

**Government of the Republic of the Union of Myanmar**



**National Community Driven Development Project**

## **Operations Manual**

### **Annex 1**

**Financial Management and Administration**

**Manual**

**Union, State/Region and Township Level**

**October 2016**

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## ACRONYMS & ABBREVIATIONS

AA	Accounts Assistant
ABB	Activity Based Budget
AWPB	Annual Work Plan & Budget
BPV	Bank Payment Voucher
BRV	Bank Receipt Voucher
CAR	Cash Advance Request
CDD	Community Driven Development (Project)
DA	Designated (Bank) Account
DRD	Department of Rural Development
FA	Financing Agreement
FMM	Financial Management Manual
FMU	Financial Management Unit
FSC	Finance Sub-Committee
GL	General Ledger
IDA	International Development Association
IFR	Interim Financial Report
IOC	Incremental Operating Costs
ISA	International Standards of Auditing
MMK	Myanmar Kyat
MTO	Money Transfer Order
NCDDP	National Community Driven Development Project
NOL	No Objection Letter
OC	Operating Cost
PAC	Project Accountant
PCB	Petty Cash Book
PCPV	Petty Cash Payment Voucher
PD	Project Director
PO	Purchase Order
PPM	Project Procurement Manager
PR	Purchase Receipt
SCA	Settlement of Cash Advance
SOE	Statement of Expenditures
SFO	Senior Finance Officer
TWST	Training, Workshops & Study Tours
VPSC	Village Project Support Committee
VTPSC	Village Tract Project Support Committee
WA	Withdrawal Application
WB	World Bank

## Financial Management Manual

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## **CHAPTER 1: INTRODUCTION**

### **1 THE NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

1. The National Community Driven Development Project (NCDDP) aims to increase access to essential infrastructure and services for rural communities in Myanmar using a people-centered approach. To this end, the NCDDP will: (i) finance community identified rural infrastructure investments; (ii) strengthen the capacity of communities in partnership with local authorities to effectively identify, plan and implement their development priorities; and (iii) facilitate the participation of the poor and vulnerable, both men and women, throughout the project cycle at the community level.

### **2 PURPOSE OF THE FINANCIAL MANAGEMENT AND ADMINISTRATION MANUAL**

2. The purpose of the Financial Management and Administration Manual (FAM) for the NCDDP is to provide guidelines on financial policies and procedures to managers, financial and other staffs of project implementing agencies. The manual provides guidance on all areas of financial management from financial policies and standards, budgeting, financial accounting systems and procedures, to financial reporting and audit. The managers and financial staff of the NCDDP are required to fully familiarize themselves with the manual and have all concerned staff trained in its application. The Senior Financial Officer (SFO) of the project is the principal custodian of the manual and takes primary responsibility to ensure that all financial staff are trained and understand the policies and procedures described in the FAM.

3. The structure and the responsibilities for the project's financial management are designed to ensure transparency and accountability for financial resources allocated to the project at all levels of project implementation. The primary responsibility for financial management lies with the Finance Department of the Department of Rural Development (DRD), through a Finance Unit (FU). The FU shall be responsible for implementing the accounting policies and procedures described in this manual and training staff at union, State/Region and township level. The FU shall maintain a separate project accounting system for recording and reporting project expenditures.

4. At the State and Region level, project related accounting will be carried out by the DRD State/Region finance staff. At the township level, project related accounting will be carried out by the DRD township finance staff. The DRD finance staff shall facilitate public disclosure of financial information at township. At the community level, the facilitators will organize the public disclosure with the support of the DRD finance staff and the Township Technical Assistance Team.

5. Village tract forums shall form Finance Sub-Committees to manage the block grant receipts and payments received by the respective forums. A separate community financial management manual describes the policies and procedures for management of block grants at village tract level.



### **3 USE OF THE FAM**

6. The manual is prepared for use by all levels of project implementation staff and consultants and any financing partners who may wish to participate in the NCDDP. The manual will serve the following purposes:

- (a) Familiarizing stakeholders with CDD financial management (FM) arrangements;
- (b) Assisting accounting personnel of the NCDDP to be familiar with the planning, budgeting, accounting, internal control, auditing, and anti-corruption arrangements under the project;
- (c) Assisting in the induction and training of staff;
- (d) Acting as a reference guide to resolve conflicts or misunderstandings which may arise from time to time during the implementation of the project;
- (e) Ensuring there is continuity of approach despite staff changes in FM; and
- (f) Ensuring there is consistency in FM approaches at all levels of implementation.

### **4 OBJECTIVES OF THE FAM**

7. The objective of the manual is to outline the financial management framework and supporting conforming systems to key financial obligations underlying project implementation. The key financial obligations include:

- (a) An acceptable financial management system is consistently maintained throughout implementation;
- (b) Timely quarterly Interim Financial Reports (IFRs) are submitted; and
- (c) Annual audited financial statements are submitted within the stipulated or agreed time frame.

The FAM also deals with procedures and controls on project asset management.

### **5 CRITERIA FOR ASSESSING COMPLIANCE WITH THE FAM**

8. Proper financial management of the project will have been achieved when at any point in time, through assessments or otherwise, implementing entities at all levels demonstrate a responsibility and evidence showing that:

- (a) Financial resources allocated to block grants and other components of the NCDDP are timely available for implementing project activities
- (b) Resources are applied strictly for intended purposes with due attention to economy and efficiency benefitting the intended communities; and
- (c) Accurate and timely information and reports are available for management planning, decision making, and reporting purposes.

### **6 REVISIONS TO THE FAM**

9. The FAM is an integral part of the Operations Manual and should be read in conjunction with the Financing Agreements, Project Appraisal Document/Project Paper, the World Bank's and other financing partners Disbursement Letter, and any other guidelines and procedures issued by the DRD, the World Bank or other financing partners.

10. The FAM is a living document, which may need amendments from time to time to reflect implementation experiences and developments in best practice in project accounting. All users are encouraged to send recommendations for improvement of the Manual to the SFO. All amendments shall be proposed by the SFO and approved by the Project Director (PD), with the concurrence of the World Bank.

## **7 STRUCTURE OF THE FAM**

11. The FAM consists of the following chapters.

Chapter 1 – Introduction  
Chapter 2 – Planning and Budgeting  
Chapter 3 – Accounting Policies, Standards and System  
Chapter 4 – Bank Accounts and Payment Procedures  
Chapter 5 – Disbursement Arrangements  
Chapter 6 – Financial Reporting  
Chapter 7 – State/Region Financial Management  
Chapter 8 – Township Financial Management  
Chapter 9 – Fixed Assets Control  
Chapter 10 – Governance, Anti-corruption and Auditing  
Chapter 11 – Travel and Transportation  
Chapter 12 – Training, Workshops and Study Tours

12. Each chapter contains descriptions of responsibilities, procedures to be followed, accounting forms, and other supplementary records to be used in implementing the specified accounting procedures.

## **CHAPTER 2: PLANNING & BUDGETING**

### **1 INTRODUCTION**

13. Planning and budgeting is an essential management tool for the financial control of project activities. Planning consists of preparation of an operational strategic plan for project implementation and in devising a tactical plan to implement the agreed strategies to achieve project objectives. Budgeting is a process of estimating the financial requirements and outcomes for the agreed plan and is used for short-term management (usually annual) of project implementation. Budgets are also essential for ensuring that adequate cash flows are available to carry out the project. The budget process facilitates management attention to set quantitative targets in physical and financial terms to monitor progress of project implementation and to take corrective action when unforeseen events affect project progress.

14. Both planning and budgeting continue throughout the life of the project. For the NCDDP, overall planning parameters are set in the Project Appraisal Document/Project Papers, which set project objectives, key results targets, and financial plans. A detailed annual budget is prepared to assist management in achieving the project objectives and shall consist of the following:

- (a) Projections of block grant disbursements;
- (b) Projections of contract awards/commitments for: (i) goods and services; and (ii) consultancy services;
- (c) Projections of incremental operating costs;
- (d) Projections of project expenditures analyzed by components and sub-components and activities in financial terms;
- (e) Quantification of activities/outputs where feasible aligned to the financial projections; and
- (f) Projections of disbursements by the World Bank disbursement category (as specified in the Financing Agreement).

15. The annual budgets shall be analyzed quarterly for effective monitoring of project implementation. The quarterly budgets will assist in measuring actual progress against plans quarterly, analyzing variations, and taking corrective action.

### **2 KEY RESPONSIBILITIES**

16. The SFO and staff shall be responsible for coordinating the preparation of the annual budget. However, the process should involve all operational managers under the direction of the Project Director (PD). At the union level, managers assigned to individual components of the project shall make the initial projections of operational plans and financial requirements. At township level, the DRD official responsible for the township shall estimate the financial requirements for the township implementation. The SFO shall consolidate the overall project budget and present it to the approval of the PD. The budget is submitted to the World Bank for its approval.

17. The annual budget is approved by the Director General of DRD and submitted to the Ministry of Agriculture Livestock and Irrigation, then to the Budget Department of the Ministry of Planning and Finance then the Financial Commission of the Parliament for the final approval.

### 3 BUDGET CALENDAR

18. The Union Government of Myanmar’s fiscal year runs for 12 months from April until March of the following year. The annual budget for the NCDDP shall be prepared for each government fiscal year, starting from fiscal year 2013/14. The following budget calendar is anticipated:

- (a) Issue of budget guidelines and instructions by the SFO;
- (b) Submission of budget requests by the departmental managers;
- (c) Budget consolidation by FU of NCDD project and approval of the PD;
- (d) Budget approval by the World Bank;
- (e) Submission for approval of the Director General of the DRD;
- (f) Submission to the Ministry of Agriculture Livestock and Irrigation and the Budget Department of the Ministry of Planning and Finance; and
- (g) Approval by the Parliament.

### 4 BUDGET PREPARATION

19. The budget is prepared based on annual work programs and implementation schedules approved by the management. For the NCDDP, estimates of number of townships, village tracts and villages expected to benefit from the project are agreed. Based on these, the work requirements for institutional support and estimates of capacity development needs at union and township levels and village tract forums are made. In addition, activities to support the knowledge and learning component shall also be prepared. The next step is to prepare a detailed procurement plan to support the above operational plans. Finally, financial estimates to carry out the above activities are prepared and integrated into a consolidated budget.

20. The budget shall be prepared by project component, sub components, by cost category and by source of financing, analyzed into monthly and quarterly periods. Monthly budgets are required to estimate cash requirements/forecasts by Operations Managers based on the activity based budgets submitted by the DRD townships, DRD State and Region and DRD Union’s work plans and ensure that sufficient cash is available. The quarterly budgets will assist in measuring actual progress against plans quarterly, analyzing variations and taking corrective action.

21. In order to understand the key dates at which project budgets need to be integrated with ministry budgets, it is necessary to be aware of the Government of Myanmar’s budget calendar. As stated in the *Financial Procedure of Ministries, Departments, State Enterprises, Development Committees and Organizations* (Order No. 42/1986), published by the Ministry of Planning and Finance, the budget calendar has the following phases and timelines:

	<b>Budget Phases</b>	<b>Timeline</b>
1	Call for preparation of the budget plans by the Ministry of Planning and Finance	September
2	Preparation of the budget by the line ministry	September - October
3	Budget submitted to the Budget Department of the Ministry of Planning and Finance	Before 31 <sup>st</sup> October

4	Budgets submitted to the Finance Commission of the Parliament	December to January
5	Budgets approved by the Parliament	January to February
6	Budget revisions (supplementary budget) prepared	August
7	Budget revisions (supplementary budget) submitted to the Parliament	November

22. The NCDDP Secretariat will prepare its budget in the months of September and will make every step to incorporate its budget.

## 5 REVISION OF THE APPROVED BUDGET

23. Even when the budgets are carefully prepared, there may be needs to revise the budget to adapt to changing circumstances. These revisions may require reallocations between budget categories within the approved budget envelope or seeking supplementary budget allocations due to exigencies of project implementation. In either case, the NCDDP Secretariat will follow the government budget regulations for seeking approval of budget revisions. The proposed revisions shall also be submitted for the World Bank's approval.

## 6 BUDGET EXECUTION

24. The SFO is the designated budget administrator for the execution of the approved budget. Budget execution has several phases. The budget managers (operational managers) and budget administrator have specific roles in the execution of budgets. Following the approval of the budget by the Parliament, the NCDDP has spending authority to implement the project using the allocated resources. The following tasks and responsibilities are discharged by the respective managers.

- (a) **Budget Commitment:** At this stage, expenditure commitments are made by operational managers by signing a block grant agreement, purchase order, or a consultant contract. Commitment actions are usually initiated by the operational managers and executed by the procurement officer and approved by the PD. These commitments shall be initiated following accounting procedures described under relevant sections in this manual. Commitments are not recorded in the accounting system but shall be entered in appropriate registers.
- (b) **Verification:** When block grant disbursement requests are received, the Project Manager and the township manager verify that all formalities are completed. For other goods or services, these shall be verified by the originator of the commitment and acceptance certificates are issued. Work outputs are verified as completed and supplies as delivered in full.
- (c) **Payment Order:** Following receipt and verification of goods and services provided and with the accompanying supplier invoice, the SFO processes the payments in accordance with the procedures described in this manual. For block grants, a disbursement request is issued by the Project Manager.
- (d) **Cash Payment:** Checks or money transfer orders are issued in full payment of the authorized payment order by the SFO.
- (e) **Accounting:** Transactions are recorded in the general ledger (GL).

25. As cash basis is used for project accounting, there is a lag between commitment, receipt of supplier bills, and actual payments. Budget reports only reflect actual payments and if there

is a build-up of unpaid bills, it could distort budget management. The SFO has the responsibility to constantly review the commitments and payments to ensure that all payments are made speedily and budget reports reflect actual expenditure.

## **7 BUDGET CONTROL & ACCOUNTABILITY**

26. Transparency of project management is achieved through timely availability of understandable and accurate financial information by way of budgets and actual progress reports to all stakeholders. In case of the NCDDP, this is achieved through the preparation and wide dissemination of financial plans and progress reports. These reports are discussed in Chapter 6 and will meet the following objectives:

- (a) Provide managers with information on how well they are performing against plans and allow individual control of areas of their responsibility;
- (b) Allow the PD to monitor the performance of the overall project and hold managers accountable for their actions;
- (c) Allow the Ministry and the World Bank to measure implementation progress against agreed plans; and
- (d) Provide stakeholders and beneficiaries with information to measure delivery of intended benefits to the rural poor.

## **CHAPTER 3: ACCOUNTING POLICIES, STANDARDS & SYSTEM**

### **1 BASIS OF ACCOUNTING**

27. The basis of accounting, accounting policies and standards used by the project must be stated in the Annual Financial Statements.
28. The project will use cash basis of accounting for all receipts and expenditures for budgeting, accounting, and reporting where subsidiary records of assets are kept, these are shown at cost and no depreciation is applied.
29. Project financial statements are expressed in Myanmar Kyat (MMK) and foreign currencies when translation is difficult for foreign currencies. The financial statements shall show sources of funds and expenditures and related financial information in relation to IDA fund withdrawals and disbursements from the project designated accounts.
30. Under the cash basis of accounting all sources of funds are recognized when actually received in project bank accounts. Expenditures are recognized when payment is made rather than when it is incurred.
31. Project assets (office equipment, furniture, vehicles, software, etc.) procured are recognized as expenditure when cash is paid to the contractors or suppliers. Asset register is maintained for all project assets.
32. Project will follow applicable tax law, regulations and rules of Myanmar.

### **2 ACCOUNTING SYSTEM & RECORDS**

33. The FU established at the DRD union office shall be responsible for establishing and maintaining a financial management system for financial control of the NCDDP. A computer based Project Accounting System shall be established in order to facilitate easy record keeping and the production of monthly reports, which will be used by the Government of Myanmar and the World Bank. The financial management system shall include: 1) a general ledger; and 2) a chart of accounts designed for the project.
34. A number of supplementary records will need to be maintained in support of the computerized accounting systems as follows:
- (a) Bank Book (for the project bank accounts);
  - (b) Petty Cash Book;
  - (c) Advances Register;
  - (d) Grants Register;
  - (e) Copy of Contracts Register;
  - (f) Copy of Assets and Inventory Register; and
  - (g) Withdrawal Applications Register.
35. The above records shall be an integral part of the accounting system but shall be maintained in spreadsheet format to support the accounting records.

36. Administrative arrangements will be put in place to ensure that the following files are maintained in a manner that ensures ease of retrieval of documentation and access for review.

- (a) Bank Receipts Files
- (b) Bank Payment Files
- (c) Bank Reconciliation Files
- (d) Petty Cash payment Files
- (e) Petty Cash receipts Files
- (f) Petty Cash Reconciliation Files
- (g) Withdrawal Applications and Related Statement of Expenditures/Summary Sheets
- (h) Journal Vouchers Files
- (i) Block Grant Agreements Files



## **CHAPTER 4: BANK ACCOUNT & PAYMENT PROCEDURES**

37. The NCDDP will establish bank accounts in accordance with the requirements of the project's financiers.

### **1 PERSONNEL RESPONSIBILITIES**

38. The Senior Finance Officer (SFO) has overall responsibility for the project's financial management including opening and monitoring of bank accounts, approval of all payments and oversight of bank reconciliations (details in Annex 1 of the FAM). The SFO is assisted by DRD staff assigned to work on NCDD and consultants.

39. The Project Accountant 1 (PAC 1) is responsible for: i) maintaining the project's accounting system consisting in a computerized general ledger (GL), subsidiary accounts, accounting registers, and documents; and ii) assisting in financial reporting (details in Annex 1 of the FAM).

40. The Project Accountant 2 (PAC 2) is responsible for assisting the SFO in all aspects of financial management with particular reference to cash management, banking, and grant disbursement management (details in Annex 1 of the FAM).

41. The Project Accountant 3 (PAC 3) is responsible for the payment of all contracts, especially with NGOs and individual consultants, by ensuring that all invoices are as per contract conditions, and providing assistance in the work at the office (details in Annex 1 of the FAM).

42. The Authorized Signatories review all documents, approve payment vouchers, and sign checks and Money Transfer Orders (MTOs).

43. In the rest of this manual (including the templates for Financial/Accounting forms), references will be generally to the Project Accountants, rather than to specific personnel. The respective PAC can be determined on the basis of the duties and responsibilities as indicated in Annex 1 of the FAM.

### **2 KEY CONTROLS**

- (a) At least two authorized signatures should be nominated to sign checks/MTO.
- (b) All checks should be printed and sequentially numbered.
- (c) All Bank Payment Vouchers shall be sequentially numbered.
- (d) All Bank Receipt Vouchers shall be sequentially numbered.
- (e) All cash or checks received shall be promptly banked.
- (f) Bank reconciliation shall be carried out at least once a month.
- (g) All payments of block grants shall be by check or MTO to the bank account of the recipient community organization.
- (h) Only checks and/or bank transfers are used to make payments to contractors/suppliers/consultants. Thus contractors/suppliers are required to:
  - (i) open bank accounts in the name of their companies; and/or
  - (ii) accept checks.

- (i) Cash and/or cash check withdrawal for payment to contractors/suppliers/consultants should strictly be avoided. Any exception must be reviewed and approved by the SFO.

### **3 BANK RECEIPTS**

- (a) When cash is credited to a bank account, a notification/credit advice should be received from the bank.
- (b) A Bank Receipt Voucher (BRV) shall be completed by the PAC. The BRV, together with the credit advice /notification from the bank, shall be forwarded to the SFO for review and approval before they are recorded in the computerized accounting system.
- (c) All BRVs shall be sequentially numbered.
- (d) BRVs, together with supporting documents, shall be filed by the PAC in a Bank Receipts File by yearly numerical order.

### **4 BANK PAYMENTS**

- (a) All payments shall be made by check or MTO unless there is proper justification for payment in cash.
- (b) A Bank Payment Voucher (BPV) shall be prepared by the PAC and approved by an authorized signatory.
- (c) Supporting documentation to BPV shall include purchase order, suppliers invoice, goods receipts note and any other relevant documents. For consultant and other services, copies of service contracts, consultant's invoice, supporting invoices, and certification of work performed by the supervising officer.
- (d) All BPVs shall be sequentially numbered.
- (e) BPVs, together with supporting documents, will be reviewed by the SFO, who will authorize the issue of a check/MTO.
- (f) Authorized BPVs will be submitted to the PAC for drawing up the check or MTO and shall be forwarded to an authorized signatory for payment approval.
- (g) The above documents and signed checks will be returned to the PAC, who will check the signatures and send the signed check to the payee or submit the MTO to the bank. Supporting documents should be stamped "PAID" immediately after approval to ensure there is no duplication of payment.
- (h) The PAC enters the BPV into the computerized accounting system daily.
- (i) BPVs and supporting documents should be filed in the Bank Payment File in monthly number order.

### **5 BANK RECONCILIATION**

- (a) A Monthly Bank Reconciliation Statement is prepared by the PAC, checked by the SFO and submitted for approval to the Project Director (PD) by the 15<sup>th</sup> of the following month. The bank reconciliation is an important instrument for internal control of the financial management and it is prepared to compare the outstanding balance of the Bank Book and the Bank Statement.

