

CHAPTER - 1

INTRODUCTION

1.1 - Preamble

A standard accounting system is a pre-condition for an effective financial management. The basic requirement for ensuring better financial management system with a well defined procedure. The benefit of the manual is that the accounting records are maintained properly and also it is possible to establish a good financial reporting system.

The purpose of this manual is to improve the **AGROGOTI SANGSTHA** financial management system, which can be viewed as a tool for fulfilling the basic financial and accounting requirements. This guideline is help to establish a over all financial controlling system with the objectives to ensure better degree of financial control, transparency and accountability in their day to day operations for providing positive support in administering the overall activities of the organization for smooth functioning. It is endeavored that this manual will be acted as most important tools to measure the organizational financial performance by the management as well as stakeholder of the organization.

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

Background of the organisation

AGROGOTI SANGSTHA commenced its activities in 1996, and emerged as a local organisation having a Executive committee . The organisation runs social programmes, Human Rights, Good governance, Education & Health programs . The core aim is to provide education, healthcare, skill training and socio-economic development designed to improve the quality of life of the poorest of the poor .

Scope

This manual will cover financial and accounting rules and regulations aspect of any project .

CHAPTER-2

GENERAL ACCOUNTING ACTIVITIES PLAN

Activities Plan

Accounting activity plan of **AGROGOTI SANGSTHA** finance and accounts management system are as follows:

ACTIVITIES PLAN

| Activity | Form to be used | Frequency |
|---|-----------------|--------------------------------------|
| Transaction – cash and non cash | | As an when it takes place |
| Approval | | For each transaction |
| Payment voucher | | For each transaction |
| Payee's acknowledgment | | For each transaction |
| Receipt voucher | | For each transaction |
| Posting to cash book | | Daily |
| Balancing of cash book | | Daily |
| Posting to ledger book | | Daily |
| Preparation of daily cash and bank Balance statement | | Daily |
| Preparation of bank reconciliation statement | | Monthly |
| Journal voucher | | As and When it takes place |
| Balancing of ledgers | | Daily |
| Posting of fixed asset register | | Immediately after procurement |
| Posting of stock registers | | Immediately after receive and issues |
| Balancing of stock registers | | Daily |
| Posting and balancing of loan/advance registers | | As and when it takes place |
| Preparation of Trial Balances | | Monthly |
| Preparation of Income and Expenditure Account for Project | | Monthly |
| Preparation of balance Sheets | | Yearty. |

CHAPTER - 3

BANK ACCOUNT MANAGEMENT

Mother Account Operation System

The organization must have a Mother Bank Account as per NGOAB regulations where all foreign funds and donations should initially be deposited. This bank account will help to record the foreign fund in-flow and out flow.

After receiving of foreign fund/donations, within fifteen days the fund will be transferred from the Mother Bank Account to the respective project bank account.

The mother bank account shall be operated by three under a joint signature of any two of the Chairperson, Vice-chairperson, Member Secretary, One Executive member and the Treasurer of the Executive Committee of the organization. The signature of Member Secretary is mandatory.

Project Accounts Operation System

The organization will maintain individual Project wise Bank Accounts in order to facilitate a smooth functioning of each project independently. This bank account should be interest-bearing account.

The bank account should be titled by the Organization name with the project name shortly. After receiving of foreign fund/donations, within fifteen days the fund will be transferred from the Mother Bank Account to the respective project bank account.

This project bank account shall be operated by three under a joint signature of any two of the Chairperson, Vice-chairperson, Member Secretary, the Treasurer of the Executive Committee, Project coordinator, and Accounts officer of the organization. The signature of the Member Secretary is mandatory.

CHAPTER - 4

ACCOUNTING SYSTEM

4.1 Accounting Offices

Where no project office!

The finance /Accounts section in-charge will be responsible for finance and accounts management, who will be accountable to ED . All books/documents of accounts kept under finance /Accounts section in-charge.

Where both HO & PO!

In Head Office, the Head of Finance/Accounts Section will be responsible for finance and accounts management, who will be accountable to ED. There will be Project Offices where Accountants will maintain the project books of accounts/documents; he will be responsible to the Project coordinator. The Project Accountant will report to the Head of Accounts or ED in Head Office . All original documents will be preserved in head office and the photocopy will be kept to the project office .

4.2 Basis of Accounting

The organization will maintain accounts on the basis of ‘**Double Entry Accounts System**’. All income and expenditure will record in the books of accounts necessary adjustment. If necessary the organization may follow donors financial policy with the approval of executive committee as per agreement of donors.

4.3 Accounting responsibility

Accounts Department is responsible to implement the financial policy as well as responsible to maintain proper books of accounts as per financial guideline. They will prepare financial reports timely and accurately as required. The Accounts Department will ensure the authenticity for all receipts and payments on time. The accounts personnel will responsible to over all financial control for effective financial management. The head of the Finance/Accounts Department is responsible to preserve all books of accounts. As a measure of management safeguard, the required precautions must be exercised for handling/ carrying of cash from and to bank and preservation of cheque books.

4.4 Authority

The Executive Director is the Chief Executive of the organization. All requisition/ indent/ vouchers should be approved by the Executive Director, the delegated authority of Executive Director or Executive Committee after recommendation of Finance head and project coordinator .

4.5 Reporting of Accounting Offices- Accounts department should close the accounts in every month, all books of accounts should be up-dated on daily basis, all report should be prepared on monthly basis. This closing includes closing of cash/bank book, balancing of General Ledger, bank reconciliation and preparation of monthly Receipts & Payments Account, Income & Expenditure Accounts and Balance Sheet.

4.6 Accountability

The Executive Director of **AGROGOTI SANGSTHA** or duly authorized person is accountable to ensure proper utilization of fund against any project fund according to approved budget. The Executive Director of **AGROGOTI SANGSTHA** or duly authorized person will certify the

financial statement/report for the audit firms, Govt., donors and other stakeholders. The certification statement as follows " I certify that all the amounts stated above in details have been actually expended for the project as per approved budget and in accordance with the terms and conditions of MOU dated-----"

The organization shall follow mandatory standard provision for audit, donor financial policy, NGO Affairs Bureau's rules and regulations, organization's constitutional financial rules and regulation and Govt. audit requirements.

AGROGOTI SANGSTHA is responsible for resolving all dispute (local/outside). The organization shall maintain constant liaison with donor agencies, local government and other relevant government and non-government agencies.

AGROGOTI SANGSTHA shall inform any change to the funding donors (Govt. or non-government) whatsoever, occurring in the organizations, such as turmoil in the working area, staff turnover, staff transfer which may affect activities which may significant cause of over or under utilization of fund against donor funded project (Govt. or non-government).

Fiscal Year

Organization should have specific financial year. Annual Budget will be prepared on the basis of organizational fiscal as well as financial statement will be prepared according the project financial year for reporting to the Executive Committee, Annual General Meeting, Donors and other users. If necessary the organization may follow donors/Govt. financial year with the approval of executive committee for reporting to the donors/Govt. according to agreement/requirement

CHAPTER - 5

FUND MANAGEMENT

Fund Receipts Management

The organization receive fund from various source. The fund will be received and recorded according to under mentioned manner.

