

Internship Report on Evaluation of Financial Management Policy, Procedure and Practice Of icddr,b



Report on:

Evaluation of financial management, policy, procedure and
practices of icddr,b
Course: Internship
Course ID; Bus 400

Submitted to:
Shawkat Kamal
Course Instructor,
Internship
BRAC Business School
BRAC University

Submitted by:
Emtenan Ashraf , 08104166

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Shawkat Kamal

Course Instructor,

Business Strategy

BRAC Business School

BRAC University

Subject: Submission of report on Evaluation of financial management, policy, procedure and practices of icddr,b

Dear Sir,

I am glad to submit the report on Evaluation of financial management, policy, procedure and practices of Icdrrb. I would like to say that this report was very helpful for me to gather real life experience about financial management process of a company. I also came to how corporate culture evolves in the era. So it was a wonderful opportunity for us to work on this topic and we are very grateful to you for giving us this opportunity.

Sincerely Yours,

Emtenan Ashraf

ID;08104166

BBS

Acknowledgement

First of all I would like to thank our almighty. Then I would thank my external supervisor Mr. Rafiqul Islam Then I acknowledge our heartiest gratefulness to all Executives of “Icddrb” who have extended their hand of co-operation in preparing the report. After that I express our gratitude and acknowledge my indebtedness my relevant course instructor for his overall co-operation, guidance, advice and support in discharging my responsibilities consciously and preparing this report.

We would be thankful if this report comes to any benefit of our teacher as well as any students of our department

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Executive Summary

Internship program is actually endorsed as mandatory with a view to familiarize student with the modern corporate world.. As a student of BBA, I had the opportunity to do my internship in finance department of Iccdr, b. ICDDR,B is widely known as a nonprofit organization that has contributed in many aspects of Bangladesh by conceding lifesaving solution. Iccdr,b is divided into six divisions; Clinical Sciences Division (CSD), Laboratory Sciences Division (LSD), Public Health Sciences Division(PHSD), Health Systems and Infectious Diseases Division, and Executive Director division. Clinical Sciences Division conducts clinical studies of diarrhoeal illnesses, respiratory infections, nutrition, and child development. Laboratory Sciences Division houses a range of laboratories. Public Health Sciences Division provides the infrastructure needed to test vaccines, determine drug resistance in disease-causing organisms, and explore the causes, distribution, control, and consequences of specific problems such as hepatitis E, arsenic contamination, and HIV/AIDS. and tuberculosis. Health Systems and Infectious Diseases Division works to improve healthcare services in developing countries and reduce the impact that infectious diseases have on the poor. The Executive Director's Division provides support to all the Centre's scientific divisions, non-scientific and interfaces with the donor community. Information Sciences Division (ISD) ensures that information flows into and out of the Centre efficiently. To run a project Proposal can be made in two ways; restricted and unrestricted. Unrestricted proposal is sent by PI (principal Investigator) and restricted proposal is sent to PI by the donor. After making proposal, proposal is sent to Research Administration (RA). RA makes an agreement and opens a grant number and sends one copy of agreement to finance department and another copy to PI. Finance department opens several budget codes and allocates the task to different units. At present icddr, b is facing a financial crisis. Core donors have decreased their donation over the years. The main reasons are poor performance, internal policy and Global recession. To solve the crisis, new system has been setup and it is expected that these system will reduce the cost and increase efficiency. But it is also perceived that the new system would create some problems like knowledge sharing, communication gap etc. I believe that this system will match the need of time but it requires some adjustment. However, I believe icddr, b is a good choice to do my internship as I am a finance graduate and I worked in the budget and costing

unit of finance department of icddr, b. so, I was able to utilize my work with my study and could relate my study with the practical world.

1. Introduction

1.1 Background of the study

With a view to familiarize a student with the modern corporate world, internship has become a mandatory for completion of the graduation in business studies. Though mandatory, unfortunately this vision seems to be based on hypothetical assumption. Every student enrolls themselves for a program with a vision of their ideal job which will lead them to the path of success. No one's career is that straight forward in Bangladesh. Internship can only award a student with an opportunity to propel at different positions to see which journey he enjoys most.

As a student of BBA, I had the opportunity to be an elective fellow to do my internship with the finance department of International Centre for Diarrheal Disease Research Bangladesh (icddr, b). icddr,b is an esteemed non-profit organization (NGO) that has contributed the country by undertaking several studies and endorsing several publications regarding public health issues in Bangladesh. As I have worked in there as an intern it has helped me to learn how a non-profit organization manages their funds to run their projects. In this report, I have tried my best to portray the issue regarding the issue aforesaid from the experience gathered with them working over 10 weeks.

1.2 Objective of the report:

The objectives are as follows:

- To see how a non-profit organization finances their funds to run their operations
- To fulfill one of the requirements of completing the coursework named "Internship (BUS-400)" assigned by our course instructor.

1.3 Scope of the report

This report is based on information provided by icddr,b. Basically, I have taken icddr,b as a sample for NGOs and making this report based on the process and procedure regarding the fund management policy of icddr,b

1.4 Rationale of the study:

I have chosen to do my internship as I believe that the learning I will have from this program will help me to bridge the gap between the world of hypothetical and practical work experience. So, rational of my study is:

- To assess the performance of ICDDR, B during financial years.
- To scrutinize the performance indicator of various types of Budget& Costing.
- To build up self-knowledge.
- To enlarge self-confident.
- To widen talent.
- To increase ability in the professional field and discovering the way for further study in future.
- To build up work experience.

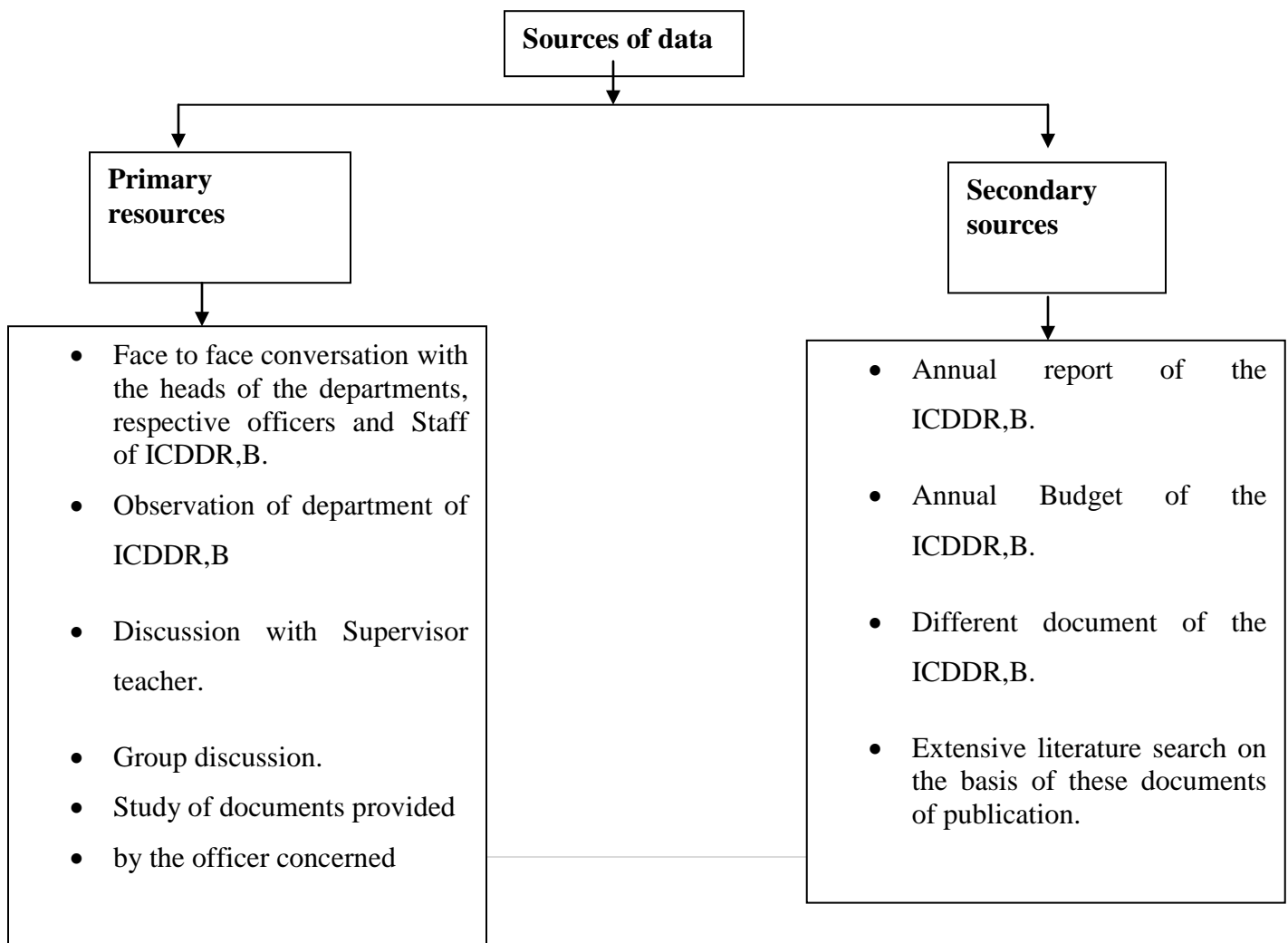
1.5 Methodology of the study:

To prepare the report, I have collected data from the employees as primary source of information. In addition I took data from Annual Reports and Auditors Reports as secondary sources of information. Data has been collected by oral interviewing the responsible officers.

