



Financial Policy

Association For Alternative Development (AFAD)

Association For Alternative Development



Financial Manual

Revised November 2023

Preface

AFAD (Association for Alternative Development) is a women-led non-profit organization based in northern Bangladesh. It has been actively working since 1999 to empower women and girls for a world of equal opportunities and full potential. AFAD serves as a dynamic force for positive change, championing gender equality and women's empowerment.

The organization addresses a wide range of critical issues, including gender equality, education, economic empowerment, disaster risk reduction (DRR), climate change resilience, WASH (Water, Sanitation, and Hygiene), livelihood, and the localization of humanitarian aid.

AFAD is registered with the NGO Affairs Bureau (NGOAB) of the Prime Minister's Office of the People's Republic of the Government of Bangladesh, with registration number 2443. It has also obtained registration from the Directorate of Women's Affairs (DWA). Simultaneously, AFAD is registered with the Directorate of Youth Development, Government of Bangladesh.

List of Acronym

AD	Assistant Director
CBA	Comparative Bid Analysis
CE	Chief Executive
DD	Deputy Director
PC	Procurement Committee
PC	Project Coordinator
PD	Project Director
PM	Project Manager

Annexures: Standard Formats

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Background of the organization

In the late nineties, the strategic needs of women remained unmet, as traditional women's organizations focused primarily on women's education and health services. Departing from this conventional approach, a group of enlightened and unbiased women conducted a study.

WFP supported the study in collaboration with Nacob Consulting Services to assess the real status of women. The study, along with various indicators, identified victims of divorce, polygamy, and dowry, highlighting that the legacy might continue unabated without intervention.

Focusing on field experiences, they drew a stark inference: women in our country are in a genuine crisis, facing violated rights, a subordinated social position, suppressed bargaining power, restricted access to resources, and numerous atrocities against them. The unveiled reality shook their inner senses and led them to extend their support to distressed and vulnerable women. As a result, the Association For Alternative Development (AFAD) was established as an outcome of this study, officially launching its mission in August 1998 with a vision of transforming society into one where women are truly empowered and have equal access in every sphere of life.

Our Mission:

The mission of AFAD is to contribute to the education of young people through a values-based system, helping to build a better world where individuals are self-fulfilled and play a constructive role in society.

Our Vision:

Improving the quality of life of disaster and vulnerable-prone communities and empowering people at the grassroots level through social revolution with equal participation of women and men.

Our Values:

- Gender-based empowerment at all levels of the organization
- A supportive environment for human rights
- Accountable democratization
- Establish good governance

Strategy

A sustainable strategy is devised to achieve the maximum, a need based and right based approach initiated ascertains the problem with fully community involvement and mobilizing all indigenous and local resources. The program goal is materialized with a helping hand from members, donor agencies, Philanthropists.

Name	Association for Alternative Development (AFAD)
Contract Address	Sayda Yesmin Chief Executive AFAD Kalilgang Bazar, R K Road, Kurigram-5600
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Website	www.afadb.org

E-mail	yesminafad@yahoo.com yesminafad@gmail.com
Date of Establishment	14 August, 1998
Registration	<p>Directorate of Women's Affairs (DWA) DWA/Kuri/Reg/29/99- Date: 24/05/99</p> <p>Directorate of Youth Development YDA/Kuri-141/Kuri-Sadar/Reg/22/2001- Date: 19/01/2001</p> <p>NGO Affairs Beareau - 2443 Date: 26/5/2009</p>
Bank Account	<p>Sonali Bank, Kurigram Branch 34055075 (General)</p> <p>Janata Bank, Trimohini Bazar Branch, Kurigram STD-0100090415586 (Mother Account)</p>

General Body & Executive committee

Committee	Total Member	Male	Female
General Body	21	-	21
Executive committee	07	-	07

Members of The Executive Committee

Sl	Name	Designation
1	Morshads Parvin Bethi	Chairperson
2	Ms.Sayda Yesmin	Chief Executive
3	Ms. Safina Begum	Member Secretary
4	Ms. Farida Yesmin	Treasurer
5	Malaka Sarker	Member
6	Ms. Nazama Begum	Member
7	Ms. Fsrida Yesmin	Member


Chairman
 Association For Alternative
 Development (AFAD)
 Kurigram

Financial Manual

Accrual-Based Accounting

In accounting, there are two main methods for recording income and expenses in the books of accounts: cash basis and accrual basis accounting. AFAD aims to adopt the accrual accounting method for the recognition and recording of its financial transactions. Accrual accounting involves recognizing and recording revenue when earned and expenses when incurred, irrespective of the dates on which any associated cash flows occur.

Cash Management:

Field or head office should not hold cash for an extended period unless required for activities involving cash distribution to project beneficiaries or settling payments under cash-for-work or similar activities. However, finance officers can hold cash up to BDT 10,000 where petty cash is unavailable. Additionally, they are allowed to withdraw cash to pay any supplier falling under over-the-counter (OTC) value procurement.

Provision for Common Cost Share:

AFAD aims to allocate a proportionate cost to all projects to cover head office expenses such as rent, utilities, security, office maintenance, equipment maintenance, printing, and communication, incurred in managing donor-funded projects. Using its portfolio, headcounts, or occupied area, whichever is feasible, as a guide, AFAD will prepare this common cost allocation. If there is a budget constraint or disagreement from any donor, AFAD's own share will cover this proportionate share. Furthermore, if a project already has a specific budget allocation for this common cost, no additional charge will be applied.

Soft Loan from General Fund:

AFAD intends to operate its projects smoothly and uninterruptedly. In case of funding shortages for a specific project, project management can request a short-term soft loan to meet cash flow crises. The project must be approved by the donor, and the request must be approved by the Chief Executive. AFAD will not charge any interest to the project budget other than bank charges related to fund transfers to the project account.

