TRANSPARENCY INTERNATIONAL BANGLADESH

Social movement against corruption

FINANCIAL PROCEDURE MANUAL

CHAPTER I OF OPERATIONS AND MANAGEMENT MANUAL

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INTRODUCTION

Dear Colleagues,

Over the past years, Transparency International Bangladesh (TIB) has significantly grown both programmatically and institutionally. We have the distinction of being the largest chapter of TI in the world implementing multi-dimensional and robust programmes. This means that we are handling larger and newer resources, projects, staffs, partner and vendors. With this growth, the policies and procedures related to Financial Procedure have required updating and amendments to ensure the high standards of transparency and accountability that TIB is known for, and is expected to be. Our main objective is to ensure that our financial procedure and all actions, decisions and activities related to it represent highest standards of economy, efficiency and effectiveness.

What follows here is the amended and updated version of TIB Financial Procedure Manual approved by the Board of Trustees of TIB at its 87th meeting held on 19 April 2016. All relevant members of the staff at all levels and locations are expected to be conversant with the provisions of this manual and to fully comply with the same. The Board and management hope that the policy will be fully enforced without any exception so that the underlying responsibility and accountability framework are strictly observed.

Dr. Iftekharuzzaman
Executive Director

SECTION 1: GENERAL POLICIES

With the expansion of Transparency International Bangladesh's (TIB's) activities and diversities, its geographical operational growth as well as changes in operational circumstances, the need for revision of the well-defined and intelligibly articulated rulebook, the Financial Procedure Manual has long been felt. It is intended that the manual will provide a state of the art, need based and practical set of policies and procedures for creating an amiable working environment for TIB.

TIB's attainments, governance manual and code of ethics, and management practices that have developed over the years will form the core of this new framework. The cultural pattern and the style the Directors and Managers follow in accomplishment of their tasks have been recognized and stated in the manual. The manual nevertheless remains open to changes and leaves room to incorporate new principles that may be deduced from future cognizable events.

The manual has been prepared after thorough review of existing manuals, rules, regulations, policy decisions, existing practices and extensive discussions with the relevant key persons. The manual also needs to be consistent with the vision, values and mission of TIB. Due care has been taken to ensure the highest standards of efficiency, integrity, accountability and transparency in the Financial Procedure of TIB. Hence, the manual will highlight and reflect the policies and procedures related to the financial management of TIB.

The manual shall be a living document that aims at serving as an instrument for people at work and for them to reach an acceptable standard of efficiency and to motivate them to step into a realm of ownership of their functions. This manual is independent and will not form any part of or subject to provisions of any other manual, except to the extent specified herein and shall in any case have overriding effect and force.

Wherever there is any difference of opinion as to the meaning and interpretations of this manual, it should be referred to the Executive Management Team (EMT). The decision of the Team shall be treated as final. The provisions of this manual may be supplemented, rescinded, altered or amended by the EMT with the approval of Executive Director (ED). However, Major changes like revisions of manual should have board's consent.

The objective of this manual is to explain financial policy and principles as to use of Grants and describe accounting procedure, and ensure transparency and accountability in the system by fixing criteria and conditions for financial control and expenses. The manual provides a candid analysis of accounting policy.

1. Financial Authority

The Executive Director is the chief executive officer and is responsible to the Board for effective and efficient running of the overall operations of the organization and the Directors and other executives down the ladder of hierarchy assist him. Authority is delegated

throughout the organization so that management can focus on strategic issues and management of day-to-day operations. Accountability for delegations and communications is required of all positions and the varying structure of delegations is described in this manual. All the Directors, Managers and other staff members are to keep themselves abreast of their obligations in discharge of their duties and responsibilities under this manual.

The financial authority and powers conferred upon the Deputy Executive Director (DED)/Executive Director (ED) by the Board of Trustees be and from now on exercised by the Deputy Executive Director (DED)/Executive Director (ED), Director-Finance & Administration (DFA), Divisional Directors, and the Managers as stipulated in the Table of Authority (TOA). The financial authority of the Deputy Executive Director (DED)/Executive Director (ED) thus is delegated to and reposed on the Divisional Directors and Managers in such proportion so as to match their responsibility or position in the ladder of hierarchy.

The Director-Finance & Administration (DFA), who is the chief financial officer of TIB, shall organize the usual and routine finance and accounting functions of receiving, safekeeping and release of TIB fund, keeping consistency with the program performance and result. He/she shall oversee the functions of processing and checking bills and vouchers, maintaining cashbooks, ledgers, records of receipt of fund, bank transactions, donation (Grants) book and the bankbook. He/she shall fix responsibility for carrying out these functions by detailing the role and duties of all Mangers of Finance & Administration Division, preferably in their job descriptions. He/she may from time to time issue standing orders, notices and circulars in this behalf and reallocate duties and responsibilities as called for. He/she shall be responsible for preparation of periodical and annual financial statements and reports as may be asked for by the Board and the donors, and also as required under laws in force. Audited financial statements shall be displayed at the TIB website for public scrutiny. The Director Finance & Administration shall meet all queries through the team in this regard.

❖ **Authorization of Payments**

Under the authority declared by the Board, normally any kind of budgets, expenditures and payments shall be authorized by the officials as authorized in the Table of Authority (TOA). The officials shall also approve expenses on salary, allowances and facilities of Executive Director and those of Divisional Directors once these are fixed, agreed upon and approved by the Board. Budget, expenditure and payments of all divisions will be approved by the officials as authorized in the Table of Authority.

To ensure full compliance and accountability the Finance & Administration Division have the authority to check whether all budgets, expenses and payments are supported by necessary documents and justification. Payment can be withheld until satisfactory explanations in writing/documentation have been obtained.

❖ **Signing Matrix: Currently Approved**

Cheques or other instruments Signing	
Upto Tk. xxxx	Director-Finance & Administration+ Any other Director
Upto Tk. xxxx	Executive Director /Deputy Executive Director + Any Director
Any Amount	Executive Director/Deputy Executive Director + Any

	authorized Board Member
S2B and BEFTN	
Upto Tk. xxxx	Director-Finance & Administration + Any other Director
Any Amount	Executive Director/Deputy Executive Director + Any Director

(All above will be adjusted according to TOA changes, if any)

❖ **Cheque Signing/Online Transfer of Fund**

Table of Authority (TOA) will be followed for signing cheques. It is necessary to ensure that TIB accounts are operational with the signatories shown in the Table of Authority. Arrangements with the banks may be made as soon as possible.

The signatories shown in the Table of Authority (TOA) will operate all TIB accounts except the account which shall be maintained for Staff Welfare Fund.

Before placing any cheque for signature, the respective Senior Manager/Manager of Finance & Administration Division must check the debit voucher, the relevant documents and the narration recorded in the cheque register and bankbook, and then put his/her signature on the body of the voucher as a mark of his/her satisfaction and acceptance. Cheques for signature shall be presented together with the voucher and the cheque register.

Finance & Accounts unit plays a vital role in preparing cheques or in processing payments through online banking. This unit reviews payment requests and other relevant documents. Being satisfied on compliance of relevant policies and procedures, the unit prepares cheques or process online transfer for authorization by appropriate authority as stated in Signing/Authorization Matrix.

❖ **Standards for Financial Management Systems (Grants)**

The Finance & Administration Division, on-behalf of the TIB Board of Trustees as authorized, shall be responsible for receiving and safekeeping of grants. Grants from foreign or local donors shall be received through bank transfer in the account particularly maintained for the purpose for which the grants is received. Title of such an account shall be in favor of TIB or any of its Projects and preferably be a Short Term Deposit (STD)/Short Notice Deposit (SND) or saving account. Current Account may also be opened in exceptional cases. Any amount received through cheque or cash should be deposited to the particular bank account as soon as possible. Bank credit/receipt vouchers shall be raised and where applicable bank deposit slips be raised or bank advice notes be obtained and preserved together with the voucher by the concerned Manager.

2. Audit Committee Responsibilities

The Audit Committee, a sub-committee of the Board of Trustees of Transparency International Bangladesh (TIB) shall have at least three members, consisting of two members of the Board (Trustees), and Executive Director functioning as member-secretary. The Board shall appoint the Audit Committee for such tenure as the Board may consider appropriate. The chairman of the Audit Committee should be one of the Trustees.

The purpose of the Audit Committee is to periodically assess on behalf of the Board of Trustees the state of the TIB's financial position and the arrangement pursued by TIB's management to ensure sound and prudent control and risk management of the organization's finances. Such periodic assessments should usually coincide with, but should not be limited to, the annual statutory audit or such other audits as may be conducted for specific projects. The Audit Committee shall meet as frequently as required.

- The committee shall perform tasks as per following terms of reference:
  - Review the annual and/or other periodic financial statements for accuracy, consistency and compliance with sound disclosure requirements, and report to the Board;
  - Recommend to the Board the appointment of the external auditor;
  - Discharge its tasks by direct contact with the external auditors, as and when necessary;
  - Determine if and where TIB's financial risks lie, and guide the management on ways to deal with them;
  - Guide the management to ensure that a proper system of internal control with regard to financial management is in place in TIB and duly enforced;
  - Periodically review internal audit reports of TIB and guide the management, as and when applicable, to ensure compliance;
  - Guide the management to ensure that the internal audit function of TIB is adequately resourced and has appropriate standing within the organization;
  - Evaluate the competence of the finance and accounts team, allocation of responsibilities within the team, and guide the management on steps to enhance skills and performance;
  - Review the extent to which the TIB's finance and accounts team is able to ensure compliance of financial, accounting and auditing requirements at the level of Committees of Concerned Citizens (CCCs) with those of TIB; and
  - Report to the Board about any conflict of interest, suspected or presumed fraud or irregularities, infringement of relevant laws, rules and standards and any other matters of financial risk for prompt and effective Board action to ensure highest levels of financial integrity, transparency and accountability of TIB.

3. Internal Control System

Internal controls will help TIB to handle everyday risks of mistakes, confusion or fraud. The system will also protect staff from any pressure to misuse grants and from the suspicion of wrong-doing.

- **Purpose of Internal Control System:**

Internal control system shall be established to safeguard assets, prevent and detect fraud or error, ensure accuracy and completeness of accounting records, ensure compliance of relevant laws and restrictions, protect employees from themselves and each other, and to minimize cost of corruption.

❖ **TIB shall undertake following control Procedure to achieve above mentioned purposes:**

- **Creating control environment** - TIB shall establish such a control environment that will help achieving organization's goal.
- **Physical verification** – Daily cash counts, Annual physical verification of assets and storable items.
- **Limited access** – TIB shall restrict access to resources through locks, passwords and setting bank signatories.
- **Standard documents** – TIB shall ensure use of standard formats for receipts, payment vouchers, requisitions, purchase orders, travel allowance and for other purposes.
- **Segregation of duties** – TIB shall make sure not one person can carry out a transaction from beginning to end, no self-review or self-authorisation shall happen.
- **Checks and balances** – A check and balance system shall be established in transactions, recordings, reporting, reconciling etc.
- **Approval and authorisation** – Approval and authorization matrix shall be established for a better control system.
- **Reconciliation** – TIB shall establish a system of comparing bank statement and cashbook, agreeing a statement from a supplier to TIB's records.

❖ **Balancing Cost and Benefits:**

TIB shall balance cost of control against benefits, including the risk it is designed to manage, before taking any control procedure.

4. Business Conduct

❖ **Practice of Ethical Behavior**

TIB staffs shall act in ways consistent with what society and individuals typically think are good values and which is in line with Code of Ethics of TIB. They shall demonstrate respect for key moral principles that include honesty, fairness, equality, dignity, diversity and individual rights.

TIB shall define key elements of an organization culture and shall communicate its core values, beliefs and preferred approaches to handling common and uncommon working situations. Employees with a firm grasp on TIB's values will make the most appropriate choices when facing a dilemma.

❖ **Compliance with Laws, Regulations, and Organization Policies**

Relevant laws & regulations of Government of Bangladesh and Organization's policies would be complied in all aspect of Financial Management of TIB.

The changed/amended laws and regulations would immediately be in effect and in organizational practice and no further authorization of the appropriate authority would be required. However in case of change/amendment of organization policies, authorization

of appropriate authority would be required before initiating compliance of the changed/amended policies.

5. Conflicts of Interest

Conflict of Interest shall be a situation that shall have the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest or public interest. TIB shall act in the best interest of TIB's beneficiaries – all citizens of Bangladesh on whose behalf TIB holds all of its assets as a Trust – with full due regard to the overriding interests of the society as a whole.

❖ **What shall constitute a Conflict of Interest?**

A conflict of interest (COI) shall be a situation in which a person or organization shall be involved in multiple interests, financial interest, or otherwise, one of which could possibly corrupt the motivation of the individual or TIB. The presence of a conflict of interest shall be independent of the occurrence of impropriety. Therefore, TIB shall discover and voluntarily defuse a conflict of interest before occurrence of any corruption.

❖ **The following shall be forms of conflicts of interests:**

- Self-dealing, in which an official who shall control an organization may cause it to enter into a transaction with the official, or with another organization that shall benefit the official only. The official shall be on both sides of the "deal."
- Outside employment, in which the interests of one job shall conflict with another.
- Nepotism, in which a spouse, child, or other close relative shall be employed (or shall apply for employment) by an individual, or where goods or services shall be purchased from a relative or from a firm controlled by a relative.
- Receiving gifts from a person or organization by any staff of TIB who shall make transaction with the person or organization from whom gift was received.
- Other improper acts that shall sometimes be classified as conflicts of interests. Accepting bribes shall be classified as corruption. Use of TIB's property or assets for personal use is fraud.

❖ **Disclosure Requirements**

Should conflict of interest arise between personal or any other interests and that of TIB, such conflict of interest shall be disclosed fully and transparently before the EMT and Board of Trustees, and in the interest of TIB any decision that may be taken by the EMT and or Board to resolve the same shall be accepted.

❖ **Resolution of Conflicts of Interest**

The EMT shall be responsible to resolve conflict of interest relevant to staff below the level of Director. If conflict of interest arises relevant to the position of Director and above, this shall be resolved by Board of Trustees.

6. Security of Finance & Accounts Area and Accounting System

❖ **Placement of Finance & Accounts**

Finance & Accounts unit should be placed in a secured area of the office premise. Access to this unit should be restricted for the staffs of other divisions and units.

❖ **Access to Electronically Stored Accounting Data**

Back-up of electronic accounting data shall be taken daily at the end of office hour, not before 04:30 PM, by the authorized IT staff upon which the responsibility shall be vested. No other IT staff or other division/unit staff shall have access to the back-up file of electronic accounting data. The Authorized IT staff shall never replace the back-up electronic accounting data without prior permission of Director-Finance & Administration.

❖ **Storage of Back-up Files**

One copy of back-up files of electronic accounting data shall be stored in server stored in office premise daily. Another copy of back-up files of electronic accounting data shall be stored in a off-site data storage center periodically, which will be in a distant location of the office premise to avoid possibility of loss of all copies of back-up data due to any unwanted event/incident.

❖ **Storage of Sensitive Data**

Sensitive data shall be stored in locations from where possibility of losing sensitivity of data is minimum/zero. Sensitive data shall be stored in password protected/locked area where only authorized person shall have access to that place and data.

