

**FINANCIAL MANAGEMENT MANUAL
OF
BOMSA**

Bangladeshi Ovibashi Mohila Sramik Association

(BOMSA)

63, East Rampura Dhaka,1219

Registration No: 1920

BANGLADESHI OVIBASHI MOHILA SRAMIK ASSOCIATION (BOMSA)

NGO Bureau Reg. No. – 1920, Mowca Reg. No. – Jesbicca/Dhaka/250

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OFFICE MEMORANDUM

Subject: FINANCIAL MANAGEMENT MANUAL of BOMSA.

The undersigned is directed to foreword herewith a set of Financial Management Manual, as approved by the Executive Committee in its meeting dated 15th May 2005, for use by BOMSA with effect from 1st July 2005.

We record our gratitude and thanks to the executive committee members of BOMSA for providing necessary briefing and guidelines during the finalizing this manual. Thanks to the BOMSA staffs for their suggestions during developing the manual. Special thanks to Manusher Jonno and finance staff for developing the manual.

This supersedes all other provisions guideline and office orders on the subject.

(Sheikh Rumana)

1. Preamble

Bangladeshi Ovibashi Mohila Sramik Association (BOMSA) aims to unite and protect the welfare of migrant women workers of Bangladesh. Founded and operated by returned women migrants. This organization has been working with internal and external women migrants and their families since 1998 to ensure the protection of migrant rights and is the only voice for women migrant of Bangladesh. BOMSA has been registered with the Bangladesh DWA Registration. Revision no- 1920 and BOMSA is operational eleven districts. Their work continues to shape the lives of the many women who battle the odds in foreign lands. NGOs are well recognized for their contribution to the society at large and specifically to the deprived segment of the society. It takes programs and activities for the sustainable development for them. To do this noble job, NGOs utilize resources. Often this resource comes from various sources outside the organization. Therefore, NGOs have double-edged responsibility to use the resources. One is to ensure good impact at the community and other is to use the resources economically and prudently. NGOs, in general, are successful in making good impact in the community. However, the second consideration remains a challenge for many NGOs. Accounting and Financial manual provides the basic framework and guidance to reach the financial goal of making development impact economically. BOMSA is well recognized for its developmental impact. This manual is a positive step to ensure BOMSA's commitment towards achieving financial excellence.

1.1 Purpose of the manual

This manual presents the standard procedure and policies of financial management of BOMSA. This is a guiding rule for all projects/programs, staff members of BOMSA, which serves the interest of all its stakeholders.

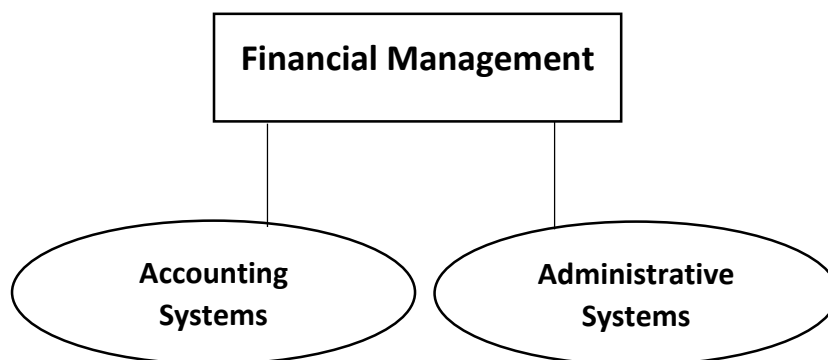
Each section of this manual defines the policies and procedures of financial management, however, not all events can be incorporated/defined. As such, under special cases management shall try to remain true to the intent of welfare or the stakeholders of BOMSA.

It is emphasized that the accounting system of the organization reflects its operational requirements. Therefore, it is imperative that this manual be also updated/modified whenever changes are required.

We feel that the manual is a complete structured guide for operating and controlling financial function of the organization and hope that the management and stakeholders of the organization will find it a useful tool in discharging their duties and responsibilities.

1.2 Basic Concepts and Components of Financial Management

Globally, there is legitimate concern among the government, donors and the stakeholders about accountability and transparency of the NGO's financial operation. Financial Management is the key area of NGO's management system, which controls and guides an organization in a very effective and transparent way. Having a good financial system is considered as a key strength of an NGO. Therefore, every organization requires a financial management system – many NGOs may only have an accounting or book-keeping system. Accounting or bookkeeping is the subset of financial management system. Financial management systems can be broken down into administrative systems and accounting system:



Administrative systems assist the NGO Managers in making administrative planning, communicating, controlling and deciding over financial management.

Accounting is concerned with identifying financial information, expressing the information in numeric terms and communicating this information to interested parties. An accounting system provides the framework for this to happen. However, administrative and accounting systems may be required to change over time in relation to changes within the NGO and changing information needs.

1.3 Salient features of the Accounting System

1.3.1 Accountability

In principle, the General Secretary and Chairperson of Executive committee can only authorize BOMSA's expenditure but, in practice, to a certain extent, this authority is delegated¹ to the operational management - Project Director and Finance Coordinator So that BOMSA projects can be managed on a day-to-day basis without the direct involvement of the Executive Committee

¹ Delegation of Authority Chart

1.3.2 Authority

It is understood that the Chief Coordinator and the Finance Coordinator will exercise the delegated authority with due respect to the BOMSA 's standard procedure and budget resources . But, responsibility for ensuring compliance with the procedure rests solely with the Finance Coordinator.

1.3.3 Process of updating

The financial procedure and policy of BOMSA is not a static document, it is expected to review and update time to time to be a living and evolving document. It is to be assumed that the accounting system of an organization reflects its organizational requirements. Therefore, as requirements change it is imperative that this Manual is also updated/modified with approval of the Executive Committee. The Finance Coordinator shall notify changes to the manual. All pages are dated to ensure accuracy.

1.3.4 Commencement

This manual is effective from the 1st day of August 2005 and shall apply to all financial transactions undertaken by BOMSA

2. Internal Controls and Cash Management Issues

Accounting controls assist in the preparation of fair and transparent reports and the safeguarding of assets. Controls can include compliance with generally accepted accounting principles, voucher systems, dual cheques signing, multiple approvals for large expenditures, etc.

The accounting procedures incorporated in this section have been designed to provide adequate internal control for BOMSA. The essential elements of internal control are as

follows:

- The organisation plan with particular reference to the allocation of Staff functions
- Authorisation, recording and custody procedures including internal verification
- Managerial supervision and reviews including audit.

2.1 Areas for Applications of Internal Controls

- a) Receipts
- b) Payments
- c) Accounts Payable
- d) Accounts Receivable
- e) Procurement
- f) Sales
- g) Inventories (Stock of Store)
- h) Fixed Assets

2.1.1 Receipts

The duties and functions of person receiving cash should be segregated as much feasible from the under noted duties:

- Approving credit voucher/ money receipt,
- A pre-numbered receipt is to be issued to the payee for all cash collections and a copy is to be retained as official record

In case of **Kind** receipts (donation), following procedure will be followed:

- ➔ The president and General Secretary will confirm the receipts through an internal note.
- ➔ Items of Fixed Asset nature will be valued at market price and be made accounts for.
- ➔ Item for Fixed Asset nature art to be included in the Fixed Asset Register.
- ➔ Item of consumable nature are to be deposited to the store and properly recorded.