Documents Preservation:

AFAD will retain documentation supporting charges to projects for a period of five years from the date of submission of the final expenditure report, following the terms outlined in the donor agreement.

Budgetary Control:

Every activity should prepare detail budget and activity plan

It would be sole responsibility of respective staff (who is conducting event) for preparation of budget and get approval from Chief Executive/ Project In charge.

Budget should be strictly followed. In case of overspending, it is advised to get prior approval from Chief Executive/Head of Program Operations. However, if there is possibility of overspending of donor line there should be donor approval as well if specific requirement by donor agreement.

Overspending of own fund, approval from Executive committee is required.

Vouchers and Payments

AFAD will prepare various types of vouchers in accordance with the double-entry system. Upon obtaining approval of the voucher from the Chief Executive/Head of Program Operations or an authorized official, the finance department will settle the payment to the payee through bank transfer or by cross cheque, whichever is deemed suitable. Finance will ensure that adequate supporting documents accompany the voucher. Any donor funds or interest income received will be recorded as early as possible.

The following vouchers will be maintained and filled out to record organizational inflows and outflows:

- Payment voucher
- Receipt voucher
- Contra voucher
- Journal voucher (re-class or adjustment entries)
- Petty cash voucher (cash payment)

With the provision of "Project Name, Donor Budget Line" and "amount" and "currency" along with other relevant information the above-mentioned vouchers will be prepared. All vouchers must be approved by the authorized official in order to ensure the expenditures or revenues are adopted in right project or donor.

However, payments request will be prepared by the respective project personnel (PC/Manager/Supervisor/Finance/Admin).

Budgetary clearance including line items will be provided by the project finance officer/project-in-charge. If there is any confusion or need further clarifications on charging issues, then Project In charge and Finance manager will sort it out.

All payment against purchase shall be made only after certification or NOC from procurement committee and duly approved by the approving officer. On receipts of supplier's invoice, goods received note and other relevant documents from the concerned staff, finance department will process the payment.

Before processing any payments, Finance officer will review the supporting papers/documents including budgetary clearance and charging donor line items. While processing the payment, finance must ensure the compliance of AFAD policy and procedures, donor basic requirements, regulations and host country laws (i.e. tax and VAT deduction etc.)

Once voucher is approved, finance unit will write a cross cheque or prepare a bank transfer letter and the payment through banking channel must be signed by two signatories. This is the last check point of payments from the authorized signatories.

With regards to other field offices, where AFAD doesn't have own bank accounts – payment will be made centrally.

In case of individual payment exceeding BDT 10,000 obliged to settle through banking channel. Unless otherwise a strong justification exists such as one time supplier or remote supplies that does not agreed to receive through banking channel. In that case, a note for file needs to be approved by Chief Executive or designated official.

All payments will be cleared in the same month as much as possible (e.g., by last workday or so); finance will clear all payments within 7 working days; very few transactions can be carried forward to the next month. Accrual payments can be accounted for if the project is going to finish in that particular month and at the end of the fiscal year (i.e., 31 December).

Bank Account maintains:

AFAD will maintain a separate bank account for each project. However, all donor funds will be deposited into the AFAD general/mother account, as required by NGOAB, unless otherwise advised by the donor. The total amount received in the mother account from the donor must be transferred and credited to the project bank account immediately upon receiving clearance from NGOAB, and this should be done no later than three working days after receiving the fund clearance, unless there are exceptional cases.

Project bank account should open with the bank(s) having a computerized system (if possible).

Each bank account has to be reconciled at the close of the month or end of the monthly reporting period.

- The Chief Executive must be the first signatory and one other authorized signatory are required to sign each bank payment. The second signatory must be a representative of the project if available in bank signatory list.
- Project manager or above level staff can be included in Bank Signatory panel. Any exception must be approved by Executive body/Chief Executive.
- Supplement to the above clause for the field office/project office/area office/Upazila office or rather than the central office, can include office manager/PC and supervisor level staff and in that case, they are only authorized to sign not more than 100,000.00 (BDT One lac) subject to first signature from Chief Executive.
- In regard to bank charge or interest of the project bank account would be recorded to the project if there is no specific objection from the donor.
- Signatories add/delete must be approved by Chief Executive.

Operational Advance

Individual staff member may be granted advance to effect cash payments away from the immediate area of the Project Office for project or administrative purposes. These advances are recorded as Field Operational Advances. They are classified as an Account Receivable (Asset) until the moment when they are liquidated.

Such advances should be debited to receivable account using the staff member's employee ID to record properly.

Staff advances have to be liquidated within 7 workdays after completion of the trip or event. In case of regular or running program/event related advances to be settled before closing the monthly report (meaning all expenditures to be reported in the same month financial report and the unspent amount needs to be deposited to the AFAD relevant bank account; just to make it NIL/ZERO balance at the closing date of monthly financial report). This will be the ideal situation. For smooth operation of program/field activities, immediately after closing the monthly accounts – AFAD/Projects will provide fresh advance as per program/field requirement.

Finance section will require at least three working days to process the advance. So, staff should make plan accordingly.

New advance will not be issued until old advance has been liquidated.

An advance register will be maintained where financial software is not available.

Field Operational Advances request must be pre-approved by Heads of Office/ Chief Executive and respective field office management. The advance requesting the authorization must include the following information:

- a) Name of the staff responsible for the management of the Field Operational Advance.
- b) Amount of the Field Operational Advance.
- c) Period that will cover the Field Operational Advance.
- d) Location where the Field Operational Advance will be used.
- e) Type of expenses that will be covered by the Field Operational Advance.
- f) A paragraph where the staff responsible for the management of the Field Operational Advance acknowledges receipt of the advance and assumes full responsibility for the use of the funds in accordance with pre-authorized expenditures; agrees to obtain receipts and invoices for every payment and to return any cash balance at the end of the authorized period.
- g) Signature of the Head of Office/Field office approving the Field Operational Advance request,
- h) Signature of the staff member receiving the Field Operational Advance.

