Project/Program Office.

4.4 Project wise ledger book

These are maintained separately for each individual project.

4.5 Petty Cash Statements

A petty cash account, not exceeding BDT 50,000 (BDT Fifty thousand only) for the Head Office and BDT 10,000 (BDT Ten thousand only) for the Area Office/Project/Program/Branch's should be maintained for small day to day expenditures. A reliable person not involved in procurement should maintain the Petty Cash Book. Petty Cash Voucher and Petty Cash Book must be maintained in the same format as Payment Voucher and Cash Book described earlier. When the Petty Cash Advance is exhausted, Payment Voucher with supporting documents attached and Petty Cash Book should be produced to the Finance Officer /Area Manager/Coordinator for verification. If satisfied, Finance Officer /Area Manager should sign the Petty Cash Book, replenish the Petty Cash Advance, and transfer of Petty Cash Expenditures to the main accounting system.

4.6 Receipt/ Credit Voucher

This is one of the three types of vouchers used by the Organization. Any amount received in cash by way of grants, subscriptions, donations, or repayment of loans/ advances, collection against dues, etc. shall be treated as cash receipt transaction.

Any amount received in the form of cheque/pay order/ demand draft or in any form other than cash by way of grants, donations, interest, loans or repayment of of loans/ advances, collection against dues shall be treated as bank transaction.

All cash or bank receipt transactions shall be accounted for through Credit Voucher.

4.7 Payment/ Debit Voucher

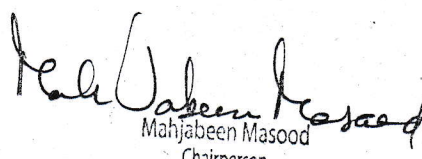
Any amount paid in cash on account of including expenditure, purchase of assets, purchase of inventory, settlement of accounts or any other payment made by NDP shall be considered as cash payment transaction.

Any amount paid by cheque, draft, pay order or account transfer on account of expenditure, purchase of assets, purchase of inventory, settlement of accounts or any other payment other than cash made by NDP shall be considered as bank payment transactions. All payment transactions shall be accounted for through Debit Voucher.



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4.8 Transfer Voucher

All banking transaction will be accomplished through transfer voucher or debit/credit system.

4.9 Journal Voucher

Journal voucher is organized as voucher for non cash transactions, where receipt or payment of fund is not involved. Journal voucher shall be used for transfer or adjustment of ledger account balances from one account to another account.

All account adjustment or transfer of general ledger account balances shall be recorded through Journal Voucher.

Preparation of Journal voucher is necessary to record the posting of all financial transaction that are generally categorized as below.

- Depreciation of fixed assets
- Adjustment for shortfall, damaged or disposed of fixed assets
- Provision created for capital expenditure
- Provision created for revenue expenditure
- Adjustment for damage, shortfall, obsolescence in inventory accounting
- Adjustment of advances
- Accounting for income receivable
- Accounting of deduction of withholding TAX and VAT
- All sorts of rectification entries for appropriate corrections
- Other transactions not covered by any other vouchers
- Accrual basis
- Previous entry

Adjustments are required at the end of financial reporting periods (quarterly/year) to incorporate income and expenditures relating to the period concerned but not received or paid. On the other hand, some expenses may be paid, or some income may be received which do not relate to the concerned period. Inclusion of accruals and exclusions of advances are required to reflect the financial position of NDP for the period concerned and to compare actual financial performance levels with those budgeted. These adjustments/ accruals are made through journal voucher.

4.10 Cheque Register


This register shall be maintained by the Finance Department for recording information relating to issue of cheques. It contains information such as voucher number, cheque requisition number, cheque number, date of issue, name of bank, bank account number, amount etc.

4.11 Salary Register and/ or Salary Sheet

NDP shall maintain a register or salary sheet for recording staff salary payment. It will contain the name of recipient of salary, designation and number of working hours (if needed), basic salary, house rent, medical allowance, transportation allowance, income tax, salary deduction and other relevant information.

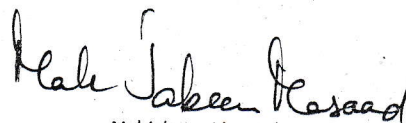
4.12 Fixed Asset Register

All fixed assets acquired shall be recorded in Fixed Assets Register. The Fixed Assets shall be physically verified at the end of each year, results should be reconciled with the Fixed Asset Register and short/ excess, if any, shall be adjusted in the book of accounts. Disposal of any asset must be recorded in the appropriate column of the register. Description on fixed assets will be recorded in the Fixed Asset Register in appropriate column.



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4.23 Inventory Register

All inventory movements will be recorded in this Register which would contain information regarding quantity, price, date of receipt and date of issue, name of recipient and source of materials, along with a separate column for total receives, total issues and total balances of materials and signature of receipt or SRF uses.

4.24 Log Book

NDP shall maintain a Log Book for each individual vehicle recording the movement and usage of vehicles, operating hour, distance traveled, time of departure, time of arrival and other relevant information, prepared by the driver and checked by the user. It should be prepared for checking the mileage and fuel consumption that must be needed for controlling fuel bills.

4.25 Fuel Consumption Register

For controlling the use of fuels, the transport supervisor or the administrative officer of NDP shall maintain the register and update the same regularly.

4.26 Reporting and Correspondence with NGO Affairs Bureau (if needed)

The organization will submit all required reports, budgets and audited financial statements to the NGO Affairs Bureau and will maintain files for all correspondence and submissions.

4.27 Monthly, quarterly and year-end financial statements including budget variance statements

The Organization will prepare periodic financial statements for the projects and the Organization, on the basis of book and records maintained. Such statements will contain. As a minimum, Balance Sheet, Income & Expenditure Statement, Receipts & Payments Statement, Budget Variance statement, Explanatory notes and schedules, Cash & Bank balance and Bank reconciliation. These will be properly checked, approved and maintained in file.

4.28 Financial Reports to donor including fund request, forecast and other correspondence

The Organization will prepare and submit financial and other reports to the donors as per the terms of the agreement with respective donors and will maintain files for such reports and other correspondence.

4.29 Bank Correspondence

The Organization will maintain files for bank statements, bank reconciliation and other correspondence with banks.

4.30 Correspondence with government agencies and NBR

The Organization will maintain files for all correspondence with National Board of Revenue (NBR) and other regulatory agencies.

4.31 Others

The Organization will maintain **such** other books, records and other documents as considered necessary and appropriate for their purpose.

4.32 Suspense A/c:

The Organization will maintain suspense account for non identify money receipt to bank, cheque deposit to bank for NDP other's project/program, for staff theft, for loan collection staff but not deposit to account and mathematically proved of Trail balance. For this recording approval and noted of record of management will be needed.

05.Chapter- V Responsibility of the Finance and Accounts Department and Internal Controls (Authorization of Expenditure)

5.1 Management Responsibility for the financial statement preparation:

The responsibility of preparation of financial statements rests with the management. The Head of Finance will be responsible for the overall accuracy and authenticity of the financial statements and the accounting and other books and records on the basis of which such statements are prepared.

The Head of finance/Deputy Director (F &A)/Manager (F&A)/Deputy Manager (F&A)/ Assistant Manager (F&A)/Accountant have overall responsibility for maintaining the accounting system and books of records. He/she is required to discharge the responsibility through a proper and efficient system ensuring effective internal controls, segregation of duties and supervisory controls.

Every person whose duty is to prepare the primary documents is personally responsible for their completeness and accuracy.

Any officer who signs or countersigns any primary document, accounting returns or certificate is personally responsible for the facts stated therein so far as it is his/her duty to know or to the extent to which he/she may reasonably be expected to be aware them.

5.2 The Finance and Accounts (F &A) Department:

The Finance and Accounts (F&A) Department is headed by the Head of Finance/Deputy Director (F&A) and is directly responsible to the Executive Directors. The department is responsible for keeping proper records of all financial transaction and for preparing various management and financial reports as well as give necessary advice and assistances in the efficient and effective management of the organization. This department will also monitor the accounts of project/program/branches and help them to keep these records as per organization requirements.

5.3 Internal Controls:

Internal Control is a means/process by which an organization's resources are directed, monitored and measured.

5.3.1 Power of Attorney (POA):

A legal document that allows one to delegate power to other staff. POA comes from constitution or executive committee. Only the person who has POA can delegate the authority to others.

5.3.2 Delegation of Authority (DOA):

A document listing the tasks assigned to some position allowing him/her to perform the duties.

- ❖ Delegation of authority cannot be transferred from one individual to another.
- ❖ The limit of authority should be clearly defined and documented.
- ❖ Executive Director/Manager should make the commitment and approve expenditures subject to Delegation of Authority Letter/Minutes/[Annexure] from appropriate authority (Executive Director/Executive Committee)

5.3.3 Segregation of Duties (SOD):

A control policy according to which no person should be given responsibility for more than one related function.

For example, the person responsible for purchasing should not also be responsible for its payment.

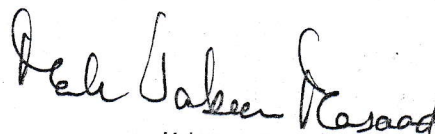
Management needs to establish and maintain a system:

- ❖ To ensure that no single employee has control over all phases of a transaction.



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- ❖ To verify and cross check by other officials.
- ❖ NDP needs to prepare a "Duty Matrix" [Annexure] for all key jobs function in the individual project/program.

5.3.4 Control over cash and bank :

Bank:

- ❖ Cheque book should be kept under lock and key. The key can not be kept to any of the signatories.
- ❖ All bank accounts must be operated by the joint signatories.

Petty Cash:

- ❖ Update and document the petty cash book daily.
- ❖ Surprise petty cash count and document it at least once in every two months.
- ❖ Maintain register (cash book, petty cash statement, advance, log etc)

Petty cash is discussed in detail in Chapter- IX Petty Cash Management.

