

Khulna BNSB Eye Hospital

Financial and Procurement Policy

November 2018

Table of Contents

1.	The Manual	4
1.1	About the Manual	4
1.2	Amendment Procedures	4
2	Introduction	5
2.1	About the Organization	5
2.2	Vision	5
2.3	Mission	5
2.4	Values	5
3	Employee Benefits	6
3.1	Why Internal Control	6
3.2	Financial delegation of authority and procedures	6
3.3	Duty matrix	7
3.4	Management review and monitoring procedures	7
3.5	Summary of do's and don'ts	8
4	Basis of Accounting and Accounting System	9
4.1	Basis of Accounting	9
4.2	Currency	9
4.3	Books of Records and their preservation	9
4.4	Capitalization of assets	9
4.5	Depreciation rates	9
4.6	Accounting for Donation	10
4.7	Accounting for donation in kind	10
4.8	Summary of dos and don'ts	10
5	Books of Accounts	11
5.1	Necessary Books of Accounts and Records	11
5.2	Vouchers	11
5.3	Procedures of vouchers preparation	11
5.4	Procedures for books maintenance	11
6	Financial Reporting	12
6.1	Monthly Reporting	12
6.2	Quarterly Reporting	12
6.3	Annual Reporting	12
6.4	Authorization of annual Accounts	12
7	Structure of Financial Management	13
7.1	Financial Management Team	13
7.2	Roles of Finance Officer	13

8	Advance Management	14
8.1	Types of advances	14
8.2	Documentation for Advances	14
8.3	Adjustment Procedure:	14
8.4	Summary of do's and don'ts	14
9	Cash & Bank Management	15
9.1	Cash transaction procedure	15
9.2	Physical verification of cash	15
9.3	Petty cash management	15
9.4	Bank Operation Procedures	16
9.5	Bank Reconciliation	16
9.6	Custody of cash and cheques	16
9.7	Summary of dos and don'ts	16
10	Budget and Budgetary Control	17
10.1	Organizational budgeting and Income Plan	17
10.2	Budget approval mechanism	17
10.3	Budget modification & approval procedures	17
10.4	Summary of dos and don'ts	17
11	Procurement Objectives	18
11.1	Purchase	18
11.2	Purchase requisition and procedure	18
11.3	Purchase Committee and roles	18
11.4	Selection of Suppliers	18
11.5	Purchase Order	18
11.6	Goods/Service Received Note (GRN):	19
11.7	Payment	19
11.8	Vendor enlistment procedures	19
11.9	Preferred Vendor	20
11.10	Conflict of interest	20
11.11	Summary of dos and don'ts	20
12	Store Management	21
12.1	Store space	21
12.2	Store authorization procedures	21
12.3	Physical Inventory & reconciliation procedures	21
12.4	Summary of dos and don'ts	21
13	Fixed Assets Management	22
13.1	Fixed assets definition	22
13.2	Physical security procedures of assets	22
13.3	Vehicle management	22
13.4	Surgical equipment management	22
13.5	Physical verification/reporting procedures	22

13.6	Sale/Disposal of fixed assets	22
13.7	Summary of dos and don'ts	23
14	Audit	24
14.1	Internal Audit	24
14.2	External Audit	24
15	Compliance with legal requirements	25
16	Appendices	26
16.1	Appendix 1: Advance Register and requisition form	26
16.2	Appendix 2: Advance Adjustment Form	28
16.3	Appendix 3: Purchase Requisition	29
16.4	Appendix 4: Cash Collection Register	30
16.5	Appendix 5: Stock Receipts Challan	31
16.6	Appendix 6: Reconciliation of Physical Verification of Inventory	32
16.7	Appendix 7: Bank Reconciliation Form	33

1. The Manual

1.1 About the Manual

This manual covers the guidelines about the Financial and Procurement procedures of Khulna BNSB Eye Hospital. The custodian of this manual shall be the Board of Trustees of the Hospital. It should be available to everybody who is involved in the finance and procurement procedures of the organization.

As part of capacity building process of partner organization, Sightsavers took the initiative to establish sound financial management system within the organization and provided financial assistance to develop this manual

1.2 Amendment Procedures

The manual shall be reviewed every year (if required) by the Board of Trustees and necessary amendments shall be made in the manual accordingly after decision made in the meeting.

2 Introduction

2.1 About the Organization

2.2 Vision

People of South-Western part of Bangladesh would be free from blindness.

2.3 Mission

Through providing awareness, training and involving people and stakeholders people of this region would be free from avoidable blindness.

2.4 Values

- * Mutual respect
- * Equity and justice
- * Solidarity with poor
- * Independence from any religion, caste, sect and political affiliation
- * Humbleness in our behaviour.

