

VOLUME-I

FINANCIAL & ADMINISTRATIVE MANUAL

Chapter – I

Introduction and Objectives

1.1 Introduction

Management and Resources Development Initiative (MRDI) a multidisciplinary not for profit, Non-Government Organization engaged to a wide spectrum of social development activities and seeks to render services to national and international organizations, both in the public and the private sector. MRDI is registered with the office of the Registrar with the Joint Stock Company & Firm, Government of the People's Republic of Bangladesh under section 28 of the Company Act 1994 having incorporated # C-544 (57) / 2003 dated May 13, 2003 as a Company Limited by Guarantee. It is registered with the NGO Affairs Bureau having registration # 1962 dated 21-09-2004 under the Foreign Donation Regulation Ordinance 1978.

Objectives of the organization:

Standard of mass media and media professionals; developing modern event management services; physical and mental well being of the enhanced; empowerment of women, adolescents, children, minority and other marginalized section of the population augmented; development of peoples' education and skills etc.

1.2 Objectives of the Financial and Administrative Manual

The Financial and Administrative Manual (Manual) seeks to explain in detail the accounting and administrative rules and regulations for the organization, ensuring transparency, good governance and accountability in the organization itself, as well as in its transactions and interactions with external parties.

This Financial and Administrative Manual provides a complete structure for day-to-day transactions and guideline for their appropriate recording in the books of accounts and preparation of monthly, quarterly and annual Financial Statements. The Manual will also stipulate sound administrative policies and practices to ensure compliance with best practice, donors' requirements, and local regulatory requirements.

This manual provides, in one place, a comprehensive set of Financial and Administrative Policies and Procedures for MRDI. This manual supersedes all



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previous Financial and Administrative Policies and Procedures that were in place before the formal approval of this Manual.

The contents of this manual are arranged in various chapters containing Financial and Administrative policies to be developed in the organization. Different formats are attached as ANNEX with sequential number. The employees are expected to be aware of, understand and fully comply with all policies and procedures stated in this manual.

1.3 Application

The Financial and Administrative Manual of the **MRDI** shall be applicable from the date it is approved by Board of directors. This Manual applies to all financial and administrative aspects related to **MRDI** and all other projects financed **implemented by MRDI**.

1.4 Process of updating the Manual

- a) Board of directors of the Organization shall have the right to modify, amend, replace, revise and/or add any of the provision of this Manual in such manner and to such extent, as may be deemed fit. Board of directors of the Organization may constitute a committee / sub-committee or appoint consultant / consulting firm to review and update the manual periodically.
- b) Any change or modification/amendment, as approved by Board of directors of the Organization shall be circulated through inter-office memo / circular under the signature of the Chairman of Board of directors of the Organization or his/her designate.
- c) All the changes / amendments that have been taken place since the date of last revision, with the approval from Board of the Organization, shall be incorporated in the revised version of the Financial and Administrative Manual.



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Chapter – II

Definitions

<u>Term</u>	: <u>Means</u>
The Organization	: The MRDI.
Management	: The senior management team constituted by the organization.
Executive Director	: The Executive Director of MRDI.
Month	: Gregorian calendar months.
Year	: The financial year of the Organization.
Donor	: An agency, organization or government that contributes in kind or cash to MRDI.
Approving Officer	: The Executive Director and Manager, Finance or the officer so designated by The Board of directors to be responsible for approval of all types of transactions for the Organization.
Primary Document	: Includes money receipt, credit voucher, debit voucher and journal voucher.
Financial Document	: Includes the letter of agreement between any Government, funding agency, grantor and organization, lease agreement, bank statement, cheque book, bank deposit slip, audit report and GoB letter of approval. It also includes all the books of accounts required for the Organization together with its supporting documents viz. the money receipts, bills, invoices, cash journals, journal vouchers, ledgers, subsidiary ledgers, registers and other accounting records, documents and statements.
Financial Statements	: Includes Balance Sheet, Income and Expenditure Account (or Income Statement), Receipts and Payments Account (or Cash Flow Statement), and explanatory notes.



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Chapter – III

Accounting Principles and Policies

3.1 Accounting System

The accounting system is accrual based and records are maintained by double entry system. However, cash basis financial reports may be prepared if required by the donors or regulatory agencies. All income received during a particular year shall be accounted for in the same year. Any part of income, which is committed for subsequent years, shall not be treated as income in the year of receipt. All expenditures incurred, paid and accrued shall be considered as expenditure in the year to which it relates.

In the case of consolidating the financial statements of the projects i.e. project periods of which was not ended as on June 30. with the core organization (MRDI) consolidated financial statements shall recognize the cash receipts and payments of the other projects as on the reporting date.

The accounting of **MRDI** financial transactions shall be managed with properly designed accounting systems in accordance with internationally accepted principles and accounting standards.

3.2 Accounting Period

MRDI shall maintain its accounting year from July 01 to June 30. Accounting year of the projects may be different subject to the requirements of Donor.

3.3 Significant Accounting Policies.

3.3.1 Income Recognition

That income shall be accounted for as income during the year received by **MRDI** from whatever source (Any grant/donation) in the year to the extent it relates to that particular year. Any donation/grant received pertaining to the subsequent years' shall not be recognized as income during the year. Any commitment of fund for a particular year shall not be considered as receipt or income of that particular year rather income will be recognized in the year to which it relates.



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a) Interest Income

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

b) Tuition / Training Fees

All fees, charges, training course fees etc. received from students and trainees are booked under this head at the time of receipt.

c) Donation

Any donation received from whatever source, shall be recognized as contribution in the year in which it is received, and depending on the nature thereof, will be credited to the Income & Expenditure Statement or Capital Fund Account, as appropriate. **MRDI** donation related accounting issues would be identified under the following categories:

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

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

i) Donations related to assets:

Donations related to assets including non –monetary grants should be presented in the balanced sheet at fair value by setting up donations as Deferred Income.

ii) Donations related to Income / Revenue:

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

iii) Accounting of Donor fund –General

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

Sometimes **MRDI** finds shortage of fund in donation account. In such a situation it creates receivable on donors' account and this accrued income is matched against expenditure or **MRDI** arranges the deficit financing from its own fund.



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d) Donations in Kind

Any donations in kind, will have a value assigned to it, and will be credited to the Income & Expenditure Statement or Capital Fund Account, as appropriate.

e) Rental Income

Any income received or accrued by the organization on account of lease of organization properties, facilities etc. shall be treated as rental income and shall be accounted for in the year to which it relates.

f) Miscellaneous Income

Any income received or accrued from any source other than donation, interest, training fees or rental, income by providing photocopy service, equipment rental, rent of conference room, print and electronic media archive charge, cafeteria service etc. shall be considered as miscellaneous income and shall be accounted for in the year to which it relates.

3.3.2 Expenditure

Any payment or obligation for payment for a particular year shall be recognized as expenditure in the year to which it relates. Expenditure accrued but not paid shall also be considered as expenditure in the year it was obligated.

3.3.3 Apportionment of Common Costs

If it deems necessary, some costs may be apportioned between different **(Projects)** programs/activities and cost centers. Any short-term consultant/purchase order /Event Management will not be considered for sharing the common cost. In such cases, the apportionment will be made depending upon the nature and purpose of expenses and budget allocation. The finance department will always review ratio of cost allocation after phased in/out of any project. This apportionment may be reviewed quarterly and revised at the discretion of management.

3.3.4 Bank Charges or Interest Expenses

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



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3.3.5 Fixed Assets

Fixed Assets shall be recorded at actual cost. Any expenses incurred in the acquisition or construction of fixed assets shall be included in the costs of assets i.e. capitalized.

3.3.6 Depreciation Policy

Full year's depreciation shall be charged on fixed assets if assets are acquired in the first six months of the year and no depreciation shall be charged if assets are procured in the second half of the year and in the year of disposal. Straight line method of depreciation will be applied on all the assets.

3.3.7 Rate of Depreciation

Depreciation shall be charged in each financial year on fixed assets at the rate provided below:

Examples:

Land	No
Building	5%
Furniture and Fixture	20%
Office Equipment	30%
Vehicle	25%
Computer, printer, Multimedia projector etc.	33%
Other Assets	20%

Any change in the rate of depreciation will be done through the approval of the Board of Directors. Prior year adjustment may be made giving effect of changes of depreciation rate.

3.3.8 Liabilities

Liabilities represent any obligation to any party, arising due to receipt of goods or services and any amount payable to any person or organization by **MRDI** fund. All liabilities and obligations must be accounted for in the accounts before the year end/closing date.

3.3.9 Fund Account

The fund account represents the accumulated balance of excess of income over expenditure, and may also contain direct credits, for example, donation of fixed assets.



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Chapter – IV

Maintenance of Accounts

Responsibility of the Finance and Accounts Department and Internal Controls

4.1 Accounting Responsibility

The responsibility of preparation of financial statements rests with the management. In his/her capacity as the Chief Executive of the Organization, the Executive Director will be responsible for the overall accuracy and authenticity of the financial statements, and the accounting and other books and records on the basis of which such statements are prepared.

The Head of Finance has overall responsibility for maintaining the accounting system and books of records. He/she is required to discharge this responsibility through a proper and efficient system ensuring effective internal controls, segregation of duties, and supervisory controls.

Every person whose duty is to prepare the primary documents is personally responsible for their completeness and accuracy.

An officer who signs or countersigns any primary document, accounting returns or certificate is personally responsible for the facts stated therein so far as it is his/her duty to know or to the extent to which he/she may reasonably be expected to be aware of them.

4.2 The Finance and Accounts (F&A) Department

The Finance and Accounts (F&A) Department is headed by the Head of Finance and is directly responsible to the Executive Director. The department is responsible for keeping proper records of all financial transactions and prepare various management and financial reports, as well as give necessary advice and assistances in the efficient and effective management of the organization. This department will also monitor the accounts of Partner organizations and help them to keep these records as per the Organization's requirements.

4.2.1 Functions of Finance and Accounts (F&A) Department

- All transaction following the standard procedure of the land and Manual approved by the authority.



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- All transaction following the prevailing best practice and Manual approved by the authority.
- Receipts of all the income including foreign remittance, local income and sale proceeds of assets.
- Processing and making all payments following the standard procedure and policies of the land and approved policies of the organization.
- Account for all transactions following double entry system.
- Preparation all necessary books of accounts and supporting register following the Manuals of the organizations.
- All pay fixation, increments and auxiliary works upon approval of the Board of Directors.
- Processing and passing of salary and allowances of the employees.
- Processing staff advance and adjustment of the advances.
- Take necessary initiative regarding VAT and Tax management as per govt. rules.
- Preparation of monthly, quarterly, six monthly, annually financial statements.
- Ensure the qualitative and correctness while preparation of financial statement within the time frame.
- Preparation of the bank reconciliation statement in every month
- Cost reimbursement of store and consumable items.
- Necessary arrangement for depreciation of fixed assets.
- Security of cash and bank balances.
- Assist the Director, finance as per his/her requirement.
- Assist; facilitate the external auditor in preparation of audited books of accounts.
- Any other relevant functions as instructed by senior management /Board

4.3 Functions of Head of Finance

Head of Finance is responsible for the overall management and supervision of finance department. She/he will ensure discharge of the responsibilities in cooperation with other assigned members of the department. Head of Finance will develop job description of all the staff members of the department, with due approval of the Executive Director, as such, that his/her responsibilities are equitably distributed among the members of the department including him/herself.

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



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- Overall Management and Supervision of Finance Department activities;
- Ensure compliance of Financial and Accounting procedures of the organisation;
- Ensure optimum uses of organization's resources.
- Facilitating Budget preparation, revision and finalization;
- Budgetary control;
- Financial analysis;
- Preparation of financial statements and reports;
- Perform accounts payable and receivable functions;
- Organizing and facilitating periodical audits;
- Respond to queries of Donors/ NGO Affairs Bureau/other regulatory body, on financial issues;
- Maintain coordination and supervision of project and Sub-office accounts matters;
- Assurance of compliance of statutory, regulatory and contractual requirements in financial operations;
- Conduct occasional crosschecks of bill and vouchers on sample basis;
- Allocate/distribute/re-distribute responsibilities of the Finance Section staff as and when required.
- Any other duties assigned by the Executive Director/Board of Directors.

4.4 Internal Controls

“Internal Control System” means all the policies and procedures (Internal Control) adopted by the management of an entity to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The internal control system extends beyond those matters, which relate directly to the functions of the accounting system.

4.5 Adoption of Internal Control

The Executive Director from time to time may establish financial rules and procedures duly approved by Board of directors in order to improve the financial administration, good governance and accountability. Each head of department is responsible for the satisfactory functioning of the internal



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controls in the Organization. The internal controls apply to all the activities; ensuring that measures are carried out as agreed and the resources of MRDI is used effectively, in accordance with correct ethical principles and established agreements. The internal controls also include establishing internal routines for financial transactions in accordance with instructions from the donors and ensuring that the office employees follow these.

Sound internal control also requires establishing segregation of duties in such a way that ensures checking of one employee’s work by another in the course of their routine works. Job description of each staff/officer shall be provided by the Organization at the time of joining the organization. Through the internal control systems, the management should ensure that:

- Information is adequate and accurate.
- Resources of business are protected against losses resulting from theft, embezzlement or carelessness.
- Controls are in place over all phases of operation.

4.6 Segregation of duties and job description

- This is a crucially important control activity (technique) that involves assigning job duties so that one employee can both perpetrate a misappropriation and conceal the misappropriation from timely detection. One major segregation of duties concept is that no employee should have more than one of the following types of job duties: maintaining custody over (access to) an asset, maintaining accounting records for the asset, and authorizing use of the asset.

4.7 Level of authority

4.6.1 By explicitly assigning authority limits based on job duties and position in the organization, this control activity limits an organization’s exposure to inappropriate and improper activities. The level of authority that the organization has vested in each employee should be formally documented, and should be reviewed from time to time.

At present, the level of authority is determined as follows:

Activity	Extent of Authority	Authorized person
Financial Approval Authority	Full	Executive Director
Procurement	Full	Executive Director

Delegation of Authority may be changed or revised at the discretion of Board of Directors.

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Chapter V

Accounting Books of records

5.0 General

The accounting books and registers are important for recording financial transactions. These books and registers are treated as documentary evidence of financial transactions. The Finance & Accounts department of **MRDI** shall maintain necessary books of accounts and registers for recording the financial transactions and related information, either manually and/or by using software.

The books of accounts and registers are important documents which should be maintained and preserved for proper documentation. **MRDI should ensure that these are prepared carefully, avoiding over-writing, tampering, and unauthorized destruction / damage.** Eraser/correction fluid will not be used. Correction entries will be initialed by an authorized person.

Depending on the needs of the organization, the Organization should maintain the following standard books and records:

Sl. #	Description	Maintained by	Checked by
1.	Control Cash Book		
2.	Control Ledger /General Ledger		
3.	Project wise cash book		
4.	Project wise ledger book		
5.	Daily petty cash statement		
6.	Receipt /Credit voucher		
7.	Payment /Debit voucher		
8.	Journal voucher		
9.	Bank Register		
10.	Salary Register/Salary Sheet		
11.	Fixed Asset register		
12.	VAT register		
13.	TDS register		
14.	Advance register		
15.	Advance Requisition Form		
16.	Attendance register		
17.	Leave register		
18.	Staff Trip /Movement register		
19.	Asset movement register		



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Sl. #	Description	Maintained by	Checked by
20.	Inventory Register/Store Ledger		
21.	FD-6, FD-2, and all NGO Bureau reporting		
22.	Monthly financial statements including budget variance statements		
23.	Quarterly financial statements including budget variance statements		
24.	Year-end financial statements including budget variance statements		
25.	Financial report to donors		
26.	Fund request and forecast to donors		
27.	All correspondence with banks		
28.	All correspondence with donors		
29.	All correspondence with NGO Affairs Bureau		
30.	All correspondence with government agencies and NBR		
31.	Other		

The frequency of recording transactions in the books and records will be as follows:

Activities	Frequency
Transaction – cash and non-cash	As and when it takes place
Adequacy of documents of transactions	For each transaction
Approval of transaction	For each transaction
Payee’s acknowledgment	For each transaction
Receipt voucher	For each transaction
Posting to cash book	Daily basis
Balancing of cash book	Daily basis
Obtaining of bank balance confirmation	Monthly basis
Preparation of bank reconciliation statement	Monthly basis
Journal voucher	As and when it takes place
Adequacy of document of journal voucher	For each transaction
Posting to all types of ledgers	Daily basis
Balancing of all ledgers	Daily basis
Posting of fixed asset register	As and when it takes place



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Posting to inventory register	As and when it takes place
Posting and balancing of advance register	As and when it takes place
Preparation of Trial Balances	Monthly/Quarterly/Yearly basis
Preparation of financial statements	Monthly/Quarterly/Yearly basis
Budget variance statement	Monthly/Quarterly/Yearly basis

5.1 Control Cash Book

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

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

At the end of each day, the bank and cash balances should be extracted and the cash balance be checked against cash in hand. If the amounts are found correct and agreed, the concerned Accounts Officer should sign the Cash Book. At the end of each day, the Head of Finance should review and sign the Cash Book for authentication.