5.4 Authorization of Expenditure:

a) Supreme Authority:

Executive Director or his/her authorized person/ As per Authorization Structure 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 not Voucher whether minimum three persons valid signature including Executive Director or his/her authorized person/ As per Authorization Structure mandatory.

c) Proper Procedure for Authorization:

Every transaction must be properly authorized.

d) Authorization:

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

06.Chapter- VI Banking Operations

6.1 General

All receipts of money through cheque/Draft/Pay Order/Transfer Advice, bank account shall be debited and relevant source/income shall be credited. Cheque/Draft/ Pay Order shall be deposited into bank through deposit slip of the bank. General principle of NDP is to encourage all concerned to make receipts/payment through banks.

6.2 Opening of Bank Accounts

The Executive Committee of Organization is empowered to authorize opening and closing of any bank account in the name of the Organization for its transactions.

6.3 Mother Account

Fund and Grant received from any foreign source shall be deposited into Organization's Mother Account immediately.

6.4 Operational Bank Account

The Organization as envisaged in the constitution shall open project bank account in any scheduled bank for operation. The head office and each of the Branchs, Project/Program of NDP will open separate bank account for each project in respective areas to run the project activities smoothly by

taking resolution in the meeting of The Executive Committee of Organization (Executive Committee). Separate bank accounts are to be opened and maintained for each individual project. There are three signatories for the Bank accounts as follows.

6.5 Bank Signatories

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

Separate bank accounts are to be opened and separate Bankbooks are to be maintained for each individual project. There are three signatories for the Bank accounts as follows.

- Executive Director
- Director/Deputy Director
- Branch Manager, Accountant/Area Manager/Zonal Manager
- In context of Project, Project Chief/PM/APM/Technical Person/Training Coordinator may be involved but not exceed the three signatories.


Any two of the above shall sign the banking documents but the signature of the Executive Director is mandatory especially for opening and closing of Bank accounts, change of cheque signatory.

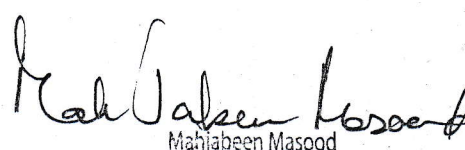
Segregation of Bank Signatories

SL	Activity	Amount	Authorized Person
For Project/Program			
1.	Cheque Signature Authorized Person	Up to Tk. 75,000	Related project head (PM/PC) and Assistant PM/Assistant Coordinator/ Project officer/Trainer
2.	Cheque Signature Authorized Person	Above Tk. 75,000	Executive director/Head of Finance and Related project head (PM/PC)/ Assistant PM/Assistant Coordinator/ Project officer/Trainer
For Micro Finance Program (Branch Office)			
1.	Cheque Signature Authorized Person	Up to Tk. 500,000	Branch Manager and Branch Accountant/Senior Credit Officer/ Area Manager/Zonal Manager
2.	Cheque Signature Authorized Person	Above Tk. 500,000	Executive director/Head of Finance/Head Of Micro Finance and Branch Manager /Branch Accountant/Senior Credit Officer/ Area Manager/Zonal Manager
For Head Office (MFP and Others excluding project/Program)			
1.	Cheque Signature Authorized Person		Executive director, Head of Finance, Head Of Micro Finance (any two person out of three) Note: Executive Director Signature Must only for Mothers Account and another rest any of two

6.6 Cheque Preparation and Withdrawals from Bank:

A cheque signatory must not prepare Cheques and Vouchers. It is required to withdraw money from Bank for program implementation; the concern person/accountant for the program shall submit a


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requisition to the authority. After approval from the authority, the accountant will prepare a cheque, get signature from the concern person for the program and withdraw money from the Bank.

6.7 Deposit of Cash at Bank

All cash receipts must be deposited in the bank account as soon as possible after receipt of cash. If not possible for any valid reason, that must be deposited into bank by the following working day.

6.8 Receipts of Cheque/Pay Orders/Draft etc.

Soon after receiving cheques/pay orders/draft etc, these should be stamped with "Accounts payee only" if needed, entered in the cash book and deposited with bank with deposit slip on the same day, or on the following day if received after banking hours. Appropriate steps need to be taken by the Head of Finance to realize the dishonored cheques, if any.

6.9 Bank Credit Advice

In respect of every direct receipts of money into a bank account, a Credit voucher shall be issued immediately on receipt of bank credit advice.

6.10 Bank Debit Advice

A payment voucher shall be prepared for each direct debit by the bank relating to any charges or payment. This voucher must be approved by the authorized person and posted in the bank book and general ledger.

6.11 Bank statement and bank certificate

Bank statement confirming bank balances on monthly basis and relevant advice must be collected from the bank for all bank account within seven days of the end of each month. Collection of such documents shall be the responsibility of finance department.

6.12 Bank Reconciliation Statement

Bank reconciliation must be reconciled with the cash book by an official other than the accounts officer who maintain cash book/bank book. If such Accounts Officer prepares the reconciliation, it must be verified by another responsible officer. The completed reconciliation statement should be reviewed carefully and outstanding cheques remaining unpaid for more than six months should be cancelled and reversed in the cash book with proper authorization.

6.13 Minimum Limit for cheques payment

Payment exceeding Taka 10,000 should be made by account payee cheque. Large cash payments are discouraged. If cash payments are unavoidable in emergency cases, these should be properly justified, authorized and document. No advance shall be made without a voucher and entry in the books of accounts. For emergency & disaster program please refer to disaster response chapter-21.

6.14 Cheque Recording Register

A cheque recording register shall be maintained to record all cheques issued for payments. All cheque numbers should be verified to ensure that these have been registered in the statement and that cancelled cheques if any have been appropriately marked and held for verification. Blank cheque and bearer cheques (Except advance and petty cash and money requisition) should not be issued or signed. All cheque issued should be account payee.

6.15 Cheque counterfoil

While issuing cheques, the counterfoil of cheque shall also be filled with necessary particulars, e.g date of issue and name of payee, amount, purpose and initials of the one signatory.

6.16 Cancellation of cheques

If any cheque is issued but not presented for collection by the payee within six month from the date of issue, the bank shall be limited in writing to cancel the cheque. Accordingly, the finance department shall make reversal entry in the bank book and keep a note in the bank reconciliation statement. Any loss or theft of the cheque/cheque book must be informed to the concerned bank management at earliest possible time.

6.17 Cancelled Cheques

The word "CANCELLED" shall be written in the counterfoil as well as on the face of the cheque when a cheque is required to be cancelled.

6.18 Ordering the new cheque book

Respective Accounts Officer shall initiate the ordering of new cheque book through a requisition while receiving new cheque book respective accounts officer shall count the cheque leaves and satisfy himself that the numbers of cheque leaves are found in order.

6.19 Safety of Cheque Books

Finance and Accounts Department shall be the custodian of cheque book and shall ensure that cheque books are preserved safety. All cheque books should be kept in a safe place under lock and key. Cancelled cheques must be retained in the cheque book along with cheque counterfoil and marked cancelled.

6.20 Daily Bank holding limit

Required Cash Balance for Micro Finance Program Branch's may be drawn from the bank on requisition; the cashier/Branch Accountant/Branch Manager may hold liquid Bank Balance up to the amount tk. 500,000/=. If above balance Tk.500,000/= is available at Branch so it will transfer to Head office or others branch of Micro Finance concern by Head office

07.Chapter -VII Cash Management

7.1 Cash Book

At the end of each day the bank and cash balances should be extracted and the cash balance be checked against cash in hand. If the amounts are found correct and agreed, the concerned accounts officer should sign the cash book

The cash book must be totaled at the end of each month and balance of cash in hand and cash at bank extracted. Physical cash in hand should be verified by the official authorized to approve the expenditure. Cash book must be signed by the finance manager/Head of finance if it is agreed with the physically found amount.

7.2 Cash control

The NDP management shall follow the following steps for controlling cash management with the objectives to avoid misappropriations of cash.

- The person who deals the cash (receipt & payments) shall not make entry in the books of account.
- The person who is responsible to record the cash transactions in the books of account, he/she shall not deal in cash. (if possible)
- The person who approves the cash payment or receipt, he/she shall not involve himself/herself with cash dealings and recording in the books. (if possible)

7.3 Duration of Cash Transaction

In order to complete writing of cash book, daily cash transactions shall be closed at least one (1) hour before the close of the office

7.4 Closing of Account

Each day all cash receipt and payments shall be entered into the cash book and it should be closed daily.

7.5 Verification of Cash

Finance officer shall verify the cash balance and the cash book at end of each day and put his/her signature on respective place in the cash book. The finance manager/finance officer shall verify the cash balance and the cash book at end of each quarter and put his/her signature on respective place in the cash book for authentication. Surprise cash counting may be conducted by any person (other than the Head of Finance and the cashier) assigned by the Executive Director once or more in a year.

7.6 Daily cash holding limit

Required cash for head office may be drawn from the bank on requisition; the cashier may hold liquid cash up to the amount tk. 30,000/= approve Head of Finance. Excess of the said amount for any valid reasons will be kept in safe under lock and key and must be deposited into bank account by the following working day. Required cash for Project/Program's may be drawn from the bank on requisition; the cashier may hold liquid cash up to the amount tk. 10,000/=. Required cash for Micro Finance Program Branch's may be drawn from the bank on requisition; the cashier/Branch Accountant may hold liquid cash up to the amount tk. 20,000/=

7.7 Cash Counting

At the end of each day, after making all transactions, the cashier shall count the cash physically and record on a cash reconciliation statement (if required) and shall confirm the balance with the cash book and prepare a denomination of cash note with registered and signed by manger finance.


7.8 Cash Security

To ensure security, the organization should preferably send a security guard/staff with their own vehicle to the bank. NDP must use cash vault for keeping their petty cash amount secured the pass code (if any) of the vault is known by finance officer & finance manger only. NDP may arrange for insurance (if possible) to cover the risk of carrying cash (Cash in transit insurance) (if possible) and custody of cash in the office (cash in safe insurance) (if possible)

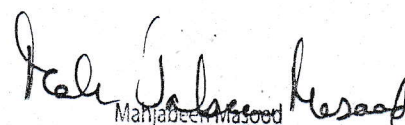
7.9 Accounting for receipts

A Money receipt (MR) shall be issued for every receipt of cash/cheque/drafts. MR is used for recording of financial transactions in the books of accounts. Money receipt should be completed properly, describing the source, nature of receipt, the account head to be credited, date amount and authorized signature. **No amount shall be received in cash or by cheque unless a "money receipt" is issued.**

The money receipt book shall be pre-numbered with least three parts for each receipt. First part shall be issued to the person from whom the payment has been received, second part shall be attached with the respective voucher and third copy shall be retained in the book.



