

**Internship Report  
On  
Financial Management System**

**Of  
Zia Heart Foundation Hospital & Research Institute**

An Internship Report Presented to the  
Hajee Mohammad Danesh Science & Technology University  
For the partial Fulfillment of the Requirement for the Degree of Masters of Business  
Administration. (Evening)

**Submitted By**

**SONJOY KUMER DAS**

Id No: E130502085

Bach: II

Major: Finance

Program: Masters of Business Administration(Evening)

Hajee Mohammad Danesh Science  
& Technology University

**Submitted To**

**Rafia Akhtar**

Assistant Professor

Hajee Mohammad Danesh Science  
& Technology University

**Date of Submission: May 05, 2016**



**Hajee Mohammad Danesh Science & Technology University**

FINANCIAL MANAGEMENT SYSTEM OF ZHF

Internship Report On  
Financial Management System Of Zia Heart Foundation Hospital & Research Institute

SONJOY KUMER DAS  
ID No: E130502085  
Major: Finance  
Bach:II  
Program: Masters of Business Administration(Evening)  
Hajee Mohammad Danesh Science  
& Technology University



**Approved by**

.....  
Rafia Akhtar  
Assistant Professor  
Supervisor

.....  
Md. Mamunar Rashid  
Associate Professor  
Co- Supervisor

**Faculty of Business Studies  
Hajee Mohammad Danesh Science & Technology University**

## Letter of Transmittal

April 24, 2016  
Rafia Akhtar  
Assistant Professor  
Hajee Mohammad Danesh  
Science & Technology University

Subject: Submission of Internship Report

Dear Sir,

With due respect please note that I submit the internship report on 'Financial Management System of Zia Heart Foundation Hospital & Research as partial requirement of internship program under your direct supervision. I have tried my best to follow your guidelines in every aspect of planning and preparing my report. I have collected data that I believe to be most important to make my report as specific as possible. This study has provided me an opportunity to increase my understanding about financial management system of a non-government organization.

So, it will be my honor if you kindly accept my internship report. I shall be pleased to answer any queries relating to this submission.

Thank You.

Sincerely Yours



.....  
(Sonjoy Kumer DAS)  
ID No: E130502085  
Bach II  
Hajee Mohammad Danesh  
Science & Technology University

Internship Report On  
Financial Management System Of Zia Heart Foundation Hospital & Research Institute

SONJOY KUMER DAS

ID No: E130502085

Major: Finance

Bach:II

Program: Masters of Business Administration(Evening)

Hajee Mohammad Danesh Science

& Technology University



**Approved by**

.....  
Rafia Akhtar

Assistant Professor

Supervisor

.....  
Md. Mamunar Rashid

Associate Professor

Co- Supervisor

**Faculty of Business Studies**  
**Hajee Mohammad Danesh Science & Technology University**

## Acknowledgement

At first, I am grateful to Almighty God for giving me strength and opportunity and sound mind to complete the internship report. I would like to express my gratitude to all the people who were involved both directly and indirectly in the preparation of this report. I apologize to the people whose names that I have not mentioned, and their contribution is highly appreciated by me. I would like to express my gratitude to my academic supervisor Rafia Khatiun, Ass professor, Hajee Mohammad Danesh Science & Technology University. His valuable suggestion and guideline helped me a lot to prepare the report in a well organized manner.

I want to thank all the officials of Zia Heart Foundation Hospital & Research who were involved to prepare my internship report. I would especially show my gratitude to Mr. Dr. Shofiqur Rahaman (Vice chairman of ZHF) And A.M Azad (General Secretary ) for giving me huge time and sharing his thoughts and insights regarding their financial planning and system. I would like to thank him for giving me the required information to commence this report and for providing the permission to conduct the study. I would also like to express my gratitude to all my colleagues especially the Finance and Administration team of ZHF for helping me to create this report. I am thankful to Mr. Dr Shudha Ronjon, Hospital Superintends of ZHF. and Mr. Alttaf Husain Hospital manager of ZHF, finance Department of ZHF for their immense support. Finally, I would like to thank my mother how influence me and thanks Also my Father and my brother and whose Support and inspiration have enabled me to complete this report from background.

## Table of Contents

Chapter No.	Topic	Page No.
	Cover Page	I
	Declaration	II
	Letter of Transmittal	III
	Certificate of ZHF	IV
	Acknowledgement	V
	Table of Contents	VI
<b>1</b>	<b>Job Part</b>	
1.1	Nature of the Job	01
1.2	Responsibilities of the Finance	01
1.3	Different Aspects of Job Performance	01
1.4	Critical Observations and Recommendations	01
<b>2</b>	<b>Organization Part</b>	
1.1	Background of ZHF	03
1.2	Vision of ZHF	04
1.3	Mission of ZHF	04
1.4	Major Goals & Objectives of ZHF	05
1.5	Service offerings	05
1.6	Specialized Services Provided	05
1.7	Governance and Management of ZHF	06
	Figure - 1 : Organogram of ZHF	07
<b>3</b>	<b>Project Part</b>	
3.1	Origin of the Study	08
3.2	Objectives of the Study	08
3.3	Methodology of the Study	08
3.4	Limitations of the Study	08
<b>4</b>	<b>Financial Management Part</b>	
4.1	Financial Aspects of ZHF	09
4.1.1	Custodians of the Accounts	10
4.1.2	Accounting Methods	10
4.1.3	Revenue Cycle	11
4.1.4	Nature of Accounting Records to keep	11
4.1.5	Maintenance of Books of Account	11

## Table of Contents

Chapter No.	Topic	Page No.
4.1.8	Bank Account and its reconciliation	13
4.1.9	Petty Cash Book	14
4.1.10	Maintenance of Accounting Registers	14
4.2	Planning & Budgeting	15
4.2.1	Budget Structure in ZHF	15
4.2.2	Budgeting Process	16
4.2.3	Budgetary Control	16
4.2.4	Fund Management	17
4.2.5	Cash verify	17
4.2.6	Cash Management and Disbursement	17
4.2.7	Salary Management	18
4.2.8	Advance Management	18
<b>4.3</b>	<b>Asset Management Procedure</b>	<b>18</b>
	Figure – 2: Decision tree of capital and non-capital assets	19
4.3.1	Acquisition of Assets	20
4.3.2	Depreciation of the Assets	20
4.3.3	Assets Disposal system	20
4.3.4	Fixed Assets Register	21
<b>4.4</b>	<b>Risk Management</b>	<b>21</b>
4.4.1	Managing Internal Risk	22
4.4.2	Delegation of the Authority	22
4.4.3	Dealing with Fraud and Irregularities	23
4.5	Financial Reports	23
<b>4.5.1</b>	<b>Needs of the Annual Financial Report</b>	<b>23</b>
4.5.2	Annual Financial Report of ZHF	24
4.5.3	Management Reports	24
<b>4.6</b>	<b>Auditing</b>	<b>24</b>
4.6.1	External Audit	25
4.7	Internal Control System	25
5.	Results and Discussion	26
6.	Recommendations	27
7.	Conclusion	28
	References	29

## 1. Job Part

### 1.1 Nature of the Job

The finance officer of ZHF is responsible for maintaining and supporting different aspects of financial, accounting, administrative services of the organization. He/she reports to the finance manager or executive Member. He/she will be responsible for preparing the financial statements, maintain cash controls, handling the payroll etc. Finance officer must work within the organization policy, Government's legislative act, standard procedure and rules of handling the financial and accounting aspects.

### 1.2 Specific Responsibilities of Finance Officer

Major responsibilities of finance officer of ZHF are:

- I. Assist with preparation of budget and financial reports.
- II. Administering and maintaining of all financial records.
- III. Ensure transactions are properly recorded and entered into the computerized accounting system.
- IV. Preparation of bank reconciliations for all the bank accounts and present them to the finance manager/ executive director for approval.
- V. Establish and maintain cash controls.
- VI. Check advance and payments requests.
- VII. Processes supplier invoices.
- VIII. Liaising with auditors and timely audit preparations.
- IX. Asset management and control.
- X. Any other financial and administrative functions ancillary or incidental to any of the above duties that may, from time to time, be allocated by the finance manager.