The Cash Book must be totaled at the end of each month and balances of cash in hand and cash at bank extracted. The official authorized in this behalf to approve the expenditures should verify physical cash in hand. The Accounts Officer and the Approving Officer must sign the Cash Book if it is agreed with the amount physically found.

5.2 Control Ledger /General Ledger

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

5.3 Project wise cash book

These are maintained separately for each individual project.

5.4 Project wise ledger book

These are maintained separately for each individual project.



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5.5 Petty Cash Statement

A petty cash account, not exceeding BDT 20,000 (BDT Twenty thousands only) for the Head office and BDT 10,000 (BDT Ten thousand only) for each project should be maintained for small day-to-day expenditures. A reliable person not involved in accounting and procurement should maintain this Petty Cash Book. Petty Cash Vouchers and Petty Cash Book must be maintained in the same format as Payment Voucher and Cash Book described earlier. When the Petty Cash Advance is exhausted, Payment Voucher with supporting documents attached and Petty Cash Book should be produced to the Head of Finance and Admin for verification. If satisfied, The Head of Finance should sign the Petty Cash Book, replenish the petty cash advance, and transfer the petty cash expenditures to the main accounting system.

Petty cash account will be the responsibility of the designated petty cashier who will be responsible to the head of Accounts for proper maintenance of records and cash handling procedures. Cash reimbursement forms will always be used for reimbursement of petty cash account and will be prepared by petty cashier. The petty cashier is entirely responsible for the money received and its management. Petty cash accounts are imprested accounts and therefore will be reimbursed only for the actual amounts disbursed and listed on the respective cash reimbursement form. No advance can be made from petty cash account. Staff salary should not be paid from the petty cash, but wages can be paid from petty cash.

The following cost will be paid from petty cash:

- Reimbursement of fares, and cost of local trip
- Adjustment of Advance
- Postage/stamp/phone and stationery & supplies
- Client conveyance, Carrying charges
- Utilities
- Meeting expenses
- Repairs and maintenance
- Casual staff
- Fuel
- Vat & Taxes deducted at source.
- Contingencies.

5.6 Receipts / Credit Voucher

This is one of the three types of vouchers used by the Organization. Any amount received in cash by way of grants, subscriptions, donations, or



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repayment of loans / advances, collection against dues, etc. shall be treated as cash receipt transaction.

Any amount received in the form of cheque / pay order / demand draft or in any form other than cash by way of grants, donations, interest, loans, or repayment of loans / advances, collection against dues shall be treated as bank transaction.

All cash or bank receipt transactions shall be accounted for through Credit Voucher.

5.7 Payment / Debit Voucher

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

Any amount paid by cheque, draft, pay order or account transfer on account of expenditure, purchase of assets, purchase of inventory, settlement of accounts or any other payment other than cash made by **MRDI** shall be considered as bank payment transactions.

All payment transactions shall be accounted for through Debit Voucher.

5.8 Journal Voucher

Journal Voucher is recognized as voucher for non-cash transactions, where receipt or payment of fund is not involved. Journal Voucher shall be used for transfer or adjustment of ledger account balances from one account to another account.

All account adjustments or transfer of general ledger account balances shall be recorded through Journal Voucher.

The Executive Director and Head of Finance shall jointly authorize the Journal Voucher.

Preparation of journal voucher is necessary to record the posting of all financial transactions that are generally categorized as below:

- Depreciation of fixed assets
- Adjustment for shortfall, damaged or disposed of fixed assets
- Provision created for capital expenditure
- Provision created for revenue expenditure
- Adjustment for damage, shortfall, obsolescence in inventory accounting
- Adjustment of advances
- Accounting for income receivable



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- Accounting of deduction of withholding tax and VAT
- All sorts of rectification entries for appropriate corrections
- Other transactions not covered by any other vouchers

Adjustments are required at the end of financial reporting periods (quarter/year) to incorporate income and expenditures relating to the period concerned but not received or paid. On the other hand, some expenses may be paid, or some income may be received which do not relate to the concerned period. Inclusion of accruals and exclusions of advances are required to reflect true financial position of **MRDI** for the period concerned and to compare actual financial performance levels with those budgeted. These adjustments / accruals are made through journal vouchers.

5.9 Cheque Register/Bank Register

This register shall be maintained by the Finance Department for recording information relating to issue of cheques. The cheque register should contain the following minimum information:

- a. Date of issue
- b. Voucher number
- c. Payees' name
- d. Cheque number
- e. Name of bank
- f. Amount
- g. Initial of approval officer

5.10 Salary Register/Salary Sheet

MRDI shall maintain a register for recording staff salary payment. It will contain the name of recipient of salary, designation, and number of working days, basic salary, house rent, medical allowance, transportation allowance, income tax, salary deduction and other relevant information.

5.11 VAT Register

VAT register shall always be maintained by the Head Office to control over the VAT deductions from suppliers and consultants. The deducted amount should be deposited to the Government Exchequer within the stipulated time.

5.12 Tax Deducted at Source (TDS) Register

MRDI Head Office shall always maintain TDS register to ensure control over deduction of income tax at source from payment. The deductions may be from the salary of staff members, suppliers, consultants etc. The deducted



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amount should be deposited to the Government Exchequer within the stipulated time.

5.13 Advance Register

An Advance Register shall have to be maintained to record advances given to employees. It contains information about nature of advances, installments and mode of adjustments, date of granting advances with probable date of complete adjustments.

5.14 Attendance Register

MRDI shall maintain an Attendance Register for the staff members, which contains information of office staff attendance for the purpose of administration. Salary payment calculation will be done based on this attendance register.

5.15 Leave Register

This register will be maintained to record the leave availed by the staff members. This will contain information regarding name of staff, date and duration of leave, purpose and nature of leave etc.

5.16 Staff Trip/Movement Register

Movements of MRDI staff will be recorded in this register. This will contain information such as name and position of staff, date and time of departure, return, destination, duration, mode of transport, purpose, signature of the staff, remarks, etc.

5.17 Asset Movement Register

This will be used to record the movement of the assets of the organization from one location to another. The register should contain the following information's:

- a. Details of the item
- b. Identification number
- c. Original/present location
- d. New location
- e. Purpose of movement
- f. Date of return



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5.18 Inventory/Store Register

All inventory movements will be recorded in this Register which would contain information regarding quantity, price, date of receipt and date of issue, name of recipient and source of materials, along with a separate column for total receives, total issues and total balances of materials and signature of recipient.

5.19 Reporting and correspondence with NGO Affairs Bureau

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

5.20 Monthly, quarterly and year-end financial statements including budget variance statements

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

5.21 Financial Reports to donors including fund request, forecast and other correspondence

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

5.22 Correspondence with banks

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

5.23 Others

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



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Chapter – VI

Budget and Budgetary Control

6.1 Introduction

Budget is a predetermined statement of receipts and payments of an organization for a specific period, which includes projection of resources and estimated expenditures, required to achieve organizational goals in numeric terms. The purpose of preparing a budget is to ensure proper utilization of limited resources to their maximum potential, for which adequate planning, organizing and controlling are essential.

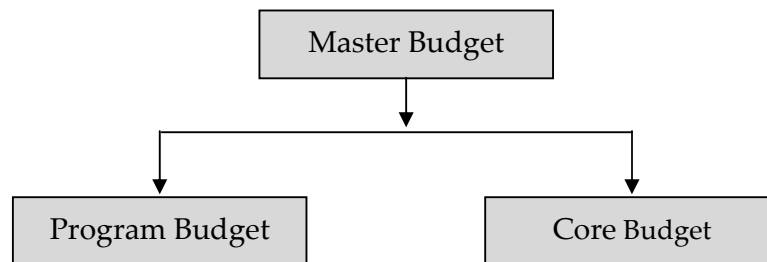
6.2 Budget Period

Core budget shall be prepared annually and reviewed at the end of the year. The budget for financial resources, proposed utilization of resources and expenditures thereon shall cover one financial year.

Program budget for each individual project shall be prepared year-wise, and then will be consolidated for the duration of the project period as per terms of the Project Agreement. These will be revised periodically to ensure optimum use of resources.

6.3 Classification of Budget

Budget will be of the following categories:



Further Classification of budgetary exercise is provided below:

6.3.1 Master Budget

Master Budget consolidates all financial activities of a particular period taking figures from other sectoral budgets, i.e. program budgets, core administration budget etc. Consolidated figures of Master Budget must match with other sectoral budgets.

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6.3.2 Core Budget representing income and expenditure of core activities of the Organization

Core Budget shall include all income expected to be received during the budget period. Income Budget shall provide sources of income with expected amounts from different sources under the budget period. This will also express core administrative activities in financial term.

6.3.3 Program Budget

The Program budget shall include all income expected to be received during the budget period under each program. Program Income Budget shall provide sources of income with expected amounts from different sources under the budget period.

Program Expenditure Budget expresses all programs and activities in financial term. Program Expenditure Budget must include details of program/activity manpower cost, list of programs to which financial support will be extended and

- Location break-down
- Program/activity break-down (Program/activity signifies major area of activities to be carried out by MRDI like Training, etc.)
- Cost-Center break-down (Cost-Center is a department, location, person, activity or center in respect of which cost may be ascertained for control purposes like Accounts, Operation, MIS etc.)

Program Capital Expenditure Budget represents the amount to acquire fixed assets required for the program activities.

6.4 Submission of Budget and Approval

Master budget shall be prepared by the MRDI budget committee and placed before the board in their last meeting of the year for approval.

Core Budget and Program Budget (Other than master budget) shall be prepared by the MRDI budget committee. Executive Director shall check and review the budget and approve it. The Board will be informed about it at the next meetings.

6.5 Budget Submission to NGO Affairs Bureau

When the budgets are approved both internally by the Organization and externally by the potential donors, the Organization will present the budget to



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the NGO Affairs Bureau in specified Form FD-6 for their approval. All departments of the organization namely shall work collaboratively to prepare the FD-6 with all required information and Annexes. The FD-6 properly checked and approved by the Executive Director, will be submitted to the NGO Affairs Bureau for their approval.

6.6 Budgetary Control

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

6.7 Line Item flexibility of Budget

Budgets under each line item are usually fixed, and cannot be exceeded without prior approval of the donor. In some cases, a minor line item flexibility (say 10%) of actual expenditure is allowed in individual line items, provided the total budget is not exceeded.

Transfer of budget allocation from one line item to another is not allowed, except with the prior permission of the donor and the NGO Affairs Bureau. For this purpose, a revised budget has to be submitted and approved both by the donors and the NGO Affairs Bureau.

6.8 Revision of Budget

It is important that all expenditures, irrespective of capital or revenue in nature, are to be kept within the budgeted allocation. However, circumstances occasionally may necessitate revision of original estimates to bring them in line with current condition. Full particulars are therefore be furnished by the Head of Finance when requesting modifications/justification of individual code-wise sanctioned budget estimates. A revised budget requires prior approval from the Board as well as the Donors and NGO Affairs Bureau.

6.9 Budget Committee

A three member budget committee shall be formed by the board comprising representative from administration, programme and finance. The Executive Director shall lead the committee. He/she is authorized to replace/change any position of the committee as per requirement of the organization and inform the board in the next meeting.



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Chapter – VII

Fund Management

7.1 General

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

7.2 Sources of Funds

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

7.3 Nature of Fund

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

7.3.1 Restricted Fund

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

7.3.2 Unrestricted Fund

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

7.4 Investment of Fund

Funds in excess of the requirements of **MRDI** may be placed in short term deposits, fixed deposits, other savings instruments by the Executive Director in the name of the Organization having the approval from Board of directors.

7.5 Fund Receipts

Fund receipt from foreign sources must be deposited in the Mother Bank Account within seven days of receipt or as per the instructions of the donor.



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However, separate bank account should be maintained for each project. Funds from different donors will be shown as income as per the approval of NGO Affairs Bureau. NGO Bureau may however allocate total fund receipt in a year for more than one year which may be accounted for on year-to-year basis as per the requirements of the Organization.

MRDI shall prepare its annual budget defining objectives and physical targets and based on this budget, shall request necessary funds from donors. Donors, on approving the budget shall enter into formal agreements with the Organization for transfer of requisite funds to its accounts. These agreements amongst others shall contain disbursements schedules. Donors will remit funds on date(s) agreed either upon through bank transfers or in the form of bank demand drafts, cheques etc.

7.5.1 Receipts of Fund through Bank Transfer

Finance Department

- Receive copy of Bank Transfer Advice from donor on transfer of fund to **MRDI** bank account and file the same in the respective donor's file.
- Receive Credit Advice from bank on crediting the **MRDI** bank account.
- Check Bank Transfer Advice with Credit Advice for confirmation of total Fund.
- Prepare Acknowledgement of receipt in three copies.
- Forward first copy of Acknowledgement to donor, second copy to Finance Department of **MRDI** and third copy to the respective donors file if necessary.
- Prepare Bank Receipt Voucher with reference to Credit Advice and obtain approval from the Executive Director.
- Enter receipt of fund to bank book with reference to Bank Receipt Voucher /Bank Book.
- Make posting to subsidiary ledger with reference to Bank Receipt Voucher.

7.5.2 Receipts of Fund by Cheque/Demand Draft

- Receive account payee cheque/demand draft (DD) from donors.
- Prepare Deposit Slip and deposits Cheque/DD to the bank of **MRDI**.
- File acknowledgement copy of Deposit Slip.
- Receive Credit Advice from the bank upon collection of deposited cheque/DD.
- Confirm Credit Advice with Deposit Slip.
- Prepare Receipt Acknowledgement in three copies.



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- Forward first copy of Receipt Acknowledgement to donor, second copy to Finance Department of **MRDI** and third copy in respective donors file.
- Prepare Bank Receipt Voucher with reference to Credit Advice and obtains approval from the Executive Director.
- Make posting in the bank book with reference to Bank Receipt Voucher.
- Make posting to subsidiary ledger with reference to Bank Book/ Bank Receipt Voucher.
- File Bank Receipt Voucher in numerical sequence along with Credit Advice as supporting documents.

7.6 Custody of Fund

The Board of directors of the Organization shall be the custodian of all the funds and shall designate the banks in which such funds shall be kept.

The Board of directors of the Organization is empowered to authorize opening and closing of any bank account in the name of the Organization for its transactions. Such authority shall not be delegated to any other official. The Executive Director and any other Director as authorized by the Board of directors shall be the joint signatories to operate the fund bank accounts.

7.7 Obtaining Clearance for Donations

The Organization shall take clearance from the NGO Affairs Bureau regarding receipts and use of donations, either received locally or from foreign donors, if such clearance is required.



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Chapter – VIII

Banking Operations

8.1 General

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

8.2 Opening of Bank Accounts

The Board of directors of **MRDI** is empowered to authorize opening and closing of any bank account in the name of the Organization for its transactions.

- i) Separate Bank Account will be opened for contributory fund (e.g. provident fund) as well.
- ii) An authorized person will be responsible to collect the bank statement or advice.
- iii) A Cheque signatory must not prepare Cheque and vouchers.
- iv) Individual project accountant/organizational accountant is responsible for safety of Cheque books.

8.3 Mother Bank Account

Foreign grants / donation must be received through NGO Affairs Bureau approved bank account (Mother account). All other grants received from any source shall also be deposited into Organization's Mother Bank Account immediately.

8.4 Operation/Project Bank Account

The Organization, shall open operational bank accounts in any scheduled bank for day to day operation. The foreign grants received in above manner, shall be transferred to respective project accounts (operational bank account) for smooth and better functioning of projects/programmes/activities.



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8.5 Bank Signatories

8.5.1 Mother Bank Account

In any case, the joint signatures of Executive Director and Chairman shall be required for bank operation of Mother bank account. The signatories may be changed at the discretion of Board of Directors.

8.5.2 Operation/Project Bank Account

In any case, the joint signatures of Executive Director and Manage finance/ Manager Program & Communications, shall be required for operation bank account. The signatories may be changed at the discretion of Board of Directors.

When an authorized signatory is transferred, separated from the organization, or completed the terms or retired from the Board, the Bank Manager should be informed within a week in writing to delete his/her name from the authorized list.

8.6 Deposit of Cash at Bank

All cash receipts must be deposited in the bank account as soon as possible on the same day after receipt of cash. If not possible for any valid reason, that must be deposited into bank by the following working day.

8.7 Receipts of Cheques/Pay Orders/Drafts etc.

Soon after receiving Cheques/Pay Orders/Drafts etc., these should be stamped with “Accounts Payee Only” if needed, entered in the bank book and deposited with bank with bank deposit slip on the same day, or on the following day if received after banking hours. Appropriate steps need to be taken by the Head of Finance to realize the dishonored cheques, if any.

8.8 Bank Credit Advice

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

8.9 Bank Debit Advice

A Payment Voucher shall be prepared for each direct debit by the bank relating to any charges or payment. This voucher must be approved by the Executive Director/other competent authority approved by the Board of directors and posted in the bank book and general ledger.



