

Financial Management Manual
Centre for Mass Education in Science (CMES)
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List of Abbreviations

BASB	:	Bangladesh Accounting Standards Board
BASC	:	Bangladesh Accounting Standards Committee
CV	:	Credit Voucher
DGM	:	Deputy General Manager
DPC	:	Deputy Project Coordinator
DV	:	Debit Voucher
EC	:	Executive Committee
ED	:	Executive Director
F & A	:	Finance & Accounts
GAAP	:	Generally Accepted Accounting Principles
GoB	:	Government of Bangladesh
IAS	:	International Accounting Standards
ICS	:	Internal Control System
IPAS	:	International Public Sector Accounting Standards
MOU	:	Memorandum of Understanding
N/A	:	Not Applicable
NGO	:	Non Government Organization
OG	:	Organizer Gender
OT	:	Organizer Trade
PA	:	Program Assistant
PF	:	Provident Fund
PO	:	Program Organizer
SPO	:	Senior Program Organizer
T/DA	:	Travelling Allowance and Daily Allowance
ToR	:	Terms of Reference
TWC	:	Theme Working Committee
UO	:	Unit Organizer
VAT	:	Value Added Tax

1 Centre for Mass Education in Science (CMES)

1.1 Introduction

CMES is a well established organization for voluntary services at national level. CMES through various projects has involved general education, education on technology, gender and financial empowerment of target population. CMES transact almost Tk. 500 million in a year. This manual will act as a guide to record transactions accurately, efficiently and for the effective financial management system that will serve the purpose of donor agencies, government agencies and related users of this manual.

1.2 Objectives & Approaches of CMES

The aim behind the creation of Centre for Mass Education in Science (CMES) was to arrange an appropriate and effective mass education for the common people, encouraging their thoughts and actions in science & technology.

This should help create the human resource development with particular inclusion of the disadvantaged. The objectives of the CMES programs are:

- To provide alternative and second chance education for disadvantaged school dropouts.
- To provide technical skills to the same target group so that they can practice at market level, make earning while learning
- To empower adolescents, especially adolescent girls to create gender equity and to enable them to assert their rights towards a healthy development including decision-making and economic self-reliance.
- To adapt appropriate technology mainly towards their commercial application for the improvement of the life and livelihood of the disadvantaged target group.

1.3 Objectives of the Financial Manual

Sound financial management of CMES is critical to the effective, efficient use of its resources. The funds granted to CMES are entrusted to it by development partners for use on behalf of beneficiaries / participants. The ability to provide accurate, complete and timely financial information as per generally accepted accounting principles enables CMES to comply with the rules and regulations of its donor, governments and regulatory agencies. Accurate and timely financial information also assists in decision-making process and enhances CMES's ability to attract more funds from its Development Partners.

The policies and procedures contained in this manual are designed to provide CMES with the tools needed to effectively manage its financial resources. The staff guidance in this manual is to be used in connection with other policies and procedures as promulgated by CMES.

The core objectives of introducing the financial management manual are:

- To implement an appropriate accounting system as per generally accepted accounting principles;
- To establish a strong base of CMES Finance & Accounts Division, which will be sound from internal control point of view, transparent, acceptable by the development partners and adequate in achieving CMES's mission objectives;
- To enhance the financial management capability of CMES finance department in generating its financial reports quickly, timely and accurately so that management can take full benefit of its financial information systems; and
- To ensure that statutory requirements with regard to Income Tax, VAT and NGO Affairs Bureau regulations are fully adhered to by CMES Management.

The manual will be applicable for all the projects of CMES funded by different donor agencies.

1.4 Amendment of the Manual

The manual will be reviewed by the Management on annual basis. If necessary, the Management will make recommendation to the Board of Directors for necessary amendment of the manual.

Changes in statutory requirements shall be incorporated in this manual by finance & Accounts Division with approval of Executive Director & In charge of Finance & Accounts as and when required.

2 Guidance in Connection with Financial Responsibilities of CMES Staff Members

2.1 Organization Policy and Code of Conduct

It is CMES policy that all staffs and consultants conduct its activities morally, ethically, and in the spirit of public accountability and transparency, and in conformity with applicable laws and regulations and practices common with respective development organizations and non-government organizations.

Specifically, this policy explicitly provides that:

No funds or assets will be used for any unlawful or improper purpose.

No contribution will be made for political purposes from CMES funds.

Gratuities, entertainment, meals and gifts, which are both lawful and customary, may be permissible. However, no payments on account of gratuities or gifts will be made, directly or indirectly, to any official or employee or other Government or any Government agency outside mere courtesy.

In case of any exception CMES Management can approve above issues.

Financial data required to be submitted to the development partners, including governments, must be accurate, complete and current and prepared in accordance with applicable grant requirements, where appropriate.

No payments will be solicited or received by an employee or relative of an employee from a vendor or prospective vendor.

Payments to agents, brokers or middlepersons may be made where required in the normal course of business to secure goods and services for CMES, taking in consideration of the fact that such payments are in line with prevailing practice. Agents' compensation must be reasonable in relation to the services performed and will not exceed the normal rate for transactions of a similar nature and size in the particular location.

All financial transactions will be accounted for accurately and properly. No undisclosed or unrecorded funds or assets will be established or maintained for any purpose.

Payments/cash transactions will be made only into and from CMES approved bank accounts.

No borrowings can be made from local lending institutions or individuals without prior written approval of CMES Executive Director/Board of Directors.

Personal loans cannot be made to staff under any circumstances however an advance can be made against the salary maximum equivalent to 1 month's basic salary to a regular staff at the discretion of Executive Director. Such advance shall be repaid within 12 months period. No one will be paid further advance within one year of the adjustment of the previous one. In exception cases, advance may be increase by the special permission of Chairmen.

CMES requires its employees to abide by the foregoing standards of ethical behaviour in their dealings with its suppliers, consultants, subcontractors, and the government. They are also required to report any violations of these standards.

3 Source of Income

- Grants from National and International donor agencies.
- Grants from Government.
- Participatory grants from person or group of persons.
- Service fee from any project
- Income from sales of products and services of different projects.
- Income from Sales, rent or lease of any assets of the organization.
- Income from others possible sources.

4 Related Party Transactions

A party is related to an entity if

- a. Directly or indirectly through one or more intermediaries the party controls or in under common control of the entity
- b. The party is an associate of the entity
- c. The party is a member of key management
- d. The party is a close member of the family of key management

The following persons are treated as Related Parties:

- Custodian of the Trust: the person who set up the Trust initially also known as settler;
- Founder(s) of the society: The persons who signed the Memorandum of the Society are normally known as founders;
- Key Donors: Any person whose cumulative contribution to the trust or society exceeds Tk. 50,000;
- Trustees, Managers: This includes Chief Functionary, Executive Director, Director, Office Staff;
- Close relatives: Any relative of any of the above five categories. „Relative means
 - spouse (husband / wife);
 - Brother or sister, their children(nephew / niece);
 - Brother-in-law or sister-in-law, their children;
 - Any lineal ascendants (parents, grandparent) or descendants (children, grandchildren) - this includes stepchildren and parents-in-law.

CMES will follow the following yardsticks in connection with its transactions with related parties:

Type of payment	Yardstick
Services provided/Received to/from to key person/sister concern	Whether adequate remuneration was charged/paid
Income or property diverted to Key Person	Does not apply where the total property or income is Tk. 1000 or less
Purchase of property from key person	Whether amount paid was too high
Sale of property to key person	Whether amount charged was too low.
Money or property of CMES is lent to key person	Whether sufficient security has been taken/ Whether enough interest / compensation is being charged
Salary or allowances paid to key person by NGO	Whether these are reasonable or high
Land, building or other property of CMES used by key person	Whether enough rent or compensation was charged

CMES will transact with a related party under following circumstances

- a. Organization's own Catering Service or production facilities if it is deemed essential due to hygiene and affordability issues; or
- b. In order to help organization's graduates in producing better and well supervised publication materials.

5 Conflict of Interest

Conflict of interest might exist with related party transactions.

Some examples are as follows:

- Purchases piece of land from a trustee or his / her relative.
- Appointing Chief Functionary's spouse as a consultant.
- Obtaining service from relative of key person responsible for obtaining the service;
- Accepting consulting assignment from one of the grantee NGOs;
- Program Officer making grant to an NGO just before end of his / her tenure and then joins the NGO as director.
- Grants are made to NGOs where the Agency's Director or staff or their relatives hold positions.

Implications

Conflict of interest is not bad in itself. In today's society when people have multiple responsibilities, this is natural. Things like networking and working together on issues also increase chances of a person occupying two positions.

However, if conflict of interest is not handled properly, it can lead to loss of money, image or reputation. In some cases, it may also result in civil or criminal proceedings. Accordingly the matter is extremely sensitive and CMES will deal with the matter with utmost seriousness.

Procedures

CMES will adopt the following procedures to minimize a conflict of interest situation

- *Disclosure of Interest:* CMES management will voluntarily disclose in the financial statements about the significant financial related party transactions with CMES;
- *Role in decision-making and monitoring:* A person having conflict of interest will not get involved in any decision making process with the concerned organization;
- Establish a clear tone at the top that conflicts of interest should be avoided, if possible;
- Identify those areas of work which have high risk for conflict of interest;
- Perform periodic reviews to evaluate effectiveness of established policies;
- Each CMES employee after joining CMES with a responsibility of placing, paying or supervising any supplier, consultant, or subcontractor will be required to understand and sign the following Code of Conduct:

"No employee, officer, or agent shall participate in the selection, award, or administration of a contract or grant if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of her or his immediate family, her or his partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the organization selected for an award. The officers, employees, and agents of CMES shall neither solicit nor accept gratuities, favours, or anything of monetary value from contractors or vendors."

The code of conduct should be signed by each employee and filed in the personal file of the employee for future reference.

6 Internal control and concepts

6.1 Definition of Internal Control

The internal control structure consists of management's policies and procedures to reasonably prevent material errors and irregularities from occurring or going undetected. When considering these policies and procedures, we must keep in mind that the cost of designing and implementing a strong control structure should not outweigh the benefits derived (i.e. reduction in control risk.). Internal control can be described as the overall plan of organization and the methods employed by an Organization to:

- Safeguard its assets;
- Ensure the reliability of its accounting data;
- Promote efficient operations; and
- Ensure compliance with established organization policies.

The first two points relate more to financial data and would be of more concern to us in preparation of this manual.

6.2 Importance of the Study of Internal Control

Internal control structure of an organization has a bearing on financial data, relevant to financial statement. Controls that do not directly impact financial data are not of great importance unless they somehow indirectly impact the financial statements.

6.3 Elements of Internal Control Structure

An entity's Internal control structure consists of the three following element:

- Control environment;
- Accounting system; and
- Control procedures.

6.4 The Control Environment

The control environment represents organization's overall attitude, awareness and enforcement of control. The following factors contribute to the overall control environment of an organization:

- a. Management Philosophy and Operating Style
This includes how aggressively management is in reporting financial data and accepting risk. Organizations willing to go into multifarious activities and want to attract more and more funds tend to falsify financial reporting.
- b. Organizational Structure
This is an entity's overall framework for pinning directing and controlling operations.

c. Methods of Assigning Authority and Responsibility

This deals with the understanding of reporting relationships, delegation of authority and degree of responsibilities within the organization. Organizations, which are one-man show or believe in centralized decision-making lack internal control.

d. Management Control Methods

This includes monitoring performance by utilizing budgets, forecasts, variance reports, and clear policies and procedures.

e. Internal Audit Staff

The internal audit staffs are a basic component of a strong internal control structure. It is the staff's job to investigate the operations of the system and to evaluate its efficiency. To insure maximum results, the internal auditor should report to management at an appropriately high level.

f. Personnel

Properly trained, competent employees affect the entity's ability to accomplish the established goals and objectives.

6.5 The Accounting System

The accounting system consists of the methods and records established to identify, assemble, analyze, classify, record and report an entity's transaction and to maintain accountability for the related assets and liabilities. An effective accounting system gives appropriate consideration to establishing methods and records that will-

- a) Identify and record all valid transactions;
- b) Accurately record transactions in the proper time/period;
- c) Properly classify transactions in accounts;
- d) Properly present financial statements and related disclosure; and
- e) Allow for a traceable audit trail.

6.6 The Control Procedures

Control procedures are those policies and procedures in addition to the control environment and accounting system that management should establish to provide reasonable assurance that specific entity objectives will be achieved. These procedures are:

Proper Authorization of Transactions and Activities:

A system that allows only authorized personnel to approve or initiate certain transactions and will provide a tighter control structure. A strong control environment would require a written and well-circulated document to be in place with specific mention of authorization and/or approval authority of authorized representatives

Segregation of Functions:

It is important that to the extent possible, the various functions be segregated among employees. This will aid in preventing errors or irregularities in the system. At minimum, the following functions should be segregated:

✓ Record:

A separate person should record the transaction.

✓ Authorization:

A separate person should authorize the transaction.

✓ Custodian:

A separate person should hold or have custody of the asset.

✓ Execute:

A separate person should perform the activity (i. e. make the purchase, sale etc.)

These four functions can be easily recalled by use of the mnemonic “RACE”.

Safeguards over Access to Assets and Records:

The assets of an Organization can be misappropriated or accidentally destroyed if they are not properly protected by internal control procedures. Internal control procedures must protect against any unauthorized access, whether by direct or indirect means.

Direct Access to Assets and Records:

Direct access refers to the opportunity an individual might have over actual physical possession of assets. Limiting the actual physical availability is the most important protective measure for safeguarding assets. It can be done by physically segregating the assets, use of protective devices, bonded custodians and independent custodians (i.e. banks, safety deposit boxes, independent warehouses).

Indirect Access to Assets and Records:

Indirect access refers to the ability to otherwise dispose of assets. Examples of indirect access include signing a form to allow another to remove goods from a warehouse and writing a cheque on a bank account. The best way to control indirect access is by adequate segregation of functions.

Independent Evaluation on Performance and Proper Valuation:

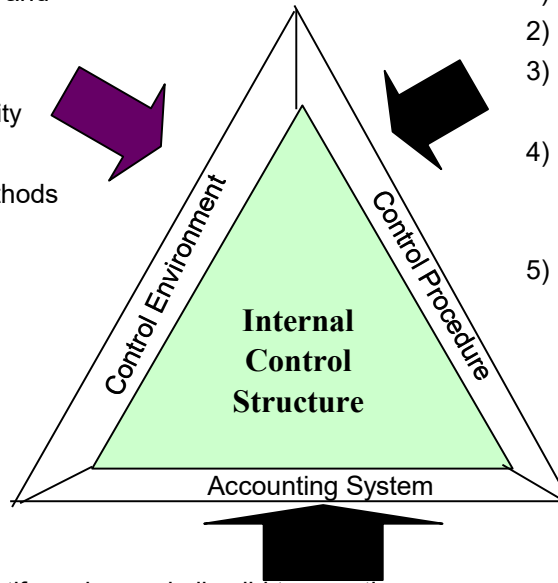
These measures include clerical re-computations, reconciliation, comparisons of actual assets with recorded assets, and user review of computer generated reports. Annual stock taking of assets and reconciliation between physical verification report and existing asset register falls under this category.

Adequate Documents and Records:

Proper uses of pre-numbered forms and timely generation of reports are examples of adequate documents and records.

Basic Components of Internal Control

- 1) Management Philosophy and operating system
- 2) Organization Structure
- 3) Method of assising authority and responsibility
- 4) Management control methods
- 5) Internal Audit staff
- 6) Personnel



- 1) Proper authorization
- 2) Segregation of functions
- 3) Safeguard over access to Assets and records
- 4) Independent eveluation performance and proper valuation
- 5) Adequate documents and records

- 1) Identify and record all valid transactions.
- 2) Accurately record transactions in the proper time/ period.
- 3) Properly classify transactions in accounts.
- 4) Properly present financial statements and related disclosures.
- 5) Allow form a traceable audit trail.