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The money receipt issuing authority must also ensure that the sequence of the money receipt is maintained. If for any reason a money receipt is cancelled then the full set (all the three parts) of that money receipt shall be marked "VOID" and kept in the for verification.

7.10 Cash Receipts

All cash receipts shall be recorded in to the cash book and deposited in the bank immediately, cash received after bank hours shall be deposited on the following day and bank book shall be updated accordingly.

7.11 Fund receipt from foreign sources

Fund receipts from all foreign donors shall be placed in the mother account as shown in the FD-6. However, separate project bank account may be maintained for each donor as applicable. Funds from foreign donors may be received either in pre-determined installments as per the agreement with the donor or on basis of fund request submitted by NDP. The organization shall prepare its annual budget defining physical targets and its basis. After consultation with program staff, NDP finance department should prepare the fund request and send the request to donor. The finance and accounts section should meet the financial reporting and clearance requirements from NGOAB for receipts of foreign donation.

7.12 Receipt of cheque/pay orders/draft etc

Soon after receiving these instruments it's should be entered in the bank book and deposited in the bank on the same day or on the following day, if received after banking hours. Appropriate steps need to be taken by the head of accounts to realize dishonored cheque, if any.

7.13 Fund received from local sources

Fund received from local sources will be recorded in the cash book, and be deposited into the designated bank account according to normal banking procedures, and a money receipt will also be duly issued.

7.14 Accounting for payment

Before making any payment by cash or cheque or through other instruments it is essential to confirm that the expenditure is wholly and necessarily incurred for the purpose of NDP activities and has been duly approved by the NDP authority. Budgetary provision for the expenditure will also be checked. It is essential for the authorizing person to ensure that the goods and services have been received in good condition and check the arithmetical accuracy of the documents for payments.

7.15 Payment voucher

For every payment a payment voucher shall be prepared. Payment voucher must be completed with all the supporting documents stated therein making sure that the account head is correctly debited. The NDP authority must approve payment voucher before signing a payment voucher the official authorized to approve expenditure should check that the finance department has complied with all the requirements. Income tax/vat and other deductions shall be deducted from all payment as per income tax ordinance 1984 and vat act.

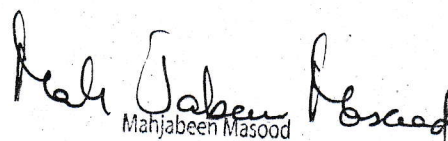
7.16 Supporting Documents

All payment must be supported by bill/cash memos, or other supporting documents. Payment for goods must also be supported by a purchase requisition, Purchase order, Delivery Challan, Bill payment for service by a contract and salary cheque by a payroll sheet and salary payment advice should be attached with the voucher. Only after receiving all supporting documents the account officer should prepare a payment voucher.



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7.17 Bank debit advice

A payment voucher shall be prepared for each direct debit by the bank relating to any charge or payment. The Executive Director or other authorized official must approve the voucher.

7.18 Payment of salary and allowance

Payment of salary of officers and staff shall be made monthly. All payments against salary (except the payment to the temporary, short term employee and the field personnel where the banking facilities are not available) shall be made through account payee cheque or bank transfer/bank advice.

A journal voucher shall be prepared debiting the gross salary and allowance to the appropriate head of accounts and crediting the various deduction accounts as appropriate.

7.19 Deduction of income tax at source

The organization shall not bear the staff tax. Income tax shall be deducted at source from the monthly salary of the staff whose salary amount exceeds the tax exemption limit and will be deposited to the Government Exchequer in stipulated time.

7.20 Accounting for Income Generation (If applicable)

All the income from different source shall be recorded in the accounts section with details. The accounts section shall collect all sale proceeds. Four documents shall be prepared for each income. The concerned section will retain one and three shall be sent to the accounts section. Accounts section will receive the cash/cheque/DD etc. Paid sealed and hand over one copy to the customers with material and challan and send one copy to the concerned section and retain the last copy for these recording .

08.Chapter –VIII Fund Management

8.1 General

Fund Management is one of the most important tasks in an organization. Due consideration should be given to all financial transactions to ensure economy and efficiency for the interest of the Organization.

8.2 Sources of Funds

The Organization will receive its funds from the donors as per agreement and from other Sources viz local contributions/donations, government contribution, member's subscription, Loans, service charges from different projects, rental income, consultancy and training fees, bank interest and income from investment etc.

8.3 Nature of Fund

NDP recognizes two types of funds based on nature of use referred to as Restricted Fund and Unrestricted Fund. The split between these funds is as follows:

8.3.1 Restricted Fund

Restricted Funds are for expenditures in accordance with the requirements of respective donors

8.3.2 Unrestricted Fund

All income received by NDP which are not specifically restricted by donors, creates an Organization Fund.

8.4 Investment of Fund

Funds in excess of the requirements of NDP may be placed in short terms deposits, fixed Deposits, other savings instruments by the Executive Director in the name Of the Organization. The Executive Director/Head of Finance shall be kept informed about such deposits. The sources of fixed deposit are members savings, micro insurance, staff securities fund, reserve fund, capital fund, staff contribution fund, provident fund, gratuity funds, accident support fund, project security fund, training centre fund, disaster management fund, staff contribution fund, depreciation fund, service staff contribution fund, general fund etc. The duration of fixed deposits is 1 month/ 3 months/6 months/12 months/ double deposit.

NDP-Management can be invested to existing micro finance program from provident fund, gratuity fund, training centre fund, and general fund according to board meeting minutes of executive committee for the duration from 01 month to 36 month.

All investment of fund will be operating by dual signatory, here one is Executive Director and another is Head of Finance. But change of signatory, accounts close, renew will operate by Executive Director. Organization will collect quotation from sources from different area; account section will prepare a comparative statement for analysis for taking of decision for investment.

8.5 Fund Receipts

Fund receipt from foreign sources must be deposited in the Mother Bank Account within fourteen Days of receipt or as per the instructions of the donor. However, separate bank account should be maintained for each project. Funds from different donors will be income as per the approval Of NGO Affairs Bureau. NGO Bureau may however allocate total fund receipt in a year for more Than one year which may be accounted for on year-to-year basis as per the requirements of the Organization.

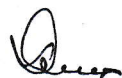
NDP shall prepare its annual budget defining objectives and physical targets and based on this budget, shall request necessary funds from donors. Donors, on approving the budget shall enter into formal agreements with the Organization for transfer of requisite funds to its accounts. These agreements amongst others shall contain disbursements schedules. Donors will remit funds on date(s) agree either upon through bank transfer or in the form of bank Demand drafts, cheques etc

Detailed procedures are described below:

8.5.1 Receipts of Fund through Bank Transfer

Finance Department (Head office)

- Receive copy of Bank Transfer Advice from donor on transfer of fund to NDP bank Account and file the same in the respective donor's file.
- Receive copy of Bank Advice from bank on the NDP bank account.
- Check Bank Transfer Advice with Credit Advice for Confirmation of total Fund.
- Give entry to the Fund register.
- Prepare Acknowledgement of receipt in three copies.
- Forward first copy of Acknowledgement to donor, second copy to Finance Department of NDP and third copy to the respective donor's files.
- Prepare Bank Receipt Voucher with reference to Credit Advice and obtain approval from the



Executive Director or designated person.

- Enter receipt of fund to bank book with reference to Bank Receipt Voucher/Bank Book.
- Make posting to subsidiary ledger with reference to Bank Receipt Voucher.

8.5.2 Receipts of Fund by Cheque/Demand Draft

- Receive account payee cheque/demand draft (DD) from donors.
- Prepare Deposit Slip and deposits Cheque/DD to the bank of NDP.
- File acknowledgement copy of Deposit Slip.
- Give entry to the Fund register.
- Receive Credit Advice from the bank upon collection of deposits Cheque/DD.
- Confirm Credit Advice with Deposits Slip.
- Prepare Receipt Acknowledgement in the three copies.
- Forward first copy of Receipt Acknowledgement to donor, second copy to Finance Department of NDP and third copy in respective donor's files.
- Prepare Bank Receipt Voucher with reference to Credit Advice and obtains approval from the Executive Director or designated person.
- Make posting in the bank book with reference to Bank Receipt Voucher.
- Make posting to subsidiary with reference to Bank Book/Bank Receipt Voucher.
- File Bank Receipt Voucher in numerical sequence along with Credit Advice as supporting documents.

8.6 Custody of Fund

The Executive Committee of the Organization shall be the custodian of all the funds and shall Designate the banks in which such funds shall be kept.

The Executive Committee of the Organization is empowered to authorize opening and closing of any bank account in the name of the Organization for its transactions. The authority will be delegated to any other official. The Executive Chairman/Executive Director and any other Director/Head of Finance or others person as per constitution shall be the joint signature to operate the Fund bank accounts.

8.7 Obtaining Clearance for Donations

The Organization shall take clearance from the relevant Government Authority regarding receipts and use of donations, if such clearance is required.

8.8 Loan Received from General Fund as Inter transaction:

Project/Program may be take loan from General Fund/ others source of organization for deficiency of fund. This loan will transfer to Project/Program against application which will be approved by Executive Director with Donor approval (if needed).

This loan will be paid for few times. After receiving of Donor fund it will adjust but for this inter transaction General Fund will not claim service charge to Project for this support.

General Fund will take loan to Micro Finance Programme/ same related activities with service charge. Rate of service charge will determine by Executive Director which will be prepare by account section

and recommended by Head of finance. This rate will be calculated as per existing banking interest rate.