- (b) All reconciled items should be properly identified, explained and approved by an authorized person. The Bank Reconciliation Statement should be checked by the PAC and then verified and signed by the SFO before sending to the PD for approval.
- (c) The Bank Reconciliation Statement and the corresponding Bank Statement and Bank Book are filed in the Month-End Report by the PAC.

**6 PAYMENT BY CHECK OR BANK TRANSFER – PROCESS CHART**

<b>Step</b>	<b>Activity/Process</b>	<b>Responsibility</b>	<b>Documents</b>	<b>Remarks</b>
1	Request for payment	Contractor/Supplier/ Consultant Project Manager	Invoice Request for Block Grant Payment	Begin process  Prepare BPV
2	Ensure necessary documents attached, Block Grant approval, contract/purchase order relevant to the payment	PAC/SFO PO or Project Manager	Supporting Documents	Prior to making payment, SFO has to check to ensure that appropriate procedures have been applied.
3	Forward for certification, endorsement and necessary approval	PAC  PM/PD	BPV and Supporting Documents	PAC should send necessary supporting documents to PD for authorization
4	Process payment following approval	PAC	BPV Check/ MTO	Ensure necessary supporting documents are attached
5	Make payment to sub-grant beneficiary, contractor/supplier	PAC	BPV Check/ MTO	Official receipt from grant recipient, contractor/supplier must be obtained for all check payments.
6	Enter all payments into Bank Book and an appropriate ledger	PAC PF	Bank Book General Ledger	All transactions must be entered accurately

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 1: BANK RECEIPT VOUCHER**

Voucher No. ....  
Date .....  
Received From .....  
  
Amount .....  
  
Amount in Words .....  
  
Description .....  
  
Account Code Debit .....  
Account Code Credit .....

Prepared by  
PAC....

\_\_\_\_\_

Approved by  
SFO

\_\_\_\_\_

Posted by  
PAC...

\_\_\_\_\_

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 2: BANK PAYMENT VOUCHER**

Voucher No. ....  
Date.....  
Payee Name .....  
Amount Paid.....  
  
Bank Account.....

<b>Description</b>	<b>Expenditure Type</b>	<b>Account Code</b>	<b>Amount</b>
--------------------	-------------------------	---------------------	---------------

**Total**

Prepared by  
PAC....

Checked by  
PAC....

Approved by  
SFO

Posted by  
PAC...

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **7 BLOCK GRANT PAYMENT PROCEDURES**

44. The largest component of the NCDDP is the provision of block grants to rural communities for investment in community level infrastructure and services. Block grants will be allocated through a participatory planning process to community organizations at village tract level in the selected townships. The process of organizing communities, development planning by the selected communities, block grant application and approval process is described in the Operations Manual. The following sections describe the financial management procedures for the disbursement of block grants.

### **7.1 DISBURSEMENT OF BLOCK GRANTS**

45. The disbursement of block grants shall be carried out by the DRD union office directly to the bank account of the beneficiary village tract forum. The following activities need to be completed before submitting a Block Grant Disbursement Request Form (F4).

- (a) All Village Project Support Committees (VPSCs) and the Village Tract Project Support Committees (VTPSCs) have been established and staffed as required.
- (b) The VTPSC's Finance Sub-Committee (FCS) has been set up and trained.
- (c) The VTPSC has opened a bank account at a local bank (only required for the first disbursement).
- (d) The VTPSC head has signed a block grant agreement for the current cycle with the DRD township office.

46. At the completion of activities (a) to (d) above, the FSC shall prepare a Block Grant Disbursement Request Form and submit it to the DRD union office through the DRD township office.

47. On receipt of the Block Grant Disbursement Request, the following activities are carried out.

- (a) The Project Manager reviews all documentation and certifies the application for payment. The application is submitted to the PAC for processing.
- (b) The PAC reviews all documentation, prepares a BPV and submits it to the approval of the SFO.
- (c) Following the SFO approval, a Money Transfer Order (MTO) is prepared and submitted to the Designated Bank Account for transfer of funds directly to the account of the village tract forum.
- (d) The payment is recorded in the General Ledger by posting the BPV.
- (e) The payment advice is sent to the Project Manager who will enter it in the Block Grants Register.

### **7.2 UNSPENT/UNUSED BLOCK GRANTS**

48. Each VTPSC should plan for the full use of the annual block grant allocation in its village tract development plan. At the end of each project cycle, the Financial Management Unit at the union level will prepare a register of unspent/unused block grants from the Cycle Completion Financial Report (Form F7) to determine the amount of funds that can be carried forward to next year's grant allocation available to the VTPSC (see the section on Sub-project Closure in Chapter 6).

49. At the end of each annual cycle, the VTPSC may use unspent/unused block grant amounts in one or more ways:

- (a) For operations and maintenance (for equipment, fuel, tools, spare parts, etc.);
- (b) To extend or upgrade an existing sub-project in the next cycle; and
- (c) For use in the next community cycle.

Excess funds (granted to a village or collected from the village itself for the sub-project(s) in question) and their use must be accounted for, documented, and disclosed publicly.

50. In the final year of operations in a village tract, the VTPSC needs to select the highest priority sub-project in the Village Tract Development Plan that can be funded with the block grants.

51. Before the closing date of the project, VTPSC must take all steps to utilize the remaining funds/resources on eligible expenses related to the sub-projects by following all the approved procedures.

52. On closure and handover of the project, should there be any materials purchased for the project but remaining unused, it is recommended to carry out the following steps:

- (a) A stock count needs to be conducted to assess the type and quantities of the unused materials in the presence of two members of the VTPSC.
- (b) The materials counted need to be valued by applying the price at which such materials were purchased.
- (c) The VTPSC can either decide to keep the materials in a safe place for future use, such as maintenance of the project or future projects, or decide to sell the materials. Decisions of the VTPSC must be recorded.
- (d) If it is decided to sell the unused materials, a proper record needs to be established to document the quantities of materials sold, the selling price, the purchaser and the confirmation of the sales proceeds by the VTPSC. Receipts must be issued and signed off by both purchaser and seller.
- (e) The sales proceeds need to be deposited into the bank account of the VTPSC within 10 working days. The deposit slip must be kept and filed.

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 3: BLOCK GRANT DISBURSEMENT REQUEST**

Township Name..... Village Tract Name .....  
Date Training Completed .....  
Number of villages in this Village Tract ..... Confirmation that all VPSC established: Y/N

**Bank Account Details:**

Name of the Account .....  
Account No .....  
Name of the Bank .....  
Address of the Bank .....

Names & Positions of Authorized Signatories  
.....  
.....  
.....

Date Grant Agreement Signed.....

(Attach: Copy of Sub-Project Grant Agreement)

**Head of FSC**

**Head of VTPSC**

**Signature & date**

**Signature & date**

----- (For DRD use) -----

**Certified by DRD Township**

**Certified by DRD Union  
Project Manager**

**Certified payment made by  
DRD Senior Finance Officer**

**Signature & date**

**Signature & date**

**Signature & date**

**Date disbursed:**



**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 4: BLOCK GRANT REGISTER**

Reference		Township	Village Tract	Amount Approved	Amount Disbursed	Date Disbursed	BPV* Reference
Date	No.						

\* BPV (Bank Payment Voucher)

## **8 PAYMENT FOR GOODS & SERVICES**

53. Purchase of goods and services shall be carried out in accordance with the Procurement Procedures described in the Financing Agreement and the Project Procurement Manual. The procurement staff in the Project Management Team is responsible for carrying out the procurement activities. All documentation relating to procurement, such as the Invitation to Bid, Bid Submissions, Bid Evaluation Reports, and Award of Bids, are maintained by the Procurement Unit. When contracts are signed following bid award, a copy of the contract is submitted to the FU for their records.

54. In case of procurement that requires the World Bank's prior approval, a no objection letter (NOL) from the World Bank shall be sought before awarding the contract and a copy of the letter shall be included in the contract documents.

### **8.1 PROCUREMENT OF GOODS & SERVICES**

- (a) Procurement procedures are initiated by a designated procurement officer. The procurement process is summarized in the Procurement Evaluation Report.
- (b) Following the selection of a supplier for goods, a contract is signed between the NCDDP and the supplier or a Purchase Order (PO) is prepared by the person in charge of procurement. A copy of the contract or PO is submitted to the SFO.
- (c) International and national consultants are recruited in accordance with the agreed procurement guidelines specified in the Financing Agreement.
- (d) On award of contracts to consultants, a copy of the contract and TOR should be submitted by the procurement officer to the SFO.
- (e) On receipt of the contract, the PAC shall enter details in the Contracts Register. An individual sheet must be maintained for each contract in the Contracts Register.
- (f) Where contracts require the World Bank's no objection, the Contracts Register is updated when a no objection letter (NOL) is received from the World Bank.
- (g) The Contracts Register shall be updated regularly for payments and any amendments approved and signed with the contractor.

### **8.2 PAYMENT FOR GOODS**

- (a) On receipt of the goods purchased, a Purchase Receipt (PR) should be prepared by the person receiving the goods.
- (b) On receipt of the invoice from the supplier a Payment Request is prepared by the Purchase Authorizing Officer attaching the PO, PR and Invoice.
- (c) The PAC shall prepare a Bank Payment Voucher in accordance with bank payment procedures (described under the Bank Account Procedures).
- (d) All purchasing documents, such as purchase request, PO, PR and invoice, shall be filed by the PAC with the related Bank Payment Voucher.
- (e) For minor purchases paid out of petty cash, a supplier invoice should be presented and filed with the Petty Cash Payment Voucher.

### **8.3 PAYMENT TO CONSULTANTS (INDIVIDUALS)**

- (a) A request for payment is initiated by the consultant. The request should indicate separately the fee and reimbursable expenditures such as per diem, travel and other agreed expenses.
- (b) The supervising officer of the consultant shall certify that the work has been completed by the consultant as per TOR and the contract.
- (c) All documents and the Payment Request are submitted to the PD for approval.
- (d) The approved Payment Request shall be submitted to the SFO.
- (e) The SFO shall review all payment requests against original contracts, and then the PAC shall prepare a Bank Payment Voucher.
- (f) All payments shall be by check drawn in the name of the consultant or direct transfer to the consultant's bank account.

### **8.4 PAYMENT TO CONSULTANTS (FIRMS)**

- (a) The NCDDP will employ consulting firms that may have multi-year contracts. Payments to consulting firms are usually made based on monthly billing by the consulting firm.
- (b) A copy of the contract shall be submitted to the SFO, including a schedule of fee payments and reimbursable expenditure.
- (c) The consulting firm is required to submit a monthly bill, which shall include: (i) time sheets from all consultants working on the project; and (ii) supporting documents for reimbursable expenditure. (This will not apply to the consulting firms with lump sum contracts.)
- (d) The PAC shall carry out a check of all items in the monthly bill against the relevant schedules in the consultant contract. The check should ensure that the time billed and rates used are the same as in the original contract.
- (e) The PAC shall prepare a Status of Invoices with all supporting documents for approval of the SFO and the PD.
- (f) Following approval by the PD a Direct Payment Request is prepared for submission to the World Bank if the amount of the payment exceeds US\$50,000.
- (g) If the payment to the consulting firm is below US\$50,000 or the firm is a national firm paid locally, a Bank Payment Voucher is prepared in accordance with the Bank Account Procedures.
- (h) For lump sum contracts:
  - (1) The NCDDP may also employ consulting firms on a lump sum basis.
  - (2) In this case, the consulting firm is required to submit bills upon the completion of deliverables as defined in the terms of reference (TOR).
  - (3) No supporting documents for reimbursable expenditures are required. Instead, the DRD will assess the timeliness and quality of the deliverables as agreed in the TOR and release payments against satisfactory completion of the deliverables approved by the DRD authorized committee.

## **9 PAYMENT OF INCREMENTAL OPERATING COSTS**

55. The term, "Incremental Operating Costs (IOC)," means the reasonable cost of incremental expenses incurred by the DRD at union and township levels, which are directly

related to the NCDDP's operation, implementation, management and monitoring (expenses which would not have been incurred in the absence of the project), based on an annual budget approved by the World Bank.

56. These expenses include advertisement and promotion, office supplies, printing and stationery, communications expenses (including postage, handling, telephone, and internet costs), rental of equipment, motor vehicles and motorcycles, repair and maintenance, vehicle operation and maintenance, audits, travel costs, transportation costs, per diem and accommodation, translation services, publication services, and bank charges relating to the designated accounts, but excluding salaries or salary supplements, bonuses, fees and honoraria or equivalent payment to the officials of the recipient's civil service.

57. The IOC is budgeted for each unit of union and township levels and will consist of several items of expenditure. All IOC budgets shall be reviewed and approved by the SFO and submitted to the World Bank along with other budget items for No Objection before the commencement of the new fiscal year. Wherever possible, goods and services for the IOC shall be done in accordance with the procurement policy and shall be procured through appropriate procurement methods.

58. For staff travel and accommodation, the reimbursement to staff shall be based on actual receipted expenditures. Per diem is allowed only for meals, at the rate of MMK 10,000/ person/day when travel outside the duty station is involved. All official travel shall be undertaken after proper authorization. Any travel advance is made directly to the traveler who shall sign for the receipt of funds and settle the advance when travel is completed.

59. The NCDDP shall seek at least three quotations from different suppliers for small purchases under the IOC, estimated to be equivalent or greater than US\$500 (or equivalent MMK) and up to MMK 5,000,000. An evaluation report on the comparison of the quotations obtained and the decision made should always be prepared and approved by management.

60. Payments below US\$500 (or equivalent MMK) may be made without the process of seeking quotations from potential suppliers. It is prohibited to split expenses into several items in order not to reach the ceiling of US\$500 (or equivalent MMK). Payments without the need for selection are only authorized for per-diem, operations and maintenance (sundry repairs, electricity, telephone, internet and fax bills), travel and accommodation for training and project implementation.

### **9.1 STATIONERY SUPPLIES/TONERS & CARTRIDGES**

61. Stationery supplies, toners and cartridges account for a substantial amount of the IOC at the union level compiled by Administration Unit. In procuring stationery supplies, toners and cartridges at the union level, the following procedures will be applied:

- (a) The Administration Unit will compile a list of items (stationery supplies, toners and cartridges) regularly and/or routinely purchased and used in the NCDDP Secretariat;
- (b) Quotations will be sought on an annual basis from at least three suppliers;
- (c) The internal procurement review committee will prepare the evaluation report and a contract will be signed with the substantially responsive lowest bidder to procure the supplies;
- (d) The Administration Unit will prepare the purchase order to the contracted supplier when requiring supplies;

- (e) When supplies are delivered, administrative staff shall acknowledge receipt and post it in a control book;
- (f) When requesting stationery supplies, the requestor completes the request form and submits it to administrative staff; the requestor shall acknowledge receipt;
- (g) The administrative staff maintains the stationery supplies/toner and cartridges control book and updates it for any movement in and out with an acknowledgment receipt from the recipient when stocks are issued;
- (h) A stock count will be performed at every month end, reconciled with the control book;
- (i) The stock report and the count sheet shall be submitted to management for review and approval on a monthly basis.

62. Stationery supplies shall be kept in a safe place and only the staff member responsible for the office supplies keeps the key. At DRD township offices, a control book will be maintained to record the purchase and use of stationery supplies, toners and cartridges.

## **9.2 VEHICLE & MOTORCYCLE OPERATING COSTS**

63. As an operating expense, the vehicle and motorcycle running costs will also account for a substantial amount of the operating costs due to the spread of the project locations under the NCDDP. Therefore:

- (a) Vehicles and motorcycles purchased under the NCDDP should only be used for official business;
- (b) Vehicles and motorcycles should be maintained in good working conditions to ensure the maximum degree of efficiency and safety;
- (c) The vehicle fuel tank must be filled completely at each refueling so that the fuel consumption rate per kilometer will be recorded daily by the driver and verified by a supervisor;
- (d) Vehicles and motorcycles should be driven only by an authorized person holding a valid driving license;
- (e) When not in use, project vehicles and motorcycles will be parked at the office compound;
- (f) Project vehicles shall be administered on a pool basis. A vehicle usage plan shall be maintained by the administration unit to effectively manage the use of vehicles.

### **Vehicle and Motorcycle Fuel Coupons**

64. The NCDDP will sign a contract with a fuel supplier at the union level and in each of the townships. The drivers shall use petrol coupons to pump fuel for vehicles and motorcycles. The Administration Unit keeps the coupons and will supply them to the drivers when requested. The administrative officer will record the coupons in a Fuel Monitoring Form so that s/he can later verify the suppliers' invoice and sort out by vehicle, motorcycle, generator, etc. before submitting the invoice to the FU for payment to the suppliers.

65. Fuel costs can be paid in advance to those drivers who are authorized in writing to purchase fuel ONLY for field trips going far from the contracted fuel suppliers. The detailed calculation of the mileage and estimation of fuel consumption shall be prepared by the drivers and certified by the mission leader before the trip is commenced. After the end of the field trip, advance settlement should be prepared by the driver, certified by the mission leader and the advance payment procedures outlined in chapter 11 should be followed.

## **10 INELIGIBLE EXPENSES**

66 It is prohibited to incur and pay any expenses that are not related to the NCDDP's Project Development Objectives or not pursuant to the Financing Agreement. If such expenses have been paid from the project funds, the World Bank will strictly request to refund such payments back to the project funds.

67 Examples of such ineligible expenses can be, but are not limited to, the following items:

- (a) Charitable/political donations;
- (b) Funeral services;
- (c) Wedding and birthday expenses;
- (d) Gifts of any kind;
- (e) Overtime fees, salary and incentives for government officers;
- (f) Personal expenses;
- (g) Payments to reporters from media;
- (h) Purchase of weapons or related materials and illegal drugs/narcotics;
- (i) Advances/loans to project staff or government employees;
- (j) Fines and penalties;
- (k) Decorative items, such as pictures/photos;
- (l) Alcoholic beverages;
- (m) Legal fees/compensation; and
- (n) Fraudulent and bribery related activities.

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 5: CONTRACT REGISTER**

Name of Supplier/Contractor.....  
 Address .....  
 .....  
 Date of Contract ..... Contract No. ....  
 Contract Amount.....  
 World Bank NOL Required Yes/No  
 Date NOL Received.....  
 Date Started ..... Date Completed.....  
 General Ledger Account .....

Reference		Description	Invoice Amount <sup>1</sup>	Progress Payments			Advance Payment <sup>2</sup>	Retention <sup>3</sup>	GL Post
Date	No.			Date	Amount <sup>4</sup>	Contract Balance			

<sup>1</sup> Invoice amount by supplier/contractor before deduction of advance payment and/or retention.  
<sup>2</sup> Deduction to recover advance payment.  
<sup>3</sup> Deduction for retention as per contract.  
<sup>4</sup> Net Payment to supplier/contractor after deductions.

## 11 ADVANCES

68. Cash advances shall be authorized for the purpose of travel, training workshops, audits, procurement advertisements in newspapers, meetings, and project communication activities only, and they must be liquidated within one month after the completion of workshops and seminars (for workshop and seminars held at State or Township level) and 10 working days after any trips (field mission or overseas), seminars, training/workshop and other events (held at Union level). If the event will not be taken place as per planned schedule, the advance taken should be returned to FU immediately to be deposited to the project bank account or petty cash.

69. When advances are sought, the Cash Advance Request Form must be accompanied by a Cost Estimate Form that clearly states the objectives of the travel/workshop, location, participants, duration (departure, return, mission/training/workshop dates), the respective component/activity under which the expenses are to be incurred and budget figures categorized by type of expenditure (meals, per diem, accommodation, venue, coffee break, etc.). The standard costs stated in this manual or agreed by the World Bank need to be applied when cost estimates are prepared.

70. A template for the cost estimate is attached as Annex 4 to this manual.

71. The following guidelines apply to all cash advances.

- (a) Cash advances will be limited to 90% of the associated cost estimate submitted.
- (b) Cash advances must be approved by properly delegated officers.
- (c) A cash advance register must be maintained for all cash advances.
- (d) Cash advance applications must indicate completion date of activity (travel, seminar or workshop).
- (e) All advances must be liquidated within a specified date of the activity completion date.
- (f) Cash advances must not be made to project personnel or agencies, which have previously un-cleared cash advance.
- (g) Under no circumstances can multiple advances be made to the same person, who still has unliquidated advance.

### 11.1 CASH ADVANCE REQUEST

- (a) The person seeking a cash advance prepares a Cash Advance Request and has it approved by the Project Director or other authorized officer, then submits it to the PAC for review and execution of the payment.
- (b) A Bank Payment Voucher (BPV) or Petty Cash Payment Voucher (PCPV) is prepared by the PAC and approved by the SFO/PD.
- (c) A cash advance may be provided by either issuing a check to the recipient or, if the advance is below MMK 200,000, from petty cash.
- (d) The requester signs the BPV or PCPV upon receipt of the advance.
- (e) The payment is recorded in the computerized accounting system/Bank Book/Petty Cash Book. An advance clearing account should be created in the general ledger. A subsidiary ledger account should be opened for each advance.
- (f) The total advance to each individual is recorded in the Advance Register in order to control all advances.