To prepare the report I had to depend on the employees of the icddr,b as primary source of information

To prepare this report, I have gathered the data from employees by interviewing them to gather my priary source of data. In addition I took Data from Annual Reports and Auditors report to collect my secondary sources of information. After gathering the data I have scrutinized and then organized to put the best effort to make this study effective and efficient

Following two sources of data and information have been used widely.



1.5 Limitations of the Study;

1.6 Limitations of the study;

As icddr,b is an esteem organization. I need a sufficient time, guidance, reports, documents on a regular basis. But I found some obstacles in collecting those information which I can indentify as the limitations of the study which are described below:

Lack of available information and documents to support my study.

- Up-to-date information was not available.
- Improper combination among various departments.
- Confidentiality of the bureaucrat.
- I was unable to collect enough information from my on-field supervisor as he remained busy.
- Information used are provided by icddr,b as these information can't be verified

2. Organization Information

2.1 Organization overview:

ICDDR, B is widely known as a nonprofit organization that has contributed in many aspects of Bangladesh by conceding lifesaving solution. It has become famous by demonstrating brilliance in research, training and services. It is widely acclaimed not only for proving free treatment for Diarrhea to poor people but also for organizing events to improve the physical condition of children. Some of the programs are discussed below

Child Health Program:

This program is basically to build up cost efficient child health and survival program.

Reproductive Health Program:

This program is for making tactics regarding maternal health and developing resources to monitor the improvement required to accomplish Millennium Development Goals (MDGs).

Nutrition Programme:

This program has a wide range of influence on people physical condition in order to mitigate the burden of protein energy and micronutrient-related malnutrition

Infectious Diseases and Vaccine Sciences Programme:

This program is basically to provide support and encouragement for the collaboration of all scientific divisions within ICDDR,B on infectious disease research

Population Sciences Programme:

Works to understand a wide range of issues relating to changes in the population of Bangladesh. Focus of the programme includes work to identify why the decline the fertility rates has leveled

off in Bangladesh and efforts to understand the health problems of adults and the elderly-and how best to provide support to them.

Poverty and Health Programme:

The mandate of the Poverty and Healthy programme includes a poverty focus on all research activities throughout the Centre. The programme places special emphasis on studying the barriers facing the poor in accessing health and other development services.

HIV/AIDS Programme:

The HIV/AIDS programme concentrates on conducting research to monitor the spread of HIV in Bangladesh and to better understand the dynamics of the epidemic and obstacles to its prevention. The programme provides care and support to HIV-positive people through voluntary counseling and testing (VCT), outdoor clinical facilities, and laboratory monitoring of disease progression.

2.2 Vision Statement;

All people, especially the poor, can become healthier and can reach their full potential through the application of new knowledge.

2.3 Mission statement;

To develop and promote realistic solutions to the major health, population and nutrition problems facing the poor people of Bangladesh and other settings.

2.4 Organizational structure

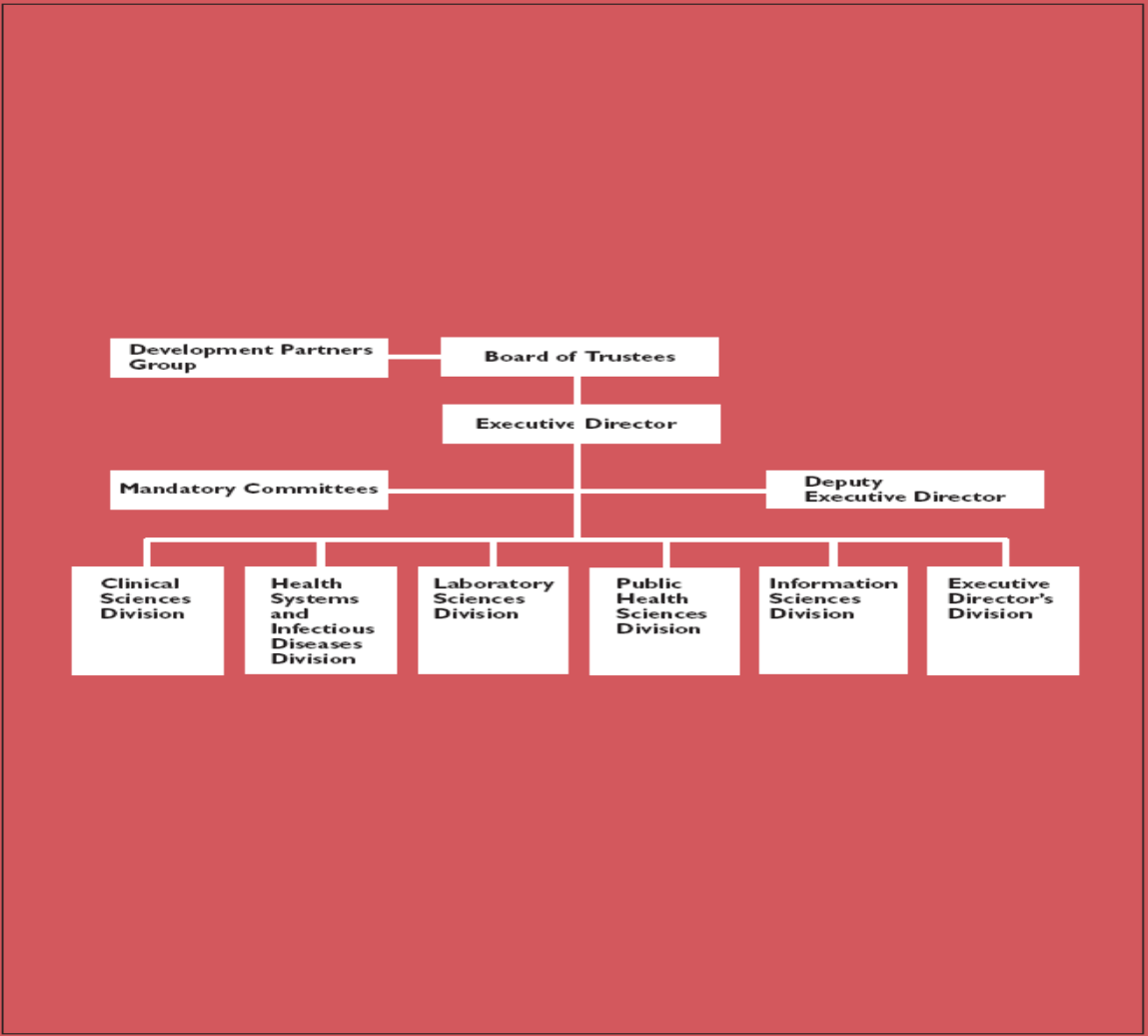


Figure 2.1: organogram of IcdDr,b

Clinical Sciences Division (CSD)

Function of the Clinical Sciences Division (CSD)

Working both in hospitals and in the community, ICDDR,B's Clinical Sciences Division conducts clinical studies of diarrhoeal illnesses, respiratory infections, nutrition, and child development.

How are they Organized?

The Division has three main areas of activity: Research, Services, and Training. Its staff include two international professionals and 225 fixed term members, in addition to 85 health workers, 39 staff members on contractual service agreements, 15 trainee doctors, and 10 trainee nurses. An international research fellow from the Swiss Tropical Institute joined the division in 2005. A consultant pediatrician also helped to train the Division's staff and clinical .

Activities

I) Monitoring

a) Monitoring for diarrhoea-causing diseases in ICDDR,B's Dhaka and Matlab hospitals

To help with diarrhoeal illnesses and associated health problems of over 100,000 patient at Dhaka Hospital, 10,000 in Matlab each year.

b) Monitoring shows a rise in cholera cases

c) New, multi-drug-resistant strains of *Vibrio cholerae* O1(ElTor) identified and treated.

II) Mother and Child Health Services

II) Franchising ICDDR,B's services- with Progoti Samaj Kallyan Protisthan (PSKP)

IV) Promoting breastfeeding

V) Nursing Services

V) Hospital infection control: Improved methods of infection control and Study to access the rates of hospital acquired infections

VI) Research:

The Dhaka Hospital included the Mother and Health Services Unit as the hub of the Centre's research on diarrhoeal diseases and associated health problems, and severe malnutrition. Research during 2006 included studies on: (a) assessment of efficacy of community-based follow-up, food supplementation, and psychosocial stimulation in home-management of young severely-malnourished Bangladeshi children in a randomized intervention trial and (b) assessing effects of 2,00,000 IU of vitamin A followed by 5,000 IU versus 5,000 IU daily doses of vitamin A on recovery from diarrhea and acute lower respiratory infections in severely malnourished hospitalized children.

(<http://www.icddr,b.org/how-we-do-it/public-health-sciences>)

Laboratory Sciences Division (LSD)

Functions of Laboratory Sciences Division (LSD)

The Division's researchers also collaborate with national and international research and educational institutions, and participate in conferences, workshops, symposia, and training programmes worldwide.

The Division houses a range of laboratories, the activities of which are explained below. It also houses the HIV/AIDS Programme, which is covered alongside the Centre's other research programmes at the appropriate point in this Annual Report.

How are they organized?

The Division is divided into three areas: Research (encompassing most of the laboratories), services (under which the laboratories and units of the Clinical Laboratories Services fall), and the HIV/AIDS Programme.