2.1.2 Payments

Any party payments above Tk. 10000.00 are to be made through crossed cheque

“Account payee only”, other than exceptional circumstances but with prior written approval the president and General Secretary.

Preparation and approval of payment voucher must be segregated.

Payments against programs organized by Head Office may be made through cash cheques.

All cheques are to be signed by joint signatories. Only persons authorized to prepare or supervise the preparation of cheques have access to the cheque books.

All void cheques are to be retained with approval by the authority

Bank account is to be reconciled monthly and cheques or deposits outstanding for more than one much must be investigated and followed up in compliance with administrative and financial procedures.

2.1.3 Accounts Payable

Invoices from suppliers will be checked against supply order and the delivery report, differences, if any, will be promptly followed up and an authorized person approves adjustments arising there from.

Recording of the supplier’s invoice is to be made promptly and accurately.

2.1.4 Procurement

- Proper requisition for any procurement is to be raised, verified and approved by the appropriate authority.
- Procurement must be in congruence with the procurement policy section of this manual
- Procured items are to be received with quality certification by relevant department (store, admin etc.)

2.1.5 Sales

- Price of the saleable items are to be fixed by the appropriate authority, ensuring all associated production costs are covered plus a markup.
- Sales invoice and/or money receipt is to be issued.
- Account section must be informed immediately in case of credit sale.
- Sales register must be maintained for recording of sales.
- Sales register and pricing is to be verified periodically by the management.

2.1.6 Inventories (Stock of Stores)

- All incoming material are to be certified and properly recorded by the assigned personnel
- Issue of goods from store to be signed by both the issuer and receiver
- The materials held in store will be inaccessible to anyone other than the assigned person
- Stored in an orderly manner
- Issued only on properly approved requisition
- Store records are verified periodically by physical count.

Format of -Stock Register

Stock Register

Name of Item: Rate: Page #.....

Date	Ref.	Received		Disbursed		Balance		Received by	Remarks
		Qty.	Value	Qty.	Value	Qty.	Value		

2.1.7 Fixed Asset

Purchase of Fixed Asset will be processed with the administrative and financial authority as laid out below:

- Actual cost will be checked against sanctioned budgeted cost of the Fixed Asset;
- Assets purchased must be recorded in the register immediately after receipt of the item;
- Sales and disposals of fixed assets will be made only after specific authorization of the Executive Committee within the organizational policy.

2.2 Broad Principles of Internal Control

Over and above, the following broad principles of internal control system of BOMSA are to be maintained.

2.2.1 Establishing Responsibilities

Responsibilities should be clearly established. Good internal control necessitates that responsibilities are clearly established and for a given task, one person is to be made responsible. When responsibility is shared and anything goes wrong, it is impossible to identify the person responsible for.

2.2.2 Maintenance of Adequate records

Adequate records should be maintained. Good records provide a means of control by placing responsibilities for the care and protection of assets. Poor records invite laxity and often misused.

2.2.3 Separated Record Keeping and Custody

Record keeping and custody should be separated. A fundamental principle of internal control requires that the person who has access to or is responsible for an asset should not maintain the accounting record for that asset, viz. in store, when issue and receipt of goods are recorded in the register by the Assistant Store keeper while Store Keeper will sign Material receipt Requisitions.

2.2.4 Divided Responsibility for Related Transactions

Responsibility for a divisible transaction or a series of related transactions should be divided between individuals or departments in such a manner that the work of one acts as a check on that of another.

2.3 Proposed broad functions of Finance Coordinator, BOMSA

Finance Coordinator is responsible for the overall management and supervision of finance department. He/she will ensure the discharge of responsibilities in cooperation with other assigned members of the department.

Following are the major area of responsibilities of the Finance Coordinator:

1. Overall Management and Supervision of Finance Department activities;
2. Ensure compliance of Financial and accounting procedures of the organization;
3. Facilitating Budget preparation, revision and finalization;
4. Preparation of Financial statements and reports;
5. Perform accounts payable and receivable functions;
6. Organizing and facilitating periodical audits;
7. Respond to donor's queries on financial issues;
8. Maintain coordination and supervision of project and district/ Sub Office accounts matters;
9. Assurance of compliance of statutory, regulatory and contractual requirements in financial operations;
10. Conduct occasional crosschecks of bill and vouchers on sample basis;
11. Allocate/distribute/re-distribute the responsibilities of Finance Section staff as when required.

3. Budget

The effective management process of an organizational activity consists of two basic elements: Planning and Control. Planning denotes to Budgeting, which is an important mechanism of organizational internal control. Budget acts as an instrument to provide focus on the future, performance evaluation, coordination, communication as well as a source of motivation.

Budget is the principal instrument, through which the Executive Committee provides policy guidance to BOMSA's program and activities. The Operational Management of BOMSA prepares the Annual Work Plan and corresponding Budget and places to the Executive Committee through the Project Director for approval.

Budget of an organization performs the following functions:

- Expression of broad policy guideline in terms of specific activities;
- Provides guidelines for administrative performance;
- Sets limits of expenditures in specific areas of activities;
- Establishes personnel requirements for the organization;
- Provides the means of monitoring of performance and evaluation of impact.

3.1 Budget preparations and program planning

Budget is prepared and maintained according to fiscal year (June - July). While preparing the budget, due considerations are required on the following factors:

- Strategic orientation of the organization
- Consistency between program priorities and resource allocation
- Planned activities of the organization
- Availability and Source of Fund

Budget is developed with strategic trust of program planning. Each Program Unit develops its annual work plan with details of activities with expected income and expenditure, which is submitted to Finance Coordinator. The senior management then finalizes the draft budget for approval by the EC/Board.

The Finance Coordinator prepares following types of budget as mentioned:

Cash flow Budget: To indicate the cash requirement with time frame for Donors for consideration of contribution to the program.

Detailed Working Budget: To indicate the approved activities with financial implication for all program units to follow and maintain budget line activities and expenses

Summary Consolidated Budget: To indicate overall Program wise Receipts and Expenses for Management to monitor and take necessary steps.

Revised Budget: To accommodate the over/under income or expenditure, in view of changed situation during the implementation period.

3.2 Budget Accountability

In case of bilateral projects, budget limits are determined within the project agreement. Such agreement also specifies the limit of flexibility either in terms of percentage or amount.

In case of extreme requirement, over expenditure up to maximum of 5% over the budget of a particular line item is allowable. Any expenditure in excess of 10% will require prior approval of the Executive Committee or respective donor. However, in any case, the actual expenditure shall not exceed the overall budget limit.

3.3 Budget Revision

In case of shortage of funding or essential requirement of additional expenditure beyond allowable limit, the Management may require revising the approved budget at any given period. In such cases, the revised budget to be placed before the Executive Committee and respective donor for its approval and onward implementation.