### 1.3 Different Aspects of job Performance:

After joining as finance officer, I was assigned for different types of activities and achieved performance appraisal from executive director and finance manager. I was assigned to maintain the financial records. At present I am working under direct supervision of the Hospital super of ZHF. I am working for implementing the financial planning of different Development taken by ZHF. I have reconciled the bank statement and present to finance manager of ZHF.

### 1.4 Critical Observation and Recommendations:

I am working as a finance officer of ZHF for last two months. During this tenure I have observed different financial issues and managed some financial activities. Although the tenure is not sufficient, some observations and recommendations about the job are depicting:



- As Secretary of the hospital, All executive of ZHF is highly cooperative and committed to the organization. He is a man of ingenuity and incredible aptitude. He is leading from the front and follows the participative and transactional leadership approaches.
- The work activities are always set and divided for each of the employees. Each and every employee has a certain set of responsibilities. He/she carries out those responsibilities throughout the day.
- The number of employees is not sufficient. As a result work pressure is high. So my recommendation is to recruit more people in Finance and Accounts department.
- Finance and accounts personnel are very supportive.
- Many financial records are kept in the register book. They should use the software for managing the different financial issues.
- Job performance of all the finance and accounting personnel are evaluated by using an evaluation form which are examined by the executive committee.
- ZHF should offer competitive salary package to their employees and offer more incentives.

## 2 Organization Part

### 2.1 Background of ZHF

Cardiovascular diseases are one of the major health problems throughout the world. It is emerging as a serious health problem in Bangladesh and other developing countries. Amongst the heart diseases hypertension, rheumatic fever, rheumatic heart diseases, ischaemic heart diseases and congenital heart diseases are common. There is a common belief that heart disease is a disease of rich people, which is not correct. Rheumatic fever and rheumatic heart diseases commonly affects poor people living in over crowding and poverty. Congenital heart diseases and hypertension can affect both rich and poor people. Poor people are not immune from Ischaemic heart disease.

Latest survey on Cardiovascular diseases carried out in Bangladesh showed prevalence of Hypertension in adult population about 20-25%, Ischemic Heart Disease in adult population about 10%, Rheumatic Heart Disease 1.2 per thousand and Congenital Heart Disease 8 per thousand new born baby. (Copyright © 2014, National Heart Foundation of Bangladesh.)

For the reason mentioned above a need of creating facilities for proper medical treatment of innumerable persons suffering from cardiovascular diseases in Dinajpur and other districts situated in the northern area of Bangladesh was felt very seriously since longer. Khurshid Zahan Haque late member of parliament and minister, in Hospital & Research Institute at the initiative of with some dedicated medical and non-medical social workers on 12 October 1992 the Government. It is a non government non profit organization, has been registered under the societies registration department of Social Welfare Govt. of Bangladesh in 1994. It has also become the member of National Heart Federation. World Health Organization (WHO) is also supporting the various activities of this organization.

Initially the hospital started to work for treatment and welfare of the patients of cardiovascular diseases with very limited resources. A number of recharge work on such diseases has also been conducted to identify the problem and finding out the prospects and resource to establish a modern hospital for Cardiovascular diseases. A 10 bed hospital started working from October 2002 from the Cardiovascular patient. It is on this basis and patients need the 50 Bed ZHF was proposed and sanctioned by Government in 2002. Construction work commissioned on 10 July 2002 and completed in jun 2006. The 50 Bed hospital was commissioned on 10 October 2006. Till then, The Hospital continued giving health Service to patient.

## 2.2 Vision of ZHF:

The vision of the Zia Heart Foundation Hospital & Research Institute is to ensure the empowerment of Cardiovascular treatment in North bangole.

- To establish a hospital for benefit and service of the patient suffering from Cardiovascular diseases and associations
- To motivated the people for Cardiovascular diseases.
- To rehabilitate the patient suffering from Cardiovascular diseases.
- To promote lectures, discussions, conference and correspondence on Cardiovascular and associated diseases for information and benefit of patients and the public in general.
- To print, Publish and circulate any news paper, periodicals, books and pamphlets that the Founda tion may think desirable for the promotion of its objectives.

## 2.3 Mission of ZHF

The mission of the Zia Heart Foundation Hospital & Research Institute is to ensure the is to advocate and promote equality for Cardiovascular diseases Awareness.

- Prevention of Cardiovascular diseases and related Complication.
- Diagnosis treatment and management of Cardiovascular Heart Diseases (CHDs).
- Prevention and treatment of rheumatic Fever, Rheumatic Heart diseases and related complica tions.
- Promotion of mass-awareness on prevention of CHDs and its complications through health education.
- Mass-awareness rising for socio-economic rehabilitation CHDs patients.
- Research on CHDs and related fields.
- Co-operation and co-operation with other humanitarian organizations.
- Motivation of patient to avoid going to foreign counters for treatment and save hard earn foreign currency.
- Arranging training, seminar, discussion to, publication, etc on related fields.....
- Providing 30% services to the poor CHDs patients free of cost

## 2.4 Major Goals & Objectives of ZHF

Major goals and objectives of ZHF are:

- Undertake Hospital aimed at poverty alleviation.
- Provide skills development training to persons with disabilities and underprivileged to facilitate employment.
- Undertake health care Academic programs for health care Education, Diploma in Nursing, Diploma in cardiac Nursing and BSC in Nursing.
- Provide support Cardiovascular diseases treatment.
- Provide mobility aids for persons with Cardiovascular diseases.
- Education Diploma in Nursing, BSC in Nursing.
- Make the people aware on the Cardiovascular diseases.
- providing technical knowledge and expertise to take up different activities for economic and social improvement.
- Conduct research on Cardiovascular diseases issues.

## 2.5 Service Offered by ZHF

After the incorporation, ZHF has provided different services to Cardiovascular diseases: Diagnostic Services & Facilities

The 50 bedded specialized cardiac hospitals provide the following services & facilities:

- 24 hours Cardiac Emergency for all heart problems
- Coronary Care Unit (CCU) – fully equipped with high end cardiac monitors, defibrillators, ventilators, central oxygen and compressed air and suction
- Round the clock attendance by specialist cardiologists/ anesthetist/ cardiac surgeons
- Out door and Indoor services
- 24 hours in-house Pathology & Biochemistry Laboratory
- 24 hours Ambulance Services

### Specialized Services Provided:

#### 2.5.1 Diagnostic Adult Cardiology:

- 24 hrs 12 channel E.C.G
- Echocardiography – 2D, M-mode, Color Doppler
- Trans-esophageal echocardiography (TEE)
- Dobutamine Stress Echocardiography
- Exercise Tolerance Test (ETT)
- Holter Monitoring
- Carotid and other vascular duplex studies
- Cardiac Catheterization
- Coronary Angiogram – Trans Femoral & Trans Radial
- Peripheral / Vascular (Renal, Carotid, Aorto) Angiography
- CT-angiogram
- Intravascular Ultra-sound (IVUS)

## **2.5.2 Diagnostic Pediatric Cardiology:**

- Pediatric Color Doppler Echocardiography
- Pediatric Cardiac Catheterization

## **2.5.3 Radiology & Imaging:**

- Digital X-Rays of all types
- Portable X-Rays
- Ultrasonography
- CT-Scan
- CT-Angiogram

## **2.5.4 Pathology, Bio-chemistry and Microbiology:**

- All ranges of biochemical Tests
- Hematology
- Serology
- Microbiological tests.

## **1.6 Governance & Management**

Zia Heart Foundation Hospital & Research Institute has a general assembly which elects an Executive committee for a term of three years. The EC provides policy guidance to the organization. The general assembly is the supreme policy and decision making organ of the organization. Program execution and day to day management and administration are run through a team led by the executive director. ZHF also has an advisory council to advise in the formulation of plans, programs and projects of the ZHF.

