

Chapter-3

Overview of Modern Herbal Group

3. Overview of Modern Herbal Group:

3.1.1. MHG Statement:

The purpose of this document is to develop a concrete policy and guideline for the financial management and accounts for MHG. Those who are involved is to process should abide by this policy. Any Actual or expected deviation from this policy should be reported to the top Management / MD (Director) for its decision and approval.

3.1.2. Application of the Documents:

The policy and procedures described in this documents shall govern all employees of MHG who may be concerned with any financial involvement made by or on behalf of MHG. The policy defines:

- Principles
- Procedures
- Administration / accounts associated with financial involvement.

3.1.3. Amendment:

No policy can anticipate every circumstances or questions, which may arise in the future. As MHG continues to grow and operate in a dynamic environment, the need may arise, and MHG reserves the right, to revise, supplement, or rescind any policy and portion of the financial policy and procedures from time to time as it deems appropriate, at its sole and absolute discretion. Any addition, deletion, and/or amendment to or from these policies are subject to discussion in the management meeting and confirmation by the managing Director or Executive Director.

3.1.4. Definition:

In this policies, unless there is anything objectionable in the subject or context;

3.1.4. A. Procurement Policy:

Means the approved procurement policy of MHG as adopted by the management or was stands amended from time to time.

3.1.4. B. Management:

Means employees of MHG who are designated to belong to the management category in the approved organogram of the company.

3.1.4. C. Department Head:

Means employees of MHG who are designed as department head in the approved organogram of MHG.

3.1.4. D. Financial Policy And Procedures:

Means this policy Documents.

3.2.1. Background of Modern Herbal Group:

Modern Herbal Group (MHG):

Name of the Company	Status	Registration NO. & Date
Modern Food Product Ltd.	Private Limited Company	C-20204 (974)/1990, Date: 17-12-90
Modern Herbal Food Ltd.	Private Limited Company	C-54317 (1003)/04, Date: 22-09-04
MXN Modern Herbal Food Ltd.	Private Limited Company	C-52113 (2408)/04, Date: 15-03-04
Modern Herbal Toiletries Ltd.	Private Limited Company	C-59266 (1272)/05, Date: 06-10-05
Marco Unani Pharma	Proprietorship	L-1391, Date: 15-07-07
MXN Homoeo Laboratory	Proprietorship	L-3009, Date: 10-02-08
Modern Herbal Research Garden Ayurvedic	Proprietorship	
Modern Herbal Pharmaceuticals	Proprietorship	L-1394, Date: 15-07-07

MHG limited by share & proprietorship. The company went into production (without MXN Modern Herbal Food Ltd.) of as a Herbal Medicine items, Toiletries items, Food Product items, Homoeo Medicine items etc & Marketing in the local Market. Only MXN Modern Food Ltd is went into marketing function in the local market. MHG was incorporated in Bangladesh as a Private Limited Company.

3.2.2. Financial Management:

Financial management implies efficient, prudent and judicious use of financial resources toward the attainment of organizational objectives. The system of financial Management is established with the aim ensuring transparency and accountability at every step of programme implementation, such as, planning, fund request, fund outlays, recording of financial transactions, and reporting and auditing. Most specifically, the financial management system provides for;

- Adherence to governing principles as contained, and the rules and procedures as indicated, in the Deed of Group;
- Prevention of error and fraud;
- Completeness and Accuracy of financial transaction records;
- Timely preparation of reliable financial reports;
- Ensuring integrity and reliability of information, accounts and data;
- Safeguarding of organizational property and interests from losses all kinds;
- Economical and efficient uses of resources ; and thus help
- Efficient and effective implementation of organizational activities.

3.2.3. Standard best practices –Features:

The standard best financial management practice requires that;
Record of financial transactions are maintained in a manner which is transparent and; can produce auditable documents;

- of accounts are maintained on the basis of Bangladesh Standard as specified in the chart of accounts, and the financial statement reflect a clear link with the book of accounts;
- Accounts are maintained in accordance with Bangladesh Accounting Standard (BAS), Such standards, once adopted, shall be followed consistently; and

The ability to provide accurate, complete and timely financial information as per Generally Accepted Accounting Principals (GAAP) enables MHG not only to comply with appropriate rules agencies but also assists in decision making. The dictum of transparency and accountability requires that decisions, together with their basis and result and the costs, be assessable, clear and communicable to the wider community. The standard best practice require that decision makers have all relevant issues and information before them when they make decisions.

3.2.4. Financial Management-Coverage:

Financial Management generally covers such areas as;

- (a) Financial planning
 - Budgeting
 - Management of funds
- (b). Accounting
- (c). Operating system and reporting;
- (d). Internal control; and
- (e). Auditing

It is important to note that the responsibility for the action listed above is delegated to the Chief Accountant on behalf of the Top Management except for auditing where activity itself is undertaken by an independent audit authority/firm. However, the chief accountant is responsible for ensuring organizational co-operation with audit and implementation of follow-up actions in response to audit observation.

3.3. Financial Planning:

3.3.1. Policies:

Financial Planning implies an organizational policy that guides rules and regulation making and executive function. The MHG exercises rules and regulation making functions and provides authority to the management for the acquisition and use of financial recourses. It is responsible for overseeing their administration. Administration of financial affairs and resources is the responsibility of the management as part of the execution of the direction of the deed of management.

Financial Planning is, in effect, the embodiment of legal authorization by the management of the management's income and expenditure proposals for the upcoming financial year. It comes into effect in the form of a budget and as a means of allocating resources to achieving the objective of MHG. MHGs' budget contains provision for both capital and recurrent expenditure and revenues in integrated statements. The budget is the most important element of financial planning and control and at the same time, the most crucial tool for demonstrating accountability while the annual financial statements represent the closing.

3.3.2. Budget:

The budget is the single most important financial management tool toward ensuring disciplines in decision-making and programme implementation.

A sound Budgeting system requires a holistic approach from diagnosing problems, understanding all the links to evaluating institutions impediments to performs and then finding the most appropriate allocation of resources that ultimately become comprehensive.

3.3.3. Management of Budget:

MHG's budget is managed on the basis of annual work plans and corresponding budget and periodic expenditure estimates. The budget is kept up to date and consistent with the latest work plan. Whenever activities are reviewed and work plans are revised, budget is also reviewed to ensure that best probable expenditure estimate and income projections are reflected in the latest budget.

- The board of Management of MHG is the highest authority and responsible for the approval of the annual budget as well as for framing budget guidelines set out in the yearly work plan within which the executive director operates. This includes among others allocation of financial resources to different services and projects, proposed contingency funds, setting the MHG Tax and decision relating to the control of the borrowing requirements and control of its capital expenditures.
- There will be an evaluation and monitoring procedures of the company and other expenditure which will be reported to the Management or executive Committee.
- The form of revenue and capital estimates is determined by the executive director in consultation with the management meeting and a budget format is prepared for the operational guidance of MHG.
- Revenue and capital estimates are prepared in specified formats by different divisions and sections and the head of finance produces a compiled version of the estimates for the executive director for discussion with the Management meeting.
- The executive director is the responsible for the continuous exercise of budgetary control throughout the financial year, he nominates appropriate budget holders within their divisions and sections to be responsible for designated areas of the budget.
- Any proposal to the executive director , which involves expenditure or income , shall be supported by a statement of financial implication and budgetary provision along with a report of the project leader or division head concerned.
- Any proposal in respect of any new purpose or in pursuance of a new policy or an extension of an existing policy involving continuing financial commitment ,unless specifically approved in the annual revenue estimates , must be subject of a report to the executive director. If the proposal is already approved by the executive director shall take it to the management meeting at a convenient time. He/She shall also authorize the expenditure between two management meetings.
- Each division head shall submit regular budget monitoring statements to the executive director on both the revenue and capital accounts in a form approved by him

- Where MHG operate in partnership or other arrangements, the roles and responsibilities of all parties must be clearly defined within a sound framework of effective controls. All proposed financial arrangements must be subject to the prior approval of the executive director and subject to such subsequent compliance checks as shall be deemed necessary.

Capital Budgets:

- (a) The divisions and sections in consultation with the executive director for inclusion in MHGs' capital disbursement programmed shall propose estimates for capital expenditure in respective production.
- (b) Where any internal projects are included in the approved capital disbursement programme, the following procedures must be followed before such a project can be carried out.

The division head shall prepare any proposal in consultation with the executive director and place it to the management meeting through the division or section concerned for decision. The executive director shall incorporate such estimates in the overall organizational development plan and shall put it up in the annual development budget.

Revenue Budgets:

- (a) The proposed revenue budgets for the following financial year shall be submitted to the executive director each year at least one month before the expiry of the current financial year.
- (b) Revenue budgets are prepared on an out turn basis and are treated as being cash limited for the purposes of budgetary control. MHG may provide centrally for such contingencies as it may deem fit. Requests for the release of such contingency sums will normally be granted in consultation with division heads.
- (c) Where it appears that the amount of any a head of estimate of approved expenditure may be exceeded or the amount of any head of approved income may not be reached, the head of finance/accounts shall bring it to the notice of the executive direction.
- (d) The executive director shall have to satisfy himself as to whether such systems and information used by the head of finance/accounts for the exercise of budgetary control are adequate.
- (e) The executive director shall decide whether he agrees or not with procedures for carrying forward under and over-spending on budget headings. He shall issue necessary instructions regarding such adjustments arising out of under or over expenditures.

Budgetary Control and Approval:

MHG's' budgets are managed at several hierarchical level , global levels, office level, expenditure or budget line level and transaction level. The person to whom the responsibility of making decisions in respect of any budget unite is assigned is the budget holder for that unit. The budget holder is thus the person entrusted with the responsibility of providing approval within the agreed budget over all transactions affecting the budget unit. Even where the budget holder delegates this authority to anyone else, the final responsibility still rests with him or her.

- A financial plan (budget) is approved by the management for each financial year. It guides MHG's' annual approved of budgets.
- Annual approved budgets specify the activities and the planned expenditure for the cost of each of the projects normally funded from unrestricted funds. This budget for the executive director usually approves projects will be notified to the management or the executive committee for approval.
- Budgeting must be successfully integrated with the accounting and reporting systems so that the management may receive feedback to adjust planned activities to expected resources. An effect financial control shall be put in place through the control of cash flow, procurement procedures and accountability of budget holders for current expenditures on resource input.