4. Chart of Accounts

BOMSA is an expanding organization and expected to take up new projects and programs. As per organization and donor need different financial report to be generated for different project and duration. The Chart of Accounts (Accounts head or title) has

been developed to allow separate tracking of individual programs, different program component and location -wise. One can introduce coding system side by side, which could be helpful for computerization but for the manual accounting coding is not necessary.

4.1 Main Accounts Heads (Example)

Fixed Asset

- Land and building
- Furniture and Fixture
- Equipment's

Current Assets

- Cash in Hand
- Advance
- Earnest Money
- Cash in any scheduled Bank of Bangladesh

Liability

- Payment to Contractors/Suppliers

Revenue

- Sales of Handicraft
- Fund received from Donor
- Interest from Bank
- Rent from venue

Expense

- Printing.
- Training venue rent
- Salaries
- Honorarium/Consultancy
- Office Rent
- Office Maintenance /Repair and Cleaning Mat.
- Communication
- Stationeries/Supplies
- Furniture/Fixture & Equipment
- Vehicle Fuel, oil, Repair & Maintenance
- Travel, Lodging & per diem (supervision)
- Staff Capacity Building)
- Materials & equipment for Beneficiary
- Evaluation, Survey, Assessment
- Audit fee
- Bank Charges
- Training/Meeting/Workshop.
- Health and Legal Support for Returnee Female Migrant Workers
- Observance of international Day
- Education Program
- Pre departure training
- Orientation Program

5. Financial Records and Accounting

Books, Forms and Registers

Books, forms and registers are the primary records in which day-to-day transactions are recorded. Following is the list of books, forms and registers maintained at BOMSA:

1. Cash Book (Cash register)
2. General Ledger
3. Salary Register
4. Fixed Assets Register
5. Advance Register
6. Voucher Forms:
 - Debit Voucher
 - Credit Voucher
 - Journal Voucher
7. Stock Register
8. Money Receipt

5.1 Cash Book (Cash Register)

Transactions relating to cash and bank, which are recorded in a book in a chronological manner is called a Cash Book.

BOMSA has a number of projects/programs and BOMSA maintains separate bank accounts for each individual project.

Format of-Double Column Cash Book

Month.....

Receipts					Expenses				
Date	Voucher reference	Particulars	Cash	Bank	Date	Voucher reference	Particulars	Cash	Bank
		<i>Opening balance</i>							
							<i>Closing Balance</i>		

5.2 General Ledger

Cash/bank and non-cash transactions are recorded in a particular book classified according to their heads of accounts is called a General Ledger. Daily cash transactions are recorded in the cash register according to their heads of accounts. All the transactions from Cash Book are entered into the General ledger. For non-cash transactions, journal vouchers are prepared and posted in the general ledger directly.

General ledger is the principal book of accounts. The financial position of an organization can be easily ascertained at a particular point of time by preparing financial statements from general ledger data.

Format of- General Ledger

Date	Particulars	Folio or Page	Debit	Credit	Balance

5.3 Salary Register

Salary and benefits are the largest part of the operating expenses. Details about salary/payroll register have been discussed in Payroll section of this Manual.

5.4 Fixed Assets Register

Fixed assets play an important role in every organization. The following data are very essential as regards to fixed assets:

- a. Date of purchase
- b. Source of funding (Project)
- c. Description of assets
- d. Quantity of assets
- e. Value of assets
- f. Depreciation rate
- g. Annual depreciation
- h. Accumulated depreciation
- i. Written down value
- j. Location
- k. Identification mark (Project name, Location, serial number, asset category);
- l. Other information

Format of-Furniture, Fixture and Equipment Register

Period Ending.....

ID No	Description	Details			Project Charge		Current Deduction		
		Serial No.	Source	Cash in BDT	Name Of Project	%	Transfer/Destroy	If Sold	
								Receipt Memo	Sale Price

Prepared by:

Name:

Position:

Reviewed by:

Name:

Position:

Approved by:

Name:

Position:

5.4.1 Depreciation

BOMSA will follow the straight- line method for calculation of depreciation on fixed assets. The annual rate of depreciation on different categories of assets are as follows:

Examples

Building (Pucca)	5%
Building (Semi Pucca)	7.5%
Building (kacha)	10%
Furniture and Fixture	20%
Office Equipments	15%
Vehicle	20%
Other Assets	20%
Computer with printer	50%
Crockery	20%

Any change in the rate of depreciation will be done through the approval of the EC/Board.

5.4.2 Fixed assets write off

In case an asset is damaged or becomes unserviceable, the maintenance section will certify the condition and propose for write off. Finance Section will place the proposal with relevant data of cost, year of purchase, depreciation charged, written down value etc. to the Management for appropriate decision with the consent of the Executive Committee. Sale proceeds of the asset written off (if any), will be considered as Other Income.

a) Necessary journal for write off will be as follows:

Accumulated Depreciation – Equipment.....	Dr.
Grant Fixed Assets Account.....	Dr.
Equipment.....	Cr.

b) Necessary journal for sale proceeds (if any):

Cash in Hand.....	Dr.
Other Income Account.....	Dr.

5.5 Advance Register

Advance is a normal phenomenon of an organization. To carry out various activities, it becomes essential to procure goods and services from different persons or organizations at different point in time and in doing so, advance payments need to be made from time to time. Depending on the particular situation, these advance payments are made directly to third parties and sometimes to own staff.

Advance register is a controlling tool by which proper control on advance payment could be established. It is a subsidiary record in addition to general ledger. It is essential to maintain all necessary information properly in respect of advance payments and their subsequent adjustment. While preparing financial statements, list is prepared for unadjusted advances from this register and the total of such advances is compare with that of the general ledger.

Following is the form of advance register:

BOMSA Advance Register						
Name & Address:						
Date	Voucher No.	Particulars	Dr. (Advance)	Cr. (Adjustments)	Balance	Remarks
1	2	3	4	5	6	7

5.6 Voucher Forms

Vouchers are primary document to record financial transaction of a business organization with all essential- supporting documents.

Elements of vouchers:

- Name of the organization
- Number and nature of voucher
- Date of preparation
- Account name, code no. and amount
- A brief narration about the transaction
- Signature of appropriate authorities
- Attachment of bill/cash memo and other supporting documents
- Project Code #
- Recipient's Signature
- Indication of Cash/Bank

5.7 Types of voucher

Three types of vouchers are used in BOMSA as follows:

- Debit voucher
- Credit voucher
- Journal voucher

5.7.1 Debit Voucher

Debit vouchers are prepared for recording of revenue and capital expenditure such as staff salary, traveling & transportation etc. and plant & machinery, furniture & fixtures etc. respectively. Notable that, this voucher is prepared for all types of cash/bank expenditure. Necessary original supporting documents should be attached with Debit voucher except original telephone, electricity, gas, water and contract documents which is to be filed separately. This voucher has other alternative names available in use, such as payment voucher, disbursement voucher etc.

Format for- Debit Voucher

Bangladeshi Ovibashi Mohila Sramik Association (BOMSA)

Debit Voucher (DV)

Date: Cheque # Voucher No: DV #

Name of Project:

Payee's Name:

Explanation:

Head-wise Expenses and Description		Amount (BDT)
Description	Head No.	
Total BDT:		

(In word:)

Finance signature: Reviewed by: Approved by:

Name:..... Name:..... Name:.....

