

Financial Policy

For improved management and sustainability



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Policy Transmittal Form

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Reviewed by : Executive Director,
UMUS
Approved by : Executive Committee, UMUS



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1. Introduction

Uddipto Mohila Unnayan Sangstha (UMUS) is a women rights organization engaged in advancing gender equality and empowerment of women and girls to eliminate gender-based exclusion and discrimination. UMUS promotes and culture gender sensitivity through acknowledging different needs & feelings of women & girls. Through our program, we make an effort for equal participation of women and girls and fair distribution of benefits.

As part of Canada's Feminist International Assistance Policy, MJF supports UMUS under Women Voice and Leadership Bangladesh (WVLB) Project for UMUS's improved management and governance practice, better program delivery and organizational sustainability as WRO. MJF has been continuing UMUS's programmatic support to advance gender equality and empowerment, promotes and protect their human rights.

One of the major objectives of WVLB project is to strengthen the capacity of UMUS to implement program and advocate to advance gender equality and the empowerment of women and girls.

MJF, under WVLB project initiated to develop this financial policy for UMUS in modified form aiming for improved management and sustainability of UMUS.

UMUS is a not-for-profit, Non-Government Organization registered with Department of Women Affairs, registration # JMBKKA/satkhira-71/12 dated 11 January 2012 and Youth Department registration # Sat/239 dated 26 December 2012.

2. Objective of UMUS

- To rebuild the spiritual society of cultural and religious values of the dailt in order to do away with unsociability, caste discrimination and poverty.
- To operate socio-economic development of Dalit's, excluded & indigenous people in the costal area of tala Upzilla under Satkhira District.
- To promote legal rights of marginalized woman
- To build leadership among disadvantaged and marginalized woman and youth
- To support disadvantaged for improve their health, education, agricultural situation
- To improve livelihood through food security, nutrition as well as

climate change adaptation

- To environment conservation at coastal zone

3. Purpose of the Financial Policy

An organization may even risk its entity following misunderstanding among its members, donors, officials, workers etc. due to want of an appropriate financial policy. Moreover, the acceptability of the organization also becomes questionable in terms of its transparency. This sometimes results in running the programs of the organization and the cooperation from donor community also becomes lessened. The possibility of embezzlement of fund of the organization increases due to lack of proper fund management.

Keeping such circumstances in mind the financial policies of the organization has been set up in a systematic way with a view of improvise the financial management of the organization. The organization expects all concerned persons will cooperate to comply with the financial policy closely in order to bring desired development for the organization.

Financial policy of UMUS seeks to explain in detail the accounting and administrative rules and regulations for the organization, ensuring transparency, good governance and accountability in the organization itself, as well as in its transactions and interactions with external parties.

Financial policy provides a complete structure for day-to-day transactions and guideline for appropriate recording in the books of accounts and preparation of monthly, quarterly and annual financial statements. Financial policy will also stipulate sound administrative policies and practices to ensure compliance with best practices, donors' requirements, and local regulatory requirements.

Financial policy provides, in one place, a comprehensive set of financial and administrative procedures for UMUS. This version supersedes all previous versions that were in place before the formal approval of this version.

The contents of this policy are arranged in various chapters containing financial procedures to be developed in the organization. The employees are expected to be aware of, understand and fully comply with all procedures stated in this policy.

4. Policy Application

This financial policy revised on November 12, 2022 is approved by Executive Committee. This policy applies to all financial aspects related to MJF funded project as well as all other projects and core initiative implemented by UMUS.

5. Process of updating this policy

- a) Executive Committee of UMUS shall have the right to modify, amend, replace, revise and/or add any provision of this policy in such manner and to such extent, as may be deemed fit. Executive Committee may constitute a committee or appoint consultant / consulting firm to review and update the policy when necessary.
- b) Any change or modification/amendment, as approved by Executive Committee shall be circulated through inter-office memo / circular under the signature of the Chairperson of EC or his/her designate.
- c) All the changes / amendments that have been taken place since the date of last revision, with the approval from Executive Committee, shall be incorporated in the revised version.

6. Donor Requirement

Any specific requirement by the donor that is not covered by this financial policy will be placed in the EC meeting for discussion and decision.

Chapter – I

7. Definitions

Term	:	Means
The Organization	:	Herein referred to as UMUS
WRO	:	Women rights organization
Management	:	The senior management team (SMT) constituted by the organization.
Executive Director	:	Executive Director of UMUS.
ED	:	Executive Director
EC	:	Executive Committee of UMUS
Month	:	Calendar months.
Year	:	The financial year of the Organization (July to June)
Donor	:	An agency, organization or government that contributes in kind or cash to UMUS.

- Approving Officer** : The Executive Director and Program, Finance or any officer so designated by EC to be responsible for approval of all types of transactions for the Organization.
- Primary Document** : Includes money receipt, credit voucher/receipt voucher, debit voucher/payment voucher and journal voucher.
- Financial Document** : Includes the letter of agreement between 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, cash memos, bills, invoices, cash journals, journal vouchers, ledgers, subsidiary ledgers, registers and other accounting records, documents and statements.
- Financial Statements** : Includes Statement of Financial Position or Balance Sheet, Income and Expenditure Account (or Income Statement), Receipts and Payments Account (or Cash Flow Statement), and explanatory notes

Chapter – II

8. Accounting Principles

- 8.1 Consistency:** Once UMUS adopt an accounting principle or method, it will be continued consistently in future accounting periods so that the results reported from period to period are comparable.
- 8.2 Accountability:** Personnel at all level will individually take appropriate measures and maintain records to be able to demonstrate his/her compliance.

- 8.3** Transparency: UMUS will perform full and honest accounting of all financial transactions supported with sufficient documents essential to ensuring an informed and equitable decision-making process.
- 8.4** Viability: UMUS will have continued effort to generate income to meet operating payments, debt commitments and organizational growth and sustainability while maintaining programmatic effectiveness as women rights organization.
- 8.5** Integrity: Management and staff members will proactively follow all of this financial policy.
- 8.6** Oversight: This financial policy provides oversight into the future and accordingly person related with this policy time to time suggest measures to cope with future challenges, risk and strategy.
- 8.7** Accounting standards: This policy is developed adopting standards and development best practices and approaches aiming to have financial impact for our every gender equality based programmatic effort.

9. Basis of Accounting

UMUS follow accrual basis and double entry accounting system. However, cash basis financial reports may be prepared if required by the donors or 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 expenditures incurred, paid and accrued shall be considered as expenditure in the year to which it relates. The cash basis accounting shall be maintained throughout the year. At the end of the year, to prepare annual financial statement the accrual basis of accounting shall be followed. The accounting of UMUS financial transactions shall be managed with properly designed accounting systems in accordance with internationally accepted principles and international accounting standards as adopted by Bangladesh.

10. Accounting Period

UMUS shall maintain its accounting year from July 01 to June 30. Accounting year of the projects may be different subject to the requirements of Donor/or based on the commencement of the project.

11. Significant Accounting Policies

11.1 Income Recognition

Income shall be accounted for as income during the year received by UMUS from whatever source (Any grant/donation) in the year to the extent it relates to that particular year. Any donation/grant received pertaining to the subsequent years shall not be recognized as income during the year. Any commitment of fund for a particular year shall not be considered as receipt

or income of that particular year rather income will be recognized in the year to which it relates.

a) Interest Income

Any interest received or accrued on the deposit or fund invested by UMUS shall be treated as income of that particular year to which it relates.

b) Training Fees

All fees, charges, training course fees etc. received from trainees are booked under this head at the time of receipt.

c) Donation

Any donation received from whatever source, shall be recognized as contribution in the year in which it is received, and depending on the nature thereof, will be credited to the Income & Expenditure Statement or Capital Fund Account, as appropriate. UMUS donation related accounting issues would be identified under the following categories:

- Donor fund- General
- Donor fund- Investment in fixed assets

Donations related to assets and revenue will be accounted for as per following norms:

i) Donations related to assets:

Donations related to assets including non –monetary grants should be presented in the balanced sheet at fair value by setting up donations as Deferred Income.

ii) Donations related to Income / Revenue:

Donations shall be recognized as income over the periods necessary to match them with the related cost, which they are intended to compensate on a systematic basis. They should not be credited directly to own fund.

iii) Accounting of Donor fund –General

When donation is received, it is recorded under this account irrespective of the nature of donation. Thereafter, donations utilized for assets are transferred to respective accounts. Donation utilized for revenue type expenses for a period is transferred to income. The balance remaining in this account represents unutilized donor fund.

Sometimes UMUS finds shortage of fund in donation account. In such a situation it creates receivable on donors' account and this accrued income is

matched against expenditure or UMUS arranges the deficit financing from its own fund.

d) Donations in Kind

Any donations in kind, will have a value assigned to it, and will be credited to the Income & Expenditure Statement or Capital Fund Account, as appropriate.

e) Rental Income

Any income received or accrued by the organization on account of rental of organization properties, facilities etc. shall be treated as rental income 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, interest, training fees or rental income by providing photocopy service, equipment rental, rent of conference room, print and electronic media archive charge, cafeteria service etc. shall be considered as miscellaneous income and shall be accounted for in the year to which it relates. To ensure the quality and cost effectiveness, UMUS may provide the mentioned services to the project at a rate determined by the EC from time to time. To ensure the quality and cost effectiveness, UMUS may provide the mentioned services to the project at a rate determined by the EC from time to time.

11.2 Expenditure

Any payment or obligation for payment for a particular 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 year it was obligated.

11.2.1 Apportionment of Common Costs

If it deems necessary, some costs may be apportioned between different projects programs/activities and cost centers. Any short-term consultancy/purchase order /event management will not be considered for sharing the common cost. In such cases, the apportionment will be made depending upon the nature and purpose of expenses and budget allocation. The Finance Section will always review the ratio of cost allocation after phased in/out of any project. This apportionment may be reviewed monthly and revised accordingly.

11.2.2 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.

11.2.3 Fixed Assets

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 i.e., capitalized.

11.2.4 Depreciation Policy

Full year's depreciation shall be charged on fixed assets if assets are acquired in the first six months of the year and no depreciation shall be charged if assets are procured in the second half of the year and in the year of disposal. Straight line method/ declining method of depreciation will be applied on all the assets.

11.2.5 Rate of Depreciation

Depreciation shall be charged in each financial year on fixed assets at the rate provided below:

Examples:

Building	5%
Furniture and Fixture	10%
Office Equipment	20%
Vehicle	25%
Computer, Printer, Multimedia projector etc.	20%
Other Assets	20%

Any change in the rate of depreciation will be done through the approval of the EC. Prior year adjustment may be made giving effect of changes of depreciation rate.

11.2.6 Liabilities

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

11.2.7 Fund Account

The fund account represents the accumulated balance of excess of income over expenditure, and may also contain direct credits, for example, donation of fixed assets.

Chapter – III**12. Maintenance of Accounts**

Responsibility of the Finance and Admin Section:

12.1 Accounting Responsibility

Responsibility of preparation of financial statements rests with the management. Executive Director 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.

Head of Finance has overall responsibility for maintaining the accounting system and books of records. He/she is required to discharge this responsibility through a proper and efficient system ensuring effective internal controls, segregation of duties, and supervisory controls.

Every person of the Finance and Accounts Section whose duty is to prepare the primary documents is personally accountable for their completeness and accuracy.

An officer who signs or countersigns any primary document, accounting returns or certificate is personally accountable 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 of them.

12.2 Finance and Accounts Section

Finance and Accounts Section is headed by the Head of Finance and is directly responsible to Executive Director. This section is responsible for keeping proper records of all financial transactions and prepare various management and financial reports, as well as give necessary financial analysis for efficient and effective management of the organization.

12.3 Functions of Finance and Accounts Section

- Ensure that all financial transactions are performed following the standard procedure and policy.
- All transactions performed following the prevailing best practices.
- Receipts of all the income including foreign remittance, local income and sale proceeds of assets/or any other income.
- Processing and making all payments following the standard procedure and policies.
- Account for all transactions following double entry system.
- Preparation all necessary books of accounts and supporting register following the policies.

- All pay fixation, increments and auxiliary works upon approval of the management/EC.
- Processing and paying of salary and allowances of the employees.
- Processing staff advance and adjustment of the advances.
- Take necessary initiative regarding VAT and Tax management as per govt. rules.
- Preparation of monthly, quarterly, six monthly, annually financial statements.
- Ensure the qualitative and correctness while preparation of financial statements within the time frame.
- Preparation of the bank reconciliation statement in every month
- Cost reimbursement of store and consumable items.
- Necessary arrangement for depreciation of fixed assets.
- Security of cash and bank balances.
- Assist the ED as per requirement.
- Facilitate external auditor in preparation of audited books of accounts and management report.
- Cost/expenditure reimbursement from project which incurred centrally.
- Any other relevant functions as instructed by senior management.