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8.10 Bank Statement and Bank Certificate

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

8.11 Bank Reconciliation Statement

Bank statements must be reconciled with the cash book by an accounts/finance staff at the closure of each month. The bank reconciliation statement must be prepared and checked within 7 days of the following month. The Executive Director and Head of Finance shall sign the reconciliation statement. Adjustment must be posted to the books for any bank charges or credit shown on the bank statement that has not been recorded on the books previously. Any question should be resolved before they issue next bank statement.

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

8.12 Minimum Limit for Cheques Payment

Payment exceeding Taka 10,000 should be made by account payee cheque. Any Cash payment exceeding Taka 10,000 must have written justification and approval attached to the payment voucher.

In the case of payment to employee as advance for Program Expenses/travel and purchase the limit of cheque payment may be enhanced to some extent with the proper authorization.

8.13 Bank Register/ Cheque Recording Register

A Bank Register/Cheque recording register shall be maintained to record all cheques issued for payments. All cheque numbers should be verified to ensure that these have been registered in the statement and that cancelled cheques if any have been appropriately marked and held for verification. Blank cheque and bearer cheque should not be issued or signed. All cheques issued should be account payee.



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8.14 Cheque Counterfoil

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

8.15 Cancellation of Cheques

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

8.16 Cancelled Cheques

All cancelled Cheque should be marked "CANCELLED" by red pen and signed by the Executive Director and preserved in the voucher file along with the supporting voucher for subsequent audit. Any signature on the cheque should be removed and destroyed.

8.17 Ordering of New Cheque Book

Respective Accounts Officer shall initiate the ordering of new cheque book through a requisition. While receiving new cheque book respective Accounts Officer shall count the cheque leaves and satisfy himself that the numbers of cheque leaves are found in order.

8.18 Safety of Cheque Books

Finance & Accounts Department shall be the custodian of cheque book and shall ensure that cheque books are preserved safety. All cheque books should be kept in a safe place under lock and key.

Cancelled cheques must be retained in the cheque book along with cheque counterfoil and marked "Cancelled".

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Chapter – IX

Cash Management

9.1 Cash Book

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

The cash book must be totaled at the end of each month and balance of cash in hand and cash at bank extracted. Physical cash in hand should be verified by the official authorized to approve the expenditures. Cash book must be signed by the Executive Director and Head of Finance if it is agreed with the physically found amount.

9.2 Duration of Cash Transaction

In order to complete writing of Cash Book, daily cash transactions shall be closed at least one (1) hour before the close of the office.

9.3 Closing of Account

Each day, all cash receipts and payments shall be entered into the Cash Book and it should be closed daily.

9.4 Verification of Cash

Head of Finance shall verify the cash balance and the Cash Book/Daily cash transaction statement at the end of each day and put his/her signature on respective place in the Cash Book/ Daily cash transaction statement. Then the Executive Director shall verify and approve the same putting his/her signature on respective place in the Cash Book/ Daily cash transaction statement. Surprise cash counting may be conducted by any person (other than the Head of Finance and the Cashier) assigned by the Executive Director three or four times in a year.

9.5 Cash Counting

At the end of each day, after making all transactions and closing the cash book/Cash transaction statement, the cashier shall count the cash physically and record the denominations in the cash book/ cash transaction statement and shall confirm the balance with the Cash Book/Cash transaction statement and get signature of Manager Finance and the Executive Director.



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9.6 Cash Security

To ensure the cash security, the organization should preferably send more than one staff to draw cash from bank. If require, the organization can provide their own vehicle (if any). It is also recommended that **MRDI** should arrange for insurance to cover the risk of carrying cash (cash in transit insurance) to the long distance. In the case of custody of cash in the office, the organization should use steel locker/iron safe/steel almira to keep the cash lock & key.

9.7 Petty Cash

The limit of petty cash amount, need to make small recurring expenditure, should be limited as per instruction of Board of directors Tk. 20,000. The petty cash should be maintained by a reliable staffs who is not involved in approval process.

Small expenditure will be made from this as per requirement; however, no single payment may exceed Taka 5,000.

9.7.1 Use of petty cash

Petty cash imprested Accounts are allowed for various reasons mainly for convenience at operation level.

- Petty cash payments are defined as small cash transactions not exceeding
- Any single payment from petty cash shall not exceed Tk. 5000.
- Petty cash will not be used for purchasing standard inventory items, nor items identified as assets and controlled by ledgers.
- Each petty cash account will be the responsibility of the designated petty cashier who will be responsible to the Head of Accounts for proper maintenance of records and cash handling procedures.
- Cash reimbursement forms will always be used for reimbursement of petty cash account and will be prepared by Petty Cashier.
- Petty Cashier is entirely responsible for the money received and its management.
- Petty Cash accounts are imprested accounts and therefore will be reimbursed only for the actual amounts disbursed and listed on the respective cash reimbursement form.
- No advance can be made from the petty cash accounts.
- Staff salary should not be paid from the petty cash, but wages can be paid from the petty cash.



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The following cost will be paid from petty cash-

- Reimbursement of fares, and cost of local trip expenses
- Postage/Stamp and supplies
- Local Conveyance
- Utilities
- Adjustment of Advance
- Meeting expenses
- Repairs and maintenance
- Casual staff
- Fuel
- stationeries
- Contingencies

9.7.2 Petty cash control

Petty Cash is used for small expenditure where it is not practical to issue Cheques. Initially, this fund will start with allocated amount and after the funds are exhausted, the expended amounts are replenished from the bank. Petty cash operation system is stated below.

- The Petty Cash limit is fixed at tk. 20,000 for HO and tk. 10,000 for project and sub-office. Depending on the usage of petty cash fund it may be reduced or increased with prior approval from the Executive Director (ED).
- The Petty Cash fund must be kept in lockable metal box during petty cash hours. After the close of the workday, the petty cash box should be kept in a safe/secured place under lock and key. The key should be kept with another responsible person (other than the cashier).
- All payments should be made after authorization from the appropriate person/s. The Petty Cashier should not authorize the disbursement of petty cash. The Authorised signatory/ies must sign on the bill/invoice before payment from the petty cash.
- There should be adequate documents (bill/invoice) against every disbursement and a 'PAID' seal should be stamped on the bills and invoices during the payment.
- The recipient must sign on the appropriate documents while receiving any payment.
- The Petty Cash transaction should be recorded for each payment. Petty Cash ledger/book should be updated daily and the cash balance should not exceed the approval limit.



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- The physical cash in hand at the end of the day should be counted and documented. Surprise petty cash audit should be conducted and documented by his supervisors at least once in a month.
- Staff salary cannot be paid from petty cash.

9.8 Accounting for receipts

A Money Receipt (MR) shall be issued for every receipt of cash/cheque/drafts. MR is used for recording of financial transactions in the books of accounts. Money receipt should be completed properly, describing the source, nature of receipt, the account head to be credited, date, amount and authorized signature. **No amount shall be received (other than advance refund) in cash or by cheque unless a “money receipt” is issued.**

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

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

9.9 Cash receipts

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

9.10 Fund receipts from foreign sources

Fund receipts from all foreign donors shall be placed in the mother account as shown in the FD-6. However, separate project bank account may be maintained for each donor as applicable

Funds from foreign donors may be received either in pre-determined installments as per the Agreement with the donor, or on the basis of fund request submitted by MRDI. The Organization shall prepare its annual budget defining physical targets and its basis. After consultation with program staff, MRDI finance department should prepare the **fund request** and send the request to donor.



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The finance and accounts section should meet the financial reporting and clearance requirements from NGOAB for receipts of foreign donation.

9.11 Receipts of cheque/pay orders/drafts etc

Soon after receiving these instruments it should be entered in the bankbook and deposited in the bank on the same day or on the following day, if received after banking hours. Appropriate steps need to be taken by the head of accounts to realize dishonored cheque, if any.

9.12 Fund received from local sources

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

9.13 Accounting for payment

Before making any payment by cash or cheque or through other instruments it is essential to confirm that the expenditure is wholly and necessarily incurred for the purpose of **MRDI** activities and has been duly approved by the **MRDI** authority. Budgetary provision for the expenditure will also be checked. It is essential for the authorizing persons to ensure that the goods and services have been received in good condition and check the arithmetical accuracy of the documents for payments.

9.14 Payment voucher

For every payment a payment voucher shall be prepared. Payment voucher must be completed with all the supporting documents stated therein making sure that the account head is correctly debited. The **MRDI** authority must approve payment voucher and signature of payee shall be taken on the voucher as evidence of receipts. Before signing a payment voucher the official authorized to approve expenditure should check that the finance department has complied with all the requirements.

Income Tax/ VAT and other deductions shall be deducted from all payments as per Income Tax Ordinance 1984 and VAT Act, 1991.

9.15 Supporting Documents

All payments must be supported by bills/cash memos, or other supporting documents. Payment for goods must also be supported by a Purchase Order, Delivery Challan, Bill, payment for services by a Contract and salary cheques by a payroll sheet signed by the staff members receiving salaries. Only after



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receiving all supporting documents, the Accounts Officer should prepare a Payment Voucher.

9.16 Payment of salary and allowance

For the purpose of salary, the office staffs should open personal bank account with the same bank where the organization maintains its account and inform the account number to Finance Department in writing. Monthly salary of the staff members shall be transferred to their respective bank account by the end of each month, otherwise cross cheque can be issued in favour of the staff(s).

9.16.1 Payroll Processing

Director Finance/Manager, Finance will process project wise monthly payroll. S/he will follow the following procedures:

- i) Relevant payroll input documents of all appointments; promotions, transfers, resignations, removal from office etc. are promptly recorded.
- ii) Entries on these documents are supported by the necessary approvals, advice etc. and verified properly.
- iii) Prepare the payroll by the end of each month.
- iv) Payroll shall contain the information like – Name, Designation, Basic salary, House Rent Allowance, Medical Allowance, Special Allowance (if any) and deductions like Provident Fund Contribution, PF Loan, PF Loan Interest, Income tax etc., the Net Pay and bank account number with bank name and branch.
- v) Director, Finance/ Manager, Finance and Program Chief shall recommend the payment and the same will be submitted to the Executive Director for approval.
- vi) An “Account Payee” cheque/debit advice along with a copy of the payroll shall be sent to bank for organizing payment to relevant staff members bank account.
- vii) Gratuity should be transferred once a year (June/ If there is any provision)
- viii) In case of overtime – as per rule (sheet certified by the Section In-charge), no time frame but next month.

9.16.2 Payment of Salaries, PF, Gratuity due to an employee at the time of Resignation or dismissal

Payment of salaries, PF, gratuity to an employee at the time of resignation or dismissal will be administered by the Service Rules/Personnel Manual of MRDI.



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9.16.3 Payment of salaries and benefits due to a deceased employee

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

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

9.17 Deduction of Income Tax at Source

The Organization shall not bear the staff tax. Income Tax shall be deducted at source from the monthly salary of the staff whose salary amount exceeds the tax exemption limit and will be deposited to the Government Exchequer in stipulated time.

9.18 Accounting for Income Generation (If applicable)

All the income from different sources shall be recorded in the accounts section with details. The accounts section shall collect all sale proceeds. Four documents shall be prepared for each income. The concerned section will retain one and three shall be sent to the accounts section. Accounts section will receive the cash/cheque/DD etc. paid, sealed and hand over one copy to the customers with material and challan and send one copy to the concerned section and retain the last copy for these recording.

9.19 Preservation of Financial Documents

All financial documents of **MRDI** shall have to be preserved at least five years or as per donor's instructions or as per rules of NGO Affairs Bureau. Even after the expiry of five years, no documents may be destroyed without the decision from the Board of directors.

In case of litigation, relevant documents shall have to be preserved till the date of the settlement of relevant lawsuit.

Finance Department of **MRDI** shall keep all the financial documents and files in a safe custody under lock and key.



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Chapter – X

Advance

10.1 Purpose

Advances may be paid against expenses to be incurred for MRDI's official purposes, i.e. advances against travel expenses, program expenses and purchase of office supplies and materials. Advance covers for Travel, Project delivery, Vendor, Landlord, and Miscellaneous costs.

10.2 Types of Advance

10.2.1 Advance to Staff

10.2.1.1 Advance against Salaries

The Staff members may allowed maximum one month's salary as advance on the following situation-

- If any staff goes on leave before the scheduled date of salary payment, then he/she is may be allowed to draw maximum one-month's salary as advance. This advance would be deducted in full from the next salary within the current financial year.
- If any staff member prayed for an advance for his/her family need/ treatment/ any personal monetary requirement, then he/she is may be allowed to draw maximum two-month's salary as advance. This advance would be deducted from his/her monthly salary in equal number of installments mentioned in his/her application. But these installments should not be more than 12. No drop of installment will be allowed. The number of installment may increase at discretion of the Executive Director

10.2.1.2 Advance against conveyance and transportation expenses

Organization's staffs frequently travels to different areas on official purposes. Besides, to travel, staffs are entitled to take advance to meet the transportation & traveling expenses. Travel advance shall only be given against valid travel authorization. It must be adjusted within 6 working days for domestic travel and 15 working days in case of overseas travel after completion of travel. No formal advance should be required for local transportation. **This provision is addressed in Chapter 11 Travel.**



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10.2.1.3 Advance against purchase of goods

To carry out routine duties and activities, various types of goods & materials need to be procured. Out of these materials, some are purchased through own staff while others directly from outside suppliers. Advance may be allowed to employees against such purchases. General conditions for sanction of cash advances against purchases of goods are as follows:

- That the stores are immediately and urgently required;
- That time at disposal does not permit purchase by open or selected tender;
- That delay in procurement would involve loss;
- That no second advance is given till the previous advance is fully accounted for and the balance, if any be refunded in cash immediately after purchase;
- In making the purchase basic principles of purchase policy shall be always kept in consideration and view;
- If a staff member, to whom an advance has been made, fails to submit bills/accounts supported by vouchers for adjustment within stipulated time, the total amount of advance will be deducted from the staff salary account.

The accounting of the advances, their adjustment against submission of bills, payments of extra amount and deduction of salary for non submission of bills against advance will be made in due care and timely manner.

10.2.1.4 Advance for programme expenses

MRDI has to conduct programme in Dhaka & outside Dhaka where cheque payment for all type of expenses are not possible. Moreover all payments from the office cash are not possible. So, for conducting a successful programme advance is required where limit of amount should not be fixed.

10.2.2 Advance to third parties

Advance to third parties include advance against house rent, contractors, to material suppliers/service providers, to consultants/Resource persons against programme etc. Prior approval from the board is compulsory in case of advance to third party against office rent, construction work, Bulk procurement through tender notice in National Newspaper.



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10.2.2.1 Advance against house rent

Advance office rent shall be allowed by the authority as per negotiation and tenancy agreement between MRDI and the landlord/house owner. All such advance should be issued & adjusted with the MRDI core Account. If any advance issued from a project should be adjusted with in the project period.

10.2.2.2 Advance to the contractors

Advance payment to Suppliers/Contractors shall be based on the contents of the contract/work order. If the provision of advance is available in the Suppliers/Contractors contract/work order, mentioning the provision the Suppliers/Contractors shall be submitted a request letter/application to the executive director for the advance payment. Having approval from the competent authority the finance department will make the payment.

- No VAT & Tax shall be deducted on any advance.
- As per terms & conditions set upon issuance of advance, it will be adjusted from the bill of the contractor.
- All advances shall be adjusted before the final payment to the contractor.

10.2.2.3 Advance to materials suppliers/service providers / organizations

Sometimes advance needs to be made to the materials suppliers/ the service providers/ the procurement providers at their request. This advance will have to be made through account payee cheque and adjusted as per the terms and conditions upon issuance.

10.2.2.4 Advance to consultants/Resource persons against programme

Sometimes advance needs to be made to the consultants/Resource persons against programme as per ToR. This advance will have to be made through account payee cheque and will be treated as partial cost of the related head of expenses. In this case no application/ request letter would no be required; Copy of ToR and acknowledgement will be the evidence of payment.

10.3 Requisitions for Advances

The recipient of the advance must prepare a requisition in details in the advance requisition form signed by the respective departmental head or his/her supervisor, against specific accounting head and to be furnished to the Head of Finance to check and verify. Requisition for advances shall be



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submitted to the Head of Finance and Accounts at least one (1) banking day prior to the event take place.

10.4 Certification and Approval

Following the receipt of requisition, the Head of Finance shall check and verify the requisition. Final approval shall be given by the Executive Director.

10.5 Mode of Payment

Advances may be paid either in the form of cash (up to BDT 10,000) or in the form of cheque in case of advance to employees against official expenses. Limit In case of cash payment above BDT 10,000, a written justification/recommendation is to be given to the appropriate 'Approving Officer' for cash payment. In the case of payment to employee as advance for Expenses/travel and purchase the limit of cheque payment may be relaxed.

However, advances paid to third parties should be made by Account Payee cheque.

Limit for advance payment may be revised at the discretion of management if necessary for the program.

