List of Abbreviations

BDT	Bangladeshi Taka
BMS	Bakultali Mahila Sangshad
CA	Chartered Accountant
EC	Executive Committee
GRN	Goods Received Note
IFRS	International Financial Reporting Standards (IFRS)
NBR	National Board of Revenue
NGOAB	NGO Affairs Bureau
VAT	Value Added Tax

PREFACE

This Financial Policies and Procedures Manual has been developed to strengthen the financial management practices of Bakultali Mahila Sangshad (BMS) and to provide employees and other interested parties with an accessible source of information regarding policies, procedures, and forms which are appropriate and/or required in each particular situation involving financial management transactions.

While preparing the Financial Policies and Procedures Manual, attempt has also been made to adhere to the requirements of the IFRS, NGOAB, NBR etc. pertaining to the financial management.

The Financial Policies and Procedures Manual is an explicit description of the finance and accounts function, related system and procedures of BMS and introduces an accounting system bringing together the best practices of practical accounts keeping within the existing operating and control environment.

We feel that the Financial Policies and Procedures Manual is a complete structured guide for planning and controlling of BMS's financial management function and hope that the different tiers of management would find it a useful tool in discharging their duties and responsibilities properly.

CHAPTER I

1 INTRODUCTION

1.1 A brief description of Bakultali Mahila Sangshad (BMS)

Bakultali Mahila Sangshad (BMS) is a women-led non-profit voluntary organization based in northern Bangladesh. BMS has been working since 1998 to empower women and girls for a world of equal opportunities and full potential. BMS addresses a wide range of critical issues, including gender equality, non-formal and formal primary education, economic empowerment, disaster risk reduction (DRR), handicrafts, mother and child care, climate change resilience, Wash, livelihood, localization of humanitarian aid and IGAs training etc.

BMS is registered with the NGO Affairs Bureau under the Foreign Donations (Voluntary Activities) Regulation Act, 2016, Department of Women Affairs and Department of Youth Development of the Government of Bangladesh.

1.2 Vision

A society economically prosperous, cultured, vibrant, socially just and democratically governed. A society citizens have human rights and living with peace and dignity. Establish and empowered poor and vulnerable rural people, especially women and children in the society.

1.3 Mission

To establish the poor and vulnerable people specially Women and Children in the community by making them capable, self-sufficient, self-governed and self-ignited through building capacity, institution building, capital utilization of local resources and improving self-need based problem solving.

1.4 Core values of BMS

Participation, Peoples Democracy, Cooperation, Freedom, Equality, Justice, Empathy, Sharing, Caring, Rationality, Self-reliance, Efficiency, Accountability, Transparency, Sustainability, Collectiveness and Autonomy.

1.5 Objectives of BMS

0 To identify and organize the disadvantaged people in group for the improvement of their living status;

0 To facilitate organized group members in raising their social awareness and enable them to find out root causes of poverty and hunger;

0 To establish human right especially for the women and children and reduce violence and discrimination;

0 To make a safe communication and sustainable environment;

0 To eradicate the illiteracy by formal and non-formal education;

0 To aware the people regarding gender development and their rights establishment;

0 To promote planned families, reducing maternal, child mortality and morbidity;

0 To improve the awareness of the poor about their deprivation and exploitation through legal aid training;

0 To promote sustainable agriculture, crops production and nursery development;

0 To ensure water and sanitation facilities to target people;

0 To invest in income generating activities; and

0 To co-operate with various government, non-government and national organizations involving in development activities.

1.6 Purpose of the Financial Policies and Procedures Manual

The Financial Policies and Procedures Manual is intended:

0 To have a uniform book-keeping, accounting and financial system, rules and procedures;

0 To ensure utilization of fund for the stipulated purpose and to establish discipline and accountability of fund users;

0 To assist the management with necessary financial information required ensuring efficient monitoring and implementation of the organization's activities;

0 To ensure that basic internal controls are in place in the performance of every function or activity of the organization;

0 To have an accurate and timely financial reporting to the management and donors;

0 To provide guidance to the Internal and External Auditors (CA Firm) while evaluating the financial systems and performance; and

0 To be used as a capacity building tool for the finance staff of the organization.

1.7 Structure of the Finance Policies and Procedures Manual

The Financial Policies and Procedures Manual is divided into 23 chapters:-

Chapter 1 introduces legal form and activities of BMS, objectives and structure of the manual.

Chapter 2 of the financial policies and procedures manual looks at the accounting principles and policies.

Chapter 3 of the financial policies and procedures manual elaborates financial system of BMS.

Chapter 4 of the financial policies and procedures manual contains chart of accounts.

Chapter 5 and 6 of the financial policies and procedures manual outlines budget and budgetary control and fund management.

Chapter 7 and 8 of the financial policies and procedures manual contains cash control and operation and bank operation and transaction.

Chapter 9 of the financial policies and procedures manual looks at the advance policy.

Chapter 10 describes payroll management.

Chapter 11 and 12 states travel policy and internal control framework.

Chapter 13, 14 and 15 of the financial policies and procedures manual describes documentation, preservation of documentation and destruction and fixed assets recognition and disposal.

Chapter 16 of the financial policies and procedures manual prescribes inventory management.

Chapter 17 and 18 of the financial policies and procedures manual describes financial statements preparation and filing of return and financial report.

Chapter 19, 20 and 21 of the financial policies and procedures manual contains grant compliance, auditing and conflict of interest policy.

Chapter 22 of the financial policies and procedures manual looks at the procurement policy of BMS.

Chapter 23 of the financial policies and procedures manual describes anti-fraud and corruption policy of BMS.

1.8 Accounting and Auditing requirements

Sound financial management is a vital to organization's success. It helps organization perform efficiently by reducing bottlenecks, speeding disbursements and facilitate program/project monitoring. The accounting and auditing requirements, which BMS is obliged to comply with, are outlined below:

1.8.1 Accounting Requirements

The accounts of BMS must be maintained in accordance with International Financial Reporting Standards (IFRS).

Moreover, section 12 of the Foreign Donations (Voluntary Activities) Regulation Act, 2016 states that all NGOs registered with the NGOAB shall maintain their accounts in prescribed manner to be directed by the NGOAB.

1.8.2 Auditing Requirements

Paragraph 20 of the constitution of BMS stipulates that accounts of the Sangshad shall be audited by an audit firm and a copy of audit report shall be submitted to the registration authority.

Moreover, section 12 of the Foreign Donations (Voluntary Activities) Regulation Act, 2016 states that the accounts of all NGOs registered with the NGOAB shall be audited in prescribed manner to be directed by the NGOAB.

1.9 Updating

It is emphasized that the accounting system of an organization reflects its operational requirements. Therefore, it is imperative that this Financial Polices and Procedures Manual is updated/modified whenever changes are required.

1.10 Commencement

This Financial Policies and Procedures Manual is effective from -------------- and shall apply without exception to all financial transactions undertaken in the name of BMS.

CHAPTER II

2 Accounting Principles and Policies

2.1 Basis of Accounting

The financial statements of BMS is prepared on a going concern basis under the historical cost convention using accrual basis of accounting in accordance with the International Financial Reporting Standards (IFRS) and in compliance with the applicable laws and regulations of Bangladesh. However, cash basis accounting may also be followed if it is required by the donors.

2.2 Accounting Period

BMS shall maintain its accounting year from July 01 to June 30; Individual Donor account may be different as per the requirement of the donors.

2.3 Significant Accounting Policies

2.3.1 Income Recognition

The income shall be accounted for as income during the year received by BMS from whatever source (Any grant/donation) in the year to the extent it relates to that particular year. Any donation/grant received pertaining to the subsequent years shall not be recognized as income during the year. Any commitment of fund for a particular year shall not be considered as receipt or income of that particular year. The following heads of income will be recognized as income:

a) **Interest Income**

Any interest received on the deposit or fund invested by BMS shall be treated as income of that particular year to which it relates.

b) **Donation**

Any donation received from whatever source, shall be recognized as contribution in the year in which it is received, and depending on the nature thereof, will be credited to the Statement of Income & Expenditure.

c) **Government Grants/Donation**

For recognition of grant income, International Accounting Standards - 20 "Accounting for Government Grants and Disclosure of Government Assistance" will he followed. As per IAS-20, grants received are initially recorded as liability. Grant amount used to acquire fixed assets has been shown as "Fixed Asset Fund'. Grant amount used for project expenses has been recognized as income to the extent of expenses incurred.

d) **Donations in Kind**

Any donations in kind, will have a value assigned to it, and will be credited to the Statement of Income & Expenditure. In case of any asset received from any source with zero value will be revalued by a committee and accounted for accordingly.

e) **Overhead Income**

A certain percentage or fixed amount against service provided by core management will be charged to project which will be treated as organization income and will be transferred to core fund. The purpose of this income is to cover indirect cost.

f) **Local Income**

Local income is treated as income as and when it is received.

2.3.2 **Expenditure**

Before recognizing expenditure it is essential to confirm that the expenditure is wholly and necessarily incurred for the purpose of BMS activities and has been duly approved by the BMS authority. Budgetary provision for the expenditure will also be checked. It is essential for the authorizing persons to ensure that the goods and services have been received in good condition and check the arithmetical accuracy of the documents for payments.

Cost Principles

To recognize as cost/expenditure, the following criteria should be meet up:

Allowable

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

(a) Be necessary and reasonable for the performance of an activity.
(b) Conform to any limitations or exclusions set forth in these principles
(c) Be consistent with policies and procedures
(d) Be accorded consistent treatment
(e) Be determined in accordance with IFRS
(f) Be adequately documented

Allocable

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

a) Cost incurred specifically for the purpose of the organization.
b) Is necessary to the overall operation
c) Benefits can be distributed in proportions that may be approximated using reasonable methods

Reasonable

Costs which are generally recognized as ordinary and necessary and would be incurred by a prudent person in the conduct of normal business.

Value for Money

Value for money (VFM) is the best balance between the "three E's" - economy, efficiency and effectiveness. It is a way of thinking about using resources well, i.e., getting the desire quality at the lowest price.

2.3.3 Apportionment of Common Costs

If it is deemed necessary, some costs may be apportioned between different programs/activities and cost centers. In such cases, the apportionment will be made depending upon the nature and purpose of expenses.

2.3.4 Bank Charges or Interest Expenses

Bank charges or interest paid for transferring/receiving any amount shall be charged to the particular program/project for which the amount was paid/received.

2.3.5 Organization Contribution

If there is any arrangement with donor to contribute the project from the organization's fund that shall also be recognized as expenses.

