

Financial & Administrative Policy of UDAYANKUR SEBA SANGSTHA (USS)



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Introduction

The objective of developing the Financial & Administrative policy of USS is to provide a platform where by the funds of the donors for the development activities to see the utilization of the funds and correctly recovered and documented. The second objective of the financial manual is to improve and strengthen the overall financial control through out the USS, it is important to develop a common and standard manual for the smooth functioning of the accounts. It is obvious that financial manual and good financial management systems are the single most important component of the overall organization backbone which can be compared to heart of human life. This manual will be treated as zero tolerance in the financial mismanagement at any level under USS working procedure.

USS believes that the donor funds are being utilized for the intended purposes and that there will be a sufficient audit trail, which will be for the authenticity of the transactions. USS would like to ensure that there will be a financial discipline in the accounting procedures which will enhance that the funds are utilized in the most effective, systematic, economic and optimum manner.

The USS is accountable for the effective and efficient use of its funds. As well as legislative related compliances, the use of a large component of funding is restricted by the terms and conditions attached by sponsors and donors. These and other requirements drive the need for timely and accurate financial reporting and effective internal control.

Organization Background:

Udayankur Seba Sangstha (USS) started its journey in 1997 with awareness raising program on poverty, health, education, gender equity, discrimination among the boys and girls, sanitation in the poor community. It is realized, that in the prevailing social system the rural poor are being overlooked, they remain out of reach of the so-called development programs. We strongly believe that without wholehearted participation of target group and their empowerment, none of the development initiatives could be fulfilled. Thus USS is working in the northern part of Bangladesh and encourages the poor for changing their socio-economic condition on their own.

Policy:

The USS will conduct its financial operations consistent with the following principles

- Compliance with applicable legislation
- Reporting in accordance with Generally Accepted Accounting Principles
- Maintaining appropriate and effective systems of internal control with the emphasis on relevant institutional policy and procedure, data integrity, and clearly defined rules and accountabilities.
- Compliance with donor/Sponsor terms and conditions
- Effective and efficient utilization of available resources
- using best practice approach

Objective:

USS primary role as facilitator, in supporting people to critically analyze the situation, identify the causes, define the solutions formulate the alternative vision, plan for action and strategies to achieve desired results. Facilitation of an emancipator process that enhances their capacity and strengthens peoples institutions and solidarity to address their urgent crisis as well as building alternative systems.

Strategic Objectives

- To ensure food and livelihood security
- To promote quality education for all
- To protect environment sustainability
- To secure gender and social justice
- To establish democratic self governance
- To promote peoples culture
- To access to entitlement rights and services

Goal:

A society economically prosperous, culturally vibrant, socially just and democratically governed. A society based on the principles of equality, cooperation and freedom. A society citizens have human rights and living with peace and dignity

Creative social transformation through promoting, assisting and encouraging deprived and marginalized people to build institutions, capacities and processes towards prosperity, sustainability and democratic self governance.

2. BUDGET AND BUDGETARY CONTROL:

I. Concept of Budget:

Budget is a financial and quantitative statements prepared and approved prior to defined period of time. The budget is prepared on the basis of policy activities to be pursued during the defined period for the purpose of attaining given objectives (vision and mission). A budget is, therefore, a plan of expected achievements (converted into financial and quantitative terminology) through most efficient operating standards. The actual performance / accomplishments (both physical and financial) is regularly compared with budgeted targets. Thus, Budget is considered as a guide for short and long term success for attaining organization's sustainability.

II. CONCEPT OF BUDGETARY CONTROL:

Budgetary control is a system of planning and controlling cost as they occur. Budget, therefore, represents establishments of targets relating to the responsibility of the executives for the requirements of the policy and the continuous comparison of actual performance/attainments of the policy (mission and vision) and results of the budget targets. This is necessary to secure individual actions for the attainments of objectives set out before the preparation of the budget and also to provide a basis for its revision and future planning. Budgetary control involves the following steps:

- Establishment of budget (targets)
- Measurement of actual performance
- Comparison of actual performance with budget targets and identifies deviations/variances
- Identifying the causes of variance through professional analysis and designing the base for future budgetary planning.
- Preparation of budget variance with the financial statements.

III. TYPES OF BUDGET:

- **Donor Budget:** These shall be prepared in consultation with the respective donors.
- **Budget for own Finance Projects:** These shall be prepared for the projects funded from USS' own resources.
- **Operational budget:**
- **Master Budget/Consolidated Budget/Master Plan (including activity)**

Short Term Budget:

A yearly/half yearly (short-term budget) budget by combining the entire segmental (project) budget shall be prepared by USS (for the total organization) every year. This budget shall be broken into monthly plans. At the end of each month this budget shall be compared with the actual performance (financial and physical). This also act as the tool for the accordance of **financial concurrence** of all major expenditure plans during the month/year.

Long Term Budget:

This plan should be prepared for more than one year incorporating future visions and action plans of the organization. Such budget will in mobilizing financial and logistic support from the vision and probable sources of finance for the longer term sustenance of the organization.

IV. BUDGET PREPARATION:

- USS each department head will prepare (monthly/quarterly) an outline plan for budget, which shall be submitted to the head of finance and admin. The head of finance and admin will submit the summarized plan to the USS Central Office/Executive Director for approval.
- The outline plan shall follow the activities proposed in the proposal to the donor of the program.
- The head of finance and admin shall submit the project budgets as per the schedule circulated by the finance for annual budget. The budget shall include all workings in budget file.
- The budget shall be prepared on the specific formats supplied by the Finance and Accounts Department each year. The guideline included in the budget package shall be followed when preparing the budget. If any issue of the guideline appear ambiguous to any responsible person, shall be made clear through close discussion with the head of finance and admin
- There shall be a specific person in Finance and Accounts Department to handle/organize/revise/circulate the total budget of USS he/she shall distribute the budget to the each department/subcommittee after attaining approval from the Executive Director. The responsible person shall be contacted whenever confusion arises/need to revise the budget, etc.
- Donor budget should be as much as possible be detailed and follow the guideline provided by the specific donor. The head of finance and admin should review donor budget before submission to the donor. For this, the budget should be submitted to Finance and Accounts Department at least two weeks advance of the donor's deadline.
- USS having more donors for the same program should prepare separate budget only on the items agreed by the donor. In no circumstances, additional items are allowed for budgeting.