Segregation of Responsibility

Person Who

Prepares Vouchers
 Prepares Checks
 Has Access to Blank Checks
 Receives Cash
 Prepares Bank Deposits or
 Records Cash Receipts
 Is Responsible for the Physical
 Security of Assets
 Converts Currency
 Prepares Payroll
 Maintains Driver Logs

Should Not

Approve Vouchers
 Sign Checks
 Post Payments
 Record Cash Receipts
 Reconcile Bank Accounts

 Perform the Physical Inventory
 of Assets
 Makes Payments in Local Currency
 Distributes Payroll Payments
 Monitor Fuel Usage

7 Audit

7.1 External Audit

Audit period	CMES organisational audit period will be from January to December. Another audit period will be according to the Projects approved by the NGO Affairs Bureau and Donor's approved project period.
Appointment of auditor	NGO Bureau enlisted external auditors will be appointed to verify the accounts of the projects. The audit will be conducted in line with the requirements of the NGO Bureau and the donors. On the other hand, if any auditor's name is written in the donor's document then the terms of reference should be prepared for that auditor to conduct the audit of that project. Auditors will be appointed and Audit fee will be fixed up at AGM.
Terms and conditions	The terms of references will be prepared for each audit according to the requirement of donor and NGO Affairs Bureau. The auditor will conduct the audit according to the terms of references stated in the terms of references/ appointment letter.
Follow-up of audit	The Executive Director and the In charge of Finance and Accounts will ensure that findings and recommendations arising from audits will be discussed, disseminated and acted upon in an appropriate and timely manner.
Partner NGOs Audits	CMES financial staff will conduct quarterly/ half-yearly internal audits of the implementing partner's books of accounts. An external auditor will be appointed by CMES or by the donor to audit the Partner's books of accounts at the end of the financial year.
Distribution	NGO Bureau approved audit reports will be distributed to: <ol style="list-style-type: none"> 1. NGO Bureau 2. Respective Donors 3. Other Government Offices (Tax authority or if any).

7.2 Internal Audit

CMES staffs/representatives are responsible to monitor financial as well as activity monitoring. During the financial monitoring CMES staff should ensure that the Units are maintaining the followings:

1. Units are maintaining double entry system on cash basis;
2. General Double Columns Cash Book and General Ledger Book;
3. Credit Voucher, Debit Voucher, Cheque Payment Voucher/ Transfer Voucher and Journal Voucher;
4. Cheque/ bank Register, Advance Register/Ledger, Asset Register, Stock Register.;
5. Bank Reconciliation, Cost Proposal and Cash Inventory, Monthly Attendance Sheet, Salary Sheet, Receipts & Payments report,, Conveyance Bill Form, Food/ Daily Allowances Form, Material Requisition Form, Stock Inventory, Leave Record Sheet, Leave Application form, Motorcycle Log Book and Fuel record Form as appropriate;
6. Opened and operate a separate bank account for CMES funded projects with a minimum of two joint signatories;
7. Bank statements are collected and reconciliation done monthly. Bank certificate is to be collected for a particular date according to the project year;
8. Check that internal cash control system is in place;
9. All receipts are acknowledged and recorded in the book;
10. Check that the Payments for supplies or for services have been made by a cross cheque (If Possible) and necessary supporting and original vouchers are attached with the Payment vouchers. Purchase procedures shall be checked;
11. Check that the expenses are charged to proper line item. Vouchers are in chronologically numbered and properly filled in;
12. Check that CMES funded project personnel and funds will not be used in any other project or vice versa;
13. Check that Personnel records are properly maintained; and
14. Check that the Unit Organizer (UO) has approved to purchase of Capital items.

7.3 Consolidated Audit

CMES shall prepare consolidated financial statements comprising of all projects of the organization. It will also include all income generating activities and accounts of entities which are part of CMES and operates under the same management. The consolidated financial statements will be prepared by the accounts department of core project and be reviewed as well as signed off by the Executive Director and In charge of Finance & Accounts of CMES. The financial statement shall be audited annually and be available for donors if demanded. The consolidated audit report may have complete breakdown of all the projects of CMES and be reconciled with the respective project financial statements. The consolidated financial statement shall be prepared in line with CMES fiscal year-end and be used for filing its annual tax return.

7.4 Financial Review Procedure

Appropriate review procedures are to be applied by the review team in order to form a professional judgement on the matters outlined below. These procedures applied, either on a full scope or random basis may include: controls, checking, evaluation, inspection, interview, analysis and other review techniques. When selecting the review procedures, the review team shall give consideration to the results of his review risk assessment (during planning stage and during the course of the review work).

Accordingly, they must define and carry out suitable review tasks in order to obtain an overview of the aforementioned aspects before he assesses the individual findings and reaches a final independent decision on the review.

The review team is expected to select and apply any other review procedures that he may consider necessary in the professional execution of the financial review engagement.

Examples of possible review procedures are:

Principles of orderliness (financial regularity)

Project related matters:

- Authorizations/approvals of expenditures and validity with supporting documents,
- Details of funds received for the project and reconciliation with the information supplied by the donor(s),
- Physical existence and movements of the goods representing the property of the project (fixed assets, inventory items, current assets);
- Allocation of expenditures in conformity with the agreed budget(s),
- Conformity of local contracts with local legislation currently in force,
- Disposition and implementation of observations, adjustments and recommendations resulting from previous financial review reports.

Accounting related matters:

- g) Arithmetic exactitude of the accounts, supporting documents and financial statements and reports,
- h) Correctness of the accounting entries,
- i) Timeliness of recording economic events and transactions in the general ledger accounts,
- j) Financial statements and report information in agreement with the general ledger accounts,
- k) Adequacy and completeness of revenues, revenues are booked correctly
- l) Assessment of accounts receivable and advances; justification for overdue/unpaid amounts in excess of one month,
- m) Reconciliation of balances of cash in hand and in banks with the general ledger accounts,
- n) Disposition and implementation of observations and recommendations as well as adjustments and recommendations resulting from previous financial review and/or audit reports.

Existence, adequacy and effectiveness of the Internal Control System (ICS)

Adequacy of the internal organization (structures, functions, tasks, authority, responsibilities, methods, procedures, segregation of duties etc.),

- a) Effectiveness of project and financial accounting and reporting processes,
- b) Adherence to applicable laws, regulations and instructions,
- c) Physical safeguard of assets,
- d) Prevention of accounting errors and financial fraud,
- e) Adequacy and completeness of information and financial reporting system.

Conformity with the project objectives and adherence to the contract conditions

- a) Agreement of transactions, expenditures and receipts by comparison with the basic project documents (project description, programs of activities, contracts, terms of reference, budgets etc.);
- b) Verification that goods purchased with allocated funds are utilized within the defined objectives and are still available or have been disposed/sold in conformity with the procedures defined in the project agreement/contract;
- c) Verification whether the clauses of the project agreement/contract have been respected;
- d) Verification that the expenditures correspond to the agreed budgets. Analysis of deviations between budgeted and actual expenses and substantiation of major budget variations (+/- 10 % of the budget).

Economical conduct of business and effective use of financial resources

- a) Financial resources are utilized for the activities, as stipulated in the project agreement, contract with the consultant/implementer and terms of reference, always ensuring an appropriate level of cost and benefits;
- b) Existence and application of adequate measures in the internal control system (ICS) in respect of the utilization of committed resources;
- c) Application of management procedures relative to the various project transactions. In particular, adequate segregation of duties for vital functions and processes, like entering commitments, authorizing and accounting of expenditures, reconciliation of cash on hand and in banks, follow-up on long outstanding debtors and creditors, physical control over inventories, etc.);
- d) Expenditures are in line with the agreed budget positions;
- e) Any deviations of actual expenses from the agreed budget are reasonably explained and adequately documented by the project management
- f) Existence of adequate bid and purchasing procedures. e.g. best cost/benefit ratio for materials and services, conformity of price offers with local practices and cost levels;
- g) Confirmation that prices and rates are subject to regular verification and that the accounting system in use is adequate to the requirements of a management tool, particularly as it concerns cost analysis;
- h) Review and substantiation of expenditures of local and foreign experts/consultants (rent, travel expenses, accommodations, allowances etc.);
- i) Review and substantiation of expenditures related to national staff (gross salary, social and pension contributions, income taxes etc.);

Findings and recommendations

In his financial review report, the review team is expected to

- explain and quantify any adjusting and/or reclassification entries, and to
- formulate recommendations for the improvement of the internal control system (ICS) as well as of project and accounting procedures.

Closing meeting

After the completion of the financial review engagement, but before leaving the project or the premises of Organization/Unit, the review team shall hold a closing meeting with the persons responsible for the project/program (directors) and the staff responsible for accounting and reporting. The meeting shall address the results of the project review, discuss major weaknesses in the project, administrative and financial management (including the deficiencies of individual staff members) and propose recommendations to improve the project management, the accounting procedures and the internal control system (ICS).

The content of the closing meeting is to be summarized in writing and signed both by the representative of the implementing partner and the leader of the review team. These minutes shall be annexed to the financial review report.

8 Sample Terms of Reference

**TERMS OF REFERENCE (ToR)
For
Audit of the books of accounts of theproject**

01. Name of the project:

02. Name of Donor:

03. Name of the Organizations: Centre for Mass Education in Science (CMES).

04. Background of the organization:

05. Background of the Project:

06. Purpose of Audit:

The specific purpose of the audit of..... Project for the year to is stated as follows:

- Obtain an independent opinion on the financial statements.
- Obtain certification of the FD4 and other necessary reports as necessary as per the rules and guidelines of NGO Affairs Bureau.
- Obtain management report from the auditor highlighting the weakness in the financial management system of the project.
- To see the efficiency of procurement and store maintenance system.

07. Protocol to be followed:

- The donors audit terms of reference, audit checklist and agreement.
- The manuals of CMES (Accounting/Personnel/Administrative)
- NGO Affairs Bureau's rules, regulations and guidelines.

08. Scope of the Audit:

- Audit of the books of accounts for the period from to..... As part of the audit the auditor will examine the books of accounts of..... Project.
- Verify the output of the project by examining the program implementation records.
- The Auditor will verify at least 50% of the project expenses with supporting documents.
- The auditor will follow the Bangladesh Standard of Auditing.

09. Audit Process:

- The auditee will arrange a meeting with the auditor to explain the activities of the project and to provide necessary information relating to the project.
- The Auditee will provide the financial statements to the Auditor.
- The Auditor will review the internal control system of the organization.
- The Auditor will prepare an audit plan.
- The Auditor will prepare the FD-4 for NGO Affairs Bureau.

10. Carrying out Audit Function:

- Check the completeness and correctness of the financial transactions.
- Check whether the funds are utilized efficiently and effectively on project related activities and all the expenditures are incurred properly as per the implementation plan and budget.
- Check whether the accounts, records, systems, documents and statements are maintained as required by the agreement.
- Detect any irregularities in items of cost and documentation related to this project.
- Check that the auditee complied with all the applicable rules and regulations imposed by the Government of Bangladesh.
- Check all the financial issues, which affect the financial position of the project.

11. Submit Draft Audit Report:

- The Auditor will organize an exit meeting and finalize the draft audit report.
- The Auditee will prepare a response based on the observations and recommendation of the Auditor.
- Submission of final audit report to Auditee as per the requirement of NGO Affairs Bureau.

12. Audit Report:

- The Auditor will submit one copy of the draft audit report to the Auditee within 15th days from the date of signing this ToR.
- The Auditor will submit seven (7) copies of Auditors' report and any necessary statements as required by NGO Affairs Bureau including FD-4 within 7th days from the date of exit meeting.
- The Auditor will incorporate the management response in the final audit report.
- The Auditor will submit Two (2) copies of management report based on the findings and recommendations.

13. Payment of Audit Fees:

Fees, Taka will be paid through crossed cheque to, after finalization and submission of the final reports to CMES compilation of Audit Report of CMES as per the reporting requirements. Vat and Tax deduction will be made as per Govt. rule.

On behalf of CMES

On behalf of Auditor

Executive Director
CMES

Engagement Partner

9 Financial Statements and Maintenance of Accounting Records under Computerized Environment

9.1 Introduction:

CMES's financial statements will include Balance Sheet, Income & Expenditure Statement and Receipts and Payments account. In addition to these the audited statements of accounts will also include FD4 and Schedule A/1 or budget variance as per NGO Affairs Bureau format.

CMES's Chart of Accounts of different Project will be prepared in accordance with its approved budget line items.

9.2 Basic Guidelines for CMES Financial Management Team

CMES will maintain their accounts in the standard software environment. CMES's finance team will be guided by the following as regards management of its financial data. In charge (F & A) and Manager (Finance & Accts) will make all necessary arrangements to ensure the security of all financial data.

Manager (Finance & Accts) will be responsible for changing Chart of Accounts and issuing access of different parties to accounting data of CMES with prior approval of In charge (F&A).

Accounts Personnel will be responsible for entering accounting data in CMES's books of accounts under computerized environment.

Financial data may be viewed by as many parties as decided by the Management but without option of edit, delete or updating of information therein.

Batch of transactions will be closed by Manager (Finance & Accts) only after review of all transaction at regular periodic intervals. Accounts personnel will not close batches. If however a batch is closed it will be assumed that, Manager (F & A) approved such closing.

Financial Statements such as Receipts & Payments, Balance Sheet, Income Statement and any other statements will be drawn only by Manager/Program Organizer/Program Assistant (Finance & Accts) as per management requirements. At Unit level Accountant will prepare the Receipts & Payments Statements and approve by Unit Organizer.

Printout of financial data will be restricted and will be allowable only with proper approval of Director/In charge (Finance & Accts).

Software data file will be backed-up daily and the backup will be preserved at a safe location.

All financial transaction as recorded in the software will have hard copy (Printout) and be maintained in file.

At year-end the entire data file will be printed and all ledgers and journals will be preserved for future reference.

9.3 CMES Finance Team - Responsibility under Computerized Environment at a Glance

→	Over all Security	In charge (Finance & Accts)
→	Right to Assign Access and Change Chart of Accounts	Manager (Finance & Accts)
→	Data Entry	Accounts Personnel
→	Batch Closing	Manager (Finance & Accts) or Asst. Manager/Accounts Officer with approval of Manager (Finance & Accts)
→	Preparation of Financial Statements	Manager or PO or PA (Finance & Accts) and Unit Accountant
→	Print out of Transactions	With approval of In charge/Manager (Finance & Accts)
→	Backup – Daily	Asst. Manager or Accounts Personnel
→	Reporting Frequency	Monthly (Preferable)

Format of CMES's balance sheet, income & Expenditure statement, receipts and payments accounts, Form FD4 as to be certified by the auditor and Schedule A/1 as per NGO Affairs Bureau format is attached herewith as follows:

Format - 9.1

Centre for Mass Education in Science (CMES)**Balance Sheet****As at**

Particulars:	Notes	Taka	Taka
Property and Assets			
Fixed Asset - At Cost Less Depreciation			
Investment			
Fixed Deposits with Banks			
Current Assets			
Credit Program- Loan in Circulation			
Advance against Program			
Advance Income Tax			
Security Deposit			
Loan Loss Provision Investment (LLPI)			
Disaster Management Fund Investment (DMFI)			
Cash and Bank Balance			
Total Assets:			
Fund and Liabilities:			
Current Liabilities		-	-
Loan from PKSf			
Refinancing (IDCOL)			
Loan from Others			
Other Funds		-	-
Group Fund			
Group Savings Fund			
Security Fund (Micro Credit & SHS)			
Insurance Fund			
Reserve			
Loan Loss Provision (LLP)			
Disaster Management Fund (DMF)			
Donor's Fund			
Received for Further Utilization			
Capital Fund			
Total Fund and Liabilities:			

EXECUTIVE DIRECTOR
CMES

AUDITOR

Format - 9.2

Centre for Mass Education in Science (CMES)
Income and Expenditure Statement
for the year ended

Particulars	Notes	Taka	Taka
Income:			
Donation -Donors			
SAC Income			
Service Charges on Loan			
Sales - Pass Book and Others			
Short Course Fee			
Bank Interest (on deposit)			
Interest on FDR			
Total Income:			
Expenditure:			
Salaries and Benefits			
Transportation, TA and DA			
Materials, Development and Production			
Rent, Rates, Supplies and Maintenance			
Insurance, Bank Charges, etc			
Training / Workshop			
Teaching Aids			
Students Supplies			
Technology Consumables			
Audit Fee			
Interest on Savings			
Miscellaneous			
Canteen Expenses			
Income Tax			
Interest on loan / Refinance			
Repair and Maintenance			
Rates & Utilities			
Enhancement in Computer Facilities			
Depreciation			
Total Expenditure:			
Excess of Income over Expenditure			

EXECUTIVE DIRECTOR
CMES

AUDITOR

Centre for Mass Education in Science (CMES)
Receipts and Payments Statement
for the year ended

Particulars	Notes	Taka	Taka
Opening Balance:			
Cash in Hand			
Cash at Bank			
Receipts:			
Fund Received / Donation			
Short Course Fee			
Bank Interest(on deposit)			
Savings Received			
Pass book & other Sales			
Token Fee / Form Fees			
Insurance Fee			
Security Fund (Micro Credit & SHS)			
Loan Received from PKSF			
Down payment by the household			
Contribution from Diff. Project(Staff Retirement Fund)			
Fund Generation (Trade Revolving Fund)			
Loan Recovery			
Total Receipts			
Total:			
Payments:			
Furniture & Fixture			
Technology Equipment			
Vehicle (Motorcycle)			
Office Equipment			
Salaries & benefits/ Time Cost			
Technology Consumables			
Training / Workshop			
TA & DA, Transportation			
Interest on Savings			
Interest on Loan / Refinance			
Tax deduct at source on FDR & Bank interest			
Income Tax			
Fund Refund to Donor			
Total Payments			
Closing Balance:			
Cash in Hand			
Cash at Bank			
Total:			

EXECUTIVE DIRECTOR
CMES

AUDITOR

(AUDITOR'S LETTER HEAD)**FORM FD-4 CERTIFICATE**

We have audited the accounts of CMES (address.....), bearing Registration No., dated _____ for the year ended _____ and examined all relevant books and vouchers and certify that according to the audited accounts.

