



**3 STEPS FINANCIAL MANAGEMENT
AND PROCEDURES**

**FINANCIAL MANAGEMENT
PROCEDURES
MANUAL**

**RURAL INVESTMENT AND LOCAL GOVERNANCE
PROJECT
(RILGP)**

INDEX

SECTION	PAGE
1. INTRODUCTION	5
Project components	5
Overall implementation arrangements	6
Component implementation arrangements	7
2. OVERALL FINANCIAL MANAGEMENT ARRANGEMENTS	9
Accounting system	9
Fund flow arrangements	10
Fund Flow Chart	12
3. FINANCIAL MANAGEMENT ARRANGEMENTS – COMPONENT 1	13
The applicable Commune/Sangkat Fund regulations:	13
Applicable additional IDA requirements:	13
Reimbursement of c/s fund investment expenditure.	14
Contract management system at the provincial treasury	19
External audit requirements of component 1	19
4. FINANCIAL MANAGEMENT ARRANGEMENTS COMPONENT 2	20
STFS financial management manual	21
Exceptions to the STFS FM manual	21
IDA (RILGP) specific bank account procedures	22
Bank reconciliation statements	22
FIXED ASSETS (Office Equipment, Vehicles, Motor Cycles, etc)	23
File management system	24
Month-end procedures and reporting	25
5. CHART OF ACCOUNTS	26
6. IDA REPLENISHMENT APPLICATIONS	29
Allocation of Credit Proceeds (Table C)	29
Statement of Expenditure (SOE) Thresholds:	29
Application Type	29
7. FINANCIAL REPORTING	31
8. AUDIT	32
External Audit	32
Terms of Reference for Audit	33
9. BUDGETING	36
10. FINANCIAL MANAGEMENT UNIT AND STAFFING	37
TERMS OF REFERENCE FOR STAFF	39

CAMBODIA: Rural Investment for Local Governance Project
Project Implementation Manual
Section 3 Financial Management and Procedures

1. INTRODUCTION

Project components

- The proposed Project will provide support, over a four-year period (2003-2006), to the following components:
 - ✓ Component 1 – Local Planning and Investment;
 - ✓ Component 2 – Program Support.

- The proposed IDA Credit, totaling US\$ 23 million, will finance principally sub-project investments at the commune level, as well as some program support cost. The associated planning activities, technical assistance and capacity building at the national, provincial and commune levels will be co-financed in parallel by the Partnership for Local Governance (PLG), a multi-donor trust fund administered by UNDP, as well as by Royal Government of Cambodia (RGC) domestic resources.

- **Component 1: Local Planning and Investment Component** will support, through the Commune/Sangkat Fund (C/SF): (i) the newly established decentralized planning process at the commune level, including development of five-year Commune Development Plans (CDP), three-year rolling commune investment programs (CIP) and annual commune budgets; and (ii) grants for commune-level investments in public goods and services identified and prioritized through the participatory local planning process.

- **Component 2: Program Support Component** would support the capacity building, technical assistance, buildings and equipment, and operating costs at national, provincial and commune levels of implementing Components 1 & 2. At the provincial level, the IDA Credit will be utilized to procure goods and works for PRDC ExCom units and Provincial Treasury to strengthen their capacity to support C/SC development planning and implementation of sub-projects. At the national level, the IDA Credit will fund workshops focused on reviews of the Seila systems and proposed updates. In addition, consulting services would be financed for the purposes of conducting, a review and proposed revision of the provincial planning and investment procedures, mid-term and final project evaluations, and an annual independent audit.