3 Employee Benefits

3.1 Why Internal Control

A sound internal control structure is a pre-condition for efficient, effective and accurate financial management. A well designed control structure which adopts the basic norms of Internal Control, can ensure proper use of an organization's resources, safeguard its assets, provide adequate audit trail and make possible accurate representation of financial information, which not only ensures an organizations accountability and degree of transparency among the development partners but also increases efficiency of the organization and its staff members as a whole.

3.2 Financial delegation of authority and procedures

Transactions	Authority		
	Deputy Director (up to Tk. 100,000)	Director (up to Tk. 1,000,000)	Chairman (Above Tk. 1,000,000)
Capital item cost/ estimate (Purchase of Office/Medical Equipment, IT Equipment, Furniture & Fixture, Vehicle, Land etc.)	X	X	X
Office Management Cost/estimate Details: Printing & Stationery, Audit fee, Utilities, Rent, Repair & Maintenance, Refreshment, Telephone, Fax, Email, Modem.	X	X	X
Deed /Agreement/Contract/MOU Details: House rent, Consultant fees, Trainer/facilitator fees.		For any amount by the Director	
Appointment of Audit Firm and Fixation of Audit Fees		To be appointed in AGM/ BOT Meeting	
Comparative Statement		Made by Finance Officer but approved by the Director	
Purchase Order		Director	
Advance to Suppliers		Finance Head	

3.3 Duty matrix

Particulars	Responsible Persons					
	Cashier/ Cash counter	Accounts Assistant	Accounts Officer	FO	Deputy Director	Director
Cash Receive at the counter and issuance of money receipt	X					
Receiving the collection from Counter person daily			X			
Receiving cheques		X				
Entry made at the books			X			
Cash Deposited and withdrawal from the bank		X				
Monthly Bank Reconciliation Statement preparation			X			
Monthly Bank Reconciliation Statement Review				X	X	
Writing cheques			X			
Signing the Cheques	Any two out of three Cheque Signatories					
Preparation of Payroll			X			
Review of Payroll				X		X
Preparation of FS			X			
Journal Voucher Preparation			X			
JV Posting			X			
Budget Preparation				X	X	
Budget Review	Board of Trustee					
Monthly Budget Variance Report				X		
Fund Requisition to Donor	Director					
Amendment in the Chart of Accounts			X			X
Access permission to the software					X	X
Approval of Access to any documents					X	X

Job responsibilities of financial management team has been allocated in view of standard practices of segregation of duties (SOD) to ensure sound internal control and avoid SOD conflict. Job responsibilities may change as per need of the organization. The purpose of the above matrix is to give a visual representation of job allocation, which is imperative for avoiding SOD conflict or overlap of responsibilities.

3.4 Management review and monitoring procedures

The management review meeting headed by the Director would be held at least once in a month. The Management Committee meeting shall be held at least bi-monthly.

3.5 Summary of do's and don'ts

Do's:

- Approval matrix must be followed in respect of any expenses
- Duty matrix should be followed to avoid any SOD conflict
- Review meeting should be conducted in order to assess the budget implementation status.

Don'ts:

- Claimant cannot approve his / her own expenses
- No payment will be done unless the voucher / invoice has appropriate approvals
- No approval will be given unless the expense is supported by invoice
- No payment will be done unless requisition, RFQ/tenders, CS, work orders, supplies, submitted bills and all Approved by the authority (Deputy Director/Director)

4 Basis of Accounting and Accounting System

4.1 Basis of Accounting

The Hospital will follow cash basis of accounting ordinarily. However, there should be adjusting entries for accrued expenses at the year end. The Hospital may follow accrual basis of accounting to follow donor requirements in maintaining books of accounts of other programmes. Financial Year

The financial year of the hospital starts from January and ends in December of the calendar year. However, the organization can follow different project financial year as per the requirement of different donors.

4.2 Currency

The Hospital will conduct all its financial transaction in Bangladeshi Currency and accordingly all its books of accounts and financial statements will be maintained in Taka currency.

4.3 Books of Records and their preservation

The Hospital will take back up of the financial data in the software. Back up may also be taken in loose memory devices as an extra precaution. The data backup shall be kept in the custody of Head of Accounts/ Finance Officer. Any data necessary can only be accessed with the permission of the Deputy Director in consultation with Director.

All documents (Voucher, all registers and any other financial documents) should be preserved at least 6 years. If there is any requirement from any donors as regard to preservation of documents the organization should follow donor requirements.

4.4 Capitalization of assets

The assets that costs more than Tk.10, 000.00 and has a useful life of more than one year should be capitalized and treated as fixed assets.

4.5 Depreciation rates

Depreciation rates of the assets will be as follows.

