

# Bangladesh Disabled Development Trust-BDDT

## Financial Manual, 2007

[বোর্ড অফ ট্রাস্টিজের ১২.০৮.২০০৭ ইং তারিখের দ্বিতীয় সভার ৯.২ সিদ্ধান্ত মোতাবেক এই নীতিমালা প্রনয়ণ করা হল ।]

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# CHAPTER - I

## INTRODUCTION

### 1.1 PREAMBLE:

The manual is the instrument of sound financial management and effective accounting administration of the organization and is intended to provide written guidelines to all concerned with a view to facilitating proper control over financial activities of the organization. This manual will be of great assistance in bringing overall financial discipline and uniformity as well as cohesion amongst the different areas of the financial management. The purpose of introducing this manual is to implement an appropriate accounting system covering all sphere of the financial activities of Bangladesh Disabled Development Trust-BDDT and ultimately to help the management not only in establishing an effective control over the financial activities, but also to provide a positive support in administering the overall activities of the organization.

This manual establishes and defines the general finance and accounting systems and procedures to be followed by BDDT finance and accounts personnel in accounting for BDDT's activities and results of operations.

The Finance and Accounting system is designed in a manner, which will facilitate the preparation/production of necessary reports. The Accounting procedures are written up on the basis that the voucher, cash book, general ledger, subsidiary ledgers and reports there from will be maintained and prepared manually at present and gradually a computerized accounting system will be practiced.

Through the use of this guideline it; G expected that good financial management system and good accounting practice be made easier through the clear explanations with representative type of illustration inside and will reduce the possibility of confusion and misunderstanding during application.

### 1.2. Background :

The Finance and Accounts Manual is designed and prepared for Bangladesh Disabled Development Trust-BDDT is a non-governmental voluntary organization, working for developing the lives of Persons With Disabilities PWDs by providing training, rehabilitation services, education support and employment. It is registered under the Trusts Act 1882 No IV-22 dated 26-7-2007. BDDT has a board of trustees This Board of trustees is functioning as Apex policy making body of BDDT.

A group of social activists under the leadership of Md. Moniruzzaman Khan, a person with Physically impairment has initiated Bangladesh Disabled development Trust(BDDT) in 2007. He is the founder Managing Trustee of the organization

### 1.3 Short Title and commencement

- a) The manual shall be called BDDT Finance and Accounts Manual;
- b) The manual shall be come into force from 1st January 2008.

## 1.4 Operating Principal

BDDT management has three tiers: Board of trustees, Local Programme Implementing Committee(LPIC) and Secretariat.

a) Board of Trustees : Board of Trustees is the Apex decision making authority of the organization. The representatives of different stakeholders like PWD groups, Professionals, Local Elites and resource persons form it. The Board is consisting 5 members of BDDT for duration of three years.

b) Local Programme Implementing Committee(LPIC): Board of trustees from a Local Programme Implementing Committee for implement the project smoothly.

c) Secretariat

Secretariat is the main focal point of the organization. It acts as the Head Office of BDDT under the supervision of Managing Trustee. Managing Trustee is responsible and accountable to the Board of Trustees for carrying out day-to-day activities and implementation of the programs/activities of the organization. A fully committed and competent team of staff assist the Managing Trustee for smooth implementation of all of its programs .

BDDT has its Head Office at Barguna and it operates its programs through its programme office all over the country.

## 1.5. Definition :

1. In this policy, unless there is anything repugnant in the subject or section: -

Organization and the abbreviation BDDT means the Bangladesh Bangladesh Disabled Development Trust.

b. "MT" means the Managing Trustee of BDDT,

c. "Officer & staff" means directly recruited permanent/temporary/part time/contract officer & staff of BDDT who has appointment letter signed by Competent Authority,

d. "Competent Authority" means the MT who executes the Human Resource Policy on behalf of the Board.

e. "Pay" means the basic amount drawn monthly by an officer & staff as pay which has been sanctioned for a post held by him/her but does' not. include any allowances; i.e. house rent, conveyance, festival or any other\*allowances which are intended to meet the requirements of the office/ & staff in special circumstances;

f."Pay scale" means any pay scale specified in this policy;

g. "Regular post" means a post so designated carrying a definite rate of pay and sanctioned without limit of time, as long as the post continues

h. "Temporary Post" means a post sanctioned as such for a specified time;

i. "Allowance" means an additional remuneration approved by the authority other than pay. e.g. house rent allowance, festival allowance, conveyance allowance, medical allowance, overtime allowance; etc.

j. "Special Allowance" means an additional remuneration approved by the authority other than pay and normal allowances.

All other words and expressions shall have the same meaning as are assigned to them by the Board of trustee.

4. Authority to amend, delete or make addition to these Policy;

This policy or parts thereof, may be amended, deleted or added to by the Board of trustees.

5. Matters not provided for in the Policy:

In all matters not provided for in the Policy, the decision of the Board of trustees shall be final.

6. Responsible for Implementation of this Policy:

The MT shall be responsible for implementation of the policy.

### **1.6 Objectives of the manual**

a) To design an accounting system that enables the management to assess the financial discipline of the organization;

b) To facilitate the preparation of necessary accounting, financial and statistical reports for the management and donors;

c) To act as a guide for the Finance and Accounts personnel in maintenance of books of accounts, records and in preparation of monthly, bimonthly/quarterly, half yearly and annual accounting and financial statements;

d) To facilitate efficient handling, controlling, recording and filling of accounting and financial documents and records that ensures timely preparation and submission of Accounting and Financial reports.

### **1.7 Functions of the Finance and Accounts Department:**

The functions of BDDT Finance and Accounts Section may be enumerated as follows:

a) To assist the management in formulating and setting of corporals directives, strategies and long term objectives needed to organization sustainability;

b) Preparation of cash forecasts and arrangement/collecting of fund;

c) Preparation of fund flow forecast,

d) Processing of all financial transaction;

e) Analysis of variances between budget and actual receipts and expenses;

f) Maintenance of accounting records including voucher, cash book, books of original entry, books of final entry, subsidiary ledgers, memorandum records, fixed asset records, properly records and necessary schedules;

g) To meet up and follow up audit queries arid reports on both financial and management

h) Liaison and coordination with inter sectfon/irnite and outside agencies;

i) Maintenance of records of BDDT and projects transactions and adjustments thereof.

j) Preparation of annual financial plans and budgets

k) Maintaining bank account in a schedule banks.

# CHAPTER II

## ACCOUNTING SYSTEM

### **2.1 Basis of Accounting :**

Accounts of the BDDT should be maintained on generally accepted principles, that is, all income/receipt actually earned are to be considered as income and all expenditure (payments made), actually incurred are to be taken as receive and payment, income and expenditure, balance sheet, with a few book adjustments (or stock & stores, advances, prepayments, outstanding expense?, accrued Income & depreciation etc. As such accrual basis of accounting has to be pursued. Cash basis accounting may by maintained in casa of the requirement from the donors or concerned stakeholders. The organization may be required to follow the guidelines/instructions of the donors as stipulated in the agreement.

