



Uttaran

Finance Manual

Community Mobilization

Poverty Eradication

Environmental Justice

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FORWARDING

Uttaran is a non profit organization registered with the social Welfare Department, NGO Affairs Bureau, Bangladesh Bank, Micro Credit Regulatory Authority and Joint Stock Company under Society Act. Government of Bangladesh. The organization has been started from Jatpur under in Tala Thana of the Satkhira district in the year 1985. The Organization operates through a network of centre offices spread across the districts of Satkhira, Jessore, Khulna, Bagerhat, Barguna, Barishal, Bhola, Patuakhali, Nowakhali, Jamalpr and Rajshahi.

The organization is implementing of different program like Rights and social justice program, Climate justice, Adaptation and food securities program, Human Development, Integrated Rural Empowerment and Development and Disaster emergency response and risk reduction funded by the different Donors under different projects. Now the number of employees of the organization is around 1000.

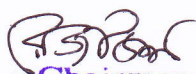
The Organization is largely depended on the financial support of donors of the UN Body, European Union, DFID, Manusher Jonno Foundation, WFP, UNDP, SCI, CARE, MISEREOR, IRB, SIMAVI, AF, Solideridad, TAF, WASTE, HKI, Oxfam-GB, IRRI other National and International Donors. Over the years the organization has also build up some finances of its own sources.

Uttaran is a people centered organization and believes on structured management both programme and finance. Uttaran did concentrated much on whole system of financial and administrative policies for managing the day to day affairs of the organization align with long term strategy. The manual has been revised keeping the existing practices in mind and recommending some other procedures and policies which would give the organization the guidance for managing the finance in a most structured way.

The revision process of this financial Manual has been done with participations of the Senior Staff and Executive Committee .The final draft has been passed duly approved by the Executive Committee held on 25 March 2014. In this Connection I hereby offered and obliged all of you to follow and implement this policy consistently with sincere commitment.

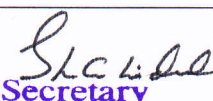
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INTRODUCTION

This Manual sets forth the financial policies, procedures, accounting principles and practices of Uttaranfunded activities / programs to support rights based approach to empower poor communities and reduce poverty. Uttaran work's across the coastal region of southwest Bangladesh.

Organization is focused on human rights, land rights and agrarian reform, sustainable water management, community based river basin management, adaptation to climate change, sustainable agriculture and food security.

PREAMBLE

Financial manual is the essence of a sound financial management and effective accounting administration of the organization. The intent of this manual is to provide written guideline to all concerned with a view to facilitate proper financial control on overall operational activities of the organization. It is endeavored that the manual will be great assistance in fulfilling the requirements of the financial discipline and bringing uniformity among the different area of financial management.

An accounting policy and procedure manual documents the policies and procedures an organization should use to record and monitor financial transactions. Documentation of accounting policies and procedures is important because it provides clarity regarding internal processes. In addition, it can be helpful to newcomers of a organization while improving their financial management skills. Its purpose is to help:

- Record all financial transactions
- Monitor and control expenditures
- Satisfy statutory reporting requirements
- Ensure timely and accurate financial and management reporting to donors and grant-makers

In general, this manual should outline the areas covered in the following described sections. As Uttaran grows in terms of level of activity and number of donors, it will be necessary to update financial procedure manual accordingly.

OBJECTIVE

The objectives of this Manual are to bring about standardization, discipline and consistency in accounting practices and financial management of Uttaran managed funds and to ensure transparency, accountability and good governance in the management of Donor/Uttaranfunded activities and program. These objectives can only be achieved by practicing established and approved policies, procedures and guidelines and ensuring strict compliance with the same in a consistent manner.

This Manual sets forth the accounting policies, procedures, classification of costs, receipt of funds, budget and budgetary control system, reporting procedure, financial authority, documentation system, fund management, payment procedures, procurement procedures, chart of accounts, etc. as guidelines to attain the objectives.

APPLICATION

This Finance Manual shall come into force from the date of approval by the Management of Uttaran. This Manual applies to all financial transactions related to Uttaran and Donor funded programs and activities.

In case where, Uttaranfunded programs and activities are implemented by other partner organizations, specific guideline of this policy & procedure may be applicable for those partner organizations as mentioned in this policy & procedure.

PROCESS FOR UPDATING THE MANUAL

Uttaran Management will review the policy as and when required and will modify, amend, replace, revise and/or add any of the provision of this Manual in such manner and to such extent, as may be deemed fit.

Any change or modification / amendment, as approved by the Management shall be circulated through inter-office memo / circular.

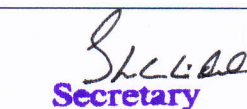
All the changes / amendments that have been taken place since the date of last revision, with the approval from Uttaran Management, shall be incorporated in the revised version of the Finance Manual.

Uttaran Management may appoint consultant / consulting firm or form a committee / sub-committee to review and update the manual annually or semi-annually or as and when required.


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CHAPTER-1



ACCOUNTING PRINCIPLES AND POLICIES

ACCOUNTING PRINCIPLES AND POLICIES

1.1 Fund Accounting

The principles of fund accounting recommend that various funds and activities which are not necessarily in the discretionary domain of Uttaran should be treated as separate accounting entities and the contractual obligation attached to each such fund or activity should be independently and exclusively addressed.

1.2 Basis of Accounting

Uttaran shall maintain its accounts on Accrual Basis of accounting in accordance with the International Accounting Standards (IAS). However it will apply cash basis in preparing financial reports in applicable cases to as per the requirement of respective donors. It shall follow the Double Entry System of Book-keeping for recording and accounting of its financial transactions.

All incomes received or deemed to be received during a particular year shall be accounted for as income in the year to which it relates. Any grant/donation or income received in advance in a particular year, which are due for subsequent years, shall not be treated as income in the year of receipt.

All payments made or expenditure incurred but not paid during a particular year shall be considered as expenditure for the year in which those are incurred.

1.3 Accounting Period

The Accounting year of Uttaran shall be the fiscal year, i.e. from 1st July to 30th June (both days inclusive).

1.4 Income Recognition

A project grant shall be treated as income only if there are no restrictions placed in the project contract by the donor. Therefore restricted grants shall not be treated as income in the books of the Uttaran. Income from donor grant should be shown as income in the income and expenditure statement equivalent with the expenditure on that period. The restricted grants shall be recognized as a legal obligation as and when realized on the principles of fund accounting. Receipts and applications of restricted grants shall be made in the respective fund account. In other word all restricted grants received shall be accounted for on realization/receipt basis only.

All other incomes such as membership fees, interest, royalties, dividend, income from income generation activities and income from fund raising activities shall be treated as income.

1.5 Fees and subscriptions

Fees and subscriptions from members (if any) shall be recognized in the year in which it relates whether they have received or not in the accounting year concerned.

1.6 Grants made by the government

Government grants shall be recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate.

1.7 Income from sale of goods

Sales of goods are recognized when goods are delivered and title has passed. In case of restricted fund, the sales proceed from the goods will be accounted for as per terms of the agreement.

1.8 Interest income

- a. Any interest received on the deposits in commercial bank or from any investment shall be treated as income of that particular year to which it relates and donor allowed through agreement.
- b. Any interest received out of a project fund shall be treated as income of the respective project unless otherwise mentioned in the agreement with the partner(s). Such interest income shall be treated as income of the particular year to which it relates.

1.9 Miscellaneous Income

Miscellaneous Income represents all income received or accrued by Uttaran through sale of old fixed assets (donor allowed), sale of agricultural crop, horticulture or any other income derived out of extra-ordinary activities or any income which are not classified as fees and subscriptions, contribution, donation etc. shall be classified as miscellaneous income and must be deposited in general account.

1.10 Project Income

Donations and contributions relating to projects or programs shall be recognized as income in the year in which it relates whether they have received in cash or in kind. Any commitment received for the compensation of expenditures of a project or program in general or for a specific purpose shall be recognized as income in the year in which such expenditures incur if and only if it is probable that the economic benefits of such commitment will flow to Uttaran.

1.11 Currencies

The financial statements will be prepared in Bangladeshi Taka (BDT). As per requirement from the donor in preparing the financial statements of Uttaran transactions in currencies other than Bangladesh Taka i.e., foreign currencies, if any shall be recorded at the rates of exchange prevailing on the dates of the transactions (rate of exchange sheet to be attached and Bangladesh Bank/donor recommended website is suggested for Exchange Rate reference). At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, shall be included in income or expenditure for the period in which it is settled.

1.12 Expenditure

Any payment made or incurred but not paid in a particular year shall be recognized as expenditure in the year to which it relates. Accrual Basis of Accounting will be followed, expenditure incurred but not paid shall also be considered as expenditure in the year it was obligated. Where donor referred/allowed cash basis, Uttaran can follow.

Any payment or obligation for payment for a particular year shall be recognized as expenditure in the year to which it relates. Expenditure accrued or incurred but not paid shall also be considered as expenditure in the year it was actually incurred.

All expenditure shall be booked / accounted for in the respective account and in the respective cost center / department in pursuance to the Chart of accounts.

1.13 Bank Charges, Commission and Interest

Any bank charge or commission paid or deducted by banks for usual banking transactions shall be considered as expense in the year in which it is paid or debited by the bank.

Any Bank charges or interest paid/debited for transferring / receiving any amount or for any other bank services shall be booked to the particular program / project / cost-center for which the amount was paid. On the other hand, any bank charge or interest not specific for any activity/program/project/cost center shall be charged as head office expenses.

1.14 Allocation of Expenditure

All expenditure must be classified and segregated under respective groups based on the nature of transactions and Chart of Accounts.

Expenditure incurred may relate to more than one cost center/department. Any such expenditure incurred must be allocated among the related cost centers / departments in proportion of their usage / share.

1.15 Function of Accounts and Finance Department

The overall responsibility and task of the Accounts and Finance Departments will be as under (not limited to)

- Oversee all accounting and finance activities of Uttaran
- Coordination in preparation of Budget for Project and Organization
- Prepare monthly/quarterly financial projections for funds on the basis of budget
- Prepare the projected cash flow statement
- Prepare the monthly financial statement for project and organization
- Prepare the monthly project wise budget variance and communicate with the relevant stakeholder.

- Prepare the Financial information on real-time basis i.e when any transaction occurred it is recorded and posted in the system. Collect monthly receipts and payments accounts of the Center and recorded in the system
- Monitoring the expenses in line with budget
- Monitor and review the Center Expenses.
- Ensure timely payment of salary
- Arrange quarterly coordination meeting with Director to share the financial information and also with the Project Coordinator to ensure fund utilization status.
- Assist all Auditors (External, Donor nominated, Internal) and provide information as requested by the auditor.
- Ensure the account payee cheques and cash following the policy and procedure.
- Timely payment on valid documents/bill/invoices.
- Timely preparation of Bank reconciliation.
- Ensure "PAID" seal on after payment.
- Ensure the safe custody of the Cheques.

1.16 Monthly Accounting Checklist

The Coordinator (Accounts and Finance) shall be responsible to ensure that the following activities/checks are carried out at least once a month, on the accounts for which they are responsible:

- a) Verifications of all entries in the cashbook and any subsidiary cash books since the last examination with the receipts books, and payments vouchers and casting of the cashbooks and subsidiary cashbooks.
- b) Reconciliation of the balance in the main cashbook with that in the bank statements.
- c) Examination of the payment vouchers for correctness of authorities, allocations, rates, calculations, casting and receipts signatures and ensure that vouchers are properly filed.
- d) Checking and contra entries, also bank credit or debits appearing in the cash book with the bank statements.
- e) Checking revenue/fund received to the ledger
- f) Checking payment vouchers to the ledger
- g) Examination of journal entries and check to the ledger
- h) Casting of the ledgers and checking totals to date.
- i) Ensure that comparative statements of actual revenue and expenditure compared to the budget and the trail balance are prepared monthly.
- j) Reconciliation of control accounts to subsidy records.

CHAPTER-2



RECEIPTS & PAYMENT, INCOME & EXPENDITURE

RECEIPTS & PAYMENT AND INCOME & EXPENDITURE

2.1 Receipts:

All incomes received or deemed to be received during a particular year shall be accounted for as income in the year to which it relates. Any grant/donation or income received in advance in a particular year, which are due for subsequent years, shall not be treated as income in the year of receipt. All receipts shall be accounted for under the appropriate account head

2.2 Income

2.2.1 Grant from Donor

This represents the amount of grant received from Donor, for Uttaran Project/Program.

2.2.2 Interest Income

Interest Income includes all interest received or accrued in a particular year on the fund deposited with the bank or invested otherwise.

2.2.3 Grant - in - kind

This represents any contributions consisting any assets, facilities, services, utilities, etc., which are provided for the management of Uttaran fund. These will not be considered as financial transaction and will not be accounted for unless financial value of the same can be measured.

2.2.4 Grant - in - kind (Revenue nature)

Any In-kind-grant in the form of commodities, vaccines, medicine, etc. received from Uttaran UK or from any other sources on account of Uttaran activities shall be accounted for as income with their declared or estimated value.

2.2.5 Grant - in - kind (Capital nature)

Any in-kind grant received from Uttaran UK in the form of capital asset (fixed assets), shall be accounted for as assets in the books of accounts with the estimated / declared value of such assets or equivalent Taka amount. All assets so received shall be in the name of Uttaran.

2.2.6 Miscellaneous Income

Miscellaneous Income represents all income received or accrued by Uttaran fund through sale of old fixed assets and or any other income derived out of extra-ordinary activities.

2.3 Expenditure and Payment

All payments made or expenditure incurred but not paid during a particular year shall be considered as expenditure for the year in which those are incurred. All expenditures shall be classified and segregated under major groups in accordance with Chart of Accounts depending upon the nature of expenses and purpose of payment.

Payment attributes all outflows of Uttaran funds both revenue and capital for the program activities. All payments shall be booked under respective head of accounts following the Chart of Accounts.

2.3.1 Expenditure

Expenditures are payments of revenue nature that do not give benefits for more than one year. This includes all the operational expenses including administrative expenses pertaining to Uttaran fund. Payments against procurement of fixed assets will not be treated as expenses unless donor suggested.

2.3.2 Program Payments to Cost Centers

- I. It may require keeping or sending money to the Cost Centers (district / thana levels) to support approved programs / activities. Amount so required to be send to cost Centers shall be made through bank to bank transfer or by Crossed Chaques (CrC), Payment Orders (PO) or Demand Drafts (DD) as feasible.
- II. The amount so paid to the Cost Centers shall be treated as Contra Transactions and in no circumstances this transfer will be treated as expenditure.
- III. Cost Centers shall carry out its approved program activities out of the funds transferred to them, which will be adjusted against approved payment vouchers with supporting documents.

2.3.3 Payments against Liability

Any amount disbursed to pay off recognized liability, benefits of which had been received earlier and duly accounted for, shall not be considered as expense.