10.6 Disqualification for Advance

No additional advance will be provided where more than two previous advances are unadjusted. But if the gap between the two events is less than 5 working days, in that case one more advance can be issued.

10.7 Adjustment of Advance

Advances against official expenses must be adjusted against the respective head within the period of 6 (six) working days after the event is completed. On request of the advance receiver this period may increase at the discretion of the Executive Director.

The balance of unspent amount must be refunded in cash to **MRDI** at the time of adjustment of such advances.

A programme report shall be attached with the advance reconciliation statement.



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

Advance payment to supplier/contractors shall be based on the contents of the work order.

Contractors/ Suppliers advance shall be adjusted from the final bill.

10.8 Defaults in Adjustment

The Finance & Accounts Department shall make deduction from concerned staff's monthly salary, should there be a default in payment against the balance of advance to be refunded after one month from the deadline of adjustment of such advances subject to not more than 50% of monthly gross salary.

10.9 Advance Register

An Advance Register shall be maintained for various advance payments to the staffs and to the third parties. Separate Advance Account shall be maintained for each recipient of the advance for proper controlling over the advances.

In case of maintaining individual ledger with detailed narration through Accounting software, no manual register shall be required.

10.10 Report on Advance

The Head of Finance shall be held responsible for closely monitoring the advance issues and reporting to the Executive Director on a periodic (i.e. quarterly) basis.



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Chapter – XI

Travel

11.1 Travel Advance

Travel Advances are intended to allow employees the convenience of using the Organization's money for official purposes only while traveling. A reasonable travel advance shall be granted to the employee depending on the nature of expenditure required and the duration of stay. The policy related to advance in chapter X (10) shall also be applicably for travel advance.

11.2 Mode of Travel

A MRDI staff member while traveling on official duty shall be entitled to the following entitlements subject to prior approval from the Executive Director/ Head of Finance and Accounts:

- All staff members shall be entitled to travel by Rented Vehicles/steamers/ launch/ air-conditioned bus/First Class Train/Air as per their entitlements.
- If more than two staff travels together, MRDI may select for them the economic mode of transportation.

11.3 Traveling and Outstation Allowance

The employees of MRDI traveling and outstaying on duty shall be entitled to traveling expenses as per following rules:

11.3.1 Local travel

Locally available transport facilities are allowed for all MRDI staff. If MRDI's own transport is available the employees of MRDI will use the official transport.

11.3.2 Outstation travel

For Grade I-III:

- Train, Steamer/launch, Bus, Coach (AC or Non-AC whatever is): 1st class
- Plane: Economy Airfare

For Grade IV-VI:

- Train & Steamer/launch: Economy class.
- Launch, Bus, Coach: Economy class.



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11.3.3 Per Diem/ Daily Allowance

Per diem for staying out of head office on official purpose shall be paid to the employee on official duty at the following rate:

- | | | |
|----------------|------|----------|
| • Grade: I | Taka | 2,000.00 |
| • Grade: II-IV | Taka | 1,500.00 |
| • Grade: V-VI | Taka | 1,000.00 |

11.3.4 Accommodation

Actual accommodation cost for night stay out of head office shall be paid to the employee on official duty in accordance with the following rate:

- | | | | |
|----------------|---------|------|----------|
| • Grade: I | Maximum | Taka | 2,500.00 |
| • Grade: II-IV | Maximum | Taka | 2,000.00 |
| • Grade: V-VI | Maximum | Taka | 1,000.00 |

11.4 Per diem /Daily Allowance and Accommodation during field trips

Matters relating to Accommodation, Per diem/Daily allowance and travel during field trips will be settled as per following principles:

- Daily allowance/Per diem will be paid as per rate mentioned above under **11.3.3**.
- Whole day per diem will be paid whenever the travel is started or ended.
- Accommodation/Lodging and travel cost/transportation will be paid at actual.
- Resource persons/Moderator/Facilitators/Rapporteurs will be entitled to receive per diem/Daily allowances and accommodation as per rate for grade I of the MRDI employees.
- Exceptions may be made for Resource persons/Moderator/Facilitators /Rapporteurs which will be at the discretion of Executive Director.

11.5 Travel Expense Report

The traveling official shall submit all travel bills to the Finance Department as per Travel Expense Report. Following documents must be enclosed with the Travel Expense Report:



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- Utilized Air Ticket along with the boarding pass.
- Acknowledgment of the total amount of per diem received including dates.
- All paid receipts, bills, memos in support of claim of any expenditure.
- Utilized bus, steamer, train and launch tickets in support of travel claim.
- Cash or Cheque to the extent refundable against travel advance as per Travel Expense Report submitted by the employee.
- Approved note taken from Finance & Admin. Dept, before traveling.

The staff members need to mention the departure and arrival time on the expense claim/ per diem form.

The departure time is defined as the time at which the staff member leaves the office or his/ her home whichever is later.

The arrival time is defined as the time at which the staff member arrives at office or his/ her home whichever is earlier.

11.6 Reimbursable Costs

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

1. Reimbursable cost is actual fare of bus, steamer, train, launch and air ticket, and will also include actual local conveyance from residence to airport / railway station / Steamer terminal / bus station and other way round while returning back to residence.
- Conveyance in the traveling area to attend workshop, seminar, training, visiting project or any other official work.
 - Any other expenses required to carry out the official duties, i.e. official long distance calls etc. are required an approval from the Executive Director or his designate.

11.7 Time for submission of Travel Expense Report

The Traveler shall settle the travel advance within 5 (five) working days from the date of completion of the event for which travel was made.

In case of over spending the staff member shall be reimbursed as soon as the Travel Expense Report is approved by the Executive Director or his/her designate.



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If any staff member fails to refund the unspent travel advance balance at the time of submission of the bill, the finance department shall adjust it against his / her current month's salary.

11.8 Approval of Travel Expense Report

The Finance & Accounts Department shall check the Travel Expense Report in pursuance to the travel policy and forward the same to the Executive Director for approval.

After the approval of the Travel Expense Report, Finance & Accounts Department shall ask the respective traveler to deposit the under spent advance amount (excess of advance over the approved Travel Expense Report), if any, immediately. In case of failure to deposit the balance money, the due amount shall be deducted from the current month's salary.

For any other expenses, i.e. official long distance calls etc., an approval from the Executive Director or his designate is required.



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Chapter-XII

Overseas Travel

12.1 Overseas Travel

Depending on the funding source, there are some differences in regulations, but all travelers should follow the steps. Board of Directors shall approve the travel of Executive Director. Executive Director approves the travel of other staff. If included specifically in the budget and approved by Board, then separate case by case approval by Board will not be required.

12.2 Funding

Before any travel arrangements are made there should be clear understanding/ agreement as to budget that will cover the travel expenses. The funding source (s) should be noted on the Travel Authorization Request Form.

12.3 Travel Allowances and Others

When any MRDI employee travels outside Bangladesh for official purpose and on official nomination, MRDI/Project implemented by MRDI will bear his/her expenses & allowances as per following manner:

12.3.1 Per diem allowance and Lodging for Asian and African countries:

- 12.3.1.1 Per diem allowance will be provided at a flat rate of \$60 per day. This will include food, local transport and communications including to and from airport.
- 12.3.1.2 When all expenses such as food, transport, lodging etc. is taken care by the organizing authority for any residential conference/seminar/workshop/ training, the per diem will be paid 50% per day.
- 12.3.1.3 Lodging expenses will be provided based on actual cost, with an upper ceiling of US \$150 per day.

12.3.2 Per diem allowance and Lodging for America, Europe and Oceania:

- 12.3.2.1 Per diem will be provided @ € 80 per day for the UK and Europe and US \$80 for the USA.



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12.3.2.2 When all expenses such as food, transport, lodging etc. is taken care by the organizing authority for any residential conference/ seminar/workshop/training, the per diem will be paid 50% per day.

12.3.2.3 Lodging expenses will be provided based on actual cost, with an upper limit of € 180 for UK and Europe and \$180 for USA.

12.3.3 Other rules for payment /reimbursement of expenditure related to foreign travel:

12.3.3.1 For International air travel, staffs are entitled to economy class ticket. All expenses related to airfare, travel tax etc. will be reimbursed at actual.

12.3.3.2 For stop over for more than 6 hours during transit, staff is entitled to "Day Rooms" which will be reimbursed on submission of actual bill.

12.3.3.3 Taxi fare from Airport to Hotel and back will be reimbursed on submission of vouchers. Staffs are encouraged to take public transport from airport to hotel and back.

12.3.3.4 Foreign per diem is allowable from the date of air travel starts up to the date of air-travel ends.

12.3.3.5 MRDI will pay fees for passport and renewal, visa fees etc. for travel on official business.

12.3.3.6 Exceptions may be made for unusual local travel cost, per diem, hotel rates etc. at the discretion of the Executive Director.

12.3.4 Exceptional expenditure

Special permission from the ED shall be obtained for exceptional expenditure beyond this chapter.

12.4 Travel Expense Reporting

All travelers must submit a completed Travel Expense Report for authorization to their supervisors within 15 (fifteen) of return from the travel and failure to comply with this rule (without justification) may result in a warning letter. Amounts due to or from the employee should be settled at that time. Upon recommendation of his/her supervisors, Head of Finance will approve the expenses.



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The following are requirements for the report:

- Clear budget codes or the specific name(s) of the funding source(s)
- Air tickets, Boarding pass.
- Receipts should be obtained in every possible circumstance. If a receipt is not available the traveler must clearly document the expenses and explain why a receipt was not available. In a case where the service provider will not or does not furnish a receipt, you may write your own and have the person signed or mark the paper.
- Date- list the actual dates when the expenses were incurred.
- Location- list the exact location(s) – city or town – as well as country, where the expenses were incurred.
- Fares- enter the amount paid for transportation including the cost of airfare, train, bus, or taxi.
- Lodging- enters actual cost of lodging as paid by the traveler and supported by receipt.
- Per diem- Receipt of the total amount of per diem received including dates.
- Miscellaneous items- include such items as business phone calls, Xeroxing, laundry during trip, and airport taxes. The cost of phone calls paid to a hotel should be entered in the phone/wire column and not be included in the lodging column.
- Show travel advances received and the balance due from or to MRDI. If the advance exceeds the amount due, a check payable to MRDI should accompany the expense report.



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Chapter – XIII

Procurement Procedures

13.1 General

Procurement transactions should always be made through open and free competition.

Goods and services should be procured from responsible suppliers or contractors who possess the ability to provide goods and services successfully and at a competitive price. Consideration should be given to the contractor's integrity, record of past performance and financial and technical resources.

13.2 Requisition

Whenever a purchase is required, the concerned section of **MRDI** shall raise a requisition with full particulars of the items needed along with justification to purchase. This requisition shall be submitted by the divisional head to the Finance Department.

The Finance Department shall put the justification of the items needed and verify with the budget.

13.3 Budget Provision

The Finance department shall verify the request with the provisions in the budget and availability of the fund in the respective budget line item.

If the proposal agrees with the provisions in the budget, Finance Department shall send the proposal to Executive Director for approval.

In cases where it is not budgeted earlier or if there is not sufficient budget in the respective line item then the proposal shall be rejected. However depending on the necessity of the item and if it becomes absolutely necessary for the program then alternative sources shall be investigated within the budget and according to the terms of the grant.

If not otherwise contrary to the terms of the grant agreement an option shall be given to the requisitions to share the cost from other similar budget line item where the requisitions can assure a surplus at least to that extent in that line item.

All the enquiries as above must be documented and submitted to the Executive Director for approval.

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13.4 Invitation of Quotation

No item should be purchased without the approval of the appropriate approving officer. If an item costs less than Taka 25,000 no quotation is required. If an item costs between Taka 25,001 and Taka 200,000 the authorized officer shall obtain three spot quotations from three separate suppliers and produce a comparative statement. If any item costs more than Taka 200,000 but no more than 500,000 at least three written sealed quotations shall be obtained from separate suppliers. Open Tender shall be made for item costs more than Taka 500,000. But in the case of production of video documentary, TV Programme, consultancy services open tender is required exceeding Tk. 15,00,000.

Sl. No.	Quotation Require for:	
	Goods and equipments	Production of video documentary, TV/ Radio Programme, consultancy/expert services etc.
1.	Up to Taka 25,000 no quotation is required.	Up to Taka 50,000 no quotation is required.
2.	Above Taka 25,000 but not more than Taka 200,000, three spot quotations are required	Above Taka 50,000 but not more than Taka 500,000 three spot quotations are required
3.	Above Taka 200,000 but not more than Taka 500,000, three sealed quotations in writing are required.	Above Taka 500,000 but not more than Taka 1,500,000, three sealed quotations in writing are required.
4.	Above Taka 500,000 open tender is required.	Above Taka 15,00,000 open tender is required.

The bids solicitation procedure may not be required-

- While the procurement is made from Government/Semi-Government/ Corporation or exclusive dealers or the local manufacturer/producer like Otobi, Navana furniture, Square etc. or their dealers/distributors whose price list of the item is available.



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- If the advertisement made directly in the TV channel, newspaper at their fixed rate
- If the donor organization agreed to take goods/equipments/services from any reputed organization considering quality, reasonable rate, timely delivery, security matter, efficient programme management, location etc.

13.5 Purchasing Strategies from Enlisted Vendors

Purchasing strategies from the enlisted vendors.

13.5.1 Price List purchase/Sole Sourcing

The vendor prices are fixed on a published price or index. In such case, purchases may be done based on the price list or if the vendor is the sole producer/agent then *sole sourcing* can be done. However, the PROC should finalize the commission/ discounts/ levy if any before confirming the goods. While purchasing under this procedure, documents evidence such as published price list, sole proprietorship or distributorship must be attached.

13.5.2 Competitive Bidding Process

The majority of purchases are done through this process. To run this process, several enlisted/non-enlisted suppliers are necessary.

13.6 Procurement Committee

A procurement committee consisting three members shall be formed by the Board of Directors. One Director shall be selected by Board for the review and to make recommendation of the decision provided by the Procurement Committee. Recommendation from a Technical person may be obtained when necessary.

The structure of the committee should be as follows:

- Manager finance (Alternative one assistant Manager, finance),
- Manager, programme & Communications (Alternative one senior programme officer) and
- One advisor (Alternative Manager, Administration/ Assistant Manager, Administration).
- The change of committee member will be at the discretion of the director selected by Board for the review.



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- For any procurement at least two members must be involved.

On behalf of the committee one member will do the secretarial works and issue work order/purchase order/supply order.

13.7 Comparative Bid Analysis

The Procurement Committee formed in this connection shall prepare a comparative statement and determine which supplier provides the most suitable item at the cheapest price subject to analysis of quality of the product or services. The committee shall record its decision on the comparative statement. The procurement should be done at the recommendation of this committee.

If only one participant submits the bids, the procurement committee may recommend whether re-tender should be called or not and provide justification thereon and forward to the Executive Director for approval.

13.8 Purchase Order

A Purchase Order must be prepared for above Taka 25,000 by the Authorized Officer for procurement of goods, or contract for services and be issued to the concerned supplier.

13.9 Receipt of Goods

All goods and services received must be verified for assurance of quality by a staff member not involved in the approval or accounting process. Goods will be received and verified by signing the Purchase Order as "Received" and prepare Goods Receipt Notes (GRN) on the basis of Purchase Order. Service will be verified by signing the contract as "Services Received". In case of goods, the Store Keeper or Librarian will receive and services will be acknowledged by the concerned department.

13.10 Payment

Any payment against purchase shall be made only after certification from the 'Certifying Officer' and duly approved by the 'Approving Officer'. On receipts of Supplier's Invoice, Goods Received Note (GRN) and suppliers Delivery Note (along with Purchase Order, Quotations, and/or bids summary) from the Store In-charge or concerned recipient, Finance Department shall process the payment.



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Approval of any payment will require the following steps.

- The purchase of goods or services must have been duly approved.
- The goods or services must have been delivered (delivery notes dully signed for reception).
- All requests for payment must be supported by the submission of appropriate bills or invoices.
- Before making any payment the Head of Finance and Accounts/Authorised person shall ensure that the bill or invoice is properly approved by the Executive Director.
- Invoices, bills, receipts, quotations, contract of procurement (if any) etc. must be attached with vouchers. Head of Finance and Accounts /Authorised person should write head of expenses on each invoice, bill etc.

13.11 Mode of payment

The Head of Finance and Accounts /Authorised person should make payment to the vendor through Account payee cheque if it is more than Tk. 10,000 /= (Taka Ten Thousand) against the above procurements of goods and services. Cash payment should be restricted as much as possible. But for a single bill, cash purchases should not be more than Tk. 10,000/=. In case of emergency spot purchases/open market purchases where vendor is not willing to receive the cheque/pay order, then the Executive Director may approve the cash to be paid to the vendor.

13.12 Control Procedure

In order to have control over the issue of the purchase order, all the purchase order issued, should be recorded in a register with a sequential serial number allotted for each such purchase order.

Such purchase order register should be regularly reviewed and the status of the purchases including pending deliveries against orders should be verified. Discrepancies, if any should be immediately notified to the Executive Director.