**2.2 Accounting responsibility:** Accounts section is entrusted with the responsibility for proper maintenance of tile books of accounts of the organization. Timely and accurately presentation of the financial reports is the prime job of the accounts personnel. The Accounts section will ensure the authenticity for all payments and also recovery of all receipts on time. They will supervise the effective implementation o! the internal control system and assist the authority in adopting sound financial management. The head of the Finance and Accounts section is responsible to preserve all books of accounts and their supporting records in a systematic manner. He/She will make allocation of duty to the subordinate colleagues and ensure smooth function of his/her section. As a safety measure appropriate precautions must be exercised for handling, carrying and custody of accounts records including cash, cheque book etc.

### **2.3 Reporting by Accounting offices:**

Accounting offices shall close the accounts on the same transaction day. This will include closing of cash/bank book, balancing of General Ledger, daily receipts and payments Statement Financial Statement i.e., Receipts S Payments Statement, Income & Expenditure Statement, Balance Sheet and explanatory notes to the accounts shall be prepared after end of each year or when required by the BDDT management.

### **2.4 Fiscal Year :**

At BDDT Financial year is from July to June. If necessary the organization may follow donors financial year with the approval of Board of trustees for reporting to the donors/Govt. according lo agreement/requirement.

### **2.5 Procedure for Recording Transactions**

#### **2.5.1 Money receipts**

The organization shall receive fund from the donors as grant through Cheque/draft/pay order subject to the terms of the agreement between the donor and the organization. Other sources of income are project profit, sale of lottery ticket, coupon, welfare seal, local contributions, subscription, donation, service charge, income from training, house rent, sale of old and obsolete assets, salo of old and waste materials etc.

Money receipts shall be prepared and issued to the concerned parties on receipt of any fund/income by the organization. Money receipts must be printed and pre-numbered. The money receipt book

should be kept in a safe custody and its use will be monitored by the head of Finance and Accounts. Money receipt will be written by carbon process in triplicate.

Original receipt will go to the payer and the second copy will be affixed with voucher and third copy will be bound in a book and preserved. Signature on 3 copies of money receipts should be original

All the receipts in cash or through cheque shall be deposited, on the same day or next opening day, to the bank filling up the Pay-in-slips and should be recorded in the Fund Receipt Register by the Cash/Accounts Section. Then it will be entered in the Cash Book preparing credit voucher by the Accountant.

### **2.5.2 Cash/cheque payments :**

All payments made in cash or by cheque shall be processed through the Debit Voucher. (payment voucher) and entered in the credit side of the cash book which will be debited to the appropriate head of accounts. All Debit Vouchers must be supported by the documentary evidence such as requisition/indent, quotation, comparative statement purchase committee decision, purchase order, challan, bill/ cash memo, job completion certificate etc. and should be duly approved by the authorized personnel Upon receipt of a bill, the Accountant will verify the relevant documents to justify the payment and prepare a voucher to process The payment.

Payment in cash should be restricted to reimbursements to the officer and staff, payment for emergency supply or bill of small amount of the vendors. The cash payment shall, however, not exceed the limit of Taka 25,000 ( twenty five thousand) for a single transaction An exception to this restriction may be considered only under a special situation to meet the request of the supplier anti subject to the approval of the Managing Trustee

Generally all payments will be made through Account Payee Cheque. But in case of any inconvenience with Account Payee Cheque, The Managing Trustee may approve issue of cash cheque considering the consequence.

When disbursing fund, accountant should obtain the signature of the payee or his/her authorized representative, acknowledging receipt of cheque or cash as the case may be.

When approving a payment, all supporting vouchers or documents must be cancelled (by affixing a rubber stamp worded "PAID") to minimize the risk of a double payment subsequently by mistake or consequent upon manipulation.

### **2.5.3 Writing the Cash Book Bank Book**

The Accountant will make entries of all vouchers relating to all kinds of receipts and payments into the Cash Book/ Bank Book and will work out the daily closing balance of cash in hand and cash at bank following the under noted guidelines:

- a) All Debit and Credit vouchers should be posted to the Cash Book/Bank Book daily and totalled monthly and cash balance extracted.
- b) When Cash book/Bank book is totaled and the cash/bank balance extracted, the Head of Finance and Accounts should then sign it at the end of the day with daily counter sign of the Executive Director.
- c) The Cash Book/Bank book should be in prescribed printed bound book duly page numbered.
- d) Daily transactions (receipts and payments through individual voucher) should be posted in the General Ledger, indicating the lodger folio in the Cash Book/Bank

book and corresponding Cash Book/Bank Book folio in the General Ledger for cross reference.

e) No overwriting on the books of accounts shall be allowed.

#### **2.5.4 Preparation of monthly Cash and Bank Balance Statement**

Monthly cash and bank balance statement should contain the following and information:

- a) Bank balance of different bank accounts;
- b) Cash in hand;
- c) Advance slip (IQU-Temporary Loan) balance (if any).

The Managing Trustee will counter sign this statement at the end of each day.

#### **2.5.5 Posting Cash Book/Bank Book entries in General Ledger ,**

All entries on the payment side of the Cashbook/Bank Book shall be posted to the debit column of The respective account in the General Ledger. The entries on receipts side of Cash Book/Bank Book shall be posted to the credit side of the respective account in the General Ledger regularly so as to keep it updated always. The second source of the ledger posting will be the Journal Vouchers. The ledger shall be balanced monthly and month end debit or credit balance will be prominently marked.

#### **2.5.6 Adjusting Journal and Closing entries**

The adjustment entries for stores, overhead, advances, prepayments, outstanding expenses, accrued income and operation cost shall be made at the end of each' month Or as and when required through Journal Vouchers. Such adjustment will effect the Subsidiary and General Ledger accounts.

All rectification of errors, transfers and adjustments and non-cash transactions are to be processed through Journal Voucher.

The adjusting journal voucher will be prepared by the Accountant duly counter signed by the Head of Finance and Accounts and approved by the Managing Trustee. The Journal Vouchers will be serially numbered and filled in a chronological order.

#### **2.5.7 Preparation of Trial Balance**

The ledger accounts shall be balanced monthly to prepare a Receipts and Payments Account ; Trial Balance for BDDT consolidated Accounts, Project Accounts and other Accounts to be drawn to ensure the arithmetical accuracy of the entries made in the Cash Book/Bank book and the Ledgers.

Receipts and Payments Account/Trial balance will be the base document to prepare the Income and Expenditure Account and Balance Sheet.

# CHAPTER III

## FORMS AND RECORD BOOKS

### 3.1 Introduction

In general the accounts in following forms and books of record should be kept and maintained by BDDT. These accounting forms and books should be used for documentation of various analysis and interpretation of daily financial transactions of BDDT in terms of cash and accrual basis. Utilities and characteristics of different forms and books of record are described here in details for smooth flow of every day's financial transaction of BDDT systematically.

