

Small Towns and Rural Arid Areas Water Supply and Sanitation Project

ADB TA 4853-SRI



Final Report

Annex 12 Financial Management for Community Based Organisations

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In association with

IDP Consult Inc



ANNEX 12 – FINANCIAL MANAGEMENT FOR COMMUNITY BASED ORGANISATIONS

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GLOSSARY AND ACRONYMS

ADB	Asian Development Bank
AF	affected families
AP	affected people
CAD	computer-aided design
CAP	community action plan
COSTAB	ADB financial analysis program
CPFPFG	Compensation Policy Framework and Procedural Guidelines (ADB)
CSD	Consulting Services Division (ADB)
DED	detailed engineering design
DFID	Department for International Development (UK)
EA	executing agency
EIA	environmental impact analysis
EIRR	economic internal rate of return
EMP	environmental management plan (ADB)
FIRR	financial internal rate of return
GAP	gender action plan
GC	Greater Colombo
GDI	general development index
GIS	geographic information system
GND	Grama Niladari Division
GPS	global positioning system
GTZ	German Development Corporation
HDI	human development index
HH	Household
HPI	human poverty index
IA	implementing agency
IBRD	International Bank for Reconstruction and Development (or World Bank)
ICT	information communication technology
IDD	international direct dialling
IEC	information-education-communication
IEE	initial environmental evaluation
IPDP	indigenous peoples' development plan (ADB)
ISA	initial social assessment
IT	information technology
JBIC	Japan Bank for International Cooperation
KAP	knowledge, attitudes and practices
KfW	Kreditstalt für Wiederaufbau
LAR	land and resettlement
LCB	local competitive bidding
M	Million
M&E	monitoring and evaluation
MIS	management information system
MOF	Ministry of Finance
MOH	Ministry of Health
MoHA	Ministry of Home Affairs
MOU	memorandum of understanding
MPA	Methodology for Participatory Assessments
MRM	management review meeting issues paper (ADB)
NGO	non-government organization
NK	Nippon Koei
NRW	Non Revenue Water
NWSDB	National Water Supply and Drainage Board

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O&M	operation and maintenance
PCR	project completion report (ADB)
PFL	Pour Flush Latrine Toilet
PHAST	Participatory Hygiene and Sanitation Transformation
PLF	project logical framework
PMO	project management office
PMR	project management report (World Bank)
PPAR	project performance audit report (ADB)
PPE	Property plant and equipment
PPMS	Project Performance Management System (ADB)
PPR	project performance report (ADB)
PPTA	Project Preparation Technical Assistance
QARQ	quantity, accessibility, reliability and quality (water indicators)
QCBS	Quality and Cost-Based Selection
RAP	resettlement action plan
RFP	Request for Proposal (ADB invitation document)
RO	NWSDB Regional Office
ROW	right of way
RP	Resettlement Plan
R&R	resettlement and rehabilitation
RRP	Report and Recommendation to the President (of ADB)
RSC	NWSDB Regional Support Centre
RWSS	rural water supply and sanitation
SA	special account
SEIA	Summary Environmental Impact Analysis
SOP	standard operating procedure
TA	technical assistance
TOR	terms of reference
ToT	training of trainers
UK	United Kingdom
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
USA	United States of America
USD/\$	United States dollar
VIP	Village Improvement Program (WB)
WB	World Bank
WHO	World Health Organization
WSES	water supply and environmental sanitation
WSS	water supply and sanitation
WTP	willingness to pay

ANNEX 12 - Financial Management for Community Based Organisations

1. Background

1. The Community Based Organisations will own and operate the water supply schemes built by the Project. The officials are appointed from the membership to head the CBO and operate its activities. These CBO officers also expected to manage their financial affairs on completion of the project and therefore they need to maintain proper books of account with an adequately institutionalized sound internal control system and appropriate reporting. However, in many CBOs there have not been officers who are adequately knowledgeable, experienced and competent in these aspects. It is therefore vital that their knowledge and competency in these areas be enhanced through training and exposure while engaging in the CBO activities.

2. Our review of many CBOs as gathered from the study revealed that majority of CBOs have maintained books of account at a reasonably acceptable and satisfactory level. The cash book, general ledger tailor made for CBOs, register of cash receipts, receipts and payment vouchers are the most common books and documents maintained by CBOs. Even though many CBOs have maintained proper books of account they have also encountered many issues.

2. Review of issues encountered by CBOs

3. The issues encountered by CBOs are discussed below.

- **Frequent change of Office bearers** – It was observed that the office bearers of the CBOs have changed on annual basis and in some instances even shorter-than one year period. Change of office bearers, particularly the appointment of new treasurers has created problems to CBOs as all officers and beneficiaries are not trained and competent in maintaining books of account and not conversant with the type of accounting system designed for CBOs.
- **Competency of maintaining proper Books of Account** – Many treasurers of the CBOs lack competency and experience in maintaining proper books of accounts. The needs extends to builds up their competency through training and on the job experience. Hence, more training needs to be provided as refresher training, after the initial round of training by the Project. Most of the CBOs had attended for one session of financial management training and in some CBOs the officers who received training are no longer the officers of the CBOs. This issue could only be addressed through refresher training conducted on a regular basis.
- **High Bank and Cash Balances** – Some CBOs have built up funds in their bank accounts running into few thousands of rupees which they have not been able to invest appropriately ensuring its security while enjoying higher returns. This factor has to be addressed in future training sessions by educating them invest the excess funds. Further, there were some CBOs that have maintained very high cash book balances. They were advised that the cash collections have to be banked immediately and were instructed not to maintain high cash balances in hand.
- **Maintenance of supporting documentation** – It was also observed that the proper and adequate details such as cheque number and proper description were not entered in the Payment Vouchers and all supporting documents, such as

invoice and GRN were not attached to it. The knowledge in this area should also be enhanced through training in the future.

- **Office Systems** – The treasurers are the custodians of the assets of the CBOs, particularly the books of account, records, statements and other documents. It was noted that the vouchers and other reports and documents such as Bank Statements and Bank Reconciliations had not been filed properly and kept safely. These too need to be addressed in future training.
- **Reporting** – Many CBOs have not been able to finalize their annual financial statements in time and complete the annual audits. This is mainly due to the lack of competent treasurers to finalize the annual accounts and difficulty in obtaining the services of qualified auditors. Many CBO officials were of the view that the reporting competencies could be enhanced, if refresher training and continuous guidance are provided. It was also suggested that the financial coordinators be appointed to the PSs where the projects are implemented to train, monitor and guide the CBO officials on financial management and accounting.
- **Annual Audits** – There are no identified or selected group of auditors to carry out annual audits of the CBOs. There are many auditors with varied exposure in auditing who conduct audit of the CBOs and publish different styles of annual financial statements. Different types of accounting policies and principles have also been followed and as the officers of CBOs are dependent on their auditors and implement actions suggested by them. It is, therefore, vital to have a group of selected auditors and provide them with a common structure of annual accounts, accounting policies, principles and guidelines so that there will be uniformity and comparability among the financial statement of CBOs.
- **The Users of Financial Information** – The objective of the financial reporting is to inform CBO membership about its affairs and to use them as a guide to initiate appropriate measures to ensue its long-term sustainability. However, due to the lack of knowledge among the CBO membership and also the CBO officials on analyzing and interpreting the financial statements, the objective discussed above is not achieved. As a result many have considered accounting as a cumbersome, painful and less important activity. There were also instances that the accounts were misinterpreted by the membership and officials were found fault for not conducting the affairs in proper manner. Therefore, the knowledge on accounting and financial management need to be enhanced, not only among the CBO officials but also among the CBO general membership.
- **Budgeting and Tariff Setting** – The CBOs lack competency and knowledge in budgeting, budget monitoring and tariff setting. Many CBOs had not followed a logical structure in setting tariffs and therefore the tariff that they had decided and applied was not appropriate in terms of cost recovery and efficient operation and maintenance. As they are important tasks for an efficient and effective operation of water supply activity and to ensure its long-term sustainability, enhancement of their knowledge in these aspects too should be given adequate consideration in the future.
- **Financial Capability of CBOs** – The accounting, financial management and reporting activities of the CBOs take considerable time of their officials and treasurers. Practically it is not possible for the treasurers and officers to get involved in these activities extensively as they perform an honorary work. Therefore, the CBOs should be able to source the financial and accounting

services at a fee by engaging an officer on full time basis. However some of the CBOs are not financially sound to meet such a cost on continuous basis. This factor should be considered in sub-project formulation and tariff setting by the CBOs in the future.

3. CBO Training and Training Materials

4. Based on the findings above, it was decided that CBO officials be trained on Financial Management Systems and Accounting during the project formulation period. Accordingly, a methodology of selecting the trainers, training of trainers and conduct of training CBO officials were planned and implemented. Advertisements calling applications from potential trainers were placed in the Sinhala and Tamil news papers on 4th November 2007. A large number of applications were received and after careful review of their CVs, 35 applicants selected for interviews. The interviews were held on 15th of November 2007. The applicants selected from Baticaloa, Mannar and Vavuniya did not attend the interviews. Twenty five applicants attended the interviews and of them 14 applicants were selected for training. Selected thirteen trainers were trained for FMS training at the beginning of December 2007. Of these trained, only 10 trainers actively participated in conducting training for selected CBOs. The names of trainers, district in which they would like take-up training assignments and their contact details are tabulated in Appendix 4.

5. The FMS manual was developed to suit the CBO accounting requirements and was tested while training the existing CBOs and also by visiting more CBOs. In developing the FMS manual adequate care had been taken to ensure that there will no major deviations and alterations to the existing systems and procedures. A copy of the CBO-Financial Management Manual is attached as Appendix I. In fact, in training the existing CBOs, we used the same accounting manual used for training as they had been trained to work based on the previously prepared manual. However, there are no major deviations between the two manuals now in place, but there is an improvement to the previous manual.

6. Thirteen trainers were trained at the two day workshop, based on the FMS system and manual prepared. General knowledge on operation of rural water supply schemes and operation of CBOs and the related issued were also discussed at the training. A copy of the Training for Trainers (ToT) Manual is attached as Appendix 2. The main topics covered under the ToT are as follows:

- Introduction to the Project
- The stakeholders and partners
- Partner organisations and CBOs
- Role of the Project, partners and CBOs
- What is accounting manual and review of main aspects covered in the manual
- Accounting at CBOs
- Budgeting and budget control
- Supporting documentation – Receipts, payments, issue of receipts, preparation of vouchers, filling, reporting etc.
- Annual Audits and AGMs
- Tariff Setting – Dependant factors such as O&M costs, future capital cost requirements, water demand and availability, No. of beneficiaries, settlement patterns and recovery rates etc.
- Other Issues encountered by CBOs
- Suggested remedies and approaches to resolve and minimize the impact of issues

7. The trainers conducted training until end of January 2008. 184 officers from 104

CBOs in 5 districts participated in the training. See Appendix 5 for the itinerary of the workshops and schedule of CBOs and officers that attended the training sessions. It was revealed from the workshops that the training was very useful to the CBO officers. There had been many new treasurers and officers who have had no previous training on FMS and there had been general weakening of process as there had been no refresher training after the completion of their sub-projects. It was apparent that the initial training and refresher training on FMS. It was on a regular basis is very important and is the key for effective institutionalization of financial management system at CBOs. The training material used at the CBO training is attached as Appendix 3. Contents covered by the FMS training are as follows.

- Identification of Accounting system followed by CBOs at present
- The Accounting Process designed for CBOs
- Types of books maintained by CBOs and custody
- Importance of Financial Statements for CBOs
- Daily Receipts cash book
- Two Column Cash Book / Receipts and Payments Books
- Bank Pass Books / Bank Statements and Bank Reconciliation Statements
- Preparation of monthly receipts and payment summaries
- Updating the General Ledger (tailor-made format for CBOs)
- Preparation of cumulative receipts and Payment Summaries by extracting data in the General Ledger
- Office systems
- Maintenance of other books, registers and filling
- Issue of receipts and control over issue of unused receipt books
- Preparation of Payment vouchers
- Annual audits and timely presentation of accounts to membership on a regular basis
- Tariff setting and factors to be considered in setting tariffs
- Operation and maintenance costs and cost recovery
- Budgeting and factors of budgeting
- Budget control
- Surplus funds and investments
- Other managerial issues faced by CBO officers
- Other issues /problems presented by participants

8. The factors discussed above have been taken into account when developing and delivering the training. The trainers highlighted many issues such as frequent change of office bearers, need of appropriate tariff setting and budgetary systems, need of holding annual general meetings with presentation of accounts and annual reports, use of logical system in setting tariffs, investment of excess funds securing appropriate returns with adequate security, need of auditing and qualified personnel who could undertake the audits of CBO accounts, office systems, maintenance of files and analysis of accounts and interpretation and use of accounting and other data for decision making. These aspects were discussed in detail with real life examples and officers who participated gathered a comprehensive knowledge on these aspects. Many of them indicated that the discussion on these matters were very important and are very valuable for effective management of their schemes and in sustaining the operations of the CBOs.

9. The training that was planned for the activities under review was on financial management systems. Therefore the trainers paid more attention on financial management training aspects. Therefore about 85% of the training time of the two day programs was used for this purpose and the rest was used to discuss the other issues that were highlighted. Further, the two day time period was not sufficient to discuss all these issues in detail. As

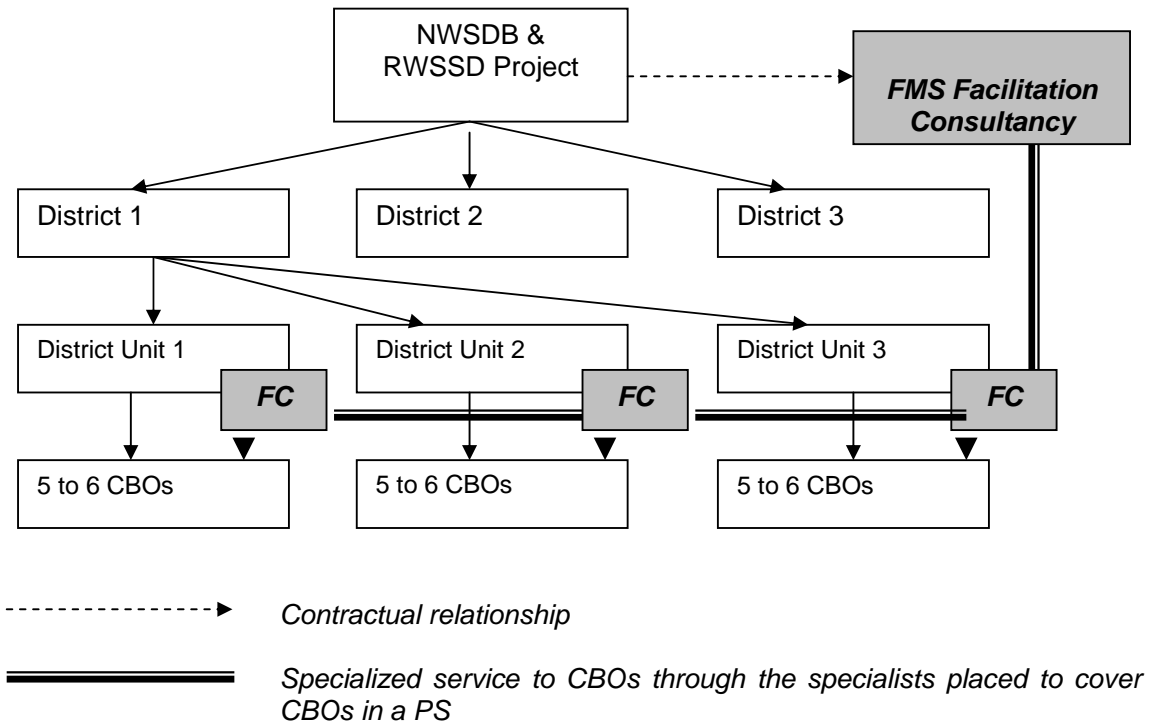
such it was apparent that another one day program to address the issues encountered by the CBOs and CBO officials in managing and sustaining its operations.

10. The data collected from the CBO visited and while conducting the training workshops revealed that there should be strong institutional and structural arrangements in place, for sound accounting, reporting and certification process to work. The characteristics that can be seen in such an institutional or structural arrangement are as follows.

- CBO is a legally registered institution
- Sound and well understood organizational constitution
- Officers of the CBO have the leadership qualities (visionary leadership) and they are respected / recognized people in the village community
- Ability to gain knowledge in new subject areas such as book-keeping, office systems, pump operations and maintenance, project sustainability etc.
- Have additional free time to be engaged in CBO activities
- Key positions of CBO office bearers are elected for few times
- Development of second-tier managers / officers for CBO
- Use of common formats for key accounting records and reporting statements (These could be printed and distributed among the CBOs at a fee)
- Previous officers being able to assist the newly selected officers to familiarize the activities they are assigned to perform

11. In order to institutionalize an effective financial management system at the CBO level, we propose that a continuous facilitation and guidance be provided to all CBOs with a facilitation offered by a specialist who would deploy a team of specialists placed at the district level offices. This team will be selected and employed by the Project. (RWSS – NWSDB). The specialist placed at the district level will facilitate many (6-8) CBOs by working with them on almost daily basis. One specialist may cover CBOs operating in a Pradeshiya Sabha. The specialists (graduates in Commerce / Accountancy) will have a sound knowledge on accounting system followed by the CBOs and will be able to interact with the CBO officials almost on a daily basis. The team leader of the group will report to the Project Director and to the NWSDB on the progress of their intervention and as there is continuous facilitation, there should not be a delay in reporting and major deficiencies in books of account.

12. The arrangement proposed to institutionalize FMS at CBO level can be depicted in a diagram as follows.



13. It is very unlikely that the officers from the villages will completely understand the systems and being able to effectively apply the same at their CBOs, after training sessions. Therefore, the proposed system of placing a specialist at the village level will provide an effective mechanism to disseminate the knowledge in financial management and also facilitate continuous guidance to the CBO officers. Two sessions of FMS training is planned for the project period but training alone would not facilitate the CBO officials at the village in effective implementation of a financial management system. They require more guidance and the practice as most of the officers have had no previous exposure or knowledge in record keeping and financial management. The problems and issues identified at the village level indicate that they need such an interaction for a longer period. The specialists will be placed at the village level who will guide them and work with them on continuous basis till the completion of the sub-project, enabling them to have a thorough understanding on the system through practice, on the job training and discussion. This will also provide them with an extra confident that there will be some one to guide and facilitate them till they familiarize the system adequately and comprehensively.