Activities of LSD

- I) Technical cooperation with Nepal: follow-up to new disease monitoring efforts
- II) Acute Respiratory Infections Laboratory
- III) Enteric Microbiology Laboratory
- IV) Environmental Microbiology Laboratory
- V) Immunology Laboratory
- VI) Molecular Genetics Laboratory- with Harvard Medical School and Johns Hopkins University (USA), and Osaka Prefecture University and Kyoto University (Japan).
- VII) Nutritional Biochemistry Laboratory
- VIII) Parasitology Laboratory
- IX) Reproductive-tract Infection Sexually Transmitted Infections (RTI/STI) Laboratory
- X) Helicobacter pylori Laboratory
- XI) Tuberculosis Laboratory-for TB
- XII) Virology Laboratory- for HIV and influenza

XIII) Clinical Laboratory Services

XIV) Media and Lyophilization

XV) Animal Resources Branch

XVI) Biomedical Engineering Unit

XVII) Laboratory Logistics and Archives

Public Health Sciences Division(PHSD)

Function of Public Health Sciences Division (PHSD):

“In so doing, it addresses the Millennium Development Goals of reducing child mortality, improving maternal health, and controlling HIV/AIDS, malaria, and other diseases, while taking issues of social equity and gender equality into account. More specifically, the Division provides the infrastructure needed to test vaccines, determine drug resistance in disease-causing organisms, and explore the causes, distribution, control, and consequences of specific problems such as hepatitis E, arsenic contamination, and HIV/AIDS. and tuberculosis.

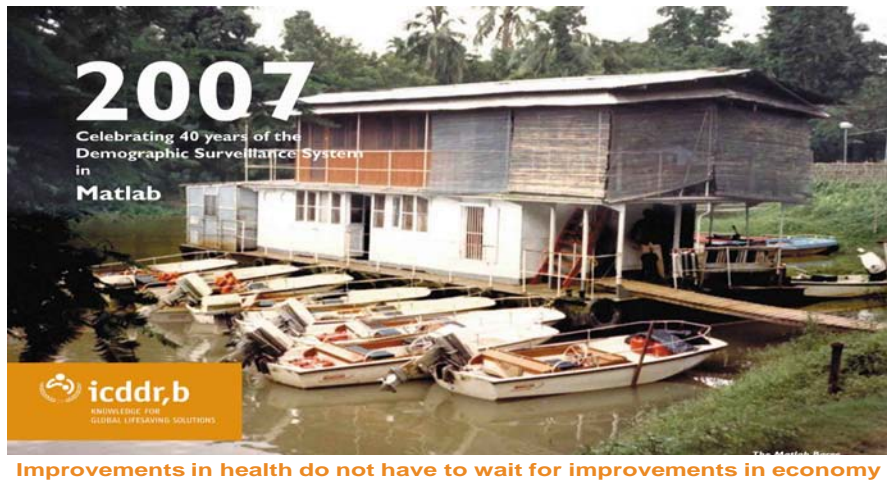
How are they organized?

The Division is divided into **six** units: Child Health, Epidemic Control Preparedness, Health and Demographic Surveillance, Reproductive Health, Social and Behavioural Sciences, and the Matlab Health Research Centre.

(www.icddr,b.org/how-we-do-it/public-health-sciences)

Matlab Health Research Centre

The Matlab Health Research Centre (MHRC) is ICDDR,B’s oldest and largest population-based field site. Located in the Matlab Upazila (subdistrict) of Chandpur district, it lies around 57 km south-east of Dhaka. MHRC consists of three research branches:



- Monitoring for cholera and *Shigella* species.
- Health and Demographic Surveillance Unit
- Social and Behavioral Sciences Unit
- Child Health Unit
- Epidemic Control Preparedness Unit
- *Vibrio cholerae* surveillance within the Bakerganj and MathbariaUpazila Health Complexes
- Monitoring for rotavirus-caused diarrhea in rural hospitals in Bangladesh”
(<https://centre.icddr,b.org/pub/publication.jsp?classificationID=46&pubID=7645>)

Health Systems and Infectious Diseases Division (HSID)

Functions of Health Systems and Infectious Diseases Division (HSID)

ICDDR,B's Health Systems and Infectious Diseases Division (HSID) works to improve healthcare services in developing countries and reduce the impact that infectious diseases have on the poor.

The Division's health systems researchers design and test cost-effective and sustainable healthcare interventions. This involves looking at the field work done by ICDDR,B and other organizations and identifying promising strategies. These are then developed and adapted to ensure that they suit real-world settings and are easy to reproduce. Efforts in this area range from making primary (local) healthcare more effective to scaling up proven life-saving technologies.

The Division's infectious disease researchers study high-priority diseases threatening people in developing countries like Bangladesh. Their work includes studies of the causes, spread, and control of disease (epidemiology) as well as outbreak investigations. They also conduct vaccine trials and clinical field trials to improve healthcare systems.

HSID also maintains three field study sites which are used by all of ICDDR,B's divisions. These are an urban slum field station in Dhaka city and two rural field stations: one in Mirsarai (in southern Chittagong) and the other in Abhoynagar (in western Khulna, on the Indian border).

How are they organized?

The Division is divided into four administrative units: (1) Health Systems and Economics, (2) Infectious Diseases, (3) Surveillance and Data Resources, and (4) Field Sites. In 2005, its staff included 7 international scientists (from the UK, Canada, the Netherlands, and the USA), 46 national officers, and 178 general services personnel. The activities of most of these units are described below. The exceptions are the Infectious Diseases Unit and the Health Systems and Economics Unit, which are dealt with in the relevant Research Programme reports ('Infectious Diseases and Vaccine Sciences' and 'Health and Family Planning Systems').

(<https://centre.icddr,b.org/org/orgunits.jsp?searchID=3&idDetails=3>)

Executive Director's Division (EDD)

Function of Executive Director's Division (EDD)

The Executive Director's Division provides support to all the Centre's scientific divisions, non-scientific and interfaces with the donor community.

How are we organized?

The Division is made up of the following areas: Human Resources, Finance, External Relations and Institutional Development, Communications, Research and Project Support, and General Counsel.

Activities of Different Units of Division

- Human Resources
- ICDDR,B adopts UNICEF's core value system
- ICDDR,B's core values for staff:
 - ✓ Commitment, Integrity, Teamwork, Embracing diversity
 - ✓ External Relations and Institutional Development Office

Units of EDD:

Communications Unit

General Counsel's/Research Administration (RA) Office

Research Review Committee

Ethical Review Committee

Finance Department

(<http://www.icddr,b.org/how-we-do-it/executive-director>)

Information Sciences Division (ISD)

Function of Information Sciences Division (ISD)

ICDDR,B's Information Sciences Division (ISD) ensures that information flows into and out of the Centre efficiently. Capacity building (through training courses and internships) and producing and distributing print and electronic publications are major focuses of the Division. ISD also ensures that the Centre's researchers have access to up-to-date literature and a modern telecommunications infrastructure—which allow them to remain in touch with their colleagues across the world. In this way, the Division helps to ensure that knowledge is shared and used to improve the well-being of the poor.

How are they organized?

The Division consists of the Training and Education Unit (TEU), Publications Unit (PUBU), Library and Information Services Unit (LISU), Computer Information Services Unit (CISU), and Audiovisuals Unit (AVU). During the latter part of 2005, the Data Management Unit (DMU) was closed and its staff redistributed among the Finance Department and CISU.

Activities of ISD

Carrying the Centre into a best-practice digital environment

Collaborating with local academic institutions

Improving access to full-text journals online

Expanding the use of the Centre's publications

Training -the Training and Education Unit (TEU) conducted training courses and workshops to (1) increase research capacity in developing countries, (2) provide hands-on training on diarrhoeal disease and nutritional problems, and (3) improve responses to new and emerging issues in health and population sciences. The courses were organized in collaboration with the Centre's scientific divisions and, in some cases, in partnership with national and international organizations.

Publications produced and distributed

Journal of Health, Population and Nutrition

Computer Information Services Unit develop New software applications to improve research and management, provide internet service, data transmission facilities to all users of the centre.

Improving the Centre's library management system

(<https://centre.icddr,b.org/pub/publication.jsp?classificationID=46&pubID=8549>)

3. Fund management by icddr,b

To run a project Proposal can be made in two ways; restricted and unrestricted. Unrestricted proposal is sent by PI (principal Investigator) and restricted proposal is sent to PI by the donor. Donor can be divided in two parts; core donors and project based donors. Icddr,b has six core donors. They are Core donors are US government, Australian government, SIDA Canada and GoB. Project based doners are Nestle, save the children, BRAC etc. In unrestricted proposal PI gets the regarding the budget and spend according to his requirement whereas in restricted proposal donor give the direction on how to spend the fund. Budget is specific for a specific time. Unrestricted proposal is usually done with core donors whereas restricted proposal is made by different project-based donor

