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| --- | --- | --- |
| **Client name:** Cosmopolitan Industries Pvt. Ltd. (CIPL) | | |
| **Accounting period:** 01 June 2020 to 30 June 2021 | | |
| **Prepared by:** Tanvir Ahamed |  | **Date:** 07 June 2021 |
| **Reviewed by:** Humaun Ahamed |  | **Date:** 09 June 2021 |
| **Final Reviewed by:** Cash and cash equivalent process |  | **Date:** 09 June 2021 |
| **Subject:** Advance, deposit and prepayments process |  |  |

**Objective:** The objective of this memo is to document Cash and cash equivalent process of Cosmopolitan Industries Pvt. Ltd. (CIPL) under EPIC group.

**Process performed:** The following process is developed after going through the discussion with Mr. Md. Khayer Uddin, Deputy General Manager-Finance & Accounts of Epic Group (here referred as “Epic Bangladesh”).

Cosmopolitan Industries Pvt. Ltd. (CIPL) has an approved Cash policy manual for recording and reporting financial transactions. We have identified the following procedures maintained for recording and reporting financial transactions as per policy of the organization and interviewing with management of Cosmopolitan Industries Pvt. Ltd. (CIPL):

**Cash and cash equivalents procedures**

**Step by step process is described below:**

* A separate authority is required to approve vouchers and sign cheques.
* The reviewing authority will at regular intervals or without notice count the cash and preserve the report.
* Petty cash ledger maintains on a daily basis. At the end of the day balance will be reconciled with physical cash and kept in a secured and locked condition. Cash ledger is to be counter signed by the supervisor or designation person assigned by him at least twice a week.
* Petty cash register maintain in excel separately for the factory/plants.
* Maximum limit for per transaction in cash:

|  |  |  |
| --- | --- | --- |
| **Office/Factory** | **Authorization** | **Maximum limit** |
| Head office |  | - |
| Factory/plants |  | 5,000 |

* Passing the following journal entry:

Cash in hand------------------Dr.

Bank----------------------------Cr.

* After completing purchase, employee submits bill to accounts department for adjustment.
* No Journal entry given until reimbursement of petty cash.
* Passing the following journal entry:

Expense---------------------Dr.

Cash in hand---------------Cr.

**Cash at bank procedures**

* The Chief Finance Officer (CFO) has the authority to establish the financial authorization limit at any other level. In no circumstances may any staff assume financial authority without having been assigned through a formal announcement.
* Finance Officer prepared the monthly reconciliation and Manager Finance checked the reconciliation and Chief Finance Officer approved it.
* Cosmopolitan Industries (Pvt.) Ltd. (CIPL) has four (04) bank accounts in four (04) banks where two types of bank accounts respectively Bangladeshi Taka (BDT) and United States Dolor (USD).
* The financial authority and power are only to be exercised by the respective individuals as stipulated in this manual. Generally, any kind of budget and expenditure can be approved by the respective individuals.
* Accounts Officer gives the following journal entry in bank book:

For payment:

Sundry creditors--------------------------------Dr.

Bank ----------------------------------------------Cr.

Or

Expenses-----------------------------------------Dr.

Bank ----------------------------------------------Cr.

**What could go wrong? :**

Cash at bank may be misstated due to inaccurate bank reconciliation.

**Controls:**

Monthly bank reconciliation statement is prepared by Finance Officer (FO) checked by Manager Finance (MF) and approved by Chief Finance Officer (CFO).