Organogram of ZHF is given below:

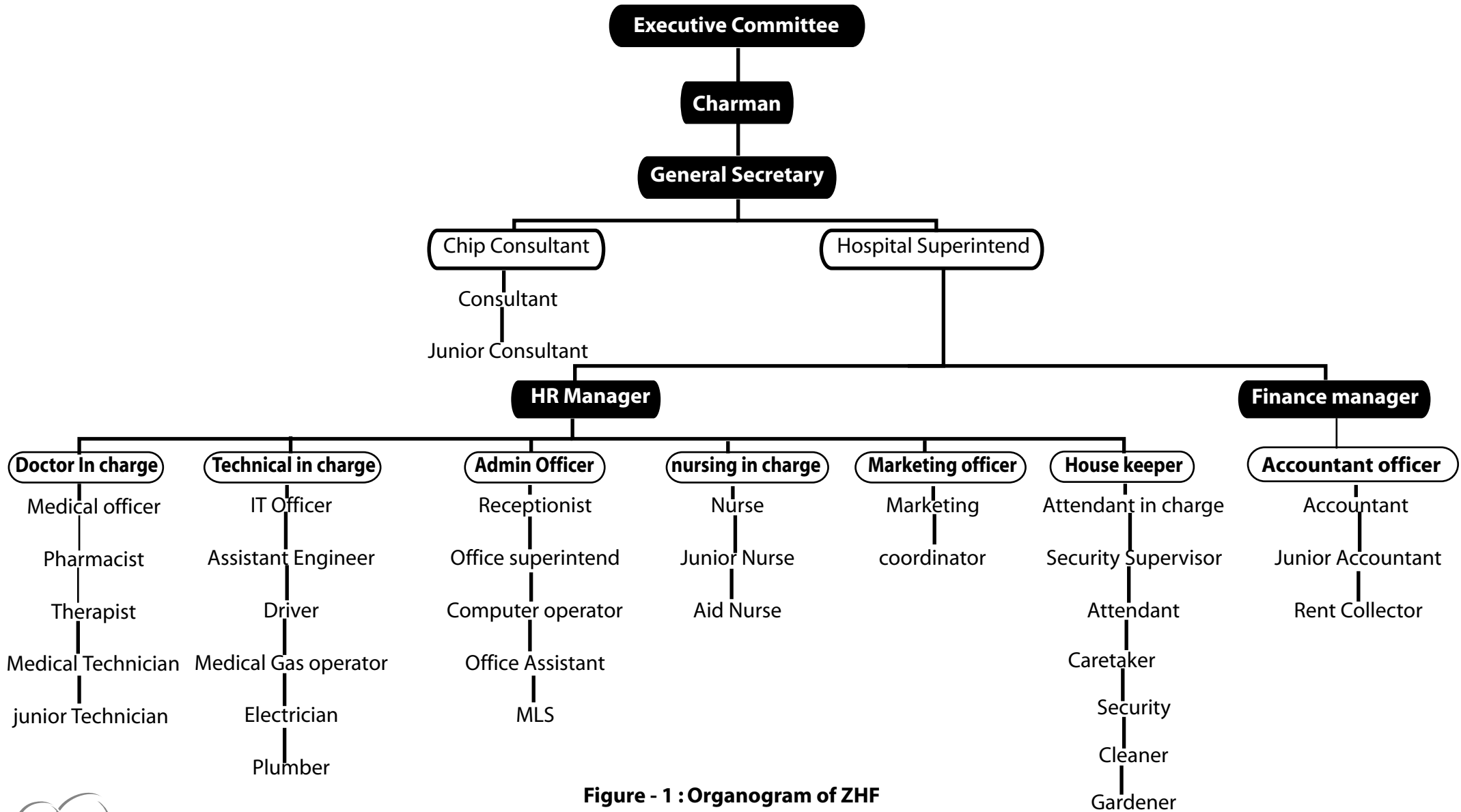


Figure - 1 : Organogram of ZHF

## 3. Project Part

### 3.1 Origin of the Study

Internship program helps to gain the practical knowledge by implementing the theoretical aspects and make a student competitive in the corporate world. Even this program is also helpful for the post graduate students who are employed in different organization. This program helps to learn different functions.

### 3.2 Objectives of the Study

The broad objective of this study is to explore the financial management system of ZHF. The specific objectives of this study are:

1. To explore the financial planning and budgeting of ZHF;
2. To explore the financial and non-financial asset management procedure of ZHF;
3. To identify the auditing practice of ZHF;
4. To explore the procedure of preparing and using various financial documents and reports.

### 3.3 Methodology of the Study

As a finance officer of ZHF, researcher is involved with various financial activities. In order to complete this study all the information has been collected from both primary and secondary sources. In this research, qualitative techniques are used to find and analyze the information. The primary sources of information are:

Direct observation tool will be used to explore the procedure of preparing and using various financial documents and reports;

Unstructured interview will be conducted with Mr Shafiqur Rahman Vice president of ZHF. And Mr. AKM Azad, General Sacerary of ZHF to explore the financial planning of ZHF; Focused Group Discussion will be organized with seniors and colleagues of finance department to explore the financial and non-financial asset management procedure and auditing practices of ZHF. The Secondary sources of Information are: Official files and records will be used to explore the use of various financial documents and reports; Annual audit report will be used to identify the auditing practices; Different publications of ZHF will be used to explore the asset management procedure of ZHF.

### 3.4 Limitations

- I. Many financial aspects are not included in Finance manual or any other manual. So it was very difficult to find out that how ZHF deals with those financial issues. Available published data was very limited.
- II. Hospital super handles most of the issues. It was difficult to sit for an extensive interview with him due to his time constraint.
- III. Hospital has their own limitations to disclose some of their confidential information.
- IV. As a finance officer, it was difficult to cover all the financial issues within a months.

## 4. Financial Management Part

### 4.1 Financial Aspects of ZHF

The effect of hospital reimbursement systems on the financial management of hospitals is briefly discussed, and the organization of hospital financial operations is reviewed. The implementation of Medicare prospective pricing will change the way in which hospital finances are managed. Health-care managers will be concerned with the profitability of product lines, or diagnosis-related groups, in future strategic planning efforts. The hospital's finance department consists of several traditional areas that exist in almost all financial organizations. The functions and interactions of these various areas are discussed in light of previous and current hospital reimbursement strategies. Staffing of the finance department and the duties of the hospital's financial manager are also described. The prospective pricing system of hospital reimbursement and increasing pressure from the business community to stem the rising costs of health care will produce changes in the medical and financial operations of the hospital industry.

Financial management system of an ZHF involves the planning, organizing, controlling and monitoring the financial resources efficiently in order to achieve the key goals and objectives of the ZHF. Maintaining a good financial management system is important because the main source of most of the ZHF is patient service revenue. So the management must ensure patient service, which are increasingly the scarce resources, are properly used. Management must be careful at how the whole organization is financed in the medium and long term. Zia Heart Foundation Hospital & Research Institute, a non-political, not for profit and non-government organization, gives priority in maintaining excellent financial management system from the very beginning of its foundation. ZHF believes good practice in financial management can

- help managers to be effective and efficient stewards of the resources to achieve objectives and fulfill commitments to stakeholders.
- help ZHF to be more accountable to donors and other stakeholders.
- help to earn the respect and confidence of funding agencies and Organization.
- offer the advantage to generate more cardiac care service / Health care service in this competitive world. and
- help to prepare themselves for long-term sustainability and the gradual increase of self-revenue .



### 4.1.1 Custodians of the Accounts

Officers at every level in Finance department have a role to play in handling the financial activities and risks, answer to donors and beneficiaries and deliver results to the stakeholders. The Board is responsible for the financial oversight of ZHF and is ultimately accountable by law. However, the Board delegates different responsibilities to the General Secretary who delegate some functions to senior finance manager. Finance manager delegates the responsibilities to the downward. General activities of the Board regarding financial management are:

- I. Oversee financial controls and ensure accountability.
- II. Review and approve annual budget.
- III. Approve financial policies, including delegating authority.
- IV. Review and approve financial reports and audited financial statements.
- V. Monitor and support resource mobilization.
- VI. Zia Heart Foundation Hospital & Research Institute risks facing the ZHF.
- VII. General activities of the Executive Director regarding financial management are.
- VIII. Report to the Board and manage budgeting process.
- IX. Appoint/hire financial staff and delegate tasks.
- X. Ensure financial records are accurate and up to date.
- XI. Ensure correct, timely preparation and submission of financial reports.
- XII. Ensure that program activities are in line with budget and deliverables.
- XIII. Monitor resource use and manage income generation.
- XIV. Monitor financial needs of the organization and business planning;
- XV. General activities of the Finance Manager are.
- XVI. Manage and monitor the budgets of the finance department and projects.
- XVII. Review organization financial reports and provide inputs to Secretary.
- XVIII. Delegates financial responsibilities to his/her team.
- XIX. Project future financial needs.
- XX. Control budgets to ensure money is spent as agreed and work with finance officers to ensure policies and procedures are followed and expenditures are coded and reported accurately. (Ref: Zia Heart Foundation Hospital & Research Institute Manual)

### 4.1.2 Accounting Methods

ZHF Accounting Methods is designed to help rural and critical access hospitals like yours efficiently manage the entire Accounting Methods from admissions and eligibility verification to claims submission and processing all the way through to denial management and collections.

