

Uttaran

Internal Auditing Guidelines

Community Mobilization

Poverty Eradication

Environmental Justice

Contact Information:

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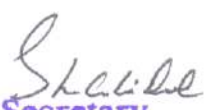
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01	Date: 01 July 2009		
	Approved by on behalf of executive board	Shahidul Islam Director	Dr Nazrul Islam Chairman
	Recommended by	Haridas Malakar, Coordinator (Accounts and Finance)	
02	Date: 14 March 2014		
	Approved by on behalf of executive board	Shahidul Islam Director	Dr Nazrul Islam Chairman
	Recommended by	Haridas Malakar, Coordinator (Accounts and Finance)	
03	Date: 02 November 2020		
	Approved by on behalf of executive board	Shahidul Islam Director	Sarder Md. Rezaul Chairman
	Recommended by	Haridas Malakar, Coordinator (Accounts and Finance)	


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PREFACE

Uttaran is a nonprofit 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 Tala Thana of the Satkhira District in the Year 1985. The Organization operates through a network of center offices spread across the districts of Satkhira, Jessore, Khulna, Bagerhat, Borguna, Barisal, Bhola, Pautakhali, Nowakhali, Jamajpu and Rajshahi.

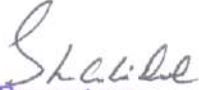
The Organization is Implementing of Different program like Rights and Social justice program, Climate justice, Adaptation and food securities program, Human Development Integrated Rural Empowerment and Development and Disaster Emergency response and risk reduction funded by different Donors under projects. Now the number of Employees of the organization is around 1000.

the Organization is Largely depended on the financial Support 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 Donor's. 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 producers and policies which would give the organization the guidance for managing the finance in a most structured way.

The revision process of this Internal Audit Guideline 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 Obligated all of you to follow and implement this policy consistently with sincere commitment.


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1. Preamble:

A standard internal audit system is necessary for ensure and establish internal control system within the organization; and the basic requirement for standardizing the system is a well-defined set of guidelines. Such is the purpose of this guideline.

This guideline can be referenced, as a tool to measure, the financial-management performance and the level of internal control exist within the organization.

2. Role:

The role of the Internal Audit Department is to assist the management of UTTARAN by providing independent advice on operations and performance and by assessing the effectiveness of internal control. the function aims to add value. improve operational efficiency, economy and effectiveness of management process, risk management and internal control.

3. Audit Plan:

A standing or need based audit plan is to be formulated considering the nature of program activities. The plan may be on monthly/quarterly/periodic basis that must be approved by the Director..

4. Objectives:

The Primary Objective of Internal Audit Department is to examine and Evaluate whather UTTARAN's design of Risk management, Internal Control and governance process, is adequate and functioning properly.

In addition, the objectives of internal Audit Department include advising and recommending to senior management for improvements in internal control system and risk management system.

5. Internal Control System:

The internal control system is most important for an organization to control its expenditure as well as maintain account accuracy. Such a system allows accounts to be internally checked and minimizes the possibility of fraud, irregularities, or misappropriation of funds. The individual conducting the internal audit will be an individual who is not involved with handling cash, transaction recording, voucher preparation, fund allocation, or disbursement.

6. Audit of Accounts – Internal Audit:

An Internal Audit Unit will work independently and will report to the Director directly. They will constantly review all the activities of all projects and funds. This process is necessary to safeguard the accounting system against mistakes, fraud, and misappropriations. The internal auditing process will be:

- a. Keep constant watch on records of financial transactions to safeguard the organization against fraud and flaws
- b. Keep updated accounts of all programs and projects
- c. Help establish strong financial disciplines in the organization


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- d. Help enable Accounts Department personnel to perform their duties with earnest sincerity and efficiently

7. Professional Standers:

The Internal Audit Department shall comply with the Standard on Internal Audit Guidelines and Practices.

Work with Internal Audit Department and result of each audit shall be confidential to UTTARAN and will not be discloser to third parties, except to the external auditors, unless by the consent of Director.

Internal Audit Department Shall Ensure:

- That all Internal audit assignment are undertaken with due professional care.
- Audits are completed by suitably skilled, experienced and competent auditors, whether internal or external recourse are used.
- Audit programs, Working papers and reports are conducted and prepared in accordance with the required professional standards.
- All official undertake training to maintain their professional development.

8. Continuity and Impartiality:

- Internal Audit within UTTARAN shall be a permanent function.
- Internal Audit Department shall be objective and impartial in performing its assignments.
- Objectively and impartiality entails that the internal audit Department itself seeks to avoid any conflict of interest. to this end staff assignments within audit department shall be rotated periodically.

9. Reporting:

After coming back from the field a detail report should be submitted to the Director. The report must cover the detail findings with facts sheet. Any urgent issues related to fraud and error must be shared with Director before submission it to the Director. The report should also cover suggestions against all findings.