### 3.2 Voucher

Voucher is the primary source of information for the accounting process. Vouchers are prepared on the basis of invoice or memorandum of services as evidence of a transaction. Before a transaction is completed, it has to be recorded in voucher. Usually, vouchers are of three types, namely, debit voucher, credit voucher and journal voucher

a) Debit Voucher : Debit vouchers are prepared for recording all revenue and capital expenditure. This voucher is the basis for all types of cash/bank expenditure. Necessary ordinal supporting documents should be attached with debit voucher except contract documents to be filed separately. This voucher has other alternative names, such as, payment voucher disbursement voucher etc.

b) Credit Voucher: Credit vouchers are prepared as the basis for recording all receipts including income. Before approving this voucher, it is to be ensured that all necessary supporting documents have been attached in case of cheque receive; photo copy of cheque should be attached. This voucher has other alternative names such as receive voucher, income voucher , etc.

c) Journal Voucher: Transactions other than those in cash or through bank are recorded in the books of accounts on the basis of journal vouchers. Deduction from salary, depreciation fixed assets, adjustment of advance, income tax deduction, provision for expenses etc are recorded in the books of accounts on the basis of journal vouchers. Required supporting documents are to be attached with such voucher before it is approved -

#### 3.2.1 Procedures for voucher preparation :

- a) At first, mention the concerned project name to which the transaction pertains to ;
- b) Voucher number will be given serially and chronologically bearing folio number for cross-checking relation to the date of financial transactions;
- c) Date of preparation of voucher is compulsorily to be written down,
- d) Mode of transaction will have to be mentioned i.e. cash or bank payment /receipt;
- e) It is compulsory to write down the cheque number for better control in case of bank payments and receipts;
- f) Account head and accounts code from Chart of Accounts has to be clearly specified in the voucher.
- g) As a measure of internal check, it is compulsory to write down the Taka amount in words in the voucher format correctly,

h) The Accountant will sign voucher, counter signed by the Head of Finance and Accounts and Approved Executive Director depending on, the amount involved.

### 3.2.2. Procedure and authority for approval of voucher:

#### a) Approval of Receipt/Credit vouchers:

The Head of Accounts shall approve Receipt/Credit vouchers.

#### b) Approval of Payment/ Debit vouchers:

The payment/debit vouchers shall be approved in accordance with the following approval authority.

| Grade   | Approval Authority   | Limit in Taka       |
|---------|--|---------------------|
|         | <b>Board of Trustees</b>   | <b>Any amount</b>   |
| Special | <b>Managing Trustee/CEO/MD</b>   | <b>10,00,000.00</b> |
| I       | Director   | Up to 100,000       |
| II      | Deputy Director  | Up to 50,000        |
| III     | Project Manager/Coordinator / Program Officer/Personnel Officer/Monitoring, Research and Development Officer/ Accounts Officer/ Internal Audit Officer | Up to 5,000         |
| IV      | Asstt: Program Officer/Accountant/Field Supervisor/ Secretary (to DD)/ Secretary (to MT)   | Up to 1,000         |
| V       | Junior Program Officer/ Junior Accountant/ Asstt-cum-Telephone Operator/Field worker   |                     |

The Managing Trustee may approve any amount of the actual payment for.

- i. Regular monthly salary bills of the officer and staff of the organization
- ii. Organizing Training/Workshop, Seminar/Symposium etc including purchase of materials required for such activities.
- iii. Making payment for recognized publication of the organisation.
- iv. Payment of bills in respect of those contracts/agreements which have been entered into with due approval of The competent authorities
- v. The Managing Trustee shall not approve any expenditure for which provision has not been made in the approved budget
- vi. The MT will only approve project expenses after they have been agreed by the designated project In charge The Managing Trustee will obtain recommendation from concerned Section Heads/Project Heads/Coordinator for authentication of the approval.

### 3.3 Cash Book

Accounts Section in BDDT will maintain double column cash book in which debit voucher will be recorded in the cash payment column and credit voucher will be recorded in the cash receipt column chronologically. Cash book must be balanced after financial operations are recorded and completed for daily basis. After balancing the cash book, the balance amount will

be physically verified and there after the head of the account department will put his signature certifying the above balance with counter signature of the Managing Trustee monthly.

### **3.3.1, Procedures for Cash Book Maintenance**

Date should be mentioned in the specified column of cash book. This will be the date of debit and credit voucher. The sequence of writing down the date is always be maintained accurately;

Voucher number as of debit and credit voucher will be written down correctly to attain the goal of internal control;

c) In the column for particulars will be recorded the details and nature of transaction;

d) Accounts code number will be recorded in the column provided for the purpose very carefully and attentively;

e) Ledger folio number may always be written down for easy linking and verification of classification and budgetary control; The Taka amount in the receipt column of cashbook will be totaled "separately. The balance amount of previous day will be put at the top of the page on the receipt side as opening Balance

f) Total amount will then be written on payment side in same parallel line of cash column respectively;

g) Then balance amount after deducting total payments from total receipts will be recorded,

h) Finally, Head of Finance & Account will sign the Cash Book after detail check and verifies lion of vouchers posting and balancing at the close of every day.

## **3.4 Bank Book**

BDDT Accounts will maintain double column bank book where debit voucher will be recorded in the bank payment column and credit voucher Will be recorded in the bank receipt column chronologically. Bankbook must be balanced after recording daily operations completed After balancing the bankbook, the head of the accounts department will put his signature certifying the above balance with counter signature of the Managing Trustee daily.

### **3.4.1. Procedures of recording Bank Book**

The procedure of writing bankbook is the same as of Cash Book Section 3.3.1. above, refers

## **3.5 General Ledger**

All the transactions in cash/bank book and through vouchers will have to be recorded in Subsidiary Ledger as well as in General Ledger under different accounting heads and codes The General Ledger should be balanced daily

### **3.5.1. Procedures for recording in General Ledger :**

A) Accounts head and accounts code needs to carefully checked and accurately mentioned at the top of the General Ledger Sheets.

b) Budgeted amount under specific account head should also be written at the top of the general ledger sheet;

c) In column for particular-;, mention brief description of the transaction;

d) Mention the cash/bank book folio number while recording The cash/bank transactions and put the? journal voucher number while recording the non-cash transaction.

e) In the columns for debit and credit Taka amount will be recorded as per accounts head S code written on. the voucher;

f) After casting the balance, the General Ledger sheet will be closed at day/month/quarter"/half year/year end and signed by the Head of Finance with counter sign of MT.

# CHAPTER-IV

## BUDGET AND BUDGETARY CONTROL

### **4.1 Budget**

organization will follow the following guidelines for preparing budget.

### **4.2 Budget Preparation and Approval system**

The Managing Trustee will facilitate the preparation of annual budgets for BDDT Office and programs. The Treasurer of BDDT will submit the annual budget to the Board of Trust. The annual budget will be approved in the Board of Trustees meeting finally.

### **4.3 Budget Submission to Donors**

Once the Annual Budget is approved, The MT will forward it to existing donors for their approval and funding. However, depending on donors' requirements and area(s) of interests, sector-wise, programme-wise budget is to be submitted to the donors to maximize the funding possibilities. If required, some portion of the Annual Budget can be amended (inclusion or exclusion) with the discretion of the Board of trustees. The Finance Head/Accountant is to be entrusted to prepare this kind of budget.

### **4.4 Budgetary Control**

No payment can be made without budgetary provision. In all cases expenditure must remain within approved budget unless the concern authorities revise it.

### **4.5 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. Full particulars are therefore be furnished by the authorized person.

### **4.6 Budget analysis and monitoring**

The MT of the BDDT is responsible for making financial transactions are to monitor expenses with due emphasis of monthly budget balance distributed by the Finance Section Head Of Department-HOD is to take corrective measures whenever variance in individual code-wise budget targets is expected to occur and give satisfactory explanation to major deviations of physical/financial budget targets.