- (g) Cash Advance Request Forms and BPV/PCPV are filed in the Bank Payment File/Petty Cash Payment File.
- (h) A copy of the Cash Advance Request Form and BPV or PCPV should be filed separately in the Outstanding Cash Advance File.

## **11.2 LIQUIDATION OF CASH ADVANCES**

- (a) Advances shall be liquidated within one month after the completion of workshops and seminars (for workshop and seminars held at State or Township level) and 10 working days after any trips (field mission or overseas), seminars, training/workshop and other events (held at Union level)..
- (b) The recipient of an advance provides a statement of expenditures detailing all payments made, supported by original invoices or expenses receipts, in the Settlement of Cash Advance (SCA) Form.
- (c) The SCA Form should include the budgeted amount included in the Cash Advance Request and the actual expenses compared against the budget, showing under or over spending. An over spending of more than 10% or any expense not included in the Advance Request needs to be explained and approval needs to be obtained from senior officers before such advance can be liquidated.
- (d) The PAC prepares a Reconciliation of Amount Advanced Form and ensures that all payments are supported by original and valid documents, then, submits them for approval of an authorized officer. After such approval, the following activities should be carried out:
  - (1) If the amount of the expenditure is equal to the cash advance, a SCA Form with supporting documents will be issued for recording in the General Ledger (GL).
  - (2) If the amount advanced is different from the total expenditures incurred, the following procedure will be applied:
    - If total expense is more than the advance, an additional BPV/PCPV should be prepared for reimbursing the recipient, and then s/he should sign on the Voucher to confirm that cash has been received. The SCA Form and BPV will be recorded in the GL. The PCPV will be recorded in the Petty Cash Book (PCB);
    - If total expense is less than the advance, a Receipt Voucher should be prepared to return the remaining cash back to the project. The SCA Form and Cash Receipt Voucher will be recorded in the GL or PCB.
  - (3) Update the Advances Register; and
  - (4) Enter all related transactions into the computerized accounting system and the Bank Book/Petty Cash Book.
- (e) When an advance is cleared, a copy of the Cash Advance Request Form and the appropriate vouchers will be attached to the SCA Form.
- (f) The FU must take all steps to liquidate advances in a timely manner. When advances are liquidated: i) no two advances can be combined and liquidated; ii) any unspent balance of an advance needs to be returned and deposited back into the bank account; iii) any approved excess spending over and above an advance needs to be paid on liquidation; and (iv) under no circumstance shall the excess of funds from one advance be deducted from the next advance request.

## **11.3 MONTHLY RECONCILIATION**

- (a) At the end of each month, the balance in the advance clearing account should be reconciled with the Advances Register. The total amount in the Advances Register

can be cross-checked with the Cash Advance Request Forms in the Outstanding Advance File.

- (b) A list of advances outstanding for more than 10 working days after completion of activities should be reported to the SFO.
- (c) At the end of every month, the SFO shall review the total of the outstanding advances in the Advances Register. The SFO should immediately take the necessary actions to recover advances outstanding for over 10 working days from the completion date of the activity.

#### 11.4 CASH ADVANCE PROCESS CHART

Step	Procedure	Documentation	Responsibility
1	CAR is completed by the applicant and submitted to the SFO.	CAR	Applicant
2	CAR is reviewed by the SFO and approved by the PD or authorized officer	CAR	SFO PD
3	BPV or PCPV is prepared by the PAC and appropriately approved and signed.	BPV/PCPV	PAC
4	Issue check or cash from petty cash to recipient and have recipient sign for receipt of advance.	BPV/PCPV	PAC
5	Details of advances are recorded in the General Ledger and Advances Register	Bank Book Petty Cash Book General Ledger Advances Register	PAC
6	To liquidate the advance the applicant must complete a Settlement of Cash Advance Form along with full documentation of expenditures incurred from advances	Settlement of Cash Advance (SCA)	Applicant
7	SCA is reviewed by the SFO and approved by the PD. Advances Register is updated. If actual expenditure is more than advance, payment of balance is made to recipient. If amount less, the recipient refunds the balance.	Bank Book/Petty Cash Book Advances Register General Ledger	PAC SFO PD/PPM

#### **Acronyms**

- BPV Bank Payment Voucher
- CAR Cash Advance Request
- PAC Project Accountant
- PCPV Petty Cash Payment Voucher
- PD Project Director
- PPM Project Procurement Manager
- SCA Settlement of Cash Advance Form
- SFO Senior Finance Officer

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 6: CASH ADVANCE REQUEST**

CAR No.....

Date .....

Name of

Requestor .....Position

.....

Purpose of Advance

.....

Duration of Activity & Completion Date

.....

Amount of Advance

.....

Amount of Advance in words

.....

Details of Expenses: Refer to the Cost Estimate Form.

Applicant

Checked by

Approved by

PAC

SFO

Note: A completed Cost Estimate Form needs to be attached to this Cash Advance Request Form.

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 7: SETTELING OF CASH ADVANCE**

SCA No. ....

Date.....

Name of Recipient .....

1 Amount Advanced

Date ..... CAR No.....BPV No.....

2 Actual Expenses (Attach copies of invoices)

Date	Invoice No	Description	Cost Estimate at Request	Actual Amount

3 If total in 1 > total in 2:  
 Amount to be returned \_\_\_\_\_

4 If total in 1 > total in 2: Amount to be  
 reimbursed to recipient \_\_\_\_\_

Recipient

Checked by

Approved by

PAC

SFO

Note:

- i. Bank Receipt Voucher No. (for amount in 3)
- ii. Bank payment Voucher No. (for amount in 4)
- iii. Significant variances and expenses not previously approved must be explained and approved by the respective chiefs before the settlement/liquidation is finalized by the FMU.

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 8: CASH ADVANCE REGISTER**

No.	Date	reference No.	Description	Name of person	Amount	Date taken Advance	Liquidated Amount	Actual Cost	Deficit	Excess	Settle Date
1			Opening Balance		-						
2											
			<b>Advance Total</b>		-	<b>Total settle amount</b>	-				
			<b>Advance Balance</b>		-						

## **12 PETTY CASH PROCEDURES**

72. A petty cash float is an amount of project funds held in cash by an authorized person for payment of minor expenses. Petty cash can be maintained at the Union FU, State and Region and Township Offices..

- (a) Union Office: A petty cash float of MKK 1,000,000 (one million Kyats) shall be held and individual payments shall not exceed K 200,000.
- (b) State and Region Office: A petty cash float of K 500,000 (five hundred thousand Kyats) shall be held and individual payments shall not exceed K 100,000.

The above limits can be modified on the recommendation of the SFO approved by the PD.

### **12.1 CUSTODY**

73. Custody of petty cash shall be assigned to an accounting officer, who shall be responsible for holding the Petty Cash Box. The safety box shall be locked and stored in a safe place where only the authorized accounting officer has access.

- (a) DRD Union Office: PAC shall be responsible for maintaining the Petty Cash Book and making petty cash payments.
- (b) DRD State and Region Office: a staff assigned by DRD State and Region office. The Finance staff assigned to work on the project should not be a petty cash custodian
- (c) DRD Township Office: a staff assigned by DRD Township office. The Finance staff assigned to work on the project should not be a petty cash custodian.

### **12.2 KEY CONTROLS**

74. At the DRD union office, the Project Manager is authorized to approve petty cash payments. At the DRD State and Region and township offices, the respective DRD head or a designated officer is authorized to approve payments.

- (a) Petty cash payments shall be approved by an authorized officer.
- (b) There must be segregation of duties between the person approving payments and the accounts officer, who is the custodian of petty cash.
- (c) Standard forms shall be used for recording approvals and payments.
- (d) The Petty Cash Book must be posted daily.
- (e) Reconciliation of the Petty Cash Book balance with the actual balance to be carried out by the PAC (DRD union office) or State and Region Finance Officer (at State and Region) or Township Accountant (DRD township office) at the end of each month.
- (f) Additional, unscheduled cash counts and reconciliation with the Petty Cash Book must be carried out by an independent person from time to time and any discrepancies explained and reported.

### **12.3 USE OF PETTY CASH**

75. Petty cash is used to cover minor expenses and for emergency situations. Wherever possible, payment must be made by check. However, when the expense amount does not

warrant the preparation of a check, petty cash is used. The followings are some examples of the use of petty cash:

- (a) Vehicle or motorbike fuel;
- (b) Office supplies, stationery;
- (c) Office maintenance; and
- (d) Other miscellaneous small cash expenses.

#### **12.4 OPENING OF PETTY CASH FLOAT**

76. **Union Office.** A Cash Advance Request is prepared for the amount of the petty cash float. The Cash Advance Request shall be supported by a letter approving the petty cash float and naming the officials responsible for approving payments and the custodian of the cash box. Funds are withdrawn from the Bank Account

77. **State and Region Office.** A Cash Advance Request is prepared for the amount of the petty cash float. The Cash Advance Request shall be supported by a letter approving the petty cash float and naming the officials responsible for approving payments and the custodian of the cash box. Funds are withdrawn from State and Region Bank Account.

78. **Township Office.** A Cash Advance Request is prepared for the amount of the petty cash float. The Cash Advance Request shall be supported by a letter approving the Petty Cash Float and naming the officials responsible for approving payments and the custodian of the cash box. Funds are withdrawn from the Township Bank Account.

#### **12.5 PETTY CASH PAYMENTS**

- (a) On the production of an original receipt or invoice, a Petty Cash Payment Voucher (PCPV) is prepared by the assigned officer (other than the petty cash custodian).
- (b) All PCPV will be sequentially numbered.
- (c) PCPV must be approved by an authorized officer of the DRD union, state and region or township office before payment is made.
- (d) The approved voucher will then be returned to the petty cash custodian in charge of petty cash payments. The voucher and supporting documents will be stamped "PAID" to avoid duplicate payments.
- (e) Upon settlement of claims, the recipient will sign on the voucher as confirmation of the receipt of the cash payment.
- (f) Details will then be entered into the manual Petty Cash Book (PCB) manually by the petty cash custodian.
- (g) The PCB shall indicate transaction date, brief description of transaction, voucher reference number, amount withdrawn or deposited, and the balance.
- (h) The PCPV, together with supporting documents, shall be filed by the PAC (union level)/petty cash custodian (state and region, township level) in a Petty Cash Payment File by monthly sequential number.
- (i) When travel advances are made from petty cash, the amount advanced is recorded in the PCB and entered in the CAR. When the traveler settles the travel advance by submitting actual expenditure receipts, any funds refunded are credited to the PCB or any additional expense above the advance is repaid to the traveler and the PCB is debited. The CAR should be cleared.

## **12.6 PETTY CASH REPLENISHMENT**

- (a) Replenishment of the petty cash float should take place whenever the balance of petty cash falls to around 1/5th of the initial advance ceiling.
- (b) An application for replenishment of the petty cash float must be prepared by the custodian of the petty cash at the DRD union/state and region/township offices.
- (c) The respective officer responsible reviews the PCB, verifies the balance and prepares a Bank Payment Voucher (BPV) for the replenishment of the petty cash float. The BPV is checked by the SFO at the DRD union office and the designated manager at Township Offices.
- (d) The BPV is approved by the authorized officer and a check drawn for the replenishment amount (which is the total of approved net disbursements).
- (e) PAC/AA will cash the check at the bank, issue a Cash Receipt Voucher and enter the amount in the PCB.
- (f) The petty cash replenishment BPV shall be used to post petty cash expenses to the relevant General Ledger accounts.

## **12.7 PETTY CASH RECONCILIATION**

- (a) At every month-end, the petty cash float balance must be regularly reconciled with the petty cash count. A Cash Count Sheet should be prepared at the end of each month.
- (b) The custodian of petty cash funds is responsible for conducting the cash count, which should be observed by the PAC/Petty cash custodian.
- (c) This Cash Count Sheet should be reconciled with the balance in the manual PCB.
- (d) Any discrepancy between cash balance counted and balance per PCB must be investigated immediately and reported to the PD or respective heads of State and Region and Township Offices.
- (e) The SFO shall designate an officer from the Union Office to conduct surprise cash counts. At least one surprise cash count should be carried out each month.
- (f) In addition to the periodic petty cash reconciliation, which is prepared to support replenishment requests, the month-end petty cash reconciliation should also be prepared by the petty cash custodian and checked and approved by the officer responsible.
- (g) A Petty Cash Reconciliation and Cash Count Sheet are filed together with the PCB in the month-end reports.





**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 10 PETY CASH PAYMENT VOUCHER**

**Voucher No.....**

**Date.....**

Description	Account Code	Amount

Prepared by  
PAC....

Checked by  
PAC....

Approved by  
SFO

Posted by  
PAC....

I confirm receipt of the above total amount of cash

Signed by

Date

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 11: PETTY CASH RECIEPT VOUCHER**

**Voucher No.....**  
**Date.....**

Cash Received From .....

Amount.....

Amount in Words.....

Prepared by  
PAC....

Checked by  
PAC....

Approved by  
SFO

Posted by  
PAC....

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 12 PETTY CASH REPLENISHMENT REQUEST**

Petty Cash Float .....

Balance in Petty Cash Box as of .....

Replenishment Requested .....

Prepared by  
PAC.....

Checked by  
PAC....

Approved by  
SFO

Bank Payment Voucher No.

Date

Cash Received by

Date

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
 DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 13: CASH COUNT SHEET**

**No.....**

**Date.....**

Currency Coin/Note	Denomination	Quantity	Amount
Kyat Note	1		
	5		
	10		
	25		
	50		
	100		
	200		
	500		
	1000		
	5000		
	10000		
<b>Total Notes</b>			
<b>Total in Cash Box</b>			

Cash Counted by  
 Petty Cash Custodian

Cash Count Observed by

Approved by  
 SFO

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
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**FORM 14: PETTY CASH RECONCILIATION**

Date.....

Petty Cash Book Balance .....

Cash Count Sheet Balance .....

Difference (if any) .....

Reason for Difference.....  
.....

Prepared by  
PAC....

Checked by  
PAC...

Approved by  
SFO

## **CHAPTER 5: DISBURSEMENT ARRANGEMENTS**

### **1 WITHDRAWAL OF FUNDS FROM THE WORLD BANK**

79. The account for depositing the World Bank funds shall be called the Designated Account (DA). The details of the number of designated accounts to be opened, related currencies, and ceilings can be found in the Disbursement letter.

80. The DRD shall nominate at least two authorized signatories for each DA. Names of authorized signatories and their specimen signatures shall be submitted to the World Bank. The nominated officials shall sign all applications for withdrawal of funds from the grant. If the authorized signatories change during the life of the project, the DRD shall promptly notify the World Bank with signatures of authorized signatories currently in the World Bank's records.

81. Funds from the Grant Account are transferred to the DA at the request of the project. The following methods are used.

- (a) **Advance:** An initial advance is made to a DA established for the purpose. When eligible expenditures are paid out of a DA, a request for replenishment is submitted periodically.
- (b) **Reimbursement:** When project expenditures are pre-financed by the Government, a request for reimbursement is submitted.
- (c) **Direct Payment:** This method is used when large payments are made and the World Bank is requested to pay the supplier or contractors directly from the Grant Account.
- (d) **Special Commitment:** This method is used for payments to third parties by the World Bank for the cost of project expenditures. This method is unlikely to be used for the NCDDP.

### **2 INITIAL ADVANCE**

82. On the grant effectiveness, the SFO shall prepare a withdrawal application (WA Form 2380) for the initial advance for an amount based on the forecast of expenses for two quarters and submit it to the World Bank. All withdrawal applications shall be sequentially numbered.

### **3 REPORTING ON THE USE OF FINANCING PROCEEDS**

83. Supporting documents should be provided with each withdrawal applications in accordance with the instructions in the Disbursement Letter, issued by the World Bank. The relevant forms can also be found in the Disbursement Letter. On a quarterly basis, eligible expenditures paid from the DAs need to be reported.

- (a) Withdrawal applications shall be numbered sequentially.
- (b) A withdrawal application and statement of expenditure (SOE) shall be signed by an authorized signatory.
- (c) **Replenishment:** A withdrawal application shall be recorded in the Withdrawal Application Register.

- (d) On receipt of the advice of deposit of replenishment, the PAC shall post the appropriate accounting entries.

#### **4 WITHDRAWAL OF FUNDS FROM OTHER DEVELOPMENT PARTNERS**

- 84. Withdrawal or disbursement of funds follows the procedures established by respective development partners.



**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

**FORM 15: STATEMENT OF EXPENDITURE (SOE)**

Payments made during the period from \_\_\_\_\_ to \_\_\_\_\_

Date: \_\_\_\_\_

Application No.: \_\_\_\_\_

For expenditures against the contracts not subject to the Bank Prior Review

IDA Grant/Credit No.: \_\_\_\_\_

SOE No.: \_\_\_\_\_

1	2	3	4	5	6	7	8	9
Item No.	Category No. (**)	Currency and Total Amount of Contract	Currency and Total Amount of Invoice Covered by Application	Eligible % from Legal Agreement	Amount Eligible for Financing (4 x 5)	Currency and Amount Paid from Designated Account (if Applicable)	Exchange Rate (Col. 7 divided by Col. 6)	Remarks
<b>TOTALS</b>								

Supporting documents for this SOE retained at \_\_\_\_\_  
(insert location)

(\*) A separate SOE form should be used for retroactive financing

(\*\*) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**  
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**FORM 16: WITHDRAWAL APPLICATIONS REGISTER**

<b>Bank Account Application No.</b>	<b>Date</b>	<b>Amount Applied MMK</b>	<b>Amount Paid MMK</b>	<b>Amount Paid in USD</b>	<b>Remarks</b>

Prepared by  
PAC

Checked by  
PAC

Approved by  
SFO

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

**FORM 17: DESIGNATED ACCOUNT RECONCILIATION STATEMENT**

**DESIGNATED ACCOUNT RECONCILIATION STATEMENT (In currency of the DA)**

LOAN/CREDIT/PPF/COFINANCIER NUMBER \_\_\_\_\_  
ACCOUNT NUMBER \_\_\_\_\_ WITH (BANK) \_\_\_\_\_

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) \$ \_\_\_\_\_
2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - \$ \_\_\_\_\_
3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE SPECIAL ACCOUNT (NUMBER 1 LESS NUMBER 2) = \$ \_\_\_\_\_

=====

4. BALANCE OF SPECIAL ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE \_\_\_\_\_ \$ \_\_\_\_\_
5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. \_\_\_\_\_ + \$ \_\_\_\_\_ \*
6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: \_\_\_\_\_ + \$ \_\_\_\_\_ \*
7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS

<u>APPLICATION NO.</u>	<u>AMOUNT *</u>
_____	_____
_____	_____

- |  |   |          |
|--|---|----------|
| SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED | + | \$ _____ |
|--|---|----------|
8. MINUS: INTEREST EARNED - \$ \_\_\_\_\_ \*
9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = \$ \_\_\_\_\_

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:  
\_\_\_\_\_  
\_\_\_\_\_

11. DATE: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_  
  
TITLE: \_\_\_\_\_

## **CHAPTER 6: FINANCIAL REPORTING**

85. Financial reports are prepared at regular intervals to achieve the following objectives:
- (a) Inform project management of progress being made in project implementation compared with plans;
  - (b) Inform the government and donors of project progress and use of financial resources provided;
  - (c) Inform stakeholders (donors, government, project beneficiaries and general public) on project progress and use of resources; and
  - (d) Meet statutory requirements and/or requirements imposed by legal agreements.

Responsibility for the preparation of financial reports lies with the SFO of the project.

### **1 INTERNAL FINANCIAL MANAGEMENT REPORTS**

#### **1.1 MONTHLY FINANCIAL REPORTS**

86. Internal financial management reports are generated by the computerized accounting system and produced monthly. The following reports shall be prepared and checked by the SFO.

- (a) Trial Balance
- (b) Cash Disbursement Journal
- (c) Cash Receipt Journal
- (d) Bank Reconciliation

87. The following monthly financial reports are required from the township level.

- (a) Bank/Cash book
- (b) Statement of Expenditure for the month
- (c) Bank reconciliation.

The above reports shall be prepared by the DRD Township Finance Officer and approved by the Township Project Officer responsible for the project. The SFO shall review and approve the reports.

#### **1.2 QUARTERLY FINANCIAL REPORTS**

88. The Financing Agreements requires that unaudited Interim Financial Reports (IFR) are prepared each quarter and submitted to the World Bank within 45 days of the end of the quarter. These reports will inform both the project management and the World Bank about project progress. The reports shall compare actual performance in the reporting quarter with the budget and analyze and explain any significant variations from the budget. The IFR should cover all funding sources of the project. The following reports are part of the IFR.