The finance and accounting personnel make record of all the vouchers of all kind of receipts and payment into the cash book ZHF maintains separate bank account in any scheduled bank in the hospital area by taking resolution of the executive committee. All the bank accounts are operated in accordance with the provision of the resolution of the executive committee of the ZHF. The Bank accounts are operated by Mr. Zhorul Islam (Acting). The vouchers, journal, receipt, payment are maintained by ZHF. The payment of bills, preparation of vouchers, preparation of cheques etc. are maintained by the Mr. Nurujaman and Moushume Chokroborti (Accountant). With regard to any advances, and the amount required for its implementation has been prepared by the program coordinator and submitted to finance manager for its payment. The programs advances are used to paid to the program coordinator by account payee cheques and settle accordingly by the finance officer and the program coordinator. Payment vouchers are maintained by ZHF which includes voucher no, date of transaction, account head, debit/credit/cash/bank, amount in words and figures, name and signature of the person, who has checked, authorized, prepared the voucher. (Ref: Zia Heart Foundation Hospital & Research Institute)

### 4.1.3 ZHF Revenue Cycle Management solutions apart

- Integrated from front to back to ensure access to patient information throughout the entire revenue cycle process
- Sophisticated claims scrubbing that can help you submit claims correctly the first time and get money in the door faster
- Capabilities such as denial management and patient liability estimates that can make the revenue cycle management process more efficient and help you keep claims from becoming bad debt.

#### Solutions include:

- Patient Accounting. This core solution provides a single integrated solution for patient registration, accounting, billing and accounts receivable management.
- Patient Liability Estimates. Provide patients with estimates of care coverage to reduce the possibility of unpaid claims.
- Electronic Remittance Advice. Printed hart copy remittance advice from your payers.
- Eligibility Verification. Check patient eligibility quickly and efficiently.
- Claim Scrubbing and Submission. Submit clean claims the first time with this solution that features unparalleled editing capabilities, pre-submission claim validation, on-the-fly editing and automatic submission to secondary and tertiary payers.
- Remittance Management. Manage remittance advice from all payers, and for all patients, in a single location that features advanced reporting capabilities.
- Denial and Audit Management. Respond to denied claims and manage the entire payer audit process from the initial request letter all the way to the final appeal decision.
- Contract Management. Managing the nuances in all of your payer contracts is difficult—ZHF makes navigating this process easy and can help you get reimbursed accurately while giving you visibility to contract variances.

### 4.1.4 Nature of Accounting Records to keep

ZHF maintains all the basic and relevant records that describe its income and expenditures. These include the contracts and letters for money it receive and receipts and the invoices for any kind of expenses. These records prove that each and every transaction has taken place. They are used as the cornerstones of being accountable. Finance manager and officers of ZHF make sure that all these records are carefully filed and kept safe. They also write down the details of each transaction. (Ref: Zia Heart Foundation Hospital & Research Institute)

### 4.1.5 Maintenance of Books of Account

Books of accounts are maintained on cash basis. ZHF maintains a cashbook for its day to day transactions and also summarized all transactions for each individual head. The books of accounts of ZHF are maintained by Mr. Kamal Hossain and Moushume Chokroborti. Both of them are expert and experienced in maintain the books of accounts. The supporting documents and evidences along with the vouchers are kept in the office file. All entries in the payment side of the cash book are posted to the debit column of the respective accounts in the ledger book. The entries in receipt side of the cash book are posted to the credit side of the respective accounts in the ledger book on regular basis. The second source of the ledger postings will be journal vouchers. The ledger shall be balanced monthly basis.

#### 4.1.6 The General Ledger Book:

This is a central book to list the transactions which contains basic bookkeeping information from the main working books of account (Bank Book, Petty Cash Book, Sales and Purchase Ledgers). ZHF used it to sort basic financial information and use the information of ledger when ZHF plans for several income requiring different reports. The Ledger has different pages for each category of income, expenditure, assets and liabilities and information is posted from the other accounting books into particular category. At the end of the month, a head-wise abstract is prepared showing monthly totals of payment under each head. It plays a central role in the double-entry bookkeeping system and is the basis of trial balance.

The adjustment entries for stores, overhead, advances, prepayments, outstanding expenses, accrued income and depreciation are made as and when required through journal vouchers. For such adjustment the subsidiary and general ledger accounts will affect. All rectification, transfers and adjustments and non-cash transactions are processed through journal voucher. The adjusting journals are prepared by the finance officer and duly approved by the executive director or delegated authority. The journal vouchers are filled in a chronological order. (Ref: Access Bangladesh Financial Manual)

#### 4.1.7 Supporting Documents

It is very important to maintain supporting documents in the form of receipts and vouchers for all financial transactions – preferably cross-referenced to the books of account and filed in date or number order. Apart from being required by the external auditor to support the audit, certified receipts also provide protection to ZHF in handling the money. In order to support the main working books of accounts and the ledger, ZHF keeps files of the following original documents:

- Receipt or voucher for money received.
- Receipt or voucher for money paid out.
- Invoices – certified and stamped as paid.
- Paying-in vouchers for money paid into the bank
- Bank statements.
- Journal vouchers – for adjustments and non-cash transactions.
- Payment Vouchers (PVs).
- Local Purchase Orders (LPOs). (Ref: Discussion with finance and accounts personnel)

## 4.1.8 Bank Account & Its Reconciliation

The Bank book is the main book of account of ZHF for recording bank transactions. ZHF maintains separate book for each bank account which makes it easier to reconcile each account at the end of the month. Each page of the book is ruled into columns. Each transaction is entered on one line of either the Receipts page or the Payments page in date order. The column headings help to enter key information – e.g. date, cheque number, payee,

**description, amount, category of transaction, etc. The columns are totalled at the end of each month. Some financial policies regarding the bank account of ZHF are:**

- Every check/instrument is signed by at least two signatories. An employee that has access to bank account and cash account is not entitled to be an authorized signatory. The bank is authorized to undertake any written instructions, signed by two of the signatories, for transacting any financial business from time to time.
- All receipts are to be acknowledged by issuing an official receipt. The date of receipt, its accounting and the date of deposit of the check/draft to the bank account should be the same. The bank deposit slip must be attached with the receipt voucher.
- No receipt should be issued on the last day of the month if the instrument cannot be deposited with the bank on the same day.
- Payment voucher has to be prepared before preparing any check. Check cannot be prepared if sufficient balance is not available with bank. All vouchers have to be verified and approved before payment is released.
- Payment has to be made only against original bills and claims. Any type of copy of bill or claim should not be considered. All supporting documents should be attached with the payment voucher and filed according to serial number.
- Checks should be written in proper way and must ensure that the amount in words and figures are the same. All checks have to be crossed by a rubber stamp stating A/c Payee Only. All checks are stamped for the name of ZHF.
- Check books should always be kept under lock and key. Only authorized persons are allowed to handle them.
- Any bank account not required to be operated must be closed immediately. Before closing the bank account authorized officer must ensure transfer balance in the

account to the other bank account and surrender all the check leaves to the bank under a receipt. Bank reconciliation statement is prepared by a finance officer in every month to reconcile the differences between the cash balance shown in the bank statement and cash balance shown in the ZHF's bank book. This is achieved by taking the bank statement for a particular date and comparing it to the closing bank book balance for the same date. If there is a difference between these two closing balance figures, the difference must be explained. Each month the bank reconciliation statement is reviewed carefully to investigate long outstanding cheques deposited or issued or any other item for settlement. All debits charged by bank for bank charges or commissions and all credits for the interest and other that appears in the monthly bank statement is scrutinized carefully before accepting them as correct and before recording those debit/credits in the cash book. Cheques older than six months from date of issue are generally written back into the cash book noting the reference number and date of payment. (Ref: ZHF Financial Manual and personal experience)