In order to fulfill its objectives and goals, BDDT is to review its budget constantly to analyze any unsatisfactory results and develop new policies and strategies to guard its interest. It is desirable that for all practical purposes budget are to be analyzed monthly upon receipt of monthly budget balance and the result of analysis are to be discussed with the Managing Trustee by the Head of Finance for smooth budgetary control. However, the Managing is to analyse the global budget situation on quarterly basis based on the printed budget balance sheet,

A budget line can be changed with the joint discretion of Managing Trustee and Head of Finance Section.

However, the Managing Trustee has the exclusive right to add or subtract budgeted allocation depending upon the quantum of fund available with the organization.

#### **4.7 Expenditure plan**

The Program Coordinator will prepare an expenditure plan on the basis of annual approved budget and annual work plan along with showing a month-wise break-up of the projected expenditure. The projected expenditure will be prepared by each line item and in accordance with the annual work plan, the expenditure will be projected on the basis of previous experience, wherever so applicable Expenditure projection will be reviewed in the Board of trustees after two months

# CHAPTER-V

## MAINTENANCE OF REGISTERS

### 5.1 Typos of Register

BODA Accounts shall maintain the following register to record the financial transactions and their related information:

- a) Fixed Assets Register;
- b) Payroll Register,
- c) Stores Register;
- d) Loan and Advance Register for staff and organization;
- e) Cheque Receipt and Issue Register;
- f) Log Book;**
- g) Movement Register.

#### 5.1.1 Fixed Assets Register

All fixed assets, such as land, building, vehicle, furniture, office equipment, computer, crockery; acquired shall be recorded in Fixed Assets Register. The fixed assets shall be physically verified at the end of each year and results thereof reconciled with the balance in Fixed Assets Register and /shortexcess. if any, shall be adjusted in the books of accounts and in Fixed Assets Register with the approval of the Managing Trustee. Sold, disposed of and damaged asset must be recorded in the appropriate column of the Register. Depreciation on fixed assets will be recorded in the Fixed Assets Register in the column provided for the purpose

#### 5.1.2 Payroll Register

BDDT shall maintain a payroll register for payment of monthly salaries to the staff members and also an Attendance Register/Leave Register/time sheet as basis for preparation of monthly Payroll. Salary of all regular officer & staff should be paid through cheque or cash or transfer advice to individual bank account Acquaintance should be obtained affixing Revenue Stamp on the Pay roll sheet/Pay slip.

#### 5.1.3 Stores Register

All store items shall be recorded in Din Card/Stores register which would contain columns for date of receipt and issue of materials, quantity and purchase rate gate pass should be maintained for movement of assets. Against issues of material, the signatures of recipient should be obtained. Balance should be cast out after every issue.

#### 5.1.4 Loan and Advance Register for staff

A register shall have to be maintained to record loans and advances given to officer and staff and suppliers showing nature of advances, installments and mode of adjustments, date of granting with probable date of completing adjustment as per the Board of Trustees decision.

#### 5.1.5. Loan and Advance Register for Organization

A register shall have to be maintained to record loans & advances received by the organization from bank /person /other financial institution showing nature of advances,

installments and mode of adjustments, date of granting with probable date of completing adjustment as per the Board decision

#### **5.1.6 Cheque Receipt and Issue Register**

This register is to be maintained for recording on one-side cheques received indicating sources, date & amount and related project name and actual collection date Another register on the other side contains column (or recording cheques issued showing persons/organizations to whom cheques issues, date & amount, cheques nos., bank branch upon which cheques are drawn.

#### **5.1.7 Movement Register**

Movement on duty for officials both at BDDT Head Office and Projects Office shall be recorded in the officer and staff movement register. Another file movement register should be maintained for the movement of file within the office. Official movement will be made on submission of a tour plan indicating date of departure, arrival and purpose including reference of project and account head.

#### **5.1.8 Log Book**

Log Book for **each** official vehicle shall be maintained for recording date wise the driven hours, The project/programs for which used and other necessary details of each trip. This is essential for checking the distance run, fuel and lubricant consumption, which **reference to fuel** bill no. And to determine the transport cost incurred for each of projects/programs.

# CHAPTER-VI

## PREPARATION OF FINANCIAL STATEMENTS

At the end of each month, the Head of Finance & Accounts shall prepare monthly Receipts and Payment Statements to the Managing Trustee of the organisation. At the end of fiscal year, The Head of Finance and Accounts shall prepare the Annual

Financial Statement and submit it to the Managing Trustee. The Financial Statements shall include the followings

### **6.1 Trial Balance**

The ledger accounts shall be balanced monthly/quarterly/half-yearly/yearly and the trial balance will be prepared by the balance of ledger account for each project/fund of BDDT for ensuring arithmetical accuracy of the entries made in the Cash Book and Ledger Accounts

Trial balance will be the base document to prepare the Receipts and Payments Account, income and Expenditure Account and Balance Sheet.

### **6.2. Receipts and Payments Statement**

a) At the end of each month Project-wise and Fund-wise Receipts and Payment Statement shall be prepared on the basis of all receipts recorded in general ledger relating to each of the projects,

b) A Consolidated Receipts and Payments Statement for BDDT as a whole shall also be prepared at the end of each month, showing approved budget provision for and cumulative expenses under each end of the budget line items;

At the time of preparing the above accounts the closing balance of the previous month/ year should be indicated as opening balance.

The receipts and payment statement will reflect the summation of all receipts and payment transaction during the reporting period irrespective of its nature whether revenue or capital and irrespective of the transaction related period, may it be current year or preceding year.

### **6.3, Income and Expenditure Statement :**

This statement, Project/Program-wise and Fund-wise, monthly/bimonthly/quarterly/half-yearly/yearly to ascertain the excess expenditure or the excess of expenditure over income.

a) All sorts of revenue receipts should be treated as income and all the revenue payments should be treated as expenditure

b) Payments against advance or payments and the capital expenses should not be included in this statement This type of expenses should be treated as items to be shown in the balance sheet;

The surplus or deficit as shown by this statement shall be transferred to the balance sheet as Capital Fund;

The depreciation charges relating to fixed assets and the bad debts will be shown in the Income & Expenditure Statement.

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

#### **6.4, The Balance Sheet**

The position of Fund, Liabilities and Assets on a specific date is presented through the Balance Sheet. It is prepared Project-wise, Fund-wise and a consolidated Balance-Sheet of the organization is also prepared.

- a) The Balance Sheet shall have to be prepared on the basis of the Trial balance and the adjustment entries relating to the projects or organization,
- b) The Excess of Income over expenditure (surplus<sup>^</sup> or Excess of Expenditure over Income [deficit] is to be adjusted with Capital Fund in the Balance Sheet;
- c) The ultimate effects of the adjustments relating to advances, prepayments, outstanding expenses and depreciation shall be shown in the Balance Sheet;
- d) The details of Fixed Assets should be shown in a schedule to be annexed with the Balance Sheet

#### **6.5 External Audit of Accounts**

The annual accounts of the organization and its project/programs and funds shall be audited by auditing firms enlisted with NGO Bureau for each financial year or project year in accordance with Govt. rules and regulations, constitution of the organization and terms of the agreement with the donors. BDDT Board of Trustee will appoint audit Firm(s) along with fixation of remuneration while the Managing Trustee will develop Terms of Reference (TOR) at the time of appointment of auditors. Based on the decision of the Board of Trustee, the Managing trustee will issue appointment letter(s) to selected audit companies. The external audit of accounts is needed to establish accountability and transparency of the transactions, policy development, fund utilization and accuracy confirmation by third party through proper testing and verification of transaction. Project audit shall be completed within two months after the financial year or project year ended. The audit of consolidated accounts of BDDT shall be completed within the three months after the financial year or as per requirement of the BDDT management.