7. Technology and Automation in Financial Activities

❖ **Purpose and Scope**

Use of technology and automated system in financial activities is the need of time. Automated financial management system shall ease processing procedure and save time and resource. Technology and automated system shall be used in financial management system in such a way that would not hamper security and internal control mechanism of TIB and shall not be cause of loss of resources in any way.

❖ **Acceptable Use of Organization Property**

TIB seeks to protect the confidentiality and integrity of electronic information and privacy of its users, to the extent required or allowed under it's IT user guidelines. TIB also aims to ensure that the user of electronic communications shall comply relevant policies of Govt. of Bangladesh and also IT user guideline of TIB.

❖ **Password Security**

IT policy of TIB shall set such procedure which shall ensure security of passwords of accounting system, formulators of financial information, server which contains financial data and offsite data storage etc.

❖ **Confidentiality**

Accounting professionals of TIB shall not disclose to a third party, publicize or disseminate any confidential information that they acquire through a business relationship unless the client specifically authorizes the accountant to do so. Access to the information by anyone who is not specifically authorized to receive the information for a legitimate purpose should be prevented.

- **Responsibility for Protection:** Finance & Accounts staffs must implement appropriate controls to preserve trust of third parties as required by the professional code of conduct. Senior Staffs of Finance & Accounts Unit should alert subordinates of the obligation to protect the privacy and integrity of information. S/he shall ensure that fellow staff members and third parties, who provide advice or assistance, respect the Finance & Accounts staffs duty of confidentiality. The Senior Staffs should also monitor subordinates' activities to confirm that this requirement is being met.
- **Inappropriate Use:** TIB shall ensure that no confidential information shall be used directly by the Finance & Accounts staff or indirectly by a third party for unethical or illegal purposes.

❖ **Installation of Accounting Software**

Accounting system of TIB Dhaka Office shall be an automated system. Accounting software shall be installed in the computer of designated staff of Finance & Accounts unit. The software shall also be installed in the computer of Internal Auditor, External Auditor for the purpose of audit.

❖ **Users of Accounting Software**

Users of Accounting Software would be Finance & Accounts Unit staff. There may have other users based on necessity. User wise access to different modules should also be set to give access for data entry, reporting, analysis of data etc.

❖ **Set-up of user groups of Accounting Software**

User groups like data entry user, viewer, administrative user etc. should be set after installation of Accounting Software.

❖ **Administration of Accounting Software**

There shall have a designated staff who shall act as administrator of the Accounting Software. S/he shall post entry. The administrator shall also control user access to different modules and features within the modules based on set user groups.

8. General Ledger and Chart of Accounts

❖ **Chart of Accounts Overview**

Since computerization of accounting is in the offing, a chart of accounts (major heads of accounts) showing major split ups of expenditure, income, assets and liabilities needs to be prepared. This will, however, depend largely on the software used. Separate database shall be prepared for each project, where project period will be the accounting period of

that database. Chart of accounts of each project will be in line with the approved budget heads, which will ease reporting requirements.

❖ **Distribution of Chart of Accounts**

After preparation of a chart of accounts, this shall be distributed to the data entry operators, viewers and reviewers of the electronic accounting data.

❖ **Control of Chart of Accounts**

The Director-Finance & Administration shall remain the overall in-charge of computerization, designing and redesigning the chart, determining and numbering descriptions of transactions and the codes, and changing those, as deem appropriate.

❖ **Account Definitions**

Each account should be defined in details to facilitate recording expenditure items under each account heads. If cost break-ups of each budget head is prepared at the time of designing project budget, defining each account would be easy.

❖ **Changes to the Chart of Accounts**

Any change or modification/editing in chart of accounts will require authorization of Director-Finance & Administration. Filled-up format with information of existing chart and proposed change/modification should be submitted to Director-Finance & Administration for authorization. Once authorization is received, responsible Manager-Finance & Accounts will modify chart keeping earlier accounting records unchanged.

SECTION 2: POLICIES ASSOCIATED WITH GRANTS AND OTHER RECEIPTS

1. Grants

TIB shall establish good relationship with donors and shall achieve confidence of donors in successful implementation of projects utilizing grants for the intended purpose. All dealings with donors should aim to build up their confidence in TIB. TIB shall have clear plans and budgets that will describe how grants will be utilized. TIB shall also demonstrate it's capacity in proper control and good governance and providing accurate reports.

❖ **Contract review and negotiation**

TIB shall ask Donors to sign an agreement (or contract) before receiving grants. Before signing contract/grant agreement, TIB shall go through draft contract and shall understand whether conditions of contracts are realistic for TIB. If any condition is found unrealistic for TIB, donors should be negotiated to reach at a common understanding about what TIB is trying to achieve and how TIB and the donors will work together. TIB shall negotiate at the beginning of signing contract rather failing to comply any unrealistic condition.

❖ **Conditions of the contracts**

Donors shall have rules on management of grants. TIB shall have its own policies and procedures. Conditions of contracts shall be set balancing policies and procedures of Donors and of TIB.

It is very important to check the conditions before signing the agreement. Director-Finance & Administration shall check conditions that may have financial and administrative implications before finalizing and signing contract. Otherwise TIB may be left with big bills that the donor will not cover - for instance, they may declare some of costs as 'unallowable' and fail to reimburse, or the donor may ask for its money back.

❖ **Budgeting**

Finance & Accounts unit shall prepare project budget involving relevant divisions/units and shall make sure that budget is as complete as possible, before submitting them to donors.

❖ **Types of Grants**

Grants of any of the three types may be received by TIB from donors:

- **Restricted Fund:** Restricted funds shall only be used for a specific purpose. This shall be the case, for example, when a donor will support a particular project of TIB or TIB will be awarded a grant to implement a project for achieving set goals. TIB shall track restricted funds separately and carefully. TIB shall track expenditure and income very carefully for each project for which restricted fund will be received.

- **Unrestricted Fund:** Unrestricted funds shall be available for use in any way that will further the mission of TIB. This fund shall be mobilized through individual donations and fundraising events, and also from donors.

- **Bridge Fund:** Bridge fund shall be used to meet a short-term need when there's an expectation that TIB shall receive fund after a short time. Donors may award bridge fund for the interim period of ending a project and starting of a new project.

❖ **Receiving Grants**

The Finance & Accounts unit, on-behalf of the TIB Board of Trustees as authorized, shall be responsible for receiving and safekeeping of grants. Grants from foreign or local donors shall be received through cheque/bank transfer in the account particularly maintained for the purpose for which the grants is received. Title of such an account shall be in favor of TIB or project and preferably be a Short Term Deposit (STD)/Short Notice Deposit (SND) or Savings account. Current Account may also be opened in exceptional cases. Any amount received through cheque or cash should be deposited to the particular bank account as soon as possible. Bank credit/receipt vouchers shall be raised and where applicable bank deposit slips be raised or bank advice notes be obtained and preserved together with the voucher by the concerned Manager.

❖ **Acknowledgement of Receipt of Donations**

Receipt of donations should be acknowledged by letters/e-mail if there is requirement by donors. Hard copies of acknowledgement letters/e-mail shall be kept as record of receipt of donations.

❖ **Quarterly Statement of Receipt of Donations**

A quarterly statement of all donations received within the quarter with all the information like the amount, type of instrument, number of instrument, date and bank through which received, the name of the currency, conversion cost and bank charges and name of the donor country, reference of bank credit voucher and deposit slip or bank confirmation note, and number shall be prepared by the concerned Manager for perusal of Deputy Executive Director/Executive Director and the Board. All such statements should be preserved both in hard and soft copies at least for six years or as agreed with donors (whichever is higher).

❖ **Donation Book**

The Finance & Accounts unit may additionally maintain a book to be called donation book with detail records of receipts of donations such as name of the donor, their full address, type of instrument through which received, number of the instrument, date and the amount both in Bangladesh Taka and in donor's currency, conversion cost and bank charges if any. All entries in the book shall be signed by the concerned Manager and Director-Finance & Administration/Senior Manager-Finance & Administration, and be dated. Records of receipts should be maintained at least for six years or as agreed with donors (whichever is higher).

❖ **Monitoring and reporting to donors**

Donors' reports shall be prepared in a specific format and by a specified time. TIB shall always try to meet donor reporting conditions as late or wrong reports will reduce donor's confidence in TIB. TIB shall set accounting such an accounting system that will enable easy, accurate and timely reporting to donors.

TIB shall follow the following steps for monitoring and reporting grants:

- Account codes (Chart of Accounts) shall re designed in such a way that account codes may be mapped to the donor's codes if they are different.
- Each donor's reporting requirements must be identified and understood.
- A timetable with internal targets must be set so that the reporting deadlines can be met.

❖ **Grants closure**

TIB shall begin preparation for the closure of a project 3-6 months prior to the end date of the project. The following shall be considered for closure process:

- Project closeout guideline shall be prepared and circulated to all concerned wellhead to facilitate closure process effectively.
- Expenses shall be forecasted accurately and required adjusting entries shall be recorded.
- Maximum usage of remaining grants (on meaningful, result focused activities) shall be ensured.
- Filing of all supporting documents shall be ensured. These files shall be preserved securely and shall be ready for audit.
- Application for 'no cost extensions' if appropriate shall be submitted timely.
- Arrangement shall be undertaken for proper disposal of assets and equipment complying relevant policy.
- Final donor report shall be prepared and submitted timely.
- Final audit shall be organized.

❖ **Grants Recognition Policies**

In annual audited financial statements, grant income shall be accounted for on **Receivable and spent basis, which is in compliant with IAS 20.** Grant income shall be recognized as it will be receivable, to the extent that the grant has been spent by the end of the financial year. Unspent grants shall be shown in the balance sheet as liabilities.

❖ **Refunds of Grants Received**

If received donation remains unutilized at the end of any project, the balance shall be refunded to respective donor complying relevant clause of Agreement with the Donor and the relevant rules of Government of Bangladesh.

❖ **Communications with NGO Affairs Bureau**

NGO Affairs Bureau shall be duly intimated before receiving any foreign grants/donation from any source outside Bangladesh in compliance with Foreign Donations Act or as specified by NGO Affairs Bureau. NGO Affairs Bureau shall also be intimated before refunding any donation at the end of project, after completion of project audit.

❖ **Receipt from Other Sources**

Receipts other than grants, whether interest, subscriptions, sales proceeds or service charges should be recorded in a separate book to be called Other Receipts Book. Each entry in the book shall be signed by the concerned Manager and the Director-Finance & Administration/Senior Manager-Finance & Administration. Bank credit vouchers, bank deposit slips or bank confirmation notes shall be raised or obtained as usual and kept at least for six years or as agreed with donors (whichever is higher). The amount received by cheque or in cash shall be forthwith deposited to the designated bank account by the concerned officer.

❖ **Status of Fund Generated from Grants**

Funds generated out of grants, bank interest, sale of assets, old goods and service charges are deemed as TIB funds and their use is subject to conditions and restrictions imposed upon by the Board, the conditions agreed upon with the donors and the provisions of this manual.

❖ **Charging Unallowable Cost to Projects**

Costs which are unallowable as stated in donors' Agreement and as applicable as per relevant rules of GoB, shall not be incurred from the grants received against implementation of specified activities to achieve set goals.

2. Loan from one Project/Fund to other

Loan from one project to other shall not be granted at any time in any cases. However if, for any reason, receiving loan requires for any project due to delay in receiving grant from donors, loan may be granted from general fund/provident fund/gratuity fund or from other project to meet up emergency requirements. This will require approval of Executive Director/Deputy Executive Director of TIB. The loan shall be refunded immediate after receiving grant from donors. Loan must be interest free.

3. Cash and Cheque Receipts

Cash and cheque may be received from different sources. The source could be anything, staff refunding balance of travel/programme advance; vendor/service provider paying business discount as per business contract with them; sale of old/scrap items in due process; security deposit provided to vendor/service provider, membership fees etc.

❖ **Receiving Cheque and Cash**

Cash or cheque may be received in the below forms:

- Receipt of cash or cheque directly from the staff/vendor/service provider in cash counter.
- Receipt of cash from TIB Members as Membership Fee.
- Receipt of cheque from vendor/service provider through mail.

❖ **Endorsement of Cheque**

If any cheque is received from any source for any valid reason, the cheque shall be endorsed with account name and number in the endorsement area of the cheque and shall be deposited to the respective bank account.

❖ **Timeliness of Bank Deposits**

Receipt cheque shall be deposited to bank immediately. Receipt cash may be hold in hand if the received amount does not exceed the cash holding limit. In other case, received cash shall be deposited to bank on that date. Cash shall not be received after banking hour to avoid risk of exceeding cash holding limit.

❖ **Deposits Reconciliation**

Deposits shall be recorded in General Ledger Accounts; hence balance as per General Ledger and balance as per bank statement shall usually be same. On the other hand, cash in hand as per General Ledger Account shall also be equal to the physical cash in hand. Cash in hand shall be reconciled daily and cash at bank shall be reconciled in each month, within 15 days of the following month.

❖ **On-Site Collections at Conferences and Seminars**

On-site collections at conference and seminar may be necessary. TIB shall collect Membership Fees at conference/seminars/meetings. The amount shall be collected from members through issuing Money Receipts. The receipt cash shall be deposited to the bank account on the day of collection or on next working day if the collection is made after banking hour.

4. Accounts Receivable Management

Accounts receivables, if any, shall be recorded at the end of each accounting period, i.e. at the end of each project year. If any receipt is earned within a period but not received within that period, it shall be recorded as accounts receivable.

❖ **Monitoring of Accounts Receivables**

- **Grants Receivables:** The responsibility for monitoring, follow-up and reporting on accounts receivable shall be upon programme and finance staff. A report of accounts receivable shall be generated by the finance & accounts unit on a monthly basis, which shall be presented to Director-Finance & Administration for his/her review and necessary initiatives. The reports will age accounts receivable by donor and shall be used to follow-up with donors. Director-Finance & Administration shall follow up with donors on outstanding grants receivables.

- **Receivable from staff:** Receivables may be generated from staff due to payment of Staffs' telephone bill to service provider in excess of approved limit or any other payments to vendor/service provider on behalf of staff before collection of the same from staff.

❖ **Following steps shall be taken for monitoring of accounts receivable:**

- **Monthly steps:**
  - Monthly accounts receivable ageing report shall be generated.
  - Accounts receivable from staff shall be recovered in the next month through adjustment with salary and allowances.
  - Long outstanding grants receivables shall be identified and follow-up activities with donors shall be undertaken.
  - Donors shall be contacted to ascertain when payments will be made.
  - Documents shall be kept as evidence of follow-up with donors.
  - Particular attention shall be paid to long outstanding amounts and all reasonable steps shall be taken in trying to recover these amounts.
  - The report shall be signed as evidence of follow-up being taken.
  - Director-Finance & Administration shall sign report to ensure that steps have been taken on follow-up.
  - All evidence of follow-up and review should be filed as supporting documentation for accounts receivable management.

- **Year-end procedures:**
  - A report shall be generated at the end of each reporting period.
  - Strict follow-up shall be performed with donors.
  - Documented evidence shall be maintained where there are concerns that donors will not be able to make payments.
  - Information shall be provided to Executive Management Team with documented evidence for each individual donor where doubt exists about recovery.
  - Information shall be provided to Executive Management Team with documented evidence for each individual donor where amounts are considered irrecoverable after all reasonable steps have been taken for recovery and where amounts shall be Written-Offs.

❖ **Collection of Receivables**

Immediate appropriate measures shall be taken to collect accounts receivable. Follow-up reports shall be generated in each month indicating status of collection against each receivable.