14. The costs of this proposal are very high, over 1million US\$, see Appendix 7 for a breakdown of the costs, due to overall project cost constraints the costs of this proposal is not included in the costings for the project.

4. Certification Approach

15. The auditing and certification process too was not clear to the CBO officials and therefore many CBOs have not conducted their annual audits on time. Therefore, the certification approach too was discussed at the training sessions. The importance of having the financial statements prepared, audited and certified in time was highlighted to the CBO officials. It was also highlighted that the certification by a Chartered Accountant is not

essential but it is important that a competent and experienced auditor be engaged by the CBO to audit the financial statements.

16. The Process suggested for the certification of CBO financial statements is as follows.

- (i) Select auditors with appropriate knowledge and competency for the certification of accounts
- (ii) Register them at NWSDB
- (iii) CBO appoints the auditor from the listing of auditors maintained at NWSDB
- (iv) A guiding set of financial statements will be provided to the auditors registered at NWSDB, so that a uniform system of presentation will be followed by all CBOs
- (v) A set of standards adjustments required to be made to the CBO financial statements by the auditors, will also be provided so that all CBO will use and adopt similar accounting concepts, principles, policies and guidelines.
- (vi) Make it mandatory that the CBO's accounts are audited and forwarded to its membership within a stipulated time frame.

17. It was also suggested that the trainers engaged in training of CBOs will also be registered as auditors for the certification of CBO financial statements.

5. Training Assessment and Summary

18. The outcome of training sessions were assessed through a post-evaluation process applied on selected sample of CBOs. The sample covered the CBOs in Monaragala, Puttalam and Polonnaruwa Districts. There were 20 CBOs from these districts included in the sample and most of them showed an improvement on maintenance of accounts and clarity of their day to day accounting activities. Some were also showed an understanding on setting appropriate tariff, prompt collection of dues, prompt banking of collections and internal control systems on receipts and banking of funds, preparation of bank reconciliation systems etc. Some enthusiastic CBOs have commenced preparing the records (particularly the cashbook) from the previous year onwards based on methodology discussed at the training sessions. They also indicated that they rewrote the books of account of the previous year as an exercise to familiarize the methodology presented at the training. It was clear that majority of CBO sample (68%) which selected for the assessment had already taken steps to enhance the quality and accuracy of books of account and also improvement of management and operation mechanism of the CBOs. Many have taken steps to have their financial statements audited, investing excess funds in appropriate manner securing high interest income and also some have taken steps to analyze their tariff structure to verify whether they need to be revised.

19. The above positive actions initiated by CBOs indicate that the training conducted has been effective and created a positive outcome. Further, there were many requests from the other CBOs through their respective district offices to conduct training for them as well. Many CBOs who were not provided training under this program are looking forward to participate in a training session in the near future. However, the district offices also indicated that they invited many for the post review but had not responded to it, as they may have not been able to accomplish a noticeable improvement in financial accounting and managing the operations of the CBOs. Therefore follow-up actions with refresher training for the CBOs become important in dealing with such situations and ensuring that the maximum benefit from training conducted and enhance the effectiveness of the training program. When the effectiveness of the training program is enhanced and the CBO officers find it easier to make accounts, the participation in future training sessions would also increase.

20. The training assessment was also conducted before concluding training sessions. All participants were asked to fill in a standard evaluation form which covered four aspects. The four aspects covered are;

- (i) Whether the subject areas covered under training was relevant for CBO officials
- (ii) Whether the aspects discussed were properly understood by the CBO officials
- (iii) Whether the aspects discussed can be applied and implemented by CBO officials from now onwards
- (iv) Whether training was properly conducted and other comments

21. The summary of trainee assessment on training is tabulated below.

Question No.	Positive response	Negative response	No comment / response
a.	97	Nil	7
b.	97	Nil	7
c.	95	Nil	9
d.	94	Nil	10
Total	97	Nil	7

6. Summary

22. It was apparent from the CBO visits that there are many areas where the knowledge of the CBO officials be improved, in order to have a smooth operation of facilities and an effective operation of the function of record keeping and financial reporting. The most important areas identified were: (i) record keeping, (ii) monthly and annual financial reporting, (iii) office systems, (iv) operation and maintenance, (v) tariff setting, (vi) collection of dues (vii) sustainability and (viii) audit of financial statements. All these areas were covered by the FMS training conducted during the project preparation period giving more emphasis to the aspects such as record keeping, reporting and audit of financial statements. Other aspects such as tariff setting, recovery of O&M costs and collection of adequate funds needs more attention and elaboration in the future training interventions.

23. The training initiative implemented under this PPT covered 95 CBOs and 297 CBO officers. Many have shown a keen interest to attend these workshops and learn the accounting systems to be followed and to know other managerial aspects to be implemented.

24. The training was conducted through 10 trained trainers who have now gathered momentum in providing training to CBOs. Though there had been 13 trainers trained, only 10 trainers were been able to actively participate in providing training. The names and contact details of these trainers are attached as Appendix 4.

25. It was apparent from the CBO visits that there are many areas where the knowledge of the CBO officials be improved, in order to have a smooth operation of facilities and a effective operation of the function of record keeping and financial reporting. The most important areas identified are: (i) record keeping, (ii) monthly and annual financial reporting, (iii) office systems, (iv) operation and maintenance, (v) tariff setting, (vi) collection of dues (vii) sustainability and (viii) audit of financial statements. All these areas were covered by the training conducted during the project preparation period giving more emphasis on aspects such as record keeping, reporting and audit of financial statements. Other aspects such as tariff setting, recovery of O&M costs and collection of adequate funds needs more attention and elaboration in the future training interventions.

26. Assuming that the Rural District Sector sub-projects obtain funding then there will be a further 625 CBOs, in the districts of Anuradhapura, Polonnaruwa, Puttalam, Mannar and Vavuniya districts that are yet, or will need to receive training. The cost estimate of provision of training for these CBOs is about 355,000 \$, see Appendix 6 for the breakdown.

27. Provision of training is the main intervention considered to enhance the status of financial management activities at the CBO level. However, in order to broad base and improve the efficiency of project interventions with regard to financial management systems of CBOs, we propose an additional activity of establishing a Support Cell at the Community Water Supply Units (CWS) of each districts. The officers of the support cell attached to CWS would interact with the CBOs where projects are implemented. In order to address and overcome the issues encountered by CBOs which were discussed above in detail, we are of the opinion that such an intervention would be needed and be an added strength to the Project beneficiaries. Under this activity, it is proposed to create a “Support Cell” unit under the control of the Project Office, by appointing a service provider who has the capacity of providing financial management assistance and training services to the CBOs operating in all areas. This unit will operate under the project to facilitate the CBO officers on a continuous basis. The officers of the unit will be placed at the CWSs where projects are implemented. The officers of the unit will be visiting the CBOs in an allocated Pradeshiya Sabha area on almost daily basis, so that they can offer extensive support to the CBOs. The cost of this proposal is 1,000,000 \$, details are given in Appendix 7. Due to overall project cost constraints the cost of this proposal has not been included in the overall project costs.

28. An other suggestion, is that to ensure that the financial management and systems are maintained at CBOs, that it is necessary to develop an externally provided, internal audit mechanism under the project. The internal audit unit could be created by hiring a suitable firm of chartered accountants. When the auditors visit the CBOs for internal audits, they should also discuss the weak areas they have found and guide them in maintaining proper books of accounts and resolving other operational issues. The tentative fee estimate for an external audit service would be about US \$ 40,000 per annum, this has not been included in the overall project costs.

APPENDIX 1 - FINANCIAL MANAGEMENT MANUAL

Appendix 1.

**COMMUNITY BASED ORGANISATIONS (CBOs)
FINANCIAL MANAGEMENT MANUAL**

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**FINANCIAL MANAGEMENT MANUAL
FOR COMMUNITY BASED
ORGANISATIONS**

1. INTRODUCTION

This manual is intended to guide the Community Based Organisations (CBOs) of the Rural Water Supply and Sanitation Projects (RWSS) implemented by National Water Supply and Drainage Board (NWSDB) to operate an effective financial management system. It is expected that the CBOs would take into consideration the contents of this manual and adopt suitable accounting procedures and effective financial management systems to achieve the objectives of the project.

It has been observed that most CBOs have improved their abilities on their own and operate their projects by working together, with members of the community and related agencies. Sound procedures have been formulated to sustain the interest of the membership to ensure sustainability of the facilities. However, some CBOs have been accused of insufficient financial discipline and transparency particularly after the construction phase. At the same time there are some CBOs that have generated funds through collection of revenue/tariff, membership fees and proceeds of their collective efforts.

Despite the fact that many CBOs have attempted to make good use of such funds, it was found that some of them have not achieved their objectives due to lack of knowledge of standards and best accounting practices and procedures.

Therefore this manual, attempts to introduce elementary and simple financial management procedures that a CBO could follow without an extra effort and additional inputs of accounting personnel. The RWSS also would attempt to train CBO office

bearers through participatory training workshops to enable them to assimilate the contents of this manual.

It is anticipated that the manual would eventually contribute to long-term sustainability of improved facilities and transcend CBO activities beyond present projects and community activities.

2. The Project and Development Objectives

The development objective of the proposed project is to enable the rural poor to improve their livelihood and quality of life. The objective will be achieved through: (a) Supply and drinking water, (b) empowering communities to manage sustainable small water supply schemes in more responsive and accountable manner.

3. Institutional Framework

The Project will be implemented by RWSSU of the NWSDB under the guidance of RWSSP. Rural Water Supply and Sanitation Project (RWSS) is the national coordinating and facilitation body of the NWSDB under the assistance and direction of the Asian Development Bank and GOSL. RWSSD will also be assisted by Pradeshiya Sabha and various other Government organisations.

4. Implementation Arrangement

Table 1

		Stage 1	Stage 2	Stage 3
1	Facilitation	RWSSU	RWSSU	RWSSU
2	Appraisal	PS	PS	PS
4	Monitoring	PS	P S	P S
5	Supervision	RWSSP	RWSSP	RWSSP
6	Fund release to CBO	RWSSP	RWSSP	RWSSP

RWSSU – Rural Water Supply and Sanitation Unit

RWSSP – Rural Water Supply and Sanitation Project

5. COMMUNITY BASED ORGANISATIONS (CBOs) / VILLAGE ASSOCIATIONS (VAs) AND THE NEED FOR FINANCIAL MANAGEMENT

a) What it is a Community Based Organisation (CBOs) of the RWSSP?

The CBO of the RWSSP is a collection of a group of men and women living in a specific project area, generally a GND, which consists of one or few villages. Such a CBO is governed by a code of ethics, rules and regulations enshrined in a constitution and agreed by the membership. The office bearers are elected through a democratic process and therefore their primary accountability lies towards its members. The members of a CBO are serviced by a Community Water Supply Project (CWSP) and a Sanitation Project. Despite the fact that NWSDB has assisted construction of infrastructure projects and sanitation projects, the sense of ownership for completed schemes is deep-rooted in the CBOs, and therefore the community will be committed to look after operational and maintenance aspects of their projects.

The main project components for which the RWSSP will be assisting are as follows.

1. Water Supply Project (WSP)
2. Sanitation Project (SP)

The CBO will appoint about 10 –15 office bearers from its membership, which will be governing body of the CBO and known as Office Bearers. The BOD will consist of the Chairman, Secretary, Treasurer and the Office Bearers. These office bearers will be appointed annually by its membership at the Annual General Meeting (AGM). The CBO has to hold an AGM within three months of its financial year-end. The financial statements and progress report of its activities should be presented by the BOD to its members at the AGM. In addition to the AGM the BOD can convene a General Meeting of its members at their discretion to discuss the matters relating to the CBO activities.

The CBO can be formed in two different types of legal entities.

1. A society registered under the Companies Act No. 7 of 2007
2. A limited liability company incorporated under the Companies Act No. 7 of 2007

6. How can we Register our CBO?

Table 2

	Registration of Society	Incorporation of Limited Liability Company
1	Obtaining the name approval from the Registrar of Companies (ROC)	Obtaining the name approval from the Registrar of Companies (ROC)
2	Preparation of Constitution of the society stating the objectives and powers of the company	Preparation of Memorandum and Articles of Association (M&A) stating the objectives and powers of the company
3	Obtaining the approval of constitution from ROC	Obtaining the approval of M&A from ROC
4	Certification of constitution by an Attorney at Law	Certification of M&A by an Attorney at Law
5	Submitting the constitution to the registrar of Companies with necessary payment and relevant other forms	Submitting the M&A to the registrar of Companies with necessary payment and relevant other forms
6	Obtaining the Certificate of Incorporation	Obtaining the Certificate of Incorporation

Once registered the CBO, it will have different legal obligations depending on the type of organisation formed and are discussed in the Para 38 of this manual.

7. Who are the Office Bearers in charge of Financial Management?

The Office Bearers (OB) will have the responsibility of undertaking financial management functions of the CBO. The specific duties of OB are as follows:

a. Treasurer of the CBO

The Treasurer of the CBO is assisted by an Accounting Assistant and has the following **responsibilities**:

- Custodian of all books of accounts
- Make all payments on behalf of the CBO
- Prepare all vouchers and receipts
- Maintain all books of account
- Prepare Financial Reports
- Ensure that Project Financial Guidelines are complied with
- Exercise control on expenses vis-a-vis budgets
- Facilitate auditing of accounts
- Safe Custody Books of Accounts, Cheque Books, Counterfoils, Petty Cash, Stamps etc.
- Render the above documentation when requested by the RWSSP Staff, external/internal and Government Auditors, Divisional Committee Members, BOD, and Finance Committee.

b. Finance Committee

The finance committee is entrusted with the following **responsibilities**:

- Responsible for overall financial management of the RWSSP and oversight financial management of other sub projects/committees
- Preparation of Annual Budget with activity plans and ensure the availability of the funds

- Recommend release of funds to Sub-Project Committees
- Ensure accuracy and transparency of the financial transactions
- Monthly financial statements are prepared, communicated and displayed to the membership (notice board/Office etc) The main details such as estimated total project cost, actual project cost up to the reporting date, total funds received from RWSSP to date, total community contribution received and expected date of completion etc. will be displayed.
- Take overall financial decisions on behalf of the Board of management (BOM)
- Review audit reports, take corrective actions and submit follow up reports to BOM
- Scrutinise books of accounts of CBO and ensure their accuracy, completeness and safe keeping
- Verify financial reports of CBO and authenticate the same
- Ensure financial reporting of sub-project committees
- Ensure the utilisation of funds by sub-project committees are in accordance with the agreements entered into with RWSSP.
- Ensure timeliness completeness of audit of financial statements of CBO and filling of necessary returns with authorities in time.

c. Internal Audit Committee

The Internal Audit Committee appointed by the BOM will conduct the scrutiny of all the activities of the Executive Committee and other subcommittees. Internal Auditing will be a continuous activity and the deviations noted by the Internal Audit Committee should be rectified immediately by the BOM of the CBO.

d. Other Sub-project committees

These committees are formed to carry out other project activities such as Income Generating Activities, Agriculture Activities and village infrastructure development projects. These committees are responsible for the following.

Responsibilities:

- Operate the Sub-Project account along with the treasurer of BOM
- Obtain proper vouchers and bills for the payments made by the sub-project
- Maintain all other records connected with Sub-Project implementation
- Report the progress to the BOM
- Submit the monthly progress reports
- Collect dues from members and issue receipts
- Account all cash contributions and labour and kind contributions by the members towards the sub-project activities
- Keep safe custody of vouchers, summaries and other records until such time they are handed over to the treasurer or to the Secretary
- Ensure all the procurements are made in accordance with the rules and regulations of the CBO and those agreed under the Financing Agreement etc. entered into with RWSSP.
- Procurement of goods and services required for the sub project

e. Procurement Committee

Procurement Committee will facilitate the procurements of the CBO and sub-project committees, which are referred to them by the sub-committees and those coming under their purview as per the procurement thresholds. The committee also provide advisory services on various issues that the sub-projects are facing on day to day basis.

Responsibilities:

- Call for tenders/quotations for items to be procured by the CBO or sub-project committees.

- Ensure that other sub-projects adhere to the procurement limits and thresholds
- Evaluate tenders/quotations and advise to CBO and sub-project as to the items to be purchased, at what price to be purchased and from whom to be purchased.
- Ensure all the procurements are made in accordance with the rules and regulations of the CBO and those agreed under the agreement entered into with RWSSP.
- Fixing the value limits of direct purchases, which can be made by each sub-project committee.
- Other facilitations to the treasurers and sub-project treasurers

8. What is the Need for Financial Management?

It is agreed that long-term sustainability of the projects undertaken by the CBOs depends on many factors. In addition to technical soundness of the scheme, some of the factors contributing to maintenance are:

- Maintenance of funds generated by the CBO,
- Methods developed by the CBO for continued generation of funds (E.g. income generation activities),
- Extent of financial accountability of the CBO towards membership through sound financial record keeping and accounting procedures,
- Accuracy of financial statements prepared by the CBO on the basis of an established financial reporting system.
- Extent of maintenance responsibilities undertaken by the CBO. (The RWSSP expects a CBO to undertake 100% maintenance responsibility),

In view of the above it is imperative that a CBO should adopt an effective accounting procedures and financial management practices easily understood by its membership, in order to maintain the financial discipline.

What does Financial Discipline mean?

In dealing with the money matters of the CBO, three important regulations are to be observed by its members. The FMS of CBOs are built up on these regulations which act as the pillars of CBO FMS and as follows:

- Transparency
- Accountability
- Prudence

Transparency

Transparency means that:

- All financial transactions are made with full knowledge of the BOM, leaving no reason for confusion.
- Every member of the BOM has got the right to know the details of all financial transactions.
- All financial transactions are clearly recorded with every details and every member in the community can verify the records.

Accountability

What we mean by Accountability are:

The Office Bearers have to exercise their financial powers with utmost care and remain answerable to the BOM.

- The Office Bearers are liable for any transaction not complying with the guidelines and the BOM can penalise them for their responsible actions
- All financial transactions are to be properly reported to the BOM and sanction or ratification must be obtained.