## CHAPTER-VII

### INTERNAL CONTROL

#### 7.1 Internal Check System

The job distribution among personnel of Finance and Accounts department of BDDT shall be planned in such a way that a person handling cash and writing cash/Bank Book shall not be given responsibility of preparing voucher, writing of checks and posting to General Ledger. The cashier shall be engaged for receipts and payments of cash, safety of physical cash and writing of cash/ Bank Book. Writing of debit vouchers, credit vouchers, money receipts, writing on cheque and posting to Cash Book, General Ledger, subsidiary ledgers should be done by the Accountant. The Head of Finance and Accounts shall be responsible for the preparation of receipts and payment statement, Income and Expenditure Statement and the Balance Sheet

#### 7.2. Payment Procedure

- a) All bills received shall be duly checked by assigned person in accounts section with relevant purchase order, material receiving report, invoice, bill etc. No payment shall be made without prior approval of the MT or designated officer depending on the approval limits. Affixing the rubber stamp Paid and indicating payment date shall cancel the bills and invoices. The payment voucher should always have the supporting original documents.
- b) Before making payment either in cash or through cheque, person responsible To make the payment is required to ensure that payment vouchers have been prepared checked, and approved. Accounts Section shall prepare payment vouchers duly supported by required documents.
- c) While making payment against TA/DA bill, approval of tour program along with tour plan, tickets/travel document, tour report. Entitlement to the class in which traveled, DA according to grade as specified in the service rules etc shall have to be considered.
- d) Advance for TA/DA shall be adjusted within seven (7) days after completion of tour. No further advance will be allowed unless the previous advance is adjusted in full.
- e) Accounts Section shall keep the payment vouchers in chronological order. Each financial year, voucher No. shall be assigned serially beginning from 000001. Accounts Departments shall file the vouchers along with all the supporting documents for preservation for a minimum period of 10 (ten) years.

#### 7.3. Payment of Salaries :

Payment of Salaries of BDDT officer & staff shall be made through chequc/cash/bank transfer advice. Each officer & staff shall open a bank account in his/her own name with any scheduled bank. The Finance and Accounts department shall preserve salary sheet and original copy of pay slip with acknowledgement of individual officer and staff

#### 7.4. Management of Receipts

Each receipt shall be acknowledged either through a money receipt or through credit voucher. Accounts Section shall prepare credit voucher indicating its Head of Account according to chart of accounts for receipt and a copy of the money receipt shall be attached with the voucher.

#### 7.5. Advance and its Adjustment

Any payment to staff, as advance for expenses should be adjusted through submission of bills/vouchers (raw vouchers as needed) or refund in cash to the account section within one week of meeting the requirement. Any other advance to staff members may be made with the written approval of the Managing Trustee to meet specific requirement and must be adjusted within 7 days of meeting of the requirement.

#### **7.6. Budget and Budgetary Control**

a) The organizational budgetary control will based on the Deed of trust guidance. The Board of Trust of BDDT will approve annual budget. No payment can be made without

budgetary provision In all cases expenditure must remain within approved budget limit till the concerned authorities revise it. In case of exceeding the budget limit with satisfactory reason must be endorsed by The competent authority.

b) For internal control, the head of program will develop an annual or periodical expenditure plan of the project/program showing break-up of the expenditure. The projected expenditure will be against each line item and in accordance with the annual work plan

c) Prior written consent from the Managing Trustee will be required for expenditure in excess of 25% of the approved amount

#### **7.7 Physical Inventory**

BDDT shall follow the under noted steps in physically verifying and checking the existence and condition of all the resources at its disposal

a) A three-member inventory sub-committee shall be formed by Managing Trustee consisting of representative of accounts and admin section of BDDT. This committee shall arrange for physical verification and checking all the store materials once in each year.

c) The committee shall examine all the assets based on the information maintained in the asset register. The committee shall submit the physically inventory report within stipulated date and time

d) If any discrepancy is detected during store inventory, it should be brought to the notice of the MT who will place It before the board of trust for further action

#### **7.7. Borrowing and Repayment Procedure:**

c) Circumstances may arise when the release of installment of fund from the Donor/Grantor stands delayed of a program but the activities of concerned program cannot remain suspended. In such case the Program Chief shall obtain official approval from the Managing Trustee for arranging of loan from any other available fund.

# CHAPTER -VIII

## CASH MANAGEMENT -PROCEDURE

### **8.1 Cash control**

The BDDT management follows the following system/steps for controlling cash with the objectives to avoid misappropriation of cash. The system/steps are"

#### **Step-1 :**

The person who deals with the cash (receipts payments) cannot make entry in the books of accounts.

#### **Step-2:**

The person, who is responsible to record the cash transactions in the books of accounts, he/she cannot handle cash.

#### **Step-3:**

The person, who approves the cash payments or receipts, he/she cannot be involved with cash dealings and recording in the books

### **8.1.1 Petty Cash Management**

The appropriate person will maintain a revolving fund for an amount of Taka 50,000 (fifty thousand) to defray the emergency expenses. The appropriate person will disburse the amount after getting Authorized Person's approval. A short period expense likes conveyance, entertainment, postage, telephone bill, gas bill, electricity bill and any emergency expenses can be allowed from this fund.

### **8.1.2 Duration of Cash Transaction**

In order to complete the writing of Cash Book, daily cash transactions shall be closed at least two (2) hours before the close of the office timing.

### **8.1-3 Closing of Account**

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

### **8.2 Verification of cash**

Head of Accounts Section shall verify the cash balance and verify the Cash Book at the end of each day and put his/her signatures.

### **8.2.1 Daily Cash Holding Limit**

Required cash may be drawn from the bank on requisition. The cashier may hold liquid cash up to Tk. 50,000 (fifty thousand). Excess of said amount should be deposited to bank

#### **8.2.2 Cash Scroll**

At the end of each day, after making all transactions, cashier shall count the cash physically and record on a cash reconciliation statement and shall confirm the balance with the Cash Book

#### **B.2.3 Cash Security**

Organization should use vehicle while carrying cash from the bank and Two responsible persons with one security guard shall have to be provided. BDDT should arrange fidelity insurance to cover the risk of carrying cash

# CHAPTER - IX

## BANK ACCOUNTS OPERATION

Operation of bank account shall be determined by the prescribed guideline of BDDT Deed of trust Besides, the following management will be followed by BDDT Accounts Section

### **9.1 Counterfoil of cheques**

While issuing cheques, counterfoil shall also be filled in to provide information regarding the date of issue, name of payees, initials of signatory and the amount.

### **9.2 Cancellation of Cheque**

Any cheque issues but not presented for collection by the payee within six months from the date of issue, the bank shall be intimated in writing to treat it as cancelled. Accordingly, the Accounts Section shall give reversal entry in the Bank Book and keep a note in the Bank reconciliation statement. Any loss or theft of the cheque of cheque book must be intimated to the concerned bank management as early as possible.