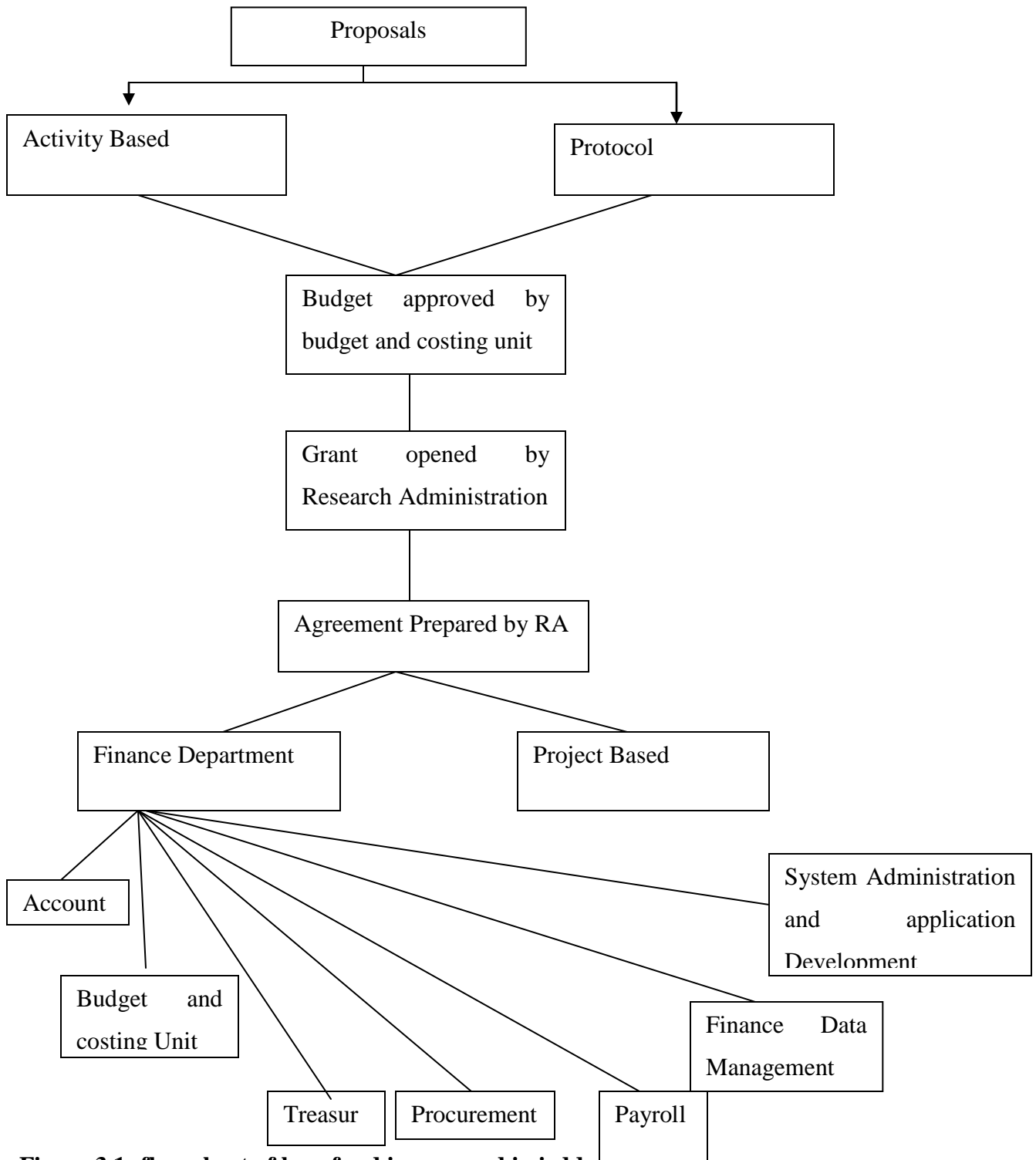


Figure 3.1: flow chart of how fund is managed in icddr,

After making proposal, proposal is sent to Research Administration (RA). RA makes an agreement and opens a grant number. This agreement will be between the centre and the donor. Agreement will specify about the payment method, Budget. The Agreement will specify that how much overhead icddr,b will charge to run the project. In this organization overhead cost is considered as the cost paid to run the core service department of the icddr,b The budget has to be approved by the finance department and PI as finance department will be responsible to deal with the fund whereas PI is responsible to run the project. RA sends one copy of agreement to finance department and another copy to PI. Finance department opens several budget codes and allocates the task to different units. The activities are described

Accounts

ICDDR,B has a well-established Integrated Accounting System, where both Financial and Cost Accounts are maintained. The unit is responsible for true and fair accounting of all financial transactions in prudent and transparent manner. The followings are the main functions under this unit:

- Journal Voucher
- Payment Voucher
- Recurring Journal
- Project Accounting
- Local Conveyance and Uniform
- Travel Disbursement
- Vendor Payments
- Institutional Consultants Payments
- Imprest System
- Month-end Activities

- Year-end Activities

Treasury Unit:

Treasury acts as the custodian of funds of the Centre in terms of cash, cheques, unused cheque books and other paper securities, and is responsible for execution, coordination and supervision of all functions of treasury. The major functions of this unit are as follows:

- Fund Receipts
- Disbursements
- Bank Account Management
- Bank Reconciliation Statement
- Letter of Credit
- Insurance
- Reserve Fund
- Endowment Funds
- Investment Port folios

Payroll:

The unit will be processing all salaries and benefits to the employees of the project in compliance the staff rules and regulations of the centre. The functions are as follows;

- local Salaries and Benefits
- International Salaries and Benefits

- Daily Wagers Payments
- Provisioning of Staff Entitlements
- Loans and Advances to Employees
- Payment of Medical Bill
- Final Settlements
- Employees Separation Payment
- Consultants Payment
- Taxation

Budget and Costing:

This unit usually facilitates annual budget and forecast and review of all budget proposals. This unit is known for efficient budgetary control and costing system. Add to that, this unit monitors whether expenditure in the project is in compliance with the project. This unit also sends invoice, financial report to donor receivable management according to the demand of the management. It also gives clearance of any requisition. The main functions are as follows;

- Annual Budget and Forecast
- Budget and Budgetary Control
- Costing and Cost Allocation

Procurement & Materials:

The unit guarantees that procurement of goods and services are completed in a manner to offer the utmost level of feasible, open and free rivalry. This unit is dependable for all purchases including clearing and forwarding of shipments against approved requisitions. This Unit also

manages Inventory, Fixed Assets and Custom Pass Book for importing duty free supplies and equipment.

The following would be the major functions under procurement activity:

- Vendor Management
- Local Procurement
- Overseas Procurement
- Shipment of Scientific Samples
- Inventories:
- The main functions are
- Acquisition
- Issues
- Safeguard of Stores and Stocks
- Disposal

Fixed Assets Management:

Fixed Assets Management includes the followings:

- Acquisition
- Safeguard
- Disposal
- Maintain fixed assets register

Finance Data Management:

The unit gives assurance that present financial systems are approachable for the business and reporting needs of the centre. The activities are as follows;

- System Administration
- Data Processing
- Suchona' help desk
- managing Document Management Systems
- Finance Monitoring Framework

System Administration and Application Development:

Servers hosting the applications used by finance users, and users of the centre for financial data viewing are managed by this unit. The unit locally manages Navision Backup server, FDMS . The following are major functions under this activity group:

- Application Development and Maintenance
- Server Administration
- Database Administration
- Setup Activity
- User and Role Management
- Disaster Recovery Plan (DRP) Activity
- Activation of Budget Code
- Change of Principal Investigator (PI) & Functional Principal Investigator

4. Responsibility and learnings

As I was an intern there so, I wasn't given any specific responsibility. The main motive of my on-site supervisor was to give me an overview regarding how the financial system of icddr,b has evolved. So, my first task to prepare cost management proposal where I had to show how much cost icddr,b was able to reduce after getting into new structure. The reason was to see how efficient the decision making from the top management of icddr,b at the time when they are facing financial crisis. As the assigned finance officer had to make several reports to assure transparency and invoice to ensure the flow of funds. I used to assist the assigned finance officer for a specific project in making several those reports and invoice. Also, as a PI normally operates several budget codes, sometime he or she replaces cost from one budget code to another budget code for which we had to prepare cost vouchers. So, I have prepared several cost vouchers. Moreover, icddr,b is a huge learning centre so, my supervisor always pushed me to study regarding the policy and procedure. So, when I and my supervisor were free, we used to have face to face discussion. The objective of my supervisor was behind that discussion was to ensure that I am on the right path and getting right overview of the organization. That is how I spent my 3 months in icddr,b

I think I am lucky to be able to complete my internship from icddr,b. I have learnt a lot from there. As it is an international organization, it maintains a standard policies and procedures. As I have spent my internship for three months, at present I know how standard policy and procedures, discipline, transparency in organogram can help an organization to have worldwide recognition. Add to that I have studied a lot about corporate cultures. But one cannot assess to importance of this culture from books unless he had corporate experience. So, now I believe I have slightly better advantage than a student who hasn't any corporate experience regarding the issue of having better assessment of corporate culture.

As icddr,b uses ERP(enterprise resource planning) to operate their business, for the first time I have had the experience of using ERP which I believe is a great learning for a student who is just about enter the corporate world. Because at present, we can see most of companies are relying on

information system to operate their business. So, now, I will be more comfortable in using information systems like ERP in near future. Also, preparing cost report, cost voucher, invoices has helped me a lot in my learning because when I had to prepare those, I had to ensure that those reports meet the requirements of the donor. The difficulties I had to face in preparing those reports, has sharpened my skill. So, I think having field experience has taught me lot and I believe I will use these learning in the world where I am about to enter.