❖ **Processing of Voucher Package**

As a non-government organization, accounts receivable shall not be created frequently; hence Accounts Receivable module of Accounting Software shall not be required. Accounts receivable, if any, shall be recorded through General Ledger module of accounting software.

If any grant becomes receivable from any donor at the end of project, it shall be recorded as Accounts Receivable (or Grants Receivable from the specific donor) through General Ledger module.

Receivable from staff, if any, shall also be recorded though General Ledger module. Staff wise subsidiary ledger shall not be required for recording accounts receivable (Receivable from Staff). Alternatively General Ledger accounts in the name of respective staff may be opened to record receivable from that staff.

SECTION 3: POLICIES ASSOCIATED WITH DISBURSEMENTS

1. Charging of Costs to Projects

TIB shall implement multiple projects at a time. Each project shall have specific budget as details as possible to ease charging costs of the specific project to that project. There may have few common costs, which need to be charged to all projects based on reasonable ground of cost sharing. There may have cost items which shall not be allowed by Donors as well as TIB based on conditions of allowability of costs.

❖ **Segregating Unallowable from Allowable Costs**

Finance & Accounts unit shall check cost items to be satisfied on allowability of cost at the time of reviewing procurement process documents/payment request before processing payment. Donors may have a list of unallowable costs, which shall be considered for segregating unallowable from allowable costs. Considering Donors requirement, TIB may also create list of unallowable costs time to time to avoid charging unallowable costs to any project.

❖ **Allowable, Allocable, and Reasonable Costs**

The concepts of allowability, allocability, and reasonableness of costs shall address directly the legitimacy of a cost that will be charged against a specific project grant. Determination of allowability, allocability, and reasonableness of a given expense shall be based on specific guidelines of the donors and according to the provisions laid down in this section. Finance & Accounts unit shall ensure that all costs charged to a specific project are allowable and allocable.

- **Allowability of Costs**

Costs must meet the following general criteria in order to be allowable:

- The cost shall be necessary and reasonable for the performance of the grant award and shall be allocable thereto under these principles.
- The cost shall conform to any limitations or exclusions set forth in this manual as to types or amount of cost items.
- The cost shall be consistent with policies and procedures that apply uniformly to both grant awards and other activities of TIB.
- A cost shall not be assigned to a grant award as a programme activity cost if any other cost incurred for the same purpose in like circumstances has been allocated to grant award as programme operation cost.
- The cost shall be adequately documented.

- **Reasonable Costs**

A cost shall be reasonable if, in its nature and amount, it will not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the project or the proper and efficient performance of the grant award.
- Market prices for comparable goods or services for the geographic area.
- Whether TIB significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the grant award's cost.

❖ **Allocable Costs**

A cost shall be allocable to a particular grant award or other cost objective if the goods or services involved shall be chargeable or assignable to that grant award or cost objective in accordance with relative benefits received. This standard shall be met if the cost:

- Shall be incurred specifically for the grant award;
- Will benefit both the grant award and other work of TIB and can be distributed in proportions that may be approximated using reasonable methods; and
- Will be necessary to the overall operations of TIB and will be assignable in part to grant awards.

Any cost allocable to a particular grant award shall not be charged to other grant awards to overcome grants deficiencies, to avoid restrictions imposed by the donors, regulations, or terms and conditions of the grant awards, or for other reasons.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

❖ **Direct Costs**

Direct costs shall be the costs that will clearly be associated with specific activities or projects. This types of costs are easily identifiable and shall directly be charged to that activity or project. These costs shall not be charged as core cost/overhead cost.

❖ **Indirect and Joint Costs**

Indirect costs shall be the costs that will not directly be associated with a single activity or project. Such costs shall frequently be aggregated into an overhead cost pool and allocated to various activities or projects based on allocation/distribution method.

Apportion (i.e. share out) of core costs to each project or activity that are implemented by TIB shall be good practice. This will help to work out the total cost of running each specific activity.

❖ **Indirect Cost Rate**

I**ndirect cost rate** shall be a tool for determining the proportion of **indirect costs** each project should bear. It shall be the ratio (expressed as a percentage) of the **indirect costs** to a direct **cost** base. Ratio of indirect cost to be shared by projects shall be determined time to time considering standard method of sharing costs.

❖ **Allocation of Core Costs**

'Core costs' shall be the central administrative costs that TIB has to pay to run the organization.

There are various strategies for allocating core costs to projects, which may be as follows:

- An **accurate budget for core costs shall be prepared**. This will help keep them to a minimum and show exactly how much funding will be need.
- **Core cost shall be allocated as much as possible to specific projects**. For example, a shared vehicle making journeys for a specific project, or a shared photocopier making copies for a particular project activity. This will reduce core costs, by re-classifying them as project costs.
- **Any money that donors may provide for core costs shall be claimed**. Donors may allow claiming a certain amount for 'administration', 'core costs' or 'management fees'. This amount shall be claimed as per budget allocation of the specific project and proportioned core cost shall be charged to that project.
- **Specific sources of funding for core costs shall be identified**. This may be tough but this shall be beneficial when donors funding will not be available for a certain period.
- **Unrestricted funding may be used to pay for core costs**.

❖ **Apportioning Core Cost**

Total costs of each project shall be equal direct costs plus a share of core costs. Core costs may be apportioned to different projects in a number of ways. For example, split by the relative size of:

- Project staff hours
- Project budget
- Estimated use, eg office space (for rent).

Appropriate method shall be used to share core cost to projects.

2. Accounts Payable Management

Accounts payable is a liability to a creditor, carried on open account, usually for purchases of goods and services.

❖ **Recording of Accounts Payable**

When purchase order shall be issued and goods/service shall be received in advance of paying for them, it will be considered as purchasing of goods/service on account or on credit. The supplier of goods/service shall also be considered as a creditor. If goods/service is received, vendor/service provider's bill/invoice shall be considered as Accounts Payable.

As is expected for a liability account, Accounts Payable will normally have a credit balance. Hence, when a vendor/service provider invoice is recorded, Accounts Payable will be credited and another account must be debited (as required by double-entry accounting). When an account payable shall be paid, Accounts Payable will be debited and Bank will be credited. Therefore, the credit balance in Accounts Payable should be equal to the amount of vendor invoices that have been recorded but have not yet been paid.

Under the accrual method of accounting, the procurement unit/general administration unit receiving goods or services on credit must report the liability to Finance & Accounts unit preferably within **five working days** from the date invoices were received from vendor/service provider. They shall also take initiative to collect invoice/bills from vendor/service provider in the month in which goods/service shall be received to ensure recording expenditure in the period in which expenditure was incurred. The process of collection and submission of invoice/bill of each month to Finance & Accounts unit with required supporting documents shall be completed within 5 days of the following month.

Finance & Accounts unit shall review vendor/service provider's invoice/bill with required supporting documents. Being satisfied on compliance of relevant policies, Finance & Accounts unit shall process recording Accounts Payable in accounting system. Accounts payable shall be recorded in the month when goods/service including invoices shall be received.

The accounts payable process shall involve reviewing an enormous amount of detail to ensure that only legitimate and accurate amounts are entered in the accounting system. Much of the information that needs to be reviewed will be found in the following documents:

- Purchase Requisition/Repair & Maintenance Requisition.
- Vendor/service provider selection process documents, in applicable cases.
- Purchase orders issued by the procurement/general administration unit or Contracts/agreements in applicable cases.
- Invoice/bill of the vendor/service provider.
- Goods Receiving Note (GRN)/Work Completion Certificate (WCC) issued by the respective unit/division.

The accuracy and completeness of financial statements shall depend on the accounts payable process. A well-run accounts payable process will include:

- The timely processing of accurate and legitimate vendor invoices,
- Accurate recording in the appropriate general ledger accounts, and
- The accrual of obligations and expenses that have not yet been completely processed.

The efficiency and effectiveness of the accounts payable process will also affect the cash position, and relationships with the vendor's/service providers.

❖ **Accounts Payable Cut-Off**

Accounts payable **shall be cut-off after expiry of three months from the end date of recording month** in accounting system. However adequate measures shall be taken to process payment/adjustment of accounts payable within three months.

❖ **Preparation of a Voucher Package**

After reviewing vendor/service provider's invoice/bill and being satisfied on compliance of relevant policies and procedures, Finance & Accounts unit shall prepare "AP Invoice" in Accounts Payable Module of accounting system. The preparer shall present all supporting documents to Manager-Finance & Accounts for his review and posting of AP Invoice from AP Module. Being satisfied on compliance of relevant policies and procedures and charging of expenditure in appropriate account head, s/he shall post the AP Invoice from AP Module. A voucher will automatically be generated in General Ledger module. The preparer shall print the voucher from the General Ledger module and shall preserve original copy of all relevant supporting documents with the AP Invoice. The AP Invoice shall then be presented to respective authority for signature.

❖ **Reconciliation of A/P Subsidiary Ledger to General Ledger**

In accounting system, accounts payable shall be recorded at the name of each vendor/service provider. There shall have a "Accounts Payable/Bills Payable" Control Account in General Ledger. The total of vendor/service provider wise payable balance as per vendor/service provider's ledger shall be equal to the general ledger balance of Accounts Payable/Bills Payable account at any time.

After closing of financial transaction of each month, Accounts Payable as per Vendor/Service Provider's ledger shall be reconciled with the Accounts Payable as per general ledger.

❖ **Travel Expense Payable**

Finance & Accounts unit shall receive Travel Expense Report from staff within 5 working days after return to base. Travel may either be accomplished receiving travel advance or without receiving travel advance. Whatever the form may be, travel expense shall be considered as a liability of organization after receiving travel expense report.

After receiving travel expense report, respective Deputy Manager-Finance & Accounts shall review the report and being satisfied on compliance of relevant policies and procedures, the expense shall be recorded in accounting software in respective head of expenditure crediting Travel Expense Payable.

❖ **Preparation of a Voucher Package for Travel Expense**

After reviewing Travel Expense Report and being satisfied on compliance of relevant policies and procedures, Finance & Accounts unit shall prepare "AP Invoice" in Accounts Payable Module of accounting system. The preparer shall present all supporting documents to Manager-Finance & Accounts for his review and posting of AP Invoice from AP Module. Being satisfied on compliance of relevant policies and procedures and charging of expenditure in appropriate account head, s/he shall post the AP Invoice from AP Module. A voucher will automatically be generated in General Ledger module. The preparer shall print the voucher from the General Ledger module and shall preserve original copy of all relevant supporting documents with the AP Invoice. The AP Invoice shall then be presented to respective authority for signature.

3. Payment and Adjustment of Advance/Prepaid Expense

❖ **Travel Advances**

- **Local Travel:** Travel advance up to 75% of the estimated entitlement may be allowed to a staff at a time, by the Director-Finance & Administration to cover programme and travel expenses. Director-Finance & Administration will review trend of refund from travel advance time to time. Staff should request realistic amount of advance for travel. Travel advance should be claimed considering number of days required for official tour, ceiling of perdiem, actual transport cost within allowable entitlements, actual lodging cost within entitlements etc. Any refund of travel advance in excess of 25% of the paid amount will need explanation of the receiver and authorization of respective supervisor not below the level of Director.

  A request for advance duly signed by the person requiring the advance and approved by his/her immediate supervisor and divisional head should be submitted to the Director-Finance & Administration in the prescribed form for approval of disbursement.

  Advance should be paid by account payee cheque or through online transfer or through bank transfer to the account of the staff as deem appropriate within 5 working days of receiving the payment request and the vouchers in this behalf shall be approved by the Director-Finance & Administration and/or by the Deputy Executive Director/Executive Director as stipulated in the Table of Authority.

  Bills for expenses must be submitted and advance should be adjusted within five (05) working days after return to base.

  Second advance shall not be paid for travel until adjustment of earlier advance. However in case of continuous multiple visits, advance shall be requested through Advance Requisition (for multiple visit) Form and shall be adjusted within time as mentioned in the Advance Requisition Form and as approved by Director-Finance & Administration.

- **Advance for Travel Abroad:** Advance for foreign travel and amount thereof shall be determined and approved by the Deputy Executive Director/Executive Director in line with the HR manual. The advance should be adjusted within seven working days after return from abroad.

❖ **Reasonableness of Travel Costs**

Reasonableness of travel costs shall be measured as per entitlements as mentioned in Human Resource Manual and in other relevant policies.

❖ **Prepaid Expenses**

Prepaid expenses shall be the future expenses that would be paid in advance. Prepaid expenses shall be considered as costs that have been paid but have not yet been used up or have not yet been expired. The amounts of prepaid expenses that have not yet been expired shall be reported as an asset in Balance Sheet.

When coding supplier invoices for entry into the accounting system, written approval shall be obtained from the Director-Finance & Administration that a billing should be coded as a prepaid expense. Otherwise, the default entry is to record an expenditure as an expense.

- **Required documents for prepaid expense**
  - Vendor/service provider's request.
  - Approval of appropriate authority.
  - Condition of advance in Work Order/Contract document.
  - Invoice of vendor/service provider for the advance amount.

- **Most common forms of such prepaid expenses shall be:**
  - **Insurance Premium for hospitalization and health benefits or for maintenance of furniture & equipments etc:** This cost is usually paid at signing of contract with the insurance company to get future benefit as specified in the insurance contract.

  - **Repair & Maintenance service fee:** There may have regular repair and maintenance contract with vendors/service providers. This cost is usually paid at signing of maintenance contract with respective vendor/service providers. A common example of such cost is Annual Fee for maintenance of Accounting and Human Resource software. This cost is paid in advance to get maintenance service over the year as per conditions of contract.

  - **Advance to vendor/service provider:** TIB does not encourage vendor advance. However in exceptional circumstances advance may be approved by the Director-Finance & Administration up to 50% of the agreed amount. Advance in excess of 50% of the agreed amount will require approval of the Deputy Executive Director/Executive Director. Bank guarantee will be required for payment of advance where the procurement committee recommends. Advance adjustment procedure shall be stated in the Work Order/Agreement. Advance shall be adjusted as per conditions of Work Order/Agreement.

  - **Advance to Event Partner:** Advance may be paid to event partners as per conditions of agreement. Amount of advance and adjustment procedure will depend on conditions of agreement.

❖ **Program Advance**

Programme advance up to 100% of the requested amount may be allowed to a staff at a time, by the Director-Finance & Administration to cover programme expenses as stated in Purchase Requisition. Finance & Accounts unit will review trend of refund from programme advance time to time and report to Director-Finance & Administration. Staff should request realistic amount of advance for programme. Programme advance should be claimed considering budget allocation for the specific programme and approved Purchase Requisition. Any refund of programme advance in excess of 25% of the paid amount will require explanation of the receiver and approval of Director-Finance & Administration.

A request for advance duly signed by the person requiring the advance and approved by his/her immediate supervisor and divisional head should be submitted to the Director-Finance & Administration in the prescribed form for approval of disbursement.

Advance will be paid by bearer cheque or account payee cheque or online transfer or through bank transfer to the account of the staff as deem appropriate within 5 working days of receiving the payment request and the vouchers in this behalf shall be approved by the Director-Finance & Administration and/or by the Deputy Executive Director/Executive Director as stipulated in the Table of Authority.

Bills for expenses must be submitted and advance shall be adjusted within seven (07) working days of completion of the program or within five (05) working days after return to base, whichever is earlier.