Field operational advances must be administered as follows:

A Payment Voucher should be prepared, showing the staff member as Payee, and justifying the need for the cash payment. The Payee must acknowledge receipt by signing the voucher.

Recovery of operational advances

Advances that have not been liquidated or refunded by staff members at their expiration may be recovered if it beyond 30 days from due date of its liquidation date through deduction any monies owing to the same staff member, such as a salary or travel claim.

Other Advance

With a view to operating operation efficiently few types of advances would be paid such as Salary advance and supplier advance

Salary advances

(a) Salary advances may be made to staff members under the following circumstances and conditions, however it would not more than one month salary and must have an employment contract not less than one year:

(i) In cases where new staff members arrive without sufficient funds, in such amount as the Chief Executive may deem appropriate.

(ii) In exceptional and compelling circumstances, and if the request of the staff member is supported by a detailed justification in writing.

(b) Salary advances shall be recovered at a constant rate as determined at the time the advance is authorized, in consecutive pay periods, commencing not later than the period following that in which the advance is made, and recovery should be completed within next six pay periods.

Supplier or third-party advances

It is encouraged not to pay advance to any third parties however where unavoidable and to ensure procurement at time can be issued an advance not more than 30% of contract value. If the procured items related with direct donor funded project, the supplier advance will be applicable as per donor regulations. Advance must be adjusted on final payment or next payment to the contracted supplier.

Payment of Salary

Salary

All staff will receive their salary into individual bank account within 25-30 days of the month. Chief Executive can authorize for early payment in case of long holiday. It is the responsibility of an employee to check that the correct salary has been paid. AFAD reserves the right to reclaim any overpayments made and in case of under payment rest amount must be paid with next month salary. Salary payments shall be made by bank transfer to the employee's individual bank account. Thus, all employees may require opening bank accounts in AFAD's recommended bank. In case of new staff, salary may be paid through cross cheque till the opening of his/her bank account. Finance staff is responsible for the preparation of monthly payroll and get approval from Chief Executive with the recommendation from respective project in charge/organization's coordinator. Applicable tax would be deducted and deposit accordingly.

Category wise salary structure

Grade	Staff level	Salary range (BDT)	Remarks
01	Head of program operations (DD/AD/PD)	50,000-200,000	
02	Managerial level (PC/PM/PF/Um etc)	30,000-150,000	
03	Assistant Managerial level (APC/APM/APF/ etc)	30000-100000	
04	Finance Manager, Finance Focal, Finance Officer, Accounts Officer, Admin and logistic Officer	20,000-80,000	
05	Assistant Finance Manager, Finance Focal, Finance Officer, Accounts Officer,	20000-50000	

	Admin and logistic Officer		
06	Monitoring evaluation and documentations	25,000-80,000	
07	Technical level	25,000-80,000	
08	Project Supervisor ,Supervisor ,Field Supervisor,Advocacy Officer,Advocacy Supervisor etc	25,000-80,000	
09	Field facilitator,Field worker,Field Assistant etc	10,000-45,000	
10	Project Volunteer ,Field Volunteer, Humanitarian Volunteer/Worker	4,000-30,000	
09	Support staff/Night guard/Office Cleaner	4,000-20,000	

Salary will be considerable based on the organizational capacity and donor approved budget and compliance

Salary structure: Salary of individual would break down as stated below.

Salary Element	Percentage
Basic	100
House rent	50% of Basic
Conveyance	10% of Basic
Medical	10% of Basic
Other allowance	If any

Festival Bonus:

Staff will get two festival bonuses within a calendar year equivalent to his/her one gross salary. Staff must need to serve at least three months to get one full bonus (equivalent to half gross salary) otherwise he/she will get proportionate. Bonus will be paid before Two Eids and Durga Puja.

However, if there is any specific requirement or guidance from donor then donor policy will be given preference.

Calculation: Half Gross salary ÷ 182.5 days x numbers of service day if service period is less than three months.

Petty Cash Fund

The Petty Cash fund of field/project offices will be operated on an imprest system. An appropriate level of liquid cash must be maintained to meet the operational costs.

A petty cash fund of BDT15,000 will be maintained by the field/project office to accommodate emergency purchases/expenses. Salary or overtime should not be paid from petty cash fund. Initial establishment of the fund and subsequent replenishment should be made by issuing cheque equivalent to the initial amount of the fund or the amount of expenses being replenished.

Amount per transaction should not be more than BDT 5,000. When the petty cash balance become less than 20% of maximum ceiling amount, custodian is advised to place a replenishment request.

The petty cash money should be kept in a secure place, such as safe or strong box when not in use.

Only one person from each project of AFAD should be responsible for, and have access to, the petty cash.

Replenishment should be made only on the basis of replenishment request, supported by copies of invoices or petty cash vouchers and journal. The Petty Cash Custodian should submit to Finance Section the petty cash journal at the time of replenishment for the recording of expenditure and replenishment.

Periodic petty cash count should be conducted on a surprise basis in the presence of a senior staff member or internal audit and results of the count should be documented and signed by both, the petty cash custodian and the senior staff member or internal audit.

Mixing of Petty cash and personal money is strictly forbidden. The Head of office (or the designated staff) should periodically carry out a physical check of cash available; in order to ensure that the petty cash is managed in accordance with these instructions and records of the periodical checks should also be filed.

In the event, where the designated petty cash custodian is proceeding on annual leave or long sick leave, The Head of office (or the designated staff) should appoint in writing a new petty cash custodian till the return of the first one. The physical cash count should be carried out at the time of change of petty cash custodian.