OVERALL IMPLEMENTATION ARRANGEMENTS

- RILGP will work within existing government institutions and structures, and no project-specific entities will be created for RILGP implementation. The project will be implemented within the institutional arrangements of the National Seila Program which have emerged from the recent decentralization reforms.
- The institutional structures employed by the Seila Program comprise the following levels:
 - ✓ Seila Task Force (STF) and the Seila Task Force Secretariat (STFS) – National Level
 - ✓ Provincial Rural Development Committee (PRDC)
 - ✓ Commune/Sangkat Council (C/SC)
 - ✓ Planning and Budgeting Committee of the C/SC (PBC)

STF and STFS Secretariate:

- At the national level, the Seila Program is coordinated by the Seila Task Force (STF), an inter-ministerial task force. The STF is responsible for oversight of the Seila Program, including policy design, resource mobilization and monitoring. STF is supported by a Technical Secretariat (STFS) managed by a Secretary General and a Deputy.
- The STFS is responsible for execution of the Seila Program, and is charged with managing the implementation of all components of the RILGP. At present, STFS receives significant support to execute its functions from PLG in the form of expatriate advisors. The PLG donors to the Seila Program are currently evaluating appropriate options to reduce the level of external technical assistance (TA) and move progressively toward complete national execution of the Program.
- STFS has two units:
 - ✓ Program Operations Unit (POU), responsible for overseeing program execution functions, is divided into three offices: (i) Contract Administration Office (CAO); (ii) Financial Administration Office (FAO); and (iii) Training and Extension Office. The POU unit in STFS will serve as the implementation unit for the proposed RILGP.
 - ✓ Policy Monitoring and Evaluation Unit (PMEU), is divided into three offices; (i) the Policy and System Office (PSO), responsible for development and dissemination of policy lessons, decentralization and deconcentration policy analysis and systems development; (ii) Monitoring and Evaluation Office (MEO), responsible for overall monitoring and evaluation of the Seila Program; and (iii) Information and Public Relations Office (IPRO).

Component implementation arrangements

Component 1:

- For Component 1, Local Planning and Investment at the Commune Level, the main implementing entity at the commune level will be the newly elected Commune/Sangkat Councils (C/SC), which under the Law on the Administration and Management of the Commune/Sangkat, are empowered to maintain public order and security, manage public services, enhance public welfare, and promote development, as well as manage commune finances. The first C/SC were elected to a five-year mandate in February 2002, and are comprised of five to eleven members depending on the population of the commune. The commune/sangkat chief is the individual who receives the most votes on the majority-party list.
- While territorial villages have no direct representation on the C/SC, article 27 in the Law on the Administration and Management of Commune/Sangkat, allows several avenues for village-level representation and participation in the commune development planning process. The most extensive of these is through the establishment of a Planning and Budgeting Committee (PBC), which is responsible to assist the commune chief to conduct the commune development planning process and to draft the Commune Development Plan, Commune Investment Plan and commune budget. The Inter-Ministerial Prakas on Commune/Sangkat Development Planning dated 7 February 2002 defines the composition of the PBC to include the commune chief as chair and the commune clerk as secretary, as well as members including: three representatives from the elected C/SC selected by the chair; 2-4 village representatives including both genders selected by the chair; and two representatives, one of each gender, selected by the C/SC from the village authority or, for villages with village development committees (VDC), one representative each from the village authority and the VDC consisting of a man and a woman. VDCs are formed through an informal electoral process at the village level conducted in accordance with the procedures outlined by the Ministry of Rural Development, which allows anyone in the village to stand for election, and guarantees that some of the elected VDC members must be women.
- At the provincial level, under the recent decentralization reforms, the Provincial Governor is responsible for mobilizing and coordinating provincial departments of line ministries to support and supervise the C/SC. More specifically, the Provincial Governor is responsible to establish a development planning and support system through provincial department staff. This includes:
 - ✓ Department of Planning (PDOP) which is responsible to conduct a technical review of CDPs; provide the C/SC with methodological guidance on the planning process; train planning trainers (who include provincial and district staff (PFT and DFT)) and councilors, commune clerks and NGOs; and provide technical oversight of training;
 - ✓ Department of Local Administration (PoLA), which under the decentralization regulatory framework is the single interface to the C/SC in all contacts with provincial administration, is responsible to instruct C/SC on compliance with planning (and other) regulations, and assist C/SC in preparation, implementation and monitoring of CDP. The Provincial and District Facilitation Teams (PFT and DFT), under the Seila Program, will be managed by the PoLA Director and will provide

training and facilitation support to the commune planning and implementation process, as well as facilitate the communication between Commune/Sangkat Councils and Provincial/Municipal authorities.