Prudence

Prudence refers to the following:

- All financial transactions have to be done with utmost care protecting the full interest of the community.

- No Office Bearer or their relatives or allies directly or indirectly get undue benefit from a financial transaction of the BOM.
- All financial transactions are to be documented carefully with correct documentary evidence using sound accounting principles.

The financial discipline and financial management system are crucial for a CBO due to the following reasons:

- To work with similar agencies,
- To maintain a good image, improve membership participation leading to effective management of affairs,
- To maintain linkages with external resource agencies to secure funds for extended program implementation,
- To comply with legal, statutory and constitutional requirements,
- To set in motion a process for strengthening the capacity of the CBO for long-term sustainability.

9. BANK ACCOUNTS OF CBOs?

In Sri Lanka, there are two types of commercial banks.

- Public (Govt) banks
- Private banks

It is expected that CBOs would transact with public banks. The popular banks are Bank of Ceylon and People's Bank. There are a variety of accounts that could be operated with these banks. Some of them are:

- Current accounts
- Savings accounts
- Fixed deposits

Of the above three types, the most useful accounts for a CBO are the current accounts and the savings accounts.

The Village Organisation has to open and maintain two separate bank accounts as follows:

- i. Bank account Number 1 – Current Account: This is to receive the project funds from RWSSP and to make general payments on civil works and other construction related activities.
- ii. Bank Account Number 2 – Savings Account: This is to record all other receipts from RWSSP as well as upfront cash contribution for sanitation from communities (Community Contributions), and income from the Sanitation Revolving Funds such interest on loans and interest on bank deposits etc.
- iii. Bank Account Number 3 – Savings Account: This to record all other receipts to CBO such as membership fees, upfront cash contribution from communities (Community Contributions), and income from other activities undertaken by CBO.

The signatories to these accounts will be the CBO Chairman or Secretary (one signature) and the Treasurer (other signature). The books of account and details of receipts and payments will be kept by the treasurer or a designated board member by the BOM. These accounts would have the project component funds transferred by the Project and funds generated by the own activities organised by the sub-committee, e.g. to interest on lending, service fees, donations and other income. Payments made by the sub-committees to carry out its functions are also made through these accounts and recorded in the respective bank accounts. It is the

responsibility of the treasurer to maintain the books and records pertaining to these bank accounts.

10. How to open a Bank Account?

Procedures to be followed by CBO in opening bank accounts are as follows.

- BOM has to pass a resolution to open bank account specifying name of the bank, type of account etc;
- The bank account of the CBO must always be opened in the name of the CBO only and not in the name of individuals. There should not any account opened in the name of sub-project committees;
- All bank accounts shall be operated by at least 2 persons (two signatories) as discussed above (Chairman / Secretary and Treasurer)

The following documents should be submitted to open a bank account.

- Constitution of the CBO,
- Certificate of the registration of CBO,
- Copy of the minutes of the annual general meeting at which the decision to open an account is taken,
- Bank mandates provided for specimen signatures of authorised persons to sign and operate the account on behalf of the CBO,
- Duly filled and signed application for opening of accounts,
- A covering letter addressed to the Bank Manager signed by the Chairman, Secretary and Treasurer requesting to open an account,
- Minimum amount of cash to be deposited in the account.

11. What is a Current Account?

It is required to use cheques to operate a current account. Interest will not be paid by the bank on current account balances. However an amount will be deducted as bank charges for this type of accounts on a monthly basis. Although a passbook is

not issued, unlike for a savings account a bank statement is issued to the current account on monthly basis. One of the features of this account is that money can be drawn any number of times during banking hours as against balance available in the account.

How to operating a Current account?

The account will be operated by issue of cheques. While making cheques, the following principles should be observed:

- i. Write clearly the date
- ii. Write the name of the person/institutions to whom the payment is made.
- iii. Write clearly without overwriting the amount in figures.
- iv. The amount must be written in words as well.
- v. At least 2 authorized persons must sign the cheque and initial counter foils
- vi. Since we are operating more than one bank account ensure that the cheque belongs to the particular account we are operating.
- vii. Always cross the cheque to ensure that only the person/institution entitled to receive the amount will receive funds.
- viii. Write clearly the date, amount, payee and voucher number in counter foils.
- ix. Check the amount and name of the payee, which appeared in the voucher and invoice before writing cheque.
- x. Enter all bank transactions in the daybook and respective bank account maintained in the ledger.
- xi. Apart from local purchases all transactions as far as possible must be settled through the bank account/by cheques.
- xii. The changes of cheque signatories should be notified to the bank immediately. The substituted signature /appointed signatory shall be attested by the BOM.

12 What are Savings Accounts?

If it is not required to withdraw cash very often, it is advisable to open a savings account. Interest of approximately 7.5% - 10% p.a. is paid on the balance. A Passbook will be issued for a savings account. However, due to operating difficulties, it is not encouraged to have Savings accounts opened by the CBOs.

13 Preparation of Budgets

CBO's are required to estimate the requirement of funds for the different sub-projects activities that they intend to implement.

Why we must have budgets?

Budget will help us in planning our requirement of financial resources. Budgets will also help us to control expenses within budgeted amounts. We will also know when we require money so that the sub-projects are implemented smoothly. We will be able to buy the correct materials according to specifications.

How to prepare budget?

Budgeting involves activities under 2-steps and they are as follows:

Estimating the quantities of labour, materials etc. required for the sub-project

Arriving at fund requirement by multiplying the required quantities with unit rates.

Estimating Quantities

Estimated quantities of labour are identified based on the quantum of work to be carried out by skilled and unskilled workers. The quantities of materials are estimated according

to technical specifications. The key officials of CBO will prepare the quantity estimates with the help of Technical Assistance team of RWSSP.

Unit Rates

The unit rate of labour as well as materials must be according to the market rates. The RWSSP with the help of their divisional staff (consultants) will make available the unit rates to CBOs. We must ensure that the rates are updated periodically and materials and labour will be available at the specified rates.

14. ELEMENTARY RECORD KEEPING LEADING TO PROPER FINANCIAL MANAGEMENT PRACTICE

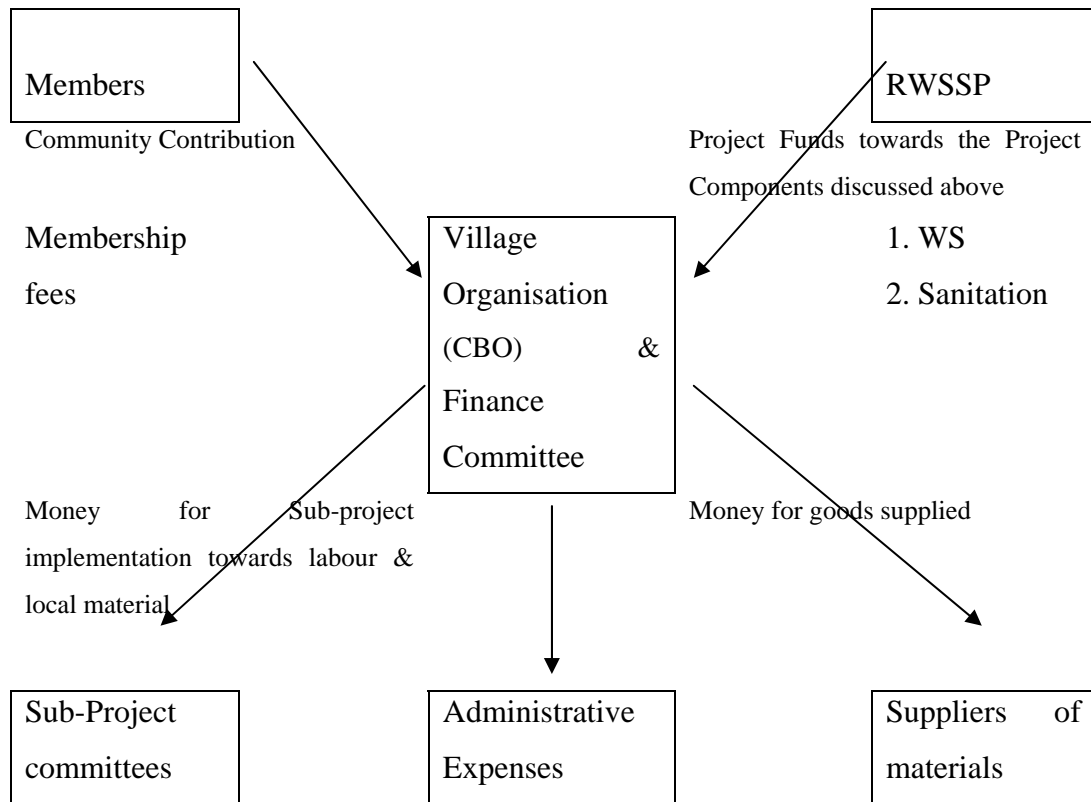
a) Nature of Financial Transactions of a CBO

Financial transactions of a CBO would comprise of receipts of funds as well as payment of funds, in other words flow of funds. “Funds” is the collective name we use for the money of CBO.

By understanding the fund flow we will know the paths through which funds will come into the CBO as well as paths through which the CBO pays funds to others. The salient feature the RWSSP project is that the funds intended to develop the village will directly come into the CBO. The expenditure of the funds one salient feature of the funds will be according to the priority set by the villagers.

The following diagram will illustrate the flow of funds of the CBO.

Figure 1



b) What type receipts the CBO will have?

i. Membership fee

Receipt from members as registration fees and an annual subscription has to maintain in registration separately.

ii. Contribution by Community

Village Community has to contribute a part of the cost of the Project. This could either be in labour or both labour and cash amounting to approximately about 20% to 30% of the total project cost. It is a compulsory policy required by Asian Development Bank.

iii. **Revenue from Project Activities initiated under the project (E.g.)**

Table 3

Project	Revenue
Water Supply project	Revenue through usage of water
Other Activities (long-run)	
Farming/Agriculture/ Nurseries	Sale of plants, milk, vegetable, eggs
Prepare of handicraft items & clay goods	Sale of handicraft items, clay goods

iv. **Donations**

Communities receive donations from well-wishers, NGOs and local & foreign authorities or individuals.

v. **Other income**

Other than project income any income arise on other activities
E.g.: Film festivals, dramas, and fairs (Salpil)

vi. **Repayment of loans by CBO members**

vii. **Receipts from RWSSP for WS & Sanitation activities**

Receipt from RWSSP for project activities is included in this category.

viii. **Receipts for membership fund and Community contribution**

ix. **Interest on Bank accounts (Savings a/c)**

Interest, which is earning through saving accounts opened by community.

c) **What type of Payments the CBO will have?**

a. **Construction Cost**

Cost of raw materials (such as material, sand, cement, timber, rubble metal etc) used in construction of a building on any structure transportation charges, payments for skilled labour, such as mesons and carpenters and for provisions of technical advice/assistance etc are included in this category.

b. **Administrative Expenses**

This includes expenses on telephone, postal charges, stationary travelling, entertainment expenses for AGM (except those for training), electricity charges, printing of posters, banners and other administrative costs.

c. **Training Costs**

All expenses covering different types of expenses related to training e.g. food and lodging stationary, payments for resource persons' fuel or vehicle charges and overtime etc. need to be accounted under this section.

d. **Financial Costs**

Finance costs include; Bank charges, Bank interest (on overdrafts and loans) and Cheque book charges etc.

e. **Other Costs**

Depending on the activities undertaken by CBO apart from water supply and sanitation, there will be different types of expenses to be incurred. These need to be recorded in a separate cash book and should be classified suitably. E.g. Advertising/promotional expenses (poster notices etc.), Transport charges for marketing, rent or lease of a building used for this purpose of selling goods, commissions or daily wages as incentive paid to those who engage in marketing, production expenses which include cost of raw materials, cost of transportation of raw materials, labour (daily wages), packing charges and any other expenses directly concerned with the production of any item.

15. What are the Conditions in releasing Funds?

The funds for Sub – Project implementation i.e. for the Water Supply and Sanitation will be released to the CBOs by RWSSP. The basic principles of release of funds at both these levels are:

- Project funds are released only in instalments.

- Utilisation of the funds already released and achievement of certain clear outputs and milestones are need for release of subsequent instalments.
- Certain important activities need to be completed by the CBO to become eligible to receive each instalment.
- Not obeying the conditions of release of instalments will result not only in non-receipt of subsequent instalments but also result in returning funds already released to the CBO.

The activities, which were planned in the Village Water Supply Development Plan, are implemented in different stages. Each stage will consist of a certain number of activities. Completion of these activities will result in certain physical outputs called “milestones”. There are different stages for the different components and the release of funds to CBO will follow these stages. The release funds will in two ways. The first payment will be an advance payment to commence construction. The second payment and the others will be progress payments which will be released based on the invoices raised depending on the extent of civil work completed. The different stages for each of the project components and the milestones to be completed under each of the stages are described below.

a. Component A: Water Supply Facility at the Village

The different stages of implementing the component, amount of instalment of funds to CBO and the condition to be fulfilled by us for each the stages are given below.

Table 4

Condition for transfer of Funds to CBOs Component A: Water Supply Facility (WSF)	
Stage, Instalment number and amount	Activities to be completed
<p>20% of total budget (Advance payment)</p>	<ul style="list-style-type: none"> • CBO/Village Association (VA) is formed • At least 50% of the households are members of VA and out of that at least 50% of the poorest are members of the VA. • Preliminary village needs assessment report completed with at least one specific gender and youth need identified • Organisations programmes on capacity building guidelines, financial management, procurement, leadership qualities are completed.
<p>Progress Payments 80% (Released in stages)</p>	<ul style="list-style-type: none"> • Invoice with Progress report, on construction of water supply facility with the request. • Permanent committees and sub committees on various sub projects trained in COM modules and exposed to best practices. • Training of various O&M and sustainability activities are conducted • All sub project activities identified in the planning document are completed.

b. Sanitation Revolving Fund (2.3)

The various activities to be fulfilled for receiving RWSSP funds by CBO for implementing Sanitation component of the village are summarised below.

Table

5

Condition for transfer of RWSSP funds to CBOs Component B: Sanitation Revolving Fund (SRF)	
Stage: Instalment number and amount	Activities/Milestones to be completed
Instalment 1 100% of total funds	<ul style="list-style-type: none"> • The eligible beneficiaries in the village for support have been identified. • Village community has been mobilised into small groups, cluster committees • The CBO has adopted the rules and guidelines for S R Fund and disseminated all information about various subcomponents among all the villagers through IEC campaigns and display boards. • The financial and accounting systems have been set up and books and receipts have been supplied to VA • Opened separate bank account by the CBO • The beneficiaries have paid their contributions towards SRF and they are deposited into the Bank account opened for SRF.

16. Payments by CBOs Eligible to be met out of RWSSP Funds

a) Community Capacity Building Activities

1. Setting up of CBO office:- Office furniture, (table, chairs, cupboards) computer, printer, UPS, voltage stabiliser, minor renovations, electrical wiring and painting etc. 15% of CBO contribution required.
2. CBO office management cost:- Computer stationery, other supplies, telephone charges, electricity charges maintenance, transport, travelling, village facilitators, monitoring facilitators and accountants salaries. 20% of the VA contribution is required.

3. Institution building fund:- Registering of VA, legal fees, fees of ROC, audit fees. 5% of the VA contribution is required.
4. Promotional and support to community sub-project implementation:- IEC campaigns, initial feasibility studies, exposure visits to collect information, training, technical assistance etc.
5. Technical assistance for implementation:- Consultancy studies, technical assistance and training etc.
6. Civil works – All expenses incurred on construction of village water supply scheme in accordance to the estimated cost and the detailed work plan and completed with at the expected level of quality will be reimbursed by the Project. Identified percentage of the community contribution (labour and cash) is required.

b) Sanitation Revolving Fund

1. Construction and repair of latrines at the initial stage (1st round – 3rd round)
2. Loans to the beneficiaries of CBO for income generation activities.

Funds for sanitation Revolving Fund will be released by the Project at the conclusion of the Mobilisation phase. This is used by the CBO to lend money to its members for the purpose of construction or rehabilitation of latrines. The loans granted to the members will have to be recovered by CBO with an interest charged at a rate agreed upon at the AGM. The collections including interest will be reinvested in the Sanitation Revolving Fund which will be used in granting loans on continuous basis. Funds released for the Sanitation Fund will not be refunded to the Project (RWSSP).

Note:

THE GUIDELINES AND PROCEDURES ON THE ABOVE COMPONENTS / FUNDS WILL BE FINALISED IN CONSULTATION WITH THE PROJECT FORMULATION TEAM

17. What is the Financing Agreement (FA)?

We have learned that there are different stages for completing each of the Sub-projects included in the water supply scheme planned for the village and the sanitation activity. These stages are elaborated in the action plans and Sub-Project Proposals. (*UNDER FORMULATION*). The funds to CBO are released based on stages and completion of milestones by us. All these arrangements are documented in an Overall Financing Agreement (FA) signed between the CBO and RWSSP. The Overall Financing Agreement is signed when the planned water supply scheme is evaluated and cleared by divisional Technical Advisory Committee and RWSSP. The format for the Financing Agreement is available in the RWSSP operational Manual.

18. RECORD KEEPING

What is the need for record keeping?

All financial transactions (involving receipts such as membership fees, annual subscriptions, cash contributions and sanitation loan recoveries etc.) and payments such as payment for civil works, procurement of goods and services and sanitation loan payments etc.), are recorded at the CBO level.

All receipts and payments need to be recorded by raising Receipts and Payment vouchers. Receipts and payments have to be recorded systematically due to the following reasons:

- Inability to remember details of transactions for a long period,
- The need to recall the transaction itself along with the background information,
- Need to make subsequent submission on the transaction, to its members,
- To establish accuracy of transactions,
- To indicate the volume of transactions and extent of assets and liabilities of the organisations,
- To establish credibility,

- To meet the requirements for credit,
- To meet statutory requirements.

19. Receipts

Members normally remit their dues either in the form of cash or by contributing labour and material. While contributing labour, the members may remit the entire wage earned as contribution or would like to receive a portion of the wage earned as cash to meet food expenses. Hence two separate receipts will be used to account cash receipts and labour contribution

i. Cash Receipts

All cash and cheques received by the CBO should be immediately authenticated by issuing a receipt by the Treasurer or receiving officer. When members remit cash, a voucher which is titled as cash receipt need to be prepared in duplicate and the original be given to the member. The receipt should contain the particulars such as name of the paying person, description of payment (water bill, membership fees etc), date of payment, whether cash or cheque, amount paid (in words and as a figure), signature of the receiving officer / treasurer etc.