1. The brought forward Donation at the beginning of the year on _____ was Tk.
2. The Foreign Donation amounting to Tk. _____ was received by the organization during the year, - _____.
3. The balance of unutilized Foreign Donation of the organization was Tk. _____.
4. Foreign Donation amounting Tk. _____ have been utilized for the following purpose.

Name of the Project

Heads of Expenditure Differences	Amount as per Approved budget	Amount actually spent	Differences if any with reason
(As per Annexure-A of project proforma)			

5. Certified that for it's..... Project, CMES has maintained the accounts of Foreign Donations and records relating thereto in the manner specified in section 5 of Foreign Donations (Voluntary Activities) Regulations Ordinance 1978 read with rules 6 and 7 to the said ordinance.
6. The information furnished above is correct and checked by us.

Signature of the Chartered Accountant

Date:

Name :

Place:

Address:

DETAILS OF ESTIMATED COST OF THE PROJECT

Format -9.5

Annexure-A/1

1. Name of Implementing Agency: _____
2. Name of Project: _____
3. Project Approval Letter Ref. _____
4. Fund Clearance Letter Ref. _____
5. Project Period: _____
6. Audit Period : _____

Sl. No.	Head of Expenditure	Budget	Actually Spent	Balance (Over)/Under	Reason of variance
i.	Civil construction, if any				
ii.	Other material inputs including furniture and fixtures				
	a) Working Table				
	b) Working Chair				
	c) Almira/bookshelves				
iii.	Personnel				
	a) Chief Executive (Please specify whether foreign or local)				
	b) Other Managerial Staff				
	i) Foreign				
	ii) Local				
	c) Skilled				
	i) Foreign				
	ii) Local				
	d) Unskilled				
iv.	Consultants				
	i) Foreign				
	ii) Local				
v.	Training, if any				
vi.	Seminar/Workshop/Conferences				
vii.	Office Accommodation				
viii.	Office Equipment				
ix.	Vehicles				
x.	Travelling Allowances and Daily Allowances (TA and DA) for Consultant and Project Personnel)				
xi.	Custom duty and VAT				
xii.	Head Office and Branch Office's expense charged if any this project				
xiii.	Contingency:				
	a) Printing and Stationeries				
	b) Operation/Office Maintenance				
	c) Utilities				
	d) Meetings and Communicaiton				
xiv.	Others:				
	(Detailed as per requirement)				

It may changes as per NGOAB requirements

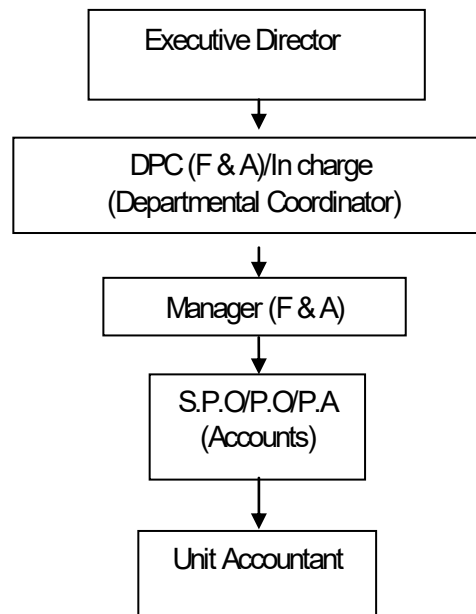
10 Structure of Financial Management Department and Job Description

10.1 Objectives and Functions of CMES's Financial Management Department

The primary objectives and functions of CMES's financial management department are:

- 1) To compile appropriate financial data for reporting;
- 2) To generate reports in a cost effective way and adopt control mechanisms, which do not surpass benefits derived from it;
- 3) To provide neutral and unbiased information;
- 4) To provide management financial information which are relevant, valuable and complete;
- 5) To provide consistent and accurate financial data;
- 6) To maintain a regularity and discipline in all levels of financial management activities of CMES;
- 7) To ensure transparency and accountability through better implementation of effective financial management control system;
- 8) To prepare the financial statements following generally accepted accounting principles;
- 9) To provide organization budget and monitor whether or not its financial activities are taking place in line with budget;
- 10) To compile Financial information needed to monitor expenditure for exercising effective management control of operations of the organization; and
- 11) To generate reliable information and reports, to meet the requirements of regulatory bodies, management and others as applicable.

10.2 Organogram of Finance & Accounts Department



10.3 CMES Financial Management Team:

CMES's financial management team will be headed by Deputy Project Coordinator (F & A), who will be reporting to the Executive Director. In-charge (F&A) will be assisted by Manager (F & A), S.P.O/P.O/P.A (Accounts) and Unit Accountant to carry out day-to-day activities of financial management.

CMES will also have an internal audit team who will report directly to the Executive Director.

The organization structure of CMES's financial management team and job description of team members are discussed in detail as follows

10.4 Job Description of : In-charge (Finance & Accounts)

Job Title:	In-charge (Finance & Accounts)	Reporting to	Executive Director
Department:	Finance & Accounts		
Location:	Central Office		
Roles and Responsibilities:			
<ol style="list-style-type: none"> 1. Preparation and maintenance of central accounts and manage all books of accounts of the organization. 2. Organizational fund management including individual unit and project. Control over the budgeted expenditure and organizational rules and regulation. Necessary measures for appropriate and timely collection of revenue, preservation, investment and utilization of the fund. Maintain consistency between income and expenditure. 3. Present fairly the Income and Expenditure Account to the decision makers for assisting them in decision making process. 4. Banking arrangement for the smooth functioning of the organization. 5. Control of the salary statements, TA/DA statements and other statements of receivables and payables. 6. Validate each and every expenditure through proper scrutiny of documents and ensure appropriate adjustment of advances. Necessary measures for disciplinary action in case of any undue act by any one. 7. Analyze profitability from the revenue generating product and services and advice on the financial matters. Assist in achieving the financial stability of organization. 8. Regular submission of statement of accounts to the Board of Directors, Donor Agencies and Government Agencies. 9. Financial planning and realistic budgeting of the organization. 10. Preparation of accounts and related schedules / statements for conducting the audit by the Auditor of the organization. Provide explanations to the Executive Director, Board of Directors and Auditor of the organization and take necessary measures for financial development as per their advice. 11. Continuous effort for the improvement of the accounting system. Improved usage of computer will be part of this effort. 12. Organize internal financial audit and take necessary measures for detection and prevention of any financial irregularities. 13. Lead the accounting team with professional expertise for the completion of all kind of accounting works. 			
Qualifications and Education Requirements			
Education requirement is minimum M.Com.			
Preferred Skills			
Good knowledge in Microsoft Office			

10.5 Job Description of : Program Manager (Finance & Accounts)

Job Title:	Program Manager	Reporting to	Head of Department
Department:	Finance & Accounts		
Location:	Central Office		
Roles and Responsibilities: <ol style="list-style-type: none"> 1. Cross checking of vouchers. 2. Examine monthly Receipts and Payments Accounts and bank reconciliation statements. 3. Ensure timely settlement of Income Tax and VAT issues of the organization. 4. Ensure appropriate investment of the fund of the organization. 5. Take necessary steps for timely payments of salary and other facilities. 6. Implement and ensure computerized accounting system of the organization. 7. Provide necessary information and reports to the donor agency, government agency and top level management and ensure accuracy thereof. 8. Assist in implementation of budget. 9. Assist and provide explanation to the External Auditors. 10. Assist in the work of the divisional coordinator and discharge all responsibilities of the division in his / her absence. 			
Qualifications and Education Requirements Education requirement is minimum M.Com.			
Preferred Skills Good knowledge in Microsoft Office			

10.6 Job Description of : SPO/PO/PA (Finance & Accounts)

Job Title:	Senior Program Organizer(SPO)/ Program Organizer(PO)/ Program Assistant(PA)	Reporting to	Head of Department
Department:	Finance & Accounts		
Location:	Central Office		
Roles and Responsibilities:			
<ol style="list-style-type: none"> 1. Preparation of vouchers, cash book and ledger for all projects of Head Office. 2. Examination of bills, vouchers and adjustment of advances. 3. Preparation of monthly reports (Receipts & Payments Accounts, Budget Variance etc.). 4. Preparation of bank reconciliation statements. 5. Assist in preparation and reporting to donor agencies. 6. Assist in preparation of internal reports, i.e. Report of the Board Meeting, Report of the General Meeting and other necessary reports. 7. Assist in preparation of budget and budget variance analysis. 8. Assist in providing documents and necessary explanations to the Internal and External Auditors. 9. Assist Unit Accountant in various matters and take necessary measures to transfer contingency fund, TA/DA bills and other expenditure of the fund. 10. Review monthly statements of accounts of the Unit and take necessary measures to rectify error if any. 11. Assist in calculation of staff salary and other facilities. 12. Assist in day to day banking functions. 13. Assist in Financial Planning. 14. Discharge any others responsibilities for the interest of the divisions and the organization as a whole. 			
Qualifications and Education Requirements			
Education requirement is minimum M.Com.			
Preferred Skills			
Good knowledge in Microsoft Office			

10.7 Job Description of : Unit Accountant (Finance & Accounts)

Job Title:	Unit Accountant	Reporting to	Unit Organizer
Department:	Finance & Accounts		
Location:	Unit Office		

Roles and Responsibilities:

1. Examine all the bills and vouchers, ensure accuracy and genuineness.
2. Prepare vouchers and obtain approval of the Unit Organizer.
3. Maintain cash book, ledger & relevant registers and keep up to date.
4. Verification of cash book balance & bank balance with the bank statements and prepare bank reconciliation statement on monthly basis.
5. Prepare statements of accounts on monthly basis & provide those statements to the service centre.
6. Deposit in to the bank after receiving all the DD's of the funds.
7. Verification of top sheet of the fund, cost proposal and settle all the expenditures on time.
8. Operate day to day banking functions.
9. To ensure timely payments of all the bills of the organizations i.e. electricity bill, gas bills, fuel bills etc. Send requisition to the service centre for the timely payment of bills.
10. Send requisition for local conveyance bills and contingency bills in every month.
11. Preparation of salary sheet in every month & make arrangement for payments on time.
12. Ensure collection & deposit of sales proceeds from various products & services into bank.
13. Ensure timely adjustment of the advance taken by the purchase executive.
14. Deduction of VAT & Tax at source & deposit into the bank when and as required.
15. Place before the Internal & External Auditors all the statements & provide explanations.
16. Assist financial management of the Unit.

Qualifications and Education Requirements

Education requirement is minimum B.Com.

Preferred Skills

N/A

11 Delegation of Power

11.1 Financial Authority

1. Organization's financial power is lying with the Board of Directors which includes collections, incurring expenditure, execution of contracts, and investment of the organization.
2. Board of Directors has conferred the power to the Executive Director for day to day operations who will be responsible and accountable to report to the Board of Directors. Executive Director may further delegate the financial authority to appropriate central or field officer as he/she thinks fit.
3. The financial authorities should be utilized for the interest of the organization considering approved budget and availability of fund against the respective item of expenditure.
4. This delegation of authority will not restrict the Executive Director to exercise his authority in any of the matters mentioned in the delegation order. Further, the Executive Director reserves the overriding rights to sanction stop sanction on any case already cleared following this office order.
5. In case of any confusion regarding delegation of authority at any level or on any area of authority, the concerned authority should ask for written clarification from ED's Secretariat before exercising such authority. The clarifications given from the ED's secretariat would be considered as final.
6. This delegation order will replace all previous office circulars relating to delegation of administrative and financial authority to CMES officers in Head Office and Unit Offices.
7. In case of temporary absence of any officer, the delegated authority will be utilized by his/her next higher officer.
8. If Executive Director wants to transfer any of the following power to any responsible person, he/she will issue an office order

11.2 Office Order

The Executive Director will exercise following administrative & financial authorities:

1. Issue of appointment letter/accept joining reports/Issue of release letter of staff
2. Transfer/Posting of staff
3. Leave approval of staff
4. Nomination for training/workshop (In Country Nominations)
5. Approval of salary bill of all officers and staff appointed
6. TA, DA Approval/advance approval/bill approval of staff
7. Approval of expenses according to the "Table of Financial Authority"
8. Agreement signing/Payment of rent of central level office premises
9. Cycle/motor cycle allocation of HO staff
10. Temporary use of car/jeep/micro bus from pool upon requisition

The Unit Organizer will exercise following administrative & financial authority:

1. Leave approval of Unit staff (Maximum 3 Days)
2. All expenses of Unit level
3. Cycle/motor cycle allocation of Unit staff
4. Agreement signing/Payment of rent of Unit level office/Dormitory

12 Government Regulations and Compliance

12.1 NGO Affairs Bureau

Registration:

- (a) The registration of the organization shall be renewed after the expiry of every five years. As a process of renewal, an application along with prescribed fee shall be made to the Director General of the Bureau at least six months before the end of five years period (Para. 6.2).
- (b) The constitution of the organization, list of members of Council and resolution of annual general meeting shall be submitted to the Bureau.

Approval for Project Implementation and Fund Release:

- (a) The Project holder shall submit the donor approved budget as per NGO Affairs Bureau prescribed Format (FD 2, FD 6/ Annexure A, B, and C) to the NGO affairs Bureau for getting the approval for the Project implementation and fund release order.
- (b) For any major changes/revision in the Project budget, the project holder shall submit the revised budget to NGOAB for approval.

Accounts:

- (a) All foreign donations must be received through a particular bank account called mother account of any schedule bank.
- (b) All vouchers of Central Office shall be kept in the central office of the organization for five years. Whereas, in the Unit offices, all vouchers of Unit office shall be kept in the Unit office for the same period.
- (c) When foreign donation is received in kind, books of accounts shall be kept in the form of FD-5.
- (d) When foreign donation is received in cash, books of accounts shall be kept under Double Entry System of Book-keeping.
- (c) Semi-annual Statement of accounts shall be prepared.

Audit:

- (a) Accounts of the Organization shall be audited within two months from the end of the accounting period by the Chartered Accountants firm enlisted in the Bureau.
- (b) Two copies of audited accounts & report shall be submitted to the Bureau.

Submission of Annual Report:

An annual report starting the following information shall be prepared & submitted to the NGO Affairs Bureau within two months from the end of the accounting period.