2.4 Provisions

Provisions shall be recognized when Uttaran has a present obligation as a result of a past event, and it is probable that Uttaran will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2.5 Employee Benefits

- a) Uttaran can make necessary provision for agreed long term benefits, if any, payable to the employees at the time of separation of employment contract (like gratuity, provident fund, Prorate basis festival allowance etc). But Uttaran has to ensure sufficient fund or financial ability to establish such long term benefits for staff.

- b) The provision should be made in accordance with the Uttaran HR Policy and terms of employment.
- c) Provisions for such long-term benefits shall be made on monthly basis to compute the monthly operational results and evaluate the state of affairs of the organization.
- d) The long-term benefits shall be paid as and when it is due to the employees.
- e) The amount of such provision is to be apart from Uttaran fund and inserted in accordance with related laws and regulations.

2.6 Receipts and Payment Account

At the end of each month, project-wise Receipts and Payment Account shall be prepared on the basis of receipts and payments relating to each of the projects. A consolidated receipts and Payments Account should also be prepared at the each month showing the budget and cumulative figures of each budget line items. At the time of preparing the above account, the closing balance of fund of previous month should be transferred as that of opening balance of the succeeding month.

The Receipts and Payments Account will reflect the summation of all receipts and payments transferred during the reporting period irrespective of nature whether revenue or capital or irrespective of the transaction related period whether current year or preceding year.

2.7 Income and Expenditure Account

This report is prepared to know the amount of Income and expenditure for a pre defined period. All revenue receipts should be treated as Income following the expenditure of that reporting period.

Payments against advance or prepayment and the capital nature expenses will not fall under the preview of this account, this type of transaction should be treated as items to be shown in balance sheet.

The depreciation charge relating to fixed assets and bed debts will be shown in the income and expenditure account. All the 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.

2.8 Allocation of Joint Costs

This addresses a situation where a cost incurred by an Organization 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.

Joint costs and indirect costs are allocated to programs and support services. There are three criteria permitting cost allocation:

- a. Purpose criterion
- b. Audience criterion
- c. Content criterion

- Purpose criterion is met if the purpose of the joint activity includes two or more programs or support services.
- Audience criterion is met if the target audience or beneficiaries includes two or more programs or support services.
- Content criterion is met if the joint activity supports program or support services

There are ways of allocation. However, the adopted allocation method should form part the accounting policies of the organization and should be applied consistently for the same type of transaction until the policy is revised. The following are some of the methods:

- Physical unit's method. This method allocates costs based on the physical materials that make up the joint costs.
- Relative direct method. This method allocates joint costs in relation to the direct costs of each of the activities.
- Stand-alone cost method. This method allocates joint costs to each component of the joint activity on a ratio that estimates the costs that would have been incurred had the joint activity been performed separately

Many Organizations practice allocating joint costs using any or combination of the following:

- Equal allocation- Each project shares equally.
- Budget-based allocation- Costs are allocated on overflow basis, starting with the project that has the lowest budget.
- Size-based allocation- Size may be measured by:

Allocation Base	Unit
Staff	Persons
Office Area	Square Meter
Vehicle Usage	Mileage/Kilometers Used
Phone Extension	Numbers
Phone Calls	Call Units
Grant Size	Local Currency/Equivalent
Beneficiaries	Persons
Field Area	Villages

To facilitate the task of allocating joint-costs, an allocation worksheet can be prepared:

Cost Heading	Total Amount	Allocation Basis	Calculations	Amount Allocated			
				Project A	Project B	Project C	Total

Based on the above concept Uttaran will prepared a joint cost allocation basis allocate accordingly. The basis will approve by the Director.

2.9 Exchange Gains or Losses

- Any gain or loss arising due to devaluation or change in exchange rate shall be accounted for in Organization's books of Accounts.
- Exchange rate prevailing at the date of closing the accounts shall be considered in closing the accounts and any exchange Gain/Loss occurs shall be booked in the accounts.

Presentation

In presenting gains and losses, the Net Basis should be used, i.e., only the net gain or loss arising from a single set of transactions is presented.

For example, gains and losses from foreign exchange are presented as either net gain or loss.

Total foreign exchange gain for the period	100,000
Total foreign exchange losses for the period	<u>(75,000)</u>
Net foreign exchange gain	<u>25,000</u>

The net amount of 25,000 gain should be reflected in the Statement of Income with a corresponding note to financial statements regarding the incurrence of the net gain.

CHAPTER-3



ADVANCE AND ADJUSTMENT

ADVANCE AND ADJUSTMENT

3.1 Introduction:

To carry out the projects, it becomes essential to procure goods and services from different persons or organizations at from time to time and in doing so, advance payments need to be made. Depending on the particular situation, these advance payments may be made directly to outside persons or organizations as well as to Uttaran's own staff.

The procedures of how to adjust this advance should be spelled out at the time of making the advances. In case of advance made to Uttaran's staff, the advance amount is adjusted against the bills submitted by them.

3.2 Types of advances

- Advance to Employee
 - Advance against Travel
 - Advance against Procurement
 - Advance against Program Expenses
- Advance to Third Party
 - Advance against Contract/agreement
 - Advance against Procurement of Goods/Services

3.2.1 Advance to Employee

Any amount paid to any Uttaran employee other than due salary and benefits, shall also be considered as an advance. Advances of the following nature may be granted to the Employees depending upon the circumstances and significance of the need:

3.2.1.1 Local Travel

The authorized traveler may be approved for travel advance for the travel within Bangladesh but outside Sathkhira up to hundred percent of estimated travel expenses, per diem and lodging in local currency. Such advance must be adjusted within 06 working days immediately after returned to the duty station.

3.2.1.2 International Travel

International travel must be approved by the Director. Director's international travel will be approved by the Chairperson or designate. The authorized traveler may be approved for travel advance in foreign currency for the travel outside Bangladesh. The travel advance shall consist of hundred percent of estimated travel expenses, lodging and per diem. In case of lodging allowance, a rate sheet of concern hotel of the destination should be attached with the advance request form. Such advance must be adjusted within 06 working days immediately after returned to the duty station.

3.2.1.3 Advance against procurement of goods:

Management may approve procurement advances in exceptional cases where the procurement is approved by annual or project budget and related fund is available and where the vendor or service provider does not provide credit facilities. In cases of procurement advance, a written request for vendor should have available and the amount will be given as per Purchase Order/Contract/Agreement

3.2.1.4 Advance for program Expenses

For implementation the project activities there may always be needed to take advance to complete the said activities. In that case, advance can be treated as "Project Advance" which can approve by the respective management for maximum of Tk. 25,000 for each staff and it can be withdrawn before 1 day of the targeted activity and it must be adjusted within 6 working days after completion of full work. No further advance is allowed without adjustment of previous advances. No partial adjustment is also allowed. At the time of incurring expenditure from this advance, any single payment shall not be more than Tk. 10,000 as cash.

3.2.1.5 Advance taking procedures

Step 1:

When one or more employees is likely to incur expenses for traveling or project activities, an Advance Request Form will be completed and signed by the appropriate authority (i.e. head of projects/Department/Section) or their designates. The appropriate authority will review the request and recommend that an advance be provided. It is the responsibility of the projects/ Department/ Section head or their designate to determine the appropriate amount of the advance so that excess amounts of advances against actual costs are not given. Submit form to Accounts at least three working days(Justified urgencies will be considered) before the expected date of receive the advance.

Step 2:

The Accounts Coordinator or designate should review the Advance Request to determine the budget availability and unadjusted previous advance. If the employee listed on the Advance Request has a previous advance that is still unadjusted or unbudgeted, the Accounts Coordinate or the designate will not provide an advance. Finance Department will forward the advance request to employee's line manager's final approval.

Step 3:

Based on Supervisor's approval, If the advance is for one employee, the cash disbursement voucher and cheque should be made with the individual employee as payee. However, if one or more employees require advances on the same day, a cash disbursement voucher and check is prepared for the total value of the Advance Request in the name of the Petty Cashier/Finance staff.

Step 4:

The completed Cash Disbursement voucher is signed by the person preparing the voucher which is reviewed by the Coordinator- Accounts and Finance and approved by Director or designates. The Cash Disbursement Voucher and the check with the employee or Petty Cashier as payee are presented to the Director or, in his/her absence, the designate person for authorization and signature.

Step 5:

If the cheque is made payable to the Petty Cashier/Accounts person, they will cash the cheque at the bank and receive the money. The Petty Cashier then give the advance to each employee listed on the Advance Request and, after receipt of the advance, each employee signs against their name as receiving the advance.

Step 6:

Petty cashier or accounts person will than make necessary accounting entry in the cash book and advance register.

3.2.1.6 Advance Adjustment Procedures

- a. Upon completion of travel or other project activities, either a Travel Expense Report (TER) or Miscellaneous Expense Report (MER) is prepared by the employee that summarizes the allowable expenses incurred while on Uttaran's official business.
- b. In order to adjust the advances that have been given an employee in a timely manner, the TER or MER and adjustment should be completed within 06 (six) working days after the return from travel or completion of works.
- c. The completed TER or MER is recommended by respective project/ department/ section head and submit to Accounts Section for advance adjustment. Finance and Accounts officer or designate is reviewed/ checked with regard to the field visit schedule, duty record and/or activities that were completed. Following review, the Finance Manager or Project Coordinator or designate will recommend the TER or MER with supporting documents to determine the authentication of the expenditure. Following the recommendation, the Director or the designated person will approved the TER or MER.
- d. For the adjustment of an approved TER or MER where the original advance was given to an individual employee via a cheque, there will be a payable, receivable or nil amount against the advance.

➤ **If advance amount is greater than TER amount:**

- Adjustment is made via Cash Receipt Voucher against the employee's TER/ MER by receiving the receivable amount from the employee.
- The Petty Cashier receives the unspent amount from the employee and issues a money receipt memo to the employee. Then the Petty Cashier will deposit the amount into the project bank account. The accounts person will prepare a Cash Receipt Voucher, which will approve by the Project Coordinator/Director or designates.

➤ **If the advance amount is less than TER or MER amount:**

Adjustment is made via Cash Disbursement Voucher against employee's TER or MER. The Assistant Accountant/Accountant/ Accounts officer /Project Accountant/ Project Finance Officer will prepare a Cash Disbursement voucher with the employee as payee which is approved by the Project Coordinator/Director or designates. The Cash disbursement voucher and a check with the employee as payee

are presented to the Director or designates. When the employee receives the check, they sign the Cash Disbursement voucher as receiving the amount as reimbursement for travel expenses.

- **If advance amount is equal to TER or MER amount:**
In this case, adjustment is made via an Adjusting Journal Entry.

3.2.2 Advance to Third Party

3.2.2.1 Advance against house rent

Advance may be given in case of rental houses for official purposes by Uttaran, the following procedures are applicable:

- Rental of house initiated upon contractual agreement between Uttaran and the owner of the house.
- Any authorized staff on behalf of Uttaran can carry out the initial formalities needed prior to the rental of the house. The Administration Department on behalf of Uttaran, however, will sign the agreement according to Financial Authority.
- The house owner will be given advance against house rent as per terms and conditions of the agreement.
- The advance will have to be adjusted/ recovered as per terms and conditions as may be laid down in the agreement.

3.2.2.2 Advance to the contractor

For construction of Uttaran's office buildings and infrastructures, contractors are appointed as and when required. Before issuing an advance by A/c payee cheque or Demand Draft, Finance will obtain written request from contractor. According to the work order/contract/agreement Finance Department will issue an Account Payee cheque/pay order/ demand draft.

The contractors may submit running bill (i.e. current bill) against partially completed construction works. At the time of submitting the current bill, the advance payment prior to this bill will have to be adjusted against this current bill.

After completion of the entire construction job being assigned, the official 'hand-over' of works to the respective authority takes place. The final bill is prepared after finalizing all the estimation and calculation of the works being completed. All the advance payments are shown in this bill and adjusted accordingly. The contractor and engagement engineer will sign the final bill. All payments must be paid by A/c payee cheque or Demand Draft whatever the amount is.

3.2.2.3 Advance to material suppliers/service providers

Finance department disburse advance to suppliers/ service provider according to Purchase Order/ Work Orders. In that case upon a written request with justification, Uttaran may allowed such advance and paid and adjustment will be completed per terms and conditions set out in Purchase Order/ Work Order.

CHAPTER-4



FIXED ASSETS

FIXED ASSETS

To carry out its activities, organization needs assets resources. The quality of these resources is dependent upon how they are used. Assets resources are in large part durable goods, which need to be well-managed to be maintained in good condition.

4.1 Recognition of Asset

Property, plant and equipment (fixed assets) shall be recorded at cost. The title of fixed assets purchased by Uttaran shall belong to Uttaran irrespective of its sources of resources out of which it is acquired. But in case of assets purchased under any donor's project shall be treated as dictated on the deed of agreement. Ownership of project assets can be considered as Uttaran's assets after the completion of the project subject to have written dictation in the agreement/understanding or getting approval from the donor. But until the end of the project, all assets should be handled with care as like as Uttaran's other assets.

Any asset purchased for the use of Uttaran shall be capitalized when it satisfies following conditions:

- Minimum value for capitalization of an asset is taka 5,000 or having a useful life for more than one year. Any asset of which purchase value is less than Taka 5,000 (except office Furniture, Fixture and Equipment etc having a useful life for less than one year.) shall not be considered as an asset and accordingly shall be treated as expenditure.
- Expected useful life of the asset must be at least one year other than system & software.
- After recognition as an asset, all the fixed assets shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

However, expenditure qualifying as fixed asset as per above criteria can be charged to expenses as per requirement of any particular donor.

Before processing the Fixed Assets bill to Finance Department, Administration Department MUST mention the Fixed Assets number on the bill. Finance Department will ensure that the fixed number is in the bill before making payment.

4.2 Depreciation Policy

- Uttaran shall follow Straight Line method in calculating depreciation on its fixed assets.
- Depreciation will be calculated on quarterly basis in accordance with reporting cycle.
- Full quarter's depreciation shall be charged on fixed assets for the quarter of acquisition and onward.
- No depreciation shall be charged for the quarter of disposal of asset.

4.3 Rate of Depreciation

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

⇒	Office Equipment	15%
⇒	Furniture and Fixture	15%
⇒	Motor Vehicle	20%

⇒ Building	2.5%
⇒ Computer and related attachments	33.33%
⇒ Systems and Software	25%
⇒ Health Care / Medical Equipment	25%

4.4 Depreciation Calculation

- a. Formula of calculating yearly depreciation under straight line method is as follows:-

Cost price – residual value / life of assets (year) * 100

Example:-

Cost Price of Machinery is Tk.200,000.00, Residual value is Tk.10,000.00
 Total service life is 10 years
 So, yearly depreciation will be: $(200000.00 - 10,000.00 / 10) = \text{Tk.}19,000.00.$

- b. Formula of calculating depreciation rate under straight line method is as follows:-

Yearly depreciation * 100 / (Cost price – residual value)

Example:-

Cost Price of Machinery is Tk.200,000.00 Residual value is Tk.10,000.00
 Yearly depreciation is Tk.19,000.00.