### **9.3 Cancelled Cheques**

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

### **9.4 Cheque Receipt & Issue Register**

Cheque Receipt and Issue Register shall be maintained for each bank account separately.

### **9.5 Payment through Bank**

Any payment exceeding Taka 20,000 (Twenty thousand) must be made through an account payee cheque and payment of less than Taka 20,000 (Twenty thousand) may be made by cash or by bearer cheque Cash or by bearer cheque amounting more than taka 10,000 can only be issued with prior approval from Managing Trustee considering unavoidable circumstances.

### **9.6 Withdrawal of Cash from Bank account**

For withdrawal of money (Liquid Cash) from the bank account for expenses, a requisition for fund must be prepared for approval of Managing Trustee. Accounts personnel shall always remain alert that the closing cash balance in hand must not exceed Taka 20,000 (twenty thousand) after the day's transactions.

### **9.7 Bank Statement and Bank Certificate**

Collection of monthly Bank Statements along with Bank Certificate confirming bank balances at month end basis and relevant advice from Bank shall be the responsibility of Accounts Section

### **9.8 Bank Reconciliation Statement**

After collecting the monthly bank statement, the bank balance shown in that statement as of last day of the month must be reconciled with the balance shown in the bank book on the same day by preparing a Bank Reconciliation Statement. The bank reconciliation statement will be prepared by the accountant and submitted for approval of the Managing Trustee  
The bank charge or interest found to be not entered earlier should be entered in the bank book by preparing a voucher for the purpose

Any credit for deposit / interest and debit for cheque issue or transfer not record in The bank accounts or Bank Statement shall be reconciled with book balance by adding or deducting from the closing balance shown in the Bank Statement

A reversal entry should be processed for canceling the cheque issue entry if the cheque is found not presented with in its validity period.

Any difference between bank balance and bank book balance should be thoroughly investigated.

### **9.9 Order for New Cheque Book**

Concerned Accountant shall initiate order for new cheque book. when the used cheque leaf reaches the order sheet attached with the cheque book on receipt of new cheque book the Accountant shall count the cheque leaves and satisfy himself that none or the serially numbered cheque leave are missing.

### **9,10 Safety of Cheque Books**

Accounts Department shall be the custodian of cheque books and shall ensure that \_cheque books are preserved in an iron safe

# CHAPTER-X

## PURCHASE ANP SALES PROCEDURE

### 10.1 Purchase procedure

All procurements should be made according to procedures and guidelines stated below. Purchase must be on fair competitive bid and a competitive price. To ensure fair deal and competitive price, offers should be obtained from genuine dealers or suppliers through tender or quotation subject to the observance of following procedures:

a) There shall be a Purchase committee (PC) to be constituted by the Managing Trustee to look into purchase related activities. The Committee may be consisted of minimum 3 members as per the decision of the Board of trust,

b) Purchase Section shall send request to different Department/Sections to send their requisition slip/indent for purchase of bulk item. They will obtain budget from Head of Accounts to ensure that the purchase is within the budget allocation.

c) After careful scrutiny of the requisitions submitted by different Department/Sections, Purchase Section shall prepare indent and send the same to Purchase Committee for review.

d) Purchase Committee after review will send the indent back to Purchase Section. for inviting Tender/Quotation /Offer from the suppliers /dealers giving the specification, quantity and stipulated delivery period.

e) The bid solicitation Procedure:

I) Purchase Section can make direct purchase of store valuing up To Taka 1 0,000 (ten thousand) without the approval of Purchase Committee. In such case. Purchase Section shall purchase goods from the market after a survey to ascertain the prevailing actual market price. Approval from Managing Trustee must be obtained before such purchase,

II) If the purchase cost exceeds Taka 10,000 (ten thousand) but not more than Taka 100,000 (One Lac). The purchase will be made collecting spot quotations to justify the market price and those quotations need to be preserved with other relevant accounting records;

III) If purchase involves expenditure of more than Taka 100,000 (One Lac) but not exceeding Taka 500,000 (Five Lac), the deal will be made inviting sealed quotation/ Tender from the suppliers and giving tender notice in the notice board in time.

IV) If purchase value involved is mere than Taka 500,000 (Five lac fifty), the purchase will be made inviting sealed quotation /tender through Local/National Newspaper

V) Quotation/tender is not required for purchase from agencies affiliated with Government or from exclusive dealers /sole agents and manufacturer.

VI) For purchase like land, building, motor vehicle, machinery- heavy equipment's etc which seems to be difficult to purchase through sealed quotation, such purchase may be made by three members team headed by Managing Trustee or a nominated Board of trustee member.

f) In all case of purchase inviting quotation / tender at least three (3) quotations / tenders will have to be collected / obtained from different shops /suppliers /dealers as the case may be.

g) Purchase Section shall prepare a Correlative Statement of the prices quoted by suppliers /dealers and send it to the Purchase Committee

h) The Purchase Committee reserves the right to accept or reject any or all quotations / tenders giving proper justification therefore.

- i) Purchase Committee shall verify the quotations/tenders and incorporate their recommendation in the Comparative Statement (CS) and send it to the Managing Trustee for approval.
- j) While awarding a purchase order to the selected bidder, equal emphasis should be given on price and quality. The price can be negotiated, but the quality cannot be compromised under any circumstance. The negotiation is, however, discouraged and it may be resorted to only when the situation makes it unavoidable Negotiation must be done only by the Purchase Committee and that too only with the responsible bidders able to maintain the desired quality and competitive price.
- k) Managing Trustee shall issue the work order to the supplier and copies of such work order shall be sent to Stores Keeper a Accounts Section Stores keeper shall receive the goods and prepare necessary Material Receiving Report (MRR) after receiving the quality certificate from the consuming department.
- l) Before making payment to the suppliers against their bill, Accounts Department shall examine the purchase order, challan, bill, money receipt, Material-Receiving Report (MRR), approved budget limit etc.
- m) After necessary examination, the Accounts Department shall forward the bill for approval to the MT After approval, Accounts Section shall arrange for payment.
- n) All papers and documents with regard to purchase such as requisitions, indent, quotation /tender. Comparative Statement (CS) with recommendation of Purchase Committee, purchase order, material receiving report (MRR), challan. bill, money receipt, etc. shall be docketed with the payment voucher.