12.4 Functions of Head of Finance

Head of Finance is responsible for the overall management and supervision of Finance Section. She/he will ensure discharge of the responsibilities in cooperation with other assigned members of this section. Head of Finance will develop job description of all the staff members of this section, with due approval of Executive Director, as such, that his/her responsibilities are equitably distributed among the members of the section including him/herself.

Following are the major areas of responsibilities of the Head of Finance:

- Overall management and supervision of finance team
- Ensure compliance of financial and accounting procedures of UMUS
- Ensure optimum uses of organization's resources
- Facilitating budget preparation, revision and finalization
- Budgetary control
- Financial analysis
- Preparation of financial statements and reports

- Perform accounts payable and receivable functions
- Organizing and facilitating periodical audits
- Respond to queries of Donors/other regulatory body, on financial issues
- Maintain coordination and supervision among projects
- Assurance of compliance of statutory, regulatory and contractual requirements in financial operations
- Conduct occasional crosschecks of bill and vouchers on sample basis
- Allocate/distribute/re-distribute responsibilities of the finance section staff as and when required.
- Prepare reports & documents as per regulatory body's requirement.
- Any other duties assigned by the Executive Director.

Chapter – IV

13. Internal Controls

By the term “**Internal Control**” UMUS means all the policies and procedures adopted by UMUS to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The internal control system extends beyond those matters, which relate directly to the functions of the accounting system.

13.1 Adoption of Internal Control

Executive Director from time to time may establish financial rules and procedures duly approved by EC in order to improve the financial system, administration, good governance and accountability. Everyone is responsible for the satisfactory functioning of the internal controls in the Organization. The internal controls apply to all the activities; ensuring that measures are carried out as agreed and the resources of UMUS is used effectively, in accordance with correct ethical principles and established agreements. The internal controls also include establishing internal routines for financial transactions in accordance with instructions from the donors and ensuring that office employees follow these rules and regulations. Sound internal control also requires establishing segregation of duties in such a way that ensures checking of one employee's work by another in the course of their routine works. Job description of each staff shall be provided by the organization at the time of joining the organization. Through the internal control systems, UMUS ensure that:

- Information is adequate and accurate and support for management decision making.

- Resources of business are protected against losses resulting from theft, embezzlement or carelessness.
- Controls are in place over all phases of operations.

13.2 Segregation of duties and job description

This is a crucially important control activity (technique) that involves assigning job duties so that one employee can both perpetrate a misappropriation and conceal the misappropriation from timely detection. One major segregation of duties concept is that no employee should have more than one of the following types of job duties:

- maintaining custody over (access to) an asset;
- maintaining accounting records for the asset and
- authorizing use of the asset.

13.3 Delegation of authority

By explicitly assigning authority limits based on job duties and position in the organization, this control activity limits exposure to inappropriate and improper activities. The level of authority that UMUS has vested in each employee is formally documented, and will be reviewed from time to time.

At present, the level of authority is determined as follows:

Activity	Authority Delegation	Authorized person
Financial Approval Authority	Full up to Tk. 200,000	Executive Director
Financial Approval Authority	Full up to Tk. 200,001-500,000 Jointly approve	Program Head and Executive Director
Financial Approval Authority	Exceeding Tk. 500,000 Jointly approved	Chairperson and ED jointly
Expenditure of ED	Full	Chairperson
Procurement	Full up to Tk. 200,000	Executive Director
Procurement	Exceeding 200,000 Jointly approve	Executive Director and Chairperson
Administration of the Affairs	Full	Executive Director
Endorse, sign, accept, negotiate and give all cheques, bill of lading, etc.	Within the parameters set by the EC	Executive Director/Chairperson/Assign person of EC
Other areas	Within the parameters set by the EC	Executive Director/Chairperson

At present, NGOAB's requirement is that up to Taka 10,000 the Organization can pay in cash if the situation arises. Considering this threshold, UMUS expenses within this threshold payment can be recommended for paying in cash.

Delegation of Authority may be changed or revised at the discretion of the EC.

Chapter V

14. Books of Accounts

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 section of UMUS shall maintain necessary books of accounts and registers for recording the financial transactions and related information, either manually and/or by using software. The books of accounts and registers are important documents which should be maintained and preserved for proper documentation. Respective staff should ensure that these are prepared carefully, avoiding overwriting, tampering, and unauthorized destruction / damage. Eraser/correction fluid will not be used. Correction entries will be initialed by an authorized person. Depending on the needs, UMUS will maintain the standard books and records /Registers.

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

Activities	Frequency
Transaction – cash and non-cash	As and when it takes place
Adequacy of documents of transactions	For each transaction
Approval of transaction	For each transaction
Payee's acknowledgment	For each transaction
Receipt voucher	For each transaction
Posting to cash book	Daily basis
Balancing of cash book	Daily basis
Obtaining of bank balance confirmation by statement	Monthly basis

Preparation of bank reconciliation statement	Monthly basis
Journal voucher	As and when it takes place
Adequacy of document of journal voucher	For each transaction
Posting to all types of ledgers	Daily basis
Balancing of all ledgers	Daily basis
Posting of fixed asset register	As and when it takes place
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	Quarterly basis
Preparation of financial statements	Quarterly basis
Budget variance statement	Quarterly basis

14.1 Cash Book

Cash book either maintained manually or by software, 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, Cash Book should be reviewed for authentication. The Cash Book must be totaled at the end of each month and balances of cash in hand and cash at bank must be agreed.

14.2 Ledger Book

A general ledger contains a classified account of income and expenditures and capital nature accounts. All transactions 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 to ensure that all the transactions have been posted in the ledger.

14.3 Project wise cash book

Cash Book is maintained separately for each individual project in necessary cases.

14.4 Project wise ledger book

Ledger Book is maintained separately for each individual project in necessary cases.

14.5 Petty Cash Statement

A petty cash account, not exceeding BDT 10,000 for general account and BDT 10,000 for each project should be maintained for small day-to-day expenditures. A reliable person not involved in accounting and procurement should maintain this Petty Cash Book.

When the Petty Cash advance is exhausted, payment voucher with attached supporting documents and Petty Cash Book should be produced to the Head of Finance for verification. If satisfied, The Head of Finance should sign the Petty Cash Book, replenish the petty cash advance, and transfer the petty cash expenditures to the main accounting system.

Petty cash accounting will be the responsibility of the designated petty cashier who will be responsible to the head of finance for proper maintenance of records and cash handling procedures. Cash reimbursement forms will always be used for replenishment of petty cash account and will be prepared by petty cashier. The petty cashier is entirely responsible for the money received and its management. Petty cash accounts are imprested accounts and therefore will be reimbursed only for the actual amounts disbursed and listed on the respective cash reimbursement form. No advance can be made from petty cash account. Staff salary should not be paid from the petty cash, but wages can be paid from petty cash.

Following cost may be paid from petty cash:

- Reimbursement of fares, and cost of local trip
- Adjustment of Advance
- Postage/stamp/phone and stationery & supplies
- Client conveyance, Carrying charges
- Utilities (Telephone, mobile phone, gas bill, electricity bill, etc)
- Meeting expenses (Up to Tk. 2,000)
- Repairs, maintenance & office expenses
- Casual staff
- Fuel

- VAT & Taxes deducted at source.
- Contingencies.

14.6 Receipts / 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 loans / advances, collection against dues shall be treated as bank transaction. All cash or bank receipt transactions shall be accounted for through Credit Voucher.

14.7 Payment / Debit Voucher

Any amount paid in cash on account of incurring expenditure, purchase of assets, purchase of inventory, settlement of accounts or any other payment made by UMUS 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 UMUS shall be considered as bank payment transactions. All transactions of payment shall be accounted for through Debit Voucher.

14.8 Journal Voucher

Journal Voucher is recognized 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 adjustments or transfer of general ledger account balances shall be recorded through Journal Voucher. Executive Director shall authorize the Journal Voucher after verifying/checking by the Head of Finance. Preparation of journal voucher is necessary to record the posting of all financial transactions 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

Adjustments are required at the end of financial reporting periods (quarter/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 true financial position of UMUS for the period concerned and to compare actual financial performance levels with those budgeted. These adjustments / accruals are made through journal vouchers.

14.9 Cheque Register/Bank Register

This register shall be maintained by the Finance Section for recording information relating to issue/receive of cheques and also transfer of funds to have a picture about total fund balance remains with banks.

Cheque register should contain the following minimum information:

a. Date of issue/ receipts b. Voucher number c. Payee/Payer's name d. Cheque number e. Bank name with A/C number f. Amount (Deposit, Payment & Balance) g. Initial of issuing and approval officer.

14.10 Salary Sheet

UMUS shall maintain a sheet for recording staff salary payment.

It will contain:

- name of recipient of salary
- designation
- basic salary
- house rent
- medical allowance
- transportation allowance
- employers' contribution to staff CPF
- income tax & advance salary deduction
- other relevant information

14.11 VAT Register

VAT register/statement shall always be maintained to control over the VAT deductions from suppliers and consultants. The deducted amount should be deposited to the Government Exchequer within the stipulated time.

14.12 Tax Deducted at Source (TDS)

UMUS shall always maintain TDS register/statement to ensure control over deduction of income Tax at source from payment. The deductions may be from the salary of staff members, suppliers, consultants etc. The deducted amount should be deposited to the Government Exchequer within the stipulated time.

14.13 Advance Register

An Advance Register shall have to be maintained to record advances given to employees. It contains information about nature of advances, installments and mode of adjustments, date of issuing advances with probable date of adjustments. If the individual account in the accounting software is maintained, no separate advance register is required.

14.14 Attendance Register

UMUS shall maintain an Attendance Register for the staff members, which contains information of office staff attendance for the purpose of administration. Salary payment calculation will be done based on this attendance register.

14.15 Time Sheet

Time sheet is maintained by staff members who are shared staff for several projects.

14.16 Leave Register

This register will be maintained to record the leave availed by the staff members. This will contain information regarding name of staff, date and duration of leave, purpose and nature of leave, leave balance etc.

14.17 Movement Register

Movements of UMUS staff will be recorded in this register. This will contain information such as name and position of staff, date and time of departure, return, destination, purpose, signature of the staff, remarks, etc.

14.18 Asset Movement Register

This will be used to record the movement of the assets of UMUS from one location to another.

The register should contain the following information:

- a. Details of the item
- b. Identification number
- c. Original/present location
- d. new location
- e. Purpose of movement
- f. Date of return.

14.19 Inventory/Store Register

All inventory inflow/outflow will be recorded in this Register which would contain information regarding quantity, price, date of receipt and date of issue, name of recipient, source of materials and balances of materials.

14.20 Dispatch Register

UMUS will maintain a dispatch register for sending any letter/invoice/advice or any kind of communication document outside the office.

14.21 Reporting and correspondence with regulatory body

UMUS will submit all required reports, budgets and audited financial statements to regulatory body, and will maintain files for all correspondences and submissions.

14.22 Monthly, quarterly, year-end financial statements with budget variance

UMUS will prepare periodic financial statements for the projects, and the Organization, on the basis of books 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, and cash and bank balances and bank reconciliation. These will be properly checked, reviewed, approved and maintained in file.

14.23 Financial Reports to donors including fund request, forecast and others

UMUS will prepare and submit financial and other reports to the donors as per the terms of the agreement, and will maintain files for such reports and other correspondence.

14.24 Bank File

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

14.25 Others

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

Chapter – VI**15. Budget and Budgetary Control**

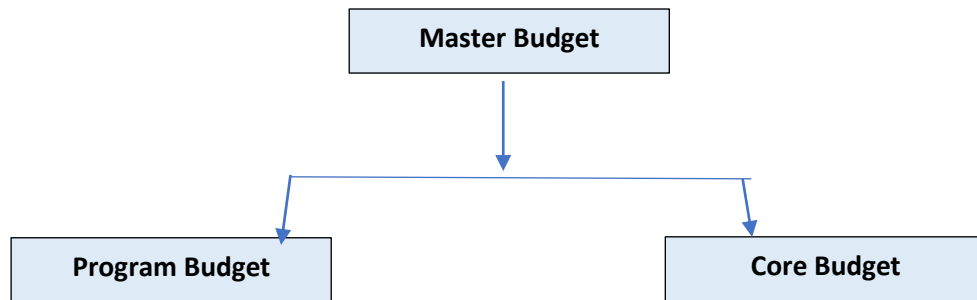
Budget is a predetermined statement of receipts and payments of an organization for a specific period, which includes projection of resources and estimated expenditures, required to achieve organizational goals in numeric terms. The purpose of preparing a budget is to ensure proper utilization of limited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

15.1 Budget Period

Core budget shall be prepared annually and reviewed at the end of the year. The budget for financial resources, 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. These will be revised periodically to ensure optimum use of resources.