Depreciation rate will be as follows: -
 $\text{Tk.}19,000 * 100 / (200000 - 10,000) \text{ or } 190000 = 10\%$

UTTARAN can use any of the above or below method to calculating yearly depreciation on any fixed assets.

4.5 Asset inventory

The purpose of the assets inventory is the physical monitoring of the items belonging to a project. The inventory makes it possible to detect differences between information about goods in the records and the actual state of goods.

Finance Department will identify and record all fixed assets and control item in the appropriate management system/register. Cost by funding source will be recorded with each assets record. Fixed assets and control items, including purchase, capital leases, construction, improvements, donations, eminent domain, or annexation, will be recorded regardless of acquisition type.

Uttaran will also maintain and inventory list which assets value is less than Tk. 5,000 and lifetime is more than one year and capital nature, like stapler, pen drive etc.

4.6 Annual Financial Reporting

The Coordinator of the finance department or a designee will prepare and present a schedule of general fixed assets to the director in accordance with the established fiscal year in close schedule and will compel with the reporting and disclosure in the financial statements.

4.7 Removal of items

The inventory procedure described above permits the identification of dilapidated or defective goods whose presence in office presents more inconveniences than advantages, for various reasons:

- Steep rise in operating or maintenance expenses;
- excessive cost of repair;
- any other objective reason.

Following the Financial Authority, user should take initiative to take out of service, transfer or dispose of any items, and that should be noted in the book of assets.

4.8 Fixed asset tag numbers

The tag numbers for the office equipment, furniture and fittings and computer equipment should be based on the asset class. : Identification number should be attached with all movable fixed assets with inerasable ink. The following procedures are to be followed in attaching number with fixed assets:

- a. UTTA
- b. Particular of the project.
- c. Three digit number/narration for group assets.
- d. Three digit number for identification of assets.

Like: UTTA-Shree-Alm-01, Where donor prescribed the tag number in the fixed assets, Uttaran will follow the same and give additional number following the Uttaran format.

4.9 Transfer of Fixed Assets

Change in location of an asset from its designated location to some other location requires an approval from Administration stating the reasons for such transfer or dislocation. A copy of such approval shall be forwarded to the Director / designated persons.

Administration and respective Project Accountant must countersign copy of asset transfer report immediately after the transfer takes place to ensure registration of new location of the asset. A copy of such report shall be forwarded to the Director/ designated persons.

4.10 Physical Verification of Fixed Assets

Uttaran shall arrange physical verification of fixed asset of the organization at least twice a year to identify the quantity and quality of the assets including present location. Team engaged for physical verification of assets shall submit a report to the Director, containing following information:

- a. Asset no.
- b. Name/description of the assets
- c. Location
- d. Quantity of assets as per book
- e. Quantity of assets physically found
- f. Quality of the assets

- g. Any impairment loss
- h. Any idle equipment
- i. Registration update of the vehicle, motor cycle.
- j. Remarks, if any
- k. Recommendation for writing off/disposal

UTTARAN may engage its auditors or some other firm to assist in carrying out physical verification of assets of the organization.

Any disposal or write-off of fixed assets shall require approval of Director.

UTTARAN shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, UTTARAN shall estimate the recoverable amount of the asset.

If and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. The reduction is an impairment loss.

4.11 Sale/Disposal of Fixed Assets

If an item of fixed asset gets permanently unusable, broken, and obsolete or is no longer necessary then, this item could be sold out if donor allowed. The following procedures will apply in case of selling of fixed assets, which is owned by the organization:

- Uttaran will form a committee to identification and sales/disposal of the assets.
- Disposal of fixed assets should depend upon the condition of the asset and usefulness to the Uttaran. Items having no market value may be destroyed or donated to others with the Director if the asset is not useful to Uttaran.
- To dispose of old or unusable assets or if assets are stolen or lost, a report with all the details have the assets shall be submitted to the Director. For valuable assets stolen, an FIR shall be lodged with the local police station. Valuable assets can be determined by the management. Investigation shall be made for assets lost and/or stolen and action should be taken against person responsible for such irregularities.
- Fixing of selling price of a fixed asset should be based on its acquisition cost and current market value can be determined by using independent evaluation and judgment, current price lists of identical items, newspaper advertisement, information from authorized equipment dealers and other sources.
- Items having market value less than Taka 200,000 may be sold off directly to the buyers without having tender, as per decision of the disposal committee and approval of the authority.
- Items having market value of Taka 200,000 or more should be sold through a public tender and sealed bidding process as per decision of the disposal committee and approval of the Board. Sale of fixed assets through sealed bids quotation for getting maximizes the possibility and the best price.

4.12 Transfer of Assets

The transfer of assets will take place in accordance with the following guideline:

- Both the transferring and receiving department or section will appropriately account for fixed assets transfers. This applies to transfer between departments (interdepartmental transfer) or within departments (intradepartmental transfer).
- The transferring and receiving department head will approve interdepartmental transfers. From one project to another project is not allowed unless both donors are agreed for transfer.
- Once a transfer has been completed, the receiving department will confirm asset transfer information. For intradepartmental transfers, the department is responsible to recording information related to the transfer and for updating the Fixed Assets register record.

CHAPTER-5



FINANCIAL MANAGEMENT

FINANCIAL MANAGEMENT

5.1 General

Financial Management is one of the most important tasks in an organization. Due consideration shall be given to all financial transactions to ensure economy and efficiency and those should be in the interest of the organization.

5.2 The funding agreement

The funding agreement between the donor and the organization outlines all aspects regarding the project and should include the following:

- Activities to achieve the deliverables
- funding of the project
- reporting on activities
 - Narrative report
 - Financial report
 - Periods of reporting
- Management of funding and procurement of goods
- Stipulations in the budget regarding how the funding is to be applied.

5.3 Fund Management

- a. Grants, donations, contributions made by donors and all interests, miscellaneous income and any other receipts by Uttaran from whatsoever sources shall be deposited directly to the bank account of Uttaran immediately.
- b. Fund, donations, contributions etc. receipts in cash shall always be discouraged. The finance department shall immediately prepare credit voucher for such funds received and enter in the books of accounts under respective heads.
- c. In case of non-availability of sufficient fund in any project account or donor is delaying to transfer, Uttaran can take interest free loan from its operational or mother account subject to get approval from donor to implement regular or urgent planned activities and this loan amount must be refunded as soon as received /available fund in the project account. This transaction must be made through bank.
- d. Project fund should be transferred to the project account immediately after received in mother account from the donor's account. In that case necessary supporting documents like fund request, acknowledgement from project accounts, copy of amount received (bank statement) etc. to be attached with the debit voucher of mother account.
- e. All idle funds of general account of the organization may be kept in interest-bearing term deposit account or fixed deposit account as may be beneficial for the organization. Uttaran shall, from time to time, invest its idle funds in a form that yields the highest return among the available secured investment choices. A fund can be treated as 'Idle' when it is decided by the management.

5.4 Custody of the Fund

The Director and Finance person shall be the joint Custodian of Uttaran's resource. The Finance shall ensure the financial control of Uttaran's fund and advise the Director on financial management as and when required.

The Director may delegate the power in writing to a senior staff member in respect of custody of resources to facilitate the efficient and effective management of Uttaran's resources.

5.5 Bank Account Operation

5.5.1 Opening Bank Account

The organization shall open its bank account with a schedule bank with the approval of Executive Committee showing the purpose and justification for opening the bank accounts.

5.5.2 Mother Account

Fund received from form foreign donors shall be deposited in to organizations bank account which will be called 'UTTARAN- Mother Account" of the organization. Mother Account shall be operated in accordance with the provision of the constitution of the organization. The Organization, as envisaged in constitution, shall open Projects Bank Accounts in any schedule bank in the project area for each area of project separately. Uttaran's Mother Account for foreign and local Grant shall be operated by the Director, Treasurer and Chairman for any amount (s) jointly. Mentioning here that any amount of the cheque the Director's signature is mandatory and one of the rests.

5.5.3 Project Bank Account

The project's operational account at the head office and center offices will be operated by the project/program head, Coordinator (A&F) and Center Manager up to Tk. 25,000 (twenty five thousand) only jointly and amount exceeding Tk. 25,000 (twenty five thousand) shall be operated by the Director (his signature will be mandatory) and any one signatory from the rest is needed. If value of any expenditures (single bill amount) is above Tk.25,000 no splitting of the expenditures will be allowed.

5.5.4 General Management Fund Account

The Organization shall have a separate bank account for it's General Management Fund where the local contributions and misc incomes will be deposited. This bank shall be operated; the bank accounts will be operated by the Coordinator A&F and Admin Head up to Tk. 25,000 jointly. For exceeding Tk. 25,000 the signature of Director is mandatory and any one signatory from the rest is needed. Or

Uttaran in a General Body Meeting resolution shall nominate the signatories to operate the bank accounts with such limit as may be expedient to the circumstances.

5.5.5 Staff Salary Transit Accounts

The Organization may have a separate bank account for it's Common/pool Staff salary related accounts where salary and others staff benefit will be transferred on monthly basis from the project bank account. The salary account name will be "Uttaran Core Staff salary Account"

Monthly Salary and other benefit will be disbursed to each employee's bank account through bank transfer instruction. This account shall be operated under the joint signature of Director, Finance Coordinator and Administrative Coordinator. Two signatures are applicable upto Tk. 25,000 and above Tk. 25,000 in a cheque the Director's signature is must.

A salary sheet should be prepared for those employees and make available to those donors who are reimbursing the salary. Each month, bank reconciliation should be done with salary statement.

5.5.6 Micro Finance Program Accounts

The Organization have separate bank account for its **Micro Credit Program** where Loan from lending agencies, the local loan, service charge, interest, contribution and misc income will be deposited. The bank shall be operated under the joint signature in the following manner:

Description	Signatory
Cheque Amount below Tk. 25,000	Project Manager & Coordinator (A&F)
Cheque Amount above Tk. 25,000	Director and Project Manager or Coordinator (A&F)

5.5.7 Closing of Bank Accounts

Upon compilation of a project, the bank account of the concern project shall be closed with the knowledge of the Executive Committee. If the contract/ agreement period with the Donors for specific Project/Program is over and no further extension is made or any occurrence happens causing for closing of bank account then Organization shall have to close the project bank accounts in accordance with agreement signed by the Donor and Organization.

During the closing of bank account the lying balance with bank to be transferred to the General Management Fund Account of the Organization or to be refunded to the respective Donor following the terms and condition set out.

5.6 Internal Control on payment

Organization must provide safeguards for all grant property, whether cash or other assets, and assure that it is used solely for authorized purposes. Control will be enhanced if the duties of the members of the organization are divided so that no one person handles all aspects of a transaction from beginning to end. Although a complete separation of functions may not be feasible for a small project, some measure of effective control may be obtained by planning the assignment of duties carefully. Many of the most effective techniques for providing internal control are very simple. Within an organization, the same person should therefore not be performing the following duties:

- Preparation of bank reconciliations and approval thereof;
- Preparation of requisitions and approval of expenses;
- accounting entries and approval of expense reports.

Where required by a donor agency, a separate bank account should be opened for the specific use of the donor's approved budget and activities. Transfers between donor bank accounts are

NEVER allowed. However, if necessary, funds may be transferred from the general account to a donor account when funds run low or funds are not transferred in time.

Bank reconciliations should be conducted on a monthly basis by the financial officer and checked by the Coordinator Finance & Administration and approved by Director.

All payments are to be made on the basis of supporting vouchers and other documents to ensure that:

- the purchased goods and services are in accordance with the approved budget or approved by authority according to Delegation of Authority ;
- proper requisition has been raised for procurement of goods and services;
- approved purchase orders have been issued upon against supply of goods or services;
- goods or services have been received as per specification / requirement;
- invoice, memo, bill and other necessary supporting vouchers and documents are enclosed, and
- Fulfilled the terms and conditions of the Purchase Order.
- The bills and invoices should be stamped as “ **PAID**” and voucher should be numbered after processing the payment. This will eliminate the possibility of double payment.
- If the bills/invoices from the Project/Center , Project Manager will approve the bills/invoices and forwarded to Accounts and Finance Department.

Establish Segregation of Duties (SOD) in such a way that ensures checking of one employee’s work by another employee, as a matter of routine exercise.

5.7 Disbursements

- All disbursements shall be made by cheque or bank-to-bank transfer, except to the extent that cash disbursements are recommended by Coordinator Accounts and Finance and authorized by the Director.
- Payment vouchers must be prepared, certified and approved before making any disbursement.
- Cheque or payment instructions to the banks shall be signed jointly by two signatories.
- Adequate evidence of receipt shall be obtained for all disbursements.
- Disbursements shall be recorded in the accounts on the date of disbursement.
- Any payment over Taka 10,000 shall be made by an Account Payee Cheque favoring the beneficiary. Where recipient of the cheque has no bank account, payment can be made cash/cash cheque after receiving a request from the recipient and duly recommended by the concern project coordinator/Departmental head and approved by the Director.
- Cheque must be drawn in strict numerical order.
- Cheque should be made out to the payee exactly as per the payment voucher.

5.8 Receipt of Money

- Only designated officials shall receive the money.
- An official printed pre numbered money receipt shall be issued at the time of receiving the money. Money Receipt contain three (3) copies, one for recipients, second one for voucher and remaining one will kept in the books.
- All receipts shall be recorded in the books of accounts on the date of receipts.

- All moneys received shall be deposited intact in the designated bank not later than the next business day following the date of receipt.

5.9 Petty Cash Imprest Account

- In addition to bank accounts, Finance Department at head office and Field Office shall have a petty cash imprest account to cover day to day office expenses.
- Petty Cash Imprest Account to the extent of Tk. 20,000 (twenty thousand) at Head Office and Tk. 10,000 in Branch Office or field office. Amounts in excess of this sum should be paid by cheque from the operational bank accounts.
- All such expenses like tea, sugar, paper, stationeries, and small repairs and maintenance, etc.
- All petty cash expenses must be approved by the Project Coordinator at Project Level
- Individual payments from petty cash shall not exceed Tk. 1,000.
- The custodian must ensure that the petty cash fund is used only for authorized purposes. He/she will be held personally liable for the proper management and safe-keeping of the fund.
- The custodian must ensure that personal funds are NOT commingled with petty cash funds.
- It is recommended that petty cash funds be kept in a locked box and in a locked desk drawer during working hours. At the end of each day, the petty cash box should be locked up in the office safe.
- The Director shall assign an officer for surprise audit the petty cash position.