2.3.6 Liabilities

Liabilities represent any obligation to any party, arising due to receipt of funds, goods or services and any amount payable to any person or organization by BMS fund. All liabilities and obligations must be accounted for in the accounts before the year-end/closing date. Liabilities may be classified into long term and short term liabilities depending on the nature.

2.3.7 Assets

Asset is a resource with economic value that the organization owns or controls with the expectation that it will provide future benefit. Assets are categorized into the following:

<u>Current Asset</u>: Current asset is any asset reasonably expected to be sold, consumed, or exhausted in its normal operating cycle. Typical current assets include cash, cash equivalents, short-term investments, accounts receivable, inventory and the portion of prepaid liabilities which will be paid within a year

<u>Fixed Asset</u>: Fixed Assets refer to property, plant and equipment as mentioned in IAS 16: Property, Plant and Equipment. Property, Plant and Equipment. Property, plant and equipment purchased by BMS is recognized as fixed asset and capitalized if expected useful life of the assets are more than one year. Repairs and maintenance, which increases significantly the useful life of assets or addition to existing assets, will also be considered as

fixed assets. For Fixed Asset acquisition see the procurement policy and for recognition and disposal see Chapter -15.

2.3.8 **Fund Account**

The surplus/deficit of income for the year is presented under 'Fund Account' in the Statement of Financial Position.

2.3.9 **Unutilized Donor Fund**

Unutilized Donor Fund is the unspent amount of money received from donor after recognizing all expenditure for a certain period.

CHAPTER III

3 Financial System

3.1 General

The accounting books and registers are important for recording of financial transactions. These books and registers are treated as documentary evidence of financial transactions. The Finance Section of BMS shall maintain necessary books of accounts and registers for recording the financial transactions and related information manually or by using accounting software or computerized format as it deems necessary.

The books of accounts and registers are important documents which should be maintained and preserved for proper documentation. Correction entries will be initiated by an authorized person.

Depending on the needs, BMS shall maintain the standard books and records as mentioned in **Annex - 1.**

3.2 Cash Book: General/Project wise

The Cash Book, either maintained by manually or software, is used to record all transactions made in cash or through bank. It is used to record the following types of transactions:

- All receipts in cash
- All payments in cash
- All receipts in the form of cheque/pay order/bank transfer or any form other than cash
- All payments in the form of cheque/pay order/bank transfer or any form other than cash

The book is maintained separately for each individual project. At the end of each day, the bank and cash balances should be extracted and the cash balance be checked with denomination against cash in hand. If the amounts are found correct and agreed, the concerned Accounts Officer/Accountant shall sign the Cash Book. At the end of each day, the ED/PC shall review and sign the Cash Book for authentication.

3.3 Ledger: General/Subsidiary

A ledger (General/Subsidiary) contains a classified account of income and expenditures. All expenses of a particular nature are posted chronologically under a specific line item assigned for this purpose. At the end of each month, the ledger must be checked against the cash book and journal to ensure that all the expenditures have been posted in the ledger.

3.4 Petty Cash Book/Statement

BMS will use the petty cash Book/statement when it is required by any project as per system mentioned below but it is not mandatory for all projects.

A petty cash account, not exceeding BDT 10,000 (BDT Ten Thousand only) shall be maintained for small day-to-day expenditures. A reliable person not involved in accounting and procurement should maintain this Petty Cash Book. Petty Cash Vouchers and Petty Cash Book must be maintained in the same format as Payment Voucher and Cash Book. When the Petty Cash Advance is exhausted, Payment Voucher with supporting documents attached and Petty Cash Book shall be produced to the Accounts Officer/Accountant for verification. If satisfied, Accounts Officer/Accountant shall sign the Petty Cash Book, replenish the petty cash advance, and transfer of petty cash expenditures to the main accounting system.

3.5 Voucher

Credit Voucher

Credit Voucher is one of the three types of vouchers used by BMS. Any amount received in cash by way of grants, subscriptions, donations, local income, repayment of loans/advances, collection against dues, etc. shall be treated as cash receipt transaction. Any amount received in the form of cheque/pay order/demand draft or in any form other than cash by way of grants, donations, interest, loans, local income, repayment of loans/advances, collection against dues shall be treated as bank transaction. All cash or bank receipt transactions shall be accounted for through Credit Voucher.

Debit Voucher

Any amount paid in cash on account of incurring expenditure, purchase of assets, purchase of inventory, settlement of accounts or any other payment made by BMS shall be considered as cash payment transaction.

Any amount paid by cheque, draft, pay order or account transfer on account of expenditure, purchase of assets, purchase of inventory, settlement of accounts or any other payment other than cash made by BMS shall be considered as bank payment transactions. All payment transactions approved by the Chairperson/Executive Director shall be accounted for through Debit Voucher

Journal Voucher

Journal Voucher is prepared for non-cash transactions, such as, for expenditure provision, for account adjustment and for inter-fund transactions, and for other non-cash transactions.

3.6 Cheque issue Register

This register shall be maintained by the Finance Section for recording information relating to issue/receipt of cheques or any banking transaction. It contains information such as Date, Cheque/DD/PO/Ref. number, Particulars, Purpose, Amount, Closing Balance and Signing of Signatory.

3.7 Salary Sheet

BMS shall maintain Salary Sheet for recording staff salary payment. It will contain the name of employee, ID number, date of appointment, designation, and number of working days (if applicable), basic salary, house rent, medical allowance, conveyance allowance, income tax deduction, other deduction and other relevant information. Other than pay scale, consolidate salary will be applicable for project, temporary, contractual & others staff.

3.8 Time Sheet/Personal Activity Report

Time Sheet (TS)/Personal Activity Report (PAR) is mandatory for the project employee if required by the donor in order to ensure that all staffs are paid in a timely way. The PAR/TS is to be signed by the employee or a responsible official with first-hand knowledge of the work performed by the employee. The employee or responsible official certifying should review the payroll percentages printed on the report to determine if they are correct.

3.9 Fixed Asset Register

All fixed assets acquired shall be recorded in Fixed Asset Register/Software. The fixed assets shall be physically verified at the end of each year, results should be reconciled with the Fixed Asset Register and short/excess, if any, shall be adjusted in the books of accounts with proper approval from the concern authority. Disposal of any asset must be recorded in the appropriate column of the Register. Depreciation on fixed assets (where applicable) will be recorded in the Fixed Asset Register in appropriate column.

3.10 Store Ledger

Accounts of stocks and stores shall be maintained in Store Ledger showing receipts, issues and balance of each item of stocks and stores.

3.11 VAT & Income Tax Register

VAT & Income Tax shall always be deducted and deposited as per prescribed rules of National Board of Revenue (NBR) as amended time to time. VAT and Income Tax register shall always be maintained either by manual or computerized system to control over the VAT & Tax deductions from suppliers and consultants or others as applicable. The deducted amount shall be deposited to the Government treaury within the stipulated time.

3.12 Use of 'PAID' seal and Revenue Stamp

3.12.1 '**PAID'** seal with date shall be affixed on the invoices and other supporting documents such as money receipt/acknowledgement from payee etc.

3.12.2 Revenue stamp is to be affixed on voucher as per the Stamp Act, 1899. Cost of stamp will be borne by the payee.

3.13 Advance Register

An Advance Register or Individual advance ledger shall have to be maintained to record advances given to employees. It contains information about nature of advances, date of advance, voucher no, amount of advance, date of adjustment and mode of adjustments, if necessary.

3.14 Reporting & Correspondence with NGO Affairs Bureau

BMS shall submit all required reports, budgets and audited financial statements to the NGO Affairs Bureau, and will maintain files for all correspondence and submissions.

3.15 Financial Statement including budget variance

BMS shall prepare periodic financial statements for the projects and the Organization on the basis of books and records maintained. Such statements will contain, as a minimum, Statement of Financial Position, Statement of Income & Expenditure, Statement of Receipts & Payments, Budget Variance Statement, explanatory notes and schedules, and cash and bank balances and bank reconciliation. These will be properly checked, approved and maintained in file.

3.16 Financial Reports to Donor

BMS will prepare and submit financial and other reports to the donors as per the terms of the agreement with respective donors, and will maintain files for such reports and other correspondence.

3.17 Bank Correspondence

BMS will maintain files for bank statements, bank reconciliation, and other correspondence with banks.

3.18 Correspondence with Govt. Agencies & NBR

BMS will maintain files for all correspondence with National Board of Revenue (NBR) and other regulatory agencies.

3.19 Others

BMS will maintain such other books, records and other documents as considered necessary and appropriate for their purpose.

CHAPTER IV

4 Chart of Accounts (COA)

4.1 Chart of Accounts

Chart of accounts is a list of all accounts by account type as well as by code number under which the BMS's transactions is recorded. Chart of Accounts is helpful for providing a uniform structure, ensuring consistency and generation of accurate reports. It simplifies the recording of transactions and provides more meaningful financial information to the management.

4.2 Structure of Account code

The account code is 7 digits in length. It denotes the nature of the transaction to which it is applied.

Form of the account code

The complete account code has the following form:

Account code	Cost Center code
XXXXXXX (Numeric)	**XXX (Numeric)**

A sample of Chart of Accounts is given in **Annex - 16**.

4.3 Maintenance of Chart of Accounts

Finance Section shall maintain the Chart of Accounts. Insertion/deletion of any code under the existing structure shall be its jurisdiction. The addition or deletion of account codes requires approval from the Chairperson of CDDF. The Chart of Accounts has the flexibility to add new account code on need basis in accordance with the basic structure.

CHAPTER V

5 Budget and Budgetary Control

5.1 General

Basically, financial budgeting in BMS involves two steps:

(a) Expressing in monetary terms the results of plans anticipated in future period.

(b) Comparing actual results with the program estimates. Any significant differences point to the need for corrective action. In short, the budget becomes a standard for appraising operating results.

Budget helps to answer the following questions:

What ? What is wanted to implement ?
Who ? Who will do it
How ? What is necessary for implementation ?
How much ? How Often ? - Quantity and Frequency
When ? What is the appropriate timing ? What is the deadline ?

5.2 While preparing budget, the following general principles shall be followed:

i. Budget shall be based on existing national, institutional policies and follow best practices in local market.

ii. Budget shall facilitate a strong link between inputs, outputs and outcomes.

iii. Budget shall be transparent and verifiable: definitions and sources of data (both financial and non-financial), assumptions and the methods for calculating costs shall be transparent and independently verifiable.

iv. Budget shall reflect the balance between the benefits of better information and costs of obtaining it: the design, implementation, and continuous improvement of costing methods, data, collection, and systems shall reflect the balance.

v. Budget shall be consistent and enable comparison of costs over time: financial information shall be collected and analyzed systematically and in such a way as to ensure comparison over time.