15.2 Classification of Budget

Budget will be of the following categories:



Further Classification of budgetary exercise is provided below:

15.3 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.

15.4 Core Budget representing income and expenditure of core activities

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 administrative activities in financial term.

15.5 Program Budget

Program budget shall include all income expected to be received during the budget 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 and

- Detail budget break-down
- Program/activity break-down (Program/activity signifies major area of activities to be carried out by UMUS like Training, etc.)
- Timeliness
- Cost-Center break-down (Cost-Center is a department, location, 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 to acquire fixed assets required for the program activities.

15.6 Submission of Budget and Approval

Master budget shall be prepared by the UMUS budget committee and the Executive Director shall check and review the budget and approve it. The Board will be informed about it at the next meetings.

15.7 Budgetary Control

Budgetary control is a system of planning and controlling cost, which starts with 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 variances and corrective measures.

15.8 Line-Item Flexibility of Budget

Budgets under each line item are usually fixed, and cannot be exceeded without prior approval of the donor. In some cases, a minor line-item flexibility 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 the NGO Affairs Bureau. For this purpose, a revised budget has to be submitted and approved both by the donors and the NGO Affairs Bureau.

15.9 Revision of Budget

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. Especially for the project-based budget. Project based budget may be reviewed on half yearly basis and if necessary, budgeted allocation may be revised. 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 Board as well as the Donors and NGO Affairs Bureau.

15.10 Budget Committee

A three-member budget committee shall be formed comprising senior staff members from administration, program and finance. In addition to these three members, Executive Director shall lead the committee. The Board will replace/change any position of the committee or reform the committee as per requirement of the organization.

15.11 Gender budgeting

To get the budget gender sensitive and promote gender equality, gender budget will ensure significant contribution through allocating reasonable amount of resources for women.

Chapter – VII

16. Fund Management

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

16.1 Sources of Funds

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.

16.2 Nature of Fund

UMUS 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:

16.2.1 Restricted Fund

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

16.2.2 Unrestricted Fund

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

16.3 Investment of Fund

Funds in excess of the requirements of UMUS may be placed in short term deposits, fixed deposits, other savings instruments by the Executive Director in the name of the organization having the approval from EC.

16.4 Fund Receipts

All funds including foreign sources must be received through Mother Bank Account. However, separate bank account should be maintained for each project. Funds from different donors will be shown as 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.

UMUS 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) agreed either upon through bank transfers or in the form of bank demand drafts, cheques etc.

16.4.1 Receipts of Fund through Bank Transfer

Finance Section

- Receive copy of Bank Transfer Advice from donor on transfer of fund to UMUS bank account and file the same in the respective donor's file.
- Receive Credit Advice from bank on crediting the UMUS bank account.
- Check Bank Transfer Advice with Credit Advice for confirmation of total Fund.
- Prepare Acknowledgement of receipt in three copies.
- Forward first copy of Acknowledgement to donor, second copy to Finance Section of UMUS and third copy to the respective donors file if necessary.
- Prepare Bank Receipt Voucher with reference to Credit Advice and obtain approval from the Executive Director.
- Enter receipt of fund to bank book with reference to Bank Receipt Voucher /Bank Book.
- Make posting to books of Accounts with reference to Bank Receipt Voucher, if any.

16.4.2 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 UMUS.
- File acknowledgement copy of Deposit Slip.
- Receive Credit Advice from the bank upon collection of deposited cheque/DD.

- Confirm Credit Advice with Deposit Slip.
- Prepare Receipt Acknowledgement in three copies.
- Forward first copy of Receipt Acknowledgement to donor, second copy to Finance Section of UMUS and third copy in respective donors files/with receipt book
- Prepare Bank Credit Voucher with reference to Credit Advice/relevant document/Evidence and obtains approval from the Executive Director.

Make posting in the bank book with reference to Bank Credit Voucher.

- Make posting in the Bank Register.
- File Bank Credit Voucher in numerical sequence along with Credit Advice as supporting documents.

16.5 Custody of Fund

EC of UMUS shall be custodian of all the funds and shall designate the banks in which such funds shall be kept. EC of UMUS is empowered to authorize opening and closing of any bank account in the name of UMUS for its transactions. Such authority shall not be delegated to any other official. Executive Director as authorized by EC shall be the joint signatories to operate the fund bank accounts.

16.6 Transfer of Project Fund from Mother A/C to Project A/C

Certain fund is transferred from mother bank account to project bank account after approval of the Executive Director.

Chapter – VIII

17. Banking Operations

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 UMUS is to encourage all concerned to make receipts / payments through banks.

17.1 Opening & closing of Bank Accounts

EC of UMUS is empowered to authorize opening and closing of any bank account in the name of the Organization and its projects for operating their transactions.

- Separate Bank Account will be opened for projects and contributory fund (e.g., provident fund) as well.

- ii) An authorized person will be responsible to collect the bank statement or advice.
- iii) A Cheque signatory must not prepare Cheque and vouchers.
- iv) Individual project accountant/organizational accountant is responsible for safety of Cheque books.
- v) At the end of operation, the project account or any other account will be closed.

17.2 Mother Bank Account

Foreign grants/donation must be received through mother account. All other local grants received from any source shall also be deposited into Organization's Mother Bank Account immediately. The fund will be transferred to the relevant project/operational account within three to seven working days of receiving fund by the mother account.

17.3 Operation/Project Bank A/c, Loan Ac/FDR or any Investment

17.3.1 UMUS Operational/Core Account

Organization shall open a bank account in any scheduled bank in the name of organization for day-to-day operation of the core organizational fund other than project fund. The account will be called the "UMUS" operational/Core Account".

17.3.2 Project Bank Account

As per requirement of the Donor or for the better and smooth functioning of project/program/activities, separate Bank Account will be opened.

17.3.3 Loan Account/FDR or any Investment Account

For any requirement, the organization may receive loan from Bank. So, it may open loan Account in any scheduled Bank or financial institution. At the same, it may open Fixed deposit account or any deposit account in any scheduled Bank or financial institution. When project needs fund, it could be applied for loan from General fund.

17.4 Bank Signatories

EC created following two groups of Bank Signatory:

- Group A: Chairperson, Executive Director and EC member
- Group B: Staff members

17.4.1 Mother Bank Account

Mother account will be jointly operated by the signatories from **Group A** where Executive Director's signature is mandatory. But in absence of Executive Director, it will be jointly operated by other two signatories. The signatories may be changed at the discretion of the EC.

17.4.2 Operational/Project Bank Account, Fixed deposits, Loans etc.

One signatory from **Group A** and one from **Group B** will jointly operate UMUS operational account and its projects Bank accounts including fixed deposits and loans (except mother account) where the Executive Director's signature is mandatory. But in absence of the Executive Director, the mentioned accounts will be jointly operated by one signatory from **Group A** and one signatory from **Group B**. The signatories may be changed at the discretion of the EC.

17.4.3 Inform bank regarding the movement of signatories

When an authorized signatory is transferred, separated from the organization, or completed the terms or leave from EC, the Bank Manager should be informed within a week in writing to delete his/her name from the authorized list.

17.5 Deposit of Cash at Bank

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

17.6 Receipts of Cheques/Pay Orders/Drafts etc.

Soon after receiving Cheques/Pay Orders/Drafts etc., these should be stamped with "Accounts Payee Only" if needed, entered in the bank book and deposited with bank with bank 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.

17.7 Bank Credit Advice

In respect of every direct receipt of money into a bank account, a Credit Voucher shall be issued immediately on receipt of Bank Credit Advice.

17.8 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 Executive Director/other competent authority approved by the EC and posted in the bank book and general ledger.

17.9 Bank Statement and Bank Certificate

Bank Statements confirming bank balances on monthly basis and relevant advice must be collected from the bank for all bank accounts within seven days of the end of each month. Collection of such documents shall be the responsibility of Finance & Accounts Section.

17.10 Bank Reconciliation Statement

Bank statements must be reconciled with the cash book by an accounts/finance staff on monthly basis. Bank reconciliation statement must be prepared and checked within 07 working days of the following month. Executive Director and Head of Finance shall sign the reconciliation statement. Adjustment must be posted to the books for any bank charges or credit shown on the bank statement that has not been recorded on the books previously. Any question should be resolved before they issue next bank statement. 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 by the Executive Director.

17.11 Minimum Limit for Cheques Payment

Payment exceeding Taka 10,000 should be made by account payee cheque. Any Cash payment exceeding Taka 10,000 must have written justification and approval attached to the payment voucher.

In the case of payment to employee as advance for Program Expenses/travel and purchase of stationery, supply or office maintenance items or utility bill payment or any other requirement of the organization, the open cheque may be issued.

17.12 Bank Register/ Cheque

Bank Register/Cheque recording register shall be maintained to record all cheques issued for payments and all receipts. 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.

17.13 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 signatories.

17.14 Cancellation of Cheques

If any cheque is issued but not presented for collection by the payee within six months from the date of issue, Finance Section 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. It is important that entries into the cash book or ledger or correcting entries in the cash book or ledger will not be made by crossing, changing the original entry. The original must remain and a new rectified entry be made to correct the error.

17.15 Cancelled Cheques

All cancelled Cheques should be marked “CANCELLED” by red pen and signed by Executive Director and preserved in the voucher file along with the supporting voucher for subsequent audit. Any signature on the cheque should be removed and destroyed.

17.16 Ordering of 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 cheque leaves and satisfy himself that the numbers of cheque leaves are found in order.

17.17 Safety of Cheque Books

Finance & Accounts Section 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”.

Chapter – IX**18. Cash Management****18.1 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. 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 expenditures. Cash book must be signed by the Executive Director and Head of Finance if it is agreed with the physically found amount.

18.2 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.

18.3 Closing of Account

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

18.4 Verification of Cash

A statement of cash transaction shall be prepared by the designated accounts/finance staff mentioning summary of transaction. Closing balance

shall be shown mentioning denominations. Head of finance shall verify cash balance and cash book/daily cash transaction statement at the end of each day and put his/her signature on respective place in the cash book/ daily cash transaction statement. Then Executive Director shall verify and approve the same putting his/her signature on respective place in the cash book/daily cash transaction statement. Surprise cash counting may be conducted by any person (other than the Head of Finance and the Cashier) assigned by the Executive Director.

18.5 Cash Counting

At the end of each day, after making all transactions and closing the cash book/Cash transaction statement, the cashier shall count the cash physically and record the denominations in the cash book/ cash transaction statement and shall confirm the balance with the Cash Book/Cash transaction statement and get signature of Finance & Admin Officer and the Executive Director.

18.6 Cash Security

To ensure cash security, organization should preferably send more than one staff to draw cash from bank. In the case of custody of cash in the office, the organization should use steel locker/iron safe/steel almirah to keep the cash lock & key.

18.7 Petty Cash

The limit of petty cash amount, need to make small recurring expenditure, should be limited as per instruction of ED/EC Tk. 10,000. Petty cash should be maintained by a reliable staff who is not involved in approval process. Small expenditure will be made from this as per requirement; however, no single payment may exceed Taka 5,000.

18.7.1 Use of petty cash

- Petty cash accounts are allowed for various reasons mainly for convenience at operation level.
- Petty cash payments are defined as small cash transactions not exceeding Tk 5,000.
- Any single payment from petty cash shall not exceed Tk. 5,000.
- Petty cash will not be used for purchasing standard inventory items, nor items identified as assets and controlled by ledgers.
- Each petty cash account will be the responsibility of the designated petty cashier who will be responsible to the Head of Finance for proper maintenance of records and cash handling procedures.
- Cash reimbursement forms will always be used for reimbursement of petty cash account and will be prepared by Petty Cashier.

- Petty Cashier is entirely responsible for the money received and its management.
- Petty Cash accounts and therefore will be reimbursed only for the actual amounts disbursed and listed on the respective cash reimbursement form.
- No advance can be made from the petty cash accounts.
- Staff salary should not be paid from the petty cash, but wages can be paid from the petty cash.

The following cost may be paid from petty cash:

- Reimbursement of fares, and cost of local trip expenses
- Postage/Stamp and supplies
- Local Conveyance
- Utilities (Telephone, internet, Mobile phone, gas, electricity bill)
- Adjustment of Advance
- Meeting expenses
- Repairs and maintenance
- Casual staff
- Fuel
- Electric goods
- Electricians & Technicians remuneration
- Servicing expenses
- Stationeries
- Contingencies

18.7.2 Petty cash control

Petty Cash is used for small expenditure where it is not practical to issue Cheques. Initially, this fund will start with allocated amount and after the funds are exhausted, expended amounts are replenished from the bank. Petty cash operation system is stated below:

- Petty Cash limit is fixed up to Tk. 10,000 for project and sub-office. Depending on the usage of petty cash fund it may be reduced or increased with prior approval from Executive Director (ED).
- Petty Cash fund must be kept in lockable steel almirah during petty cash hours. After the close of the workday, petty cash box should be kept in a safe/secured place under lock and key. The key should be kept with another responsible person (other than the cashier).
- All payments should be made after authorization from appropriate person/s. Petty Cashier should not authorize disbursement of petty cash. Authorized signatory must sign on the bill/invoice before payment from the petty cash.
- There should be adequate documents (bill/invoice) against every disbursement and a 'PAID' seal should be stamped on the bills and invoices during the payment.
- Recipient must sign on appropriate documents while receiving any payment.