Position:..... Position: Position:

Received by:.....

Date:.....

5.7.3 Journal Voucher

Transaction other than cash are recorded in the books of accounts through vouchers are called Journal voucher. PF, income tax, advance adjustment, deduction form salary, depreciation on fixed assets etc. are recorded in the books of accounts through journal voucher. Necessary supporting documents are attached with this voucher before it is approved.

Preparation of journal voucher:

Project, code, voucher no, date are same as debit and credit voucher. Others are as follows: -

Heads of account : Debit and credit sides of transaction are mentioned here.

Debit (Taka) and Credit (Taka) : Amount is written down here.

: Source of journal is mentioned here. For example,
Circular no., minutes, approval, working sheet, etc.

Particulars : Explanation of transactions is written down in this
column as follows-

- a. **Provision** – the provision was made against for the month of
- b. **Adjustment** – the amount is adjusted as per schedule/list attached.
- c. **Rectification** – Rectification entry is made against voucher no (reference of previous voucher)
Dated.....
- d. **Transfer** – the amount is transferred to
From as per circular/minutes/others etc.

Format for- Journal Voucher (JV)

Bangladeshi Ovibashi Mohila Sramik Association (BOMSA)

Journal Voucher (JV)

Date:

Voucher No: JV #

Explanation:

Head-wise Expenses and Description		Debit Amount (BDT)	Credit Amount (BDT)
Description	Head No.		
Total BDT:			

(In word: _____)

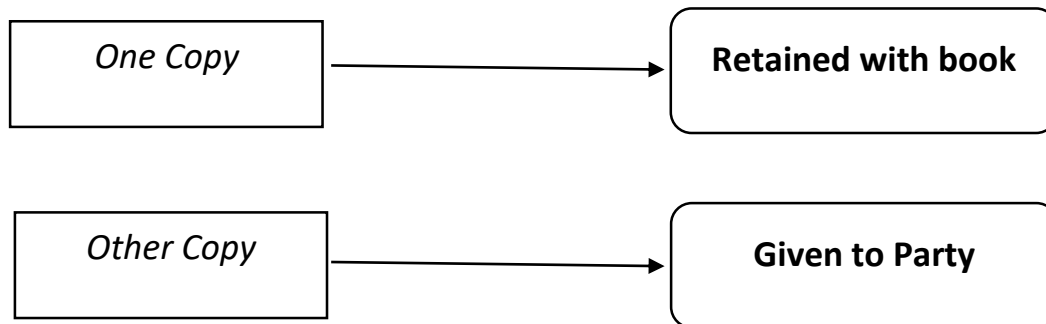
Finance signature: Reviewed by: Approved by:

Name:..... Name:..... Name:.....

Position:..... Position: Position:

5.8 Money Receipt

Money Receipt is the acknowledgement of money for both cash and cheque. This is the primary evidence based on which amount received by any means is recorded in cash book. While receiving any amount a money receipt of three copies each is used as follows:



Format for Money receipt: It will change.

MONEY RECEIPT

BOMSA

Amount

Receipt No.

Date:

Received with thanks from Mr./Ms./M/S. _____

a sum of Taka/US Dollar (in words) _____

Drawn on _____ Date _____

On account of _____

Received by

Checked by

Approved by

5.9 Record Keeping

5.9.1 Accounting Records

Finance Coordinator ensures proper maintenance of accounting and financial records, and other essential records, their protection from damage (by fire or other means) and unauthorized access or removal. Further, the finance staff ensures, where appropriate, that the copies of records and cheque books and cash are kept in safe custody.

5.9.2 Printing of Financial Documents

Finance Coordinator approves printing of financial documents. Distribution of financial documents to outside organization requires the authorization of the Executive committee.

5.9.3 Processing of Financial Documents

Using pencil is prohibited in the processing of expense claims, vouchers and other financial documents. Erasers (including use of correction fluids or chemicals) are not permitted in any records and books of account. In case of necessity of correction, the straight line is drawn on the incorrect line/record to keep it legible. However, convened person making the correction puts his/her initials.

5.9.4 Destruction of Financial and Accounting Records

Accounting records shall be destroyed with specific approval of the Executive Committee. Destruction of accounting documents must comply with the GOB rules and regulations for NGOs.

From the date of last transaction, all records will be preserved for the period as required by the respective donors/funders. BOMSA's own records will be preserved Six years.

Sl no.	Type of record	Preservation Period
	Cash Book	Six Years
	General Ledger	
	Asset Register	
	Subsidiary Register	
	Audit Notes	
	Meeting Minutes	
	Constitution of the organization	
	Service Rule	
	Voucher (any type)	Five Years
	General file and records – program	

6. Banking

6.1 Official Bank Accounts

Executive Committee is the sole authority for opening and closure of bank accounts. Executive Committee assigns appropriate signing officers to operate bank accounts. Correspondence with respective bank must be done after getting approval of the Executive Committee in the following cases:

- Opening and closing of bank accounts;
- Alteration to the designation of account signatories;
- Appointment of cheque signing officers; and
- Cancellation of appointments as signing officer.

6.2 Operational Procedure of Bank Account

- a. Any two of the following signatories jointly operates all the bank accounts of BOMSA:
 - President
 - General Secretary
- b. All the payments over Tk 5000 to be made through cheque.
- c. According to the NGOAB (NGO Affairs Bureau) rules all grants/donation must be received through one bank account (Mother Account) by the Organization but more than one operational bank account may be operated for implementing the project activities.

Following is the procedure to operate bank accounts:

- i. After receiving all grants in foreign currency or foreign grants originating abroad but received in local currency though only one bank account (Mother Account), the account number with the address of the bank must be furnished to the NGO Affairs Bureau.
- ii. The foreign grants received in above manner, may be transferred to separate accounts (operational bank account) for smooth and better functioning of program activities.

6.3 Receipt of Cheques

Following steps are to be followed against receipt of any cheque:

- i. Official Money Receipt (MR) to be issued against each receipt of cheques.
- ii. All the cheque(s) received to be crossed as “Account Payee” after receipt.
- iii. Cheque(s) received during the day to be deposited to respective bank within the next working day.

6.4 Cheque Register

When a cheque book is collected from the bank, the Finance Department shall make an entry in the cheque register mentioning the number of cheque leaves.

For recording of the cheques issued, the Finance Department shall maintain a “Cheque Register Book” which should contain the following information at least:

- Cheque number
- Date of issue
- Payees name
- Amount of cheque
- Initial of authorizing
- No of Blank cheque in hand.

6.5 Reconciliation of Bank Account

At the closure of each month the bank reconciliation statement must be prepared and checked within 7 days of the following month. The Finance Coordinator shall sign the reconciliation statement.

Format for – Bank Reconciliation Statement

Bangladeshi Ovibashi Mohila Sramik Association (BOMSA)

Bank Reconciliation Statement

Month.....20.....

Account No.

Name of Bank

Address:

Taka

Balance as per Bank statement as on:

Add: Cheque deposited but not credited by bank within:
.....

Less: Cheque issued but not presented For the payment within:
.....

Add/Less: Others :
.....