The summary of purchase procedures mentioned below:

| Amount                  | Source                        | Quotation/Tender         | Mode of procurements                           |
|-------------------------|-------------------------------|--------------------------|--|
| UptoTK 10,000           | Open market/ Enlisted Vendors | None                     | Direct purchase by Admin Sec/Authorized person |
| TK 10001-100,000.00     | Open market/Enlisted Vendors  | Spot Quotation, Three(3) | Direct purchase by Purchase Committee          |
| Tk.1, 00,001-500,000.00 | Open market/ Enlisted Vendors | Sealed Quotation/Tender  | Direct purchase by Purchase Committee          |
| Above TK 5,00,000.00    | Open market/ Enlisted Vendors | Sealed Quotation/Tender  | Direct purchase by Purchase Committee          |

## 10.2. Purchase Order

The authorized officer in Purchase Section shall prepare the Purchase Order for procurement of goods or services. In the case of no quotation prior written approval from the authority (as per delegation) is to be obtained. Purchase order should include the following

- a) Complete list of materials with specifications to be supplied.
- b) Failure to affect the delivery of the ordered items within the stipulated date the supply order will be treated as cancelled;
- c) Materials not conforming to specification or damaged or of inferior quality Shall not be accepted,
- d) Bills along with the challan shall have to be submitted by the supplier;
- e) Payment will be made through account payee cheque unless otherwise decided by the competent authority.

f) Money Receipt is to be submitted at the time of receiving payment

**10.3. Procedure of sales**

a) Sales in every case will be made through "Money Receipt".

b) All receipts should be consecutively numbered.

c) Original copy of spoiled or cancelled receipt should be preserved in the Money Receipt Book

d) After obtaining the sales report along with sale proceeds the quantity to be recorded in the issue column of Stock Register so maintained in the Head Office.

After completion of one Receipt Book it will be returned to Finance and Accounts Department and a new Receipt Book will be issued to the Sales Center. Issue of two Money Receipt Book at the same time to the same Sales Center will not be allowed

# CHAPTER - XI

## STORE MANAGEMENT AND STORE ACCOUNTING

### **11.1 Store Management System**

Store Section shall be responsible to maintain proper Store Register, where all receipts & issues of materials shall be recorded. This Section shall remain under the control of Admin Section.

#### **11.1.1. Store Receipts**

On receipts of materials, the storekeeper shall enter Stores Receipt No. on the Delivery Challan or Memo/Invoice of the supplier of the Stores, Storekeeper shall check the challan with reference to Purchase Order. Purchase Section shall send a copy of Purchase Order to Stores Section when the order is placed to the supplier for supply of any materials.

All materials purchased shall be entered in the Stores Register on the receipt side indicating clearly the date, quantity and price. The balance will be cast after every entry."

#### **11.1.2 Store Issues**

When any person in the organization requires materials she/he shall fill in Stores Requisition Slip/Indent. No material shall be issued from the stores unless there is proper Stores Requisition Slip/Indent duly signed by /recommended by the responsible officer of the consuming department. Storekeeper shall enter on the issue side of the Stores Register the issue slip assigning an issue .NO & date when any materials are issued against any Store Requisition slip or indent.

Stores should be kept in a secured place where access of unauthorized personnel is restricted

#### **11.1.3 Method of recording value in store register :**

Quantity Of materials issued from store on requisition and recording in the store register will be the basis or method of recording

# Chapter-XII

## LOAN AUD ADVANCE

### 12.1 Loan

An officer/staff can apply for loan against Provident Fund who is confirmed in his/her service. An officer/staff can get loan up to 80% from his/her own contribution in Provident Fund with the appeal of Managing Trustee. The officer/staff has to pay 5% interest. The loan will be refundable on installment basis as approved by Managing Trustee. Unless previous loan is fully adjusted or refunded, no additional loan will be sanctioned. This loan is subject to the availability of fund

The organization can take loan as and when from any schedule bank/person/other financial institution for any development work/program showing nature of advance, rate of interest, installment and mode of adjustment, date of granting with probable date of completing adjustment as per the decision of Board of trust.

### 12.2 Advance against Expenses

Concerned authority through advance Requisition shall initiate advance against any operational cost and Managing Trustee/delegated authority will approve such advance. Approved advance requisition form shall send to the Accounts section for payments after verifying the same. The payment voucher shall be prepared by the Accounts section and shall disburse the advance after obtaining signature of the recipient.

### 12.3 Advance Adjustment

Advance against expenses to staff members may be made on specie requirement with the written approval of the Managing Trustee. It must be adjusted within 7 working days on completion of the requirement. Previous unadjusted advance (if any) will be adjusted before the next advance payments. Travel dues only for TA, DA, per diem, Lodging etc. will be paid after submission of visit report and adjustment of the advances.

### 12.4 Advance against salary

Advance payment equivalent to two month's gross salary may be made to an officer/staff without interest provided that the amount is repaid by him/her in Installments within 6 months adjustable within the length of service contract. However, the competent authority may allow advance payment beyond the limit, when such genuine needs expressed or exhibited by an officer/staff. This sort of advance would only be considered for regular officer/staff,

# CHAPTER - XIII

## VEHICLE MANAGEMENT SYSTEM

All the vehicles of the organization shall be under the control and supervision of an officer who shall be responsible for proper usage, maintenance and safety of the vehicles. On purchasing the vehicles, it must be entered in the Fixed Assets Register. The BDDT Vehicle Management Policy is to ensure an effective control over utilization of vehicles and to make optimum use of vehicles. It is believed that the Policy will guide those involved in vehicle operation and administration also it is expected that a better understanding of vehicle policies and procedures will improve and strengthened vehicle management within BDDT. The Manual does not pretend to be exhaustive enough to cover every detail pertinent to vehicle administration but it does offer a guide to those responsible for the interpretation and implementation of vehicle policy BDDT management reserves the right to interpret the meaning of the policy outlined in this manual and any other policy issued in future and such interpretation shall be final.

### 13.1 Responsibility of Vehicle Operation Supervisor

One designated staff of BDDT will be assigned for vehicle operation and supervision titled as Vehicle Operation Supervisor (VOS). The VOS will be responsible for all aspects of the Vehicle management including assignment, purchase, repair, maintenance, accident, insurance, replacement, etc. The importance of each of these responsibilities can hardly be underscored due to the fact that a well-functioning vehicle fleet is essential (or program operation. Continuous conscientious effort of all concerned is needed to achieve the minimum cost. The VOS will be under the direct control of MT.

### 13.2 Entitlement of Vehicle

13.2.1 The Managing Trustee is entitled to enjoy full time vehicle facilities for Official and private purposes as per entitlement of the Service Rule.

13.2.2 A vehicle may be provided only to senior staff members from Grade-I to Grade-III for official use subject to availability of vehicle.

13.2.3 Member of staffs who are not entitled to avail the office vehicle but when they are assigned to any emergency work or risky job, they should be provided transport with prior approval of the MT or competent authority.

13.2.4 The BDDT staff members will be allowed to use motor vehicles on the following circumstances:

- a) When the authority finds that use of BDDT vehicle will be cheaper than the actual transport cost or it will save a very critical time of the concerned officer S staff
- b) On any other special grounds as considered by the authority to be appropriate.
- c) Officer & staff/officer & staff may be allowed to use motor vehicle for official purpose on special case after considering the extent of program need.
- d) Vehicle can be allowed to personal use by any staff on payment subject to availability of vehicle. The Management from time to time will fix rate of payment for personal use.
- e) For field trips, vehicles will be provided considering the priority i.e. importance of program, time, place, etc. In case of field trips, requisitions are to be made at least 3 (three) days before and subsequently confirmed at least 1 (one) day before the trips.
- f) The VOS will be responsible to prepare bills related to personal use of vehicle. The Accounts Section should certify its correctness after in-depth verification.
- g) The log book of vehicle should be maintained by the driver and entries of the journey should be recorded by him. This log book should be checked everyday by VOS and should be placed to the MT at the end of the week.