5.10 Petty Cash Disbursements

- A cash disbursement voucher should be prepared to record all disbursements from the petty cash account. This must be signed by the payee upon receipt of the money.
- In principle, individual payments from petty cash should NOT exceed the equivalent of Taka 1,000.
- Each month, the petty cash disbursement voucher should be numbered consecutively. All relevant details, including a reference to the account against which the expenditure will be debited, are to be provided.
- Temporary advances to staff members covered by an "IOU" or a note signed by the staff member must not be made from the petty cash fund under any circumstance.

5.11 Replenishment of Petty Cash

- When petty cash imprest fund is exhausted around 75% of the allocated fund, the Cash Book must be updated with the expenses after approval of vouchers. A fresh requisition for replenishment of the petty cash imprest account shall be raised. Cash Payment Voucher together with all required supporting documents must be attached to the payment voucher and shall be retained in the voucher file.
- When replenishment is required, **Petty Cash Replenishment Form** should be completed in duplicate (either typed or photo-copied) by the finance officer.
- Before replacing the imprest cash, the finance department shall ensure that vouchers have been prepared for the expenses made out of petty cash and approved by the Program Manager

- Replenishment of the petty cash imprested account is to be accomplished by processing a payment voucher supported by a copy of Petty Cash Replenishment Form and the analysis of expenditures. A cheque will then be drawn for the amount disbursed, cashed at the bank, and the proceeds handed over to the custodian of the petty cash account. The custodian should win the relevant payment voucher to signify receipt of petty cash replenishment.
- The payment voucher issued for the replenishment of the petty cash will be posted to the Petty Cash Book in the same manner as any other payment voucher, providing a complete distribution of such expenditures, and using as many lines as may be necessary to record all the transactions.
- Petty cash advances may be made to officials for the purpose of petty purchase or meeting urgent requirements.

5.12 Petty Cash Reconciliation

- Receipts for expenses must be submitted to the petty cash custodian by the end of the working day.
- Petty cash vouchers and a summary of petty cash statement shall be maintained by the petty cash custodian.
- The petty cash custodian shall be personally responsible for safekeeping of the cash.
- Spot-checking will be conducted from time to time by the Coordinator Accounts and Finance and Admin/Program Coordinator or designated officials at Head Quarter and district levels.

All advances should be made through the IOU slip and track should be kept for all advances in IOU slip register.

5.13 Bank Statement

A Bank Statement must be collected from the bank for each bank account on monthly basis within 3 days of the following month.

5.14 Bank Reconciliation

Bank statements must be reconciled with the cash book by the Accounts Officer on monthly basis and it must be verified by a member of senior management (Accounts-in-charge) within 10th days of the following month. The completed reconciliation statement should be reviewed carefully and outstanding cheques remaining unpaid for more than six months should be cancelled and reentered into the Cash Book as receipts. It is important that the entries into the Cash Book or ledger, or correcting entries in the Cash Book or ledger not be made by crossing, whiting out or changing the original entry. The original entry must remain and a new entry should be made to correct the error.

5.15 Bank accounts signatories

Finance and Accounts department will prepared a Bank Signatory list in the following manner. This list will be updated according to the changes of the bank signatory.

Bank Account with	Nature	Purpose	Bank Signatories	Signing Option

5.16 Authorized bank Account Signatories

- The board on the advice of Top management should decide on the authorized bank account signatories. All cheque or other funds transfer to 3rd parties should require to be signed by two valid signatories.
- The Uttaran's bankers should be informed of all approved signatories and should be provided with specimen signatures. Signatories cannot be changed without the express approval of the board.

5.17 General Payment Procedures

Payment Vouchers

All payment must be supported by the vouchers in the prescribe form and receipts must be obtained for all cash payments at the time of payment.

Preparation of Payment Vouchers

The following should be observed:

- 1) All payment vouchers must be numbered with the cheque number.
- 2) All payment vouchers should be filed in numerical order immediately after payment has been made. Under no circumstances should vouchers be left unfilled in the office.
- 3) Payment vouchers should be prepared in printed.

Particulars Required on Payment Vouchers

- 1) All payment vouchers should contain full details to explain reason for the payment. and to show that the amount is correct and properly chargeable to the specified heading.
- 2) Payment vouchers must show some reference to the authority for the expenditure (e.g. supporting documents, minute, reference, contract number).

Documents in Support of Payment Vouchers

- 1) Where applicable, voucher must be fully supported by original invoices; Statements of accounts should not be accepted for payment purpose.
- 2) Should the original invoice be mislaid, a duplicate must be obtained and certified to the effect that the original cannot be traced and that payment thereof has not previously been made.
- 3) All payment vouchers, in respect of purchase must have the specified copy of Purchase Order, Certificate of Completion (In case of works) and inspection report complete with copies of delivery notes, where applicable, in case of supplies & services.

Signature on Payment Vouchers

- 1) The Originals of Payments Vouchers must be signed by the person preparing the voucher, authorized in full by the responsible officer, countersigned for payment by the Finance and Accounts Officer & checked by the Coordinator (accounts and Finance). The signature must be in permanent ink or ball point pen.

2) The signature of the responsible officer on a payment voucher certifies that the voucher is correct in every respect. In particular, the person certifying the voucher is responsible for ensuring that;

- The service specified have been duly performed
- The account is correctly chargeable to the allocation code quoted on the voucher
- The computation and casting have been verified and are arithmetically correct
- The person name in the voucher is entitled to receive payment
- All proper deductions including the repayment of advances or other liabilities have bee duly made
- The payment complies with financial/tax regulation and any other laid down procedures

When sign cheques the following should be verified:

- Payee on voucher/cheque stub/cheque/cheque schedule are exactly the same
- Amount on voucher/cheque stub/cheque/cheque schedule are the same
- Words and figures on cheque agree and date is correct
- Cheque has all necessary stamps/crossing etc. on it
- Correct number are on schedule and voucher
- Vouchers are properly authorized and stamp "paid"
- Ensure that vouchers/cheques/cheque list etc. have been checked
- Ensure that any prior cheque signatory/signatories has properly sign in all appropriate places

Examination of Payment Vouchers

All payment vouchers should be examined by the finance and accounts department to ensure that the required documentation is present and that the payment vouchers is correctly coded, arithmetically correct and that budgetary provision has been made. The examinee officer should initial the payment voucher in the relevant place.

CHAPTER-6



GRANT MANAGEMENT

GRANT MANAGEMENT

6.1 Introduction

There are very many different tasks involved in grant management, which relate to both program and finance. When finance and program do not work well together as a team there is a big risk of some of these tasks being duplicated or some not being done at all.

6.2 Conditions - read them carefully

Signed agreement should carefully read by program and finance people to identify the compliance clause for each area that Uttaran is obligated to follow.

It is very important to check the conditions of the signed agreement. Otherwise organization may be left with big bills that the donor will not cover - for instance, they may declare some of the costs as 'unallowable' and fail to reimburse the organization or the donor may ask for its money back.

6.3 Tracking Restricted Fund

Restricted funds can only be used for the purposes agreed with the donor; they cannot be used to pay for any other costs. It is very important to track restricted funds separately and carefully.

This means

- a. having a clear understanding of exactly how donors will allow you to spend restricted funds, and
- b. Tracking expenditure and income very carefully for each project that receives restricted funds.

6.4 Monitoring and Reporting to Donor

Donors usually like to have reports in a specific format and by a specified time. It is normal for there to be both narrative and financial reports, and it is important that they match and complement each other.

It is really important to meet donor reporting conditions. In line with the condition of the agreement, program and finance will prepare a control check list respectively. At the time of the reporting to the donor, program and finance department will review the report following the checklist and documented the review report which will be signed by the Director.

Here are some simple steps:

- Set up your account codes (Chart of Accounts) in such a way that you can map from your own account codes to the donor's codes if they are different.
- Identify and be sure to understand each donor's reporting requirements.
- Set up a timetable with internal targets (e.g. bank reconciliation, advance accountabilities etc) so that the reporting deadlines can be met.

6.5 Grant Closure

Often the end of a grant means the end of a project. Preparation for the closure should begin 3-6 months prior to the end date of the grant. Key considerations include:

- accurately forecasting expenses and any adjusting entries that need to be made
- ensuring maximum usage of remaining fund (on meaningful, beneficiary focused activities!)
- ensuring that all supporting documents are filed safely and securely, ready for audit
- applying for 'no cost extensions' if appropriate
- arranging for proper disposal of assets and equipment
- making arrangements for departing staff
- preparing the final donor report
- organizing the final audit



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CHAPTER-7



BUDGET AND BUDGETERY CONTROL

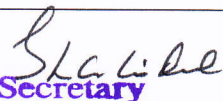
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TITLE: FINANCIAL MANUAL

OWNER : Coordinator- Accounts and Finance

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BUDGET AND BUDGETERY CONTROL

7.1 Purpose of Budget

A budget is a key management tool for planning, monitoring, and controlling the finances of a project or organization. It estimates the income and expenditures for a set period of time for a project or an organization. Budget can serve a number of important purposes, including:

- Monitoring the income and expenditures over the course of a year (or a specific project time frame)
- Helping to determine if adjustments need to be made in programs and goals
- Forecasting income and expenses for projects, including the timing and the availability of income (such as additional grant funds)
- Providing a basis for accountability and transparency.

For funders, a budget is also an essential tool and provides an understanding of the work. Funders view budgets to consider the following:

- How the organization planning to use the grant funds?
- What are the other sources of funds for the work?
- Does the budget reflect local costs?
- Do the expenditures correspond to the activities?
- Does the budget fall within the guidelines of what the funder can support?
- What percentage of overhead expenses (such as salaries, rent, and utilities) is included in the budget?

7.2 Budget Period

A budget is typically prepared for one operating year. (Such as a calendar year or fiscal year) or for several years (such as a five multi-year budget). Budget for projects or programs may be prepared for the periods of the projects or programs require. Monthly or quarterly budgets can be prepared for the smooth operation of Uttaran.

7.3 Budget Components

Below are areas to consider while preparing your budget:

- Income:** Funders like to see a diverse source of revenue which shows that sustainability does not rely on one sole source of funding. The income could include Grant, government contracts, foundation grants, and individual contributions.
- Expenses:** Expenses should be itemized and include unit costs, for example, daily fees or travel for number of participants. Budget Headings: Make sure that the same budget headings or categories are consistent throughout the organization, for both income and expense items. This will simplify the bookkeeping and help with reporting and financial reviews. Headings may include: staff salaries, rent, utilities, telephones, equipment, insurance, fuel, travel, fees for expert consultants, etc.

7.4 Budget Preparation Process

These are some of the key steps to implement when preparing and monitoring your budget:

- Identify and plan the activities for the period considering the grant with the relevant team.
- Determine what is each of the expenses will be, by category. Use previous budgets or invoices as a guide. Assume an increase for cost of living, if comparing expenses from previous year.
- Estimate what are the sources of income will be, including earned income from grant, local funds, international funders and governments. Also consider in-kind services or donations, such as supplies.
- Analyze the difference between your income and expenses. Make adjustments to balance of the budget. Determine what expenses need to be reduced and how may need to consider a different level of service.
- Develop a plan for the unexpected circumstances, such as if funds do not arrive at the anticipated time, if there is a crisis, or if there are price fluctuations.
- Present draft budget and cash flow statement to the budget review committee for inputs and endorsement. Being transparent about the budget with the key stakeholders helps to legitimize the organization.
- Make any changes and finalize the income and expenses budgets, as well as the timing of expenditures and income.

7.5 Submission of Budget

Program coordinator/Project Coordinator with his team shall prepare the program budget and shall submit the same to the Coordinator-Accounts and Finance for review and arithmetic calculation. Coordinator-Accounts and Finance will forward the same to Director for his final review.

7.6 Budget Approval

The Director shall place the project budget to Executive Committee for its final approval after receiving the approval from respective donors. The organizational yearly budget should be approved form General Board.

7.7 Budgetary Control

Budgetary Control is a system of planning and controlling cost, which starts with the establishment of budget relating to activities to be carried out in order to achieve the organizational goals and regular comparison between budget and actual results/costs, analysis of variances and corrective measures.

Responsible Officer	Descriptions	Documents
Coordinator (Accounts and	All payments or expenses must	Monthly Budget Reports

Finance)	be checked by the accounts and finance department or someone charged with the responsibility of budget compliance assurance to ensure that they are in accordance with the approve budget.	
Accounts Officer	Every month accounts officer prepares budget monitoring reports and submit them to the Coordinator (Accounts and Finance) in charge of budget preparation and compliance	a) Period Actual b) Period Budget c) Period variance d) Cumulative year to date actual e) Cumulative year to date budget f) Cumulative year to end variance budget
Coordinator (Accounts and Finance)	Performs a variance analysis of the budget and provides a report that explains all expenditure of more than 5% -10% variance. The budget variance analysis report is forwarded to the project coordinator.	Budget variance analysis.
Project Coordinator	Project Coordinator reviews the budget analysis reports and makes recommendations for action. The recommendations are communicated to all concerned parties and Director.	Budget variance analysis.

7.7.1 Budget Structure

For effective budgetary control, it is essential to set up a budget structure considering the following components:

- 1) Program/ activity
- 2) Cost-Centre
- 3) Chart of Accounts (budget line items)

Besides, there should be a well defined organogram showing line of responsibility of each position for budgetary control system.

7.7.2 Transfer of Budget

If Donor allow, transfer of funds among the budget lines may be allowed by submission of request, with valid justification by the Program Coordinator/Project Coordinator for his review and recommendation to the **Director**. **Director** shall approve transfer of budgetary allocation from one head to another head. Transfers of budget allocation from one head to another head would not involve additional financial obligation. The Program Coordinator for his/her designate shall confirm such transfer in writing to effect the change in budget after the approval of **Director**.

Transfer of funds from one budget line to another shall in no case exceed 10% of the amount actually budgeted.

CHAPTER-8



INVENTORY MANAGEMENT

INVENTORY MANAGEMENT

8.1 Description

IAS 2 describes inventories as assets that are held for sale in the ordinary course of business; in the process of production for such sale; or in the form of materials or supplies to be to be consumed in the production process or in rendering services.

Normally, the Uttarans' inventory comprised material or supplies to be consumed in the process of implementation of the projects.

IAS 2, which prescribes those inventories, is valued at a lower cost or net realizable value. Based on the framework, all the resources should be recognized as assets if they meet the definition of assets and the recognition criteria.

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 in Charge shall be responsible to maintain Stock Register, where all receipts & issues of materials shall be recorded.

8.2 Receiving procedure

Store keeper shall verify the materials on the basis of Purchase Order.

- A goods received note (GRN) should be prepared against receiving of procured materials by the store-in-charge/designate on the basis of challan from the vendor/supplier and work order.
- All store items must be recorded by the store keeper in the stock register immediately after receipt with quantity and price.
- Store in Charge shall send a copy of delivery challan, GRN along with Purchase Order to the accounts section for preparing verification and payments.

8.3 Issuing Procedure

A time should be set-up for issuing store items. It can be for one hour each for two times in a day and notice should be hanged on the entrance of the store.