- a. The organization will receive its all fund from the donors according to agreement and other source of fund like local contributors, members subscription, donation, service charge and income against IGA etc will receive by issuing money receipts.
- b. Money receipts must be printed in a book form with pre-numbered. The cash section/Cashier will issue the Money Receipt. It will be written by carbon in three (3) copies. The original one for payer, second one will be attached with the credit voucher and the third one will be retained with the receipts book.
- c. All receipts will be recorded in the related documents like cash/ledger book, control ledger through preparing Credit Voucher under appropriate head of account. All Credit Voucher should be supported by money receipts and other related documents. The Credit Vouchers must be printed in a book form with pre-numbered.
- d. All received fund against NGOAB approval shall be deposited in the mother bank account at the earliest opportunity. On the other hand, all receipts shall be deposited, at the earliest opportunity, in the organizational appropriate bank account by filling the Pay-in-slips. These receipts should be recorded in the cash & ledger book and other books/register through preparing credit voucher.
- e. Upon receipt all documents against receipts, the Accountant will verify the relevant documents to justify the income. The Credit Voucher duly signed and approved by the authorized person.
- f. Funds are received by the Organization from different donors against different programs, after signing a letter of Agreement between the Donors and recipients authorized official. In the event the authorized official is not available to collect each installment cheque, the officer or staff member designated to collect cheque must have a letter signed by the authorized official, authorizing him/her to collect the cheque. Funds may be provided in one or more installment. Before releasing the funds, approval from NGOAB is required provided donation is received from foreign agencies. Funds received must be entered in receipt side of the Cash Book and deposited the same into interest bearing mother bank account .
- g. Service charges are realized from public against rendered service by organization, which shall be entered in receipt side of Cash Book.
- h. Interest earned on the amount of fund kept in the bank shall be treated as income and entered in the receipt side of the Cash Book.
- i. Income, which cannot be classified on any above group, shall be treated as Miscellaneous Income & entered in the receipt side of the Cash Book.

- j. Contributions from the members of the Organization shall be under this head and entered in the receipt side of the Cash Book.

Each receipt shall be acknowledged either through acknowledgment letter or a Money Receipt. Accounts section shall prepare receipt voucher for daily receipt of money & a copy of acknowledgment letter/money receipt shall be attached to receipt voucher and indicating its Head of Account according to Chart of Accounts.

Fund disbursement management

The organization disburse fund from various project fund for implementing program in scheduled time. The fund will be disbursed and recorded according to under mentioned manner:

- a. All payments against donor fund will be made according to their policy/manual through maintaining related documents like the payment vouchers/Debit Voucher, cashbook, ledger book, control ledger under appropriate head of accounts.
- b. All payment vouchers must be supported by the documentary evidence such as requisition/indent, quotation, comparative statement, purchase committee resolution, purchase order, challan, bill, cash memo, job completion certificate etc. and duly approved by the authorized personnel.
- c. Upon receipt a bill, the Accountant will verify the relevant documents to justify the payment and prepare a voucher to process the payment.
- d. Any payment shall be made against written request.
- e. Payment should be made by cheque when exceed TK. 5,000 (five thousand)

Authorization of expenditure

The authorized person will approve the any request for expenditure against any project fund. The debit voucher will approve by the appropriate authorized person. All supporting documents must be enclosed with the debit vouchers.

Before making any payments **AGROGOTI SANGSTHA** shall ensure that the bill or invoice is properly approved. Payment make to the vendors by A/C Payee cheque if it is exceed Tk. 5,000 (Five thousand), but if it is below Tk. 5,000 (Five thousand) payment may be made in cash.

CHAPTER -6

BUDGET AND BUDGETARY CONTROL

Budget

The importance of budget and budgetary control system of **AGROGOTI SANGSTHA** at all level highly emphasized. The organization will follow the following guidelines for preparing budget.

Budget committee

AGROGOTI SANGSTHA will form Budget Committee (BC) with the composition of Head Of Section (HOS) having Executive Director as its Chairperson. . Head of Finance/Accountant is to act as a Member-Secretary. The BC is responsible to endorse the Annual Budget of the Organisation prior to submit it to the Executive Committee (EC) for final approval.

Budget Sessions

HOS under each programme to submit their sectoral annual proposed budget to the BC as per the following calendar. The BC is to verify the same to see its rationality, justifications and consistency with the previous year's expenditure & income. However, the BC is also to see whether the proposed budget has been prepared according to plan, based on logical accuracy and available resources. If it is required, the BC is to amend the budget. When the budget is endorsed in the session, the Finance and Accounts Department is to compile all sectoral budget in form of sector-wise, programme-wise and organisation as a whole.

Setting goals

On an annual basis, or on some other frequency basis, Budget Committee is to set some important operational targets especially in respect of the followings:

- Number of new planed recruitment
- Training requirements human resource development
- Opening of new project.
- Administrative expenses (considering inflation rates).
- New/additional (temporary/trial basis) programmes.
- Major changes in facilities.

Once the EC approves the Annual Budget, each HOS will receive a printed copy of the budget of his/her own sector. Detailed Annual Budget is to be circulated by the Finance Section among the HOS only.

Budget Submission To Donors

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

entrusted to prepare this kind of budget.

Budget Submission to NGO Affairs Bureau

Having the Annual Budget approved, the Executive Director is to prepare narrative part and Head of Accountant is to prepare budgetary part with all relevant annexes of FD-6. Head of Accountant is then to compile the FD-6 and submit the same along with relevant documents to NGO Affairs Bureau for GOB approval/fund clearance in due time.

Budget Calendar

A budget calendar is to be followed for accomplishing various steps involved in the process of budget preparation in a way that annual budgets are invariably finalised, approves and distributed before the budget year. A model budget calendar follows:

| Job SI No. | Job sequence | budget year |
|-------------------|--|--------------------|
| 1. | Formulation of assumptions and discussions there on by AGROGOTI SANGSTHA Budget Committee. | |
| 2. | Programme Review Workshop for discussing changes in operational planning. | |
| 3. | Preparation of Annual Budget by HOS | |
| 4. | 1 st Budget sessions with HOS and BC | |
| 5. | Compiling and editing of collected budget information/data. | |
| 6. | Preparation of final draft budget. | |
| 7. | 2 nd Budget Session among HOS i.e. BC to oversee the global budget of the organisation as well as making amendments, if required. | |
| 8. | Placement of draft budget before AGROGOTI SANGSTHA'S EC for approval. | |
| 9. | Budget review meeting with existing donors | |
| 10. | Submission of approved budget to existing donors/partners. | |
| 11. | Obtaining of letter of commitment from donors. | |
| 12. | Submission of Budget to NGO Affairs Bureau | |

Budgetary Control

The importance of budget and budgetary control system of AGROGOTI SANGSTHA at all level highly emphasized. The organization will follow the following guidelines for budgetary control systems.