- Petty Cash transaction should be recorded for each payment. Petty Cash ledger/book should be updated daily and cash balance should not exceed the approval limit.
- Physical cash in hand at the end of the day should be counted and documented. Surprise petty cash audit should be conducted and documented by his supervisors quarterly.
- Staff salary cannot be paid from petty cash

18.8 Money receipts

Money Receipt shall be issued for every receipt of cash/cheque/drafts. It 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 (other than advance refund) in cash or by cheque unless a “money receipt” is issued.

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

Money Receipt issuing authority must also ensure that the sequence of 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 book for verification.

18.9 Cash receipts

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

18.10 Fund receipts 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 the basis of fund request submitted by UMUS. Organization shall prepare its annual budget defining physical targets and its basis. After consultation with program staff, UMUS Finance Section should prepare fund request and send request to donor. Finance and accounts section should meet financial reporting and clearance requirements from NGOAB for receipts of foreign donation.

18.11 Receipts of cheque/pay orders/drafts etc.

Soon after receiving these instruments, it 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 finance to realize dishonored cheque, if any.

18.12 Fund received from local sources

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

18.13 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 UMUS activities and has been duly approved by UMUS authority. Budgetary provision for the expenditure will also be checked. It is essential for the authorizing persons to ensure that the goods and services have been received in good condition and check the arithmetical accuracy of the documents for payments.

18.14 Payment voucher

For every payment a payment voucher shall be prepared. Payment voucher must be completed with all supporting documents stated therein making sure that the account head is correctly debited. UMUS authority must approve payment voucher and signature of payee shall be taken on the voucher as evidence of receipts. Before signing a payment voucher the official authorized to approve expenditure should check that the Finance Section has complied with all the requirements. Income Tax/ VAT and other deductions shall be deducted from all payments as per Income Tax Ordinance 1984 and VAT Act, 1991(revised 2012)

18.15 Supporting documents

All payments must be supported by bills/cash memos, or other supporting documents. Payment for goods must also be supported by a Purchase Order, Delivery Challan, Bill, payment for services by a Contract and salary cheques by a payroll sheet signed by the staff members receiving salaries. Only after receiving all supporting documents, the Accounts Officer should prepare a Payment Voucher.

18.16 Payment of salary and allowance

For purpose of salary, office staffs should open personal bank account with the same bank where the organization maintains its account and inform account number to Finance Section in writing. Monthly salary of the staff members shall be transferred to their respective bank account within 25th

of current month to 5th of next month. For any reasonable causes, cash cheque may be issued only for the first month.

18.16.1 Payroll Processing

Manager, Finance will process project wise monthly payroll. S/he will follow the following procedures:

- Relevant payroll input documents of all appointments; promotions, transfers, resignations, removal from office etc. are promptly recorded.
- Entries on these documents are supported by the necessary approvals, advice etc. and verified properly.
- Prepare the payroll by end of each month.
- Payroll shall contain information like – Name, Designation, Basic salary, House Rent Allowance, Medical Allowance, Special Allowance (if any) and deductions like Provident Fund Contribution, PF Loan, PF Loan Interest, Income tax etc., the Net Pay and bank account number with bank name and branch.
- Manager, Finance and Program Chief shall recommend the payment and the same will be submitted to Executive Director for approval.
- An “Account Payee” cheque/debit advice along with a copy of the payroll shall be sent to bank for organizing payment to relevant staff members bank accounts.

18.16.2 Payment of Salaries, other dues at the time of staff Resignation/dismissal

Payment of salaries, PF to an employee at the time of resignation or dismissal will be administered by the HR policy of UMUS.

18.16.3 Payment of salaries and benefits due to a deceased employee.

In case of death of an employee following steps will be followed for settlement of dues to the successors:

- a) A list containing entitled dues, allowance etc. will be provided to his/her nominee(s)/ successor(s).
- b) Unpaid salaries, wages, allowance, dues shall be paid to the nominee(s)/ successor(s) of the deceased employee upon receiving appropriate documents from the nominee(s)/ successor(s).
- c) Payments will be made through “Account payee” cheque(s)/bank transfer.

18.17 Deduction of Income Tax at Source

UMUS 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.

18.18 Accounting for Income Generation (If applicable)

All income from different sources shall be recorded in the accounts section with details. Accounts section shall collect all sale proceeds. Four sets of documents shall be prepared for each income. Concerned section will retain one set and three sets shall be sent to the accounts section. Accounts section will receive the cash/cheque/DD etc. paid, sealed and hand over one set (copy) to the customers with material and challan and send one set (copy) to the concerned section and retain last set (copy) for these recording purposes.

18.19 Preservation of Financial Documents

All financial documents of UMUS shall have to be preserved at least for 5 years or as per donor's instructions or as per rules of NGO Affairs Bureau. Even after the expiry of five years, no documents may be destroyed without decision from EC. In case of litigation, relevant documents shall have to be preserved till the date of settlement of relevant lawsuit. Finance Section of UMUS shall keep all the financial documents and files in a safe custody under lock and key. After 5 years if any donor demand than it would be uncountable.

Chapter – X**19. Advance**

Purpose

Advances may be paid against expenses to be incurred for UMUS's official purposes, i.e. advances against salaries, travel expenses, field visit/monitoring program expenses and purchase of office supplies and materials. Advance covers for Travel, Project delivery, Vendor, Landlord, and Miscellaneous costs.

19.1 Types of Advances**19.1.1 Advance against travel expenses**

Organization's staffs frequently travel to different areas of the country for official purposes/field monitoring. Staffs are entitled to take advance to meet the transportation, daily expenses, accommodation, meeting expenses, etc. Travel advance shall only be given against valid travel authorization. It must be adjusted within 07 working days after completion travel.

19.1.2 Advance against purchase of goods

To carry out routine duties and activities, various types of goods & materials need to be procured. Out of these materials, some are purchased through own staff while others directly from outside suppliers. Advance may be allowed to employees against such purchases. General conditions for sanction of cash advances against purchases of goods are as follows:

- That the stores are immediately and urgently required;
- That time at requirement does not permit purchase by open or selected tender;
- That delay in procurement would involve loss/hamper the program

19.1.3 Advance for program expenses

UMUS has to conduct program at field level where cheque payment for all types of expenses are not possible. Moreover, all payments from the office cash are not possible. So, for conducting a successful program advance is required to issue as per approved budget of the program.

19.1.4 Advance to third parties

Advance to third parties include advance against land lord/house owner, contractors, to material suppliers/service providers, to consultants/Resource persons, experts/writers against program publication/reports etc. Prior approval from EC is compulsory in case of advance to third party exceeding 30% of assign contract amount against office rent, construction work etc.

19.1.5 Advance against office rent

Advance office rent shall be allowed by the authority as per negotiation and tenancy agreement between UMUS and the landlord/house owner. All such advances should be issued & adjusted with the UMUS's core Account. If any advance is allowed/issued from a project, it should be adjusted as per project requirement.

19.1.6 Advance to the contractors

Advance payment to Suppliers/Contractors shall be based on the contents of the contract/work order. If the provision of advance is available in the Suppliers/Contractors contract/work order, mentioning the provision the Suppliers/Contractors shall be submitted a request letter/application to the Executive Director for the advance payment. Having approval from competent authority Finance Section will make the payment.

- Considering partial payment VAT & Tax shall be deducted on any advance and deposited to government exchequer.
- As per terms & conditions set upon issuance of advance, it will be adjusted from the bill of the contractor.

- All advances shall be adjusted before the final payment to the contractor.

19.1.7 Advance to materials suppliers/service providers/ organizations

Sometimes advance needs to be made to the materials suppliers/ the service providers/ the procurement providers at their request. This advance will have to be made through account payee cheque and adjusted as per the terms and conditions upon issuance.

19.1.8 Advance to consultants/Resource persons against program

Sometimes advance needs to be made to the consultants/Resource persons/experts/writers against program/publication as per ToR. This advance will have to be made through account payee cheque and will be treated as partial cost of the related head of expenses. In this case no application/ request letter would be required; Copy of ToR and acknowledgement will be the evidence of payment.

19.2 Requisitions for Advances (only for staff)

The recipient of the advance must prepare a requisition in details in the advance requisition form signed by the respective departmental head or his/her supervisor, against specific accounting head and to be furnished to the Head of Finance to check and verify. Requisition for advances shall be submitted to the Head of Finance and Accounts at least Two (2) banking day prior to the event takes place.

19.3 Certification and Approval

Following the receipt of requisition, Head of Finance shall check and verify the requisition. Final approval shall be given by the Executive Director.

19.4 Mode of Payment

Advances may be paid in the form of cash cheque in case of advance to employees against official expenses like program travel, purchase etc. In the case of payment to employee as advance for Program Expenses/travel and purchase, the limit of cheque payment may be relaxed. However, advances paid to third parties should be made by Account Payee cheque/bank transfer.

19.5 Subsequent payment of Advance

No additional advance will be provided to any staff where one previous advance is unadjusted. But if the gap between the two events is less than 5 working days, in that case one more advance can be issued.

19.6 Adjustment of Advance

Advances against official expenses must be adjusted against respective head within the period of 7 (seven) working days after the event is completed. The

completion date of 7 (seven) working days will be counted the date when the program team reached in office. On request of the advance receiver mentioning the reasonable cause this period may be increased at the discretion of the Executive Director. The balance of unspent amount must be refunded in cash to UMUS at the time of adjustment of such advances.

A program report shall be attached with advance reconciliation statement. Advance paid to third parties in respect of terms of contracts will be adjusted as per terms and conditions laying in the respective contract/agreement. Advance payment to supplier/contractors shall be based on the contents of the work order. Contractors/ Suppliers advance shall be adjusted from the final bill.

19.7 Defaults in Adjustment

Finance & Accounts Section shall make deduction from concerned staff's monthly salary, should there be a default in payment against the balance of advance to be refunded after one month from the deadline of adjustment of such advances subject to not more than 50% of monthly gross salary.

19.8 Advance Register

An Advance Register shall be maintained for various advance payments to the staffs and to third parties. Separate Advance Account shall be maintained for each recipient of the advance for proper controlling over the advances. In case of maintaining individual ledger with detailed narration through accounting software, no manual register shall be required.

19.9 Report on Advance

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

Chapter – XI

20. Travel

20.1 Travel Advance

Travel Advances are intended to allow employees the convenience of using the Organization's money for official purposes only while traveling. A reasonable travel advance shall be granted to the employee depending on the nature of expenditure required and the duration of stay. The policy related to advance in **Chapter X** shall also be applicable for travel advance.

20.2 Mode of Travel

UMUS staff member while traveling on official duty shall be entitled to following entitlements subject to prior approval from the Executive Director:

- All staff members shall be entitled to travel by Rented Vehicles/steamers/ launch/ air-conditioned bus/First Class Train/Air as per their entitlements.
- If more than two staff travels together, UMUS may select for them economic mode of transportation.
- Organization may keep provision for paying additional travel expenses for women/person with disability/ transgender staff e.g. If require may avail double seat for travel, re-imbursement for attendant subject to approval of ED/Chairperson.

20.3 Traveling and Outstation Allowance

The employees of UMUS traveling and outstaying on duty shall be entitled to traveling expenses as per following rules:

20.3.1 Local travel

Locally available transport facilities are allowed for all UMUS staff. If UMUS's own transport is available the employees of UMUS will use the official transport.

20.3.2 Outstation travel

Grade	Transportation			launch	Approval
	Plane	Bus	Train		
C-F	-	Chair	1 st class Chair	1 st class	
B	-	AC/Chair	AC Chair/1 st class Chair	AC/1 st class	
A	Applicable	AC	AC Chair/ AC Seat	AC	In case of use of plane. Approval of EC is required.

During the travel of UMUS team, as per demand of situation used of transport will be at the discretion of the Executive Director/Chairperson.

20.3.3 Per Diem/ Daily Allowance

High-cost area: High-cost area includes divisional town and tourism town.

Low-cost area: Low-cost area means all District towns, Upazilla towns, Unions including own project area except divisional town and tourism town.