- Objective of each project.
- Activity-wise actual & budgeted expenditure
- List of all immovable and movable property,
- Statement of organization's own sources of project-wise income and expenditures.
- Statement of foreign travel of officers and staffs.
- Statement containing the various particulars of employees who gets at least Tk. 5,000/- per month. Particulars of employees include their name, designation, qualification, age, nationality, gross salary & allowances and length of service.

12.2 Income Tax (Subject to change from year to year)

Deduction at Source:

As per Income Tax Ordinance 1984 (sec-49) tax should be deducted at source from certain Incomes. Accordingly while making payments tax will be deducted at source from the following heads :-

S.L	Particular's	Nature
1	Consultancy & Supervision (Firm / Organization / Business House / Institution.)	Advisory service, Feasibility Study, Project designing and implementation of designing, implementation of plant of supervision of such plant or project.
2	Consultancy / Professional Service (Individual or Consultant or Adviser)	Advisory service, Feasibility Study, Project designing and implementation of designing etc.
3	Professional services (Chartered Accountants Firm, Tax Adviser Firm and Legal Adviser firm)	For rendering Auditing, Accounting, Taxation and Legal services.
4	Honorarium	Facilitator or cultural teams like Bawoul song team, Dramatist, Stage drama hearing for workshop or training session or seminar etc.
5	Construction Contractor	Organization, associations or persons engaged in construction, repair & maintenance of buildings, transport & telecommunication media's & systems, roads and highways, bridge or tangible structures or any type of reshaping on commercial basis.
6	Procurement/Supplier	Persons, association or establishments engaged in supplying Vatable goods (like stationery item, office supply, furniture & fixture, bicycle, radio, electronic goods, reconditions vehicles, cement, sand, brick, rod, concrete, wire, ring slab. Office equipment, household's appliance, and vehicle spare parts etc) against quotation or tender or as a sole agent or sole distributor.
7	Service Provider/Execution of Contract	Where any payment is to be made, whether in full or in part, or by way of advance, on account of shipping agency commission or supply of goods or <u>execution of contract</u> , to any such person or class of persons as may be prescribed, the person responsible for making the payment shall, at the time of making payment deduct tax on the amount so payable at such rates as may be prescribed
8	Advertising agency or firm	Advertising in newspaper or periodicals.
9	Advertisement of news paper or magazine or private television channel	
10	Office / House rent	As per rent agreement

11	General service provider like telephone & PABX system maintenance, vehicle registration, telephone shifting & connection and utility (WASA, GAS, Electricity) system maintenance.	All items supply participating in a quotation or tender.
12	Supply Computer and accessories and other items by business firm / Organization / institute.	All items PC including printer, toner, modem, server, ribbon, scanner, software and related accessories, reference books and magazine.
13	Supply of agriculture product / items.	Seeds, sapling, sticks, plant, bamboo, timber, facing, wooden boat, sallow boat, sallow engine, deep tube-well, tube-well, panir kol, panir kol, plough, agricultural tools.
14	Motor car garage and workshop (including cost of spare and services charges)	Repairing or servicing of any mechanical vehicle or reshaping of any spare parts of such vehicle.
15	General charge for repairing or servicing other than in vehicle workshop / motor car garage.	Repair and maintenance household appliance, computer & accessories and all other electric and electronic item.
16	Private Security services agency Commission/Stevedoring agency Commission.	Service provides participating in a quotation or tender.
17	Transport contractor (other than taxi cab)	Service provides participating in a quotation or tender.
19	Pathological Laboratory (Diagnostic Medical Center)	Service provides participating in a quotation or tender.
20	Printing press	Printing of materials other than buildings, printing of books, periodicals or educational materials for student.
21	Venue hiring on commercial basis from NGO hall room or Hotel / Club / Institutions	For conducting the training or workshop or seminar including or excluding arrangement of lodging accommodation and supply of consumable food supply.
22	Indenting Commission	
23	Importer/ Shipping agency commission	
24	Interest on savings Certificate	Interest on savings Certificate (Other than pensioners' savings certificate, Approved superannuation fund, Gratuity fund or any recognized provident fund or any worker's profit participation fund, and family savings certificate)
25	Freight forward agency commission	
26	Export of knitwear and woven garments, terry towel, jute goods, frozen food, vegetables, leather goods, packed food, Export or any goods except knitwear and woven garments, terry towel, jute goods, frozen food, vegetables, leather goods, packed food	
27	Foreign Buyer's Agency Commission	
28	Insurance Commission	
29	Surveyors of General Insurance Organization	

30	C & F Agency Commission	
31	Training Institute	For development the staff skilled by participating in a training season or workshop conducted by Training Institute.
32	Certain Services	Stevedoring agency, private security service agency etc.
33	Courier business	
34	Salary	House Rent – 50% of basic or 15000 whichever is lower – exempt, Conveyance Allowance – 24000 for the year exempt, Medical Allowance – reimbursable – exempt (the limit is subject to change by ITO)
35	Furniture Sales Centre	
36	Dockyard	
37	Architect & Interior Design or Interior Decorator and Graphics Designer	
38	Picnic or Shooting Spot	

In the cases where an assessee fails to deduct tax at source, he/she will be deemed as an assessee in default and may be subject to penalty and Interest under section-57.

12.3 VAT Deduction at Source

VAT is imposed on goods and services at import stage, manufacturing, wholesale and retails levels under the VAT Act, 1991. A uniform VAT rate of 15 percent is applicable for both goods and services;

- 15 percent VAT is applicable for all business or industrial units with an annual turnover of Taka 2 million and above;
- Turnover tax at the rate of 4 percent is leviable where annual turnover is less than Taka 2 million;
- VAT is applicable to all domestic products and services with some exemptions;
- VAT is payable at the time of supply of goods and services;
- Tax paid on inputs is creditable/adjustable against output tax;
- Export is exempted from VAT;
- Cottage industries (defined as a unit with an annual turnover of less than Taka 2 million and with a capital machinery valued up to Taka 3,00,000) are exempt from VAT;
- VAT return is to be submitted on monthly or quarterly or half yearly basis as notified by the Government.

VAT & Tax matrix will be updated each year by the F & A Division as per Finance Act/Govt. Circular.

12.4 Revenue Stamp

- When acknowledged receipt of payment in excess of Tk. 500.00 – Stamp of Tk. 10.00 only
- When acknowledged debt of Tk. 500.00 or more – Stamp of Tk. 10.00 only

Stamp duty will not be applicable to reimbursement of expense.

13 Procurement

Centre for Mass Education in Science (CMES) has been conducting its activities with efficiency and goodwill by spreading it over the far reaching peripheral areas of Bangladesh. CMES has been conducting important projects like Micro Credit, Education, Healthcare, Research, Training, Technology, Gender, Solar Household System, Save Water etc. A major portion of the programme expenditure is dispensed to purchase several materials for implementation of these projects. Considering issues like accessing materials easily, confirming quality of materials, savings in purchase price, timely utilisation of materials and transportation cost of materials; it is logical to purchase materials through the Purchase Committee of the Head Office & Unit Office. Moreover, for transparency in procurement in any organisation, there should be a clear rules and guidelines for the purpose. Hence, a “Procurement Rules and Guidelines” has been formulated, which is as follows:

13.1 Scope of the Rules

The implementation of an action require procurement by the organisation, the contract must be awarded to the most economically advantageous tender (i.e. the tender offering the best price quality ratio) in accordance with the Principal of transparency and fair competition for potential contractors/ vendor and taking care to avoid any conflict of interest. To this end the procurement must comply with the rules/guidelines set out in sections 3 to 7 below. This procurement rules and guidelines will be implemented in all Projects/Institutions and Sections of CMES.

13.2 Policies

13.2.1 Tender and Procurement Committee Responsibility and Authority:

The Tender and Procurement Committee will be responsible for the management of the acquisition, purchase, lease, or rental of all materials, services and equipment required by various departments of CMES. Procurement committee will be developed by the Executive Director and at the unit level Unit Organizer.

13.2.2 General Policies:

The general policies will be guided by these procurement procedures. The procurement committee has primary responsibility for interpreting these policies and establishing appropriate guidelines. To assure compliance with all regulations, all procurement/purchases above Taka 20,000/= must have the appropriate prior approval from the Central Procurement/Purchase approval Committee. Methods of purchasing of CMES are explained as follows. According to types and nature of the goods materials would be bought locally or through CMES centres. In purchase decision highest quality and lowest price are to be considered normally. But for quality maintenance lowest price may not be considered in all respect.

In case where the goods not are procured through CMES centres following important notes are to be kept in mind:

- Goods are purchased when needed.
- Material requisition notes should be sent by CMES centres to the central office two months earlier.
- The purchases committee/purchase unit of CMES should be well conversant regarding the availability of goods requisitioned.
- Requisitioned goods may be purchased periodically or annually as required necessary.
- For the greater interest of CMES, procured materials may be transferred from on centre to another centre if necessary.

Any person purchasing, procuring or awarding without prior approval must assume full responsibility for that purchase.

13.2.3 Objectives:

The objectives of the Procurement/Purchase Committee will be:

- To obtain specified goods and service for the requesting department.
- To ensure proper quality and quantity.
- To ensure timely delivery of goods.
- To comply with regulations.
- To spend CMES funds wisely.
- To achieve the acquisition of goods/service/consumables at the lowest reasonable cost.

To achieve these objectives, the permanent members of Tender and Procurement/Purchase Committee and more specifically the Secretary of Procurement committee herein after referred to as Secretary, will contact suppliers locally. Price quotes will be received through a formal competitive bid process, as well as through informal quotations.

13.2.4 Authorization Guidelines:

13.2.4.a General Policies:

A formal system of authorization level is key to the internal control CMES procurement activity. Only that staffs who have been given approval authority may commit CMES to the establishment of a firm purchase order or other form of binding contract. Consistent compliance with these limits is one of the critical factors to be considered when evaluating the strength of CMES control procedures.

13.2.4.b Approval Levels:

The respective authorized person shall approve all Procurement/Purchase of central office and Unit Organizer shall approve all Procurement/Purchase of Unit office. The Table of Financial Authority is mentioned under the content of "Delegation of Power". Ref: Section # 11, Page # 41.

13.2.5 Procurement Requisition Policies:

- A formal Cost Planning should be made by department/project personnel. Procurement/Purchase committee in order to initiate the procurement process.
- All Cost Planning (Purchase/Printing/Maintenance/Service/Media contract etc.) will have to be made on CMES's prescribed Cost Planning Form hereinafter called "CPF".

- In the entire process of Procurement/Purchase committee, the Executive Director may be available as an observer in order to ensure proper mode of operation and fair dealing in the process, if necessary.

13. 2.6 Salient Features of CPF:

The following information should be provided on the CPF (see format Attached):

i)	Requestor	:	Individual and department initiating request
ii)	Date	:	Date when CPF is submitted
iii)	Item (s)	:	Sufficiently detailed description
iv)	Quantity	:	Number and units of items required
v)	Accounts/Budget Head	:	Accounting information for order
vi)	Delivery requirement (if any)	:	Date when delivery is desired
vii)	Estimated Cost	:	Information of market price (assumption)
viii)	Approvals	:	Signatures of individual/Department requesting purchase

13.2.6.a CPF Review Policies:

It is the responsibility of the person or department making a request for purchase to correctly submit a CPF to the respective authorized person. The authorized person then has the responsibility and authority to review all CPF's submitted by departments, assuring that proper information is included and necessary approvals obtained. The request should be promptly returned to the department of origin if detail or proper approval is lacking.

13.2.6.b CPF Approval:

A CPF, which is presented as "urgent", implies that special action should be taken to quickly acquire goods or services. In situations where the emergency need is legitimate, the time frame for the requirement should be clearly stated on the CPF. Any exceptions to standard procedure taken by Procurement/Purchase Committee should also be fully documented and approved. Needless to say, every effort should be made to minimize rush transactions.

13.2.7 Procurement/Purchase Policies:

It is a CMES policy that competitive bidding will be employed in all procurement undertaken and be handled by the members of the Procurement/Purchase Committee.

13.2.7.a Exception to Competitive Bidding:

Exceptions are made when:

- The value of a purchase falls below an expected value of Tk. 10,000/= ;
- When the required number of sources for the items required are unavailable;
- When emergency factors (not urgent) require a break from policy in order to achieve certain critical objectives in a limited amount of time (it should be supported by adequate rationale in the form of file note); and
- In any other situation which can be fully documented to justify a lack of competitive bidding.

All exceptions to the policy which requires competitive bidding on orders with a value greater than Tk. 10,000 /= must be approved in writing by the Executive Director for the Central Office & Unit Organizer for the Unit Office.

13.2.7.b Bidding Requirement Policies:

1. For purchase up to Tk. 5,000/- the Department/Wings/Unit will arrange purchase based on general price verification. In this case no quotation will be required. Purchase can be done on the basis of market survey (by the members of survey committee) and payment can be made in cash.
2. For purchasing more than Tk. 5,000 and not exceeding Tk. 10,000 "Spot Quotation" will be collected and spot purchases can be done from the lowest rate providers and payment can be made in cash. Bill will be submitted to the accounts section along with the collected quotation signed by the person/(s) conducted purchase which will be certified by Departmental/Wings Head/Respective person and approved by Executive Director/at unit level UO.
3. For purchasing more than Tk. 10,000 and not exceeding Tk. 100,000 "Spot Quotation" will be collected. A Comparative Statement of Quotations should be prepared immediately on the basis of at least three spot quotations from three separate vendors/suppliers/service providers for each item. The comparative statement must contain a rationale for selecting a vendor out of three vendors from whom quotations have been obtained. In this case payment will be made by Account payee cheque. For purchasing more than Tk. 20,000 work order/purchase order is required.
4. For purchasing more than Tk. 100,000, the Procurement/Purchase Committee will initiate to collecting quotations from listed vendors/suppliers.
5. When the value of requested item exceeds Tk 100,000 then the item (s)/service(s) to be procured or acquired through "Sealed Quotation Invitation". Procurement/Purchase committee will arrange to obtain sealed bids at least from 3-5 vendors by providing written quotation to the genuine suppliers. Specification of the goods, terms & conditions of supply etc. will be written in the document. Interested parties will send the quotations to the Head office/Unit office. Sealed bids will be opened in presence of the members of the Central Committee.
6. In case of repeat order, Requisition (per transaction) valuing above Tk. 10,000 for following items/materials/services the Procurement/Purchase Committee can recommend the previous vendor/supplier/service provider by considering all the relevant factors e.g. price, lead time, specification, emergency etc. without inviting any quotation:
 - a. Printing
 - b. Consulting Services
 - c. Software Development
 - d. Material Development for the Publications
 - e. Audio visual output

In this case formal purchase/procurement/work order must be issued and relevant formalities mentioned in this manual to be followed properly.

7. Brand items can be purchased from a single importer/supplier. In this situation item of best brand to be selected by the purchase committee. Also noted that no quotation may be required for purchases of materials/items/service if there is only a single manufacturer or sole distributor/agent/vendor. This fact must be noted in the records.

8. For purchasing of furniture and equipment from a fixed price shop, no quotation will be required. In this situation, procurement/purchase committee/Executive Director/Central Committee will take decision in selecting the shop, model and design. .
9. If CMES has collected quotations for an item within the past 60 days, and the previously selected supplier has agreed to supply the item at the originally quoted price, it is not necessary to collect fresh quotations.
10. The following items whatever the value is, should not be procured by the Committee without the prior approval of the Executive Council:
 - i) Land
 - ii) Building
 - iii) Vehicle (Four Wheeler/Motor Cycles/Three Wheeler)
 - iv) Computer hardware and software
 - v) Air conditioner/ Air cooler.
 - vi) Electric Generator
 - vii) Other equipment
 - viii) All Overseas Purchase
11. There are cases where inviting quotation for small routine items is not either cost effective or vender might not be willing to participate in the formal bidding procedure for the items being smaller/or of fluctuating price. In that case following policy will be followed:
 - i. Since the price of the most of the items fluctuates considerably, the items within the above ceiling will be procured through informal market survey.
 - ii. The person who will carry out the purchase will note at least three offers and purchase from the place he considers appropriate. If s/he does not buy from lowest bidder, he/she must note on the "Register/File note for Informal Orders for Supplies or Services" the reasons why s/he took such decision. If there is any cash purchase of substantial value ED will send at least one representative with the person who will carry out purchase activity. Formal order-"File note" i.e. Director's Approval is required in case of Informal Purchase.