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

Revision of budget

It is important that all expenditures, irrespective of capital or revenue in nature, are to be kept within the budgeted allocation. However, circumstances occasionally may necessitate revision of original estimates to bring them in line with current condition. Full particulars are therefore be furnished by the HOS when requesting

modifications of individual code-wise sanctioned budget estimates.

Budget analysis and monitoring

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

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

Program Coordinator will control the expenditure volume within the limit of the budgeted allocation. Prior written justification will be required from the Program Coordinator for over expenditure up to 5% against approved sub-head of the budget excluding salary and rent. In no case the total amount of over expenditure in a fiscal year for any budget head should not exceed more than 15% of the total allocation approved for the year.

Prior written permission will be required from the Donor or Executive Committee for over expenditure exceeding 15% under approved sub-head excluding salary and rent. Prior written permission will be required from the Donor or Executive Committee for any emergency expenditure outside the head of expenses of the approved budget. A budget comparison report showing the budgeted allocation and actual expenditure there against must be prepared by the Accounts Section within the 1st week of the month.

A budget line can be changed with the joint discretion of Executive Director and Finance Section Chief unless, otherwise, restricted by the donor.

However, the Executive Director has the exclusive right to add or subtract budgeted allocation depending upon the quantum of fund available with the organisation.

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

Expenditure Plan

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

CHAPTER-7 TRANSECTION RECORDING PROCEDURES

In Cash Book

The Accountant will make record of all the vouchers of all kinds of receipts and payments into the cash book and will compute the daily closing balance of cash in hand and cash at bank by the following techniques. The techniques are:

- All receipts and payments vouchers should be posted to the cash book and totaled daily, with daily bank and cash balance extracted.
- When cash book is totaled and the cash balance extracted, it should then be signed on a daily basis by the Accountant.
- A specimen of a cash book shown in **Annex-**. The cash book should be printed on both pages and bound in a book form for durability and for serving the purpose of a permanent record.
- Daily transactions (receipts and payments by individual vouchers) should be posted to the Ledger Book, indicating the ledger folio in the cash book and corresponding cash book folio in the ledger book for cross reference.

In Ledger Book

All entries in the payment side of the Cash Book, shall be posted to the debit column of the respective accounts in the Ledger Book (**Annex-**). The entries in Receipts side of Cash Book shall be posted to the credit side of the respective accounts in the Ledger Book on regular basis. The second source of the ledger postings will be the journal vouchers. The ledger shall be balanced weekly/ monthly.

Passing Adjusting Journal and Closing entries

The adjustment entries for stores, overhead, advances, prepayments, outstanding expenses, accrued income and depreciation shall be made at the end of each month/quarter/half year (as and when required) through journal vouchers (**Annex-**). For such adjustment the Subsidiary and General Ledger accounts will affect.

All rectification, transfers and adjustments and non-cash transactions are to be processed through journal voucher.

The adjusting journals will be prepared by the accounts personnel and duly certified by the Head of Accounts and approved by the Executive Director or delegated authority likewise all other debit and credit vouchers. The journal vouchers will be filled in a chronological order.

Voucher Preparation

Voucher is the primary source of information to the accounting process. Vouchers are prepared on the basis of invoice or memorandum that serves as evidence of a transaction. As soon as cash transaction is completed, it has to be recorded in cash Journal. To record the cash and bank transactions, it is the primary and main evidence of processing transactions of **AGROGOTI SANGSTHA**. Usually, Vouchers are of three types :

Types of Vouchers:

1. Credit Voucher
2. Debit Voucher
3. Journal Voucher

1. Credit Voucher

In case of cash / bank receipt, credit voucher will be prepared. The format of credit voucher should be followed as **Annex-**

2. Debit Voucher

In case of cash/bank expenses, or payment, it has to be recorded through debit voucher. The format of debit voucher should be followed as **Annex-**

3. Journal Voucher

Journal voucher should be prepared in the following cases:

- Accounting entry made at the end of an accounting period to bring accounts up to date on an accrual basis of accounting system.
- Rectify a previous entry

The format of Journal voucher should be followed as **Annex-**

Instructions to write up Vouchers

Step-1: Put voucher number

Step-2 Write date of transaction record

Step-3: Mention nature of transaction (Dr./Cr.)

Step-4: Mention head of account

Step-5: Mention Cost Center or project name

Step-6: Mention debit amount

Step-7: Mention Credit amount

Step-8 Mention totaled amount in numeric figure

Step-9: Write amount in word

Step-10: Write cause of transition

Step-11: Signed by the persons who received by, prepared by, checked by and approved by.

Writing techniques of Cash Book

Cash Book has two sides for recording of cash journals - credit journal will be recorded in "Receipt" side and debit journal will be recorded in "Payment" side. Format is same for recording in both sides (credit and debit).

Ste-1: write down the date in date column of Cash Book. This will be the date of debit and credit journals date and sequence of writing up the date is always be maintained accurately.

Step-2: Voucher number from cash journal of debit and credit will be write down so correctly to attained the goal of internal check and control.

Step-3: Particulars column will be recorded as the details of nature of expenses. Accounts Head and accounts Code column will be recorded similar to the accounts head and accounts code that are write down in cash journal very carefully and attentively.

Step-4: Ledger folio number may always be put down for easy detection and verification of particular recording of cash journal.

Step-5: Write down the amount of Taka separately for cash payment and receipt in cash column and for bank payment and receipt in bank column.

Step-6: The Taka amount in columns of cash and bank of receipt side will be totaled separately. In this case, always put the balance amount of previous day in top of the pages in receipt side as opening.

Step-7: These totaled amount will then write in payment side in same parallel line of cash and bank column respectively.

Step-9: Then totaled the figure in payment side of cash and bank columns respectively.

Step-10: Then, balance amount after deducting total deducting total payments from total Taka will be recorded.

Step-11: Finally, Accountant/ Accounts officer will sign the Cash Book after detail checking and verification of vouchers posting and balancing with the close of every days recording.

Procedures of recording of Ledger Book

The Ledger Book is the control book to summaries the all financial transactions (cash items and non-cash items transactions) of MJ-PO in accounts head and accounts code wise for easy preparation of financial statements. Recording of all the daily expenses and income transactions will be made in the Ledger Book. All transactions in cash Book and through Journal vouchers will have to be recorded in Ledger Book under different accounting heads and codes. The format of a Ledger Book is given in **Annex-** . The process of transaction posting in the ledger book are as follows:

Step-1: Write the accounts head/accounts code in top of the Ledger Book

Step-2: Mention budgeted amount against each head of account.

Step-3: Mention financial year in each ledger page, mentioned in format.

Step-4: Put the correct date from Cash Book and journal vouchers .

Step-5: Put the cash book folio number while recording the cash transactions and put the journal voucher number while recording the non-cash transactions.

Step-6: In debit and credit column Taka amount will be recorded as per accounts head/code debit & credit basis from cash and Journal voucher.

Step-7: Balance amount will be find out by balancing debit & credit figure in line by line.

Step-8: Finally after balancing, the marking of debit and credit will be put down accurately and signed the sheets who prepare it.