# CHAPTER - XIV

## FIXED ASSETS AND THEIR DEPRECIATION

### 14.1 Concept:

Accounting System distinguishes fixed assets in general from depreciable assets in particular. Depreciable assets are those, which have a limited useful life. Land and land development generally has an indefinite life and is therefore, not a depreciable asset as stated above. Buildings are, however, do have a definite life and are treated as depreciable assets. Thus, for accounting purposes the value of land including its development and buildings should be segregated.

Non-expendable materials/equipment purchased or procured by BDDT and which are expected to be used for more than one year should be termed, as fixed assets. The various assets which would come under the category of fixed assets such as furniture and fixtures, office equipment, machinery, Vehicles, refrigerators; air coolers, electric fan, photocopier etc. To establish a better control over assets, a fixed asset register should be maintained in which all the particulars of the assets should be entered from the Cash Book immediately after the payment of its cost. Information in the register should include the serial number, date of purchase, specification of assets, value, depreciation rate and location of each category of fixed asset held by the BDDT. Identification number with year of purchase for each item of fixed asset should be assigned for easy tracing location of the assets. These identification numbers should be painted on each item and number assigned should be indicated in the fixed asset register.

### 14.2 Depreciation

Every asset has a certain life span, which varies depending on the particular characteristics of the asset. Yearly depreciation of value of an asset determined through dividing by its expected economic life or duration of use.

The depreciation method once selected should be applied consistently from year to year unless special circumstances justify a change. Depreciation is to be charged on BDDT fixed assets on straight-line method / reducing balance/declining method..

The chart below shows different depreciation annual rates for different types of assets determined by BDDT

| Assets   | Depreciation rate |
|--|-------------------|
| Land & Land Development                                    | Not applicable    |
| Building   | 2%                |
| Vehicle <sup>1</sup> Cars, Microbus, Motor-cycle, bi-cycle | 25%               |
| Furniture & fixtures                                       | 10%               |
| Office equipment. Training Equipment                       | 10%               |
| Medical equipment- All medical and clinical equipments     | 20%               |
| Soft furnishing Materials                                  | 20%               |
| Crockery   | 15%               |
| Computer (Hardware)  | 15%               |

Asset additions within first six months of the year will be depreciated for full year

### 14.3 Sale of Fixed Asset

If an item of fixed Assets turns to be unusable broken obsolete or no longer necessary, then the item can be sold out subject to approval of Competent authority. The following procedure will apply in case of disposal or sale of sale of fixed assets.

a) Fixed assets can be sold by inviting or otherwise obtaining competitive bids. The sale, however, can also be made through negotiation with interested parties to avoid complications.

c) A team will have to be formed just like in the case of a purchases deal and the asset will have to be sold to the highest bidder.

#### 14.4 Fixed Asset Register

As and when the procurement of fixed assets takes place, various data related to that assets will have to be recorded in the Fixed Assets Register. The Vouchers prepared to confirm the receipt will have to be recorded in the Fixed Assets Register.

#### 14.5 Physical Inventory

Accounts Section towards the financial year will arrange a physical inventory of all fixed assets. The inventory Report containing the excess/shortage found on physical inventory will be submitted to the Managing Trustee for order. Adjustment in accounts will be made accordingly.

# CHAPTER—XV

## FINANCIAL INFORMATION SYSTEM

The importance of an appropriate and efficient Financial Information System for an NGO needs hardly to be emphasized. Information required by management is to be collected through the system and such information is to be thoroughly digested, processed and designed for presentation to different levels of management and donors according to needs for the purpose of monitoring and exercising controls considered necessary. Such FIS should have the following characteristics.

BDDT will maintain a computerized financial information system, which encompasses accounting budgeting and evaluation systems when resources will be available.

### **15.1 The Information flow**

The computerized Financial Information System will include budget allocation, accounting data recording process, preparation, analysis & interpretation of Financial statements.

#### **15.1.1 Accounting Data Recording Process**

Activities in BDDT is based on the budget allocations made keeping in view the grants/donation or contributions to be received. Transactions will be regulated through a preset comprehensive Chart of Accounts compatible to a customized computer software. The computerized Financial Information System will generate the following accounting information :-

- a) Vouchers
- b) Cash / Bank Book ;
- c) Ledger book ;
- d) Trial balance ;
- e) Receipts and Payments Accounts ;
- f) Income and Expenditure Accounts ;
- g) Balance sheets ;
- h) Budget variance statement ;
- i) Projects financial report.

The comprehensive Chart of accounts shall categorically indicate accounting groups, type of accounts control heads and sub- control heads. Detail chart of accounts will further be developed based on the accounting requirements, which has to be approved by the concerned authority.

One designated staff of Accounts Section will be assigned to record all data on a daily regular basis. Data will be inputted regularly after entry to the books of accounts and will be updated at the end of the day. A monthly crosscheck will be made by the Head of Accounts and ED between the computerized FIS and books of accounts.

#### **15.1.2 Analysis & Interpretation of Financial Statements**

The financial information's system will provide scope for analysis and interpretation of budget performance by comparing budget allocations with the actual expenditure under each line item of the budget as well as to assess effectiveness of internal control in spending the more and achieving targets indicated in the budget for each of the financial target.

# CHAPTER-XVI

## **Chart of Accounts**

### 16.1 Introduction

BDDT is undertaken different types of projects. Fund being received is earmarked for particular project by different donor agencies . Financial reporting system is different as partner own specific norms. The coding system can met the individual donors requirement and it helps to maintain accounts separately, distinctly identified and reporting to fund agencies.

### 16.2 Rules of coding:

The under mentioned rules can be followed:

1. Accounts head will consist of twelve digits.
2. Donor will be identified by two digits
3. Each project will be identified by two digits
- 4 Branch will be identified by two digits
5. Officers and staffs will be identified by two digits
6. Salary head will be identified by two digits
7. And the rest two digits will indicate the particular accounting head.

# CHAPTER -XVII

## PRESENTATION OF FINANCIAL DOCUMENTS AND MAINTENANCE OF MANUAL

### **17.1 Prevention of Financial Documents**

Financial documents include all books of accounts together with its supporting papers/records VIZ the vouchers, cash book, ledgers, registers and other accounting reports and statements. In addition letter of agreement with the Donor, Lease Agreement, Bank cheque book, Bank Deposit slip, audit report and GOB approval shall be considered as financial documents. Accounts Section will keep all the above types and files in a safe custody under lock and key. In future BDDT will develop computerized accounting System.

All financial documents shall be preserved for at least ten years and those may be destroyed thereafter with the national Executive committee. the NEC may obtain recommendation from a committee formed for this purpose.

### **17.2 Amendment of the Manual**

Any amendment of this manual requires approval of the Board of Trustees. The integrated system is intended as a guide for financial and administrative control in BDDT. The procedures as outlined in this manual are based on the records and information made available the time of preparation of the system. However, the ever-changing circumstances may demand periodic review of the systems dealt with in this manual. Any change or modification appearing necessary in periodic reviews should not, however, be incorporated with written consent of Managing Trustee and prior approval of Board of Trust.

The Board of Trust may amend the guidelines in this manual to accommodate relevant rules of the GOB, Donor concerning financial management and if the Board of Trust is convinced about the need for any amendment.

Dr. Hemayet Hossain  
**Chairman**  
BDDT Board of Trustees

Md.Moniruzzaman Khan  
Managing Trustee  
**BDDT Board of Trustees**