1. Project Balance Sheet
2. Statement of Sources and Uses of Funds

3. Statement of Uses of Funds by Project Component
4. Statement of Uses of Funds by Expenditure Category
5. Uses of Funds by Project Component and Location
6. Forecast of Expenditure – for six months following reporting quarter in MMK and USD (for the World Bank financing only)

89. The above financial reports shall be supplemented by the following management reports.

7. Summary of Funds Receipts
8. Summary of Closing Bank Balances
9. Procurement Monitoring Report

90. The SFO shall be responsible for preparing the report number 1 to 8 above. The Senior Procurement Officer shall be responsible for the preparation of the report number 9.

91. The IFRs shall be accompanied by a discussion of the project progress, explanation of significant variations from the budget and corrective actions proposed, if any. The SFO will coordinate preparation of the discussion paper with inputs from the Deputy Project Director, Project Manager, and other senior managers.

### **1.3 ANNUAL FINANCIAL STATEMENTS**

92. It is the management responsibility to prepare Annual Financial Statements for independent audit. The SFO shall prepare the Annual Financial Statements based on the following principles:

- (a) Disclosure of the full accountability for all funds of the government and the World Bank;
- (b) Compliance with the grant covenants and the World Bank's requirements for project management;
- (c) Adequate disclosure of all material information;
- (d) A fair presentation of all material aspects of the financial performance and status of the project; and
- (e) A clear statement of accounting policies and standards adopted in preparing the financial statements.

93. The format of the Annual Financial Statements shall include a balance sheet, sources and uses of funds statement, statement on operations of designated accounts, and notes to the financial statements.

## **2 FINANCIAL DISCLOSURE**

94. Disclosure of financial information to stakeholders and beneficiaries is an essential practice of transparency and accountability.

95. The project shall post the IFRs and Annual Financial Statements and related audit reports on its website.

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

**FORM 18: PROJECT BALANCE SHEET**

**Date Report:** .....

Description	Government of Myanmar	IDA Grant	IDA Credit	Italian Development Cooperation	Total (in MMK)
<b><u>ASSETS AND PROJECT EXPENDITURE</u></b>					
Cash	-	-	-	-	-
Bank	-	-	-	-	-
Advances	-	-	-	-	-
<b>Total Assets</b>	-	-	-	-	-
<b><u>PROJECT EXPENDITURES</u></b>					
Component 1: Community Block Grants	-	-	-	-	-
Component 2: Facilitation & Capacity Development	-	-	-	-	-
Component 3: Knowledge & Learning	-	-	-	-	-
Component 4: Implementation Support	-	-	-	-	-
Component 5: Emergency Contingency Response	-	-	-	-	-
<b>Total Project Expenditure</b>	-	-	-	-	-
<b>TOTAL ASSETS AND PROJECT EXPENDITURE</b>	-	-	-	-	-
<b><u>FUND</u></b>					
Funds from the Government of Myanmar	-	-	-	-	-
Funds from IDA H814-MM	-	-	-	-	-
Funds from IDA 5687-MM	-	-	-	-	-
Funds Received from the Italian Development Cooperation	-	-	-	-	-
<b>TOTAL FUNDS</b>	-	-	-	-	-

**Approved by**

\_\_\_\_\_  
**Project Manager**

**Certified by**

\_\_\_\_\_  
**Senior Finance Officer**

**Prepared by**

\_\_\_\_\_  
**Accountant**

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

**FORM 19: STATEMENT OF SOURCES AND USES OF FUNDS**

Quarter ended .....

	Actual			Budget		Variance		PAD
	Current Quarter	Year to date	Cumulative to date	Current Quarter	Current year	Current Quarter	Current year	Life of Project
<b>Receipts</b>								
IDA Grant								
- DA - A A/c for Block Grants								
- DA - B A/c for Other Components								
- DA - C A/c for Other Components								
- Direct Payments by IDA Grant								
Funds Received from IDA Credit								
- DA - D A/c for Block Grants								
- DA - E A/c for Other Components								
- DA - F A/c for Other Components								
<b>Total receipts</b>								
<b>Expenditure by project component</b>								
Component 1: Community Block Grants								
Component 2: Facilitation and Capacity Development								
Component 3: Knowledge and Learning								
Component 4: Implementation Support								
Component 5: Contingency Emergency Response								
<b>Total payments</b>								
<b>Excess/(deficit) receipts over payments</b>								
<b>Opening funds balance</b>								
Cash at Bank - Government of Myanmar								
Cash at Bank - IDA Grant								
- DA - A A/c								
- DA - B A/c								
- DA - C A/c								
Cash at Bank - IDA Credit								
- DA - D A/c								

	Actual			Budget		Variance		PAD
	Current Quarter	Year to date	Cumulative to date	Current Quarter	Current year	Current Quarter	Current year	Life of Project
- DA - E A/c								
- DA - F A/c								
Cash at Bank - Italian Development Cooperation Advances								
Advances - Government of Myanmar								
Petty Cash - IDA Grant								
Petty Cash - IDA Credit								
Petty Cash - Italian Development Cooperation								
<b>Total opening funds balance</b>								
<b>Closing funds balance</b>								
<b>Represented by:</b>								
Cash at Bank-Government of Myanmar								
Cash at Bank - IDA Grant								
- DA - A A/c								
- DA - B A/c								
- DA - C A/c								
Cash at Bank - IDA Credit								
- DA - D A/c								
- DA - E A/c								
- DA - F A/c								
Cash at Bank - Italian Development Cooperation Advances								
Advances - Government of Myanmar								
Advances - IDA Grant								
Advances - IDA Credit								
Advances - Italian Development Cooperation								
Petty Cash								
Petty Cash - Government of Myanmar								
Petty Cash - IDA Grant								



	Actual			Budget		Variance		PAD
	Current Quarter	Year to date	Cumulative to date	Current Quarter	Current year	Current Quarter	Current year	Life of Project
Petty cash- IDA Credit								
Petty cash- Italian Development Cooperation								
<b>Total</b>								
Check (all should zero)								

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

**FORM 20: USES OF FUNDS BY PROJECT COMPONENT AND LOCATIONS**

Quarter ended .....

	<b>Townships</b>						<b>Total</b>
-							
<b>Component 1: Community Block Grants</b>							
<i>Expenditure</i>							
<i>Number of Village tracts</i>							
<i>Number of Sub Projects</i>							
<b>Subtotal</b>							
<b>Component 2: Facilitation &amp; Capacity Development</b>							
2.10							
2.20							
<b>Subtotal</b>							
<b>Component 3: Knowledge &amp; learning</b>							
3.10							
3.20							
<b>Subtotal</b>							
<b>Component 4: Implementation Support</b>							
4.10							
<b>Subtotal</b>							

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

**FORM 21: STATEMENT OF USES OF FUNDS BY EXPENDITURE CATEGORIES**

Quarter ended .....

	Actual			Budget		Variance		PAD
	Current Quarter	Year to date	Cumulative to date	Current Quarter	Current year	Current Quarter	Current year	Life of Project
<b>Expenditure by expenditure categories</b>								
(1) Community Block Grants under Part A of the Project								
- Government of Myanmar								
- IDA Grant								
- IDA Credit								
- Italian Development Cooperation								
(2) Goods								
- Government of Myanmar								
- IDA Grant								
- IDA Credit								
- Italian Development Cooperation								
(3) Consulting Fees								
- Government of Myanmar								
- IDA Grant								
- IDA Credit								
- Italian Development Cooperation								
(4) Training & Workshops								
- Government of Myanmar								
- IDA Grant								
- IDA Credit								
- Italian Development Cooperation								
(5) Incremental Operating Costs								
- Government of Myanmar								
- IDA Grant								
- IDA Credit								
- Italian Development Cooperation								
<b>Total Expenditure</b>								

**NATIONAL COMMUNITY DRIVEN DEVELOPEMNT PROJECT**

**FORM 22: PROCUREMENT MONITORING REPORT – GOODS  
(Prior Review Contracts)**

**Quarter ended**

Disbursement Category		Selection Method (*)	Contract Number	Contract Description	Name of Supplier	Nationality	Contract Currency	Contract Value	Amount Invoiced to date	Amount Paid to date	Balance	Payment	
No	Description											Method	Reference No.

**Prepared by:**

Procurement Staff

**Certified by:**

Procurement Officer

**Approved by:**

Project Manager

**NATIONAL COMMUNITY DRIVEN DEVELOPEMNT PROJECT**

**FORM 23: PROCUREMENT MONITORING – GOODS  
 (Post Review Contracts)**

**Quarter ended**

Disbursement Category		Selection Method (*)	Contract Number	Contract Description	Name of Supplier	Nationality	Contract Currency	Contract Value	Amount Invoiced to date	Amount Paid to date	Balance	Payment	
No	Description											Method	Reference No.

**Prepared by:**  
 Procurement Staff

**Certified by:**  
 Procurement Officer

**Approved by:**  
 Project Manager

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

**FORM 24: PROCUREMENT MONITORING FORM-CONSULTANTS  
(Prior Review Contracts)**

**Quarter ended**

Disbursement Category		Selection Method (*)	Contract Number	Contract Description	Name of Supplier	Nationality	Contract Currency	Contract Value	Amount Invoiced to date	Amount Paid to date	Balance	Payment	
No	Description											Method	Reference No.

**Prepared by:**  
Procurement Staff

**Certified by:**  
Procurement Officer

**Approved by:**  
Project Manager

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**

**FORM 25: PROCUREMENT MONITORING REPORT – CONSULTANTS  
(Post Review Contracts)**

**Quarter ended**

Disbursement Category		Selection Method (*)	Contract Number	Contract Description	Name of Supplier	Nationality	Contract Currency	Contract Value	Amount Invoiced to date	Amount Paid to date	Balance	Payment	
No	Description											Method	Reference No.

**Prepared by:**  
Procurement Staff

**Certified by:**  
Procurement Officer

**Approved by:**  
Project Manager

**FORM 26: SIX MONTH FORECAST OF EXPENDITURE**

**For the period ended...**

	Month 1	Month 2	Mon th 3	Mon th 4	Mon th 5	Mon th 6	Total
<b>Forecast expenditure by component</b>							
<b>Component 1: Community Block Grants</b>							
<i>Sub-total (a)</i>							
<i>Less:</i>							
<i>Closing balance DA after adjustment (b)</i>							
<i>Direct payments/SC payments (c)</i>							
<b>DA-A Cash requirement from WB for the next two reporting periods [(a)-(b)-(c)]</b>							
<b>Component 2: Facilitation and Capacity Development</b>							
<b>Component 3: Knowledge and Learning</b>							
<b>Component 4: Implementation Support</b>							
<i>Sub-total (d)</i>							
<i>Less:</i>							
<i>Closing balance DA after adjustment (e)</i>							
<i>Direct payments/SC payments (f)</i>							
<b>DA-B Cash requirement from WB for the next two reporting periods [(d)-(e)-(f)]</b>							



## **CHAPTER 7 : STATE/REGION FINANCIAL MANAGEMENT**

### **1. INTRODUCTION**

96 This section of the FAM sets out the financial management policies and procedures applied at State and Regional office and provides guidance to finance officers and other staff in carrying out their duties under (a), (b), and (c) below.

97. NCDD Project is implemented through Townships, Village Tracts, and villages. Finance Staff of DRD State and Regional Offices have the following key responsibilities in project implementation:

- a) Management of State and Region Bank account and ensuring that all payments are duly authorized and recorded;
- b) Reporting to Union on financial operations of the State and Regional office; and
- c) Management and safeguard of project assets entrusted to the State and Regional office.

### **2. PLANNING & BUDGETING**

98. Annual Work Program and a Budget is prepared by DRD Union for submission to the Government and World Bank. Based on this AWPB, DRD Union shall issue budget guidelines to State and Regional level for the following expenditures:

- a) Office running cost;
- b) Staff travel cost

99. State and Region DRD Officer and Technical Team shall review the guidelines and confirm the budget by the due date. In the event, the budget request differs from the guideline, a justification or explanation is required. DRD Union shall review the State and Region budget submission and confirm the approved budget.

100. Union finance team will review in detailed the annual budget before approval to ensure reasonableness of the estimates and items included. Expenditure can only be incurred up to the annual approved budget. Budget per State and Region office will be uploaded onto the accounting software. Utilization of budget by each State and Region office will be monitored monthly against approved amount. Before approving and transferring the request for further advance, remaining budget will be checked to ensure no overdrawn of the approved budget.

101. In case of emergency or the need to incur expenditure outside the approved budget, the State and Regional DRD office will have to send request and obtain exceptional approval from DRD Union to incur such expenditure or request for more funds.

102. In addition, a budget actual report shall be produced from the accounting system quarterly. These reports should allow Union and State and Region management to exercise adequate financial control over State and Region operating costs.

### 3. STATE AND REGION BANK ADVANCE PROCEDURES

103. The DRD staff at the State and Regional level is responsible for providing implementation support to DRD township level within their State and Region. To facilitate the payment of operating costs, a bank account shall be opened at each State and Region. When a bank account is opened at the State and Regional level, the Project Director shall appoint the following officers to manage and be responsible for the bank account.

- (a) **The DRD State and Region Head** is responsible for overall management of the bank account and authorizing all payments from the account.
- (b) **The DRD State and Region Finance Officer** is responsible for maintaining accounts, records, and the Bank Book and for preparing the replenishment requests and bank reconciliation.

104. **Requests for advance** : State and Region offices are required to complete a Request for Advance on a quarterly basis, no later than March 15 for first quarter, June 15 for second quarter, September 15 for third quarter and December 15 for the fourth quarter of the year. Request will be based on the Township annual budget approved at the beginning of the fiscal year. A format for the Request Form is attached (Form 7.5). The Request Form is signed off by the preparer, certified by DRD State and Region head, reviewed by Union finance team.

The quarterly advance request is based on the agreed quarterly budget plus MKK 5 million. Each state/region office is authorized to maintain a minimum balance of MKK 5 million as a buffer.

105. **Reporting of expenditure:** At the end of each month, State and Regional offices are required to submit details of expenditure incurred during the month with a bank statement and a bank reconciliation. See Forms 7.3 and 7.4 for reporting templates. The month end submission shall be submitted within 15 days of the month end.

106. **Bank Receipts:** Funds are transferred from the Union Bank Account to the credit of the State and Region Bank Account. The bank shall issue a credit advice. The State and Region Finance Officer shall prepare a Bank Receipt Voucher (BRV) for the amount received and enter it in the Bank Book. All BRVs shall be filed and numbered sequentially in chronological order.

107. **Bank Payments:** The State and Region Bank Account is used to pay project related operating costs incurred at the State and Regional level. These expenses should be included in the approved annual budget for the State and Region. The following procedures shall be followed.

- (a) All payments need the prior approval of the Supervising Director.
- (b) As far as possible and practical, payments shall be made by check unless there is proper justification for payment in cash.
- (c) A Bank/Cash Payment Voucher (Form xx) shall be prepared by the accountant and approved by an authorized signatory.
- (d) Supporting documents to the Bank/Cash Payment Voucher (B/C PV) shall include where applicable e.g. purchase order, suppliers invoice, receipts, goods receipts note and any other relevant documents.
- (e) All B/C PVs shall be sequentially numbered.

- (f) The B/C PV, together with supporting documents, will be reviewed by the DRD State /Region Finance Officer, who will issue a check or arrange for cash payment.
- (g) Authorized signatory shall sign the check.
- (h) Where check is issued, it should be issued in the name of the the payee, who shall sign for receipt of funds.
- (i) Supporting documents should be stamped "PAID" immediately after approval to ensure there is no duplication of payment.
- (j) The DRD State/Region Finance Officer enters the details of the B/C PV in the Bank/Cash Book daily.
- (k) The B/C PVs and supporting documents shall be filed in the Bank or Cash Payment File according to their monthly sequential number.

**108. Bank Reconciliation**

- (a) The DRD State and Region Finance Officer prepares the Bank Reconciliation Statement (Form 7.4)at the end of each month. The Bank Reconciliation Statement should include a copy of both the corresponding Bank Book and Bank Statement for the month.
- (b) The Bank Reconciliation Statement is reviewed and approved by the DRD State and Region Head.
- (c) The Reconciliation Statement and the supporting documents are submitted to the SFO by the 15<sup>th</sup> of the following month.
- (d) The SFO reviews the Bank Reconciliation Statement and approves the posting in the ledger accounts.

**4. ACCOUNTING FOR STATE AND REGION EXPENDITURE**

109. A budget is prepared and authorized by DRD Union for State and Region expenditure. DRD State and Region Finance Officer is responsible for ensuring that all expenditure incurred are recorded against the respective chart of accounts as established by DRD Union. The following Table provides guidelines on allowable expenditure at State/Regional offices.

<b>Operating Cost</b>	<b>Allowable expenses and max cost</b>	<b>Remark</b>
<b>Per Diem Accommodation and Transport</b>		
Travel outside State and Region (to Union, township, village – overnight stay)	Per diem K10,000 per day	Per diem signing sheet
	Transport & Accommodation – actual cost	Bus/air ticket and boarding passes
		Hotel/guest house receipts
<b>Office Rental</b>	Based on actual per contract	Receipt from owner/landlord
<b>Office Maintenance</b>	Actual Cost of office cleaning/building repair	Actual cost with receipts
<b>Motor vehicle and Motorbike Maintenance</b>	Actual Cost of Repairs and servicing	Actual Cost with receipts

<b>Office Equipment Maintenance</b>	Actual Repairs and servicing	Actual Cost with receipts
<b>Telephone &amp; Internet (10GB)</b>	Actual cost	Invoices and receipts from provider
<b>Fuel Motorbike/Vehicle</b>	Actual Base on contract if contracted with fuel suppliers	Use coupons for filling up and monthly invoice/receipts from supplier
	When on field trips	Authorize purchase with receipt
<b>Office Stationery</b>	Actual Stationery supplies, toners, cartridges	Shopping encouraged. Actual costs with receipts
<b>Office Consumables</b>	Actual reasonable cost for minor expenses, water, toiletries, cleaning agent etc	Receipts

## **5. MONTH END FINANCIAL REPORTING**

110. DRD State and Region Office shall submit the following documents within 15 days after the end of the month.

- a) A copy of the Bank Book recording all receipts and payments for the month;
- b) A copy of Bank Statement for the month;
- c) A bank reconciliation Statement

111. Based on the State and Region Bank Book, Journal Vouchers will be raised by the FU at the union level for every expense paid at the township level and will be posted in the General Ledger.

112. At the end of each quarter, DRD Union shall provide a budget actual comparison for the quarter to the State and Region offices.

## **6. AUDIT AND SANCTION**

113. DRD Union level finance staff will visit State and Region offices to review expenditure at least once a quarter. In addition, external auditors will also carry out audit of the expenditure as part of the project's annual audit.

114. If State and Region offices fails to obtain approval to incur more expenditure or expenditure are found to be ineligible for financing, disciplinary measures will be taken and a refund obtained.

115. If State and Region office fails to submit expenditure reports for the previous advance obtained, the office will not be entitled to the next advance.

## **7. DOCUMENT RETENTION**

116. All supporting documents, receipt, invoices, payment vouchers, etc. will be kept at the State/Region offices for at least 8 years. The supporting documents must be made readily available for the DRD Union, World Bank and project auditors when requested.

## **8. MANAGEMENT AND CONTROLS OF PROJECT ASSET**

117. Policies, procedures and forms for project asset management are given in Chapter 9 below. These guidelines and the following shall be followed by State/Region for management of assets under their control.

118. A staff at the State/ Region project office will be assigned to take responsibilities of managing, safeguarding and monitoring the use of project assets. The State/ Region must maintain fixed asset register (Form 9.1) and keep it up to date. The fixed asset register (FAR) must be updated after each receipts from Union level or acquisition.

119. A physical check must be carried out at least once a year to ensure completeness, existence and working conditions of the assets. DRD finance at the Union level will send an instruction notifying State/Region offices to carry out physical check. A committee must be

formed to carry out the physical count. The result of the count should be recorded in Form 9.4. The FAR must be updated immediately after the completion of the count. A copy of the count report and updated register must be submitted to the Union level.

120. Any request for disposal or write off of asset should be made to the Union DRD in accordance with DRD procedure and regulations.

### **8.1 LOST AND DAMAGED ASSETS**

121. Any lost or damaged assets should be promptly reported to the designated officer at Union level using the form attached. In case of lost due to theft, the lost must be reported to the police. Other additional documents e.g. police report should also be submitted. The designated officer at Union level will review the case and make recommendations to the Project Director.

### **8.2 VEHICLE CONTROLS AND INSURANCE**

122. General guidelines

- (a) Vehicles and motorcycles purchased under the NCDDP should only be used for project purposes;
- (b) Vehicles and motorcycles should be maintained in good working conditions to ensure the maximum degree of efficiency and safety;
- (c) The vehicle fuel tank must be filled completely at each refueling so that the fuel consumption rate per kilometer will be recorded daily by the driver and verified by a supervisor;
- (d) Vehicles and motorcycles should be driven only by an authorized person holding a valid driving license;
- (e) When not in use, project vehicles and motorcycles will be parked at the office compound

123. **Vehicle and Motorcycle Log Book:** The use of project vehicles and motorcycles should be recorded in logbooks kept in the vehicles and with the motorcycles. It is the responsibility of the person authorized to drive the vehicle to update the logbook at all times. Logbooks will be reviewed by authorized administrative staff on at least a monthly basis.