CHAPTER - 8

MAINTENANCE OF ACCOUNTING REGISTERS

The accounts related register is most important for recording financial transactions which is treated as documentary evidence of financial transactions. The MJ-PO Accounts personnel shall maintain the following registers for recording the financial transactions and its related information. The registers is described follows in brief.

Fixed Assets Register

All fixed assets acquired shall be recorded in Fixed Assets Register (**Annex-**). The fixed assets shall be physically verified at the end of each half year and results should be reconciled with the fixed assets register and short/excess, if any, shall be adjusted in the books of accounts. Sold, disposed of any damaged asset must be recorded in the appropriate column of the Register. Depreciation on fixed assets will be recorded in the fixed assets register in appropriate column.

Movement Register

Movements of **AGROGOTI SANGSTHA** staff shall be recorded in this register. The information about date of departure, arrival, destination, staying time, Mode of transport , purpose , remarks, etc. will be recorded in this register. [**Annex - 4.3**]

Salary Register & Salary Sheet

AGROGOTI SANGSTHA shall maintain a register for recording staff salary payment (**Annex**). It contains salary recipients name, designation, number of working days, basic salary, House rent, Medical allowance, transport allowance, income tax, salary deduction etc. information.

Attendance Register

AGROGOTI SANGSTHA shall maintain an Attendance register for the staff member, which contains information of office staff attendance. Salary payment calculation will be done on the basis attendance.

Store Register

All stores shall be recorded in Stores Register (**Annex-**) which would contain information about quantity, price, date of receiving and date of issuing, in quantity, name of recipient and source of materials , along with a separate column for total receive, total issue and total balances of materials and signature of recipient.

Loan & Advance Register

A register **Annex** shall have to be maintained to record Loans & Advances given to Employees. It contains in formations about nature of advances, installment and mode of adjustments, date of granting loans and advances with probable date of complete adjustments.

Cheque Issuing Registers

This register **Annex-** to be maintained by the **AGROGOTI SANGSTHA** for recording issued cheque information. It contains date of issue, cheque number, amount, project name, organizations etc, information.

Log Book

AGROGOTI SANGSTHA should maintain a Log book **Annex-** for recording of the driven hours, departure, arrival, etc. information. It should be prepared for checking the mileage, fuel

consumption which must be needed for controlling fuel bills. Separate log book will maintain for the separate vehicle and the approval person for the vehicle will maintain the log book.

General Instruction

The above-mentioned forms, books of accounts and registers are important documents. **AGROGOTI SANGSTHA** must pay special attention to the said documents for proper documentations as well as pay attentions for avoiding deletion, over writing or tearing of page etc. If any entry in the said documents found to be erroneous, then initials should be given after inserting correct date deleting the previous one. Eraser, vanishing liquid/fluid should never be used to rectify a wrong entry.

CHAPTER - 9

FINANCIAL REPORTING SYSTEM

At the end of each month Accountant shall prepare and submit monthly financial report to the management and donors. At the end of the fiscal year Accountant shall prepare the Annual Financial Report and submit it to the Executive Director. The Financial Report shall include the following steps:

Trial Balance

The ledger accounts shall be balanced monthly and the trial balance will be prepared by the balance of ledger account balance for each project/fund of **AGROGOTI SANGSTHA** for ensuring arithmetical accuracy of the entries made in the Cash Book and Ledgers Accounts.

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

Receipts and Payments Account

- At the end of each month Project-wise & Fund-wise Receipts & Payment Account shall be prepared on the basis of all receipts and all payments relating to each of the projects.
- A Consolidated Receipts & Payments Account for any project shall be prepared at the end of each month, showing budget and cumulative figures of each of the budget line items.
- At the time of preparing the above account the closing balance of the previous month/year should be transferred as opening balance.

The receipts and payments account will reflect the summation of all receipts and payments transacted during the reporting period irrespective of its nature whether revenue or capital and irrespective of the transaction related period whether current year or preceding year.

Income and Expenditure Account

This account Project-wise and Fund-wise is prepared to ascertain the Excess of Income over Expenditure or the Excess of Expenditure over Income on monthly/quarterly/yearly basis.

- All the Revenue receipts should be treated as Income and all the revenue payments should be treated as expenditures.
- Payments against advance or prepayments and the capital expenses should not be included in this account. This type of expenses should be treated as items to be shown in the Balance sheet.
- The surplus or deficit as shown by this account shall be transferred to the Balance Sheet as Capital Fund.
- The depreciation charges relating fixed assets and the bad debts will be shown in the Income & Expenditure Account.

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

paid or not.(*The receipts and payment account will reflect the summation of all revenue nature of expenditure during the reporting period*) .

The Balance Sheet

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

- The Balance Sheet shall have to be prepared on the basis of the Trial balance and the adjustment entries of the projects of organization.
- The Excess of Income over Expenditure [surplus] or the Excess of Expenditure over Income [deficit] is to be adjusted against capital fund in the Balance Sheet.
- The ultimate effects of the adjustments relating to advances, prepayments and outstanding expenses and depreciation shall be shown in the Balance Sheet.
- The details of Fixed Assets should be shown either in a schedule to be annexed with the Balance Sheet.

CHAPTER - 10

INTERNAL CONTROL SYSTEM & AUDIT

Internal Check System

The internal control system is the most important for an organization to control its expenditure as well as to maintain accuracy of accounts. The accounts internally checked for minimizing the possibility of fraud or irregularities or misappropriation of fund. The person will conduct internal audit who is not involve with handling cash, transaction recording, voucher preparation, fund receive and disbursement.

Payment Management

All bills received shall be duly checked by Accounts with relevant documents such as cash memo, chalan, purchase order, materials receiving reports, indent etc. No payment shall be made without the prior approval of the Executive Director . The bills and the invoice for payment shall be canceled by affixing the stamp "PAID" and shall be dated. All payments must have the supporting documents in original as its attachments. All payments shall be record in Cash Book and other relevant documents. Payment should be made within the budgeted amount. Payments voucher should be prepare correctly and it must be signed by the person who prepare, checked , received and approved.

Before making payment either in cash or cheque, person responsible to make the payment is to be ensured that payment vouchers have been prepared, checked and approved.

Adjustments against advance for TA/DA shall be made within seven (3) days after completion of tour. Expenses incurred against the advance taken shall be adjusted subsequently & approved as per accounting procedure. No further advance will be made unless the previous advance is adjusted.

Accounting offices shall keep the payment vouchers in chronological order. Each financial year shall maintain a serial number beginning from 01. Accounting office shall file the vouching along with all the supporting document. All vouchers and supporting documents shall be preserved for a minimum period of ten years.

Payment Of Salaries

Payment of salaries of AGROGOTI SANGSTHA employee shall be made through bank transfer advice. Each employee shall open a bank account in his/her own name preferably with the same bank where AGROGOTI SANGSTHA maintains its account.

Payment of salaries of local and abroad volunteer under 5000/= taka will pay through cash. AGROGOTI SANGSTHA will maintain other documents properly for the payment.