13.2.7.c Quotations Securing Policies:

- i) Bids should be solicited only after a decision has been made to procure goods or services through the standard requisition process.
- ii) Written quotations must be obtained from vendors for all purchases. Any exceptions to this policy must be documented and approved by Executive Director and Unit Organizer at Unit level.
- iii) Bids from suppliers must be in response to a specific request for quotation from CMES to that supplier. Unsolicited bids should under no circumstances be considered for possible award of contracts.

13.3 Procedures

13.3.1 CPF Initiation:

1. Requestor send CPF to ED (at Unit level UO) with providing descriptions of the item(s) requested along with fund codes/ budget line to be charged and for approve.
2. Accounts Department will put a serial number on the CPF and forward to the ED with estimated price and other information. At unit level this is not mandatory to follow the process.
3. At this level ED or his/her designate will create a new Procurement/Purchase Committee and return the CPF to them with or without budgetary approval/comments. At Unit level UO will do the same.
4. At this stage Procurement/Purchase Committee will do the needful as per CMES bidding requirement policies as summarized in Table1

Sl.#	Amount	Source	Quotation	Method of Purchase
1.	Tk. 01-5,000	Open market/ En-listed Vendors	N/A	General price verification verified by authorised person.
2.	Tk.5,001 - 10,000	Open market/ En-listed Vendors	Spot	Spot quotation and spot purchase
3.	Tk.10,001 - 100,000	Open market/ En-listed Vendors	Three	Through a comparative bidding and purchase order
4.	Above Tk. 100,000	Open market/ En-listed Vendors	Three	Through Sealed Quotation Invitation and Purchase order.

Table 1: Summary of CMES Bidding Requirements

5. All sealed quotations (as applicable) will be dropped in the locked box at the CMES office/ any office within the specified time and date.
6. All sealed quotations shall be opened in front of all members of the Central Committee; Procurement/Purchase Committee will analyze "Comparative Statement" of quotations [If the specifications mentioned in the items offered by bidder(s) do not match with the specifications mentioned in the documents then that quotation will be rejected]. Then this will be placed to the meeting of Procurement/Purchase Committee. At least three quotations should be obtained.
7. If the Procurement/Purchase Committee accepts the quotations, ED(At unit level UO) shall issue the formal procurement/work order(When above Tk. 20,000). If however the quotations are cancelled, the ED will arrange for re-quotations. When procure/purchase through spot quotations formal procurement/work order is not mandatory.

13.3.2 Contracting Method:

Following the selection of a vendor CMES Procurement/Purchase Committee will immediately initiate a contract of purchase through issuing a Work Order for procurement of goods and a service contract for procurement of service. The Purchase Order/Service Contract will contain the following basic components:

Purchase Order Number, Date of Order, Quotation Number, Name of Supplier/Contractor/Service Provider, Delivery Location, Duration of Contract. Complete description of goods including brand name, model name, country of make etc.

Name of the ordering department/project;

Vendor(s) contract number and specific order number (if any) on all invoices.

Provision for termination of Contract.

Precise standards of quality desired.

Payment conditions

Delivery schedule with clear mention of desired delivery points, dates and time.

Name and signature of the Contractor or authorized representative;

A clause for imposing penalty for non-performance should, where applicable, be incorporated on the Purchase Order to make sure that the vendor fulfils all the contract terms. Forfeiture of earnest money is a normal practice in our country to penalize vendors due to non-fulfilment of contract terms.

The work order should have a clear mention of the fact that statutory income tax and value added tax (VAT) would be deducted at source where applicable. (for details see Chapter).

Work orders must be prepared in two copies to be distributed as under:

Copy 1 to Vendor

Copy 2 to Voucher

The Contract of Purchase should be issued according to a numerical sequence or reference numbers, which are ideally pre-printed on work order forms.

13.3.3 Work Order Changes:

Changes on purchases should be documented in writing. For written change orders, CPF should be established in the same manner as the original request. A description of the changes should be written into the body of new CPF or special permission of ED(At unit level UO).

Cancellation of orders in part or their entirety must be in writing. CMES may decide to assume costs already incurred by the supplier if, for example, production has already begun of a custom-made part or product or if the supplier has made partial delivery to CMES office.

13.3.4 Delivery Challan:

Upon delivery of requested item (s) by the vendor, the receiving department or person assigned by Procurement/Purchase Committee/ED along with the requestor/department/wings/unit will receive (subject to final verification) the merchandise and verify the item (s) in terms of quality, quantity and specification as specified in the Work Order. Being satisfied, the requestor/department/wings/unit will sign on the delivery challan/bills or other acknowledgement receipt submitted by the vendor as proof of having received the item(s) as per specification, quality and quantity.

If the requestor fails to reject the requested item(s) as received subject to final verification within 5 (five) working days from the date of being notified, the item(s) will be deemed to have been accepted and accordingly payment will be settled with the vendor charging the requesting section/department/ unit.

The store keeper/assigned individual then will prepare a Receiving note.

13.3.5 Payment Procedure:

The accounts department receives the following documents:

From Purchasing: CPF and Work Order

From Receiving: Receiving Report /Material Received Note (MRN)

From Mail Room: Invoice/Bill

The accountant will perform the following check prior to processing a request for payment:

- a) Whether the Invoice/Bill has been submitted by the same entity (Organization or vendor) who supplied the materials or services to / CMES.
- b) If a delivery challan/bill (supplied by the vendor) signed by the Procurement/Purchase Committee as acknowledgement of the materials received is to the Invoice/Bill while approving them for payment.
- c) In case of services provided a certification by the officer of the respective department/ /Evaluation Committee (who will engaged by the ED, at unit level by the UO) to the effect that the services have been received as per service Work Order.
- d) To verify that other documents as required per procurement policies and procedures are in order.
- e) All payment above Tk. 15,000 should be made through account payee check and in case of exception a prior written approval/instruction from the ED(At unit level UO) should be obtained.

13.3.6 Documentation

CMES will maintain different documents at various stages of the procurement. They are as under:

	Procurement Committee		Accountant
1	CPF	1	CPF
2	Copies of correspondence with suppliers	2	Copies of correspondence with suppliers
3	Bid Comparative Statement	3	Proforma invoices
4	Work order (Tk. 20,000 or above)	4	Bid Comparative Statement
5	Expedition documents from supplier	5	Purchase order (Tk. 20,000 or above)
6	Customs clearance documentation (if applicable)	6	Expedition documents from supplier
7	Challan/Bill from supplier	7	Customs clearance documentation (if applicable)
8	Receiving Report	8	Challan from supplier
9	Other correspondence related to the order	9	Receiving Report
		10	Invoice from supplier
		11	Other correspondence related to the order

13.3.7 Disciplinary Actions:

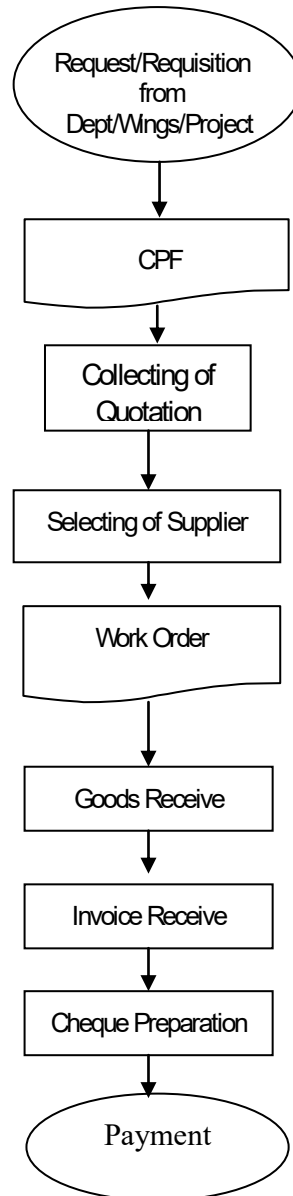
If it is proved that any member of the Procurement/Purchase Committee or any person involved in the procurement is taking any undue advantage in kind or cash or in any other form from the vendors/suppliers/service providers or their affiliates/representative, a disciplinary action will be taken as per Personnel Manual.

If any vendor attempts to provide such advantage, the Central Committee or the ED will cancel the enlistment of the vendor/supplier/service provider immediately. The event shall have to be recorded in minute's book for further reference.

13.3.8 Evaluate Annually the Performance of the Enlisted Vendors/Suppliers/Service Providers:

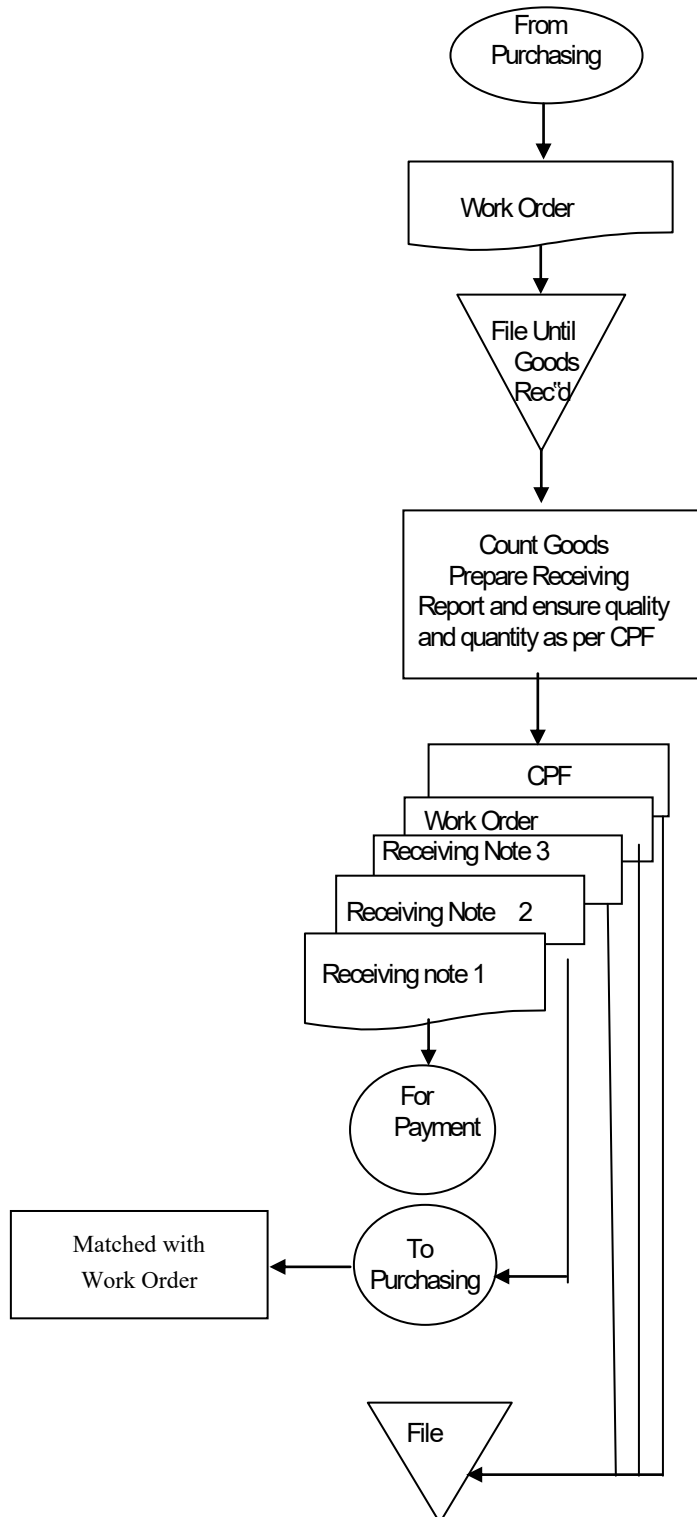
- i) Discard those who have failed to adequately participate in the bidding process during the review period;
- ii) Dispose those who failed to comply with the contract and specification as mentioned by the / CMES Purchase Committee;
- iii) Enlist the new vendors who have applied for enlistment during the period after proper scrutiny and physical verification.
- iv) Cancel enlistment of any vendor/supplier/service provider against whom serious complaints of non-compliance with the business ethics and attempting to involve the staff in unfair trade have been received and proved.
- v) Conduct annual/half yearly survey of prices of the routine office supplies to ensure that the office is purchasing those at competitive price.

13.4 Diagrammatic Representation of Procurement Procedures



There must be Segregation of responsibility between Procurement/Purchasing Committee, Receiving Department(Store) and Accounts Department in order to ensure internal control

13.5 Diagrammatic Representation of Goods Receiving Procedures



There must be Segregation of responsibility between Procurement/Purchasing Committee, Receiving Department(Store) and Accounts Department in order to ensure internal control

13.6 Purchase at Unit Offices

- Unit organizer or responsible officer will nominate purchase committee which will execute cost proposal. Unit organizer or unit accountant is preferred not to be a member of the purchase committee.
- Unit organizer might engage a person to evaluate purchase offer for any purchase through advance payment. The evaluator will validate the purchase and provide a evaluation report. After receiving the report purchase committee will hand over the goods to the Unit office and the goods receiving record will be entered into the stock register.
- Purchase above Tk. 20,000 will be decided by the senior staff team of the Unit.
- Purchase committee will submit all documents related to the purchase to accounts department.
- Every unit will have its own business plan for trading. Raw material cost, overhead cost and labor cost will be expensed in accordance with business plan followed by the rules and regulation of the organization. All the collections should be deposited to the concerned bank account.

ANNEXURE –13.a

CMES Vendor Enlistment Procedure:

CMES should have an approved vendor list. In order to build a list of reliable and established local vendors, the procurement unit shall arrange for such enlistment in the following manner:

- i) Circulate as regular practice invitation for application from interested vendors to enlist with / CMES).
- ii) Upon receipt of applications from interested vendors, all applications shall be scrutinized keeping in view the following criteria:
 - Tax Identification Number Certificate.
 - Valid trade license and Value Added Tax Registration (if applicable).
 - Experience (In terms of number of years and/or track record) of the firm in business for the group of items for which enlistment is solicited.
 - Current Bank solvency certificate.
 - Membership certificate from any chamber/business association (if applicable).
 - Dealership/distributorship certificate.
 - Must have an independent business office with own telephone.
 - Preference may be given to known sources of vendors (i. e. the vendors who are in business transaction with / CMES).
 - No firms will be enlisted for more than two groups (as specified in Annexure -2).
 - 5-12 vendors may be selected under each group.
 - Vendors will be finally selected through observing their business performance. Hence, in the 1st stage, selection will be provisional and on test basis.
 - Dhaka based vendors will be given preference.
 - Following scrutiny of the applications, all selected vendors shall be notified by Tender & Procurement Committee and invite them to sign an agreement with CMES detailing period of enlistment and other terms and conditions.
 - A copy of Final list of enlisted vendors shall be sent to Finance for their record.

ANNEXURE – 13.b

Groups Representing Category of Vendors:

Vendors shall be enlisted in groups each representing different item(s). A list of suggested groupings is appended below:

- Group-A : Office Stationeries, Toiletries & other consumable.
- Group-B : Computer Machine/Hardware like System Unit (CPU), Monitor, Keyboard, Computer Printer, Software, Computer/Printer, Accessories, Ribbon, Diskette, Disk Bank etc.
- Group-C : Projector, Screen, Calculating machine, Type Writer, Duplicating and Photocopy machine, Related Accessories, Toner and Ink etc.
- Group-D : UPS, Stabilizer, Refrigerator, Air Conditioner, Fans, Washer, Dryer, Water Heater, Oven/Cooker Lights, Fire Extinguisher and other related accessories.
- Group-E : Office & Household (wooden & steel) Furniture, Panelling work etc.
- Group-F : Motorcycle, Helmet, Bicycle (ladies & Gents), Tyre, Tube, Battery, Vehicle and Accessories.
- Group-G : Various Books/Reports Binding and Printing works
- Group-H : Telephone set, Intercom and wire.
- Group-M : Items required in Disaster/Calamity period like:
Molasses, Flatten Rice, Puffed Rice, Blanket, Mosquito Net, Pillow, Bed Sheet, Polythene, Jerrycan, rope, First Aid Material, Water Purifying Tablets and other commodities.