Assets	Depreciation Rates
Land and Land Development	-
Building	3%
Furniture and Fixture	20%
Vehicle	10%
Office Equipment (Laptop/Computer/Printer)	20%
Medical Equipment	15%
Electrical Equipment (AC)	25%

4.6 Accounting for Donation

Donation will be accounted on cash basis. Whenever the donation is received, cash donations income shall be increased and bank amount shall be increased. Donation from different donors for respective projects shall be booked in the particular project account.

4.7 Accounting for donation in kind

The Hospital receives non cash donation from its donors. That can be in the form of medical equipment, medicines, gloves, glasses, needles etc. In that case the value of the contribution shall be assessed at the amount the donor provides.

4.8 Summary of dos and don'ts

Do's:

1. Cash basis of accounting will be followed except for the year-end adjustments
2. BDT shall be the recording and reporting currency.
3. Books of records, files, vouchers etc. shall be preserved for 7 years
4. Capitalization of assets shall be done if the value of item crosses Tk.10,000 and has a useful life of more than one year
5. Donation in Kind should be accounted for and reported

Don'ts:

1. Data and files must not be shared without the approval of the Administrative Manager/Authority.

5 Books of Accounts

5.1 Necessary Books of Accounts and Records

The Hospital uses Accounts Manually/Any software and generated reports. In addition, it will maintain books like Petty cash register, Cheque issue register, Vendor register, Stock register, Advance Register, Fixed Assets Register and Salary printed copy/ register etc.

5.2 Vouchers

Following category of vouchers will be prepared by the organization.

- Debit Vouchers
- Credit Vouchers.
- Journal Vouchers.

5.3 Procedures of vouchers preparation

Vouchers shall be prepared through the Tally ERP/manually. The vouchers shall be prepared by the Asstt./ Accounts Officer and it will be approved according to the authority matrix.

5.4 Procedures for books maintenance

Though the accounting system through tally software, manual registers like cash book, bankbook, check issue register, payroll register, movement register, loan and advance register etc. shall be maintained by the Accounts and Finance Department.

6 Financial Reporting

The organization will develop monthly, quarterly and annual reports and submit to the management. The management shall share the quarterly/yearly reports with the Board of Trustees in their meeting. Beyond this below mentioned reporting, the organization will also meet donor requirements.

6.1 Monthly Reporting

The Hospital should prepare monthly financial statements. In the very first week of the next month, the financial management team shall submit the financial statements to the Chairman. Monthly reporting package shall include the following:

- Trail balance
- Receipts and payments Accounts
- Budget Variance
- Bank reconciliation
- Stock report

6.2 Quarterly Reporting

Apart from doing the financial statements, the Hospital shall prepare the followings: The reporting package shall be prepared within seven working of the following month.

- Receipts and payment accounts
- Budget variance
- Trail balance
- Bank Reconciliation statement
- Stock report
- Patient summary

6.3 Annual Reporting

Financial Statements should be prepared on a yearly basis within thirty days of the end of the accounting year. The reporting package shall include the following:

- Financial Statements
- Budget variance
- Trail balance-
- Bank Reconciliation statement
- Stock report-
- Patient summary

6.4 Authorization of annual Accounts

The financial statements shall be placed to the Board of Trustees and approved by the Chairman. (Your concern is required as per constitution)

7 Structure of Financial Management

7.1 Financial Management Team

Financial Management Team of the Hospital consists of three persons.

- (a) Finance Officer
- (b) Accounts Officer
- (c) Assistant Accounts Officer.
- (d) Store Officer/ Sr. Clerk/Admin

7.2 Roles of Finance Officer

- (a) The job responsibilities of Accounts Manager/finance officer shall be:
- (b) The job responsibilities of the Accounts Officer
- (c) The job responsibilities of the Assistant Accounts Officer
- (d) Store Officer

8 Advance Management

8.1 Types of advances

There can be advances of four categories. Such as

- Programme advance,
- Advances for administrative purposes,
- Advances paid to vendors for goods and services, and
- Travel advance.

Programme Advance: Program advance can only be taken by the person responsible for implementing the program activities subject to approval by Deputy Director/Director. Advance Register will be maintained in Appendix 2.

Advance for administrative expenses: Requisition for smaller administrative expenses will be raised by the requester of goods /services and should be approved as per financial delegation of authority. Budget clearance for the expenses must be obtained from Accounts and Finance.

Advance to Vendor: Advance payment to vendor must be recommended by Procurement Committee and approved by Director/Chairman. It should be mentioned in the quotation by the respective vendor if advance payment is required.

Travel Advance: Travel advance should be completed on the basis of requisition. Advances shall not be provided before adjusting prior advance. In case of emergency, subject to approval from Director, there can a further advance keeping the original advance unadjusted.

8.2 Documentation for Advances

- Advance must be supported by an approved requisition (Advance Requisition Form attached in the Appendix 2)
- Advance to vendors shall be supported by the approval of the procurement committee and bill submitted by the vendor.
- All advances should be recorded in the advance register at the times of payments & adjustment.