❖ **Preparation of a Voucher Package**

- **Advance to vendor/service provider/staff:** After reviewing staff/vendor/service provider's advance request and other relevant documents and being satisfied on compliance of relevant policies and procedures, Finance & Accounts unit shall prepare "AP Payment Voucher" in Accounts Payable Module (through AP Payment) of accounting system. The preparer shall present all supporting documents to Manager-Finance & Accounts for his review and posting of AP Payment Voucher from AP Module. Being satisfied on compliance of relevant policies and procedures and charging of payment in appropriate account head, s/he shall post the AP Payment Voucher from AP Module. A voucher will automatically be generated in General Ledger module. The preparer shall print the voucher from the General Ledger module and shall preserve original copy of all relevant supporting documents with the AP Payment voucher. The AP Payment voucher shall then be presented to respective authority for signature.

- **Insurance Premium for hospitalization and health benefits or for maintenance of furniture & equipment etc; Repair & Maintenance service fee:** After reviewing service provider's invoice and other relevant documents and being satisfied on compliance of relevant policies and procedures, Finance & Accounts unit shall prepare "AP Payment Voucher" in Accounts Payable Module (through AP Payment) of accounting system. The preparer shall present all

supporting documents to Manager-Finance & Accounts for his review and posting of AP Payment Voucher from AP Module. Being satisfied on compliance of relevant policies and procedures and charging of payment in appropriate account head, s/he shall post the AP Payment Voucher from AP Module. A voucher will automatically be generated in General Ledger module. The preparer shall print the voucher from the General Ledger module and shall preserve original copy of all relevant supporting documents with the AP Payment voucher. The AP Payment voucher shall then be presented to respective authority for signature.

- **Advance to Event Partner:** After reviewing relevant documents and being satisfied on compliance of relevant policies and procedures, Finance & Accounts unit shall prepare "AP Payment Voucher" in Accounts Payable Module (through AP Payment) of accounting system. The preparer shall present all supporting documents to Manager-Finance & Accounts for his review and posting of AP Payment Voucher from AP Module. Being satisfied on compliance of relevant policies and procedures and charging of payment in appropriate account head, s/he shall post the AP Payment Voucher from AP Module. A voucher will automatically be generated in General Ledger module. The preparer shall print the voucher from the General Ledger module and shall preserve original copy of all relevant supporting documents with the AP Payment voucher. The AP Payment voucher shall then be presented to respective authority for signature.

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4. Cheque-Writing Policies

❖ **Cheque Signing Authority**

Table of Authority (TOA) will be followed for signing cheques. It is necessary to ensure that TIB accounts are operational with the signatories shown in the Table of Authority. Arrangements with the banks may be made as soon as possible.

The signatories shown in the below Table of Authority (TOA) will operate all TIB and CCCs designated accounts. Bank Accounts which are maintained for Provident Fund, Gratuity Fund and Staff Welfare Fund will be operational under separate signing matrix, as approved by the appropriate authority.

Cheques or other instruments Signing: Currently Approved	
Upto Tk. xxxx	Director-Finance & Administration+ Any other Director
Upto Tk. xxxx	Executive Director /Deputy Executive Director + Any Director
Any Amount	Executive Director/Deputy Executive Director + Any authorized Board Member
S2B and BEFTN: Currently Approved	
Upto Tk. xxxx	Director-Finance & Administration + Any other Director
Any Amount	Executive Director/Deputy Executive Director + Any Director

(All above will be adjusted according to TOA changes, if any)

Before placing any cheque for signature, the Senior Manager-Finance & Administration and Manager-Finance & Accounts must check the voucher, the relevant documents and the narration recorded in the bankbook, and then put his/her signature on the body of the voucher as a mark of his/her satisfaction and acceptance. Cheques for signature shall be presented together with the voucher and the cheque register.

❖ **Cheque Preparation**

Respective Deputy Manager-Finance & Accounts/Manager-Finance & Accounts shall prepare cheque after approval of payment voucher. At the time of preparation of cheque, information of the cheque shall be recorded in Cheque Register. Payment amount and bank account in voucher, cheque register and cheque book must be same. Before presenting the written cheque to respective signatories, Senior Manager-Finance & Administration shall review cheque information, cheque register information and voucher information and sign at the back of cheque counter foil.

❖ **Cheque Signing**

The prepared cheque along with approved payment voucher, cheque register shall be presented to the signatories as per signing matrix by the preparer of the cheque. The signatories shall check payment amount as per voucher and cheque register and sign cheque leaf, cheque counter foil and cheque register.

❖ **Delivery of Cheques**

After completion of writing and signing cheques, the cheques will be ready for delivery. A photocopy of the cheque will be prepared and along with photocopy, the cheque will be preserved in custody of Deputy Manager/Manager of Finance & Accounts unit who completed the process of preparation of cheques. Details of cheque and vendor/service provider information will be informed to Front Office for requesting to the vendor/service provider. In applicable cases on request of vendor/service provider, cheques may be disbursed directly to the office of vendor/service provider by authorized Driver cum Messenger/Office Assistant/respective staff.

At the time of delivery of cheque, signature of recipient shall be taken in the photocopy of cheque. A money receipt/acknowledgment along with Revenue Stamp (in applicable cases) shall be collected from the receiver of cheque at the time of delivery of cheque.

❖ **Void Cheques and Stop Payments**

If for any reason cheques need to be voided, the term ‘CANCELLED’ shall be imprinted on the body of the cheque, two straight line shall be drawn in the place of signing by signatories and signature of any one of the signatories shall be taken in the void cheque.

Reason of cancellation of cheque shall appropriately be recorded in the cheque register and signature of any one of two signatories shall also be taken in the cheque register.

If payment against any cheque needs to be stopped for any reason approved by Director-Finance & Administration, details of cheque shall be informed to bank requesting stopping payment against the cheque in due process of respective bank.

❖ **Use of Positive Pay System**

The bank service to identify fraudulent cheques and presenters may be used. A list with serial number and amounts shall be issued to bank through email/verbal/memo instruction for their check. In this system, alert shall be received from bank if any mismatch is found by the bank.

In pursuit of preventing potential fraud, the facility of 'Positive Pay Confirmation' shall be taken in case of payment through cheque of BDT ……..or over to comply with the instruction of Bangladesh Bank.

5. Payroll and Related Policies

❖ **Approval of Senior Management Salary & Allowances**

Being salary and benefit package of all staffs are predetermined and approved by the Board of Trustees and based on that package, Job Contract is executed with staffs, approval of payment of EMT Members salary and allowances can be approved by the EMT Members.

❖ **Payroll Administration**

Finance & Accounts unit shall be responsible for ensuring that all staff within TIB are paid in an accurate and timely fashion.

One Manager-Finance & Accounts shall be responsible for administering payroll. HR unit shall provide all information of staff job contract, changes in salary & allowances package, staff job separation letter, if any, etc for facilitating payroll processing. The assigned staff shall prepare payroll and submit to Senior Manager-Finance & Administration for review, and to Director-Finance & Administration for approval. Senior Manager-Finance & Administration shall review the monthly payroll and sign payroll sheet if s/he is satisfied on the calculation. Director-Finance & Administration shall approve monthly payroll.

Monthly payroll sheet (approved copy) along with excel data sheet for online transfer of salary and allowances shall be submitted to Finance & Accounts unit by the designated Manager within 20th of each month for processing transfer of salary and allowances within 25th to 30th of each month (within 25th to 28th/29th in case of February).

Salary & Benefits of the staff members who will stay with TIB up to the last date of disbursement month of Salary & Allowances shall be included in the monthly payroll.

❖ **Changes in Payroll Data**

Payroll data of each month shall be prepared based on information on staff salary and allowances package and staff joining/separation information provided by HR unit. Once signed by Director-Finance & Administration, payroll data shall not be changeable in any way.

❖ **Payroll Taxes**

Payroll taxes, as per applicable rules of GoB, shall be deducted at source at the time of payment of monthly salary and allowances. A detail calculation sheet shall be prepared to calculate each staff's deductible tax on salary and allowances in a fiscal year.

Eligible amount of investment of each staff based on total income shall also be prepared and circulated to staff for processing investment to get tax rebate on investment.

❖ **Review of Payroll**

Monthly payroll shall be reviewed by Senior Manager-Finance & Administration based on previous month's payroll sheet and documents on changes in payroll provided by HR. S/he shall ensure accurate amount of Salary & Allowance is paid to each staff in each month. S/he shall also ensure accurate calculation of deductions/adjustments, if any before submitting the payroll sheet to Director-Finance & Administration for approval.

❖ **Distribution of Payroll/pay slip**

Pay slip shall be distributed within one week of transfer of Salary & Allowances to staff members' bank account by the designated Manager-Finance & Accounts.

❖ **Report on Salary & Allowances (for NGO Affairs Bureau)**

In compliance to the Clause 11 (Chha) of NGO Affairs Bureau Circular, an annual report on Salary & Allowances of each staff including Name, Designation, Qualification, Age, Nationality, Service duration etc shall be prepared in prescribed format of NGO Affairs Bureau and shall be provided to NGO Affairs Bureau within stipulated time.

6. Payment Procedure

❖ **Payment of Salary & Allowances**

Salary of regular employees shall be paid through bank transfer while contractual, part time and casual employees by account payee cheque/bank transfer. In exceptional case, with the approval of Director-Finance & Administration, payment may be made through bearer cheque in the first month of joining. A copy of bank advice letter should be kept in the file for record and revenue stamps must be affixed as appropriate.

❖ **Payment of Vendor/Service Provider's Bill**

All other payments including audit fee, financial services fee, professional fee and contractors' bill shall be paid through account payee cheque/bank transfer unless otherwise requested by the payee, deemed to be justified and approved by the appropriate authority as stipulated in the Table of Authority. If the amount of such fee or the bill does not exceed Tk.xxxx; a bearer cheque may be issued in such a case. Exception note must be kept if the bill amount exceed Tk. xxxx .

❖ **Authorization of Expenses on Transport**

Subject to the provisions of Transport Manual (please see transport manual), expenses on transport used for office/program related work or any other reason shall be authorized by the official as stated in the table of authority.

❖ **Executing Debit, Credit or Journal Vouchers**

Debit, Credit or Journal vouchers for authorizing payment and keeping record shall be raised by the concerned official, checked by the Senior Manager/Manager of Finance & Administration Division and approved by the official as stated in the table of authority.

❖ **Compliance of relevant policies**

To ensure full compliance and accountability the Finance & Accounts unit has the authority to check whether all budgets, expenses and payments are supported by necessary documentation and justification. Payment can be withheld until satisfactory explanations in writing/documentation have been obtained.

❖ **Timeframe for processing payments**

Generally any payment will be disbursed within twenty days of receiving the bills or payment requests by Finance & Accounts unit in conformity with the terms of the work order or procedures.

Payment of salary and allowances to the employees including contractual, temporary, casual and part time employees shall be made once in a month preferably within 25th to 30th day of the month for which the salary is paid for.

Disbursement date of festival allowance will be 15 days ahead of the day of the festival.

Fund availability is a precondition of payment. Hence, shortage of funds or delay in grants receipts may lead to delay of payments. Management may also decide to withhold any payment on special ground.

SECTION 4: POLICIES PERTAINING TO CASH & BANK AND INVESTMENT

1. Cash and Bank Management

❖ **Cash Accounts (Bank Accounts)**

An account shall particularly be operated for receiving grants from foreign or local donors for the purpose for which the grants is received. Title of such an account shall be in favor of TIB. This bank account shall be treated as mother account of TIB. Other accounts shall be operated for specific projects. If grant is received from multiple donors for a single project, separate accounts may be operated for operation of donor funds separately. Beside this, if any donor imposes condition on maintaining separate account in the name of project for receiving grants and operation of project activities, a separate account may also be opened in the name of such project.

All such accounts shall preferably be a Short Term Deposit (STD)/Short Notice Deposit (SND) or Savings Account. Current Account may also be opened in exceptional cases.

Any amount received through cheque or cash should be deposited to the particular bank account as soon as possible. Bank credit/receipt vouchers shall be raised and where applicable bank deposit slips be raised or bank advice notes be obtained and preserved together with the voucher by the concerned Manager.

For smooth operation and management of grants, other STD/SND bank accounts may also be opened in the name of its programs at Dhaka or at other locations with approval of DED/ED and prior consent of the Chairman or Treasurer and post facto intimation of the Board of Trustees. For smooth operation and management of grants, bank accounts at CCCs may also be opened with the recommendation of concerned Director and approval of concerned authority as authorized in Table of Authority. Presently, the TIB head office at Dhaka shall operate the bank accounts at the project/program locations. The CCC bank accounts shall, however, be operated by the CCC members and TIB staff who is the in-charge of CCC Office, duly authorized in this behalf.

❖ **Bank book**

All bank transactions, receipts, withdrawals and transfers should be recorded in a book called bank book.

❖ **Authorized Signatories**

The following persons shall act as authorized signatories for operation of cash and bank accounts:
Chairperson of the TIB Board of Trustees
Treasurer of the TIB Board of Trustees
Executive Director
Deputy Executive Director
Director-Finance & Administration

Director-Civic Engagement
Director-Outreach & Communication
Director-Research & Policy

Bank Accounts which are maintained for Provident Fund, Gratuity Fund and Staff Welfare Fund will be operational under separate signing matrix, as approved by the appropriate authority.

❖ **Bank Reconciliations**

Bank Statements and Reconciliation

All bank transactions taking place during a calendar month should be reconciled with the bankbook within 15 days of the following month. A reconciliation statement shall be prepared by the concerned staff for the Director-Finance & Administration for his/her perusal and observation before filing. Any anomaly, if found, should be sorted out as soon as possible and reported to the DED/ED through Director-Finance & Administration. Bank Reconciliation shall be reviewed and approved by the authority as authorized in the Table of Authority.

❖ **Cash Flow Analysis**

Cash flow shall be analyzed time to time to estimate the amount of cash that it will have on hand at any time, project trends in cash inflow and cash outflow, and identify whether a shortfall or surplus in cash could potentially occur. Cash flow shall be analyzed in each time of issuing cheque/transfer fund from any bank account.

❖ **Stale Cheque**

Cheque presented at the paying bank after a certain period (typically six months) of its payment date shall be treated as stale cheque. A stale cheque is not an invalid cheque. Appropriate measures shall be taken by inserting a new payment date or by issuing a new cheque to avoid refusal by bank to honor it.

At the time of preparation of Bank Reconciliation Statement, condition and outstanding time of outstanding cheques shall be analyzed to avoid being a cheque as stale cheque.

If any cheque is treated by bank as stale cheque, the drawer shall be requested to bring back to issuing office for issuing a new cheque or for changing the issuing date of earlier cheque by the signing authorities.

❖ **Petty Cash (Cash Holding Limit)**

Cash up to Tk. xxxx may be kept for day-to-day expenses with the official entrusted with the job. He/she shall arrange for safe-custody of the fund, keep records of use of fund and replenishment.

This fund may be used for spot purchase of stationery and other office supply, emergency repair of vehicles, postage, local conveyance, food or other logistics for arranging programme activities etc.

A petty cash book shall be maintained to keep records of amount paid, purpose and the person to whom paid with dates. Cash in hand may be checked at any time by the

Director-Finance & Administration/Senior Manager-Finance & Administration and the Deputy Executive Director/Executive Director, and any anomaly or discrepancy, if found, shall be recorded. The amount paid from the cash fund should be adjusted as soon as bills are received. No more than Tk. xxxx can be paid to any person at a time unless otherwise approved by the Director-Finance & Administration.