ANNEXURE – 13.c**CMES Central Committee:**

CMES's Central Committee shall be constituted by the persons from the following positions.

The Central Committee shall be the central actor of the entire purchase and procurement process. The organogram of the committee shall be as follows:

Final Approver: Executive Director

Central Committee:

Sl No.	Particulars	Designation	No.	Remarks
1.	Co-ordinator	Executive Director	1	Permanent
2.	Member	DPC (F & A)	1	Permanent
3.	Member	DGM	1	Permanent
4.	Member	DPC (Program)	1	Permanent
5.	Member	DPC (Program)	1	Permanent
6.	Member	DPC (Program)	1	Permanent

The quorum of the Purchase and Procurement Committee meeting will be simple majority.

Format - 13.1

Centre for Mass Education in Science (CMES)
Cost Planning Form

Planner:

Date:

(Committee & Chief Designated Officer)

Planning No.-

Account Head

Subject

Period

Date (from) :

Date :

Decision taken on:

Background of Planning:

Methodology:

Estimated Cost

(Use opposite of the page if required)

(In details)

SL	Item	Unit Price	Unit Number/Quantit y	Total Price	The potential source of supply & basis of estimated price
Estimated Total Price					Budget of Accounts Personnel
Taka (In words :)					Comments & Sign :

Chairman

Executive Director

Member of Committee

Chief of Planning

Format - 13.2a

Centre for Mass Education in Science (CMES)
Cost Proposal Form

Cost Proposal

Name of Manager:

Date:

Cost Proposal No.:

Account Head:

Total Planned Cost:

Subject:

Already Spent:

Planning Reference (With No.)

Estimated Cost

(Attached the relevant documents)

Product/Service (With specification)	Unit Price	Unit Number/ Quantity	Total Price	Proposed Source of Supply	Conditions of supply /Collecting quotation/ Method of price justification

Estimated Total Price (In word)

Name of the Designated Purchase Executive:

Assistant:

Name of Proposer:

Chairman

Executive Director

Signature

Members of Committee/Coordinator

Cost Completions**Format - 13.2b**

Purchase Executive :

Purchase assistant (If any):.....

The amount of advance :.....

Date of Advance :

Accomplished Cost :

(Attached the relevant documents)

Product/Service (With specification)	Unit Price	Unit Number/Q uantity	Total Price	Supplier	Date of Purchase	Remarks by Establishment & Accounts Department (Receipt,Quality, Justified Cost)

Total Cost (In word) "

Adjustment Date of Advance :

Comments & Signature of Cost Proposer :

Chairmen / Executive Director

Signature of
Accounts Personnel

Purchase Executive

Centre for Mass Education in Science (CMES)
Comparative Statement of the Bidders
(Procurement)

Name of the Item:

Other particulars: (If necessary):

SL. No.	Item	Supplier-1 Unit Price	Supplier-2 Unit Price	Supplier-3 Unit Price	Supplier-4 Unit Price	Remarks

Procurement/Purchase Committee

- 1
- 2
- 3

Centre for Mass Education in Science (CMES)

WORK ORDER

Work Order No.	Estimate/Quotation No.:
Date of Order:	Date:
Name of the Supplier/Contractor/Service Providers:	

Deliver to:

Time (Duration of Delivery): from To Total days

At (Place of delivery):

Please send us following goods, which we like to purchase subject to specification, conditions and instructions on face hereof and in accordance with your contract with us, if there is one in force.

Sl. No.	Description	Qty.	Rate	Amount

Signature:

Executive Director / Unit Organizer Date:

Notes:

1. Above purchase order no. must appear on all invoices and delivery notes.
2. Send three copies of delivery notes with each consignment and every bill must have a copy of receipted delivery notes.
3. Material shall be according to the specifications at all time subject as to qualify, conditions, to buyer's inspections before acceptance upon receipt.
4. Price to cover all charges unless otherwise agreed.
5. Payment of Bill exceeding Tk. _____ (Taka _____) will be effected after receipt of goods/services upto maximum _____ days.
6. Tax and VAT will be deducted as per Government rules, if any.

Acknowledged by: Seal and Signature of Supplier

Name of the supplier/vendor/service provider

Address:

These terms and conditions are subject to modification

(Please attach extra page if necessary)

(Subject to modification as per program requirement)

Format -13.5

Centre for Mass Education in Science (CMES)
Scope of the Procurement/Purchase Specification

Sl. No.	Name of the Item	Particulars	Quantity	Cost per unit	Total Amount

 Executive Director

 Name and Signature of the bidder

Date

Official Seal

14 Contribution in Kind

In-kind contributions can include physical items such as office supplies, computer equipment and supplies, food and beverages, tools, paint, materials for projects, and years and other marketing materials. They can also be in the form of office and meeting space, including allowed use of computers, phones, fax and copy machine, or the use of a vehicle, construction equipment and other project related items.

Another type of in-kind contribution is the contribution of professional time. In other words, when an individual donates his/her time in a professional capacity to supervise members, train or engage in member development, provide technical assistance on a project, evaluate a project, oversee project quality, or provide pro bono work as a member of the non-profit organization on a permanent or temporary basis, the time involved is an in-kind contribution.

Volunteer or member time in a general capacity is not considered an in-kind contribution.

14.1 How should contributions in kind be recorded

To start, contributions must meet certain criteria before they must be recorded.

They must be:

- Verifiable from records;
- Necessary and reasonable; and
- Allowable under certain cost principles;

Both generally accepted accounting principles require that an in-kind contribution be recorded at the lower of cost or market price. The fair market value of contribution at the time of donation should be estimated.

With donated property, if the fair market value is less than the basis, the amount recorded is limited to the fair market value of the donated property. The timing of the contribution may also be important. For example, the market value of perishable items such as food and drugs usually decreases over time.

14.2 How do we record contributed services

Contributed services are recognized in the financial statements of a non-profit organization only if the services received meet one or more of the following criteria:

- The services create or enhance non- financial assets
- The organization requires specialized skills provided by individuals possessing those skills
- The services would need to be purchased if not provided by donation

Once at least one of the above criteria have been met, the individual's time is valued at the individual's actual, regular rate of pay, provided the contributed service is similar to the individual's normal line of work. Inclusion of fringe benefits in calculating the value of an individual's time is appropriate and is calculated as a percentage of the hourly rate.

Documentation of in-kind contributions and their valuation follow the same standards as other expenditures and should include all of the following:

- name and signature of the donor
- date and location of donation
- description of item/service
- estimated value

All in-kind contributions should contain documentation that supports what the service or item is and why the transaction is allowable for the grant or other purposes. In essence, the organization should be able to disclose who, what, when, where, why, and the value of the contributed item or service.

Records for in-kind contributions should be retained pursuant to the organization's record retention policies.

15 Cash Management

15.1 Policies

CMES's cash management policies are as under:

1. Cashier/Unit Accountant will be solely responsible for cash/bank receipts and payments;
2. All cash/bank receipts must be deposited in the bank as soon as possible preferably daily;
3. Cashier will have a maximum petty cash holding limit of Tk. 20,000 & at the unit level running cost maximum will be Tk. 3,000;
4. Cashier/Unit Accountant may be bonded or may have a guarantor at the discretion of management.
5. Petty cash balance will be reconciled daily;
6. Cash at Bank balance will be reconciled at least once in every month;
7. Both cash and bank reconciliation will be checked by someone who is not directly involved in writing books or handling cash [e.g. Manager (Fin. & Accts.) or In charge (F&A)], At the unit level UO]

15.2 Procedures

As regards cash management, (CMES) will follow the procedures as under:

1. Cashier/Unit Accountant will also maintain a separate cheque register for each bank account.
2. At the beginning of the day Cashier/Unit Accountant will start with his/her previous day's petty cash/cash balance, which will be witnessed (signed) by another person from the accounts department;
3. As per need of the day (as anticipated) the cashier/Unit Accountant will be given cash, which will be witnessed signed as before;
4. Throughout the day the Cashier/Unit Accountant will incur expenses with the fund against approved bill, which will be recorded on the appropriate side of the petty cash register or cash book and cheque register (as applicable).
5. Cash will be closed at least 1 hour before office close;
6. Cashier/Unit Accountant will physically count all cash and cheque and balance with that of petty cash balance and at the unit level running cash balance;
7. If day-end balance exceeds Tk. 20,000 that should be clearly written in the cash certificate.
8. Bank reconciliation as prepared by the Accounts Officer/Unit Accountant will be checked by the In charge– (F & A) or Manager (Fin. & Accts.) and at the unit level UO as they are not directly involved in writing books or handling cash/bank.

9. Every purchase will be grouped together through proper planning to reduce number of cost proposals and number of cheques.
10. Cost planning and execution will be done at the appropriate level of the organization such as unit and department. The overall plans in every sector will be approve by the ED and Chairman. .
11. The Executive Director will be recipient of monthly bank statement. One copy of the bank statement will be sent to accounts department for thorough checking and preparation of bank reconciliation statement which will be approved by ED or his delegate.
12. Preferable all the cheques should be written in Bengali /English as the case may be. Cheques will be prepared by one person and checked by another person. Both the person will sign on the counter foil.
13. A written advice from bank signatories will be sent to the bank if the cheque amount is Tk. 50,000 or above.
14. Cheque book and emergency documents at central office will be kept under lock and key which will be operated jointly by the senior officials.
15. Cheque book and petty cash at unit office will be kept under lock and key which will be operated jointly by two bank signatories.
16. Banking operations for central office will be done by two central office members and at unit level by accountant with another staff. Department Head/Unit Organizer will be concern, if any exception.
17. Cash holding limit is fixed at Tk. 5,000 against sale of goods or services/ refund of advance at central office and Tk. 2,000 for unit office.
18. Cancelled cheque should be approved by concerned authority.
19. Salary payment will be made through bank transfer or through A/C payee cheque. Cash payment is allowed subject to approval of concerned authority with appropriate reason.
20. For Unit fund transfer Chairman and ED will approve only top sheet instead of individual fund transfer sheet.

15.3 Transaction Cycle

Cash/Cheque Receipts:

1. All cheque will be received by the cashier/Unit Accountant who will bring that to the attention of Manager (Fin. & Accts.) and at the unit level UO;
2. Accounts Personnel/Unit Accountant will prepare a credit voucher for each of the transactions and write down appropriate account code on the vouchers
3. The money receipts and cash/cheque and deposit slips will then be forwarded to the Manager (Fin. & Accts.), at the unit level UO or his/her designate who will check them and deposit the cheques/cash in the bank.
4. The copy of the deposit slip, money receipt then will be forwarded to the accounts personnel/Unit Accountant, who will make necessary for creating vouchers & posting in the books of accounts.

Cash/Cheque Payments:

1. The Department/Wings/ED/Unit Organizer will first approve an invoice or bill where the goods or services had been provided. The concerned Department/Unit Organizer will ensure that the bill had been checked with CPF, work order, receiving note and forward the invoice along with the above documents to Accounts department.
2. All the documents will then be forwarded to the appropriate level of management for approval. The management will ensure that all procedural matters have been complied-with and Tax/VAT has been deducted as per Income Tax Rules before authorizing the transaction.
3. The invoice along with other documents are then forwarded to the Cashier/Unit Accountant for writing cheque and cheque register.
4. The daily/weekly cheque will then be forwarded to the authorized signatory/ies for signature and authorization.
5. After the cheque is signed, the cheque, bill, CPF and invoice are forwarded again to the Accounts Department / Unit Accountant.
6. All the above documents are then forwarded to the Accounts Personnel/Unit Accountant who prepare vouchers and make necessary entries for the payments in the book of accounts.

Bank Reconciliation:

Accounts Personnel/Unit Accountant will prepare bank reconciliation statements at the end of each month. Bank statement will be forwarded to him/her through Manager (Finance & Accounts) and he/she will use the format attached for bank reconciliation.

15.4 Salary & other fund transfer to Unit Office

- Unit offices will send requisition for fund to central accounts department within 1st week of every month and accounts department will start salary and other fund transfer processing from 15th day of the month.
- Requisition from Unit office for project / program expenses will be sent to respective department. Respective department after due approval will send proposal to accounts department for fund transfer to unit offices and accounts department will transfer the fund accordingly.
- Administration department will maintain salary register (containing information about joining, remuneration, leave, transfer etc.) and keep up to date within 15th day of the month. Accounts department will prepare the salary statement on the basis of the information from the register and administration will check the salary sheet.
- If the transfer of salary and other fund is affected by year closing, political unrest, holidays etc. than accounts will take necessary initiative to transfer the fund before 15th.

Money will be transferred to unit offices through bank transfer by TT, MT or DD as applicable. If the transfer is very urgent and the amount of money transfer is negligible, transfer can be done in cash. Responsible accounts personnel at central office will check the correctness and justification of the transfer. S/he will prepare a fund transfer proposal under proper supervision of In charge (F&A).

15.5 Cash Withdrawn

At Unit level, unit accountant will prepare CPF for daily expenses. UO will approve the CPF. Cheque will be written on the basis of approval and cash withdrawn from bank and adjusted as per roles. Before adjustment, cash will be recorded in cash book as cash in hand.

15.6 Cash Limit

CMES central and centre offices shall maintain a daily cash float as minimum as possible. At the close of day transaction maximum cash balance will be Tk. 20,000 for central office and Tk. 3,000 for unit offices. To maintain the closing balance within the allowable limit excess amount should be deposited in to the bank within banking hour of that day. CMES management this cash float at any time. Considering the above CMES management has set daily bank transaction hour from 10.30 am to 3.00 pm for Sunday to Thursday. In case of receiving any cash amount after the banking hour, that cash amount will keep in the safety place and will be deposited to the respective bank account next working day. This timetable will be applicable for both central and centre offices. If required, CMES management can change the above timetable in future.

15.7 Safety of Cash and Cheque Book

- Cheque book and emergency documents at central office will be kept under lock and key which will be operated jointly by the senior officials.
- Cheque book and petty cash at unit office will be kept under lock and key which will be operated jointly by two bank signatories.

Centre for Mass Education in Science (CMES)

Project Name _____

Bank Account Number _____

CHEQUE CONTROL REGISTER

Cheque Book No.	Date	Issued Ch. No.	Amount	In Favor of	Signature of Recipient

Format - 15.2

Centre for Mass Education in Science (CMES)	Centre for Mass Education in Science (CMES)
House # 823, Road # 19 (old), Dhanmondi R/A, Dhaka-1209 Bangladesh. Phone- 8117270	House # 823, Road # 19 (old), Dhanmondi R/A, Dhaka-1209 Bangladesh. Phone- 8117270
<u>MONEY RECEIPT</u>	<u>MONEY RECEIPT</u>
Sl. No. Date:	Sl. No. Date:
Receive from.....	Receive with thanks from.....
.....taka in wordstaka in words.....
.....onlyonly
in Cash/P.O/D.D/Cheque No.....	in Cash/P.O/D.D/Cheque No.....
Date.....	Date.....
Drawn on.....	Drawn on.....being full/part on
being full/part on account of.....	account of.....
<div style="border: 1px solid black; display: inline-block; padding: 5px;">Tk.</div> Signature	<div style="border: 1px solid black; display: inline-block; padding: 5px;">Tk.</div> orized Signature

Centre for Mass Education in Science (CMES)**Bank Reconciliation Statement**

as on _____

Name of Bank:**Account No. :****Balance as per Bank Statement****Add: Cheques cashed but not entered
into Cash Book**

Date	Cheque No.	Tk.
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Add: Deposits entered into Cash Book
but not credited by Bank**

Date	Cheque No.	Tk.
_____	_____	_____
_____	_____	_____
_____	_____	_____ Tk. _____

**Less: Cheques issued but not
presented for Payment**

Date	Cheque No.	Tk.
_____	_____	_____
_____	_____	_____
_____	_____	_____ Tk. _____
		Tk. _____

Balance as per Cash Book**Prepared By****Authorized**

16 Fund Management

16.1 Fund Requisition to Donors

Fund requisitions are submitted to donors as per project agreement and budget. Quarterly, half yearly or yearly fund requisitions are submitted. In the requisition project name, project identification number, period of requisition, instalment number, required amount, previous balance, name of bank with A/c number, etc are to be mentioned. In most of the cases fund requisitions are submitted along with the last period's (quarterly, half yearly or yearly) financial statement. Some donors have specific format for fund requisition. Under proper guidance of Director, accounts personnel responsible for individual projects prepare fund requisition. Finally with the signature of Executive Director Requisitions are submitted to donor.