8.3 Adjustment Procedure:

- After completion of the activity, the advance requestor will collect all bills, and prepare a summary of total cost and take approval of his/ her Unit as per delegation of Financial Authority. After approval of respective unit, it will be submitted to Accounts along with all supporting documents. The advance adjustment form is attached in the Appendix 3
- Accounts department will check and ensure that all supporting documents are valid and can be accepted. Approval of Accounts will be taken from Deputy Director /Director. After necessary approval advance will be adjusted.
- All advances shall be adjusted within seven working of completion of the activity.
- Advances to vendors should be adjusted as soon as the bill is received and the deliverables are received.

8.4 Summary of do's and don'ts

Do's:

1. Advances should be received raising a requisition and adjusted submitting supporting documents within the stipulated time
2. Advances should be recorded in a register and updated regularly.
3. After adjustment of advance, clearance certificate will be given by accounts

Don'ts:

1. No advances should be given before getting the approval by the authority
2. No advances should be given without supported by documents.

9 Cash & Bank Management

9.1 Cash transaction procedure

As the revenue of the Hospital is generated through ticket sale and operation charges etc which are collected in cash, there must be good cash management in the Hospital. The cash collected should be recorded immediately in the cash collection register maintained at the counter by the Cashier. At matched the end of the day, the cash collection should be with the amount in the register and deposited to the Accounts officer with register. Accounts Officer shall count the cash and sign the cash register to accept the deposit and that would be countersigned by Finance Officer of the person handing over the cash will also sign.

The daily collections up to 3.00 pm shall be counted and deposited in the same day or the 1st half of the next day at the bank. However, the Hospital cannot hold more than Tk. 100,000 of cash in a day.

As the process of cash depositing, withdrawal from bank and recording are done by the Accounts officer, for cash depositing, a clearance must be taken from the Finance officer showing the collection register or depositing and will be signed by Finance officer.

A separate cash register shall be maintained for outdoor collections. The format for cash register is attached in Appendix 4. At the end of the summary of the cash in hand shall be made and signed by the Cash receiver/counter and the Assistant Accounts Officer.

9.2 Physical verification of cash

Cash in the Hospital must be counted on daily basis by Accounts Assistant and the cash count sheet should be maintained in a separate file. A surprise cash count shall be done on a monthly basis by the Deputy Director/Director and should be documented in presence of Finance officer.

9.3 Petty cash management

An imprest petty cash shall be maintained by the Hospital for day to day nominal expenses and in cases when cheque payment is impractical. The limit for petty cash shall be Tk. 150,000. The expenses that can be incurred through petty cash are entertainment expenses, fuel, small administrative expenses etc.

- All payments should be made after authorization from appropriate person.
- 'PAID' seal should be stamped on the bills and invoices during payment.
- Recipient must sign on appropriate documents while receive any payment
- There should be adequate documents (bill/invoice) against every disbursement.
- Petty cash payment should be recorded in book daily basis.
- Physical cash in hand at the end of the day should be counted and documented.
- Surprise petty cash counting should be conducted and documented.
- Cash should be kept under lock and key
- A responsible person should handle the cash
- Don't exceeded than the approval limit.
- Petty cash summary should prepare during replenishment
- Cash can be taken from petty cash for emergency expenses through I.O.U (I Owe You) – format added in appendix
- The expenses from I.O.U shall be billed and adjusted within 3 working days.

However, if the Hospital management does not maintain petty cash, nominal expenses can also be incurred directly from cash in hand considering following procedure:

- A cash requisition shall be raised according to the need by the Accounts Assistant and duly approved by the authority
- Once the cash is withdrawn from a contra entry is recorded in the tally software.
- Out of the cash available, expenses up to Tk. 30,000 in a single transaction can spent in cash.
- The payments shall be made by the Accounts Assistant and must make sure expenses paid are against approved vouchers.

- The expenses incurred daily shall be recorded through payment vouchers and posting shall be done in the software.
- There shall be a surprise cash count any time by the Deputy Director/ Director.
- The cash shall be kept in the safety box which shall be maintained by the AAO/AO.
- There shall be reconciliation between the cash in hand and the cash book at the end of the month.

When 80% of the cash in hand replenishes, cash shall be withdrawn by raising a fresh requisition.

9.4 Bank Operation Procedures

One mother account shall be maintained by the Hospital for receiving the funding from donors. As soon as the funds are received, it should be transferred to the project account.

The project account shall be maintained for day to day transactions. A general account shall be maintained by the Hospital where the income and expenditure should be transacted. In addition to this, there can be additional bank accounts as per donor and management requirements. There must be an approval from the Board of Trustee before opening a new bank account.