5.3 Budget shall be presented with the following attributes which together determine the reasonableness of individual budget lines and the total budget. The budget shall:

i. Be arithmetically accurate.
ii. Be built on budget categories.
iii. Clearly identify reasonable quantities and unit prices.
iv. Ensure the economy, efficiency and effectiveness (value for money) of activities.

5.4 A description of activity, a breakdown down of unit costs and quantities shall be provided.

5.5 General assumptions used in determining the unit costs, which may impact planned expenditures, for example, inflation, tax rates etc. shall be provided in the budget.

5.6 Budget Preparation Process

The budget is the financial expression of the project or program as undertaken by BMS. Project supported by donor agencies must have approval of EC and the agreement shall be signed between BMS and funding agency. Expenditure will be incurred in accordance with the provision in budget line item. Finance Section shall provide technical assistance for preparation of budget. Accounts Officer/Accountant will closely monitor the budget against budgeted performance to assess the effectiveness of budget expenditure.

5.7 Budgetary Control

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

To exercise proper budgetary control over the expenditure, budget variance analysis with actual expenses shall be done monthly, quarterly, half yearly and yearly. But variance shall not exceed plus/minus 10% against each line item. In case, if the variance seems to be exceeded more than 10% against any line item prior approval from the competent authority shall be obtained. Although, variance may be allowed against line item but total expenditure shall remain within total budget provision.

For proper monitoring of the budget utilization, Accounts Officer/Accountant shall provide a set of financial statements showing comparison of actual expenditure against budget with percentage of variance with reasons to ED periodically. The ED shall report on the financial performance to the EC.

5.8 Budget Revision

Due to unavoidable circumstances, i.e., natural disaster, political unrest, abnormal price hike etc., the budget may be revised with the consent of the donor as well as of the NGOAB.

CHAPTER VI

6 Fund Management

6.1 General

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

6.2 Sources of Funds

BMS will receive its funds from the donors as per agreement and from other sources, viz., local contributions/donations, member's subscription, loans, from different income generating projects, rental income, consultancy and training fees, bank interest and income from investment etc.

6.3 Nature of Funds

BMS recognizes two types of funds based on nature of use referred to as Restricted Fund and Unrestricted Fund. The split between these funds is as follows:

6.3.1 Restricted Fund

Restricted Funds are for expenditures in accordance with the requirements of respective donors.

6.3.2 Unrestricted Fund

All income received by BMS which are not specifically restricted by donors, creates an Organization Fund.

6.4 Investment of Fund

General Funds in excess of the requirements may be placed in short term deposits, fixed deposits, other savings instruments with the approval of Executive Committee in the name of the Organization.

6.5 Fund receipts from Foreign Sources

Fund receipts from all foreign donors with the approval of NGOAB shall be placed in the mother account. However, separate project bank account may be maintained for each donor as applicable.

The Finance Section shall meet the financial reporting and clearance requirements from NGOAB for receipts of foreign donation.

6.6 Fund received from local sources

Fund received from local sources will be recorded in the cash book, and be deposited into the designated bank account according to normal banking procedures and a money receipt will also be duly issued.

6.7 Obtaining fund clearance

BMS shall take clearance from the relevant Government Authority regarding receipts and use of donations, if such clearance is required.

CHAPTER VII

7 Cash Control & Operation

7.1 Cash Book

At the end of each day the bank and cash balances should be extracted and the cash balance be checked against cash in hand along with cash denomination. If the amounts are found correct and agreed, the concerned Accounts Officer/Accountant shall sign the cash book.

The cash book must be totaled at the end of each month and balance of cash in hand and cash at bank be extracted. Physical cash in hand should be verified by the official authorized to approve the expenditures. Cash book must be signed by the authorized personnel.

7.2 Cash Control

BMS management shall follow the following steps for controlling cash management with the objectives to avoid misappropriations of cash:

- The person who deals the cash (receipts & payments) can also make entry in the Voucher.
- The person who is responsible to record the cash transactions in the books of account, s/he shall deal in cash.
- The person who approves the cash payments or receipts, s/he shall not involve himself/herself with cash dealings and recordings in the books.

7.3 Verification & Cash Counting

Accounts Officer/Accountant shall verify the cash balance and the Cash Book at the end of each day and put his/her signature on respective place in the Cash Book. Authorized personnel will conduct surprise cash counting or any person assigned by the Executive Director once or more in a year.

7.4 Daily Cash Holding Limit

Required cash may be drawn from the bank on requisition with breakup: the cashier may hold liquid cash up to the amount BDT 10,000. Excess of the said amount for any valid reasons will be kept in safe under lock and key and must be deposited into bank account by the following working day.

7.5 Maximum limit for Cash Payments

Maximum limit for Cash Payments is BDT 10,000. Payment exceeding BDT 10,000 shall be made by account payee cheque/bank transfer. Large cash payments are discouraged. If cash payments are unavoidable in emergency cases, these should be properly justified, authorized and documented.

7.6 Cash Security

BMS must use cash vault for keeping cash amount secured.
BMS may arrange for insurance to cover the risk of carrying cash (cash in transit insurance) and the custody of cash in the office (cash in safe insurance).

7.7 Petty Cash

The limit of petty cash amount, in order to make small recurring expenditure, should be limited as per instruction of Chairperson/Executive Director. The Petty Cash Book shall be maintained by an assigned person who is not involved in accounting and procurement. Small expenditure will be made from this as per requirement; however, no single payment may exceed BDT 2,000. When the petty cash advance is exhausted, the petty cash book with payment vouchers and supporting documents shall be produced to the designated person of Finance Section for verification. If satisfied, s/he should sign the petty cash book, replenish the petty cash up to the pre-determined limit, and transfer petty cash expenditures to the main accounting system.

7.8 Accounting for receipts

A Money Receipt (MR) shall be issued for every receipt of cash/cheque/drafts. MR is used for recording of financial transactions in the books of accounts. Money receipt should be completed properly, describing the source, nature of receipt, the account head to be credited, date, amount and authorized signature.

The Money Receipt Book shall be pre-numbered with at least three parts for each receipt. First part shall be issued to the person from whom the payment has been received, second part shall be attached with the respective credit voucher and third copy shall be retained in the book.

The Money Receipt issuing authority must also ensure that the sequence of the money receipt is maintained. If for any reason a Money Receipt is cancelled then the full set (all the three parts) of that Money Receipt shall be marked -CANCELLD" and kept in the book for verification.

All cash receipts shall be recorded in to the cash book and deposited in the bank immediately. Cash received after bank hours shall be deposited on the following working day and bank book shall be updated accordingly.

CHAPTER VIII

8 Bank Operation & Transaction

8.1 General

All receipts of money through Cheque/Draft/Pay Order/Transfer Advice, bank account shall be debited and relevant source/income shall be credited. Cheque/Draft/Pay Order shall be deposited into bank through deposit slip of the bank. General principle of BMS is to encourage all concerned to make receipts/payments through banks.

8.2 Opening of Bank Accounts

The Executive Committee of BMS is empowered to authorize opening and closing of any bank account in the name of the BMS/BMS project.

8.3 Mother Account

Fund and Grant received from any foreign source shall be deposited into BMS's Mother Account.

8.4 Operational Bank Account

BMS shall open project bank accounts in any scheduled bank for operation. A separate bank account shall be opened to run the project activities smoothly by taking approval of the Executive Committee.

8.5 Bank signatories

Bank account shall be operated jointly by at least two signatories. Signature of the Chairperson is mandatory to operate the bank account.

8.6 Receipts of Cheques/Pay Orders/Drafts etc.

Soon after receiving, Cheques/Pay Orders/Drafts etc. are entered in the cash book and deposited to bank with deposit slip on the same day, or on the following day if received after banking hours. Appropriate steps need to be taken to realize the dishonored cheques, if any.

8.7 Bank Credit Advice

In respect of every direct receipts of money into a bank account, a Credit Voucher shall be prepared immediately on receipt of Bank Credit Advice/Bank statement.

8.8 Bank Debit Advice

A Payment Voucher shall be prepared for each direct debit by the bank relating to any charges or payment. This voucher must be approved by the authorized person and posted in the bank book and general ledger.

8.9 Bank Statement and Bank Certificate

Bank Statements confirming bank balances on monthly basis and relevant advice must be collected from the bank for all bank account within seven days of the end of each month. Collection of such documents shall be the responsibility of Finance Section.

8.10 Bank Reconciliation Statement

Bank Statements must be reconciled with the cash book monthly by the Accounts Officer/Accountant which must be verified by the Chairperson/ED/PC.

The completed reconciliation statement should be reviewed carefully and outstanding cheques remaining 'unpaid for more than six months' shall be cancelled and reversed in the cash book with proper authorization.

8.11 Minimum limit for cheques payment

There is no minimum limit for cheque payment. BMS encourage all party payment through cheque irrespective of amount. Generally payment exceeding BDT 10,000 should be made by account payee cheque. Large cash payments are discouraged. If cash payments are unavoidable in emergency cases, these should be properly justified, authorized and documented.

8.12 Cheque Issue Register

A cheque issue register shall be maintained to record all cheques issued for payments. All cheque numbers shall be verified to ensure that these have been registered in the statement and that cancelled cheques if any have been appropriately marked and held for verification. Blank cheque must not be issued or signed.

8.13 Cheque Counterfoil

While issuing cheques, the counterfoil of cheque shall also be filled with necessary particulars, e.g., date of issue, name of payee, amount, purpose and initials of the signatories.

8.14 Cancellation of Cheques

If any cheque is issued but not presented for collection by the payee within six months from the date of issue, the bank shall be intimated in writing to cancel the cheque. Accordingly, the Finance Section shall make reversal entry in the Cash Book and keep a note in the Bank reconciliation Statement. Any loss or theft of the cheque/cheque book must be informed to the concerned bank management at earliest possible time. It is important that entries into the cash book or ledger or correcting entries in the cash book or ledger will not be made by crossing, whiting out or changing the original entry. The original must remain and a new entry be made to correct the error.

8.15 Authorization of Payment

All payments are approved by the Chairperson of BMS.

CHAPTER IX

Advance Policy

9.1 Purpose of Advance

Advances may be paid against expenses to be incurred for BMS's official purposes, i.e., advances against travel expenses, program/project expenses, and purchase of office supplies and materials and office rent, gas, electricity, other requirement based on actual needs etc.