- ✓ Department of Rural Development (PDRD) which is responsible to provide technical assistance to C/SC formulation and implementation of projects. The Technical Support Staff (TSS) under Seila are managed by the Director of PDRD and provide C/SC with technical advise on project preparation, supervise bidding processes, and certify works carried out under contract to the C/SC.
- ✓ Department of Economy and Finance (PDEF) will be involved with the PT staff in providing training to C/SC in the Commune Fund financial management procedures.
- ✓ Provincial Treasury (PT) will be responsible for accounting functions and cashier functions for the C/SC in the management of the C/SF.

➤ The PRDC Executive Committee, which is charged to conduct the day-to day work of the PRDC, is chaired by the Provincial Governor, with the Deputy Governor as the 1st Deputy Chair and the Director of the Provincial Department of Rural Development as the 2nd Deputy Chair. The membership of the PRDC comprises: (i) the Directors of the Provincial Department of Planning, Economy and Finance, Agriculture, Forestry and Fisheries, Water Resources and Meteorology, Women's and Veterans' Affairs, and Treasury; and (ii) the Chief of the Unit of Local Administration.

- Four management units are established under the PRDC Executive Committee as follows:
 - ✓ Contracts Administration Unit, supervised by PDoP, including two key areas of responsibility: (i) contracts administration, and (ii) monitoring and evaluation, and information
 - ✓ Local Administration Unit, supervised by PoLA, including three key areas of responsibility: (i) administration, (ii) local capacity building, and (iii) monitoring and evaluation, and information for the C/SC
 - ✓ Technical Support Unit, managed by the Director of PDRD,
 - ✓ Finance Unit, managed by the Director of PDEF as chief and the Chief of Provincial Treasury as deputy chief, including two key areas of responsibility: (i) provincial/municipal finance tasks, and (ii) C/S Fund tasks

Component 2:

The Program Support Component will be implemented by STFS.

2. OVERALL FINANCIAL MANAGEMENT ARRANGEMENTS

Accounting system

- This manual describes the accounting and financial procedures to be followed by STFS and the Provincial Treasuries for Components 1 and 2.
- STFS POU shall establish a Financial Management Unit (FMU) with staffing as detailed in Section 11 of the manual to manage the finances of the project. The overall financial management and coordination of the IDA-financed activities under RILGP is the responsibility of STFS who with the technical assistance of PLG will ensure that guidelines and procedures acceptable to IDA are followed. STFS will be directly responsible for all aspects of financial management of component 2 of the Project, including managing all centralized payments and shall also be responsible for coordinating the submission of Withdrawal Applications to IDA for eligible expenditures under Component 1 to be reimbursed to the bank account designated by RGC.
- Specifically, STFS POU shall issue payments from the Special Account and Government Counterpart Fund Bank Account managed by STFS, coordinate the preparation of annual project budget based on input received from the Commune Councils (CCs)/Ministry of Interior, review C/S expenditures for funding eligibility, prepare applications for reimbursement /replenishment of eligible project expenditures and submit to IDA, maintain accounting records for RILGP, prepare quarterly Financial Monitoring Reports (FMRs), prepare annual consolidated financial statements and have them audited by independent auditors acceptable to IDA.
- The accounting system being introduced in the Provincial Treasuries for Commune Fund accounting will be utilized to record expenditures at the Provincial/Commune level for Component 1.
- The computerized accounting system established at STFS will capture all project expenditures. I.e. the sub project expenditures of the Provincial Treasury Offices and expenditures at Central Level for Component 2. Accounting records will be maintained on Peachtree software in sufficient detail as specified in the Chart of Accounts (Section 6) and reported through this system.
- The proposed accounting system contains the following features: (a) application of consistent principles of accounting for documenting, recording, and reporting financial transactions; (b) use of the cash method of accounting; (c) a double entry accounting system; (d) a chart of accounts and a coding system that allows meaningful reporting to IDA and the government; and (e) the production of quarterly financial statements acceptable to IDA.
- Additional procedures, as specified in the *Manual for the Peachtree Software Accounting System*, must also be followed for data maintenance and entry as these form an integral part of the RILGP Financial Management System (this manual will be provided by PWC).