The bank signatories for the accounts are the Treasurer, Vice Chairman, Deputy Director and Director of the Management Committee. Any two of the signatories shall sign in the cheques. Also upto 100,000.00 may be signed by Deputy Director and Director.

9.5 Bank Reconciliation

Bank reconciliation should be prepared on monthly basis at the ending of every month. Bank reconciliation should be reviewed Finance Officer and approved by the Deputy Director/ Director. Year ended bank reconciliation must be reviewed Finance officer and approved by the Deputy Director/ Director.

9.6 Custody of cash and cheques

Accounts Assistant and Accounts Officer are responsible for cash dealing and safety of cash. Cheque books will be preserved by Accounts Officer too. These should be always under lock and key. Person handling cash will be responsible to ensure safety of key of cash drawer. Cash counter should be in a restricted area. All cancelled Cheque should be marked "CANCELLED" and preserved. General staff will be discouraged to enter in to that area.

9.7 Summary of dos and don'ts

Dos:

- Mother account should only be used for receiving the fund and fund should be transferred to operational account.
- Bank reconciliation must be completed within 3rd day of the next month
- There should be adequate documents (bill/invoice) against every disbursement

Don'ts:

- No other cash receipts shall be included in the petty cash.
- Cash and cheque book must not be kept in other places than the safe.

10 Budget and Budgetary Control

10.1 Organizational budgeting and Income Plan

Organizational budgeting should be done on a yearly basis. The budget should be prepared by the Finance officer with getting inputs from all the departments. A list of estimated requirements should be taken from all the departments, Monthly work-plan and budget will be so designed that project activities are spread throughout the year.

The budget shall be done in a way that matches with the sources of income through a plan of income. The plan shall be devised by the Board of Trustee. The process of budgeting shall be initiated with three months remaining from the completion of financial year. The Budget shall be approved in the Board of Trustee meeting.

10.2 Budget approval mechanism

Budget shall be raised in the Board of Trustee meeting by the Director. Later the budget shall be approved by the Board of Trustees.

10.3 Budget modification & approval procedures

If there are any changes in the income plan during the year, there may be necessity to modify the budget. In that case, Accounts Officer / FO shall device the modified budget and get the approval from the Board of Trustees.

10.4 Summary of dos and don'ts

Dos:

- Draft budget must be prepared before expiry of the current year.
- Budget must be shared with management staff for Consultation & ownership.
- Budgets must be presented and agreed in the Board of Trustees before sending to the donor
- Budget Variance reports must be prepared and submitted every month

Don't:

- Expenses should not exceed 10% the budget without prior approval of the Board of Trustees and donor
- New expenses should not be incurred beyond budget without prior approval of Board of Trustees and donor

11 Procurement Objectives

This chapter is made to ensure an efficient and compliant purchase of goods and services for the Hospital. This chapter contains the procurement process, the responsible persons who are supposed to carry out the process, payment procedures, vendor enlistment procedure etc.

11.1 Purchase

Purchase involves the process of procuring the goods and services required for the Hospital which may include medical equipment, furniture, vehicles, or services like construction, maintenance etc. The purchases is generally categorized into four different

1. Routine but unforceable item purchases
2. Routine but forceable item purchases
3. Medical equipment purchase

11.2 Purchase requisition and procedure

For purchases of routine but enforceable nature, requisitions should be raised by the personnel who requires the very item in a formal purchase requisition (attached in the Appendix 5) to appropriate authority. The purchase process shall be initiated once the requisition is approved. Then the procurement process is initiated.

11.3 Purchase Committee and roles

All purchases over Tk. 100,000 must be made through purchase committee. The formation of purchase committee is as follows:

1. Treasurer
2. Director/Deputy Director
3. Finance Officer

At least three of the purchase committee members should be involved in the purchase process and sign the purchase recommendations. Beyond the existing procurement committee, new members can be included considering the nature and volume of the procurement. If the purchase committee approves the enlisted vendor, there is no need to require further approval for every single purchase like medicine, patient food etc.

11.4 Selection of Suppliers

For purchases over Tk. 100,000, purchase committee shall be responsible for making recommendations for selection of the suppliers and the ultimate selection shall be made by the Deputy Director/Director of the Board of Trustees. Supplier selection would be done from the registered vendors. The listed vendors shall be asked to give quotations, or tenders for the particulars products. Selection shall be made from a comparative analysis based on the price, quality of the goods or services. Once the purchase requisition is approved any purchases up to 30,000 shall be done directly from the market.

11.5 Purchase Order

Procurement should be made through giving a purchase order to the supplier which shall work as a valid contract between the supplier and organization. The purchase order shall be signed by the Director to the representative of the supplier. The purchase order shall consist the following:

- Vendor's name and full address
- Details specifications of the item
- Unit cost and total cost
- Statutory deduction (Tax & VAT) related issues
- Carrying costs
- Delivery date and place
- Penalty/Termination clause
- Signature of representatives of both parties
- Clearly mentioning the quantity of the items

Purchase order will be prepared in two copies i.e., first copy for supplier and second copy for accounts department. The format for purchase requisition is attached in Appendix 4.