Table shows the template for maintaining the petty cash register in the office. The finance and admin staff will be responsible for proper recording of the daily petty cash transaction in the field/hub offices.

Petty Cash Register

Receipts			Payments		
Date	Particulars	Cash	Date	Particulars	Cash

Fixed Assets management:

For the management of asset of AFAD and its financial purposes, the item will be classified as Fixed asset when any equipment or others forms of asset that costs more than BDT 5,000 per unit, including freight, insurance and installation invoiced in connection with their purchase with the useful lifetime is not less than one year.

On the other hand, any equipment costs less than BDT 5,000 per unit, including freight, insurance and installation invoiced in connection with their purchase is not recorded as fixed asset. It would be considered as expendable item although in this case there may have a separate tracking.

1. Trackable items

Cost more than BDT 2000 per unit, including freight, insurance and installation invoiced with the item, or are deemed to be "sensitive" items, irrespective of their cost.

However, Certain items costing less than BDT2000 are considered as "sensitive" items and are tracked, irrespective of their cost or useful life. These items are:

- Printers
- Modems
- Fax machines
- Projectors
- Scanners
- Mobile phones
- Furniture that can be locked

2. non-trackable items

Cost less than BDT 2000 per unit, including freight, insurance and installation invoiced with the item.

Fixed assets register

Fixed Assets Register (FAR) must be maintained for safeguarding the organization resources, controlling assets and better utilization for official business. Fixed assets register needs to be updated at least semi-annually (June and December each year) by all locations of AFAD office. AFAD must follow the minimum threshold amount BDT 5,000 for the unit costs and the useful life should be more than one year. A standard fixed asset register format (Excel sheet) should be maintained, and update as required.

Admin and procurement team will be responsible for updating the asset register upon physical verification and adjustment of disposable items. Assets must not use for any personal purposes and all staffs must undergo by this rule.

Every asset must have proper asset tagging.

Disposal of Unusable items

To dispose off old or unusable assets or if assets are stolen or lost, a report with all the details of the assets shall be submitted to the Chief Executive. For valuable assets stolen a GD should be lodged with the local police station.

Management will decide how the assets will be disposed off as per policy.

Chief Executive in his/her discretion may ask for quotations for disposal of assets and dispose it off to the highest bidder or he/she may also arrange an open auction, in case of open auction written note from the Chief Executive must be attached in the file for future reference. The bid/auction money will be deposited in to AFAD's bank account.

AFAD staff is also allowed participating either in the bid or auction. In that case, staff will not be a part of this auction process.

In case of stolen or fully/partial damage of any asset, a committee will be formed, if committee found, due to negligence of any staff, assets have been lost/stolen; residual balance of this asset will be recovered from the concerned staff.

Staff member who receives the equipment must signed the Acceptance Agreement with AFAD at the time of physically receive the equipment and submit to the concern office and later will submit it to asset register custodian.

Any equipment/property lost, stolen, hijacked etc. concern staff member is responsible to make a GD entry into the nearest POLICE STATION within 24 hours. A copy of the GD entry shall be provided to the administration for recording and evidencing the facts and for further action.

Equipment and Laptop will be surrendered to the asset custodian once project ends and/or staff resign whichever comes first.

Disposal and Transfer of Title

Old and un-useable items (including expendable assets) should be handled through a disposal process.

Through a committee will take decision on disposal. Disposal has to take place at least once in a year (AFAD management may take more frequent decision).

Title transfer from donors to the AFAD when the project ends; or return those items to the donor or partner organization.

Any amount of asset items for disposal, must require CE/Executive committee permission.

Serial Number	Category of asset	Lifetime
01	Land	Infinite
02	Vehicle	10 Years
03	IT equipment (Laptop, Tab, Desktop, camera, photocopier)	05 Years
04	Office furniture and equipment.....	05 Years
05	Generator	05 Years

A straight-line depreciation method will be followed in case of depreciation.

Straight line depreciation = (cost of the asset – estimated salvage value) ÷ estimated useful life of an asset

Vehicle Management – Motorcycles

Motorcycle user must have valid driving license. When driving office motorcycles, staff members are responsible for abiding by all applicable state and local laws and will follow safe driving practices.

- All motorcycle users shall wear helmet while driving. If any user is found driving motorcycle without wearing helmet shall be fined. If any staff makes this offence very frequently, renewal of his/her service contract might be limited by the respective employer.
- No motorcycle user is allowed to carry more than one co-passenger unless otherwise described by local law.
- While driving motorcycle, user must follow the government speed limit. (Urban:30, Rural:40, Highway:65)
- Motorcycle user must not hand over motorcycle to another person for driving or any other purpose without having written office order.
- Driving is completely restricted while Hortal, strike or any political unrest.
- Personal use of the office motorcycle within or outside the based station is strictly prohibited.
- A copy of the valid document (including registration, tax token and insurance if applicable) should be with the motorcycle users shall carry with him/her during movement.
- The renewal or regular updating of the documents for the motorcycles will be the responsibility of Motor-cycle holder with the help of respective office Admin staff and the cost will be borne by the office. The users are not allowed to drive any motorcycle with outdated documents, and it will be an offence against the state law.
- Each motorcycle user shall maintain the proper log sheet to record the travel / movement.
- Any occurrence of theft of the motorcycle or damage/missing partially or fully should be reported to the office and the admin/PM of the respective office (need to be GD entry with Police Station). The respective office along with the PM/Office in charge should communicate to head office for further legal action. If anyone fails to report the incidence shall be considered as the negligence in duty and all liabilities will be charged as personal
- If the assigned motorcycle has lost/stolen during the field movement period, it will be treated as negligence and must replace or deposit the same amount within the 07 days.
- If anyone uses his/her own or hire motorcycle – the incumbent will be reimbursed @ Taka 5.00 per KM running. There must be a preapproved signed agreement with AFAD authority. The payment will be based on the move record.