Advance against salary may be allowed with proper justification and approval of the Chairperson or his authorized person.

9.2 Requisition of Advance

The recipient of the advance must prepare a requisition in details in the prescribed form and to be furnished to the approval authority.

9.3 Approval of Advance

Following the receipt of requisition, the Finance Section shall check and verify the requisition. The authority for approval of advances shall be given by the Chairperson. No requisition shall be placed upon the Chairperson without having recommendation of the head of the concerned department.

Only BMS employee is allowed to receive temporary advance. No advance shall be allowed to any recipient without adjusting the balance of advances previously taken by him/her.

9.4 Mode of Payment

Advances may be paid either in the form of cash (up to BDT 50,000) or in the form of Cheque in case of advance to employees against official expenses. In case of cash payment above BDT 50,000, a written justification/recommendation is to be given to the Chairperson for cash payment. However, advances paid to third parties should be made by Account Payee cheque/Bank transfer. Advance may be taken on installment basis as per need/field context based on requisition with the consent of the management.

9.5 Adjustment of Advance

Advances against any expenses must be adjusted within 30 (Thirty) days from the date of completion of task or services. The balance of unspent amount must be refunded in cash to BMS at the time of adjustment of such advances. Advance taken on installment basis may be adjusted on installment as per management approval.

The advance paid to third parties in respect of terms of contracts will be adjusted as per terms and conditions laying in the respective contract/agreement.

Salary advance should be refunded/adjusted from monthly salary as per management approval.

Finance Section shall deduct the advance amount from concerned staffs monthly salary if failed to adjust within stipulated time.

9.6 **Advance Register**

An Advance Register shall be maintained for various advance payments to the staffs and to the third parties.

Separate Advance Account shall be maintained for each recipient of the advance for proper controlling over the advances whether electronically or manually.

9.7 **Report on Advance**

The Accounts Officer/Accountant shall be held responsible for closely monitoring the advance issues and reporting to the Chairperson on a periodic basis.

CHAPTER X

10 Payroll

10.1 Preparation of Payroll/Salary Sheet & Timekeeping

- Time sheets are to be prepared by staff if required by donor and submitted monthly. Time should be recorded on a daily basis and show specific time spent for each grant and duly signed by his supervisor.
- All approved time sheets shall be submitted to respective finance personnel, who will verify the hours worked against his/her record.
- Clearance from respective Admin Section shall be obtained before preparing pay roll.
- Payroll shall reflect all the employee benefit such as basic, house rent, PF contribution, other allowances (as applicable) and any deduction as per rules.
- The Finance Section shall review the payroll summary and be approved by the Chairperson.

10.2 Deduction from Salary & Allowances

Payroll deductions on behalf of employees shall be limited to:

1) Taxation liabilities
2) Compulsory deductions
3) Deduction authorized by the employer e.g. advances, loans, others etc

10.3 Payment of Salary & Allowances

Payment of salary of officers and staff shall be made monthly.

All payments against salary shall be made through bank transfer.

A voucher shall be prepared debiting the gross salary and allowance to the appropriate head of accounts and crediting the various deduction accounts as appropriate.

10.4 Deduction of Income tax from Salary

BMS shall deduct income tax at source from the monthly salary whose salary amount exceeds the tax exemption limit and will be deposited to the Government Exchequer in stipulated time.

10.5 Salary Certificate

Salary Certificate may be issued to its employee on requisition especially for tax assessment purpose. For any other purpose, BMS may issue a salary certificate but will not be a guarantor/underwriter on behalf of any employee.

CHAPTER XI

11 Travel Policy

11.1 Domestic Travel

Domestic travel is defined as travel to ‘any point in Bangladesh and surrounding islands’. Per-diem and travel expenses for domestic travel will be as per rate fixed by the management from time to time.

11.2 International Travel

International travel is defined as travel to 'all countries external to Bangladesh except those locations regarded as domestic destinations'. Per-diem and travel expenses for international travel will be as per rate fixed by the management from time to time.

11.3 Submission of Management Report

A management report on each travel (Where applicable) should be submitted to Chairperson/ED and the report submission ref # shall be mentioned in the respective travel bill.

11.4 Reimbursable Costs

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

i) Reimbursable cost is actual fare of bus, steamer, train, launch and air ticket, and will also include actual local conveyance from residence to airport/railway station/Steamer terminal/bus station and other way round while returning back to residence.
ii) Conveyance in the traveling area to attend workshop, seminar, training, visiting project or any other official work.
iii) Any other reasonable expenses required to carry out the official duties.

CHAPTER XII

12 Internal Control Framework

12.1 Scope and Definition of Internal Control

BMS considers internal control as a process to provide reasonable assurance to the management regarding the achievement of objectives relating to operations, reporting and compliance.

It includes programme operations, financial management, human resources management and logistics management. It is aimed toward the achievement of three objectives:

- **Operations Objectives** - related to the effectiveness and efficiency of all operations,
- **Reporting Objectives** - related to the financial and non-financial reporting and its reliability, timeliness, transparency or meeting of other requirements that may be established by BMS; and
- **Compliance Objectives** - related to the BMS's adherence to applicable policies, rules, and regulations and also related to the compliance with the laws of the government.

12.2 The Components and Principles of Internal Control

BMS's Internal Control Framework (ICF) is developed based on the COSO model of internal control. It sets out five inter-related components of internal control and eighteen principles that are required in order to have an integrated and effective internal control system. The COSO components of internal control are shown in Figure 1 below:

Figure 1 - COSO Integrated Control Components

The following section highlights the five components and the principles under each of the components.

(I) Internal Environment: is the set of standards, processes and structures that provide the basis for carrying out internal control across BMS. It includes establishing the tone at the top regarding the importance of internal control and expected standards of conduct. It is the foundation for all other components of internal control.

The principles supporting the Internal Environment component are:

Board Oversight: An executive board structure (EC) exists that demonstrates independence from management and exercises oversight for the development and performance of internal control.

Integrity and Ethical Values: Standards of ethical behavior exist and processes are in place to encourage staff to fulfill their duties with integrity.

Structure, Authorities and Responsibilities: An organizational structure, including reporting relationships and assignment of responsibility and delegation of authorities is defined and clearly communicated and the related policies are established in support of the BMS's objectives.

Human Resources Policies and Practices: Policies and procedures are in place to attract, develop and retain talents in support of the BMS's objectives.

Accountability: Policies and procedures are in place to hold individual accountable for their internal control responsibilities, including delegation of authority.

Strategic Direction: The strategic direction and priorities of BMS are established and form the basis for the development of assessing risks and operational effectiveness.

(II) Risk Assessment: involves a process for the identification and analysis of relevant risks to the achievement of objectives, with consideration of established risk tolerances. Risk assessment forms the basis for determining how risks will be managed.

The principles supporting the Risk Assessment component are:

Specifying Objectives: Objectives are specified with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Risk Identification: Risks to the achievement of objectives across the BMS are identified and analyzed as a basis for determining how they should be managed, whether to accept, avoid, reduce, or share the risk.

Risk Assessment: The risks to the achievement of its objectives are assessed, including the potential for fraud or other misconduct or breach of rules.

Risk Response: Once the potential significance of the risk has been assessed, management considers how the risk should be addressed.

(III) Control Activities: are the actions established through policies and procedures to help ensure that management's directives to manage risks and achieve objectives are carried out. They are performed at all levels of BMS, at various stages in the operation processes including using information technology to conduct operations.

The principles supporting the Control Activities component are:

Selection and Development of Control Activities - Control activities that contribute to the management of risks to acceptable levels are selected and developed taking into consideration the operational environment.

General Control Activities over Technology - General control activities using information technology are selected, developed or assessed to support the achievement of BMS's objectives.

Policies and Procedures - Control activities include the development and use of policies that establish what is expected or required, and procedures that put the policies into action. They are built into operation processes and day-to-day activities. Compliance and the consequences of non-compliance are also contained within each policies and/or procedure.

(IV) Information and Communication: involves the identification, capture or generation, and use of relevant and quality information from both internal and external sources to support the functioning of the other components of internal control. It also involves the communication of necessary information in a form and timeframe that enables management and staff to carry out their responsibilities.

The principles supporting the Information and Communication component are:

Information and Reporting: Relevant and quality information is obtained or generated to support the functioning of internal controls, decision making and oversight.

Internal Communication: An efficient and effective system of internal communication exists to ensure that individual staff members have the information they require to carry out their duties, and to support the functioning of internal control.

External Communication: An efficient and effective system of external communication exists to ensure 1) necessary externally-sourced information is received; and 2) that external stakeholders, such as contributors, NGOs, EC, donors, technical partners and regulatory bodies are provided with necessary relevant and quality information in response to requirements and expectations.

(V) Monitoring: involves assessing whether each of the five components of internal control is present and functioning. This is accomplished through on-going monitoring activities, separate reviews or a combination of the two.

The principles supporting the Monitoring component are:

On-going or Separate Monitoring: On-going and/or separate reviews are selected, developed and performed to ascertain that each of the components of internal control that are built into the operation process are functioning effectively.

Reporting Internal Control Deficiencies: Deficiencies in the operation of internal control are systematically evaluated and reported to those parties responsible for taking corrective action. Appropriate corrective action is taken in a timely manner to address the reported deficiencies.

12.3 Roles and Responsibilities for Internal Control

The EC is responsible for overseeing the implementation of the policies, rules and regulations in BMS, including the system of internal control. More specifically, the EC has a key role in defining expectations about integrity and ethical values, transparency, and accountability for the fulfilling responsibilities regarding internal control activities. The ED is accountable to the EC in the effective implementation of the Internal Control Framework and in achieving BMS's objectives.

The responsibility to implement this framework is a shared responsibility of all staff. Every staff within BMS has a role in effecting internal control. However, roles vary in responsibility and level of involvement, as discussed below:

The **ED** is ultimately responsible for the establishment and maintenance of the Internal Control Framework (ICF). Specifically, the CEO and programme and finance staff have the following responsibility and accountability:

- To establish and maintain an internal control system, including operating policies and procedures, to ensure the accomplishment of established objectives and goals of BMS, the economical and efficient use of resources, the reliability and integrity of information, compliance with policies, plans, procedures, rules and regulations and the safeguarding of assets.

- The ED fulfils this duty by providing leadership and direction to all the departments and reviewing the way they are managing the resources and operations.

- With the support of management, the ED shapes the values, standards, expectations of competence, organizational structure and accountability as the foundation for an effective internal control system.

- All staff members are accountable to the authority of the ED and to assignment given by the ED to any of the activities or offices of the BMS.