5. Findings and Recommendation

From 2008, icddr,b has been facing a financial crisis. The organization basically depends on the donation from the donors. The reduction of donation caused that financial crisis. The following table will represent the aforesaid statement better

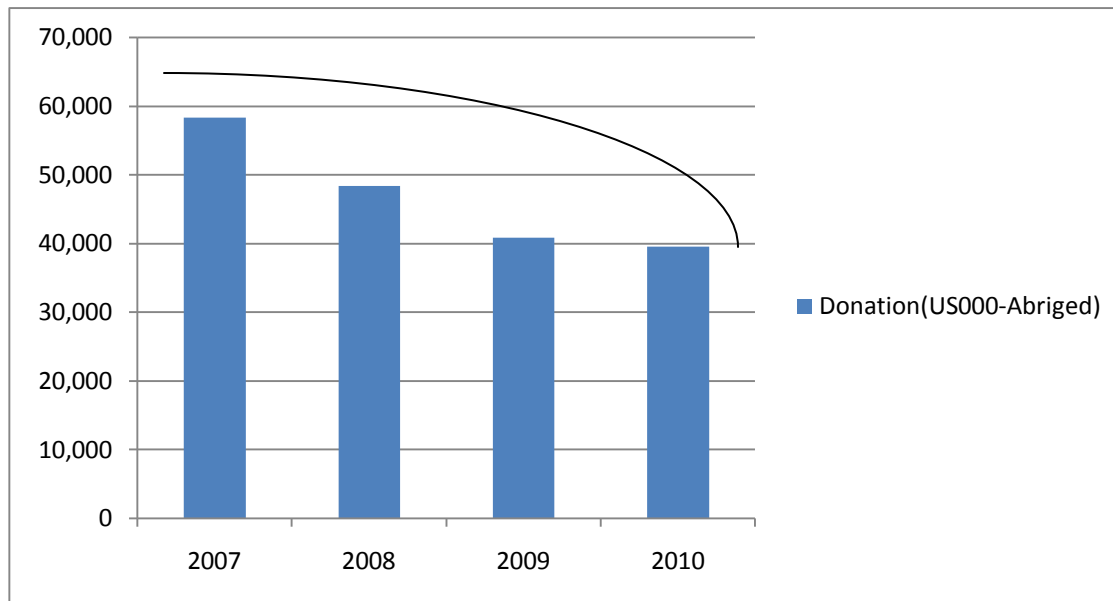


Figure 5.1: Donation from 2007-2010

In 2007 the total donation was US\$ 58,293,000 where it came down to 39,530,000 US\$ in 2010. We can predict that there has been a 32.18% reduction of donation over the last four years. But the fixed cost of Icdrr,b remain unchanged which continuously caused increase in the subsidy for the icddr,b. Below graph would give us a better idea;

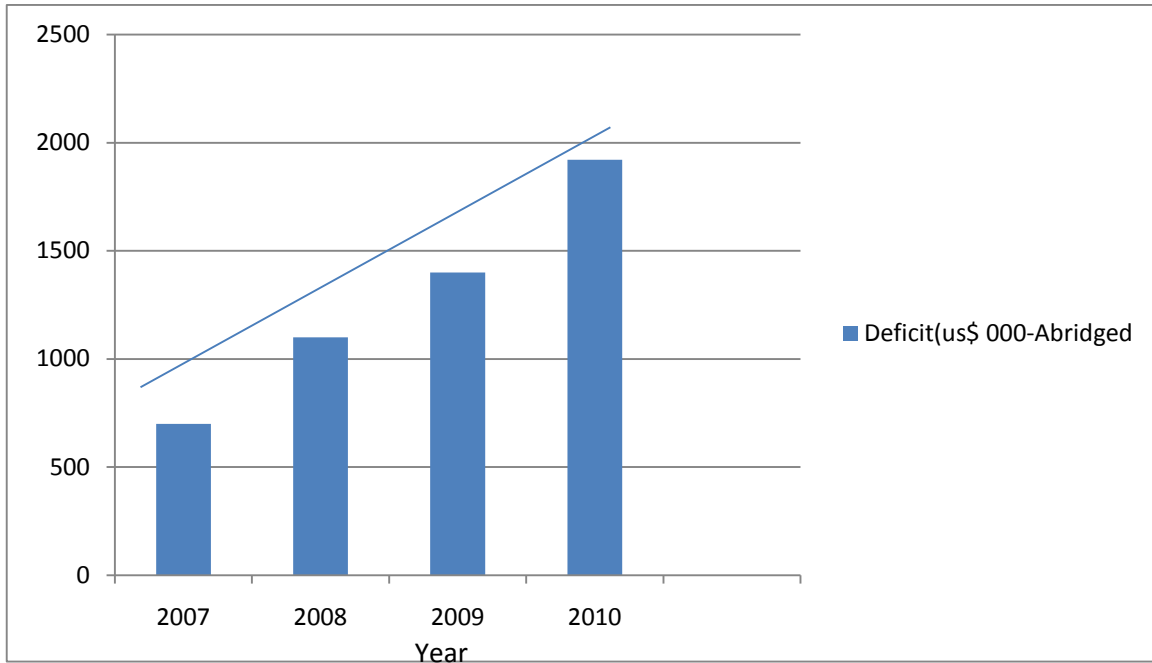


Figure 5.2; Deficit from 2007-2010

In 2007 the deficit was US\$ 7000,000 where as it became US\$ 19, 21,000 which implies that there was an increase of 63.5% in deficit in the last four years. The situation forced the management to believe that icddr,b was actually facing a financial crisis. But to evaluate the financial management practices, it was important for me to find out the reasons why icddr,b is actually facing that financial crisis. After conducting the interview we were able to find out two important factors that have contributed to this crisis. These are;

- Global recession
- Dissatisfaction of the donors

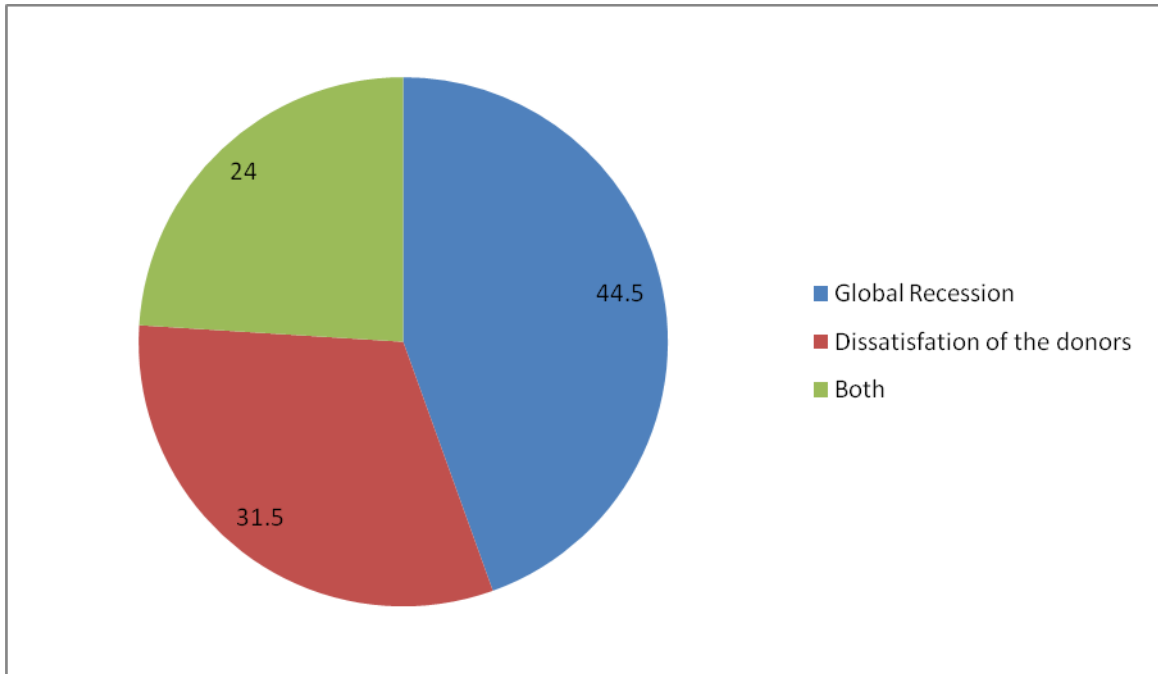


Figure 5.3: chart showing managers thought regarding the reasons for the crisis

44.5% executives believe that Global recession is the only cause of this crisis. Iccdr,b has six core donors; GoB, USAID, UK, SIDA, Australian and Canadian government. They have reduced their donation for the last four years as they had to put money to run those operations which would rescue iccdr,b from the impact of the global recession. On the other hand, 24% of the executives of the total employees believed that internal policy and poor performance of the iccdr,b is the root cause of this crisis. According to them, the marketing policy to attract the potential donors has been poor as the name, structure always used to give a impression that it is a research centre that works with only water borne diseases. Add to that, recruiting excessive administrative employee, error in forecasting the expenditure of the following years has caused nothing but increased the expenditure of the organization which was making the donors unhappy due to which iccdr,b is currently facing this crisis. Rest believed both factors complemented each other and contributed in this crisis

To validate these assumption, I have analyzed the financial report of iccdr,b of 2006,2005,2004,2003and then present the result in this report. By reading articles and journals, we can draw a conclusion that actually global recession occurred and impacted on the developed countries such as Australia, USA, and Canada. So, reduction in donation due to the recession can't be pointed out as wrong assumption.