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13.13 Flow Chart of Procurement Procedure

01.	Respective department fills up the prescribed Requisition Form and submit to the Head of Finance.
↓	
02.	Budget verification by head of Finance.
↓	
03.	Issue of note to approval authority Executive Director for administrative approval.
↓	
04.	When approval authority approves purchase requisition, the procurement committee automatically entitled to start the process of procurement i.e. collection quotation/call tender, wherever necessary.
↓	
05.	After the mentioned time period in the invitation letter for submitting quotation/tender, procurement committee will open the quotation/tender in presence of bidders/representatives if they attend. If all the invited vendors submit quotations before the last date of submission, the procurement committee may open the quotations accordingly.
↓	
06	Prepare comparative statement mentioning necessary recommendation (preference should be given to sole distributor and supplier who provides warranty / guaranty on goods) by the procurement committee to the Director responsible for procurement.
↓	
07.	One member of the procurement committee will do the secretarial works and issue work/supply/ purchase order to the lowest bidder or the bidder recommended by procurement committee.
↓	
08.	Receive material by store department with delivery challan/bill/invoice after verification of quality by the assigned staff.
↓	
09.	Submission of bill to the finance & accounts department for payment along with all the necessary documents relating to procurement.

13.14 Code of conduct for procurement of goods and services

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



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- 13.14.02 Procurement staff shall not have ownership interest in suppliers.
- 13.14.03 Procurement staff shall not accept gifts, gratuities, entertainment, travel or hospitality from a supplier.
- 13.14.04 Procurement staff shall not disclose confidential information to the suppliers with regard to decision, pricing, proceedings etc.
- 13.14.05 Procurement staff or members of their family may not act as director, officer, partner, employee, agent or consultant with or without compensation, for a present or proposed supplier or customer.
- 13.14.06 Procurement staff or members of their family may not receive fees, commissions or other compensation from a supplier.



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Chapter – XIV

Conflict of Interest and Anti-corruption Policy

14.01 Conflict of Interest

A conflict of interest of employee(s) is any interest, financial or otherwise, direct or indirect, participation in any business, transaction or professional activity for financial gains or incurring any obligation of any nature, which is or appears to be in substantial conflict with the proper discharge of duties in relation to MRDI.

The following areas in respect of any transaction/business will be treated as conflict of interest:

- Business/transaction with any relative or friend
- A situation in which professional actions or decisions might become questionable.
- Appointment of any person having personal relationship with any of the executive and management staff.
- Use of any assets/properties of the organization for personal benefit
- Assigning any sub-ordinate employee in performing any personal work.

14.02 Handling Conflicts of Interest

Under the situation of a conflict of interest it is vitally important that any new or acting board members learn how to identify such conflicts of interest and how to deal with the situation. Handling such conflicts of interest for the organization may be resolved in the following manner in relation to the conflict:

- a. Business/transaction with any relative or friend. The situation may be overcome and conflict of interest be avoided through:
 - The board member should disclose the relationship and should withdraw from his/her membership from the board and refrain from putting any decision.
 - An independent procurement committee may be formed with two members from outside the organization
 - And procurement should be justified through procurement analyst.



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- b. A situation in which professional actions of decision might become questionable:

The executive or any other persons who may become questionable must not be involved in the procurement and the procurement may be handled by independent procurement persons as indicated in the above situation through appointment of outsiders and justification by procurement analyst.

- c. Appointment of any person having personal relationship with any of the executive and management staff:

The same procedure as above may be applied as well persons with relationship should totally become inactive and refrain from providing any sorts of decision. However, all procedure as mentioned above is equally applicable in this situation.

- d. Use of any assets/properties of the organization for personal benefits:

The executive members as well as the other staff of the organization should consider the fact that the organization belongs to all and the persons in question are involved to run the organization for organizational benefits and so must refrain from any involvement in personal gain & benefits.

- e. Assigning any sub-ordinate employees in performing any personal work:

The Board of Directors and other officials should keep in mind that all sub-ordinates and staffs are being appointed for carrying out works or tasks of the organization for organizational benefit and progress and they are employees of the organization, and not of any persons. This mentality will prevent them to order for personal works. All employees should be made aware of the conflict of interest policy so that they know the norms & rules.

- f. Conflict of interest regarding related party transaction:

Conflict of interest may arise through transactions with sister concerns and such other related party for any gain. Such conflict of interest may be resolved in the following manner:



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1. Disclosure of sister concern/related party
2. Different and independent board of executives
3. Individual identity of the sister concern/related party
4. Individual financial and administrative policy and set up of each such institutions.
5. Independent management
6. Unbiased financial transaction within the arms length

14.03 MRDI Anti-Corruption Policy

14.03.1 Introduction:

Management and Resources Development Initiative (MRDI) management and staffs are personally and collectively motivated & committed for upholding and promoting the highest ethical and professional standards in their work. Everyone has a commitment to prevent fraud and corruption and unethical business practices. The various policies and internal control & monitoring system of MRDI are strong guard against occurrence of any corruption, fraud and financial irregularities.

The management of all levels has a responsibility to ensure that all personnel are aware of this Anti-corruption Policy, understand what it means in concrete behavioral terms and conceptualize how it applies to their program context.

MRDI has the zero-tolerance approach to corruption, fraud and financial irregularities. MRDI personnel shall never take advantage of their position when working with communities, partners, vendors or/and other stakeholders.

14.03.2 Definition of corruption, fraud & financial irregularities:

Corruption is the “offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person”.

Fraud is an intentional distortion, deceit, trickery and perversion of truth or breach of confidence, relating to an organization’s financial, material, or human resources, assets, services and/or transactions, generally for the purpose of personal gain or benefit. Fraud is a criminal deception or the use of false representations to gain an unjust advantage.



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Financial irregularities mean any administrative or financial mismanagement that comes about either by act or omission by a finance personnel which has or would have the effect of prejudicing the fund(s) of the organization or project managed by them, by charging an unjustified item of expenditure.

Key Principles: MRDI's general attitude to corruption, fraud and financial irregularities are:

- Always prevent
- Never accept
- Always inform
- Always act

14.03.3 Mitigation measures against corruption, fraud and financial irregularities

In practical implementation MRDI will take the following mitigation measures:

- Promote the implementation of this Anti-corruption Policy by contributing towards the creation and maintenance of an environment that prevents corruption and unethical business practice.
- Report immediately any knowledge, concerns or substantial suspicions of breaches of the Policy to her/his manager and/or senior management of the offices who is expected to take prompt investigative action.
- Uphold the highest standards of accountability, efficiency, competence, integrity and transparency in the provision of goods and services in the execution of their job.
- Strengthen downward accountability practices as a way of preventing and detecting corruption;
- Give attention to setting up good financial, administrative, procurement and human resources systems from the very beginning of a project/programme
- Cooperate when requested with any investigation into alleged breaches related to this Policy.

Measures when there is cause to suspect corruption or receive complaint when corruption, fraud and/or financial irregularities are suspected or complaint received, MRDI will take the following measures:



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- If MRDI gets any complaint of corruption, fraud activity or any unethical business practice against any personnel, board members, temporary personnel, implementing partners, consultants and volunteers during their mission with MRDI, the organization shall take it immediately under investigation for prompt action.
- Any complaint against any fraud, corruption or unethical business practice will be handled in line with the MRDI complaint and response mechanism.
- Engage in a dialogue on how to investigate the suspected corruption /fraud / irregularity.
- The complaint will be handled with an open mind and in confidentiality. Name and contact details will not be revealed to any person outside the investigation.
- If corruption/fraud/irregularity is proved, disciplinary and/or legal actions will be taken immediately.
- If a complaint is proved malicious, any investigation underway must be stopped immediately and disciplinary actions will be taken.



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Chapter – XV

Fixed Assets Management

15.1 General

Fixed Assets are resources of an organization that have the potential for providing with future economic benefits. Control over fixed assets is an essential part of routine management exercise. This chapter highlights some basic control issues concerning fixed assets management. **MRDI** management/employees shall ensure the best utilization and accounting for all of its fixed assets.

15.2 Fixed assets

- Fixed Assets are:
- assets that are used in the MRDI operation.
- are not intended for resale.
- have a useful life of more than one year.
- This includes any asset, which costs at least Taka 5,000/- (Five thousand).
- and have an estimated life more than 1 year. Such as Land, building, vehicles, equipment, furniture & fixture etc.

15.3 Safe keeping of Fixed Assets

Fixed Assets must be safeguarded from fire, theft, damage and other risk factors. Adequate fire fighting measures should be taken, wherever necessary, to protect the assets from fire and other hazards. Electrical, electronic and other sensitive equipment must be protected from power surge and other electrical hazard. Computer and other office equipment must be protected under controlled environment from excessive heat and burn.

15.4 Custodianship

The Executive Director on behalf of Board of directors shall act as the Chief Custodian of all assets of **MRDI**. A list of all Fixed Assets should be kept at the Head Office for controlling, tracking and instant reference. The Finance Department shall also retain a copy of the same.



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15.5 Donated Assets

Assets, which have been donated to MRDI, should be included in the accounts, if the donor declares any valuation of such asset. In absence of any valuation, all such donated assets should be recorded in the Fixed Asset Register at "No Value" and be given a separate ID number for securing existence. However, only one Taka value shall be kept against each of such assets.

15.6 Non-Capitalized Assets

MRDI shall record all assets, whether capitalized or not, in the Fixed Asset Register (FAR). Non-capitalized assets shall also be recorded in the Fixed Asset Register as a memorandum record to have a control on those assets. All these assets shall carry unique asset numbers, so that they can be easily identified.

An asset purchased for the use of **MRDI** shall be non-capitalized asset when it does not satisfy any of the following conditions:

- The benefits of the expenditures on the assets are expected to extend more than one year.
- Shall be used on a continuous basis and not intended for sale in the ordinary course of action.

15.7 Insurance

All fixed assets of **MRDI** must be adequately covered by Insurance Policies from a reputable Bangladeshi Insurance Company. The Executive Director with the assistance of the Finance Department shall be responsible for ensuring that insurance coverage is always up to date and renewed timely. While taking the coverage, reputation of the insurance company in terms of settlement of claims must be considered. Insurance coverage should be comprehensive and broad based covering all probable risks. The assets must not be under insured to avoid average settlement at the time of actual loss.

15.8 Fixed Asset ID Number

When an asset is purchased, it should be given a unique asset serial number (ID Number) which should be physically marked only on fixed nature of movable assets and held in the Fixed Asset Register of **MRDI**.



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This ID number is the identification mark provided by **MRDI**. Such ID mark should be written on the assets in such a way that it could be easily noticed.

The Head Office of **MRDI** shall be held responsible for determining fixed asset ID number. In case an asset is purchased in the s then the s must communicate to the Head Office for allocation an ID number for that asset.

The ID number must include the following information:

- Ownership of fixed asset, for example: **MRDI**
- Location of fixed asset, for example: HO, UO
- Class of fixed asset, for example: Furniture and Fixture
- Category of fixed asset, for example: Table
- Year of acquisition, for example: 2007
- Project / donor code

15.9 Fixed Asset Register

All fixed assets shall be recorded in the Fixed Asset Register soon after the purchase by affixing an identification mark for each individual item. The register should give details of each asset as follows:

- Asset ID number
- Date of acquisition
- Description of assets (including sl. no. on the assets wherever applicable)
- Unit
- Cost per unit
- Total value (cost) of the asset
- Depreciation rate
- Annual depreciation amount
- Accumulated depreciation (depreciation to date)
- Written down value
- Payment ref. for example: voucher number, budget code/donor/ project etc.
- Location of the asset
- Condition of asset
- Remarks



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15.10 Movement of Fixed Assets

For the purpose of recording and keeping control on fixed assets, a gate pass shall be issued for delivering any computer or other equipment to the vendor or repairing shop for repairing of those items.

No property of the Organization should be allowed to be taken out of the office premises without an approved gate pass and an entry in the asset movement register.

The gate pass should be signed by the guard while taking out of the office premises as a witness of the movement of fixed assets.

15.11 Physical Verification of Fixed Assets

MRDI shall arrange physical verification of its fixed assets at least once a year to verify the quantity and quality of the assets. A team comprising of internal audit, administration and finance personnel shall carry out the physical verification of assets. External auditors should be invited to witness the verification of assets. Team engaged for physical verification of assets shall submit a report to the Executive Director with a copy to the Finance Department. The report shall contain the following information:

- a. Asset no.
- b. Name / description of the assets
- c. Location of the assets
- d. User of the assets
- e. Quantity of assets as per register
- f. Quantity of assets physically found
- g. Quality of assets physically found
- h. Short / Excess of assets as per physical verification
- i. Recommendation for sale or disposal, if any
- j. Remarks

15.12 Disposal of Fixed Assets

Fixed assets, which are in poor condition or no longer required for use can be disposed off either by sale or scrapping. The process of disposal must be approved by the Board of directors prior to starting such process.



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Before making any proposal for disposal of the assets, the conditions of the grant agreement must be followed. If there is any restriction on sale or otherwise instructed by the respective donor on disposal of assets then their instructions should be followed.

If there is no restriction from the donor on disposal of assets, then management can take its own decision on such disposal.

15.13 Accounting for Disposal of Fixed Assets

At the time of disposal of the asset, the value of accumulated depreciation as well as the cost of the assets shall be taken out from the Fixed Asset Register.

In case of sale, if the sales price of the disposed asset is greater than the Written down Value (WDV), then the difference between the sales price and WDV shall be treated as 'Profit on Disposal of Fixed Assets'

On the other hand, if the sales price of the disposed asset is less than the WDV, then the difference between the sales price and WDV shall be treated as 'Loss on Disposal of Fixed Assets'

15.14 Writing off of Fixed Assets

In case an asset is damaged or becomes unserviceable, the maintenance section will certify the condition and propose for write off. Finance Section will place the proposal with the relevant data of cost, year of purchase, depreciation charged, written down value etc. to the Management for appropriate decision with the consent of the Board of Directors.



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Chapter – XVI

Financial Reports

16.1 Internal Financial Report

An Internal Financial Report should be prepared at the end of each month. The amount of each installment of fund received and the total of funds received should be available in this report. All the expenditure from the general ledger should be shown with budgeted figure of each item. Opening and closing balance of bank and cash book should also be included. When all receipts and payments are totaled and cash in hand and cash at bank extracted, total expenditures and the balances shown in the Internal Financial Report should agree with the general ledger and cash book/bank book.

The Head of Finance should sign the report and give it to the Executive Director/Director (Admin) who after verification should also sign the report. The report should be used as an internal document to monitor expenditures and balances of the budget, and must be produced to The Board of directors of Organization during its meeting, if needed.

16.2 Contents of Financial Statements

16.2.1 Balance Sheet

The position of funds, Assets and Liabilities on a specific date is presented through the Balance Sheet. It is prepared Project-wise, Fund-wise and a Consolidation of all the funds.

The Balance Sheet shall have to be prepared based on the Trial Balance and the adjusting entries of the projects of **MRDI**.

The Excess of Income over Expenditure (surplus) or the Excess of Expenditure over Income (deficit) is to be adjusted against fund account of Balance Sheet.

The ultimate effects of the adjustments relating to advances, prepayments and outstanding expenses and depreciation shall be shown in the Balance Sheet.

The details of Fixed Assets should be shown in a schedule to be annexed with the Balance Sheet.



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16.2.2 Income and Expenditure Account

Project-wise, Fund-wise as well as consolidated Income and Expenditure Account is prepared to ascertain the Excess of Income over Expenditure or the Excess of Expenditure over Income on monthly and yearly basis.

All the revenue receipts should be treated as income and all the revenue payments should be treated as expenditure.

Payments against advances or capital expenses should not be included in this account. These types of expenses should be treated as items to be shown in the Balance sheet.

The surplus or deficit as shown by this account shall be transferred to the Balance Sheet as Capital Fund.

The depreciation charges relating fixed assets and the bad debts will be shown in the Income and Expenditure Account.

All revenue nature income and expenditure relating to the reporting period will be reflected in this account irrespective of the status whether income received or not and the expenditure paid or not.

16.2.3 Receipts and Payments Account

At the end of each month, Project-wise and Fund-wise Receipts and Payments Account shall be prepared based on all receipts and all payments relating to each of the projects.

A Consolidated Receipts and Payments Account of **MRDI** shall be prepared at the end of each month, showing budget and cumulative figures of each of the budget line items.

At the time of preparing the above account, the closing balance of the previous month/year should be transferred as opening balance.

The receipts and payments account will reflect the summation of all revenue and capital nature expenditure during the reporting period.

16.2.4 Comparative Statements: Budget vs. Actual Amount

A comparative statement shall be prepared at the end of each month showing Budget vs. Actual amounts. This statement is also called Variance Report. The Finance Department of **MRDI** that prepares monthly Financial Statements shall be responsible for closely monitoring the Variance Report.



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16.2.5 All supporting Documents with regard to:

- Fixed Assets
- Accounts Receivable
- Accounts Payable
- Advances, Deposits and Prepayments
- Liabilities and all Unpaid Obligations
- Sources of Income
- Others, as may be required.