V. BUDGET REVISION:

- The revision may be of two types i.e. revision not exceeding the total amount of the program and revision affecting the total budget that is increasing or decreasing the total amount of the program.
- The proposed revision affecting the total budget needs approval of Secretary/Executive Director.
- If a project funded by third party donor requires a revision, the donor budget should be revised first, and then USS budget should be revised.

VI. BUDGET MONITORING:

Any budget whether short term and long term will not effective unless close monitoring of the same is done. Therefore USS should monitor all program based on the budgets and take corrective measures/actions if there are deviations between budget and actual, and the deviations/comments should be linked with the output as well i.e. the achievement of the period should be linked with actual plan, budget for specific activity, actual expenditure etc.

VII. MONTHLY REPORT:

A monthly report shall be generated by the concerned officer of the Finance and Accounts department highlighting the financial and operational status of the various projects and the organization. Operational data shall be collected from the relevant program heads on preparation of the monthly report.

3. AUTHORIZATION:

Executive committee will delegate the authority to Executive Director for approve the projects, agreements and expenditure. In case the approval of the projects, agreements and expenditure the Executive Director will delegate the authority to the staff as per USS need.

When the Executive Director delegate the authority it should mentioned the amount level. authority matrix.

3. FINANCIAL AUTHORITY AND LIMITATIONS:

All organizations should have codified policy for financial authority and limitations. The authority should be fixed for all level of management starting from the Executive Committee down to the bottom of its administrative tier. The authority to approve budget (operational and financial, short and long term), approval of expenses and signing of cheques and authority to issue stores and consumable material should be determined by codified policy guidelines. Once determined and approved by the management, these policy guidelines must be strictly followed for smooth operation of USS central office and branch offices.

4. PROCUREMENT PROCEDURE:

The procurement of goods/services will require complete recording and the expenses must be substantiated by proper documentation. The expenditure for procurement should be allocable, allowable and reasonable. The procedures to be followed for procurement of supplies are listed below.

I. Approval committee: A list of approval authorities for procurement along with their approval limit must be established prior to procurement. Any subsequent changes must be immediately notified by the USS management. The /Executive Director must approve this list.

II. Procurement Committee: USS management shall form a procurement committee consisting of at least three members.

Head Office:

- One will be the Chief of the concerned person
- Member of USS Implementation Committee
- Head of Finance and Admin Officer

Project Office:

- Project coordinator/ Supervisor
- Program implementation Officer
- Accounts & Admin Officer

Note: Head office representative/personnel will be included in the case of purchase of capital item. Any purchase is more than Tk. 25,000/=

- The committee shall be responsible for enlistment of suppliers and /or obtaining the quotations and/or purchase/procurement in accordance with the terms of reference of the committee, and may add special conditions applicable to the concerned purchase/procurement, and may with prior approval of the Executive Director, alter any terms and conditions of these rules so far as it is applicable to the purchase & procurement to be made by that committee.
- Such committee shall also have a technical support member from the concerned Department as additional members. The technical support members shall be the staff Member/secretary of that committee.

III. Standard Procurement. The following methods of procurements as stated above to be followed during procurement of supplies.

Amount	Source	Quotation	Method of Procurement
Up to TK. 01-10000	Open Market	None	Direct purchase by Procurement Officer/In-charge/Designate
TK. 10,001 – 30,000	Open Market/ Enlisted Vendors	02 (Two)	Open market purchase by PROC. For enlisted vendor, purchase order should be issued.
TK. 30,001-2,00,000	Open Market/ Enlisted Vendors	03 (Three)	Open market purchase by PROC. For enlisted vendor, purchase order should be issued.
above TK. 2,00,000	Open Market/ Enlisted Vendors/Press Tender	03 (Three)	Through limited tender (sealed bid)/ press tender. For all cases Purchase Order will be issued.

- When an item is to be procured, a purchase request form is to be prepared by the Store Officer/Accounts Officer/Staff Member and will be submitted to the Approval Authority for Authorization.
- For purchase TK. 10,001 to Tk.30,000/- Procurement Committee (PROC) will arrange procurement based on two quotations obtained from different enlisted vendors. If enlisted vendors are unavailable for a particular item, then the requested item could be procured from open market by PROC with proper justification and with the consultation of project management. Purchasing from enlisted vendor should have purchase order signed by the committee members.
- For purchase TK.30,001 to Tk. 200,000 : A Summary of Bid Evaluation (SBE) must be prepared by PROC based on three quotations obtained from the enlisted vendor or open market

and a Purchase Order must be signed by Executive Director his/her Designate. In case of open market/ spot quotations, the PROC must visit the market to obtain such quotations. Taking 02 quotations from one vendor is strictly prohibited and will be audited time to time.

- d. For purchases above TK. 200,000/- Procurement committee will arrange to obtain sealed bids at least from 3 enlisted vendors which are dropped in the tender box. In case of non-enlisted vendor, a small advertisement should be made in the local newspaper and a notice should be hanged in the notice board in open area. All sealed bids will be opened in presence of the bidders and also members of the Procurement Committee. A Summary of Bid Evaluation (SBE) must be prepared justifying the selection of the supplier by the PROC. Based on the decision of the Committee, will prepare PO and obtain signature from Executive Director his/her Designate.
- e. Follow the GOB rules (like Income Tax, VAT, Stamp charges etc. to be deducted at Source) during the procurement of any goods/services.
- f. USS selected the vendor for any kinds of service & procurement with maintaining value for money justification above tk 10000. The contact with vendor will be for 1 year. In case it will be extended up on both parties satisfaction & consent.