## 4.1.9 Petty Cash Book

A petty cash book is maintained in ZHF by the accountant to have small amounts of cash available for immediate payments of small amount of expenditures. Accountant is responsible for controlling the petty cash fund and documenting the disbursement made from the fund. Actual cash is spot-checked and verified by the finance manager at least once per month. Accountant will reimburse the fund for any discrepancies. Petty cash shall be maintained on an imprest basis. At any given time, the cash and receipts in the cash box shall total the imprest level. The level shall be maintained at BDT 1,00000. All requests for petty cash must be signed by finance manager on a pre-numbered voucher. A check to replenish the fund will be issued when the fund is low and at the end of every month. (Ref: ZHF Discussion with accountant)

## 4.1.10 Maintenance of Accounting Registers

The account related register is most important for recording financial transactions which are treated as documentary evidence of financial transaction. The Finance and Accounting Personnel shall maintain the following registers for recording the financial transaction and its related information.

### **Staff Movement Register**

Movement of office staff is recorded in the staff movement register. The information about name, date of departure, designation, out time, in time, purpose etc. are recorded in this register.

### **Salary register**

Zia Heart Foundation Hospital & Research Institute maintains a register for recording staff salary payment. It contains salary recipients name, designation, basic salary, allowances, salary deduction etc.

### **Salary sheet**

Zia Heart Foundation Hospital & Research Institute also maintains salary sheet monthly basis for all staff.

### **Attendance register**

Zia Heart Foundation Hospital & Research Institute maintains an attendance register or Electronic punching staff ID card the staff members which contain information of office staff attendance.

### **Leave register**

Zia Heart Foundation Hospital & Research Institute maintains leave register for ZHF staff.

### **Stock register**

All stores are recorded in the stock register which would contain information about quantity, total receive, total issue, and total balances of materials and signature of recipient.

### **Advance register/ Advance slip**

A register/slip is maintained to record advances give to employees. It contains information about purpose of advances, date of advances with probable date of complete adjustments.

### **Cheque issue register**

Cheque issue register is maintained for each issued cheque a book in the prescribed manner.

### **Vehicle log book**

Access Bangladesh maintains a vehicle log book for recording of the driven hours, departure, arrival etc. It should be prepared for checking the mileage, fuel consumption, which must be needed for controlling fuel bills.

### **Cheque sign register**




A register is maintained for recording information about signing all cheques.

## 4.2 Planning & Budgeting

Planning and budgeting is the fundamental tool for ensuring a strong financial management system of the organization. Planning and budgeting helps the ZHF to control the hospital maintenance costs & monitor the performance in the implementation of various activities of the Hospital. At ZHF, financial planning is both a strategic and operational process linked to the achievement of ZHF's objectives. It involves building both longer term funding strategies and shorter term budgets and forecasts. Once plans are set, ZHF draws up its budgets and cash flow forecast to help the implementation of plans. During the year financial reports are produced to compare the budget with actual performance. (Ref: Discussion with Hospital super)

### 4.2.1 Budget Structure in ZHF

The main objective of an efficient budgeting system is to facilitate budgetary control, i.e. monitoring of performance at regular intervals and the accountability for variance. ZHF has recently carrying out Nursing collage and each project has their own budget to conduct their various operations. The hospital budgets are consolidated into departmental budgets which are then, in turn, consolidated into one master budget. This structure allows budgets to be devolved and monitored at the t manager level, whilst maintaining an overview at department and executive level. In the master level, there are mainly three types of budgets are prepared in ZHF. They are:

-  **The Income and Expenditure Budget**  
The income and expenditure budget is used to anticipate the recurrent costs of ZHF and shows where the funds will come from to cover the costs
-  **The Capital Budget**  
A capital budget lists the expenditure that ZHF intend to make for the coming years on capital projects and equipment as fixed assets.
-  **The Cash flow Forecast**  
Zia Heart Foundation Hospital & Research Institute is a self finance operating hospital. There is no donor or outside income for maintaining regular operating cost. It's run by own income and main income sources are various service charge collected from the patients. (Ref: Discussion with EC and finance manager)

## 4.2.2 Budgeting Process

Budget for each activity is prepared in ZHFF by breaking up of sub-activities and related costs. Baseline data is collected in ZHF through primary data so that it is relevant to the specific objectives and indicators set for the hospital. Data are collected by a staff member, partner or evaluation consultant by conducting a piece of research or evaluation. Common sources of secondary data such as surveys, organizational records which are collected by someone other than the user also use to determine the budget details. Different research methods also use to prepare the budget of the hospital:

- The whole team needs to be involved in budgeting process.
- Objectives of the program along with activity plans must be completed before starting the budgeting process.
- Changes in strategies for the forthcoming year based on the past experience have to be unani- mously decided by the team and the budget should be accordingly formulated.
- List out the resources required to achieve these activities and cost them.
- All line items in the budget must flow from planned activities.
- Budget must be as detailed as possible with justifications and break up of costs matched against each activity.
- When budgeting for subsequent years or phase, cost increases due to inflation or exchange rates etc. would need to be kept in mind.
- All expenses have to be reviewed against the budget on a monthly basis.
- The management shall verify the quarterly reports against the budget, analyze causes for vari- ance and take appropriate action.

Annual budget of the ZHF must be approved by the general body of the ZHF. After preparing the budget, it also has to be verified and certified by the executive and finance manager as well to ensure that the costs are realistic as compared to the activities, and the budget captures all the required costs for such activities only. Once the budget has been agreed and the activity implemented, the process is com- pleted by comparing the plan (budget) with the eventual outcome.

## 4.2.3 Budgetary Control

It is apparent that a system of budgetary control provides the mechanism for controlling costs and revenues. The importance of budget and budgetary control system at all level highly emphasized. ZHF will follow the following guidelines for budgetary control system. In all cases expenditure will remain within approved budget unless the concern authorities revise it. It is important that all expenditures, irrespective of capital or revenue in nature, are to be kept within the budgeted allocation. However, circumstances occasionally may necessitate revision of original estimates to bring them in line with current condition.

Finance and accounts personnel is to take corrective measures whenever variance in individual code wise budget targets is expected to occur and give satisfactory explanation to major deviation of financial budget targets. Finance and accounts personnel are to analyze the entire budget situation on quarterly basis. A budget comparison report showing the budgeted allocation and actual expenditure must be prepared by the Finance and accounts personnel within the first week of the month. The management coordinator will prepare an expenditure plan on the basis of annual approved budget and annual work plan along with showing a month-wise break-up of the projected expenditure.

#### 4.2.4 Fund Management

ZHF from the Self income and other sources of fund like social contributors, member's subscription, service charge, etc. by issuing money receipts. All receipts are recorded in the related documents like cash book, ledger book through preparing credit voucher under appropriate head of account. All credit vouchers are supported by money receipts and other related document, with electronic data. All received approval shall be deposited in the main bank account. Upon receipt all documents against receipts, the finance and accounts personnel verify the relevant documents to justify it. The credit voucher is duly signed and approved by the Secretary.