Balance as per Bank Book as on
.....

Date:

Prepared by:

Checked by:

Approved by:

6.6 Cancellation of spoiled cheque Forms or issued cheque

Cancelled cheque should be marked by red pen and marking “void” should cross spoiled cheque.

Any signature on the cheque should be removed and destroyed. The cancellation and void cheques should be kept in safe custody for subsequent audit.

7. Transaction

7.1 Cash Payments

1. For handling of daily transaction, project wise program purpose Tk 2,00,000 (Maximum) may be drawn.
2. At the end of the day’s operation, the finance coordinator will check the physical cash with cash book and confirm the balance by putting his initial in the cash book. The president and General Secretary shall make random checking of the cash on a regular interval and certify the cash balance.
3. An account other than person shall make ledger posting from the cheque book responsible for maintenance of cash book.
4. The cash payment approval level shall be limited to:
 - Project Director up to Taka 120,000/- but under special Circumstances up to Taka 150,000/- with special note from Secretary.
 - Coordinator up to 1,00,000/-
 - Finance coordinator up to Taka 50,000/- (only in absence of Program Coordinator)
5. At time of bill verification, the following expense limit to be considered:
 - Working area visit bill as fixed by the management.
6. After payment “PAID” seal with date to be stamped on all the shopping bills.
7. Revenue stamp to be affixed on the bills as per GoB rules.
8. Petty cash shall not be advanced for personal use.

7.2 Change of custody

Should there be a change in custodianship, a formal hand over a cash and vouchers should take place and be recorded in the cash book. Both the outgoing and incoming custodians should sign the declaration of cash balance and the same to be countersigned by finance coordinator.

7.3 Use of petty cash will be confined to

- Reimbursement of fares and cost of local trip expenses
- Postage/stamp and supplies
- Client Conveyance
- Utilities

- Meeting expenses
- Repairs and maintenance
- Casual staff
- Fuel
- Contingencies

7.3.1 *Daily Cash in hand*

The daily cash/petty cash in hand float are Taka 20,000.00 for settling small expenses. The daily cash fund is maintained in Imp rest system. Custodian is Accounts Officer. Transactions up to Tk.5000 can be paid out of Imp rest Fund. A summary will be prepared at the time of replenishment. Before paying the bills from petty cash, the bill to be certified by the Accounts officer / respective supervisor / Line Manager (whichever is applicable). Say, his/her supervisor will certify local conveyance bill of a PO. Sample petty cash entry is given below:

Initially imp rest fund advance is to be booked under other advance in the bank book/ monthly report. The Finance assistant will keep record of petty cash transaction being custodian of the fund. Here is an example of imp rest fund expenses:

Advance drawn on 01 March 2005 Tk 20,000
 Expenses during 01 to 25 March is Tk 16,000
 Breakdown is as following:
 Local Transportation Tk 3,500 (total 8 memo/bills)
 Supplies Tk 5,000 (total 16 cash memo)
 Repair maintenance Tk 3,500 (total 8 cash memo/bills)
 Phone Tk 4,000 (total 10 cash memo/bill)

On March 25, the accounts officer will prepare a summary of the petty cash expenses for Tk 16,000 attaching the petty cash vouchers. The FC will review and approve the petty cash summary. The AO will prepare a payment voucher and draw Tk 16,000 to replenish the spend amount of Imp rest fund. In the payment voucher Tk 16,000 to be charged to expense code for Conveyance, supplies and Repair/Maintenance. As such after withdrawal again the imp rest fund balance would be Tk 20,000.

Above this limit cash can be kept in the office for workshops/trainings etc. Such amount should be drawn on written request of the concerned staff along with a budget of the activity. As soon as the activity is completed the staff will submit the summary of expenses and refund the cash balance. The Accounts Officer will deposit the cash balance to bank withing three days of receipt. An adjustment entry will be passed for liquidation of advance and charge the workshop/training/respective activity expense.

Besides, if vendors require cash payment/bearer checks that should be mentioned by the vendor on bill/quotation. The Finance Coordinator will obtain from the president for cash/bearer check payment. Unnecessary cash holding over Tk 20,000 or issue bearer checks or pay cash to the vendors is strictly restricted.

7.4 Cash Receipts

Official Money Receipts shall be issued against cash received by the way of sale proceeds/refund of advance etc. The Finance Coordinator to ensure that all the cash received during a day is deposited in the relevant bank account within the next working day without fail.

8. Payments and Receipts

8.1 Advance, claims and accounting for advances

Three types of advance shall be paid by BOMSA:

- i. Advance Payment to Staff for Travel or Other Official purposes
- ii. Advance Payment to Suppliers/Contractors
- iii. District (branch)/ Sub Office advance

Contractual agreements shall be made between BOMSA and suppliers/Contractors before making any advances and all the advances payments over Tk 5000 shall be made through “Account Payee” cheque only.

8.1.1 Approval and Processing of Advance

The Finance Coordinator shall ensure that the following procedures are followed/implemented when dealing with the advance payments.

- i. The Director/Competent Authority approves advance for overseas/domestic travel/program expense.
- ii. Request for advances must be submitted to the Finance Coordinator at least Three working days prior to and event takes place. The amount of advance shall be based on the estimated travel costs and allowances.
- iii. Advance payment to Suppliers/Contractors shall be based on the contents of the contract/work order.
- iv. No additional travel advance will be provided where 2 previous advance remains unadjusted.
- v. Advance paid to staff member shall be adjusted within 7 working days after the event is completed.
- vi. Contractors/suppliers advance shall be adjusted from the final bill
- vii. An advance register shall be maintained to record the party-wise advance payments and corresponding adjustments.

Format for- Advance Request

Bangladeshi Ovibashi Mohila Sramik Association (BOMSA)

Advance Request (AR)

To:

From:

AR #

Date:

Please arrange travel or other advance (s)* for the following employee(s) in the amount listed below.

The total amount of the request is BDT

Employee Name & Designation	Travel Date	Advance Amount (In BDT)	Expected Adjustment Date	Employee Signature as a Receipt
Total				

• Other Advances:

Sl No.	Name of Employee	Purpose	Amount (In BDT)	Expected Adjustment Date	Employee Signature as Recipient
1					
2					
3					
Total					

The above employee(s) have no outstanding advances.

Reviewed by :

Approved by:

Name:

Name:

Position:

Position:

8.1.2 Accounting (settlement) for advances

Claims for allowances and reimbursement of costs, and accounting for advances shall be made based on Travel Expense Report.

- i. A staff member who has undertaken the travel shall carefully prepare the travel expense claim. He/she will ensure that the expenses are dated, itemized and referenced.
- ii. Original receipts, that is, ticket stubs and boarding pass, train fares or bus fares, receipts for taxi fares, receipts for business phone calls and faxes, and hotel bills wherever applicable, shall be appropriately numbered and attached. Claim for travel expense shall be calculated as per rule of BOMSA.
- iii. The Travel Expense Report shall be certified and verified by the respective Section In charge and approved by the General Secretary, as the case may be, prior to submission to the Finance Department.