10. Development of Format:

In order to make a summary report the auditor may develop a format where required information should be mentioned in order to get a clear picture of the audited period.

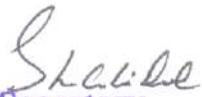
11. Branch office Audit:

The auditor should also audit the branches beside project audit.

12. Feedback System:

After completion of any audit the auditor submitted detail audit report to the Director. The management of responsive Unit asked the explanation of auditor finding. If the explanation is not acceptable the management will take action. The management of UTTARAN is think that any recommendation of the auditor should be known all the staff of a Unit then the management issues an office order for the respect Unit.


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13. Action Plan develop and monitoring:

In order to make action plan for complete the total project audit of the Organization during a certain period the auditor develop an action plan. The action plan will be so much develop that the total project are monitoring automatically during a certain period. Some surprise visit will be include in the plan and some need based audit will be made as and when required by the top management.

14. Audit Evidence:

The justification of the audits finding auditor must be collect evidence from the audit field. Evidence is very essential when it is challenge by law or any other bad situation. For example the audit evidence is the photo copy of vouchers, bill, agreement, supporting voucher etc.

15. Verification:

a. Cash Verification

The auditor will verify the cash on the spot after closing the daily transactions. As per Financial manual the denomination must be kept by the concern staffs and the cash must be under safe custody. The auditors will verify those cash during the visit and must report to the authority immediate after the assignment. Internal auditors also verify any transaction flow by the random checking system. On the other hand the auditor can follow the sample checking system that is his own responsibility.

b. Store /Stock verification

Based on the records maintained by the store In-charge the internal auditor will verify the store items including stocks twice in a year. A detail report should be submitted to the Director by stating the present status of store management, record keeping systems, issue procedure, physical set up and will recommend for further improvement of the situations.

16. Others:


a. Appeal by the staff

In order to implement or taking corrective actions on audit findings there may have some appeal from the related staffs which will be entertained with dignity. This appeal can only be entertained by the Director. These appeals can be resolved by following the HR manual; if any appeal can not be resolved by any clause of HR manual then it will be resolved by the Director with his executive power.

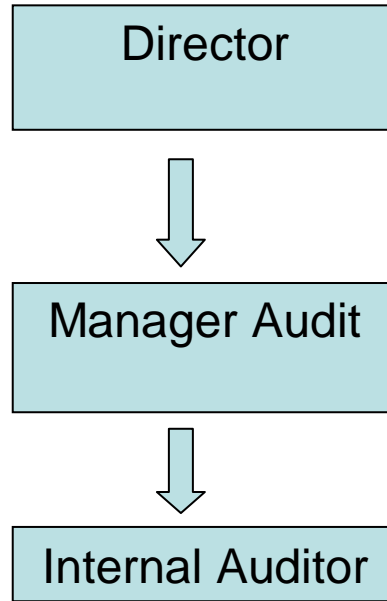
b. Development area of audit findings

The internal audits are done for making the systems smooth and keep the whole process in right track. The audit findings will be submitted to the Director who will dictate the concern staff/focal persons for taking actions in order to develop the whole process.

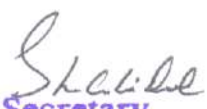

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Management Organogram of Audit Unit




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Annexure-1

Audit Check list Procurement

Sl	Particulars	Yes	No	Remarks
1.	Have any Demand Slip and purchase request from the section?			
2.	Have the approved of the purchase request?			
3.	Have any selected vendor? If not it is open market purchase? Or is it open for tender through news paper advertisement?			
4.	Is issue an offer letter for collection quotations from vendor?			
5.	Is the request for quotation accepted by the vendor?			
6.	How many number of quotations collection for the minimum level?			
7.	Have any comparative statements with the signature of purchase committee?			
8.	Is the purchase order issued in favor of the suitable vendor?			
9.	Have any acknowledgement of acceptance the purchase order?			
10.	Have any delivery chalan, bill during the time of goods delivery?			
11.	Do you check the quantity, quality of goods, date of delivery, during the time of goods receives?			
12.	Have a seal and signature on challan for posting in the stock register?			
13.	Is the bill checked by the authorized officer before prepare the payment procedure?			
14.	Is the bill paid by cash / cross check as per the organization policy?			
15.	Is it deducted Vat, Tax before the payment as per govt. rules?			