V. Mode of Payment: Payment to the vendor through Account payee cheque if it is equal to or more than Tk. 10,000 /= (Taka ten thousand) against the above procurements of goods and services. Cash payment should be restricted as much as possible. But for a single bill, cash purchases should be less than Tk.10,,000. In case of emergency spot purchases/ open market purchases where vendor is non willing to receive the cheque / pay order, then the Executive Director has to approve the cash to be paid to the vendor.

5. CASH CONTROL

HANDLING OF CASH:

a. Responsibility:

There must be at least two (2) individuals involved in the processing of cash.

- i. **Cash Handling:** The individual who prepares the transaction voucher, writes Cheque, and also Receives all cash/cheques and deposits them via a transaction voucher.
- ii. **Recording/Accounting:** The individual who enters the transaction into the Cash Book and posts it to the appropriate Ledger.
- iii. **Approval:** The individual who approves the vouchers and may also sign the Cheque (along with other cheque signatories).

b. Cash deposit and Recording Procedure:

- i. All cash receipts are to be deposited daily into the bank. If not possible for any valid reason, that must be deposited into the bank within following working day.
- ii. Cash should be kept in safety place under lock and key. Key should be kept with another responsible person
- iii. Voucher requires to support all cash disbursement and receipts.
- iv. Disbursement Vouchers, procurement orders and invoices are to be stamped 'PAID' .seal.
- V Maximum Tk 2000 (Two Thousand) only cash in hand are reasonable at the end of month.

6. INVENTORY MANAGEMENT:

DEFINITION OF INVENTORY:

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

DEFINITION OF INVENTORY MANAGEMENT:

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

CLASSIFICATION OF INVENTORY:

- I. WAREHOUSED INVENTORY
- II. NON-WAREHOUSED INVENTORY

- I. **WAREHOUSED INVENTORY:** The following things/items are to be considered as warehoused Inventory;

A. Office Supplies and Stationery:

Office Supplies and stationery includes; all types of stationery, electrical goods, etc. Normally these items are procured and received from local market.

B. Project Materials and Equipment:

Most of project materials and equipment are directly disbursed to the project rightholder (includes all commodities such as food, medicines, relief goods, seeds, roofing materials, sapling, bamboo, rope/sutli, fertilizer, pesticide, carrying charges (any mode of transportation), spade, khunti, umbrella, torch light, torch light battery, Harricane, fooder/nipper, homestead fruit/tree/arahar plantation, arsenic testing materials, stove, table for village, trunk for field, tools, etc.) These items are normally procured as per the requirement of the project and directly charged as expenses.

II. **NON-WAREHOUSED INVENTORY:** The following things/items are generally considered as non-warehoused Inventory;

A. Furniture, Fixture and Equipment:

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

B.Vehicles:

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

7. BOOKS and DOCUMENTS:

Maintain following documents in regard to Inventory Management.

1. Formats and Reports:

The following formats and reports are to be prepared for the warehoused and non-warehoused Inventory on a monthly, quarterly and annually.

A. FORMATS:

i. Delivery Challan/Way bill/Master Roll:

Prepare the Delivery Challan/Way bill/Master Roll during the delivery of materials and equipment to the project beneficiary and should maintain file for the same.

ii. Store Requisition Form (SRF)(**Annexure -A**)

iii. Must be issue the store items to the staff for project purpose through Store Requisition Form and should maintain file for the same.

iv. Assets Identification Number:

v. Should affix the identification Number against each FF&E item and maintain the Asset Register (**Annexure- B**) which purchase price TK3000, or above and the useful life is more than 1 year.

vi. For the FF&E item value less than TK.3000 should affix the Local Number against each FF&E item and maintain the Local Asset Register .

- Cookeries, cutleries, carpets, soft furnishing, leasehold improvement and decoration shall not be allocated any identification numbers but shall be recorded in the fixed assets register and depreciated in accordance with depreciation schedule/prescribed rat.

- The identification number shall be written in permanent ink, in legible writing and in a prominent place and on the fixed assets and so that it may be read easily.

- The identification number shall indicate the project, type of the asset, its location, the unit using the fixed assets and, in case there is more than one item purchased, a sequential number is required.

vii. Write off Form of (FF&E)

A write-off form (**Annexure-C**) must be filled up any FF&E item is lost, damage or sold. Before writing off any Assets must seek approval from the Executive Director.

B. REPORTS:

The following reports are to be prepared and updated:

once in a year

- i. Materials and Equipment Report (M&E).
- ii. Furniture, Fixture and Equipment Report (FF&E)
- iii. Disposal Report for lost or damaged (if any reason, any item of (FF&E) is lost, damage or other wise rendered in operable).

8. MANAGEMENT OF INVENTORY:

i. Store Space

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

ii. Store authorization process:

A person like Director, Project Coordinator, Accountant or any designate should authorize the Store Requisition Form SRF(**Annexure-D**).

iii. Responsibilities:

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

iv. Receiving/recording procedures:

- a. Inventory receipts must be recorded into Stock Register immediately after the receipt. If any item is received after office hours, it is to be recorded within the following working day.
- b. There should be documented challan or bill/invoice against every receipt.
- c. Store in-charge will receive all the store items from the suppliers after checking the quality and duly signed by the concerned authority.

v. Issuance procedures:

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

- a. There should be documented SRF, Challan or Waybill or Master Roll against every issuance or disbursement.
- b. There should be a recipient signature by the receiver at the time of receiving inventory items from the store.

vi. Asset Register

USS Management is advised to ensure the identification of (FF&E) items properly affixed and maintain in the Asset Register as needed.

vii. Physical Inventory:

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

viii. Documentation:

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

ix. Store Management:

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

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

9. ADVANCES AND ITS ADJUSTMENT PROCEDURES:

A. ADVANCE:

Advance covers for Travel, Project delivery, Vendor, Property-owner and Miscellaneous cost:

1. When one or more staff is likely to incur expenses on behalf for travel, project or miscellaneous costs, an Advance Request will be completed and signed by the appropriate authority e.g., Executive Director, Project Coordinator, Accountant or their designates.