Through the "Store Requisition Form (SRF)", 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 (SRF) with mentioned received items.

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

Individual Inventory Register (IIR) maintains for all office items (refundable items like calculator, punch machine, pen drive, scale, measuring tape, scotch tape holder, Mobile phone set, Motor Cycle, Bi-Cycle, Computer, Printer etc.), using by staff and reconciles/accept the item when any staff leave the organization upon resignation/separation/discontinue etc.

8.4 Valuation of Inventories

UTTARAN may charge the inventory as expenses at the procurement otherwise organization will follow the average costing method against issuing store items in all cases for maintaining uniformity store accounting system.

8.5 Maintaining a Stock register

- This is to be maintained project wise at the office where the goods are purchase or stored centrally.
- This register shall be updated on the receipts column as and when fresh stocks arrive. It is important that the person responsible for the stocks initials the quantity in the stock book.
- All requisitions must be numbered and in duplicate. One copy has to be maintained at the central store and the duplicate given to the accounts.
- All issues shall be recorded immediately in the stock register and this must be update on a daily basis.

8.6 Store Item Reconciliation

Physical inventory of store items shall be taken twice a year through non finance person. The management may also conduct surprise physical verification whenever it deems fit. Physically found balances of store items should be reconciled with the balances lying in the stock register at the end of each financial reporting time or end of the organizational fiscal period. In that case an inventory report should be prepared by the store-in-charge/designate, reviewed and approved by the authority. Any excess or shortage items (if any) will be adjusted in the accounts after taking approval from the Director or appropriate authority and stock register balances will be adjusted accordingly.

CHAPTER-9



CATEGORY OF FINANCIAL TRANSACTIONS AND VOUCHER

CATEGORY OF FINANCIAL TRANSACTIONS AND VOUCHER

9.1 Major Groups

The financial transactions are categorized into 4 major groups depending upon the nature and types of transactions. These are Income, Expenditure, Assets and Liabilities.

9.1.1 Income

Income includes amount received or receivable and represents fees and subscriptions, donations and contributions, grants, interest, considerations received or receivable for goods and services provided in the normal course of operation, net of discounts and sales related taxes (where applicable).

9.1.2 Expenditure

Expense includes any amount paid or incurred for goods or services received and for depreciation, amortization etc. in pursuant with the operations of Uttaran.

9.1.3 Liabilities

Liabilities represent any obligation to any party, arising due to receipt of goods or services and any amount payable to any person or organization by Uttaran. Obligations, which are due to be settled, shall be classified as current liabilities.

9.1.4 Assets

Fixed assets include any item of property, plant and equipment which has been acquired or received by the organization for facilitating its operation and increase of its productivity/efficiency, economic benefits of which are expected to be derived to Uttaran.

Assets which are due to be realized in or held for sale or consumption in normal course of operation of Uttaran or in cash or a cash equivalent asset which is not restricted in its use are current assets. Examples of current assets are cash and cash equivalents, advances, inventories, receivables, etc.

9.2 Vouchers

Uttaran shall use 3 (three) types of vouchers to record its financial transactions depending upon the nature and type of transactions. These are:

9.2.1 Receipt or Credit (Cr) Voucher

Amount received in cash or cheque / pay order / demand draft or in any form by way of repayment of loans / advances, grant, donations, interest, collection against dues shall be treated as cash or bank receipt transaction and can be recognized through Receipt or Credit Voucher.

9.2.2 Payment or Debit (Dr) Voucher

Amount paid in cash or cheque / pay order / demand draft or in any form shall be treated as cash or bank payment transaction and can be recognized through Payment or Debit Voucher.

9.2.3 Journal Voucher

Journal Voucher shall be used for account adjustments, rectification of errors or omission and for transfer of ledger account balances. Accounts adjustments may involve in both cash and non-cash transactions whereas in case of transfer of ledger account balance and rectification of errors or omissions are purely non-cash transactions.

9.2.4 Branch Office record

Branch office will maintain cash book where cash receipts and payments will be appeared. End of each month Branch Office prepared a receipts and payments accounts along with reconciliation statement. This documents will prepared by Assistant Accountants, reviewed by Supervisor and approved by Center Manager.

The Branch office also maintain the require records like fixed assets list, log book, stock register, attendance register, other various register as needed by project.

9.3 Chart of Accounts

Uttaran will develop a chart of accounts following the nature of project. The basic structure is given below:

1. Income (Grants, Bank Interest etc.)
2. Expenses
3. Fixed Assets
4. Bank (Cash in hand and bank account)
5. Loan
6. Equity (Opening balance equity, funds, retain earnings, unrestricted net assets)
7. Other Account type
 - Accounts receivable
 - Accounts payable
 - Other Assets
 - Other Current Assets (Advance etc.)
 - Other Current Liability (VAT, Loan receivable etc.)
 - Long term Liability
 - Other Income
 - Other Expenses

CHAPTER-10



BOOKKEEPING AND ACCOUNTING

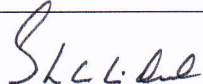
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TITLE: FINANCIAL MANUAL

OWNER : Coordinator- Accounts and Finance

EFFECTIVE FROM 02 November 2020


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BOOK KEEPING AND ACCOUNTING

10.1 General

The book-keeping and accounting of Uttaran financial transactions shall be recorded in the properly designed computerized Accounting System / Manually in accordance with International Accounting Standards as adapted in Bangladesh to the extent applicable to Uttaran.

10.2 Responsibility

Under the overall supervision of the Director, the Uttaran finance department shall be responsible for maintenance of financial accounts, generation of periodic reports and providing financial information to the management.

10.3 Presentation of Financial Statements

The finance department is responsible for production and presentation of monthly / quarterly and annual financial statements of Uttaran and its projects within 10 (ten) days after closing of the month/quarter, and within closing of the year.

10.4 Contents of Financial Statements

The Financial Statements of Uttaran shall include the followings:

- Balance Sheet
- Income and Expenditure Account
- Receipt and Payment Account
- Notes to the Financial Statements

Following supporting schedule shall also be prepared

- Fixed Assets schedule
- Accounts Receivable schedule
- Accounts Payable schedule
- Advance, Deposit and Pre-payments sheet
- Liabilities and all unpaid obligations sheet
- Sources of income statement
- Others, as may be required.

In case of special instruction, donor's instructed / provided statement should be maintained and followed.

10.5 Source Documents

Source documents are prepared to provide evidence of each transaction. The basic rule here is "a document is prepared for every transaction at the time the transaction occurs".

Transaction	Document
for CASH RECEIVED	OFFICIAL RECEIPT (accompanied by validated deposit slip)
for CASH DISBURSED	CASH VOUCHER (accompanied by invoice/request for payment/cash advance form) and the check stub. In the case of petty cash disbursements, the Petty Cash Voucher is the source document.
for OTHER TRANSACTIONS	JOURNAL VOUCHER (accompanied by supporting documents)

10.6 Book Keeping

Uttaran fund shall maintain its Primary Books of Accounts in electronic form / manually. The accounts shall be maintained in accordance with the Chart of Accounts (if any). Finance persons shall have the authority to add new account code according to its need in accordance with the basic structure of the Chart of Accounts (if any).

10.7 Journalizing

Transactions are recorded in the book of original entry called the Journal. The process of recording is termed "Journalizing." A transaction must be analyzed in its debit and credit elements before it is recorded in the books of accounts. Journalizing begins with the source document. The information in it tells the bookkeeper all that is needed for the entry.

The basic rule here is "every source document should be recorded in the appropriate journal on a daily basis".

Following the categories of the transactions above, the primary books of original entry are:

Document	Journal
OFFICIAL RECEIPT	Cash Receipts Book
CASH VOUCHER	Cash Disbursements Book
JOURNAL VOUCHER	General Journal

10.8 Posting

Posting is the procedure of transferring entries from the journal to the general ledgers and subsidiary ledgers. Posting should be done on a regular (daily or monthly) basis, depending on the volume and frequency of transactions. The ledger is an account form where all accounts taken together as one group are recorded.

10.9 Trial Balance

When all journalizing and posting have been completed at the end of the period, the Bookkeeper checks the accuracy of that work. A list is made of all ledger accounts and their balances; this is called Trial Balance.

10.10 Financial Statements

Financial statements are prepared to summarize the financial operation of the organization. This information allows the management to see how financially efficient the organization has been, to compare one period with prior periods, and to determine future courses of action. Financial statements may be communicated to other interested parties such as the Board of Directors, members of the organization, donors, government, etc.

10.11 Chart of Accounts

The books of accounts shall be maintained strictly as per the approved Chart of Accounts by Head of Finance and other codes to facilitate generating any financial information on demand with every detail. The designed system shall ensure the facility of coding and de-coding financial data/information.

10.12 Cost Center

Every district where Uttaran funded activities will be extended shall be treated as a cost centre. However, it may be extended up to the thana level, if Uttaran bank account are operated there.

10.13 Financial Reports and Disclosures

This Guide focuses on the general-purpose financial statements, as specific purpose financial statements may differ based on the concerns of each individual Donor. The general-purpose financial statements include the following:

Balance Sheet or Statement of Financial Position. This statement presents the financial position of the organization at a certain date. It may be used as a tool to evaluate the resource controlled, solvency, liquidity and stability of the Organization's financial standing.

Net Assets is divided into Unrestricted and Restricted. Restrictions may be imposed by the donor or by legal requirements.

Unrestricted Net Assets represent the resources of the organization that are not controlled by the donor or limited by legal requirements.

10.14 Reconciliation

End of each month and reporting period Finance & Accounts Department will prepare the all financial report including the budget variance. Coordinator- Finance and Accounts will reconcile all the reports and validate all the information. Like:

- Advance balance in balance sheet with individual employee/suppliers/house owner ledger.
- Written Down value in the fixed assets with the Fixed Assets register.
- Bank balances with the individual bank balances with bank reconciliation report.
- Aging report of party liability, individual party ledger with liability in balance sheet.
- Any long outstanding balances in the balance sheet.
- Identify outstanding cheque more than six months.

The Finance and Accounts Department will arrange a coordination meeting with Director highlighting the financial report including the above mention issues in each quarter. The meeting discussion will be documented through minutes.

At the same time Finance and Accounts departments will arrange another coordination meeting with the each project in presence of the Director considering the following issues in each quarter:

- Project expenditure
- Fund utilization
- Budget variance and highlight the area of concern where project is under/over expended.

10.15 Year End Closing Procedures:

In order to properly recognize and clarify the results of the operations and the financial position. The Accounting Books should be closed annually. The Accountings Books Shall also be tentatively closed at the end of each month for the purpose of internal analysis and for management reporting requirements.

The following closing procedures usually apply for year end.

Accounts Receivable

Responsible Officers	Descriptions	Documents
Accounts Officer	Complete Accounting processes and reconciliation for Accounts Receivable(AR)	
Accountant	Enter and post all invoices, debits and credits for the Accounting period.	
Accountant	Enter and post all payments for the accounting period	
Accountant	Enter deposit into the Bank Reconciliation file	
Accounts Officer	Prepare the AR Aging Report to reconcile report aging Balance to the general ledger accounts balance for AR	AR Aging Report
Accounts Officer	Review bad debts and credits and take the appropriate steps .(Micro Credits)	
Coordinator -A&F	Provides for bad debts following the defined procedures.	

Accounts Payable

Responsible Officers	Descriptions	Documents
Coordinator A&F	Complete Accounting processes and reconciliation Statements for Accounts Payable(AP)	Reconciliation Statements
Coordinator A&F	Prepare the AP Aging Report to reconcile report aging Balance to the general ledger accounts balance for AP	AP Aging Report
Accounts Officer	Review the official Work Order Register/List to determined the existence of any orders where the goods have not been receipts and consequently the obligation to pay has not been recognized by the Uttaran	Work Order Register/List

Closing Fixed Assets Accounts

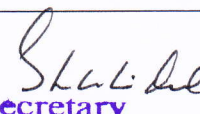
Responsible Officers	Descriptions	Documents
Coordinator -A&F	Records all editions disposals, and movements of fixed assets. Post all monthly depreciations entries.	Fixed Assts Schedules.
Team	Carry out physical counts of all assets held at the end of the year	Assets Survey Reports /Stock Taking sheets.
Accounts Officer	Update the fixed assets register.	

Inventories

Responsible Officers	Descriptions	Documents
Store Keeper ,Accountant, Project Officer, Internal Audit	Carry out physical counts of all inventories /Stocks kept in the store at the end of the year	Inventory Survey Reports.
Store Keeper ,Accountant, Project Officer, Internal Audit	During the count identify and count obsolete damaged and expired items. Obtain the value of this item and advise management on whether to write them off.	
Store Keeper ,Accountant, Project Officer, Internal Audit	In cases where no explanations have been obtained or the explanations indicate that a write off is a reasonable option; the perpetual records should be updated and corresponding entries should be made in the general ledger.	



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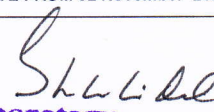
General Ledger

Responsible Officers	Descriptions	Documents
Accounts and Finance	Complete Accounting processes and reconciliation statements for general ledger.	
Accounts and Finance	Review the post all the standard journal for the accounting period.	Journal Voucher
Accounts and Finance	Process and post all correcting or adjusting journal entries for the periods.	
Accounts and Finance	Process the financial statements for the accounting for the period ,and all other financial reporting documents	Financial Statements
Accounts and Finance	Bank Reconciling procedures: <ul style="list-style-type: none"> • Update reconciles transaction from the bank statements. • Enter miscellaneous charges from bank statements into Bank reconciliations • Compute Balance • Reconcile posted Balance to Bank balance with Unreconcile items list (outstanding Cheques and deposit in transits. 	Bank Reconciliation Statements Bank Statements.
Accounts and Finance	Carry out a cash count at the end of the year. prepare cash certificates and a statement reconciling the cash in hand to the petty cash /impress accounts	
Accounts and Finance	Reconcile all fund balances. Budget utilization status.	
Accounts and Finance	Close the fiscal year when completed.	



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CHAPTER-11



TRAVEL

TRAVEL

11.1 General

Staff members may be asked to travel away from their usual workplaces on authorized mission/ work.

Administrative details pertaining to travel procedures are incorporated in the Personnel and HR Manual.

11.2 Submission of Travel Expense Report (TER)

The traveling official shall submit all travel bills to the Finance department as per Travel Expense Report (TER) (Annex – 28). Following documents must be enclosed with the TER:

- a. Approved trip schedule/plan
- b. Utilized air ticket along with the purchase receipt, if any.
- c. Used air ticket and boarding passes.
- d. All paid receipts, bills, memos in support of claim of any expenditure.
- e. Used bus, steamer, and launch tickets in support of travel claim.
- f. Self explanatory voucher must be submitted in case of non available supporting documents like the fair of rickshaw / tempo / bike etc.
- g. Movement record (if require)
- h. Cash or Cheque to the extent refundable against travel advance as per TER submitted by the employee within 06 working days after joining the office.