Per diem/daily allowance for staying out of work station on official purpose shall be paid to the employee on official duty at the following rate (*Table-A*) for each day:

20.3.4 Accommodation

Actual accommodation cost for night stay out of work station shall be paid to the employee on official duty in accordance with the following rate for each night stayed:

Table-A:

Per Diem: For high-cost area:

Grade	Breakfast	Lunch	Diner	Total	Accommodation [Maximum]
C-F	100	200	200	500	800
B	100	200	200	500	1,000
A	100	200	200	500	1,200

Per Diem: For low-cost area:

Grade	Breakfast	Lunch	Diner	Total	Accommodation [Maximum]
C-F	50	150	150	350	500
B	50	150	150	350	800
A	50	150	150	350	1,000

Accommodation:

Table-B:

Grade	Accommodation [Maximum]
C-F	1500
B	2000
A	2500

- Per Diem shall be paid as allowance (no bill will be required as supporting). Breakfast will be entitled if departure time is before office time. Lunch will be entitled if travel continued more than four hours. Diner will be entitled if travel time exceeds twelve hours. Departure and arrival time needs to be mentioned in travel expense to be submitted in prescribed format.
- For accommodation, actual expenditure will be paid subject to having supporting bill of actual expenditure.
- If for any specific project, rate of per diem and limit of accommodation if defined less than the prescribed rate, then it will be allowed as per project allocation and guideline.
- Mobile allowance will be as per budget and project allocation and guidance.

20.4 Travel Expense

Employees will submit all travel bills to the Finance Section as per Travel Expense Report. Following documents must be enclosed with the Travel Expense Report:

- Utilized Air Ticket along with the boarding pass.
- Acknowledgment of the total amount of per diem received including dates.
- All paid receipts, bills, memos in support of claim of any expenditure.
- Utilized bus, steamer, train and launch tickets in support of travel claim.
- Cash or cheque to the extent refundable against travel advance as per Travel Expense Report submitted by the employee.

Staff members need to mention departure and arrival time on the expense claim/ per diem form. Departure time is defined as the time at which the staff member leaves the office or his/ her home whichever is later. The arrival time is defined as the time at which the staff member arrives at office or his/ her home whichever is earlier.

20.5 Reimbursable Costs

Traveling officials are entitled to reimbursement of following costs for all official travels:

Reimbursable cost is actual fare of CNG, rickshaw, motorbike, boat, bus, steamer, train, launch and air ticket, and will also include actual local conveyance from residence to airport / railway station / Steamer terminal / bus station and other way round while returning back to residence.

- Conveyance in the traveling area to attend workshop, seminar, training, visiting project or any other official work.
- Any other expenses required to carry out the official duties, i.e., official long-distance calls etc. are required an approval from the Executive Director or his designate.

20.6 Time for submission of Travel Expense Report

Traveler shall settle the travel advance within 7 working days from the date of arrival of office after completion of the event for which travel was made. In case of over spending staff member shall be reimbursed as soon as the Travel Expense Report is approved by the Executive Director or his/her designate. If any staff member fails to refund the unspent travel advance balance at the time of submission of the bill, the Finance Section shall adjust it against his / her current month's salary.

20.7 Approval of Travel Expense Report

Finance & Accounts Section shall check Travel Expense Report in pursuance to the travel policy and forward the same to the Executive Director for approval.

After the approval of the Travel Expense Report, Finance & Accounts Section shall ask the respective traveler to deposit the under spent advance amount (excess of advance over the approved Travel Expense Report), if any, immediately. In case of failure to deposit the balance money, the due amount shall be deducted from current month's salary. For any other expenses, i.e. official long distance calls etc., an approval from the Executive Director or his designate is required.

20.8 Local conveyance

- Local conveyance may be paid at fixed and at actual subject to project arrangement and management decision.
- If local conveyance is paid at actual, conveyance bill needs to be submitted within the month within the budget limit.
- Mode of local transportation/conveyance must be used economically considering the context.

Chapter – XII**21. Procurement procedures****General**

Procurement transactions should always be made through open and free competition. Goods and services should be procured from responsible suppliers or contractors who possess the ability to provide goods and services successfully and at a competitive price. Consideration should be given to the contractor's integrity, record of past performance and financial and technical resources.

21.1 Requisition

Whenever a purchase is required, the concerned section of UMUS shall raise a requisition with full particulars of the items needed along with justification to purchase. This requisition shall be submitted by the divisional head/staff responsible to the Executive Director through Finance Section. Finance Section shall check justification of items needed and verify with budget and submit to Executive Director for approval. After approval of the requisition by Executive Director, it will be automatically forwarded to the procurement committee for necessary action.

21.2 Budget provision

Finance Section shall verify the request with provisions in the budget and availability of fund in the respective budget line item.

If the proposal agrees with provisions in the budget, Finance Section shall send the proposal to Executive Director for approval.

In cases where it is not budgeted earlier or if there is not sufficient budget in the respective line item then proposal shall be rejected. However, depending on the necessity of the item and if it becomes absolutely necessary for the program then alternative sources shall be investigated within budget and according to the terms of grant.

If not otherwise contrary to the terms of grant agreement an option shall be given to the requisitions to share the cost from other similar budget line item where the requisitions can assure a surplus at least to that extent in that line item.

All the enquiries as above must be documented and submitted to Executive Director for approval.

21.3 Invitation of quotation

No item should be purchased without the approval of the appropriate approving officer. If an item cost is Taka 10,000 or less, no quotation is required. If an item cost is above Taka 10,000 but not exceeding Taka 25,000 the authorized member of the procurement committee shall collect two spot quotations from two separate suppliers and produce a comparative statement and purchase order should be issued. If any item costs more than Taka 25,000 but not more than Taka 2,00,000, at least three open market or enlisted vendors quotations shall be obtained from separate suppliers. If any item cost more than Taka 2,00,000 three (sealed bid) press/open tender should be issued.

Open tender shall be made for item cost more than Taka. 2,00,000.

Serial	Quotation required for	Method of Procurement
Goods and equipment		
1	Up to Taka 10,000	No quotation is required.
2	Above Taka 10,000 but not more than Taka 25,000	Two spot quotations are required. (Purchase order should be issued)
3	Above Taka 25,000 but not more than Taka 2,00,000	Three sport quotations in writing are required. (Purchase order should be issued)
4	Above Taka 2,00,000	Three sealed quotations in writing are required.

Quotations may be invited through e-mail/postage courier by hand and vendor may submit their offers following the same process.

The bids solicitation procedure may not be required-

- While the procurement is made from Government/Semi-Government/ Corporation/Multinational company or exclusive dealers or the local manufacturer/producer like Otobi, Navana furniture, Singer, Walton, Butterfly, Square etc. or their dealers/distributors whose price list of the item is available.
- If the donor organization agreed to take goods/equipment/services from any reputed organization considering quality, reasonable rate, timely delivery, security matter, efficient program management, location etc.

21.4 Purchasing strategies from enlisted vendors

Purchasing strategies from the enlisted vendors:

21.4.1 Price list regarding purchase from sole sourcing

Vendor prices are fixed on a published price or index. In such case, purchases may be done based on the price list or if the vendor is the sole producer/agent then sole sourcing can be done. However, Procurement Committee (PROC) should finalize the commission/ discounts/ levy if any before confirming the goods. While purchasing under this procedure, documents evidence such as published price list, sole proprietorship or distributorship must be attached.

21.4.2 Competitive bidding process

Majority of purchases are done through this process. To run this process, several enlisted/non-enlisted suppliers are necessary.

21.4.3 Vendor enlistment process

During the year UMUS needs supply of different types of goods, service and equipment for program and office maintenance. Generally, UMUS procures goods and equipment from open market and selected vendors through separate procurement process. UMUS can enlist vendors (If necessary) for one/two/three years for receiving supply of goods, service and equipment through a competitive bidding among the enlisted vendors.

Requisition of Enlistment:

A requisition needs to be initiated to the Executive Director from the administration mentioning the items for which vendors may be enlisted. In the requisition, it is to be mentioned the duration of enlistment and how many vendors will be enlisted. Executive Director may approve the

requisition and forward it to the procurement committee for taking necessary action.

Inviting Expression of Interest (EOI):

Receiving approved requisition for vendor enlistment, the procurement committee will meet together and prepare a list of potential vendors to send invitation letter for submitting expression of interest. Invitation letter may send through email, postage, courier or by hand. The full description/specification of the required items of goods/equipment/service will be mentioned in the invitation letter. A specific deadline for submitting EOI will be mentioned.

The procurement committee will determine the criteria on which the EOI will be evaluated.

Submitting Expression of Interest (EOI) by the vendors:

If interested, the invited vendors may submit the EOI within the deadline mentioned in the invitation letter along with the following documents:

- Organizational profile with experience & Clint list
- Organizational legal status like up-to-date trade license/ registration
- VAT & Tax Registration certificate
- Bank Solvency certificate
- Bank Account details Vendors may submit the EOI through e-mail, postage, courier or by hand.

Evaluating Expression of Interest (EOI):

After receiving the EOI from the vendors the procurement committee sit together to evaluate and finalize the list of vendors. If there is no any short fall of expected document from the vendors all vendors may be enlisted. The approval will be taken from the Executive Director and informed the vendors through a letter.

Re-invitation of Expression of Interest (EOI):

If expected number of EOI is not submitted by the invited vendors, the procurement committee may re-call the EOI or extend the deadline on written or verbal request by the vendors.

21.5 Procurement committee

A procurement committee consisting three members shall be formed by EC. Where at least 1/3 women staff. Committee chief/ Secretary would be women. One staff shall be selected by EC and another one-member relevant project for the review and to make recommendation of the decision provided by the Procurement Committee.

Recommendation from a Technical person may obtain when necessary.

The structure of the committee should be as follows:

- Head of Finance (Alternative one Finance Staff),
- Head of Program (Alternative one Program Staff) and
- One admin staff (Administration Officer/ Assistant Administration Officer).
- The change of committee member will be at the discretion of the Executive director selected by EC for the review.
- For any procurement at least two members must be involved. On behalf of the committee one member will do the secretarial works and invite quotation/issue work order/purchase order/supply order.

Local Purchase: Where vendor/open market isn't available there local purchase is permitted. The purchase will be done (Group leader/other beneficiary).

21.6 Determination of evaluation criteria and comparative bid analysis

21.6.1 Determination of evaluation criteria

Procurement Committee will decide on criteria of evaluation such as quality, price, experience, reputation or any other as required at the beginning of the procedure which is disclosable to the vendor if they want to know. They will also determine the list of vendors to invite quotation.

21.6.2 Opening quotation/tender

Opening of sealed quotation or tender will take place in presence of the member of Procurement Committee. Vendors will be invited to remain present in case of open tender.

21.6.3 Comparative bid analysis

Procurement Committee formed in this connection shall prepare a comparative statement and determine which supplier provides the most suitable item at the cheapest price subject to analysis of quality of the product or services. The committee shall record its decision on the comparative statement. The procurement should be done at the recommendation of this committee.

If only one participant submits the bids, Procurement Committee may recommend whether re-tender should be called or not and provide justification thereon and forward to Executive Director for approval.

21.7 Purchase order

A Purchase Order/work order/supply order must be prepared for above Taka 10,000 by designated member of Procurement Committee for

procurement of goods, or contract for services and be issued to the concerned supplier.

21.8 Receipt of goods

All goods and services received must be verified for assurance of quality by a staff member not involved in the approval or accounting process. Goods will be received and verified by signing the Purchase Order as “Received” and prepare Goods Receipt Notes (GRN) on the basis of Purchase Order. Service will be verified by signing the contract as “Services Received”. In case of goods, the Store Keeper will receive and services will be acknowledged by the concerned department.

21.9 Payment

Any payment against purchase shall be made only after certification from the ‘Certifying Officer’ and duly approved by the ‘Approving Officer’. On receipts of Supplier’s Invoice, Goods Received Note (GRN) and suppliers Delivery Note (along with Purchase Order, Quotations, and/or bids summary) from the Store In-charge or concerned recipient, Finance Section shall process the payment.

Approval of any payment will require the following steps.

- Purchase of goods or services must have been duly approved.
- Goods or services must have been delivered (delivery notes dully signed for reception).
- All requests for payment must be supported by submission of appropriate bills or invoices.
- Before making any payment, Head of Finance and Accounts/Authorized person shall ensure that the bill or invoice is properly approved by the Executive Director.
- Invoices, bills, receipts, quotations, contract of procurement (if any) etc. must be attached with vouchers. Head of Finance and Accounts /Authorized person should write head of expenses on each invoice, bill etc.