❖ **IOU Advance**

IOU advance up to Tk. xxxx may be allowed for a short period for local conveyance, purchase of office supply and entertainment of guests at the office and other petty expenses with the approval of Director-Finance & Administration. IOU advance shall be paid from the cash fund. The IOU amount should be adjusted by the next working day attended by the said employee.

- **Preparation of a Voucher Package for IOU Advance:** For recording IOU Advance, no voucher shall be generated. Instead a IOU Advance requisition and payment format shall be preserved as evidence of payment. IOU advance shall be recorded in the Daily Cash Count Sheet/Denomination Sheet.

❖ **Transfer through Straight to Bank (S2B) and BEFTN**

Transfer through S2B and BEFTN is a method of electronic funds **transfer** from one bank A/C to other bank A/C or from one bank to other with TIB or from one bank of TIB to vendor/service provider's bank account or to the bank account of TIB staffs.

For transfer of fund through S2B and BEFTN, an Account Group shall be opened in the respective bank in which fund transfer through S2B and BEFTN can be applied. User of the account group, authorizers etc shall also be set with the approval of Chairperson of TIB Board of Trustees and Deputy Executive Director/Executive Director of TIB.

- **Users of the Account Group**

  With the approval of appropriate authority, following staff shall act as users of the account group for transfer of fund through S2B and BEFTN:
  Senior Manager-Finance & Administration
  Manager-Finance & Accounts (responsible for Treasury Operation)
  Deputy Manager-Finance & Accounts (responsible for vendor/service provider payments)
  Deputy Manager-Finance & Accounts (responsible for Cash & Advance payment to TIB Staff)

  With the approval of appropriate authority, authorizers for transfer of fund through S2B and BEFTN shall be as below:

S2B and BEFTN: Currently Approved	
Upto Tk. xxxx	Director-Finance & Administration + Any other Director
Any Amount	Executive Director/Deputy Executive Director + Any Director

(All above will be adjusted according to TOA changes, if any)

The users of account group and authorizers may time to time be reviewed and approved by the appropriate authority.

The users of account group and authorizers of the bank accounts that will be maintained for Provident Fund and Gratuity Fund shall be as per respective rules of Provident Fund and Gratuity Fund.

2. Investment Policies

❖ **Investment Objectives**

There may have idle money in any project or in General Fund. Objective of investment shall be earning money using the idle fund, without hampering project activities, to use the earnings in achieving projects as well as TIB's goals.

❖ **Allowable Investments**

Allowability of investment shall depend on a details benefit analysis of investment and approval thereto of EMT as well as Donors concurrence, if required.

❖ **Fixed Deposit Account**

The Deputy Executive Director/Executive Director may, with the prior consent of the EMT and post facto intimation of the Board of Trustees, open a fixed deposit account in the name of TIB for such period and for such amount as may be available as idle fund. Signatories of the account shall be as per Table of Authority.

SECTION 5: POLICIES PERTAINING TO SPECIFIC LIABILITY ACCOUNTS

1. Accrued Liabilities

Obligations for goods and services provided to TIB for which invoices have not yet been received shall be treated as Accrued Liabilities.

❖ **Identification of accrued Liabilities**

Accrued liabilities shall be identified and recorded in accounting software at the end of project year and TIB's financial year with the following exceptions:

Accrued liabilities will not be recorded for cost items such as newspaper bills, telephone including cell phone, internet, electricity and other utilities etc., which may not be received within the closing of the project year.

❖ **Provision for Earned Leave Encashment**

As specified in Human Resource Manual, staff are entitled to get payment on earned leave annually based on cashable earned leave balalce on 31 December. Payment shall be made in January or onward of following year on the basis of earned leave balance verified by Human Resource Unit.

❖ **Provision for End of Service Benefit**

Contractual staff and Support staff may be entitled End of Service Benefit as specified in Human Resource Manual. Provision for this benefit shall be made at the end of each quarter based on data on staff wise service length.

❖ **Provision for Provident Fund and Gratuity Fund**

Provision for Provident Fund and Gratuity Fund shall be made at the end of each month for staffs who are entitled to get Provident Fund and Gratuity as specified in Human Resource Manual. Payable amount against provident fund and gratuity fund shall be transferred to the bank account specially maintained for Provident Fund and Gratuity Fund respectably and shall be governed by Provident Fund and Gratuity Fund Policies.

2. Income Tax & VAT Payable

❖ **Income Tax and VAT Deduction**

Income tax and VAT deductions as required will be made from salary and rentals for accommodation and from the amount paid to a supplier or contractor at the time of payment unless exempted by the National Board of Revenue (NBR).

❖ **Income Tax and VAT Deposition**

The amount so deducted shall be recorded as Tax Payables and VAT Payables. Deducted amount shall be deposited to Government Treasury as per GoB rules. Copies of challan or a tax certificate shall be given to respective person/vendor/service provider for which Tax/VAT shall be paid. All such deductions and treasury deposits shall be recorded in "VAT & Tax Deduction and Payment Record Book" for future reference. Submission of Income Tax Return shall be the responsibility of individual employee.

3. When to record VAT and Tax payable?

VAT Payable and Tax Payable shall be recorded in accounting system at the time of recording Payments, i.e. at the time of preparing AP Payment Voucher/Bank Payment Voucher. In this system, countdown of day for deposition of VAT and Tax shall be started from the date of recording VAT Payable and Tax Payables. As VAT and Tax shall be deducted at the time of payment, recording VAT Payable and Tax Payable at the time of recording payments shall be appropriate.

If VAT Payable and Tax Payable are recorded at the time of recording AP Invoice, it would not be possible to calculate cut-off date of deposition of VAT and Tax based on AP Invoice recording date in ERP accounting system.

SECTION 6: POLICIES ASSOCIATED WITH FINANCIAL REPORTING

1. Fiscal Year of Organization & Accounting Period

Fiscal year of the organization shall be as per calendar year. However fiscal year of each project shall be set in accounting database as per agreed project year.

Though fiscal year of TIB shall be as per calendar year and that of projects shall be as per project year, each month shall be treated as an accounting period for the purpose of accounting and reporting except recording accrued liabilities. If last day of a month/year fall/s on weekend/holiday, that day shall be considered as last day of the month/year and financial transactions shall be treated as recorded on that day.

2. Financial Statements

Director-Finance & Administration shall ensure the preparation of timely and accurate financial reports. S/he shall designate Manager-Finance & Accounts, who shall prepare financial statements and budget variance report for every calendar month within 15 days of following month for establishing a financial information system. Director-Finance & Administration shall provide the reports for perusal of the Director of Other Divisions, Deputy Executive Director and Executive Director. Periodic report of the same shall be presented before the Board at the time of its meeting.

The Finance & Accounts unit shall also prepare financial statements for the donors and NGOAB in the manner prescribed by them and at such frequency as may be asked for by them.

❖ **Standard Financial Statements of the Organization**

- **The basic financial reports of TIB shall include:**

  - **Balance Sheet:** This will summarize the assets, liabilities and net assets of projects as well as TIB at a specified date. It will be a snapshot of TIB's projects and overall TIB's financial position on that date.

  - **Income Statement:** This will report TIB's projects and overall TIB's financial activity over a period of time. It will show income and expenses of specific projects as well as of overall TIB.

  - **Notes to the Accounts**: Line item wise details within different account groups of Income & Expenditure Statement and Balance Sheet shall be prepared.

- **Cash Flow Statement (Receipts & Payments Account):** This will summarize the resources that will be available to TIB during the reporting period and the uses made of such resources within that period. It's especially useful in real-time because it reports income that has been received and expenses that have been paid.

  A statement of projected cash flow may also be prepared that would be helpful for the board and organization to be able to anticipate any shortfalls for planning purposes.

- **Trial Balance**: System generated trial balance shall be prepared to test whether the Debits and Credits in the accounts are equal.

- **Budget & Expenditure Report:** A budget & expenditure report shall be prepared in each month for each project to see status of budget, expenditure, budget balance, burn rate etc. This report shall provide information to the programme divisions in planning next course of actions. This report shall also be useful in revision of yearly budget by adjusting unutilized budget in the previous periods/months.

- **Bank Reconciliation Report:** Bank reconciliation report will explain the difference between the bank balance as per bank statement and the corresponding amount shown in the TIB's records at a particular point of time. It will be a form for bringing the balance of the bank statement and the balance of the cash account into agreement.

  Bank reconciliation report shall be prepared in each month by the person who is not involved in processing transaction. This report shall be prepared for Accuracy Test, Amended Balance of Fund, Errors in Entry, Internal Control, Auditing and Adjusting Entry etc. Reconciling items shall include items that have been recorded in TIB's Books but do not appear in the Bank Statement, items that have not been recorded in TIB's Books but appear in the Bank Statement, non-sufficient fund (NSF), interest Income, Bank Charge, Tax and Excise Duty, Direct deposit by Foreign organization for donations and reimbursement of travel/other project cost, Error in TIB's Book, Error in Bank's Book etc. All these shall be reconciled through preparing Bank Reconciliation Report.

- **Reports for Board of Trustees (Quarterly report for regular meeting and annual report for AGM): Project/**Division wise Budget & Expenditure Report showing Budget, Expenditure, Balance, Burn rate in each project/division shall be prepared for regular meeting of the Board of Trustees and Annual General Meeting. Audited Accounts of TIB shall also be submitted to AGM.

- **Report for Advisory Committee of TIB Board of Trustees:** Summary of Yearly Transactions and Comparison of last two years transactions in group heads shall be prepared and submitted to the meeting of Advisory committee of TIB Board of Trustees. Reporting format may vary depending on requirement.

- **Reports for Annual Members Meeting:** Audited Accounts of TIB and A Receipts and Payments Statement of Membership Fees shall be submitted to the Annual Members Meeting.

- **Annual Reports:** Annual report of TIB shall be a compiled report of all projects for the period of January-December. Project wise Annual Report for project year shall also be prepared.

- **Half Yearly Report:** Half Yearly Report of TIB shall be a compiled report of all projects for the period of January-June of each year.

- **Reports for NGO Affairs Bureau with audit reports:** FD 4 (certificate to be given by the Auditors) showing opening balance of Foreign Donation**,** Receipt of Foreign Donation**,** Utilization of Foreign Donation**,** Balance of Foreign Donation shall be prepared. A report showing line item wise (as per economic code of NGOAB) Budget, Expenditure, Variance and reason of variance etc shall also be prepared. A VAT & Tax Report (as annexure of audit report) shall also be prepared and submitted to the NGO Affairs Bureau.

- **Donor Reports: Following reports shall be prepared for donors**
  - **Status of Grants** showing Opening Balance, Receipt of grants, other receipt, Available grants, Actual cost incurred, Closing balance etc.
  - **Calculation of Expenditure Distribution Ratio** showing Opening balance, Grants received, Total grants available, Ratio for distribution of expenditure within donors etc.
  - **Donor wise Expenditure Distribution** showing expenditure of each division separately.
  - **Budget & Expenditure Report** showing Division wise Budget, Division wise Expenditure, Division wise Budget Balance, Division wise Burn Rate etc.
- **Report to National Board of Revenue:** A quarterly report on deduction and deposition of Tax shall be prepared in prescribed format and shall be submitted to the office of Tax Commissioner of respective Tax Circle/Zone with a copy of Tax challan.

❖ **Publishing Audit Report in TIB Website and in Annual Report of TIB**

Audited Financial Statements of each year shall be published in TIB website and in Annual Report of TIB.

These reports shall be extremely important in terms of understanding TIB's financial health and conveying that information to board. This will also be required by Donors when applying for grants. Other reports, depending on needs and requirements of GoB and donors shall also be prepared, as and when required.

There are few accounting basics and standards that should be kept in mind while preparing financial reports. Finance & Accounts unit shall ensure that reports shall be prepared properly and in a timely manner.

3. Frequency of Preparation

❖ **Following Financial Reports shall be maintained by TIB Dhaka Office**

- **Monthly Reports:**

  - **Trial Balance** (system generated): A test to see whether the Debits and Credits in the accounts are equal.
  - **Income & Expenditure Statement** (system generated): a report showing income, expenditure and income over expenditure of a specific period.
  - **Balance Sheet** (system generated): A report showing the financial position of the business on a specific date.
  - **Notes to the Accounts** (system generated): Line item wise details within different account groups of Income & Expenditure Statement and Balance Sheet.
  - **Budget & Expenditure Statement** (Manual): a statement showing line item wise budget, expenditure, balance and burn rate for a specific period
  - **Bank Reconciliation Report** (Manual): analysis and adjustment of differences between the cash balance shown on a bank statement and the amount shown in the account holder's records

- **Periodic Reports:**

  - **Donor Reports: Status of Grants** showing Opening Balance, Receipt of grants, Other receipt, Available grants, Actual cost incurred, Closing balance etc. **Calculation of Expenditure Distribution Ratio** showing Opening balance, Grants received, Total grants available, Ration for distribution of expenditure within donors etc. **Donor wise Expenditure Distribution** showing expenditure of each division separately. **Budget & Expenditure Report** showing Division wise Budget, Division wise Expenditure, Division wise Budget Balance, Division wise Burn Rate etc.

  - **Reports for Board of Trustees (Quarterly report for regular meeting and annual report for AGM):** Division wise Budget & Expenditure Report showing Budget, Expenditure, Balance, Burn rate in each division. Audited Accounts of TIB for AGM.

  - **Report for Advisory Committee of TIB Board of Trustees:** Summary of Yearly Transactions and Comparison of last two years transactions in group heads.

- **Reports for Annual Members Meeting:** Audited Accounts of TIB. A Receipts and Payments Statement of Membership Fees.

- **Reports for NGO Affairs Bureau with Audit Report:** FD 4 (certificate to be given by the Auditors) showing, Opening balance of Foreign Donation, Receipt of Foreign Donation, Utilization of Foreign Donation, Balance of Foreign Donation and , Line item wise (as per economic code of NGOAB) Budget, Expenditure, Variance and reason of variance etc. VAT & Tax Report (as annexure of audit report).

- **Report to National Board of Revenue:** A quarterly report on deduction and deposition of Tax shall be prepared in prescribed format and shall be submitted to the office of Tax Commissioner of respective Tax Circle/Zone with a copy of Tax challan.

- **Annual Reports:**

  - **Compiled Report** of all projects for the period of January-December. Project wise Annual Report for project year.

- **Half Yearly Reports:**

  - **Compiled Report** of all projects for the period of January-June.

4. Report to TI Secretariat

National Chapter Financial Overview Questionnaire (for TI Secretariat)
An online report shall be submitted to the Transparency International Secretariat on receipt of donations/other and uses thereto.

5. Publishing Report in IATI

Publication of Half yearly/quarterly Financial Report in International Aid Transparency Initiative (IATI) website.
Half yearly/quarterly financial data shall be published in the website of International Aid Transparency Initiative as per Implementation Schedule. Frequency and coverage may vary depending on Implementation Schedule.

6. Preparation of Consolidated Financial Statements

Consolidation Policy
TIB shall prepare Consolidated Financial Statement where receipts and payments, income and expenditure, receivables and payables and other asset and liabilities items of all projects and of general fund shall be combined to reflect aggregate financial position of TIB as a whole.