8.2 Payment of Salaries and Wages

For the purpose of salary, all staff members shall open personal bank account with any commercial bank and inform the account number to Finance Department in writing. Monthly salary of the staff members shall be transferred to their respective bank account by the end of each month.

8.2.1 Payroll Processing

Finance Coordinator will process project wise monthly payroll. He/She will follow the following procedures:

- i. Relevant payroll input documents of all appointments; promotions, transfers, resignations, removal from office etc. are promptly recorded.
- ii. Entries on these documents are supported by the necessary approvals, advice etc. and verified properly.
- iii. Prepare the payroll by the end of each month.
- iv. Payroll shall contain the information like – Name, Designation, Basic salary, House Rent Allowance, Medical Allowance, Special Allowance (if any) and deductions like Provident Fund Contribution, PF Loan, PF Loan Interest, Income tax etc., the Net Pay and bank account number with bank name and branch
- v. Program Chief shall recommend the payment and the same will be submitted to the General Secretary for approval.
- vi. An “Account Payee” cheque/debit advice along with a copy of the payroll shall be sent to bank for organizing payment to relevant staff members bank account.

8.2.2 Payment of Salaries, PF, Gratuity due to an employee at the time of resignation or dismissal

Payment of salaries, PF, gratuity to an employee at the time of resignation or dismissal

Payment of salaries, PF, gratuity to an employee at thae time of resignation or ndismissal will be administered by the Service Rules/Personal Manual of BOMSA.

Salary Sheet

SL #	Employee's Name	Desig .	Basic	House Rent	Medical	Conve-yance	Gross Salary	DEDUCTIONS			Total deductions	Net Payable
								P F	Income Tax	Advance		

Prepared by:

Checked by:

Approved by:

8.2.3 *Payment of salaries and benefits due to deceased employee*

In case of death of an employee the following steps will be followed for settlement of dues tot the successors:

- A list containing entitled dues, allowance etc. will be provided to his/her
- Nominee(s)/successor(s) . (format to be developed for nominee declaration)
- Unpaid salaries, wages, allowance and Provident Fund balance shall be paid to the nominee(s)/successor(s) of the deceased employee upon receiving appropriate documents from the nominee(s)/ successor(s).
- Payments will be made through “Account payee” cheque(s).

8.2.4 *Records to be maintained for each Employees*

Finance Coordinator will ensure that the following data in resect of each employee is maintained in the Finance and Administration Department.

- Employment contract
- Identification number
- Bank account information
- Insurance records
- Vacation request
- Payment of annual benefits or Provident Fund

8.2.5 *Payroll Taxes*

As per prevailing law, Income Tax will be deducted at source from the monthly

8.3 Accounts Payable/Payment to third party:

The transaction starts through issuance of a contract, agreement or work order to any supplier, contractor or consultant. The nominal clauses that should be incorporated in every contract are as follows:

- Both party signs the agreement
- Materials to be delivered (in kind or by service)
- Specific time frame
- Payments shall be made through “Account payee” cheque only
- Mention that tax will be deducted at source as per relevant Income tax rule
- Arbitration clause, in case of any disagreement/discrepancies

8.3.1 *The payment process:*

- The party shall submit bill and challan to the user section.
- Finance Section shall check the invoice and other relevant documents, and the Finance Coordinator recommends payment on the payment initiation form. For purchase of fixed assets, new asset number to be allocated.
- Depending on the amount, the President and General Secretary approves the payment
- Finance section issues cheque in favour of the party, revies Money receipt from the party and pass it to relevant person for cash book and ledger posting.

9. Accounts Receivable

- i. The Finance Coordinator shall prepare all accounts receivables invoices or “Request for Advance” for projects/contracts. The Chief Coordinator/ Finance Coordinator shall sign request letters. Invoice shall be prepared for all revenues.
- ii. Invoices will be prepared using BOMSA’s invoice form. An invoice number will be obtained from the invoice book, which will be kept by Accountant. Finance Coordinator will sign all invoices, and copies of them will be sent to concerned Accountant for raising journal voucher and posting to the General Ledger
- iii. The Finance Coordinator will approve all the journal entries.
- iv. Finance Coordinator will ensure the recovery of all outstanding invoices. He/She will ensure the following actions:
 - Issue of invoice in due time;
 - Issue of reminder notices;
 - Consulting the President/Secretary/Project Director in cases of doubtful debt.

9.1 Writing off irrecoverable amount due to BOMSA

- i. Before classifying a debt as irrecoverable, either of the following conditions must be satisfied:
 - The debtor became non traceable;
 - It is uneconomic to follow up recovery action due to relatively small value of the debt;
 - Legal proceedings through the courts have proved unsuccessful.
- ii. The Director will propose to Executive Committee for approval of writing off the irrecoverable debts.
- iii. The party shall not be informed regarding the decision of writing off the irrecoverable debts.

10. Procurement- Policy and Accounting Procedures

10.1 Procurement Policy

BOMSA policy for purchasing goods, supplies and services are designed to ensure that BOMSA gets best price for the best products in purchasing goods, supplies and services.

The following are the rules to be followed:

- For the purpose of purchasing major stationery goods at the beginning of the year, open tender will be invited from bona fide suppliers and material will be procured from lowest bidder.
- Concerned section shall raise a requisition for procurement of an item and submit it to Finance Section for verification with budget provision.
- The program Director or Program Coordinator shall approve the requisition for purchase.
- Procurement committee can be constituted from the existing EC Committee comprising of at least three members.
- The Executive shall constitute procurement committee where one finance staff is mandatory to ensure financial procedures are maintained, depending on the

volume of amount to arrange procurement following the formalities and give decision.

- Finance section will verify bills along with challan, and Purchase Committee decision for payment to the supplier.
- The bid solicitation procedure may not be required while the procurement is made from Government/ Semi-Government/ Corporation or exclusive dealers and that should be properly documented.
- Advance payment at the time of placing work order to any party should not be considered. But under special circumstances the General Secretary can approve 25% of the estimated value.
- After approval of the requesting, procurement to be arranged following the Bid solicitation procedure as mentioned-

Format for -Purchase Request (PR)

Purchase Request (PR)

Name of Project: PR #

Requested by: Date :

Reviewed by: Date :

Approved by: Date :

SL #	Description	Qty. Req.	Qty. in Hand	Unit cost (BDT)	Budget cost (BDT)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
Total:					

Remarks:			
Purchased by:	Date:	Received by:	Date:
Name:		Name:	

10.2 Bid Solicitation Procedure:

Amount	Source	Quotation	Method of Procurement
Up to Tk. 5,000	Open market/ Enlisted Vendors	None	Direct purchase by Procurement Officer/ in-charge/ Designate
Up to Tk. 5,001 – 25,000	Open market/ Enlisted Vendors	Two	Open market purchase by PROC. For enlisted vendor, purchase order should be issued
Up to Tk. 25,001 – 2,00,000	Open market/ Enlisted Vendors	Three	Open market purchase by PROC. For enlisted vendor, purchase order should be issued.
Above 2,00,000	Open market/ Enlisted Vendors/ Press tender	Three	Through limited tender (sealed bid)/ press tender.

Note: Other standard purchase procedure involves:

- Opening of tender in presence of bidder(s)
- Prepare Comparative statement for price comparison
- Document committee decision on selection of suppliers
- Issue work order etc.