The source of General Fund for this loan is Training Centre Fund, Provident Fund, Gratuity Fund, Project Security Fund, Accident Support Fund, and General Fund etc.

8.9 Short Term Overdraft -SOD Loan take form Bank against FDR :

Organization may be take SOD loan from Bank for General Fund, Micro Finance Programme, Training Centre etc. against FDR for emergency finance support to Branch/Project/Program. This loan processing will be approving at Executive Committee for taking decision of loan. The cost of loan will be added 3 or 4 plus than existing rate of FDR, example FDR interest rate is 5 so SOD interest rate will be $(5+3/4)=8/9$.

09.Chapter- IX Petty Cash Management

NDP may maintain petty cash fund with reasonable threshold for meeting, day to day expenditure (Local Conveyance, Emergency Stationary, Minor repair, Postage & Courier, Photocopy, and Utilities etc.) where cheque payment is impractical. For individual transaction, limit must be less than Tk. 2,000 (Two Thousand).

- Initially, this fund will start obtaining approval from ED with the allocated amount and after the funds are exhausted, the spent amount will be replenished from the Bank.
- NDP's petty cash fund should be Tk.10,000 or less. If NDP feels to increase the limit so circulate letter will be need from authority.
- No other cash receipt should be include with petty cash fund.
- All payments should be made after authorization from appropriate person.
- Paid [Annexure] seal should be stamped on the bills and invoices during payment.
- Recipient must sign on appropriate documents while receiving any payment.
- There should be adequate documents (bill/invoice) against every disbursement.
- Petty cash book [Annexure] should be update daily.
- Physical cash in hand at the end of the day should be counted and documented.
- Surprise petty cash counting should be conducted and documented by his/her supervisor at least once in every two month.
- Cash should be kept under lock and key. Key should be kept with another responsible person (other than custodian).

While introducing a petty cash fund entry in the cash book will be as follows:

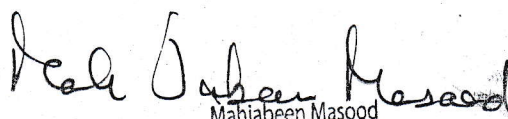
Imprest Fund A/C Dr. Tk.10,000/-

Bank A/C Cr Tk.10,000/-



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After a week/need base time status of the fund are as follows:

Cash in hand	Tk.56
Advance	Tk.500
Expenses	Tk.9,444
Total Fund	Tk.10,000

Breakdown of the actual expensed are Tk.6,044 for travel bill, Tk.1,600 for electricity bill, Tk.350 for entertainment and Tk. 1,450 for stationary.

Under this situation, if we replenish the fund, following entries will be passed:

Travel	A/C	Dr.	Tk.6,044/-
Electricity	A/C	Dr.	Tk.1,600/-
Entertainment	A/C	Dr.	Tk.350/-
Stationary	A/C	Dr.	Tk.1,450/-
Bank	A/C	Cr	Tk.9,444/-

After getting replenishment total fund balance will come to Taka 10,000 – by cash withdrawn from bank for Tk. 9,444, advance for Tk. 500 and cash in hand for Tk.56.

Date	Voucher #	Description	Conv./ Travel	Elec- tricity	Enter.	Stati- onary	Total Exp.	Adv- ance	Balance In Taka
3- Jul	001	Received from Bank							10,000
3-Jul	002	Mr. Karim	1500				1500		8,500
5-Jul	003	Bhi Bhi Restaurant			350		350		8,150
5-Jul	004	Mr. Kabir	1544				1544		6,606
7-Jul	005	ABC Store				1450	1450		5,156
7-Jul	006	PDB		1600			1600		3,556
8-Jul	007	Mr. Kabir-AO						500	3056
8-Jul	008	Mr. Rahim	1500				1500		1556
8-Jul	009	Mr. Abdul	1500				1500		56
		Total	6,044	1,600	350	1,450	9,444	500	

10.Chapter – X Budget and Budgetary Control

10.1 Introduction

Budget is a predetermined statement of receipts and payments of an organization for a specific Period, which includes projection of resource and estimated expenditures, required to achieve Organizational goals in numeric terms. The purpose of preparing a budget is to ensure proper Utilization of limited resources to their maximum potential, for which adequate planning, organizing and controlling are essential.

10.2 Budget Period

Core budget shall be prepared annually and reviewed at the end of this year. The budget for Financial resource, proposed utilization of resources and expenditures thereon shall cover one Financial year.

Program budget for each individual project shall be prepared year-wise, and then will be consolidated for the duration of the project period as per terms of the Project Agreement. This will be revised periodically to ensure optimum use of resources.

10.3 Classification of budget

Budget will be of the following categories:

Master Budget, Program Budget, Core Budget. Further Classification of budgetary exercise is provided below:

10.3.1 Master Budget

Master Budget consolidates all financial activities of a particular period taking figures from other sectoral budgets, i.e. program budgets, Core administration budget etc. Consolidated figures of Master Budget must match with other sectoral budgets.

- 10.3.2 Core budget representing income and expenditure of core activities of the organization
Core budget shall include all income expected to be received during the budget period. Income budget shall provide sources of income with expected amounts from different sources under the budget period. This will also express core administration activities in financial term.

10.3.3 Program Budget

The Program budget shall include all income expected to receive during the budgeted period under each program. Program income budget shall provide sources of income with expected Amounts from different sources under the budget period.

Program Expenditure Budget expresses all programs and activities in financial term. Program Expenditure Budget must include details of program/activity, manpower cost, list of programs to which financial support will be extended.

- Program/Activity break-down (Program/Activity signifies major area of activities to be carried out by NDP like training etc.)
- Cost-Center Break-down (Cost-center is a department, person, activity or center in respect of which cost may be ascertained for control purposes like Accounts, Operation, MIS etc.)

Program Capital Expenditure Budget represents the amount of acquire fixed assets required for the program activities.

10.5 Submission of Budget and Approval

Core Budget and Program Budget shall be prepared by the finance department with the help of different project in-charge and other departmental heads. A Budget committee headed by the Executive Chairman/Executive Director or Senior Management official designated by him/her shall be formed to check the Budget. Budget for next year shall be prepared within the time set by the Executive committee of organization for approval.

10.6 Budget Submission to Authority means PKSF, MRA, Donors (if need) and NGO Affairs Bureau

When the budgets are approved both internally by the organization and externally by the Potential donors, the organization will present the budget to the NGO Affairs Bureau in specified Form FD-6/FD-7 for their approval (if needed). Budget of Micro Finance Program will be submit to PKSF, MRA etc. All departments of the organization namely Administration, Finance and Accounts, and Program shall work collaboratively to prepare the FD-6/FD7 with all required information and Annexes. The FD-6/FD7 properly checked and approved by the Executive Director, will be submitted to the NGO Affairs Bureau for their approval (if needed).

10.7 Budgetary Control

Budgetary Control is a system of planning and controlling cost, which starts the approval/establishment of budget relating to activities to be carried out in order to achieve the organizational goals and regular comparison between budget and actual results/costs, analysis of variance and corrective measures.

Budget committee shall be review the budget at the end of each quarter, half year and year find out the reasons for variances. After thorough review, the budget Committee will submit their comments and recommendations before the Executive Director for necessary action on Variance.

These will be further presented to the Executive committee in the quarterly meetings. If Considered necessary, a budget revision process may be initiated in accordance with proper authority.

10.8 Line item flexibility of Budget

Budgets under each line item are usually fixed, and control be exceeded without prior approval of the donor. In some cases, minor line item flexibility (say 10%) of actual expenditure is allowed in individual line items, provided the total budget is not exceeded.

Transfer of budget allocation from one line item to another is not allowed, except with the prior permission of the donor and of the NGO Affairs Bureau. For this purpose, a revised budget has to be submitted and approved by the donors/NGO Affairs Bureau or Executive Committee/Executive Director or Others authority.

It is important that all expenditures, irrespective of capital or revenue in nature, are to be kept within the budgeted allocation. However, circumstances occasionally may necessitate revision of original estimates to bring them in line with current condition. Full particulars are therefore be furnished by the Head of Finance when requesting modifications/justification of individual code-wise sanctioned budget estimates. A revised budget requires prior approval from the Executive Committee and from donors and NGO Affairs Bureau.

10.9 Budget Analysis and Monitoring

The head of each department is responsible for making financial transactions and monitoring expenses with due emphasis of monthly budget balance distributed by the Finance Department. The head of department is to take corrective measures whenever negative variance in individual code-wise budget targets is expected to occur and give satisfactory explanation to major deviations of physical/financial budgets.

It is desirable that for all practical purposes budget are to be analyzed monthly upon receipt of monthly budget balance and the result of analysis are to be discussed with the head of department by the head of finance for smooth budgetary control. However, the Finance Department is to analyze the Annual Budget situation on quarterly basis based on the printed Form or soft copy.

11. Chapter- XI Payment Procedure

A) Ceiling of Cash:

All kinds of payment should be accomplish through Accounts Payee Cheque more than Tk.10,000/- (Ten Thousand). In any special case it is not possible to implement this limitation than must have justification on that matter.

B) Acknowledgement:

An acknowledgement must have obtained from vendor after payment for account payee cheque on bill. There is no need individual/separate acknowledgement for payment of cash less than Tk.10,000/- (Ten Thousand). Here recipient signature may be mention on bill/invoice/signature on photocopy of cheque as acknowledgement.

C) Need "Purchase Requisition Form-PRF":

Particulars	Required-Purchase Requisition Form-PRF
For purchasing up to Tk.1,500/=	No need Purchase Requisition Form-PRF
For purchasing above Tk.1,500/=	Need Purchase Requisition Form-PRF with bills and vouchers

D) Re-Order Payment for Procurement:

Value of quotation is constant so that the organization can be purchase from same supplier by re-order payment system within four months which is counting from first purchase ordering time.

E) Monthly Payment of Salaries:

Salaries of each month shall be paid in last week of each month to appointed staff by bank advice/account payee cheque/mobile banking/management decision. If salaries is not paid in each month so that it can be accounted as payable according to decision of approving officer of Head Office.