124. **Vehicle and Motorcycle Maintenance:** It is important to keep vehicles and motorcycles fully serviced and equipped with the necessary tools, especially first aid kit, fire extinguisher, spare tire, jack, tool kit, etc. The DRD union and State and Region offices shall ensure that the vehicles and motorcycles are serviced at regular intervals in line with the operational and mechanical manual of the vehicles and motorcycles.

125. **Reporting of accident:** Fleet Manager at DRD Union level should be promptly informed of any accident for both vehicles and motorcycles. Drivers should be aware of the procedures to be followed in the event of an accident.

- (a) Immediately call the police to the scene of the accident;
- (b) Call the insurance company;
- (c) Immediately inform the DRD Union Fleet Manager;
- (d) Obtain the names and addresses of the parties involved and any injured persons.
- (e) Record the name and address of the parties' insurance company if they have one.

- (f) Register the names and addresses of all witnesses and passengers in all vehicles/motorcycles related to the accident.
- (g) Make a written record of the injuries to the personnel and the impact of the damage to all vehicles or motorcycles involved.
- (h) Draft a sketch of the road and relative positions of the vehicles or motorcycles involved before and at the time of the accident.
- (i) If possible, arrange for photographs to be taken of the scene of the accident before the vehicles or motorcycles are moved.
- (j) Make a record of the road conditions, visibility, etc.
- (k) A Vehicle/Motorcycle Accident Report should be completed and given to the Fleet Manager at Union.

126. **Vehicle and Motorcycle Insurance** : The NCDDP Secretariat will arrange a comprehensive insurance policy for all project vehicles and motorcycles after seeking quotations from registered insurance companies in Myanmar, and the insurance premium will be paid from the project funds annually by the NCDDP Secretariat.

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**REGION/STATE .....**  
**BANK ACCOUNT NO. ....**

**FORM 7.1: BANK RECEIPT VOUCHER (Region/State)**

Voucher No. ....  
Date .....

Received From  
.....  
Amount  
.....  
Amount in Words  
.....  
Description  
.....  
.....

Prepared by  
DRD Township Finance Officer

Approved by  
DRD Township Head

Posted by  
Assistant Accountant

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**NATIONALCOMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**REGION/STATE .....**

**FORM 7.2: BANK PAYMENT VOUCHER (Region/State)**

Voucher No. ....

Date.....

Payee Name \_\_\_\_\_

Amount Paid \_\_\_\_\_

Bank Account No \_\_\_\_\_

Description	Expenditure Type	Account Code	Amount
<b>Total</b>			

Prepared by                      Checked by                      Approved by                      Posted by  
 Assistant Accountant      DRD Township Finance officer      DRD Township Head      Assistant Accountar

\_\_\_\_\_

Funds Received By Name

Signature

Date

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**REGION/STATE .....**

**FORM 7.3: BANK BOOK (Region/State)**

<b>Date</b>	<b>Description</b>	<b>Voucher No.</b>	<b>Account Code</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
	Balance B/F					

Prepared by  
Assistant Accountant

Checked by  
DRD Township Finance Officer

Approved by  
DRD Township Head

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**REGION/STATE.....**

**FORM 7.4: BANK RECONCILIATION STATEMENT (Region/State)**

**For the Month Ending .....**

1. Balance per Bank statement date .....
2. Less Unrepresented Checks

Chq No

Amount

TOTAL

3. Add Deposits in Transit .....

4. Adjusted Balance (1 - 2 + 3) .....

Less Bank Charges not Posted to Cash Book .....

**9. BALANCE PER CASH BOOK**

.....

\_\_\_\_\_  
Prepared by  
Assistant Accountant

\_\_\_\_\_  
Checked by  
DRD Township Finance Officer

\_\_\_\_\_  
Approved by  
DRD Township Head

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**REGION/STATE.....**  
**BANK REPLENISHMENT NO. ....**

**FORM 7.5: BANK REPLENISHMENT REQUEST**

**Date of Request.....**

No	DESCRIPTION	AMOUNT
1	Initial Bank Book Balance (at.....)	
2	Plus; funds received	
3	Less: Funds spent	
4	(1+2-3) Final Bank Book Balance(at...)	
5	Funds required as per this Request	
6	(5-4) Replenishment claimed in this Request	

Note: The Bank Book, Bank Reconciliation Statement and the Bank Statement for EACH of the months being reported on need to be attached to this replenishment request.

Prepared by  
Assistant Accountant

Checked by  
DRD Township Finance Officer

Approved by  
DRD Township Head

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**For Union Office Use**

Bank Transfer BPV No.

Date

Reviewed By PAC 1 Approved By SFO

Posted By FA

## **CHAPTER 8 : TOWNSHIP FINANCIAL MANAGEMENT**

### **1 INTRODUCTION**

127. NCDD Project is implemented through Townships, Village Tracts, and villages. Finance Staff of DRD Township Offices have the following key responsibilities in project implementation:

- a) Training and assistance to VT and village finance staff for efficient implementation of the project;
- b) Management of Townships Bank account and ensuring that all payments are duly authorized and recorded;
- c) Reporting to Union on financial operations of the Township; and
- d) Management and safeguard of project assets entrusted to the Township.

128. This section of the FAM sets out the policies and procedures for Townships finance officers in carrying out their duties under (b) to (d) above. The policies and procedures applicable to community finance management (a) above, are described in Operations Manual Chapter 6.

### **2 PLANNING & BUDGETING**

129. Annual Work Program and a Budget is prepared by DRD Union for submission to the Government and World Bank. Based on this AWPB, DRD Union shall issue budget guidelines to Townships for the following expenditures:

- a) Training Cost of DRD Staff, Community Facilitators (CF) and Technical Facilitators (TF)
- b) Training costs of community committees (VT Project Support Committees, Village Project Support Committees and other village level support staff),
- c) Community project activities such as exchange visits, MSR and Social Audit.
- d) Township operating costs such as staff travel, motorbike and vehicle operating costs, office operating costs

130. Townships DRD Officer and Team Leader shall review the guidelines and confirm the budget by the due date. In the event, the budget request differs from the guideline, a justification or explanation is required. DRD Union shall review the Township budget submission and confirm the approved budget.

131. Union finance team will review in detailed the annual budget before approval to ensure reasonableness of the estimates and items included. Expenditure can only be incurred up to the annual approved budget. Budget per Township office will be uploaded onto the accounting software. Utilization of budget by each Township office will be monitored monthly against approved amount. Before approving and transferring the request for further advance, remaining budget will be checked to ensure no overdrawn of the approved budget.

132. In case of emergency or the need to incur expenditure outside the approved budget, the Township office will have to send request and obtain exceptional approval from DRD Union to incur such expenditure or request more funds.

133. In addition, a budget actual report shall be produced from the accounting system quarterly. These reports should allow Union and Township management to exercise adequate financial control over State and Region operating costs.

### **3 TOWNSHIP BANK ADVANCE PROCEDURES.**

134. The DRD staff at the township level is responsible for project implementation within their area. To facilitate the payment of operating costs, a bank account shall be opened at each township. When a bank account is opened at the township level, the Project Director shall appoint the following officers to manage and be responsible for the bank account.

- (a) **The DRD Township Head** is responsible for overall management of the bank account and authorizing all payments from the account. The DRD Township Head will be supported by the Township Technical Assistance Team Leader.
- (b) **The DRD Township Finance Officer** is responsible for maintaining accounts, records, and the Bank Book and for preparing the replenishment requests and bank reconciliation. The DRD Township Finance Officer is supported by the Township Technical Assistance Finance Expert.

#### **3.1 REQUESTS FOR ADVANCE**

135. Townships are required to complete a Request for Advance on a quarterly basis, no later than March 15 for first quarter, June 15 for second quarter, September 15 for third quarter and December 15 for the fourth quarter of the year. Request will be based on the Township annual budget approved at the beginning of the fiscal year. A format for the Request Form (Form 8.5) is attached. The Request Form is signed off by the preparer, certified by DRD township head, reviewed by Union finance team.

136. The quarterly advance request is based on the agreed quarterly budget plus MKK 15 million. Each township is authorized to maintain a minimum balance of MKK 15 million as a buffer (See above paragraph 104).

137. The township is required to indicate the work plan for the quarter in a Gantt Chart which is incorporated in the Request Form.

#### **3.2 BANK RECEIPTS**

138. Funds are transferred from the Union Bank Account to the credit of the Township Bank Account. The bank shall issue a credit advice. The DRD Township Finance Officer shall prepare a Bank Receipt Voucher (BRV) for the amount received and enter it in the Bank Book.

139. For any cash received, the Petty Cash Custodian shall issue a BRV and promptly bank the cash. The amount banked shall be entered in the Bank Book. All BRVs shall be filed and numbered sequentially in chronological order.

### **3.3 PAYMENTS**

140. The Township Bank Account is used to pay project related operating costs incurred at the township level. These expenses should be included in the approved annual budget for the township.

The following procedures shall be followed.

- (a) All payments need the prior approval of the Supervising Director.
- (b) As far as possible and practical, payments shall be made by check unless there is proper justification for payment in cash.
- (c) A Bank/Cash Payment Voucher (Form xx) shall be prepared by the accountant and approved by an authorized signatory.
- (d) Supporting documents to the Bank/Cash Payment Voucher (B/C PV) shall include where applicable e.g. purchase order, suppliers invoice, receipts, goods receipts note and any other relevant documents.
- (e) All B/C PVs shall be sequentially numbered.
- (f) The B/C PV, together with supporting documents, will be reviewed by the DRD Township Finance Officer, who will issue a check or arrange for cash payment.
- (g) Authorized signatory shall sign the check.
- (h) Where check is issued, it should be issued in the name of the the payee, who shall sign for receipt of funds.
- (i) Supporting documents should be stamped "PAID" immediately after approval to ensure there is no duplication of payment.
- (j) The DRD Township Finance Officer enters the details of the B/C PV in the Bank/Cash Book daily.
- (k) The B/C PVs and supporting documents shall be filed in the Bank or Cash Payment File according to their monthly sequential number.

### **3.4 BANK RECONCILIATION**

- (a) The DRD Township Finance Officer prepares the Bank Reconciliation Statement at the end of each month. The Bank Reconciliation Statement should include a copy of both the corresponding Bank Book and Bank Statement for the month.
- (b) The Bank Reconciliation Statement is reviewed and approved by the DRD Township Head.
- (c) The Reconciliation Statement and the supporting documents are submitted to the SFO by the 15th of the following month.
- (d) The SFO reviews the Bank Reconciliation Statement and approves the posting in the ledger accounts.

## **4 ACCOUNTING FOR TOWNSHIP EXPENDITURE**

141. The DRD township office is responsible for the project implementation at the township and village tract level. A budget is prepared and authorized by DRD Union for township expenditure. DRD Finance Officer is responsible for ensuring that all expenditure incurred are recorded against the respective chart of accounts as established by DRD Union.

**4.1 SPECIFIC GUIDANCE ON ALLOWABLE EXPENDITURE ON TRAINING AND CAPACITY BUILDING AT TOWNSHIP LEVEL**

**Training & capacity building of CF/TF**

1. TOF 1, 2 and 3
2. TTF 1,2, and 3
3. Procurement/Finance Training of CF/TF

Following Table details expenses allowed to be budgeted under the training categories:

<b>Training Event</b>	<b>Allowable Cost</b>	<b>Maximum Cost</b>	<b>Remarks</b>
TOF 1,2 & 3  TTF 1,2,& 3	Training Materials (stationery, flip chart, pens, printing handouts and any other material)	Based on reasonable actual needs	Held at Township level Actual receipts required
	Meals & Refreshments	K 2000 for meal and K500 for refreshment	Held at township level Actual receipt required Participant's list required
		K1000 for meal and K500 for refreshment	Held at village level Actual receipt required Participant's list required
	Venue Hire	Based on reasonable actual cost	Actual receipt required
	Transportation Cost	Based on reasonable actual cost	When travel to village
Procurement & Finance Training of CF/TF by key experts (additional to TOF)	Any incremental Costs	Based on reasonable actual cost	Expected to be short training at township level



**Accounting for community training expenditure**

1. Village Orientation/VDP
2. Community Management Training
3. FM Training for VTFSC and Village finance clerk
4. Procurement Training for VPSC
5. Grievance handling training.

<b>Training Event</b>	<b>Allowable Cost</b>	<b>Maximum Cost</b>	<b>Remarks</b>
Village Orientation & VDP		Fixed Budget of K200,000 per Village Tract	Provided to meet stationery and other meeting costs Receipt required
Community Management Training (CMT) is provided to Committee members of villages implementing sub-projects (16 per village). Training lasts 2 days and held for participants from 2-3 neighboring villages	Venue Hire	Reasonable actual cost	Actual Receipt
	Training Material (Stationery, pens, handouts)	Reasonable actual cost	Actual receipts
	Meals & Refreshments	K 1000 for meal and K500 for refreshment	Participant list required Receipts/payment voucher with details of payee name(s), national ID number(s) and phone number(s).
FM Training for VTFSC & Village Finance Clerk	Training Material (Stationery, pens, handouts)	Actual reasonable cost	One day training for 2-3 neighboring VTs Initial & refresher training Participant's list Receipt/payment vouchers
	Meals & Refreshments	K 1000 for meal and K500 for refreshment	If training is lasting full day Participant's list Receipt/payment vouchers
Procurement Training (For PSC procurement sub-committees)	Training Material (Stationery, pens, handouts)	Actual reasonable cost	One day training for 4-6 neighboring villages implementing sub-projects. Initial and refresher training if necessary Participant's list Receipt/payment vouchers

	Meals & Refreshments	K 1000 for meal and K500 for refreshment	If training is lasting full day. For half day provide refreshment only. Provide participant list (see CMT above) Participant's list Receipt/payment vouchers
Grievance handling for grievance focal	Training Material (Stationery, pens, handouts)	Actual reasonable cost	On half day training for 4-6 neighboring villages Participant's list Receipts/payment vouchers

### Other community activities

Event	Allowable Cost	Maximum Cost	Remarks
Exchange Visit	Transport and Accommodation	Actual cost of air/bus ticket Actual cost of hotel/guest house with receipt	No of persons participating in exchange visit to be approved by UNION List of participants
	Per diem per person	K 10,000 per day for meals when travel outside duty township	List of participants Per diem receipt /signing sheet
Township MSR	Hire of venue and equipment	Actual Cost with receipts	
	Stationery, other materials	Actual Cost with receipts invoices	
	Travel Costs	To be determined	Approval by Union
	Meal Costs per person	K2000 for lunch and K500 for refreshment	List of participants Receipts
Social Audit	Venue Hire, Materials, Travel Costs,	Actual cost with receipts	Half day event for villages implementing sub projects List of participants
	Food/Refreshments	Lump sum based on number of HH <sup>(1)</sup>	Single receipt required for lump sum List of participants

Note 1) Lump sum payments as follows : up to 200 HH = 30,000 kyat b) 201 – 400 HH = 60,000 kyat c) 401 – 600 HH = 90,000 kyat d) > 600 HH = 120,000 kyat.

### Accounting for other operating costs

<b>Operating Cost</b>	<b>Allowable expenses and max cost</b>	<b>Remark</b>
<b>Per Diem Accommodation and Transport</b>		
Travel within Township	Per diem K3000 when staying overnight per day	per diem signing sheet
Travel outside Township	Per diem K10,000 per day	Per diem signing sheet
	Transport & Accommodation – actual cost	Bus/air ticket and boarding passes  Hotel/guest house receipts
<b>Publicity &amp; Promotion, Information</b>	Materials usually provided by Union DRD T-shirt, hat other materials. If required to be purchased by township, approval from DRD Union is required	Actual cost with receipts
<b>Office Rental</b>	Based on actual per contract	Receipt from owner/landlord
<b>Office Maintenance</b>	Actual Cost of office cleaning/building repair	Actual cost with receipts
<b>Motorbike Maintenance</b>	Actual Cost of Repairs and servicing	Actual Cost with receipts
<b>Vehicle Maintenance</b>	Actual Repairs and servicing	Actual Cost with receipt
<b>Boat Maintenance</b>	Actual Repairs and servicing for owned boats	Actual Cost with receipt
<b>Office Equipment Maintenance</b>	Actual Repairs and servicing	Actual Cost with receipts
<b>Telephone &amp; Internet (10GB)</b>	Actual cost	Invoices and receipts from provider
<b>Fuel Motorbike, Vehicle, Boat</b>	Actual Base on contract if contracted with fuel suppliers	Use coupons for filling up and monthly invoice/receipts from supplier
	When on field trips	Authorize purchase with receipt
<b>Stationery</b>	Actual Stationery supplies, toners, cartridges	Shopping encouraged. Actual costs with receipts
<b>Printing</b>	Large volume printing (e.g. VDP) by outside printing house/shop  Operations Manuals, posters etc are usually provided by DRD Union. If required by township to print, approval from DRD Union is required	Quotation, Invoice/receipt

<b>Office Consumables</b>	Actual reasonable cost for minor expenses, water, toiletries, cleaning agent etc	Receipts
<b>Financial Audit</b>	Actual travel cost of auditors Budget requires DRD Union approval	Receipts, list of traveler/auditors, per diem signing sheet

## 5 MONTH END FINANCIAL REPORTING

142. DRD Township Office shall submit the following documents within 15 days after the end of the month.

- a) A copy of the Bank Book recording all receipts and payments for the month;
- b) A copy of Bank Statement for the month;
- c) A bank reconciliation if the balance per bank book is different from the balance per bank book;
- d) All supporting documents for payments with payment vouchers;
- e) All supporting documents for receipts and deposits to the bank account.

143. Based on the Township Bank/Cash Book, Journal Vouchers will be raised by the FU at the union level for every expense paid at the township level and will be posted in the General Ledger. At the end of each quarter, DRD Union shall provide a budget actual comparison for the quarter to the Townships.

## 6 AUDIT AND SANCTION

144. DRD Union level finance staff will visit townships offices to review expenditure at least once a quarter. In addition, external auditors will also carry out audit of the expenditure as part of the project's annual audit.

145. If township offices fail to obtain approval to incur more expenditure or expenditure are found to be ineligible for financing, disciplinary measures will be taken and a refund obtained. If township fails to submit expenditure reports for the previous advance obtained, the township will not be entitled to the next advance.

## 7 DOCUMENT RETENTION

146. All supporting documents, receipt, invoices, payment vouchers, etc. will be kept at the township offices for at least 8 years. The supporting documents must be made readily available for the DRD Union, World Bank and project auditors when requested

## 8 MANAGEMENT AND CONTROLS OF PROJECT ASSET

147. Policies, procedures and forms for project asset management are given in Chapter 9 below. These guidelines and the following shall be followed by township for management of assets under their control.

148. A staff at the township project office will be assigned to take responsibilities of managing, safeguarding and monitoring the use of project assets.

149 The township must maintain fixed asset register (Form 9.1) and keep it up to date. The fixed asset register (FAR) must be updated after each receipts from Union level or acquisition.

150. A physical check must be carried out at least once a year to ensure completeness, existence and working conditions of the assets. DRD finance at the Union level will send an instruction notifying township offices to carry out physical check. A committee must be formed to carry out the physical count. The result of the count should be recorded in Form 9.4. The FAR must be updated immediately after the completion of the count. A copy of the count report and updated register must be submitted to the Union level.

151. Any request for disposal or write off of asset should be made to the Union DRD in accordance with DRD procedure and regulations.

### **8.1 LOST AND DAMAGED ASSETS**

152 Any lost or damaged assets should be promptly reported to the designated officer at Union level using the form attached (Form 9.5). In case of lost due to theft, the loss must be reported to the police. Other additional documents e.g. police report should also be submitted. The designated officer at Union level will review the case and make recommendations to Project Director.

### **8.2 VEHICLE CONTROLS AND INSURANCE**

- (a) Vehicles and motorcycles purchased under the NCDDP should only be used for project purposes;
- (b) Vehicles and motorcycles should be maintained in good working conditions to ensure the maximum degree of efficiency and safety;
- (c) The vehicle fuel tank must be filled completely at each refueling so that the fuel consumption rate per kilometer will be recorded daily by the driver and verified by a supervisor;
- (d) Vehicles and motorcycles should be driven only by an authorized person holding a valid driving license;
- (e) When not in use, project vehicles and motorcycles will be parked at the office compound

153. **Vehicle and Motorcycle Log Book:** The use of project vehicles and motorcycles should be recorded in logbooks (Form 9.6) kept in the vehicles and with the motorcycles. It is the responsibility of the person authorized to drive the vehicle to update the logbook at all times. Logbooks will be reviewed by authorized administrative staff on at least a monthly basis.