2. The Finance department or the designate should Checked /review the Advance Request to determine if all previous advances have been adjusted.
3. Following this review, the Finance department or designate will prepare a Debit Voucher (Cash Disbursement Voucher) with the Advance Request as supporting documentation for the recommended amount.
4. If the advance is for one employee, the Debit Voucher and Cheque should be made with the individual employee as payee.
However, if more than one employee requires advances on the same day, a Debit Voucher and cheque are to be prepared for the total value of the Advance Request in the name of the person who handles the other Cash. If the Advance Request is for specific project, that should be prepared in the name of Project Coordinator or designated person.
5. The person preparing the request, which is reviewed by the Finance department or designate , signs the completed Payment/Debit Voucher (Cash Disbursement Voucher). The Payment/Debit Voucher and a cheque with the employee as payee is presented to the authorized signatories.
6. If the Cheque is made payable to the person who handles the other Cash, they will en-cash the Cheque at the bank. The concerned person of project then disburse the advance to each employee listed on the Advance Request and, after receipt of the advance, employee must sign against his/her name.
7. For Advance should follow the **Annexure-E**

B. ADVANCE ADJUSTMENT:

1. Upon completion of official travel or completion of expenditures related to an advance given for miscellaneous, a Travel Expense Report/Project Expenses Report/Miscellaneous Expense Report must be prepared by the employee that summarizing the allowable expenses incurred.
2. Program advances that have been given an employee in a timely manner, the Expenses Report (ER) and adjustment should be completed by 15 (Fifteen) working days after the completion of works.
3. In order to adjust the advances that have been given an employee in a timely manner, the Expenses Report (ER) and adjustment should be completed by 07 (seven) working days after the return from travel or completion of works.

4. The completed Expenses Report (ER) has to be reviewed by the Project Coordinator/Head or designate with regard to the field visit schedule, duty record and/or activities that were completed. Following their review, the Finance department or designate will verify the Expenses Report with supporting documents to determine the arithmetical accuracy and proper distribution of expenses to appropriate account head.

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

5. For advance adjustment, follow the **Annexure- F**

C. RESTRICTION:

- i. Will not be allowed to give advance to any individual staff more than TK. 25,000 (TK. twenty five thousand) at a time. If it exceeds TK. 25,000 needs special approval from Executive Director
- ii. Will not be allowed to give Salary Advance to the individual staff. One employee can receive only one advance at a time, after adjusting the advance he/she will be entitled to received 2nd advance

10. ACCRUALS AND ADJUSTMENT PROCEDURES

DEFINITION OF ACCRUALS:

Goods or services received but payment yet not made are called accruals. An organization utilizes the accrual basis of accounting where financial transactions are recognized, they occur regardless of when funds are received or disbursed.

WHY and WHEN THIS METHOD IS REQUIRED:

- i. Requirements of Accruals may occur at the end of each quarter, each fiscal year or at the end of a contractual agreement with a donor or any other unavoidable situation in order to record expenses which have been incurred but payment is yet to be made.
- ii. The process for accounting for accrued expense begins with the collection of all invoices for goods received and/or services rendered as of end of month/quarter/year but no payment has been made. For example utilities, phone bills, services rendered by contractors, etc., and in such cases should make an estimation for those expenses.
- iii. purchase Order/contract is given but goods/services not received with in financial reporting, this cost should not be considered as accrued expenses.
- iv. The accruals shown will be carried over to the next fiscal year and reported via the Accrued Expenses Subsidiary Ledger until adjusted. Accruals should be adjusted on or

before 30 June. For any valid reason if any accrued expenses are not adjusted within the stipulated date, that must be reported to USS Management.

- v. In some cases, the accruals are booked based on estimated expenses, when the bills are received, there may be differences between the estimated accruals and the actual amounts of the bills. When these expenses are paid and the original amount does not agree with the payment, an adjusting entry is required to be made.

11. CHART OF ACCOUNTS

A list of general ledger account names and numbers. This list also contains account descriptions and others identifying heads.

A sample of series and chart of accounts are given below:

ACCOUNTS SERIES ARE IN RELATION TO THE FOLLOWING MAJOR HEADS:

<u>SL#</u>	<u>MAJOR HEADS</u>	<u>SERIES OF ACCOUNTS</u>
A.	ASSETS	1 to 19
B.	LIABILITIES	20 to 29
C.	INCOME	30 to 39
D.	EXPENSES	40 to 99

12. BANK ACCOUNT OPERATION POLICIES:

1. **Bank Selection and Account:** The Executive Committee or Executive Director will decide the operations of Bank and which bank will operate for its project needs. All fund received of Mother A/C and must have a separate interest bearing Bank Account for Donor compliance. An authorized Bank signatory list along with resolution in support of their nomination must be documented.
2. **Bank signatory:** Cheque signatory will be three person, out of three any two signatory will be signed the cheques and it should be specified its authority level. The signatory of three members of USS mother account will be:
 1. Executive Director
 2. President of Executive Committee and
 3. Secretary of Executive Committee

Accordingly will notify the Bank Manager in writing to delete his/her name from the authorized list. Out of three any signatory two with Executive Director will be signed the cheques.