Project wise separate financial statement shall be prepared by the respective finance & accounts staff, upon whom the responsibility shall be vested. A financial statement shall also be prepared for the General Fund of TIB. All financial statements shall then be aggregated with detailed notes showing income, expenditures, receipts, payments, receivables, payables and assets as details as possible to cover requirements for all financial data users/analyzers.

7. Government Returns

Filing of Returns

As a Non-Government Organization, TIB has VAT registration and Tax registration numbers. For compliance with the rules of Govt. of Bangladesh, return shall be filed within stipulated time. Payable Tax, if any, shall be deposited to Govt. Treasury within stipulated time. Adjustment of tax, if any, shall also be adjusted as per relevant rules.

8. Transactions with Related Parties

In compliance with IAS 24 Related Party Disclosure, TIB shall disclose about transactions and outstanding balances with TIB's related parties. TIB shall ensure that financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

❖ **Who shall be considered as the related parties?**

A related party shall be a person or entity that is related to TIB. A person or a close member of that person's family shall be considered as related to TIB if that person:

- has control or joint control over TIB
- has significant influence over TIB; or
- is a member of the key management personnel of TIB.

❖ **What shall be considered as related party transactions?**

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

❖ **Disclosure**

If any transaction occurs with related party, it shall be disclosed in Financial Statement of TIB complying IAS 24. If there have been transactions between related parties, TIB shall disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. These disclosures would be made separately for each category of related parties and would include:

- the amount of the transaction
- the amount of outstanding balances, including terms and conditions and guarantees
- provisions for doubtful debts related to the amount of outstanding balances

- expense recognized during the period in respect of bad or doubtful debts due from related parties.

SECTION 7: POLICIES ASSOCIATED WITH AUDIT, RETENTION, STORAGE AND INSURANCE

1. Annual Audit

Being TIB a non-government organization and is registered in NGO Affairs Bureau under Foreign Donation Regulations Ordinance of GoB, TIB has to audit its financial statements by Audit Firms to comply with the regulatory requirement and also to get independent opinion of Audit Firms on fair presentation of information in the financial statements.

There is also requirement of submission of Audited Accounts to Donors as per conditions of Grant Agreement. To comply with that requirement, TIB shall also appoint Audit Firms for auditing financial statements of projects.

Financial statements of TIB's projects as well as overall organization shall be the representations of management. Statements shall be presented in such a manner that the user/reader of the statement can recognize that significant accounting estimates and judgments and most appropriate accounting principles from among several alternative accounting principles and methods have been followed. TIB shall also present information in financial statements fairly.

❖ **Auditor Independence**

Auditor shall be independent from parties that may have financial interest in TIB's activities.

❖ **How Often to Review the Selection of the Auditor**

There is a requirement to comply NGO Affairs Bureau regulations regarding selection of audit firms for projects. An audit firm shall not be selected for more than five years for auditing projects. In case of auditing organization's accounts as a whole, audit firm shall not be selected for more than continuous three years. However performance of audit firms shall be reviewed in each year before signing contract for a year. The contract may be extended for other couple of years based on performance of last three years.

❖ **Selecting an Auditor**

One of the primary responsibilities of the audit committee shall be recommending to the Board of Trustees for selecting an auditor who has the expertise and knowledge to perform an audit for nonprofit. Before meeting with audit firms, the audit committee shall develop Terms of Reference to help narrow the search to only those audit firms that have skills and experience to provide the services TIB needs. It is essential to make sure the audit firm is listed in NGO Affairs Bureau.

When it is time to find an audit firm for TIB, Request for Proposal shall be sent to selective audit firms to be selected from the well known audit firms who are registered in NGO Affairs Bureau. Other similar organizations may be checked for recommendations on audit firms. Not all auditors have nonprofit experience, so reference shall be checked

and a copy of their peer review shall be asked to submit. Before deciding on an auditor, enough due diligence shall be done to know whether there is any conflict of interest.

Sometimes free consultations can be an opportunity to interview potential audit firms. Reference and/or resumes of individual auditors shall be asked for to know capacity of the audit firm. Auditing firm shall be looked for that understands accounting for charitable nonprofits and has expressed interest in TIB vision, mission etc. It shall be ensured how the audit firm will inform TIB staff on how to prepare for the audit since that will be the most time-consuming process for TIB staff, and can most directly impact the time it takes for the auditors to investigate and complete their report. This is where TIB can help control some of the costs of the audit.

A 'Request for Proposal' process shall be used. A proposal letter from qualified audit firms shall be requested. When requesting proposal for audit services, the objectives and scope of the audit should be clear. They may be asked to meet with respective authority in TIB.

When evaluating a proposal for audit services, the following should be considered:

- The responsiveness to the request for proposal.
- Technical Capability and Expertise
- Ability to meet the deliverables requirements
- References from other nonprofit clients, and
- Of course, costs.

❖ **Preparation for the Annual Audit**

The following two critical steps can be taken to reduce costs and minimize the disruption to operational activities during audit:

- **A Cooperative Relationship shall be developed**
  Staff and the auditors shall work together to complete the audit more quickly. Here's what shall be done:

  - **Communicate with Staff**
    - Staffs shall be explained the purpose of the audit and the importance of it proceeding quickly and efficiently. They shall be urged to cooperate fully with the auditors.
    - An audit contact person shall be identified who can act as a liaison person to work with. This staff shall be responsible for ensuring that auditors have access to records and files or any other resources they need to complete specific areas of their review. This person shall normally act as their main point of contact as the audit progresses so that they can continue to keep him informed of how the work is going. Contact person shall often find itself useful to schedule meeting with them periodically throughout the audit to stay in touch with how they are progressing. This shall be good to facilitate communication, resolve issues on a timely basis, and correct any misunderstandings.

- Communicate with Auditor
  - During the year, auditor may be contacted to discuss any new accounting treatments or transactions that are encountered, so as to record transactions right the first time. This will save much time during the actual audit process, and help avoid audit adjustments.
  - Prior to year-end, auditor shall be called and timing of the audit shall be planned with the auditor. This opportunity shall be used to establish the audit start date, any required deadlines, and introduce the primary audit contact.
  - Soon after the fiscal year end, audit request list shall be obtained from the auditor and it shall actively be utilized to prepare the required audit documents.

- **Financial and operational records shall be made ready**

  Everything shall be made ready for the auditors to review on the day they start their work. Providing information in a piece-meal fashion will only slow down the process.

  Needed information may vary from audit to audit, but providing the following should be count on, as applicable to TIB's activities:
  - General ledger, up to date through the end of the period covered by the audit
  - Trial balance
  - All bank statements, accounts receivable, inventory and other subsidiary accounts reconciled to the general ledger
  - Schedule of aged accounts receivable
  - Schedule of inventories
  - Schedule of fixed assets and depreciation taken on them
  - Schedule of prepaid expenses
  - Schedules of loans, payables and other liabilities reconciled with the lenders' and creditors' records
  - Schedules of all other accrued liabilities
  - Schedule of donations and expenditures
  - Schedule of contributions received, including names and addresses of contributors, supported by contributor's letters of award.
  - Board minutes
  - Agreements
  - All vouchers
  - In addition, all original source documentation, such as canceled cheques, bank statements, vendors' invoices, agreements, insurance policies, etc., should be available to the auditors.
  - The financial statements is the document that the auditor audits. Drafting part/all of the financial statements shall be a priority work before commencement of audit.

- **Preparation**

  TIB's goal at all stages of the audit process-from selecting the audit firm to updating financial records- should be to achieve a quick result. Achieving this goal shall depend to a large extent on how prepared staff and TIB are, with respect to both attitude and preparation. Cooperation-on the part of TIB and auditor shall be essential for a successful audit.

  Establishment of a good system of Internal Control System shall be the responsibility of divisions/units and EMT/Board. Auditor's assistance shall be taken in identifying potential exposure areas and suggestions and recommendations as to how these situations can be rectified, if and when they exist.

  TIB shall review audit process and control best practices. TIB shall also take corrective actions for any deficiencies. TIB shall review progress of past recommendations of auditors. TIB shall assemble appropriate and current background information about TIB, policies and procedures, organization charts, budgets, strategic plan/AOP etc that will help auditor in understanding administrative structure, nature of operation, employee's roles and responsibilities etc.

- **Temporary Workspace**

  Temporary workspace shall be set for auditors within reasonable proximity to the office staff and records. Since many of the original documents and records shall be needed to examine are located at F&A Division, the auditor's temporary workspace shall be near to F&A Division with adequate lighting, space and access to accounting system.

Staff shall be informed about the audit before commencement of audit work. As part of planning auditor shall provide an engagement letter that would outline in broad terms the work they would undertake. A copy of this engagement letter shall be distributed to relevant staffs so that they will have an idea of the type of work and the staff will assist the auditors from their respective position.

❖ **Audit Committee Communications with the Auditors**

Auditors shall meet Audit Committee at the entrance meeting and exit meeting.

❖ **Audit Trail**

The audit trail should make possible for the auditor to trace the information from the financial reports back to the original supporting documents. It should link the information from the financial reports to the organization's accounting system (GL accounts), and from the GL accounts to the original supporting documentation. This shall be usually done through reference numbers or codes accompanying each transaction entered in the system.

The recipient should periodically be reconciled to make sure the amounts reported in the claims balance with the GL accounts. Those reconciliations should be kept on file for audit.

The filing system of TIB shall be another element that shall have a direct impact on the quality of the audit trail, and hence on the auditor's capacity to follow this trail. The better the filing system will be (and the easier it is to understand), the clearer the audit trail will be and the faster the information can be found and retrieved during the audit.

Following should be considered in filing documents:

- Documents in the files should be kept in chronological order and the files themselves in alphabetical or numerical order.
- Files should be kept in one place.
- Documents should be protected from deterioration, loss and theft.
- Respective person of Finance & Accounts unit should be responsible for maintaining the filing system.
- There should be a system to track documents taken from files.

2. Record Retention

❖ **Maintaining Books of Accounts and Financial Records**

Bank book, donation book, cash book, general ledger and posting in those books and vouchers and all other books and receipts mentioned anywhere in this chapter/manual shall be computer generated but hard copies of those (except general ledger and cash book) shall be preserved at least for six years or as agreed with donors (whichever is higher).

❖ **Preserving Other Important Records**

Monthly accounts, bank reconciliation statements and papers relating to grants collection including written communications with the donors should be preserved with utmost importance at least for six years or as agreed with donors (whichever is higher). Stock registers, fixed assets registers should also be preserved in the prescribed manner and kept ready for inspection and reconciliation with the physical stock.

❖ **Destruction of Vendors/Service Providers Information**

Vendors'/Service providers' information shall not be destructed before completion of at least six years after the end of project or as per Agreement with the development partners, whichever is higher.

❖ **Where to preserve original supporting documents, in AP Invoice or in AP Payment voucher?**

Finance & Accounts unit shall receive original bill/invoice with original copy of relevant procurement process documents from General Administration unit and Procurement unit for processing payments. After review of the vendor/service provider's bill/invoice and

other relevant documents and being satisfied on compliance of relevant policies and procedures, Invoices shall be prepared for recording expenditures in Sage 300 ERP through Accounts Payable Module.

After posting Invoices in Accounts Payable Module, a batch (including entries on this batch) will automatically be generated in General Ledger Batch List in General Ledger Module. General Ledger Voucher (named as AP Invoice) shall be printed from General Ledger Module and preserved with the original set of Vendor/Service Provider's bill/invoice and other relevant procurement process documents.

In AP Payment voucher vendor's/service provider's ledger, photocopy of approved AP Invoice, VAT & Tax calculation sheet, photocopy of cheque (with receiver's signature)/invoice in case of online transfer through BEFTN, money receipt etc. shall be preserved in file sequentially.

This will be in line with the standards followed by the National and International NGOs and the standard of ERP accounting system.

❖ **Collection of Acknowledgement/Money receipt from vendor/services provider in case of online transfer through BEFTN.**

Being online transfer is a secured and worldwide accepted system and Vendor's declared Bank A/C Details are preserved in office for future reference; the manual system of acknowledgment shall be a mix-up of digital and manual system of payment.

As collecting Acknowledgment/Money Receipt will not add any value, it would not necessarily be collected after processing online transfer.

3. Voucher Serial Number and Attachments

Supporting documents as mentioned in **Where to preserve original supporting documents, in AP Invoice or in AP Payment voucher? s**hall be preserved with AP Invoice and AP Payment vouchers. In case of Bank Payment vouchers, Bank Receipt voucher, Journal voucher, Cash Receipt voucher, Cash Payment voucher etc original supporting documents shall be preserved with the respective voucher. Vouchers shall be stored in files in sequence of Batch and Entry serial numbers. Separate files shall be maintained by each preparer of voucher. At the end of each month a list of all vouchers including Batch Description, total number of Batch, Entry, File Number etc shall be prepared and preserved in a file. Vouchers shall be stored in a secured storage where access of persons who are not involved in preparation of vouchers shall be restricted to control any unwanted incident and loss of documents. Project name shall be marked in a visible location of each voucher files for easy identification.

4. Insurance

To hedge against the risk of a contingent, uncertain loss, TIB shall take insurance policies for better management of risks and for reducing financial loss. TIB has various forms of property plant and equipment. So there is possibility of loss of these property plant and equipment in office premises and in transit. TIB has also cash in volt and has the risk of loss of cash in transit. Staff members may face accidental loss and may require hospitalization due to sickness or injury. To keep TIB's working force active and to keep property plant and equipment in working condition to achieve organization's goal as well as project goals, management of uncertain financial loss is very important. To manage financial risk due to any of the causes, insurance policies shall be undertaken.

❖ Coverage Guidelines

Insurance coverage for the following may be undertaken:

- Cash in safe
- Cash in transit
- Hospitalization for staff
- Life insurance coverage for staff
- Maternity health coverage for female staff
- Overseas travel
- Motor vehicle
- Furniture & Equipment

Coverage items and policy may vary depending on requirement and management decision.

❖ Accounting Treatment for receiving Insurance Claim

Guidelines as stated in Fixed Asset Policy shall be followed for receiving insurance claim for any asset item. For receiving insurance claim related to staff, there shall be no accounting treatment of TIB's books of accounts. For receiving claim against loss of cash in safe/transit, loss amount of cash fund shall be replenished by the received amount.

SECTION 8: DISCLOSURE OF FINANCIAL INFORMATION

1. Guiding Principles, Scope & Limitations

Reference: Please see Disclosure policy of TIB

2. Proactive disclosure

TIB is committed to disclosing Audited Accounts, Annual Budget, and Annual Operational Plan with budget etc in TIB website. TIB shall also publish financial data in the website of *International Aid Transparency Initiative (IATI)* on quarterly basis.

3. Disclosure on request

Anyone may request information from TIB in writing with explicit reference to TIB's Information Disclosure Policy by email or by conventional mail. Request for information can be sent to Designated Information Officer. In case a request is not clear, Designated Information Officer or any other TIB staff member will ask for further clarification and, were necessary, provide assistance to a requester in formulating his or her request.

For providing financial information on request, relevant clauses of TIB's Information Disclosure Policy shall be applicable.

SECTION 09: SEGREGATION OF DUTIES

TIB shall engage more than one person to complete a task for establishing the concept of Segregation of Duties. TIB shall separate responsibilities by engaging more than one individual in one single task for a better Internal Control Mechanism that would prevent fraud and error. One person should not be provided sole control over the lifespan of a transaction.