Operation, Maintenance and Repairing

The user of the motorcycle should conduct routine maintenance checks and can get support from admin staff who will help to the users and shall maintain records of these checks and any special maintenance problems.

- Must be taken a general servicing after 3000KM run and change engine oil after 1000KM run.

- The motorcycle users shall keep the motorcycle clean, check at regular basis and report to Admin staff for any unsafe condition or damage.
- User is advised to buy fuel from reputed filling station if absence of enlisted filling station.
- The credit voucher for getting fuel for motorcycle from the contracted fuel station will be signed by the admin staff.
- Fuel shall not be purchased from any unauthorized fuel station except any emergency instances subjected to prior approval of the head of office.
- All Motorcycles shall be repaired or serviced to the contracted firm except any emergency occurrence.
- The motorcycle operation (i.e. fuel and oil), repairing and maintenance cost will be charged to the project accordingly.
- The payment will be made by the Finance staff to the contracted fuel station, Service Company or motorcycle users against the submitted bills / invoices that verified by the Admin/Finance staff and approved by the respective office Manager.
- No payment will be made to any fuel station, service center, motorcycle user for reimbursement of the submitted bills / invoices unless it is verified by the Admin/Finance staff and approved by the respective Manager.
- For any emergency instances the respective motorcycle user shall take prior permission from the respective manager and later the submitted vouchers should be recommended by the supervisor for the payment.

Accidents and Traffic Violation

The Motorcycle users must immediately report all accidents, moving violations, license suspensions and driving related arrests to the respective Manager/ senior staff. The admin/respective Manager should report such incidents to CE and local police station.

For any accident the driver should submit a written report to the respective manager narrating the incidence. The respective Manager will forward this report to head office.

The head office administrative staff will take necessary steps in consultation with the CE analyzing the situation, which could be communicate to local police station, immediate medical treatment for injuries, general diary, communicate to insurance company, repairing of the vehicle etc.

If the motorcycle user breaks the traffic laws and rules, then user will be responsible for all fine or panties.

Equipment including Laptop or portable equipment's policy

The following policy will be enforced with regards to the issuance of equipment including laptop to all staff:

- If any equipment including laptop lost while at the possession of the staff, the following measures shall be enforced:
- Once the laptop or equipment is received, IT/Finance will inform the Project Leader and staff, about the total cost of the equipment including the cost of the licensed software installed.
- Once Acceptance Agreement is signed by the staff, the staff will receive the equipment it is the responsibility of the staff member to ensure proper maintenance, safe and security of the property.

- If any equipment lost at the possession of the staff member will be compensated the property at the fair value or net present value (NPV).
- Payment will be deducted from staff salaries or on personal cash based on decision of the AFAD management.
- The project will replace the equipment subject to fund/budget availability or the adequacy of the compensation recovered from the staff.

ACCEPTANCE AGREEMENT

I, _____ (name of staff) have received in good condition the following from The

AFAD:

Items	Description	Amount (BDT)	Net Present Value (NPV) per month

While the above equipment is in my possession during my employment with the AFAD, I will be responsible for its maintenance and security.

If the equipment is lost, I will abide by The AFAD policy.

Signed:

Name of Staff

Position

Date:

Procurement

Purchase Requisition

Purchase Requisition (PR) is required to make any kind of goods or services procurement. It is the actual requestor's responsibility to submit a PR that includes a complete specification, a delivery schedule, budgetary information, and an estimated market price. After completion and with the project/office head's recommendation, PR should be submitted to the Chief Executive or Project Director or Designated Official for approval. Local administrative staff can purchase goods and services from the local market at a reasonable cost in the threshold of Low Value procurement (up to BDT 50,000). If there is possibility of non-assurance of best value procurement from local sources, then it is recommended to process all procurement centrally. Purchase Requisition should not split to avoid the threshold or procurement process.

Types of Procedure and Thresholds

The level of expenditure for the particular purchase over the anticipated duration of the supply arrangement, determines which procurement procedure should be undertaken and the respective policies for expenditure approval and delegation of authority. The flow chart in below table summarizes the process.

Each of the procurement procedures requires a series of steps, documentation, and approvals to ensure compliance and effective implementation of the procurement principles as detailed later in this document.

The table below shows the applicable AFAD expenditure thresholds for each procedure.

Anticipated Total Value Up to - BDT	Procedure
Up to 10,000	Over The Counter Purchase (OTC)- cash purchase
10,001-50,000	Low Value Procurement (LVP): single quotation/Spot quotation
50,001-800,000	Informal Solicitation: Three quotations/RFQ/RFP
800,000 above	Competitive Tender Process

For donor funded projects, the donor guidelines must always be checked carefully in case lower thresholds or specific requirements apply.

Artificial Splitting of Contracts

The estimated value of a contract or purchase must be considered as a whole and not artificially split in order to avoid a more rigorous procedure threshold.

For example, if goods/services worth approximately BDT 800k are required, it is not acceptable to split this into two separate procurement processes valued at BDT 400k each.

Where goods/services will be provided in a series of deliveries rather than a single delivery, the total value should be used to determine the type of procurement procedure.

Negotiated Procedure: single quotation.

Low value items 10,001-50,000 can be purchased directly based on a single quotation/Spot quotation using a Purchase Order form and/or providing authority for payment to Finance to enable invoice processing.

Although competitive bidding is a key principle for obtaining and evidencing value for money, it is not cost effective to apply it to low value items.

Time spent doing market research should be proportionate to the value of goods required and any associated risks.

If aggregate value of multiple purchases exceeds BDT 50,000 multiple quotes should be obtained.