11.6 Goods/Service Received Note (GRN):

Document that serves as proof of materials purchased have been delivered or that the services contracted have been rendered. The GRN [Attached] should be collected and preserved with voucher.

11.7 Payment

For making a payment, an invoice or bill for the goods or services should be approved as per Financial Table of Authority. Assistant Accounts Officer will ensure that the bill has been checked with requisition, work order, receiving report and forward the invoice along with the above documents to Finance officer. Accounts Officer will prepare the debit voucher and write the cheques and put it in the check register. The invoice/bill, voucher and all relevant documents are then forwarded to the Finance officer, who will check the invoice and documents create liability in the books. Then all the documents will be forwarded to the appropriate level of management for approval and signing cheque. The management will ensure that all procedural matters have been complied-with and Tax/VAT has been deducted as per Income Tax Rules before authorizing the transaction. After the cheque is signed, the cheque, voucher, cheque request and invoice are forwarded again to the Assistant Account Officer / AO who will make entry of the payment in the software/books of accounts and pay check to the payee.

Check List for Payment:

- Approved Requisition
- Documents of Value for money
- Purchase order
- Goods/service Receipts Note (GRN)/Stock Book ref. #
- Bill/Claim/Challan from supplier
- Checked by the Finance officer whether the bill is mathematically correct or not
- Necessary deduction (VAT, Tax, Advance, etc.) at source.
- Voucher must be signed by approval authority
- Partner should make a "PAID STAMP" with project name. They must ensure the paid stamp on all bill/ supporting payment documents.

11.8 Vendor enlistment procedures

In order to build a list of reliable and established local vendors, the procurement committee shall arrange for such enlistment in the following manner:

- i) Circulate as regular practice of invitation for application from interested vendors to enlist with the Hospital.
- ii) Upon receipt of applications from interested vendors, all applications shall be scrutinized keeping in view the following criteria:
 - Tax Identification Number Certificate.
 - Valid trade license and Value Added Tax Registration (if applicable).
 - Experience (In terms of number of years and/or track record) of the firm in business for the Group of items for which enlistment is solicited.
 - Current Bank solvency certificate.
 - Membership certificate from any chamber/business association (if applicable).
 - Reference of three major buyers as reference of business performance.
 - Dealership/distributorship certificate.
 - Vendors will be finally selected through observing their business performance. Hence, in the 1st stage, selection will be provisional and on test basis.
 - Following scrutiny of the applications, all selected vendors shall be notified by Procurement Committee and invite them to sign an agreement with the Hospital detailing period of enlistment and other terms and conditions.
 - Any concern if vendor's organizational involvement with Anti Money Laundering Act may be taken into account.

11.9 Preferred Vendor

For procurement of the recurring items, a market survey shall be made at the beginning of the year and a comparative statement should be and a preferred vendor shall be selected by the procurement committee. A long term contract shall be signed with the manufacturer, dealer, distributor, wholesaler, importer etc.

11.10 Conflict of interest

A conflict of interest occurs when one gets torn between two loyalties. A conflict of interest may occur if a person in the procurement committee is anyway in relation with the supplier or any person involved in the process of the supply. There can be any business relation or even a familial relation with the supplier which shall be responsible for conflict of interest. To safeguard conflict of interest, the person in the procurement committee or the approving authority must declare in writing that he does or does not have a conflict of interest in that particular procurement process and the person should keep herself out of the process.

11.11 Summary of dos and don'ts

Dos:

- Conflict of interest should be disclosed
- Purchase orders must be signed and issued before initiating the purchase procedure.
- Payment must be made after ensuring that Purchase Order has been complied with.
- A purchase over Tk. 100,000 must be done through Procurement Committee.

Don'ts:

- Person involved in the conflict of interest should not associate himself in the procurement.

12Store Management

12.1 Store space

The store should be of a space that is congenial for keeping medicine and other articles.

12.2 Store authorization procedures Receiving/recording procedures

A register should be maintained where item-wise stock information such as date, previous balance, receipt quantity, challan number, total quantity, issued quantity, memo number, balance quantity and remarks/ recipient signature are to be recorded.

All stored materials should be kept in safe, secure and good condition.

Receiving any item must be recorded in stock register first and be issued based on requisition and acknowledgement.

If materials are transferred to OT/another office a delivery challan/store requisition should be prepared and preserved.

All the returned materials must be entered in stock register.

The receipts of stock should be done in presence of Finance/Program personnel. The challan of stock receipts has been attached in the Appendix 6

Issuance procedures

Issue of the stock should be done in the presence of Finance/Program personnel. However, it should be made sure that the recording is reviewed by the Deputy Director/Director time to time.