Each receipt is acknowledged either through acknowledgement letter or a money receipt. All payment vouchers must be supported by the documentary evidence such as requisition/indent, quotation, comparative statement, where applicable purchase committee resolution, purchase order/work order, bill/invoice, cash memo, job completion certificate etc. and duly approved by the authorized personnel. Upon receipt a bill, the finance and accounts personnel will verify the relevant document to justify the payment and prepare a voucher to process the payment. Executive director can approve up to expenditure amount of BDT 2,00,000. Exceeding of this ceiling, need to be approved jointly by the hospital management comity and the chairperson of ZHF. All bills received must be duly checked by finance and accounts personnel with relevant documents. No payment shall be made without the prior approval of the delegated authority/the executive director. The bills and the invoice for payment shall be cancelled by affixing the stamp "PAID" and shall be dated. All payments must have the supporting documents as its attachments. All payments must have the supporting documents as its attaching. All payments shall be recorded in cash books and other relevant documents. Payments voucher shall be prepared correctly and it must be signed by the person who prepare, checked, and approved. (Ref: ZHF Financial Manual)

#### 4.2.5 Cash verify

The executive Comity shall verify the cash balance and cash book at the end of each month and put his signature. In order to avoid the misappropriation of cash, ZHF has efficient cash management procedures. Accounts personnel must ensure and keep in mind that the maximum closing cash balance in hand cannot exceed BDT 20000 after the day transaction. Excess of said amount for any valid reasons, the amount is kept in the main safe under lock and key. Each day, all cash receipts and payments are entered into the cash book daily basis. At the end of each day after making all transaction finance and accounts personnel shall count the cash physically and shall confirm the balance with the Cash Book.

#### 4.2.6 Cash Management and Disbursement

S/he may verify the cash balance and cash book at any time to ensure the books are maintaining appropriately. ZHF should use vehicle while carrying cash from the bank and one office staff shall have to be provided. Any payment exceeding BDT 10000 (Ten thousand) must be made through an Account Pay Cheque. If need to pay in cash more than BDT 10000 (Ten thousand) it can be done only after getting approval from the chief executive. In this situation a special note will be required. For withdrawal of money from the bank account for working cash or for any operational expenses, money requisition must be approved by the executive director. All cash receipts must be deposited in the bank account as soon as possible immediately after receipt cash. If not possible for any valid reason, that must be deposited into bank account by following working day. Cash should be kept in safety place under lock and key. Key must be kept with cash responsible person. (Ref: ZHF Financial Manual)



## 4.2.7 Salary Management

Appointment letter is issued to all permanent employees and master roll employees signed by the executive and employee by accepting of the terms and conditions set forth thereto. The appointment letter contains the initial salary, responsibilities, duties and the general terms and conditions.

Subsequent changes in salary, responsibilities, duties, terms or conditions of employment are communicated to the employee in writing. A personal file is opened for every employee. Copies of job application letter, appointment letter and any other correspondence between employer and the employee are kept in this file.

Salary schedule of ZHF contains the gross pay, advances, deductions and net pay is prepared by the finance officer, checked and verified by the finance manager and approved by the executive director prior to the preparation of payment vouchers and the check. Payment of Accounts. Travel expenses incurred by staff or any other authorized person are reimbursed according to the regulations set out in the Human Resource Policies and Procedures Manual. (Ref: ZHF Financial Manual)

## 4.2.8 Advance Management

Concerned staff through money requisition can initiate advance against any operational cost which is verified by finance manager and approved by the HS and EC. Adjustments against advance for conveyance is made within 7(seven) days after completion of tour & submission of trip report. In case of advance to carry out day to day activities, advance should be adjusted within 3 days from the date of advance. Expenses incurred against the advance are adjusted subsequently and approved. No further advance will be made unless the previous advance is adjusted. (Ref: ZHF Financial Manual)

## 4.3 Asset Management Procedure

Asset Management is a fundamental business discipline that allows an organization to manage the life cycle and service levels of critical information assets which impact on providing the services. So it is very important to identify the capital and non-capital assets. ZHF identifies the different types of assets by using the following decision tree.



## Decision tree

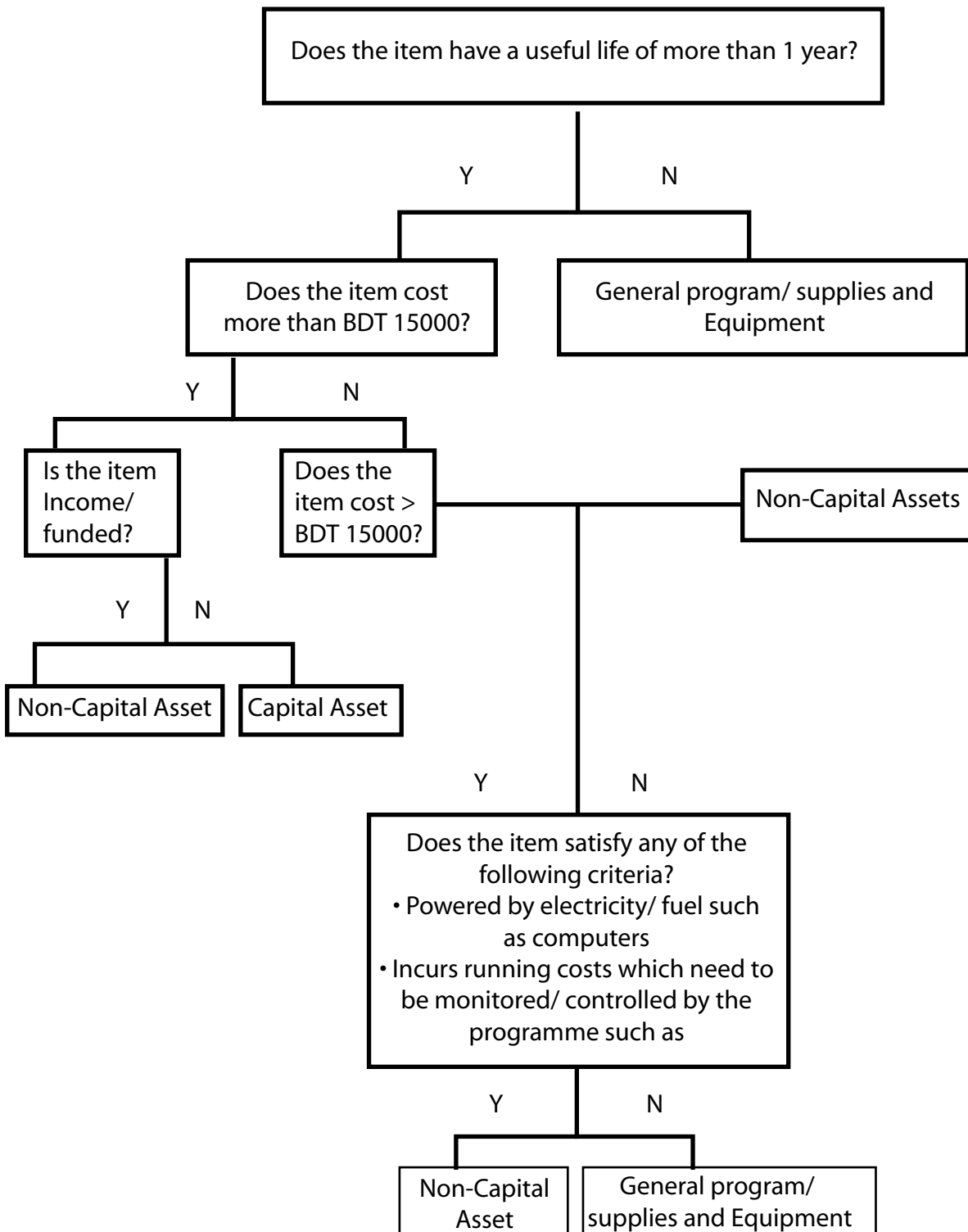


Figure – 2: Decision tree of capital and non-capital assets

### 4.3.1 Acquisition of Assets

In case of any asset acquisition ZHF follows some procedures. ZHF has a purchase committee. Committee asks for the quotation from different parties. After getting the quotation ZHF prepares the comparative statement which includes name of the different parties who wants to provide the required assets and quoted price. After comparing all the quoted price purchase committee makes a comment on the basis of analysis. Thereafter, committee send a notice to the specific parties with some condition. Some conditions are given below:

- If the cost of the assets exceeds BDT 10000 then it will be paid by the A/C payee cheque.
- Some portion of the total amount will offer to the parties as advance but rest of the amount will provide in the delivery of the assets.
- Order must be performed by the parties within the specific date.
- Assets provider will be fully responsible to take back the asset if any discrepancy found. The total cost of the asset to be capitalized includes the original purchase price plus any additional costs incurred which are necessary in order to bring the asset into use. This would include the follow ing:
  - ⦿ Taxes or duties;
  - ⦿ Shipping costs;
  - ⦿ Installation costs;
  - ⦿ Set-up costs;
  - ⦿ Any other reasonable cost incurred for using the asset is also included. For vehicle operating costs, such as registration fees, licenses and spare parts are not included in the asset cost and rather this are recorded as a vehicle operation expense. (Ref: ZHF Manual)

### 4.3.2 Depreciation of the Assets

Depreciation is the process of spreading the cost of an asset over its estimated useful life. ZHF depreciates assets on a straight line basis over the estimated useful life associated with each class of asset.