154. **Vehicle and Motorcycle Maintenance:** It is important to keep vehicles and motorcycles fully serviced and equipped with the necessary tools, especially first aid kit, fire extinguisher, spare tire, jack, tool kit, etc. The DRD union and township offices shall ensure that the vehicles and motorcycles are serviced at regular intervals in line with the operational and mechanical manual of the vehicles and motorcycles.

155. **Reporting of accident:** Fleet Manager at DRD Union level should be promptly informed of any accident for both vehicles and motorcycles. Drivers should be aware of the procedures to be followed in the event of an accident.

- (a) Immediately call the police to the scene of the accident;

- (b) Call the insurance company;
- (c) Immediately inform the DRD Union Fleet Manager
- (d) Obtain the names and addresses of the parties involved and any injured persons.
- (e) Record the name and address of the parties' insurance company if they have one.
- (f) Register the names and addresses of all witnesses and passengers in all vehicles/motorcycles related to the accident.
- (g) Make a written record of the injuries to the personnel and the impact of the damage to all vehicles or motorcycles involved.
- (h) Draft a sketch of the road and relative positions of the vehicles or motorcycles involved before and at the time of the accident.
- (i) If possible, arrange for photographs to be taken of the scene of the accident before the vehicles or motorcycles are moved.
- (j) Make a record of the road conditions, visibility, etc.
- (k) A Vehicle/Motorcycle Accident Report should be completed and given to the Fleet Manager.

156. **Vehicle and Motorcycle Insurance:** The NCDDP Secretariat will arrange a comprehensive insurance policy for all project vehicles and motorcycles after seeking quotations from registered insurance companies in Myanmar, and the insurance premium will be paid from the project funds annually by the NCDDP Secretariat.

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**TOWNSHIP NAME .....**  
**BANK ACCOUNT NO. ....**

**FORM 8.1: BANK RECEIPT VOUCHER (Township)**

Voucher No. ....  
Date .....

Received From .....  
Amount .....  
Amount in Words .....  
Description .....  
.....

Prepared by  
DRD Township Finance Officer

Approved by  
DRD Township Head

Posted by  
Assistant Accountant

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**NATIONALCOMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**TOWNSHIP NAME .....**

**FORM 8.2: BANK PAYMENT VOUCHER (Township)**

Voucher No. ....

Date.....

Payee Name \_\_\_\_\_

Amount Paid \_\_\_\_\_

Bank Account No \_\_\_\_\_

Description	Expenditure Type	Account Code	Amount
<b>Total</b>			

Prepared by                      Checked by                      Approved by                      Posted by  
 Assistant Accountant      DRD Township Finance officer      DRD Township Head      Assistant Accountant

\_\_\_\_\_

Funds Received By Name

Signature

Date

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**TOWNSHIP NAME .....**

**FORM 8.3: BANK BOOK(Township)**

Date	Description	Voucher No.	Account Code	Debit	Credit	Balance
	Balance B/F					

Prepared by  
Assistant Accountant

Checked by  
DRD Township Finance Officer

Approved by  
DRD Township Head

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT**  
**TOWNSHIP NAME .....**

**FORM 8.4: BANK RECONCILIATION STATEMENT (Township)**

**For the Month Ending .....**

- 1. Balance per Bank statement date .....
- 2. Less Unrepresented Checks .....

<u>Chq No</u>	<u>Amount</u>
---------------	---------------

TOTAL

- 3. Add Deposits in Transit .....
- 4. Adjusted Balance (1 – 2 + 3) .....
- 5. Less Bank Charges not Posted to Cash Book .....
- 6. Balance per Cash Book .....

\_\_\_\_\_  
Prepared by  
Assistant Accountant

\_\_\_\_\_  
Checked by  
DRD Township Finance Officer

\_\_\_\_\_  
Approved by  
DRD Township Head

**NCDD PROJECT**  
**TOWNSHIP .....**

**FORM 8.5: REQUEST FOR ADVANCE FOR TOWNSHIP BANK ACCOUNT**

	Activity Schedule a/												Quarter Budget	REMARKS
	April				May				June					
	wk1	wk2	wk3	wk4	wk1	wk2	wk3	wk4	wk1	wk2	wk3	wk4		
													MKK	
<b>DESCRIPTION</b>														
<b>Capacity Building Training</b>														
CF/TF Training														
- Specify (TOF 1, 2 or 3)														
- Specify (TTF 1,2 or 3)														
Village Orientation & VDP														
Village Track Training														
- FM Training for VTPSC & FSC														
-FM Training for VPSC														
-Procurement Training														
VTPSC Meeting for VTDP														
Community Management Training														
<b>Knowledge &amp; Learning</b>														
Exchange Visits													r	
Multi Stakeholder Workshop														
Social Audit														

<b>Implementation Support</b>														
Public Meeting Expenses														
Per Diem Accom, & Transport														
Office Rental														
Office Maintenance														
Motorbike Maintenance														
Vehicle Maintenance														
Office Equipment Maintenance														
Telephone & Internet														
Fuel Motorbike														
Fuel Vehicles														
Fuel for generator														
Printing/publishing manuals, VDP														
Office Consumables and stationeries														
Bank Charges														
Travel cost for Financial Audit														
<b>TOTAL BUDGET FOR Quarter</b>														
<b>Add Minimum Balance</b>													15,000,000	
<b>LESS:</b>														
<b>BANK BALANCE (per bank statement)</b>														
<b>CASH ON HAND (if any)</b>														
<b>FUNDS REQUIRED</b>														

Note a/ Please indicate activity week on week

## **CHAPTER 9: FIXED ASSETS MANAGEMENT**

### **1 ROLES AND RESPONSIBILITIES**

110. Fixed assets – property and equipment – are defined by a useful life of more than one year. They are registered in the Fixed Assets Register (Form 9.1 below) to ensure adequate control over property and equipment purchased for the use of the project. The Administration unit is responsible for managing the assignment of inventory codes for each item of assets, recording and updating of assets register, monitoring the use of assets, carry out physical checks and disposal of all assets.

111. A staff at State and Region and township offices will be assigned to take responsibilities for asset management tasks as above. Procedures and controls applied to State and Region and Township level are elaborated in the sections on FM for the relevant level.

112. The procedures outlined in following sections shall be used in recording acquisition and disposal of fixed assets and management control over the use of fixed assets.

### **2 PURCHASE/ACQUISITION AND RECORDING OF FIXED ASSETS**

113. All fixed assets purchases shall be approved by the Project Director. When fixed assets are delivered by a supplier, a Certificate of Acceptance (form xx) is issued by the procurement and logistic unit certifying that goods are in accordance with the quantity ordered, specifications and are in working order.

114. The procurement and logistic unit also issue an Asset Distribution Form (Form 9.2) to be sign off by the distributor (procurement and logistic unit) and the receiving office. Three copies of Form xx shall be made: one kept at recipient office, one at procurement and logistic unit and one forward to the administration unit.

115. Assets purchased/acquired is recorded by the Administration unit in a FAR with the following details:

- (a) Class of asset
- (b) Asset Code Number (vehicle plate number in case of vehicles and motorcycles)
- (c) Description/Specification (include serial no./model & country of origin)
- (d) User
- (e) Purchase date
- (f) Payment voucher reference
- (g) Purchase cost
- (h) Location
- (i) Condition of assets (e.g. working, damaged, lost etc)

116. The FAR should be updated immediately by the Administration unit after assets are received and/or distributed to other project offices. State/Region and township offices should also update the FAR upon acquiring new assets received from DRD Union or locally purchased.

117. The FAR will be maintained at all levels: a consolidated FAR at Union level (Union plus all offices); a FAR for State and Region and a FAR for townships.

118. Separate FAR shall be maintained for each class of assets e.g. office equipment, IT equipment, vehicles, office furniture etc

119. All assets must be clearly marked as the property of the NCDD Project, Department of Rural Development, and must bear an individually coded tag (inventory codes/number) and/or the project logo.

120. The administration unit will work with the Procurement and logistic unit to ensure that inventory codes are assigned and stickers affixed to the asset items before distribution.

The inventory codes/stickers should indicate the following:

- (a) Asset Class
- (b) Location
- (c) Type of asset
- (d) Asset Code Number
- (e) Year of Purchase

### **3 FIXED ASSET CONTROL**

121. A committee is established to carry out a physical fixed asset count/inspection and should include the following:

- (a) Representatives from the administration unit (one senior level staff and one other staff member)
- (b) Representatives from the Finance Unit (at least one SFO level and a staff);
- (c) Representatives from the Procurement and Logistic Unit (at least one Senior Procurement Officer and a staff); and
- (d) One representative from the user department.

122. An inventory count should be carried out at least once a year to ensure that the Fixed Assets Register remains accurate and to ensure the existence of the fixed assets purchased under the project. Date and results of the count shall be recorded in the Fixed Assets Physical Count Report with the following data:

- (a) Date of count;
- (b) Asset name;
- (c) Asset code number;
- (d) Location;
- (e) Name of direct user; and

(f) Remarks for any unused items or conditions of asset.

123. A reconciliation of the Fixed Assets Register and Fixed Assets Physical Count Report should be carried out by persons independent of persons counting the physical assets.

124. The Fixed Assets Register should be reconciled to the General Ledger at the end of the physical count.

125. A report must also be prepared by the count committee to report on the overall process and the result of the count. Any discrepancies between the Register and the Physical Count should also be reported in this report. Recommendations should also be included in case of lost or damaged assets identified. This report should be submitted to the Project Director.

126. Promptly after the count, the FAR must be updated by administration unit.

#### **4 DISPOSAL OF FIXED ASSETS**

127. Any disposal of fixed assets must be approved in accordance with the DRD regulations and procedures.

#### **5 LOST AND DAMAGED ASSETS**

128. Any lost or damaged assets should be promptly reported to the officer of administration unit using the form attached. In case of lost due to theft, the lost must be reported to the police. Other additional documents e.g. police report should also be submitted. The administration officer will review the case and make recommendations to the Project Director.

**COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT  
OFFICE:**

**FORM 9.1: FIXED ASSETS REGISTER**

**Class of Asset:**  
.....

Date	Description	Serial No	User	Asset /inventory Code	BPV No	Cost	Location	Remarks (Status/Conditions)

Compiled by:

Certified by: (relevant unit officer of State/Region/township)

Approved by: Project Director/ head of DRD office

**COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 9.2: ASSET DISTRIBUTION FORM**

**Delivered to:** .....

**From:**.....

**Date Delivered:** .....

Date	Description	Unit	Unit Cost	Asset/ inventory Codes	Amount	Remarks
<b>TOTAL</b>						

Delivered by	Received by	Certified by (witness)
name	Name and date	name and date



**COMMUNITY DRIVEN DEVELOPMENT PROJECT  
 DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 9.3: FIXED ASSETS PHYSICAL COUNTSHEET**

**Asset Class:**

.....  
 .....

**Date of Count:** .....

**Location:**.....

No	Asset Name	Quantity	Asset Code	User	Remarks	
					Exist (Y/N)	Conditions
<b>TOTAL</b>						

Prepared by

List names and signatures of  
 count committee

**COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 9.4: FIXED ASSETS PHYSICAL COUNT REPORT**

Count date

**Location** involved

Names of Committee members:

Findings (described results/findings)

Recommendations (describe any recommendations)

Sign off by (all committee members)

**COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 9.5: LOST/DAMAGED ASSET REPORT (circle one)**

**Asset description:**  
**Date and time of incident:**  
**Date of report to police (applicable in case of theft):**

**Details of event/incident:**

.....  
.....  
.....  
.....  
.....

**Prepared by:**  
**(sign off, name and date)**

**Recommendation of head of DRD office**

.....  
.....  
.....  
.....

**Sign off and dated by head of DRD office**

**Recommendation of union procurement and logistic officer**

.....  
.....  
.....

**Sign off and dated by union procurement and logistic officer**

## **6 VEHICLE CONTROLS AND INSURANCE**

- (a) Vehicles and motorcycles purchased under the NCDDP should only be used for project purposes;
- (b) Vehicles and motorcycles should be maintained in good working conditions to ensure the maximum degree of efficiency and safety;
- (c) The vehicle fuel tank must be filled completely at each refueling so that the fuel consumption rate per kilometer will be recorded daily by the driver and verified by a supervisor;
- (d) Vehicles and motorcycles should be driven only by an authorized person holding a valid driving license;
- (e) When not in use, project vehicles and motorcycles will be parked at the office compound;
- (f) Project vehicles shall be administered on a pool basis. A vehicle usage plan shall be maintained by the Administration unit to effectively manage the use of vehicles.

### **6.1 VEHICLE AND MOTORCYCLE LOG BOOK**

129. The use of project vehicles and motorcycles should be recorded in logbooks (Form xx ) kept in the vehicles and with the motorcycles. It is the responsibility of the person authorized to drive the vehicle to update the logbook at all times. Logbooks will be reviewed by authorized (Administration) staff on at least a monthly basis.

### **6.2 VEHICLE AND MOTORCYCLE MAINTENANCE**

130. It is important to keep vehicles and motorcycles fully serviced and equipped with the necessary tools, especially first aid kit, fire extinguisher, spare tire, jack, tool kit, etc.

131. The DRD union and township offices shall guarantee that the vehicles and motorcycles are serviced at regular intervals in line with the operational and mechanical manual of the vehicles and motorcycles.

### **6.3 ACCIDENT REPORT**

132. The NCDDP Secretariat should be promptly informed of any accident for both vehicles and motorcycles. Drivers should be aware of the procedures to be followed in the event of an accident.

- (a) Immediately call the police to the scene of the accident;
- (b) Call the insurance company;
- (c) Immediately inform the DRD Union (officer of Administration unit )
- (d) Obtain the names and addresses of the parties involved and any injured persons.
- (e) Record the name and address of the parties' insurance company if they have one.
- (f) Register the names and addresses of all witnesses and passengers in all vehicles/motorcycles related to the accident.
- (g) Make a written record of the injuries to the personnel and the impact of the damage to all vehicles or motorcycles involved.

- (h) Draft a sketch of the road and relative positions of the vehicles or motorcycles involved before and at the time of the accident.
- (i) If possible, arrange for photographs to be taken of the scene of the accident before the vehicles or motorcycles are moved.
- (j) Make a record of the road conditions, visibility, etc.
- (k) A Vehicle/Motorcycle Accident Report should be completed and given to the Administration Unit.

#### **6.4 STAFF, VEHICLE, AND MOTORCYCLE INSURANCE**

132. The NCDDP Secretariat will arrange a comprehensive insurance policy for all project staff, vehicles and motorcycles after seeking quotations from registered insurance companies in Myanmar, and the insurance premium will be paid from the project funds annually by the NCDDP Secretariat.

133. No vehicles or motorcycles shall be used or distributed to other project offices before insurance is obtained. NCDDP shall ensure insurance is valid at all times.

134. A fleet manager within the procurement and logistic unit will be responsible for maintaining records, monitoring and renewing vehicle and motorbike insurances (Form 9.5).

**COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 9.6: INSURANCE MONITORING SHEET**

	<b>Vehicle</b>	<b>Plate number</b>	<b>Location</b>	<b>Insurance period</b>		<b>Insurance company</b>	<b>Insurance type</b>
1	Nissan Patrol	6F/6890	NPT	1/1/16	31/12/16	IKBZ	Comprehensive vehicle insurance
2	Motorcycle Honda Wave 110		Kyunsu				

**NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 9.7: VEHICLE LOGBOOK**

Vehicle Registration/Plate No:  
Based at Union level /Township level:

Date	Name of Driver	Time		Kilometer Record		Fuel Refill (in litre)	Place Travelled	Purpose of Travel	Signature of Driver/User
		Out	In	Start	Finish				

Note: This logbook needs to be reviewed twice a month along with the use of fuel to ensure that the project vehicles are exclusively used for the purposes of the NCDDP.

Reviewed by

\_\_\_\_\_  
Chief of Administration

Date:

**COMMUNITY DRIVEN DEVELOPMENT PROJECT  
DEPARTMENT OF RURAL DEVELOPMENT**

**FORM 9.8: ACCIDENT REPORT FORM**

**Motor vehicle/Motorcycle (including plate number)**  
**Date and time of accident**  
**Location of accident**  
**Name of driver**  
**Name(s) of passengers**  
**Name(s) and contact details of parties involved in the accident**  
**Name(s) and contact details of witness(es)**  
**Report made to the police (Y/N) and date**  
**Report made to insurance company (Y/N) and date**

**Description of accident (including injuries to parties involved, damage to vehicles/motorcycles, road condition, visibility at time of accident)**

.....  
.....  
.....  
.....  
.....

- (a) Draft a sketch of the road and relative positions of the vehicles or motorcycles involved before and at the time of the accident.
- (b) Attach photograph taken of the scene of the accident before the vehicles or motorcycles are moved.
- (c) Attach police report (where applicable)

**Description of action(s) taken and result**

.....  
.....  
.....

**Signed and dated by: reporter**

**Signed and dated by: head of DRD office**

**Recommendation by procurement and logistic officer/Project Director**

.....  
.....

**Signed and dated:**

**Recommendation by procurement and logistic officer/Project Director**

.....  
.....

**Signed and dated:**



## **CHAPTER 10: GOVERNANCE, ANTI-CORRUPTION & AUDITING**

### **1 GOVERNANCE & ANTI-CORRUPTION**

134. Governance and anti-corruption (GAC) measures are built into the project design to support transparency, voice, accountability, participation and inclusion of previously excluded groups. The project contains several GAC measures, including participatory village-level monitoring, social audits at the village tract level, and establishing a grievance redress mechanism. In addition, sanctions are imposed on village tract forum members and government officials, who misuse funds or engage in corrupt practices. The Operations Manual provides details on the sanctions that would be applicable under the NCDD Project.

135. Project managers shall take the following specific measures to prevent financial misuse, fraud or corruption.

#### **1.1 BLOCK GRANT FUNDS**

- (a) Training of the VTPSC members on good governance, procurement and financial management practices conducted.
- (b) Sufficient training for Finance and Procurement Sub-Committee members provided.
- (c) Requiring all financial transactions is made through a bank account.
- (d) Public disclosure at the village level on block grant approvals, procurement, and disbursement.
- (e) Close monitoring and supervision by the community facilitators and DRD township staff.
- (f) Technical and social audits conducted.
- (g) Grievance handling system established and closely monitored.

#### **1.2 OTHER PROJECT EXPENDITURES**

- (a) Procurement and financial management procedures adopted and strictly followed.
- (b) Establish internal controls at union, State and Region and township levels and train staff.
- (c) Anti-corruption guidelines adopted by the government.
- (d) Budgets are prepared and approved with assigned responsibilities to individual managers.
- (e) Progress monitoring and variance analysis performed.
- (f) Wide dissemination of financial information carried out.
- (g) Annual independent audits conducted.
- (h) Sanctions regime adopted.

### **2 AUDITING**

136. An Annual Financial Statement of the project must be prepared at the end of each financial year and audited by an external independent auditor. The Project will be audited by the Office of Union Auditor General. In addition to this, the Government of Italy requires a primary internationally experienced Auditing Company or local branch of such company to audit the Project's financial statements and the related administrative documents requested for the transfer by the Government of Italy of the 2nd and 3rd installment, as well as of the Final Financial Report. The auditor should review the project performance in accordance with the International Standards of Auditing (ISA) as required

by the World Bank. The World Bank requires project implementing agencies to submit consolidated annual audited financial statements to the World Bank as soon as possible, but normally no later than six months after the end of each fiscal year.

137. The terms of reference for auditors, included in the end of this manual, will be determined by the DRD in consultation with the World Bank. The World Bank has agreed that the Auditor General of the Union Government shall act as the independent auditor. Annually, a sample of at least 10% of sub-projects approved and implemented during a given year will be selected for audit using a risk based approach.

138. The auditor will be required to express opinions on: (i) the Annual Financial Statements; (ii) whether the designated funds have been correctly accounted for and used in accordance with the project document; and (iii) the adequacy of supporting documents and control mechanisms relating to the use of the Statement of Expenditures as a basis for reimbursement of designated funds.

## CHAPTER 11: TRAVEL & TRANSPORTATION

### 1 DOMESTIC TRAVEL

139. This chapter refers to the travel of the DRD staff and government officials working for the NCDDP within the country.

- (a) **Travel by the DRD Staff and Government Officials:** After travel permission is approved by an authorized person, the individual traveler shall receive an advance. The procedures for advances have been outlined in Chapter 4. Expenses for a single payment amounting to more than MMK 1,500,000 for air, boat or bus tickets or fee for rental of vehicles can be paid directly to the suppliers by a check payment. Upon return, the traveler will clear the advance by submitting an expense report together with supporting documents (i.e. mission order, travel visa, actual receipts for transport expenses and the mission report) approved by his/her supervisor to the FU. The traveler will repay the remaining balance to the FU or the FMU will reimburse any excess expenses (according to the actual expenses). The FU will review the documents, record the expense and liquidate the advance. A Back to Office Record shall be submitted to the authorized supervisor.
- (b) **Travel by National/International Consultants:** Payment will follow the terms of the individual's contract with the project. The FU will review the documents and record them as an expense.