The original of the Receipt should be given to the payee, who in turn should take the responsibility of collecting it. The CBO will not entertain any complains on non-issuing of receipts subsequently. The second copy should be forwarded to the Secretary for safe keeping. Treasurer or the financial assistant should retain the third copy in the receipt book for data entry and future reference when needed. 10 receipt books serially numbered, should be printed at a time, the Company Secretary should maintain a register of receipt books and issue them to the treasurer, one at a time on the serial order of receipt books. The receiver of receipt books should acknowledge receipt in writing. The Treasurer becomes responsible for receipt books used and the Secretary, for the unused receipt books.

The format for the cash receipt is as follows:

Format 1

RECEIPT			
_____ Praja Mula Sanvidanaya			
Receipt No 1245A		Date: <u>19.10.2007</u>	
Received from Mr./Mrs./Ms. <u>K. Somasiri</u>		Membership No. <u>172</u>	
The sum of Rs. <u>1, 402. 60</u> (in figures) <u>Rs One Thousand four hundred and two and cents sixty only</u> (in word) as detailed below:			
	Particulars	Amount	
		Rs	Cts
1	<i>Annual fees / Membership fees</i>		
2	<i>Donations</i>		
3	<i>Water bills / Sanitation loan principal</i>		
4	<i>Fixed charge / Interest on loans</i>		
5	<i>Meeting charges</i>		
6	<i>New connection fees</i>		
7	<i>Late payment fines</i>		
8	<i>Other</i>		
9	<i>Other</i>		
Total			
President/Secretary		Treasurer	

a) Daily Receipts Book

All cash and cheques received by the CBO should be immediately entered into a register titled Daily Receipts Book. The daily receipts book will be maintained by receiving officer or the Treasurer. Format of the Daily Receipts Book is given below.

Format 2

Daily Receipts Book

Date	Receipt No	Name and address of payee	Amount Paid Rs	Mem: fees	Water charge	Late pay fines	Loan recoveries	Meeting fees
19.10.2007	1245A	K Somasiri	1,402.60	120.00	1,100.00	22.60	-	60.00

20. Payments

Whenever a payment is effected, a voucher is prepared in the following format. As we have already seen, separate vouchers need to be prepared for capacity building and project related accounts involving funds received from RWSSP. Each voucher shall be attached with bills and receipts supporting the payment made through the voucher. (refer format 3)

b) Payment Vouchers

A voucher should be prepared for every payment made by CBO. When making payments by cheques a normal “Payment Voucher” will be prepared and when making petty cash payment a “Petty Cash Payment Voucher” will be prepared. All the supporting documents with regard to the payment such as invoice, GRN etc.

will be attached to the payment voucher. The payment voucher should contain the following information.

Format 3

..... Praja Mula Sanvidanaya
PAYMENT VOUCHER

No.

Name of Payee.....

Description of goods / services	Quantity	Unit Price		

Amount in words: *Rs Six Thousand Two Hundred and Fifty only*

Authority for Payment.....

Prepared By:	Checked By:
Name:.....	Name:.....
Signature.....	Signature.....

We Certify from personal knowledge*/from the certificates in the relevant files*/that the above Supplies*/services*/works duly authorized and preformed and that the payment of Rupees *Six Thousand Two Hundred and Fifty* and cents ----- is in accordance with the regulations*/contact*/and is fair and reasonable.

.....
Date:..... Chairman Secretary Treasurer

Received this *22nd* day of *August* .2007.. in payment of the account, the sum of Rupees. *Six Thousand Two Hundred and Fifty* and cents ----- only

Witness:..... Signature of receiver

Signature of Paying Officer.....	Paid in cash*/By Cheque No:.....Date:.....

How to Prepare a Payment Voucher?

- When Village Organisation or Sub-Project Committee makes a payment, the payment voucher is prepared
- The recipient of the payment must sign the payment voucher
- Bill, receipts etc. showing the full details of goods and services or materials supplied, quantity, unit rate, date of supply, amount etc. are to be attached with the payment voucher.
- The details in the payment voucher shall be filled with the following particulars:
 - Name of the Recipient of the payment
 - The reason for making the payment
 - The mode of payment (cash or cheque)
 - Particulars of the bills/receipts
- When fully authenticated and sealed bills or receipts from recipient of the payment is attached with the payment voucher, the receipt need not sign the voucher
- Also when payments are made in the from of a cheque, the invoice against which the payment is made shall be attached to the voucher and formal receipts need to be obtained and later attached to the payment voucher.
- Whenever advance payment are made, sufficient cross-reference be recorded in the advance payment voucher as well as the final payment voucher.
- When making payment voucher for labour charges a single consolidated voucher can be prepared indicating the total amount of labour charges paid. A detailed muster roll must be prepared and attached with the labour payment voucher in the following format:

Format 4

**..... Praja Mula Sanvidanaya
Daily Labour Contribution Register**

Name of Sub – Project -----

Date -----

Member _ship No. 1	Name of the Person 2	Descripti on of work 3	Amount of wage Rs 4	Amount Paid Rs 5	Balance (Contrib ution) Rs 6	Contribu tion receipt No 7	Signatu re 8
Total for the Day			xxxxx	xxxxx	xxxx		

A receipt will be issued to the member on the unpaid amount which is the labour contribution made by the member. From the receipts issued above and the register maintained above the Individual Members Accounts Register will be updated. The monthly summary will also be prepared indicating the date and the total labour contribution received on each day to identify the total contribution received in the month. From this summary, the journal will be made and ledger accounts will be updated by the treasurer of the CBO. The monthly summary will also be sent to the RWSSP as a part of the reports to be submitted.

21. MAINTENANCE OF FINANCIAL RECORDS

In order to ensure a proper accounting and financial management system a CBO should maintain the following basic financial records and statements.

i. Cash Book and Bank Accounts

The cash book is a register to record all transactions at the village organisation or sub-project committee level. It is necessary to maintain separate cashbooks for four different bank accounts.

The transactions are either

- Receipts or
- Payments

The transactions also fall into two categories:

- Cash transactions and
- Transactions through Bank

c) Cash Book

This is the book where all cash transactions are recorded. All monies received by CBO in cash or by cheques, should be entered on the left side of the cash book [receipts side/debit (Dr)] and all payments made by cash be entered on the right side [payment side/credit (Cr)].

Format 5

Cash Book (Single Column)

RECEIPTS (DR)					PAYMENTS (CR.)				
Date	Description	Receipt No.	Ledger folio	Cash Rs	Date	Description	Voucher No.	Ledger Folio	Cash Rs.

The CBO in its transactions could receive cheques from the RWSSP as well as other agencies and it requires to be banked to obtain funds. Therefore essential to open a bank account and maintain an account for same in the books of CBOs to record the bank

transactions. These are recorded in a separate account termed as Bank Account, a specimen of which is given below:

Format 6

Bank Account

DEPOSITS (Debit)					PAYMENTS (Credit)				
Date	Description	Receipt No.	Ledger folio	Bank Rs	Date	Description	Voucher No.	Ledger Folio	Bank Rs.

All receipts from RWSSP for project activities should be deposited in a special bank a/c opened for the particular activity. They are recorded in the debit side of the cash book. When releasing the funds to the beneficiaries, they should be entered in the payment side (credit side) of the bank account. Issuing cheques to the beneficiaries or cashing one cheque for the amount to be paid will result in release of funds.

A format of a two- column cash book is given in format 15, if CBO wishes to use the same instead of maintenance of two separate accounts for cash and bank.

d. RECORDING OF CASH BOOK ENTRIES

Single Column Cash Book - Example:

Date	Description	Amount (Rs.)
01.08.2007	Balance in cash	4000.00
04.08.2007	Purchase of five Nos. Machineries	1200.00
05.08.2007	Receipt of membership fees	2400.00
06.08.2007	Postal charges	100.00
07.08.2007	Sale of empty gunny bags	200.00
08.08.2007	Wages	1800.00

08.08.2007	Transport charges	150.00
15.08.2007	Purchase of wooden planks	800.00
18.08.2007	Receipt of membership fees	250.00
23.08.2007	Purchase of cement	2100.00
26.08.2007	Donation to the CBO by Sirisena Mudalali	2000.00

Format 7

Cash Book (Single Column)

Receipts (Dr.)..				Payments (Cr.)..			
<i>Date</i>	<i>Description</i>	Receipt No.	Cash	<i>Date</i>	<i>Description</i>	Voucher No.	Cash
01.08.07	Balance	-	4000.00	04.08.07	Purchase of machineries	1	1200.00
05.08.07	Membership fees	1-10	2400.00	06.08.07	Postal charges	2	100.00
07.08.07	Sale of empty gunny bags	11	200.00	08.08.07	Wages	3	1800.00
18.08.07	Membership fees	12-14	250.00	10.08.07	Transport charges	4	150.00
26.08.07	Donation	15	2000.00	15.08.07	Purchase of wooden planks	5	800.00
				23.08.07	Purchase of Cement	6	2100.00
				31.08.07	Balance c/f		2700.00
			8850.00				8850.00
01.09.07	Balance b/f		2700.00				

When any money is received by a CBO, a receipt should be issued immediately. A voucher should be written for any payment and an entry should be made in the cash book.

e. Recording of Bank Transactions

When a current account (bank account) is being operated by a CBO, it is necessary to maintain a bank account separately to the cash account discussed above.

Example is given below.

Date	Description	Amount (Rs.)
01.07.2007	Balance in cash	500.00
	Balance in bank	850.00
05.07.2007	Received cheques (3598) from RWSSP	3000.00
06.07.2007	Deposited cheque (3598) with bank	3000.00
07.07.2007	Withdrew cash from bank	2500.00
10.07.2007	Wages for skilled labourers	1500.00
17.07.2007	Membership fees	8000.00
17.07.2007	Payment made to Mr. Kalupahana for the supply of cement	700.00
23.07.2007	Tractor hire paid in cash	420.00
28.07.2007	Cheque given to Kirineris	380.00
30.07.2007	Deposited cash in bank	150.00
31.07.2007	Donation to the CBO by Sirisena Mudalali	7000.00

Format 8

Bank Account

Receipts					Payments					
Date	Description	Receipt No	L/F	Amount Rs	Date	PV No	Description	CH: No	L/F	Amount Rs
01.07.07	Balance			850	06.07.07		Cash			2,500
06.07.07	Cash			3,000	28.07.07		Skilled labour	5		380
30.07.07	Cash deposited			150	23.07.07					
31.07.07	Bank			7,000	31.07.07		Balance C/f			8,120
				11,000						11,000
01.08.07	Bal: B/F			8,120						

It is important that only transactions involving the bank are recorded in the bank account.

22. Use of Cheques

Withdrawals from a current account can only be made through cheques. Cheque books will be issued by the bank only to such account holders. A token charge will be made for such issues.

Specimen of a cheque

Scanned image to be inserted

The advantage of using cheques for transactions against using cash:

- Loss of cash is averted,
- As cheque counterfoils are maintained, some degree of the financial status of CBO could be assessed,
- Misappropriations and fraud will be minimised,

How to write a cheque?

First fill the counterfoil,

Date the cheque,

Name of payee / cash

Indicate the amount to be paid in words and in figures

Two signatures of authorised persons (Treasurers Signature is compulsory),

When writing a cheque, it is essential to indicate the details of the cheque in the relevant payment voucher.

The CBO should always write the cheques on the name of the payee and it should be crossed.

After the preparation of the cheque and before signing the same by the signatories, the payment voucher and the other supporting documents attached to it should be cancelled with “PAID” stamp.

23. Other Relevant Points in Maintaining Bank Accounts

The constitutional requirements embodied in the CBO constitution should be taken into consideration in executing financial dealings with the bank. For example in case of change of office bearers, (re-election, resignation, expulsion, death of a member etc.), the bank should be intimated in writing, the change occurred, with supportive documents, to ensure uninterrupted operation of bank transactions. Accordingly new mandates with specimen signatures of the new office bearers should be sent to the bank to formalise changes.

24. What is the Cash Advance Register?

Very often sub project committee will require cash advances from the CBO to purchase goods and services for implementation of project activities. In such instants the Treasurer of CBO has to arrange the advance required on the approval of CBO chairman or an authorised alternative office bearer. The advance collected should be spent for the specific purpose for which it was obtained and should be settled to the treasurer, within a week. Settlement of advance should be made by

submitting bills and other supporting documents for the amount spent and by handing over the balance money. If the recipient has spent more than the advance received the CBO will reimburse the additional amount paid by them. An IOU (I Owe You) will be prepared at the time of paying the advance and will be cancelled when the advance is settled.

If the advance is not settled within one week, the CBO will not grant any other advance to the same person, until the previous advance is settled. If the advance is not settled during a reasonable period, the CBO should take appropriate action to recover it. A schedule of unpaid advances has to be submitted by the CBO officer / Financial Assistant to the Treasurer at the end of each month. This schedule will be tabled at the BOM meetings where remedial action is recommended to recover the long outstanding advances.

25. What is Labour Contribution Register?

Treasurer and accounts assistant of the CBO is responsible for preparation of labour plan and maintain the labour contribution register.

Normal principles in identifying the labour contribution are as follows.

More than four hours but less than 8 hour is taken as half day

Eight hours or more than 8 hours is considered as one day.

At each stage of the project, the labour contribution should be identified and record both in number of days and value. The number of days will be multiplied by the daily rate to identify the value of the labour contribution. The daily rate will be decided at the AGM of CBO. At the end of the project total labour contribution is valued to identify the total project cost. (Total Number of hours * Rate per day (Rs)) (*Refer Specimen format 4*)

26. What is the Ledger?

A ledger is the book where all the accounts of the CBO are maintained. All the entries made in the cash book and bank account will be recorded in ledger account to complete the double entry of the particular transaction is concerned. A ledger folio (page No of the ledger) should be identified for each and every account in the ledger. A ledger account will contain two columns, viz. debit and credit columns. Where necessary relevant additional columns may be introduced to indicate reference to other ledger accounts or any other details to be shown. It is important to know that the cash book and bank account are also part of the ledger. A ledger should be maintained in accordance with the double entry system.

Heads of account (names of accounts) will be designed by RWSSP Mission Group and will provided to the CBO along with account code numbers. Specimen of a Chart of Accounts is given in Annexure 1.

The format for a ledger account is given below:

Format 9

Ledger Account

Head of Account Code:.....

Page No:.....

Description of Head of Account:

Date 1	Day Book Page No. 2	Description 3	Debit/ Expense 4	Credit/ Receipts 5	Balance 6

How to Make Entries in the Ledger?

- Each head of account in the ledger are posted from the Day Book
- Record the entries in the Day book as and when the transactions take place and ledger accounts are posted subsequently
- Ensure that all the transactions recorded in the Day Books are posted in the ledger or member's accounts register.

- Posting of receipts

The amount of receipt from the Cash Book & Bank Account as appearing in receipt (debit) column is recorded in the ledger column 5 (credit/receipts)

- Posting of payments

The amount of payments from the Cash Book & Bank Account as appearing in payment (credit) column is recorded in the ledger column 4 (debit/expenses)

27. What is Liabilities Register?

We may be buying materials or engaging labourers without paying them the full value / fees at the same time, but pay them at a latter stage. Because they have supplied the materials or performed the work, the CBO is having a liability to pay them. The accounts of the CBO will not be showing the amounts village organization has to pay on account of this liability. We may keep a separate register to note such liabilities particularly as of the year end (i.e. 31st March every year).

Liabilities Register

SI No.	Bill No. & Date	Item of material supplied or work Performed	Total Amount	Amount Paid	Balance amount to be paid	Head of Account
1	2	3	4	5	6	7
Total			xxxxx	xxxxx	xxxx	

28. Membership Fee Register

Membership register is a register, which will be maintained by CBO recording the details of its members.

The membership register will have two sections:

- Membership index register and,
- Member's individual accounts

The format for membership index register is given below:

Format 11

REGISTER OF MEMBERSHIP

Membershi p Number 1	Name of Primary Member 2	Name of Secondary Member 3	Date of Joining 4	Address 5	Page Number in Member's Accounts register 6

contributions made in kind to implement subprojects at the village organisation level.

At the sub-project level, the membership index register is not required. However the member's accounts register is maintained initially to record capital contribution and later remittance towards operational expenses.

Further a complete data base of village families and their members can also be maintained, which can be used as a village profile or in preparing the village profile. This data base should be updated on a regular basis.

29. Inventorying of Valuable and Permanent Articles and Consumable Items

It is required that the records on materials purchased by CBO be maintained properly by CBOs. Further there are other occasions where CBOs, in carrying out their routine activities, acquire goods & services either by purchase or as a donation. Goods received will be the property of the CBO and it is essential that the CBO maintain a record of such items. These items whether purchased or received as a donation could be separated into two categories.

Permanent Articles owned by the CBO

- furniture, household equipment, mammoties, allowangos, wheelbarrows, handcarts etc.

Articles used once or several times and disposed

- Cement, stationary, metal, sand

In order to enjoy the benefits outlined below, it is essential to maintain a register of these articles:

To maintain a control of the CBO properties,

To protect CBO properties,

To assess the value of the CBO at any given stage,

To transfer responsibility of the properties to another person/s at any stage.

It is also advisable to maintain two different registers for permanent articles and consumable articles. (Consumable items such as cement, PVC, GI, wire mesh etc)

The permanent articles book may be named PERMENANT ARTICLES REGISTER and the consumable article book as INVENTORY REGISTER.

Format 13

Article Register / Inventory Register

Name of the item:.....

Unit:.....

Date	Receipts			Issues			Balance
	Voucher Number	Quantity	Amount	Activit y Code	Quantity	Signature	
1	2	3	4	5	6	7	8

30. What is Trial Balance?

The trial balance is the list of ledger balances extracted at a particular time. The debit balances are extracted to one column and credit balances are to another column. When all the balances including the cash book balances and petty cash book balance are entered into the sheet, the totals on both columns are should be

equal. When totals are not equal it suggests that there are arithmetical and posting errors in the ledger accounts, which need to be corrected before final accounts prepared.