10.3 Accounting Procedures

- i. An invoice must be received for all goods and services procured. Only original invoices prepared by the supplier are acceptable. Supporting documents such as quotations or the documentation report should be attached.
- ii. Payment certification to be done through Payment Initiation Form.
- iii. Finance Officer to confirm that new asset number is mentioned on the Payment Initiation Form in case of fixed assets procurement
- iv. All invoices shall be stamped “PAID” and dated. Finance Officer will check the correctness and appropriateness of the invoices before payment.
- v. Cash book entry and ledger posting to be done by relevant Accountant as per account code.
- vi. In case of failure by the supplier to meet its obligations of supplying contractual goods and services the prompt action will be taken by Finance Officer to safeguard organization interest. Any security deposit provided by the supplier will be forfeited.
- vii. Should it become necessary to terminate a procurement contract (for purchasing goods or services) at any time during its performance, the Finance Officer will be responsible for investigating the legal aspects of the proposed action, and where appropriate, negotiate terms of settlements. These actions shall be carried out in consultation with the Secretary.

11. Delegation of Authority

The following chart provides the detailed authority level that the Senior and Mid management can exercise as decided by the Executive Committee

Sl No.	Instrument/ Document	Authority	Extent of Authority	Remarks
1	Cheque signature	President, General Secretary	Any amount	Any two signatories
2	Re-allocation of budget items	President, General Secretary	Up to 15%	Above !!% Executive Committee
3	Capital Expenditure	General Secretary	Full	Provided budget provision and purchase procedure are followed
4	Write off of asset, Bills Receivables etc.	Executive Committee	Full	Management to place necessary information
5	Renting/ Leasing	President, General Secretary	Full	
6	Salary, allowance and other benefits	President, General Secretary	Full	As per Personnel Manual of BOMSA
7	Local Travel Advance/ Overseas Travel advance	President, General Secretary, Finance Officer	Tk. 1,001 & above Tk. 501 to Tk. 1,000 Up to Tk. 5000 only in absence of President/ General Secretary (As per board)	With concurrence to recommendation from concerned Section In charge
8	Party bills	President, General Secretary	Full	All formalities to be followed
9	Cash expenses like conveyance, client conveyance, entertainment, petty stationery purchase etc.	General Secretary/ Finance Officer Area/Sub-Office Coordinator	As per approved level Up to Tk.3000	As specified under section of cash transaction Only the expenses at concerned area level
10	Airfare	Executive Committee	Full	Provided budget provision
11	TA/DA	Executive	As per approved level	Recommendation from

Sl No.	Instrument/ Document	Authority	Extent of Authority	Remarks
		Committee, Secretary/ Chief Coordinator		concerned Section
12	Professional fee like audit, surveyor	President/ General Secretary	Full	
13	Consultants bill	President/ General Secretary	Full	
14	Utilities bill	President/ General Secretary/Finance Officer	Full	
15	News Paper Bill	President/ General Secretary/Finance Officer	Full	

Explanatory Notes:

1. Where financial authority is given to the President Secretary, in his absence Deputy may exercise the authority.
2. Where financial authority given to the Finance Officer, in his absence Program Coordinator may exercise the authority.
3. No payment can be made unless there is appropriate provision in the budget.

12. Sub-Office/Area Office Accounts

BOMSA maintains its accounts centrally but the District/Upazilla offices are allowed to maintain subsidiary accounts and adjust balances following the BOMSA's fiscal year.

12.1 Procedures for Sub Office

a) Description

At the District/Upazilla Sub office level, accounting will be purely on cash basis, since the volume of transaction and amount involved will be very low in comparison to Central office.

The accounts of District/Upazilla office will be maintained by the assigned staff of the respective district, who is not likely to be finance background person but have basic knowledge of keeping simple accounts.

b) Fund Transfer

Fund transfer to a district office shall be based on the calculation of Every month's program expenses as per budget, which will be kept in a bank account maintained at district level. In all cases the central office will handle staff salary and capital expenditure directly.

When the fund is transferred to a district office, the same will be treated as Advance to the district. The advance account will be cleared against Expense Report of that district office.

c) Cash Book

The district office shall maintain columnar cash book and all cash and bank transactions will be posted in the respective cash or bank column and at the same time in the expense column.

The District Coordinator or Upazilla In-charge/ shall check entry in the Cashbook.

d) Operation of Bank Account and Cash transaction

- i. District In-charge, Assistant Coordinator/Supervisor and Chief Coordinator shall be the bank account signatories. Tk. 3,000 per week can be drawn by two signatories. Beyond that limit, signature of the Chief Coordinator is mandatory.*
- ii. The District Supervisor is authorized to approve payments like local conveyance. Beneficiary allowance, client conveyance etc. within the rates specified by BOMSA and within the budget limit provided to district office with the fund disbursement advice.*
- iii. No payments can be approved by the District Supervisor/Upazilla in charge unless the same is recommended by the concerned Coordinator/Field supervisor.*

e) Reporting to Central Office

The District office shall send the Expense Report on monthly basis within 7 days of the next month. All the vouchers of the expenses shall be retained by the district office with due care for next 5 years as per rule of BOMSA. The District Supervisor and the Office Assistant responsible for maintenance of accounts shall sign the Expense Report.

f) Internal audit

In addition to district office internal checking system, the expenses incurred by district office shall be checked by Central Office Finance section at regular interval not less than once a month.

13. Donor Fund

BOMSA's major projects are financed by donor grant/donation. So accounting treatment for donor grant is one of the major issues in BOMSA's accounting system. BOMSA's grant related accounting issues would be identified under the following categories:

- Donor fund – General
- Donor fund – Investment in fixed assets

Grant related to assets and revenue will be accounted for as per following norms:

13.1 Grant Related Assets:

Grant related to assets including non-monetary grants at fair value should be presented in the Balance Sheet by setting up the grant as Deferred Income.

13.2 Grant Related to Income/Revenue:

Grant should be recognized as income over the periods necessary to match them with the related cost, which they are intended to compensate on a systematic basis. They should not be credited directly to own fund.

13.3 Donor Fund- General

When donation is received, it is recorded under this account irrespective of the nature of donation. Thereafter, donations utilized for assets are transferred to respective accounts. Donation utilized for revenue type expenses for a period is transferred to income. The balance remaining in this account represents unutilized donor fund.

The accounting entries related to donor fund-general are as follows:

- | | |
|--|-----|
| a. When donation is received | Dr. |
| Cash and Bank A/c | Cr. |
| b. When donation is utilized for fixed assets | |
| Donor Fund-General A/c | Dr. |
| Donor Fund-Investment in Fixed Assets A/c | Cr. |
| c. When donation is utilized for revenue expenses | |
| Donor Fund-General A/c | Dr. |
| Donation Income A/c | Cr. |
| d. When fund utilization exceeds, donation receivable is accounted for | |
| Accounts Receivable A/c | Dr. |
| Donation Income A/c | Cr. |

The fund utilization entries are made at year-end based on consolidated project accounts.