#### 1.1 REQUEST FOR TRAVEL

140. All staff should request travel authorization from their supervisor, project manager or the director as applicable before traveling. This applies to all staff traveling outside of their duty station. A travel request and authorization form, usually used in the DRD, will be used for this purpose. If travel is to be undertaken on any invitation, such invitation letters shall be attached to the travel request form.

#### 1.2 DAILY SUBSISTENCE ALLOWANCE

141. Personnel who are authorized to travel are entitled to receive a Daily Subsistence Allowance (DSA) to cover expenses for their accommodation, transportation, food, and any other incidental out of pocket expenses. This DSA is made of two types of expenses, namely a per diem and actual costs (for accommodation and transportation).

142. Although, according to the Order No 548/2013 April 1, 2013 of the Ministry of Planning and Finance, the DSA rate must be MMK 3,000 , for the purposes of the NCDDP, the following rates were proposed by the DRD and agreed by the World Bank.

Location	Rate (MMK)		
	Per Diem	Accommodation	Transportation
Any locations within project townships and while travelling to townships where NCDDP is implemented	10,000	Actual cost for standard room type accommodation; receipts required	Actual cost with prior approval

Any villages within the NCDDP township for NCDDP staff of that township	3,000	Actual cost for standard room type accommodation (only for overnight stay; invoices/ receipts required	Actual cost with prior approval
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### 1.3 PER DIEM & ACCOMMODATION

143. Unlike for the per diem, which is a lump sum, receipts are required for accommodation and transportation. Upon return, the travelers, who participated in the mission, are required to submit reports before claiming their final balance.

144. The per diem will be provided according to the mission orders and/or visa acknowledgements. The following points will be also considered when calculating the per diem.

- (a) Participants, who depart from the mission destination before 08:00 am and return to the mission origin after 12.00pm, will receive a half-day per diem, and members, who return to the mission origin in the evening after 17:00 pm on the same day, will receive a full-day per diem.
- (b) Considering the risk of travelling at night, if the participant cannot return to the mission origin before 19:00 (leaving from the mission destination), it is recommended to travel the following morning to the mission origin.
- (c) For townships without proper accommodation, participants are allowed to find accommodation (standard room type) at the nearest township. Original invoices are required.

### 1.4 TRANSPORTATION

145. Until a standard uniform transportation cost is determined after conducting a survey, transportation costs will be reimbursed upon submission of actual bills/receipts. A reasonable check will be conducted when such costs are reimbursed.

146. It is recommended to use project vehicles for transportation and also advised to plan ahead for trips, thereby travel missions can be combined among several intended travelers so that the costs can be minimized. If the local air travel is the only mode of transportation to access any of the project target locations, the cost of air ticket will be reimbursed. In the case of two or more airlines operating to such locations, the project will select the lowest priced airlines to buy the air ticket. If the local air travel is not the only mode of access, the overland transportation is the norm. However, local air travel may be authorized by the Project Director, through his/her written approval of a request to that effect, providing the detailed reason(s) why air travel is deemed more efficient in the specific circumstance (for example, when the final destination can be reached on the same day using air travel, but not otherwise, or more generally, when the fewer number of travel days).

## 2 OVERSEAS TRAVEL

147. All overseas travel of the DRD staff and governmental officials working for the NCDDP must be approved by the DRD and the Ministry of Livestock, Fisheries and Rural Development. As a first step, such overseas travel for training, workshops, and study tours are identified and included in the Annual Work Plan and Budget and approved by the World Bank. The staff should be selected on merit for attending the overseas training courses so as to ensure that the persons shall return to the country upon completion of the course and be able to contribute their knowledge to the country as intended.

- (a) **Overseas Travel by DRD Staff/Government Official Staff:** After a written travel permission is obtained from an authorized person, the individual or group of travelers

shall receive an advance. The advance procedures have been outlined in Chapter 4. The expenses for a booked hotel, air tickets and training fees (if required) shall be paid directly by the FMU. Upon return, the staff will clear the advance by submitting an expense report together with supporting documents approved by his/her supervisor to the FMU. The staff will repay any remaining balance to the FU, or the FMU will reimburse any excess expenses (according to the actual expenses). The FMU will review the documents, record the expense and liquidate the advance. A Back to Office Record shall be submitted to the supervisor.

- (b) **Travel by National/International Consultants:** Payment will follow the terms of the individual's contract with the project. The FU will review the documents and record them as an expense.

## 2.1 PROCUREMENT OF AIR TICKETS

148. The Administration Unit will arrange the booking of air tickets for international travel (or in the country where necessary) upon presentation of the completed Travel Request Form. The staff requesting travel should make the request in advance to allow for adequate time to make flight reservations.

149. When procuring air tickets, the following steps will be adhered to:

- (a) For travel within South East Asia and East Asia (simplified procedure):
  - (1) The Administration Unit will make a telephone inquiry of the cost of air ticket from at least three travel agents;
  - (2) A memorandum needs to be prepared, comprising of the following:
    - Name of the travel agent, address and telephone number;
    - Date and time of the communication;
    - Name of the staff of the travel agent from whom the cost of the air ticket was obtained; and
    - Decision from which travel agent the air ticket will be purchased;
- (b) For travel outside South East Asia and East Asia:
  - (1) The Administration Unit will seek quotations with details, such as number of travelers, date of travel, destination and class of travel. It is always required to seek the shortest and most direct route by economy class;
  - (2) The Administration Unit must ensure that at least three quotations are received; and
  - (3) Finally, an evaluation report needs to be prepared with the recommendation from whom the air tickets should be purchased.

## 2.2 DSA FOR INTERNATIONAL TRAVEL

Per diem	The World Bank's current per diem rate around the proposed time of travelling
Air tickets	Standard economy class
Transportation	Receipt will be required for reimbursement or payment by the FU
Hotel	Actual cost but not exceeding the World Bank's current rate at the time of travelling

**Note:** The travel allowances/expenses out of NCDDP will only be provided if they are included in the approved project's plan and they are not being financed by other sources.

150. The number of days for per diem and hotel accommodation will be based on the actual number of days required to carry out the official overseas duties, such as attending conferences, trainings, workshops, and study tours. In this process, factors, such as total travel time to and from destination and the timeline of the activities, will be factored in.

152. When organizing overseas training, workshops, study tours, and conferences, the NCDDP must ensure that participants travelling overseas have reasonable time (at least eight hours, should the participants travel to continents other than Asia) to recover from their jet lag before they attend the intended training/workshop/conference.

153. During the international travel, if any unexpected event would affect the travel plans of the mission members, the mission members must make all efforts to return back to the Union of Myanmar. Any additional costs incurred during this effort will be reimbursed on submission of actual bills/receipts.

### 2.3 PER DIEMS

154. Per diems are provided for daily meals and other personal expenses for participants. Supporting documents are not required for per diems. For international and regional travel missions, the NCDDP will use the World Bank's per diem rates as proposed by the World Bank. In this case, the FMU will seek the rates from the World Bank before such missions are undertaken.

155. Per diems are calculated by multiplying the total number of eligible travel days by a daily per diem rate. The total number of days eligible for per diem payments counts from the arrival time at the (final) destination up to the time the participants leave the destination based on the shortest available route as per the table below.

	<b>Time at the destination (foreign country) if</b>	
	<b>Morning (Before 12 pm - noon)</b>	<b>Afternoon (After 12 pm - noon)</b>
<b>Arrival</b>	1 day	0.5 day
<b>Departure</b>	0.5 day	1 day

156. The participants must depart for their home country immediately after the completion of the event on the next available flight. If, under any circumstances, a departure and/or returning day falls on participating days, the resulting overlapping day(s) will be deducted as the participant would have checked-out on the departing day.

157. For certain training courses or workshops, organizers may include lunch and/or dinner in the course fees. In this case, the daily per diem will be calculated by deducting the meal(s) (30% of daily per diem for each meal), in line with the agenda of the training courses/ workshops.

158. Receipts for actual expenses do not need to accompany claims for per diems. However, documentation, such as mission orders/visa, acknowledgements from the recipient office, boarding passes, need to be attached to substantiate the number of days and the region travelled.

159. The DRD will take appropriate sanction measures, should any civil servant be involved in fraud by overstating and/or fake the claims on mission/training/workshop and study tours.

### 2.4 ACCOMMODATION

160. Accommodation will be provided for staying in a foreign country for training courses, workshops and/or study tours. The NCDDP will use the World Bank's accommodation rates as proposed by the World Bank. In this case, the FU will seek the rates from the World Bank before such missions are undertaken. The cost of accommodation will be calculated by multiplying the total accommodation days by the daily accommodation rate (room rate only). The total accommodation days are the total number of participating days plus one preparation day, should the participant travel a day earlier as may be justified. This is a principle of calculation of accommodation days regardless of how long participants stay before the course commencement or after the course completion. It is

usually one day less than the total eligible per diem days. Accommodation expenses are only reimbursed or paid against actual valid receipts/hotel bills up to the World Bank's ceiling rates, which are updated on a regular basis. Staying with friends or relatives is not reimbursable.

161. The NCDDP will not provide accommodation to participants in cases where organizers have included the cost of accommodation in the course fee. In such cases, the accommodation should be arranged and paid by the organizer.

## **2.5 OVERSEAS TRAVEL INSURANCE**

162. Standard travel insurance is reimbursed based on an actual valid travel insurance bill up to a maximum of US\$150 per trip. The training/workshop participants are responsible for purchasing appropriate travel insurance from registered insurance companies available in the Union of Myanmar. A valid and original receipt is required for reimbursement.

## **2.6 TRANSPORTATION & OTHER COSTS**

163. Transportation costs refer to all reasonable costs incurred related to traveling and transportation, such as air ticket, airport tax, visa fee, and local transportation from hotel to training venues or to field study sites and vice versa. All transportation costs are paid based on actual expenses supported by valid and original expense documents. Only economy class air tickets are allowed regardless of hours and purposes of travels.

164. The NCDDP will not provide any personal expenses, such as accompanying spouse and children, telephone expenses, gifts for presenters/hosts, costs for transporting personal belongings to a home country, and passport fees. Any expenses charged in addition to room rate costs during their stay in hotels, such as drinks, refreshments, telephone calls, and other services, are deemed covered by the per diem, and therefore not reimbursable.

## **CHAPTER 12: TRAINING, WORKSHOPS & STUDY TOURS**

165. Training, workshops and study tours (TWST), including seminars and conferences, are important tools for any project with development objectives. TWST supports the capacity development and knowledge enhancement of the people, who are either directly working with the project or who have the potential and are expected to work for the project during the life cycle of the project. In addition, this component usually functions as a way of developing human resources to sustain long term institutional reforms.

166. These activities must be included in the Annual Work Plan and Budget (AWPB) and should be derived from a detailed Training Plan and Budget. The Training Plan and Budget should be prepared by the DRD for each quarter in consultation and include the details, such as type/topic/objective, agency responsible, approximate time line, number of participants, location, standard unit cost and total estimated cost.

### **1 TRAINING/WORKSHOP FEE**

167. This refers to fees for attending a training course or workshop, which is generally paid directly to providers/suppliers (it may also be paid to providers/suppliers through organizers, if requested by the providers/suppliers) before commencement for courses/workshops or in accordance with the agreement or contract for customized ones. Invoices and/or receipts must be obtained to account for the payment.

### **2 APPROVAL PROCEDURES**

168. The DRD will need to obtain approval from the senior management of the Ministry and the World Bank on the training plan before execution and incurring any commitment. All TWST must support the objectives of the NCDDP and the identified needs of the components/sub-components. Funds must be available in the approved Annual Budget prior to implementation.

169. If the need arises unexpectedly to attend a training, workshop or study tour that is not included in the approved AWPB or Training Plan, the DRD must seek a separate No Objection with details from the World Bank for any overseas related activities before commencing to incur and disburse funds for that activity. Training may be requested at the initiation of the NCDDP management and based on the AWPB/Annual Training Plan. Requests should be accompanied by a detailed budget, program or plan, and a list of eligible participants.

170. All training and workshops require communication and consultation with the Technical, Administration, Procurement and the Financial Management Units and the preparation of a plan and budget before submitting a request to the Project Manager for approval. Various procedures related to the expenses are described under the relevant headings of various chapters of this manual.

### **3 MONITORING PROCEDURES**

171. It is proposed that monitoring of TWST will take place twice a year, depending on the nature and MMK/USD value of TWST. First, irrespective of the USD value, when the advances are liquidated and payments are made, a report will be obtained from the



organizers/participants to ascertain the achievements of TWST. Second, for high value TWST, the Monitoring and Evaluation Unit of the DRD will assess whether the objectives of TWST have been achieved and report to the management of the DRD.

#### 4 TYPE OF TRAINING, WORKSHOP & STUDY TOUR

172. In the NCDDP, TWST could be categorized into two main topics: i) domestic/national; and ii) regional or international.

##### 4.1 DOMESTIC /NATIONAL

173. The DRD staff at union, state/regional and township levels working on the NCDDP may arrange, invite, and attend any national training, study tours, workshops, seminars, and conferences, which would contribute to the project development objectives of the NCDDP, either based on the approved training plan or on a subsequent separate approval for events not previously included in the training plan.

##### 4.1.1 STANDARD COST NORMS (IN-COUNTRY)

174. The standard cost norms are established to determine the maximum ceiling for each type of expenses category. Though payments will be made on the basis of the actual invoices, the organizers of TWST are expected to follow these cost norms. For the purpose of the claim and management reports, all the workshops and trainings have to have attendance lists with daily signatures of participants, signed as verified by the organizer/facilitator.

175. The DRD at all levels should adhere to the following standard costs when organizing training activities.

Items	Within MRD	Hotel in State/ Region (other than Yangon & NPT)	Hotel Yangon & NPT
Refreshments and Coffee Break	MMK 1,500 per person per time	MMK 1,500 per person per time	MMK4,000 per person per time
Lunch	MMK5,000 per person	MMK4,000 per person	MMK24,000 per person (Total package includes refreshments, lunch and venue rental)

176. In selecting the hotel for training or workshops, the project will prepare a Request for Quotation with the requirements and obtain quotations from at least three hotels with similar size and facilities. The lowest quoted and most responsive hotel will be selected to conduct the training or workshop.

177. Should these cost norms appear too low given exceptional circumstances (peak season, special event, for instance), a specific higher standard than the above may be authorized by the Project Director through his/her written approval of a request, providing the detailed reason(s) why the standard costs are deemed not applicable in the specific circumstance. For budgeting purposes there is guidance on items to be included. See the table in Annex 5.

## 4.2 REGIONAL/INTERNATIONAL

178. Generally, the regional/international activities would be short-term in nature and for less than three to six months. These activities can be: i) short-term training courses; and ii) study tours/conferences/seminars.

### 4.2.1 SHORT-TERM TRAINING COURSES

179. There are two common types of short-term overseas training courses.

- (a) **Standardized Training Courses:** These are courses or workshops that are regularly or specifically prepared and managed by the institutions/universities. Participation fees, if eligible, schedules, contents, and other necessary arrangements are standardized and pre-defined by the providers and applied to all participants regardless of their origin.
- (b) **Customized Courses:** These are courses/workshops customized to meet specific requirements of users. Subject to cost of any specific activities, the World Bank's *Guidelines for Selection and Employment of Consultants by World Bank Borrowers* shall be applicable to ensure economy, effectiveness and value for money spent for such training activities. As a general guideline, there must be an approved Terms of Reference or Request for Proposal and at least three proposals from accredited universities or institutions should be obtained for qualification and/or price comparison. In general, there should be an agreement or contract for customized courses.

180. Under specific circumstances, a single source selection method can be used for selection of training providers if there is a solid justification and approval from NCDDP Management and no objection by the World Bank.

### 4.2.2 STUDY TOURS/CONFERENCES/SEMINARS

181. These are events held by institutions periodically and/or hosted by other countries periodically. The DRD staff and government officials working for the NCDDP can attend these events at the invitation of those institutions or by the host countries. On the other hand, the DRD may request to participate in these events for knowledge enhancement, capacity building, and sharing of experiences.

### 4.2.3 SELECTION POLICY

182. Selection of staff for overseas training/workshops must meet the following requirements:

- (a) The selection process shall be transparent and open to all regardless of their gender, disability, and other factors unrelated to the need for training.
- (b) The proposed trainees should be in position and willing to transfer knowledge and skills related to topics concerned to other colleagues upon return. They should meet the necessary prerequisite qualifications and experience to acquire and absorb knowledge from the course. In all cases, one of the prerequisites is language proficiency as a means of ensuring the ability to communicate/participate in the course or workshop. Hence, proposed trainees

should obtain an admission letter or invitation letter from the institutions/  
universities.

- (c) Trainees, who have attended training courses with a similar content in the last three years, should not be nominated again for the course unless clear and sound justification is obtained from the nominating authority.
- (d) If the required topics of training or workshop are considered technical and complicated and require the selection of specific training institutions or universities, compliance with World Bank's *Guidelines for Selection and Employment of Consultants by World Bank Borrowers* shall be required. In this regard, selection of trainers should be taken into consideration during the preparation of the annual procurement plan.

#### **4.2.4 REQUEST FOR NOL FROM THE WORLD BANK**

183. If the Annual Budget Plan is approved together with a list of training/workshops (i.e. annual training plan) by the World Bank, there is no requirement to send the detailed proposal to the World Bank for approval.

184. The Guidelines for Selection and Employment of Consultants by the World Bank Borrowers should be followed for customized training courses and the selection of a training provider. The threshold for prior review by the World Bank in the Financing Agreement for selection of consultants' services should be followed in this case.

185. All proposed single source selection of training providers for customized courses should be submitted to the World Bank for prior review and approval.

#### **4.2.5 PARTICIPANT'S CANCELLATION OF ATTENDANCE**

186. The assigned participants shall immediately notify the DRD management in writing before incurring any costs if they are unable to attend the training/workshop.

187. Apart from urgent or exceptional circumstances, the already assigned participants shall be liable for all costs incurred up to the date they notify the DRD management in writing if they choose not to attend the training/workshop.

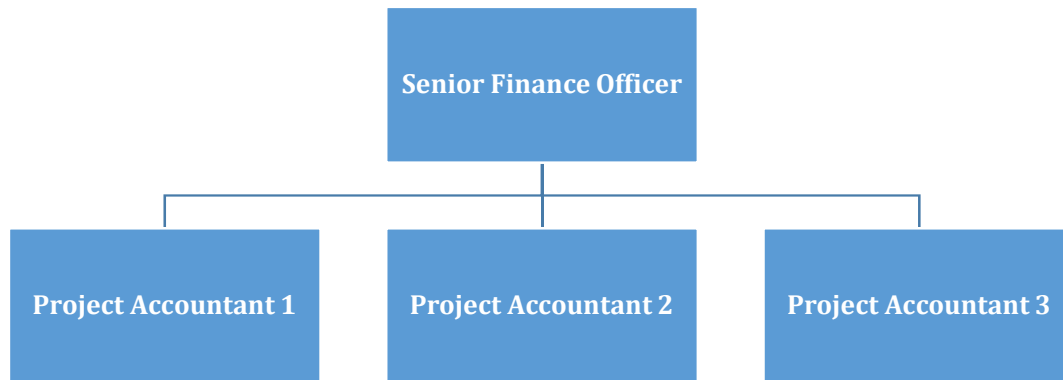
### **5 REIMBURSEMENT OF EXPENSES**

188. Evidence to be submitted by attendees for reimbursement of expenses generally includes:

- (a) **For Domestic/National:**
  - (1) Mission orders/Visa Acknowledgements;
  - (2) Attendance certificates/registers;
  - (3) Receipts/invoices for venue rental, transportation tickets/receipts, receipts for food and beverage, sound/projection equipment, hire of simultaneous translator, stationery and handouts, and use of photocopying facilities;
  - (4) Reports (wherever necessary);
- (b) **For Regional/International:**
  - (1) Proof of attendance for period claimed with signed statement by the workshop, / certificate from training or study tour organizer or host;

- (2) The evaluation report to select agent, quotations from at least three agents and other relevant documents related to the process;
- (3) Proof of air travel (i.e., ticket stubs, travel agent's receipt, airline boarding passes);
- (4) Receipted hotel bills (for proof of stay during the eligible period); and
- (5) Receipts for incidental travel expenses.