Format 14

.....**Praja Mula Sanvidanatples Company**

Trial Balance as at

SI No. 1	Head of Account 2	Debit/Expenses 3	Credit/ Income 4

31. Income and Expenditure Statement

The annual Income & Expenditure Statement will be prepared by the Auditor of the CBO. This statement is prepared to identify the surplus or deficit earned or incurred by CBO during a given accounting period (a month, a quarter, six months, nine months or a year). Accordingly the income and expenditure account will be prepared covering a particular period. All balances of expenditure accounts and the income accounts will be transferred to this account. The income items will be listed on top of the statement while the expenditure items are listed below the income items. Difference in between the total income and the total expenditure, will represent the surplus or deficit for the period. If the income is more than the expenditure it will be the surplus and if the total of expenditure is more than the

total income it will be the deficit. This is finally transferred to the accumulated fund A/c of the CBO. (Specimen Format 19)

32. Balance sheet

This document will be prepared by the Auditor of the CBO on annual basis. The document listing all the remaining balances in the ledger, after preparing the income and expenditure account will be prepared at the end each accounting period, which is known as the Balance Sheet. The Balance Sheet will therefore include all assets and liabilities including the balance in the accumulated fund account after transferring surplus or deficit from the income and expenditure account as was discussed above. The assets accounts will be summarised on the top of the sheet and below that the liabilities will be summarised. Finally the total of assets should be equal to the total of liabilities. The balance sheet is prepared at a particular date. A specimen of Balance sheet also annexed. (*Specimen Format 20*)

33. Revenue Collection for Operational and Maintenance Costs (O&M)

The CBO can decide on what charges be imposed on the services (e.g. water supply etc.) provided by them, in addition to the tariff, at its annual general meeting (AGM). It is important that the CBO maintains its facilities on a continuous basis. For this purpose operational and maintenance (O&M) costs will have to be incurred by the CBOs. As a result, it is required that the CBO generates sufficient funds to meet its O&M expenses. In order to raise funds to meet these expenses, it is compulsory that the charges are made and collected by CBOs, from its members/beneficiaries on monthly basis. Similar to the charges, the recovery intervals too, could be decided by the CBOs at their Annual General Meetings, (in accordance with the authority given it by the constitution). All revenue generated by CBOs through charges (tariffs) should be recorded in the books of account of CBO by the treasurer and his / her support staff.

34. Tariff Setting

The basis on which the charges are to be made from the beneficiaries of facilities e.g. consumers of water from the water supply scheme, which will be determined by the CBO is referred to as tariff setting. This basis can be reviewed annually or bi-annually and can be revised periodically. Proposed or revised basis should be tabled and discussed at the AGM. Though the approval to revise the tariff is only required from the BOM, it is advantageous to have a general understanding and the consensus to the revised tariff from the membership / consumers, before its implementation. Once the new basis (tariffs) is agreed and approved at the BOM, they can implement it from the specified date. However, if the constitution has specified the procedure to be followed in deciding tariffs, the CBO should also adhere to the same.

Following are some of the factors to be considered in deciding tariffs

- Tariffs by the other suppliers who are supplying similar services,
- Total cost of maintenance of facilities by CBO (e.g. water supply facilities or other infrastructure facilities),
- Cost of administration,
- New projects identified/proposed and costs involved,
- Surpluses/margins identified to enhance self-sustainability,
- Affordability of members of CBO/ beneficiaries.

35. Total Construction (Project) Cost

The CBO should maintain data in relation to the total amount paid by RWSSP and the cost of labour in order to identify the total construction cost of the project, to date. A Register of Construction Cost is proposed for this purpose. The format is given below:

36. Reporting by CBO

The CBO should submit the following information to its membership on monthly basis, before the end the following month.

1. Summary of Receipts
2. Summary of payments by CBO – (Project Component wise)
3. Summary of cash balances (Bank accounts and cash in hand) with bank reconciliation for each account
4. Summary of Community contribution (Cash & Labour)

In addition to the summaries listed above, the financial highlights should be displaced in a suitable manner (figures, words and graphical) for the benefit of its membership, at the office of the CBO It is very important to maintain transparency of the financial affairs by the CBO.

37. Auditing Arrangements

Auditing refers to the procedure in obtaining a certificate stating the auditor's opinion on the financial statements after verification of vouchers and books of accounts etc. and ensuring the following:

- There are no arithmetical errors or mistakes in recording the financial transactions.
- The financial transactions were in accordance with the rules, procedures and guidelines and also in conformity with accounting principles and policies.
- The financial statements give true and fair view of the affairs of the entity.

The BOM, the Finance Committee and the treasurer will have the responsibility of the audit of financial statement of CBO. We have already learned the roles and responsibilities of the Finance Committee in above, developing our organizational

framework. The Audit of the CBO financial statements should be concluded with in four months of the financial year end.

The BOM will appoint a firm of accountants or a professional certified and registered by the NWSDB, to carry out audit the accounts of the CBO. If the CBO is a registered entity, it is the duty of the BOM/ Company Secretary to submit the audited financial statements along with the annual return to the appropriate governing body (e.g. Registrar of Companies).

38. Statutory and Legal obligations of the CBO

Table 7

	Society	Limited Liability Company
1	Annual General meeting to be held	Annual General meeting to be held
2	Audit of Accounts not compulsory under law, but CBO constitution of CBO has made it compulsory	Audit of Accounts is compulsory
3	Filling tax returns – May not be Applicable	Filling tax returns is compulsory
4	Filling of Returns with registrar (Annual returns with accounts and other formats including the changes in office bearers etc)	Filling of Returns with registrar (Annual returns with accounts and other formats including the changes in office bearers etc)
5	Maintenance of Books of Account is not compulsory, the CBO constitution has made it compulsory	Maintenance of Books of Account is compulsory
6	Register of Members to be maintained	Register of members to be maintained
7	Assets register to be maintained	Assets register to be maintained

List of Formats

- 1) Receipts Book
- 2) Payments Register
- 3) Day book
- 4) Cash Book (With Cash & Bank Columns)
- 5) Petty Cash Book
- 6) General Ledger
- 7) Journal (Journal Entry Book)
- 8) Cheque issuing register
- 9) Inventory Register
- 10) Fixed Assets Register
- 11) Cash advance register
- 12) Labour contribution register
- 13) Members register/Shareholders register
- 14) Trial Balance
- 15) Profit and Loss Accounts
- 16) Balance Sheet
- 17) Cash Flow Statements

Specimen format No. 01: Receipt

..... **PRAJA MULA SANVIDANAYA**

Reg. No.....

RECEIPT

No.....

Member's No.....

Date.....

Received from Mr / Mrsthe sum

Rupeesand cents

Only for under mentioned matters.

	Rs.	Cts.
1.
2.
3.

Total Rs.

=====

PAYMENTS VOUCHER

..... **Praja Mula Sanvidanaya**

Payment Voucher :

Date: Voucher No : Head of Account

Payable To :

Description of Account	Accounts code	Description of Services Rendered, work Performed of good supplies	Rs.	Cts.

Authority for Payment.....

Prepared By:.....	Checked By:.....
Name:.....	Name:.....
Signature.....	Signature.....

We Certify from personal knowledge*/from the certificates in the relevant files*/that the above Supplies*/services*/works duly authorized and preformed and that the payment of Rupees.....and cents is in accordance with the regulations*/contact*/and is fair and reasonable.

Date:..... Chairman Secretary Treasurer

Received thisday of200...in payment of the account, the sum of Rupees.and CentsOnly

Witness:.....

.....
Signature of Receiver

Signature of

Format No. 15 : Cash Book

<p>..... PRAJA MULA SANIVIDANAYA</p> <p style="text-align: right;">CBO No </p> <p style="text-align: center;">TWO COLUMN CASH BOOK</p>														
RECEIPTS CASH BOOK							PAYMENTS CASH BOOK							
Date	Receipt No	Description	Accts. Code	Ledger Folio	Amount		Date	Voucher No	Description	Cheque No	Accounts Code	Ledger Folio	Amount	
					Cash	Bank							Cash	Bank

Format No. 16: Advance Register

..... PRAJA MULA SANIVIDANAYA

CBO No

ADVANCE REGISTER

S/no	Date	Sub Project no.	Payee	Reason	Responsible Person	Amount	Approval	Sett. Date	Bill no	Total Expenditure	Over/less Than Expenditure	Approva 1	Remarks

Format No.19

..... **PRAJA MULA SANVIDANAYA**

CBO No

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.X.200X

Income

Members Contribution		xxxxxxx	
Income from water supply		xxxxxxx	
Savings Account Interest		xxxxxxx	
Profits from Project			
1. Project xxxxxxxx	xxxxxxx		
2.	xxxxxxx		
3.	xxxxxxx	xxxxxxx	

Expenditure

Expenditure on water supply			
Electricity	xxxxxxx		
Operators & staff salaries	xxxxxxx		
Operation & maint: costs	xxxxxxx		
Printing & Stationery	xxxxxxx		
Office maintenance	xxxxxxx		
Travelling and transport	xxxxxxx		
Water-Quality testing Expenses	xxxxxxx		
Entertainment and staff welfare	xxxxxxx	xxxxxxx	
Projects related Expenditure			
1. Project xxxxxxxx	xxxxxxx		
2.	xxxxxxx		
3.	xxxxxxx		
Bank Charges	xxxxxxx		
Other Company expenditure	xxxxxxx		
Expenses met by RWSSP on behalf of CBO	xxxxxxx		
Donations & Other	xxxxxxx	xxxxxxx	
Net surplus / deficit for the year		_____	xxxxxxx

Format No 20

..... PRAJA MULA SANVIDANAYA

CBO No

Balance sheet as at200....

Assets

Property, Plant & Equipment	Cost	Accumulated depreciation	Net Book Value
Buildings	xxxxx	xxxxx	Xxxxx
Water supply facility	xxxx	xxxx	Xxxxx
Water pumps and other equip:	xxxx	xxxx	Xxxx
Furniture and fittings	xxxxx	xxxxx	Xxxxxx
Office equipment	xxxxx	xxxxx	Xxxxxx
	xxxxxx	xxxxxx	Xxxxxxx

Current Assets

Stock		Xxxxxx	
Debtors (water bills receivables)		Xxxxxx	
Membership fees receivable		Xxxxxx	
Cash at bank		Xxxxxx	
Cash in hand		Xxxxx	Xxxxxxx
			Xxxxxxx

Represented By

Accumulated Fund			Xxxx
Donated funds			Xxxxx

Current liabilities

Creditors		xxxxx	
Accrued expenses		Xxxxx	
Membership fees received in advance		Xxxxx	
Bank overdraft		Xxxxx	Xxxxxxx
			Xxxxxxx

APPENDIX 2 – TRAINING OF TRAINERS MATERIALS

Appendix 2

CONTENT OF PRESENTATION USED FOR TRAINING OF TRAINERS

Rural Water Supply and Sanitation Project

**Implemented by:
National Water Supply and Drainage Board (NWSDB)**

The Project

The Project include 2 main components:

1. Water Supply
2. Sanitation

The Project is funded by;

1. Sri Lanka Government; and
2. Asian Development Bank

Project Area

Project Covers the following Districts:

- Anuradhapura
- Polonnaruwa
- Monaragala
- Hambantota
- Kalutara
- Kegalle
- Puttalam
- Vaunia and Mannar (future)

NWSDB

Corporate Plan 2007 – 2011

GOAL7

- Provide Facilities and Service Support to Rural and Marginalized Communities;
- To Increase Safe Water Supply And Sanitation Coverage To Rural and Marginalized Communities;
- To Provide Advisory Services on Best Options
- To Ensure ‘Value for Money’ For The Services Provided To Rural and Marginalized Communities

NWSDB - Strategies

- Co-ordinate with stakeholders including Provincial Councils in providing facilities to the rural communities
- Make aware among communities to find most affordable options
- Encourage maximum contribution by the communities
- Ensure sustainability of community water supply and sanitation facilities

The Targets

Safe water supply coverage as % to total population to rural and marginalized communities

	2007	2008	2009	2010	2011
Rural water supply by the 4.5 NWSDB		4.5	5.0	5.5	6.0
Tube wells / Hand pumps 8.0	8.0	8.0	8.0	8.0	8.0

Objective of ToT

1. To develop a team of experts to guide the CBOs in effective implementation of simple budgeting methods, simple accounting and auditing mechanisms for CBOs
2. These experts (trainers) will carry out training for about 90 CBOs in at least 7 districts, initially; and
3. Carry out training and provide audit services to CBOs on their request in the long-run

Stakeholders of RWSS

- Village Beneficiaries
- NWSDB
- Pradeshiya Sabhas / Municipal Councils
- Provincial Council
- Government

Key Partners of RWSS

- CBO / Village Beneficiaries
- Partner Organizations (PO)
- Pradeshiya Sabhas / Municipal Councils
- NWSDB
- Divisional agencies
- Provincial councils

Role of PO

To **FACILITATE** the community in following key activities:

- Community awareness on RWSS
- Forming the CBO;
- Identifying village water and sanitation needs,
- Identifying water sources
- Identify water supply options
- Select most appropriate solution and prepare the necessary drawings, costings, contributions by the community and project
- Approval for the proposed solution from the project
- Implement the Project

Role of PS

- Facilitate the CBO in implementing the Project
- Arrange additional funds if required
- Resolve water source issues, if any
- Project monitoring along with NWSDB
- Coordinate with other Govt. agencies
- Guidance to CBOs
- O&M support when project is in operation
- Provision of other assistance as required by CBOs

Role of NWSDB

NWSDB is the Project executor and has the overall responsibility in successful implementation of RWSS under the Project. **Key roles** among many other things are to:

- Assist and guide CBO & PO on all their activities
- Provide of technical support
- Provide of funds
- Assist in procuring material, if CBO has difficulties
- Guide CBO on O&M and O&M knowledge, tariff setting and accounting and financial management etc.

What is a CBO ?

- The CBO of the FWSSP is a collection of a group of men and women living in a specific project area, generally a GND, which consists of one or few villages. Such a CBO is governed by a code of ethics, rules and regulations enshrined in a constitution and agreed by the membership. The office bearers are elected through a democratic process and therefore their primary accountability lies towards its members.

Incorporation of a CBO

- As a **Social Society** at the DS / Pradeshiya Sabha
- As a **Limited Liability Company** under the Registrar of Companies

Most of the CBOs (95%) have been registered as a Social Society

Key Officers of CBO

- Chairman
- Secretary
- Treasurer

CBO is managed by an elected board of members /

Accounting at CBO

- A simple system of accounting
- An effective system of record keeping
- A simple system of Budgeting
- A unique auditing mechanism
- Finalization of annual accounts with the assistance of the auditors
- Dissemination of knowledge on accounting (review of accounts) to villagers

Issues identified at CBO level

- Low level of understanding by the villagers on accounting and financial management, office systems, planning and budgeting.
- Change of office bearers particularly the treasurers from time to time
- Difficulties in preparation of Annual Financial Statements to be submitted to the membership
- Difficulties in fixing appropriate tariff
- Inadequate knowledge on O&M activities, Cost of O&M and Cost recovery

A Duplex Gap

- The CBO officers require to maintain / prepare appropriate Books of Account, Records, Budgets and other documentation but lack capacity
- The Beneficiaries / members expect the Financial information to be produced on timely and regular basis but lack knowledge to interpret and understand them

Financial Management Activities of CBOs

- Preparation of annual budget
- Opening and maintenance of bank accounts
- Mobilizing community for their contribution
- Receiving funds from the Project
- Disbursing funds for the construction and sanitation activities
- Maintenance of financial records
- Preparation of periodic financial statements

Financial Management Activities of CBOs

- Budgetary management
- Submission of bills for funds for civil work
- Annual and periodic Audits
- Custody of Financial and related records and documents
- Fixing of tariff
- Billing and collection of tariff
- Granting of loans and recovery of loans
- Custody of the Assets of CBO

Key books and records to be maintained by CBOs

- Cash books
- Members register
- Ledger / Analysis book
- Payment Vouchers
- Receipts
- Bank statements & Cheque books
- Bank reconciliations
- Debtors Ledger
- Loan register
- Minutes books

Revenue of CBOs

- Membership Fee – Monthly / Seasonal
- Contribution by the Community towards the project
- Donations
- Revenue from other project activities
- Other income – E.g. Film festivals
- Revenue for services from beneficiaries E.g. For water supply
- Receipts from Project (Project funds)
- Recoveries of Loan granted to members - capital and interest
- Interest on bank deposits
- Loan receipts from Credit Trust Fund
- Other unspecified receipts

Main activities on Receipts

- Issue receipts for all receipt of cash
- Enter them in daily receipts register (journal)
- Enter them in Cash book
- Banking of collections
- Reconciliation of Bank balances
- Safe custody of un-banked collections
- Reconciliation of revenue (billings with services provided)

Issue of Receipts

- Use printed Receipts which are pre-numbered
- Keep unused receipt books under safe custody
- Issue receipts in duplicate
- Keep all used receipt books in safe custody by the treasurer
- All receipts are issued by the treasurer / cashier / accounts assistant
- Keep separate receipt books and daily registers for three key types of receipts
 - 1. Water supply, 2. Sanitation, 3. General Funds, and 4. Other

Accounting of Receipts

- Issue of receipts in serial order
- Enter them in the daily receipts register with analysis
- Enter daily totals in the Cash book (with analysis)
- Prompt deposit of cash collections
- Total the cash book at the end of the month
- Prepare the monthly summary and balance the cash book

Expenditure of CBOs

- Construction Cost - Purchase of Materials, Labour Payments, Transport charge, Technical Advice, Machinery Hire
- Operation and Maintenance Costs – Materials, Labour, Transport, Repairs of Breakdowns
- Administrative Costs – Salaries, Office Expenses – Telephone, Stationeries, Meetings, Expenditures, Traveling Costs, Training Costs, Payments for resources persons, Payments to trainees, Fuel and hire charges, Traveling, Printing, Stationery, Training Materials
- Financial Costs - Bank charges, Interests on loans and overdraft, loan interests
- Other Costs - Other activities, Sub projects, Promotional Expenses

Processing a Payment

- Preparation of Payment Vouchers (PV)
- Checking details in the invoices
- Details to be entered in a payment voucher
- Preparation of Cheques
- Signing of cheques
- Approval and certification
- Cheque No. to be entered in the PV
- Proper filling of PVs

Debtors Ledger

- There will be two debtors ledgers;

- Debtors ledger - Water Supply
- Debtors ledger – Loans
- Separate debtor account to be maintained for each H/H
- Need to update them promptly
- Debtors schedules at the end of each month

Members Register

- Members register
- Members Account
- Updating the register and the account
- Primary and Secondary members
- Members contributions and membership fees

Advances

- Advances are accounted under a separate account
- Clearing of Advances
- Register of Advances
- Use of IOU's / PV
- Time of settling advances

FAR & RA

- FAR – Fixed Assets Register
- RA – Register of Articles
- FAR is for those with longer economic life time
- RA is for those which have a relatively shorter period of economic lifetime and consumables

Accounting Manual

- Review of Accounting Manual
- Proposed institutional Structure
- Cash books
- Ledger
- Members register / Members ledger
- Advances register
- Debtors ledger
- FAR & RA
- Bank reconciliations

Budgeting

- Budgeting is Systematic approach to Planning and Control
- The technique used by management is to compare actual performance with the budget
- Planning involves the specification of basic objectives that the organization pursue and the fundamental policies that will guide it. It involves four steps: Objectives, goals, Strategies and Plans / Budgets

Why Budget for CBOs?