16.2 Grants Receipts

Grants from different donors are received through mother A/c (STD A/c no. - 240000108, Dhaka). This account is authorized by the NGO affairs bureau to receive all types of grants from home and abroad. After receiving fund at Bangladesh Krishi Bank, Shyamali Branch, Dhaka . it is transferred to individual project account which is the operational account of project. For day-to-day requirement, fund is withdrawn from this account. Funds are transferred to centre offices through this account. The local grant from different donors may be received through project account instead of mother account.

16.3 Acknowledgement of Grants Receipts

An acknowledgement of grants receipt is to be provided to donor after crediting grants at CMES bank account. Bank statements are may be attached with that acknowledgement as proof of grants receipt. Some donors have specific grants acknowledgement formats. Accounts personnel, responsible for individual project accounts, prepare acknowledgement of fund receipt under proper supervision of In charge. Executive Director signs on the acknowledgement on behalf of the organization, as s/he is the legal holder of the project.

16.4 Investment of donor fund

Fund received for the purpose of project implementation will not be invested to earn interest income. If any interest is earned that has to be refunded to respective donor. Organization own fund can be placed in short term deposit/fixed deposit/others savings.

16.5 Custodian of fund

The Board of Directors of the organization will be the custodian of all fund. They are responsible to ensure utilization of fund in a cost effective manner and will be held liable for any kind of abuse of organizational fund.

17 Setting Up and Operations of Bank Account

17.1 Policies

1. Bank accounts will be opened only on the basis of organization need and development partners' requirement.
2. Decision as regards opening of bank account will be pre approved by the Chairman.
3. CMES management will aim at obtaining best possible service for least possible cost while selecting a bank.
4. CMES Chairman will select individuals as designated cheque signatories at the unit level and the Board of Directors will select individuals as designated cheque signatories at the central level
5. In most cases cheque will require signature of at least two signatories.

17.2 Procedures:

1. In charge will place a request with the Chairman to consider opening of a new bank account in view of project need and/or development partners mandate or other reasons (as would be specified).
2. The Chairman will consider the matter and decide that under the circumstances discussed a new bank account could be opened and management should select a bank which commensurate with CMES's Policy on program facilitation and cost saving. It will also decide on the names of signatories of the bank.
3. The Chairman will select a bank and advice In charge (F & A) or Manager (F & A) to do the needful to open the account.
4. Manager (F & A)/At the Unit level UO prepares all documents, fill out all forms and have the individuals concerned to sign the documents.
5. As the account is opened Manager (Accounts) /At the Unit level UO assigns an account code to the bank account and inserts the account code and details in CMES's Chart of accounts.

17.3 Bank Account Opening

The Chairman of CMES will take decision to open bank account at Central level and Unit level. In opening bank account STD account will be preferred. If the situation does not permit to open STD account, then other types of accounts (current or savings) can be opened.

17.4 Bank Signatories

The Board of Directors will take decision about the signatories and operation of bank account at central level. At present there are two signatories at central level. They are The Chairman and Executive Director. Joint signatures of them will be required to withdraw money from bank.

The Chairman will take decision about the signatories and operation of bank account at unit level. At present there are two signatories at unit level. They are two senior staff at the unit level, Joint signatures of them will be required to withdraw money from bank.

Name (s) designation (s) and address (es) of existing authorized person (s) operating the Bank Account(At the Central Level):

1.	The Chairman
2.	Executive Director

Name (s) designation (s) and address (es) of existing authorized person (s) operating the Bank Account(At the Unit Level):

1.	Senior Staff Like UO/OT/OG/ST/SES
2.	Senior Staff Like OT/OG/ST/SES/Accountant

Note: The delegation of authority may be changed from time to time based on the need of the organization.

18 Petty Cash

18.1 Introduction

A petty cash fund is similar to cash on deposit, which is used for small cash purchases, which can be paid more conveniently and quickly by cash than by cheque.

18.2 Policies

CMES will follow the policy as under to handle petty cash in its ordinary course of business:

Petty Cash at Central Office.

- Impress system of petty cash will be maintained at service centre where the petty cash limit is fixed at Tk. 20,000 as maximum which will be created from the core projects.
- If any project expenditure incurred from petty cash that will be charged to that particular project. All the petty cash expenses should be approved by the respective authorized person. The Table of Financial Authority is mentioned under the content of "Delegation of Power". Ref: Section # 11, Page # 41.
- Head of Expenditure:
 1. Guest Entertainment
 2. Small repair & maintenance
 3. Local conveyance & transport
 4. Emergency office supplies
 5. If any expenditure which is approved by the authorized person.
- The Chairman can increase the petty cash limit amount up to Tk. 50,000 in case of urgency for the temporary period.
- Petty cash register will be updated daily with the amount of cash expenses and advances and the register will be signed by the concerned person maintaining the register and by a person from account department who will verify the register during signature.

Contingency Fund at Unit Level

- Contingency fund will be maintained to meet up
 - possible small expenditure like local entertainment, repair & maintenance, revenue stamp, postage, electricity bill etc. not predictable earlier.
 - small size of entertainment which cannot exceed more than Tk. 100. Sufficient details should be attached with the voucher. Prior or post approval will be required in excess of the above limit.
 - urgent electricity bills or similar expenses.
- Requisition for large amount of repair & maintenance should be sent to the establishment department for approval.
- Each and every expense should be approved by unit organizer and unit accountant after due verification. Threshold for approval is fixed at Tk. 3,000 which can be expended to Tk. 5,000 in case of urgency.
- Monthly statement of expenses of the fund with details should be sent to central accounts department along with separate statements on monthly conveyance (component wise like conveyance of BS, ABS, ARTC, TMCO & AGP) in every month.

Format - 18.1

Centre for Mass Education in Science (CMES)

House # 823, Road # 19 (old), Dhanmondi R/A, Dhaka-1209 Bangladesh. Phone- 8117270

**Accounts Department
Acknowledgement letter**

I Mr./Ms.....
..... received from Accounts
Department Tk.(Taka in words.....
.....) as advance
against.....

Cheque/Cash Received

Cheque No.

Date:

Signature:

19 Inventory of Consumables

19.1 Introduction

At CMES, inventory will be denoted as the inventory of consumable goods like printing materials, stationeries, computer accessories, refreshment items etc.

19.2 Policies

1. CMES will maintain a minimum inventory level for consumable goods as per program requirement.
2. The objective will be
 - a) To ensure that items do not run out in the middle of an engagement;
 - b) To enable CMES management to buy supplies in bulk and attain the advantage of economy of scale;
 - c) To promote dealings with larger organizations who are willing to take checks for payment; and
 - d) To ensure that appropriate procurement policies are followed.
3. Store Keeper/Respective Person maintains a store sub ledger with clear break down of items, at the unit level unit accountant will do the same.
4. Head of Establishment (Service Centre) will be the custodian of all consumable goods.. At the unit level UO will be the custodian.

19.3 General Procedures

1. The Store Keeper/Respective Person prepares a requisition, which will be in line with requisition placed by different departments based on their future demand for the period.
2. At the end of each year physical inventory of store materials will be taken. Physically found materials will be reconciled with the stock register.

19.4 Procedure of receiving Materials

All the purchased materials will be received at store. Receiving materials will be verified with delivery challan/bill and work order in presence of suppliers. Quality and quantity of materials should agree with work order. Upon satisfaction, storekeeper will acknowledge the receipt of materials on delivery challan/bill, as the materials are receipt in good condition. Storekeeper will prepare a materials receiving note (MRN).

19.5 Procedure of issuing Materials

Materials are issued to different staffs working under different section as per their requisition. To have materials from store a store requisition slip will be prepared by the concerned personnel. Head of Establishment will be the approval authority of store requisition slip. As per approval storekeeper/Respective Person will deliver the materials to the concerned personnel. Concerned personnel will acknowledge the receipt of goods.

19.6 Maintenance of stock register

Day to day movement (in & out) of materials will be recorded in the stock register. Storekeeper/Respective Person at central office and accounts personnel in unit offices will be responsible to maintain stock register.

19.7 Inventory Reconciliation:

Stock must be reconciled with the supplies held in the store receipts and issue.

An example:

You have 60 Pen in stock in your store room at 1 January

From 1 January to 31 March you buy another 1 Pen

From 1 January to 31 March you issued 26 pens

31. March there should be 35 pens in stock

Suppose you only find 34 pens. 1 is missing

The inventory reconciliation process will detect this missing quantity.

Centre for Mass Education in Science (CMES)
Store Requisition Slip

Name of the Dept/Wing.....

Date:

SL #	Items	Demand Nos. / Qty	Supply Nos. / Qty	Remarks
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				

Head of Dept./Wing
Signature

Received
Signature

Authorized
Dept. of Establishment
Signature

Name:

Name:

Name:

Centre for Mass Education in Science (CMES)

Name of Project:.....

Stock Register

Page No:.....

Name of Item:

Date	Balance B/F	Receipts	Total	Recipient	Quantity	Balance

Centre for Mass Education in Science (CMES)

Store Reconciliation Statement

Date:

Name of Store in Charge :

[illegible]

Prepared By:

(Name)

(Designation)

(Signature)

Checked By:

Head of Establishment/Unit Organizer

20 Fixed Assets

20.1 Policies

1. CMES will consider as fixed assets those items as procured for an amount determined by management from time to time and with a useful life of 2 years or more. The objective of such classification is to reduce management cost for fixed assets and also to keep the size of asset register/list within manageable limit.

Assets will be categorized as land, building/minor construction, furniture & fixture, equipment, motor vehicle, office & training equipment, clinical/medical equipment. Category of fixed assets will be ascertained as per following:

- a. Land: Only purchased land will be considered.
 - b. Building/Minor Construction: Full constructed building on purchased land of minimum thirty years life.
 - c. Furniture & Fixture: Chair, table, book-shelf, file cabinet, file rack, almirah, sofa, door etc. of minimum ten years life.
 - d. Motor Vehicle: Four- wheel car, jeep, pickup, three wheel scooter, two wheel motor-bike etc. of minimum five years life.
 - e. Office/Training Equipment.
2. Renovation, which extend significantly the useful life of assets or additions in existing assets, will also be considered as fixed assets
3. Electronics goods having not more than 1 year guaranty from the supplier/Vendor, treated as non-fixed asset. Technology Equipment per item value minimum Tk. 5,000 will be consider as fixed asset.
4. For procurement of Fixed Assets CMES will follow specific sections of procurement policy and procedures.
5. CMES will directly account for all its fixed assets purchases as reflected in the Income and Expenditure / Receipts and Payments statement as per Donor guidelines and approved budget. As such the fixed assets will be registered in the fixed assets register but completely written off in the year of purchase.
6. In general, depreciation methods should be consistent. If however change in depreciation method or rate is required due to changing circumstances, the impact on the financial statements must be quantified, disclosed and reason behind such change will be clearly stated in the notes to the financial statements.
7. CMES will prepare a list of disposable assets with cost and written down value to be approved by the Executive Director. For disposal of assets like land and building however, decision of the EC will be required.

8. Fixed Asset register will be maintained according to standard accounting procedure.
9. The record of assets shall be maintained using the accounting heads/codes as illustrated in common charts of account.
10. An identification code shall also be given to all fixed assets in the manner illustrated below and this identification will be marked on every asset with permanent ink or special asset labels.

(CMES– Location) – Year of purchase / receipt - asset accounting code – serial number of asset.

To illustrate it farther, the Vehicle purchase by CMES in the year 1996 shall be assigned identification as below:

(CMES - 110) – 96 – 1211 – 00001

11. The Store Keeper/Respective Person shall be responsible for maintaining the record of fixed assets; Establishment dept. will be responsible for movements and safe custody of assets.
12. If the assets have been rendered unusable due to wilful mishandling or misconduct of a staff, CMES will recover the cost of asset by way of deduction from the salary of staff or in any other manner deemed appropriate.
13. CMES take adequate measure to secure (through insurance or otherwise) shall insure fixed assets (Vehicle) against theft, pilferage or possible loss due to accident, fire or natural calamities.

20.2 Procedures

A. Request:

The departments requesting the major capital asset purchase will initiate a request form including: asset description, and purpose of the asset. In case of new project however In charge/Personnel of the Project will initiate the process.

B. Appropriation:

The Concern/Respective Dept., transforms the request into a formal appropriation document, which includes actual cost bill estimation.

C. Authorization:

The appropriate level of Management approves the appropriation request based on the implications of the data provided in steps A and B.

D. Procurement:

The asset will be procured as per organization's standard procurement policy as discussed in the specific section.

E. Record:

When the asset is received an entry is made in the fixed asset sub ledger/Register giving appropriate effect to the general ledger.

F. Fixed Asset Register:

The asset is recorded into the Fixed Asset Register by: transaction date, Unit Cost, Total Cost, Quantity, Identification Number, Remarks etc and book value. One page will be maintained for each category of asset. Format of Fixed Asset Register is given in attachment.

G. Disposal Request Form:

When an asset is disposed-off the request for disposal is prepared by Establishment Dept. and sent to the management team for discussion as to whether the asset will be disposed off. If the management team decides to dispose of the assets, method for disposal will be decided by the Management Team. The asset is will then remove from the fixed asset register. The Executive Director finally approves the transaction and accounts department ensures as per procedural guidelines that the sale proceeds are duly collected and accounted for.

H. Inventory:

At the end of every financial year, CMES shall organize a physical verification of fixed assets..

I. Reconciliation of Fixed Asset Inventory:

There shall be a reconciliation of the fixed asset inventory against the books and records maintained by the Department, either on the Fixed Asset Subsystem or other documented methods. This reconciliation is to be done, at a minimum, on an annual basis. This reconciliation shall be available for audit either by the department's internal auditors or the external auditors. Internal records must reconcile to the records available on the Fixed Asset Subsystem. A Department will maintain supporting documentation of fixed asset transactions available for examination by appropriate audit organizations.

J. Asset Revaluation:

Management of CMES might revalue its land properties every five years. In this connection a professional valuer approved by the Government will be appointed as per decision of management. In this connection conditions setforth in BAS 16 (Property Plant & Equipment) will be followed.

						Format- 20.1	
<u>Centre for Mass Education in Science (CMES)</u>							
<u>Fixed Asset Register</u>							
Date	Particulars	Place of Use	Quantity	Unit Value Tk.	Total Value Tk.	Identification No.	Remarks

Centre for Mass Education in Science (CMES)
FIXED ASSETS RECONCILIATION STATEMENT

As at/on

Sl. No.	Name of Stock Item	Location	Balance as per assets register	Balance as per physical count	Difference		Remarks
					Short	Excess	
1	2	3	4	5	6	7	8

 Prepared by
 Signature
 Date:

 Checked by
 Signature
 Date:

 Approved by
 Signature
 Date:

21 Advance Management

Policy for Advances:

21.1 Salary advances

1. Completion of one year of service
2. One month salary may be given as maximum salary advance. Advance for more than one month should be approved by the chairman.
3. Adjustment of advance will be made within one year
4. Advance will be given from the project in which the staff is working
5. Any staff will not be eligible for advance if any undue act observed against him / her

21.2 Programme Advance

1. Programme (work) advances are provided for travel and per diem expenses/procurement/ workshop/Seminar/Training/Even Management etc.. The reason of providing programme advances is to execute the job in time.
2. Programme advance should be requested in CPF. For cash advance special approval needed from ED and at the unit level from UO.
3. According to the financial authority (Table of Financial Authority) should approve the programme advance on the recommendation of the sector/Department's Head.
4. New advance should not be provided if there is old unsettled advance; if it is absolutely necessary to provide advance, in such case advance should be approved by the ED and at the unit level by the UO certain condition only i.e. only advance should be settled within 15 days. Timely settlement of advance is very important.
5. Programme advance should be settled within 15 days but compulsorily before end of month. If advance cannot be adjusted within the month, reasons should be stated clearly and that should be approved by competent authority.
6. The balance of unsettled advance should be refunded and deposited to the Accounts Office.
7. Unsettled advance should not be used by the employees for his personal purposes.