11.3 Time for submission of TER

- a. The Traveler shall settle the travel advance within 06 days from the date of completion of the foreign & domestic travel.
- b. In case of over spending, the staff member shall be reimbursed as soon as the Travel Expense Report is approved by the competent authority.
- c. If any staff member fails to refund the unspent travel advance balance at the time of submission of the bill, the finance department shall adjust it against his / her current month's salary.

11.4 Approval of Travel Expense Report

TER along with sufficient and appropriate supporting documents shall be submitted to the finance department after having approval from concerned authority. Unspent travel advance if any shall be deposited to finance department.

After the approval of the TER, Finance Department shall ask the respective traveler to deposit the under spent advance amount (excess of advance over the approved TER), if any, immediately.

11.5 Reimbursable Costs

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

- a. Local conveyance from residence to airport / railway station / steamer terminal / bus station and other way round while returning back to residence.
- b. Conveyance in the traveling area to attend workshop, seminar, training, visiting project or any other official work.
- c. Any other expenses required carrying out the official duty, i.e. official long distance phone calls i.e. ISD, NWD etc. are required an approval from the Director.
- d. Traveling costs-e.g. bus, train, launch, air tickets etc.
- e. Perdiem and lodging cost: according to HR policy.
- f. Renting a Car – for field visit etc.: according to HR policy

CHAPTER-12



LEGAL AND STATUTORY MATTERS

LEGAL AND STATUTORY

12.1 Withholding Income Tax

Deduction of Tax at source from all eligible payments is the responsibility and liability of the organization. Failure to deduct tax and issue certificates for such deductions within the stipulated time attracts penalty under the Income Tax Act. As the rates of tax deduction change periodically, the finance department would indicate the applicable rate of tax deduction as and when there is any change in the rates.

The tax deducted during a month has to be deposited to the Govt. account latest by 7th of the subsequent month. It is necessary that separate challans are filled in for each category of tax deduction like Contracts, Rent, Brokerage, Payments to professionals, etc. (the due date of 7th is taken for credit to the government account and not the date of deposit. It is therefore necessary to do the deposit one or two days before 7th

Tax deducted at source, entries to be made are :

At the time of deducting TDS

Expenses Dr.....
 To TDS payable.....
 To Cash/bank.....

At the time of deposit of amount of TDS

TDS payable Dr.....
 To Cash/banl.....
 Value added tax (VAT) control account

Uttaran will maintain a separate control ledger from the operation of income and expenditure that they have been charged by their suppliers where the organization is liable to deduct VAT at the time of payment. Entries to be made are:

At the time of purchase of Materials/goods/services:

Purchase/Expenses account Dr
 VAT Payable (Deduct amount) Account Cr
 Supplier/service provider/creditor Account Cr

At the time of Payment

VAT Payable (Deducted amount) Account Dr
 Bank Account Cr

Before making the payment the Coordinator A&F must reconcile the payable ledger and ensure that there is no pending/outstanding balance underlying in the control ledger.

12.2 Deeds and Agreements

Any agreement which binds the organization for any liability, like regular rent payments, etc. will be entered into only after it is cleared by the relevant authority. After signing of the agreements, a copy should be forwarded to Administration department for records.

Service agreements like Annual Maintenance Contract (AMC) for computers, software and other office equipments can be finalized and signed by the authorized person in association with the finance department. It should however be ensured that the terms of the agreements are equitable and should not be unnecessarily burdened with additional liability by virtue of such agreements.

In all agreements, an Exit Clause is mandatory as it would then be possible for Organization to terminate it in the event of nonperformance by the other party or due to some other changes in operations.

12.3 External Audit

The Board will intimate an auditor from amongst the list of empanelled NGO Bureau auditors to conduct the audit. The Auditor so appointed shall audit of the books of accounts as per the regulatory requirement. The Auditor shall have access to all the Audit reports of the grantees and sub recipients of the funds. The auditor shall be changed maximum every two year.

The Audit report and Management letter

- Audit Report

The audit report should clearly indicate the auditor's opinion. This would include at least the following:

- The title, addressees, and an opening or introductory paragraph containing
 - a) Identification of the financial information audited including the period covered: and
 - b) Statement of responsibility of the entry's management and responsibility of the auditor.
- A scope and methodology paragraph describing the nature of the audit referencing
 - a) The accounting standards that have been applied and indicate the effect of any deviations from those standard:
 - b) The audit standards that were applied (BAS standards or ISAs that comply with one of these in all material respects) and
 - c) The work the auditor performed.
- An opinion paragraph disclosing:
 - a) Where the financial statements and supporting schedules fairly present the cash receipts and expenditure in all materials respect and that the fund were used for the purposes defined by the work program;
 - b) Whether the financial transactions reflected in the statements are in accordance with financial regulations and procedures, budgetary provisions and other applicable directives; and
 - c) Summary assessment of the efficiency of the management and internal control system.

The auditor may expand the report to include to other information and explanations not intended as reservation. Audit report will be provided English.

- Management Letter

The should submit a letter to the management at the completion of the audit. The topics/issues to be covered in the letter should include:

- An assessment of efficiency of the administration, management and internal control system of Uttaran.
- A description of any specific internal control weakness noted in the financial management. Recommendations to resolve/eliminate the internal control weaknesses noted should be included.
- Management contents/response to audit findings and recommendations.

Auditor Independence

The auditor must be completely impartial and independent from all aspects of management or financial interests in the entity being audited. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of Uttaran. The auditor should disclose any relationship that might possibly compromise his/her independence.

Access to Facilities and documents

The auditor will have full and complete access at any time to all records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoice and contract etc.) and all employees of the entity. The auditor will have a right of access to banks and depositories, consultants, contractors and other persons or firm engaged by the program management over the period under audit review.

12.4 Period of preservation of financial documents

If any individual donor mention of the period of preservation of the financial documents in the both parties signed agreement it should be applicable. Uttaran own and it's all the program/ projects financial documents or which is relevant with the financial documents must be retain minimum 7 years. With the agreement between donor and Uttaran the original bills, vouchers, financial documents and relevant with financial documents Uttaran can give the said papers & documents to the donors subject to make the photo copy or copy of the soft documents receiving from the donors.

12.5 Affix Revenue Stamp

As per the circular of the government regarding revenue stamp act Uttaran and it's all the projects and program must be follow as it is.

CHAPTER-13



INTERNAL AUDIT

INTERNAL AUDIT

13.1 Introduction

Internal audit may be defined as a continuous review of financial and other management functions of the Programme, sometimes continuous, undertaken within the entity by specially assigned staff. In short, it is a separate component of internal control under-taken by specially assigned staff within the entity with the objective of determining whether other internal controls are well designed and operate properly, policies and system laid down are being adhered to, accounting records provided by the concerned level are correct.

Analysis and appraisal of every aspect, wherever money is involved, is the basic function of internal audit. It is considered to be the best protective and constructive tool of financial management.

13.2 Objectives

“Uttaran’s overall objective of internal auditing is to assist all members of management in the effective discharge of their responsibilities.” Mainly, assisting the Project Management to implement policies and guidelines made and issued from the Uttaran or any correct body from time to time. It will help the Head Office to exercise control wherever necessary. In all, it will help promote better utilization of funds. It will enable the projects to be more accountable to the Programme for the entrusted stewardship.

It will prevent occurrence of lapses, due to defective procedures and administrative systems. Identification of such sources will help prompt remedy. It would boost the morale of the staff concerned.

13.3 Internal Control

Proper internal control systems should be installed for all the UTTARAN funded activities. Internal control system means a process implemented by management to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (1) Transactions are properly recorded and accounted for to:
 - (i) Permit the preparation of reliable financial statements;
 - (ii) Maintain accountability over assets; and
 - (iii) Demonstrate compliance with laws, regulations, and other compliance requirements;
- (2) Transactions are executed and recorded in compliance with:

- (i) Uttaran financial, administrative and other relevant policies, procedures and guidelines
 - (ii) Laws, regulations, and the provisions of contracts or grant agreements
 - (ii) Relevant local laws and regulations
- (3) Funds are properly utilized and the property & other assets are safeguarded from misappropriation

13.4 General Guideline

- I. Internal audit of Uttaran activities should be carried out periodically to ensure compliance of Policies and procedures.
- II. Uttaran will assigned specific official or a team to carry out it's internal audit on regular basis. However, Uttaran may appoint professionally qualified accountants or firms as internal auditors for any particular project or assignment or Uttaran funded activities.
- III. The Internal Auditor shall carry out the audit of operations of Uttaran on a regular basis and shall submit the audit report to the General Body of Uttaran with the detailed findings and recommendations, if any.
- IV. The Internal Auditor shall have functional independence and unhindered access to records and documents for undertaking all internal control activities and duties.
- V. Internal auditor shall review and appraise the soundness and effectiveness of accounting and administrative controls and ascertain the extent of compliance with established policies, plans and procedures.
- VI. Internal Auditor ascertains the reliability of accounting and other data developed within the organization and determine that assets are accounted for and are safeguarded properly.
- VII. Internal auditor shall carry out the audit to ensure financial accuracy and compliance of the approved policy and guidelines.
- VIII. Control deficiencies noted during internal audits are to be brought to the attention of the management of Uttaran through internal audit report.
- IX. General Body shall take prompt and necessary actions to rectify those deficiencies.

13.5 Functions of Internal Auditor:


- Develop a flexible audit plan based on risk assessment, including any risks or control concerns identified by management and submit that plan to the Executive Committee/General Body for review and approval as well as for significant updates and changes.

- Consider the scope of work of the external auditors and regulators, as appropriate, during development of the Internal Audit Plan for the purpose of providing optimal audit coverage to the organization at a reasonable cost.
- Present the audit plan, as approved by the Executive Committee, to the Director.
- Implement the audit plan, as approved, including as appropriate any special task or project requested by Management & the General Body/Executive Board.
- Follow up and report to relevant management at its discretion, on the implementation of previous audit recommendations. (Resources for follow up work are to be included in the audit plan).
- Issue periodic reports to the Executive Committee/General Body and management summarizing results of audit activities.
- Report to the Executive Committee/General Body, if Internal Audit becomes aware of any significant deficiencies in internal controls with implications for the company or which could adversely affect the ability to record, process, summarize and report financial data.
- Assist as appropriate in the investigation of suspected fraudulent activities within the organization and notify management and the Executive Committee/General Body of the results. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls, shall be disclosed both to the Executive Committee and the General Body.
- Assist the Executive Committee/General Body as the committee may request, including assistance related to the approval of non-audit services from the external auditors.
- As appropriate, provide consulting and advisory services to management that add value and improve the organization's governance, risk management and control processes
- Ensure that audits are conducted in compliance with applicable international standards, applicable rules and regulations. Also, ensure application of sufficient knowledge, skills, experience and professional judgment during an audit.
- Establish a quality assurance & improvement program by which the Head of Internal Audit assures effective operation of IA activities.



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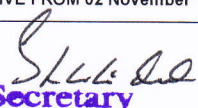
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13.6 End to End Process of Audit Engagement:



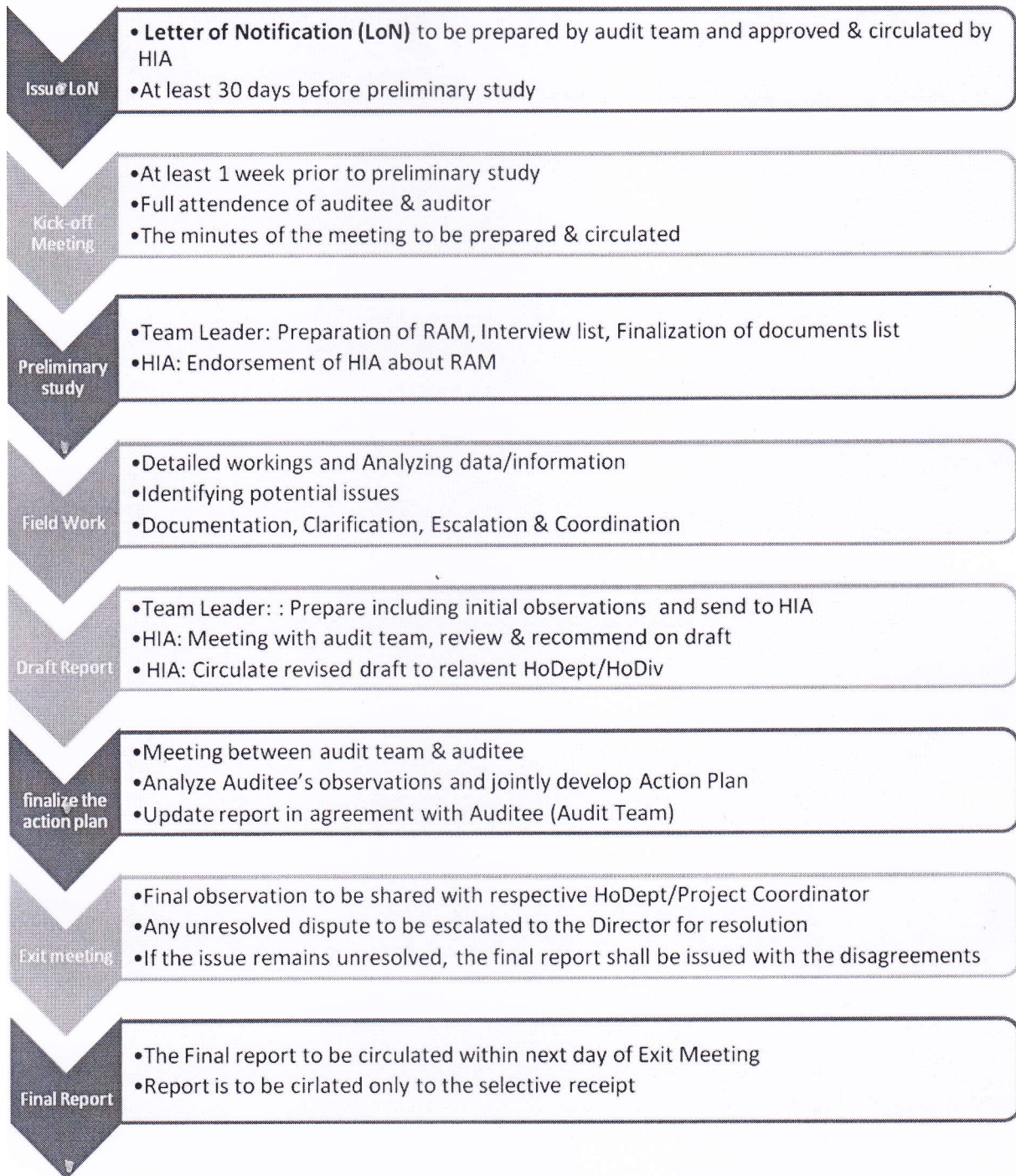
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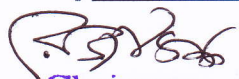
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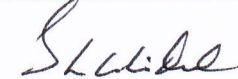
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13.7 Internal Audit Procedure