Accounting office shall issue a cheque for total amount of monthly salary payable to the employees and advise the Bank along with salary payment sheet to credit the individual account of each employee with the amount written against each individual. Prior approval of the Executive Director shall be required in cases where salaries are paid in cash to any individual. The Accounting offices shall maintain a salary register, which shall be prepared in every month.

Salary register contained the following in formations:

- a. Name and designation
- b. Number of working days - as per attendance register

- c. Increment, Promotion, Suspension, Transfer order/instruction.
- d. Leave without pay - as per leave register
- e. Other deduction like Advance, Tax etc.
- f. Individual page for each employee in the register
- g. Signature column for each employee in the register.

Employees serving in the organization who has been confirmed in the service, may apply for loan against salary not exceeding one month salary refundable from salary on installment basis as approved by Executive Director. Unless previous loan is fully adjusted or refunded no additional loaned will be sanctioned.

All the staff members working at different offices of **AGROGOTI SANGSTHA** will be paid their salaries at the last working day of a month. So, Bank advice for salary will be made/prepared by the accounts before this day and there will be an instruction to the bank that the payment will not be allowed before the above mentioned date.

Cancellation of cheques

If any cheque issued but not presented for collection by the payee within six month from the date of issue, the bank shall be intimated in writing to cancel the cheque. Accordingly, the accounts department shall give reversal entry in the cash book and keep a note in the Bank reconciliation statement.

Any loss or theft of the cheque/cheque book must be informed to the concerned bank management at earliest possible time.

Canceled Cheques

The word "**CANCELED**" shall be written in the counterfoil as well as on the face of the cheque when a cheque is required to be canceled. This information should be recorded in the cheque issue register.

Cheque Issue Register

Cheque Issue Register shall be maintained for each issued cheque in a book in the prescribed manner shown in the **Annex-**

Payment from Bank

Any payment exceeding Taka 5,000 (Five thousand) must be made through an account payee cheque and payment less than Tk. 5,000 (Five Thousand) may be made by cash from the cash in hand. If need to pay in cash more than Taka 5,000 (five Thousand) it can be done only after getting approval for cash payment.

At the remote area where the Bank Account is not available, there the vendor or other will submit an application to office to pay by hand cash and office will take decision for the transaction.

Withdrawal of Liquid Cash from Bank Account

For withdrawal of money (Liquid Cash) from the bank account for working cash or for any operational expenses, money requisition must approved by Executive Director or delegated authority. Petty cash will not exceed the limitation of Tk. 10,000 (Ten thousand) for revolving cash fund.

Bank statement and Bank Certificate

Collection of monthly bank statements along with Bank Certificates confirming bank balances on monthly basis and relevant advice from bank shall be the responsibility of Accounts Department.

Bank Reconciliation Statement

After receiving the monthly bank statement, the bank balance shown in that statement as of last day of the month must be reconciled with the balance shown in the cash book on the same day by preparing a bank reconciliation statement. The accountant will prepare the bank reconciliation statement and it should approve by the Executive Director.

The bank charge or interest detected to be not incorporated earlier in the cash book should be entered in the cash book by preparing a voucher to this effect.

Any deposit/interest, payment or cheques not record in the bank accounts or Bank Statement shall be reconciled by adding or deducting from the closing balance as shown by the Bank Statement.

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

Any difference should be thoroughly checked and investigated with the bank.

Follow the **Annex** for preparing bank reconciliation statement.

Ordering of New Cheque book

Respective accountant shall initiate for ordering new cheque book when the cheque leaf reaches the order should attached with the cheque book. While receiving new cheque book respective accountant shall count the cheque leaf and satisfy himself that the numbers of cheque leaves are found in order.

Safety to cheque books

Accounts Department shall be the custodian of cheque book and shall ensure that cheque books are preserved safety.

Fundamental Rules of Accounts

- All vouchers (Debit/Credit) must supported by necessary documents viz. indent, memo, requisition etc.
- All payments will be made by cheque when exceed Tk. 5,000/- (five thousand).
- Neither a blank nor a bearer cheque should ever be signed by the organization.
- The cheque must bear the name of the payee, date of issue, amount in both figures and words.
- While signing the cheque, an initial should be given on the counter-part of the cheque where the cheque particulars will be recorded in a condensed manner.
- The cheque books should always be kept under lock and key under safe custody of the Head of the Accounts Department.
- Cancelled cheque should be retained with the cheque book and corners thereof torn off as a measure of safeguarding against any misuse, in future.
- When disbursing fund, Accountant should obtain the signature of the payee or his/her authorized representative, acknowledgment receipt of cheque or cash as the case may be.
- After payment, all supporting vouchers or documents must be canceled by affixing a rubber stamp worded "PAID" to minimize the risk of a double payment subsequently being made by mistake or manipulation.
- When authorized bank signatory transferred or live in abroad for attaining higher training or separated from the **AGROGOTI SANGSTHA**, it is necessary to notify in written form to the bank to delete or inactive his/her name from the authorized

signatories list.

- A cheque signatory must not prepare cheque and vouchers
- Bank statement, bank balance confirmation certificate, bank reconciliation certificate, cash reconciliation certificate, and other necessary documents should be enclosed with financial statement.
- Cash receipts and Payment should be restricted.
- Cash can be received or paid after completion documentation process.
- The cash payment will not exceed the limit of Taka 5,000 (five Thousand) for a single transaction. An exception to this restriction may be considered only under a special situation or at the request the reasons from the supplier and subject to the approval of the Executive Director.
- The Petty cash fund must be kept under lock and key. It must be kept in a safe & secured place.
- All payments should be made after approval from the appropriate approval authority.
- PAID seal should be stamped on the bills and supporting documents.
- The recipient must sign on the appropriate documents while receive any payments.
- There should be adequate documents against every disbursement
- All petty cash payments should be recorded in the petty cash book.
- Petty cash book should be up-dated on daily basis.
- Petty cash balance should not exceed the approved limit.
- The physical cash should be counted daily basis at the end of the working day and documented the same daily.
- All cash receipts must be deposited in the bank account as soon as possible immediately after receipt cash. If not possible for any valid reason, that must be deposited into bank account by following working day.
- Other than the employee who keeps the records regularly should review the records periodically and randomly.

Cash should be kept in safety place under lock and key. Key must be kept with cash responsible person.

Audit of Accounts - External Audit

The annual accounts of the **AGROGOTI SANGSTHA** shall be audited by NGOAB registered auditing firms for each fiscal year in accordance with the rules and regulation of NGOAB. The auditors will be appointed according to Terms of Reference (TOR). The management of **AGROGOTI SANGSTHA** will develop a TOR before appointing the auditors on which basis the auditor will audit the accounts and prepare audit reports. Audit firm must have NGOAB registration. Accounts report and management report will be prepared separately. FD-4 will be included in the audit report. The **AGROGOTI SANGSTHA** in Annual General Meeting must approve the audit firm.

Internal Audit

The internal audit department will work independently and should be reported to the Executive Director directly. They will constantly review the all activities of all projects and funds.