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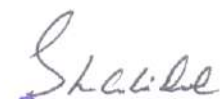
Annexure - 2

Auditor Check list for savings and Credit program:

Group member savings

Sl	Particulars	Yes	No	Remarks
01	Have a savings pass book for every member?			
02	Is savings collection from every member from a group as a same date?			
03	Is the total number of group member is same as per office record?			
04	Is the daily collection of savings from group members posting in the pass book with signature of credit officer?			
05	Have any personal savings ledger in branch office?			
06	Have any group wise savings ledger in branch office?			
07	Is the daily receivable and received savings write on the display board?			
08	Have any voucher (with supporting) for cash book posting prepared by the branch?			
09	Is savings record with cash book and general ledger book?			
10	Have all the documents are available in branch office for savings withdraw / Adjustment?			
11	Is the personal savings withdrawal posting in the pass book and group ledger?			
12	Is the interest paid on savings?			
13	Have the interest on savings posting on ledger, group register, and pass book?			
14	Is prepare weekly, half monthly, monthly savings report?			
15	Have any savings collection register?			
16	Have personal pass book for every group member?			
17	Have any daily collection register?			
18	Have any daily collection slip?			
19	Have any book account for savings management?			
20	Is the daily collection deposit to bank account?			
21	Is the same amount is shown in deposit slip?			
22	Have all the savings available in collection sheet, pass book, and daily collection slip?			


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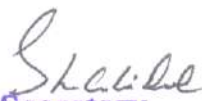

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Annexure - 3

Check list for Revolving Loan Fund (RLF):

Sl	Particulars	Yes	No	Remarks
01	Is the loan proposed issued in proper way?			
02	Have maintain savings against loan?			
03	Have any group resolution against loan proposed?			
04	Is the loaner member attained in group meeting regularly?			
05	Have the loan proposal are approved by the authority?			
06	Have any revenue stamp affix with master roll?			
07	Have the signature of lone member in master roll and loan disbursement sheet?			
08	Have any difference between loan proposal and actual disbursement?			
09	Is the member ID correct?			
10	Is the loan contract form written contract?			
11	Is the name of real loan project written on loan proposal form?			
12	Is the loan disbursement amount posting in subsidiary ledger?			
13	Is the loan disbursement amount posting in general ledger?			
14	Is the loan used in proposal project?			
15	Is the training of beneficiary on his / her project?			
16	Is the loan collection installment write on collection sheet and member pass book?			
17	Is the lone member project profitable?			
18	Is the loan used by the lone member?			
19	Is the installment collection regularly?			
20	Is the installment posting on cash book?			
21	Is the loan recovery rate (RR) calculated?			
22	Have any loan fully paid register?			
23	Have proper the monthly loan portfolio report?			
24	Have any active community for collection of overdue loan?			
25	Have any standard monitoring system on savings and credit system?			
26	Is the separate financial statement prepared on micro credit project?			


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Annexure - 4

Salary and Benefits:

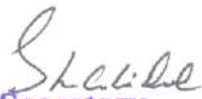
Sl	Particulars	Yes	No	Remarks
01	Have any contract / Appointment letter with the staff?			
02	Is the salary calculating day work basis?			
03	Is prepare a salary sheet in every month?			
04	Are details on salary shown in salary sheet?			
05	Is any Tax, PF, Gratuity, others) deduction deduct on salary sheet?			
06	Have revenue stamp on salary sheet against salary payments?			
07	Have salary sheet / register approved by the authority?			
08	Is the salary paid in cash/ cross cheque/ bank drafts?			
09	Have any bank advice / transfer letter against salary transfer?			
10	Is the same amount shown on salary sheet and bank statement?			
11	What is the guide line for payment other benefits?			

Annexure - 5

Check list for traveling bill:

Sl. No.	Particulars	Yes	No	Remarks
1.	Have any travel authorization form and approved before travel?			
2.	Have any advance receive against travel?			
3.	Have any report against the travel objective submit after end of the travel?			
4.	What is the time for bill submits after complete of the travel?			
5.	Is the bill submitted as per travel guideline of the Organization?			
6.	Is the TA, DA and other benefits claim as per the financial rule?			
7.	Have bill fill up the entire column fully and properly?			
8.	Is the bill check from his supervisor and approved by the authorized?			
9.	Is the advance adjusted during the time of bill payment?			
10.	What is the accounting system of advance adjustment?			
	A. Cash Basic			
	B, Accrual Basic			


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Annexure - 6

Check list for Training bill.


Sl. No.	Particulars	Yes	No	Remarks
1.	Have any separate approved budget for training?			
2.	Have any office order issue to the participants for attained the training?			
3.	Have any training schedule?			
4.	Have any attained age sheet/register for training participants?			
5.	Have any contact/offer letter to training facilitator?			
6.	Have any contact for rent a training venue?			
7.	Have the details bill for Accommodation, Food and training venue?			
8.	Have any inconcequence between training bill and budget, contact, agreement etc?			
9.	Is the Income Tax and VAT deducted from bill as per Govt. rule?			
10.	Have any revenue stamp attested on bill paid above tk. 400.00?			
11.	What is the mode of payment?			
	A. Cash or Cash cheque			
	B. Cross cheque/DD/TT/ etc.			