13.4 Donor Fund-Investment in fixed assets

When donation is utilized for fixed assets, related donation is transferred from Donor Fund-General and recorded under this head and this portion of the fund is treated as Deferred Income. At the end of the year income will be recognized from this fund to the extent of depreciation charged on the related asset by making the following entry:

Donor Fund-Investment in fixed assets A/c	Dr.
Donor Fund-Investment in fixed assets A/c	Cr.

(Only for depreciation on donor funded fixed assets)

13.5 Completion of a phase/project

On completion of a phase of a project the remaining donor funds are treated in the following manner:

Donor Fund-General

The balance of this fund is treated as per the terms of the agreement. If any refund clause exists in the agreement, then the related unutilized fund is refunded to the donor concerned. Otherwise it is carried forward to new phase or in case of completed projects, transferred to General Fund (capital fund) account.

Donor Fund- Investment in Fixed Assets

On completion of a phase, the remaining balance under this head is transferred to the capital fund. At this stage the following accounting entry is passed:

Donor Fund- Investment in Fixed Assets A/c	Dr.
Capital Fund A/c	Cr.

14. Financial Reports

Financial reports and statements are the ultimate product of the finance and accounts department. All financial transactions generated throughout the year are recorded in a set of books and records. A systematic recording system facilitates an accountant timely to prepare financial report as per the requirements of the users.

Financial statement and reports contain a typical presentation of financial data. Statutory financial statements are prepared in accordance with accounting concepts, convention and other applicable standards. In other cases, reports and statements are prepared on the basis of requirement of the users. However, the financial data for both the cases are generated from same set of books.

Following is a list of users of BOMSA's financial reports:

- Internal users
- Donors
- Government of Bangladesh
- Financial Experts/ researchers
- Others

To meet the requirement of the above users, the reports are prepared under the following groups:

- Internal reports
- Donor reports
- Statutory reports

The finance department is responsible for preparation of these financial reports.

14.1 Internal Reports

These reports are prepared for the purpose of internal users only. The internal reports are as follows:

Daily Cash and Bank balance/certificate

Monthly project-wise receipts and expenditure statement

This statement presents monthly receipts and expenditure as well as cumulative picture up to that month. It enables programme head to monitor the financial position of the project.

The users of this report are Programme/Project Heads, Coordinator Finance and related Accounts Officers.

Format of the statement:

BOMSA					
Name of Project:					
For the month of					
Particulars	Budget Month-month	Actual Expenditure		Balance Month-month	% of Budget spent
		For the Month	Cumulative Up to this month		
<u>1</u>	2	3	4	5 = (2-4)	6
<u>Receipts</u>					
<u>IOM</u>	80000	40000	60000	20000	75%
MJ	80000	20000	40000	40000	50%
Total receipts	160000	60000	100000	60000	62.5%
<u>Expenditure</u>					
Training	10000	1000	2500	7500	25%
Salaries	20000	4000	8000	12000	40%
Total expenditure	30000	5000	10500	19500	35%
Closing balance	130000	55000	89500	40500	65%

14.2 Periodical Receipts and Expenditure statement (All Projects)

This statement includes accounts head wise position of all projects cash receipts and payments in order to understand mainly the cash and bank position. It helps making next months projection because it shows cash and bank balances at the month end. It also helps comparing data with similar previous period, as it contains previous data beside the current period data.

Key personnel like Secretary, Chief coordinator are the users of this statement

Form of this statement is given below:

BOMSA Receipts and Expenditure Statement For the period from..... to.....			
	August 2001 Taka	Sept. 2001 Taka	Increase / Decrease (%)
<u>Receipts</u>			
Total receipts			
<u>Expenditure</u>			
Total expenditure			
Closing balance			

14.3 Project-wise budget variance analysis

This analysis is done on monthly or sometimes on quarterly basis. It provides a columnar analysis of budget with actual data and also contains the percentage of variance and the reasons for variance.

Finance and Administration Division, Programme Head are the users of this statement.

Form of this statement is given below:

BOMSA				
Name of Project: _____				
Periodical Financial Report				
For the period July-September, BOMSA				
	Budget Taka	Actual Taka	Variance Taka	Variance %
<u>1</u>	2	3	4=(2-3)	5
<u>Expenditure</u>				
Total Expenditure				

14.4 Donor Reports

As per donor's requirements following reports are prepared

14.5 Periodical financial report

It is a columnar financial report prepared as per donor's requirement. This report also contains budget and actual data for the relevant six-month period. It also contains analysis of budget variance.

14.6 Project Audit Report

At the end of each project phase, a chartered accountancy firm is appointed to report for the total project period conducts an external audit. This report includes – independent auditors report, Donor fund utilization report (Receipts and Payments), and certification of Income and Expenditure Statement and Balance Sheet.

14.7 Statutory Reports

These reports are prepared to fulfill statutory requirements. Some of these are required by the constitution of the organization while some have legal requirements. These reports are as follows:

14.8 Annual Financial Statements

The following financial statements are to be prepared at each fiscal- end on June 30. These statements are basically a consolidation of all project's annual financial statements. Consolidated financial statement includes:

- A Balance Sheet
- An Income & Expenditure Statement
- A Cash Flow Statement and
- Related explanatory notes

This financial statement is audited by the independent auditor and published in the annual report of BOMSA for public use.

14.9 Reports for GOB (NGO Affairs Bureau)

NGOAB has a requirement to submit a set of financial reports along with auditor's certificate (FD-4) for each donor-funded project. These reports are required to be submitted annually, i.e. project year. The following are the project wise requirements of NGOAB as per circular dated 23rd October 2000:

1. Independent Auditor's Report
2. Balance Sheet
3. Income and Expenditure Statement
4. Receipts and Payments Statement (As per FD-6)
5. A Brief project description along with related notes, Budget variance if required.
6. FD-4 Certificate with Anex-A/1
7. Auditors observation
8. Others, if any

Formats of financial statements are given below:

a) Balance Sheet

BOMSA			
Name of Project _____			
Balance Sheet as at _____			
Property and Assets	Note	Current Project Year	Previous Project Year
Fund and Liabilities			

b) Statement of Income and Expenditure

BOMSA			
Name of Project _____			
Statement of Income and Expenditure			
For the year _____ to _____			
Income	Note	Current Project Year	Previous Project Year
Expenditure			
Surplus/Deficit of Income over Expenditure transferred to: Capital fund			

c) Statement of Receipts and Payments

BOMSA			
Name of Project _____			
Statement of Receipts and Payments			
For the period (Project financial year)			
Receipts	Note	Current Year	Previous Year
Opening balance			
Grants received			
Total			
Payments			
Head wise (As per FD-6)			
Total			
Closing balance			

14.10 External Audit

- ❖ A chartered accountancy firm for fulfillments of statutory requirements must complete annual audit of accounts.
- ❖ Selection of auditors will be decided by the Executive Committee.
- ❖ All possible efforts will be made to complete the yearly audit within 3 months after the fiscal year.
- ❖ Finance Officers will ensure submission of final accounts of relevant schedule/document and required clarification arising out of the audit.
- ❖ Finance Officer will finalize the TOR (attached) in consultation with the Director taking into considerations on requirements of the donors.