To safe guard the accounting system from frequent mistakes, frauds and misappropriations, the internal audit is needed as follows -

- a. Keep constant watch on records of financial transaction and to safeguard the organization from fraud and flaws.
- b. Keep updated accounts of the programs/projects

- c. To establish strong financial discipline in the organization
- d. To enable and aware the accounts personnel to perform their duties with earnest sincerity and efficiently.

Physical Inventory Counting and Checking

AGROGOTI SANGSTHA shall follow the under noted steps in verifying/checking the validity of all the assets at its disposal.

- a. A Committee formed comprising two (2) members by the ED for physical inventory counting and checking. Accountant shall serve as a conveyer. The said committee shall do said jobs once in each year.
- b. Committee shall examine all of the assets in light of the lists prepared by Accounts section.
- c. The committee shall submit the report within stipulated date and time.
- d. Required adjustment of any inconsistency shall be made having approval from the Executive Director or delegated authority.

CHAPTER - 11 CASH MANAGEMENT

Cash control

The **AGROGOTI SANGSTHA** management follows the following system/steps for controlling cash with the objectives to avoid misappropriations of cash. The system/steps are:

Step-1:

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

Step-2:

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

Step-3:

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

Petty Cash Management

The cashier will maintain a revolving fund for an amount of Taka 10,000 (Ten thousand) to defray the emergency expenses. The limit of amount for each transaction is Taka 1,000 (one thousand) from this fund individually. The cashier will disburse the amount after getting ED's approval. Replenishment request (**As per Annex-**) should be processed when 80% exhausted of the said Tk. 10,000 (i.e. Taka 8,000) . A short period expenses like conveyance, entertainment, postage, telephone bill, gas bill, electricity bill, etc. can be allowed to from this fund

Duration Of Cash Transaction

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

Closing of Accounts

Each day, all cash receipts and payments shall be entered into the Cash Book and it should be closed daily. After closing the cash the Head of Accounts will check the cash book and put his /her signature.

Verification of Cash

The executive director shall verify the cash balance and verify the Cash Book in presence of head of accounts at the end of each month and signed by them.

Daily Cash Holding Limit

Required cash may be drawn from the bank on requisition [**Annex-**]. The cashier may hold liquid cash up to Tk. 10,000 (ten thousand). Excess of said amount should be deposited to bank.

Cash Scroll

At the end of each day after making all transactions cashier shall count the cash physically, make denomination, record on a cash reconciliation statement [**Annex-**] and shall confirm the balance with the Cash Book .

Cash Security

Organization should use vehicle While carrying cash from the bank and one security guard/office staff shall have to be provided. **AGROGOTI SANGSTHA** should arrange for insurance to cover the risk of carrying cash.

CHAPTER - 12

PURCHASE PROCEDURE

Purchase Procedure

All procurement must be on fair, competitive basis and a competitive price be made for goods and service. To ensure fair and competitive price, offers should be made to genuine dealers or suppliers through tender or quotation. The following procedure for purchasing are to be followed:

- a. There shall be a purchase committee (PC) to be constituted by the Executive Director for doing purchase related activities. The committee may be consisted of 3-5 members.
- b. This includes fixed assets, routine purchase, casual purchase etc. Administrative Department shall send request to different section to send their requisition for purchase of bulk item.
- c. After carefully scrutiny of the requisitions submitted by different section, Admin. Dept. shall prepare indent and send the same to purchase committee for reviewing if purchase cost value exceeds Taka 5,000 (Five thousand).
- d. Purchase Committee shall review the indent and send back to Admin. Sect.. for inviting Tender/Quotation /Offer. Admin. Dept. shall invite Quotation/Offer from the bonafied supplier/dealer giving the specification, quantity and stipulated delivery period.
- e. In case of quotation/tender purchase, at least three (3) quotation/tender will have to be collected by the admin section.
- f. Admin. Dept. shall prepare a Comparative Statement for submitting to the Purchase Committee.
- g. The purchase committee shall reserve the right to accept or reject any or all quotation/tenders with proper justification.
- h. Purchase Committee shall verify the quotation and the Comparative Statement and then recommend to Executive Director for approval.
- i. Once a vendor is selected, admin. section shall issue the work order to supplier and copies of such work order shall be sent to Stores & Accounts Department. Stores shall receive the goods, if delivered within the stipulated time and according to specification.
- j. Other than that bulk purchase (Annual/Half Yearly/Quarterly) all requisitions for regular weekly purchase shall have to be submitted by different Section to Admin. Dept. one in a week.
- k. After examination, the accounts department shall review the same and forward to Executive Director for approval. After approval accounts department shall arrange for payments.
- l. Admin. Dept. directly can purchase up to Taka 5,000 (Five Thousand) without the approval of Purchase Committee. In this case, Admin. Dept. shall purchase the goods

from the market by a survey to ascertain the prevailing competitive pricing. Cash payment may be made for this category of purchase.

- n. Payment to the supplier against their bills shall be made by Account Payee cheque only.
- o. All papers and documents with regard to purchase like requisitions, indent, quotation/tender, comparative statement, challan/bill, money receipt, purchase order, material receiving report (MRR) shall be made available with the payment vouchers.
- p. Before making the payment to the suppliers against their bill Accounts shall check the bill, material-receiving report, purchase order. All kinds of purchase must be within the approved budget.
- q. While rewarding a purchase order against the available bids, the consideration should equally be emphasized on price and quality. The price can be negotiated, but the quality can not be compromised at any circumstance.
- r. For any discrepancies or error, Accounts will bring these to the notice of Admin. Dept and management authority.
- s. If the purchase volume exceeds Taka 5,001 but not more than Taka 20,000, purchase will be made through collecting spot quotations, at least from three sources, to justify the market and those quotations need to be preserved with the relevant accounting record.
- t. If purchase volume involves more Taka 20,001 but not exceeding Taka 200,000, purchase will be made through circulating sealed tender notice to the selected suppliers .
- u. If purchase volume involves more than Taka 200,000, purchase will be made through sealed quotation inviting by local/national newspaper and circulation in the notice board.

The summary of purchase procedures mentioned below:

| Amount | Source | Quotation | Mode of procurements |
|---------------------|-----------------------------------|-----------|---|
| Up to Tk. 5,000 | Open market / Enlisted Vendors | None | Direct purchase by Admin. Sec./Designated person |
| Tk. 5,001-20,000 | Open market / Enlisted Vendors | Three (3) | Direct purchase by Admin. Sec./Designated person |
| Tk. 20,001-2,00,000 | Open market / Enlisted Vendors | Three (3) | Direct purchase by Admin. Sec./Designated person |
| Above Tk. 2,00,000 | Open market / Enlisted Vendors | Three (3) | Direct purchase by Admin. Sec./Designated person |

Purchase Order

An authorized officer shall prepare the Purchase Order for procurement of goods or a contract for services. Purchase order should include the following conditions:

- Vendors/Suppliers should have a trade license
- Vendors/Suppliers should have Bank Account
- Payment to be made in the name of business firm

- All materials shall be supplied as per order.
- All materials shall have to be supplied within the stipulated time.
- Damaged or inferior quality or not as per specification of the order shall not be received.
- Short in quantity of material shall not be received.
- Payment will be made through A/C payee cheque.
- Printed bills along with the Challan shall have to be submitted to the office.
- Money Receipt to be submitted when the bill is paid.