16.3 Financial Report to the Donors

Financial report for the donor should be prepared as per the requirements of the respective donors.

16.4 Final Accounts

From the annual Trial Balance, Balance Sheet and Income and Expenditure Account will be prepared. For activities of different projects, which are not completed at the Balance Sheet Date of the **MRDI's** main accounts, proportionate accounts of those projects will be accounted for in the main accounts.

16.5 Chart of Accounts

MRDI is an expanding organization and expected to take up new projects and programs. As per organization and donor need different financial report to be generated for different project and duration. The Chart of Accounts (Accounts head or title) has been developed to allow separate tracking of individual programs, different program component and location –wise. One can introduce coding system side by side, which could be helpful for computerization but for the manual accounting coding is not necessary.

Main Accounts Heads (Example)

Fixed Asset

- Land and building
- Furniture and Fixture
- Office Equipments
- Vehicles
- Office Decoration



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Current Assets

- Cash in Hand
- Advance
- Earnest Money
- Cash at Bank
- Investment in FDR

Liability

- Loan from alternative source/s
- Payment to Contractors (Third Party)
- General Fund
- Provision for staff benefits

Revenue

- Sales of Handicraft
- Fund received from Donor
- Income from Bank Accounts
- Miscellaneous

Expense

- Printing and Stationeries
- Training venue rent
- Salaries

Chart of Accounts with Coding System

The coding system has been developed to allow separate tracking of individual programs, different program component and location –wise.

Example:

PROJECT CODE	ACCOUNT CODE
00	00000
2 digits	5 digits
A	B

All fields in the code structure are Numerical. First two segments of the account code are mandatory for posting financial transactions into the General Ledger.



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Code Explanation:

A – This is the first segment of the account code with 2 digits that represents the segment of the ledger for project accounting. A project code in the General Ledger is a code used to track income and expenditure for a specific project. The project code structure can be depicted as follows, which has the provision to accommodate maximum 99 projects:

The Present Project - 01
Any subsequent new project - 02, 03

B - This is the second segment of the account code with five digits and represents the type of assets, liability, income or expense with sub-head of Account and program component wherever applicable. The Account code structure can be depicted as follows:

The first digit represents the broad account type viz.

Account beginning with 1 = Fixed Asset
Account beginning with 2 = Current Assets
Account beginning with 3 = Liability
Account beginning with 4 = Revenue
Account beginning with 5-9 = Expense

The next two digits represent the sub-account types viz.

Account beginning with 1 11 = Fixed Asset- Furniture& Fixture
Account beginning with 2 11= Current Assets-Cash in Hand
Account beginning with 3 11 = Liability-Capital Fund
Account beginning with 4 11 = Revenue- Donation Received
Account beginning with 5 11 = Expense- Salary-Basic

The last two digits represent the program components viz.

Account beginning with 1 11 11 = Fixed Asset- F&F-Program
Account beginning with 2 11 12 =Current Assets-Cash in Hand-Program
Account beginning with 3 11 00 = Liability-Capital Fund
Account beginning with 4 11 11 = Revenue- Donation Received- Program
Account beginning with 5 11 12 = Expense- Salary-Basic-Program



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Chapter – XVII

External Audit and Annual Return

17.1 Audit

All the accounts of the Organization shall be audited by a reputed Chartered Accountants Firm annually. Main Accounts and all the Project Accounts shall be audited separately.

Audit shall be carried out in conformity with the Bangladesh Standards on Auditing and instructions of NGO affairs Bureau and Donors.

The Executive Director shall submit the audited financial statement along with the auditor's report to The Board of directors for discussion and approval.

The auditors shall have access at all convenient times, during the agreed period of annual audit to all books, records, vouchers, minutes and other documentations, which are in the opinion of the auditors, necessary in performance of the audit.

17.2 Annual Return

All the returns including annual returns must be submitted to the Registrar of Joint Stock Companies (If applicable), NGO Affairs Bureau and respective Donors in the stipulated time. The Head of Finance will ensure compliance of all the formalities in this regard.

17.3 Internal Audit

The Organization should introduce internal audit to ensure best practice, continuous monitoring and compliance. Internal audit will be carried out by a designated employee of the organization. Internal auditor will be completely independent from the day to day activities of the organization, and the auditor will report directly to the Executive Director and the Board.

Internal audit should be carried out with a proper plan, audit programs, reporting templates, and adequate and timely follow-up of reported issues.



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VOLUME-II

SERVICE RULES



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Chapter-I

Introduction

1.00 Introduction

1.01 Legal form of the Organization

Management & Resources Development Initiative (MRDI) a multidisciplinary not for profit, non-government organization as well as a company limited by guarantee is engaged to a wide spectrum of social development activities and seeks to render services to National and International organizations, both the public and private sector, established in the year of 2003, Registered with the NGO affairs Bureau having registration#1962 dated 21.09.2004 under the foreign Donations Regulation Ordinance 1978, and Registered with the office of the Registrar of the Joint Stock Companies and firms, Government of the peoples Republic of Bangladesh under Companies Act 1994 vide certificate of Incorporation#C-544(57)/2003 dated 13.05.2003 as a company limited by Guarantee and licensed#11/2003 under section 28 of the Companies Act 1994.

1.01.1 General Employment Conditions

MRDI will seek to encourage the potential employees and members to become part of the management structure/team and will ensure that access is fully available to all without regard to their gender, physical ability, religious affiliation, caste and class. However, for some positions, purposive requirements for either male or female will be specified during recruitment. MRDI would apply these principles in its recruitment and management of employees. It would ensure that the recruitment policy of the organization is followed.

By accepting employment with MRDI, the employee agrees to abide by the authority of staff structure and co-operate with his/her colleagues and superiors according to the employee's job description and title classification. Staff members are to exercise the utmost discretion in all matters of organization's business. They shall not communicate to any person any information known to them by reason of their official position, which has not been made public, without the authorization of the Management, nor they shall use such information to personal advantage. These obligations of a staff member ceases not even upon separation from MRDI



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MRDI promotes a culture of participation, openness, autonomy and teamwork. Monitoring and evaluation is primarily seen as a learning instrument. Program implementation, staff productivity and program costs are monitored regularly.

MRDI has established a Board of Directors to deal with strategic organizational and program issues. The Board will provide overall supervision, guidance, strategy management, direction and integration of all components of MRDI development processes.

1.01.2 Purpose of the Manual

This manual presents the standard procedure and policies of personnel management of MRDI. This is a guiding rule for all staff members of MRDI, which serves the interest of both the employer and the employees.

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



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Chapter-II

Definition

<u>Terms</u>	<u>Means</u>
Organization	: The Management & Resources Development Initiative (MRDI)
Average pay	: For the purpose of calculation of leave salary, means last pay drawn or the average of the last twelve complete months' pay immediately preceding the month in which the event occurs, whichever is favorable to the employee;
Basic pay	: The pay on the scale or fixed rate of pay which has been sanctioned for a post held by an employee substantively or in' an officiating capacity, but does not include any other remuneration which may be classed as per or is granted in view of personal consideration;
Branch of the MRDI	: Includes Divisional Offices, District Branches and Sub-Offices of the Organization, including Branches abroad (if there is any);
Competent authority	: Described in relation to the exercises of any power under these policies, means the Board of Directors, and includes an authority specified in these Regulations or specified by the Board for the purpose of these policies;
Duty	: Includes service; rendered while in the job;
Employee	: Officers and staff of the organization, whether on regular or on temporary basis;
Family	: Includes wife or husband, children, step-children and parents residing with, and wholly dependent upon, an employee;
Joining time	: The time allowed to an employee to join a post on appointment and/or transfer;
Officer	: an officer of the Organization, whether temporary or



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- Officiating** : regular and includes an officer on probation also;
: In relation to an employee, means officiating in the post when he/she performs the duties against a post on which another employee holds a lien, and includes an employee appointed to officiate in a vacant post on which no other employee holds lien;
- Pay** : The amount drawn monthly by an employee as the pay which has been sanctioned against the post held by him/her substantively or in an officiating capacity or as a probationer, and includes personal pay and perquisites and any other remuneration classed as pay with the approval of the Board of Directors of the Organization;
- Personal pay** : A money addition in the nature of pay, granted to an employee to save him/her from loss of substantive pay in respect of a regular post due to revision of pay or to any reduction of such substantive pay otherwise than as disciplinary measure or, in exceptional circumstance, on other personal considerations;
- Probationer** : An employee employed on probation against a substantive vacancy in any post;
- Temporary** : Those who are employed on contract basis for a particular period of time or are employed against any program/project, also for a particular period of time; "Regular" means those who were employed on permanent basis;
- Service** : Includes the period during which an employee is on duty or on leave duly authorized by the competent authority of the Organization, but does not include any period during which an employee is absent from duty without permission or overstays his/her leave unless such period of absence or overstay is regularized by an order in writing by the competent authority of the Organization;
- Subsistence allowance** : A monthly grant made to an employee during the period he/she is under suspension;



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- Substantive pay** : The pay to which an employee is entitled on account of the post to which he/she is appointed substantively, but does not include personal pay and any other emoluments classed as ' pay;
- Suspension** : Temporary cessation of duties under order. of the competent authority of the Organization;



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Chapter-III

Eligibility for Employment

3.1 Classification/Categories of employees

Usually the following types of employees may work in the organization:

- **Regular/Permanent employee:**
An employee who is appointed to a regular position of the organization is a regular employee.
- **Temporary employee/Contract staff:**
Employees who are appointed for a specific period for a specific task of a temporary nature or on contractual service for a specific job, which is likely to be completed within a specified limit of time, are temporary employee/contract staff. A temporary or contract staff shall not normally receive the same benefits and allowance of a regular employee. Contract/temporary employee's service is terminated as soon as specific job is over.
- **Probationary Employee:**
The employee who is provisionally engaged to fill a permanent vacancy in a post and has not completed the period of his/her probation.
- **Apprentice/ Trainee:**
The employee who is a learner and who is paid an allowance during the period of his training.
- **Casual Employee:**
The employee whose service is casual in nature.

3.2 Nationality of the employees

No person shall be appointed to any post in the service of the MRDI unless he/she is a citizen of Bangladesh. Provided that the Board may, in special cases, waive the condition subject to fulfillment of other conditions regarding



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employment of foreign nationals in Bangladesh. Every employee shall, on his/her appointment, shall declare, among others, his/her domicile in writing on the Curriculum Vitae Format.

3.3 Age of the Employee at the Time of Recruitment

The age limit for recruitment of an employee shall be minimum 18 years and maximum 40 years. The board of directors of the organization shall have the right to relax the higher limit in case of highly qualified person for the interest of the organization.



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Chapter-IV

Recruitment

4.1 Recruitment / Employment procedure

The recruitment goals for MRDI are better described as follows:

- Always to recruit the most suitably qualified and experienced members of staff for any vacant position.
- To follow fair, transparent and standard process;
- To offer equal opportunity to all and specially to promote gender equality and equity;
- To ensure highest possible levels of efficiency, professionalism and achievement.

The most suitable applicant may come from inside or outside the organization.

4.2 Authorization

The Board of Directors will appoint/elect/select the Executive Director and records it in the resolution. All other recruitment will be made by the Executive Director through selection process and on the basis of recommendation of Recruitment Committee.

The Executive Director may appoint any staff members following head hunting process to ensure quality and experience. This process may save time & cost also. The Executive Director May Appoint the students as Apprentice/Internees providing stipend amounting to Tk. 3,000 to Tk. 5,000.

4.3 Selection Procedure

Selection of candidates will follow, where appropriate, initial screening of short-listed applicants carried out by different procedure depending on the post to be filled and should include written tests and / or leaderless group discussion relevant to the requirements of the job.

4.4 Recruitment committee

A three member recruitment committee headed by the Executive Director with one Director and a relevant staff member shall select candidates for grade-II and below.



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4.5 Need identification

Need for staff recruitment with job description based on organ gram of MRDI /project shall be placed before the Executive Director for approval. After approval the same shall be forwarded to the Recruitment Committee for further action as per policy and procedure.

4.6 Job description

For any new position the concerned department, mentioning the required qualification the incumbent must have, shall prepare the job description. The job description shall be prepared from job specification. This shall be mentioned in the advertisement.

4.7 Advertising

Advertisement in newspaper and/or notices to other organizations and/or notices to important public places and notice board of the organization shall be made as per decision of management and internal circular issued to all departments.

4.8 Interview and Test

Applications for jobs shall be received and opened and a preliminary screening of the same be done by the Recruitment Committee or an officer authorized by the committee. After that interview, selection process shall be made through the recruitment committee.

4.9 Reference check

The reference check of all the selected candidates shall be carried out by the Executive Director or his/her representative through his/her previous employer and/or the two references mentioned in application to check on the candidate's previous performance and/or personal history if required.

4.10 Appointment

Appointment letters shall be issued by the Executive Director subject to:

True completion of application form

- Complete submission of educational qualification certificates
- Submission of experience certificate (If any)
- Signed receipt and acceptance of the terms and conditions of employment



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4.11 Joining time and procedure

On the date of joining, the incumbent will submit his/her joining report before 12 PM and report to the Executive Director. On approval of the joining report, his/her joining will be effective.

4.12 Placement & Commencement of Service

The service of any newly appointed person shall commence from the working day on which an employee reports for duty at the place and time intimated to him/her by the competent authority. But, he/she is to report before noon. In case of reporting for duty in the afternoon, his/her work start shall be considered from the next working day.

4.13 Assignment of duty

- An employee may be assigned such duties as may be determined in each case or cases from time to time.
- An employee may be required to serve at any time and in any place inside or outside Bangladesh as decided by the management.

4.14 Probation Period

The period of probation for any post shall normally be 6 (six) months that may be extended for another 6 (six) months by the management, if so required. But if the newly recruited employee is at least 5 years experienced in a reputed organization, the recruitment committee may reduce/ignore the probation period for him/her. Probation period can not be extended more than 12 months.

4.15 Confirmation in the service

- a) Unless otherwise specified in the terms of appointment, the period of probation shall be six months for both the officer and staff of the Organization. However, the probationary period may be extended, if required, for a further period of six months. After 12 months decision regarding confirmation or discontinuation will be finalized.
- b) Confirmation of the services of officer and staff shall be made by the Executive Director with intimation to the board of directors.
- c) The employee may be terminated from the job any time during the probation period without assigning any reason, whatsoever, if the performance of the said employee is found unsatisfactory.



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Chapter-V

Salary and Benefits

5.1 Salary & Benefits

The Salary is the “ Extrinsic” factor of benefit, which will be offered by MRDI management in terms of employment contract with any employee and MRDI management is compelled to pay this benefit to all the staff, employed in MRDI .These will be paid to the staff in terms of his/her service offered to the organization.

Each staff member shall, upon employment, be classified in a Salary Grade and placed in a Salary step. Please refer Appendix E for details of salary grade/level. For each grade there will be a salary range, showing the minimum and the maximum together with the number of steps and value of each step.

MRDI management will ensure the following allowances for its all staff .The gross salary shall be divided as basic Salary, House rent and Conveyance based on Income Tax Ordinance 1984. As per present provision of the Ordinance the break up of Salary shall be as follows:

- a) Basic salary
- b) House rent
- c) Conveyance allowance
- d) Medical Allowances &
- e) Other allowance

All Salary of employees should be paid in compliance with Income Tax Ordinance1984. Necessary deduction of tax at source shall be made for onward deposit to Bangladesh Bank/Selected bank by the Tax authority under the said deduction.