1. What duties shall be segregated?

Generally, the primary incompatible duties that need to be segregated by TIB are:

- Authorization or approval
- Custody of assets
- Recording transactions
- Reconciliation/Control Activity

2. Segregation of Duties Matrix

		Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Compensating Controls
Cash/Cheque Handling (Receipts, Disbursements, Reconciliation)						
1)	Receives Cash/Deposits					
2)	Reconciles Cash Receipts to Daily Cash					
3)	Prepares Bank Deposit					
4)	Takes Deposit to Bank					
5)						
	Records Deposit Transaction					
6)	Reconciles Deposits to amounts recorded in G/L					
7)	Reviews Cash Reconciliations					
8)						
	Prepares Voucher Package for payment					
9)	Prepares Cheque Requests					
10)	Approves Cheque for Payment and affixes signature					
11)	Mails/delivers Vendor Cheque					

12)	Initiates Online Transfers					
13)	Approves Online Transfers					
14)	Creates positive pay file and transfers to Bank					
15)	Posts Disbursements to Subsidiary ledger					
16)	Reconciles Disbursements from Subsidiary ledger to G/L					
17)	Reviews G/L reconciliations					
18)	Maintains Cheque Stock					
19)	Maintains Signature Stamp					
20)	Reconciles Bank Statements					
21)	Approves Bank Reconciliations					

The responsibilities of receiving cash, deposit preparation and posting activity to the general ledger shall be separated.

The responsibilities of preparing voucher packages, preparing cheque requests, approving cheques for payment and mailing/disbursement of cheques shall be separated.

Bank reconciliations should be prepared by someone who is not involved in the cash receipts or disbursement function if at all possible. Also, bank reconciliations should always be approved by supervisory level personnel who are not involved in the daily cash activities.

If staff size limits segregation of duties, the following compensating controls activities shall be taken:

Some of the non-technical duties, such as taking deposits to the bank, maintaining cheque stock, etc., can be delegated to administrative staff who is not involved in cash or accounting related functions, possibly even staff from other departments.

The duties of monitoring and review of receipting and disbursement activity can be delegated to supervisory personnel who shall not directly be involved with daily processing.

	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Compensating Controls
Petty Cash					
1) Disburses Petty Cash					
2) Reconciles Petty Cash					
3) Replenishes Petty Cash fund					
4) Posts Petty Cash Activity to G/L					

One person should be designated as petty cash custodian. This person shall disburse petty cash.

Petty cash custodian should not have access to post activity to general ledger or replenish petty cash fund.

Petty cash counts should be made daily by someone independent of petty cash process.

	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Compensating Controls
Investments and Treasury					
1) Initiates request to open bank accounts					
2) Authorizes opening of new bank accounts					
3) Adds new account information to G/L					
4) Initiates investment transactions					
5) Reviews and approves investment transactions					
6) Posts investment activity to the G/L					
7) Reconciles Investment Accounts to amounts reported on G/L					
8) Maintains investments					

Employee entering investment activity into the General Ledger should not be same person that initiated and authorized the transactions.

Employee responsible for reconciling investment activity should be independent of investment process.

Investments should be maintained by someone who is not directly involved in day to day investment process. This might be an area for senior management, because they are usually not directly involved with day to day processing.

	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Compensating Controls
Payroll					
1) Modification of Payroll Master File					
2) Prepares payroll file for processing					
3) Approves payroll file					
4) Generates Payroll Cheque					
5) Distributes Payroll cheques or initiates direct deposits					
6) Reviews and approves final payroll report					
7) Records payroll expense in G/L					
8) Reconciles payroll subsidiary module to G/L					

No one employee should have total responsibility for modifications to the Master file. One employee should initiate the change and a second employee should review and authorize the change.

Processing of payroll should be separated from approval function.

Employee outside of direct payroll functions should post payroll journal (initiate journal generation) to general ledger.

Reconciliations should be performed by employee who does not have ability to make journal entries or otherwise modify payroll.

When staff size shall limit segregation of duties, the following control activities may be undertaken:

Supervisory level employee who is not directly involved with the payroll process may be engaged in review of payroll files prior to and after final processing.

Analytical methods may be applied to verify accuracy of salary & allowances by reconciling gross salary to payable amount after adjusting deductions/other payments, if any. Also, payroll expenses may be compared to budgeted amounts on periodic basis.

If an employee involved in the payroll process also maintains the Employee Master file, a report on all payroll changes may be generated, which may be reviewed by supervisory level employee against supporting documents on changes in the payroll file.

	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Name of Staff and Title	Compensating Controls
General Ledger					
1) Responsible for modifying (adding, deleting, mapping) G/L accounts					
2) Approves changes to G/L accounts					
3) Prepares journal entries for posting					
4) Approves journal entries					
5) Posts journal entries					
6) Prepares financial statements from G/L					
7) Approves financial statements					

Finance & Accounts unit staff should not have access to modify general ledger accounts or change mappings for these accounts. Normally these changes should be made by IT personnel after approval by Director-Finance & Administration. Finance & Accounts unit staff may be engaged if IT personnel do not have technical knowledge on Accounting.
Employees responsible for preparing/initiating a journal entry should not be able to approve the journal entries.

Financial statements should be approved by supervisory personnel at a higher authority level than person preparing the financial statements.

SECTION 10: SUPPORTING DOCUMENTS RELATED TO FINANCIAL TRANSACTIONS AND STEPS OF PAYMENT & REPORTING

1. Financial Records

All financial information must be objective in nature and all information must be supported by a source document. TIB has its own operational policy and to comply with the policy, financial transactions must be supported by procurement process documents and accounting documents. All these documents shall be considered as Financial Records.

Following types of transaction may occur in TIB. Financial records shall vary depending on types of transactions.

- **Receipts**
  - Donations/Grants
  - Refund of advance to staff
  - Refund of Security amount by vendor/service provider
  - Bank interest
  - Sale of old/scrap items
  - Membership fees
  - Staff contributions, if any
  - Insurance claim
  - Other Receipts

- **Payments**
  - Payments to vendors
  - Payments for utilities
  - Payment against lease/agreement
  - Payment of Salary & Allowances
  - Payment of Advance and Travel Expense to staffs
  - Other payments

- **Adjustments**
  - Adjustment for correction in Accounting Records
  - Adjustment of advances against programme/travel/expenditure
  - Accruals
  - Adjustments (in accounting software) after closing Accounting Period

- **Records for Receipts: Donations/Grants**
  - Acknowledgement of Receipt of Donations by letter/email if there is requirement by donors.
  - Quarterly Statement of Receipt of Donations with all the information of acknowledgment, name of the donor country etc.
  - Donation Book: Donation book should be maintained with detail records of receipts of donations such as name of the donor, their full address, type of instrument through which received, Number of the instrument, date and the amount both in Bangladesh Taka and in donor's currency, conversion cost and bank charges if any.
  - Bank Deposit Slip/Bank Confirmation Note and Number
  - Other records to be maintained by Payment Office: Credit Voucher, Records in Bank Book, Records in relevant General Ledger Account.

- **Records for Receipts: Refund of advance to staff**
  Advance is paid to staffs to incur travel/programme expenditure. Advance should be refunded if any amount remains unspent.
  Following documents are relevant to refund of advance:
  - Bills (maintaining applicable procedures).
  - Money receipt (to be issued by payment office).
  - Bank deposit slip, if refunded amount is deposited to bank (to be issued by bank).
  - Other records to be maintained by Payment Office: Credit Voucher, Records in Cash/Bank Book, Records in relevant General Ledger Account, Records in Cash Count Sheet.

- **Records for Receipts: Refund of Security money by vendor/service provider**
  Security money may be paid to office building owner (for rental of office)/vendor/service provider etc. Security money is refunded as per contract/work order with relevant party.
  Following documents shall be maintained for receipt of Security Money:
  - Copy of contract/work order.
  - Copy of letter (with receipt signature) requesting refund of security money.
  - Original cheque, if cheque is paid as security.
  - Bank deposit Slip, if money is received in cash and deposited to bank
  - Other records to be maintained by Payment Office: Money Receipt/Acknowledgment, Credit Voucher, Records in Cash/Bank Book, Records in relevant General Ledger Account, Records in Cash Count Sheet, if money is received in cash.

- **Records for Receipts: Bank interest**
  Bank Interest are earned in bank accounts, which are directly deposited to bank accounts by banks.
  Following relevant records shall be maintained for receiving Bank Interest:
  - Bank Advice
  - Bank Statement
  - Other records to be maintained by Payment Office: Credit Voucher, Records in Bank Book, Records in relevant General Ledger Account.

- Records for Receipts: **Proceeds from sale of old/scrap items**
  Proceeds are earned by selling old/scrap items.
  Following relevant records shall be maintained for receiving sale proceed from old/scrap items:
  - List of items to be sold
  - Physical verification report indicating present condition (in case of sale of old/scrap Furniture Fixture & Equipment)
  - Decision of appropriate authority regarding sale of old/scrap items.
  - Approval of Donors, if applicable.
  - Approval of NGO Affairs Bureau, if applicable
  - Documents on selection of purchaser following applicable procedure.
  - Cheque/Pay Order/DD
  - Other records to be maintained by Payment Office: Credit Voucher, Bank Deposit Slip, Records in Cash/Bank Book, Records in Other Receipts Book, Records in relevant General Ledger Account.

- **Records for Receipts: Membership Fees**
  Membership Fees are received from Members of TIB.
  Following relevant records shall be maintained for receiving Membership Fee:
  - Money Receipt
  - Other records to be maintained by Payment Office: Credit Voucher, Bank Deposit Slip, Records in Cash/Bank Book, Records in Other Receipts Book, Records in relevant General Ledger Account.

- **Records for Receipts: Staff Contributions**
  Staff contributions for Staff Welfare Fund, Provident Fund (own contribution) or Humanitarian Assistance etc may be received.
  Following relevant records shall be maintained for receiving Staff Contribution:
  - Payroll
  - Other records to be maintained by Payment Office: Voucher, Bank Deposit Slip, Records in Cash/Bank Book, Records in relevant General Ledger Account.

- **Records for Payments: Payments to vendors (for Goods)**
  Goods are acquired within a process as described in Procurement Manual.
  Following relevant documents shall be maintained for processing payments against procurement of Goods:
  - Purchase/Repair/Maintenance Requisition (vendor wise separate and with specification) for any amount of procurement.
  - Request for Quotation (RFQ) if applicable as per Procurement Process.
  - Quotation (At least **three/single** quotation in applicable cases), if applicable as per Procurement Process.
  - Comparative Statement/Bid Summary, if competitive process is applicable.
  - Note for record for selecting the vendor without competitive process (if needed).
  - Work Order (with original signature of recipient), applicable in all methods of procurement except Direct Purchase Method.

- Delivery Challan and Bill submitted by vendor.
- Mushak-11 (in applicable cases)
- Goods Received Note (GRN) issued by respective staff.
- **Other records to be maintained by Payment Office:** Invoice (for recording the expenditure as Payable in Accounting Software), Payment/Debit Voucher, Vendor's Bank A/C details, Photocopy of cheque/payment advice in case of transfer through BEFTN, Money Receipt/Acknowledgment, Records in Cash/Bank Book, Records in Cheque Register (in case of payment through cheque), Vendor wise VAT and Tax Calculation Sheet, VAT and Tax Challan and relevant deposit documents, Records in relevant General Ledger Account, Records in Cash Count Sheet/Denomination Sheet (in case of payment in cash).

- **Records for Payments: Payments to Vendors (for service)**
  Services are acquired within a process as described in Procurement Manual.
  Following relevant documents shall be maintained for processing payments against procurement of Service:
  - Purchase/Repair/Maintenance Requisition (service provider wise separate and with specification) for any amount of procurement.
  - Request for Quotation/proposal (RFQ/RFP) if applicable as per Procurement Process.
  - Quotation/proposal (At least **three/single** quotation/proposal in applicable cases), if applicable as per Procurement Process.
  - Comparative Statement/Bid Summary, if competitive process is applicable.
  - Note for record for selecting the service provider without competitive process (if needed).
  - Work Order (with original signature of recipient)/contract, applicable in all methods of procurement except Direct Purchase Method.
  - Service completion report and Bill submitted by service provider.
  - Mushak-11 (in applicable cases).
  - Work Completion Certificate issued by respective staff.
  - **Other records to be maintained by Payment Office:** Invoice (for recording the expenditure as Payable in Accounting Software), Payment/Debit Voucher, Service provider's Bank A/C details, Photocopy of cheque/payment advice in case of transfer through BEFTN, Money Receipt/Acknowledgment, Records in Cash/Bank Book, Records in Cheque Register (in case of payment through cheque), Vendor wise VAT and Tax Calculation Sheet, VAT and Tax Challan and relevant deposit documents, Records in relevant General Ledger Account , Records in Cash Count Sheet/Denomination Sheet (in case of payment in cash).

- **Records for Payments: Payments to Vendors (Advance against Goods/Service)**
  Following records shall be maintained for processing payment of Advance to Vendor/Service Provider:
  - Copy of Contract/Work Order.
  - Request of Vendor/Challan for advance.
  - Bank A/C details of vendor/service provider.

- Other records to be maintained by Payment Office: Payment/Debit Voucher, Photocopy of cheque/payment advice in case of transfer through BEFTN, Acknowledgment, Records in Cash/Bank Book, Records in Cheque Register (in case of payment through cheque), Records in relevant General Ledger Account.

- **Records for Payments: Payments for utilities and Telephone**
  Utility (gas, water, electricity etc) and Telephone bills are paid at Government prescribed/approved rates based on actual consumption. This types of bills are recurring bills, which are paid in each month.
  Following relevant documents shall be maintained for processing payments against utility and telephone bills:
  - Copy of process documents for Telephone connection (not needed in each month).
  - Copy of Office Rent Agreement with conditions on bearing utility bills by the tenant (not needed in each month).
  - Monthly bill
  - Service provider's Bank A/C details/bank information where to deposit money.
  - Service Completion Certificate
  - Other records to be maintained by Payment Office: Invoice (for recording the expenditure as Payable in Accounting Software), Payment/Debit Voucher, Photocopy of cheque/payment advice in case of transfer through BEFTN, Money Receipt/Acknowledgment, Records in Cash/Bank Book, Records in Cheque Register (in case of payment through cheque), Records in relevant General Ledger Account.

- **Records for Payments: Payments against lease/agreement**
  Office rent, insurance premium for staff and office property etc are paid based on agreement.
  Following relevant documents shall be maintained for processing payments against lease/agreement:
  - Office selection process documents (needed in first month)
  - Insurance company selection process documents (needed in first month)
  - Copy of agreement
  - Quotation/estimate for inclusion of new staff/items under insurance coverage.
  - Work order for inclusion of new staff/items under insurance coverage.
  - Monthly/periodic bill
  - Bank A/C details of land lord/insurance company.
  - Other records to be maintained by Payment Office: Invoice (for recording the expenditure as Payable in Accounting Software), Payment/Debit Voucher, Photocopy of cheque/payment advice in case of transfer through BEFTN, VAT & Tax challan and other relevant documents on deposition of VAT & Tax, Money Receipt/Acknowledgment, Records in Cash/Bank Book, Records in Cheque Register (in case of payment through cheque), Records in relevant General Ledger Account.