Management of Finance:

MHG's' resources are managed on the basis of approved financial management rules and procedures. The executive director to utilize available resources in accordance with progress towards achieving results. The process requires detailed planning, income projection and cost estimation, and effective consultation between the executive director.

The deed of MHG has further mandated that the funds of the MHG shall be kept in one or more scheduled banks in Dhaka or local areas & the bank account will be operated by Managing Director or Executive Director.

The approved organ gram of MHG provides for an accounts section under the direct supervision of the executive director. The mandated objectives and functions of the accounts section are as follows;

- (a) To gather appropriate financial transaction data;
- (b) To compile the financial data for processing and reporting;
- (c) To devise reports in a cost-effective way and adopt control instruments, which do not surpass benefits deprived from them;

- (d) To provide neutral and unbiased information;
- (e) To provide financial information which are reliable, relevant and useful.
- (f) To maintain regularity and discipline at all levels of financial management;
- (g) To ensure compliance with rules and procedures at all levels; and
- (h) To assist the executive director with timely information for the exercise of better monitoring and control over organizational operations.

Finance/Accounts shall bring to the notice of the executive director any matter, which may materially affect the finances of MHG before any commitment is made or established. Making a decision by any responsible officer of MHG which involves unlawful expenditure, taking an unlawful action which has resulted or is likely to result in a loss or deficiency to MHG authority or is about to make any unlawful entry into MHGs' accounts, etc. May be cited as examples of matter, which have to brought to the notice of the executive director by the finance/accounts section. The executive director may take any action he considers necessary in the best interest of MHG or may bright it to the notice of the management meeting.

MHG Code of Conduct:

The avowed policy of MHG is that all staff members and contractor shall conduct their activities morally, ethically, and in the spirit of public accountability and transparency, and in conformity with applicable laws and regulations and practices common with responsible development organizations. More specifically, the financial management policy and guideline provide that;

- (a) MHGs' properties and finance can not be used for any unlawful or improper purpose;
- (b) MHGs' finance can not be used as a contribution to any political party;
- (c) All financial transactions must be accounted for accurately and properly;
- (d) No undisclosed or unrecorded funds or assets shall be established or maintained in the name of MHG or for MHG;
- (e) No payments shall be solicited or received by any unauthorized MHG staff relative of any staff from any vender or prospective vender;
- (f) All transaction vouchers shall be signed by authorized persons immediately after the occurrence of transaction;
- (g) All funds must be deposited into MHG's approved bank accounts and all financial transactions shall be made only from those designated accounts;
- (h) No transaction can be made for and on behalf of MHG without prior written approval of the management;

MHG requires its employees to abide by the foregoing standards of moral and ethical behavior in their dealings with its suppliers, consultants, sub-contractors and government agencies. They are also required to report any violations of these standards.

Each staff of MHG having the responsibility of placing orders for procurement, paying or supervising any supplier, consultant, or sub-contractor shall be required to understand the following code of conduct and sign it.

3.4. Accounting

3.4.1. Policy:

The MHG accounting policy mandates assurance of accuracy and completeness in organizational accounts and reports through the application of an accounting system. The accounting system consists of the methods and records established to identify, capture, analyze, classify, record and report an entity's financial transactions and to maintain accountability for the related assets and liabilities, the following are the key aspects of accounting to ensure accuracy and completeness;

- (a) All receipts are correctly recorded and all receivables are properly recognized;
- (b) All expenditures and disbursements are authorized, vouchered and correctly classified;
- (c) All accounts and reports represent a complete and true statement of the financial transactions.

3.4.2. Accounting Principles:

An understanding of financial statement information requires knowledge of the Generally Accepted Accounting Principles (GAAP) that govern the accumulation of the data appearing on such statement. Generally Accepted Accounting Principles may be described as board rules adopted by the accounting professionals guide in measuring, recording, and reporting that financial affairs and activities of business.

Generally accepted accounting principles means:

- a. **Generally Accepted Concepts,**
- b. **Generally accepted principles,**

Generally Accepted Concepts:

Business entity concept

Means every business is conceived to be and is treated as a separate entity and distinct from its owner or owners and from every other business.

Continuing-concern concept or Going concern concept

Means balanced sheet amount for asset in carrying on the operation of a business are not changed from time to time to reflect changing market values.

Stable-amount Concept

Means accounting transaction are measuring, recording and reporting process in BDT.

Time-period concept

Means calendar year or fiscal year.

Generally Accepted Principles:

Cost Principle

Means all goods and service purchased are recorded at cost and appear on the statement at cost.

Objective Principle

Means the objectivity principle supplies the reason transactions are recorded at cost, since it requires that transaction amount be objectivity established.

Realization principle

Means the revenue inflows was in the form of cash, goods or services, assets etc.

Matching Principles

Means revenues and expenses be matched.

Full-disclosure principles:

Means financial statements and their accompanying footnote should disclose fully and completely all relevant data of a material nature relating to the financial position of the company.

Materiality principles

Means accounting rules that a strict adherence to any accounting principle is not required when adherence relatively difficult or expensive and lack of adherence will not materially affect reported net income.

Consistency principle

Means make a comparison of the company's inventory and income with previous period more or less meaningless.

Conservatism principle

Means accountants should be conservative in their estimate and opinions and in the selection of procedures, choosing.

3.4.3. Sources of Documents and Voucher:

The voucher is the only source document to record the occurrence of a certain financial transaction. It identifies the person responsible for preparing the voucher and the person authorizing the transaction. It shall be chronologically numbered with referenced to the transaction date and field in a predetermined sequence. Relevant bills memos shall accompany the voucher. Etc

All information entered into the ledger shall be done through the use of voucher entries. It shall be responsibilities of the executive director to ensure that the information being fed into the ledger is validated and correctly done. The executive director himself shall be responsible for authorizing every single voucher. But he or she may delegate this power to a designated person within the organization.

3.4.4. Chart of Account:

A common chart of accounts designed on a common structure with approval from the management shall apply to the whole of MHG. MHG must keep within the parameters defined for the use of the chart of accounts including the range of accounts that are agreed upon.

3.4.4. A. Analysis Codes:

Analysis codes shall be determined how the transactions booked in the ledger analyzed and read. The adopted analysis codes are mandatory although MHG shall be given flexibility to be able to accommodate some of their special requirements. Changed to the agreed analysis code structure will not generally be allowed but where there is need they have to be agreed upon with the accounts and approved by the executive director or his/her designated person in MHG.

3.4.4. B. Books and Registers:

The standard best accounting practice requires several book or ledger for recording financial Transaction. The essential books of accounts that must be maintained in each department of MHG are;

- a. **Cash Book.**
- b. **Fixed Assets Register.**
- c. **Consumables Registers.**
- d. **CD/VAT/AIT Control Register.**
- e. **Advance Control Ledger**
- f. **Direct Payment Control Register.**
- g. **Payroll**

3.4.4. C. Cash Book:

The cashbook is the primary data source of all cash transactions. A cash Book also contains bank transaction. All receipt either through cash or through bank transfers are entered on the debit column of the cashbook. The cashbook also records the budget line wise disbursements. The data source of the cashbook is vouchers.

The total amount of expenditure in each budget line can be ascertained from the cashbook. The monthly total expenditure as well as total quarterly expenditures can be ascertained from this book, which will subsequently help in preparing the monthly/quarterly financial report.

3.4.4. D. Fixed Asset Register

The fixed asset register shall be maintained to record all fixed assets under the custody of a particular office, showing separately fixed assets and capitalized and depreciable fixed assets of projects. The register shall contain the appropriate details of the applicable information on each assets presented in the list below;

- a. Description of the Asset
- b. Cost of the original currency
- c. Cost converted to currency of ledger (BDT)
- d. Date of Purchase
- e. Name and Address of the suppliers
- f. Location of Assets
- g. Assets number
- h. Service interval if Applicable.
- i. Estimated useful life in years.
- j. Description Period.
- k. Rate of depreciation per month and per Year.
- l. Date of Disposal.
- m. Comment Indicating state or condition of Asset.

3.4.4. E. Consumables Register:

A consumable register should be maintained in every company for recording the procurement of consumable items and their issue to company personnel. The store-keeper assistant shall maintain the register properly, i.e., record each and every consumable item procured regardless of quantity, records issuance of each category of item, i.e., a separated for papers, pencils, diskette, etc., respectively. The good received note (GRN) is generally used for the receipt of procured supplies and the requisition slip held.

The administrative officer shall arrange for periodical test examination of stock by persons other than store-keepers and shall ensure that all stocks are checked after six month or at least once every year.

The executive shall receive from the administrative officer such information, as he may require in relevant stores for the accounting, costing and financial records, surplus materials, stores or equipment shall be disposed of by competitive tenders or public auction unless the executive director decide otherwise.

MHG shall maintain inventories, which must record an adequate description of all moveable and valuable property. The administrative officer shall determine the form, in which the inventories shall be kept, with approval from the executive director.

The administrative officer shall be responsible for providing means of identification on all items in the inventory. For undertaking an annual check of all items on the inventory, for taking action in relevant to surpluses or deficiencies and for updating the inventory. MHG's' properly shall only be used for MHG's' business, unless the executive director issues specify direction.

3.4.4. F. CD/VAT/AIT:

This resister is maintained for the purpose of recording all custom duty, advanced income tax and value added tax that have been deducted or collected and deposited with the gob exchequer.

In the case of local procurement or international procurement of goods and services where payment is made by the company, the deduction or collection or AIT/VAT at source is mandatory and it shall be deposited to the gob treasury by the officer concerned. The register shows every transaction for the collection and deposit of AIT/VAT. The company accountant is responsible for maintain record of AIT/VAT deducted at source and uses one row for each deduction or collection of such items paying social attention to fill up all columns as far as possible.

3.4.4. G. Advance Control Ledger:

Any advance made for traveling or procurement to any party or person by the company shall be entered into this register. An entry of the relevant bl code (for which the advance has been made) must be made into the cashbook. All advances are required to be adjusted immediately after the completion of the assignment through submission of necessary vouchers and by making position into this ledger.