Signatory of Project Account:

1. Executive Director/ USS Management Member
2. Project Coordinator
3. Project Personnel/ Same designate.

Authority level of signing the cheques:

- 1 Up to Tk. 60,00000/- (Sixty Lac) by ED with President/Secretary.
- 2 If the amount will be above Tk. 50,00000/-(Fifty Lac) it should be approved by the executive committee through resolution which attached by the cheque signing voucher.
- 3 Program head/manager with other signatory up to Tk. 100,000/-(One Lac)
- 4 Project Coordinator with other signatory of project office up to Tk. 50,000/- (Fifty thousand)
 - a. A Cheque signatory must not prepare Cheques and vouchers.
 - b. Cash receipts must be deposited into bank accounts immediately after the receipt. If cash is received after the banking hours it must be deposited within the next banking day.
 - c. All cancelled Cheque should be marked “CANCELLED” and preserved in the voucher file along with the supporting voucher.
4. **Payment Procedures:**
 - a. All payments to the vendors must be made through Account Payee Cheque for TK. 10,000 above. However in any case if it is not possible, cheque may be given in favor of an individual, but proper explanation has to be given justifying the situation.
 - b. An acknowledgement must be obtained from the vendor after payment of any bill.
5. Monthly prepare/ collection the following bank documentation with the financial report against individual project:
 - i. Bank Statement/Pass Book (provided by Bank)
 - ii. Bank Reconciliation Report
 - iii. Cash Recap by Bank

13. AUTHORIZATION OF EXPENDITURE

- i. Approving authority of the authorize any requests for expenditure or procurement. All such requests must be supported by the submission of appropriate bills or invoices.
- ii. Before making any payment ensure that the bill or invoice is properly approved/authorized.
- iii. Proper procedures for authorization
 - a. Every accounting/financial transaction must be properly authorized.
 - b. Authorization must be documented and the documentation must contain the signature or initials of a person who is entitled to authorize the transaction

c. **Preserve all financial documents for 10 (Ten)years.**

This includes:

- I. **Check signatory for each bank account.**
- ii. **Credit /Receipt Voucher.**
- iii. **Debit /Payment Voucher.**
- iv **Journal Vouchers**

All documents that are associated with disbursement/receipts: Invoices, bills, receipts, quotations, contract of procurement (if any) etc. must be attached with vouchers. The Finance department should write head of expenses on each invoice, bill etc. and cheque signatory or designated person should review and approve all voucher against disbursements to ensure that the information contained on each, agree with the proper supporting documentation.

14. BOOKS and DOCUMENTS/REPORTS

On receipt of funds from Donor, all required to prepare, maintain and retain the following books and documents related to each transaction and submit any or all of them as required by Donor. These documents must be preserved as per Donor Funded project requirement for future auditing purposes.

A. **BOOKS:**

- i. Cash Book
- ii. General ledger/Subsidiary ledger
- iii. Stock Register
- iv. Register for FF&E item by project
- v. Individual Inventory Register (may be optional)
- vi. Procurement Register
- vii. Advance Register
- viii. Cheque Issue & Received Register

B. **DOCUMENTS/REPORTS:**

- i. Vouchers
- ii. Bank Documentation
- iii. Trial Balance
- iv. Expenditure Statement
- V. Receipt & Payment Account
- vi. Material & Equipment Report (Monthly/Quarterly/Annually) as per project requirement.

vii. Furniture, Fixture & Equipment Report

A. BOOKS:

i. **Cash Book:** Maintain a Cash Book only for Cash & Bank transaction under individual Bank Account as per **Annexure-H**

ii. **General ledger/Subsidiary ledger:** Maintain General Ledger/subsidiary ledger for all types of financial transaction as per **Annexure- I**

Types of Ledger:

a. General Ledger - a main record of all accounting transaction which comes from the book of original entry.

b. Subsidiary Ledger - a supporting record of the general ledger. The total of all subsidiary ledgers for an account should equal the account total in the general ledger. The subsidiary ledger usually contains more detail than the general ledger.

iii. **Stock Register:** maintain a stock register (Annexure-J) for consumable item purchased.

iv. **Register for FF&E item by project:** Maintain a register for assets (equipment/vehicles and non-consumable items) for a value of TK. 3,000 and above and a useful life of more than one year. Affix identification number for all the assets by project.

v. **Individual Inventory Register:** Maintain an Individual Inventory Register for assets item under staff custody as per **Annexure-K**

vi. **Procurement Register:** Maintain a procurement register for TK. 10,000 or above against the quotation or Contract of Purchase/Purchase Order.

vii. Maintain Advance Register to account for all kind of advances

viii. Maintain Cheque issue & receive register for tracking the all Bank Transactions.

B. DOCUMENTS/REPORTS:

i. VOUCHER:

Definition of Voucher

Voucher is a form used in an internal control system to document information about and authorization of accounting transactions. So, Vouchers are supporting documentation for the organizations Journals.

An important aspect of proper documentation of voucher is cross-referencing of final books of an organization.

Types of Voucher:

- a. Credit Voucher/Receipt Voucher
- b. Debit voucher/Payment Voucher
- c. Journal Voucher

a. Credit /Receipt Voucher (**Annexure- L**), is prepared for each deposit into the bank account. All receipt, such as cash, checks/ demand draft, bank transfers, interests, and other deposits should be recorded on a Credit Voucher (CV).

b. Debit/Payment Voucher (**Annexure-M**), is prepared for each check that is written for the payment of goods or services received . All cash disbursement from a bank account, including disbursements that are the result of checks, withdrawals, transfers and bank charges should be recorded with the accounting entry authorized on a Debit Voucher (DV).

c. Journal Voucher (**Annexure-N**), is a voucher that is prepared in order to record non-cash entry. Accounting entry made at the end of an accounting period to bring accounts up to date on an accrual basis of accounting.

ii. BANK DOCUMENTATION:

Bank documentation requires preparation/collection of the following three reports:

- a. Bank Statement/Pass Book in case of Savings A/C
- b. Bank Reconciliation Report
- c. Cash Recap by Bank

Bank Statement:

A Bank Statement is a chronological record of the financial transactions that have occurred in bank account for a specific period of time. Therefore, a bank statement should be collected from the financial transactions performed by the bank for monthly financial periods are documented.