Procurement plan

AGROGOTI SANGSTHA should have a procurement plan. All purchase will be done according to procurement plan except routine purchase which done for daily to day. This plan should be prepared on the basis of approved budget. It may approve by the Executive Director, if necessary it may revised due to change of budget and work plan.

Pre- Conditions of Vendor/Suppliers Selection

Procurement of goods and services shall be made from reliable vendors/suppliers to ensure the supply of goods and services in time and at a competitive price. A supplier or vendor can be selected after fulfilling the following conditions. It should be a:

- Bonafied business firm
- Duly registered with income tax authority or VAT authority
- Valid trade license holder
- Not blacklisted before by any organization
- Past records and performance satisfactory.

Mode of Payments

Payment should be made through A/C Payee cheque against the above procurement of goods or services. If it is less than Tk. 5000 (Five thousand), it may pay in cash. Cash payment should be restricted as much as possible.

CHAPTER - 13

STORE MANAGEMENT

The store should be placed in a safe space and it should be kept in a place under lock and key. A good store management system ensures proper use of materials and saves wastage of materials, keeps proper record of materials. Stores Keeper shall be responsible to maintain Store Register, where all receipts & issues of materials shall be recorded.

Receiving procedure

- Store keeper shall verify the materials on the basis of Purchase Order.
- All store item must be recorded by the store keeper in the stock register immediately after receipt with quantity and price.
- Store keeper shall send a copy of delivery Chalan along with Purchase Order to the accounts section for preparing verification and payments.

Issuing Procedure

Store item should be issued by the store keeper to authorized staff against individual requisition.

All issued item must be recorded in the stock register with quantity and price.

Store item recipient must put signature in stock register and submitted requisition with mentioned received items.

Stores should be in such a place where access of unauthorized personnel is restricted.

Costing Method for valuation of stock

AGROGOTI SANGSTHA will follow the average costing method against issuing store items in all cases for maintaining uniformity store accounting system.

Sales Return Recording Procedures

Some times sold products return by the customers. In this case organization will follow the above mentioned receiving procedures.

Store Item Reconciliation

Physically found balances of store items should be reconciled with the balances lying in the stock register at the of each financial reporting time or end of the organizational fiscal period. Any excess or shortage will be adjusted in the accounts after taking approval from the Executive Director or appropriate authority and stock register balances will be adjusted accordingly.

CHAPTER - 14

COMPENSATION PACKAGE

Basic Salary

Since **AGROGOTI SANGSTHA** has no own fund to pay staff salary. Organization depends on donor fund. It has to manage fund from different donors against projects. Organization will pay basics salary on the basis of donor approved project fund as a package deal as benefit provided in staff compensation plan.

House Rent Allowance

All employees of **AGROGOTI SANGSTHA** shall be paid monthly house rent allowance in addition to basic pay according staff compensation plan .

Transport and Daily Allowance

All employees of **AGROGOTI SANGSTHA** shall be paid a conveyance and daily allowance as per compensation plan which approved by the donor or as prescribed by management [As per Service Rule].

Medical Allowance

All employees of the organization shall be paid a monthly medical allowance which include in the gross salary as part of compensation plan of **AGROGOTI SANGSTHA** . If any accident occur during official duty and if a staff is injured and hospitalized due to other severe disease, **AGROGOTI SANGSTHA** may bear 50% of medical expenses subject to the availability of fund and approval of Executive Director .

Annual Increment

Generally annual increment shall be given to an employee according to subject to availability of fund. Salary increments will be done based on performance and are not automatic. In case of promotion to next grade, normal annual increment shall fall due on anniversary of promotion. This annual increment is subject to the availability of fund. Receipt of warning letter may result in loss of annual increment.

Bonus

An employee of **AGROGOTI SANGSTHA** , who has completed a minimum of twelve months of his service, is entitled to one bonus equivalent to one month gross salary on the occasion of festival . This clause is not applicable for the project staff. Project staff will get bonus according to project budget allocation. This bonus payment is subject to the availability of fund.

Provident Fund

Every confirmed employee may contribute to the **AGROGOTI SANGSTHA** Provident Fund as the rate of 10% (Ten percent) of his/her basic salary pay per month from the date of confirmation of service. **AGROGOTI SANGSTHA** will contribute the equal amount every month for each contributing employee to the fund. This provident fund is subject to the availability of fund.

The Provident Fund will operate by a committee though another bank account and organization will develop a separate guideline to control the provident fund smoothly.

Gratuity

After completion of one year service a **AGROGOTI SANGSTHA** employee entitled to get

gratuity one months basic salary. The gratuity shall be paid as per the last pay drawn. **AGROGOTI SANGSTHA** should maintain a separate bank account for gratuity fund. The gratuity shall be paid to an employee only when he leaves **AGROGOTI SANGSTHA** . The management reserves the right to withhold payment of gratuity to an employee whose services are terminated for disciplinary reasons. This gratuity is subject to the availability of fund.

Insurance

AGROGOTI SANGSTHA will pay insurance for those employees/staff who traveling in the projects area. This insurance is subject to the availability of fund.

Unauthorized Leave

Any authorized leave or absent treated as without pay leave which will be deducted from the salary as per service rules.

Income Tax

Income Tax shall be borne by the concerned employee in accordance with the current Income Tax Ordinance. **AGROGOTI SANGSTHA** Accounts section will make assessment and deduct amount from individual staff during salary payment in every month, which will be submitted to the Tax Authority through Treasury Chalan in the Bangladesh Bank. **AGROGOTI SANGSTHA** management may allow accounts section to consult with professionals.

CHAPTER- 15

LOAN AND ADVANCE MANAGEMENT

Loan

A Employee can apply for loan against salary who have confirmed his/her service. It should not exceeding one month salary. The will be refundable on installment basis as approved by Executive Director. Unless previous loan is fully adjusted or refunded no additional loaned will be sanctioned. This loan/advance is subject to the availability of fund.

Advance payment

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

Advance adjustment

Any advance to staff members may be made on specific requirement with the written approval of the Executive Director. It must be adjusted within 15 days of completion of the requirement.

Previous unadjusted advance (if any) will be adjusted with the next advance payments or with the next salary payment. Travel dues will paid after submission of visit report

CHAPTER- 16

OTHER ISSUES

Vehicle Management

All the vehicles of the organization shall be controlled and supervised by the admin in-charge who shall be responsible for proper usage, maintenance and safety of the vehicles. Admin. In charge shall be responsible to ensure Log Book maintenance, recording of the driven hours, mileage, fuel consumption etc. which must be needed for control fuel consumptions.