Admin or purchasing department should essential steps and forward document to Accounts for payments. NDP need to ensure that following papers and document are attached with the voucher package.

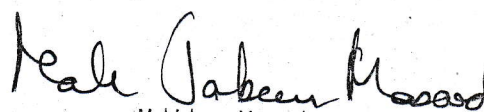
Check list for payment:

- Approval Requisition
- Documents of value for money



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- Purchase Order (if need)
- Goods/Services Receipts Note (GRN)/Stock Book ref. #
- Bill/Claim/Challan from supplier
- Checked by the Accountant whether the bill is mathematically correct or not
- Necessary deduction (VAT, Tax, Advance, etc.) at source.
- Vendor wise register [Annexure-----] should be maintained for calculating keeping record of VAT and Tax. The register should include:

- ❖ Name of Vendor
- ❖ Date of Payment
- ❖ Purpose of Payment
- ❖ Voucher Number
- ❖ Amount Paid (Tk.)
- ❖ Cumulative amount (Tk.)
- ❖ Tax Deducted
- ❖ Vat Deducted
- ❖ Remarks/Signature

- Voucher must be signed by Accountant and approval authority
- NDP should make a "PAID STAMP" with project name. They must ensure the paid stamp on all bill/supporting payment documents.

Name of Project:-----

Example:

NDP-M4C Project

PAID

Date:

Voucher No.

Purpose of paid seal [Annexure-----].

- To avoid further payment using same bill/claim
- To track the missing documents

- Money Receipt/Acknowledgement Receipt from payee for payment by accounts payee.
- Advance has been entered into Advance Register.
- Fixed Assets Register is updated.
- Fixed Assets marked with identity Number.
- Payment made through A/C payee cheque if the payment is more than Tk.10,000/- (Ten Thousand)

12. Chapter-XII Advance

12.1 Purpose

Advances may be paid against expenses to be incurred for NDP's official purpose, i.e. advances against travel expenses, program expenses and purchase of office supplies and materials. For emergency situation and need of liquidity of money of suppliers we may be paid advance upto 30% of value of work order.

12.2 Requisitions for Advances

The recipient of the advance must prepare a requisition in details in the prescribed form against specific accounting head and to be furnished to the Head of Finance to check and verify.

12.3 Certification and Approval

Following the receipt of requisition the Finance Department shall check and verify the requisition. The authority for approval of advances shall be determined in the Delegation of Financial Authority. No requisition shall be placed upon the 'Approving Officer' without having recommendation of the head of the concerned department.

12.4 Mode of Payment

Advances may be paid either in the form of cash (up to BDT 100,000) or in the form of Cheque in Case of advance to employees against official expenses. In case of cash payment above BDT 100,000/= a written justification/recommendation is to be given to the appropriate "Approving Officer" for cash payment. However, advances paid to third parties means suppliers should be made by Account Payee cheque.

For large advance such as above Tk100,000 (large advance limit Tk.300,000) which is related field program activities, this advance we can be paid by 2/3 installment to program staff or requestor. Large advance will paid by installment it shall not considerable as duplication advance or double advance or advance previously. Here all bill will be adjust in one time against all installment advance. Main purpose is all bill will preserve in one voucher for better checking and easily find out.

12.5 Disqualification for Advance

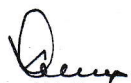
No advance shall be allowed to any recipient without adjusting the balance of advances previously taken by him/her.

12.6 Adjustment of Advance

Advances against official expenses must be adjusted against the respective head within the Period of 15 (Fifteen) working days from the date of actual expenditure incurred. The balance of unspent amount must be refunded in cash to NDP at the time of adjustment of such advances.

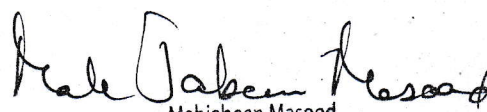
The advance paid to third parties in respect of times of contracts will be adjusted as per terms and conditions laying in the respective contract/agreement.

Advance against salary may be allowed up to the amount equal to two months' salary, with proper justification and approval of the Executive Director.



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12.7 Defaults in Adjustment

The Finance Department shall make deduction from concerned staffs monthly salary, should be a default in payment against the balance of advance to be refunded following months from the deadline of adjustment of such advances.

12.8 Advance Register

An Advance register shall be maintained for various advance payments to the staffs and to the third parties. Separate Advance Account shall be maintained for each recipient of the advance for proper controlling over the advances.

12.9 Report on Advance

The Head of Finance/Account Section shall be held responsible for closely monitoring the advance issues and reporting to the Executive Director on a periodic (i.e quarterly) basis.

Advance Accounting entry detail:

Suppose an advance of Tk.20,000 is issued to Mr. Karim on 20/07/2015 against basic training . The adjustment was made 25/07/2015. Total expenditure was Tk.22,000

Cheque/Cash should be prepared in favor of Mr. Karim.

Journal Entry:

When advance received

Date	Particulars		Dr.	Cr.
20/07/2015	Advance to Mr. Karim	Dr.	Tk.20,000	
	Bank/Cash	Cr.		Tk.20,000

When advance adjusted (expenditure exceed than advance)

Date	Particulars		Dr.	Cr.
25/07/2015	Basic Training A/C	Dr.	Tk.22,000	
	Advance to Mr. Karim	Cr.		Tk.20,000
	Bank/Cash	Cr.		Tk. 2,000

When advance adjusted (expenditure less/low than advance)

Total expenditure was Tk.18,000 for Basic Training

Date	Particulars		Dr.	Cr.
25/07/2015	Basic Training A/C	Dr.	Tk.18,000	
	Bank/Cash	Cr.	Tk. 2,000	
	Advance to Mr. Karim	Cr.		Tk.20,000

13.Chapter -XIII Inventory Management

Inventory means all tangible items owned, such as Office Supplies/Stationary, Vehicle spare Parts, Project material/Equipment, Fuel, Vehicle, Furniture, Fixture and Equipment etc,

Definition of Inventory Management:

Inventory management is a Process, Which help the control the tangible assets including receipt, Issuance, balancing, accounting, ensuring adequate supporting documentation, controlling, Monitoring and monitoring and proper safeguarding.

A. Warehouse inventory: The following items are as warehoused Inventory;

a. **Office Supplies and Stationary:**

Office supplies and stationary includes all kinds of stationary, electrical goods. All these itemize procured and received from local market charge as expenses.

- ii. 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, Fooder/Nipper, Homestead Plantation, Arsenic testing materials, Stove, Table for Village, Trunk for field, Tools etc.

B. Non-Warehouse Inventory:

The items of non-warehouse Inventory are as follows.

- a. Furniture, Fixture and Equipment (FF&E):
Furniture, Fixture and Equipment indicates Table, Chair, Computer, Printer, Photocopier, Generator, Sofa sets, Fire Extinguisher, File Cabinet, Television, VCP, Almira, Cot, And Fan etc.
- b. Vehicles :
Vehicles are indicates Motor Cycle, Four Wheel, Bi-Cycle, Trolley, Normal Boat and Engine Boat.

Books and Documents:

NDP followed the documents are as bellow 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 Assets Register which useful life is more than one year

iv. Write-off from 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 authority.

v. Reports:

The following Reports are to be prepared in Quarterly basis.

- a. Materials & 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 Disposed off-with the pre Approval of Executive Director not others.

a. Store Place:

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

b. Store Authorization Procedure:

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

c. Responsibilities:

Accountant or Executive 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.

14. Chapter-XIV Fixed Assets Inventory Management

14.1 General

Fixed Assets are resources of an organization that have the potential for providing with future economic benefits. Control over fixed assets is an essential part of routine management exercise. This chapter highlights some basic control issues concerning fixed assets management. NDP management/employees shall ensure the best utilization and accounting for all of its fixed assets.

14.2 Safe keeping of fixed Assets

Fixed Assets must be safeguarded from fire, theft, damage and other risk factors. Adequate fire fighting measures should be taken, wherever necessary, to protect the assets from fire and other hazards. Electrical, electronic and other sensitive equipment must be protected from power surge and other electrical hazard. Computer and other office equipment must be protected under controlled environment from excessive heat and burn.

14.3 Custodianship

The Executive Chairman/Executive Directors on behalf of Executive Committee shall act the Chief Custodian of all assets of NDP. A List of all Fixed Assets should be kept at the Head Office for controlling, tracking and instant reference. The Finance Department shall also retain a copy of the same.

14.4 Donated Assets

Assets, which have been donated to NDP, should be included in the accounts, if the donor declares any valuation of such asset. In absence of any valuation, all such donated assets should be recorded in the Fixed Assets Register at "No Value" or estimated value by committee and be given a separate ID number for securing existence. However, only one taka value shall be kept against each of such assets.

14.5 Non-Capitalized Assets

NDP shall record all assets, whether capitalized or not, in the Fixed Assets Register (FAR). Non- Capitalized Assets shall also be recorded in the Fixed Assets Register as a memorandum record to have a control on those assets. All these assets shall carry unique numbers, so that they can be easily identified.

As assets purchased for the use of NDP shall be non-capitalized assets when it does not satisfy any of the following conditions.

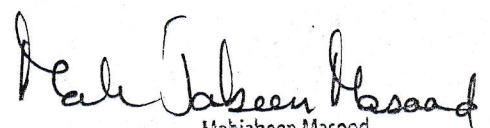
.The benefits of the expenditures on the assets are expected to extend more than one year.

.Shall be used on a continuous basis and not intended for sale in the ordinary course of action.



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14.6 Insurance

All Electric and Electronic and Vehicles of NDP must be adequately covered by Insurance Policies from a reputable Bangladeshi Insurance company. The Executive Director with the assistance of the Logistics Department shall be responsible for ensuring that insurance coverage is always up to date and renewed timely. While taking the coverage, reputation of the insurance company in terms of settlement of claims must be considered. Insurance coverage should be comprehensive and broad based covering all probable risks. The assets must not be under insured to avoid average settlement at the time of actual loss.

14.7 Fixed Asset ID Number

When an asset is purchased, it should be given a unique asset serial number (ID Number) which should be physically marked only on fixed nature of movable assets and Fixed Assets Register of NDP.