There was also a claim that due to the poor performance and internal policy the expenditure of the organization increased as preceding years. This claim is also considerable. Following ratios in the table would give us a better idea;

Ratios	Years			
	2003	2004	2005	2006
Efficiency ratio	0.4	0.8	0.9	1.1
Variance	-27%	-32%	-22%	-20%
Operation cash flow	33.5%	34%	30%	10%
DSO	92.27	108.31	125.31	111.11
Debt ratio	0.52	0.733	0.944	0.751

Table 5.1: Performance measurement Ratios

Above table is giving us a clear idea why the financial performance of iccdr,b is actually declining. In 2007 the efficiency ratio was 0.4 which became 1.1 in 2010 that implies iccdr,b is expending USD 1.1million to earn USD 1 million. Moreover, negative variance over the years would tell that the organization always struggled to complete its researches within the initial budget due to which they had to ask to donors to extend the budget that might have dissatisfied

the donors. Decrease in the operating cash flow ratio suggests us icddr,b couldn't find other sources rather than donors to manage the flow of funds to run its project. Add to that, increase in the DSO ratio of last four years is pointing that the organization is heavily depended on donors but dealing with credit problems. Debt ratio is also quite higher as the year gone by but again operating cash flow suggests us that organization couldn't capitalize these sources to finance their projects. These data have suggested us there is enough evidence that would show us that the performance of the icddr,b is poor enough to make the core donors satisfied.

There was also a claim that the staff of icddr,b is more than required. From the above table, we can say that the icddr,b was expending more than it was earning. As it is a research centre, major portion of the expenditure incurred due to allocation of salary. Chart represented below would give us a better idea;

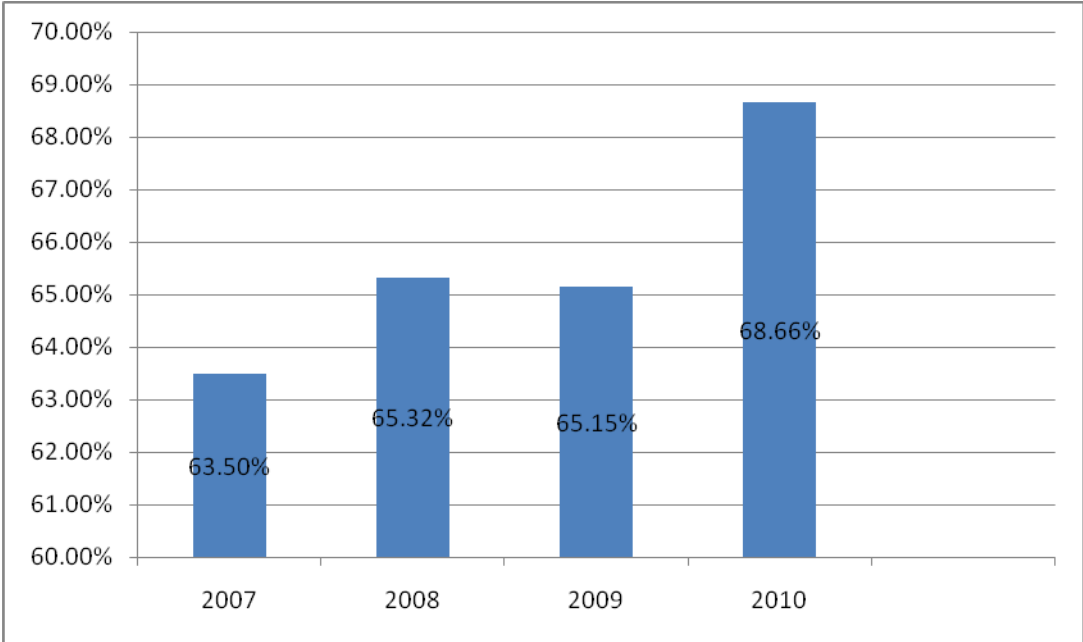
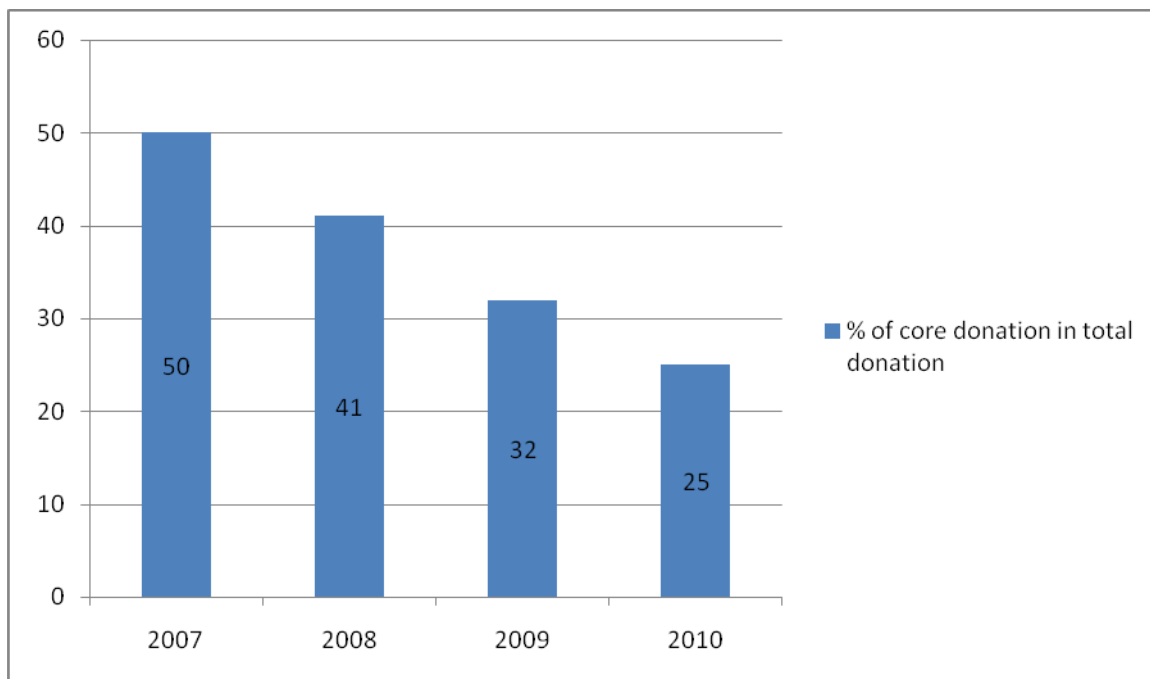


Figure 5.4: figure showing % of core donors among total donors from 2007

In 2003, 63.5% of total expenditure allocated to the salary. It came to 65% in 2004 and 2005 and in 2008 it came to 68%. There is no significant increase or decrease in the salary but we can say that the major portion has been allocated to salary as it remained above 60% all the time. As icddr,b was expending more than they were earning we can say that the recruitment of staff is more than required.

Add to that, there was also a claim that internal policy for forecasting is not satisfactory. The forecasting policy of icddr,b is that it assumes that the expenditure for the next year is 10% more than the previous year and prepares budget considering that assumption. Here, icddr,b is not considering the change in the revenue when they are forecasting. So, any decrease in the revenue would lead them to financial crisis and Icdrr,b is actually facing the crisis at present as their revenue started to fall down from 2010

Many people have identified different reasons for the crisis. But at one point everyone made the same assumption and that the aforesaid reasons that has contributed to the crisis basically influenced more core based donors rather than project based donors. Their assumption is quite true as following chart will more emphasize their assumption;



Figure

5.5: Percentage of core donation in total danation

According to the financial report of icddr,b, In 2007, the core donors contributed closed to 50% but due to aforesaid reasons it decreased in the following years and came down to 25% in 2010. Therefore we can say that icddr,b is facing financial crisis as core donors reduced their donation.

As icddr,b is facing the financial crisis. One way was to survive from the impact of this crisis was to cut down extra staffs they recruited but it would create a panic in the society and put its reputation under threat. So, they have appointed some international consultants to solve the problems. Afterwards they have changed the whole structure to run their project more efficiently and effectively.

At present icddr,b is divided into 6 division. Each division is assigned for several parts of a project and administrative divisions used to help them by operating their function. The employee assigned for the division take salary from those project on which they used to work and core donors used provide funds for the allocation of the salary of the staffs of the administration. On the other hand, under the new system the organization will be divided into 10 centers where each center will run the project related to a specific topic. Each centre will have one or more specific administrative officer. The running and future projects will be divided on those centers based on the topic of the research. Salary of those officers would be charged from those projects.