- It assists planning and control mechanism
- Identify objectives, goals, strategies and plans – Hence, explicit statement of expectations
- Mode of Communication
- Tool of Coordination
- Expectation as a framework for judging performance

Types of Budgets at CBOs

- Operation budget – e.g. Volume of water to be pumped every month
- Revenue Budget – Income and Expenditure E.g. Volume of water billed every month, related expenditure etc.
- Cash flow forecast – How much cash is collected and spent, what is the resulting cash balance or shortage
- Capital budget – If CBO plans to make new investments to expand the facility or venture into new areas.

BUDGET ITEMS

Financial

- Construction Costs
- Operation and Maintenance
- Administration
- Other Sub Project costs
- Cost of future activities

Non-Financial

- Recovery Ratio
- Volume of Water available
- Vol: of water expected to be supplied
- Total number of connections expected
- Inflation
- Timing of future activities
- Other issues to be addressed (e.g. New projects, excess water, improvements etc.)

Contents of Annual Budget

- Budgeted cash flow
- Budgeted income statement
- Forecasted Balance Sheet
- Key variations planned against previous year / current situation (e.g. New tariff, debtors collection period, volume of water to be supplied etc.)
- Relevant non-financial data
- Assumptions used

Budget Monitoring

- Though budget is prepared, it is not used as a management tool, most of the time. Therefore it is necessary to have a built-in system with few KPI's to ensure that the budget is effectively used.
- Fix the responsibility to a suitable official
- Identify easily monitorable indicators (e.g. Volume of water pumped, volume of water billed, Amount collected Vs amount billed and amount budgeted to be collected, check the cash balances against the budgeted cash flow etc.)
- Budget revisions and flexibility

Tariff Setting

Aspects to be considered

- Total cost of operation
- Total number of connections provided at present
- Bills collection ratios
- Planned future expansion activities
- Suggestions of general membership
- Volume of water available

Total cost of operation generally includes:

- Cost of Operation and Maintenance
- Salaries and Wages
- Electricity
- Repair Costs
- Depreciation
- Administration Cost
- Training
- Bank charges
- Other costs

Number of connections:

When arriving at per household cost, the factor to be used is the;

- Total number of household connections provided at present, but not the;
- Total number of members; or
- Total number of connections planned.
- E.g. At Mollewa CBO, No of members 185, but actual connections were only 64 (2006).

Bills collection ratio / Recovery ratio

- The ideal situation is to recover all the bills and to have 100% collection ratio. However, it may not be the case in many CBOs. Therefore; the average cost attributable to a H/H should be factored by the recovery ratio to determined a realistic tariff which facilitate sustainability of the facility.

Planned future expansion activities

- There will be no financial assistance for expansion activities of the CBO from the Project. Therefore the funds required for such activities should be mainly generated internally and therefore should be built into the fees of services provided by the CBO.

Suggestions of General Membership

- The CBO could not be sustained without its membership. When tariffs are revised upward, the membership could oppose such a revision. Though it is difficult to accommodate all their suggestions, the valuable & practicable suggestions should be taken into account. Their affordability should also be taken into account. CBO management should take actions to enhance the awareness of its membership as to why a sound tariff structure should be maintained.

Volume of Water available

- If adequate volume of water is not available, then per household tariff should also be related to the volume of water that could be supplied to a household in a month / given period.
- E.g. At Mollewa CBO first three units of water is Rs 100 and the 4th unit is Rs 200.

Documentation

- Who is responsible for proper maintenance of documentation
- How to file?
- Why supporting documents are attached to main documents?
- How to attach them / The proper way?
- Details to be entered in the documents, registers and books of account
- Safe custody of records
- Know about general Office Systems

Tips to the Trainers

- When training the officers of an operating CBO where some books of account are maintained, study them by reviewing them and through discussions with officers.
- Understand their difficulties and identify deficiencies that exist.
- Address them in your training.
- Should bear in mind, their level of education and exposure and the fact that they are in honorary service.
- Your training should not direct them to a totally different structure of books of account or a brand new accounting system.
- Ensure that your training has been a valuable assistance / contribution to the officers / CBOs
- Assist them in whatever possible way, even after your training
- Check / enquire whether they had performed annual audits. If not assist them in getting the accounts audited. Use the standard formats provided.

Conclusion

Need to have a flexible approach

Simple and sound systems

Sustainability of systems is the key

Book keeping is a facilitation for better management rather than a maintenance of
huge pile of papers and books

Training – A facilitation role for FA / FM

Auditing – A facilitation for sound and effective management

Application is the outcome and that need to be ensured

END of Day 2**End of ToT**

Good bye and
all the very best!

APPENDIX 3 – CBO TRAINING MATERIALS

Appendix 3

Prepare the Cash Account and Bank Reconciliation Statements of Nildiya CBO for the Months of March and April 2007

01. Nildiya Community Base Organization's Transactions for the Month of March 2007 are given below

01.03.2007		Balance B/F - Cash	10,000
		Bank	14,200
03.03.2007	R/No. 1	Fund Received from Pradeshiya Sabha	75,000
		Cheque Deposited at the Bank (055001)	
04.03.2007	V/No. 1	Purchased Water Supply Equipment	30,000
		Rs. 50,000 Cheque Cashed From the Bank 066004	
05.03.2007	V/No. 2	Purchased Water Meters	12,500
08.03.2007	V/No. 3	Purchased Water Pumps - Chq./No. 066005	37,500
09.03.2007	R/No. 2-16	Cash Receipts	Refer Note 1
		Cash Deposited at the Bank	78,300
10.03.2007	V/No. 4	Water Supply System Maintenance Charges	2,000
15.03.2007	V/No. 5	Water Supply System Inspection Charges	1,000
		Rs. 25,000/- Cheque encashed From the Bank 066006	
16.03.2007	V/No. 6	Labour Wages	4,000
18.03.2007	R/No. 17	Cash Receipts	Refer Note 2
		Cash Deposited at the Bank	5,000
20.03.2007	V/No. 7	Printing Charges - Chq./No. 066007	3,000
22.03.2007	R/No. 18-25	Water Bills Receipts	Refer Note 3
23.03.2007		Water Bills Receipts Deposited at the Bank	
24.03.2007	V/No. 8	Water Meters Inspection Charges	4,000
25.03.2007	V/No. 9	Electricity Charges - Chq./No. 066008	5,000
26.03.2007	R/No. 26-31	Water Bills Receipts	Refer Note 4
27.03.2007		Water Bill Receipts Deposited at the Bank	
28.03.2007	V/No. 10	Purchased Water Supply Equipment	10,000
29.03.2007	V/No. 11	Telephone Charges - Chq./No. 066009	800
	V/No. 12	Salaries & Wages	3,500
	R/No. 32-33	Water Bills Receipts	Refer Note 5
30.03.2007		Water Bills Receipts Deposited at the Bank	
30.03.2007	V/No. 13	Maintained - Water Supply Pump System	1,000
	V/No. 14	Purchased - Water Pumps - Chq./No. 066010	1,500
	R/No. 34-35	Receipts	Refer Note 6
		Cheques Deposited at the Bank	

Details from Receipts Book

Note 1 – 09.03.2007 - Receipts

Date	R/No.	Description	Total	New Water Supply Connection Charges	Deposits for New Connection	Contributions for Water Supply
09.03.2007	002	Ramani	5220	5,000	100	120
	003	Kamani	5220	5,000	100	120
	004	Nimal	5220	5,000	100	120
	005	Gunapala	5220	5,000	100	120
	006	Sumanapala	5220	5,000	100	120
	007	Somapala	5220	5,000	100	120
	008	Nuwan	5220	5,000	100	120
	009	Kelum	5220	5,000	100	120
	010	Nelum	5220	5,000	100	120
	011	Ruwan	5220	5,000	100	120
	012	Surani	5220	5,000	100	120
	013	Dayapala	5220	5,000	100	120
	014	Gayan	5220	5,000	100	120
	015	Nihal	5220	5,000	100	120
	016	Geetha	5220	5,000	100	120

Note 2 – 18.03.2007 - Receipts

Date	R/No.	Description	Total	New Water Supply Connection Charges	Deposits for New Connection	Contributions for Water Supply
18.03.2007	017	Kumara	5,220	5,000	100	120

Note 3 - Water Bills Receipts

Date	R/No.	Description	Cash
22.03.2007	018	Nimal	330
	019	Gunapala	520
	020	Sumanapala	150
	021	Somapala	350
	022	Ramani	250
	023	Kamani	400
	024	Nuwan	300
	025	Kelum	200

Note 4 - Water Bills Receipts

Date	R/No.	Description	Cash
26.03.2007	026	Nelum	300
	027	Ruwan	350
	028	Surani	150
	029	Dayapala	400
	030	Kumara	450
	031	Nihal	350

Note 5 – Water Bills Receipts

Date	R/No.	Description	Cash
29.03.2007	032	Geetha	550
	033	Gayana	450

Note 6 - Receipts – New Water Supply Connection

Date	R/No.	Description	Total	New Water Supply Connection Charges	Deposits for New Connection	Contributions for Water Supply
30.03.2007	034	Devika – Chq/No. 025060	5220	5000	100	120
	035	Ruwan – Chq/No. 030021	5220	5000	100	120

Bank Statement for the Month of March 2007

Date	Description	Debit	Credit	Balance
01.03.2007	Balance			20,700
	Chq/No. 066002	3,000		
	Chq/No. 066001	2,000		
	Chq/No. 066003	1,500		14,200
05.03.2007	Deposit 055001		75,000	89,200
	Chq/No. 066004	50,000		39,200
09.03.2007	Chq/No. 066005	37,500		1,700
10.03.2007	Deposit		78,300	80,000
15.03.2007	Chq/No. 066006	25,000		55,000
18.03.2007	Deposit ¢		5,000	60,000
22.03.2007	Chq/No. 066007	3,000		57,000
	Deposit		2,500	59,500
26.03.2007	Chq/No. 066008	5,000		54,500
	Deposit		2,000	56,500
29.03.2007	Deposit		1,000	57,500
31.03.2007	Cheques Book Charges	150		57,350
	Bank Charges	500		56,850

02. Nildiya Community Base Organization's Transactions for the Month of April 2007 are given below

01.04.2007		Balance B/F - Cash	17,220
		Bank	64,990
02.04.2007	R/No. 36-38	Cash Receipts	Refer Note 7
03.04.2007		Cash Deposited at the Bank	10,000
04.04.2007	V/No. 15	Purchased - Water Meters – Chq./No. 066011	2,000
05.04.2007	V/No. 16	Printing Charges – Chq./No. 066012	3,500
07.04.2007	V/No. 17	Purchased - Water Supply Equipment	20,000
08.04.2007	R/No. 39-43	Cash Receipts	Refer Note 8
09.04.2007		Cash Deposited at the Bank	8,000
10.04.2007	V/No. 18	Water Supply Pump System Maintenance Charges	2,000
11.04.2007	V/No. 19	Water Meter Inspection Charges – Chq./No. 066013	5,000
13.04.2007		Rs. 10,000 Cheque encased from the Bank Chq./No. 066014	
15.04.2007	V/No. 20	Labour Wages	4,000
16.04.2007	V/No. 21	Water Quality Testing Charges	2,500
	V/No. 22	Postal Charges	100
17.04.2007	R/No. 44-48	Cash Receipts	2,010
18.04.2007		Cash Deposited at the Bank	2,000
19.04.2007	V/No. 23	Water Meters Inspection Charges - 066015	4,000
20.04.2007	V/No. 24	Electricity Charges 066016	5,500
21.04.2007	R/No. 49-50	Cash Receipts	Refer Note 10
23.04.2007	V/No. 25	Telephone Charges 066017	1,000
		Cash Deposited at the Bank Rs. 10,000	
25.04.2007	R/No. 51-56	Cash Receipts	Refer Note 11
		Rs. 5,000 Cheque encased from the Bank Chq./No. 066018	
	V/No. 26	Water Meter Purchased	2,000
28.04.2007	V/No. 27	Salaries & Wages	3,500
29.04.2007	R/No. 57-58	Cheques Receipts	Refer Note 12
	V/No. 28	Water Supply Pump System Maintenance Charges	1,500
	R/No. 59-62	Cash Receipts	Refer Note 13
		Cheques Deposited at the Bank	
30.04.2007	V/No. 29	Purchased - Water Pumps 066020	5,000

Details from Receipts Book

Note 7 – 02.04.2007 - Receipts – New Water Supply Connections

Date	R/No.	Description	Total	New Water Supply Connection Charges	Deposits for New Connections	Contributions for Water Supply
02.04.2007	36	Dinusha	5,220	5,000	100	120
	37	Chitra	5,220	5,000	100	120
	38	Ratnapala	5,220	5,000	100	120

Note 8 – 08.04.2007 - Receipts

01. New Water Supply Connections

Date	R/No.	Description	Total	New Water Supply Connection Charges	Deposits for New Connections	Contributions for Water Supply
08.04.2007	39	Sumana	5,220	5,000	100	120
	40	Karunapala	5,220	5,000	100	120

02. Water Bills Receipts

Date	R/No.	Description	Cash
08.04.2007	41	Nimal	550
	42	Sumanapala	350
	43	Ramani	500

Note 9 – 2007.04.17 – Water Bills Receipts

Date	R/No.	Description	Cash
17.04.2007	44	Gunapala	540
	45	Somapala	450
	46	Kamani	450
	47	Nuwan	320
	48	Kelum	250

Note 10 – 21.04.2007 - Receipts – New Water Supply Connections

Date	R/No.	Description	Total	New Water Supply Connection Charges	Deposits for New Connections	Contributions for Water Supply
21.04.2007	49	Narada	5,220	5,000	100	120
	50	Pradeep	5,220	5,000	100	120

Note 11 – 25.04.2007 – Water Bills Receipts

Date	R/No.	Description	Cash
25.04.2007	51	Kumara	500
	52	Nihal	450
	53	Nelum	350
	54	Surani	200
	55	Dinusha	150
	56	Chandra	200

Note 13 – 29.04.2007 – Receipts**01. Cheques Receipts for New Water Supply Connections**

Date	R/No.	Description	Total	New Water Supply Connection Charges	Deposits for New Connections	Contributions for Water Supply
29.04.2007	57	Kusum – Chq/No. 50025	5,220	5,000	100	120
	58	Renu - Chq/No. 60030	5,220	5,000	100	120

02. Water Bills Receipts

Date	R/No.	Description	Cash
29.04.2007	59	Ruwan	400
	60	Geetha	600
	61	Gayan	450
	62	Ratnapala	250

Bank Statement for the Month of April 2007

Date	Description	Debit	Credit	Balance
01.04.2007	Balance			56,850
02.04.2007	Cheque 066010	1,500		55,350
03.04.2007	Deposit		10,000	65,350
04.04.2007	Cheque 025060		5,220	70,570
05.04.2007	Cheque 066009	800		69,770
06.04.2007	Cheque 066011	2,000		67,770
07.04.2007	Cheque 030021		5,220	72,990
09.04.2007	Deposit		8,000	80,990
11.04.2007	Cheque 066012	3,500		
	066013	5,000		72,490
13.04.2007	Cheque 066014	10,000		62,490
18.04.2007	Deposit		2,000	64,490
22.04.2007	Cheque 066016	5,500		58,990
24.04.2007	Deposit		10,000	68,990
25.04.2007	Cheque 066018	5,000		63,990
30.04.2007	Cheque Book Charges	200		
	Bank Charges	550		63,240

Nildiya Community Base Organization – Cash Book

Receipts					Payments					
Date	Description	R/No.	Cash	Bank	Date	Description	Cheq.No.	V/No.	Cash	Bank
01.03.2007	Balance B/F		10,000	14,200	04.03.2007	Bank			75,000	
03.03.2007	Funds Receipts C/No. 55001	001	75,000	75,000		Cash	066004			50,000
04.03.2007	Bank 066004		50,000		04.03.2007	Water Supply Equipment		001	30,000	
09.03.2007	New Water Supply Connections	002-016	78,300		05.03.2007	Water Meter		002	12,500	
	Cash			78,300	08.03.2007	Purchases – Water Pumps	066005	003		37,500
15.03.2007	Bank 066006		25,000		09.03.2007	Bank			78,300	
18.03.2007	New Water Supply Connections	17	5,220		10.03.2007	Maintenance		004	2,000	
	Cash			5,000	15.03.2007	Water Supply Inspection Charges		005	1,000	
22.03.2007	Water Bills Receipts	18-25	2,500		15.03.2007	Cash	066006			25,000
23.03.2007	Cash			2,500	16.03.2007	Labour Wages		006	4,000	
26.03.2007	Water Bills Receipts	26-31	2,000		18.03.2007	Bank			5,000	
27.03.2007	Cash			2,000	20.03.2007	Printing Charges	066007	007		3,000
29.03.2007	Water Bills Receipts	32-33	1,000		23.03.2007	Bank			2,500	
30.03.2007	Cash			1,000	24.03.2007	Water Meters Inspection Charges		008	4,000	
	New Water Supply Connections	34-35	10,440		25.03.2007	Electricity Charges	066008	009		5,000
	Cash			10,440	27.03.2007	Bank			2,000	
					28.03.2007	Water Supply Equipments		010	10,000	
					29.03.2007	Telephone Charges	066009	011		800
						Security Wages		012	3,500	
					30.03.2007	Bank			1,000	
						Maintenance		013	1,000	
						Water Meters	066010	014		1,500
						Bank			10,440	
					31.03.2007	Balance C/F			17,220	65,640
			259,460	188,440					259,460	188,440