This ID number is the identification mark provided by NDP. Such ID mark Should be written on the assets in such way that it could be easily noticed.

The Head Office of NDP shall be responsible for determining fixed asset ID number. In case an asset is purchased in the Area Office/Project/Program/Branch's then the Area Office/Project/Program/Branch's must communicate to the Head Office for allocation an ID number for that asset.

The ID number must include the following information:

- . Ownership of fixed asset, for example: NDP
- . Location of fixed asset, for example: HO, UO
- . Class of fixed asset, for example: Furniture and Fixture
- . Category of fixed assets, for example: table
- . Year of acquisition, for example: 2007
- . Project/Donor code

14.8 Fixed Asset Register

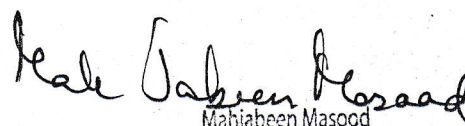
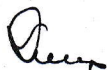
All fixed assets shall be recorded in the Fixed Asset Register soon after the purchase by affixing an identification mark for each individual item. The Register should give details of each asset as follows:

- . Asset ID number
- . Date of acquisition
- . Description of assets (Including serial number on the assets wherever applicable)
- . Unit
- . Cost per unit
- . Total value (cost) of the assets (in Debit Addition Assets Cost)
- . Depreciation rate
- . Annual depreciation amount
- . Accumulated depreciation (depreciation to date) (in Credit deduction Depreciation fund)
- . Written down value
- . Payment reference for example: budget code/donor/project etc.
- . Location of the asset
- . Condition of asset
- . Remarks

Here noted that Fully Depreciation Fixed Assets Register will be maintaining at all Branch Office and Head Office under Micro Finance Program in same form of fixed assets register as additional register. Cost value and Depreciation Fund is equal of fixed assets, it can be seen at a glance by this register. As a result for those assets depreciation calculation is not needed and management takes decision for future action.

14.9 Transfer of Fixed Assets

Transfer of fixed assets from one another location or from one user to another user can be done through proper authorization, acknowledgement and intimation to the Finance Department. This is to be done through Assets Transfer From to have official record and ensuring control and custodianship. Administration Department will take lead in executing the transfer and keep records.



. If any asset needs to be transferred from its designated locations to some other locations, an Asset Transfer Form has to be filled in by the respective department/user and to be forwarded to the Head of Finance/Admin stating the reasons for such transfer or dislocation. The Head of Finance/Admin shall authorize the requested transfer and provide copies to The Finance and Administration Department.

. The authorized persons from Finance Department and Administration Department must countersign on the asset transfer order before the transfer takes place to ensure registration of new location/user of the asset.

. Immediately after the transfer of asset, the transfer information must be recorded in the Fixed Asset Register. No asset shall be transferred without the prior approval from the Head of Finance/Admin.

14.10 Movement of Fixed Assets

For the purpose of recording and keeping control on fixed assets, a gate pass shall be issued for delivering any computer or other equipment to the vendor or repairing shop for those items.

No property of the organization should be allowed to be taken out of the office premises without an approved gate pass and an entry in the asset movement register.

The gate pass should be signed by the guard while taking out of the office premises as a witness of the movement of fixed assets.

14.11 Physical Verification of Fixed Assets

NDP shall arrange physical verification of its fixed assets at least once a year if possible twice a year to verify the quantity and quality of the assets. A team comprising of internal audit, administration and finance personnel shall carry out the physical verification of assets.

Team engaged for physical verification of assets shall submit a report to the Executive Director/Head of Finance/Admin, with a copy to the finance Department. The report shall contain the following information.

- a. Asset No
- b. Name/description of the assets
- c. Location of the assets
- d. User of the assets
- e. Quantity of assets as per register
- f. Quantity of assets physical found
- g. Quality of assets physical found
- h. Short/Excess of assets as per physical verification
- i. Recommendation for sale or disposal, if any
- j. Remarks

14.12 Disposal of Fixed Assets

Fixed assets, which are in poor condition or no longer required for use can be disposed off either by sale or scrapping. The process of disposal must be approved by the Executive Committee prior local starting such process.

Before making any Proposal for disposal of the assets, the conditions of the grant agreement must be followed. If there is any restriction on sale or otherwise instructed by the respective donor on disposal of assets then their instructions should be followed.

If there is no restriction from the donor on disposal of assets, then management can take its own decision on such disposal.

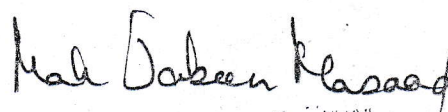
14.13 Procedure of Disposal

To dispose of old or damaged or unusable assets or assets are stolen or lost, a report with all the details of the assets shall be submitted to the Executive Director/Head of Finance/Admin. For valuable assets stolen, an FIR shall be lodged with the local police station. For disposal, The Executive Director will decide how the assets will be disposed off. Accounts of the Organization will be charged accordingly. Investigation shall be made for assets lost and stolen and action should be taken against person(s) responsible for such irregularities. The Executive Director/Head of Finance/Admin at has discretion may ask for three quotations for disposal of an asset and dispose it off to the highest bidder and he may also arrange open auction for unusable/scrap items. In case of open auction, brief written information signed by the Executive Director/Head of Finance/Admin



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shall be preserved for reference Priority to be given to the staff of the organization in case of purchase subject to the limitations that one staff will not more than tot be allowed to buy more then 1-2 items.

14.14 Accounting for Disposal of Fixed Assets

All the time disposal of the assets, the value of accumulated depreciation as well as the cost of the assets shall be taken out from the Fixed Assets Register.

In case of sale, if the sales price of the disposed assets is greater than the Written Down Value (WDV) then the difference between the sales price and WDV shall be treated as Profit on Disposal of Fixed Assets.

On the other hand, if the sales price of the disposed assets is less than the WDV, then the difference between the sales price and WDV shall be treated as "Loss on Disposal of Fixed Assets"

14.15 Writing off of Fixed Assets

There can be a situation where assets have been damaged or can no longer be located after investigation. In such situation, NDP should follow the decision (s) of the Executive Committee through Executive Director for writing off the damaged/non-identified assets from the records.

In case of writing off of fixed assets, the WDV of that particular asset, if any shall be charged as "Loss on writing off of fixed Assets" in the income and Expenditure Account of NDP.

15. Chapter -XV Preservation of Financial Documents

15.1 Preservation of Financial Documents

All financial document of NDP shall have to be preserved at least five years or as per donor's instruction or as per rules of NGO Affairs Bureau. Even after the expiry of five year, no documents may be destroyed without the decision from the Executive Director/ Executive Committee.

Finance Department of NDP shall keep all the financial documents and files in a safe custody under lock and key and also preserve all data in an off-site vault at any where management decide.

NDP will preserve following documents

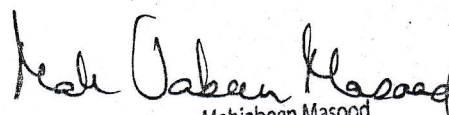
- a. All financial report/documents (cash call, financial report)
- b. Cheque book, bank book, cash book, ledger, sub-ledger, cheque counter muri, bank reconciliation, bank statement, bank opening and closing documents.
- c. Advance register, fixed assets register, stock register, leave register, movement register, personal file.
- d. Audit report, Donor agreement including budget/revised budget.
- e. All kinds of voucher such as Debit voucher, credit voucher, journal voucher and transfer voucher.

Project closing guidelines which will be issue to particular accountant by Head of finance at the end of project or Donor closing guideline.



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16. Chapter –XVI Accrual and Adjustment Procedures

ACCRUAL AND ADJUSTMENT PROCEDURES:

16.1 What is Accrual?

Goods and Services received from suppliers but not paid in cash it is called **Accruals**.

Sometimes funds are not available or suppliers may delay to give bills/vouchers then used this Accrual system such as Electricity Bill, Telephone Bill, Salaries, Program Expenses etc. (According to decision of Head Office Account Section or Donor requirement).

16.2 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 Accruals base Accounting, NDP followed the Journal Voucher and when it is received in cash then it is used adjustment.

17. Chapter -XVII Checklist-Visit Project/Program by Finance Team

17.00 Finance Visit

The responsible person from NDP-Head Office conducts periodical visit of its project/program/branch. NDP-Head Office is informed the date of visiting in advance. Surprise visit may also take place if NDP-Head Office feels necessary. During visit plan NDP-Head Office share the draft findings with concerned project/program/branch. A draft visit report is prepared within two week of visit and sent to PM/BM/PC.

Major areas covered:

- Books of accounts
- Periodical financial statement
- Documentation and record
- Statutory requirement
- Internal control
- Purchase and payment
- Field visit
- Personal file
- Follow up of last visit report of Internal Audit/External Audit etc.

NDP-Head Office will be using any suitable form for preparing report for project/program/branch.

18. Chapter –XVIII Audit and Annual Return

18.1 Audit

All the accounts of the Organization shall be audited by a reputed Chartered Accountants Firm annually. Main Accounts and all the project Accounts shall be audited separately or Donor requirement.

Audit shall be carried out in conformity with the Bangladesh Standards on Auditing instructions of NGO affairs Bureau and Donors/MRA/PKSF Requirement.

The executive chairman/Executive Director shall submit the audited financial statement along with the auditor's report to the Executive Committee for discussion and approval.

The auditors shall have access at all convenient times, during the agreed period of annual Audit to all books, records, vouches, minutes and other documentations, which are in the opinion of the auditors, necessary in performance of the audit.

18.2 Financial Report and Annual Return

Consolidated financial audit report must be submitted to Social Welfares, NGO Affairs Bureau(if applicable) and respective Donors in the stipulated time. The Head of Finance will ensure compliance of all the formalities in this regard for submission of tax return of organization to authority by assisting of tax consultant with stipulated time.

18.3 Internal Audit

The Organization has introduced internal audit to ensure best practice, continuous monitoring and compliance. Internal audit is carried designated employee of the organization. Internal audit will be completely independent from the day to day activities of the organization, and the audit report will be submit as directly to the Executive Director.