Bank Reconciliation Report:

A comparison of the cash balance as reported by the bank, and the balance noted on the organization books, for a given period, is called a Bank Reconciliation Report. **Annexure-O**

Reason for differences:

- a. Debit records without corresponding credits on the bank statement, e.g., deposit in transit.
- b. Credit records without corresponding debits on the bank statement, e.g., Outstanding Cheques.

- c. Credit on the bank statement without corresponding debits on the records, e.g., deposit in the bank not known .
- d. Debits on the bank statement without corresponding credits on the records, e.g., interest charges, service charges, NSF (not sufficient fund) returned Cheques.
- e. If Bank makes any mistake in their Books of accounts.

Cash Recap by Bank Account:

The Cash Recap by Bank Account is a summarization financial activity for the current financial month. One Cash Recap should be prepared for every bank account, every month. (**Annexure- P**)

iii. TRIAL BALANCE:

At the end of the monthly accounting period for an organization a Trial Balance (**Annexure- Q**) is prepared which compares the total of all debit balances with the total of all credit balances for various expenses, liability and asset accounts. As every transaction results in an equal amount of debits and credits in the subsidiary ledger, in total of debit entries in the subsidiary ledger must equal the total of all credit entries. Also the sum of all credits must equal the sum of all debits on the Trial Balance. Therefore, Trial Balance is the list of all ledger balances in a particular date, which shows total of debit balances equal to total of credit balances.

iv. Receipt & Payment Account:

iv. EXPENDITURE STATEMENT:

Expenditure statement (**Annexure R**) is a management tool devised to facilitate monitoring of account wise expenditures against individual budgeted account wise expenditures.

v. Project Material & Equipment Report: Prepare and send the said report to the Responsible personas the project and Donor requirement for undelivered items.

vi. Furniture, Fixture & Office Equipment Report: Prepare F,F&E report using identification numbers and send the said report to the Responsible person as per the project and Donor requirement on a quarterly/ Yearly basis.

15. AUDIT

ii. Internal Audit:

USS will arrange internal Audit throughout the fiscal year as determined by the Management of USS. The Auditor can check all the financial and program related records and activities.

iii. External Audit:

USS must conduct external Audit as per requirement of the project/GOB. The External Audit Firm should oversee or cover the all Books of Accounts, financial reports, related documents and other reports as per Financial guideline & project MOU's against the sub-grants of different project

16 Disposal of Fixed Asset:

i For the disposal of fixed asset, standard organization Fixed Asset Disposal form shall be used.

ii The store officer shall prepare a list for useless/redundant/broken asset and forward to the Director Finance and Admin. If he agrees with the list, he shall forward it to the Secretary/Executive Body for approval. After getting approval from the Secretary/Executive Body, the required procedures shall be maintained for the disposal of any assets.

iii There shall be a pricing committee appointed by the USS management comprised of a member each from Administration Department, Internal audit Department and Central Accounts Department.

iv In addition, in case of sale of vehicle or computer/computer equipment, the committee should include a technical person from the concerned department as applicable.

v. The Pricing Committee shall fix an expected minimum price from the sale of the asset/assets with written down value of Taka 10,000/= (Ten Thousand Taka Only) and above, individually or in a lot.

vi. Asset with a written down value of Taka 500,000/= (Taka Five Lac Only) or above, either individually or in a lot, shall be sold by tender.

vii. The tender notice shall be published in a daily national newspaper or local newspaper as appropriate.

viii. A three members tender committee with one member each from Administration Department, Internal Audit Department and Central Accounts Department, shall open the tenders and complete the sale. A person who is a member of the Pricing Committee can not be the member of the Tender Committee.

ix. The tender committee shall sell the assets to the highest bidder, if the minimum price recommended by the Pricing Committee is not reached, the Tender Committee shall refer the result back to the Pricing Committee, who may reassess the minimum price in the light of the offers received or recommended it to be re-advertised.

x. Assets with a written down value from Taka 10,000/= (Ten Thousand Taka Only) up to Taka 500,000/= (Taka Five Lac Only) individually or in a lot, shall be sold by private invitation not less than three parties. The aforesaid Tender Committee shall also be responsible for such sales.

xi. Assets with a written down value below Taka 10,000/= (Ten Thousand Taka Only), either individually or in a lot, shall be sold by any committee nominated by USS.

xii. No asset should be delivered to the bidder without receiving the amount.

xiii. The Sale Committee shall give a summary note to the Accounts Officer so that he can update the fixed assets record and the Finance department shall book the amount received against all sale to local fund.

xiv. Fixed assets shall be disposed off, and written off in the Fixed Assets Register under the following conditions:

- ◆ destruction of the asset by whatever name
- ◆ end of its useful life
- ◆ uneconomical maintenance cost.

B. USEFUL LIFE OF ASSETS

	Assets	Useful life
01	Motor Vehicle	5 years or 150,000 kms running which ever is earlier
02	Motor Cycles	5 years or 60,000 kms running which ever is earlier
03	Computers and Mobile phone	5 years
04	Air Conditioners	5 years
05	Other Electrical Equipment	5 years
06	Other non-electrical Equipment	5 years
07	Office furniture and fixture	10 years
08	Bicycle	5 years
09	All other assets	As per depreciation table

i. Fixed assets should be depreciated using the straight -line method

ii. For assets bought during the year, depreciation charge shall be prorated on a monthly basis.

iii. Full month's depreciation shall be charged in the month of the purchase and no depreciation shall be charged in the financial year of the sale/scraping

iv. Surplus or deficit on sale of asset shall be taken to the Income and Expenditure Statement of the month in which it is sold.

v. Assets fully depreciated but still in use shall be left in the Fixed Asset Register at a notional

value of Taka 1/= (One) only.