21.10 Mode of payment

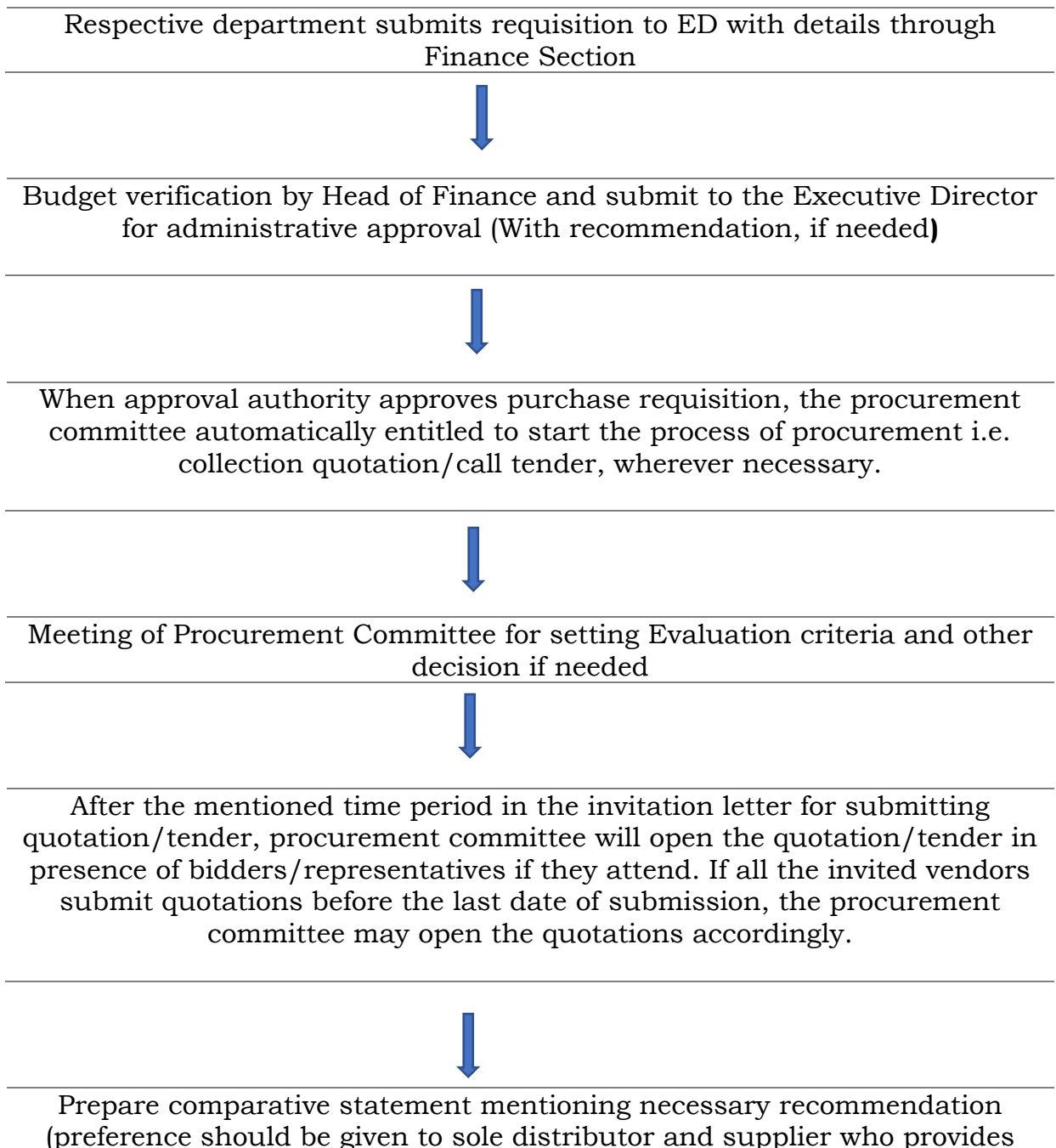
The Head of Finance and Accounts /Authorized person should make payment to the vendor through Account payee cheque/Bank transfer if it is more than Tk. 10,000 /= (Taka Ten thousand) against the above procurements of goods and services. Cash payment should be restricted as much as possible. But for a single bill, cash purchases should not be more than Tk. 10,000/=. In case of emergency spot purchases/open market purchases where vendor is not willing to receive the cheque/pay order, then the Executive Director may approve the cash to be paid to the vendor.

21.11 Control procedure

In order to have control over the issue of purchase order, all the purchase order issued, should be recorded in a register with a sequential serial number allotted for each such purchase order.

Such purchase order register should be regularly reviewed and status of the purchases including pending deliveries against orders should be verified. Discrepancies, if any should be immediately notified to the Executive Director.

21.12 Flow chart of procurement procedure



warranty / guaranty on goods) by the procurement committee to the Executive Director responsible for procurement



One member of the procurement committee will do the secretarial works and invite quotation/issue work/supply/ purchase order to the lowest bidder or the bidder recommended by procurement committee and approved by competent authority



Receive material by store department with delivery challan/bill/invoice after verification of quality by the assigned staff



Submission of bill to the Finance & Accounts Section for payment along with all the necessary documents relating to procurement

21.13 Code of conduct for procurement of goods and services

- 21.13.1 Staff entrusted with procurement of goods and services shall prevent conflict of interest and avoid circumstances that pertain thereto.
- 21.13.2 Procurement staff shall not have ownership interest in suppliers.
- 21.13.3 Procurement staff shall not accept gifts, gratuities, entertainment, travel or hospitality from a supplier.
- 21.13.4 Procurement staff shall not disclose confidential information to the suppliers with regard to decision, pricing, proceedings etc.
- 21.13.5 Procurement staff or members of their family may not act as director, officer, partner, employee, agent or consultant with or without compensation, for a present or proposed supplier or customer.
- 21.13.6 Procurement staff or members of their family may not receive fees, commissions or other compensation from a supplier.

22. Local purchase

When program will be setup at remote area then could be use any local team member (men/women). In their demand payment shall be given by team/committee decision.

Chapter – XIII**23. Financial monitoring, spot checks & fact findings**

- Finance personnel will have plan to conduct financial monitoring at field level to verify financial transactions through spot checks and fact finding.
- He will have periodical approved plan to conduct financial monitoring. If it is necessary to conduct joint visit at field level jointly with program personnel and management, management will ensure such type of joint monitoring from financial point of view.
- Each monitoring visit will have written reports to be submitted to management with observations and recommendations.
- Management will ensure implementations of observations with necessary disciplinary measures.

Chapter – XIV**24. Counter fraud, irregularity and anti-corruption**

Introduction:

UMUS management and staffs are personally and collectively motivated & committed for upholding and promoting the highest ethical and professional standards in their work. Everyone has a commitment to prevent fraud and corruption and unethical business practices. Various policies and internal control & monitoring system of UMUS are strong guard against occurrence of any corruption, fraud and financial irregularities. Management of all levels has a responsibility to ensure that all personnel are aware of this counter fraud, irregularity and anticorruption Policy, understand what it means in concrete behavioral terms and conceptualize how it applies to their program context. UMUS has the zero-tolerance approach to corruption, fraud and financial irregularities. UMUS personnel shall never take advantage of their position when working with communities, partners, vendors or/and other stakeholders.

24.1 Definition of corruption, fraud & financial irregularities

Corruption:

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person. Corruption, associated with other unethical behaviors, covers a range of practices including:

- Conflict of Interest
- Fraudulent Commission
- Undeclared Gift

- Bribery
- Misappropriation of Fund
- Abuse of Authority
- Undeclared Nepotism and favoritism

Fraud:

Fraud is an intentional distortion, deceit, trickery and perversion of truth or breach of confidence, relating to an organization's financial, material or human resources, assets, services and/or transactions, generally for the purpose of personal gain or benefit. Fraud is a criminal deception or the use of false representations to gain an unjust advantage. Fraud covers a range of practices including:

- False representation
- Hiding information

Financial irregularities

Financial irregularities mean any administrative or financial mismanagement that comes about either by act or omission by a finance personnel which has or would have the effect of prejudicing the fund(s) of the organization or project managed by them, by charging an unjustified item of expenditure. UMUS maintains a policy of "UMUS policy towards Irregularities" in regard to financial and programming irregularities. Financial and programming irregularities, also known in UMUS as "defalcation" or "misappropriation", refer, but are not limited to:

- Any dishonest or fraudulent act or violation of UMUS policies or clause/clauses in the signed agreement with donor or partners;
- Forgery or alteration of any document or account (including but not limited to timesheet, payroll and associated leave records and accounts, travel and expense reports, advance reports and account, procurement documents, inventory records);
- Forgery or alteration of a check, bank draft, or any other financial documents;
- Misappropriation of funds, commodities, supplies, spare parts, project materials and equipment, or other assets;
- Impropriety in the handling or reporting of money, financial transactions, or bidding procedures;
- Accepting or seeking anything above nominal material value from vendors or persons providing services/materials (this does not apply to calendars, agendas, etc.);
- Destruction or misappropriation of records, furniture, fixtures, or equipment;
- Diversion, alteration, or mismanagement of documents or information, and/or any similar or related irregularity.

- Unauthorized deduction or underhand dealing with any party.

Key principles of UMUS: UMUS's general attitude to corruption, fraud and financial irregularities are:

- Always prevent
- Never accept
- Always inform through playing whistleblowing role
- Always act/ take disciplinary measures

24.2 Mitigation measures against corruption, fraud & financial irregularities

In practical implementation UMUS will take the following mitigation measures:

- Promote implementation of this Counter fraud, Irregularities and Anti-corruption Policy by contributing towards creation and maintenance of an environment that prevents corruption and unethical practice.
- Report immediately any knowledge, concerns or substantial suspicions of breaches of the policy to her/his supervisor and/or senior management of the offices who is expected to take prompt investigative action.
- Uphold the highest standards of accountability, efficiency, competence, integrity and transparency in the provision of goods and services in execution of their job.
- Strengthen downward accountability and whistleblowing practices as a way of preventing and detecting corruption;
- Give attention to setting up good financial, administrative, procurement and human resources systems from the very beginning of a project/ program.
- Part of external auditor's statutory duties is to ensure that UMUS has adequate arrangements in place for prevention and detection of fraud, Irregularities and corruption.
- Introduce internal checking system by the organization finance team.

Cooperate when requested with any investigation into alleged breaches related to this policy. Measures when there is cause to suspect corruption or receive complaint when corruption, fraud and/or financial irregularities are suspected or complaint received, UMUS will take the following measures:

- If UMUS gets any complaint of corruption, fraud activity or any unethical practice against any staff member, EC, temporary personnel, implementing partners, consultants and volunteers during their mission with UMUS, organization shall take it immediately under investigation for prompt action.
- Any complaint against any fraud, corruption or unethical practice will be handled in line with the UMUS complaint and response mechanism.
- Engage in a dialogue on how to investigate the suspected corruption /fraud / irregularity.

- The complaint will be handled with an open mind and in confidentiality. Name and contact details will not be revealed to any person outside the investigation.
- If corruption/fraud/irregularity is proved, disciplinary and/or legal actions will be taken immediately.

24.3 Fraud investigation

Following steps will be followed to conduct a fraud investigation:

- Step 1: Receive and react to an allegation
- Step 2: Establish and investigation team
- Conduct a preliminary assessment
- Preserve and collect evidence
- Analyze financial, business and electrical records
- Conduct interview
- Report the findings

24.4 FRAUD REGISTER

Sl. No.	Particulars with steps and actions	Results and Remarks
1	Name, address & telephone no. of the person/organization against the fraud raised	
2	Particulars of complaint relating to fraud with receiving date	
3	Name & address of the informer/finder/anonymous	
4	Name of the person with position who bring the issue to the fraud management committee/Senior Management	
5	Discussion and decision about the fraud by the Fraud management committee/Senior Management with date	
6	Decision of the Fraud management Committee/ senior management team with action plan	
7	Name of the investigation team member (if needed) with their responsibility (ToR) with last date of reporting	
8	Summary of the investigation team report with the date of submission	
9	Decision of the Fraud management committee/ Senior management team based on the report with date	
10	Action implemented/not with date (if not what are the reason/s)	
11	Final settlement of the fraud with date	

12	Decision of Fraud management Committee/Senior management team about reporting or not reporting to MJF Donors with justification and date	
13	Follow up action if any	

Chapter – XV

25. Fixed assets management

General

Fixed Assets are resources of an organization that have potentials 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. UMUS management/employees shall ensure the best utilization and accounting for all of its fixed assets.

25.1 Fixed assets

Fixed Assets are:

- Assets that are used in the UMUS operation.
- Are not intended for resale.
- This includes any asset, which costs at least Taka 2,000/- (Two thousand) and
- Have an estimated useful life of more than 1 year, such as Land, building, vehicles, equipment, furniture & fixture etc.

25.2 Safeguard of fixed assets

Fixed Assets must be safeguarded from fire, theft, damage and other risk factors. Adequate firefighting measures should be taken, wherever necessary, to protect 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.