Internal audit should be carried out with a proper plan, audit programs, reporting templates and adequate and timely follow-up of reported issues.

18.4 Audit Committee

The organization must form an audit Committee comprising of five members from several Departments are given below:

- Executive Director
- One from Core Finance
- One from Internal Audit Department
- One from Admin Department
- One from Program Coordinator/Program related

Functions of Audit Committee

- Appointment of Auditor (Instruction of Annual General Meeting-AGM).
- Prepare a panel of auditors.
- Discussion and follow-up of audit findings and recommendations for Internal and External report.

19. Chapter-XIX Financial Reports

19.1 Internal Financial Report

An Internal Financial Report should be prepared at the end of each month. The amount of each Installment of fund received and the total of funds received should be available in this report. All the expenditure from the general ledger should be shown with budgeted figure of each item. Opening and closing balance of bank and cash book should also be included. When all receipts and payments are totaled and cash in hand and cash at bank extracted, total expenditures and the balances shown in the Internal Financial Report should agree with the general ledger and Cash book/bank book.

The Head of Finance/Accounts Unit should sign the report and give it to the Executive Director/Designated person who after verification should also sign the report. The report should be used as an internal document to monitor expenditures and balances of the budget, and must be produced to the Executive committee of Organization during its meeting, if needed.

19.2 Contents of Financial statements

19.2.1 Balance sheet

The position of funds, Assets and Liabilities on a specific is presented through the Balance sheet. It is prepared project wise. Fund –wise and a Consolidation of all the funds.

The Balance sheet shall have to be prepared based on the Trail Balance and the adjusting entries of projects of NDP.

The Excess of Income over Expenditure (surplus) or the Excess of Expenditure over Income (deficit) is to be adjusted against fund account.

The unlimited effects of the adjustments relating to advances, prepayments and outstanding expenses and depreciation shall be shown in the Balance sheet.

The details of Fixed Assets should be shown in a schedule to be annexed with the Balance sheet.

19.2.2 Income and Expenditure Account

Project-wise, Fund-wise as well as consolidated Income and Expenditure Account is prepared to ascertain the Excess of Income over Expenditure or the Expenditure over Income on monthly and yearly basis.


All the revenue receipts should be treated as income and all the revenue payments should be treated as expenditure.

Payments against advances or capital expenses not be included in this account. These types of expenses should be treated as items to be shown in the Balance Sheet.

The surplus or deficit as shown by this account shall be shown on the Balance sheet as capital Fund.


The depreciation charge relating fixed assets and the bad debts will be shown in the Income and Expenditure Account.

All revenue nature income and expenditure relating to the period will be reflected in this Account irrespective of the status whether income is received or not and the expenditure is paid or not.



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19.2.3 Receipts and payments Account

All the end of each month, project-wise and fund-wise Receipts and payments Account shall be prepared based on all receipts and all payments relating to each of the projects.

A Consolidated Receipts and Payments Account of NDP shall be prepared at the end of each half yearly and annually.

At the time of preparing the above account, the closing balance of the previous monthly/year should be transferred as opening balance.

The receipts and payments account will reflect the summation of all revenue and capital nature expenditure during the reporting period.

19.2.4 A comparative statement shall be prepared at the end of each month showing Budget vs. Actual amounts. This statement is also called Variance Report. The Finance Department of NDP that prepares monthly Financial Statements shall be responsible for closely monitoring the variance Report.

19.2.5 All supporting Documents with regard to:

- Fixed assets (Quarterly)
- Accounts Receivable
- Accounts payable
- Advances , Deposits and Prepayments
- Liabilities and all Unpaid Obligations
- Loan
- Sources of Income
- Others, as may be required

19.3 Financial Report of Micro Finance Branches:

Monthly/Yearly Financial report of the Branch Office should be prepared as per Annexure-BB for submit to Head Office as per requirement.

19.4 Financial Report of Project/Programme:

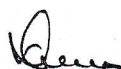
Monthly/Quarterly Financial report of the Project/Programme should be prepared as per Annexure-BC for submit to Head Office per requirement.

19.5 Financial Report to the Donors

Financial report for the donor should be prepared as per the requirements of the respective Donors.

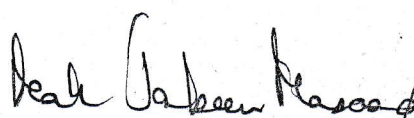
19.6 Final Accounts

From the annual Trial Balance, Balance Sheet and Income and Expenditure Account will be prepare for activities of different projects, which are not completed at the Balance sheet date of the NDP's main accounts, proportionate accounts of those projects will be accounted for in the main accounts (if needed).



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20. Chapter -XX Chart of Accounts

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

- A. Assets
- B. Liabilities
- C. Income
- D. Expenses

Chart of Accounts:

Chart of Accounts- a list of General ledger account name and numbers. Here all Assets Code is : 1000-1999, all Liability code is 2000-2999, all Expenditure code is 3000-3999 and all income code is 4000-4999. Details account code under assets, liability, expenditure and income has mentioned in the below:

Account Code #	Head of Account	Account Code #	Head of Account
	A S S E T S		L I A B I L I T Y
1000	Fixed Assets:	2000	Fund Account
1000.001	Land	2020	Reserve:
1000.002	Office Building	2020.001	LLP Reserve
1000.003	Furntiure & Fixture	2020.005	DMF Reserve
1000.004	Office Equipment	2020.007	10% Reserve Fund on Capital Fund
1000.005	Vehicle	2020.008	KGF Reserve
1010	General Investment	2020.009	Housing Loan Fund
1050	Loan to Members	2030	Loan From (PKSF and Others)
1090	Staff Loan Outstanding	2070	Loan From Others Source
1100	Advance	2080	Staff Security
1120	Receivable	2090	Members Saving Account
1130	Stock in printing Materials	2100	Micro Insurance Account
1150	Transfer to HO	2110	Provision for expenses
1175	Pety Cash	2120	Provision for Interest
1998	Cash at Bank	2130	Accummulated Depreciation
1999	Cash in Hand	2150	Others Liabilities:
		2150.20	Bills Payable and Others
		2150.21	Loan From Project
		2150.22	Staff Contribution Fund
		2150.23	General Committee Members Contribution
		2150.24	DMF General Fund
		2150.25	SSCF
	E X P E N D I T U R E		I N C O M E
3000	Salary, Allowance & Other Facilities:	4000	Service Charge on Micro Finance
3000.001	Salary, Allowance	4020	Interest on Bank Account and FDR
3010	Financial Expenses:	4030	Donor Grants
3010.005	Interest On Member Savings	4050	Training Income (Human Resource Programme)
3010.020	Interest On Staff Security	4060	Received against write off:
3010.025	Service Charge Paid to Others	4070	Development Income:

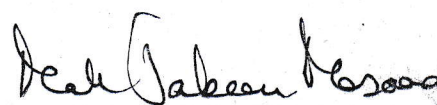
3050.001	Training, Workshop & Seminar	4998	Sales and Service Health and Service Programme:
3090	General Admin Expenses:	4999	Others Income:
3090.001	Travelling & Conveyance	5000	Income on Housing Staff Loan:
3090.002	Fuel		
3090.003	Office rent		
3090.004	Electricity bill		
3090.005	Postage & Telegram		
3090.006			
3090.007	Bank Charge & Comm.		
3090.008			
3090.009	Office Maintenance		
3090.010	Entertainment		
3090.011	Legal Charges & Commissions		
3090.012	Paper & Periodicals		
3090.013			
3090.014			
3090.015	Printing & Stationary		
3090.016			
3090.017	Insurance Premium Vehicles		
3090.018	Audit fees		
3090.019	LLPE		
3090.020	DMFE		
3090.021	Depreciation Expenses		
3090.022	Advertisement		
3090.023	Tax and Vat		
3090.024	Subscription & Donation		
3090.025	Expenses for Group Development		
3090.027	Micro Finance Fair		
3090.033	Software-Implementation, Training and Licence		
3991.001	Other Expenditure		
3991.002	Service Charge Rebate A/c (Total)		
3995.001	Development Expenses-(Program Delivery Inputs/Materials/Equipment for Beneficiaries		

Note: Above account head and head of accounts are control ledger. Details sub-account code and head has mentioned with attachment file. Here details breakdown of control and sub head has mentioned for clear concept and understanding. Reference: Annexure.



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Executive Director

National Development Programme (NDP)



Mahjabeen Masood
Chairperson
National Development Programme-NDP

21. Chapter -XXI Disaster Response Accounting System

21.1 Financial Policy

All Accounts of disaster related projects will be maintained following the International Tally Accounting Software and the Financial Policy of NDP and donor requirements on accounting software.

Particulars of Transaction

21.2 CASH TRANSACTION

The Accounts Department will have a limited amount of cash for conducting daily cash transactions on disaster related issue. The cash holding amount should be limited to Tk. 100,000. This amount will be utilized for various recurrent expenses. The major payments will be made through cheques to be withdrawn directly from the bank on a daily basis. However, during emergency works, cash amount up to Tk.2,000,000 may be physically carried to the disaster-affected areas to meet the regular emergency expenses for relief and rehabilitation including cash distribution for 'Cash for Work' activities. However, the internal auditor or monitor should have daily reporting on cash transactions.

21.3 Cash controlling

- 1). Withdrawal of cash from the bank and any receipt or payment should immediately be posted in the Cash Book by preparing a Transaction Voucher with all supporting documents.
- 2). All projects will have separate cash allocations for daily transactions.
- 3). All receipt or refund against any payment, bill, fund or advance for Tk. 100,000 or more should be deposited to the bank on the same day or latest by the morning of the next day.
- 4). After the closing of each day's cash transaction, the accounts assistant will prepare the daily Cash Note Statement that will be verified by the Finance Officer/ Accounts Officer /Accounts Coordinator/ Manager Accounts through cash counting and cash balancing duly authenticated by his/her signature on the cash note statement.
- 5). The closing balance of the daily cash will have to be deposited in the cash locker in presence of the Head of the Accounts department/Authorized person . However, the key will remain with the cashier.
- 6). The Cashier will open the cash locker in the morning of each working day in presence of the Department Head and by counting the cash in his/her presence.
- 7). In case of the Area Office/Project/Program/Branch's, the above procedures will be applicable and the Area Manager will be the signatory and cash counting authority.
- 8). The project accounts will, in the similar manner, be under the control of the Project Coordinator with due authority and responsibilities for cash controlling.