The **Chiefs** of the department are responsible and accountable for:

- Providing leadership and direction to the management to reinforce the values, standards, expectations and accountability of the internal control system.

- Implementing the specific internal control policies and procedures delegated to them by the ED.

- Ensuring that the staffs are complying with internal control policies and procedures and identifying and addressing known and significant internal control weaknesses.

- Identifying and addressing known and significant internal control weaknesses and risks, and communicating these to the ED.

- Delegating responsibility for the implementation of internal control policies and procedures to the Project Offices.

The **Program Section** is responsible and accountable for:

- Providing leadership and direction to the management of their respective program in order to reinforce the values, standards, expectations and accountability of the internal control system.

- Implementing in the program the specific internal control policies and procedures delegated to them by the ED.

- Ensuring that action is taken to address known and significant internal control weaknesses in their respective program.

- Managing risks related to the objectives of all organizational units reported to them, including risks and significant internal control issues escalated to them for action.

- Ensuring that risks which have been assigned are managed properly.

- Communicating to the ED, Finance Section if any significant risks identified.

The **Finance Section** supports the organization with respect to internal control, specifically responsible and accountable for:

- Ensuring financial controls are developed and implemented.

- Coordinating and reporting of internal financial control effectiveness.

- Ensuring that action is taken to address known and significant internal financial control weaknesses, as soon as these become apparent and with due regard to both the risks involved and the costs of addressing these.

- Preparation of accurate, timely financial statements and donor financial reports.

Other Staff – All BMS's staff shall have a responsibility to ensure effective internal controls. They should communicate to their supervisors for any operational problem, incidence of fraud or other risks which will be the barrier of achievement of the organizational objective, and also comply with internal rules, as set out in BMS's policies and procedures.

The External Auditor is appointed by the EC. One of the primary role of the External Auditor is to certify the financial report prepared by the management. The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and in general the administration and management of the Organization.

12.4 Internal Financial Control Framework

Internal Financial Controls comprises the plan of the organization and all the coordinated methods and measures adopted by BMS in order to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to the prescribed managerial policies, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

Internal financial control system will promote high level of compliance with organization's policies and procedures and ensure compliance with statutory obligations. The Finance Department is primarily responsible for implementing and maintaining the internal financial controls in order to assist the EC in carrying out its activities in an efficient and orderly manner to ensure adherence to the management policies, safeguarding of its assets, ensuring reliability of its records and statutory compliances.

BMS shall create, maintain accounting records and shall establish, review and manage control framework in the following operational areas:

- Invoicing
- Purchase of goods and services
- Employee payments
- Treasury operations
- Fixed assets
- Inventories
- General Ledger

12.4.1 Invoicing/billing

BMS shall disburse any payment based on complete invoice. Invoice must contain following information:

- Name and address of supplier
- Date
- Name of purchaser
- Details description of the goods/services
- Unit price
- Total price both in numeric and in words
- Signature of supplier

12.4.2 Purchase of goods and services

- All procurements of goods and services shall be at competitive prices by following proper procurement process as stated in the BMS Financial Policies and Procedures Manual.

- Procurement decisions shall be evaluated and monitored by Procurement Committee and approval authority.

- Vendors shall be pre-approved by Procurement Committee.

- Ordering for purchase of goods and services shall be supported by Purchase Order (PO) or Work Order (WO) duly signed by authorized personnel.

- All POs, WOs shall be pre-approved by the duly authorized personnel with appropriate delegated financial authority.

12.4.3 **Employee payments**

- All payments to employees are to be governed by pre-approved policies.

- Accurate employee attendance and leave records shall be maintained.

- Segregate duties for maintenance of personnel records and payment of pay roll.

- Employee payments shall be made through account payee cheque/bank transfer.

- All payroll control accounts are to be reviewed and reconciled on a monthly basis.

- Maintain confidentiality about individual employee's earnings unless it is required for statutory purposes.

12.4.4 **Treasury operations**

- No cash receipts from any donor, supplier and employee without prior approval of the management in writing shall be allowed.

- Reconciliation with bank statement shall be done monthly basis and approved duly.

- Cash balance shall be counter checked by supervisory personnel on a daily basis.

- Segregation of duties to ensure cash handling and recording is separated.

- Un-used cheque leafs shall be in safe custody.

- Authorized cheque signatories shall not sign blank cheques under any circumstances.

12.4.5 **Fixed Assets**

- Keep all smaller valuables in a safe.

- Maintain an asset register with all relevant details of each asset.

- Establish physical security/protection measures, such as, locks on premises.

- Perform periodical physical count.

- Establish safeguarding measures to protect those assets from misuse or encroachment or theft where such assets are located away from the normal location.

12.4.6 **Inventories**

- Storage areas for inventories shall be properly secured with proper security arrangements. It shall be periodically reviewed for improvements.

- Inventories shall be properly organized and stored for smooth access for both verification and delivery.

- Segregation of administrative duties for material procurement and store management shall be in place.

- Physical verification of inventory shall be carried out for all classes of items.

12.4.7 **General Ledger**

- Segregation of duties with regard to recording of entries.

- Authorization of journal vouchers.

- Analysis for reasoning of cancelled/deleted entries periodically.

- Reconciliation of control accounts and review system for monitoring.

- Systematic monthly closure of books.

- Systematic review of General Ledger for Revenue, Expenses, Assets and Liabilities shall be in place.

- Centrally controlled Chart of Accounts shall be ensured.

- Budget controls for expenditure.

- Review of each and every component of financial statements.

- Access control of General Ledger to authorized users and surveillance system for monitoring unauthorized access.

CHAPTER XIII

13 Documentation

13.1 General

The accounting books and registers are important for recording financial transactions. These books and registers are treated as documentary evidence of financial transactions. The Finance Section of BMS shall maintain necessary books of accounts and registers for recording the financial transactions and related information manually.

The books of accounts and registers are important documents which should he maintained and preserved for proper documentation. Correction entries will be initialed by an authorized person.

13.2 Voucher Preparation

Voucher should be prepared when a transaction is occurred as paragraph 3.5 of this manual. A clear and meaningful voucher should include all the chain documents related to that transaction so that an outsider can easily understand the nature of the transaction. BMS authority must approve all the vouchers and signature of payee shall be taken on the voucher, or attached money receipts or acknowledgement as evidence of receipts. Before signing a voucher, the official authorized to approve expenditure should check that the finance section has complied with all the requirements.

If required other documents may be attached in addition to the above mention documents

13.3 Supporting Documents

All receipts/payments or adjustment must be supported by related documents i.e bills/cash memos, or other supporting documents. Payment for goods must also be supported by a Purchase requisition, Purchase Order, Delivery Challan, Bill, payment for services by a contract and salary cheques by a payroll sheet signed by the staff members receiving salaries. Only after receiving all supporting documents, the respective Accounts Officer/Accountant shall prepare a voucher.

CHAPTER XIV

14 Preservation and Destruction of Documents

14.1 Preservation of Documents

The following types of documents will be retained for the following periods of time. At least one copy of each document will be retained according to the following schedule or as per donor or regulatory body requirement.

Corporate Records:

Registration	Permanent
Constitution	Permanent
EC meeting minutes	Permanent
Annual report	Permanent
Strategic Plan	Permanent
Contingency Plan	Permanent
All Policies	Permanent

ED's office shall keep all the program documents and files in a safe custody under lock and key and also preserve all data in an off-site vault at any where management decide.

Financial Records:

Chart of Accounts	Permanent
Fiscal Policies and Procedures	Permanent
Audit Report	Permanent
Financial statements	Permanent
General Ledger	Permanent
Cheque registers/books	5 years
Expenses documents	5 years
Bank deposit slips	5 years
Cancelled checks	5 years
Invoices	5 years
Investment records (deposits, earnings, withdrawals)	5 years
List of Property/asset inventories	5 years
Petty cash receipts/documents	5 years

Finance Section of BMS shall keep all the financial documents and files in a safe custody under lock and key and also preserve all data in an off-site vault at any place where management decide.

Tax Records:

Annual tax filing for the organization	Permanent
Payroll registers	5 years
Payroll tax withholdings	5 years
Payroll tax returns	5 years

Insurance Records:

Property Insurance policy Group Insurance policy	Permanent Permanent
Insurance claims applications & Settlements	Permanent

Contracts:

All insurance contracts	Permanent
Employee contracts	Permanent
Construction contracts	Permanent
Legal correspondence	Permanent
Loan/mortgage contracts	Permanent
Agreements with donor	Permanent
Vendor contracts	5 Years

Admin Section shall keep all the program documents and files in a safe custody under lock and key and also preserve all data in an off-site vault at any place where management decide.

14.2 **Destruction of Documents**

Hardcopy of documents will be destroyed with the approval of Chairperson/ED by shredding or fire after they have been retained until the end of the Document Retention Schedule. Proper documentation should be maintained for the destruction of documents.

CHAPTER XV

15 Fixed Asset Recognition & Disposal

15.1 Introduction

This will help to establish and implement controls necessary to protect the assets of the organization, and record assets in compliance with rules and regulations and International Financial Reporting Standards (IFRS) and to safeguard and record all capital items in accordance with the organization's capitalization policy.

15.2 Capitalization policy

The assets which are expected to bring economic benefit for more than one year and cost of which can be measured reliably will be capitalized if its cost exceeds BDT 2,000. Those cannot meet these two criteria are charged as expenses during the period these are incurred.

a) Buildings - Costs to be capitalized include all costs associated with the purchase or construction.

b) Building improvements (repairs and renovations) - Costs to be capitalized include costs that improve the useful life of the building, or substantially changes the use of the original space, or the improvement expands the total space of the building.

c) Electrical Installation - Electrical installation is capitalized if the useful life is greater than one year.

d) Equipment: Tangible property (other than land or buildings) that is used in the operations of a business. Examples of equipment include devices, machines and tools, Intercom, Telephone System.

e) Furniture and Fixtures - Furniture and Fixture having met the capitalization policy are categorized and recorded under this head.

f) Motor Vehicle - All Motor Vehicles (including motor cycle) that have a useful life of more than one year are shown under this head. Amount to be capitalized include all costs of purchase and those costs associated with delivery, transportation, registration and insurance while in transit, installation costs and other similar costs.

g) Software - Software is capitalized as intangible assets if the useful life is greater than one year.

h) For other assets - If the assets can meet the capitalization policy, costs are significant and useful life is greater than one year. Those assets are also capitalized under Property, Plant and Equipment under suitable sub-category.