3.4.4. H. Payroll and Salary Register:

this register is maintained for the payment of the monthly salaries of the MHG staff separate pages may be used for maintaining the payment of each individual's salary.

3.4.5. Banking Arrangements and Cheque:

The managing director/executive director shall make all arrangement with the MHG bankers. All bank accounts shall be opened individual company name. Cheques for cover a specified amount, to be decided by the managing director/executive director from time to time, shall be signed jointly or individual managing director/executive director of MHG.

Not only above those condition but also all other cheque for the managing director/executive director shall sign lower denominations.

3.4.5. A. Bank Reconciliation:

Bank reconciliation on a monthly basis for active accounts shall be prepared so that cash book accounts with movements of fund during the month are fully reconciled with the bank statement. Bank reconciliation must be prepared using the standard agreed format approved by the board. The purpose of bank reconciliation is to ensure that all entries on the bank statement are recorded in the general cashbook. That there is no error on bank statements and that all the items lending to a difference between the cashbook and the bank statement are properly and systematically identified and either noted of followed up as necessary. Bank reconciliation's will serve the purpose of ensuring that all bank charges are recorded in the ledger, that all direct debit are picked up and recorded, and that all income credits receive at the bank are identified and recorded in the ledger.

3.4.5. B. Cheque Handling Procedure:

Cheques must be protected against loss or misuse by the following described below:

- (1) Upon receipt of the cheque book, cheque leaves must be counted and then recorded in the cheque register. With the provision of recording movement of cheques;
- (2) Cheque must be kept under lock and key when not in use;
- (3) Cheque must be used in sequence and all the cheque leaves must be accounted for;
- (4) All cheque other than cheques drawn on authorized impress accounts, shall be ordered only on the authority of the executive director, who shall make proper arrangement for their safe custody;
- (5) Blank cheques must never be pre-signed. Any signed cheques must be named payee;
- (6) Cheques must be accompanied by appropriate supporting documents including a payment voucher that indicated the details and nature of payment and approval of the signatories of the executive director and one of the directors of MHG;
- (7) Cheque must be completed in indelible ink and filled up in the way that makes it hard for any alteration to be inserted. The amount in words must also be written on the cheques.

3.4.5. C. Procedure for recording:

Bank and cash transactions must be recorded immediately or at the most within 2 working days from the date on which the cash comes into or leaves the possession of MHG. There shall no time delay.

Within the accounting system, there shall be a distinction between cash in hand and cash at bank. Between current saving and fixed deposit accounts and between restricted and unrestricted bank accounts.

3.4.6. Accounting and Assets:

Fixed assets purchased using restricted company funds are written off to income and expenditure in the year of purchase irrespective of value.

Fixed assets purchased using company restricted funds shall not be capitalized but charged to the project income and expenditure in the year of purchase. A fixed assets register shall however be maintained.

The fixed assets register may be kept in the form of a manual register or electronically in a spreadsheet. It shall be kept up to date with disposals, additions or major changes in the state of any assets.

3.4.6. A. Policy for Capitalization:

Fixed asset shall be capitalized if they are purchased using unrestricted funds. In deciding on the assets using together they should be considered as a set taken together. Where items used individually in bulk, they should be capitalized only if the value of each item is greater than threshold specified. The residual resale value of the assets should not be taken into account in calculating the depreciation since it is anticipated that assets will continue to be used even after they are fully depreciated.

3.4.6. B. Policy for Depreciation:

MHG shall use a diminishing line depreciation policy to write off the cost of fixed assets over their estimated useful lives beginning from the month when the assets are purchased. The following rates should be applied:

Name of Assets	Rate of Depreciation Charges
Land and land Development	Nil %
Building	10 %
Air Condition	20 %
Machineries	10 %
Furniture & Fixture	15 %
Equipment	25 %
Motor Vehicle	10 %
Other Assets	30 %

Depreciation is generally charged to Trading & Manufacturing and Profit & Loss accounts for unrestricted funds and recorded in the corresponding depreciation account in the balanced sheet for the respective category of assets. Where an asset is purchased during any particular year, depreciation should be apportioned on the basis of the number of months that it was in use during the period.

3.4.6. C. Disposal of Assets:

Fixed assets purchased using unrestricted funds and thus capitalized should be disposed of in the following manner:

- a. The executive director must give approval for the disposal of any asset upon recommendation by the management meeting following a request by the administrative officer in charge of the fixed assets administration;

b. The executive director will take prior approval from the management meeting or to dispose the fixed asset items.

c. A three-member committee may be instituted by the executive director to establish a minimum value of the assets and to evaluate formal or informal bid proposals and to suggest a disposal decision;

d. The executive director shall authorized the sale price and delivery of the assets, including its de-registering from the fixed asset register;

e. The nominated officer must aim to get the highest value for the assets and give to the higher bidder.

f. Where the assets are of high value such as vehicles or computers, the executive director should decide whether to invite formal external bids or do so internally. Communication and advertisement should give anyone equal opportunity without any unfair advantage to anyone.

The excess of the sales proceeds on the disposal should be accounted for in the income and expenditure statement against the respective cost center. Once disposed of, the asset (s) should be struck off from the fixed assets register.

3.4.6. E. Protection of Assets:

The administrative officer shall ensure that an item wise inventory is prepared of private properties belonging to any person admitted to residential care by MHG;

Where is necessary to prevent loss or damage, or where financial assessment may be required.

Two officers must prepare such an inventory at the same time. The administrative officer shall hold all valuable articles of a similar nature and documents of title in safe custody. If circumstances warrant, he/She shall/will consult with the executive director.

3.4.6. F. Security:

The administrative officer is responsible for maintained proper security at all times for building, stock, stores, furniture, equipment, documentation and information under his or her control. He or she shall have consultations with the executive director in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

3.4.7. Responsibilities:

The executive director is primary responsible for the propriety of the cash book and ledgers in conjunction with the head of accounts of MHG. The main responsibilities are to ensure the integrity of the information in the ledger, accounts and financial statement prepared from the records contained in the ledgers. The filing of supporting documentation in order to allow easy retrieval and to create an audit trail is also equally important. It is the responsibility of the head of accounts to ensure that the cash book and the ledger are kept up to date and that the necessary reporting is done on time as laid down under the signature of the executive director and the accountant.

3.5. Operating system and Reporting:

3.5.1. Policy:

Financial reporting is a key element in the accountability of a public body like MHG and it refers to the communication of financial information of an organization to all shareholders and other interested parties. It encompasses all reports that contain financial information based on data generally derived from the accounting and reporting system described in the documents. It also includes financial statements as well as financial information presented in the form of budgets, financial plans and estimates of expenditure or reports on the performance of individual reports and activities. The financial statement presents both operating conditions for the reporting period and position of the organization as on the closing date of the financial year.

3.5.2. General and Impress Accounts:

The executive director or his representative shall provide impress accounts for MHG as may be needed, impress accounts shall be operated strictly within the procedures set by the executive director or his or her representative authorized on his behalf through administrative orders issued from time to time.

3.5.3. Income:

Income is defined as received or earned by MHG against operative & non-operatives. Company's income is allocated at the discretion of the executive director in accordance with the annual budget and other budget approval by the management.

3.5.3. A. Operating Income:

Internal income is defined as allocations of sales received between company and cost center and sub cost center or allocation from balance sheets.

Internal income is respected to net off to zero at the consolidation stage and therefore and designated account number for internal allocations for receiving company or cost center must be matched to the pair accounts codes.

3.5.3.B. Non-operating Income:

Income receive from an external entity comprises what is referred to as MHG external income. It must be strictly distinguished from internal income allocation for reporting & control purpose. External income from business activities of MHG and must be coded to the account codes allocation for that purpose within the chart of the accounts. All external income must be analyzed by non-pirating income codes. It should be noted that for purpose of this definition, all non-operating income including interest on FDR & staff loans.

3.5.4. Expenditure:

Expenditure is recognized on an accrual basis. The general practice is however to recognize expenditure on the cash and a day-to-day basis and accrued at the end of the year for external reporting purpose. With the commitment accounts system expenditure will increasingly be accounted for on an accrual basis.

3.5.4.a. Recording and Accounting:

Expenditure must be recorded using the agreed chart of accounts. It must be recorded in the account code that best describes the nature of expenditure and must not be done on the basis of whether there is a budget or not. Expenditure must be recorded on a timely basis and the general ledger kept up to date.

3.5.4.b. Advances, Deposits & Prepayment:

Advancing to implementing parties are funds provided in order to enable them to undertake defines activates based on specific proposal of agreement and for which accounting has to be done back to MHG. These funds are usually codes to the account code designated for such advances, deposits & pre-payments. Although these advance should be handled through the balance sheet, they are for practical reason handled through the income and expenditure statement so that they are taken into account when company reports are contacted for clients.

Where the advance are provided in a currency other than the ledger basis currency, the clearing entries must be made at the same rate of exchange at which the original advance was made.

3.5.4.c. Coding of Expenditure and Integrity of Accounts:

Within the approval chart of accounts, income and expenditure transaction must be coded to the correct descriptive account code irrespective of whether a budget has been allocated within the particular budget line or not.

Transaction must not be coded to an incorrect descriptive account. Lack of accounting integrity due to entry in the wrong code must immediately be surfaced since the entry and supporting document are not aligned. It may lead to wrong reporting expenditure.

While accounting are responsible for verifying the interiority of expenditure accounts according to their nature, it is solely to responsibility of the department officer to code the expenditure. According to the cost center, which the expenditure belongs, and any analytical code that the budget and reporting requirement define.

3.5.5. Orders for Works, Goods and Services:

All employees have a duty to declare any links or personal; interests that they may have with purchaser, suppliers and/or contractors if they are engaged in contractual or [purchasing decision on behalf of MHG, in accordance with the approach codes of conduct.

Official order shall be in form approval by the managing director/executive director and shall be authorized only by officer so designated by the approached accountant. The departmental head shall be responsible for official order issued for him/her respective section and for ensuring that the cost is within approval estimates.