### 4.3.3 Assets Disposal System

Assets of the ZHF are disposed by selling the assets or hand over the hospital's assets to the ZHF. Equipment and assets can sell and rich money deposited hospital bank account recipient. Other equipment and assets purchased with the grant funds remain the property of the ZHF who determines its disposal. If executive committee wants to sale the asset and if any staff of ZHF wants to buy any assets that has to be notified to the Hospital super and finance manager. These offers are opened for a specific time in presence of the executive director and interested staff members. A letter goes to the successful buyer to make necessary payment to the finance section. The staff member can take delivery of the quoted item from the storekeeper showing the money receipt. Sale of any property or done through national newspapers. All of these selling procedures are followed according to the decision of the executive committee. (Ref: ZHF Manual)

### 4.3.4 Fixed Assets Register

All fixed assets acquired are recorded in fixed assets register. The fixed assets are physically verified at the end of each year and results are reconciled with fixed assets register and short/excess, if any, shall be adjusted in the book of accounts. Sold, disposed of any damaged asset must be recorded in the appropriate column of the register. Depreciation on fixed assets will be recorded in the fixed assets register in appropriate column.

It is the responsibility of the finance/accounts manager to maintain a complete and accurate fixed asset register. The fixed assets register will be maintained on an excel spreadsheet or a book and should have the following details:

- Identification or serial number
- Description of asset
- Serial No.
- Source of acquisition
- Cost of acquisition

The finance/accounts manager should ensure that all the assets are tagged with identification codes. All the classes should commence with the prefixes itemized below followed by a unique 3 or 4 numerical numbers for each specific item. (Ref: ZHF with finance manager)

### 4.4 Risk Management

For risk assessment, ZHF reviews at least once in every year the risks and mitigation actions implemented for hospital. Major risks of ZHF are:

#### i) Financial Risk:

Financial risk incurs the loss of money and fund. Main influencing factors are:

- Total grant value
- Funding mechanism
- Level of operational risks

#### ii) Operational risk:

Operational risk involves hospital, personnel, and assets related risks. It incurs failure to meet cost, low safety and security of personnel and beneficiaries and loss of assets. Major influencing factors are:

- Political stability and relationship with government / parties
- Type of work, technology and process

#### iii) Long term risks:

Long term risk involves the external and reputation risks. It incurs closure of operations in country, legal obligation and loss of reputation. Main influencing factors are:

- Political stability and relationship with government / parties
- Environmental factors and emergency situations
- Level of operational risks / ability to deliver service

## Mitigation Strategies

Mitigation strategies are used in ZHF to reduce the medium and high risk. A risk register is used to keep the information about the risk if the hospital is undertaken. Mitigation strategies that are cost-effective are considered at the review and approval stage. If the proposal/ proceeds:

- They keep the risk register of all identified and assessed risks.
- They also aware of the facts that there are a number of risks they have not considered or anticipated.
- If risks do occur, they use the cost effective mitigation strategies to reduce the risk.

(Ref: Discussion with HS and finance manager)

### 4.4.1 Managing Internal Risk

Different types of internal risks are faced by ZHF on a day-to-day basis. These types of risks are managed by using a series of controls, checks and balances, which help to avoid losses and detect errors and omissions in the accounting records. Internal controls are also very important in protecting all those who handle the financial affairs of the ZHF as they remove any suspicion of, temptation to dishonesty.

### 4.4.2 Delegation of the authority

Executive director of ZHF delegates authority to respective managers of the department and project managers for the day-to-day operations of the ZHF because it is not possible for one person to make all the decisions and authorise all transactions. Respective department and managers therefore, further delegate authority to members of the team to relieve the load and to ensure smooth operation during absences of key staff.

#### Delegated Authority Document

Every organisation should decide in advance who should do what in finance procedures. It is a good practice to record what has been decided in a delegated authority document. Its purpose is to clarify who has the authority to make decisions, commit expenditure and sign legal undertakings on behalf of the organisation so that there is no confusion about responsibility. The delegated authority document of ZHF includes:

- Placing and authorising orders for goods and services.
- Signing cheques.
- Authorizing staff expenses.
- Handling incoming cash and cheques.
- Access to the safe and petty cash.
- Checking and authorizing accounting records.
- Signing legal undertakings.

The delegated authority document is approved by the Board and reviewed every year to ensure it is still appropriate to current needs. Before approving the delegated authority document some basis principals are followed by ZHF. They are:

- The lowest level of authority is defined – it is taken for granted that those higher up the management ladder will also have the same authority.
- No one should authorise any transaction from which they will personally benefit.
- Sub-ordinates must not authorise payments to managers – they must be passed to someone who is more senior in the management structure. (Ref: ZHF Financial Manual)

### 4.4.3 Dealing with Fraud & Irregularities

Sometimes internal control systems fail to prevent losses through fail income to financial loss to the organisation. Incidents of fraud and irregularities require sensitive handling to minimize the long-term impact. It is important to be prepared to deal with any occurrences of fraud or financial irregularity by having a written procedure which covers steps that need to be taken. The procedure to deal with irregularities of ZHF states clearly that routine controls, checks and balances are in place to safeguard the assets of the organisation and to protect staff from any suspicion of, or temptation to, fraud or other impropriety. Paid staff and volunteers are therefore obliged to co-operate fully with internal control procedures and failure to do so will be dealt with as appropriate within the organisation's disciplinary code. When an irregularity is reported or detected, record the details in writing; report it immediately to a superior in ZHF. When an irregularity comes to light, it must be dealt with quickly and sensitively. If all the evidence points to an irregularity, the individual(s) who is involved will be formally interviewed with a third person present. Protect documents and records by either removing access to them by those involved in the irregularity or by suspending the people involved during the investigation. Investigation could be conducted by the Hospital super, department manager. (Ref: ZHF finance manager)

### 4.5 Financial Report

**I. Commencement Report:** It is submitted within 15-20 days along with

**Executive Summary:** A short paragraph including the name of the peruses over which funding is used and objectives, and goal.

**Commencement Status:** Activities with detailed report has to be provided.

**II. Midterm report:** It is submitted within 4-5 months along with

**Executive Summary:** A summary of key mid-results.

**Use of the Income and Progress against Hospital Goals:** This includes program activities supported of beneficiaries served, and targets achieved, overall accomplishments through the date of the report.

**III. Final report:** It is submitted within a year along with. Use of the Funds and Progress against Revenue: It includes details of key milestones, targets achieved, and overall accomplishments through the date of the report, summary of evaluation, any recommendation, and learning.

**Executive Summary:** A short paragraph including the name of the program funded, the period over which funding is used and a summary of key results.

#### 4.5.1 Needs of the Annual Financial Report

Financial reports of ZHF are needed primarily by the executive committee and executive director for managing the ABF and by current and potential donor agencies. Financial report is also need to inform the other stakeholders of ZHF, such as

- The Governing Body,
- DC Office,
- Siebel sergeant Office,
- Somaj saba odedoptor,
- Employees and volunteers,
- Life member and patrons of the ZHF.



## 4.5.2 Annual Financial Report

At the end of the fiscal year, the finance and accounting personnel prepare the financial report and submit to the executive manager. The annual financial report includes the following:

- Receipts and payments account:  
At the end of each month hospital wise receipts and payments account is prepared on the basis of all receipts and all payments relating to each purpose. A consolidated receipts & payments accounts for ZHF is prepared at the end of each month.
- Income & expenditure account Hospital income & expenditure is prepared to ascertain the excess of income over expenditure or the excess of expenditure over income on quarterly/half yearly/ yearly basis.
- The Balance sheet The position of Income, liabilities and assets on a specific date is presented through the balance sheet. It is to be prepared on project-wise and a consolidated balance sheet of the ZHF is also prepared. (Ref: ZHF Financial Manual)

## 4.5.3 Management Reports

Management reports are prepared monthly or at least every quarter in ZHF by finance and accounting personnel. These reports are produced so that managers can take decisions about the future management of the ZHF. There are two kinds of reports that are used by hospital super and finance Manager.