Micro credit Accounts Management

AGROGOTI SANGSTHA operates a micro credit and savings management program through their working areas beneficiaries. The micro credit program operation policy is discussed and narrated in details in the Micro Credit Management and Saving Management Manual as separate documents of the organization.

Amendments of Accounting codes

The accounting codes should be arranged in that manner if necessary it can be changed or expanded. Some codes are allocated for existing accounts heads and some planned to allocated in future under recurring expenditures and incomes which are not yet attached to any specific item. In the case of new project will need to consider new code addition for future use against new project income and expenditure items .

Depreciation:

The organization will follow the reducing method of depreciation according to under mentioned rate.

- | | | |
|----|-----------|-----|
| 1. | Furniture | 10% |
| 2. | Computer | 15% |
| 3. | Fan | 10% |
| 4. | Equipment | 20% |

Computerized Accounting system

If **AGROGOTI SANGSTHA** maintain computerized accounting system, all format of this manual may not be followed by the organization. But must follow the financial policy related matters.

Preservation of Financial Documents

All financial documents like, Cash book, ledger book, vouchers, registers, all accounts related books of accounts/documents, agreement, letter of commitment, approval letter and statements etc. will keep by the finance department in a safe custody under lock and key.

All financial documents shall be preserved at least ten years. Documents may be destroyed after getting approval from the Executive Committee . One committee may formed for recommendation made to the Executive Committee for said purpose.

Bad Debts

Since the Agrogoti Sangstha implementing Micro Credit Program/IGA, some times it is not possible to recover the distributed credit due to unavoidable circumstances or natural disaster or the beneficiaries left the working area, in this case the un-recovered loan can be adjust as bad debts with the approval of Executive Committee.

Amendment

Any amendment, alteration, addition or deletion of any provision(s) contained herein or any

attachment to this manual, it must be approved by the Executive Committee of AGROGOTI SANGSTHA .

It may be noted that, Rigidity in financial management will enforce an effective accounting administration and a strong financial discipline in the organization. The management, therefore, should be cautious before considering any change in this manual.

CHAPTER- 17

FINANCIAL IMPLICATION OF GENDER POLICY

Maternity leave and supplementary support

AGROGOTI SANGSTHA should be employed a staff during maternity leave as contractual basis or give additional responsibility to the existing staff with the objectives to release from tension and safe birth. Under the above circumstance if management hire a person who work during maternity leave on contractual basis. She/he will get financial benefit which indicating financial implications of the gender policy. On the other hand the existing staff will get financial benefit who will take additional responsibilities for doing her job during the said leave, she/he will get financial benefit which indicating financial implications of the gender policy. In case of emergency, she shall be allowed to take loan or advance from office against her salary for meeting up pregnancy/delivery cost subject to the management approval. This clause will applicable to male staff also for his wife's pregnancy/delivery time subject to the management approval. A women may get maternity leave two times in her job life for 3 month on pay and at the fourth month she will get two hours break in every working day . The man also get paternity leave two times on pay in his job life and every time he may approved for ten days leave .

Traveling Expenses

AGROGOTI SANGSTHA has gender policy. According to gender policy **AGROGOTI SANGSTHA** should allow the transport facilities to the female staffs those who are working after office hour. The estimated travel cost should incorporate in the budget under specific head. This provision has subject to the approval of the management approval.

Capacity Building focused for Female staff

AGROGOTI SANGSTHA should mention the gender policy where allow to female staff are empowered her position .

However **AGROGOTI SANGSTHA** has a gender policy and that will mainly follow accordingly .

CHAPTER - 18

CHART OF ACCOUNTS

Introduction

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

Rules of Coding

The following rules can be followed by the **AGROGOTI SANGSTHA** . The rules are:

- Accounts head will consist by seven digits.
- Donor will identified by two digits
- Each project identified by first two digits.
- And the last three digits will indicate the particular accounting head.

Chart of Accounts Preparation Techniques

The accounting code mentioned as follows as example:

| | |
|-------------------|-----|
| Advocacy Program: | 01 |
| Funded by MJ-PO: | 02 |
| Salary head: | 101 |

Accounting code for salary head should be 01101. It is indicating that, this salary head under advocacy program.

Coding Example For Different Capital And Revenue Expenditure Items

| ITEMS (Accounts Heads) | | Cods No. |
|--------------------------|---|-----------|
| 1. Fixed Assets | - | 001 - 100 |
| 2. Current Assets | - | 101 - 200 |
| 3. Recurring Expenditure | - | 201 - 500 |

Codes of accounts heads will be further classified and identified as per specific nature of expenses if necessary.

001 - 100 FIXED ASSETS

| | | |
|-----|---|---------------------------|
| 001 | - | Land and Land Development |
| 002 | - | Building & Infrastructure |
| 003 | - | Furniture & Fittings |
| 004 | - | Vehicles |
| 005 | - | Motor Cycles |

- 006 - Bi-cycles
- 007 - Office Equipment

Provisions (001 to 100) have been made for further expansion of codes.

101 - 200 CURRENT ASSETS

- 101 - Stock of Office stationery
- 102 - Advance against Salary
- 103 - Motor Cycle Loan

Provisions (076 to 200) have been made for further expansion of codes.

201 - 500 - RECURRING EXPENDITURE

- 201 - Salary
- 202 - Festival Allowance
- 203 - House rent
- 204 - Utilities-Electricity
- 205 - Utilities-Water
- 206 - Utilities-Gas and others

Provisions (201 to 500) have been made for further expansion of codes.

CHAPTER - 19

LIST OF ANNEXERS

The following accounting forms and recording books would be used for documentation of financial and non-financial transactions of **AGROGOTI SANGSTHA** in terms of cash and accrual basis.

1. Money Receipts-**Annex-1**
2. Payment Voucher-**Annex-2**
3. Credit Voucher-**Annex-3**
4. Journal Voucher-**Annex-4**
5. Money Requisition-**Annex-5**
6. Cheque Issue Register-**Annex-6**
7. Cash Book-**Annex- 7**
8. Ledger Book-**Annex-8**
9. Advance Slip-**Annex-9**
10. Advance/Loan Register-**Annex-10**
11. Stock Register-**Annex-11**
12. Fixed Assets Register-**Annex-12**
13. Donation Register-**Annex-13**
14. Expenditure Plan-**Annex-16**
15. Salary Sheet-**Annex-17**
16. Salary Register-**Annex-18**
17. Travel Request Form-**Annex-19**
18. Bank Reconciliation Statement -**Annex-20**
19. Cash Reconciliation Statement-**Annex-21**
20. Trail Balance Annex-
21. Budget Variance Statement-**Annex-22**
22. Receipts and Payments Account-**Annex-23**
23. Income and Expenditure Account-**Annex-24**
24. Balance Sheet-**Annex-25**
25. Movement Register-**Annex-26**
26. Comparative Statement-**Annex-27**
27. Statement of Expired date items-**Annex-28**
28. Purchase Requisition/Indent-**Annex-**
29. Conveyance Bill-**Annex-**
30. Attendance Register-**Annex-**
31. Leave Register-**Annex-**
32. Overtime request form **Annexes-**