Official order shall be issued for all work, goods or services to be supplied to MHG except for automatic supplies from statutory undertakes for periodical payments such as rent or rates, for petty cash purchased or such order exceptions that the administrative officer may approve, each order may conform to the “ MHG procurement policy”

Any work order without above mentioned over 15000.00 only quotation/tender will be invited to parties/supplies by purchases department approved by managing director/executive director. In these cases lower rotate must be apply.

3.5.6. Payment Mode:

Except for petty cash payments from departmental impress accounts, the normal method of payment of money due from MHG shall be by cheque or order instruments over 15000.00 only drawn on the MHG banking account by the managing director/executive director.

Payment by other instruments shall be fully supported by proper, certified documentation. In all cases, loans, leases or rental arguments as method of payment must not be entered into without the prior approval of the managing director/executive director.

3.5.7. Salaries, Wages, allowance, Pension & Gratuity:

Salary:

Means periodical payment usually at longer intervals than a week, for services other than mechanical involving some intellectual or mental skill or expertise.

Wages:

Wages is a pledge or payment of usually monetary remuneration by an employer specially for labor services usually according to contract. On an hourly, daily or piece work basis, often including bonuses, commissions, profit sharing and amount paid by the employer for insurance, pension, hospitalization and other benefits. The nature of work is generally mechanical.

Allowance:

Means something specially money allowance or given regularly, clothing allowance, subsistence allowance, dearness allowance, travel allowance.

Pension:

Mans signifies a periodical allowance or a stipend granted not in respect of any right, privilege perquisite or status, but on account of past services or particular merits person is a bounty for past services.

Gratuity:

Means etymological sense means a gift specially for service render or return for favor receive. It is not paid to the receive to the employees gratuitously or merely as a mater of boon. It is paid for the services rendered by the employee to the employer.

The managing director/executive director shall make the payment of all salaries, wages, compensation and other emoluments to all employees or former employees of MHG or other agreements approved and controlled by him.

Each division head notify, taking permission from the managing director/executive director, the accountant as soon as possible and in the form prescribed by him, all maters affecting the payment of such emoluments, and in particular;

- (a). Appointments, resignations, dismissals, suspensions, and transfers;
- (b). Changes in remuneration, other than normal increments, and pay award and agreements of general application;
- (c). By using the prescribed format or otherwise as laid down by the executive director.
- (d). Managing director/executive director/director's remuneration will fixed by the management. This rule cans changes time to time.

Appointment of all employees shall be made in accordance with the regulations of MHG and approved establishments, grades and rates of pay.

3.5.8.a. Deduction at Sources:

The income tax ordinance, 1984 provides that each payer has to deduct income tax from the income of the payee, on behalf of the government, in accordance with provision of the relevant finance act. All tax deducted at source must be deposited to the credit of the government within the prescribed time. In case of failure to deduct tax or to deposit to the credit of the government. The executive director and the organization shall be deemed to the an assessed in default and shall pay, in addition to such tax, an amount og fine at the rate of 2% per mo9nth on such tax for the defaulted period. The head of payment from which tax is deducted at source is given in section 49 of the said ordinance. Of these the following payment are relevant in respect of MHG for the purpose of deduction of tax at source:

Salaries:

(Effective from July 01, 2008 As per rule 21)

Source Tax Rate from salaries for non-residence Bangladeshi are given below;

SL	Step	Total Income	% Of Tax
1	First	TK. 165,000.00	Nil
2	Next	TK. 275,000.00	10
3	Next	TK. 325,000.00	15
4	Next	TK. 375,000.00	20
5	Balance	Above	25

Note: Minimum Tax Payable is Tk. 2,000.00 when Taxable Income exceeds Tk. 165,000.00. Even when Tax calculated as per above schedule is lower than Tk. 2,000.00.

3.5.8.b. Payment to suppliers, contractors, etc.

At the time of making any payment, whether due or in advance is made on account of any supply of goods or services under a contract agreement, tax at the prescribed rate (rule-16) shall be deducted at the time of making such payment, irrespective of the consideration of part or final payment.

Deduction of Tax from payment to Contractor, Suppliers, etc.:

(As per Income Tax 1984 of Rules 16);

SL	Amounts of Payment	Rates of Deduction of Tax at the time of making payments (%)
1	Where the payment does not exceed Tk.100, 000.00.	Nil
2	Where the payment exceeds Tk. 100,000.00 but does not exceed Tk. 500,000.00.	1
3	Where the payment exceed Tk. 500,000.00 but does not exceed Tk. 1,500,000.00	2.50
4	Where the payment exceeds Tk. 1,500,000.00 but does not exceed Tk. 2,500,000.00.	3.50
5	Where the payment exceed Tk. 2,500,000.00 above	4

3.5.8.c. Payment of Rent:

For the purpose of making a deduction of tax under section 53A of the Ordinance, every person mentioned in that section who is responsible for making any payment to the owner of a house property on accounts of house rent shall deduct an amount calculated on such payment at the rates laid down in the schedule bellow:

SL	Amount of Payment	Rates of deduction of tax at the time of making payments.
1	Where the monthly payment does not exceeds Tk. 15000.00	Nil
2	Where the monthly payment exceeds Tk. 15000.00 but does not exceeds Tk. 35000.00	3%
3	Where the monthly payment exceeds Tk. 35000.00	5%

3.5.8. d. Payment of fees for Professional or Technical Services (Sec.52A);

means services rendered by lawyers, engineers, architects, professional accounts, technical consultants etc.

Rate of Deduction:

- a. 10% in the case of payment to doctor for professional services;
- b. 10% in the case of payment for royalty of technical services;
- c. 10% in the case of payment for advertising commission or professional services;

3.5.8.e. Payment to Non-resident:

At the time of making any payment to a non-resident, which is chargeable under the income tax ordinance, 1984, tax shall be deducted as under;

Where the payee is a company is a company, at a rate applicable for a company;

Where the payee is a person other than a company, at the maximum rate;

3.5.8.f. Stamp Act:

As per the stamp Act, for any payment over Tk. 200.00 revenue stamp in the amount of Tk. 5.00 must be affixed on the money receipt. Accordingly, all recipient will be instructed of affix a revenue stamp on all money receipts or vouchers is made for an amount in excess of Tk. 200.00.

3.5.8.g. Value Added Tax (VAT):

The burden of tax attributable of the value that is added to the Company is borne, in the case of any product produced in Bangladesh, by the producer and in the case of providing services. Every producer of goods and services are require to have been registered under the Value Added Tax Act. 1991, but private and non-government organization are exempted from such registration. Certain payments are subject to the deducted of VAT when making them to the supplier or contractor under an agreement. A list of payment for goods and services. Which are subject to Vat, is given hereunder.

3.5.8.g. Payment to Construction Contractors:

An amount equal to 4.5% of the bill is deductible at source as Vat on organization, association or person engaged in the construction repair and maintain of buildings.

Note # Every receiving Source Tax has been deposited to Bangladesh Bank/Sonali Bank Limited by treasury challan as per respective schedule of Income Tax Rule.

3.5.9. Financial Statements:

MHG's financial statements in addition to these audited Statements of Accounts. Budget variance statement and other statutory statement should be prepared. Annual financial statement report will be sent to the management showing the financial status.

3.5.9.a. Monthly Reporting Procedures:

All bank reconciliation must be undertaken and the necessary entries processed in the ledger before finalizing the accounts of any particular month.

All accounting must be processed in the ledger within five working days of such transactions. The cost center number must analyze all income and expenditure transactions. In addition all income transactions must be analyzed by the income code. At the end of the month, a report should be run to check and ensure that all transactions are analyzed in this manner, Subsequently all journal in the transactions reports and expenditure statement should then be produced and distributed to the cost center.

For any branch office ledger book back ups in respect of any particular month should be sent to the Dhaka office by e-mail or surface mail on before the first week of the following month.

3.5.9.b. Annual Reporting:

Consolidation of accounts like balance sheet, Income statement, Trading & Manufacturing Accounts, Cash flow statement, Changes in owners equity and Notes to the Accounts, prepared and audited at the end of each financial year. In order to maintain the interiority of the annual accounts, no offer is authorized to reopen accounts of any closed year except on the advice of the executive director through the head of accounts. Once final accounts are submitted and consolidated, the need for any corrections or adjustment must be handled through the following financial year. It is strongly forbidden a reopen a close tear unless expressly advice in writing by the head of accounts. This, forbids passing any new entries, adjustments, account allocation, amendments, insertion or deletions once the year has been closed.

3.6: Internal Control:

The internal control system refers to policies and procedures by the management of an entity to assist in achieving the Management's objective of ensuring, as practicable, the orderly and efficient conduct of its activities. It comprises the control environment embodies and control procedures. The control environment the overall attitudes, awareness and action of the Management regarding the internal control system and its importance in the organization. The control environment has an effect on the effectiveness of the control procedures. The function of the highest organizational authority and its committees, Management' philosophy and operating style organizational structure and the methods of assigning authority and responsibility and control system including internal audit function, personal policies and segregation of duties are key factors in the control environment, The control procedures are those policies and actions, in addition to the control environment, which the Management has established to achieve the organization objectives. Major operational issues like reporting, reviewing and approving reconciliation's maintaining and reviewing control accounts and trial balances; approving and controlling documents; comparing internal data with external sources of information; comparing and analyzing the financial results with budgeted accounts; etc are some of the key factor of control procedures.

3.6.1. General:

Internal control is a management system in order to ensure;

- (a). Adherence to management policies, governing laws and regularities;
- (b). Effectiveness and efficient of operations; and
- (c). Reliability of financial accounting and reporting toward achievement of specific objectives.

Internal control consists of a set of coordinated procedures and measures to direct errors and irregularities, to correct them and to prevent misuse of resources. A sound internal control structure is a pre-condition for coefficient, effective and accurate financial management. A well design control structure with all basic elements of internal control can ensure proper use of the organizational resources, safeguard its properties, provide adequate audit trail and make possible independent representation of financial information. It not only raises an organization's accountability and degree of transparency among the stockholders but also increases efficiency of the organization and its staff member as a whole.