### I. The Budget Compared to Actual Performance Report

A Budget versus Actual Report takes budgeted income and expenditure for the selected period and compares it with the actual income and expenditure. The difference between the two figures is known as the „variance? and this is assessed as to how significant it is. The figures for the report come from the main books of account. Each month the records are reconciled and summarised to give a summary of all transactions.

### II. The Cash flow Report

The cash flow report is simply the compare of the cash flow forecast with actual receipts and payments each month, plus any new information about future spending or new raising plans. It allows finance manager to predict periods when cash balances are likely to be insufficient to meet all commitments and any surplus funds during the year. (Ref: ZHF Financial Manual)

## 4.6 Auditing

Audit of accounts, statements and reports helps to ensure accuracy and check in financial system of ZHF. To ensure proper functioning of the financial system on prescribed norms in the financial policy of ZHF, the project requires an in-depth auditing arrangement. Unless audit instruction or requirement and format for audit report required by donor, the ZHF applies its own auditing policies. But the ZHF reserves the right, at its own expense, to carry out additional internal or external audits in connection with the Comity.

### 4.6.1 External Audit

An external audit is an independent examination of the financial statements prepared by the organisation. It is usually conducted for statutory purposes. The executive committee appoints audit firm enlisted of the ZHF. They are independent of the organisation employing them. Independent means that the auditor must not have been involved in keeping the accounting records and is not personally connected in any way with the organisation. Auditors only have a limited time in which to complete their work, so they concentrate on testing the validity of a sample of transactions and results rather than vigorously checking everything. Duration is set by the executive committee and informed to the selected CA firm. An audit results in a report which gives an „audit opinion as to the true and fair view of the state of affairs of the organisation and operations for the period. This audit report must be approved by the executive committee of the ZHF. (Ref: ZHF Financial Manual)

### 4.7 Internal Control System

The General Secretary may assign a staff to check the accounts internally for minimizing the possibility of fraud or irregularities or misappropriation of income. The person will conduct internal audit who is not involve with handling cash, transaction recording, voucher preparation, fund receive and disbursement. The General secretary may form a committee comprising 2 (two) members for physical inventory counting and checking. The finance manager serves as a convener. The committee shall do this job once in each year. The committee submits the report within stipulated date & time. Required adjustment of any inconsistency shall be made having approval from the hospital super or delegated authority. (Ref: ZHF Financial Manual)



## Chapter 5: Results and Discussions

Various indicators show that the financial state and business performance of ZHF have been deteriorating. These research findings will be used as important basic data for managers who make direct decisions in this uncertain business environment or by researchers who analyze the medical industry to enable informed decision-making and optimized execution. Furthermore, this study is expected to contribute to raising government awareness of the need to foster and support the Zia heart foundation hospital industry. While business analysis using financial ratios has the advantage of requiring little effort and low costs in data collection, because it is carried out on the basis of disclosed financial statements it also has the disadvantage of being affected by the propriety of those financial statements. Moreover, it may be irrational to compare and evaluate different methods of accounting, as there are multiple alternative methods. In addition, because financial ratios were used as indicators to represent the characteristics of the hospitals, this study has limitations in that it could not reflect qualitative data. Therefore, based on the findings of this study, future research must be able to clarify the factors that influence the business performance of ZHF through more detailed, and provide rational improvement schemes for management such as enhancement of business expertise in ZHF by determining the causes of the differences between them.

- Use of historical data. Indicators values reflect the results of past decisions and may not be predictive of future results.
- Variations in ZHF service mix. Among there is significant variation in the volume and types of services provided, including physician cardiac health services, wellness centers, and diagnostic and treatment technology. Differences in indicator values across facilities may reflect variation in service mix.
- No consensus about good performance. For many of the indicators in the report, there are no ranges of values that are generally accepted to be good performance or bad performance.
- Data quality concerns. There are reporting variations and other data quality concerns that affect the validity of the indicators. It is hoped that the dissemination of indicators that use data from Medicare Cost Reports will make administrators aware of data quality problems, which could lead to better data in the future.

ZHF is one of the promising non-government organizations which are working for cardiac patient. Over the last 24th years, it is continuously improving its activities in different area and adopting new service point . An internal audit of a firm helps to check financial accounting systems and procedures and internal control mechanisms. Some firms appoint the internal auditor to examine the internal financial mechanism and financial practices of different financial Function. There are no internal auditors in ZHF. Moreover the internal audit is not conducted in a regular basis. Occasionally, the executive director of ZHF appoints someone to conduct the internal audit. The accounting software and technological support of ZHF are not so efficient and updated. There is communication gap between employees and personnel of finance department of ZHF. The consensus of the positive feedback from ZHF administrators, gives the research team confidence that the 20 indicators in the Report represent a reasonable and appropriate mechanism for portraying the financial performance of ZHF. Therefore, using the same set of indicators, t, there will be more discussion of results, state medians over time, additional data displays, and median data for peer groups that potentially include: ZHF with and without long-term care (as before), groupings by total revenue, with and without a provider based rural health care. ZHF will each receive the with data specific to their institution, and State Flex Coordinators will receive Reports. The addition of another year of cost report data will provide a longer comparison period, and will also result in the availability of post-conversion data for a larger number of facilities. And updated accounting software and technological support.

## Chapter 6: Recommendations

In order to continue the operational activities and to implement the different sector, ZHF needs to ensure a sound financial management system and effective accounting administration. Some recommendations are proposed below which will help to develop an effective financial management system.

- The executive committee should introduce efficient internal audit mechanism in order to examine the financial operations of ZHF. They can recruit an employee as internal auditor or can appoint a third party to conduct the internal audit.
- The allocation of common cost needs to be reflected in respective financial planning of the hospital.
- ZHF needs to generate more funds for expanding and smooth continuation of their service. For generating more funds they can negotiate with donors or government.
- In order to eliminate the communication gap between finance personnel and staff the information between two groups. There should be closer coordination between the staff and finance officer.
- ZHF has the opportunity to increase the transparency of their hospital service of rules and regulations.
- ZHF can use software to keep their different financial information.
- ZHF needs to develop a detail financial manual and to examine the manual time to time.

## Chapter 7: Conclusion

Taken together, the purpose of the three papers included in this dissertation is to provide empirical evidence on the relationship between strategies employed by hospital managers and hospital financial performance. The findings of these studies are important to managers as they search for ways to sustain and improve hospital financial performance in light of environmental changes that have taken place over the Each of these initiatives have focused on ways to reduce overall cardiovascular health care costs, increase service quality. Although these initiatives may be beneficial to third-party payers and healthcare consumers, some researchers have argued that they may have a negative impact on a hospital's financial performance. Reducing healthcare costs and improving healthcare quality has previously been linked to less reimbursement revenue which translates into decreased financial returns. Because hospitals already operate on small margins, hospital managers must employ strategies to achieve sustainable financial returns which are necessary for the continued operation of hospitals. Each of the papers in this dissertation examines strategies hospital managers may employ to improve and sustain hospital financial performance.

In Bangladesh, it has been a common scenario that the poor people are depriving in every sector even if they work so hard for livelihood. Some non-profit organizations try to improve their lives through preparing several health care service but yet the numbers are still low comparing to the population. Financial management system of ZHF fulfils the basic financial and accounting requirements to ensure better degree of financial control, transparency and accountability in the day to day operations of ZHF.

## References

1. Zia Heart Foundation Hospital & Research Institute. (2013). Annual Audit Report 2013. Dinajpur
2. Zia Heart Foundation Hospital & Research Institute. (2013). Financial Manual. Dinajpur
3. Zia Heart Foundation Hospital & Research Institute (AGM Report ) 2013. Dinajpur
4. National Heart Foundation Hospital & Research Institute web Sid
5. Lewis, Terry. (March 2002). Financial management for non-governmental organisations: Course handbook. United Kingdom
6. Am J Hosp Pharm. 1984 May;41(5):935-41. U.S. National Library of Medicine.