## ANNEX 1: FINANCIAL MANAGEMENT STAFFING



### 1 SENIOR PROJECT FINANCE OFFICER (SFO)

Under the direction of the Project Director, the Senior Project Finance Officer (SFO) is responsible for the overall financial management of the Project. His/her duties and responsibilities include:

- (a) Responsible for managing and administering the financial affairs of the project in accordance with the government financial policies, guidelines and procedures, and with all financial covenants and other obligations in the Financing Agreement;
- (b) Provide support to project management to prepare financial plans, project budgets and cash forecasts;
- (c) Establish and maintain project accounts (accounting and financial management systems and records) in compliance with the procedures and guidelines outlined in the Financial Management Manual;
- (d) Maintain proper internal controls within the financial operations of the project, particularly for bank accounts and cash advances;
- (e) Ensure that all grant disbursements are made in accordance with the FMM and used for intended purposes;
- (f) Supervise the management and administration of all financial transactions under the project;
- (g) Supervise finance staff and provides training to finance and project staff on financial procedures;
- (h) Authorize all entries into the computerized accounting system and supervise posting;
- (i) Prepare the Month-end, Quarterly, and Annual Financial Statements as well as budget/actual performance analysis;
- (j) Receive instructions from and reports directly to the Project Director; and
- (k) Prepare financial statements and reports for audit and facilitates the conduct of the audits of the project.

## **2 PROJECT ACCOUNTANT 1 (PAC 1)**

Under the direction of the SFO, the Project Accountant 1 (PAC 1) is responsible for the maintenance of the project accounting system, consisting of the computerized general ledger, subsidiary accounts, accounting registers and documents, and assists in financial reporting. His/her duties and responsibilities include:

- (a) Maintain the Project General Ledger Accounts;
- (b) Responsible for posting the computerized accounting system;
- (c) Maintain supporting registers and subsidiary ledgers for advances, contracts, allowances, and other expenditure types as required for effective financial management;
- (d) Ensure that all expenditures are authorized in accordance with established financial procedures with proper supporting documentation and are recorded in the Bank Book;
- (e) Prepare the Bank Payment Vouchers (BPVs) with supporting documentation for approval by the SFO/PD;
- (f) Assist the SFO in preparation of annual budgets;
- (g) Assist the SFO in preparation of Monthly, Quarterly Financial Management and Annual Financial Reports;
- (h) Prepare the Monthly Bank Reconciliation and submit it for the SFO's approval
- (i) Ensure that the project complies at all times with the project financial management procedures as set out in the Financial Management Manual and Financing Agreement; and
- (j) Ensure the security of all project financial documents with no original documents permitted to be taken away from the office.

## **3 PROJECT ACCOUNTANT 2 (PAC 2)**

Under the direction of the SFO, Project Accountant 2 (PAC 2) is responsible for assisting the SFO in all aspects of financial management with particular reference to cash management, banking, and grant disbursement management. His/her duties and responsibilities include:

- (a) Responsible for cash planning, preparation of short- and long-term cash budgets, and monitoring of the Designated Accounts and other accounts;
- (b) Prepare withdrawal applications (WAs) together with the relevant supporting documentation, including the Statement of Expenditures, and obtain the approval of the WAs and forward the signed WAs to the World Bank;
- (c) Prepare checks and money transfer orders based on BPVs authorized and ensure that all BPVs are fully documented and authorized as per the FMM before issuing payment;
- (d) Prepare payment vouchers for disbursement of block grants and maintain the Block Grants Register and Files.
- (e) Supervise petty cash disbursements and ensure periodic checks on petty cash;
- (f) Custodian of office petty cash and maintain the Petty Cash Book;
- (g) Carry out monthly reconciliation of petty cash and prepare the replenishment request;

- (h) Responsible for managing all project related advances, ensure recording in the Advances Register, liquidation of advances by recipients, and report overdue advances to the SFO;
- (i) Deposit all cash receipts in bank accounts in accordance with the FMM; and
- (j) Supervise townships on the bank account management, review all bank reconciliation statements submitted by the Township Accountants, and prepare replenishment requests for the SFO's approval.

#### **4 PROJECT ACCOUNTANT 3 (PAC 3)**

Under the direction of the SFO, the Project Accountant 3 (PAC 3) is responsible for the payments of all contracts, especially for NGO and individual consultant's payments by ensuring that all invoices are as per Contract Conditions and providing assistance in the work of the office. His/her duties and responsibilities include:

- (a) Maintain the Contracts Register and update it as necessary;
- (b) Maintain the Withdrawal Application Register and update it as necessary;
- (c) Maintain the Status of Invoices and update it for every contract;
- (d) Maintain the copies of all contracts and follow up contract amendment matters;
- (e) Ensure that all contract payments comply at all times with the Contract Conditions;
- (f) Assist the SFO in preparation of the WA for contract payments in USD;
- (g) Assist the SFO in preparation of checks for contract payments in MMK;
- (h) Ensure that there are no duplicate contract payments;
- (i) Ensure the proper maintenance and security of all contract financial documents with no original documents permitted to be taken away from the office.

To ensure that all financial accounts and documents are kept in full compliance with the FMM at the township level, the FMU staff is expected to visit townships regularly, as approved by the SFO.

## ANNEX 2: INTERNAL CONTROL

Internal control comprises all the policies and procedures adopted by the project management to ensure that project objectives are achieved with regard to efficiency, economy and effectiveness in the use of project resources.

Internal control is aimed at:

- (a) Securing compliance with legislative, statutory, laws, and regulations as well as the World Bank's policies and procedures;
- (b) Ensuring the accounts and records are reliable, complete, and accurate, and timely reporting of financial transactions and events;
- (c) Protecting assets, especially cash receipts, from being lost or stolen and safeguarding assets against wastage, fraud, and inefficiency;
- (d) Discouraging dishonesty through implementation of systems and procedures that would make concealment of irregularities possible only through collusion of two or more persons; and
- (e) Promoting disclosure and transparency.

The Project Director and the project teams are responsible for the development, implementation, and monitoring of a sound system of internal control. The SFO shall be responsible for implementation of internal control processes as applicable to finance function. More specifically, the SFO shall be responsible for the following activities.

- (a) Ensure that the finance staff is properly trained and they understand the financial management procedures.
- (b) Supervise the project staff to ensure that they perform their duties in accordance with responsibilities assigned to them.
- (c) Ensure that there is clear segregation of duties in authorizing, payment and recording of financial transactions and such separation is strictly observed.
- (d) Ensure that adequate measures are taken to secure assets, including cash.
- (e) Prepare financial reports on time and ensure that they are accurate and reflect all financial transactions recorded in the reporting period.
- (f) Ensure that adequate control of transactions is in place so that every transaction is authorized, executed, and recorded according to prescribed procedures.
- (g) Make sure that all accounting documents are serially numbered, and adequate control is maintained so that each numbered document is accounted for.
- (h) Ensure that adequate controls are in place for the proper classification and posting of accounting transactions.

Adequate controls are in place to safeguard the integrity of the computerized accounting system. Effectiveness of any internal control system is dependent on the understanding and competency of the organization's policies and procedures by all staff. The finance staff shall take leadership in communicating the policies and procedures to all staff on a regular basis.



## ANNEX 3: TERMS OF REFERENCE FOR EXTERNAL AUDIT

### 1. Background

The National Community Driven Development Project (NCDDP) comprises five components, which will be implemented over a period of approximately nine years. The project is financed through an International Development Association (IDA) grant of 52.6 Special Drawing Rights (SDR) and additional financing through a Credit of 28.4 million SDR.

**Component 1: Community Block Grants**, the initial grant was to finance three annual cycles of on average US\$27,000 to about 640 village tracts in 15 townships for priority community level infrastructure. Under the additional financing, the project will: (i) roll out block grants in additional 49 townships; (ii) increase the number of annual cycles of block grants from three to four in beneficiary townships; and (iii) increase average annual village tract block grant allocations from the equivalent of US\$27,000 to the equivalent of US\$33,000, providing annual grants equivalent to approximately US\$12 per capita. Block grants will be allocated through a participatory planning process covering all villages within a village tract. Planning and prioritization of sub-projects will be undertaken by villagers and representative village tract forums.

**Component 2: Facilitation and Capacity Development** is to finance technical assistance and institutional support at the union, state/region, district, township, village tract and village levels, including hiring of community facilitators for the purpose of supporting the implementation of community-driven activities under Component 1. It also supports capacity development in areas, such as participatory processes, project management, gender equality and inclusion, environmental management, social accountability for local committee members as well as government staff at the township, state/region and union levels. This component also includes a grievance handling mechanism. During the Additional Financing phase, this component will expand the implementation of the above-mentioned activities to the additional 48 townships, and further strengthen and institutionalize capacity development of township and region/state level DRD staff and facilitators through intensified training and the development of certified course for community facilitation and participatory rural development.

**Component 3: Knowledge and Learning** is to support community representatives and government staff through learning from other community-based approaches implemented within and outside Myanmar. There will also be annual multi-stakeholder reviews to share experiences from the previous cycle and discuss ways to improve the project's design and implementation for the next cycle. Finally, the project will fund an annual "development marketplace" to highlight the most promising innovations in people-centered development in Myanmar with a view to initiating these in the project areas. The implementation of a robust monitoring and evaluation framework for the NCDDP, which was originally included in Component 4, will be moved to Component 3. The additional financing will support additional analytical, monitoring, evaluation studies and financial and technical audits during the Additional Financing. This component will also refine models for enhanced governance and accountability mechanisms at the village level, including the social audits and mechanisms to foster social accountability for service delivery for relevant sub-projects in the selected project townships.

**Component 4: Implementation Support** is to support project management by DRD at the union, state/region, district, township, village tract, and village levels, including financial

management, procurement, environmental, social safeguard management, communications, audits and rehabilitation and/or construction of the DRD offices necessary for project implementation.

**Component 5: Contingent Emergency Response** allows for the rapid reallocation of the IDA financing in order to provide preparedness and rapid response support to disaster, emergency and/or catastrophic events, as needed. Intended as a contingency in case of disasters, it has a zero budget allocation.

## 2. Objectives

The overall objectives of the external audit are to enable the auditors to express a professional opinion on the project's financial statements and to express an opinion on whether the sample of sub-projects selected for audit follows the procurement and financial management requirements as laid out in the project's Operations Manual and the Financial Management Manual. Annually, a sample of at least 10% of sub-projects approved and implemented during a given year will be selected for audit using a risk based approach.

## 3. Scope

The external audit will comprise two parts: (i) the project financial statement audit; and (ii) the audit of a sample of sub-projects. The audit should cover the entire project, i.e., all sources and applications of funds by all parties and implementing agencies. The auditor should visit the various implementation units and other agencies as considered necessary to gain the level of audit assurance required. As per request of the Ministry of Livestock, Fisheries and Rural Development, the audit will be carried out in accordance with International Standards on Auditing/INTOSAI Standards and should include such tests as the Office of the Auditor-General considers necessary. Planning and conducting the audit will be in accordance with a risk based framework with a detailed audit work program. The audit coverage will consider the risk of material misstatement as a result of fraud or error. The audit program should include procedures that are designed to provide reasonable assurance that material misstatements will be detected.

## 4. Financial Statement Audit

- (a) An assessment of whether the project financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on a cash basis and give a true and fair view of the financial operations of the project during the year. Any material deviations from these standards, and the impact of such departures on the project financial statements as presented should be stated;
- (b) An assessment of the effectiveness of the overall control environment and the systems of internal control over compliance with requirements that could have a direct and material effect on the financial statements, including internal controls over the processes for consolidated financial reporting for the project; and
- (c) An assessment of compliance with the project operational manual (including the Financial Management Manual), laws, regulations and provisions of the financing agreement, especially those relating to accounting and financial matters. This would inter alia include verification that:
  - (1) Funds have been used in accordance with the conditions of the relevant financing agreement and only for the purposes for which the financing was provided;

- (2) Expenditures charged to the project are eligible expenditures and that they are supported by appropriate documentary evidence and correctly classified in accordance with the relevant financing agreement;
- (3) Goods and services financed have been procured in accordance with the conditions of the financing agreement;
- (4) The Designated Account has been maintained in accordance with the provisions of the financing agreement;
- (5) Project expenditures as reported by the project implementation agencies are reconciled with the amounts withdrawn from the Designated Account and the amounts deposited to the Designated Account are reconciled with the amounts disbursed from the Grant;
- (6) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE) or Interim Unaudited Financial Statements (IFS) methods of reporting. The auditor is expected to verify that the respective reports issued during the period were in agreement with the underlying books of account; and
- (7) The audit will include a sufficient sample of disbursements made under reimbursement procedures to determine whether funds disbursed were utilized for the purposes defined by the financing agreement.

## 5. Sub-Project Audit

For an annual sample of at least 10% of sub-projects<sup>5</sup> selected using a risk-based approach, an assessment will be carried out: (i) as to whether the financial management requirements and procurement procedures as outlined in the Project Operations Manual have been followed; and (ii) regarding the existence of assets purchased with/financed by the project funds at the appropriate location, including their use for the purposes for which they were acquired/constructed.

## 6. Project Financial Statements

The financial statements should include:

- (d) A statement of sources and uses of funds reflecting both receipts and payments (by disbursement categories) on a cash basis, and showing the current reporting period, the year to date and accumulated figures from the commencement of the project;
- (e) A balance sheet reflecting project assets, cumulative expenditure and funding;
- (f) Accounting policies and explanatory notes;
- (g) A management assertion that funds have been expended in accordance with the intended purposes;
- (h) A statement of uses of funds by project component reflecting the payments by project component;
- (i) A Designated Account Reconciliation Statement – a reconciliation of funds received with those disbursed by the World Bank; and
- (j) When the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the statement of cash receipts and payments.

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<sup>5</sup> 10% of sub-projects approved and implemented during the period of audit

## **7. Interim Audit**

Given the decentralized nature of the project, low levels of capacity and the project's high risk rating, the external auditor should plan to conduct interim audit procedures at least every six months. The purpose of the interim audit would be to test the compliance and the ongoing effectiveness of the overall environment and systems of internal control in order to provide timely feedback to the project so that any issues are identified and corrective actions can be taken in a timely manner. The Office of the Auditor-General should provide the project with a written report on any findings discovered as a result of the interim audit. The World Bank should have access to and be able to review the audit work papers applicable to the audit.

## **8. Audit Report**

The audit report shall contain the auditor's opinion on the effectiveness of the project's overall control environment and systems of internal control, whether the project has complied with the applicable laws, regulations and terms and conditions of the financing agreement, and whether the project's financial statements fairly present the results of the project's operations in accordance with the accounting standards adopted by the project. The Office of the Auditor-General should submit the report to the Ministry of Livestock, Fisheries and Rural Development, which should then promptly forward one original copy of the audited financial statements and audit opinion to the World Bank, to be received by the World Bank no later than six months after the end of the project's fiscal year. The Office of the Auditor-General should have access to all necessary supporting documents, records and financial statements no later than three months after the end of the project's fiscal year.

## **9. Management Letter**

Together with the audit opinion, the Office of the Auditor-General will submit a management letter which should address at a minimum the following:

- (a) An assessment of the project's internal control system with equal emphasis on: (i) the effectiveness of the system in providing project management with useful and timely information for the proper management of the project; (ii) the general effectiveness of the internal control system in safeguarding the assets and resources of the project; and (iii) the effectiveness of the system in ensuring compliance with laws, regulations and the financing agreement;
- (b) A description of any specific internal control weaknesses noted in the financial management of the project and the audit procedures followed to address or mitigate the weaknesses. Recommendations to resolve/eliminate the internal control weaknesses noted should also be included.

The management letter should be submitted, together with the audited financial statements and audit opinion, to the Ministry of Livestock, Fisheries and Rural Development which will promptly forward a copy to the World Bank.

## **10. Communication**

It is expected that the Office of the Auditor-General will report matters that come to its attention during the audit which might have a significant impact on the implementation of the project, as well as any other matters that the Office considers pertinent, including reporting of indication of fraud and corruption requiring further follow-up or investigation by the relevant agencies and units.

## **11. Exit Conference**

The Office of the Auditor-General should hold a closing or exit conference with senior officials of the project prior to concluding each annual audit. Upon completion of the fieldwork, the auditor should present the results of the external audit to the relevant implementing agency (the Department of Rural Development for the project financial statement audit or the Village Tract Forum for a sub-project audit). The Office of the Auditor-General should document the exit conference for inclusion in the audit work papers.

## **12. Organizational Arrangements**

The Office of the Auditor-General at the union level will be responsible for consolidated audit reporting and making the necessary arrangements for field audit assignment involving its offices at the state/region level.

## **13. General**

The Office of the Auditor-General should be given access to all legal documents, correspondence, and any other information associated with the project that it deems necessary. The World Bank staff should have access to and be able to review the audit work papers applicable to the audit.

## ANNEX 4: FORM 39: COST ESTIMATE FOR ADVANCE REQUEST

<b>MINISTRY OF AGRICULTURE, LIVESTOCK AND IRRIGATION</b>				
<b>Department of Rural Development</b>				
<b>Project Name:</b>		<b>National Community Driven Development Project</b>		
<b>Grant No.:</b>		<b>IDA H 8140</b>		
<b>Union/Township:</b>		_____		
<b>Cost Estimate (to be attached to request for advance)</b>				
<b>Title of the activity:</b>				
<b>Location:</b>		<b>Date / Duration of the Event:</b>		
		<b>Date of Start/Departure:</b>		
		<b>Date of End/Return:</b>		
<b>Objective:</b>				
<b>Expected output of the activity</b>				
<b>Travellers List</b>				
	<b>Name / List of Travellers</b>	<b>Position</b>	<b>Organisation</b>	<b>Expected Number</b>
1				
2				
3				
4				
5				

<b>Total</b>					0
<b>Estimated budget for the activity(MMK)</b>					
No.	Description	Unit of Measurement	Number of Units	Unit Price	Total Amount
1	Note book, pen, plastic bag	Person			-
2	Manual + Hand-outs	Person			-
3	Backdrop with logos	Workshop			-
4	Venue Rental (incl.utilities and facilities)	Day			-
5	Per Diem	Day			-
6	Accommodation	Night			-
7	Transport (Bus / Taxi)	Trip			-
8	Vehicle Rental (fuel & driver included)	Day			-
9	Meals and Snacks (including two breaks)	Person			-
10	Miscellaneous expense	Lumpsum			-
	<b>Total in MMK</b>				-
	<b>Request for Advance - 90%</b>				-
	<b>Request for Advance - 90% round up/ down to the nearest thousand</b>				
<b>Approved by:</b>		<b>Checked by:</b>		<b>Prepared by:</b>	
Name:		Name:		Name:	
Position:		Position:		Position:	
Date:		Date:		Date:	



**ANNEX 5: STANDARD ESTIMATED COSTS FOR TRAINING, WORKSHOP & STUDY TOURS (RATES IN MMK)**

No	Explanation / Items	Unit	Rate*	Remark
1	Materials for facilitator/trainers	Per Training/ Workshop	50,000	For Flip Charts, marker pens, etc.
2	Materials for participants	Person -Training	3,000	Hand-outs, Name Tags, note books, pens, etc.
3	Copy and binding documents (Printing book & doc.)	Person -Training	5,000	Where such item is needed, DRD has to indicate this item separately from the general material for participant (outlined in item # 2 above).
4	Small bag and T-shirt with Ministry and Project Logo	Person -Training	10,000	The objective of the NCDDP is to promote awareness; this type of cost item shall be applied as a normal cost item to all the training and workshops to be conducted under the project. This item shall be applicable for exceptional visits of eminent persons or foreign delegations.
5	Workshop backdrop with project logo & the World Bank	Workshop / Training	100,000	At township level, this cost may be less and the actual cost needs to be paid
6	Cost of courier to send invitations	State Capitals Region Capitals Townships Ministries in NPT	3,000 4,000 5,000 2,000	For multiple invitations within one entity, appropriate official needs to be identified to circulate invitations; thus the cost will be incurred only once.
7	Workshop package	Person - Workshop (if it is held outside of MRD's compound in NPT).	24,000	Refer to the table above
8	Vehicle rental (4 seats)	Vehicle-Day	50,000 100,000	As needed. Effort should be made to use project vehicles rather than renting Within Nay Pyi Taw plus fuel expenses From NPT to State / Regions plus fuel expenses
9	Vehicle rental (12 seats)	Vehicle-Day	110,000	As needed. Effort should be made to use project vehicles rather than renting From NPT to State/Regions plus fuel expenses
10	Fuel charges (Type: SUV 4WD)	Kilometer-Vehicle	500	As needed. Effort should be made to use project vehicles rather than renting To States / Regions of the project vehicles of DRD only.

<b>No</b>	<b>Explanation / Items</b>	<b>Unit</b>	<b>Rate*</b>	<b>Remark</b>
11	Vehicle rental (24 to 45 seats)	Vehicle-Day	180,000	As needed. Effort should be made to use project vehicles rather than renting To State and Regions plus fuel expenses
12	Simultaneous interpretation firm	Person-Day	250,000	Excluding DSA if to the States / Regions. For DSA rates refer to the relevant section of this manual above.
13	Headphone rental	Set-Day	3,000	As needed
14	Interpreter booth rental	Set-Day	60,000	As needed
15	Translation fee	Per Page	10,000	As needed. Depends on the level of technical contents
17	Rental of government building for meeting or training/workshop	Person-Day	No cost	Government Contribution
18	Communication Expenses	Per Meeting / Training / Workshop	5,000	This is the Maximum claim

\* The above rates are intended to be used for budgeting and guiding purposes only. The FMU will pay for the expenditures based on actual valid receipts and invoices.