Negotiated Procedure: minimum of three quotations/RFQ.

For items valued between BDT 50,001-800,000 it is mandatory to obtain at least three written quotations to enable the identification of the best value provider.

A Request for Quotation (RFQ) or Request for Proposal (RFP) should be drawn up and provided to a sufficient number of suppliers to ensure receipt of three quotations. The process must be managed in a fair and transparent manner including the selection of suppliers to contact.

The Comparative Bid Analysis (CBA) report should be completed and signed by the Procurement Committee and Chief Executive to evidence approval of the supplier selection process.

Competitive Tender

For items valued above BDT 800,000 quotations should be sought by competitive tender to obtain best value through fair competition and transparency of process. The tender process involves inviting potential suppliers to provide a formal response to a specification and set of directions.

Tenders are either Open or Restricted in nature:

An Open tender is advertised and allows for any organization or potential provider to make a bid

A Restricted tender procedure is one where tender document is only sent to a restricted group of potential suppliers. These suppliers may have been approved in advance or be approved as part of a pre-qualification process in response to an advertisement or market research.

Exceptions to Three Bid Rule/Tender Process (Waiver)

There will be circumstances where a minimum of three bids or quotations cannot be obtained and the reasons for this and for proceeding without this must be clearly set out on the CBA and approved by the person authorizing the purchase.

Exceptions may apply to both items over BDT 50,000 normally requiring three quotes and to larger items requiring competitive tender. The reasons for this can include:

- Repeat contracts to an existing supplier where the terms of the original contract have not been substantially altered.
- The supplier performance is consistently good.
- The extension must not be for a longer period or higher value than the original contract.
- Contracts can only be renewed three times in this way.
- Goods are only obtainable from one source for technical or intellectual copyright reasons.
- Additional purchases from an original supplier are permitted where standardization of goods/spare parts and their compatibility with existing equipment is necessary.
- Where speed is important, e.g. in an humanitarian aid emergency. Three months is an acceptable maximum for an emergency stage.
- Where the political or security situation makes it impractical
- Where unforeseen circumstances necessitate ordering additional goods or services up to 50% above the original purchase or contract value
- Where, despite soliciting quotations, less than three are obtained.
- For the rent, lease or hire of property such as office, storage or warehousing, whatever the estimated value of the contract, and after prospecting the local market.
- Donor requirements should be checked to confirm whether donor derogation is specifically required where three quotes cannot be obtained. Derogation is where a donor gives a specific waiver to the application of a rule.
- Due diligence must be carried out on suppliers as part of the approval process in proportion to the value and risks associated with the requirements.

Tender Documents:

Tender documents must be prepared and made available for all potential suppliers. This document should include specification, delivery timeline, delivery place, mandatory legal documents of supplier, supplier eligibility, timeframe, evaluation criteria etc.

Tender communications and Advertising

Tender must be advertised on local/national newspaper and online purchase portal/electronic channel or websites where feasible. Advertising tenders may be beneficial for reasons including:

- To discover new suppliers where the known provider pool is very small.
- To source lower cost providers
- To enable best value appraisal
- To avoid unfairly favoring existing suppliers
- To discover innovations or new products
- To increase competition (price or quality)
- To encourage small/medium enterprises.

Communication with bidders during the tender process must be restricted to ensure equality and fairness. Material information provided to any bidder must be provided to all.

A reasonable time limit for receiving responses to an advertisement or to the tender documents should be determined by the project plan; a minimum of 15 calendar days from the date on which the advertisement/communication is published is advisable. The response time may need to be longer depending on the complexity of the tender requirements.

Receipt of Bids (Tenders)

AFAD Head office staff should work closely with project staff to establish bid opening, recording and decision-making procedures that may need enhancing to comply with the general principles set out here.

- All Bids must be registered on receipt.
- Bids received prior to the closing time specified in the tender should be kept secure and unopened until the bid opening date. However, bidders may choose to withdraw or modify their bid up to the appointed deadline.
- The acceptance of late bids is up to the PC member's discretion. If it is necessary to extend the submission deadline, all bidders should be informed in the same way and all bids so far received will remain unopened until the new bid opening date.
- An adequate time must be allowed for bidders to produce a comprehensive bid to meet the specification.
- Bids that do not comply with all the terms and conditions as issued, without material modification should be classified as non-responsive and set aside.
- Bids shall be open by at least two staff authorized by the management team, who should record at a minimum, the submission date, name of the bidder and the total


Chairman

bid. They should be independent of the staff involved in procurement and would normally be senior finance and technical staff.

- All submitted bids must be retained as a part of the tender file for five years.
- No bidder is allowed to modify non-responsive bids after bid opening to make them responsive. However, the bidder may be asked to provide clarifications of the bid as long as no material modification is made.
- The Contracts and Procurement Team should be consulted in the preparation and evaluation of all tenders.

The further steps in the recording process (preparation of Goods/Services Received Voucher, receipt, approval and recording of supplier's invoice and invoice payment) are accounting procedures outside the scope of this manual.

Evaluation

It is important to manage procurement along value-for-money lines the best price is not necessarily the lowest price, it is a combination of cost, delivery, quality and servicing to meet the needs of the organization as described in the specification.

The evaluation of bids must be fair and equitable to all bidders. The criteria for evaluating the best value responses for all procedure levels should be created in parallel with the specification and any competition questions.

Evaluation criteria should take into account:

- Quality of the goods/services proposed.
- Delivery schedule and lead time
- Price
- Payment terms
- The price including any necessary on-costs such as transportation, insurance, handling or import costs.
- Evaluation criteria should also aim to reward suppliers that aspire to achieve high ethical and environmental standards.