Annexure - 7

Check list for Advance payment:

Sl. No.	Particulars	Yes	No	Remarks
1.	Have any request for advance received?			
2.	What kind of advance is it?			
	A. Third party advance			
	B. Office staff advance			
3.	Have any work order, agreement with the third party?			
4.	What's the purpose of advance received in case of office staff?			
5.	Have any IOU, salary advance and others advance?			
6.	Is possible more than one kind of advance at a time?			
7.	Have any entry against advance in cash Book, GL and advance register?			
8.	What the procedure of advance adjustment?			
9.	Is possible take new advance with out adjust old advance?			
10.	Is any provision made against advance during the end of the period?			
11.	Is unadjusted advance shown on Balance sheet as current asset during the end of period?			


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Annexure - 8

Check list for Office supply/ Stationeries:

Sl. No.	Particulars	Yes	No	Remarks
1.	Have any stock register maintain?			
2.	Is closing balance shown as opening for next period?			
3.	Have any journal entry prepared during the close stock transfer to next year?			
4.	Have any purchase request receive from store keeper?			
5.	Is considering the GRN, Safety Stock and Re-Order level etc. during the time of purchase?			
6.	Have any purchase committee formation for purchase the material?			
7.	Is follow the procurement policy during the time of big amount purchase?			
8.	Is the material check by store keeper with delivery challan, work order etc during the time of receive?			
9.	Is the bill pay after Goods Receive Note (GRN) from store keeper?			
10.	Is consider VAT and Tax during the bill payment?			
11.	Have any request receive from sell for issue the goods?			
12.	Are the damage goods stock stores in separately?			
13.	Is the physical verification on store material during a certain period?			
14.	Have any physical verification report?			
15.	Is unused material shown in the Balance Sheet as current assets during the period?			

Annexure - 9

Purchase of Fixed Assets:

Sl. No.	Particulars	Yes	No	Remarks
1.	Have any order receive from Donor for purchase of fixed assets?			
2.	Have any office decision for fixed assets purchase?			
3.	Have any budget for fixed assets?			
4.	What is the effect on working capital for fixed assets purchase?			
5.	Is current ratio considered during the assets purchase?			
6.	Have any approved request for fixed assets purchase?			
7.	Is follow the procurement policy during the time of assets purchase?			
8.	Have any purchase committee formation for purchase the material?			
9.	Have any offer letter issue for collection of quotations?			
10.	Have any CS prepare by the Purchase committee?			
11.	Have the purchase order issue to lower price vendor?			
12.	Have any received sell and signature on purchase order?			
13.	Have any agreement between vender and purchaser?			

Sl. No.	Particulars	Yes	No	Remarks
14.	Have any delivery challan and bill for payment?			
15.	Is cheque the quality, quantity and date of supply etc. during the assets received?			
16.	Is VAT and Tax considered during the bill payment?			
17.	Is the fixed assets entry in fixed assets register?			

Annexure - 10

Physical Verification of Fixed Assets

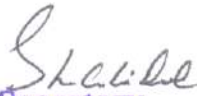
Sl. No.	Particulars	Yes	No	Remarks
1.	Have any Fixed assets management policy for controlling?			
2.	Have any fixed assets register?			
3.	Have put any ID number on fixed assets?			
4.	Is prepare a fixed assets list for end of the period?			
5.	Have any mark during the verification time?			
6.	What is the system for transfer of fixed assets from one office to another?			
7.	Have prepare any report after verification?			
8.	Have any difference during the time of verification?			
9.	What is the impacted for difference?			

Annexure – 11

Personnel file checklist

1. Joining letter.
2. Appointment letter/Contract of appointment.
3. Job description.
4. Pay scale.
5. Application for suitable post.
6. C.V.
7. Photograph.
8. NOC if any.
9. Increment/Promotion.
10. Qualification Certificates.
11. Certificates relating to training and workshop
12. Leave status
13. Leave application
14. Annual Assessment/Performance Appraisal
15. TIN if applicable
16. Resignation letter
17. Employment offer
18. Photocopies of Experience certificates


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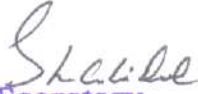

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19. References #1
20. References #2
21. Signed orientation certificate

Y The document is available in file
 N The document is not available in file
 N/A Not Applicable

SL	Name of Employee	Designation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1			Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	N	N	N	Y	N	Y	Y	Y	
2			Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N	N	N	N	N/A	Y	Y	Y	Y	
3			Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	N	N	N	N/A	Y	Y	Y	Y	
4			Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N	N	N	N	N/A	Y	N	Y	N	
5			Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N	N	N	N	N/A	Y	N	Y	Y	


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