21.4 CASH Book

All transactions of the organization like receipts, payments, bank deposits and withdrawal etc, related to any disaster project or program will have to be maintained as per NDP's Financial Policy.

21.5 Voucher

All Vouchers will be prepared against all receipts, payments and also for adjustments as per NDP's Financial Policy.

21.6 BANKING:

NDP's will have the following policies for conducting the bank accounts regard to disaster related projects/programs:

1. Separate bank accounts will be opened for each project in any schedule bank.(if needed)
2. There will be separate interest bearing bank accounts for local contribution and foreign contributions.
3. All foreign and local donations will be channeled through the Mother Accounts of NDP's or Project Bank Accounts of NDP's only for local donations.
4. The Salaries of the staff of NDP'S will be paid through bank account by cheques. However, In considering the distance of the working area, time and certain other conditions, salaries may be paid in cash if necessary.
5. Each of the new projects of the organization there will have separate bank account under NDP's Mother Account Code or project bank account as set forth in the agreement.
6. The bank accounts for emergency disaster operations may be opened in any part of the country with due authorization and approval of the Executive Committee of NDP'S as per Financial manual of the organization for delegation of authority for opening bank accounts.
7. All banking transaction will be conducted as per Financial Manual of NDP'S.

21.7 PAYMENTS

1. During the first month of the emergency project operation payment in cash up to Tk. 100,000 (one hundred thousand) may be made and payment exceeding this amount for whatever the reasons must be made through account payee cheque.
2. Emergency Payments during disaster ,the advance payment for meeting any emergency response may be made in cash for up to Tk.2,000,000 to meet the expenses like cash for work or relief an rehabilitation including cash distribution. In such cases 2-3 vehicles must be used in carrying the cash. In all other emergency disaster response cash carrying amount will be limited to Tk. 500,000.
3. In case of payments for program advance the ceiling for cash payment is Tk.50,000 (Fifty thousand) subject prior Approval of the Executive Director/Head of Finance. This payment may also be made through a bearer cheque.
4. All Salaries including for field personnel should be paid through bank accounts. However, where there are no banking facilities salaries and Volunteer honorium may be paid in cash.
5. All other payments and transaction should follow the basic principles as set in the Financial Manual of NDP.



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21.8 LOAN AND ADVANCE POLICY

1. Loan and advance: Fund

In case of especial requirement such as implementation of a project prior to the receipt of the donor's fund, NDP may take interest free loan from its Own Source.

2. Other advance

2.2.1 All advance procedures for any disaster situation will be made as per NDP's Advance Policy as appearing in Financial Manual.

2.2.2 The Area Office/Project/Program/Branch'ss will have an advance in the form of imprest cash to tune of Tk.200,000 replenishing through bank transfer to the account of the the area Manager/Authorized person upon receipt of financial documents.

2.2.3 To meet any emergency expenses, all related staff may be supported with advance limit up to Tk. 100,000 to carry on emergency response activities.

3. Advance Adjustment Policy

The advance made for any capital item should be adjusted within one month. If the adjustment is not made within this period, the matter should be brought to the Finance Department for decision and action.

3.3.1 Advance against purchase should be adjusted in 30 days period. If the adjustment is not made within this period, the respective staff will have to adjust it from his/her personal source.

3.3.2 Any advance made for any program activity such as re-constriction or infra-structural works will have to adjusted within 30 days of the date of the starting of the program activity failing which the incumbent will be on Warning for 7 days and after this grace period the advance will be adjusted against his/her salary.

3.3.3 If any advance is made for any project Area Office/Project/Program/Branch's for implementation of project activities or office expenses, it has to be adjusted with 1 month, failing which the Area Office/Project/Program/Branch's will receive no advance for the next month and adjustment will be made against salary of the persons responsible.

21.9 Payment of Income TAX

Payment of income taxes will be the responsibility to the Finance Department of NDP for all taxable employees as per government policy and rules and regulations of the income TAX authority, Income tax, thus be deducted at source for onward payment to government.

21.10 Payment of VAT

Payment of VAT will be the responsibility of the Finance Department of NDP for all procurement, supply or service and printing etc. as per government policy and rules and regulations of the NBR, VAT thus be deducted at source for onward payment to the government.


Note: However, where VAT/TAX exemptions are applicable as per donor's policy, NDP will comply with it.

21.11 FUND MANAGEMENT

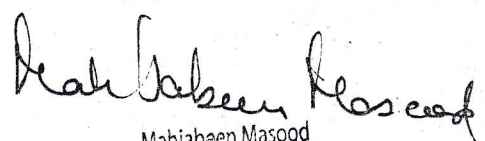
NDP in course of time, will strive to create an Emergency Disaster Fund of Tk.2,000,000 and this fund will be kept reserved for responding to any emergency disaster prior to receipt of funds from any donor agency. However, the expenses for emergency may be reimbursed upon of funds from donors.

21.12 Procurement Policy

1. For all procurements related to any emergency /disaster situation the general procurement policy of NDP will be in effect.
2. However, in case of brand items and emergency relief goods, enlistment of supplier is not mandatory.
3. The procurement or purchase of commodities/supplies required for disaster relief and rehabilitation can be conducted on emergency basis and in such cases the procurement will be based on the following condition.
 - a) In case relief materials/goods/supplies, procurement within Tk.50,000 may be made without any quotation with due approval of the purchase requisition.
 - b) Purchase from Tk. 50,001 to 500,000 could be made either by the procurement Committee or a three member team by obtaining at least three spot quotations.
 - c) Purchase from Tk. 500,001 to Tk. 5,000,000 may be made by the Procurement Committee with three (3) Formal Quotations.
 - d) Purchase above Tk. 5,000,000 should be made through Tender.
 - e) In all such cases, emergency response should be limited to period not over three months.
4. The purchase for emergency items such as medicine and branded items may not need formal quotation rather the quality of the products and reputation of the manufacturer must be of ensured.
5. All procurement are subject to the analysis by the purchase Committee of NDP and approval by the Executive Director Of NDP.
6. Income TAX (IT) and VAT will be deducted at source as per the rules of the country's amended time to time. The deducted IT and VAT will be deposited to the government Exchequer/Treasury within the prescribed date/period from the date of deduction.
7. In case of procurement made from the Government/Semi-Government/Corporation Sources and the Producers/Manufactures/Dealers for the brand items as well as from NDP's own sources, the prescribed rates will be considered as approved rates. Therefore, the above relevant conditions will not apply. However, in case of any brand items, sufficient justification in favour of the specific brand are to be recorded in the minutes of the Procurement Committee.
8. No NDP employee will directly or indirectly participate in the matter of tender/quotations or local purchase, printing/publications works, etc.
9. Any matter relating to purchase for disaster emergency activities not covered under the above rules/policies will be decided by the Executive Director depending on the emergency needs.



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10. In case a vendor fails to comply with the assigned task/job, NDP may utilize its own staff to complete the task depending on the need. In some cases, the Engineering unit of EDM Department of NDP may also undertake such tasks for conducting the works on urgent basis.

21.13 Warehouse Management for Disaster Related Projects

NDP will maintain a separate Warehouse for disaster related materials to keep all necessary for Meeting emergency as well as for post disaster activities and support for disaster affected community People .

There will be central warehouse under the control of NDP Head Office. There will be warehouse under the control of field offices as well as in the disaster affected areas depending on the need.

The following are the support materials that will be stored in the warehouse:

- A. Materials that are to be kept reserved for all times:
 - 1) Oral Saline
 - 2) Water purifying
 - 3) Alum
 - 4) Bleaching Powder
- B. Tools and kits for emergency use (to be kept reserved)
 - 1) Life jacket
 - 2) Rain coat
 - 3) Gum boot
 - 4) Torch light
 - 5) Megaphone
 - 6) Camera
 - 7) Umbrella
 - 8) Candle
 - 9) Match Box
 - 10) Emergency kit bag with tea shirt and cap
 - 11) Plastic sheets
- C. Procurement and storage immediately upon the onset of disaster
 - 1) Chira
 - 2) Gur
 - 3) Biscuits and dry cake
 - 4) Rice/Flour/Suji
 - 5) Pulses
 - 6) Edible Oil
 - 7) Baby Food
 - 8) Powder Milk
 - 9) Sugar
 - 10) Utensils and other Non –Food Items
- D. Equipments and stationeries as will be required after an attack of disaster
 - 1) Pen/pencil /writing pads
 - 2) Need assessment forms
 - 3) Laptop computer with pen drive

Each of the warehouses will be under control of a logistic with support from one store keeper and other support staff as per need. The store keeper and the logistic Officer will maintain documents for proper maintenance and record keeping with strictly following regulations of Standard Stock Management Procedures.

21.14 Sock of store

According to the regular requirement, all the departments and units will submit monthly acquisition to the Administration Department. On the basis of the requirement and upon approval by the Purchase Subcommittee, NDP Support Service Department will procure the items. The following procedures will be maintained in this respect.

1. The purchased materials will be the Store in-charge (through proper Challan) from where the respective department will be supplied with the required materials as per requisition.
2. The Store in-charge will maintain proper stock register for all the stock and also be responsible for the maintenance of the materials in stock.
3. The Store in-charge will look into the balance of the stock and when necessary will submit requisition for such items that are required from time to time such as pen, pencil, paper, etc.
4. The Store in-charge will keep the Department of Administration posted of the latest stock position for the stock of the store.
5. The Store in-charge will be responsible for any loss due to ignorance and lack of maintenance, even disciplinary action may be taken for the person if situation calls for.

22. Chapter –XXII Amendment

AMENDMENT: This guideline may be changed bases on needs.