To ensure the completion of the work, AFAD reserves the right to request that the selected supplier deposit a pay order equal to 5% of the total contract value, a bank guarantee, or similar guarantee papers. Similarly, for the construction works, seeds supply or similar type of product that requires a certain time to assure quality of delivery, may deduct 10% of total invoice amount for a certain time while processing payment.

For negotiated procedures and tenders

The Comparative Bid Analysis (CBA) should be used to summarize the results of the procurement process and to obtain and record authorization to proceed to contract.

- The three highest scoring proposals after evaluation should be detailed in the table.
- The scores for other bidders and those who did not respond should also be noted.
- The scoring of the qualitative criteria will be used along with price to arrive at the best Value for Money bid which should be documented on the summary form.
- If the lowest priced proposal is not recommended, the evaluation report must give the specific reasons for recommending the selection of a higher proposal.
- Where a purchase is to be divided between suppliers to obtain the best prices item by item, detail should be provided in the CBA.
- The recommendation of the staff involved in procurement and the management's decision are recorded on the CBA.
- Where three bids cannot be obtained the reasons should be clearly set out in the CBA.

Awarding a contract

The supplier with the highest score after evaluation is nominated as the selected supplier subject to agreeing a contract. Once authority to proceed is given the selected supplier should be contacted and the two parties proceed to contract agreement on NON JUDICIAL REVENUE STAMP (stamp value as per Government policy) for above 800,000.00

The detailed results of the evaluation process should be retained within the department as they may be required in the event that a contract cannot be agreed with the selected supplier.

Contracts and Purchase Orders

Formal Contracts

A contract clarifies the agreement and responsibilities of the parties; AFAD has a standard contract document suitable for goods and services which includes detailed terms and conditions.

Legally a contract can be made verbally whereby commitments made by the parties are later relied on so it is vital that staff take care not to make commitments without the proper authority or approval.

It is preferred to use AFAD standard terms and conditions for the supply of goods and services, and this is available from the Head of Contracts and Procurement.

Purchase Orders

A Purchase Order (PO) is a commitment to buy and authorizes the supplier to deliver and demand payment.

At AFAD and for the purposes of this policy and manual, a PO includes:

- All orders placed using order books
- All types of communication that requests a volume of goods/services from a provider and an explicit or implied commitment to pay.
- When a PO is accepted by the supplier it becomes a contract and has legal force.
- Where the goods are collected with payment following delivery the PO is a guarantee to the supplier of payment.
- Where the supplier requests advance payment a PO signed by the supplier acts as a guarantee of delivery.
- The Budget Holder must ensure sufficient funds are available in the budget before issuing a PO.
- Any changes to a PO after it has been accepted by a supplier should be in writing. A new Purchase Order, referenced to the original should be sent to the supplier with details of the changes. Cancellation of orders wholly or partly must be documented in writing.

The preferred method of payment should be detailed in the information provided to suppliers and confirmed in the PO. Payment should not be made in advance of receipt of the goods or services. In the case of expenses that require advance payment approval must be obtained by the Chief Executive.

Sole Sourcing

To meet emergency needs, the Project In charge/CE is authorized to purchase on a Sole Source basis. However, one should bear in mind that sole sourcing should be an exception and not a norm. It is necessary to prepare a clear justification note, defining the purchase for record and audit purposes. This justification note should have the appropriate logics which must be approved by the Chief Executive including recommendation from project manager or in charge. Here proper documentation is important.

Procurement Committee

A three members procurement committee will be formed centrally. However, there will be another project specific local procurement committee. The procurement committee will be authorized to take the decision relates to procurement of services and goods. In case of requirement for any technical support the committee can co-opt additional member for a particular decision.

Formation of Committee

Central Committee:

- Senior management
- Program Officer
- Finance
- Technical person (optional)

Local Committee:

- Monitoring officer/equivalent

- Program Officer /equivalent
- Admin/Finance officer/equivalent
- Technical person (optional)
- Community representative/group leader or member/project participants/project stakeholder (This is for only the local/community-based procurement- such as individual IGA procurement)

The main responsibilities of the Procurement Committee:

- Ensure that procurement is well planned so that time and resources are used effectively.
- Ensure that procurement fulfils donor requirements and is compliant with all applicable law.
- Examine, evaluate quotes/proposals, and compare bids to select and recommend to the Chief Executive for the selection of the successful bidder.
- Ensure that internal and external experts are consulted to input to the specifications and other stages.
- Ensure that the proposals/quotations correspond to the technical requirements.
- Ensure that all procurement is carried out objectively in a fair and transparent manner to prevent conflict of interest and corruption.
- Ensure appropriate engagement with the market to obtain the best solution.
- Ensure that the best quality and value for money is obtained.
- Ensure that ethical issues are considered and addressed in the procurement process.
- Ensure that all the agreed procurement processes are followed considering the procurement threshold and steps are complied.

Ensure that bidders meet the criterion developed based on TORs but also consider the following:

- Legal capacity
- financial resources and condition
- Registration with relevant bodies as prescribed by regulations.
- Past performance
- Payment of taxes
- For small value procurement (up to BDT 50,000) the committee may authorize 1 or 2 people to carry out the process as appropriate.

Vendors' enlistment

AFAD will enlist the vendors/suppliers/contractors in each year for January – December. The duration of the period may extend under the decision of management. The Admin Department will circulate the advertisement through newspaper or individual invitation. The procurement Committee will prepare an analysis sheet with the category of the following terms and conditions of supplier.

- Valid trade license
- Bank solvency of the vendor/business
- Current TIN certificate
- VAT Registration

- National ID card of the proprietors (not mandatory)
- Business information, address and contact number.

The vendors' enlistment must be through ERP system, and it will be circulated to the respective users by admin for necessary action.

The procurement is to be initiated via mutual documented understanding between AFAD and local suppliers.

Vendor or supplier must be a member of the local cooperative.