However, particular donor rules are followed in defining/recognizing assets.

15.3 Purchase/Acquisition of fixed assets

Purchase or acquisition of fixed asset would be as per BMS Procurement Policy.

15.4 Cost to be capitalized

The following costs incurred in connection with acquisition of fixed assets are capitalized as far as eligible under International Financial Reporting Standards (IFRS):

- Purchase Price/ Invoice Price
- Unloading charge.
- Installation cost
- Registration
- Site restoration cost, if any
- Consultancy fees
- Other directly attributable incidental cost.

15.5 Subsequent Cost

If any cost incurred subsequently to add to, replace part of, or service of them then such cost are treated as under unless it meets the capitalization policy.

- Repair and maintenance expenses are recognized in Income Statement as incurred, if it is not probable that there will be future economic benefit flowing from it.

- Costs of replacement of parts are recognized in Statement of Income & Expenditure in the year in which these are incurred. De-recognition of the asset is to be done and relevant accounting entries to remove the cost and accumulated depreciation thereof are posted.

- Servicing cost of them is recognized in Statement of Income & Expenditure as incurred.

15.6 Depreciation Policy

BMS depreciates its fixed assets (as defined in the capitalization policy) on Reducing Balance Method, according to the detailed schedule maintained by the Finance Section. A list of the depreciation schedule for common items is presented below:

Assets category	Rate of Depreciation
Land	0%
Building	5%
Office Equipment	20%
Vehicle/Motor cycle	10%
Furniture and fixtures	10%

Full depreciation will be charged in the year of addition and no depreciation will he charged in the year of deletion.

15.7 Amortization Policy

BMS amortizes its intangible assets @ 20% p.a.

15.8 Disposal Process

If an asset or part of an asset is identified as being obsolete, damaged beyond repair, completely depleted/used, or junk, the following steps shall be followed:

a. Obtain written recommendation to dispose of the equipment from the Chairperson/ED.

b. Approval from Regulatory Authority/Donor is obtained in writing, if required in this regard.

c. After approval Finance Section passes entry in the A/C system and physically removes the assets from operation.

d. All the saleable abandoned assets are sold for a value as determined by a committee and finally approved by the Chairperson/ED.

15.9 Transfer Process

To request a transfer of asset from one section to another or the relocation of asset, the department requesting the transfer or relocation is required to provide written information of existing location and user and proposed location and user and forward it to the Finance Section.

Asset transfer within the inter department need not to account for in the financial statement. But if assets transfer one project to another project/program this would require accounting treatment in the books of accounts.

15.10 Insurance of Fixed Asset

All Buildings, Furniture & Fixture, Electronic Items and Vehicles may be covered by Insurance Policies from a reputable Insurance Company.

15.11 Physical verification of assets

Year end physical verification of assets shall be conducted through a committee duly constituted by the Chairperson/ED in prescribed format. Identification marks should be assigned to fixed assets. Reconciliation of property, plant and equipment physically found shall be done with the balance as per Property, Plant and Equipment (Fixed Assets) Register.

CHAPTER XVI

16 Inventory Management

16.1 Stock of Stores

The consumable items in stock which have a short life and will be consumed or disposed off within 12 months of purchase are to be termed as stock of stores. Printing training materials, stationeries, office supplies etc. are in the group of stock of stores.

16.2 Record keeping of Stock of Stores

Goods Received Note (GRN) in prescribed format shall be prepared for materials received and Store Requisition and Issue Note (SRIN) in prescribed format shall be prepared for every issue of materials. Stock Register shall be maintained for consumable items in prescribed format and entries to be given from Goods Received Note (GRN) for material received and from Store Requisition and Issue Note (SRIN) for materials issued.

16.3 Year-end Stock Taking and Reconciliation

Year end physical stock count of consumable items shall be conducted through a committee duly constituted by the Chairperson/ED in prescribed format. Reconciliation of difference between consumable stock physically found with the balance as per stock register shall be done.

16.4 Accounting for Short/Excess found during Physical Stock Count

Proper accounting adjustment shall be given in the books and records for short, excess, damaged or disposed off consumable stock with proper justification. Such stock should also be discarded from the stock register.

CHAPTER XVII

17 Financial Statements Preparation & Filling of Return

17.1 Financial statements

Financial statement is the summary of the financial position/performance of an entity over a period and provides information about financial position, performance changes in financial position; support the users in decision making.

17.2 Basic Principles:

The following matter will keep in mind in preparation of Financial Statements:

i) Fairly faithfully and present the entities financial position, performance and cash flows
ii) Each and every transaction have equal but opposite effect
iii) Comply with the rules and regulations of NGOAB/BMS/Donor Agencies
iv) Prepare on a timely basis

17.3 Qualitative Characteristics:

i) It should be complete but not too detail so that user could understand.
ii) Only relevant information should be stated.
iii) User must be able to rely on the statement on it being faithful representation.
iv) It should be produced consistently, so that valid comparison can be made with previous periods and with the other organization.

Finance or Accounts Staffs are responsible for preparation of Financial Statements.

17.4 Period

Financial Statements shall be prepared generally covering a period of twelve months, July to June in each year, but it also could be prepared covering any period as required by donor agencies or management.

The deadline for preparation of financial statements will be specified by the management or donor agencies. In general financial statements shall be updated as soon as a transaction occurred.

17.5 Component

Financial statements includes a Statement of Financial Position, Statement of Income and expenditure and Statement of Receipts and Payments and Notes to the Accounts.

17.6 Preparation of Financial Statement

- Open ledger accounts
- Perform double entry book keeping for each transaction
- Calculate balances of all nominal ledger accounts
- Prepare Trial Balance
- Transfer income and expenses balances from Trial Balance to the Statement of Income and Expenditure and calculate net surplus/deficit
- Transfer surplus/deficit of Statement of Income and Expenditure to Statement of Financial Position
- Transfer balances from trial balance and prepare Statement of Financial Position
- Budget Variance Analysis and Projections
- Others as required

17.7 Preparation of Consolidated Financial Statements

A consolidated financial statements of all projects will be prepared in each financial year. The audited consolidated financial statements will be submitted in AGM for approval.

17.8 Filing of Returns

Income Tax, VAT and others return will be submitted to the specific authority by the Finance Section.

CHAPTER XVIII

18 Financial Reports

18.1 Users of reports

Users of accounting reports and frequency are as follows:

		Frequency
(a)	Internal users	Monthly
(b)	NGO Affairs Bureau	Annually
(c)	Donors	Per agreement

18.2 Internal report

Internal reports consist of following:

(a) Statement of Receipts and Payments
(b) Budget Variance Statement

18.3 NGO Affairs Bureau report

The NGO Bureau requires the following reports:

(a) Financial Statements – Statement of Financial Position, Statement of Income & Expenditure, Statement of Receipts and Payments and Notes to the Accounts.

(b) Donor fund utilization (against approved budget) with reasons for variance and unspent balance.

18.4 Donors report

Donors stipulate their reporting requirements in their agreements with which BMS is to comply. Mostly it is reporting of fund utilization against budget amounts.

CHAPTER XIX

19 Grant Compliance

Grant Compliance will be based on statutory rules & regulation, Memorandum of Understanding/agreement with Donor. Some of the examples are as under:

19.1 NGO Affairs Bureau

- The Foreign Donations (Voluntary Activities) Regulation Act, 2016.
- Paripatra issued by the NGO Affairs Bureau.

19.2 Government

Various rules as circulated/approved by the government from time to time which will be applicable for NGO be strictly followed by the organization especially in the areas of VAT and tax.

19.3 Donor

Grant should be managed according to the Memorandum of Understanding/ Agreement with donor and any addendum or revision thereof.

19.4 International Standards

International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) adopted by the Financial Reporting Council shall be followed in the areas of accounting, auditing and generating financial reports.

20.5 Others

In addition to above, all other applicable rules & regulation will be followed by the BMS..

CHAPTER XX

20 Auditing

20.1 Internal Audit

Internal Audit shall be conducted by the members of the Executive Committee until such time internal auditors are appointed.

20.2 External Audit

20.2.1 Annual Audit

BMS must have an external audit performed on an annual basis. The audit must be carried out by Chartered Accountant Firm/s enlisted with the NGOAB. The Chartered Accountant Firm/s shall be appointed by the members in the Annual General Meeting. The audit report must be completed within three months after the end of the financial year and be approved by the members in the Annual General Meeting.

20.2.2 Submission of Audit Report to NGOAB

The project-wise external audit report must be submitted to the NGOAB within three months from the end of project period.

20.2.3 Management Letter

The external auditors are also required to produce a management letter, which will include their observations of areas, which need improvement in the internal controls and operations of BMS. The management letter will also include their recommendations and the responses from BMS management.

All matters contained in the previous year's management letter must have been attended to in the following year and must not appear again in the next management letter.

CHAPTER XXI

22 Conflict of Interests Policy

22.1 Aim of the Conflict of Interests Policy

This policy applies to the members of EC and all staff of BMS. The EC has a legal obligation to act in the best interests of BMS, and in accordance with the Rules and Regulations of BMS. Staff has also same obligation.

Conflicts of interests may arise where an individual's personal or family interests and/or loyalties to other bodies conflict with the interests of BMS. Such conflicts may create problems as they can:

- Inhibit free discussion;
- Result in decisions or actions that are not in the interests of BMS; and
- Risk the impression that BMS has acted improperly.

Potential conflicts of interest are inevitable in any organization. The aim of this policy is to set out how BMS expects such potential conflicts of interest to be managed so that actual conflicts of interest are avoided. The policy aims to protect both the organization and the individuals involved from any impropriety or any appearance of impropriety.

22.2 The declaration of interests

The EC and all staff member shall declare their interests, and any gifts or hospitality received in connection with their role in BMS. Conflicts of interest involving Head of the department shall be reported to the ED and those involving the ED or members of EC to the Chairperson of the EC.

22.3 Examples of conflicts of interest

Conflicts of interest may come in a number of different forms. The following list of examples is for illustration only and is not exhaustive:

- Direct or indirect financial gain or benefit to a staff member or Trustee, such as:

    - Payment to a member of the EC or staff member for services to BMS;
    - The award of a contract by BMS to another organisation in which a staff member or a member of the EC has an interest; and
    - Employment by BMS of a spouse or partner of a member of the EC or staff member.
    - Non-financial gain, such as when a staff member's family benefits from a project carried out by AWARD in their locale.

- Conflicts of loyalty, for example:

    - A member of the EC or staff member who is also on the committee of another organisation that is competing for the same funding;

  - A staff member on a recruitment panel where one candidate is a friend or acquaintance; and
  - A staff member or a member of the EC with a significant interest in any campaigning or political body (e.g. running for/holding office) with policy interests that overlap or conflict with BMS's policy advocacy interests.

- Receipts of gifts or hospitality, for example:

  - From organizations who have, or may in the future, provide goods or services to BMS; and
  - From organizations who are or who seek to become project partners of BMS.

22.4 **Managing Conflicts of Interest**

The key principle in managing potential conflicts of interest is that staff or member of the EC will need to be able to demonstrate that the resulting arrangement is in the best interests of EC and that the potential conflict of interest is transparently managed.

During any meeting or process (for example a recruitment or procurement process) where the subject matter leads a participant to believe that there could be a conflict of interest, this interest must be declared at the earliest convenient point in the process. This relates both to their own personal circumstances or the circumstances of anyone else involved that they are aware of.

Declarations of interests must be clearly recorded within the minutes of the meetings or records of process such as procurement, along with the action taken to manage the conflict including any need to withdraw and reasons for not doing so.

Any member of the EC or staff member, who has a financial interest in a matter under discussion, shall declare the nature of their interest and absent themselves from any related decision making process.

CHAPTER XXII

22 Procurement Policy

22.1 Definition of Procurement

The term "Procurement" refers to the process by which goods, equipment/materials and services/works are acquired from third parties. This is a life cycle process that covers from the initial purchase concept through to the end of life of the purchased assets or services.

22.2 Basic principles of procurement

Ten (10) principles will guide BMS's procurement policies namely:

i. Economy: Procurement is a purchasing activity, the purpose of which is to give the purchaser best value for money.

ii. Competition: Potential vendors compete in an environment that allows each eligible vendors the opportunity to participate in procurement contract offerings.

iii. Efficiency: The best procurement is simple and swift, producing positive results without protracted delays. In addition, efficiency implies practicality, especially in terms of compatibility with administrative resources and professional capabilities.

iv. Equity: Equal opportunity for all eligible vendors.

v. Integrity: Codes of conduct, values and ethics must be adhered to.

vi. Fairness: Good procurement is impartial, consistent, and therefore reliable. It offers all interested vendors a level playing field on which to compete.

vii. Transparency: The procurement process should be clear and open to public scrutiny.

viii. Accountability: Accountability is a key inducement to individual and institutional probity, a key deterrent to collusion and corruption, and a key pre-requisite for procurement credibility.

ix. Reliability: A good procurement system establishes and then consistently applies rule and procedures that are accessible and unambiguous.

x. Value for Money: Value for Money (VFM) is a measure of economy and efficiency with which the financial resources are converted. Therefore, VFM presents the optimum combination of life-cycle costs and benefits of the item being procured.

22.3 Code of conduct for procurement

- Staff entrusted with procurement of goods and services shall prevent conflict of interest and avoid circumstances that pertain thereto.

- Procurement staff shall not have ownership interest in suppliers.

- Procurement staff shall not accept gifts, gratuities, entertainment, travel or hospitality from a supplier.

- Procurement staff shall not disclose confidential information to the suppliers with regard to decision, pricing, proceedings etc.

- Procurement staff or members of their family may not act as director, officer, partner, employee, agent or consultant with or without compensation, for a present or proposed supplier or customer.

- Procurement staff or members of their family may not receive fees, commissions or other compensation from a supplier.

22.4 **Procurement process**

22.4.1 **Requisition for purchase**

Before going to purchase any goods/materials/commodities, respective department will place a requisition. The requisition shall be prepared by the respective section and approved by the authorized person. The duration of any procurement approval will not exceed 15 days. The requisition will be forwarded to the accounts section. The accounts section will check the availability of fund in line with budget. If fund is available, the accounts section will take approval from the higher authority.

23.4.2 **Purchase committee**

To make the procurement process transparent, BMS will form a 3-member procurement committee comprising three members senior staff excepting finance staff.

22.4.3 **Quotation collection**

Before procurement of any goods, equipment/materials and services/works, quotations will be collected as per procurement thresholds as mentioned in paragraph 22.4.8.

22.4.4 **Evaluation**

The purchase committee shall evaluate the quotation based on evaluation criteria per procurement activity. At the time evaluation, the vendor's reliability must be considered.

22.4.5 **Selection of vendor and awarding purchase order**

A comparative statement shall be prepared and the purchase committee shall recommend for purchase based on the bid price offered. The lowest bid price will be given priority but quality will not be compromised. Warranty/Guarantee of the goods shall be verified along with quality. The Chairperson/Executive Director shall issue purchase order to the selected vendor based on the recommendation of the purchase committee.

22.4.6 **Goods Received Note (GRN)**

Vendor is required to deliver the goods along with a copy of challan and PO. The receiver is responsible to check the items as per PO and delivery note. If found satisfactory according to PO, then goods wil be received and acknowledgement will be provided in the challan/delivery note. In case of difference in quantity, the receiver is responsible to put note in the receiving challan.

22.4.7 **Payment of bill**

Once the procured goods are delivered/received and bill is submitted, necessary approval shall be obtained before payment.

22.4.8 **Procurement procedures**

For any kind of purchase, BMS shall follow the following procedure strictly:

Limit	**Suggested process**	**Responsibility**
Up to Tk. 5,000	Direct purchase	Purchase Committee
Tk. 5,001 to 10,000	Single quotation	Purchase Committee
Tk. 10,001 to 100,000	Three quotations	Purchase Committee + ED
Tk. 100,001 to Tk. 500,000	Quotation shall be invited in the letter head pad of CDDF	Purchase Committee + ED
Tk. 500,001 to above	Open Tender (Advertisement shall be published in a national daily)	Purchase Committee + ED

CHAPTER XXIII

23 Anti-fraud and Corruption Policy

23.1 Introduction

BMS is committed for protecting the donor fund to which it has been entrusted and to uphold the highest standards of financial policy and accountability. The minimization of loses to fraud and corruption is essential for ensuring that donor funds are used intended development purposes. The donors as well as stakeholders expect BMS to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working with BMS.

BMS is determined to maintain its reputation, which will not tolerate fraud and corruption or abuse of position for personal gain.

This anti-fraud and corruption policy outlines the commitment of BMS to create an anti- fraud and corruption culture and maintaining high ethical standards in the administration of organization fund.

The policy is based on a series of comprehensive and inter-related procedures, designed to prevent, detect and deter fraud and to take effective action against any attempted or actual fraudulent act affecting BMS. The policy also satisfies the legislative requirements of having effective arrangements for tackling fraud and confirms with professional guidance laid down by the Institute of Chartered Accountants of Bangladesh (ICAB) in their Code of Practice for Audit in Bangladesh.

The purpose of this policy statement is to set out for BMS the main principles for encountering fraud and corruption.

This policy statement includes:-

- The scope;
- The culture against fraud and corruption;
- How to raise concerns and report financial malpractice;
- The principle of having an anti-fraud and corruption strategy;
- The responsible officer.

The employees of BMS play role in counter-fraud initiatives. This includes providing a corporate framework within which counter-fraud arrangements will flourish, and anti- fraud culture across BMS will be developed. This employee initiative provides a sound defense against internal and external abuse of BMS fund.

The relevant definitions are as follows:

- **Fraud:** Fraud is the intentional distortion of financial statements or other records by persons internal or external to the organization, which is carried out to conceal the misappropriation of assets or otherwise for gain.

- **Corruption:** Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person. Corruption, associated with other non-ethical behaviors, covers a range of practices including:

  - Conflict of Interest
  - Fraudulent Commission
  - Undeclared Gift
  - Bribery
  - Misappropriation of Fund
  - Abuse of Authority
  - Nepotism and favoritism

23.2 Scope

The purpose of this policy is to outline the approach of BMS for dealing with the threat of fraud and corruption, both internally and externally. It applies to all parties and all employees who work for BMS. It also applies to:

- Procurement Providers
- Contractor
- Consultants
- Suppliers
- Employees

BMS expects that individuals and employees that BMS deals with will act with integrity and without actions involving fraud and corruption. Where relevant, BMS will include appropriate clauses in its contracts with vendors, suppliers and all other third parties about the consequences of fraud and corruption. Evidence of such acts is most likely to lead to a termination of the particular contract and may lead to disciplinary measures. In respect of employees, BMS disciplinary rules are such that fraud and corruption are considered to be potential gross misconduct and if proven, would normally result in dismissal.

Nevertheless, BMS cannot be solely responsible for preventing and fighting against fraud and corruption within its operational ambit. With regard to its activities, BMs takes adapted measures in keeping with its due importance and means, giving priority to the personal safety and security of its employees.

Furthermore, in its effort to fight against fraud and corruption, BMS is careful not to encourage a general environment of suspicion and mistrust amongst persons work with BMS.

23.3 **Culture against Fraud and Corruption:**

BMS constitution, mission and vision, as well as its operating rules and internal control procedures, reinforced by this anti-fraud and anti-corruption policy are the main interference documents for BMS.

Responsibility for an anti-fraud culture is a joint duty of all those involve in giving direction, determining policy, management and employees. The strategy should be directed against fraud and corruption whether it is attempted against BMS from outside or from within own workforce of BMS.

BMS expects that employees and management at all level will lead by example in ensuring adherence to legal requirements, standing orders, and financial regulations, codes of conducts, procedures and practices.

Involvement of All

BMS management at all levels, upholds management practices which reduce to the greatest possible extent the opportunities to commit acts of fraud and corruption. They are specifically responsible for identifying the type and level of risk to which the activities and resources are exposed. They also have managerial responsibilities for internal control.

They are advised on this matter by the different support services specialized in this areas. Policy cooperation recognizes the involvement of all the sections and team within the organization who are notably responsible for:

- Carrying out risk evaluation and internal control
- The implementation and management of programs and support services.
- The coordination and enforcement of different fraud and corruption prevention measures.
- The management of risk monitoring tools and of incidents relating to cases of fraud and corruption.
- Measures to support, guide and ensure personnel take on board the issues relating to fraud and corruption control within the framework set out by BMS.

Employee Screening

BMS recognizes that a key preventive measure is to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether permanent, temporary and casual.

BMS's recruitment process contains appropriate safeguards such as taking up written references and verifying qualifications held.

Criminal records will be taken into account where the conviction is relevant. After starting at BMS, employees are required to bring to their manager's attention any new criminal convictions.

Employees are expected to:

- Act with integrity, honesty and propriety in all their dealings as an BMS representative and lead by example.

- Carry out their duties to the best of their ability for the interest of BMS and not to take advantage of any situation for personal gain, for themselves, members of their family or friends.

- Take the risk of both internal and external fraud seriously and to follow systems and procedures designed to prevent or detect fraudulent activity.

- Secure all passwords, information, documents, money, equipment etc. in their control which can be stolen or used to per perpetrate fraud.

As part of this culture, BMS will provide clear routes by which concerns can be raised by both employees and management.

Senior management is expected to deal swiftly and firmly with those who defraud BMS and who are corrupt. BMS, including members and senior management should be robust in dealing with financial malpractice. BMS has in place both the external audit which reviews the activities including reports of any significant investigations and the management response to those recommendations.

External Audit:

Part of external auditor's statutory duties is to ensure that BMS has adequate arrangements in place for the prevention and detection of fraud and corruption. Complaints of fraud and corruption can be taken directly to them.

23.4 Best Practices are continuously tried to be applied

assumes its responsibility as a non-governmental organization engaged in development activities and

- Concerned by the professional ethics in NGO sector.
- Working continuously to ensure that best practices are applied to its operation and activities.

23.5 Raising concerns

Although this document specifically refers to fraud and corruption, it equally apply to all financial malpractice. This includes a wide range of irregularities that are financial. It includes, for example, the criminal acts of theft of property which include all assets and cash; false accounting; obtaining by deception; pecuniary advantage by deception; computer abuse and computer crime. It also includes bribery.

Employees of BMS are an important element in BMS's stance on fraud and corruption, and they are positively encouraged and expected to raise any concerns that they may have on these issues where they are associated with activities of BMS.

Employees should normally raise concerns through their immediate manager, however it is recognized that they may feel inhibited in certain circumstances. In this case, employees should contact with higher management.

BMS gives a guidance on how to raise concerns and give supports and safeguards to those who raise concerns. Concerns will be treated in confidence, properly investigated and dealt with fairly. All concerns of fraud and corruption will be investigated.

This is, of course, a need to ensure that any investigation process is not misused, therefore, any internal abuse, such as raising malicious or vexatious allegations, may be dealt with as a disciplinary matter.

28.02.2026

Mrs. Beauty Khatun
Chairman
Bakultali Mahila Sangshad(BMS)
Bhurungamari, Kurigram.

Annexures

Annex- 1

List of books and registers

- Cash Book
- General Ledger
- Debit Voucher
- Credit Voucher
- Journal Voucher
- Advance Requisition
- Advance Register
- Cheque Issue Register
- Stock Register
- Fixed Asset Register
- Purchase Requisition (PR)
- Comparative Statement
- Work Order
- Good Received Note (GRN)
- Money Receipt
- Cash Count Sheet
- Bank Reconciliation Statement

Annex- 2

Bakultali Mahila Sangshad (BMS)

Bhurungamari, Kurigram

Debit Voucher

Date: **Voucher no.:**
Payee's Name: **Cheque no.:**
Address:
Explanation:

Particulars	Account Code	Amount BDT	
		Debit	Credit
Total Taka			

In words:

Prepared by: **Checked by:** **Approved by:**

Annex- 3

Bakultali Mahila Sangshad (BMS)

Bhurungamari, Kurigram

Credit Voucher

Date: **Voucher no.:**
Name of Bank: **Cheque no.:**
Address:
Explanation:

Particulars	Account Code	Amount BDT	
		Debit	Credit
Total Taka			

In words:

Prepared by: **Checked by:** **Approved by:**

Annex- 4

Bakultali Mahila Sangshad (BMS)
Bhurungamari, Kurigram

Journal Voucher

Voucher No:

Date:

Accounts codes	Particulars	Debit (Taka)	Credit (Taka)
	Total		

In Words:

Narration:

Prepared by: **Checked by:** **Approved by:**

Bakultali Mahila Sangshad (BMS)

Bhurungamari, Kurigram

Annex- 5

Name of Project/ Office :

Funded By :

Project Duration : **Financial Year :**

To, **Date:**

____

____

____

Sub: Advance Request.

Dear Sir,
Greeting from ……………………………………………. Project. I would like to inform you that I am in need of an advance on mentioned project activities/ travel cost. I am solely responsible for this advance if any unfair means (Lost/Thefts) happens. Hereby I mention that, receiving amount of money will be adjusted within 30 (thirty) working days after the completion of event but within the reporting period for which allowed.

Name of Activity : ____

Accounts Head : ____

Accounts Code : ___________________ **Advance Requirement Date :** ___________

Sl. No	Particulars	Amount	Remarks
Total			

Amount in words: ____

Please hereby mention that I have on previous project advance/ outstanding advance and I will adjust said advance within the date………………………

Applicant Signature with seal

Comments with Signature (Finance Section): ____

Reviewed by **Approved by**

Bakultali Mahila Sangshad (BMS)

Bhurungamari, Kurigram

Annex- 6

Advance Register

Name of the Employee:
Designation:
Section/Project:

Advance Payment & Adjustment

Date	Voucher No	Accounts Code	Particulars	Taka	Amount adjusted	Balance

Bakultali Mahila Sangshad (BMS)

Bhurungamari, Kurigram

Annex- 7

Cheque Issue Register

Date	Bank Name	Cheque No.	Amount (BDT)	Payable to	Issuer's Signature	Payee's Signature

Bakultali Mahila Sangshad (BMS)
Bhurungamari, Kurigram

Annex- 8

Store Register

Name of Project:

Supported & Funded by:

Project Duration :

Name of Items

Sl. No.	Date	Materials Received			Materials Issue		Balance Quantity	Name & Designation of Recipient	Remarks
		GRN/ Challan #	Quantity	Purchases Rate	SRF/ Challan #	Quantity			

Bakultali Mahila Sangshad (BMS)
Bhurungamari, Kurigram

Annex- 9

Fixed Assets Register

Name of Project/ Office : **Funded By :**

Project Duration : **Financial Year :** **Reporting Date:**

Name of Assets: ___________________________________

Sl. No.	Description of Assets	ID Number	Date of Purchase	Cost of Assets	Depreciation Rate	Depreciation: Opening Balance	Depreciation: Charge during the Period	Depreciation: Adjustment	Depreciation: Closing Balance	Written down value	Location	Condition	Name of User
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Total Value													

Prepared By **Reviewed By** **Approved By**

Bakultali Mahila Sangshad (BMS)

Bhurungamari, Kurigram

Annex- 10

Purchase Requisition (PR)

PR NO- **PR Date: -**

Project name: **Donor:**

SL	Name of Items	Specifications	Category	Req. Unit	Unit Price	Total Price
01						
02						
03						
04						
05						
Remarks/Comments:					Total amount in BDT=	
In words:						

Sign of Applicant:	Sign of responsible Accounts officer:	Sign of recommendation by PC/in charge:	Sign of Approval:

Bakultali Mahila Sangshad (BMS)

Bhurungamari, Kurigram

Annex- 11

Comparative statement of Suppliers/Contractors

Project name: **PR reference:**

Funded by: **Evaluation Date:**

Sl. No.	Name of Items	Number of Unit	Supplier/Contractor A		Supplier/Contractor B		Supplier/Contractor C		Remarks
			Name: Address:		Name: Address:		Name: Address:		
			Unit Price BDT	Total amount BDT	Unit Price BDT	Total Amount BDT	Unit Price BDT	Total Amount BDT	
1									
2									
3									
4									
Total									

Name and Sign of the Purchase Committee:		
1. Signature:	2. Signature:	3. Signature:

Bakultali Mahila Sangshad (BMS)
Bhurungamari, Kurigram

Annex- 12

Date: WO. No:

To PR No:

M/S …………………………………………. Date of PR:

……………………………………………….

Address …………………………………..

……………………………………………..

Attention:

Subject: **Purchase Order**

Dear Sir,

Kindly refer to your submitted quotation date ………………….. regarding the completion order of …………………………………………, the management of Bakultali Mahila Sangshad (BMS) has been pleased to accept your offer and request you to complete the below mentioned purchase order under the following terms and conditions.

Name of item and specification:

Sl. no.	Name of Item	Specification	Quantity	Unit Price	Total (BDT)
				Total	
In words:					

Terms and conditions:

a) **Place of service rendered**:
b) **Payment**: payment shall be made through A/C payee cheque/ Bank transfer to your bank account no
c) **Service Quality**: We expect professional services from as per your reputation.
d) **VAT & Tax**: VAT & Tax will be paid as per Government rules and regulation.
e) **Penalty:**

Bakultali Mahila Sangshad (BMS)
Bhurungamari, Kurigram

Annex- 13

GOODS RECEIVED NOTE (GRN)

Reference No. ________________ **Sl No.** ____________________

Date: ____________________

The following Stocks have been received from ________________________________

Via ____

For the Prog/project ____

Sl. #	Description	PO No.	Quantity	Unit cost Rate	Amount	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
Total						

Receiver by signature ....

Name ....

Designation ....

Project / Units ....

Location ....

Bakultali Mahila Sangshad (BMS)
Bhurungamari, Kurigram

Annex- 14

Sl. No.: ………

Money Receipt

Date: ……………..

Received with thanks from: …………………………………………….

Project/Office Name: ……………………………………………………

Amount (Tk.): ………………………..

In words: ………………………………………………………………

In cash/Bank Transfer/cheque # .... Date: ……………

Bank: ………………………………………………………………….

Branch: ……………………………………………………………….

This amount has been taken on account of ……………………………..

With best regards,

(Signature)

Name:

Date:

Seal:

Bakultali Mahila Sangshad (BMS)
Bhurungamari, Kurigram

Annex- 15

Cash Count Sheet

Physical verification of cash and cash items of **Bakultali Mahila Sangshad (BMS) as on**

.. at ....

	Denomination	No.	Taka
Tk.	**1,000**	**-----------**	**-----------**
	500	**------------**	**------------**
	200	**-----------**	**-----------**
	100	**------------**	**------------**
	50	**-----------**	**-----------**
	20	**------------**	**------------**
	10	**-----------**	**-----------**
	5	**------------**	**------------**
	2	**-----------**	**------------**
Coins	**:**		
	5	**-----------**	**-----------**
	2	**------------**	**------------**
	1	**-----------**	**-----------**

Total Cash items

In words: Taka

..

..

Counted by: **Checked by:** **Approved by:**

Annex- 16

Chart of Accounts

1000000	Property and assets
2000000	Fund and liabilities
3000000	Income
4000000	Expenses

-End-

28.02.2026
Mrs. Beauty Khatun
Chairman
Bakultali Mahila Sangshad(BMS)
Bhurungamari, Kurigram.