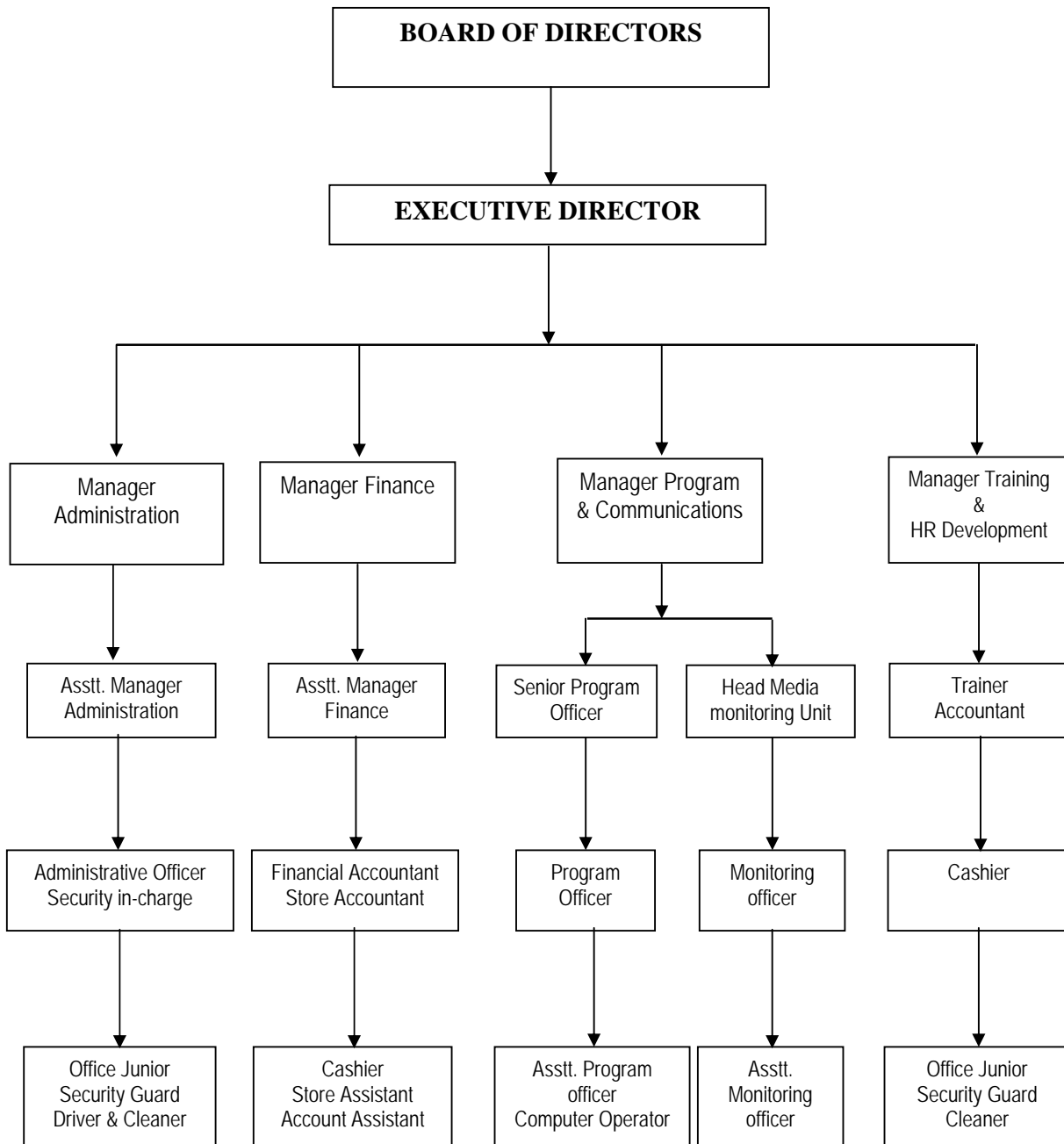


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5.2 MRDI Organogram



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5.3 Employees Status in Organogram

Grade	Post
Grade I	Executive Director
Grade II	Manager, Finance, Manager, admin, Manager, Programme & Communication, Manager Training,
Grade III	All Assistant Managers, Senior Programme officers, Trainers
Grade IV	Administrative officer, Programme officers, Accounts officer, Personal Assistant to ED
Grade V	Assistant Programme officers, Cashier, Store Assistant, Account Assistant, Computer Operator, Security-in-Charge
Grade VI	Office Juniors/Support staffs, Driver, Security Guard, Cleaner

5.4 Salary scale

5.4.1 Approval

The personnel's who will be appointed by the Board of Directors in any post of the organization/project, the board will decide their remuneration & benefits.

5.4.2 Salary Scale

MRDI shall maintain the following salary scale for its employees appointed by the Executive Director if there is no change:

Grade	Scale	Position/Designation
I	All Salary and benefits will Fixed by the board	CEO/ED & same level (The Board of Directors will appoint in this Post)
II	34,000-1,700x6-44,200-EB 1,900x5-53,700	Manager & same level
III	26,000-1,600x5-34,000-EB 1,700x6-44,200	Promotion scale for Assistant Manager, Sr. Programme officer & same level
III	18,000-1,400x6-26,400-EB 1,600x5-34,400	Assistant Manager, Sr. Programme officer & same level
IV	14,000-1,200x6-21,200-EB 1,400x5-28,200	Programme officer & same level
V	10,000-1,000x6-16,000-EB 1,200x5-22,000	Assistant Programme officer & same level
VI	4,100-410x6-6,560-EB 656x5-9,840	Support staff & same level

The breakdown of payment of MRDI advisors will be Basic 60%, House rent 30%, Conveyance 5% and medical 5% of the total.



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5.5 Time of Salary payment

Normally staff salary shall be paid with in the period from 25th of current month and 5th of next month. Staff salary will be calculated representing gross monetary compensation less any deduction previously agreed upon between employee and employer and any other mandatory government tax.

5.6 Annual Increment of Salary

- Every regular staff will be entitled to 1 (one) normal annual increment according to his/her grade for satisfactory performance of every completed year after confirmation.
- Additional increment(s) may be allowed for extraordinary performance of any staff. After having reviewed the extraordinary record of performance shown by the staff, the decision regarding additional increment will be taken by the Executive Director.

5.7 Salary Review

Salary scale may be revised by the Executive Director from time to time as felt necessary and placed before the Board of Directors for approval.

5.8 Allowances

5.8.1 House Rent Allowance

- All employees of MRDI shall be paid monthly house rent allowance at a fixed rate as mentioned below:
- All regular staff: 50% of basic salary
- Deduction of salary will be negotiable of any staff if occupying MRDI accommodation.

5.8.2 Conveyance allowances

Regular staff shall be entitled to monthly Conveyance allowance as per following rate:

- Grade-II & grade-III : 7.50% of basic, not less than Tk. 2,500.00
- Grade-IV to grade-VI : 7.50% of basic, not less than Tk. 1,000.00



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5.8.3 Medical Allowance

Regular staff of all grades shall be entitled to monthly medical allowance 5% of basic, not less than Tk. 1,000.00

5.8.4 Organization Contribution to Contributory Provident fund

Regular staff of all grades (Staff who take salary as per approved pay structure of MRDI) shall be under the coverage to Contributory Provident fund and he/she shall be entitled to receive employer's contribution equivalent to 8.333% of his /her basic salary which is equal to his/her own contribution. The benefit will be effective upon registration of the fund from relevant authority of the Government.

5.8.5 Gratuity

Regular staff of all grades (Staff who take salary as per approved pay structure of MRDI) shall be entitled to Gratuity equivalent to one month basic salary for each completed year of service.

5.9 Festival Allowance

- Every confirmed staff of MRDI is allowed to receive festival allowances equivalent to two months' basic salary in a year.
- Contractual & probationary staffs are allowed to receive festival allowances equivalent to one month's gross salary in a year.
- Proportionate festival allowances will be paid to the employees employed less than one year of service length.
- **Employees of Grade VI will get festival allowance equivalent to two times of their basic salary not exceeding the total amount of Tk. 5,000.00.**

The Festival allowance will be paid as per following schedule:

- The Muslims will be paid the festival allowances 15 days before the Eid-ul-fitre and Eid-ul-azha festivals.
- The Hindus will be paid the two festival allowances together 15 days before the Durga puja.
- The Christians & Buddhists will be paid the two festival allowances together 15 days before the Christmas & Buddha Purnima respectively.
- If there is any other religion, festival allowances will be paid 15 days before their main religious festival.



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Chapter-VI

Human Resource Development & Training

6.1 General

MRDI is committed to increase the capacity/efficiency of its entire staff by way of providing adequate training under Staff Capacity Building Activities (SCBA) at all level at regular intervals. MRDI shall organize and/or to arrange formal or informal staff capacity building training approach irrespective of its duration.

MRDI will organize SCBA on the basis of its needs. SCBA may be targeted to any particular staff or group of staff.

On the basis of the Staff Capacity Building needs MRDI will make yearly Staff Capacity Building plan and execute its activities after the said plan is approved by the Board of Directors.

According to need MRDI may organize any SCBA within the country or outside the country.

The first and foremost principle of staff capacity building is to focus on the organization. Any SCBA does not serve the purpose of the organization will not be encouraged or will not be approved.

MRDI may approve to send any one staff or group of staff to any of the SCBA in any external (in country or abroad) resource organization.

Depending on the fund position ED will take decision to approve any SCBA as per approved plan.

For overseas training, staff member has to guarantee that on his/her return to Bangladesh. He/She will join the office in his/her position and shall continue his/her service with MRDI as per the declaration/undertaking form (refer appendix-I)

Staff members going for overseas training will receive allowances as per MRDI rules.



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Individual staff member participating on such overseas training will be responsible for obtaining Visas. The visa cost is reimbursable, while the cost for passport will be on the participants own account.

Staff members attending In –country training programme will be paid daily allowance and hotel expenses.

6.2 Orientation on organization and job

- Soon after joining, each employee would be provided with at least 3 to 4 days' orientation on organization vision, mission, goals, objectives and activities/functions. In addition to orientation on organization, the employee to be given necessary orientation training on the job he/she will do, including the Service Regulations and other norms and practices of the organization. Moreover, he/she will be introduced with his/her colleagues working around him/her.
- Moreover, if the 'organization feels the necessity of training for any employee to develop his/her skill on a particular subject(s) quite relevant to his/her job performance, the organization may arrange specific training or the employee may be sent to other organization/institution for such training.
- In the case of such selection for training, and on the merit of the case, the Executive Director shall decide as to where training could be arranged, and do accordingly.
- In all the above cases, the cost will be borne by the Organization.

6.3 Training

The employees, who is selected for training outside the Organization for a period of 3 months and above at the expenses of the organization, -shall execute an agreement to the effect that he/she shall provide services to the organization for a minimum period of 2 years upon coming back from that training (which should be duly signed by the Officer/Staff and Competent authority of the Organization before obtaining approval of such Training).



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6.4 Transfer/Posting

MRDI work exigencies may require a staff member to be transferred/deputized from one department to another or one section to another section and one place to another. Any such transfer/deputation shall be made only after consultation with the Board of Directors.

In the case of an employee's kids reading in Schools or Colleges or any other Academic institutions in the concerned locality, all out and sincere efforts to be made by the management to avoid such transfer at the time of ensuing examinations of the kids or at the time when changing such Academic Institutions are not possible.

In the event of a transfer, the concerned employee shall be entitled to get settling allowance equivalent to:

- Seven working days leave with pay (outside other admissible leaves) to effect transfer and settling at the place of posting.
- T.A. as admissible under the Service Regulations
- T.A. for the members of the family (with equal status as admissible for the concerned employee service regulations)
- Other admissible allowances, if any, shall be determined by the Management of the Organization from time to time.

6.5 Promotion

- Promotion cannot be claimed as a matter of right, and all promotions shall be made on overall merit basis, and no employee shall have a claim to be promoted to any particular post by virtue of his seniority alone.
- An employee shall not be eligible for promotion before he/she has competed a minimum of three years of regular service in his/her present post and has completed a training course also, if any, specified by the Board.
- All promotions shall be based on the performance appraisal report and other service records and the results of the interview. Promotion criteria to be framed by the Board from time to time.
- Each employee may be promoted to the next higher grade/post (depending on the opening at the upper grade) or may receive additional



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steps (if position is not vacant/post is not available under the rule) on the basis of evaluation to be undertaken at the end of each year.

- On promotion, an employee may be appointed on observation on officiating basis for a period of six months from the date of promotion, after the expiry of which he / she may be confirmed in the post by the Executive Director.
- Provided that the officiating period may be extended by the Executive Director for another six months to watch the performance of the employees. If any employee is not found fit for confirmation even after the expiry of one year, he/she shall be reverted to his original post.
- On promotion to a higher post, an employee shall take his/her seniority in the post as per order.
- In case of the employees on promotion confirmed on the same date, the seniority will be fixed according to their inter-se-seniority in the lower post from which they have been promoted.
- In the case of a promote and a direct employee, if they count seniority from the same date, the promote shall take seniority over the direct employee.

6.6 Promotion Criteria

While considering promotion cases, the following criteria should be adopted:

- 1) Years of experience in same/similar job
- 2) Academic qualification and training.
- 3) Performance appraisal report from the immediate boss for last 3 years.
- 4) Extra ordinary capability (positive and contributory to the organization cause)
- 5) General observation of the Administration regarding personal behavior, leadership, commitment to job, inter-personal relationship, management capability etc.
- 6) Interview results.

No employee will be eligible, for promotion if he/she gets less than 60% marks in PAR. In case of extra-ordinary performance, if the concerned



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authority feels, any officer/staff may be given accelerated promotion. Promotion criteria are to be framed based on the above yardsticks. Criteria for accelerated promotion are also to be narrated clearly in the policy.

6.7 Performance Appraisal

- Performance of regular staff of all grades and positions will be appraised at the end of the every calendar year. A performance appraisal form will be used for the purpose.
- Relevant supervisor of the staff concerned will appraise the performance.
- All evaluation forms will be delivered from Finance and Administration section and these will return back to the same section within a specific time, which will be maintained by the Manager, Finance and administrative section.
- All performance records will be preserved in the personal file of the concerned staff.
- Supervisor will consult with the previous performance record of the staff concerned prior to appraising the performance.



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Chapter-VII

Disciplinary actions, Resignation, Retirement, Reward

7.1 Disciplinary Procedure

There are Government rules and regulation to control the services of their employees. There are specific procedures and steps that are taken against the offence done by any employee. Most of the disciplinary actions are usually taken as per the conditions laid down in the appointment letter. A staff member may be dismissed without prior notice or pay in lieu thereof, or any compensation if s/he is convicted for an offence or found guilty of misconduct.

7.2 Act of Misconduct

The following acts and omissions shall be treated as misconduct:

- Willful insubordination or disobedience, whether alone or in combination with others, to any lawful or reasonable order of a superior;
- theft, fraud or dishonesty in connection with the employer's business or property;
- taking or giving bribes or any illegal gratification in connection with his/her or any other worker's employment under the employer;
- habitual absence or unauthorized leave for more than ten days;
- habitual late attendance;
- habitual breach of any rules or regulation of the Administrative Manual;
- riotous or disorderly behavior in the office, or any act subversive of discipline;
- habitual negligence or neglect of work;
- Falsifying, tampering with, damaging or causing loss of employer's official records.
- Sexual harassment or any indecent behavior including comments towards colleagues.



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While taking disciplinary action, which might result in warning, suspension without pay as a measure of punishment, or dismissal, the following procedure shall be followed before any order is issued:

- the allegations against him/her are recorded in writing;
- she/he is given a copy thereof and not less than 4 working days time to explain.
- she/he is given a personal hearing;
- the employer or the manager approves of such order.

Where no explanation has been received from the staff member charged with misconduct within 7 days as specified in the charge sheet, MRDI may take *ex-parte* decision in the matter.

A staff member may, however, be cautioned against any unsatisfactory performance or behavior and the cautionary letter will be entered in the staff's personal record.

In awarding punishment, Executive Committee shall take into account the gravity of the misconduct, the previous records, if any, other extenuation or aggravating circumstances that may exist.

7.3 Suspension

In case of suspension of any staff member pending inquiry, s/he will be paid subsistence allowance equivalent to half of his/her monthly salary during the period of such suspension.

If on inquiry, a staff member is found guilty of the charge and is punished, s/he shall not be entitled to his/her salary for the period of suspension for inquiry.

If the staff member is found not guilty, s/he shall be deemed to have been duty for the period of suspension for inquiry and shall be entitled to his/her full salary for such period of Suspension. The Subsistence Allowance paid shall be adjusted accordingly.

7.4 Dismissal

Dismissal means *severance* from the services of the staff by the employer for misconduct.

No order for dismissal of a staff shall be made unless:



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- The allegations against him/her are recorded in writing.
- S/he is given a copy thereof and not less than four working days time to explain.
- S/he is given an opportunity for personal hearing during the inquiry proceeding.
- The Executive Director approves such order.

An order of dismissal or Suspension in writing may take effect immediately on delivery to the staff member.

If the Staff member refuses to accept notice, letter, charge-sheet, order or any other document addressed to him/her by the MRDI, it shall be deemed that such notice, letter, charge-sheet, order or the document has been delivered to him/her if a copy of the same has been exhibited on the notice board and another copy has been sent to the address of the staff as available from the records of the MRDI, by registered post.

The dismissal will be effective from the date of suspension or with immediate effect, whichever the case may be.

A staff who is *dismissed loses Bonus and Gratuity payments.*

7.5 Termination

When a confirmed staff member has been continuously absent from duty due to illness or other reasons whatsoever for more than 4 (months) or 120 calendar days, MRDI is entitled to terminate the contract of employment.

For terminating the employment of a staff by the employer and if it is not due to the completion, cessation, abolition or discontinuance of the MRDI work, one month's notice or pay in lieu thereof, shall be given by MRDI. In addition the staff member will be entitled to gratuity.

7.6 Redundancy

When a staff member's job ceases to exist as the result of organizational changes within the MRDI who has become redundant and alternative employment is not available or if alternative employment is refused the following principles shall apply:

No staff employed in any MRDI who has been in continuous service for not less than 1 year shall be redundant by the employer unless

- The staff has been given one month's notice in writing, indicating the reasons for redundancy,



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- the staff has been paid salary in lieu of such notice,
- The staff has been paid.

7.7 Reward

Reward may be in cash or in kind, or at least in the form of a Letter of Appreciation for doing any good job for the sake of organization objective achievement.