12.3 Physical Inventory & reconciliation procedures

Every quarter a physical verification of inventory should be done by the Hospital. The verification team shall feature two persons. One Finance person shall remain as an observant. If a discrepancy is found in the quantity or the condition of the inventory, it should be checked/investigation & based on that in the books of records with the approval of the Deputy Director/Director. Appendix 7 has the reconciliation format.

12.4 Summary of dos and don'ts

Dos:

- Store should be spacious enough to keep all the medicine and other equipment.
- Recording and receiving and issuing should be done by different persons
- One finance /Program person should be present at the time of receive and issue of inventory
- Bin card is mandatory to maintain.
- First in first out (FIFO) method to be followed

Don'ts

- The adjustment must not be given without the approval of Deputy Director/Director

13 Fixed Assets Management

13.1 Fixed assets definition

Fixed assets mean a property that is controlled by the organization. The asset has to be measurable in value and indefinable separately.

13.2 Physical security procedures of assets

The assets should be safeguarded properly by the Hospital management. Assets that are used individually are assigned to separately individual. However, the assets that are used by multiple users are assigned to the Admin Manager.

- Valuable assets like building, vehicles etc. should be insured with an insurer properly and updated time to time.

The Hospital will maintain a Fixed Asset Register to ensure proper asset management and ensure Identification number is marked on the body of the individual asset as follows-

(Example-Partner-SS/project/ FY/asset number)

(QF-SS/DECP/FY18/0001)

13.3 Vehicle management

The vehicle should be assigned to the one specific person for maintenance. There would be a logbook in the vehicle. The person checking the logbook will sign it regularly. On the basis of the logbook, the concerned person will prepare the vehicle report. Vehicles should be insured and renewed appropriately.

13.4 Surgical equipment management

A senior Doctor/Director shall be assigned to manage the surgical equipment. A register shall be maintained for the equipment for recording the maintenance. Time to time the condition of the equipment shall be checked by an expert. The Director/Sr. Doctor shall ensure that the equipment remains in good condition and these are cleaned regularly.

13.5 Physical verification/reporting procedures

All assets listed in the fixed assets register shall be verified physically annually. The Deputy Director shall ensure that the assets are verified by a team of at least two persons and a report is submitted to the Director before the end of the accounting year.

The Director shall check the report and see if there is any discrepancy between the quantity and status of assets found in the physical verification and the quantity and status of asset as these are supposed to be as per the fixed assets register. The adjusting entries shall be given in the books of accounts for eliminating the discrepancies taking the permission of BOT /Chairman.

13.6 Sale/Disposal of fixed assets

The fixed assets shall be sold or disposed off once the assets are out of use. Sale of assets must be approved by Director. However, for disposal of like Vehicle, land and building, approval from the BOT/Chairman will be required but require approval of Board of Trustees.

At the year end, there shall be a committee and a list shall be prepared to prepare a list of disposable assets and approval shall be taken from Director for disposal. Once the decision of disposal is approved, the assets shall be disposed off following.

- Competitive bidding process should be followed by collecting quotations
- A summary of competitive bids shall be made
- Director shall approve the summary
- the disposed assets shall be handed over through an agreement
- the sales proceeds shall be deposited in the general fund of the Hospital

No hospital staff should participate in bidding process to avoid the conflict of interest.

13.7 Summary of dos and don'ts

Dos;

- For every travel, the logbook must be signed.
- Physical verification of assets must be done at least once a year.

Don'ts:

- Sale of fixed assets (likes Vehicle, land and building,) must not be done before the approval of the BOT/Chairman through Director.

14Audit

14.1 Internal Audit

Considering the necessity and capacity of the organization, the internal audit department may be introduced in the future. The internal auditor shall report the Chairman. The internal audit team shall be responsible for checking the receipts of the inventory as donation from the donor, procured items. The internal audit team shall also be a part of the physical verification of assets. The financial statements prepared monthly, and yearly shall be reviewed by the internal auditors and report shall be given to the Board of Trustees. The day to day activities of Internal Auditors shall be as follows:

1. Reviewing the financial statements of the Hospital
2. Overseeing the receipts of the goods.
3. Overseeing the physical verification of the assets
4. Reporting monthly to the Board of Trustees with the observations and recommendations

14.2 External Audit

The external audit of the Hospital shall be done on a yearly basis within two months of the end of the accounting year. The selection of the external auditor should be made in the AGM by the Board of Trustees. The Board of Trustees in the decision at the meeting shall decide which auditor they shall appoint and decide on the terms of references of the external audit including its remuneration.

For the audit of the project, the specific guidelines of the donors shall be followed in selecting and appointing the external auditor.