3.6.2. Administrative Control and accounting Control

Internal control comprises two aspects: administrative and accounting. Administrative control refers to an overall management system with a set of rules and procedures to ensure effectiveness and efficiency of various aspects of programmer, including planning, budgeting, inputs mobilization, and reporting. On the other hand focus4s on ensuring financial transactions and reporting based on establishment rules and procedures and in compliance with work plans and expenditure plans. System of accounting control is designed to provide responsible assurance that.

- (a). Transaction are executed in accordance with MHG management's general and authorizations within the framework of work plans and with a view to achieving organizational objectives.
- (b). Transaction are recorded as necessary to allow preparation of financial reports in conformity with generally accepted accounting principles;
- (c). Transaction are recorded as necessary to maintain accountability and transparency in the use of organizational resources and protection of its assets;
- (d). Access to assets is permitted only with management's authorizations;
- (e). The recorded assets are compared with physical assets at responsible intervals and appropriate action is taken with respect to differences, if any.

A standard checklist for internal control for both administrative and accounting aspects is given in Annex-D. This checklist provides a useful tools for the executive director to ensure installation and use of the necessary control instruments, all of which are requirement under an effective monitoring modality. This checklist also offers a first hand Knowledge of management performance particularly with respect to the aspect.

3.6.3. Internal Control Structure:

A standard internal control structure consists of policies, rules and produces to ensure judicious. Efficient use of organizational in order to achieve companies. MHG's internal; control structure basically has two aspects as mentioned above: Administrative and accounting. It is the responsibilities of the executive director to instill and implement the necessary management system to make the internal control structure operative. Such Management system must be based on clearly spelled out roles and responsibilities of MHG personal and accordance with the organ gram. For accounting control, the head of the account section and his or her assistant are responsible for preparing and maintaining necessary account, records and reports. However the ultimate responsibility for the accounting control lies with the executive director and it is his or her duty to ensure the quality of the work performed by the accounts personnel.

A double checking system, where a job performed by one person is always reviewed by another, is indispensable for any accounting related work in order to ensure proper accounting control.

The fundamentals of the administrative modality that involve responsibilities beyond the scope of the management are described in the below column;

Control Environment	Administrative control (Role of the ED)	Accounting control Role of ED	Accounting control Role of Head of Accounts
<ul style="list-style-type: none"> Vision and policies of the MHG modality 	<ul style="list-style-type: none"> Clear assignment/delegation of responsibility/authority in the management team 	<ul style="list-style-type: none"> Maintaining separate accounting system for company. 	<ul style="list-style-type: none"> Identification of all valid transaction and rejection of any improper transition.
<ul style="list-style-type: none"> General rules and procedures applicable under MHG. 	<ul style="list-style-type: none"> Preparation, implementation and reporting on work plans and budget. 	<ul style="list-style-type: none"> Established of system for proper financial transactions and reporting. 	<ul style="list-style-type: none"> Classification of transactions according to the GL code and within the framework of work plans and the budget.
<ul style="list-style-type: none"> Organizational structures (role of the management meeting and other parties concerned) 	<ul style="list-style-type: none"> Monitoring review and follow up actions. 	<ul style="list-style-type: none"> Establishment of a double-checking system or accounts book and reports. 	<ul style="list-style-type: none"> Use of standard organizational vouchers and recording valid transactions in proper books of accounts.
<ul style="list-style-type: none"> Professional management structure. 	<ul style="list-style-type: none"> Ensuring compliance with all provisions of the guidelines. 	<ul style="list-style-type: none"> Ensuring adequate disclosure of financial information on a timely basis. 	<ul style="list-style-type: none"> Preparation of standardized and time-bound financial reports using information from the relevant books of accounts.
		<ul style="list-style-type: none"> Ensuring compliance with the provision of financial management guidelines. 	<ul style="list-style-type: none"> Ensuring preparation and maintenance of auditable documents.

Factors that generally contribute to the overall control of an organization are highlighted below:

3.6.3.a. Management Philosophy:

It is the management's willingness to accept risks and aggressiveness in reporting financial information.

3.6.3.b. Assigning Authority and Responsibility:

It is the understanding of reporting relationships, delegation of authority and degrees of responsibility within the organization. Organizations, which are a one-man show or believe in centralized decision-making lack internal control.

3.6.3.c. Management Control Methods:

This generally refers to monitoring performance by utilization budget, forecasts, variance, and clear policies and procedures.

3.6.3. d. Internal Audit:

The internal audit modality is a basic elements of a strong internal control structure. The internal auditor generally reports to the highest level of management.

Internal auditor should be conduct of audit to all branch office, head office & factory and reporting to top management of Modern Herbal Group.

The following principles shall be observe in a allocation of accounting duties:

(a). The duties of providing information regarding sums due to or form MHG and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting r disbursing them.

(b). the accountant charged with the duty the examining and checking the accounts of cash transaction shall not be engaged in any of these transactions.

Reporting Structure and Supervision:

The internal auditor shall rep[ort to the executive director. Any matter, which involve, or are thought to involve, any financial irregularity involving MHG assets or those of an unofficial finance, must be notified immediately to the executive director. Who shall decide what steps are necessary as a follow-up.

Internal Audit follow-up:

The executive director shall, in consultation with management meeting, decide whether any matter under investigation should be recommended for referral to legal actions. The executive director shall present an annual report to the management meeting summarizing the audit plans for the coming year and commentary on audit activity, which is completed or in progress. The executive director shall bring to the notice of the management meeting specific issues affecting the function of the organization as a whole or of any group or team thereof.

3.6.4. Control Procedures:

3.6.4.a. Adjustment and Control Procedures:

Control procedures and those policies and procedures in addition to control environment and accounting System that management establishes to provide responsible assurance that specific entry objectives have been achieved. These procedures are:

3.6.4.a.1. Authorization of Transactions and Activities:

A system must be put in place that allows only authorized personnel to approve or initiate certain transactions. The intension is to provide a tighter control structure and institute internal discipline. A strong control environment requires that a written and well-circulated document be put in place with specific mention of authorization and or approval authority of authorized repreantatives.

Once a particular financial year is over and the accounts produced are consolidated, no officer is authorized to reopen the same without express written authority from the executive director. Subject to any unforeseen situation that only entries that will be authorized to be reopened will be those relating to the transfer of income and expenditure in the statement, and balances being transferred to the balance sheet. This is the only procedure undertaken only after the completion of the annual audit of the consolidated accounts.

3.6.4.A.2. Segregation Of Functions:

Various function must, to the extent possible, be segregated among sections and staff. This aims to prevent errors and irregularities in the system. At least the following function should be segregated:

- Record: recording of transaction should be done by persons independent of the person conducting the transactions;

- Authorization: Person (s) authorizing transactions should be persons other than the persons conducting the transactions or recording the transactions;
- Custodian: Custody of assets may be separated from the persons responsible for record keeping and conducting the transactions;
- Execution: person responsible for procurement person other than the persons responsible for utilization of assets and properties.

3.6.4.A.3. Safeguarding assets and Records:

The assets and prosperities may be misappropriated and/or accidentally destroyed if they are not properly protected through a good system of control. Internal control procedures must protect organizational assets against any unauthorized access, whether by direct or indirect means:

Direct Access to Assets and Records:

Direct access refers to the opportunity and individual might have over actual physical of assets. Restricting the actual physical accountability is the most important protective measure for safeguarding assets. It can be done by physically segregating the assets and use of protective devices, bonded custodians and independent custodians (i.e. banks safety deposit boxes, etc.)

Indirect Access to Assets and Records:

Indirect access refers to the ability to use and or dispose of assets in the unusual manner. An example of individual access includes signing form to another to remove goods from a store and writing a cheque on a bank account. The most ideal way to control indirect access is install adequately segregated functions.

3.6.4.A.4. Independent Evaluation of Performance and Proper Valuation:

These measures include clerical re-computation, reconciliation's and comparison of actual asset with recorded assets, and review of computed generated reports. Annual Stock Taking of asset and reconciliation between physical verification report and records of assets register are examples of such measures.

3.6.4.A.5. Adequate documents and records:

Proper use of pre-numbered forms and timely generation of reports are example of adequate documents and records.

Segregation of Responsibilities a Model	
Person Who	Should not
Prepares Vouchers	Approve Transaction and Vouchers
Prepares Cheques	Sign Cheques
Has Access to Bank Cheques	Post payments
Receives cash/Cheques	Record Cash/Cheque Receipt
Prepares Bank Deposits	Reconcile Bank Statements
Records Cash Receipts	Reconcile Bank Statements
Is Custodian of Assets	Conduct Physical Verification
Prepares payroll	Makes Disbursements
Maintains Driver Logs	Monitor Fuel Usage
Procures Goods	Post in the Stores Ledger
Makes Payment	Post in the Ledger
Posts in the stores Ledger	Authorize Requisition Slip

3.6.4.B. System Maintenance:

The computer based accounting ledger system is a critical part of the operations of MHG financial management system. Member of the staff must ensure that interiority is maintained at all times and the security of the information is protected. Frequent and regular back ups of the system should be undertaken. Only authorized person within the control of the head of accounts should be responsible for system ledger accounting maintenance including allocating right of usage to other users. Where it is organized centrally, maintenance support will be coordination and accounts will be instructed what to do in order to keep maintenance cost under control.

The head of finance/accounts shall prepare and maintain a manual of financial and accounting procedures to be operated in the organization. Accountant's officers shall promptly submit all relevant information to the head of accounts/finance who shall be responsible for timely submission of all grant claims.

3.6.4.C. Procedures for Recording:

The head of finance/accounts, under delegated authority from the executive director, shall ensure that financial management procedures are observed and that accounts of MHG and supporting records are kept up to date.

3.6.5. Filling:

It is responsible of the persons in charge of accounting to ensure that all vouchers and supporting documents relating to entries in the ledger are properly filled in the manner that aids quick tracing and retrieval of the documents. System generated voucher numbers should be used as the main document filling reference.