C. Rate of Depreciation:

	Assets	Rate of depreciation
01	Free hold land	5% per year
02	Freehold Building	5% per year
03	Leasehold Building	10% per year
04	Leasehold Improvement	10% per year
05	Office Decoration	20% per year
06	Motor Vehicle, Motor Cycle and Bicycle	20% per year
07	Computer and mobile Phones	20% per year
08	Air Conditioners	20% per year
09	Other Electrical Equipment	20% per year
10	Other non-electrical Equipment	20% per year
11	Office furniture & fixture	10% per year
12	Carpets, Curtain and Soft Furnishings	20% per year
13	All other assets	20% per year

18. AMENDMENT

This Policy can be revised based on needs in addition to supplementary for some changes in the Policy.

19. Illustration:

See the Annexure



Udayankur Seba Sabgsta (USS)
Nilphamari
Journal Voucher (JV)

Project Name:
Branch Name:
Purpose:

JV #:
Date:

Code#	Head of Accountn	L.F.	Debit (TK.)	Credit (TK.)
Total Amount (Taka)				

Inwards:

Prepared by:

Reviewed by:

Approved by:

Annexure 3



Udayankur Seba Sangstha (USS)
Nilphamari-5300

Top Sheet

Project Name:

Date:

SL #	Particulars	Head #	Head of Accounts	Vr. #	Amount (TK)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
	Total				

Inwards:

Prepared by:

Reviewed by:

Approved by:

Udayankur Seba Sangstha (USS)

Nilphamari-5300

Cash Book for the month of:

Dr

Cr

Date	VR #	Description	Ledger Folio	Cash	Bank	Date	VR #	Description	Ledger Folio	Cash	Bank

Annexure 4

Udayankur Seba Sangstha (USS)

Nilphamari-5300
Ledger

Head of Accounts:

A/C Code No.....

Date	Details	Vr #	Cash Book Folio	Debit	Credit	Dr/Cr	Balance

Annexure 5



**Udayankur Seba Sangstha (USS)
Nilphamari-5300**

Staff Salary for the month of :

Year:

Sl	Name of Employee	Designation	Salary & Benifits						Deduction				Net Salary	Signature	A/C NO	
			Basic Salary	House Rent	Medical	PF	FA	Gross Salary	PF	Tax	WP	Total				

Prepared by:

Reviewed by:

Approved by:

Annexure 6



Udayankur Seba Sabgtha (USS)
Nilphamari-5300
FIXED ASSET REGISTER

SI #	Name of Asset	Description/ Particulars	Name of Supplier	Date of Purchase	Vr #	Cost of Asset	Fixed Asset ID #	Location	User	Signature

Annexure 7



Udayankur Seba Sabgatha (USS)
Nilphamari-5300

Stock Register

Name of the Item:

Page No.

Date	Previous balance	Receipt Quantity	Total Quantity	Challa/Bil l No	Issued Quantity	Purpose	Balance Quantity	Recipient Signature

Annexure 8



Udayankur Seba Sangstha (USS)
Jordarga, Nilphamari-5300

Money Receipt

SL NO:

Received with thanks from: -----

--

an Amount of Cash / Cheque / *DD* / *TT* / Pay order : ----- **Inwards:** -----

----- Cheque / *DD* / *TT* / Pay order No----- **Dated :** -----

an account of:-----

Received by:

Signature:

Name:

Designation:

Annexure 9



Udayankur Seba Sabgtha (USS)
Nilphamari-5300

Money Receipts Register

Date	MR #	Particulars	Receipts Amount Tk.	VR #	Date of Deposit

Annexure 10



Udayankur Seba Sabgtha (USS)
Nilphamari
Advance Request Form (ARF)

Project Name:
Branch Name:
Requester Name:
Designation:

Signature:
Date:

SL#	Descripton/Speification	Amount (TK)	Head #	Head of Accounts
01				
02				
03				
04				
05				
06				
07				
08				
09				

Expected date of Settlement -----On-----
-----there is Tk-----/ no other advance is lying with her/him

Signature
Acct/AAO

Advance TK-----has been approved which will be adjusted on-----

Signature

Approved by:

Annexure 11



Udayankur Seba Sabgtha (USS)
Nilphamari-5300

Requisition Form

Project Name:
Requester Name:
Designation:

Date:

SL #	Description	Required Quantity	Unit Cost	Estimated Cost	Head #	Head of Accounts
Total Estimated Cost						

Remarks:.....
.....
.....

Requested by:

Reviewed by :

Approved by:

Annexure 13



Udayankur Seba Sabgtha (USS)
Nilphamari-5300

Travel Bill Form (TBR)

Name of Traveler:
Designation:
Purpose of Travel:
Name of Project:

Submitted Date:

Date	From	To	Mode of Travel	Purpose	Amount Tk

Submitted by:

Checked by:

Reviewed by:

Approved by:

Annexure 14



Udayankur Seba Sabgatha (USS)
Nilphamari-5300

Travel Approval form (TAF)

Name of the Project:..

.....

Name of Staff:.....

.....

Designation:....

.....

Purpose of travel....

.....

Travel Date.....

.....

Return Date.....

Signature of Traveler:

Date:

Approved by.

Date.