15 Compliance with legal requirements

The Hospital shall ensure that all the legal requirements are complied on time. The following regulatory bodies shall be submitted with the necessary reports and documents.

The Organization shall ensure the compliance of NGOAB, NBR, DGHS, Local Government requirements.

16 Appendices

16.1 Appendix 1: Advance Register and requisition form

[illegible]

Advance Requisition Form		
Name of the requester:		Signature:
Designation:		Date:
Sl. #	Description/ specifications	Estimated/requested amount
Total estimated cost		

Expected Date of Settlement:

There is Tk.....dated...../no other advance is lying with him

Signature

Accounts Assistant

Advance of Tk.....is approved which will be adjusted on

Checked:

Finance
Officer

Approved :

**Director / Deputy
Director**

16.2 Appendix 2: Advance Adjustment Form

Advance Adjustment Form			
Date of Advance Taken :		-	
Date of Adjustment :		-	
Date of Actual Adjustment:		-	
Justification for Delay:			
Sl. #	Description/Specifications	Amount Tk.	Head of Accounts
	Actual Expenditure in Total	Tk.	0
	Advance Taken	Tk.	0
	Refundable/Payable	Tk.	0

Submitted by: Reviewed by:

Approved by:

16.3 Appendix 3: Purchase Requisition**DEH****PURCHASE REQUEST (PR)**

PR #:	
DATE:	

Requested by:		Date:			
				Signature	
Recommended by:		Date:			
				Signature	
Approved by:		Date:			
				Signature	
SL #	Description	QTY. Req.	QTY. In Hand	Unit Cost	Budgeted Cost (BDT)
1					
2					
3					
TOTAL:					
REMARKS:					
PURCHASED BY:			RECEIVED BY:		
DATE:			DATE:		
NAME:			NAME:		

16.4 Appendix 4: Cash Collection Register

Khulna BNSB Eye Hospital				
Daily Cash Collection Register				
				Date:
			Amount	
Collections				
Outdoor Collection				
Surgery Charges				
Fees for surgery equipment				
Total Cash Collection				
Add: Cash Available from yesterday's collection				
Total Cash Available from Collections				
Less: Cash Deposited				
Cash Available				

 Cash Deposited By

 Cash Received By

16.5 Appendix 5: Stock Receipts Challan

Khulna BNSB Eye Hospital			
Stock Receipts Challan			
			Date
SI No	Items	Item Code	Quantity

Checked By

Received By

16.6 Appendix 6: Reconciliation of Physical Verification of Inventory

[illegible]

16.7 Appendix 7: Bank Reconciliation Form**Khulna BNSB Eye Hospital****Bank Reconciliation****Account Title :****Name of the bank:****Bank Account No:****Date:**

Balance as per Bank statement on				
Add: Amount Receipt and recorded in cash book by us but not yet credited by bank (As mentioned below or list attached)				
Date	Cheque # / DS	Particulars	Amount	
			-	
			-	
Add: Amount debited in bank statement by bank but not yet recorded in cash book by us As mentioned below or list attached)				
Date	Cheque #/DS	Particulars	Amount	
			-	
			-	
Sub total				
Less: Cheques issued but yet not presented to bank / not yet debited by bank)				
Date	Cheque #	Supplier	Amount	
			-	
			-	
Sub total				
				-
Less : Amount Credited in bank statement but yet not recorded in cash book				
Date		Particulars	Amount	
			-	
			-	
Balance as per Cash Book as of				

 Prepared by:
 Finance Officer

 Approved by :
 Director

Approved TA & DA

Travelling Allowance:

Grade I	By Air/Train AC/Bus AC
Grade II to IV	Train AC/Bus AC
Grade V to IX	1 st Class by Train/Bus (Chair Coach)
Grade X to XIII	2 nd Class by Train/Bus (Normal Coach)

Daily Outstation Allowance (Including Eye camp) :

Grade	Approved
I	700/-
II	600/-
III	550/-
IV	500/-
V	400/-
VI	350/-
VII	300/-
VIII	250/-
IX to XIII	200/-

Accommodation for night stay in case accommodation facility could not be arranged:

Grade	Approved
I	1,500/-
II to IV	1,000/-
V to VII	1,700/-
VII to XIII	1,400/-

For Dhaka & Chittagong:

Daily Outstation Allowance:

Grade	Approved
I	1,500/-
II	1,200/-
III	1,900/-
IV	1,700/-
V	1,600/-
VI	1,500/-
VII	1,400/-
VIII	1,350/-
IX to XIII	1,300/-

Accommodation for Night Stay:

Grade	Approved
I	2,000/-
II to IV	1,200/-
V to VII	1,800/-
VII to XIII	1,600/-

Note: In case of personal accommodation, staff will be entitled Tk. 500/- per night and no bill will be required against that.