3.6.6. Delegation of Financial Power:

Delegation of financial power refers to the administration measure relating to the drawing and disbursement of funds. This delegation will empower the person concerned to act on behalf of the executive director. Such delegation will be effective by an executive order of the executive director and shall continue to remain effective whenever he or she chooses to withdraw this power. Delegation of financial power does not relieve the executive director of his responsibility of proper financial administration within MHG. Delegation of financial power generally follows a structure commensurate with the organogram. MHG delegated structure is built around the following position:

SL. NO.	Authority	Responsibility	Sanctioned through	Financial Power
1	Management	<ul style="list-style-type: none">• Approval of work plan and financial proposal (budget);• Overseeing budget execution	<ul style="list-style-type: none">• Budget• Special Sanction	Delegated to the executive director
2	The executive director or his or her delegated director	Management of overall programme implementation	Operational Budget in consulting with the management	Budgetary allocation

3.6.7. Risk Management and Insurance:

The executive director shall prepare and promote MHG's risk management policy and develop risk management control in conjunction with other employees.

Each division head shall be responsible for the identification and control of all risks falling within his areas of responsibility. The identified risks shall be notified to the executive director for incorporation in the risk Register, which shall be subject to periodic review by the management at more than intervals.

Each division head shall take responsibility for risk management within his department of responsibility, having regard to advice from the executive director and administrative officer, shall undertake regular review of risk within MHG.

The administrative officer, having authority from the executive director, shall be responsible for all the arrangement of commercial insurance and will deal with all insurance climes in consulting with other officers, where necessary. The administrative officer shall deal with all claims concerned with public liability, employer's liability and personal accident insurance.

The administrative officer shall promptly notify the executive director all new risks, properties or vehicles, which are required to be insured and any alternation affecting existing insurances.

The administrative officer shall immediately notify the executive director, in writing, any loss, liability or damage or any event likely to a claim, and inform the appropriate law enforcing authority of the matter unless otherwise decided. The administrative shall provide the executive director with all claim and settlement information necessary for the evolution of the risk.

All appropriate employees of MHG shall be included in a suitable Group insurance.

The executive director shall annually, all any other time he may consider necessary, review all insurance in consultation with the management and initiate appropriate actions.

The executive director in consultation with the management and other appropriate officers shall settle the terms of any indemnity, which MHG is requested to give.

3.7: Auditing:

3.1. Policy:

An audit may be defined as being an independent examination of the financial statement of organizations for the purpose of expression as opinion. While the primary objective of a financial objective of a financial audit is to certify accounts prepared by the management, it ensure, as a matter of policy, that (i) expenditure which govern it and (ii) due regard is paid securing economy, efficiency and effectiveness. In case of certification audit, is required to obtain sufficient relevant, and reliable audit evidences in support of their opinion.

3.2. A. General:

Audit is an integral of sound organization management addressing both financial and administrative aspects, and of the overall implementation framework to ensure accountability, MHG financial statement and reports are subject to an annual audit by commercial auditors, generally approved by the management. The auditor must be Chartered Accountants as defines in Article 2(1) (b) of the Bangladesh Chartered Accountants Order, 1973 (Po, No. 2 of 1973).

3.2. B. Objectives:

Audit addresses all substantive, financial, custodial and personal accountabilities assumed by the projects. The overall objectives of audit are to obtain reasonable assurance that t5he GOB or shares and resources are being managed in accordance with the provision of the sharer agreement. It must be understood that audit is not limited only to financial transactions. Audit generally goes beyond and it extended to cover the effectiveness of operations, economic and efficient uses of resources, timely preparation of reliable financial reports, integrity and reliability of information, accounts and data, etc.

3.3. Scope:

The audit of MHG programmers shall cover all finance received from the business activities and all incomes from non-operating activities or any other receipt from approved sources. Thus, the audit mandate for MHG and programmers is open to funds received from all sources and expenditures incurred by MHG.

The audit of MHG programmes shall cover, but may not necessary be limited in scope to, the following areas:

3.7.4. Financial Management:

Financial accounting, including system for recording, documenting and reporting and reporting on resources utilization; and

Other aspects of financial operations and accounting controls.

3.7.5. Audit Guidelines:

The core basis of MHG audit is Financial Management policies and guidelines covering all relevant rules and procedures as articulated in this documents. In addition, the programme documents and other key programme related documents including work plans, budgets, and management meeting minutes provide the basis of the audit, The guiding principles in conducting the audit are relevant international standards of auditing and the professional judgment of the auditor.

3.7.6. Duties of Auditors:

The Auditor's duty shall include, but may not necessarily be limited to the following:

- (a). Conducting the audit in compliance with provisions of this document and generally accepted international standards of auditing;
- (b). Demonstrating due respect for the confidential nature of the privileged information gained in the course of conducting audit in MHG;
- (c). Making adequate consultations with relevant officer such as head of finance/accounts, directors and the Executive director;
- (d). Verifying the combined delivery report and certifying it;
- (e). Bringing to the immediate attention of the management any transactions identified during the audit which the auditor curtails doubts as to the validity or propriety;
- (f). Providing adequate opportunity to the person responsible to the matter audited for explanations, as appropriate, in order to ensure expression of the best possible opinion;
- (g). Presenting the findings in the form of a report.

The auditor must review the organization's internal control to determine whether satisfactory control measures are measure are being installed and used to prevent, detect, reduce or staminate the risk of potential errors. The auditor's internal control review looks at such factor as (i) delegation and communication of authority and responsibility; (ii) procedures and mechanisms of discharging responsibilities; (iii) Mechanisms of check and balance. In order to ascertain whether control is operational and adequate, auditors may conduct corroborative tests designed to determine whether transactions are valid and accurate, whether invalid or improper transactions have been rejected, as appropriate, etc.

3.7.7. Required Documents and Information for Audit:

The common requirements of the auditors from the projects are listed below. During the audit, the executive director and chief accountant concerned must be present documents and to respond to any queries.

- (a). Cashbook
- (b). Trail balance
- (c). Financial Statements
- (d). All bills and vouchers in support of the expenditure
- (e). Bank statement

- (f). Copies of treasury challan
- (g). Income Tax and VAT register (where applicable)
- (h). Consumable and stock register(s)
- (i). Annual physical verification report of consumable and stores
- (j). Fixed assets register
- (k). Annual physical verification report of non-expendable property
- (l). Tender/Work order (where applicable)
- (m). File regarding purchase of stationary and other materials
- (n). Sale register
- (o). Minutes of the meetings of the procurement Committee
- (p). Register of salvaged materials (where applicable)
- (q). Log book of vehicle fuel issue slips

3.7.8. Audit Report:

The auditor shall produce a final audit reflecting discussion and decisions with Top Management. The audit report must be presented, to the extent possible, in the specified format agreed between the person responsible for the matter audited and the auditor. The audit report shall contain comments, observations, management responses and recommendation on each of the audited area or issues, as well as general opinion on the branch performance. All audit opinions must include a statement as to whether the financial and management reports are accurately presented.

Auditor shall be as specified as possible in their findings, observations and recommendations. They should also describe fully the reasons for any irregularities or deviations from governing rules and procedures. In addition auditor should not delay in discussing such matter with the executive director specifically about areas of immediate concern and those, which require a formal response.

In particular, auditors are required to certify the following, which should be related in the final audit report:

- (a). The expenditure are made in accordance with the activates in the work plants the budget;
- (b). The expenditure are supported by adequate documentation.
- (c). The financial reports are fairly and accurately presented and correctly represent the financial position;
- (d). Appropriate management structure, internal control and record keeping system are maintained;

(e). Monitoring and evaluation of activities are adequate and the progress towards expected results are undertaken as planned and according to key consideration for management;

(f). Procurement, use and disposal of equipment are made in accordance with the governing rules and procedures; and

(g). Satisfactory measures have been taken by the organization to comply with the recommendations of onion auditors.

3.7.9. Investments, Borrowing:

MHG will create and borrow finance for own, relatives and other financial institutions for investment in raising and updating standards. This finance will be duly operated through the bank as usual and controlled by normal regulation followed for MHG financial Operations. The nature and extent of utilization of such finance will include the followings;

Under Investment Finances:

a. Capitalize Expenditure;

b. Purchasing land and construction of MHG own office building;

c. Purchasing shares, securities, bonds or any credit instruments of public bodies (where private sharing is allowed) with comparative advantage of earning interest or profits;

The creation and borrowing of finance as mentioned above shall have to be sanctioned duly by the management on submission of the appropriate proposal from the executive director; and the rules and procedures for accounting and auditing of such funds will be same as followed for other finance of MHG.

The head of finance /accounts shall, under authority from the executive director, be the MHG register of stocks, bonds and mortgages and shall maintain record of all borrowing and/or investment of money carried out by MHG.

All borrowings shall be arranged in the name of MHG.

3.8. Employment Policy:

It is the Company's policy to recruit, hire, train and promote in all classifications consistent with the employee's ability and the management requirements. The management reserves the right to view, amend and create employee classifications when necessary.

3.8.1. Procedures of Recruitment:

3.8.1.1. Assessment of Manpower recruitment:

Recruitment of employees is proceed by assessment of manpower requirement. Identification of vacant position can be done through following steps:

Step 01. Identification of Manpower Requirement by the Department Head:

It is the responsibility of department head to conform HR Department about manpower requirement through manpower requisition form.

Step 02: Approval of the requisition By MD/ED:

HR department sends the manpower requisition form to the MD or ED for approval.

Step 03: Searching of Candidates:

Once MD/ED approved the manpower requisition then the HR Department searches for new candidates. Candidates can be searched in the following ways:

Advertisement for Vacancies:

Advertisement media differs depending on the job position. These are

(a). Advertisement through www.bdjobs.com:

Company advertises through bdjobs.com for executive to top-level position.

(b) Advertisement through newspaper:

Generally the company advertises through newspaper for medical officer and other top-level position.

(c). Advertisement through Well Display and Poster:

This type of advertisement takes place when company seeks for factory workers. Posters are attached with the factory boundary and other nearer location.

(d). Selection Of CV from old CV data Bank:

Sometimes HR department goes through sorting process of stored CVs in the old data Bank.

(e). Selection of CV from Reference:

Sometimes HR department collects CVs from various references. These reference may include MD, ED, GM, DGM, Department Head and Other staffs.

3.8.2. Procurement of Selection:

3.8.2.1. Short listing of application received:

HR department goes through screening process on the applications reached by the specified data. Hr Department first make a short list of good CVs from the total number of application received. In short-listing process we consider application comparing with the required criteria for ca particular vacancy. The candidates are called for their first interview.