To achieve the objective of internal audit following audit work (not limited to) will be carried out by internal auditor:


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i. Receipt

Check whether proper receipt is issued for all income received Cash/Cheque/Draft along with proper documentation.

ii. Payments

Verify the payment vouchers to check the following:

- a) All vouchers to be signed and sanctioned by the Admin and Finance / Project Director as per approved Delegation of Authority (DoA)
- b) To check whether payments are made according to the rules. To ensure as far as possible to make all payments through cheque/draft.
- c) To check whether proper cash memos and challan are obtained. In case of bills, to check whether money receipt is attached.
- d) To verify whether proper checking is being made for the accuracy of calculation.
- e) Perform physical verification of cash and verify whether there is any variance.

iii. Bank Accounts

- a) To go through all the bank accounts to see whether proper authorisation has been obtained for the opening and operation of the account.
- b) Check whether the bank reconciliations are made for all the bank accounts and properly authorized and documented.
- c) To have a physical verification of FDR's against the ledger balance.
- d) Bank confirmation certificate for CA/SB/FDR should be obtained quarterly.

iv. Advance Vouchers

- a) To check all the advance vouchers and whether long advances are properly monitored and managed.
- b) To see whether proper reconciliation is made on these accounts. If any advance which is not settled within the normal period, ask for explanation why the advance is not cleared. When one advance is pending, another advance should not be given.
- c)

v. Register

Following registers should be audited to identify whether those are properly maintained and respective rules are properly followed:

- Attendance Register
- Leave Register
- Postal Register
- Despatch Register
- Money Order Register
- Duty List Register and
- Payroll register/files
- All other Regular Registers.
- Logbooks and vehicle maintenance report

vi. **Land Records (To ensure whether a site Plan is Available)**

Verify whether the land records are properly documented and maintained. Any land dispute or encroachment to be observed and reported. In applicable cases, external expert may be appointed to verify the compliances with regards to the land records and documentations.

vii. **Purchases**

Verify whether purchase procedures are properly followed in case of all purchases. To see whether the purchase committee is meeting and the minutes of the committee are properly recorded.

viii. **General Stores**

Check all stores and ensure that the balance in the stores registers tallies with the actual stock and any discrepancies to be reported. To ensure adequate stock is maintained at the same time not to over stock or under stock compared to the level mentioned in the store policies.

ix. **Medicines**

Check the stock register for a particular period including and verify the purchase, issue (consumption) and closing balance. Check physical Check the store for details of stock, expiry dates etc. Expired drugs to be identified and listed in the report with the reason of expiry. Verify that optimum level if stock is maintained through the period.

x. **Vehicles**

Verify whether the vehicles are utilized efficiently for the official purpose only. Check whether movement register is maintained properly along with the monthly usage report. Verify that all the vehicles are insured and the policies are in force.

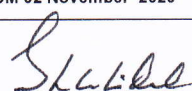
xi. **Funds**

Verify whether funds are utilized in an efficient and effective manner as intended.

xii. **Fixed Assets**


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Verify compliance with fixed asset policy. Physically verify whether all the fixed assets are tagged, fixed asset register is maintained properly and the overall safeguarded of fixed assets are ensured.

xiii. Budgetary Control

This is an important aspect of internal audit. Each Internal Auditor is required to check the items, which are being purchased are budgeted for. Any un-budgeted items if purchased without the sanction from the Head Office should be brought to the notice of the Project /Head of Programme of UTTARAN UK immediately.

xiv. Insurance

To check and ensure whether all items of high value are insured (if there is available scope) and the policy is in force. Check for any policy, which has expired, and need to be renewed.

xv. PF Loan

Verify whether PF fund has been maintained properly and the optimum utilization of the fund has been made through investment. Check necessary compliances with the PF trust deed.

13.8 Internal Control Check-list

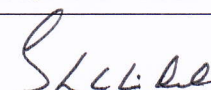
The purpose of this checklist is to analyze the sufficiency of the organization's internal controls, document those controls, and make recommendations for improvement. Internal Audit should review the internal control system of the Organization at least annually.

The following outlines (not limited to, Internal Audit should update/add new areas) the key elements/principles of a sound internal control system which Organization is advised to adopt for their business processes:

	Area	Yes	No	Reason
A	<i>Policies, Procedures/Guidelines</i>			
	Written policies, procedures and guidelines, and specify the authorities for important decisions/transactions, for the Uttaran's key business processes, including purchasing, financial control, income, store & inventory control, and staff administration.			
	Regularly review the policies, procedures and guidelines, and update if necessary to meet* current operating environment and needs.			
	The policies, procedures, guidelines, and Code of Conduct are clearly understood by the staff concerned through briefing or training, and establish/promote a compliance culture among the staff.			
	Devise simple/standard forms for use by the staff in carrying out important processes/transactions, where appropriate, to			

	help compliance with laid down procedures and facilitate proper documentation.			
	Segregate duties in important business processes e.g. for the procurement of assets of value, the duties of purchasing, approval and payment, as far as practicable.			
	Where duties in any important process are not segregated due to resource limitation, subject transactions in the process performed by one staff member to counter checks or random checks by another staff member or a supervisor.			
	Conduct internal audits on major operation of the project/Finance			
	Subject the accounts and operations of the organization to external audit.			
B Financial Control Procedures and Duties				
	Lay down financial management procedures, instructions or guidelines including operation of bank accounts, budget preparation and control, handling of receipts and payments, financial reporting, checks/audits, and handling of exceptions (e.g. overdue payments, writing off of debts).			
	Lay down the financial authorisation limits for purchases and payments of different posts or levels of personnel, placing the authorisation level for higher values and exceptions			
	Segregate duties in the financial control process as far as possible (e.g. authorisation, disbursement of payments and keeping of accounting records should be carried out by different persons), some of which may be performed at the Organization level to enhance control.			
	Ensure that the staff keeps proper records of all financial transactions and the supporting documents.			
C Control of Bank Accounts				
	Maintain a bank account (or bank accounts) for the exclusive use of the project			
	Require at least two signatories for withdrawals or signing of cheques, and notify the bank promptly of cessation of any person as an authorized signatory.			
	Prohibit the use of any staff's personal bank accounts to handle the Project's funds			
	Prohibit the signing of a blank cheque with either payee or amount left blank.			
	Bank accounts reconciled by an employee who does not sign checks, handle or record cash.			
	Reconciliations reviewed and approved by a Coordinator Accounts and Finance			
	Cheque outstanding for a considerable time periodically reviewed.			
	Put in place proper controls on the use of cheques, e.g. issue of cheques in sequential order, certifying and accounting for unused/spoiled cheques, and safe-keeping of cheque books not in use.			
D Budget				
	Draw up annual budgets for the project based on the Project's operation plans, both of which should be vetted and			

	approved by the Uttarans's Executive Committee.			
	Exercise prudent budget control by regularly comparing actual expenditure against the approved budget, reviewing the causes of variances, and seeking approval for revisions as necessary.			
	Specify the approving authority for unbudgeted expense items or expenses exceeding budget provision.			
E	Petty Cash			
	Establish a formal petty cash system with a designated petty cash holder controlling a float of money and set upper limits for petty cash purchases and claims.			
	Ensure payments or reimbursements are made against invoices/receipts or Petty Cash Vouchers and properly recorded in a petty cash book/form.			
	Require the petty cash holder to submit the petty cash book and supporting receipts/vouchers in requesting replenishment of petty cash.			
G	Payments			
	Ensure that all payments are supported by invoices/receipts or vouchers certified by the authorized user to signify receipt of the goods/services.			
	Before signing a cheque or effecting payment, verify the payee and amount against the authorization documents and invoices, and make enquiry if the payee differs from the name of the supplier/service provider or party on the invoice or relevant procurement documents.			
	Are invoices and supporting documents furnished to the voucher signer prior to approving the payment voucher?			
	Stamp "Paid" or "Processed" on all invoices/ receipts settled to prevent double claim.			
H	Receipts			
	Where appropriate and practicable, receive payments by cheque or electronic means (e.g. bank deposit/transfer, payment cards).			
	Conduct day-end supervisory checks on receipts issued and cash received and ensure all items tally.			
I	Financial Statements			
	Financial Statement prepared on regular basis and reviewed by the Director.			
	Are monthly reports comparing income and expenses with approved budget for each project and for the organization as whole prepared and reviewed by the Management			
	Monthly projected Expenses / Cash flow prepared and reviewed			
	Arrange external audit of the Project's account			
J	Inventory Records / Asset Register			
	Maintain proper records of assets and valuable stock items, which may include, as necessary: — a) identification information or description of each item or batch of items (e.g. model number, serial number, if any), and useful information such as purchase price, expiry date, etc.; —			

	b) location and movement records (e.g. stock-in, issue and disposal information including identities of the handling staff, staff issued with the asset item) and stock balance.			
	Label asset and valuable stock items with identification information or the identities of staff issued with the asset items where practicable.			
	Require accounting unit/staff to maintain separate accounting records on assets and inventory.			
	Require adjustments to inventory/asset records (i.e. to align with physical count) or write-offs of missing items be approved by the Director			
K	<i>Receipt, Storage and Issue of Inventory / Asset Items</i>			
	Require staff check goods/asset items received from suppliers against the Purchase Orders for product specification and quantity and certify receipt on the invoices or delivery notes if in order, and supervisors to spot check high-value goods/asset items.			
	Ensure adequate physical security to safeguard valuable inventory/asset items (e.g. keep valuable inventory items in a storeroom under lock and with control access).			
	Ensure that the staff responsible for maintaining inventory/asset records promptly update the inventory/asset records based on the relevant documents if any			
L	<i>Disposal of Inventory / Asset Items</i>			
	Require staff obtain approval from the Director using an Inventory/Asset Disposal Form at the time of disposal			
	Coordinator Administration inspect or conduct random checks on the items to verify their conditions, quantity and supporting evidence if any (e.g. inspection report by a technician in case of an equipment), and to witness or spot check the disposal process.			
	Ensure that the staff responsible records the disposal on the Inventory/Asset Disposal Form and provide supporting documents (e.g. receipt from the recipient or second-hand goods dealer if available).			
	Ensure that the staff is responsible for maintaining inventory/asset records verify approval documents before updating disposal records.			
M	<i>Approval of Expenditures</i>			
	Expenditures in accordance with annual or project budget shall be approved by the appropriate authority prior to the actual expenditure is made. Any expenditure relating to a staff member shall be approved by the approval authority with consent of her/his supervisor (line manager).			
	Exceptional or unusual expenditure and other expenditure required to be incurred that are not covered by UTTARAN budgets shall be specially approved by the Executive Committee recommended by Director			

CHAPTER-14



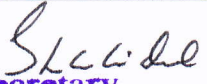
SUB-GRANT MANAGEMENT

SUB-GRANT MANAGEMENT

14.1 Financial Management System

Page: 80	TITLE: FINANCIAL MANUAL	OWNER : Coordinator- Accounts and Finance	EFFECTIVE FROM 02 November 2020
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This chapter has been narrated how to ensure effective management of grant funds by that will be Partner Ngo (PNGO) involved in the direct implementation of the program with Uttaran.

The PNGO must establish and maintain a separate Bank account to be used exclusively for maintaining the project funds. Uttaran will transfer approved funds through installments to the PNGO's dedicated bank account upon submission of written grant disbursement request and other compliance conditions concerning the management of the grant as communicated by Uttaran.

The Joint signatures of at least two of the PNGO's authorized staff should operate PNGO accounts (ideally, the account signatories should at least include the organization's director (or equivalent) It is also the responsibility of the PNGO to maintain separate financial ledgers to clearly distinguish transactions under this grant from other projects that PNGO has. Uttaran is responsible for reviewing the PNGO expenditure reports, the PNGO financial record keeping systems, other relevant financial matters and for providing financial technical assistance for the correct establishment and maintenance of these systems ,as needed ,Uttaran may decide at any time during the life of the project to independently audit the PNGO and review all financial records.

14.2 Work Plan and Budget

Unless otherwise agreed with Uttaran, the PNGO is expected to implement all project activities under the grant in accordance with the proposal, work plan and budget approved by Uttaran. Therefore, the PNGO is bound by the arrangement as started in the approved proposal document for the formal implementation of the project. Any deviations from the approved proposal document without the prior written approval from Uttaran may result in the discontinuation of support of the project by Uttaran. The PNGO will refund any funds disbursed to them, but not used directly for the implementation of the approved work plan up to the point of discontinuation of support.

On annual basis, work plans and budget will be reviewed to reflect achievements and updated as necessary.

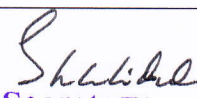
14.2 Budget Modifications

The PNGO may make minor transfer within the budget cost centers without consulting Uttaran within 5% of the subtotal of the cost centre(the cost centre are like personnel, travel and transport, Office Operation Costs, Program Delivery and Capital Assets).However ,the PNGO must notify Uttaran of any such describing the modification and explaining its purpose.

Written approval from Uttaran is required for transfers greater 5% within a cost centre, or between different cost centers. The percent calculation should relate to the cost centre from which the transfer has been made. Budget modifications required as a result of deviation of activities from agreed work plans will have to be justified and submitted to Uttaran for prior approval in all cases.


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14.4 Budget Modifications

- Uttaran will disburse funds to the partners in advance on monthly basis.
- The amount of monthly installment will be determined by Uttaran and the partner at the time of approving the budget.
- Based on the written request from partner, Uttaran will disburse the advance.
- Uttaran may deduct any unutilized amount in advance of the previous period from the amount requested for the current period.
- Uttarn will retain an amount equivalent to 20% of the total budget of the partners. The amount will be adjusted after the certification of expenditures which will be done by Uttaran representatives within 30 days after completion of the project.
- UTTARAN will treat the amount so disbursed to the partners as "advance". When the monthly expenditure statement is approved by UTTARAN the amount of the approved expenditure will then be adjusted against the "advance". This will be a continuing process during the project period. At the end of the month, UTTARAN and the partner should have the same advances balances in their books of accounts. If there is any difference ,that should be shorted out immediately .

14.5 Provision / Accruals of Expenses

- Accruals or provision can only be done at the end of the project.
- Accrual expenses can only be done after having the receipts of goods and services satisfactorily. Evidence for that must be documented.
- In case of making provision for utilities and telephone bills, the basis of ascertaining the amount of accruals must be reasonable and documented.
- The accruals/provision must be liquidated within 20 days from the date of provision / accruing of the expenses.

14.5 Onsite Project Monitoring

To complement the reporting of progress with projects and to follow up on matters addressed in reports submitted by PNGOs to Uttaran conducts on site monitoring visits of PNGOs to assess both the financial and technical aspects of projects during their implementation /information at

the sub grantee's premises and in the field where supported projects are being delivered. These monitoring excerses inform Uttaran Management on progress with project implementation and are used to make decisions on the continued funding, or not ,of projects during their life and bayond based on the recommendation made by the Uttaran monitoring teams.