25.3 Custodianship

Executive Director on behalf of EC shall act as the Chief Custodian of all assets of UMUS. A list of all Fixed Assets should be kept at the Head Office for controlling, tracking and instant reference. Finance Section shall also retain a copy of the same.

25.4 Donated assets

Assets, which have been donated to UMUS, 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 Asset Register at “No Value” and be given a separate ID number for securing existence.

25.5 Non-capitalized assets

UMUS shall record all assets, whether capitalized or not, in the Fixed Asset Register. Non-capitalized assets shall also be recorded in the Fixed Asset Register as a memorandum record to have a control on those assets. All these assets shall carry unique asset numbers, so that they can be easily identified. An asset purchased for the use of UMUS shall be non-capitalized asset when it does not satisfy any of the following conditions:

- 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.

25.6 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 held in the Fixed Asset Register of UMUS. This ID number is the identification mark provided by UMUS. Such ID mark should be written on the assets in such a way that it could be easily noticed. Finance section shall be held responsible for determining fixed asset ID number. In case an asset is purchased then it must communicate to finance section to allocate an ID number for that asset.

ID number must include the following information:

- Possession of fixed asset,
- Location of fixed asset,
- Class of fixed asset,
- Category of fixed asset,
- Year of acquisition,
- Project / donor code

25.7 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 sl. no. on the assets wherever applicable)
- Unit
- Cost per unit
- Total value (cost) of the asset
- Depreciation rate
- Annual depreciation amount
- Accumulated depreciation (depreciation to date)
- Written down value
- Payment ref. for example: voucher number, budget code/donor/ project etc.
- Location of the asset
- Condition of asset
- Remarks

25.8 Movement of 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 repairing of 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.

25.9 Physical verification of fixed assets

UMUS shall arrange physical verification of its fixed assets at least once a year to verify the quantity and quality of the assets. A team comprising of Program, administration and finance personnel shall carry out the physical verification of assets. Team engaged for physical verification of assets shall submit a report to Executive Director with a copy to the Finance Section. The report shall contain the following information:

- Asset no.
- Name / description of the assets
- Location of the assets
- User of the assets
- Quantity of assets as per register
- Quantity of assets physically found
- Quality of assets physically found
- Short / Excess of assets as per physical verification
- Recommendation for sale or disposal, if any
- Remarks.

25.10 Disposal of fixed assets

Fixed assets, which are in poor condition or no longer required for use can be disposed of either by sale or scrapping. The process of disposal must be approved by the EC prior to 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.

25.11 Accounting for disposal of fixed assets

At the time of disposal of the asset, the value of accumulated depreciation as well as the cost of the assets shall be taken out from the Fixed Asset Register. In case of sale, if the sales price of the disposed asset is greater than the Written down Value, then the difference between the sales price and written down value shall be treated as 'Profit on Disposal of Fixed Assets' On the other hand, if the sales price of the disposed asset is less than the written down value, then the difference between the sales price and written down value shall be treated as 'Loss on Disposal of Fixed Assets'

25.12 Writing off of fixed assets

In case an asset is damaged or becomes unserviceable, the maintenance section will certify the condition and propose for write off. Finance Section will place the proposal with the relevant data of cost, year of purchase, depreciation charged, written down value etc. to the Management for appropriate decision with the consent of the EC.

Chapter – XVI

26. Financial reports

26.1 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 expenditures 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. Head of Finance should sign the report and give it to Executive Director 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 Board of directors of Organization during its meeting, if needed.

26.2 Contents of financial statements

26.2.1 Balance Sheet

Position of funds, assets and liabilities on a specific date is presented through Balance Sheet. It is prepared project-wise, fund-wise and a consolidation of all funds.

Balance Sheet shall have to be prepared based on the Trial Balance and the adjusting entries of the projects of UMUS.

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

Ultimate effects of the adjustments relating to advances, prepayments and outstanding expenses and depreciation shall be shown in the Balance Sheet. Details of Fixed Assets should be shown in a schedule to be annexed with Balance Sheet.

26.2.2 Income and Expenditure Account

Project-wise, fund-wise as well as consolidated Income and Expenditure Account is prepared to ascertain excess of income over expenditure. Income over Expenditure or the Excess of 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 should not be included in this account.

These types of expenses should be treated as items to be shown in the Balance Sheet.

Surplus or deficit as shown by this account shall be transferred to the Balance Sheet as Capital Fund. Depreciation charges relating to fixed assets and the bad debts will be shown in the Income and Expenditure Account.

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

26.2.3 Receipts and Payments Account

At 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 UMUS shall be prepared at the end of each month, showing budget and cumulative figures of each of the budget line items.

At the time of preparing the above account, the closing balance of the previous month/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.

26.2.4 Comparative Statements: Budget vs. Actual Amount

A comparative statement shall be prepared at the end of each month showing budget vs. actual amounts. This statement is also called variance report. Finance Section of UMUS that prepares monthly Financial Statements shall be responsible for closely monitoring the variance report.

All supporting Documents with regard to:

- Fixed Assets
- Accounts Receivable
- Accounts Payable
- Advances, Deposits and Prepayments
- Liabilities and all Unpaid Obligations
- Sources of Income
- Others, as may be required.

26.3 Financial Report to the Donors

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

26.4 Final Accounts

From the annual Trial Balance, Balance Sheet and Income and Expenditure Account will be prepared. For activities of different projects, which are not completed at the Balance Sheet Date of the UMUS's main accounts, proportionate accounts of those projects will be accounted for in the main accounts.

26.5 Chart of Accounts

UMUS is an expanding organization and expected to take up new projects and programs. As per organization and donor need different financial report to be generated for different project and duration. Chart of Accounts (Accounts head or title) has been developed to allow separate tracking of individual programs, different program component and location –wise. One can introduce coding system side by side, which could be helpful for computerization but for the manual accounting coding is not necessary.

Main Accounts Heads (Example)

Fixed Asset

- Land and building
- Furniture and Fixture
- Office Equipment
- Vehicles
- Other Assets Current Assets
- Cash in Hand

- Advance & Prepayments
- Cash at Bank
- Investment in FDR
- Account Receivables
- Liability
- Loan from alternative source
- Outstanding liabilities
- Capital fund
- Unutilized project fund Revenue
- Sales of Handicraft
- Fund received from Donor/Grant Income
- Income from Bank Accounts
- Miscellaneous
- Expense
- Program cost
- Salary & benefits
- Office rent
- Stationeries & supplies
- Office maintenance
- Utilities

Chapter – XVII

27. External Audit and Annual Return

27.1 Audit

All the accounts of the Organization shall be audited by a reputed Chartered Accountants Firm annually. Main Accounts of UMUS (Consolidated Accounts) and all the Project Accounts as required shall be audited separately. Audit shall be carried out in conformity with the Bangladesh Standards on Auditing and instructions of NGO affairs Bureau and Donors. Executive Director shall submit audited financial statements along with the auditor's report to EC for discussion and approval. Auditors shall have access at all convenient times, during the agreed period of annual audit to all books, records, vouchers, minutes and other documentations, which are in the opinion of the auditors, necessary in performance of the audit.

27.2 Appointment of external auditors

Selection of auditor for conducting audit of UMUS's consolidated accounts and project accounts will be done through a process of competitive bidding. EC may take decision to continue the existing auditor for the subsequent year and this decision needs to be ratified in the AGM. UMUS's AGM shall take decision on the appointment of the auditor.

27.3 Annual return

All the returns including annual returns must be submitted to NGO Affairs Bureau and respective Donors in the stipulated time. Head of Finance will ensure compliance of all the formalities in this regard.

27.4 Internal audit

Organization should introduce internal audit to ensure best practice, continuous monitoring and compliance. Internal audit will be carried out by a designated employee of the organization. Internal auditor will be completely independent from the day-to-day activities of the organization, and the auditor will report directly to the ED and EC.

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

27.5 Special area

If management wants to know/ improve certain areas of the operations, in that case, management may involve any one as internal auditor to conduct audit. On completion of the work, internal auditor will submit their report with specific recommendation for overcome the issue or improve the existing system.

Chapter – XVIII**28. Shared/Common Cost**

There are some expenses that are not directly incurred for a specific project but as a whole, organization has to pay this cost. This common nature cost is usually recorded under a common pooled account and subsequently it is shared/allocated among the related projects.

Examples of common costs are: Office rent, utilities- electricity bill, WASA bill etc. Since these costs are shared with others, basis of this sharing needs to be rational, acceptable and transparent.

List of common costs is shown as follows:

- Office Rent
- Transportation and conveyance
- Phone, fax, internet, postage, etc.
- Utility and service charges
- Repair and office maintenance
- Printing, stationery and supplies
- Newspapers, periodicals, year calendar
- Audit fees
- Staff capacity building
- Registration & renewal

- Professional fees, etc.
- Others, if applicable

In view of maintaining utmost fair in sharing the common costs, the following basis needs to be followed:

- 28.1** Common cost will be allocated on the basis of number of projects running during the month. Allocated amount needs to be compared with available budget of the project and charge the proportionate amount. But while the proportionate amount will be shortfall than the approved budget, in that case, budgeted amount may be charged.
- 28.2** If any staff engaged in more than one project, his/her salary should be charged as per actual effort. As per UMUS practice, attendance register/time sheet must be maintained for the staffs of UMUS and all staff salary should be paid through UMUS operational (Core) Account. Separate time sheet may be maintained as per requirement of the project. The chargeable amount will not exceed the budget ceiling.
- 28.3** Total allocated amount against salary or common cost in different projects will not exceed the total actual amount.

Chapter – XIX

29. Fiduciary risk management

There will have identification process of fiduciary risk and mitigation measures. To conduct this process UMUS will use following register and take necessary action to mitigate fiduciary risk.

Serial	Risk area identified	Date added to register	Risk level	Control procedure identified	Action taken	Further action needed	Retained risk	Comment

Chapter – XX

30. Related party transaction

A related party transaction is an arrangement between two parties that have a business relation. Some but not all, related party transaction carry potential for conflict of interest. Unchecked, related party transaction could result a fraud and corruption. UMUS ensures that related party transactions are conflict of interest free and do not affect organizational values or organizational resource mobilization & revenue generation strategy.

30.1 Disclosure of related party transaction

UMUS will disclose all material related party transaction, including the nature of relationship, the nature of transaction, amount of transaction, amount due and its settlement terms together with its Tax implications.

Chapter – XXI

31. Policy for organizational support to project

Introduction:

UMUS implements a number of projects and its normal activities are also being continued. These projects are activity based and it has specific budget for implementing the activities. Sometimes, certain activities become necessary to implement but sufficient budget is not available. In this situation, UMUS supports to the projects by providing human resources as well as arrangement for in-kind support. This policy will help to decide management under what circumstances UMUS will provide its cash and non-cash supports and the extent of the support to the projects.

31.1 Analysis of the requirements

An analysis of the necessity for cash and non-cash supports will be prepared by the project in charge when support from UMUS becomes necessary to implement the project activities. In the analysis the following areas will be highlighted: Why cash or non-cash supports are necessary, how much support is necessary and when it would be required (month wise breakup), what will be nature of funding- is it donation or loan without interest, what will be the impact if the proposed activity is not implemented and if it is in-kind support, what type of expertise is required.

31.2 Review of the analysis

On receipt of the analysis from the project, project head will review the analysis and ascertain its actual necessity. Once review satisfies for cash/funding support, then it will be forwarded to Finance & Accounts Section. Finance & Accounts Section will check if fund is available or how it may be financed. After checking, they will recommend how much fund can be supported and they will also prepare a utilization plan-month wise. Once the review of program side and finance & accounts side come in positive, only then it will be forwarded to the Executive Director for approval. For non-cash support, once review satisfies, then his/her recommendation will be forwarded to the relevant department. Relevant department will review and search how and when the resources will be available. Once it is in positive, then with their recommendation it would be forwarded to the ED for approval.

31.3 Approval by Executive Director

If the proposed funding arrangement is within the financial authority limit of the Executive Director, then Executive Director will approve it. If it is beyond the ED's financial authority limit, then ED will take the decision whether it will be placed before EC for approval. Once it is approved, then concerned departments will be informed to take necessary action for implementation. Once ED is satisfied for non-cash support, then it would be approved and informed to the concerned departments for taking necessary action.

31.4 Accounting records

If it is a donation, then the entire amount will be charged in the UMUS's accounts. If it is loan, then it would be recorded as loan to specific project and its recovery will be recorded against the loan to project account.

31.5 Follow up and close monitoring

UMUS's concerned departments will take close monitoring and follow up on the resources and time to time, it would be informed to the management.