3.8.2.2. Taking the first round Interview:

On the scheduled date, HR department along with the respective departmental Head takes interview. They observe the interviewee whether he is suitable or not for the required position.

3.8.2.3. Reporting to the management:

Whenever they find any interviewee whom they think of suitable for the position, they prepare reports on him. The report is then sent to the GM or DGM. If the requirement is made for any managerial position, The report is sent to ED or MD. The employees are then called for his/her final interview. He/she must have to submit all required certificates in the day of final interview.

3.8.2.4. Taking the Final round Interview:

The top management reviews the report given by HRD is favor of the applicant. Then the GM/ED/MD along with HR manager takes a final interview of the candidate. When management agrees with HRD to selects the applicant. HR Department notifies the applicant to submit medical fitness certified.

3.8.2.5. Checking Medical Examination Report:

All offers of employment will be subject to the employee being found medically fit. The applicant will submit medical fitness certificates. Medical examination is specifically required for the applicant who will work for the factor.

3.8.2.6. Appointment of suitable candidates:

After checking medical fitness certificate if the applicant is found medically fit then he/she is selected for the appointment letter in duplicate is sent to the candidate.

3.8.2.7. Providing appointment letter:

After final selection the selected candidate is given appointment letter. In the appointment letter all rules and regulations are mentioned clearly which the applicant must have to obey as employee. Employees shall confirm acceptance of the appointment by signing and returning the duplicate copy of the appointment letter.

3.8.2.8. Finally signature in the joining letter:

Finally HR Manager takes signature of the new employee on the joining letter at the first day of his/her joining.

3.8.3. Employee Orientation Program:

A new employee may be anxious about starting a new job. Our purpose is to create a comfortable environment and not to overwhelm the employee. New employee orientation is a planned welcome to the organization that usually is shared by the human resources department and the new employee's supervisor. Here he/she is introduced with all employees, departments and provided idea about company's rules and regulation.

3.8.3.1. Orientation program includes the followings:

On the first day we ensure the following topic:

- Giving a warm welcome and discuss the plan for the first day.
- Tour the employee's assigned work space.
- Explain where rest rooms, refreshments, and break area located
- Tour the building and immediate area and introduce the new employee to other staff member.
- Reviewing job description by the department head
- Reviewing the departmental organizational chart
- Review the office's policies and procedures that include:
 - Working Hours
 - Use of telephone, e-mail, and Internet
 - Office organization
 - Office resources

- Customer service philosophy
- Confidentiality
- Ethics

3.8.3.2. Evaluation of Orientation program by the new employee:

After conducting the training session employees are given training evaluation sheet through which they comment and express their feelings about the orientation program.

3.8.4. Probation Period:

3.8.4.1. All general staffs will be required to serve a probationary period of six (06) months, Which the period may, as the discretion of the company, be extended for a further period of not more than one (01) month depending on the employees overall performance.

3.8.4.2. All medical officers will be required to serve a probationary period of Two (02) years, which the period may, at the discretion of the company, be extended for a further period of not more than one (01) month depending on the depending on the employees overall performance.

3.8.4.3. All workers will be required to serve a probationary period of three (03) months and daily workers will be required to serve a probationary of one (01) year, which the period may, at the discretion of the company, be extended for a further period of not more than one (01) month depending on the employees overall performance.

3.8.4.4. During the probation period the employee may be terminated by the Company without showing any cause or notice.

3.8.4.5. Employee performance will be observed closely through out the probation period. At the end of the probation period he/she will evaluate by the department head and HR manager.

3.8.5. Confirmation of Appointment:

3.8.5.1. At the end of the probationary period, initial or extended as the case may be, and subject to the performance evaluation of probation period the company will offer him/her confirmation in his appointment on or before the date of expiry of his/her probation period.

3.8.5.2. Company ensure confirmation through job permanent letter.

3.8.5.3. Confirmation of appointment will be followed salary increments or adjustments of gross salary.

3.8.6. Working Schedule:

The official working hours are as follows:

3.8.6.1. Head office and Branch office:

Saturday to Thursday-9.00am to 6.00pm
Lunch & Namaz Break-1.00pm to 2.00pm

3.8.6.2. Factory:

Saturday to Thursday-8.00am to 6.00pm
Lunch & Namaz Break-1.00pm to 2.00pm

The employee shall follow working hours as determined by the company. However, the company serves the right to determine the hours of work and to change the work schedule, if necessary to meet changing business needs or in Ramadan.

3.8.7. Weekend Holiday:

All employees shall be granted one (01) weekend holiday per week. The normal weekend holiday shall be every Friday.

3.8.8. Late Attendance:

All employees must enter office within 9.00am in Head Office & Branch Offices and 8.00am in factory. The maximum time of entry for Head Office & Branch Office is 9.00pm and for Factory is 8.05am. As the employees enter they have to initial the attendance register by entering the check in time and the check out time of the previous day. In case of inability to reach office by these times, the employee(s) will be late marked. All employees must have to get the approval of their respective superior/HRD for late commencement of work or other discrepancies.

8.8.1. If any employees have late attendance thrice in a calendar month, his/her on day salary of this month will be deducted.

8.8.2. After making three late attendances in a month, if the employee makes more late attendance, his/her salary will be deducted by considering every late day equal 01 day.

8.8.3. Last time for entrance in the office is maximum 9.35am for head office & branches and 8.35am for factory without inform and permission. After that time he/she may be automatically considered as absent for that day.

3.8.9. Transfer:

All employees are subject to re-assignment or re-designation of position from one section, branch or department to another section, branch and department at the Company. The employee may not refuse such re-assignments or re-designation.

3.8.10. Promotion Policy:

3.8.10.1. Objective:

To provide employees with clearly on requirements for promotion across the organization and facilitate individual's career development in the required direction.

3.8.10.2. Coverage:

All full-time employees of MHG will be covered by the policy.

3.8.10.3. Promotion Criteria:

Company practices promotion policy by considering the following criteria;

A. List of vacancies:

The procedures for promotions first of all requires a list of vacancies to be prepared in the respective departments taking into consideration vacancies due to retirement, resignation and the like and also technical vacancies due to general manpower requirement.

B. List of Employees eligible for promotion:

The criteria for promotion will be job performance, ability, attitude, qualifications and attendance. The departmental head evaluates employees through the companies specified Evaluation Form and forwarded to the HR manager. If any employee gets 80% mark out of 100% marks, he/she can be promoted.

3.8.11. Company & Employee's Property:

3.8.11.1. It is employee's responsibility to take good care of any equipment provided by the Company and handled by them.

3.8.11.2. The company shall not be responsible for the loss or damage of any private property on the on the company premises.

3.8.11.4. The management has the authority to check employees entering and leaving the Company's premises and any refusal on their part to their checked and may be construed as an admission of their guilt and may subject them to appropriate disciplinary action in accordance with the company policy as well as the law of Bangladesh regarding it.

3.8.12. Other Working Considerations:

The following topics are mentioned to clarify the Company's position and to avoid any misunderstandings:

3.8.12.1. Solicitation:

No person may sell, expose for sale, solicit customers or conduct any business other than the Company's business.

3.8.12.2. Unauthorized circulars:

Only circulars and brochures approved or issued by authorized personnel of the Company may be posted on the Company premises.

3.8.12.3. Conflict of interest/outside work:

As an employee of Modern Herbal Group engaging in private work, trade or business within the company or outside work or business activities which conflict with the business of the company or its interests strictly prohibits.

3.8.12.4. Confidentially/ proprietary information:

Information about Modern Herbal Group, its employees, customers, suppliers or vendors are to be kept confidential. All records and files maintained by the company are confidential and remain the property of the company. Records and files are not to be disclosed to any outside party or removed from the Company premises without expressed permission or authorization.

As the condition of employment in Modern Herbal Group you are obliged to maintain the confidentiality of proprietary information, trade secrets and any other information that is received in confidence from others. Any employee for the purpose of furthering current or other future outside employment or activities or for obtaining personal gain or profit may not use confidential information obtained during or through the employment of the company. The Company reserves the right to avail itself of all legal or equitable remedies to prevent impermissible use of confidential information, or recover damages incurred as a result of such impermissible use of confidential information.

3.8.12.5. ID Card:

Every employee must have to wear & display ID card with ribbon during the office time. The temporary and trainee employees are given temporary ID before they are confirmed into permanent. After confirmation that their jobs are permanent, they will get permanent and digital ID card.

3.8.12.6. Dress Code:

The male and female employees must wear formal dress during office time. The male must wear shirt (not high colorful), normal pant, shoe and tie. The female staffs wear salwar, camiz, sharee. Any kinds of information dress such as T-shirt, Fatua, Panjabi. Jeans shirt/pant is not allow during office time.

3.9. Prohibition of child Labor:

3.9.1. Policy

No child labor can be required in the facility; minimum age of the applicant is 18 years. It will be not be relaxed under any circumstances.

3.9.2. Applicable Law or Regulation

Bangladesh labor code -2006, Section-34

Excerpt of the law or Regulation: [No child before completion of 14 years of age shall be allowed to work in any factory]

3.9.3. Procedures

Modern Herbal does not recruit any child worker. As in Bangladesh, there is no provision of birth certificates; company will take a registered Doctor or Local union Council Chairman's certificate mentioning the age. Along with that, the company doctor will certify and HRM department interviews the girl to find out the important incident referring to his or her age from life history.

3.10. Compensation and Benefits:

3.10.1. Annual Festival Holidays

The Company will grant to its employees paid holidays on maximum Public Holidays Gazette by the Federal/State Government in the which the employee is serving.

SL. NO.	Holidays	Date	Day	Total Days
01.	Intl. Mother's Language Day (Shaheed Dibas)	21 st February		01
02.	SEid-e-Miladunnabi	**		01
03.	Independence Day	26 th March		01
04.	Bengali New Year	**		01
05.	May Day	1 st May		01
06.	Shab-e-Barat	**		01
07.	Shab-e-Qudar	**		01
08.	Eid-ul-Fitre	**		04
09.	Durga Puja (Do shomi)			01
10.	Eid-ul-Azha	**		04
11.	Victory Day	16 th December		01
12.	Merry Christmas			01
** Subject to appearance of the Moon				Total = 18 days

3.10.2. Procedure of Leave:

3.10.2.1. Casual of Leave:

3.10.2.1.1. Employees shall be entitled to paid Casual Leave as follows:

- Probationary Employee: No leave granted (only with approval from the Management)
- Permanent Employee: 12 days in a calendar year

3.10.2.1.2. If the employee is willing to get leave he/she has to file an application to his employee by the approval of his/her departmental head and submitted to HR department. Here must mention his/her address shall be stated during the period of leave.