Annexure 15



Udayankur Seba Sabgatha (USS)
Nilphamari-5300

Materials Received Form (MRF)

Sl	Name of Item	Quantity Order	Quantity Received	Challan #	Stock Page #	Remarks

Receiver Name & Designation:

Date:

Certified by:

Date:

Annexure 16



Udayankur Seba Sabgatha (USS)
Nilphamari-5300

Challan Form

To:

Name of Staff/Supplier:

Address:

Sl	Name of Item	Quantity	Amount	Stock if needed	Remarks

Issued by:

Name & Designation:

Receiver Name & Signature:

Date:

Annexure 18



Udayankur Seba Sabgatha (USS)
Nilphamari-5300
Receipts and Payments Accounts
For the period of -----

Particulars	Head #	Amount	Amount
Opening Balance:-			
Cash in Hand			
Cash at Bank			
Closing Balance:			
Cash in Hand			
Cash at Bank			
Total			

Prepared by:

Reviewed by:

Approved by:

Annexure 19



Udayankur Seba Sabgtha (USS)
Nilphamari-5300
Income & Expenditure Accounts
For the period of -----

Head #	Particulars	Amount	Particulars	Amount

Prepared by:

Reviewed by:

Approved by:

Annexure 20



Udayankur Seba Sabgtha (USS)

Nilphamari-5300

Trail Balance

For the period of -----

SL #	Particulars	Head #	Debit	Credit

Prepared by:

Reviewed by:

Approved by:

Annexure 21



Udayankur Seba Sangstha (USS)
Nilphamari-5300
Balance Sheet
As at

Particulars	Head #	Amount	Amount
Property and Assets			
Total			
Fund and Liabilities			
Total			

Annexure 22



Udayankur Seba Sabgatha (USS)
Nilphamari-5300

Budget Variance

Head #	Activities	Budget		Expenses		Balance		% of Expenditure	
		This Qtr	Total Budget	This Qtr	Total Expns.	This Qtr	Total Expns.	This Qtr	Total Balance

Prepared by:

Reviewed by:

Approved:

Annexure 20



Udayankur Seba Sabgtha (USS)
Nilphamari-5300
Bank Reconciliation Report
Name of Bank:
Bank Account Name:
Bank A/c #

SL #	Particulars			Amount in BDT
1	Balance as per Bank Statement			
2	Deposit in transit:-			
	Date	Cheque No	Amount	
	a. Total Deposit in transit			
3	Subtotal			
4	Outstanding Cheques			
	Date	Cheque No	Amount	
	Total			
	b. Total outstanding:-			
5	Adjusted Bank Balance (3-b)			
6	Bank Balance			
	Defference			

Prepared by:

Reviewed by:

Approved:

Annexure 21



Udayankur Seba sangstha (USS)
Nilphamari-5300
Cash Recap By Bank Account

Name of project:
Period ending:
Bank A/C Name:

Name of Bank:
Bank A/C Number:

Cash Analysis:	Amount	Amount
1. Opening Balance		
2. Add: Cash Receipts (Only deposit into Bank)		
3. Deduct: Cash Disbursements (Only Cheque payment)		
4. Closing Balance: (1+2-3)		
5. Cash in Hand:		
a. Opening Balance		
b. Increase/(decrease)		
6. Closing Balance (4+5)		

Prepared by:

Reviewed by:

Approved



Udayankur Seba Sangstha (USS)
Nilphamari-5300
Materials Distribution Sheet

Name of Project:

Name of Event:

Date :

Sl No	Receiver Name	Name of Item					Quantity					Signature	Remarks
		1	2	3	4	5	1	2	3	4	5		

Prepared by :

Reviewed by :

Approved by :

.....



Udayankur Seba Sangstha (USS)
Nilphamari-5300

Acknowledgement Receipts

Received from Udayankur Seba Sangstha (USS), Nilphamari an amount of Taka.....
(inwards.....) only by Cash/Cheque/DD.....
Date:.....against on

Name of Receiver:

Signature:

Date:

Prepared by : Reviewed by : Approved by :



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QzwU	QzwU	QzwU	QzwU	QzwU	QzwU	QzwU	QzwU	QzwU

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Udayankur Seba Sangstha (USS)
Nilphamari
Travel Bill Form (TBF)

Project Name:

Total day of Travel:

Name of Traveler:

Designation:

Signature:

Date	Departure		Arrival		Mode of Transport	Amount in Taka	Remarks
	Time	From	Time	To			
Subtotal (A)							
Date	Breakfast (TK)	Lunch (TK.)	Dinner (TK.)	Amount in (TK.)			
Subtotal (B)							

Note:	Date	Hotel/Residence Rent (TK)	Taka	
	Subtotal (C)			

Grand total (A+B+C)			
Taka in word			

Received by:

Checked by:

Reviewed by:

Approved by:



Udayankur Seba Sangstha (USS)
Nilphamari-5300

Advance Register

SL	Name of Payee	Purpose	Ref. Vr #	Date	Amt tk	Expected Dt of settlement	Settlement Details			R/P
							Date	Ref doc #	Amount	

Recorded by:

Reviewed by:



Udayankur Seba Sangstha (USS)
Nilphamari-5300
Work Order

Name of Vendor:

PO #

Address:

Date

Delivery date:

SL No	Description	Quantity Ordered	Unit cost	Total Cost
Total Amount of taka				

Terms and Condition:

Approved by:

Received by the Supplier:



Udayankur Seba Sangstha (USS)
Nilphamari-5300

Individual Inventory Register

Name of Employee:

SL #	Description	ID #	Source	Remarks



Udayankur Seba Sangstha (USS)
Nilphamari-5300

Write Off Form

Date:

Sl #	Description	Purchase date	Source	Original Cost	Condition (Present)	Remarks

Prepared by:

Name:

Position:

Date:

Inspected by:

Name:

Position:

Date:

Approved by:

Name:

Position:

Date:



Udayankur Seba Sangstha (USS)
Nilphamari-5300
Procurement Register

Date	Ref	Description	Amount	Remarks



Udayankur Seba sangstha (USS)
Nilphamari-5300
 Expenditure Statement
 For the month/year ended:

SL #	Description	Head #	Total Approved Budget Amount	Actual expenditure			Deviation	% of total expenses
				Previous month/Qtr.	Current month/Qtr.	Total Exp. to date		
A	B	C	D	E	F	G=E+F	H=D-G	I=G/D*%
Total								

Prepared by : Reviewed by : Approved by :