7.8 Resignation

A MRDI staff shall not resign from the service of the Organization without giving one month prior notice in writing mentioning his/her intention for doing so, failing which he/she shall be liable to pay to the Organization a sum of money equivalent to his/her substantive pay for one month:

7.9 Retirement

A staff member retires from the service of MRDI day his/her 60th Birthday falls. However, a fresh contract can be offered to the retired staff with mutual consent. The retired employees shall get all his benefits including gratuity and other admissible retirement benefits.



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Chapter-8

Leave Rule

8.1 Types of Leave

Unless otherwise stated, the leave of the employees of MRDI shall be governed by the rules in this part. The following categories of leave shall be admissible to the employees of MRDI:

- Casual leave
- Medical leave
- Earned/Annual leave
- Maternity leave/paternity leave
- Extraordinary leave without pay
- Study leave without pay.

Details of above-mentioned leaves

8.2 Casual Leave (CL)

- Casual leave means leave of absence for a very short period granted to an employee who may be unable to attend duty during such period due to sudden illness or urgent private affairs.
- The entitlement for casual leave is 15 days per year and prorated for a shorter period
- Maximum CL allowed at a time is 3 (three) days.
- CL cannot be carried forward from year to the next.
- One days notice is required for obtaining approval of CL. But in case of exogenous this provision can be relaxed.
- No formal order or notification need to be issued for grant of casual leave nor the same is required to be shown in permanent service records (that is, Service Book, Audit Register).

Note: Willful extension of casual leave Without sufficient reason to justify the same may be considered as misconduct for the purpose of these regulations.

8.3 Medical leave

Every employee of MRDI is entitled to maximum 10 days medical leave in a year, which shall not be carried over to the next year. For more than 5 days



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medical leave at a time an employee shall require to submit a medical certificate from a registered physician. No medical allowance will be paid to the staff as salaries are inclusive of such allowances.

8.4 Earned/Annual leave

- Every regular employee of MRDI is entitled to earned leave.
- Earned leave is counted at the rate of 2½ days for each completed month of service.
- Earned leave should be enjoyed for a maximum of 10 days inclusive of weekends and holidays at a time. However, the Executive Director may consider varying the maximum period of earned leave to be enjoyed at a time under special circumstances.
- Earned leave can be carried over to the next year, but accumulation of earned leave shall not exceed 30 days.

Normally the staff members will be encouraged to avail their earned leave as per rules during the year. Should any staff is prevented by official assignment from availing earned leave will be allowed financial benefit.

8.5 Maternity leave

- Regular female employees who have completed one year's service will be entitled to a maximum of 4 (four) calendar months Maternity Leave with full pay. They can qualify for two such maternity leave during their entire service with MRDI.
- A Female Staff member is entitled to the leave can be taken before and/or after confinement according to the discretion of the applicant.
- A Pregnant staff member shall notify the management of her pregnancy not less than three months prior to the expected date of confinement.
- A female staff member who has taken her Maternity Leave shall not forfeit her Annual Leave in that year.
- Absence due to pregnancy and childbirth shall not be counted as illness.
- Those who already have two children will not be entitled to the benefit under this section.
- The Above provisions shall apply to the female staff member confirmed in service.



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- An employee's employment contract will not be terminated or any disciplinary action taken during the period of her maternity leave.

8.6 Paternity leave

A male employee is entitled to 8(Eight) days paid paternity leave before and after childbirth subject to the condition of his wife's health. Any weekly holiday or public holiday falls between the approved paternity leave shall be considered as their holiday.

8.7 Leave without pay

- a) Leave without pay may be granted to an employee in special circumstances, but not more than two times in a years and not exceeding 6 working days on one occasion, when no other leave is admissible under these regulations.
- b) The authority empowered to grant may commute retrospectively the period of absence without leave into leave without pay.
- c) **An employee may allow maximum 6 months leave without pay during his/her savior sickness.**

8.8 Study leave

The Board of Directors will decide about such leave case to case if required for the interest of the organization.

8.9 Examination leave

Staff members are entitled to have examination leave for sitting in the government recognized academic/professional examination. The examination leave days are limited to the actual days of examination. The leave entitlement is for one time for the same level of examination.

Where the examination taken are for a course of study, which is considered relevant to the employee's training or development needs, then paid leave for examinations may be considered at the discretion of the Executive Director.

8.10 Hartal (Strike)

In the event of hartal the Executive Director will decide if the office is to remain open or closed. If the office is open all staff are expected to attend. Failure to do so will result in the day or days being considered as unpaid leave.

8.11 Leave Procedure

The leave account of an employee shall be maintained in such form as the



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competent authority may specify.

- i) The leave account of an employee shall be maintained by such officers as the competent authority may determine.

Note: -When an employee other than an officer is appointed to officiate in a post of officer, his leave account may be called for by the officer so competent in respect of the latter post and if he/she is reverted to his original post, the leave account should be sent back to the head of the office concerned. When an employee officiating in a post of an officer proceeds on leave and if he/she is likely to return to a post of officer on the expiry of said leave he/she will continue to be treated an officer during leave.

- ii) Leave of any kind to an officer cannot be granted unless admissibility to the same is certified by the competent office concerned. If, however, the officer himself certifies, along with the application for leave, that the leave applied for is, due to him, the sanctioning authority on verification from the record available with him, if satisfied as to the admissibility, may sanction leave on full pay up to a maximum of four months pending verification of its admissibility by the competent authority. All other kinds of leave shall be sanctioned only after the admissibility being certified by the competent authority.

- iv) Every application for leave or for an extension of leave shall be sent to the authority competent to sanction the leave through the immediate superior, if any of the employee applying for leave. In case of an officer applying for months on full pay, application may be sent to the competent authority with a certificate from the applicant that the leave applied for is due at his/her credit and, in other cases, the application shall be sent to the competent authority with a certificate from the officer maintaining the leave account.

v) Other procedures:

- a) An employee, who desires to obtain leave of absence, shall apply to the competent authority through proper channel well before proceeding on leave.
- b) Application for leave for more than 3 days must be submitted at least one week ahead of such leave of absence.



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- c) An employee before proceeding for leave shall inform the competent authority in writing of his/her address of stay while on leave.
- d) Application for extension of leave must reach the competent authority before expiry of the original leave of absence.
- e) The application for leave on medical ground must an Organization a Medical Certificate from a Gazetted Medical Officer

8.12 Recall from leave

The organization reserves the right to call back from leave any employee on emergency reason of the organization. Such emergency reason includes sudden serious sickness of any key employee, national emergency and so on and sp forth. But efforts shall be made by the organization to avoid such call back. The leave which is not availed by the concerned employee due to calling back may be availed during any normal period.



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Chapter-9

Other Rules

9.1 Working Hours

The Executive Director on behalf of the Board of Directors shall specify normally working hours from time to time. At the Dhaka office, staff shall work from 9 a.m. to 5 p.m. with a break of one hour for lunch at 1 p.m. from Saturday through Thursday. The office is closed on Friday.

Keeping weekly hours (40 hours) and the weekly holiday may be changed if the organization thinks it necessary.

Note: For the growth of the organization the office hour can be extended on consent of the employees.

9.1.1 Time keeping

- All employees should sign an attendance register recording their time of arrival.
- Any arrival beyond 15 minutes of the “Designated Reporting Time” will be marked “Late.” Designated Reporting Time” 15 minutes before the beginning of normal working hours.” Late” attendance for 3 (three) days in a calendar month will be treated as 1 (one) day absence.
- Compensatory day off: Employees on higher grades who are assigned to work on holidays may be entitled to compensatory time off on some future day in lieu of overtime pay and in accordance with special arrangement with employee and head of department or Executive Director.

9.1.2 Lunch period

The lunch period is for an hour in working day and is to be taken between 1.00 p.m. - 2.00 p.m.

9.2 Health and Safety

It is the policy of MRDI to promote safe and healthy working conditions in the office as far as is reasonable. MRDI will ensure that various health and safety measures taken will be maintained. All the staff also has a



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responsibility for their own and other employees' health and safety and should act accordingly. If possible MRDI will, from time to time. Try to organize sessions on general health and safety to remind and update all staff about appropriate measures and practices.

Smoking in the reception area, conference room, toilets and corridors is prohibited. If any one wishes to smoke in the office, they are advised to do it in their respective rooms or outside the office. All visitors are also to be reminded of this regulation. Compliance with this regulation is essential for the safety of all staff.

All staff concerned is to be made aware of and cautioned periodically on the health hazards from the prolonged use of office equipment.

All reasonable measures will be taken by MRDI to ensure that machinery and equipment is safe to operate. As far as is reasonably practicable, MRDI will provide adequate information, instruction, training and supervision for its use. Staffs are expected to read, understand and comply with the written instructions provided for the safe use of machinery.

There is a first aid box in the office with emergency medicines. Any staff requiring any emergency medical aid should ask for the first aid box from the Finance and Administration Officer or from their designated person in the office.

9.3 Conflict of interest

A staff member of the MRDI is not allowed to have any other employment or assignment or carry on any activity which could impair confidence in the impartiality in performing the duties, or which could damage the MRDI.

A staff member is not allowed to solicit or receive any fee, gratuitous payment, agency or goods etc. for any matter or service connected with the duties of the MRDI.

9.4 Professional Secrecy

Matters which come to the staff member's knowledge in his/her official capacity and whose concealment by the circumstances or based on instruction shall be treated as confidential.

On termination of a staff member's service, for any cause whatsoever, the staff member shall hand over to the project all property of the MRDI for which s/he was responsible, together with documents, files, lists or notes executed by the staff member during the employment period.

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9-5 Service Records

9.5.1 Personnel File

- Documents relating to the employment and service with MRDI shall be kept in a separate file, referred as personnel file, under the custody of the HR section.
- The Executive Committee Members and Executive Director shall have access to the personnel files / records of all employees of the organization. Concerned departmental head shall have the right to access to the personnel files, as and when required, of those employees reporting to him.
- All personnel records shall be kept under secure and locked condition and /or in electronic form, if available.

9.5.2 Contents of Personnel file

MRDI must maintain up-to-date personnel / confidential file the name of each employee. The personnel file shall contain the follow things:-

- Application and C.V
- Interview and test scores
- Appointment letter/Contract of appointment.
- Job description.
- Joining letter.
- Pay scale.
- Photograph.
- NOC if any.
- Increment/Promotion.
- Educational qualification Certificates.
- Certificates relating to training and workshop
- Leave status
- Copies of Disciplinary action.
- Termination letter.
- Leave application
- Annual Assessment
- TIN if applicable.
- Personal information including names of parents, spouse and particulars of children (Name of beneficiary on death with ratio as nominated by the employee).
- Photocopy of national identity card, passport



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9.6 Privacy of Employees Information

The organization recognizes and protects each employ's right to privacy. The organization adheres to the following basic principles in order to protect the privacy of the employee's personal information:

- The collection if employe's information is limited to the need by the organization for official and legal purpose.
- The confidentiality of all personal information contained in organization's records will be protected.
- Employees involved in record keeping will be required to adhere to the policies and practices of the MRDI. Violation of these policies will result in disciplinary action.

Within the organization, access to personnel file/ record is limited to those staff members who are having authorization. Access may also be given to third parties, including government agencies, pursuant to the order of court or subpoena.

MRDI will refuse to release personal information to outsiders without the written approval of the employee concerned, unless legally required to do so.

9.7 Working Environment (Sexual & unlawful Harassment)

- It is policy MRDI to create a safe, pleasant and supportive working environment among the staff. And MRDI management is committed to maintain this environment in entire organizational system.
- MRDI management ensures that sexual harassment is a serious offence and listed in the disciplinary procedures as dismissal case.
- The handling procedure against sexual harassment and its implications:
- It is responsibility of the individual coordinators to identify the incidents of Sexual harassment when happens and take steps to stop it including use of disciplinary procedures when necessary.
- Coordinators should respond to all allegations of sexual harassment in an objective sensitive manner, no matter who is involved in the complaint.
- It is the responsibility of all staff to discourage and refuse to collude with harassment. Being silent when it is occurring is not enough, as the harassment may be interrupt this as encouragement.



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9.8 Maintaining Equal Employment Opportunity

In order to provide equal employment all opportunity to an employees, employment decisions at the Organization will be based on merit, qualifications and abilities. The Organization shall not discriminate in employment opportunities or practices on the basis of race,, religion, color, sex, regional origin, age or any other characteristics protected by law.

This opportunity governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefit and training.



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Chapter-10

Use of office facilities

10.1 Use of office phones & other office facilities

If not otherwise entitled through any Office Circular/Order, no employee is entitled to use Office Telephones and other Office facilities on personal ground. However, in case of any emergency, upon clearance/order from the supervisor, he/she may do so, but upon paying off the Bill in cash or adjustable from the monthly salary.'

10.2 Use of office vehicles

If not otherwise entitled by the organization authority, no employee is entitled to use Office Vehicles for personal use. In exceptional cases, like marriage, disease, funeral etc., the same may be used upon taking permission from the appropriate authority of the organization as against reimbursement of the Bill, to be fixed by the appropriate authority from time to time. But, while using Office Vehicles, every care should be made. not to make any unnecessary damages to them

10.3 Non-disclosure

The protection of confidential information is vital to the interest and the success of the Organization. Such confidential information includes:

- Computer programs, code no., tally no., password, etc.
- Client files
- Financial information
- Strategies and secrecy
- Confidential files, books, records, deeds and certificates.
- Research & development strategies
- Other information as deems necessary to make confidential by the Organization management.



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Chapter-11

Smoking, Drugs & Alcohol Use in the Office

11.1 Smoking

Smoking is discouraged in the Office. In case of inability to do so, smoking may be made in the Office Lobby or open spaces from where smoke does not enter into the Office.

11.2 Drugs & Alcohol Use

The Organization desires to provide a drug-free working environment. To promote this goal, employees are required to report to work in appropriate mental and physical condition' to perform their jobs in a satisfactory manner.

Violation of this rule, including others, mostly related to behavioral characteristics, as mentioned in this section and in other sections may lead to even dismissal from the job.



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Chapter – XII

Office Security

12.1 Custody and responsibility of opening and closing the office

The responsibility of opening and closing of the office should be given to an authorized person, usually the security guard or the admin officer. The office keys should be kept in a safe and secured place and a spare set of the keys should also be kept at a different safe place to ensure that office activities are not impaired in case the master keys are misplaced. .

12.2 Working beyond office hours and on holidays

Staff may need to use the premises in case of emergency work or meeting deadline. Prior notification to HR/Admin must be given and the reason stated before such act can be undertaken. The HR/Admin must ensure that any staff working beyond office hours is assisted by an attendant where applicable.

12.3 Access to the office and various parts thereof

Access to the various parts of the office should be restricted to only those individuals who require an access through the necessity of their duty upon authorization. The organization must ensure that appropriate checks are in place regularly reviewing their access system to vulnerable areas such as warehouse, cupboard where the cash and important documents are kept. The access keys to the locks of the restricted areas in an organization should only be handled by the relevant person required to have an official access to that particular section.

12.4 Visitor tracking system: register, ID tags, escorts

The organization should have a visitor tracking system preferably in the reception. The tracking system should comprise of a tracking register covering various aspects of the visitor such as Full name, contact number, reason for the visit, entrance time and exit time. The tracking system should have a provision for providing ID tags to the visitor to ensure that the identity of the visitor is physically available to all employees in the premises. Where applicable a person must escort the visitor to his/her destination to ensure quality hospitality or otherwise avoid any other inconvenience in the office premises.



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12.5 Fire safety and fire drills

The organization should have at least one of each kind of fire safety equipments kept in the premises with an easy access. Staff should be aware about the fire safety procedures and all guards must be trained in order to ensure that they know how to use the fire safety equipments. Where possible a fire exit should be maintained and this must be visible to all stakeholders in the premises during a fire. This could be done by using stickers stuck on walls to show the exit during a fire

12.6 Guidance on working during civil unrest, strikes, natural disaster etc.

In the event of a hartal or civil unrest, or a natural disaster the executive director shall decide whether to keep the office closed or whether to continue the organization's operation on that particular day. In case the office is kept open, appropriate guidance must be given covering areas such as security while traveling to the premises.

12.7 Back-up of documents at off-site locations

An off-site back up of documents should be maintained for all necessary documents in case those documents get destroyed by fire or any other catastrophic events. The off-site back up could be in electronic means or manual means depending on the organization preference but however electronic back up should be preferred more. The off-site backup system must be kept in confidentiality to ensure security and loss of data.

12.8 Background check of security guards and other support staff

All the security guards and support staffs should have a back ground screening before they are recruited by the organization. The screening should be done by the HR manager and appropriate reference should be demanded for all security guards. It is the responsibility of the Admin officer to ensure that the information relating to these screening checks are documented and preserved for future reference.

12.9 Prohibition on office employees residing in the office

The organization must ensure that no staff should use the office premises for residing purposes and regular checks through enquiry should be done to ensure that this policy is controlled. However in case if an employee is required to reside due to his/her work pressure and organization needs, an attendant should be present to assist the residing person in case of any necessity.

END



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