Per-diem and Transportation:

When employees travel or participate in activities outside of their jurisdiction, they are entitled to per-diem and transportation benefits under the AFAD Per-diem policy. Employees who travel within their working area or jurisdiction are not eligible for per-diem; however, if any official overnight stay within his/her jurisdiction for the need of project activities then he/she would be eligible for per-diem.

Per-diem:

Per-diem policy is revised to address the situation in response to the rising price of commodities and inflation. There will be two rates that take the associated market price and the geographic area into account.

High-cost area: All divisions of Bangladesh, Hill track districts and Tourist area (Cox's Bazar & Kuakata)

Breakfast	Lunch	Dinner	Incidental	Total
150	500	500	150	1300

Low-cost area: All districts other than high-cost area.

Breakfast	Lunch	Dinner	Incidental	Total
100	350	350	100	900

Deduction:

If food is provided (full/partly) by donor or event organizer, then per-diem will be deducted proportionately. In addition to that few conditions also be taken in account that is stated below.

Per-diem

Description	Time
Breakfast	When travel starts 7AM or returns after 7AM
Lunch	When travel starts 12 PM or returns after 2 PM
Dinner	When travel starts 7 PM or returns after 7 PM

Incidental	Incidental is eligible in case of overnight stay
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Accommodation

Serial	Grade	High-cost area	Low-cost area
1	1-2	4000	2500
2	3-6	3000	2000
3	7-8	2000	1500
4	9	1000	800

Transportation:

AFAD will reimburse actual expenses for transport and field trips related expenses upon submission of invoices. Reasonable fares can be claimed without vouchers (such as: Taxi, rickshaw etc.). Air fare with boarding pass, train, launch/steamer and bus tickets must accompany the claim vouchers. The mode of transport entitlements for AFAD staff will be as follows:

Grade	Mode of transport
1-2	Air ticket wherever available or AC train or AC bus or AC launch cabin or actual class used
3-6	Train First class/AC bus/AC Launch Cabin (subject to approval from their supervisor can also avail the air ticket on emergency basis).
7-8	Other mode of transport (bus, train, launch, boat etc. normal fare, not 1 st class. (subject to approval from their CE/supervisor can also avail the Train 1 st class/AC bus/AC Launch Cabin air ticket on emergency basis).
9	Other mode of transport (bus, train, launch, boat etc. normal fare, not 1 st class)

In case of staff from serial 1&2 travelling together, an office car or rented car can be availed upon prior approval from respective project manager. However, considering the travel time it is recommended to avail economic air travel to optimum use of trip time.

The Chief Executive may waive the above-mentioned rules in cases where a group of employees traveling from different grades to present the organization in donor platform or attend any summit.

A caretaker may accompany a female employee or beneficiary who is attending an external meeting, training, or workshop that requires an overnight stay and has children under the age of six. Staff and beneficiaries will receive the same amount of additional reimbursement in this case. However, if funding is constrained, staff or beneficiaries may be responsible for covering the costs.

International Travel

In case of international travel, donor policy will follow, however, if there is no specific guideline following lumpsum rates will be applicable.

Country	Per-diem accommodation and	Incidental
SAARC Countries	\$300	\$45
Asia, Africa, Latine American countries except Japan, SAARC countries	\$500	\$75
Europe, United States, Australia, Canada and Japan	\$700	\$105

Staff Mobile allowance for using personal Cell Phone and Internet.

The payment for the internet and cell phones' usage compensatory bills to the field/head office staff will be made according to the rate mentioned in the following table. The rate will be effective 01 January 2024.

Staff Mobile allowance for using personal Cell Phone and Internet, recharge amount and eligibility is subject to availability of donor approved budget.

Sl.No	Position/Level	Recharge Amount range
1	Chief executive (CE)	1000-3000
2	Head of program operations (DD/AD/PD)	800-2500
3	Managerial level (PC/PM/PF etc)	500-2500
4	Finance, admin and logistics	300-2000
5	Monitoring evaluation and documentations	300-2000
6	Technical level	300-2000
7	Supervisor level	300-2000
8	Front line level	200-1500
9	Volunteer level	200-1500
10	Support staff/Night guard	100-500

Training Allowances for the Participants

Considering the following table, training cost would be determined however, it may be changed based on the real field situation and budget availability. This rates in listed below tables are to be considered as the ceiling with effect 01 January 2024.

Amount	Item	Unit	Details
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50	Snacks	Person/time	Meeting/workshop/ field day / any event less than 4 hours within participants at district or subdistricts level or rural area
350	Lunch and Snacks	Person/time	Meeting/workshop/ field day / any event more than 4 hours within participants at district or subdistricts level or rural area
500	Lunch and Snacks	Person/time	Meeting/workshop/ field day / any event more than 4 hours within participants at high-cost areas

Local transportation for participants:

Amount	Unit	Area	Supporting
100	Person/time	Union Level	Not required
300	Person/time	Subdistrict Level	Not required
Actual	Person/time	Long distance areas	Required

Local transportation considerable for special cases but need to prior approval from the Chief Executive.

Honorarium for Resources Persons in conducting Training/workshop/seminar---etc.

The following rates of the facilitation fees for the resource persons / special guest will be provided for conducting training or participating in events such training, workshop, meeting, exposure visit etc. The rate will be applicable for all fields/office, with effect 01 January 2024.

Facilitation fees/honorarium for Resource Persons / Consultant/Special Guests for Various Events

Facilitation fees for the Training Period	Resource Persons Category			
	Junior Level	Mid-Level	Senior Level	Higher Executive
Per session / Event	BDT 1500	BDT 2500	BDT 3000	BDT 5000

In addition, facilitation fees/ honorarium for Resources Persons/consultant hiring for training / workshop will be paid as per project-based donor approved budget and compliances.