These visits are also to be conducted to provide support and advice to the PNGOs by Uttaran to guide implementation and re Visit issues reported by the PNGOs which affected project implementation.

14.7 Payment Procedures

- Partner should make payment against original bills and invoices.
- In case of payment for any training, workshop and meeting, a participant list with name and signature of each participant must be attached with the voucher.
- The relevant authorities must approve all transactions.
- Payment should only the made after receiving of goods and services satisfactorily.
- Payment exceeding BDT 5,000.00 (Five Thousands) must be made through Accounts payee cheque. however if the ceiling given in the partner financial manual is lower than 5000.00 the partner will follow the conditions laid down in the manual ,The partner should document the reason , if the Partner can not issue accounts Payee cheque to the payee.
- Acknowledgement must be obtained in case of all payment.

14.8 Audit

An external audit is a review by an independent contractor appointed by Uttaran of the overall grant management, including balance sheets, income statements, operational and internal control to determine the scope and reliability of financial data under the grant. If forms and opinion as to the truth and fairness of the project accounts .PNGOs will under go annual audits of their accounts by externally auditors appointed by Uttaran. Also Uttaran may decide at any time during the life of the project to independently audit the PNGO and review all financial records and management system.

An internal Audit is an appraisal activity within an organization for the review of operations as services to management, including a systematic and independent examination of operations and activities carried out. Uttaran can support PNGOs with undertaking such an audit on request.

14.9 Reporting

The PNGO will be required to report on activities and financial performance using reporting templates provided by Uttarans per due dates stipulated in the PNGO contract and as per Uttaran M&E guidelines.

14.9.1 Financial report

The PNGO must complete a monthly financial report and send it to Uttaran for every operational financial results of the project, or part thereof. Submission is, where possible, electronic, plus on signed hard copy .This report should be submitted no later than 7 days after the close of the quarterly reporting period concern.

in the event that the monthly financial report is nor received in time , Uttaran will not be in a position to determined the portion of PNGO funds that have been spends during the previous quarter.

Consequently, Uttaran will not be able to release the next month funds. Thus, the timely submission of reports influences the timely disbursement of grant funds for supported projects.

A complete Monthly financial report will consist of the following items:

- Copies of the cash books /transaction listing for the quarter;
- Sign copy of the financial report for the quarter in the prescribed format ;
- Summary of the monthly expenditures which cumulatively add up to the quarterly report;
- Copies of balances from ledger accounts;
- Copies of Bank reconciliation Statements for the quarters;
- Statement of sources and usages of Uttaran funds ;
- An inventory ledger /Assets register;
- Copies of Bank statements for the quarter ;and,
- Supporting bills and vouchers to back up all transactions (these should be appropriately filed and readily available for the plan /auditors to verify at the guarantees premises.)
- Quarterly Cash forecast.

Upon receipts, Uttaran will review and submit written feedback on this report within 2 weeks .The PNGO should keep copies of this report in its office for its use and records.

Within the financial report if relivent ,the PNGO must submits procurement reports that summarise the processes use for the goods and services procured during the quarter reported.

14.9.2 Annual financial reporting

The PNGO should submit an annual financial report covering in all its activities, summarizing all project activities during the year. This report should be submitted within 15 days of the close of the project.

14.9.3 End of Grant Financial report

At the end of the grant period (including any agreed extensions) a final report of grants expenditures is due 21 days after the project end date. After approval of the report, if required, Uttaran will transfer any remaining grants fund to support project activities into the PNGOs account. All unspent funds must be declared and returned to Uttaran at the close of the project.

CHAPTER-15



FINANCIAL AUTHORITY

FINANCIAL AUTHORITY

14.1 Delegation of Financial Authority

The following guidelines shall be observed:

- Approvals are indicated by signatures / initials

Page: 86

TITLE: FINANCIAL MANUAL

OWNER : Coordinator- Accounts and Finance

EFFECTIVE FROM 02 November 2020

A handwritten signature in blue ink, appearing to be 'S. K. B. B. B.', written over the printed name of the Chairman.

Chairman
UTTARAN

House No-32, (1st Floor) Road No-10/A
Dhanmondi R/A Dhaka-1209, Bangladesh

A handwritten signature in blue ink, appearing to be 'S. K. B. B. B.', written over the printed name of the Secretary.

Secretary
UTTARAN
House No-32, (1st Floor) Road No-10/A
Dhanmondi R/A, Dhaka-1209, Bangladesh

- A subordinate cannot approve or endorse commitments and payments which involve a superior to the subordinate. Neither can an individual authorize a payment to oneself
- Expenditure shall not be fragmented to avoid the authorization of a more senior position of the organization

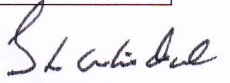
14.2 Delegation of Authority (DoA):

Sl	Task	Authority
1	Approval of petty cash payment	Respective Project Coordinator/Program head upto Tk. 2000 and Director for above Tk. 2000.
2	Approval of petty cash replenishment	Director
3	Approval of vouchers of operational expenses	Director
4	Approving of staff tour program, advance and per diem bill	Respective Project Coordinator/Program head
5	Signing of Lease agreement	Director and special cases Administration
6	Signing of Agreement/Memorandum of understanding with partners	Director
7	Review of project wise /consolidated monthly/ quarterly financial statements	Director
8	Write off/ disposal of fixed assets	Director
9	Staff Salaries & Allowance	Director
10	Staff Development and Training Cost	Project/Department Coordinator/Program head up to Tk 10,000 Director, above Tk. 10,000
11	Telephone Bill	Project/Department Coordinator/Program head up to Tk 2,000 Director, above Tk. 2,000
12	Electricity	Project/Department Coordinator/Program head up to Tk 2,000 Director, above Tk. 2,000
13	Stationery	Project/Department Coordinator/Program head up to Tk 1,000 Director, above Tk. 1,000
14	Printing and Photocopy	Project/Department Coordinator/Program head up to Tk 1,000 Director, above Tk. 1,000
15	Conveyance	Project/Department Coordinator/Program head up to Tk 1000 Director, above Tk. 1000
16	Travel Expenses (Local)	Project/Department Coordinator/Program head (according Travel policy) of HR
17	Travel Expenses (International)	Director
18	Other Project operational Expenses	Project/Department Coordinator/Program head up to Tk 1,000 Director, above Tk. 1,000
	Capital Nature Expenses	
19	Land and Land Development	General Body
20	Building Construction	Executive Committee
21	Furniture & Fixture	Director
22	Office Equipment	Director
23	Vehicle	Director
24	Others Capital Expenditure	Executive Committee
25	Annual Budget Approval	General Board
26	Project Budget Approval	Executive Committee

FORMS

Page: 87	TITLE: FINANCIAL MANUAL	OWNER : Coordinator- Accounts and Finance	EFFECTIVE FROM 02 November 2020
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Chairman
UTTARAN
 House No-32, (1st Floor) Road No-10/A
 Dhanmondi R/A, Dhaka-1209, Bangladesh


Secretary
UTTARAN
 House No-32, (1st Floor) Road No-10/A
 Dhanmondi R/A, Dhaka-1209, Bangladesh

UTTARAN
Tala, Satkhira

MONEY RECEIPT

Date:.....

Payee's (Name & Address/designation):.....Cheque
No.:.....

The sum of
Taka:.....(inword):.....

Description/purpose:
.....

Received with thanks from M/S, Mr./Ms/Mrs.....by
Cash/Cheque/PO

Received by

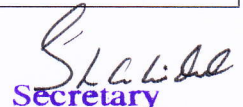
Checked by

Approved by



Chairman
UTTARAN

House No-32, (1st Floor) Road No-10/A
Dhanmondi R/A, Dhaka-1209, Bangladesh



Secretary
UTTARAN

House No-32, (1st Floor) Road No-10/A
Dhanmondi R/A, Dhaka-1209, Bangladesh

UTTARAN

Tala, Satkhira

Payment Voucher / Debit Voucher

Date:

Voucher No:

Paid to:

Head of Accounts	Accounts Code	Amount
Total		

In Ward:

Narration:

.....

.....

.....

Payment Mode: Cash / DD/ P.O/ Cheque No:	Bank:	Branch
--	-------	--------

Recipients Signature

Prepared by:

Checked by:

Approved by:

UTTARAN

Tala, Satkhira

Receipt Voucher / Credit Voucher

Date:

Voucher No:

Received from:

Head of Accounts	Accounts Code	Amount

In Ward:

Narration:

.....
.....
.....

Receive Mode: Cash / DD/ P.O/ Cheque No: Bank: Branch

UTTARAN Tala, Satkhira

Journal Voucher

Date:

Voucher No:

Head of Accounts	Accounts Code	Debit Taka	Credit taka

In Ward:

Narration:

.....
.....
.....

Prepared by

Checked by

Approved by

UTTARAN
Tala, Satkhira

Money Requisition

No:.....

Date:...../...../.....

Sl No.	Head of Expenses	Purpose	Required Amount in BDT	Remarks
Total				

Prepared by _____

Checked by _____

Approved by _____

**UTTARAN
Tala, Satkhira**

Cheque Issue Register

Name of the Project:

Name of the Bank:

Date	Cheque No.	Particulars	Amount in Taka	Purpose of Cheque Issue	Name of Payee	Signatories	Signatories	Remarks

UTTARAN
Tala, Satkhira
Advance Requisition Form

Name of the Employee: Date:

Designation: Employee ID:

Purpose of Advance: Purchase/Travelling/Training/Others [Mark v]

[Details of the purpose.....]

Amount Required:

In words:

Expected Date of Settlement:

Any Outstanding Advance: Yes No Amount (if yes):

Signature of the Employee _____

Budget Available for expected expenditure:

Approved Advance Amount:

Approved by: _____

Paid by: _____

Received by: _____

UTTARAN
Tala, Satkhira
THIRD PARTIES ADVANCE ADJUSTMENT FORM

Donor : _____
 Project : _____
 Amount received in advance : Tk. _____ Date: _____
 Amount spent : Tk. _____
 Balance refundable : Tk. _____
 Purpose of expenditure (in details) : _____

Expenditure detail :

Sl. No.	Head of Expenditure	Particulars	Amount (Taka)	Remarks

Total

Submitted by: _____ Date: _____

Name and Title: _____

I certify that goods/services have been rendered to UTTARAN in accordance with the terms of purchase order/service contract.

Approved by: _____ Date: _____

Name and Title: _____

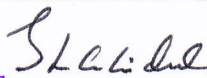
Prepared by

Checked by

Approved by

UTTARAN				
Advance Settlement Form				
Name:	<input type="text"/>	Empl. ID:	<input type="text"/>	
Designation:	<input type="text"/>	Total Participant (For Training):	<input type="text"/>	
Purpose:	<input type="text"/>	Date of Submission:	<input type="text"/>	
Location:	<input type="text"/>			
Date	Description	Bill/Voucher	Amount	Remarks
Total				
Submitted by:	Approved by:		Checked by (Finance):	
.....	Name:.....		Name:	
.....	Designation:.....		Designation:	
Recommended by:	Adjustment		
Name:.....	Advance Taken:	<input type="text"/>	Received by:	
Designation:.....	Total Expenses:	<input type="text"/>	Name:.....	
Note (if any):	Balance	<input type="text"/>	Designation:.....	
	(Due to Uttaran/Empl):	<input type="text"/>	Date:.....	
Amount in word:				


Chairman
UTTARAN
 House No-32, (1st Floor) Road No-10/A
 Dhanmondi R/A. Dhaka-1209, Bangladesh


Secretary
UTTARAN
 House No-32, (1st Floor) Road No-10/A
 Dhanmondi R/A. Dhaka-1209, Bangladesh

UTTARAN

IOU Form

Cost Center: Date:

Name of the Employee: _____

Designation _____ ID No _____ Based area _____

Purpose

Required Amount (Taka)

Probable date of Adjustment

Signature of the Employee's

Approved Amount

Approved by: Name: Designation Date	Paid by Name: Designation Date	Received by Date
--	---	---------------------------------

Acknowledge Receipts Bills and Supporting Documents

Date of Adjustment

Adjustment

Cash	Tk.	<input style="width: 95%;" type="text"/>
Bill	Tk.	<input style="width: 95%;" type="text"/>
Total	Tk.	<input style="width: 95%;" type="text"/>

Checked and Received
by:
Accounts Officer

UTTARAN

House# 32, Road: 10/A, Dhanmondi R/A, Dhaka-1209

Conveyance & Food Bill

Name :-----, Designation :-----, Program/Project :-----

Working Station :-----

Date :-----

Date	From	By	To	Purpose of Visit	Taka	Starting Time	Ending Time	Food Allowance			Taka	Gross Total
								Breakfast	Lunch	Dinner		

In Word: -----

Provided by


Chairman
UTTARAN
 House No-32, (1st Floor) Road No-10/A
 Dhanmondi R/A, Dhaka-1209, Bangladesh

Approved by


Secretary
UTTARAN
 House No-32, (1st Floor) Road No-10/A
 Dhanmondi R/A, Dhaka-1209, Bangladesh

Received by

UTTARAN
Tala, Shatkhira

Advance/Loan Register

Name :
Designation:
Department:

Date	Vr. No.	Particulars	Debit Taka	Credit Taka	Balance Taka	Remarks

UTTARAN
Tala, Shatkhira

Fixed Assets Register

Assets No.:	
Assets Description:	
Assets Location:	
Assets Group	

Purchase Ref.	Date	Cost		Depreciation			Net Book Value
		Quantity	Amount	Opening Balance	Charged	Accumulated Depr.	

UTTARAN

Tala, Satkhira
Bank Reconciliation Statement

Name of Project:.....

Particulars	Taka Amount	Taka Amount
Balance as per bank statement/confirmation		
1. Add: Cheques cashed but not entered into cash book		
Date Cheque No.		
2. Add: Cheques deposited but not credited by bank		
Date Cheque No.		
3. Add: Cheques entered into cash book but not credited by bank		
Date Cheque No.		
4. Less: Bank interest credited in pass book but not entered into cash book.		
Date Cheque No.		
5. Less: Cheques issued but not presented in bank for payment		
Date Cheque No.		
6. Add: Bank charges & commissions debited in pass book but not entered into cash book.		
Date Reference No.		
Total Amount		

Balance as per Cash Book

Signature

Signature

Signature
Approved by:

Prepared by:

Checked by:

by:

NB: Copy of Bank pass book/bank statements should be attached as a true evidence against bank balance confirmation.

UTTARAN
Tala, Satkhira

STORE REQUISITION
FORM

Requisition
by:

No.

Date:

Designation:

Department/Unit

Purpose:

Name of office:

Sl. No.	Description of Materials	Quantity Required	Dates of Requirement	Remarks

Prepared by:

Checked by:

Approved by:

