

BISAP FINANCIAL MANAGEMENT POLICY



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INTRODUCTION

This policy defines the Financial Principles and Practices for BISAP-Funded initiatives, aimed at empowering vulnerable communities and combating poverty and hunger across Bangladesh. Operating in 8 Districts of Bangladesh including the Chittagong Hill Tracts and coastal regions, BISAP is committed to driving meaningful social change by promoting democracy, advancing human rights, and fostering sustainable development.

Its focus areas include protecting children from abuse, preventing human trafficking, providing non-formal education, boosting agricultural productivity, ensuring food security, supporting entrepreneurship, managing natural resources, and building resilience to climate change. Through these efforts, BISAP strives to create lasting positive change and improve the lives of marginalized populations.

PREAMBLE

The Financial Policy serves as the cornerstone of robust Financial Management and efficient Accounting practices within BISAP. Designed to offer clear, written guidance to the BISAP Governing Body, Program Staff, and both National and International Partners, this policy ensures strict Financial Control throughout the implementation of all programs. It is our belief that this policy will significantly enhance the Financial Management capacity of BISAP's staff, partners, and Donors.

An essential component of this policy is the Accounting procedures document, which outlines the processes for recording and monitoring Financial Transactions. This documentation is vital for maintaining transparency, ensuring consistency, and providing clarity on internal operations. Additionally, it serves as a valuable resource for newcomers, helping them build effective Financial Management skills. The overarching goal of the policy is to:

- Accurately record all Financial transactions
- Monitor and control expenditures efficiently
- Meet statutory reporting requirements
- Ensure timely, accurate Financial and management reporting to Donors and Grant-makers

As BISAP continues to grow in both scope and Donor support, this policy will evolve, ensuring that our Financial Procedures remain aligned with the Organization's expanding activities and evolving needs.

OBJECTIVE

The objectives of this policy are to establish standardization, discipline and consistency in the Accounting practices and Financial Management of BISAP-managed Funds. It aims to ensure transparency, Accountability and good governance in the management of both Donor and BISAP-Funded activities and programs. Achieving these objectives relies on the strict adherence to established and approved policies, procedures and guidelines, consistently applied throughout all operations.

This policy outlines key elements such as Accounting Principles, Cost Classifications, Fund Receipt Processes, Budgeting and Budgetary control systems, Financial Reporting Procedures, Financial Authority, Documentation Requirements, Fund management, Payment protocols, procurement processes, and the chart of Accounts. These comprehensive guidelines are designed to ensure that BISAP's Financial Management is both efficient and effective, supporting the successful implementation of its programs.

Application to Partner Organizations

In cases where BISAP-Funded programs and activities are implemented by partner Organizations, specific guidelines outlined in this policy and accompanying procedures may be applicable to those partner Organizations. Such guidelines are intended to ensure alignment with BISAP's Financial Management standards and principles, as outlined in this document.

Process for Updating the Policy

BISAP Management will review the policy as and when necessary and will modify, amend, replace, revise, or add any provisions to the policy as deemed appropriate. Any changes, modifications, or amendments approved by Management will be circulated through inter-office memos or circulars. All changes or amendments made since the last revision, with the approval of BISAP Management, will be incorporated into the revised version of the Finance Policy. Additionally, BISAP Management may appoint a consultant, consulting firm, or form a committee or subcommittee to review and update the policy either annually, semi-annually, or as required.

ACCOUNTING PRINCIPLES AND POLICIES

1.1 Fund Accounting

The principles of Fund Accounting suggest that various Funds and activities, which are not directly within BISAP's discretion, should be treated as separate Accounting entities. The contractual obligations associated with each Fund or activity must be independently and exclusively addressed, ensuring clear and distinct management of each Fund's resources.

1.2 Basis of Accounting

BISAP shall maintain its Accounts on an Accrual Basis of Accounting in compliance with International Accounting Standards (IAS). However, for specific cases, it will adopt a Cash Basis of Accounting for the preparation of Financial Reports, as required by respective Donors Guideline. The Organization will apply the Double Entry System of Book keeping to record and Account for all Financial transactions.

All income received or deemed to be received during a particular year will be recognized as income in the year to which it pertains. Any Gant, Donation, or income received in Advance for subsequent years will not be recognized as income in the year of receipt, but will be deferred until the relevant year.

Expenditures or Payments made during a particular year, whether paid or not, will be recognized as expenditures in the year in which they are incurred, in line with the accrual Accounting Principles.

1.3 Accounting Period

The Accounting year of BISAP will follow the fiscal year, which runs from July 1st to June 30th, inclusive of both dates.

1.4 Income Recognition

A Project Grant will be recognized as income only if the Donor imposes no restrictions in the Project contract. Restricted Grants will not be recorded as income in BISAP's Book Keeping. Income from Donor Grants should be reflected in the income and expenditure statement, aligned with the corresponding expenditures for that period. Restricted Grants will be treated as a legal obligation and recognized upon realization, in accordance with the principles of Fund Accounting. Receipts and disbursements of restricted Grants will be recorded in the respective Fund Accounts, meaning that restricted Grants will be accounted for only when realized or received.

All other income sources, including membership fees, interest, royalties, dividends, and income from income-generating and Fundraising activities, will be recognized as income.

1.5 Fees and Subscriptions

Fees and subscriptions from members (if applicable) shall be recognized in the year to which they relate, regardless of whether they have been received within the Accounting year.

1.6 Grants Made by the Government

Government Grants will be recognized as income over the periods necessary to match them with the related Costs they are intended to compensate.

1.7 Income from Sale of Goods/Entrepreneurship

Income from the sale of goods/Entrepreneurship will be recognized when the goods are delivered and title has passed. In the case of restricted Funds, the proceeds from the sale of goods will be accounted for in accordance with the terms outlined in the agreement.

1.8 Interest Income

- a. Any interest received on deposits in Commercial Banks or from any investments shall be treated as income in the specific year to which it relates, in accordance with the terms set out in the Donor agreement.
- b. Interest income generated from Project Funds shall be recognized as income for the respective Project, unless otherwise specified in the agreement with the partners. Such interest income will be treated as income in the year it is received or earned.

1.9 Miscellaneous Income

Miscellaneous income includes all income received or accrued by BISAP through the sale of old Fixed Assets (if allowed by the Donor), sale of agricultural crops, horticulture, or any other income derived from extraordinary activities. It also includes any income that does not fall under fees, subscriptions, contributions, or Donations. Such income shall be classified as miscellaneous income and must be deposited into the general Account.

1.10 Project Income

Donations and contributions related to Projects or programs shall be recognized as income in the year they pertain to, whether received in Cash or in kind. Any commitment received to compensate Project or program expenditures, whether general or for a specific purpose, shall be recognized as income in the year when such expenditures are incurred, provided it is probable that the economic benefits of the commitment will flow to BISAP.

1.11 Currencies

The Financial Statements of BISAP will be prepared in Bangladeshi Taka (BDT). For transactions in foreign currencies, the rates of exchange prevailing on the transaction dates will be used, in accordance with the Donor requirements. A rate of exchange sheet should be attached, and reference can be made to the Bangladesh Bank or the Donor-recommended exchange rate source. At each balance sheet date, monetary items denominated in foreign currencies will be retranslated at the rates prevailing on that date. Exchange differences arising from the settlement of monetary items and the retranslation of foreign currencies will be included in income or expenditure for the period in which the settlement occurs.

1.12 Expenditure

Expenditure will be recognized in the year to which it relates, whether paid or not, following the accrual basis of Accounting. Expenditures incurred but not yet paid will also be recognized as expenditure in the year in which the obligation was incurred. Where the Donor specifies a Cash basis of Accounting, BISAP will follow that directive. All Payments or obligations for Payment in a particular year will be recognized as expenditure in the year to which they relate. Expenditure accrued or incurred but not paid will be considered as expenditure in the year it was obligated. All expenditures will be booked and accounted for in the appropriate Account and Cost center or department, in line with the Chart of Accounts.

1.13 Bank Charges, Commission, and Interest

Any Bank charges or commissions paid or deducted by Banks for routine Banking transactions will be considered an expense in the year they are paid or debited by the Bank. Bank charges or interest related to transferring or receiving amounts, or for any other Banking services, will be charged to the specific program, Project, or Cost center for which the amount was paid. Any Bank charges or interest not specifically related to any activity, program, Project, or Cost center will be categorized as head office expenses.

1.14 Allocation of Expenditure

All expenditures must be classified and segregated under the appropriate groups based on the nature of the transaction and the Chart of Accounts. If expenditure relates to multiple Cost centers or departments, it must be allocated among them in proportion to their usage or share.

1.15 Function of Accounts and Finance Department

The Accounts and Finance Departments are responsible for overseeing all Accounting and Financial activities within BISAP, with tasks including but not limited to:

- Managing all Accounting and finance operations of BISAP.
- Coordinating the preparation of Project and Organizational Budgets.
- Preparing monthly and quarterly Financial Projections based on the Budget.
- Preparing Projected Cash Flow Statements.
- Preparing monthly Financial Statements for both the Organization and individual Projects.
- Preparing monthly Project-wise Budget variance reports and communicating them with relevant stakeholders.
- Recording transactions in real time, ensuring prompt entry into the system as they occur.
- Collecting and recording monthly receipts and Payments from all centers.
- Monitoring expenses in line with the approved Budget.
- Reviewing center expenses and ensuring adherence to Budgetary limits.
- Ensuring timely salary Payments.
- Organizing quarterly coordination meetings with the Management to share Financial Information and with the Project Coordinator to ensure proper Fund utilization.
- Assisting all auditors (External, Donor-nominated, and Internal) and providing requested information.

- Ensuring compliance with the policy and procedure regarding Account Payee Cheque and Cash.
- Making timely Payments based on valid documents, bills, and invoices.
- Preparing Bank reconciliations in a timely manner.
- Ensuring the “PAID” seal is affixed to Payment documents.
- Ensuring the secure custody of Cheque.

1.16 Monthly Accounting Checklist

The Coordinator (Accounts and Finance) is responsible for ensuring that the following activities/checks are carried out at least once a month for the Accounts under their responsibility:

- a) Verification of all entries in the Cash Book and any subsidiary Cash Books since the last examination, comparing with the Receipts Books, Payment Vouchers, and casting of the Cash Books and subsidiary Cash Books.
- b) Reconciliation of the balance in the main Cash Book with the balance in the Bank Statements.
- c) Examination of Payment Vouchers for correctness in terms of authorizations, allocations, rates, calculations, casting, receipts signatures, and ensuring that Vouchers are properly filed.
- d) Checking contra entries, as well as Bank credits or debits appearing in the Cash Book, and reconciling them with the Bank Statements.
- e) Reviewing revenue/Funds received and ensuring they are correctly recorded in the ledger.
- f) Checking Payment Vouchers against the ledger to ensure proper recording.
- g) Examination of journal entries and verification against the ledger.
- h) Casting of the ledgers and checking that totals are accurate to date.
- i) Ensuring that comparative statements of actual revenue and expenditure, compared to the Budget, as well as the trial balance, are prepared monthly.
- j) Reconciliation of control Accounts to subsidiary records.

Receipts & Payment and Income & Expenditure

2.1 Receipts:

All incomes received or deemed to be received during a particular year shall be accounted for as income in the year to which they relate. Any Grant, Donation, or income received in Advance for subsequent years shall not be recognized as income in the year of receipt. All receipts shall be recorded under the appropriate Account Head.

2.2 Income

2.2.1 Grant from Donor

This refers to the amount of Grant received from a Donor for a BISAP Project/program.

2.2.2 Interest Income

Interest income includes all interest received or accrued during a particular year on Funds deposited with the Bank or invested elsewhere.

2.2.3 Grant-in-Kind

This refers to contributions consisting of Assets, facilities, services, utilities, etc., provided for managing BISAP Funds. These will not be considered financial transactions and will not be accounted for unless the financial value can be measured.

2.2.4 Grant-in-Kind (Revenue Nature)

Any in-kind Grant in the form of commodities, article, goods & others, etc., received from BISAP or other sources for BISAP activities will be Accounted for as income based on their declared or estimated value.

2.2.5 Grant-in-Kind (Capital Nature)

Any in-kind Grant received from BISAP in the form of Capital Assets (Fixed Assets) will be recorded as Assets in the Books of Accounts at their estimated or declared value or equivalent Taka amount. All such Assets shall be registered in the name of BISAP.

2.2.6 Miscellaneous Income

Miscellaneous income includes all income received or accrued by BISAP from the sale of old Fixed Assets or from any other Extraordinary Activities.

2.3 Expenditure and Payment

All Payments made or expenditure incurred but not yet paid during a particular year shall be considered as expenditure for the year in which they are incurred. All expenditures shall be classified and segregated under major groups in accordance with the Chart of Accounts, depending on the nature of the expenses and the purpose of Payment.

Payments represent all outflows of BISAP Funds, both revenue and Capital, related to program activities. All Payments shall be recorded under the respective head of Accounts following the Chart of Accounts.

2.3.1 Expenditure

Expenditures are Payments of a revenue nature that do not provide benefits for more than one year. This includes all operational and administrative expenses related to BISAP Funds. Payments for the procurement of Fixed Assets will not be treated as expenses unless specified by the Donor.

2.3.2 Program Payments to Cost Centers

1. It may be necessary to send money to Cost Centers (District/Thana levels) to support approved programs/activities. The Funds required to be sent to Cost Centers shall be transferred through Bank-to-Bank transfers, A/C Payee Cheque (APC), Payment Orders (PO), or Demand Drafts (DD), as applicable.
2. The amount sent to the Cost Centers shall be treated as Contra Transactions, and under no circumstances will this transfer be considered as expenditure.
3. Cost Centers shall carry out approved program activities with the Funds transferred to them, which will be adjusted against approved Payment Vouchers with supporting documents.

2.3.3 Payments against Liability

Any amount disbursed to settle a recognized liability, where the benefits have been received earlier and duly accounted for, shall not be considered as an expense.

2.4 Provisions

Provisions shall be recognized when BISAP has a present obligation arising from a past event, and it is probable that BISAP will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the Balance Sheet date and are discounted to present value when the effect is material.

2.5 Employee Benefits

- a) BISAP may make necessary provisions for agreed long-term benefits, such as gratuity, Provident Fund, prorated festival allowances, etc., Payable to Employees at the time of separation from the employment contract. BISAP must ensure sufficient Funds or Financial ability to establish and cover such long-term benefits for staff.
- b) Provisions for long-term benefits should be made in accordance with BISAP's HR Policy and the terms of employment.
- c) Provisions for such long-term benefits shall be made on a monthly basis to accurately compute the monthly operational results and evaluate the Organization's state of affairs.
- d) Long-term benefits shall be paid when they become due to the Employees.
- e) The amount of such provisions must be kept separate from BISAP's main Funds and recorded in accordance with the relevant Laws and Regulations.

2.6 Receipts and Payment Account

At the end of each month, a Project-wise Receipts and Payment Account shall be prepared, detailing the Receipts and Payments relating to each Project. A consolidated Receipts and Payment Account should also be prepared, reflecting the Budget and cumulative figures for each Budget line item. The Closing Balance of the previous month should be transferred as the Opening Balance for the succeeding month.

The Receipts and Payments Account will show the total of all Receipts and Payments during the reporting period, regardless of whether the transactions are revenue or Capital in nature or whether the transactions are from the current year or a previous year.

2.7 Income and Expenditure Account

This report is prepared to track Income and Expenditure over a predefined period. All revenue receipts should be treated as income for that reporting period, following the relevant expenditure.

Payments against Advances or Pre-Payments and Capital nature expenses will not be included in this Account and should be shown in the Balance Sheet instead.

Depreciation charges related to Fixed Assets and bad debts will be included in the income and expenditure Account. All income and expenditure of a revenue nature, regardless of whether income has been received or expenditure paid, will be reflected in this Account for the relevant reporting period.

2.8 Allocation of Joint Costs

This section addresses situations where a Cost incurred by BISAP relates to two or more different activities. Such Costs must be allocated and reflected in the Financial Statements, with particular emphasis on their impact on the functional reporting in the Statement of Activities.

Criteria for Cost Allocation:

Joint Costs and Indirect Costs should be allocated to programs and support services. There are three criteria permitting Cost allocation:

- **Purpose Criterion:** Met when the purpose of the joint activity involves two or more programs or support services.
- **Audience Criterion:** Met when the target audience or beneficiaries include two or more programs or support services.
- **Content Criterion:** Met when the joint activity supports both programs or support services.

Methods of Allocation:

The adopted allocation method should be included in BISAP's Accounting Policies and consistently applied for similar transactions until the policy is revised. Common allocation methods include:

- **Physical Units Method:** Allocates Costs based on the physical materials that make up the joint Costs.
- **Relative Direct Method:** Allocates joint Costs in relation to the direct Costs of each activity.
- **Stand-Alone Cost Method:** Allocates joint Costs to each component of the joint activity using a ratio that estimates the Costs that would have been incurred if the activity had been performed separately.

Common Allocation Practices:

Organizations often allocate joint Costs using any or a combination of the following methods:

- **Equal Allocation:** Each Project shares the joint Costs equally.
- **Budget-Based Allocation:** Costs are allocated starting with the Project that has the lowest Budget.
- **Size-Based Allocation:** Costs are allocated based on the relative size of each Project. Size can be measured using the following allocation bases:

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

Facilitating the Allocation Process:

To facilitate the task of allocating joint Costs, an allocation worksheet can be prepared. This worksheet will document the allocation method chosen, the specific Projects involved, and the associated Cost allocations.

Based on the above concept BISAP will prepared a joint Cost allocation basis allocate accordingly. The basis will approve by the Chief Executive.

2.9 Exchange Gains or Losses

- Any gain or loss arising due to the devaluation or change in the exchange rate shall be Accounted for in BISAP's Books of Accounts.
- The exchange rate prevailing at the date of closing the Accounts shall be used to close the Accounts, and any exchange gain or loss that occurs shall be recorded in the Accounts.

Presentation:

When presenting exchange gains and losses, the **Net Basis** should be used. This means that only the net gain or loss arising from a single set of transactions should be presented.

For example:

- **Total foreign exchange gain for the period:** 100,000
- **Total foreign exchange losses for the period:** (75,000)
- **Net foreign exchange gain:** 25,000

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

This method ensures that the impact of Foreign Exchange fluctuations on BISAP's Financial Position is clearly and transparently reported.

ADVANCE AND ADJUSTMENT

3.1 Introduction:

- **Advance Payments:** These are necessary to procure goods and services from both external parties and BISAP staff.
- **Adjustment Process:** The procedures for adjusting Advances should be defined when the Advance is granted. For staff, adjustments are made by deducting from submitted bills.

3.2 Types of Advances:

- **Advance to Employee:**
 - Travel
 - Procurement
 - Program Expenses
- **Advance to Third Party:**
 - Contract/Agreement
 - Procurement of Goods/Services

3.2.1 Advance to Employee:

Definition: Any non-salary Payment to BISAP Employees, such as Travel, Procurement, and Program-related Expenses, is considered an Advance.

Types of Advances:

3.2.1.1 Local Travel Advance:

- Applicable for travel within Bangladesh but outside Chittagong.
- Can cover up to 100% of estimated Expenses, including per diem and lodging.
- Must be adjusted within **5 working days** after returning.

3.2.1.2 International Travel Advance:

- Must be approved by the Chief Executive (Finance In -charge, the Chairperson or a designate approves).
- Advance covers 100% of estimated Expenses, including lodging and per diem in foreign currency.
- A hotel rate sheet for the destination must accompany the request form.
- Must be adjusted within **6 working days** after returning.

3.2.1.3 Advance against Procurement of Goods

Management may approve Procurement Advances in exceptional cases where the procurement is approved by the Annual or Project Budget, and the related Funds are available. This is applicable in situations where the Vendor or Service Provider does not provide credit facilities. In such cases, a written request from the Vendor must be available, and the Amount provided will align with the Purchase Order, Contract, or Agreement.

3.2.1.4 Advance for Program Expenses

For the implementation of Project activities, Advances may be required to complete the activities. In such cases, Advances can be treated as "Project Advances" and approved by the respective Management, subject to the following conditions:

1. The maximum Advance for each staff member shall not exceed Tk. 25,000.
2. The Advance can be withdrawn one day before the scheduled activity.
3. The Advance must be adjusted within six working days after completing the activity.
4. No further Advance will be provided without the adjustment of previous Advances. Partial adjustments are not permitted.
5. During Expenditure from this Advance, no single Cash Payment shall exceed Tk. 10,000.

3.2.1.5 Advance Taking Procedures

Step 1: When Employees are expected to incur expenses for travel or Project activities, an Advance Request Form must be completed and signed by the appropriate Authority (e.g., Head of Projects/Department/Section) or their designate. The Authority will review the request and recommend the Advance amount. It is the responsibility of the Project or department head to ensure that the Advance amount is appropriate to avoid excess disbursement. The form must be submitted to the Accounts Department at least three working days before the expected Advance receipt date (urgent cases may be considered with justification).

Step 2: The Accounts Coordinator or their designate will review the Advance Request to verify Budget availability and check for any unadjusted previous Advances. If the requesting Employee has an Outstanding unadjusted or Unbudgeted Advance, no new Advance will be provided. The Finance Department will forward the request to the Employee's Manager for final approval.

Step 3: Based on the Supervisor's Approval:

- If the Advance is for a single Employee, the Cash disbursement Voucher and Cheque will be issued in the Employee's name.
- If multiple Employees require Advances on the same day, a consolidated Cash disbursement Voucher and Cheque will be prepared in the name of the Petty Cashier or Finance staff.

Step 4: The completed Cash disbursement Voucher will be signed by the preparer, reviewed by the Coordinator of Accounts and Finance, and approved by the Chief Executive or their designate. The Voucher and Cheque will then be presented to the Chief Executive (or designate) for Authorization and signature.

Step 5: If the Cheque is issued to the Petty Cashier or Accounts staff, they will Cash the Cheque at the Bank and receive the Funds. The Petty Cashier will then distribute the Advances to the listed Employees. Each Employee must sign against their name upon receipt of the Advance.

Step 6: The Petty Cashier or Accounts staff will record the transaction in the Cash Book and Advance register, ensuring proper Accounting entries are made.

3.2.1.6 Advance Adjustment Procedures

1. *Submission of TER/MER*

- **Responsibility:** Employees must prepare and submit a Travel Expense Report (TER) or Miscellaneous Expense Report (MER) summarizing Expenses.
- **Timeline:** Must be submitted within **6 working days** post-travel or Project completion.
- **Approval Process:**
 - Reviewed and recommended by the respective Section Head.
 - Submitted to the Accounts Section for verification.
 - Final approval by the **Chief Executive** or a designated Authority after Authentication.

2. *Adjustment Process*

a. **Advance Amount Greater Than TER/MER:**

- **Unspent Advance:**
 - Employee returns the unspent Amount to the Petty Cashier, receiving a **Money Receipt Memo**.
 - Petty Cashier Deposits the returned Amount into the **Project Bank Account**.
 - **Cash Receipt Voucher** is prepared and approved by the **Project Coordinator/Chief Executive**.

b. **Advance Amount Less Than TER/MER:**

- **Additional Reimbursement:**
 - Accounts Staff prepares a **Cash Disbursement Voucher** with the Employee as the Payee.
 - Voucher and Cheque are approved by the **Chief Executive** or designated person.
 - Upon Receipt of the Cheque the Employee signs the Voucher as confirmation.
 - Adjustment finalized via **Adjusting Journal Entry**.

Key Features of the Process

1. **Checks and Balances:** Involves multiple levels of review (Project Head, Accounts, Finance Manager, and Chief Executive) to ensure expenditure Authenticity.
2. **Timeliness:** Six-day submission deadline encourages prompt adjustments.
3. **Documentation:** Strong emphasis on supporting documents (duty records, field schedules) for Accountability.
4. **Flexibility:** Provides clear protocols for both scenarios (excess Advance vs. reimbursement required).

3.2.2 Advance to Third Party

3.2.2.1 Advance against House Rent

Advances for rental houses for Official purposes by BISAP follow the procedures below:

- The rental process is initiated through a contractual agreement between BISAP and the House Owner.
- Any Authorized BISAP Staff member may handle initial formalities before Finalizing the rental. However, the Administration Department will sign the agreement on behalf of BISAP as per the Financial Authority guidelines.

- The House Owner will receive an Advance against House rent as stipulated in the Agreement.
- The Advance must be adjusted or recovered as per the terms and conditions outlined in the Agreement.

3.2.2.2 Advance to Contractors

For constructing BISAP office buildings and infrastructure, contractors are appointed as required. Advances are issued to contractors following these steps:

- The Finance Department will issue an Account Payee Cheque or Demand Draft based on a written request from the contractor, as outlined in the work order/contract/agreement.
- Contractors may submit a running bill (current bill) for partially completed construction work. Any prior Advance Payment must be adjusted against the current bill.
- Upon completing the entire construction job, an Official handover takes place with the respective authority.
- The final bill is prepared after all estimations and calculations are completed, reflecting all advance Payments and adjustments.
- Both the contractor and the engagement engineer must sign the final bill. All Payments are to be made via Account payee Cheque or demand draft, irrespective of the amount.

3.2.2.3 Advance to Material Suppliers/Service Providers

The Finance Department disburses advances to suppliers or service providers based on Purchase Orders or Work Orders. The process includes:

- A written request with justification must be submitted by the supplier/service provider.
- BISAP may approve the advance Payment under the terms and conditions outlined in the Purchase Order or Work Order.
- The advance must be adjusted or settled in accordance with these terms and conditions.

FIXED ASSETS

To effectively carry out its activities, BISAP requires Asset resources. The quality and longevity of these resources depend significantly on proper usage and Management. Fixed Assets, being durable goods, must be well-maintained to ensure their continued functionality and value.

4.1 Recognition of Assets

Property, Plant, and Equipment (Fixed Assets) shall be recorded at Cost. The Ownership and Management of Fixed Assets will adhere to the following principles:

1. Ownership:

- All Fixed Assets purchased by BISAP, regardless of the source of Funds, shall be owned by BISAP.
- For Assets purchased under a Donor-Funded Project, Ownership will follow the terms stated in the Agreement. Ownership may transfer to BISAP after Project completion, subject to explicit written provisions in the Agreement or Donor approval.
- Until the Project's conclusion, all Assets must be handled with care, similar to BISAP-Owned Assets.

2. Capitalization Criteria:

An Asset will be recognized and Capitalized when it meets the following conditions:

- The minimum value for Capitalization is **Taka 5,000**, or the Asset must have a useful life exceeding one year. Assets with a purchase value below **Taka 5,000** (except office furniture, fixtures, equipment, etc., with a useful life under one year) shall not be capitalized and will instead be treated as expenditure.
- The Asset's expected useful life must be at least one year (except for systems and software).
- Upon recognition as a Fixed Asset, it will be recorded at its Cost, less accumulated depreciation and impairment losses.

3. Donor-Specific Requirements:

Expenditures that qualify as Fixed Assets under the above criteria may be charged as expenses if required by the specific Donor Agreement.

4. Asset Numbering:

- Before processing the Fixed Asset bill in the Finance Department, the Administration Department **must assign and mention the Fixed Asset number** on the bill.
- The Finance Department must ensure that the Fixed Asset number is included on the bill before making any Payment.

4.2 Depreciation Policy

BISAP follows a systematic approach to calculating depreciation for its Fixed Assets:

1. **Method of Depreciation:** Depreciation will be calculated using the **Straight-Line Method**.
2. **Frequency:** Depreciation will be calculated on a **quarterly basis**, aligning with BISAP's reporting cycle.
3. **Acquisition Depreciation:** A full quarter's depreciation will be charged for the quarter in which the Asset is acquired and for all subsequent quarters.
4. **Disposal Depreciation:** No depreciation will be charged for the quarter in which the Asset is disposed of.

4.3 Rate of Depreciation

Depreciation will be charged annually on all Capital Assets based on the following rates:

- **Office Equipment:** 15%
- **Furniture and Fixtures:** 15%
- **Motor Vehicles:** 20%
- **Buildings:** 2.5%
- **Computers and Related Attachments:** 33.33%
- **Systems and Software:** 25%
- **Healthcare/Medical Equipment:** 25%

4.4 Depreciation Calculation

a. Formula for Calculating Yearly Depreciation

Depreciation under the Straight-Line Method is calculated using the following formula:

$$\text{Yearly Depreciation} = \frac{\text{Cost Price} - \text{Residual Value}}{\text{Life Of Assets (Year)}}$$

Example:

- Cost Price of Machinery: **Tk. 200,000**
- Residual Value: **Tk. 10,000**
- Total Service Life: **10 years**
- Yearly Depreciation = $\frac{200000 - 10000}{10} = \text{Tk. 19,000}$

b. Formula for Calculating Depreciation Rate

To determine the depreciation rate under the Straight-Line Method, use the following formula:

$$\text{Depreciation Rate (\%)} = \frac{\text{Yearly Depreciation} \times 100}{\text{Cost Price} - \text{Residual Value}}$$

Example:

- Cost Price of Machinery: **Tk. 200,000**
- Residual Value: **Tk. 10,000**
- Yearly Depreciation: **Tk. 19,000**
- Depreciation Rate (%) = $\frac{19000 \times 100}{200,000 - 10,000} = \frac{1,900,000}{190,000} = 10\%$

BISAP may use any of the approved methods outlined above or below to calculate yearly depreciation for Fixed Assets, depending on the specific requirements or circumstances.

4.5 Asset Inventory

The purpose of an Asset inventory is to ensure proper physical monitoring and management of all items belonging to BISAP Projects. The inventory process helps identify discrepancies between recorded information and the actual condition or availability of goods.

1. Identification and Recording:

- The Finance Department is responsible for identifying, recording, and managing all Fixed Assets and controlled items in the appropriate system or register.
- Each Asset record will include the Cost associated with its Funding Source.
- Fixed Assets and controlled items will be recorded regardless of the acquisition type, whether through Purchase, Capital leases, Construction, Improvements, Donations, eminent domain, or annexation.

2. Inventory of Minor Assets:

- BISAP will maintain an inventory list of items with a value less than **Tk. 5,000** but with a useful life exceeding one year and Capital in nature (e.g., staplers, pen drives). These items will be monitored and recorded for Accountability and tracking purposes.

4.6 Annual Financial Reporting

The Coordinator of the Finance Department, or their designated representative, will:

1. Prepare a Schedule of Fixed Assets:

- A comprehensive schedule of general Fixed Assets will be prepared and presented to the Chief Executive at the end of the fiscal year.

2. Compliance with Financial Reporting Standards:

- The schedule will adhere to the Fiscal year-end closing schedule and ensure compliance with relevant reporting and disclosure requirements in the Financial Statements.

4.7 Removal of Items

The inventory procedure outlined earlier facilitates the identification of dilapidated or defective goods whose continued presence in the office is counterproductive due to:

- A steep rise in Operating or Maintenance expenses.
- Excessive repair Costs.
- Any other objective or valid reason.

In such cases, and following the **Financial Authority**, users must initiate the process to retire, transfer, or dispose of these items. The removal must be properly documented and reflected in the Asset records.

4.8 Fixed Asset Tag Numbers

To ensure proper identification and tracking, all Fixed Assets, particularly movable ones, must be tagged with unique identification numbers. The tag should adhere to the following guidelines:

1. **Asset Tag Composition:**
 - **BISAP:** Name of the Organization.
 - **Project Details:** Reference to the Project under which the Asset was acquired.
 - **Three-digit Group Asset Number:** Indicating the Asset category or group.
 - **Three-digit Individual Asset Number:** Unique identifier for the specific Asset.
2. **Application of Asset Tags:**
 - Tags should be attached to all movable Assets using inerasable ink or durable labeling.
 - If a Donor prescribes specific tag numbers for Fixed Assets, BISAP will adhere to the Donor's requirements and assign additional numbers as per BISAP's format.

Example

Tag:

BISAP-Shree-Alm-01

- BISAP: Organization name.
- Shree: Project name or identifier.
- Alm: Asset category (e.g., Alm for Almirah).
- 01: Unique Asset number.

4.9 Transfer of Fixed Assets

Relocation of Fixed Assets from one designated location to another must be managed systematically to ensure Accountability.

1. **Approval Process:**
 - Written approval from the **Administration Department** is required for Asset transfers, clearly stating the reasons for the change in location.

- A copy of the approval must be forwarded to the **Chief Executive** or designated persons.
- 2. **Asset Transfer Report:**
 - Upon transferring the Asset, the **Administration Department** and the respective **Project Accountant** must countersign the Asset transfer report to confirm the transfer and register the Asset's new location.
 - A copy of the transfer report must also be forwarded to the **Chief Executive** or designated persons for final acknowledgment.

4.10 Physical Verification of Fixed Assets

To ensure accurate Management and maintenance of Fixed Assets, BISAP will conduct a **physical verification** of its Assets at least **twice a year**. The verification process aims to identify the quantity, quality, and current location of Assets.

The team responsible for physical verification must submit a comprehensive report to the **Chief Executive** containing the following details:

1. **Asset Number:** Unique identification number of the Asset.
2. **Asset Name/Description:** Brief description of the Asset.
3. **Location:** Current location of the Asset.
4. **Quantity as per Records:** Number of Assets recorded in the Asset register.
5. **Physically Verified Quantity:** Number of Assets physically found.
6. **Quality:** Current condition or usability of the Asset.
7. **Impairment Loss:** Any observed decrease in the Asset's value or functionality.
8. **Idle Equipment:** Identification of any unused or non-operational equipment.
9. **Registration Update:** Status of registration for vehicles, motorcycles, etc.
10. **Remarks:** Additional observations or issues.
11. **Recommendations:** Suggestions for **writing off** or **disposing of** Assets, if applicable.

Engagement of Auditors or Third Parties

BISAP may engage its internal auditors or an external firm to assist with the physical verification process, ensuring objectivity and accuracy.

Disposal or Write-off Approval

The **disposal** or **write-off** of any Fixed Asset must receive formal **approval from the Chief Executive**.

Impairment Assessment

At each reporting date, BISAP will assess whether there is any indication that an Asset may be impaired. If such indications exist, the following steps will be undertaken:

1. **Estimate Recoverable Amount:**
 - BISAP will estimate the recoverable amount of the Asset.
2. **Identify Impairment Loss:**

- If the recoverable amount is less than the carrying amount of the Asset, the carrying amount will be reduced to the recoverable amount.
- The reduction in value will be treated as an **impairment loss**.

4.11 Sale/Disposal of Fixed Assets

If a Fixed Asset becomes permanently unusable, broken, obsolete, or no longer necessary, BISAP may sell or dispose of the item, subject to Donor Approval. The following procedures will apply for the sale or disposal of Fixed Assets owned by the Organization:

1. **Formation of a Disposal Committee:**
 - BISAP will establish a committee responsible for the identification and disposal of Assets.
2. **Assessment of Asset Condition:**
 - Disposal will depend on the Asset's condition and usefulness to BISAP.
 - Items deemed to have no market value may be destroyed or Donated, subject to approval by the **Chief Executive**, if they are no longer useful to BISAP.
3. **Reporting and Investigation:**
 - For unusable, stolen, or lost Assets, a detailed report will be submitted to the **Chief Executive**.
 - In the case of valuable Assets being stolen, an **FIR** must be lodged at the local police station.
 - Valuable Assets will be identified by Management.
 - An investigation will be conducted for lost or stolen Assets, and appropriate action will be taken against individuals responsible for any irregularities.
4. **Determination of Selling Price:**
 - The selling price will be based on the Asset's **Acquisition Cost** and **current market value**.
 - Market value can be determined through independent evaluations, current price lists, newspaper advertisements, or authorized dealers.
5. **Disposal of Low-Value Assets:**
 - Items with a market value **below Taka 200,000** may be sold directly to buyers without requiring a tender, based on the disposal committee's decision and approval by the **authority**.
6. **Disposal of High-Value Assets:**
 - Items with a market value **of Taka 200,000 or more** must be sold through a **public tender** and sealed bidding process.
 - The disposal committee will oversee the process, and the final decision must be approved by the **Board**.
 - This ensures transparency and maximizes the potential to secure the best price for the Asset.

4.12 Transfer of Assets

The transfer of Assets within BISAP will follow these guidelines to ensure proper Accountability and documentation:

1. Accounting for Transfers:

- Both the transferring and receiving departments or sections must appropriately Account for the transfer of Fixed Assets.
- This applies to **interdepartmental transfers** (between departments) and **intradepartmental transfers** (within the same department).

2. Approval for Transfers:

- Transfers between departments require approval from both the **transferring department head** and the **receiving department head**.
- Transfers between Projects are **not allowed** unless prior agreement is secured from both Donors involved, and written approval is obtained.

3. Confirmation of Transfers:

- Once a transfer is completed, the receiving department must confirm the Asset transfer details.
- For intradepartmental transfers, the department is responsible for:
 - Recording all relevant information related to the transfer.
 - Updating the Fixed Assets Register to reflect the new location or department.

Financial Management

5.1 General

Financial Management is a critical function within any Organization. To ensure the best use of available resources, BISAP will focus on Economy and Efficiency in all financial transactions, ensuring they align with the interests and objectives of the Organization.

5.2 The Funding Agreement

The Funding agreement between BISAP and the Donor establishes the framework for the Project. It should clearly outline the following key aspects:

- **Activities:** A detailed description of the activities required to achieve the Project deliverables.
- **Funding:** The Financial provisions of the Project, including the total Funding Amount.
- **Reporting Requirements:** This includes both narrative and financial reports, with specified reporting periods.
- **Management of Funding:** Guidelines on how the Funding will be managed, including the procurement of goods and services.
- **Budget Stipulations:** Detailed instructions regarding the application of Funds as per the approved Project Budget.

5.3 Fund Management

1. Receipt of Funds:

- All Grants, Donations, contributions, interest income, and other receipts must be deposited directly into BISAP's Bank Account immediately upon receipt.
- **Cash receipts** should be strongly discouraged. If any Funds are received in Cash, the Finance Department must immediately prepare a credit voucher and enter the Funds into the Books of Accounts under the relevant heads.

2. Borrowing from Operational or Mother Account:

- If there are insufficient Funds in a Project Account, or if a Donor is delayed in transferring Funds, BISAP may take an **interest-free loan** from its operational or Mother Account, provided Donor Approval is obtained.
- This loan is to be repaid as soon as the Project Account has received the necessary Funds. All transactions related to this loan will be processed through the Bank.

3. Fund Transfer to Project Accounts:

- Upon receiving Funds in the Mother Account from a Donor, BISAP will promptly transfer the Funds to the relevant Project Account.
- The **necessary documentation** (such as Fund requests, acknowledgements from the Project Account, and copies of Bank Statements showing amounts received) must accompany the Debit Voucher for the Mother Account.

4. Management of Idle Funds:

- BISAP will manage any idle Funds in its General Account by depositing them in **interest-bearing term Deposit** or **Fixed Deposit Accounts**, as deemed beneficial for the Organization.

- Idle Funds will be periodically assessed by Management and, when appropriate, invested in forms that provide the highest possible return among secure investment options.

5.4 Custody of the Fund

The Director and the Finance Officer shall jointly serve as the custodians of BISAP's resources. The Finance Officer is responsible for ensuring robust financial controls and providing financial management advice to the Director as needed.

To enhance the efficient and effective management of BISAP's resources, the Director may delegate custodial powers in writing to a senior staff member. Such delegation will be documented and carried out in alignment with BISAP's policies and procedures.

5.5 Bank Account Operation

5.5.1 Opening Bank Account

BISAP shall open Bank Accounts with Scheduled Banks, subject to the approval of the Executive Committee, and the purpose and justification for opening each Account must be clearly outlined.

5.5.2 Mother Account

Funds received from foreign Donors will be deposited into BISAP's Bank Account, which will be called the '**BISAP-Mother Account**'. This Account will be operated in accordance with the provisions of BISAP's constitution. As stated in the constitution, the Organization shall also open separate Project Bank Accounts in scheduled Banks for each Project area. The **BISAP-Mother Account** for both foreign and local Grants shall be jointly operated by the **Chief Executive, Treasurer, and Chairman** for any transactions. The Chief Executive's signature is mandatory for all Cheque, with one additional signatory required from the remaining Authorized Persons.

5.5.3 Project Bank Account

Project Operational Accounts, whether at the head office or center offices, shall be operated jointly by the **Project/Program Head, Coordinator (A&F), and Center Manager** for amounts up to **Tk. 25,000**. For amounts exceeding **Tk. 25,000**, the **Chief Executive's signature** is mandatory, along with one other Authorized signatory. For any individual expenditure where the total value exceeds **Tk. 25,000**, **splitting** of the expenditure is prohibited.

5.5.4 General Management Fund Account

BISAP shall maintain a separate Bank Account for its **General Management Fund**, into which local contributions and miscellaneous incomes will be deposited. This Account will be operated jointly by the **Coordinator (A&F) and Admin Head** for amounts up to **Tk. 25,000**. For amounts exceeding **Tk. 25,000**, the **Chief Executive's signature** is mandatory, with one additional Authorized signatory required. Alternatively, in the event of a General Body Meeting resolution, the signatories for operating the Bank Accounts may be nominated by the meeting, with appropriate limits as deemed necessary.

5.5.5 Staff Salary Transit Accounts

BISAP may maintain a **Separate Bank Account** for common/pool staff salary-related transactions, where salary and other staff benefits will be transferred on a monthly basis from the respective Project Bank Accounts. This Account will be called the '**BISAP Core Staff Salary Account**'.

The Salary and other benefits will be disbursed to each Employee's individual Bank Account through Bank transfer instructions. This Account shall be operated under the **joint signature of the Chief Executive, Finance Coordinator, and Administrative Coordinator**.

A **Salary Sheet** should be prepared for all Employees and made available to Donors who are reimbursing the Salary Costs. Additionally, **Bank reconciliation** should be performed every month to ensure the accuracy of the salary statement and transactions.

5.5.6 Closing of Bank Accounts

Upon the completion of a Project, the Bank Account associated with the Project shall be closed with the approval of the **Executive Committee**. If the contract/agreement period with the Donor for a specific Project/Program ends and there is no further extension, or if circumstances arise necessitating the closure of the Bank Account, the Account shall be closed in accordance with the terms outlined in the agreement between BISAP and the Donor.

5.6 Internal Control on Payment

BISAP must implement safeguards for all Grant Property, including Cash and other Assets, ensuring that they are used exclusively for Authorized Purposes. To enhance control, the duties within the Organization should be divided so that no one person handles all aspects of a transaction from start to finish. While complete separation of functions may not always be feasible, particularly in small Projects, effective control can still be achieved through careful planning and assignment of duties. Some of the key internal control techniques are simple but effective. The same person should not perform the following duties:

- Preparation of Bank reconciliations and approval thereof
- Preparation of requisitions and approval of expenses
- Accounting entries and approval of expense reports

Where required by a Donor agency, a **Separate Bank Account** should be opened specifically for the Donor's approved Budget and Activities. **Transfers between Donor Bank Accounts are prohibited.** However, Funds may be transferred from the **General Account** to a Donor Account only if Funds are running low or are delayed by the Donor.

Bank reconciliations should be conducted on a monthly basis by the **Financial Officer**, checked by the **Coordinator of Finance & Administration**, and approved by the **Chief Executive**.

All Payments must be made based on supporting Vouchers and documents to ensure the following:

- Purchased goods and services are in accordance with the approved Budget or Authorized by the appropriate Authority, in line with the **Delegation of Authority**.
- Proper requisition for procurement of goods and services has been raised.
- Approved **Purchase orders** have been issued upon supply of goods or services.
- Goods or services have been received as per specifications or requirements.
- **Invoice, Memo, Bill**, and other necessary supporting Vouchers and documents are enclosed.
- Terms and conditions of the **Purchase Order** have been fulfilled.
- Bills and Invoices should be stamped as "**PAID**," and the voucher should be numbered after processing the Payment. This ensures the possibility of **Double Payments** is eliminated.

For bills/invoices from the **Project/Center**, the **Project Manager** will approve the bills/invoices and forward them to the **Accounts and Finance Department**.

The Organization must also establish a **Segregation of Duties (ESD)** system that ensures one employee's work is routinely checked by another employee. This ensures a system of checks and balances and prevents potential errors or fraudulent activity.

5.7 Disbursements

- All disbursements shall be made by **Cheque** or **Bank-to-Bank transfer**, except when **Cash disbursements** are recommended by the **Coordinator of Accounts and Finance** and authorized by the **Chief Executive**.
- **Payment vouchers** must be prepared, certified, and approved before any disbursement is made.
- Cheque or Payment instructions to the Bank shall be signed **jointly by two signatories**.
- Adequate evidence of receipt must be obtained for all disbursements.
- Disbursements shall be recorded in the Accounts on the **date of disbursement**. Any Payment over **Taka 10,000** must be made by an **Account Payee Cheque** favoring the beneficiary. If the recipient does not have a Bank Account, Payment may be made **in Cash** or by **Cash Cheque** upon receiving a request from the recipient, duly recommended by the concerned Project coordinator/department head and approved by the Chief Executive.
- **Cheque** must be drawn in **strict numerical order**.
- **Cheque** should be made out to the payee exactly as per the **Payment Voucher**.

5.8 Receipt of Money

- Only **designated officials** shall receive the money.
- An official **printed pre-numbered money receipt** shall be issued at the time of receiving money. The receipt will contain **three (3) copies**: one for the recipient, one for the voucher, and the remaining copy to be kept in the Books.
- All receipts must be recorded in the **Books of Accounts** on the date of receipt.
- All money received shall be deposited intact into the designated Bank **not later than the next business day** following the date of receipt.

5.9 Petty Cash Imprest Account

- In addition to Bank Accounts, the **Finance Department** at **Head Office** and **Field Office** shall have a **petty Cash imprest Account** to cover day-to-day office expenses.
- The **Petty Cash Imprest Account** shall be maintained to the extent of **Tk. 20,000** at the Head Office and **Tk. 10,000** at Branch or Field Offices. Amounts exceeding these limits should be paid by Cheque from the operational Bank Accounts.
- Expenses covered by petty Cash may include items like **tea, sugar, paper, stationeries, small repairs, and maintenance**, etc.
- All petty Cash expenses must be approved by the **Project Coordinator** at the Project level.
- Individual Payments from petty Cash shall not exceed **Tk. 5,000**.
- The **custodian** must ensure that the petty Cash Fund is used only for **authorized purposes**.
- The custodian will be **personally liable** for the proper management and **safe-keeping** of the Fund.
- The custodian must ensure that **personal Funds** are NOT commingled with petty Cash Funds.
- It is recommended that petty Cash Funds be kept in a **locked box** and in a **locked desk drawer** during working hours. At the end of each day, the petty Cash box should be locked in the **office safe**.
- The **Chief Executive** shall assign an officer for conducting a **surprise audit** of the petty Cash position.

5.10 Petty Cash Disbursements

- A **Cash disbursement voucher** should be prepared to record all disbursements from the petty Cash Account. This voucher must be **signed by the payee** upon receipt of the money.
- In principle, individual Payments from petty Cash should **NOT exceed the equivalent of Tk. 1,000**.

- Each month, the **petty Cash disbursement voucher** should be numbered consecutively. All relevant details, including a reference to the Account against which the expenditure will be debited, should be provided.
- **Temporary advances** to staff members covered by an "IOU" or a note signed by the staff member must **NOT** be made from the petty Cash Fund under any circumstance.

5.11 Replenishment of Petty Cash

- When the **petty Cash imprest Fund** is exhausted to around **75%** of the allocated Fund, the **Cash Book** must be updated with the expenses after the **approval of vouchers**. A fresh requisition for replenishment of the petty Cash imprest Account shall be raised. The **Cash Payment Voucher**, together with all required supporting documents, must be attached to the Payment voucher and retained in the voucher file.
- When replenishment is required, the **Petty Cash Replenishment Form** should be completed in **duplicate** (either typed or photo-copied) by the finance officer.
- Before replacing the imprest Cash, the **finance department** shall ensure that vouchers have been prepared for the expenses made from petty Cash and have been **approved by the Program Manager**.
- Replenishment of the petty Cash imprest Account is to be accomplished by processing a **Payment voucher** supported by:
 - A copy of the **Petty Cash Replenishment Form**.
 - The **analysis of expenditures**.
 - A **Cheque** will then be drawn for the amount disbursed, Cashed at the Bank, and the proceeds handed over to the custodian of the petty Cash Account. The custodian should sign the relevant **Payment voucher** to signify receipt of the petty Cash replenishment.
- The **Payment voucher** issued for the replenishment of the petty Cash will be posted to the **Petty Cash Book** in the same manner as any other Payment voucher, providing a complete distribution of such expenditures and using as many lines as necessary to record all the transactions.
- **Petty Cash advances** may be made to officials for the purpose of petty purchases or meeting **urgent requirements**.

5.12 Petty Cash Reconciliation

- **Receipts** for expenses must be submitted to the petty Cash custodian by the **end of the working day**.
- **Petty Cash vouchers** and a **summary of petty Cash statement** shall be maintained by the petty Cash custodian.
- The **petty Cash custodian** shall be personally responsible for the safekeeping of the Cash.
- **Spot-checking** will be conducted from time to time by the **Coordinator Accounts and Finance** and **Admin/Program Coordinator** or designated officials at both **Headquarters** and **district levels**.
- All advances should be made through the **IOU slip**, and a **track record** must be kept for all advances in the **IOU slip register**.

5.13 Bank Statement

- A **Bank Statement** must be collected from the Bank for each Bank Account on a **monthly basis** within **3 days** of the following month.

5.14 Bank Reconciliation

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

5.15 Bank Accounts Signatories

The **Finance and Accounts department** will prepare a **Bank Signatory list** in the following manner. This list will be updated according to any changes in the Bank signatories.

Bank with	Account	Nature	Purpose	Bank Signatories	Signing Option

5.16 Authorized Bank Account Signatories

- The **Board**, on the advice of **Top Management**, should decide on the **authorized Bank Account signatories**. All Cheque or other Funds transfers to third parties must be signed by **two valid signatories**.
- BISAP's Bankers should be informed of all **approved signatories** and should be provided with **specimen signatures**. **Signatories cannot be changed** without the express approval of the **Board**.

5.17 General Payment Procedures

Payment Vouchers

- All Payments must be supported by **vouchers** in the prescribed form, and **receipts** must be obtained for all **Cash Payments** at the time of Payment.

Preparation of Payment Vouchers

The following procedures must be followed when preparing Payment vouchers:

1. **Numbering:** All Payment vouchers must be numbered with the **Cheque number**.
2. **Filing:** Payment vouchers should be filed in **numerical order** immediately after Payment is made. **Unfiled vouchers** should not be left in the office.
3. **Voucher Format:** Payment vouchers must be prepared in **printed format**.

Particulars Required on Payment Vouchers

Each Payment voucher should contain the following:

1. **Details:** Full details to explain the reason for the Payment and to show that the amount is correct and chargeable to the appropriate heading.
2. **Reference:** A reference to the authority for the expenditure (e.g., supporting documents, minutes, reference, or contract number).

Documents in Support of Payment Vouchers

1. Where applicable, vouchers must be supported by **original invoices**. **Statements of Accounts** should not be accepted for Payment purposes.

2. If the original invoice is mislaid, a **duplicate** must be obtained and certified that the original cannot be traced and that Payment has not been made previously.
3. For purchases, the Payment voucher must include the following:
 - **Purchase Order**
 - **Certificate of Completion** (for works)
 - **Inspection report** (for supplies & services), along with delivery notes where applicable.

Signature on Payment Vouchers

1. Signatures Required:

- The **original Payment voucher** must be signed by:
 - The **person preparing** the voucher
 - **Authorized officer** for full authorization
 - **Countersigned** for Payment by the Finance and Accounts Officer
 - **Checked** by the Coordinator (Accounts and Finance)
 - The signature must be in **permanent ink** or **ballpoint pen**.
2. The **responsible officer's signature** certifies that the voucher is correct in every respect, including:
 - Ensuring the service was performed.
 - Correct charge to the allocation code.
 - Verification of computation and casting.
 - Ensuring the person is entitled to receive Payment.
 - Verification of deductions, including repayment of advances or liabilities.
 - Compliance with Financial, tax, and other regulations.

Cheque Verification

When signing Cheque, the following should be verified:

- **Consistency of Information:** Ensure that the payee on the voucher/Cheque stub/Cheque/Cheque schedule is the same.
- **Amount:** Confirm that the amount on the voucher/Cheque stub/Cheque/Cheque schedule matches.
- **Words and Figures:** Ensure the words and figures on the Cheque agree and the date is correct.
- **Stamps & Crossing:** Confirm that the Cheque has all necessary stamps and crossings.
- **Voucher and Schedule Numbers:** Verify that the correct numbers are on the schedule and voucher.
- **Authorization:** Ensure that Vouchers are properly Authorized and stamped "**Paid**".
- **Previous Signatures:** Ensure that prior signatories have signed in all appropriate places.

Examination of Payment Vouchers

- All Payment Vouchers must be examined by the **Finance and Accounts Department** to ensure that:
 - The required documentation is present.
 - The Payment Voucher is correctly coded and arithmetically correct.
 - Budgetary provisions have been made.
- The examining officer should **initial** the Payment Voucher in the relevant place to indicate review.

GRANT MANAGEMENT

6.1 Introduction

Grant management involves numerous tasks that span both programmatic and Financial areas. Effective coordination between finance and program teams is essential to avoid duplication of efforts or critical tasks being overlooked. A lack of collaboration poses significant risks, including inefficiencies and potential compliance issues.

6.2 Understanding Grant Conditions

Both program and finance teams must thoroughly review the signed agreement to identify compliance requirements for each area that BISAP is obligated to follow.

Failure to understand and adhere to these conditions may lead to significant Financial Consequences, such as:

- **Unrecoverable Costs:** The Donor may deem certain expenses as 'unallowable' and refuse reimbursement.
- **Reimbursement Requests:** The Donor could demand repayment if Funds are misused or if compliance conditions are breached.

Careful scrutiny of the agreement ensures the Organization avoids unexpected liabilities.

6.3 Tracking Restricted Funds

Restricted Funds are earmarked for specific purposes as agreed upon with the Donor. These Funds cannot be used for other expenses, making meticulous tracking essential.

Key Steps to Track Restricted Funds:

- a. Gain a clear understanding of how Donors allow restricted Funds to be utilized.
- b. Monitor and document all expenditures and income related to each project Funded by restricted contributions.

Maintaining transparency and compliance in restricted Fund Management builds trust with Donors and ensures Accountability.

6.4 Monitoring and Reporting to Donors

Donors typically require periodic reports in specific formats and within specified timelines. These reports often include both narrative and financial components, which must align and complement one another.

Importance of Compliance with Reporting Requirements:

Meeting Donor reporting conditions is crucial to maintain credibility and ensure continued Funding. To achieve this, the program and finance teams must collaborate and prepare a comprehensive checklist based on the agreement's conditions. The checklist will guide the preparation and review process.

Steps for Effective Monitoring and Reporting:

1. **Account Code Mapping:** Set up your Chart of Accounts to align with the Donor's coding system, if different.
2. **Understand Reporting Requirements:** Clearly identify and document each Donor's reporting expectations.
3. **Internal Timelines:** Develop a timetable with internal milestones, such as Bank reconciliations and advance Accountability reviews, to ensure reporting deadlines are met.
4. **Report Review:** Prior to submission, program and finance teams will jointly review the report using the checklist. A documented review report will be signed by the Chief Executive for final approval.

By implementing these steps, BISAP can ensure accurate and timely reporting, fostering a strong relationship with Donors.

6.5 Grant Closure

The end of a Grant often marks the conclusion of a project. To ensure a smooth and compliant closure process, preparations should begin 3 to 6 months prior to the Grant's end date.

Key Considerations for Grant Closure:

- **Expense Forecasting and Adjustments:**
Accurately forecast remaining expenses and make any necessary adjusting entries to finalize the Financial Accounts.
- **Optimal Fund Utilization:**
Maximize the use of remaining Funds on meaningful, beneficiary-focused activities, while adhering to Donor guidelines.
- **Document Management:**
Ensure all supporting documents are securely filed and readily available for audit or future reference.
- **No-Cost Extensions:**
Evaluate the need for a no-Cost extension and submit an application if appropriate to extend the impact of the Grant.
- **Asset and Equipment Disposal:**
Arrange for the proper and compliant disposal or transfer of assets and equipment in line with the Donor agreement.
- **Staff Transition Planning:**
Make necessary arrangements for staff transitions, ensuring compliance with contractual obligations and labor laws.
- **Final Donor Report Preparation:**
Prepare a comprehensive final report for the Donor, ensuring it includes both narrative and financial components that meet reporting requirements.
- **Final Audit:**
Organize and complete the final audit, ensuring all records are accurate, complete, and accessible for review.

BUDGET AND BUDGETARY CONTROL

7.1 Purpose of a Budget

A Budget is a Fundamental management tool for planning, monitoring, and controlling the finances of a project or Organization. It provides an estimate of income and expenditures over a specific time period. Budgets serve several critical purposes, including:

- **Monitoring Finances:** Tracking income and expenditures throughout a fiscal year or project timeline.
- **Informing Decision-Making:** Guiding adjustments to programs or goals based on financial realities.
- **Forecasting:** Anticipating income and expenses for projects, including the timing and availability of Funds, such as additional Grants.
- **Promoting Accountability and Transparency:** Providing a clear financial framework to demonstrate responsible use of Funds.

For Funders, Budgets are essential tools that provide Funders with a clear understanding of the Organization's work and Financial Planning, Funders assess Budgets to determine:

- How the Organization plans to use Grant Funds.
- Other sources of Funding for the project or Organization.
- Whether the Budget reflects local Costs.
- If expenditures align with proposed activities.
- Whether the Budget adheres to the Funder's guidelines.
- The percentage allocated for overhead Costs, such as salaries, rent, and utilities.

7.2 Budget Period

Budgets are typically prepared for:

- **One Operating Year:** Aligning with a calendar or fiscal year.
- **Multi-Year Periods:** Such as a three-year or five-year project Budget.
- **Project-Specific Durations:** Tailored to the timelines of specific projects or programs.

To ensure smooth operations, BISAP may also prepare monthly or quarterly Budgets to track progress and facilitate timely financial adjustments.

7.3 Budget Components

When preparing a Budget, it is crucial to include the following components:

a. Income

Funders value diverse revenue sources, which demonstrate financial sustainability beyond reliance on a single Funding source. Possible income streams include:

- Grants
- Government contracts
- Foundation Funding
- Individual contributions

b. Expenses

Expenses should be itemized and broken down into unit Costs to provide transparency and clarity. For example, specify daily fees or travel Costs per participant.

Budget Headings

Consistency in Budget headings across the Organization simplifies bookkeeping and enhances reporting accuracy. Typical Budget headings may include:

- Staff salaries
- Rent and utilities
- Communication (e.g., telephones, internet)
- Equipment and supplies
- Insurance
- Fuel
- Travel expenses
- Consultant fees or expert services

By ensuring clear, well-structured Budgets, BISAP can maintain financial clarity, improve Donor trust, and enable better project implementation and oversight.

7.4 Budget Preparation Process

Effective Budget preparation and monitoring require careful planning and collaboration. The following steps outline the process:

- 1. Activity Planning**
 - Identify and plan the activities for the Budget period in coordination with the relevant team, ensuring alignment with the Grant requirements.
- 2. Expense Estimation**
 - Determine the expected expenses by category. Use past Budgets or invoices as references, factoring in Cost-of-living increases or inflation if applicable.
- 3. Income Estimation**
 - Forecast income sources, including Grants, local Funds, international Funding, government support, and in-kind contributions (e.g., donated supplies or services).
- 4. Balancing Income and Expenses**
 - Analyze the gap between income and expenses. Adjust the Budget as needed to achieve balance by reducing expenses or revising activity plans.
- 5. Contingency Planning**
 - Develop a plan to address unexpected circumstances, such as delayed Funding, crises, or price fluctuations, to ensure financial stability.
- 6. Stakeholder Engagement**
 - Present the draft Budget and Cash flow statement to the Budget review committee for input and endorsement. Transparency with stakeholders helps build trust and legitimacy for the Organization.
- 7. Finalization**
 - Incorporate feedback, finalize the income and expense Budgets, and establish the timing for expenditures and income.

7.5 Submission of Budget

- The **Program Coordinator/Project Coordinator**, along with their team, prepares the program Budget and submits it to the **Coordinator of Accounts and Finance** for review and verification of arithmetic accuracy.
- The **Coordinator of Accounts and Finance** then forwards the reviewed Budget to the **Chief Executive** for final review.

7.6 Budget Approval

- The **Chief Executive** presents the project Budget to the **Executive Committee** for final approval after receiving approval from the respective Donors.
- The **Organizational yearly Budget** must be submitted to and approved by the **General Board** to ensure alignment with the Organization's strategic goals.

7.7 Budgetary Control

Budgetary control is a system designed to plan and monitor Costs to ensure that Organizational goals are achieved. It involves:

- Establishing Budgets for planned activities.
- Regular comparison of Budgeted versus actual Costs.
- Analyzing variances.
- Taking corrective measures as needed.

The following roles and responsibilities define the budgetary control process:

Responsible Officer	Descriptions	Documents
Coordinator (Accounts and Finance)	Ensures that all payments or expenses are checked for Budget compliance and align with the approved Budget.	Monthly Budget Reports
Accounts Officer	Prepares monthly Budget monitoring reports, including:	a) Period Actual b) Period Budget c) Period Variance d) Cumulative Year-to-Date Actual e) Cumulative Year-to-Date Budget f) Cumulative Year-to-End Variance Budget
Coordinator (Accounts and Finance)	Performs variance analysis of the Budget and prepares a report for expenditures exceeding a 5%-10% variance.	Budget Variance Analysis Report
Project Coordinator	Reviews Budget variance analysis reports, makes recommendations for action, and communicates them to stakeholders and the Chief Executive.	Budget Variance Analysis Report

7.7.1 Budget Structure

An effective budgetary control system requires a well-organized Budget structure, which should include the following components:

1. **Program/Activity:** Allocate Budget lines to specific programs or activities for clarity.
2. **Cost Centre:** Group expenses by Cost center to track expenditure across different Organizational units.
3. **Chart of Accounts (Budget Line Items):** Maintain consistency in Budget line items to simplify monitoring and reporting.

Additionally, the system should include a clearly defined **organogram** that outlines the responsibilities of each position involved in Budgetary Control. This ensures Accountability and streamlined decision-making within the Organization.

7.7.2 Transfer of Budget

If permitted by the Donor, transferring Funds between Budget lines may be allowed under the following conditions:

1. **Submission of Request**
 - The **Program Coordinator/Project Coordinator** must submit a formal request with a valid justification for transferring Funds from one Budget line to another.
2. **Review and Recommendation**
 - The request is reviewed and recommended by the **Program Coordinator/Project Coordinator** to the **Chief Executive** for approval.
3. **Approval**
 - The **Chief Executive** is responsible for approving the transfer of budgetary allocation from one Budget head to another.
 - Such transfers must not create any additional financial obligations for the Organization.
4. **Confirmation**
 - After the Chief Executive's approval, the **Program Coordinator or their designate** must confirm the transfer in writing to officially implement the Budget change.
5. **Transfer Limit**
 - Transfers of Funds from one Budget line to another cannot exceed 100% of the amount originally Budgeted for the receiving Budget line.

Inventory Management

8.1 Description

According to IAS 2, inventories are assets that:

1. Are held for sale in the ordinary course of business.
2. Are in the process of production for such sale.
3. Exist in the form of materials or supplies to be consumed in production or service delivery.

In BISAP's context, inventories typically consist of materials or supplies used during project implementation.

IAS 2 prescribes that inventories should be valued at the lower of Cost or net realizable value. All resources should be recognized as assets if they meet the definition and recognition criteria outlined in the framework.

Proper store management ensures:

- Efficient use of materials.
- Minimization of wastage.
- Accurate record-keeping of materials.

The **Stores-in-Charge** is responsible for maintaining a **Stock Register**, where all receipts and issues of materials are recorded. The store must be securely locked and stored in a safe location.

8.2 Receiving Procedure

The **Storekeeper** is responsible for verifying materials received based on the **Purchase Order (PO)**.

1. **Goods Received Note (GRN):**
 - The **Store-in-Charge/designate** prepares a GRN upon receiving materials based on the Vendor's Challans and the work order.
2. **Recording Materials:**
 - All items received must be immediately recorded in the **Stock Register** with details of quantity and price.
3. **Document Submission:**
 - The **Store-in-Charge** must send the following documents to the Accounts Section for verification and payment processing:
 - Delivery Challans.
 - GRN.
 - Purchase Order.

8.3 Issuing Procedure

To streamline issuing store items, specific time slots should be designated, such as one hour in the morning and one hour in the afternoon. A notice regarding these timings should be displayed at the store's entrance.

Issuing Process:

1. Store items should only be issued via a **Store Requisition Form (SRF)**.
2. The **Storekeeper** will issue items to authorized staff upon receiving an SRF.
3. All issued items must be recorded in the **Stock Register** with details of quantity and price.

4. Recipients must:
 - Sign the **Stock Register** to acknowledge receipt.
 - Submit the completed SRF with details of received items.

Access Control:

- The store should be located in a secure area with restricted access to unauthorized personnel.

Individual Inventory Register (IIR):

- Maintain an **Individual Inventory Register (IIR)** for all office items (e.g., calculators, mobile phones, motorcycles, computers, printers).
- These items must be tracked, and upon resignation or separation of a staff member, items must be reconciled and returned to the Organization.

8.4 Valuation of Inventories

BISAP may expense inventory items at the time of procurement. However, in all other cases, the Organization will apply the **average Costing method** for issuing store items to ensure uniformity in the store accounting system.

8.5 Maintaining a Stock Register

The **Stock Register** is a critical document and must be maintained diligently as follows:

- **Project-wise Maintenance:**
 - The register should be maintained separately for each project at the office where the goods are procured or stored centrally.
- **Receipts:**
 - The **receipts column** must be updated as soon as fresh stock arrives.
 - The **responsible person** for the stock must initial the quantity recorded in the stock register.
- **Requisition System:**
 - All requisitions must be **numbered** and prepared in duplicate:
 1. One copy remains in the central store.
 2. The duplicate is sent to the Accounts Section.
- **Issues:**
 - All issued items must be recorded in the **Stock Register** immediately.
 - The register must be updated daily to ensure accuracy and real-time tracking.

8.6 Store Item Reconciliation

To maintain Accountability and accuracy, physical inventory reconciliation of store items will be conducted as follows:

- **Semi-Annual Physical Inventory:**

A physical inventory of store items must be conducted **twice a year** by a **non-finance staff member**.
- **Surprise Checks:**

Management may also conduct **surprise physical verifications** whenever deemed necessary.

- **Reconciliation:**
 - Physical stock balances must be reconciled with the balances recorded in the **Stock Register**.
 - This reconciliation should occur at the end of every **Financial reporting period** or the **Organization's fiscal year**.
- **Inventory Report:**
 - The **Store-in-Charge/designate** should prepare an inventory report after the reconciliation process.
 - This report must be reviewed and approved by the relevant authority.
- **Adjustments for Discrepancies:**
 - Any **excess or shortage** of items found during reconciliation should be adjusted in the Accounts upon receiving approval from the **Chief Executive** or an appropriate authority.
 - Corresponding adjustments should also be reflected in the **Stock Register**.

Category of Financial Transactions & Voucher

9.1 Major Group

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

9.1.1 Income

Income represents all Funds received or receivable, including:

- Fees and subscriptions.
- Donations and contributions.
- Grants.
- Interest earned.
- Considerations received or receivable for goods and services provided during normal operations, net of discounts and applicable sales taxes (if any).

9.1.2 Expenditure

Expenditure refers to:

- Payments made or liabilities incurred for goods or services received.
- Costs associated with depreciation, amortization, and other operational requirements.

9.1.3 Liabilities

Liabilities represent obligations owed to third parties, such as:

- Amounts payable for goods or services received.
- Obligations classified as **current liabilities** if they are due to be settled within a short period.

9.1.4 Assets

Assets include resources owned or controlled by BISAP to facilitate operations and improve productivity. These are classified as:

- **Fixed Assets:**
 - Items such as property, plant, and equipment acquired or received by BISAP, expected to provide long-term economic benefits.
- **Current Assets:**
 - Resources expected to be realized, sold, or consumed in the normal course of operations.

Examples include:

- Cash and Cash equivalents.
- Advances.
- Inventories.
- Receivables.

9.2 Vouchers

To record financial transactions, BISAP uses three types of vouchers based on the nature of the transaction:

9.2.1 Receipt or Credit (Cr) Voucher

This voucher is used to record amounts received in Cash, Cheque, pay order, demand draft, or any other form.

Examples of Transactions Recognized through Receipt or Credit Vouchers:

- Repayments of loans or advances.
- Grants or donations.
- Interest income.
- Collections against dues.

9.2.2 Payment or Debit (Dr.) Voucher

This voucher is used to record amounts paid out in Cash, Cheque, pay order, demand draft, or any other form.

Examples of Transactions Recognized through Payment or Debit Vouchers:

- Payments for goods or services.
- Settlements of liabilities.

9.2.3 Journal Voucher

A **Journal Voucher** is used for:

- **Account adjustments:** This may include both Cash and non-Cash transactions.
- **Rectification of errors or omissions:** Used to correct mistakes or omissions in the Accounting records.
- **Transfer of ledger Account balances:** This is a non-Cash transaction, used to move balances between Accounts.

9.2.4 Branch Office Record

Branch offices will maintain the following records and documentation:

- **Cash Book:** A record of Cash Receipts and Payments.
- **Receipts and Payments Accounts:** Prepared at the end of each month along with a reconciliation statement.
 - **Process:**
 - Document prepared by the Assistant Accountant.
 - Reviewed by the Supervisor.
 - Approved by the Center Manager.
- **Other Records:**
 - Fixed Assets list.
 - Log books.
 - Stock Registers.
 - Attendance Registers.
 - Any other necessary Registers required for Project Documentation.

9.3 Chart of Accounts

BISAP will develop a **Chart of Accounts** based on the nature of each Project. The basic structure will include the following categories:

1. **Income**
 - Grants
 - Bank Interest
 - Other Income sources
2. **Expenses**
 - Operating and administrative expenses
3. **Fixed Assets**
 - Property, plant, and equipment
4. **Bank Accounts**
 - Cash in hand
 - Bank Accounts
5. **Loan**
 - Outstanding loans or borrowings
6. **Equity**
 - Opening balance equity
 - Funds
 - Retained earnings
 - Unrestricted net assets
7. **Other Account Types:**
 - **Accounts Receivable:** Amounts due to BISAP.
 - **Accounts Payable:** Amounts owed by BISAP.
 - **Other Assets:** Miscellaneous Assets.
 - **Other Current Assets:** For example, Advances.
 - **Other Current Liabilities:** For example, VAT Payable, Loans Receivable.
 - **Long-term Liabilities:** Obligations due after more than one year.
 - **Other Income:** Non-recurring Income.
 - **Other Expenses:** Non-recurring or extraordinary expenses.

Bookkeeping and Accounting

10.1 General

The **bookkeeping and Accounting** of BISAP's financial transactions will be carried out in a properly designed **Computerized Accounting System** or manually, in alignment with **International Accounting Standards** as adopted in Bangladesh (to the extent applicable to BISAP).

10.2 Responsibility

The **Finance Department**, under the overall supervision of the **Chief Executive**, is responsible for:

- **Maintenance of Financial Accounts**
- **Generation of periodic reports**
- **Providing Financial Information** to the Management for decision-making

10.3 Presentation of Financial Statements

The Finance department is responsible for producing and presenting:

- **Monthly Financial Statements**
- **Quarterly Financial Statements**
- **Annual Financial Statements**

These reports should be submitted **within 10 days** after the close of each month, quarter, or year.

10.4 Contents of Financial Statements

The **Financial Statements** of BISAP shall include the following:

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

In addition to these, the following **supporting schedules** will also be prepared:

- **Fixed Assets Schedule**
- **Accounts Receivable Schedule**
- **Accounts Payable Schedule**
- **Advance, Deposit, and Pre-payments Sheet**
- **Liabilities and Unpaid Obligations Sheet**
- **Sources of Income Statement**
- **Others** (as required)

In case of **special instructions** from Donors, the Organization will follow the specific statements provided by the Donors.

10.5 Source Documents

Source documents are critical to providing **evidence** for every transaction. The basic rule is:

- **A document should be prepared for every transaction** at the time the transaction occurs.

Here's a breakdown of the source documents used for different types of transactions:

Transaction Type	Document
For Cash Received	Official Receipt (accompanied by validated deposit slip)

Transaction Type	Document
For Cash Disbursed	Cash Voucher (accompanied by invoice/request for payment/Cash advance form) and the check stub. For petty Cash disbursements, the Petty Cash Voucher is the source document.
For Other Transactions	Journal Voucher (accompanied by supporting documents)

10.6 Bookkeeping

BISAP will maintain its **Primary Books of Accounts** either in **electronic form** or manually, following the **Chart of Accounts** (if any). Finance personnel will have the authority to add new Account codes as needed, ensuring consistency with the basic structure of the existing Chart of Accounts.

10.7 Journalizing

- **Journalizing** is the process of recording transactions in the **book of original entry** (the **Journal**).
- A transaction must first be analyzed into its **debit** and **credit** components before recording it in the books of Accounts.
- Journalizing begins with the **source document**, which provides all the necessary details for the entry.

The basic rule for journalizing is:

- **Every source document should be recorded in the appropriate journal on a daily basis.**
- Here's how the primary **books of original entry** are categorized:

Document	Journal
Official Receipt	Cash Receipt Book
Cash Voucher	Cash Disbursement Book
Journal Voucher	General Journal

10.8 Posting

- **Posting** is the process of transferring entries from the **journal** to the **general ledgers** and **subsidiary ledgers**.
- Posting should be done on a **regular basis** (either daily or monthly), depending on the volume and frequency of transactions.
- The **ledger** is an Account format where all Accounts, grouped together, are recorded.

10.9 Trial Balance

- After completing all journalizing and posting, the **bookkeeper** checks for accuracy.
- A **Trial Balance** is prepared, which lists all ledger Accounts and their balances. This step ensures that the Accounting records are mathematically accurate.

10.10 Financial Statements

- **Financial statements** summarize the financial operations of the Organization, providing insight into its efficiency.
- These Statements are used to evaluate performance and plan future actions.
- The Financial Statements are shared with relevant parties, including:
 - **Management**
 - **Governing Board of BISAP**
 - **Members of the Organization**
 - **Donors**
 - **Government authorities**

10.11 Chart of Accounts

- The **Chart of Accounts** must be maintained as per the **approved format** by the **Head of Finance**.
- The system should facilitate easy **coding** and **de-coding** of financial data, ensuring that every piece of financial information is readily available and accessible.

10.12 Cost Center

- Each district where BISAP's activities are funded will be considered a **Cost center**.
- Cost centers can also be extended to the **Thana level** if BISAP's Bank Accounts are operated there.

10.13 Financial Reports and Disclosures

This section addresses the **general-purpose Financial Statements**, which are essential for assessing the Organization's overall Financial Status. Specific-purpose Financial Statements may differ based on Donor requirements.

- **Balance Sheet or Statement of Financial Position:**
 - This document presents the Financial Position of the Organization at a particular point in time.
 - It helps evaluate the **resources controlled, solvency, liquidity, and stability** of the Organization.
- **Net Assets:**
 - Divided into **Unrestricted** and **Restricted** categories.
 - **Unrestricted Net Assets** represent resources that are not controlled by the Donor and are not limited by legal requirements.

10.14 Reconciliation

At the end of each month and reporting period, the **Finance & Accounts Department** will prepare all Financial Reports, including the **Budget variance**. The **Coordinator-Finance and Accounts** will reconcile these reports and validate the information. The following key areas are reconciled:

- **Advance balance** in the balance sheet with individual employee/supplier/house owner ledger.
- **Written-down value** in the fixed assets with the Fixed Assets register.
- **Bank balances** with individual Bank balances and Bank reconciliation reports.

- **Aging report** of party liabilities and individual party ledgers with liabilities in the balance sheet.
- **Long outstanding balances** in the balance sheet.
- **Outstanding Cheque** that are over six months old.

The Finance and Accounts Department will organize coordination meetings:

1. **Quarterly meeting** with the Chief Executive to discuss the Financial Reports and reconcile the mentioned issues.
2. **Quarterly meeting** with each project to discuss:
 - Project expenditure
 - Fund utilization
 - Budget variance, highlighting areas of concern, such as under/over-expended projects.

10.15 Year-End Closing Procedures

To properly recognize and clarify the results of operations and financial position, the **Accounting Books** should be closed annually. Additionally, the books may be tentatively closed monthly for internal analysis and management reporting purposes. Below are the closing procedures:

Accounts Receivable

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

Accounts Payable

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

Closing Fixed Assets Accounts

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

Inventories

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

General Ledger

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

11. Travel

11.1 General

Staff members may be required to travel away from their usual workplaces for authorized missions or work. The administrative details related to travel procedures are outlined in the **Personnel and HR Manual**.

11.2 Submission of Travel Expense Report (TER)

The traveling official must submit all travel bills to the Finance Department using the **Travel Expense Report (TER)** (Annex - 28). The following documents must be enclosed with the TER:

1. **Approved trip schedule/plan.**
2. **Utilized air ticket** along with the purchase receipt (if any).
3. **Used air ticket and boarding passes.**
4. **Receipts, bills, and memos** supporting any claimed expenditure.
5. **Used bus, train, steamer, and launch tickets** in support of travel claims.
6. **Self-explanatory voucher** if supporting documents for transport (e.g., rickshaw, tempo, bike) are unavailable.
7. **Movement record** (if required).
8. **Refundable Cash or Cheque** against travel advance as per the TER, to be submitted within 5 working days after returning to the office.

11.3 Time for Submission of TER

1. The traveler must settle the **travel advance** within 6 days of completing both **foreign and domestic travel**.
2. If the traveler exceeds the Budgeted amount, reimbursement will occur after the **Travel Expense Report** is approved by the competent authority.
3. If the staff member does not refund the unspent travel advance, the Finance Department will adjust it against the staff member's **current month's salary**.

11.4 Approval of Travel Expense Report

- The TER must be submitted to the **Finance Department** with sufficient and appropriate supporting documents and approval from the concerned authority.
- The Finance Department will ensure the traveler deposits any unspent advance (excess amount) immediately after the TER is approved.

11.5 Reimbursable Costs

Traveling officials are entitled to reimbursement for the following Costs related to official travel:

1. **Local conveyance** (from residence to airport/railway station/steamer terminal/bus station and vice versa).
2. **Conveyance within the traveling area** for official duties like attending workshops, seminars, training, or project visits.
3. **Other expenses** incurred while carrying out official duties, such as long-distance phone calls (e.g., ISD, NWD), subject to **Chief Executive's approval**.
4. **Traveling Costs** such as bus, train, launch, air tickets, etc.
5. **Per Diem and lodging Costs**, as per HR policy.
6. **Car rental** for field visits, as per HR policy.

12. Legal and Statutory

12.1 Withholding Income Tax

The responsibility for **deducting tax at source** from all eligible payments lies with the Organization. Failure to deduct tax and issue certificates within the stipulated time may result in penalties under the **Income Tax Act**.

Since tax rates change periodically, the **Finance Department** will communicate the applicable tax deduction rates whenever there is a change.

The tax deducted in any given month must be deposited into the government Account by the **7th of the following month**. It is important to file **separate Challans** for each category of tax deduction, such as:

- Contracts
- Rent
- Brokerage
- Payments to professionals

The **7th of the month** is the official due date for crediting the tax to the government Account, so the deposit must be made one or two days before that deadline.

Accounting Entries for Tax Deducted at Source (TDS):

- **At the time of deducting TDS:**
 - **Expenses Account (Dr.)**
 - **To TDS Payable**
 - **To Cash/Bank**
- **At the time of depositing the TDS amount:**
 - **TDS Payable (Dr.)**
 - **To Cash/Bank**

Value Added Tax (VAT) Control Account

BISAP maintains a **separate control ledger** for VAT transactions related to materials, goods, or services purchased where the Organization is liable to deduct VAT at the time of payment.

Accounting Entries for VAT:

- **At the time of purchasing materials, goods, or services:**
 - **Purchase/Expenses Account (Dr.)**
 - **VAT Payable (Deducted amount) Account (Cr.)**
 - **Supplier/Service Provider/Creditor Account (Cr.)**
- **At the time of payment:**
 - **VAT Payable (Deducted amount) Account (Dr.)**
 - **Bank Account (Cr.)**

Before making any payment, the **Coordinator (A&F)** must reconcile the payable ledger to ensure there are no pending or outstanding balances in the control ledger.

12.2 Deeds and Agreements

Any agreement that commits the Organization to a liability, such as regular rent payments, must be reviewed and cleared by the relevant authority before it is signed. After the agreement is finalized, a copy should be forwarded to the **Administration Department** for record-keeping.

For **service agreements** like **Annual Maintenance Contracts (AMC)** for computers, software, and office equipment, these can be finalized and signed by an authorized person in collaboration with the **Finance Department**. However, it is important to ensure that the terms of the agreement are fair and do not impose unnecessary additional liabilities on the Organization.

An **Exit Clause** must be included in all agreements. This ensures that the Organization has the option to terminate the agreement in the event of **non-performance** by the other party or if there are significant changes in the Organization's operations.

12.3 External Audit

The Chief Executive on the suggestions of BISAP Board Member will appoint an auditor from the **NGO Bureau's list of empanelled auditors** to conduct the audit of the Organization's books of Accounts, in compliance with regulatory requirements. The appointed auditor will have access to the audit reports of all **Grantees** and **sub-recipients** of Funds. The same auditor may be retained for a **maximum of two years** before being replaced.

Audit Report and Management Letter:

The **Audit Report** should clearly express the auditor's opinion, which should include the following:

1. **Introduction:**
 - Title, addresses, and an introductory paragraph that includes:
 - Identification of the Financial information audited, including the period covered.
 - Statement of responsibilities for both the Organization's management and the auditor.
2. **Scope and Methodology:**
 - A paragraph detailing the audit scope, referencing:
 - The **Accounting standards** applied and any deviations from them.
 - The **audit standards** followed (e.g., BAS or ISAs).
 - A description of the work performed by the auditor.
3. **Opinion Paragraph:**
 - A statement that:
 - The **Financial statements** and supporting schedules fairly present the Cash receipts and expenditures in all material respects.
 - The **Funds** were used in alignment with the purposes defined in the work program.
 - The **Financial transactions** align with Financial regulations, procedures, Budgetary provisions, and other directives.
 - An **assessment** of the efficiency of the management and internal control systems.

This ensures that the audit is conducted with thoroughness and transparency, offering a comprehensive evaluation of the Organization's Financial practices and internal controls.

Audit Report Expansion

The auditor may expand the **Audit Report** to include additional information or explanations that are not intended as a reservation. The **Audit Report** will be provided in **English** to ensure clarity and accessibility for all stakeholders.

Management Letter

At the completion of the audit, the auditor will submit a **Management Letter** to the Organization. This letter should cover the following topics:

1. **Assessment of Efficiency:**
 - The auditor will evaluate the **administration, management, and internal control systems** of BISAP, assessing their overall effectiveness.

2. **Internal Control Weaknesses:**

- Any **specific internal control weaknesses** identified in the Financial management will be described.
- The auditor will provide **recommendations** to resolve or eliminate these weaknesses.

3. **Management's Response:**

- The letter should also include the **management's response** to the audit findings and recommendations, ensuring there is clarity on how BISAP plans to address the issues raised.

Auditor Independence

To maintain objectivity and impartiality, the auditor must be entirely **independent** from the **management** or **Financial interests** of BISAP. The auditor should not have any direct involvement with the Organization during the audit period, such as being employed by or serving as a Chief Executive for BISAP, or having any **Financial or close business relationships** with any senior management members.

If any such relationship exists, it must be disclosed by the auditor, as it could potentially compromise their **independence** in conducting the audit.

Access to Facilities and Documents

The auditor will have **complete access** to all relevant **records and documents**, such as:

- Books of Account
- Legal agreements
- Minutes of committee meetings
- Bank records
- Invoices and contracts
- Any documents relevant to the financial operations of BISAP.

Additionally, the auditor has the right to access information from **Banks, consultants, contractors**, and any other entities or individuals involved in the program's financial management during the audit review period.

12.4 Period of Preservation of Financial Documents

BISAP is required to **retain Financial Documents** for a minimum of **5 years**. This applies to all financial documents related to BISAP's operations, including those from its **programs and projects**. If there is an agreement between BISAP and a Donor that specifies a different retention period for **financial documents**, that period will apply. Additionally, BISAP may provide the Donor with original bills, vouchers, and financial documents, but only after making **photocopies** or obtaining **soft copies** of the documents.

12.5 Affix Revenue Stamp

As per the **Government's Circular** regarding the **Revenue Stamp Act**, BISAP and all its **projects and programs** must comply with the relevant provisions. This includes ensuring the proper affixation of revenue stamps where required by law for official documents and transactions.

INTERNAL AUDIT

13.1 Introduction

Internal audit is a continuous process within BISAP that reviews the Financial and management functions of the Organization. It is conducted by specially assigned staff and serves as a vital component of the overall **internal control** system. The purpose of internal audit is to ensure that internal controls are properly designed and functioning effectively, policies and systems are being followed, and that Accounting records are accurate.

The core function of internal audit is the **analysis and appraisal** of every aspect of the Organization's operations where Funds are involved. It is considered a protective and constructive tool in Financial Management, identifying any weaknesses and ensuring compliance with established protocols.

13.2 Objectives

The overarching goal of **internal auditing** at BISAP is to support management in effectively discharging their responsibilities. The specific objectives of the internal audit function include:

1. **Assisting Project Management:**
 - Helping project teams implement policies and guidelines established by BISAP or other relevant bodies.
2. **Enhancing Control:**
 - Assisting the **Head Office** in exercising control where necessary and ensuring better Fund utilization.
3. **Promoting Accountability:**
 - Ensuring that projects remain Accountable to the Organization and the wider program for the management of entrusted Funds.
4. **Preventing Administrative Lapses:**
 - Identifying defective procedures and systems within administrative operations to prevent lapses and promote corrective actions.
5. **Boosting Staff Morale:**
 - Encouraging a culture of Accountability and transparency, which will boost the morale of the staff and improve overall efficiency.

13.3 Internal Control

A robust internal control system must be in place for all program activities of BISAP. The internal control system is a process implemented by management to provide reasonable assurance regarding the achievement of the following objectives:

1. **Proper Recording and Accounting of Transactions:**

Ensuring that all financial transactions are accurately recorded and accounted for, which allows for:

 - The preparation of **reliable Financial Statements**.
 - Accountability over the Organization's **assets**.
 - Demonstration of compliance with relevant **laws, regulations**, and other **compliance requirements**.
2. **Compliance with Policies and Laws:**
 - Ensuring that all transactions are executed and recorded in compliance with:
 - **BISAP's Financial**, administrative, and operational policies and procedures.
 - Relevant **local laws** and **regulations**.
 - Provisions of **contracts** or **Grant agreements**.

3. **Safeguarding of Funds and Assets:**

- Ensuring that **Funds are properly utilized** and that **property and assets** are safeguarded against **misappropriation** or fraud.

13.4 General Guidelines

1. **Periodic Internal Audit:**

- Internal audits should be conducted periodically to ensure compliance with **BISAP's policies and procedures**.

2. **Assignment of Internal Audit:**

- BISAP will assign a specific official or a team to carry out the internal audit on a regular basis. **Professionally qualified Accountants** or audit firms may also be appointed for specific projects or BISAP-Funded activities.

3. **Audit Report Submission:**

- The internal auditor shall carry out the audit and submit a detailed audit report to the **Executive Committee of BISAP**, including findings and recommendations for improvements.

4. **Independence of Internal Auditor:**

- The internal auditor shall have **functional independence** and unhindered access to all records and documents necessary for the audit process.

5. **Review of Internal Controls:**

- The internal auditor will **review** and **appraise** the effectiveness of Accounting and administrative controls, assessing compliance with established policies, plans, and procedures.

6. **Reliability of Data:**

- The internal auditor will assess the **reliability of Accounting** data and ensure assets are properly Accounted for and safeguarded.

7. **Financial Accuracy and Compliance:**

- The internal audit will focus on ensuring **Financial accuracy** and adherence to approved policies and guidelines.

8. **Reporting Control Deficiencies:**

- Any control deficiencies found during internal audits will be highlighted in the audit report and brought to the attention of BISAP management.

9. **Action on Deficiencies:**

- The **Chief Executive** will take necessary actions to promptly address and rectify any deficiencies noted during the audit.

3.5 Functions of Internal Auditor

1. **Develop Flexible Audit Plan:**

- The internal auditor will develop a **risk-based audit plan** and submit it for review and approval by the **Chief Executive**. Any significant updates or changes will also be reported.

2. **Coordinate with External Auditors:**

- The internal auditor will consider the work of **external auditors** and regulators during the development of the audit plan to ensure optimal coverage at a reasonable Cost.

3. **Audit Plan Approval and Implementation:**

- The audit plan, as approved by the **Executive Committee**, will be presented to the **Chief Executive** for implementation. The auditor will ensure its execution, including any special tasks requested by management.

4. **Follow-up on Audit Recommendations:**

- The internal auditor will **follow up** on the implementation of previous audit recommendations and report progress to relevant management.

5. **Periodic Audit Reports:**
 - The internal auditor will issue **periodic reports** to the **Chief Executive** and management, summarizing the results of audit activities.
6. **Report on Significant Deficiencies:**
 - If the internal auditor identifies any **significant deficiencies** in internal controls that could affect financial reporting or operations, they must report these findings to the **Chief Executive**
7. **Investigation of Fraudulent Activities:**
 - The internal auditor will assist in investigating **suspected fraudulent activities** and notify management and the **Chief Executive** about the results. Any fraud involving management or significant employees must be disclosed.
8. **Support for Non-Audit Services Approval:**
 - The internal auditor will assist the **Chief Executive** in the approval process of **non-audit services** from external auditors as needed.
9. **Consulting and Advisory Services:**
 - The internal auditor may provide **consulting and advisory services** to improve the Organization's **governance, risk management, and internal controls**.
10. **Compliance with Standards:**
 - The internal auditor must ensure that audits are conducted in accordance with **international standards** and regulations, applying sufficient **knowledge, skills, and judgment**.
11. **Quality Assurance Program:**
 - A **quality assurance and improvement program** will be established to ensure effective operation of **internal audit activities**. This program will be monitored by the **Head of Internal Audit**.

13.6 End to End Process of Audit Engagement

1. **Issue Letter of Notification (LoN):**
 - The audit team prepares the **Letter of Notification (LoN)**, which is **approved and circulated by the Head of Internal Audit (HIA)**.
 - This should be done **at least 30 days before the preliminary study**.
2. **Kick-off Meeting:**
 - The meeting should take place **at least 1 week before the preliminary study**.
 - **Full attendance** from the audit team and relevant auditors is required.
 - The **minutes of the meeting** should be **prepared and circulated**.
3. **Preliminary Study:**
 - The **Team Leader** will:
 - Prepare the **Risk Assessment Matrix (RAM)**.
 - Prepare the **interview list** and **finalize the document list**.
 - **Head of Internal Audit (HIA)** will endorse the **RAM**.
4. **Field Work:**
 - The audit team will:
 - Conduct **detailed work** and **analyze data/information**.
 - **Identify potential issues**.
 - Ensure thorough **documentation, clarification, escalation, and coordination** throughout the process.
5. **Draft Report:**
 - The **Team Leader** will:
 - Prepare the **draft report**, including **initial observations**, and send it to **HIA**.
 - **HIA** will:
 - Meet with the audit team, review the draft, and make recommendations.

- **Circulate the revised draft** to relevant **Heads of Department/Division** for further review.
6. **Finalize the Action Plan:**
 - Hold a **meeting** between the audit team and the auditee.
 - **Analyze the Auditee's observations** and jointly develop the **Action Plan**.
 - Update the report based on the **agreement with the Auditee**.
 7. **Exit Meeting:**
 - Share **final observations** with the relevant **Head of Department/Project Coordinator**.
 - Any unresolved disputes should be **escalated to the Chief Executive for resolution**.
 - If the dispute remains unresolved, the final report will be issued with the **disagreements noted**.
 8. **Final Report:**
 - The **final report** should be circulated within **one day** of the **Exit Meeting**.
 - The report will only be shared with **selective recipients**.

13.7 Internal Audit Procedure

To meet the objectives of the internal audit, the following steps will be carried out:

1. **Receipt Verification:**
Ensure proper receipts are issued for all income received (whether by **Cash, Cheque, or draft**) with proper documentation.
2. **Payments Verification:**
Review the **payment vouchers** to ensure the following:
 - All vouchers are signed and sanctioned by **Admin** and **Finance/Project Chief Executive** as per the **Delegation of Authority (DoA)**.
 - Payments are made according to the established rules, with an emphasis on making all payments through **Cheques/drafts** where possible.
 - Ensure **proper Cash memos** and **Challans** are obtained. In the case of bills, ensure a **money receipt** is attached.
 - Verify the accuracy of calculations on the vouchers.
 - Perform **physical verification of Cash** and ensure there are no discrepancies.

Internal Audit Procedure (Continued)

iii) Bank Accounts:

- **Authorization:**
 - Verify that proper **authorization** has been obtained for the **opening and operation** of each Bank Account.
- **Bank Reconciliations:**
 - Ensure **Bank reconciliations** are conducted for **all Bank Accounts** and that these are **properly authorized and documented**.
- **FDR Physical Verification:**
 - Perform a **physical verification** of **Fixed Deposit Receipts (FDRs)** to ensure they match the **ledger balance**.
- **Bank Confirmation Certificate:**
 - Obtain a **Bank confirmation certificate** for **Current Accounts (CA)**, **Savings Accounts (SB)**, and **FDRs** on a **quarterly basis**.

iv) Advance Vouchers:

- **Monitoring of Advances:**
 - Review all **advance vouchers** to check whether **long advances** are properly monitored and managed.

- **Reconciliation and Settlement:**

- Ensure **reconciliation** is made for these **advance Accounts**.
- Investigate any **unsettled advances** and request an **explanation** for delays in settlement.
- Prevent the issuance of new advances until previous ones are cleared.

v) **Registers:**

- **Verification of Registers:**

- Auditors should ensure that the following **registers** are properly maintained, and the respective rules are followed:
 - **Attendance Register**
 - **Leave Register**
 - **Postal Register**
 - **Despatch Register**
 - **Money Order Register**
 - **Duty List Register**
 - **Payroll Register/Files**
 - Other regular registers
 - **Logbooks and vehicle maintenance reports**

vi) **Land Records (Site Plan Verification):**

- **Verification of Land Documentation:**

- Ensure that **land records** are properly documented and maintained.
- Report any **land disputes** or **encroachments**.
- In case of applicable issues, consider appointing an **external expert** to verify compliance with land-related documentation and regulations.

vii) **Purchases:**

- **Purchase Procedures:**

- Verify that the **purchase procedures** are followed for all acquisitions.
- Ensure that the **purchase committee** meets regularly, and that the **minutes of these meetings** are accurately recorded.

viii) **General Stores:**

- **Stock Verification:**

- Ensure that the **general stores** stock matches the balance in the **store registers**.
- Report any **discrepancies** between the recorded and actual stock.
- Ensure adequate stock is maintained according to store policies without **overstocking** or **understocking**.

ix) **Medicines:**

- **Stock Register Verification:**

- Review the **stock register** for a specific period, and verify the **purchase, issue (consumption)**, and **closing balance** of medicines.

- **Physical Check:**

- Perform a physical check of the **medicine store**, including expiry dates.
- **Expired drugs** should be identified and listed in the report, with reasons for expiry.
- Ensure that the **optimum stock level** is maintained throughout the period.

x) **Vehicles:**

- **Vehicle Usage and Monitoring:**

- Verify that **vehicles** are used efficiently for **official purposes only**.
- Check that the **movement register** is maintained and that the **monthly usage report** is accurate.

- **Insurance Verification:**

- Ensure that all **vehicles are insured**, and the policies are in force.

xi) Funds:

- **Fund Utilization:**

- Verify that **Funds** are used efficiently and effectively, in alignment with the intended purposes.

xii) Fixed Assets:

- **Compliance with Fixed Asset Policy:**

- Verify compliance with the **fixed asset policy**.
- Physically verify that **fixed assets are tagged**, and that the **fixed asset register** is maintained.
- Ensure the **safeguarding** of fixed assets.

xiii) Budgetary Control:

- **Budget Compliance:**

- Ensure that all purchases are within the **approved Budget**.
- Any **un-Budgeted purchases** must be reported to the **Project/Head of Programme** of BISAP immediately for approval.

xiv) Insurance:

- **Insurance Coverage:**

- Verify that all **high-value items** are **insured**, where applicable.
- Check that the **insurance policy** is in force and ensure timely renewal of any **expired policies**.

xv) PF Loan:

- **PF Fund Verification:**

- Verify that the **Provident Fund (PF)** is properly maintained, and its optimum **utilization** through investments is ensured.
- Ensure compliance with the **PF trust deed**

13.8 Internal Control Checklist

This checklist helps assess the sufficiency of internal controls, document existing controls, and identify areas for improvement. The internal audit should regularly review these controls, ideally annually.

A. Policies, Procedures/Guidelines

Area	Yes	No	Reason
Written policies, procedures, and guidelines for key business processes, including purchasing, Financial control, income, store & inventory control, and staff administration			
Regular review of policies, procedures, and guidelines, updating them when necessary to meet the current operating environment			
Staff's understanding of policies, procedures, guidelines, and Code of Conduct through training/briefing, promoting a compliance culture			
Standard forms for key processes/transactions, ensuring compliance and proper documentation			
Segregation of duties in critical business processes (e.g., procurement of assets, purchasing, approval, and payment)			
Where segregation of duties is not possible, implement counter checks or random checks by another staff or supervisor			
Regular internal audits of major operations (Finance and project operations)			
External audit of Accounts and operations			

B. Financial Control Procedures and Duties

Area	Yes	No	Reason
Financial management procedures for Bank Accounts, Budget control, receipts/payments, reporting, checks/audits, and handling exceptions			
Financial authorization limits for purchases and payments for different personnel levels, especially for higher values and exceptions			
Segregation of duties in Financial control (authorization, disbursement, record-keeping)			
Proper records of all Financial transactions and supporting documents maintained by staff			

C. Control of Bank Accounts

Area	Yes	No	Reason
Bank Accounts for exclusive use of projects			
Minimum two signatories for withdrawals and Cheque signing, with prompt notification to the Bank for any changes			
Prohibition of using personal Accounts for project Funds			
Prohibition of signing blank Cheques			
Bank reconciliations by a non-signatory, with approval from Coordinator of Accounts & Finance			
Review of outstanding Cheques periodically			
Controls on Cheque issuance, certification, and safekeeping of unused Cheques			

D. Budget

Area	Yes	No	Reason
Annual Budgets prepared based on project operation plans and approved by the Executive Committee			
Regular comparison of actual expenditure with the Budget and approval for necessary revisions			
Approval authority for unbudgeted or excessive expenditure			

E. Petty Cash

Area	Yes	No	Reason
Formal petty Cash system with set limits and a designated petty Cash holder			
Payments/reimbursements made with invoices/receipts or Petty Cash Vouchers, and recorded properly			
Petty Cash holder submits supporting documents for replenishment			

F. Payments

Area	Yes	No	Reason
Payments supported by invoices/receipts or vouchers, certified by the authorized user			
Verification of payee and amount before signing Cheque or making payments			
Invoices and supporting documents provided before approving payments			
"Paid" or "Processed" stamps on invoices/receipts to prevent double claims			

G. Receipts

Area	Yes	No	Reason
Payments received by Cheque or electronic means			
Day-end checks on receipts and Cash to ensure they tally			

H. Financial Statements

Area	Yes	No	Reason
Regular preparation of Financial statements, reviewed by the Chief Executive			
Monthly income and expense reports reviewed, comparing actuals with approved Budget			
Monthly projected expenses/Cash flow prepared and reviewed			
External audit of the project's Accounts			

I. Inventory Records / Asset Register

Area	Yes	No	Reason
Proper records of assets and valuable stock, including identification, location, and movement details			
Asset items labeled with identification information and staff details where possible			
Separate Accounting records maintained for assets/inventory			
Adjustments or write-offs to inventory/asset records approved by the Chief Executive			

J. Receipt, Storage and Issue of Inventory / Asset Items

Area	Yes	No	Reason
Staff verify received goods/assets against purchase orders and certify receipt			
Physical security measures for safeguarding valuable assets			
Inventory/asset records updated promptly upon receiving or issuing goods/items			

K. Disposal of Inventory / Asset Items

Area	Yes	No	Reason
Approval from the Chief Executive required for asset disposal, documented with an Inventory/Asset Disposal Form			
Inspections or random checks on disposed items, including supporting evidence where applicable			
Disposal records updated by responsible staff with supporting documents			

L. Approval of Expenditures

Area	Yes	No	Reason
Expenditures must be approved within the annual or project Budget before being incurred			
Exceptional or unusual expenditures require special approval from the Executive Committee, recommended by the Chief Executive			

14. Sub-Grant Management

14.1 Financial Management System

This section outlines the guidelines for effective management of Grant Funds by the Partner NGO (PNGO) involved in the direct implementation of the project with BISAP. Key points include:

- **Dedicated Bank Account:** The PNGO must maintain a separate Bank Account exclusively for project Funds. BISAP will transfer approved Funds through installments to this Account based on a written Grant disbursement request and compliance with any other conditions communicated by BISAP.
- **Authorized Signatories:** The PNGO's Bank Account should be operated with joint signatures from at least two authorized staff members. Ideally, the Account should include the Organization's Chief Executive (or equivalent) as a signatory.
- **Financial Record Keeping:** The PNGO must maintain separate financial ledgers to clearly distinguish transactions under this Grant from other projects they manage. BISAP is responsible for reviewing expenditure reports, financial record-keeping systems, and providing financial technical assistance when necessary. BISAP may also conduct an independent audit of the PNGO's financial records during the project.

14.2 Work Plan and Budget

- **Project Implementation:** The PNGO is expected to implement the project activities in line with the approved proposal, work plan, and Budget as submitted to BISAP. Any deviation from the approved plan must be approved by BISAP in writing. Unauthorized changes may result in the discontinuation of the project support, and the PNGO may be required to reFund any unused Funds.
- **Annual Review:** Work plans and Budgets will be reviewed annually to reflect progress, achievements, and to make any necessary updates.

14.3 Budget Modifications

- **Minor Transfers:** The PNGO may transfer up to 5% of the subtotal within a Cost center without prior consultation with BISAP. Cost centers include personnel, travel and transport, office operation Costs, program delivery, and capital assets. The PNGO must inform BISAP of such transfers and provide a description of the modification and its purpose.
- **Approval for Larger Transfers:** Written approval from BISAP is required for transfers greater than 5% within a Cost center or between different Cost centers. The 5% calculation applies to the Cost center from which the transfer is made.
- **Activity Deviations:** Any modifications required due to deviations from the agreed work plan must be justified and submitted to BISAP for prior approval.

- **Monthly Disbursements:** BISAP will disburse Funds to the partners on a monthly basis. The amount of each monthly installment will be determined by BISAP and the partner when the Budget is approved.
- **Advance Disbursement:** Upon receiving a written request from the partner, BISAP will release the advance payment. BISAP may deduct any unutilized amounts from the previous period's advance when determining the amount for the current period.
- **Retention of 20%:** BISAP will retain 20% of the total Budget until the project is completed. This amount will be adjusted after BISAP certifies the expenditures within 30 days of the project completion.
- **Advance and Expenditure Adjustment:** The Funds disbursed to the partner are considered an advance. As the partner submits monthly expenditure reports, BISAP will adjust the expenditure against the advance. Both BISAP and the partner must ensure their advance balances align at the end of each month.

14.4 Provision / Accruals of Expenses

This section provides guidelines for managing accruals and provisions for project expenses:

- **End-of-Project Accruals:** Accruals or provisions can only be made at the end of the project.
- **Receipt of Goods and Services:** Accruals can only be recorded once goods and services are received satisfactorily, and supporting evidence must be documented.
- **Utility and Telephone Bills:** When making provisions for utility or telephone bills, the basis for calculating the accrual must be reasonable and well-documented.
- **Liquidation of Accruals:** All accrued expenses must be liquidated within 20 days of the accrual or provision.

14.5 Onsite Project Monitoring

- **Monitoring Visits:** BISAP will conduct onsite monitoring visits to assess both Financial and technical aspects of the projects. These visits take place at the PNGO's premises and in the field, where the projects are being implemented.
- **Purpose of Visits:** The visits serve to inform BISAP's management about project progress, guide project implementation, and revisit issues reported by the PNGOs that affect implementation. The findings from these visits are used to decide on continued Funding or make adjustments based on recommendations.

14.6 Payment Procedures:

- **Original Bills and Invoices:** Payments should be made against original bills and invoices.
- **Training, Workshop, and Meeting Payments:** For payments related to training, workshops, or meetings, a participant list with names and signatures must be attached to the payment voucher.
- **Authority Approvals:** All transactions must be approved by the relevant authorities.
- **Payment after Receipt:** Payments should only be made after the satisfactory receipt of goods and services.

- **Payments Exceeding BDT 5,000:** Payments over BDT 5,000 must be made via Accounts payee Cheque. If the partner's financial manual has a lower ceiling, they should follow the manual's conditions and document the reason for not issuing an Accounts payee Cheque.
- **Acknowledgement of Payments:** Acknowledgements should be obtained for all payments.

14.7 Audit

This section discusses the auditing procedures for the PNGO:

- **External Audit:** BISAP will appoint an independent contractor for an annual external audit of the PNGO's Grant management, including balance sheets, income statements, operational controls, and internal controls. The audit will assess the accuracy and fairness of the project Accounts.
- **Independent Audits:** BISAP may conduct independent audits during the project to review financial records and management systems.
- **Internal Audit Support:** BISAP can assist PNGOs in conducting internal audits upon request. These audits focus on reviewing operations and activities within the Organization to help improve efficiency and effectiveness.

14.8 Reporting

This section outlines the reporting requirements for PNGOs to ensure transparency, Accountability, and compliance with the project's financial management process.

14.8.1 Financial Report

- **Monthly Financial Reports:**
 - PNGOs must submit a monthly financial report to BISAP within 7 days after the end of each reporting period (quarterly).
 - The report should be submitted both electronically (if possible) and as a signed hard copy.
 - Timely submission is critical for BISAP to determine the Funds spent and to release the next month's Funds. Late reports may delay the release of subsequent Funds.
- **Report Components:** A complete monthly Financial report must include the following:
 1. **Cash Books/Transaction Listing** for the quarter.
 2. **Signed Financial Report** in the prescribed format.
 3. **Summary of Monthly Expenditures** that cumulatively add up to the quarterly report.
 4. **Balances from Ledger Accounts.**
 5. **Bank Reconciliation Statements** for the quarter.
 6. **Statement of Sources and Usages of BISAP Funds.**
 7. **Inventory Ledger/Assets Register.**
 8. **Bank Statements** for the quarter.
 9. **Supporting Bills and Vouchers** for all transactions (these should be filed and readily available for auditors).
 10. **Quarterly Cash Forecast.**
 - **Procurement Reports:** If applicable, the financial report should also include procurement reports summarizing the processes used to procure goods and services during the quarter.

- **Review and Feedback:** After receipt, BISAP will review the reports and provide written feedback within 2 weeks. The PNGO should keep a copy of the report for their records.

14.8.2 Annual Financial Reporting

- **Annual Report:** The PNGO must submit an annual financial report summarizing all activities and expenditures for the year. This report should be submitted within 15 days after the close of the project year.

14.8.3 End-of-Grant Financial Report

- **Final Financial Report:** At the end of the Grant period (including any agreed extensions), a final Financial report is due within 25 days after the project's end date.
 - After BISAP approves the report, any remaining Funds may be transferred to support ongoing project activities or returned to BISAP.
 - **Return of Unspent Funds:** Any unspent Funds must be declared and returned to BISAP at the project's close.

FINANCIAL AUTHORITY

15.1 Delegation of Financial Authority

This section provides guidelines on the delegation of Financial authority within the Organization to ensure clear processes and avoid conflicts of interest.

- **Approvals by Signatures/Initials:** Approval of Financial matters is indicated by signatures or initials.
- **Separation of Duties:** A subordinate cannot approve or endorse commitments and payments involving a superior. Similarly, an individual cannot authorize a payment to themselves.
- **Avoiding Fragmentation:** Expenditures should not be fragmented to bypass the need for senior authorization.

15.2 Delegation of Authority (DoA)

This table outlines the delegation of authority for various tasks and Financial responsibilities:

SL	Task	Authority
1.	Approval of petty Cash payment	Respective Project Coordinator/Program head up to Tk. 2000 and Chief Executive for above Tk. 2000
2.	Approval of petty Cash replenishment	Chief Executive
3.	Approval of vouchers of operational expenses	Chief Executive
4.	Approval of staff tour program, advance and per diem bill	Respective Project Coordinator/Program head
5.	Singing of lease agreement	Chief Executive and Special cases Administration
6.	Singing of Agreement/Memorandum of understanding with partners	Chief Executive
7.	Review of project wise/consolidated monthly/quarterly Financial statements	Chief Executive
8.	Write off/Disposal of fixed assets	Chief Executive
9.	Staff salaries & Allowance	Chief Executive
10.	Staff Development and Training Cost	Project/Department, Project Coordinator / Program head up to Tk. 10000 and Chief Executive above Tk. 10000.
11.	Telephone Bill	Project/Department, Project Coordinator/ Program head up to Tk. 2000 Chief Executive above Tk. 2000.
12.	Electricity	Project/Department, Project Coordinator/ Program head up to Tk. 2000 Chief Executive above Tk. 2000.
13.	Stationary	Project/Department, Project Coordinator/ Program head up to Tk. 1000 Chief Executive above Tk. 1000.

14.	Printing and Photocopy	Project/Department, Project Coordinator/ Program head up to Tk. 1000 Chief Executive above Tk. 1000.
15.	Conveyance	Project/Department, Project Coordinator/ Program head up to Tk. 1000 Chief Executive above Tk. 1000.
16.	Travel Expenses (Local)	Project/Department, Project Coordinator/ Program head (According travel policy) of HR
17.	Travel Expenses (International)	Chief Executive
18.	Other Project Operational Expenses	Project/Department, Project Coordinator/ Program head up to Tk. 1000 Chief Executive above Tk. 1000.
	Capital Natural Expenses	
19.	Land and Land Development	General Board
20.	Building Construction	Executive Committee
21.	Furniture & Fixture	Chief Executive
22.	Office Equipment	Chief Executive
23.	Vehicle	Chief Executive
24.	Others Capital Expenditure	Executive Committee
25.	Annual Budget Approval	General Board
26.	Project Budget Approval	Executive Committee

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

MONEY RECEIPT

Date:.....

Payee's (Name & Address/designation):.....

Cheque No.:..... The sum of Taka:

(inword):.....

Description/purpose:

.....

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

Cash/Cheque/PO

Received by

Checked by

Approved by

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

Receipt Voucher/Credit Voucher

Date:

Voucher No:

Received From:

Head of Accounts	Accounts Code	Amount

In Words:

Narration

.....

.....

Received Mode: Cash/ DD/ P.O/ Cheque No:

Bank:

Branch

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

Journal Voucher

Date:

Voucher No:

Head of Accounts	Accounts Code	Debit Taka	Credit Taka

In Word:

Narration

.....

.....

Prepared by

Checked by

Approved by

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

Money Requisition

No:.....

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

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

Prepared by

Checked by

Approved by

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

Cheque Issue Register

Name of the Project:

Name of the Bank:

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

Prepared by

Checked by

Approved by

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

Advance Requisition Form

Date:

Name of Employee

Designation : Employee ID:

Purpose of Advance : Purchase/Travelling/Training/Others (Mark √)

[Details of the purpose:]

Amount Required:

In words:

Expected Date of Settlement:

Any Outstanding advance: Yes ☐ No ☐ Amount (If Yes) :

Signature of the Employee

Budget Available for expected expenditure:

Approved Advance Amount:

Approved by:

Paid by:

Received by:

BISAP

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Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

THIRD PARTIES ADVANCE ADJUSTMENT FORM

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

Expenditure Detail

Sl No	Head of Expenditure	Particulars	Amount (Taka)	Remarks

Total

Submitted by : Date:

Name and Title:

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

Approved by: Date:

Name and Title:

Prepared by:

Checked by:

Approved by:

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

ADVANCE SETTLEMENT FORM

Name:		Empl. ID	
Designation:		Total Participant (For Training)	
Purpose:		Date of submission	
Location:			

Date	Description	Bill/Voucher	Amount	Remarks
Total =				

..... Submitted by	Approved by: Name : Designation			
..... Recommended by : Name : Designation	Adjusment Advance Taken: <table><tr><td></td></tr></table> Total Expenses: <table><tr><td></td></tr></table>		 Received by: Name: Designation : Date:.....
Note (If any):	Balance (Due to BISAP/Empl.) <table><tr><td></td></tr></table>			
Amount in words:				

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House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
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Advance/Loan Register

Name:

Designation:

Department:

Date	Voucher No	Particulars	Debit Taka	Credit Taka	Balance Taka	Remarks

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

Fixed Assets Register

Assets No:

Assets Description:

Assets Location:

Assets Group

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

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

Bank Reconciliation Statement

Name of Project:

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

Balance as per Cash Book

Signature

Signature

Signature

Prepared by:

Checked by:

Approved by:

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

BISAP

House # 02, Road # 01, Lake Valley R/A,
Nuria Madrasah Road, Foy's Lake,
Khulshi, Chattogram, Bangladesh.

Cash Reconciliation Statement

As of

DAILY CASH BALANCE STATEMENT

Name of the Project :

Date:

A-Cash in hand of last day: Taka

In words:

B-Cash receipt for today Taka

In words:

C-Cash payment for today: Taka

In words:

D-Remaining Cash in hand of today: Taka

In words:

Break up of denomination of Coins and Taka closing Cash in hand balance:

Denomination	Amount
Taka Denomination	
Taka 1,000 x	
Taka 500 x	
Taka 100 x	
Taka 50 x	
Taka 20 x	
Taka 10 x	
Taka 5 x	
Taka 2 x	
Taka 1 x	
Total =	

Prepared by:

Checked by:

Approved by:

Mohammad Dostagir
Chairman - BISAP

S. M. Tareque Javed
Chief Executive - BISAP