Chapter – XXII**32. VAT & Taxation****Introduction**

UMUS has to obtain VAT registration certificate if it has vatable service. Since UMUS has no vatable services, it has no requirement to obtain VAT registration from VAT Authority. As per Income Tax Ordinance 1984, UMUS has to submit its annual Income Tax Return and get the assessment done by the Tax authority.

32.1 Compliances on deduction at sources and its deposits

As per VAT Act 1991 and Income Tax Ordinance 1984, certain areas are mentioned which are applicable to deduct VAT and Income Tax respectively. This deducted VAT needs to be deposited through Govt. Treasury Challan within 15 working days from the date of deduction and for deducted income tax, it is also required to deposit through Govt Treasury Challan as per the following time schedule.

32.2 Submission of statement/ return

Since UMUS has no vatable services at present and income or revenue on those services, there is no requirement to submit any VAT Return to the VAT Authority. UMUS will submit a statement of collection with support by deposit challans. As per existing requirement of VAT Act, Organizations which are dealing with vatable services need to be submitted Monthly VAT Return by 15th of the following month with all supporting documents and the copies of Challans.

32.3 Register for recording Tax deducted at source

A register needs to be maintained for recording date & party wise deducted tax and its deposits to the Government Exchequer through Treasury Challans. This register should be maintained as per financial year starting from 01 July to 30 June. Once the party-wise register is maintained, it would help to know the accumulated balance of a particular party. As per existing Tax law, Tax rate is varied on the basis of total payment. Since the register will serve to know the accumulated balance of a party, it will help to apply an applicable tax rate to deduct tax at source properly.

Chapter – XXIV**33. Anti-money laundering**

Introduction

This policy is applicable for UMUS as well as all employees of UMUS to prevent criminal activity of money laundering. It is extremely important that all employees of UMUS are familiar with their legal responsibilities. All employees will promptly report any suspicious transaction and activity to Anti Money Launder Compliance Officer of UMUS. Failure by any employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against him/her. Any disciplinary action will be dealt with in accordance with UMUS disciplinary policy and procedure. UMUS will comply with Anti Money Laundering Prevention Act, 2012 enacted by Government of Bangladesh and BFIU Circular no 14, dated on 02 September, 2015.

33.1 Definition of money laundering

Fundamental concept of money laundering is the process by which proceeds from a criminal activity are disguised to conceal their illicit origins. It is the process of channeling 'bad' money into 'good' money in order to hide the source of money originated from.

33.2 Financial transaction through banking channel

UMUS will maintain bank account in the name of the organization with nearby scheduled bank branch. All transactions of UMUS involving Tk.10,000/ and above shall be routed through banking channel.

UMUS will maintain only one bank account for receiving foreign donations/grants. Separate bank accounts for separate projects may be maintained after the donations have been received through the only bank account opened for receiving funds.

UMUS will operate bank accounts with joint signatories by at least two officials as approved by appropriate authority.

When cheques have been issued for deposits or withdrawals to and from the accounts, UMUS must ascertain the identity of depositors/withdrawers for future reference.

Operation/Utilization of grants

- 1.1 EC and management of the UMUS has to ensure that all funds are utilized in a manner that is consistent with the stated goals, objectives and activities of UMUS which have been approved by the regulatory authority. Independent Audit has to be conducted annually.
- 1.2 UMUS will utilize grants after getting clearance certificate from NGOAB and unutilized portion of grants (if any) will not refund to foreign donor without prior approval from NGOAB.
- 1.3 UMUS has to conduct yearly external audit for all projects to comply regulatory body requirements.
- 1.4 UMUS will maintain Standard Accounting Procedure for all its financial transactions.

Restriction on receiving fund

- 1.1 UMUS will conduct Due Diligence while receiving from those foreign countries, personnel and institutions which are listed under High Risk and Non-Cooperative Jurisdiction countries by Financial Action Taskforce in their Public Statement.
- 1.2 UMUS does not receive any grants from those personnel or entity whose are identified by United Nations Security Council as terrorist financier and involved in terrorist activism.
- 1.3 UMUS does not award grants to any person and entity whose are banded by Bangladesh Government.

Types of activities that might be suspicious

Following table sets out the types of activities that might be suspicious, and how UMUS may come across those activities and it is not intended to be exhaustive.

Activity	Type of Activity that may be affected
Financial transaction with new individual or entity	<ul style="list-style-type: none"> • Renting out property to individual or any organization • Entering into other lease agreements • Undertaking service for other organizations • Requests to pay third party in respect of goods and services
Awarding sub-grants to NGO	<ul style="list-style-type: none"> • Providing sub-grants to NGOs without any specific project or activities.

	<ul style="list-style-type: none"> • Providing sub-grants without any due diligence
Any party who we think is acting dishonestly or illegally	<ul style="list-style-type: none"> • People paying for UMUS service who do not provide detail about themselves. • UMUS tendering for contracts unable to provide proper financial information/ information provided raises concerns. • Tender for a contract which is suspiciously low
Illogical transaction	<ul style="list-style-type: none"> • Paid in cash and after that request for refunds. • Request to pay in foreign currencies for no apparent reasons.
Payment of substantial amounts by cash	Large debt arrears paid in cash
Movement of fund overseas	Request to pay money to overseas.

Chapter – XXV

34. Conflict of Interest and bribery, gift & hospitality policy

34.1 Conflict of Interest

A conflict of interest arises where employees of UMUS has a private or personal interest which may, or could be perceived to compromise their ability to do their official job. Conflict of interest can arise across all areas of our work which may be of a personal, financial or political nature.

34.2 Permissible and impermissible gifts and hospitality

This section contains a list of possible incidences that may arise and carry risk during the course of official dealings. The list is not intended to be exhaustive and is for illustrative purpose only. UMUS draws line between permissible and impermissible gifts and hospitality.

34.2.1 Permissible gifts and hospitality

Light snacks: Light snacks and tea may be allowed if it is necessary to maintain normal work relationship, improve image of UMUS, good manner and courtesy.

Bona fide to work relationship: Hospitality and gift is accepted if it is reasonable, appropriate, modest, and that is bona fide to work relationship.

Gifts to UMUS: If gift is offered to UMUS through any employee should not be accepted as personal gift. Such gift must be kept within UMUS and displayed in the general area.

Personal relationship is not a concern: UMUS recognizes that employees will develop relationships, friendships and contacts in their personal and working lives. The minority of these relationships will not give rise to any concern and can be regarded as a private matter.

Isolated small gift: Gifts considered as isolated trivial gifts may be accepted and offered e.g. low value items that can be used or displayed in the workplace such as office stationery or inexpensive seasonal gifts such as dairies and calendars.

34.2.2 Impermissible gifts and hospitality

Demand cash: Demand any payment of cash or equivalent from the vendors, suppliers and Partner NGOs or potential NGO is strictly prohibited.

Accept payment: Accept payment from any vendor, supplier. Accept payment from partner NGO or potential NGO, knowingly or suspecting that it is offered with the expectation that it will obtain and assure funding advantage.

Food with the expense of field staff: We do not take lunch; dinner or breakfast with the expense of field staff during field visit. We do not take lunch, dinner or breakfast with the expense of field staff.

Shopping expenses: No costs relating to shopping at the time of field visit is allowed with the expense of field staff.

Travel expenses: We do not allow travel expenses for project field visit or travel expenses of individuals with the expense of field staff at the time of project field visit.

Accept an invitation: An invitation to employee to join with a tour, or the extension of a tour including holidays at staff or vendor's expense.

Personal payment does not cure: Employee may never pay from or receive on their personal account for gifts or hospitality in order to avoid this policy.

Gifts having negative view: We do not accept gift and hospitality at an event be viewed unfavorably by our colleagues, vendors, stakeholders and partner NGOs.

Over-generous hospitality: Hospitality should not be over-frequent or over-generous.

Illegal Gift: Gift that is illegal and unethical is prohibited.

Frequent hospitality: Accepting hospitality from the same organization could lead to a perception that the work of UMUS is being influenced by the objectives of the organization.

Lavish hospitality: Any hospitality accepted should not seem lavish or disproportionate to the nature of the relationship we have with the provider.

34.3 Conflict of Interest Register

Serial	Name	Designation	Employee ID	Joining date	Date Advised	Nature of interest	Action to avoid conflict	Remarks	Signature

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35. Anti-terrorist financing policy

Introduction

UMUS is committed to promote human rights and good governance in Bangladesh through partnership with different donors & NGOs. To consider the present context and address ongoing practical situation, UMUS management feel necessity to develop an anti-terrorism policy which will help UMUS to avoid the stain of terrorism in future project implementation. UMUS renounces all forms of terrorism and will never knowingly support, tolerate or encourage terrorism or the activities of those who embrace terrorism and will make every effort to ensure that its resources are not used to facilitate terrorist activities.

35.1 Objective of this policy

This policy is a supporting tool which will help UMUS to watch whether any concerned staff, department, project, partner, stakeholder, suppliers are getting involved knowingly or unknowingly with terrorism activities. This policy is also sets out UMUS’s response to the risk of dealing with individuals and organizations associated with terrorism and Bangladesh Government legislation associated with this. Relevant legislation in Bangladesh can be found in:

- 35.1.1 The Anti-Terrorism Act, 2009 which came into force on 11 June, 2008. (Amended in 2013) failure to comply with Government requirements could have significant impact on the reputation of UMUS as well as expose organization to potential penalties. Therefore, First UMUS will follow the related Acts, Laws, and rules of Bangladesh Government, secondly donors’ rules and regulations. UMUS does not remit funds overseas; the risk of dealing with terrorist organizations is diminished. Nevertheless, it is important that the requirements of this policy be observed whenever funds are to be remitted overseas.

- 35.1.2 UMUS acknowledges that Bangladesh Government legislation prohibits dealing with listed terrorist organizations and/or proscribed persons or entities. UMUS will at all times adopt measures intended to facilitate compliance with this legislation.
- 35.1.3 UMUS will confirm the identity, credentials and good standing of the people or organizations it supports. UMUS will seek to ensure that none of the funds or assets provided under this arrangement are made available or used to provide support to individuals, groups or entities associated with terrorism including those named on the following lists as updated from time to time:
- HM Treasury's Office of Financial Sanctions Implementation – Financial sanctions: consolidated list of targets
 - UK Home Office – Proscribed terrorist groups or organizations
 - European Union – Consolidated list of sanctions
 - United Nations – United Nations Security Council Sanctions List
 - World Bank – World Bank Listing of Ineligible Firms & Individuals
- 35.1.4 UMUS will not knowingly provide any funds or issue any work order or assignment to known or suspected terrorist organizations or individuals.
- 35.1.5 UMUS will report any known or suspected terrorist links to the relevant counter terrorism national authority of Bangladesh Government.

35.2 Responsibilities

EC of UMUS is committed to compliance with Bangladesh anti-terrorism legislation to avoid dealing with individuals and organizations associated with terrorism.

Executive Director will be responsible for ensuring that employees of UMUS carry out the following procedures at least annually to minimize the risk of dealing with terrorist organizations or individuals.

35.3 Processes

UMUS staff members must know the identity, credentials and good standing of their partners and recipient organizations (i.e. what they do, where they operate, who are their key decision makers and staff).

A checklist to be filled up by the assessment team as a part of due diligence check before transferring the fund to the selected Organization.

Care will be taken to only transmit funds from UMUS using reputable and Govt. recognized banks for this purpose.

Prior to funding any organization, details of funded entities and their office bearers will be compared to the above-mentioned lists of terrorist and proscribed organizations. Where recipient organizations or individuals are found to be on either list, forwarding funds will cease and the national security/counter terrorism unit will be informed immediately.

35.4 Related documents

- 35.4.1 UK Government - Compliance Toolkit: Protecting Charities from Harm, found at: <https://www.gov.uk/government/collections/protecting-charities-from-harmcompliance-toolkit>.
- 35.4.2 Anti-terrorism Act 2009 Bangladesh: https://www.satp.org/satporgrp/countries/bangladesh/document/papers/AntiTerrorism_Act2009.pdf.

35.5 Anti-terrorism Checklist

Name:

Period covered: From..... to.....

Serial	Area covered	Comments/status
1	Is there any instance of being arrested any of the staff, EC members in charge of terrorist activities. What was the Consequences?	
2	Was there any news on the organization or any individual, or activities of the organization relating to any kind of terrorism?	
3	Was there any meeting or communication with the terrorist group from the organization or the concerned individual?	
4	Were there any issues raised against the organization in the mass people/Govt. or in media regarding financing to any terrorist group/individual or entity?	
5	Whether any record found in the System Award Management (SAM) checking?	

Prepared By:

Name:

Position:

Date:

Chapter – XXVII

36. Arm’s Length Relationship

In implementation of project, if UMUS enter into a contract with a subcontractor, UMUS will ensure that UMUS and subcontractor are independent of each other and are not controlled by same person or same management.

-: The End :-