- **Records for Payments: Payments of Salary & Allowances**
  Following relevant records shall be maintained for processing payments of Salary & Allowances:
  - Salary & Allowances Matrix
  - Copy of Appointment Letter
  - Copy of Joining Letter
  - Staff bank a/c details
  - Declaration by non-Muslim staff for receiving Festival Allowances
  - Monthly Attendance, Movement and leave records
  - Salary deduction/adjustment advice, if any
  - Salary & Allowances calculation sheet
  - Approval of appropriate authority
  - Payslip
  - Copy of resignation letter, resignation acceptance letter, clearance certificate, leave balance statement, PF & Gratuity balance statement etc in applicable cases.
  - Other records to be maintained by Payment Office: Acknowledgment of staff in case of payment through cheque, Acknowledgment of bank in case of payment through Transfer Order, Photocopy of cheque/payment advice in case of transfer through BEFTN, Tax challan (for deposition of TDS to Govt. Treasury, Payment/Debit Voucher, Records in Bank Book, Records in Cheque Register (in case of payment through cheque), Records in relevant General Ledger Account.

- **Records for Payments: Payments of Advance and Travel Expense to staffs**
  Following records shall be maintained for processing payment of Travel Advance:

  Travel Authorization:
  - Invitation for attending programme/event or visit schedule in case of regular visit.
  - Travel Approval by appropriate authority through Travel Approval Form showing itinerary in details.
  - Travel Approval Form:
  - There are two forms for Travel Authorization, one is for single visit and other is for multiple visits. Appropriate form should be used.

  Travel Advance:
  - Travel advance, if needed, should be requested well ahead of travel commencement date to help processing transfer of travel advance in time.
  - Travel advance shall be requested in Travel Approval Form indicating the following separately: Advance requirement for Meal, Lodging, Transport, Others, if any
  - Other records to be maintained by Payment Office: Payment/Debit Voucher, Photocopy of cheque/payment advice in case of transfer through BEFTN, Acknowledgment, Records in Cash/Bank Book, Records in Cheque Register (in case of payment through cheque), Records in relevant General Ledger Account.

- **Following records shall be maintained for processing payment of Programme Advance:**
  - Purchase/Repair/Maintenance Requisition.
  - Requisition for Programme Advance.
  - Other records to be maintained by Payment Office: Payment/Debit Voucher, Photocopy of cheque/payment advice in case of transfer through BEFTN, Acknowledgment, Records in Cash/Bank Book, Records in Cheque Register (in case of payment through cheque), Records in relevant General Ledger Account.

- **Following records shall be maintained for processing payment/adjustment of Travel Expense:**
  - Travel Expense Report: Automated Report (for Dhaka staff)/Manual Report in Excel Sheet (for Field staff).
  - Visit Report (submission of a narrative report after completion of visit).
  - Travel Expense Report (TER) with following relevant supporting documents/information must be submitted within 5 working days on completion of travel or after return to the base:
    - Invitation for attending programme/event (mentioning food and accommodation arrangement)
    - Travel approval
    - Declaration on submission of visit report
    - Transport ticket
    - Local conveyance bill
    - Accommodation bill
    - In case of joining new or transferred location, copy of appointment letter and joining letter should be attached with TER.
    - Information of Travel Advance, if taken, should be disclosed in TER.
  - **Other records to be maintained by Payment Office:** Payment/Debit Voucher, Photocopy of cheque/payment advice in case of transfer of Travel Expense through BEFTN, Records in Cash/Bank Book, Records in Cheque Register (in case of payment through cheque), Records in relevant General Ledger Account.

- **Records for Adjustments: Correction in Accounting Records**
  Following relevant records shall be maintained for processing correction:
  - Copy of vouchers (with supporting documents) in which error was found.
  - Note on error and correction requirement, authorization of appropriate authority.
  - Journal Voucher

- Records for Adjustments: **Adjustment of advances against programme/travel/expenditure**
  Following relevant documents shall be maintained for adjustment of Advance against Travel:
  - Please see process for **Payments of Advance and Travel Expense to staffs.**

Following relevant documents shall be maintained for adjustment of Advance against Programme/Expenditure:

- Purchase/Repair/Maintenance Requisition (vendor wise separate and with specification) for any amount of procurement.
- Documents on formation of the Team for Direct Market Survey (for purchase of items with a value of Tk. xxxx to Tk. xxxx).
- Direct Market Survey Purchases Form (for purchase of items with a value of Tk. xxxx to Tk. xxxx).
- Single Quotation of the vendor from whom items would be purchased (for purchase of items with a value of Tk. xxxx to Tk. xxxx)
- **Other records to be maintained by Payment Office for adjustment of Advance Against Programme/Expenditure:** Money Receipt, if advance is partially refunded, Invoice (for recording the expenditure as Payable in Accounting Software), Voucher, Photocopy of cheque/payment advice in case of transfer through BEFTN, if expenditure is more than advance, Records in Cash/Bank Book, Records in Cheque Register (in case of payment of excess amount through cheque), VAT Challan and relevant deposit documents, Records in relevant General Ledger Account, Records in Cash Count Sheet/Denomination Sheet (in case of payment of excess amount in cash or receipt of balance amount in cash).

- **Records for Adjustments: Accruals**

  Accruals are made when goods/service are received within a period but payment are not made.

  Following records shall be maintained for recording accruals:

  - Purchase/Repair/Maintenance Requisition (vendor wise separate and with specification) for any amount of procurement.
  - Request for Quotation/Proposal (RFQ/RFP) if applicable as per Procurement Process.
  - Quotation/Proposal (At least **three/single** quotation/Proposal in applicable cases), if applicable as per Procurement Process.
  - Comparative Statement/Bid Summary, if competitive process is applicable.
  - Note for record for selecting the vendor without competitive process (if needed).
  - Work Order (with original signature of recipient)/contract, applicable in all methods of procurement except Direct Purchase Method.
  - Delivery Challan and Bill submitted by vendor.
  - Mushak-11 (in applicable cases)
  - Goods Received Note (GRN) issued by respective staff.
  - **Other records to be maintained by Payment Office:** Invoice (for recording the expenditure as Payable in Accounting Software), Records in relevant General Ledger Account.

- **Records for Adjustments: Adjustments (in accounting software) after closing Accounting Period**

  This record is system (ACCPAC) generated.

  The adjusting entry is generated automatically while processing Year End.

- **Some Common records maintained by Payment Office:**
  - Voucher (for Receipts, Payments and Adjustments)
  - Cash & Bank Book
  - IOU Slip
  - General Ledger
  - Cheque Register
  - Advance Register
  - VAT & Tax deduction and payment record book.
  - Daily Cash Denomination/Count Sheet
  - Bank Statement

2. General Steps of Payment and Reporting

Following steps shall be followed for processing payments and reporting: Participation, signature, authorization will be required in all mentioned documents as per Table of Authority

- Reviewing payment request/bills and other relevant documents and notify respective staff for submission of additional documents, if required.
- Preparation of Voucher (Invoice) for recording the expenditure as Payable in Accounting Software.
- Taking approval of appropriate authority.
- Preparation of Payment/Debit Voucher and taking approval of appropriate authority.
- Maintain vendor/service provider wise VAT and Tax Calculation Sheet.
- Deduction of VAT and Tax from the bill amount in applicable cases.
- Record cheque details in Cheque Register (in case of payment through cheque).
- Issuance of cheque/transfer payable amount to vendor's/service provider's bank account through BEFTN.
- Collection of Money Receipt/Acknowledgment from the vendor/service provider.
- Taking signature of the recipient in photocopy of cheques, if payment is made through cheque.
- Preserve photocopy of cheque (with recipient signature)/payment advice in case of transfer through BEFTN with payment voucher.
- Records in Cash/Bank Book (automated)
- Fill-up VAT and Tax Challan and relevant deposit documents.
- Deposit VAT and Tax to bank.
- Record transaction in relevant General Ledger Account (automated).
- Record cash payment in Cash Count Sheet/Denomination Sheet (in case of payment in cash).
- Closing transaction at the end of each month.
- After closing transactions, following Financial Reports shall be prepared at the end of each month
  - Preparation of Bank Reconciliation Report within 15 days of next month.
  - Preparation of Trial Balance (System Generated).

- Preparation of Income & Expenditure and Balance Sheet (System Generated) within 15 days of next month.
- Preparation of Budget & Expenditure Report within 15 days of next month.

SECTION 11: POLICY ON ANTI MONEY LAUNDERING AND TERRORIST FINANCING

Reference: Please see Approved policy on Anti-money laundering and terrorist financing

SECTION 12: ORGANIZATIONAL FUNDS

1. Staff Welfare Fund

Please see approved policy on Staff welfare fund.

2. Trust Fund

A Trust fund will be generated**.** A separate concept paper shall be prepared in this regard.

3. Endowment Fund

There will be a Endowment Fund for TIB. Another separate concept paper shall be prepared in this regard.

SECTION 13: FORMATS

Transparency International Bangladesh (TIB)
Request for payment of advance
(in case of other than field visit)
Project: ……..

Cost Center: Dhaka

Date:

(Please specify reason):

Amount (Taka) :

Payment Mode : ☐ A/C Payee Cheque ☐ Online Transfer ☐ Bearer Cheque

Expected date of receipt :

Signature :

Name & Designation :
Division :

Recommended by :

Clearance from Finance Division:

Approved by:
Director-F&A
(Through Bearer Cheque up to Tk.10.000)

Endorsed by:
Director-F&A
(Through Bearer Cheque over Tk.10.000)

Approved by:
ED/DED

Transparency International Bangladesh (TIB)

IOU SLIP

Project: ……..

Date:

Cost Center: Dhaka

Reason:

Amount: BDT……

Amount in word: ----------

Signature:
Name:
Designation:
Division:

Approved by
Name:
Designation:
Division:

Received by
Name:
Designation:

Paid by
Name:
Designation:

Transparency International Bangladesh (TIB)
Local Conveyance Sheet (for Dhaka YES/YES Friends Members)
Project: ……

Date:

Cost Center:

Name of YES Group:

Name of Programme:

Date	Name of YES Member	Route Details		Mode of Transport	Amount (BDT)	Signature
		From	To			
Total						

Amount in word:

Paid by:

Name:
Designation:
Division:

Reviewed by:

Name:
Designation
Division:

Transparency International Bangladesh (TIB)
Claim against Expenditure (for Dhaka YES/YES Friends Members)
Project: ……..

Date:

Cost Center:

Name of YES Group:

Name of Programme:

Date	Name of YES Member	Particulars	Amount (BDT)	Signature
Total				

Amount in word:

Paid by:

Name:
Designation:
Division:

Reviewed by:

Name:
Designation
Division:

Transparency International Bangladesh (TIB)
FIELD VISIT APPROVAL
(for more than one visit)

Project:
Name: **Designation:**
Division: **Visiting area(s):**

Visit	Purpose (s)	Travel Itinerary				Advance (if required)				
		Departure	Return	No. of days	Any other details	Particulars	Amount (BDT)	Required date	Adjustment date	Received Amount & Signature
						Meal				
						Lodging				
						Transport				
						Others				
						Total				
						Meal				
						Lodging				
						Transport				
						Others				
						Total				
						Meal				
						Lodging				
						Transport				
						Others				
						Total				
						Meal				
						Lodging				
						Transport				
						Others				
						Total				
						Total Amount:				

Amount in word:

Submitted by:	Supervisor's recommendation:	Approved by:
Name:	Name:	Name:
Designation:	Designation:	Designation:
Date:	Date:	Date:

Transparency International Bangladesh (TIB)
FIELD VISIT APPROVAL
Project: ……

Name: Designation:
EIN:
Division:

Visiting area(s):

1. Purpose/expected output of the visit (in brief):

2. Itinerary: Start (date & time): Return (date & time):

3. Total no. of days:

4. Advance (if requested):

Meal	BDT ……..
Lodging	BDT ……..
Transport	BDT ……..
Others	_
Total	BDT ……..

Amount in word:

5. Any other details:

Submitted by | Supervisor's Signature | Approved by

Name & Designation: | Name & Designation: | DFA

Received Amount BDT_____ ( )

Date & Sign of recipient:

Note: 01. Payments/Adjustments of advances will be subject to submission of detailed report within 5 working days of each visit. DFA's approval is mandatory for field visit if advance is requested.

02. This form is applicable for the staff members of TIB Dhaka Office.

Transparency International Bangladesh (TIB)
LOCAL CONVEYANCE BILL
Project: ……

Name of Staff: **Cost Center:**

EIN:

Designation: **Date:**

Date	Place		Purpose	Mode of Transport	Amount (BDT)
	From	To			
				Total	

Amount in word:

Submitted by:
(With designation & date)

Approved by (Supervisor/Line Manager): **Received by:**
(With designation & date)

Paid by – Finance:
(With designation & date)

Transparency International Bangladesh (TIB)

Payment Slip

Project: ……..

Date:

Head of Expense: **Cost Centre:**

Sl #	Particulars	Amount (BDT)	Remarks
	Total		
Amount in word:			

Purchaser **Vendor/Service Provider**

Signature: **Signature:**
Name: **Name:**

Notes:

a. *Please take finger print of vendor/service provider if s/he cannot sign.*
b. *This payment slip to be used for purchase of goods/service against which bill of vendor/service provider will not be available.*

Transparency International Bangladesh (TIB)

Travel & Other Allowances Bill

Project: ……

Name of the staff: Date:
Designation: Division:
EIN: Cost Centre:
Reason for travel:
Information of Meals provided by Office/lodging authority: Breakfast……., Lunch……., Dinner……..

Date	Time		Particulars	Mode of Transport	Transport cost	Per diem (Meals & Incidental)	Lodging	Subsistence (for 5 or more days)	Reason for Misc. cost	Misc. Amount	Total Amount (BDT)
	Dep	Arrv									
											-
											-
											-
											-
											-
											-
			Total		-	-	-	-	-	-	-
										Less: Advance (if any)	
										Balance due/(Refundable)	-

(Amount in word):

Submitted by:
(with designation & date)

Approved by (Supervisor/Line Manager)
(with designation & date)

Received/(Refunded) by:

Paid by-Finance:
(with designation & date)

Note: Please use separate bill for daily local conveyance and attach original supporting for bus/train/launch/steamer ticket, hotel stay, miscellaneous cost etc. with TER.

Transparency International Bangladesh
Donation Book

Name of the Donor	*Address*	*Type of Instrument*	*Number of Instrument*	*Date of Receipt*	*Amount in BDT*	*Amount in Other Currency*	*Amount in Donor's Currency*	*Conversion Cost, if any*	*Bank Charge, if any*

Transparency International Bangladesh (TIB)

Format for Authorization of opening new Account, Group, Cost Centre /editing Account, Group, Cost Centre in the Accounting Software

Particulars	Name of New Account	Name of Existing Account (in case of editing)	Name of Group	Types of Account (income/expenditure/asset/liability)	Cost Centre	Project	Name of Accounting Software
Open New Account							
Edit Existing Account							

Particulars	Name of New Cost Centre/Group	Name of Existing Cost Centre/Group (in case of editing)	Project	Name of Accounting Software
Open Cost Centre/Group				
Edit Cost Centre/Group				

Transparency International Bangladesh (TIB)
Payment Slip

Project:

Name of YES Group : Date :

Name of Program :

Date	Particulars	Amount (BDT)	Remarks
	Total		

Amount in word:

Paid by : Received by :

(Vendor Name & Signature)

END