Nildiya Community Base Organization – Cash Book

Date					Description					
Date	Description	R/No.	Cash	Bank	Date	Description	Cheq.No.	V/No.	Cash	Bank
31.03.2007	Balance B/F		17,220	65,640	31.03.2007	Bank Charges				500
						Cheque Book Charges				150
					31.03.2007	Balance C/F			17,220	64,990
			17,220	65,640					17,220	65,640
01.04.2007	Balance B/F		17,220	64,990	03.04.2007	Bank			10,000	
02.04.2007	New Water Supply Connections	36-38	15,660		04.04.2007	Water Meter	066011	15		2,000
03.04.2007	Cash			10,000	05.04.2007	Printing Charges	066012	16		3,500
08.04.2007	New Water Supply Connections & Water Bills Receipts	39-43	11,840		07.04.2007	Water Supply Equipments		17	20,000	
09.04.2007	Cash			8,000	09.04.2007	Bank			8,000 ³	
13.04.2007	Bank 066014		10,000		10.04.2007	Maintenance		18	2,000	
17.04.2007	New Water Supply Connections	44-46	2,010		11.04.2007	Water Meters Inspection Charges	066013	19		5,000
18.04.2007	Cash			2,000	13.04.2007	Cash	066014			10,000
21.04.2007	New Water Supply Connections	49-50	10,440		15.04.2007	Labour Wages		20	4,000	
23.04.2007	Cash			10,000	16.04.2007	Water Quality Testing Charges		21	2,500	
25.04.2007	New Water Supply Connections	51-56	1,850			Postal Charges		22	100	
	Bank 066018		5,000		18.04.2007	Bank			2,000	
29.04.2007	New Water Supply Connections & Water Bills Receipts	57-58	12,140		19.04.2007	Water Meters Inspection Charges	066015	23		4,000
	Cash			10,440	20.04.2007	Electricity Charges	066016	24		5,500
					23.04.2007	Telephone Charges	066017	25		1,000
						Bank			10,000	
					25.04.2007	Cash	066018			5,000
						Purchases – Water Meters		26	2,000	
					28.04.2007	Security Salary		27	3,500	
					29.04.2007	Maintenance		28	1,500	

Date					Description					
Date	Description	R/No.	Cash	Bank	Date	Description	Cheq.No.	V/No.	Cash	Bank
					30.04.2007	Purchases – Water Pumps	066020	29		5,000
						Bank			10,440	
						Balance C/F			10,120	64,430
			86,160	105,430					86,160	105,430
	Balance B/F		10,120	64,430	30.04.2007	Cheque Book Charges				200
						Bank Charges				550
						Balance C/F			10,120	63,680
			10,120	64,430					10,120	64,430
01.05.2007	Balance B/F		10,120	63,680						

Nildiya Community Base Organization

Summary of Receipts and Payments for the Month of March 2007

March 01 st – Balance B/F - Cash	10,000	
Bank	14,200	24,200
	<hr/>	
<u>Receipts</u>		
Funds from the Pradeshiya Sabha	75,000	
New Water Supply Connections	90,000	
Deposits of New Connections	1,800	
Contributions for Water Supply	2,160	
Water Bills Receipts	5,500	174,460
	<hr/>	
<u>Payments</u>		
Water Supply Equipment and Pumps	77,500	
Water Meters	14,000	
Maintenance Costs	3,000	
Water Supply and Water Meters Inspection Charges	5,000	
Salaries and Wages	7,500	
Printing Charges	3,000	
Electricity Charges	5,000	
Telephone Charges	800	
Bank Charges	650	(116,450)
Balance 31 st March 2007 - Cash	17,220	
Bank	64,990	82,210
	<hr/>	<hr/>

Nildiya Community Base Organization

Summary of Receipts and Payments for the Month of April 2007

April 01 st – Balance B/F -	Cash	17,220	
	Bank	64,990	82,210
		<hr/>	
<u>Receipts</u>			
New Water Supply Connections		45,000	
Deposits of New Connections		900	
Contributions for Water Supply		1,080	
Water Bills Receipts		6,960	53,940
		<hr/>	
<u>Payments</u>			
Water Supply Equipment and Pumps		25,000	
Water Meter		4,000	
Water Supply and Water Meters Inspection Charges		9,000	
Water Quality Testing Charges		2,500	
Maintenance Costs		3,500	
Salaries and Wages		7,500	
Postal Charges		100	
Printing Charges		3,500	
Electricity Charges		5,500	
Telephone Charges		1,000	
Bank Charges		750	(62,350)
		<hr/>	
April 30 th Balance C/F -	Cash	10,120	
	Bank	63,680	73,800
		<hr/>	
		<hr/>	

Nildiya Community Base Organization
Bank Reconciliation Statement for the month of February 2007

28.02.2007	Balance as per Cash Book		14,200
	<u>Add</u>		
	Cheque 066002	3,000	
	Cheque 066001	2,000	
	Cheque 066003	1,500	6,500
28.02.2007	Balance as per Bank Statement		<u>20,700</u>

Nildiya Community Base Organization
Bank Reconciliation Statement for the month of March 2007

31.03.2007	Corrected Cash Balance		64,990
	<u>Add</u>		
	Un-presented Cheques		
	Cheque 066009	800	
	Cheque 066010	1,500	2,300
			<u>2,300</u>
	<u>Less</u>		
	Deposits not realized		
	Cheque 025060	5,220	
	Cheque 030021	5,220	(10,440)
31.03.2007	Balance as per Bank Statement		<u>56,850</u>

Nildiya Community Base Organization
Bank Reconciliation Statement for the month of April 2007

30.04.2007	Corrected Cash Balance		63,680
	<u>Add</u>		
	Un-presented Cheques		
	Cheque 066015	4,000	
	Cheque 066017	1,000	
	Cheque 066020	5,000	10,000
		<hr/>	
	<u>Less</u>		
	Deposits not realized		
	Cheque 50025	5,220	
	Cheque 60030	5,220	(10,440)
30.04.2007	Balance as per Bank Statement	<hr/>	<hr/>
			63,240

Funds from the Pradeshiya Sabha

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15		75,000	75,000

New Water Supply Connection Fees

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15		90,000	90,000
30.03.2007	Cash	19		45,000	135,000

Deposits for New Connections

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15		1,800	1,800
30.04.2007	Cash	19		900	2,700

Contributions for Water Supply

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15		2,160	2,160
30.04.2007	Cash	19		1,080	3,240

Water Bills Receipts

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15		5,500	5,500
30.04.2007	Cash	19		6,960	12,460

Water Supply Equipment and Pumps

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	77,500		77,500
30.04.2007	Cash	19	25,000		102,500

Water Meters

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	14,000		14,000
30.04.2007	Cash	19	4,000		18,000

Maintenance Costs

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	3,000		3,000
30.04.2007	Cash	19	3,500		6,500

Water Supply Water Meters Inspection Charges

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	5,000		5,000
30.04.2007	Cash	19	9,000		14,000

Salaries and Wages

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	7,500		7,500
30.04.2007	Cash	19	7,500		15,000

Printing Charges

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	3,000		3,000
30.04.2007	Cash	19	3,500		6,500

Electricity Charges

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	5,000		5,000
30.04.2007	Cash	19	5,500		10,500

Telephone Charges

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	800		800
30.04.2007	Cash	19	1,000		1,800

Postal Charges

Date	Description	Cash Book Files	Payments	Receipts	Balance
30.04.2007	Cash	19	100		100

Water Quality Testing Charges

Date	Description	Cash Book Files	Payments	Receipts	Balance
30.04.2007	Cash	19	2,500		2,500

Bank Charges

Date	Description	Cash Book Files	Payments	Receipts	Balance
31.03.2007	Cash	15	650		650
30.04.2007	Cash	19	750		1,400

Summary of Receipts and Payments for two months up to April 2007

Balance at March 01 st - Cash	10,000	
Bank	14,200	24,200
	<hr/>	
<u>Receipts</u>		
Funds from the Pradeshiya Sabha	75,000	
New Water Supply Connections	135,000	
Deposits of New Connections	2,700	
Contributions for Water Supply	3,240	
Water Bills Receipts	12,460	228,400
	<hr/>	
<u>Payments</u>		
Water Supply Equipment and Pumps	102,500	
Water Meters	18,000	
Maintenance Costs	6,500	
Water Supply and Water Meter Inspection Charges	14,000	
Salaries and Wages	15,000	
Printing Charges	6,500	
Electricity Charges	10,500	
Telephone Charges	1,800	
Postal Charges	100	
Water Quality Testing Charges	2,500	
Bank Charges	1,400	(178,800)
	<hr/>	
Balance at April 30 th - Cash	10,120	
Bank	63,680	73,800
	<hr/>	<hr/>

Nildiya Community Base Organization

**Daily Cash Receipts Register
March 2007**

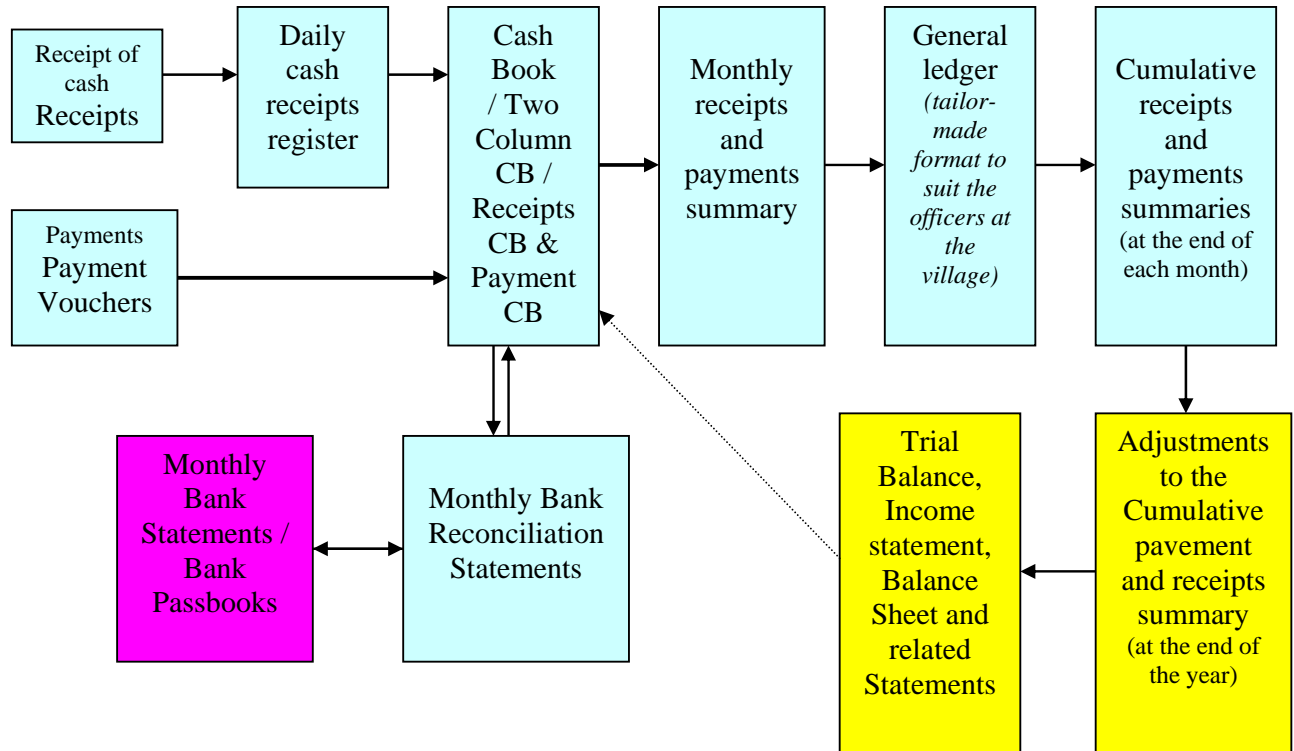
Date	Receipts No.	Total	Analysis					
			Funds from P.S	New Water Supply Connection	Deposits for New Connections	Contributions for Water Supply	Water Bills Receipts	Other
09.03.2007	1	75,000	75,000	-	-	-	-	-
	2	5,220	-	5,000	100	120	-	-
	3	5,220	-	5,000	100	120	-	-
	4	5,220	-	5,000	100	120	-	-
	5	5,220	-	5,000	100	120	-	-
	6	5,220	-	5,000	100	120	-	-
	7	5,220	-	5,000	100	120	-	-
	8	5,220	-	5,000	100	120	-	-
	9	5,220	-	5,000	100	120	-	-
	10	5,220	-	5,000	100	120	-	-
	11	5,220	-	5,000	100	120	-	-
	12	5,220	-	5,000	100	120	-	-
	13	5,220	-	5,000	100	120	-	-
	14	5,220	-	5,000	100	120	-	-
	15	5,220	-	5,000	100	120	-	-
	16	5,220	-	5,000	100	120	-	-
		78,300	-	75,000	1,500	1,800	-	-
18.03.2007	17	5,220	-	5,000	100	120	-	-
22.03.2007	18	330	-	-	-	-	330	-
	19	520	-	-	-	-	520	-
	20	150	-	-	-	-	150	-
	21	350	-	-	-	-	350	-
	22	250	-	-	-	-	250	-
	23	400	-	-	-	-	400	-
	24	300	-	-	-	-	300	-
	25	200	-	-	-	-	200	-
			2,500	-	-	-	-	2,500
26.03.2007	26	300	-	-	-	-	300	-
	27	350	-	-	-	-	350	-
	28	150	-	-	-	-	150	-
	29	400	-	-	-	-	400	-
	30	450	-	-	-	-	450	-
	31	350	-	-	-	-	350	-
		2,000	-	-	-	-	2,000	-
29.03.2007	32	550	-	-	-	-	550	-
	33	450	-	-	-	-	450	-
		1,000	-	-	-	-	1,000	-
30.03.2007	34	5,220	-	5,000	100	120	-	-
	35	5,220	-	5,000	100	120	-	-
		10,440	-	10,000	200	240	-	-
31.03.2007	Total	174,460	75,000	90,000	1,800	2,160	5,500	-

Nildiya Community Base Organization

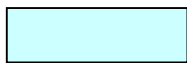
**Daily Cash Receipts Register
April 2007**

Date	Receipts No.	Total	Analysis					
			Funds from P.S	New Water Supply Connection	Deposits for New Connections	Contributions for Water Supply	Water Bill Receipts	Other
02.04.2007	36	5,220	-	5,000	100	120	-	-
	37	5,220	-	5,000	100	120	-	-
	38	5,220	-	5,000	100	120	-	-
		15,660	-	15,000	300	360	-	-
08.04.2007	39	5,220	-	5,000	100	120	-	-
	40	5,220	-	5,000	100	120	-	-
		10,440	-	10,000	200	240	-	-
	41	550	-	-	-	-	550	-
	42	350	-	-	-	-	350	-
	43	500	-	-	-	-	500	-
		1,400	-	-	-	-	1,400	-
17.04.2007	44	540	-	-	-	-	540	-
	45	450	-	-	-	-	450	-
	46	450	-	-	-	-	450	-
	47	320	-	-	-	-	320	-
	48	250	-	-	-	-	250	-
		2,010	-	-	-	-	2,010	-
21.04.2007	49	5,220	-	5,000	100	120	-	-
	50	5,220	-	5,000	100	120	-	-
		10,440	-	10,000	200	240	-	-
25.04.2007	51	500	-	-	-	-	500	-
	52	450	-	-	-	-	450	-
	53	350	-	-	-	-	350	-
	54	200	-	-	-	-	200	-
	55	150	-	-	-	-	150	-
	56	200	-	-	-	-	200	-
		1,850	-	-	-	-	1,850	-
29.04.2007	57	5,220	-	5,000	100	120	-	-
	58	5,220	-	5,000	100	120	-	-
		10,440	-	10,000	200	240	-	-
29.04.2007	59	400	-	-	-	-	400	-
	60	600	-	-	-	-	600	-
	61	450	-	-	-	-	450	-
	62	250	-	-	-	-	250	-
		1,700	-	-	-	-	1,700	-
30.04.2007	Total	53,940	-	45,000	900	1,080	6,960	-

Extent covered by Training and Areas expected to be undertaken by the Treasurer and CBO Officials



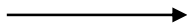
Reports submitted to CBO by third parties



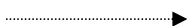
Reports and documents to be prepared and maintained by the Treasurer and the CBO officials (Extent covered under the FMS Training)



Reports and statements prepared by the External Auditor of the CBO, at the time of the Annual Audit



Document flow



Transfer of opening balances to the Cash-book, after the Annual Audit

APPENDIX 4 - Trained Trainers on Finance Management Systems to CBOs

	Name	Contact Telephone No.
1	L S K Lasantha Maduranga Anuradapura / Polonnaruwa	0716681454 0252276150
2	Dayarathna Danapala Anuradhapura	0602852005
3	W M Nissanaka Wijebahu Monaragala / Hambantota	0724100228 0602551515
4	A Jayaratna Monaragala / Hambantota	0773973809
5	D M G V P Daluwathamulla Anuradhapura	0725213721 0602850572
6	L W G Wimalasiri Kegalle	0714738906 0335685411
7	M M Najmee Puttalam	0776649424 0602328450
8	K R C S Abeygunawardena Kalutara	0774035467 0342264749
9	D R A Madura Somaratna Kegalle	0602953748
10	P C K Abeykoon (Mater – trainer / Auditor)	0773059993 0112684615