3.10.2.1.3. Application for casual Leave shall be submitted 02 (two) days in advance before the commencement of leave. If he/she failed to submit leave application at least next 02 (Two) days after enjoyed leave. Otherwise it shall be deemed to be absent.

3.10.2.1.4. All Casual Leave application shall be writing or in prescribed form.

3.10.2.1.5. Casual leave cannot be enjoyed more than 3 (Three) working days at a time.

3.10.2.1.6. An Employee who has not had his/her leave approval in writing or prescribed form and who fails to report to work shall be deemed to be absent.

3.10.2.1.7. If any employee who is on leave is willing to extend his/her period of leave he/she has to sent application to the management of MHG.

3.10.2.1.8. The company may, where necessary, after investigation takes appropriate action on the employee.

3.10.2.1.9. The company reserves the right to schedule an employee's leave, whether or not hi/her application for leave has been previously approved.

3.10.2.2. Half Day Leave:

Employee can get half-day leave benefit twice in a month. Employee needs ti apply through the specified form for such benefit. Two half-day leave will be considered as one full day casual leave.

3.10.2.3. Earned Leave (Proposal):

3.10.2.3.1. Once an employment enters an eligible employment classification, he or she begins ton earn paid earned leave at the rate of days of 1.5 days per month.

3.10.2.3.2. Paid earned leave can be used in minimum increament of half days. To make such leave will be reviewed based on a number of factors, including business needs and staffing requirements.

3.10.2.3.3. The total balance of earned may be carried over fior accumulated at the end of each calendar year.

3.10.2.3.4. Upon termination of employment, the employee will be paid for unused earned leave (a maximum of 50 days) accumulated till the last dayof his or her work. However, if MHG terminates the employment for disciplinary reason the employee may not be paid for the unused earned leave.

3.10.2.4. Medical/Sick leave:

3.10.2.4.1. Medical leave is defined as the period during which an employee is unable to present for work on account of sickness, which shall be certified by the registered Medical Practitioner or General Hospital.

3.10.2.4.2. The employee concerned must inform the Head of Department or Officer in Charge by telephone or any other means within 24 hours in his/her first absence from work on account of the sickness.

3.10.2.4.3. Employees shall be entitled to pay Medical/Sick leave as follow:

- Probationary Employee: No leave granted (only with approval from the management)
- Permanent Employee: 14 Days

3.10.2.4.4. However, if hospitalization is necessary (as may be certified by a registered Medical Practitioner or Medical Officer) not more than 60 (sixty) working days will be granted.

3.10.2.4.5. In case of prolonged illness results from tuberculosis, cancer, polio, leukemia, paralysis or hospitalization as a result of accident as certified by a doctor or the General Hospital, an employee shall be granted Medical leave and paid as follows:

- 1st month of illness: Full Pay
- 3rd month of illness: Half Pay
- Next 9 months: Quarter Pay

3.10.2.4.6. If an employee is unable to resume duty after a twelve months absence due to prolonged illness she/he may be discharged from the company if the Director or other registered Practitioners confirms that he/she is unable to perform his/her duties effectively.

3.10.2.5. Maternity Leave:

3.10.2.5.1. All female employees will be entitled to be paid maternity leave for a period of not less than 120 consecutive days in respect of each confinement.

3.10.2.5.2. The employee may apply for unpaid leave if there is any need for extending hjer leave but the approval shall be at the discretion of the Company.

3.10.2.6. Compassionate Leave (Proposal):

3.10.2.6.1. All employee shall be eligible to apply for paid compassionate leave within one week following the occasion as follows:

- Death of spouse, Child/Children, Parents: up to a maximum of two consecutive working days
- Death of Grandchild, Grandparents: One working days Brother, sister, Parent-in Laws

3.10.2.6.2. All compassionate leave applications must be supported by relevant documents e.g. Death certificate, Critical illness means illness requiring the patient to be hospitalized and placed on the 'Dangerously' list of a registered hospital.

3.10.2.6.3. Emergency leave of one day will be granted to employees for special reasons not events beyond his/her control like fire or flood to the extent that his home becomes unfit for occupation.

3.10.3. Salary & Wages Payment Policy:

- Payment of salary will be made in the 1st week of the following month through employee's saving account with the company's assign banks or cash. The pay period will be according to the calendar month.
- Payment of wages workers will be made in the 1st week of the following month through cash.

3.10.4. Overtime Policy:

3.10.4.1. Overtime work shall only be performed at the request of the company and shall not be unreasonable refused by the employee. If any employee does more than 8 hours work in a working day he/she may entitle for overtime.

3.10.4.2. Payment for work done on overtime will be paid according to the rates fixed by Bangladesh Labor & Industrial Law-2006.

3.10.4.3. The payment of OT shall be double of the basic pay. As per the section 108 of Bangladesh labor & Industrial Law-2006, worker are paid for their overtime work at double the rate of their basic wage per hour. Basic wage per hour is the monthly basis wage divided by 208 hours.

3.10.4.4. Calculation of Overtime:

Twice The Basic Salary Per Hour × Number of OT Hour.

3.10.4.5. The respective head of department prior to the actual doing of the overtime work shall authorized overtime. Overtime must be approved in advance. There must be department wise overtime slip.

3.10.4.6. In case of driver overtime bill will be paid on the basis of log book record time and signature given by the vehicle user.

3.10.4.7. Other staff will be allowed for overtime duty only with the approval of their respective department head.

3.10.4.8. In the factory Plant Manager/Department Head will be allowed for overtime job only with the approval of Plant Manager.

3.10.4.9. Similarly work done on any public holiday will be considered as overtime and payment will be made as per overtime policy.

3.10.4.10. Overtime bill will be paid on the first day of every week.

Salary Increment:

3.10.5.1. It is the company policy to compensate employees in accordance with their performance, their job responsibilities and their contribution towards the profitability of the company and to their general capabilities.

3.10.5.2. The Company will maintain the principles and practice of compensation levels are competitive and provide for the recognition of differences in individual performances.

3.10.5.3. The normal rate of increment is 15% of employee's basic salary. If any employee achieved Grade "A" in his/her performance appraisal he/she may get 30% of his/her basic salary as yearly Increment.

3.10.5.4. For the Medical Officer's the rate of salary Increment is 6% of his/her basic salary per salary per year.

Bonus:

The employment of the company will enjoy the following bonus as well as the following principles in each financial year:

3.10.6.1.1. Employees who have completed 06 (Six) months services will be eligible for 02 (Two) declared festival bonus by the Company based on the drawn Basic Salary.

3.10.6.1.2. Those who less than 06 (Six) months of continuous services shall receive advance of his/her salary as festival bonus. It can reduce in every month's salary.

3.10.6.1.3. For the medical officer's who have completed 01 (One) year services will be eligible for 02 (Two) declared festival bonus by the Company based on the drawn Basic salary.

3.10.7.1. Various Allowances:

Some allowance like mobile allowance, conveyance allowance will be provided to the regarding department as per requirement.

The management of the Company reserves the right for sanction of any allowances.

3.10.7.2. Income Tax:

The company reserves the right to deduct Income Tax (ICT) from every month salary. ICT will be applicable in accordance with the Income Tax Ordinance 1984 in Bangladesh. In addition, the Company reserves the right to make deductions from employee's salary for purpose of any other authorized deduction.

3.10.8. Retirement Benefits:

3.10.8.1. If any employee accomplish his/her age of 57 years and working in the group continuously 25 (Twenty Five) years he/she will be entitled to enjoy retirement benefits.

3.10.8.2. In this matter this company conform his/her service book or personal file record.

3.10.8.3. Calculation of retirement benefits:

Total working year × Last basic Salary = ?

3.10.8.4. If the employee resigned or terminated in his/her total working time in this group he/she is not entitled to enjoy this benefits.

3.10.8.5. If the authority of Modern Herbal Group realize that the employee is fit for continue his/her job , in this case he/her is working in this group as contractual employees

3.10.9. Modern Herbal Staff Deposit Fund (MHSDF):

This is a long-term benefit procedures for Modern Herbal Group's staffs:

3.10.9.1. Employees shall be entitled to participate to in MHSDF as follows

- One year & more service in this Company: Compulsory
- Below one-year service in this Company: Not Compulsory.

Employees shall be entitled to contribute in MHSDF as follows:

For General Staffs & Workers:

Period of Service	Employee's Contribution 5% of Basic Salary	Company's Contribution
0-1 Year	100%	0%
1-2 Year	100%	50%
2-3Year	100%	75%
3-Over year	100%	100%

For Medical Officer's:

Period of Service	Medical Officer 5% of Basic Salary	Company's Contribution 5% of Employee's Basic
0-1 Year	100%	0%
1-2 Year	100%	50%
2-3 Year	100%	75%
3-Over Year	100%	100%

3.10.9.3. All amounts are deposited in Modern Herbal Sarbojonin Co-operative Society

3.10.9.4. If any employee continuous his/her service here over three years then he/she can get all deposited money with Company's contribution after three years of service time due to resignation or Termination.

3.10.9.5. The depositor must select one nominee for his/her MHSDF account in Company.

3.10.9.6. The employee can get 90% of total deposit as loan facilities.

3.11. Work Place Compliance:

If personal injury is caused to an employee by accident arising out of and in the cause of his/her employment, MHG shall be liable to pay the compensation in accordance Bangladesh Labor Law-2006 (Section-150 & Section-151)

3.12. Amount of Compensation :

Subjects to the provisions of this Act, the amount of compensation shall be as follows, namely

(a). Where death results from the injury, a worker can get TK. 100000.00 (One Lac Taka) Only.

(b). Where permanent total disablement results from the injury, a worker can get 1,24000.00 TK (One Lac and Twenty Five Thousand Taka only).