8. If the employee has left the service without settlement of advance, then advance should be settled from his Staff Benefits or any other payable balance.
9. If an advance is fully refunded, an explanation for non-utilization is to be given countersigned by the approving authority.
10. Sub ledger should be maintain for any kind of advance.

21.3 Other advances

1. Training, meeting, seminar or any other event.
2. Urgent local purchase of goods or services.
3. Small amount of repairs and maintenance.
4. To meet up the vendors requirement. In that case advance should be given directly to the vendor upon agreed terms and conditions.
5. Adjustment of advance will be made within fifteen working days. In case of outstation three working days are allowed for adjustment after returning from that station.
6. Advance will be given through account payee cheque. For any bearer cheque approval of management is required.
7. After approval of cheque for advance it should be collected by the payee just on time.
8. In case of delay in adjustment of advance it has to be approved by the ED or Unit Organizer at unit level.

Format - 21.1

CMES**Advance Register (Unit Level)**

Name of Unit:.....

Name of Project:.....

Date of Advance	Recipient Name	Subject	Taka	Adjusted Date	Actual Expenses	Remarks

22 Travelling & Daily Allowances

Travel allowances (TA)

- Every staff will be entitled to travel allowance as per rate chart approved by management in this regard.
- If the rate is not specified then reasonable fare for that particular route can be claimed.
- Own vehicle or Rickshaw for short distances and bus or minibus for long distance journey can be used as mode of transport. Auto rickshaw can be used in emergency cases. Prior permission from ED is required to use the organizational vehicle.
- By cycle / Rickshaw / bus or minibus will be used for field work.
- Field staff will not get TA & DA for day to day field work.
- transferee / trainee staff will get the possible lowest fare for his relocation.
- If any field staffs resides in Dhaka for official assignment at his own arrangement then he will get Tk. 100 for up and down to central office.
- 75% of advance is allowed as travel expenses. 2nd advance will not be provided if previous advance remains unadjusted.

Daily allowances (DA)

- Every staff will be entitled to daily allowance as per rate chart approved by management in this regard.
 - For first 10 days – 100% of DA
 - After 10 days – 75% of DA
 - 50% of DA for 6 am to 6 pm.
 - 100% of DA for 6 am to 8 pm
- Breakfast allowance is Tk. 50 in case of night journey
- Economy class hotel fare is allowed in case no official arrangement.
- Tk. 100 is allowed for unit staff against lunch for day long work outside unit office.
- Tk. 120 is allowed for central office staff against lunch during outside office work between 12 pm to 4 pm.
- Tk. 50 is allowed for marketing staff against flooding during outside office work between 12 pm to 4 pm.
- Tk. 120 for flooding and actual conveyance are allowed for central office staff during work in holidays.
- No DA is allowed in case of entertaining guest / visitor. But the staff will get reimbursement partly or fully as the case may be. Only drivers will be entitled to DA in this regard.

CMES
Travel Planning Form

(To be filled up by the traveler with the help of proposer)

Name of the Project :

1. Name of the Traveler : Designation

2. Unit/Units :

3. Travel Period.....From..... To

4. Purpose of Travel Any special overview (if any)
(For all travelling general overview
should be included)

5. Proposed Schedule of Travel : (Try to give as much as possible in details)

Date	From	Time	To	Time	Work Completion

6. Authorization :

Authorized Person Name Signature Comments (if any)

a) Suggests (Proposer/Traveler)

b) Concerned Divisional Officer of the Traveler (PM/PO)

c) Executive Director

- Authorization of Executive Director is required in case of PO, SPO, PM, DPC
- For others authorization of above persons are required (A to C), In case of emergency, authorization from A & B are required. A & B will duly inform C regarding this travel for their authorization.
- After approval from A, B & C the travel planning form should be submitted to the administration department. Admin department will propose for onward approval of Executive Director

NB : Before travelling, traveller should provide a copy of this form to the concern divisional officer, Executive Director. Executive Director will maintain records of travelling and attach this form with Travel Completion Form. The traveller will collect, travel planning form, Unit Overview Form and Information from the General Office and Secretariat monitoring office for using. The traveller will make three copies of Travel Planning Form and Travel Completion Form. Out of which, one copy will be submitted to the Accounts Department, one copy will be submitted to Secretariat Office and preserve one copy with himself.

CMES
Travel Completion Form
(To be filled up by the traveler after completion of Travel)

Name of the Project :

1. Name of the Traveler : Designation.....

2. Unit/Units :

3. Travel Period.....From.....To.....

4. Travel schedule and work accomplished:

Date	From	Time	To	Time	Work accomplished

5. Reason of mismatch with the travel planning(if any):

6. Comments & Suggestions about this travel (if any)

Signature:

Date:

NB : Traveller will attach one copy of this form with Travel Completion Form and submit to Accounts Department and Secretariat Office. This form will be attached to the Unit Overview Form and to be submitted to the Secretariat Monitoring Officer.

Executive Director and Secretariat Office will ensure submission of this form and after that Accounts Department will collect the TA/DA bill. One copy of this form will be attached to the TA/ DA bill.

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Conveyance Bill

Name of the Traveler : Designation :

Location : SUS/Unit : Project :

Date	From	Time	To	Time	Purpose	Mode of Transport	Taka	Remarks
D.A. : Full Day/Half Day :								
Total Taka (In word) :								

Accounts Department

Date :

Traveler Signature

Date :

Centre for Mass Education in Science (CMES)
Local Travel Allowance

Name of the Traveler & Designation: Date :

Purpose of the Travel : Location :

Departure		Arrival		Mode of Transport & allowance (Taka)				Total Taka
Place	Time	Place	Time	Bus	Auto rickshaw	Rickshaw	Others	
Taka (In word) :-							Total Taka	

Signature of
The Traveler

Counter
Signature

Division Chief/Coordinator

Accounts
Department

23 Transport Management

The expenses budget for transportation, although is less than that of salary budget but is more than any other expenses of organization. As such it is imperative that specific rules and regulation be there for the transportation. The following producer will be followed for clear-cut expenses for transportation and the use of vehicles and maintenance judiciously.

- a) All vehicle of the organization will be treated as fixed assets and thus will get incorporated in the assets register with the mention of date of purchase.
- b) The responsible department will check the logbook regularly. Fuel purchase will have to be justified as per the reading of the logbook and upon satisfactory verification the fuel slip will be approved for payment.
- c) The person checking the logbook will sign it regularly.
- d) In respect of the personal use of the vehicle by a member of the staff. He/she bear the actual fuel cost with prior approval of ED.
- e) In respect of the official use of the vehicle (Micro bus, Jeep) by a member of the staff. He/she will receive prior approval of ED.
- f) The Board of Directors can allow any essential member of the Board or staff such as Chairman or ED to have the full time use of a vehicle in the interest of the organization.
- g) All vehicle (Micro bus, Jeep, Motor Cycle etc.) will be registration to the registration authority of the Government.
- h) Every year all vehicle's Root permit, fitness, tax, Insurance will be renewal to the respective authority.
- i) All vehicles will be servicing regular basis.
- j) The use of Bi-Cycles by the staff will receive prior approval of Unit Organizer at unit level.
- k) All Bi cycles will use as official purpose at unit level.

24 Vehicle Logbook

CMES will maintain a Logbook for recording of the driven hours, departure, and arrival and etc. information. It should be prepared for checking the mileage, fuel consumption that must be needed for controlling.

Format - 24.1

Centre for Mass Education in Science (CMES)
Vehicle Log Book

[illegible]

25 Allocation of Joint/Common Costs

This addresses a situation where a cost incurred by CMES relates to two or more different activities. The cost is allocated and reflected in the financial statements, with a particular impact on the functional reporting in the statement of activities. CMES will allocate common cost on the basis of budgeted income of the project.

26 Budget and Budgetary Control

26.1 Introduction

A budget is a formal quantitative expression of management plans. If formulated properly, budgets can be useful to any organization. The major benefits of budgeting are:

- a) Budgeting aids management in coordinating its efforts, so that the objectives of the organization as a whole harmonize with the objectives of its parts.
- b) Budgeting provides definite expectations that are the best framework for judging subsequent performance; and
- c) Budgeting compels management to think ahead.

A comprehensive budget should embrace the entire organization and all phases of its operations for a definite future period. It is the formal quantitative expression of goals, objectives, plans and policies laid down in advance for the enterprise as a whole and for each division, department, unit and cell thereof.

The preparation of budget should be taken as an opportunity to make a comprehensive and forward-looking review of plans and standards.

The comparison of figures of actual performance with those estimated on the budget should be carried out periodically during and after the closing of the accounts. CMES should make arrangement for the preparation of relevant reports to all levels of management entrusted with the responsibility of using resources. The frequency and volume of information to be made available for appraisal would depend upon the cost and time required to produce it, the extent to which deviations from the budget are possible and the probable cause of such deviations.

26.2 Procedures to attain Budgetary Control

1. Monthly work-plan and budget will be so designed that project activities are spread throughout the year.
2. CMES will prepare quarterly budget for each department, which will be in line with its annual budget and annual work plan (broken down in to monthly activities).
3. At the end of each quarter a budget variance report will be prepared with explanation of variances and will be discussed at monthly meeting of Management Team. Unfavorable variance with 10% limit is allowed for individual line item provided that total budget is not exceeded. If it is assumed that actual expenses will exceed 10% for individual line item it has to be approved by Management first and finally by donor before expense is incurred.

4. Budget variance report should be reviewed by Finance in Charge who will then forward to EC with his comments on monthly basis. Head of the department concerned will provide an explanation of negative variance exceeding the tolerance limit which will be placed before the EC meeting.
5. All activities should be pre-dated tentatively. Work plan without a tentative date of activities tend to delay project function in most of the cases.
6. Budget for one line item is not allowed to transfer to another line item unless it is approved by Donor .
7. Revised work plans/budgets if any should be brought to the attention of Management Team without delay.
8. In charge (F&A) will be in full control over budget variance analysis and reporting of it to the top management.
9. He will also prepare a quarterly report on achievement of different departments as regards variances and level of budgetary control attained, which will be submitted to the top management at the meeting of management team.

Format - 26.1

Centre for Mass Education in Science (CMES)Statement of Budget Vairence
For the period of

Budget Heads	A/C Code	Annual Budget	Exp. During Current Period	Budget Balance	% of Budget Varience	Remarks
Grand Total:						

Format - 26.2

Centre for Mass Education in Science (CMES)**Fund Accountability Statement**

For the period of

Description	This Period Amount Tk.	Cumulative Amount Tk.
Opening Balance: Cash Bank A/C No. Other Fund Balances: Advances		
Add: Receipts during the Current Period Grant Received Other Receipts		
Total:		
Less: Expenses during the Current Period Capital Cost Direct Program Expenses Project Support Cost Administration and General Services Cost		
Total Payments		
Closing Fund Balance		
Closing Fund Balance Represented By: Cash in Hand Cash at Bank A/C No. Advances		

27 Some Important Formats

Centre for Mass Education in Science (CMES)House # 823, Road # 19 (old), Dhanmondi R/A, Dhaka-1209**DEBIT VOUCHER**

Program/Project:..... Voucher Serial No:.....

Name of Unit:..... Date:

Particulars	Head of Accounts	Code No.	Taka	Ps.
Taka (In words):		Total		

By Cash/Cheque/DD/PO #

Date:

Prepared by_____
Accounts_____
Authorized by

Format - 27.2

Centre for Mass Education in Science (CMES)

House # 823, Road # 19 (old), Dhanmondi R/A, Dhaka-1209

CREDIT VOUCHER

Program/Project:.....

Voucher Serial No:.....

Name of Unit:.....

Date:

Particulars	Head of Accounts	Code No.	Taka	Ps.
Taka (In words):		Total		

By Cash/Cheque/DD/PO #

Date:

Prepared by_____
Accounts_____
Authorized by

Centre for Mass Education in Science (CMES)

House # 823, Road # 19 (old), Dhanmondi R/A, Dhaka-1209

JOURNAL VOUCHER

Program/Project:.....

Voucher Serial No:.....

Name of Unit:.....

Date:

Narration	Head of Accounts	Code No.	L.F	Taka			
				Debit		Credit	
Total Taka:							
Taka (In words):							

Prepared by

Accounts

Authorized by

Format -27.4

Centre for Mass Education in Science (CMES)

House # 823, Road # 19 (old), Dhanmondi R/A, Dhaka-1209

TRANSFER/JOURNAL VOUCHER

Program/Project:..... Voucher Serial No:.....

Name of Unit:..... Date:

Narration	Head of Accounts	Taka			
		Debit		Credit	
Total Taka:					
Taka (In words):					

Prepared by

Accounts

Authorized by

Centre for Mass Education in Science (CMES)

OVER TIME REQUISITION FORM

1. Department/Section:
2. Staff Name: Identification No.
3. Overtime hours required: from to
4. Total hours required
5. Purpose of overtime:
6. Special instruction (if any)
7. Recommended by supervisor

Employee's Signature

Signature of the Depart.
Chief

Approved by
Signature

Centre for Mass Education in Science (CMES)
House # 61, Road # 19 (old), Dhanmondi R/A, Dhaka-1209

Vehicle Requisition Slip

Date: ____ / ____ / ____

Name of Person	Desig.	Dept./Wing	Purpose	From	Destination	Signature

Time Schedule:

Start Date	Time	End Date	Time	Remarks

Vehicle Information:

Vehicle Name	Vehicle Number	Vehicle Condition	Driver Name

Real Use:

Start			End				Signature By Approval Person
Date	Time	Meter Reading	Date	Time	Meter Reading	Fuel Consume (Litre)	

Signature:

Signature:

Signature:

Head of Department

Executive Director

Check Availability of Vehicle

28 Some Important Bangladesh Accounting Standards

BAS-1 Presentation of Financial Statements

This Standard prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content

BAS-2 Inventories

The Standard prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognised as an asset and carried forward until the related revenues are recognised. This Standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realisable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

BAS-7 Cash Flow Statements

Information about the cash flows of an entity is useful in providing users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows. The economic decisions that are taken by users require an evaluation of the ability of an entity to generate cash and cash equivalents and the timing and certainty of their generation. The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

BAS-16: Property, Plant and Equipment

The objective of this Standard is to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.

29 Chart of Accounts

Asset

Fixed Asset

- Furniture & Fixture
- Technology Equipment
- Land Development, School House & Campus Facilities
- Vehicle
- Bi-Cycle
- Training Equipment
- Office Equipment

Current Asset

- Cash
 - Cash in Hand
- Bank
 - Cash at Bank
- Advance Against Program
 - Advance to Staff
 - Advance Against Salary
 - Advance to Other
- Fund Transfer to Unit
- Investment

Liability

- Long Term Liability
- Short Term Liability
- Fund
 - Accumulated Fund
 - Donors Fund

Income

- Fund Received
 - Fund Received
 - Donation Received

Local Income

- Bank Interest
- Student Participant
- Short Course Fee
- Contribution from Production
- Service Charge
- Publications
- Sales Proceeds
- Others

Expenditure

Direct Expenditure

- Salaries/Time Cost/Fee
- Teaching Aids
- Student Supplies
- Technology Consumable
- Transportation, TA & DA
- Sports and Culture
- Safety and Ecological Measures
- Dissemination & Networking
- Training
- Program Aid
- Peer Education
- Assistance to Non-stereotype Livelihood
- Materials Development and production
- R & D and Studies
- Office Supplies
- Repairs & Maintenance
- Rent, Rates & Supplies
- Rates & Utilities
- Enhancement in Computer Facilities
- Electrification
- Transport Fuel
- Technical Assistance
- Audit Fee
- Postage & Telecommunication
- Advertisement
- Insurance , Charges
- Miscellaneous
- Tax deducted at source

Indirect Expenditure

- Depreciation
- Fixed Assets Written Off