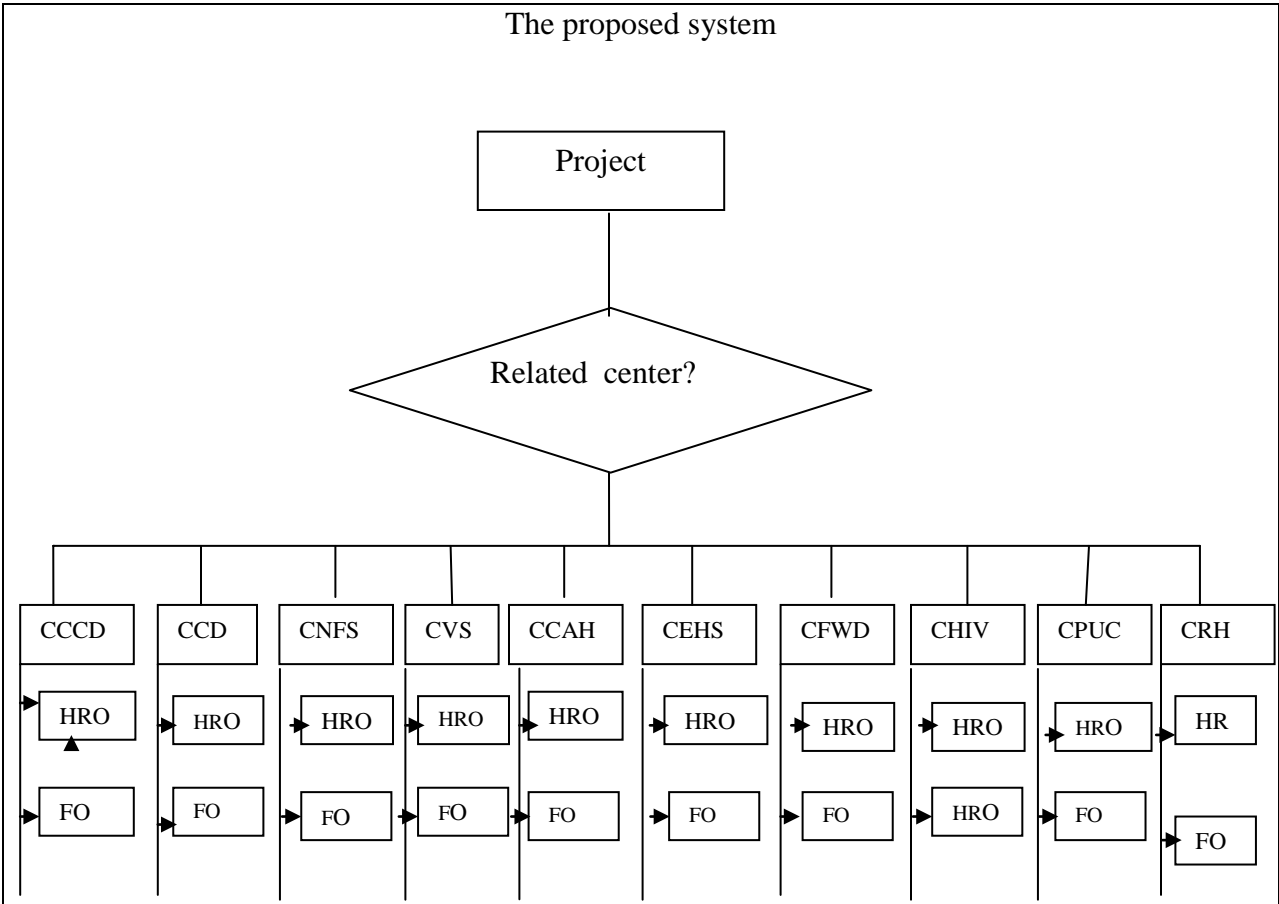
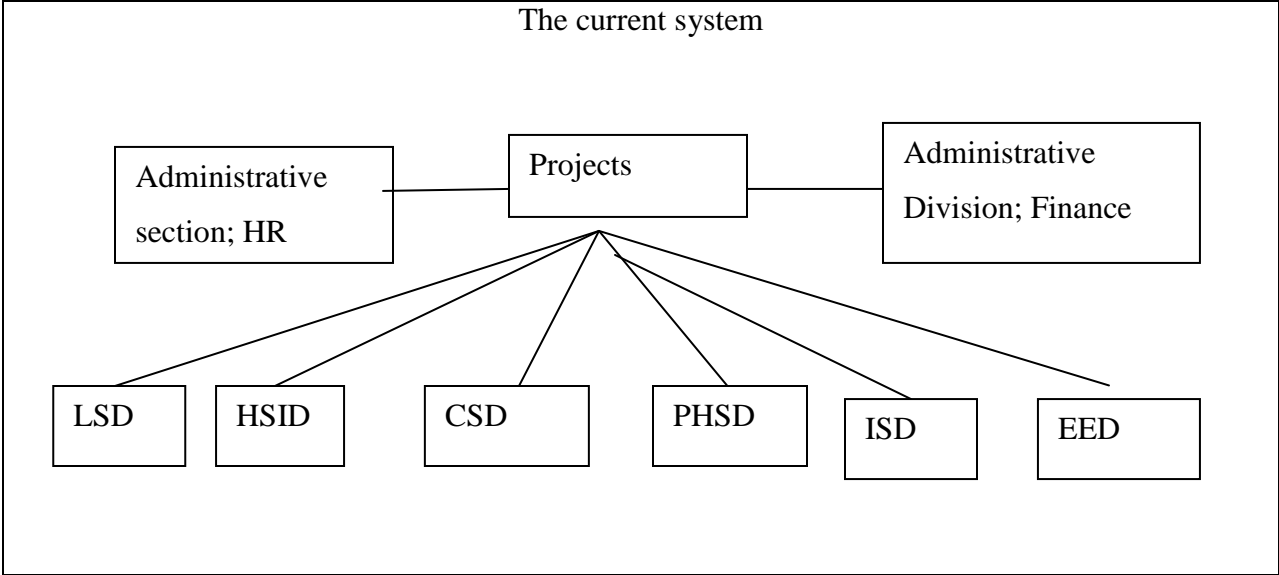


Figure 5.6; difference between the current system and proposed system

The installation of new system is believed to be effective medicine for the treatment of this crisis. Taking a interview with senior managers has helped us to find why this system would be fruitful. Conducting interview with the employees has helped me to find three following benefits that can be influence in the financial report next year which would help the organization to overcome the crisis;

- Reduction in the cost.
- Increase in efficiency
- Increase in revenue by attractive marketing

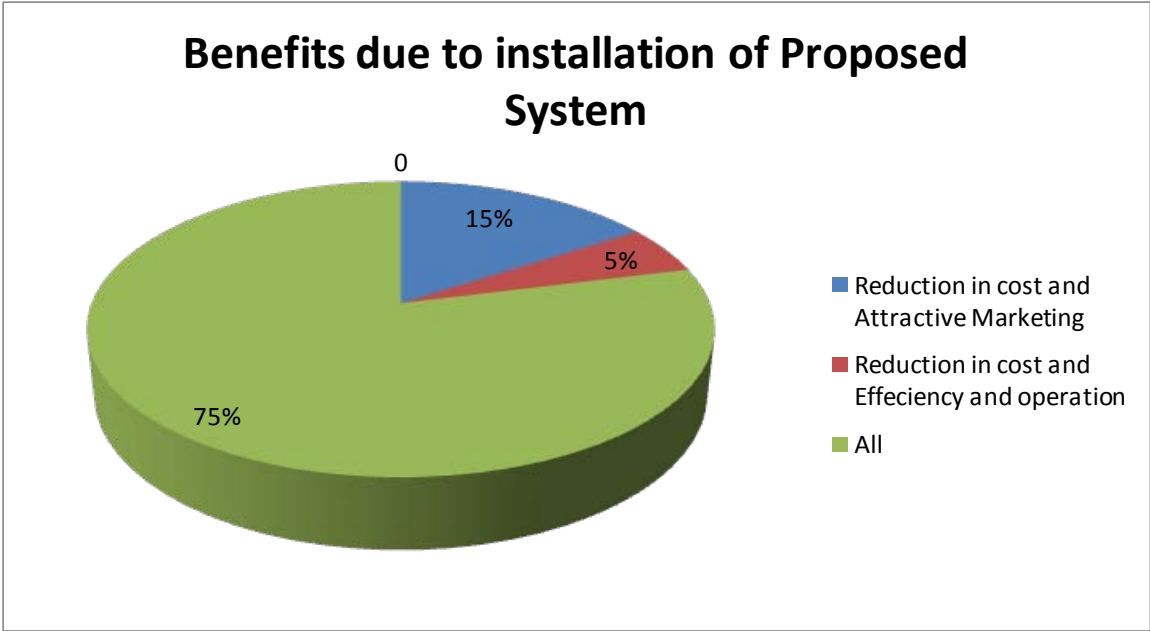


Figure5.7; Benefits due to proposed system

Reduction in cost:

Every manager has agreed to the fact the proposed system will actually reduce the cost as salary of the core employees will be provided from the project donors. So, core donors have to pay just the expenditure of core activities such as lab and hospitals etc.

Efficiency in operation:

80% of managers agreed to the fact that the proposed system will increase efficiency in the operation because, now the Principal Investigator of a research project will know which finance officer he or she will have to go to ensure the flow of funds or which HR officer will be recruiting his employees as every centre will have at least one finance and one HR officer assigned to the centre.