APPENDIX 5 - CBO TRAINING ITINERARY

Training of Officers of CBOs in FMS

Training Agenda

Day 1

8.15-8.30	Registration
8.30-9.30	Understanding the Accounting and Financial Management Systems presently followed by participating CBO's and filling the information sheets indicating the system that is followed
9.30-10.30	Identify the areas which are different to each other (CBO's) Identify changes required and additional information needed for a sound financial management system.
10.30-10.50	Tea break
10.50-11.30	Identify the sources of inflows (income) and sources of outflows (payments) and standard system to be followed in dealing with receipts and payments.
11.30-12.30	Learn the standard system to be followed by practicing the two examples given in the training materials.
12.30-1.30	Lunch break
1.30-3.30	Identify the types of Cash books, use of appropriate Cash books and maintaining Cash books. Prepare the cash books using the data given in two examples
3.30-3.45	Tea break
3.45-5.00	Preparation of monthly Cash summaries and presentation of monthly results / performance to the beneficiaries/members and other stakeholders.
5.00	End of the Day 1

Day 2

8.30-9.30	What is the general ledger? Can CBO maintain a general ledger? Practice maintenance of tailor- made general ledger for CBOs.
9.30-10.30	Practice maintaining the tailor- made general ledger with the use of data in the Cash books and monthly receipts and payments summaries already prepared
10.30-10.45	Tea break
10.45-1.00	Continue to work on general ledger and preparation of cumulative summaries of receipts and payments
1.00-2.00	Lunch break
2.00-3.00	Identification of records in relation to bank transactions and preparation of bank reconciliations
3.00-3.30	Other documents maintained by the CBOs, how to maintain them, filing system, responsible officers of CBO for maintaining books of account and registers etc.
3.30-3.45	Tea break
3.45-4.45	Can we do the work now? What are the other issues we have? Identification of other issues encountered by the CBOs, and CBO officers and how to address them, aspects to be covered include operation and maintenance costs, budgeting, reporting, auditing, tariff setting, development of recourses to maintain books of account, water sources and protection of sources and sustainability of CBO operations.
4.45-5.00	Views of the CBO participators, filling the evaluation report and closing remarks.
5.00	End of Day 2 Workshop Close

APPENDIX 5 - CBO TRAINING LIST OF CBOs AND OFFICERS ATTENDING**Puttalam District****26th & 27th January 2008**

No.	Name of CBOs	Name of Officer	Position
1.	Diriya	W. Susantha Fernando	Clerk
2.	Kaladiya Ekabadda	P. A. L. Fernando	Treasurer
		Rajina Shyamalai Mutukude	Clerk
3.	Samindu	M. Monisas Fernando	Clerk
4.	Samagi	W. M. Malani Wijesundara	Clerk
5.	Ekamuthu	P. M. Pradeepa Madhushani	Clerk
6.	Pethum	R. H. M. Ranjani Premalatha	Treasurer
		R. W. M. Karunaratne	Clerk
7.	Randiya	S. G. K. Sagarika Prashanthi	Clerk
8.	Dimuthu	A. H. M. Deepika Ariya Bandara	Clerk
		J. M. Piyadasa	Treasurer
9.	Saliya Wewa Aluthgama	M. M. N. D. Sanjeewani Wijeratne	Clerk
10.	Eksath	R. M. Deepika Nandani	Clerk
		R. P. Gunawathi	Treasurer
		J. A. Ananda Sumith Kumara	Clerk
11.	Saviya (South)	J. A. S. Malika Jayasuriya	Clerk
12.	Swashakthi Ekabadda	P. V. Kumara Karunaratne	Officer
		J. K. I. A. Perera	Clerk
13.	Vijayapura Eksath	M. H. Ranaweera	Treasurer
14.	Rankaduwa Ekabadda	M. H. Noras Visku	Clerk
15.	Janajaya	K. M. A. Premawathi	Clerk
16.	Thambapanni	Jinadasa Kumarasinghe	Treasurer
		A. A. H. Nilanthi	Clerk
17.	Prathibha	R. H. M. Anulavathi	Clerk
		H. M. Herath Menike	Clerk
18.	Janahitha	R. M. Amali Deepika	Clerk
		G. A. Anuruddhika Sandamali	Treasurer
19.	Welewewa	S. W. G. Somadasa	Treasurer
		Amal Erandana	Clerk
20.	Uriyawa	W. A. Piyasena	Clerk
		K. P. S. M. Rajapaksha	Treasurer
21.	612 Mohoriya	B. K. Jayawathi	Treasurer
22.	Diyawanna	N. G. Thamara	Clerk
		W. G. Sandya	Treasurer
	22	34	

Kegalle District**19th - 20th January 2008**

No.	Name of CBOs	Name of Officer	Position	
1.	Shramashakthi	Lalitha Naname Arachchi	Secretary	
		P. G. Malalawansa		
2.	Kotiyakumbura	K. Puranyasoma	Treasurer	
		P. Abeykoon	Secretary	
		S. G. Dhanushka Karunaratne	Clerk	
		W. Wasantha Sampath	Clerk	
3.	Perakumba	R. M. A. Nimal Ranathunga	Chairman	
		J. M. I. Menike	Treasurer	
		H. C. Saman Kumari	Manager	
4.	Mehewara	K. B. Somapala	Chairman	
		H. P. G. Gunadasa	Secretary	
5.	Janasetha	M. Gunathilake	Secretary	
6.	Ekamuthu	Podimenike Wattegedera	Secretary	
		W. M. Padmi Briytris Fernando	Chairman	
		H. S. M. J. Malani Chandralatha Peiris	Treasurer	
	6	15		

26th – 27th January 2008

No.	Name of CBOs	Name of Officer	Position
1.	Kithulgala Liyanoya	M. A. Somadasa	Secretary
		P. G. Chandrapala	Chairman
		P. Sisara Anjali	Manager
2.	Apsara	H. K. Nandawathi	Secretary
		W. A. Subasinghe	Chairman
		G. B. Sriyalatha	Accountant
	2	6	

Monaragala District29th - 30th December 2007

No.	Name of CBOs	Name of Officer	Position
1.	Pragathi	J. G. Sriyani Malkanthi	Clerk
2.	Lunugala Janapadaya	W. M> Chandrasekera	Clerk
3.	Eksath Gemunu	J. M. Anurasiri	Maintenance Officer
		R. M. Ariyawansa	Clerk
		D. M. Sudubanda	Chairman
		D. M. Wickremasinghe	Treasurer
4.	Jayamini	D. M. Sudubanda	Secretary
		A. J. M. Siribandu	Treasurer
		D. M. Nandasiri	Chairman
5.	Ekamuthu	J. P. Swarnalatha	Treasurer
		R. M. Jayathilake Banda	Clerk
6.	Metawatte	H. M. Ratnayake	Clerk
		R. M. Karunaratne	Treasure
		W. M. Vijayaratne Bandara	Chairman
7.	Weliyaya	K. K. Sirisena	Treasurer
		B. A. H. Wijewardena	Chairman
8.	Janahitha	D. M. W. S. Dissanayake	Treasurer
9.	Swashakthi	Thilakasiri Munasinghe	Chairman
10.	Kelivella	W. M. Sarathchandra	Clerk
		D. M. Abeyratne	Chairman
11.	Pubudu	Malani Ratnayake	Clerk
12.	Punsirigama Samagi	D. M. Sugathsiri	Clerk
13.	Suhada	H. M. Mallika	Treasurer
		H. M. Kanchana Hansamali	Assistant
	13	24	

19th & 20th January 2008

No.	Name of CBOs	Name of Officer	Position
1.	Wasana	R. P. Perakum Disanayake	Chairman
		P. V. Deepika Witharana	Treasurer
		I. D. Iresha Siriwardena	Clerk
2.	Pragathi	Domi Wattuhewa	Treasurer
		D. M. Sumedha Wickremasinghe	Clerk
		S. M. Sarath Kumarasiri	Chairman
3.	Minimuthu	E. K. Lalith Wijekoon	Clerk
		A. Ajith Ediriwickrema	Chairman
		R. M. Dayananda	Treasurer
4.	Pibidena	A. Gunaseeli	Treasurer
		G. Chintaka Aruna Sampath	Clerk
5.	Suhada	R. A. Vijitha Pushpa Kumara	Chairman
	5	13	

12th - 13th January 2008

No.	Name of CBOs	Name of Officer	Position
1.	Disni	R. M. Rajaratne	Chairman
		D. M. Gunaratne	Clerk
		R. G. Jayantha Peiris	Treasurer
2.	Navodaya	T. H. G. Sumanasena	Chairman
		K. M. Abeywardena	Meter Reader
		W. M. Samarasinghe	Treasurer
3.	Udamallewa	A. M. Karunasena	Chairman
		A. M. Rohana Siriwardena	Treasurer
4.	Samagi	W. M. Premawathi	Chairman
		R. S. D. Malkanthi Kumari	Secretary
5.	Sisila	B. D. C. Amarasiri	Clerk
6.	Kongolla	R. M. Siriwardena	Treasurer
7.	Thotagama	B. M. Gunapala	Chairman
8.	Uva Kudaoya	D. M. Abayasena	Chairman
	8	14	

Anuradhapura District**22nd & 23rd December 2007**

No.	Name of CBOs	Name of Officer	Position
1.	Suwasewa	D. M. R. B. Disanayake	Chairman
		R. M. C. Ratnayake	Treasurer
2.	Perakum	D. M. H. Disanayake	Secretary
		S. Chandrawathi	Treasurer
3.	Nildiyawara	J.M. Disna Indrawathi	Secretary
		Yamuna Kumari Ranathunga	Treasurer
4.	Saliya	D. Samaraweera	Secretary
		J. Ranasinghe	Treasurer
5.	Sarana	K. Priyantha Anurasiri	Secretary
		H. Punyasiri	Chairman
6.	Bagya	S. Siri Pushpakumara	Chairman
7.	Wasana	H. G. Gunapala	Chairman
		Anura Disanayake	Secretary
8.	Swarnahansa	R. M. Punchibanda	Chairman
		R. M. Priyantha	Treasurer
9.	Sanitha	J. M. Ariyadasa	Clerk
		B. M. P. Basnayake	
10.	Bagya	T. B. Gamini Karunathilake	Treasurer
	10	18	

02nd – 3rd February 2008

No.	Name of CBOs	Name of Officer	Position
1.	Janasetha	Piyasena Galakumbura	Treasurer
2.	Pragathi	A. Gunasinghe	Secretary
3.	Isuru	S. M. Hemantha Keerthi	Treasurer
		Roshini Senanayake	Clerk
4.	Ranarunalu	K. Thilakarathne	Treasurer
		P. B. Ariyaratne	Operator (Pump)
5.	Pradeepa	M. Siriwardena	Treasurer
		P. Premadasa	Chairman
6.	Upul	P. B. Wijepala	Treasurer
7.	Moragahawela	A. B. Tennakoon	Operator (Pump)
		A. Seneviratne	Chairman
8.	Jayashakthi	H. G. S. Renuka Gamage	Clerk
		L. A. Indrani Briyatriss	Secretary
9.	Samagi	H. M. D. Wickremasinghe	Chairman
		H. B. Ranbanda	Secretary
10.	Shakthi	P. Jinadasa	Chairman
11.	Vajira	M. Wijedasa	Chairman
		P. Ariyaratne	Treasurer
	11	18	

26th & 27th January 2008

No.	Name of CBOs	Name of Officer	Position
1.	Dutuwewa	D. W. P. Sumanawathi	Secretary
		R. A. Mallika Ranawaka	Treasurer
		W. Somapala	Chairman
2.	Vijaya	W. G. Gnanawathi	Secretary
3.	Mahasen	J. K. N. P. Ratna Kumari	Chairman
4.	Swashakthi	N. H. P. Premasiri	Treasurer
5.	Galdiyawara	M. Siripala	Maintenance Officer
		W. G. Jayasena	Chairman
6.	Perakum	A. J. Abeysinghe	Chairman
		D. M. Sugath Dayananda	Treasurer
7.	Dathusena	A. L. Neyina Mohamed	Chairman
		H. M. Ahamad Lebbe	Secretary
8.	Senadiriyaagama	A. Wijeratne Banda	Treasurer
		P. Jayakeerthi Senadeera	Chairman
9.	Suwsahana	K. B. Samarasinghe	Chairman
10.	Galenbindunuwewa	G. P. A. Malani	Secretary
11.	Nildiyawara	L. Ilangathilake	Treasurer
12.	Unagollewa	R. M. W. Bandara	Chairman
		R. M. Upali	Treasurer
13.	RWS	H. H. Somasiri	
		D. B. Gunadasa	DM
	13	21	

Polonnaruwa District**19th - 20th January 2008**

No.	Name of CBOs	Name of Officer	Position	
1.	Talpotha	R. M. Kusumawathi	Clerk	
		D. L. A. M. Indrani	Treasurer	
2.	Mandalagiriya	L. M. Karunaratne	Treasurer	
		K. A. Gunasekera	Chairman	
		M. Guruge Airangani	Secretary	
3.	Nawa Dekma	G. Y. T. Bandara	Vice Chairman	
		P. H. A. Chamida	Chairman	
		K. G. Gnanawathi	Treasurer	
4.	Pansal Godella	M. P. Karunasena	Chairman	
		N. P. Mudiyanse	Treasurer	
5.	Nelum Samadhi	G. P. C. Preethikumara	Chairman	
		U. G. Kanthi Pushpalatha	Treasurer	
		S. M. Ariyadasa	Secretary	
6.	Kusumpokuna	T. K. G. Shanta Bandara	Vice- Chairman	
		P. M. D. Sriyalatha	Chairman	
		Damayanthi Jayasinghe	Treasurer	
7.	Ekakaya	M. G. W. K. Rakapaksha	Accountant	
8.	Lankapura	Chitra Airangani		
	8	18		

26th -27th January 2008

No.	Name of CBOs	Name of Officer	Position
1.	Nelum	M. W. Evas	Treasurer
		H. B. Wijesinghe	Chairman
2.	Victory	Michel Gamage	Chairman
3.		K. P. Nihal Chandrasiri	Chairman
4.	Arunodaya	Kanthi Eidirisinghe	Treasurer
		R. U. P. Sumanasena Rajapakshe	Secretary
5.	Pragathi	S. G. B. Nayana Kanthi	Treasurer
		E. G. Gunadasa	Chairman
6.	Janashakthi	L. Ubesena	Chairman
7.	Randiyadahara	M. A. Perera	Treasurer
8.	Tisara	G. N. Jayatissa	Treasurer
		K. G. Heenbanda	Chairman
9.	Swashakthi	P. M. Jayatilake	Secretary
		W. G. Sumana Bandara	Treasurer
10.	Borawewa	T. B. Karunaratne	Chairman
		K. A. Sandya Gunawardena	Secretary
11.	Janashakthi	M. Wimalawathi	Treasurer
		W. M. Gunaratne Menike	Secretary
12.	Sevana	A. G. Sarath Gunawardena	
		G. V. S. K. Chaminda	
13.	Magulpokuna	G. C. Rajapakshe	Driver
		T. G. Sunil Gunaratne	Treasurer
		W. M. Kiribanda	Chairman
	13	23	

APPENDIX 6 – Cost Estimates for further training of CBOs on FMS**Cost of FMS Training in five districts**

	Per unit cost Rs	No. of units Rs	Total cost Rs 000s	
Reimbursable Expenses				
Accommodation & travelling for trainees	2,500	3,750	9,375	
Accommodation for trainers	2,500	848	2,120	
Hall hire charges	8,000	424	3,392	
Equipment Hire	6,500	424	2,756	
Training Contractors Costs				
Training Materials	750	3,750	2,813	
Fees for trainers	2,500	848	2,120	
Travelling for trainers	1,500	424	636	
Fees for Training coordinators	75,000	12 months	900	Intermittent over 2 years
Fees for FMS	350,000	12 months	4,200	Intermittent over 2 years
Accommodation for FMS	2,500	424	1,060	
Travelling for FMS	100,000	24 months	2,400	
Contractors social costs, overheads & profits (35% of actual cost)			4,945	
			36,716	
Contingencies (5%)			1,836	
Total Cost (Approx:)		Rs 000s	<u>38,552</u>	
		US \$	<u>353,691</u>	
Total Cost (Approx:)		US \$	<u>355,000</u>	

Assumptions

- 1 Exchange Rate used is Rs 109 = 1 US
- 2 Trainer fees will be Rs 2,500 per day.
- 3 Total duration required for training of 625 CBOs is 2 years.
- 4 FMS training specialist and his coordinating staff will provide their input intermittently for a period of 12 months.
- 5 Training of trainers and effective delivery of training are the responsibility of the training contractor
- 6 There will be two training sessions for every CBO. (Initial / Refresher training and follow-up training)
- 7 There will be no training for CBOs in Monaragala, Kegalle and Kalutara districts.
- 8 Training will be residential and for two days per session.
- 9 There will be three officers participating from each CBO in a training session.
- 10 Contingencies provided at 5%.

FMS Training - District wise analysis

District	No of CBOs	No. of Training sessions	No. of Participants	No. of trainer days
- Puttalam District	165	28	495	224
- Anuradhapura District	274	46	822	368
- Mannar District	70	12	210	96
- Vaunia District	40	7	120	56
- Polonnaruwa District	76	13	228	104
	<u>620</u>	<u>125</u>	<u>1,875</u>	<u>848</u>
No. of participants in both sessions			<u>3,750</u>	

APPENDIX 7 - Cost of Financial Management Support Cell

Description	No.		Input	Cost per month (Rs)	Amount Rs 000s	Remarks	
Remuneration							
FMS consultant	1	Months	36	350,000	12,600	Intermittent input	
Field coordinator	1	Months	50	35,000	1,750		
FMS Assistants	20	Months	50	20,000	20,000		
Office Assistant	1	Months	50	20,000	1,000		
Travelling							
FMS Consultant	1	Months	36	125,000	4,500	Intermittent input	
FMS Assistants	20	Months	50	12,500	12,500		
Other costs							
Stationery		per month	50	7,500	375		
Insurance		Rs 500,000p.a			2,500		
Accommodation	21	per month	50	12,500	13,125		
Office support		per month	50	50,000	2,500		
Communication	21	per month	50	5,000	5,250		
Communication - FMS Cons:		per month	50	7,500	375		
Subsistence - FMS Consultant		per month	36	50,000	1,800	Intermittent input	
Service providers overheads and margins (32.5%)						25,439	
Contingencies (5%)						5,186	
				Rs 000s	108,900		
				(US 1 = Rs 109)	US \$	999,083	
Total Cost (Approx)					US \$	1,000,000	