Attractive marketing;

90% of the total senior manager interviewed believed that the system would encourage more donors which will generate revenue as this system is an attractive marketing for the centre. As we know icddr,b has hospital which is a waterborne disease specialized hospitals. So, the perception of the people regarding the hospitals is a organization that works with waterborne diseases. Separating the organization into centers would specify the areas that icddr,b is working. So, new donors will be eager to give projects to icddr,b as they won't be deceived by the name and the activities of the hospitals

But there are also other factors that may create problems in running the operation. The following chart would give us a better idea of their thought;

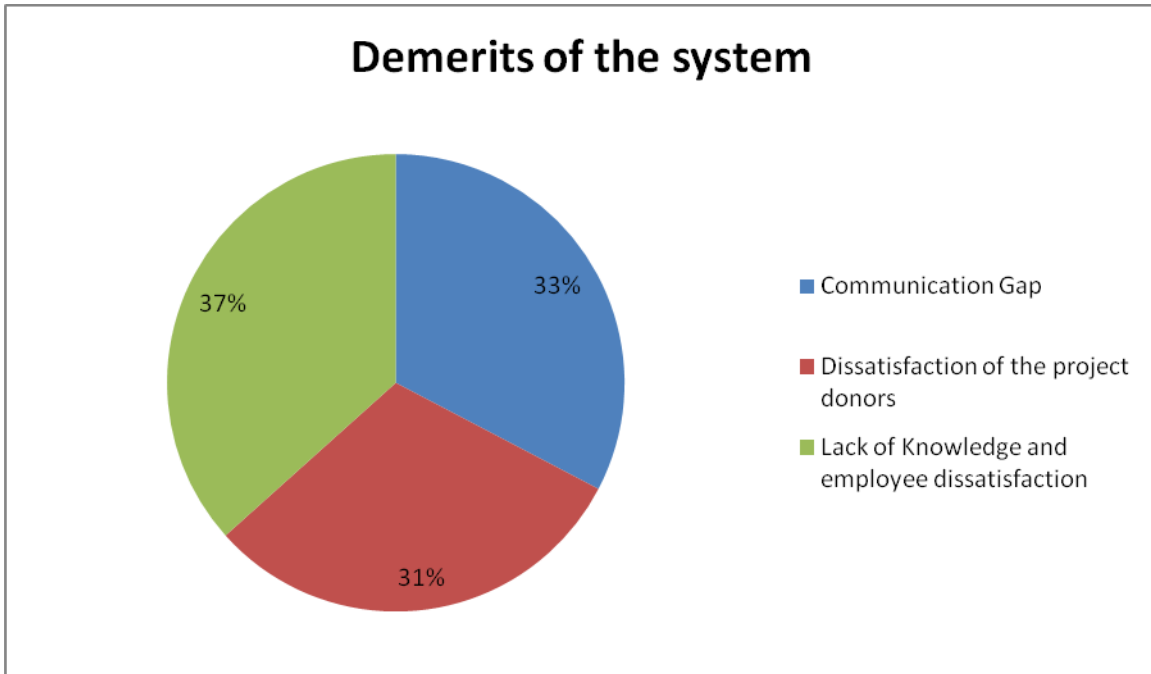


Figure 5.8: Demerits of the proposed system

Communication gap:

33% of the total managers believed that the system would create communication gap among the administrative employees as they will have their working place according to the assigned centre. This communication gap will make employee miss the opportunity to learn from his colleagues which implies there will be no knowledge sharing among the employees

Dissatisfaction from the project donors:

31% of the total managers believed that the system would create dissatisfaction among the donors who are project based. As the salary of core employees will be charged from the project,

the project donors will be put under pressure as the donor has to increase the budget. This may create dissatisfaction among the donors who initiates different projects.

Lack of knowledge and employee dissatisfaction;

Most of the senior managers believed that the system may not be implemented correctly as the managers could not understand the implementation of the system. That is why they could not give the administrative the proper distribution of centre which made job responsibility of the administrative employees uneven even they may belong to same position. That may create employee dissatisfaction.

There are problems of this system but all the managers believed that the system will work and help the organization to overcome the crisis.

I think this system would work better if we take steps below

Intensive and Extensive Training to senior managers:

I think it is also necessary to give the senior managers training on the system so they could distribute the job responsibility to assigned officer equally.

Not splitting the administrative officer;

I think splitting the assigned officer according to the center wouldn't be a good idea as it will create communication gap in the employees. They can assign specific officer to the project but their working place should be placed together so that they can share knowledge and work more effectively.

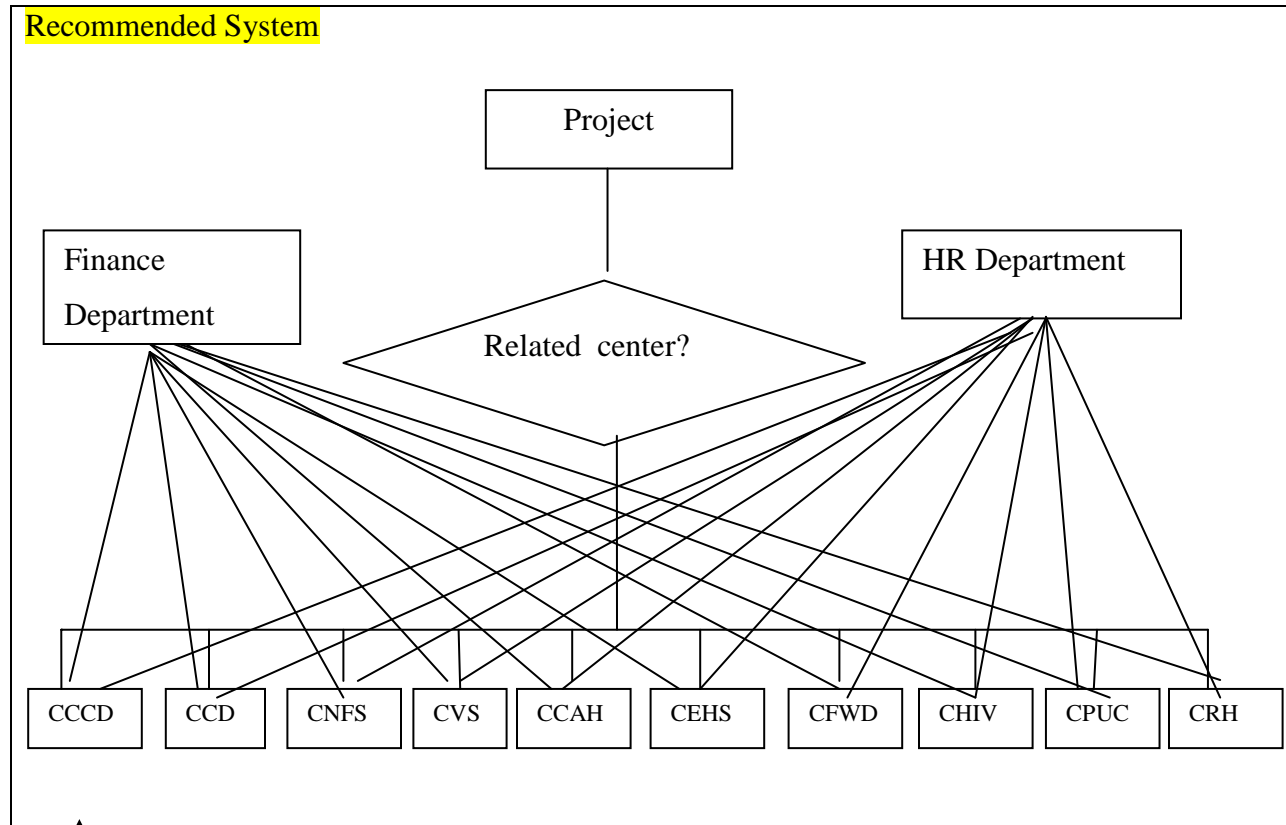


Figure 5.9; recommended system

After having 3 months of work field experience I found some variables that may endanger this organization even though it is a well reputed and well- structured organization. As I described earlier that at present icddr,b is facing serious financial crisis, it occurred not only because of the present global recession but also for the extravagant expenses accrued by icddr,b to run their project in the previous years. So, they are cutting down several projects because of which people had to lose their job. But I believe this problem could be handled by minimizing the purchase capital items and reuse those capitals which are purchased for the other project. Even now, Icddr,b are making several strategies to use project fund to save core fund. For example, when a

project is initiated, the core employees who are working on their project get salary from the project fund even though they should charge their salary from core fund. Moreover, the fund that is left after the completion of the project will be used to run core project. In that case the assigned finance officer will show false cost in that cost report which is sent to donor. To me that unethical and should not be done. Also, it will increase the project cost. Now, when donor will realize that the project that was given to this particular organization could be done more efficiently by other research centre by using fewer funds, it would certainly switch to another centre. Also, charging too much overhead from a project are certainly dissatisfying donors and discouraging small donors to initiate a project here.

I also felt that icddr,b is happy to provide a PI immense power to run a project. PI can appoint employees at his or her will. That's why I feel there is possibility of nepotism in recruitment So, I think Icdr,b should put governance in all project.

Financial report and Invoice should met the deadline. I found that many assigned offer fail to meet the deadline due to their carelessness which ultimately hampers the project as donor feels discouraging to send fund not receiving any invoice or financial report

6. Conclusion

ICDDR,B is an institution that thrives for innovation and finds solution for the problem relating to health issues, malnutrition, treatment expenses. This is a centre that search for findings for new things based on advanced scientific research. It is the first Bangladeshi research centre that is based in Bangladesh and operating in several countries

Working in Budget and Costing unit is a great experience for me. As I mentioned earlier, internship report helps a graduate to become aware about the difference between his or her ambition and real corporate world. It also helps him to assess which industry is suitable for his career path. That is why I believe that I have learnt a lot for the last three months. I have learnt how people behave in an organization. How team work is done. I believe icddr, b was a good choice to do my internship as I am a fiancé graduate and I worked in the budget and costing unit of fiancé department of icddr, b. so, I was able to utilize my work with my study and could relate my study with the practical world. If I would work in a business organization in marketing department, it would be difficult for to relate my study with corporate world. I realize I have made many mistakes. But it is my entrance in the corporate world so, I think I will improve and approach better in the future.

Every organization has flaws. Icddr,b is no exception than that. But I believe the flaws in icddr,b is not much if we compare these organization with other organizations. But I would recommend to take my findings seriously and take necessary steps to mitigate those solutions and become the leader in the among the research centre around the world.

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8. Appendix

Questionnaire for Managers;

1. Is icddr,b facing financial crisis?
2. What are the reasons?
3. What steps icddr,b is taking to mitigate the crisis?
4. Do You agree with the systems
5. What benefits it can provide?
6. What are demerits of this systems?