Fund flow arrangements

IDA Funds - Special Account

- To facilitate credit disbursement, STFS shall maintain a separate dollar special deposit account for the project at the National Bank of Cambodia or in a Commercial Bank on terms and conditions satisfactory to IDA including appropriate protection against set off, seizure and attachments. The Special Account (SA), which would cover the IDA share of eligible expenditures in all disbursement categories other than for the category of C/S investments/grants. The SA would have an authorized allocation of US\$ 500,000 with an initial withdrawal of US\$ 250,000 equivalent to be withdrawn from the Credit Account and deposited in the SA. When the amounts withdrawn by the project total US1.0 million equivalent, the initial withdrawal will be increased to the authorized allocation.
- All expenditures from the Special Account shall be in bank transfers or checks. Cash disbursements shall not be allowed. Applications to replenish the Special Account should be submitted regularly, preferably monthly (but not less than quarterly) or when the amounts withdrawn equal 20 percent of the initial deposit, whichever comes first.

Reimbursement of C/S Fund Investment Expenditures

- As the Special Account shall not be used to fund any C/S Investments IDA funds shall only be disbursed on a reimbursement basis for these expenditures. RGC shall advance funds to fund IDA funded expenditures of C/S Investments.
- Once funds have been actually spent at the Commune level for eligible investment purposes and duly recorded at the Provincial Treasuries, the PTs shall submit certified copies of a) Trail Balance for each commune (Attachment 3); b) Revenue and Expenditure Statement for each commune modified as agreed to enable recording and identification of expenditures under code 68 by commune, investment project and contracts per project (Attachment 2), c) Contract Register maintained at the Provincial Treasury (Attachment 4), to STFS to seek reimbursement of eligible expenditure.
- Based on a satisfactory review, STFS shall prepare a reimbursement application for seeking funds for the IDA portion of eligible expenditure by submission of IDA Statement of Expenditure forms.
- On acceptance and approval of the reimbursement application IDA will transfer funds to a bank account designated for this purpose by RGC. As requested by STFS, these funds shall not be deposited into the IDA SA to ensure ease of management of the SA advance. A Fund Flow Chart is attached in Attachment 1.
- All expenditure from the RILGP managed Special Account and the expenditures funded on a reimbursement basis shall be audited by an independent auditor on terms of reference satisfactory to IDA.

Government Counterpart Funds – Project Bank Account

- Royal Government Counterpart Funds, will be deposited into a Project Bank Account managed by STFS and will be utilized to fund the RGC portion of eligible expenditures as per Schedule 1 of the DCA. (5% RGC portion of civil works, 15% funding for locally purchased goods, 5% funding for consultants – see Section 13 – Allocation of Credit Proceeds of the manual). Government funds advanced to pre finance C/S investments shall follow the procedure stated the paragraph above for reimbursement of C/S fund investment expenditure.

PLG Funds

- PLG Funds will be deposited into a Bank Account managed by STFS. PLG shall draw on this account for PLG portion of funding on eligible RILGP expenditure. PLG may open provincial bank accounts if required with an advance from the main PLG bank account in Phnom Penh. These accounts shall be periodically reimbursed from the PLG main bank account. IDA funds shall not at any time be advanced to these accounts or used to pre finance any PLG/RGC portions of expenditures. Financial guidelines of STFS as stated in “The Seila Finance Manual dated 02/12/02 or as per a revised version shall be applicable to PLG funding.

Local Contribution

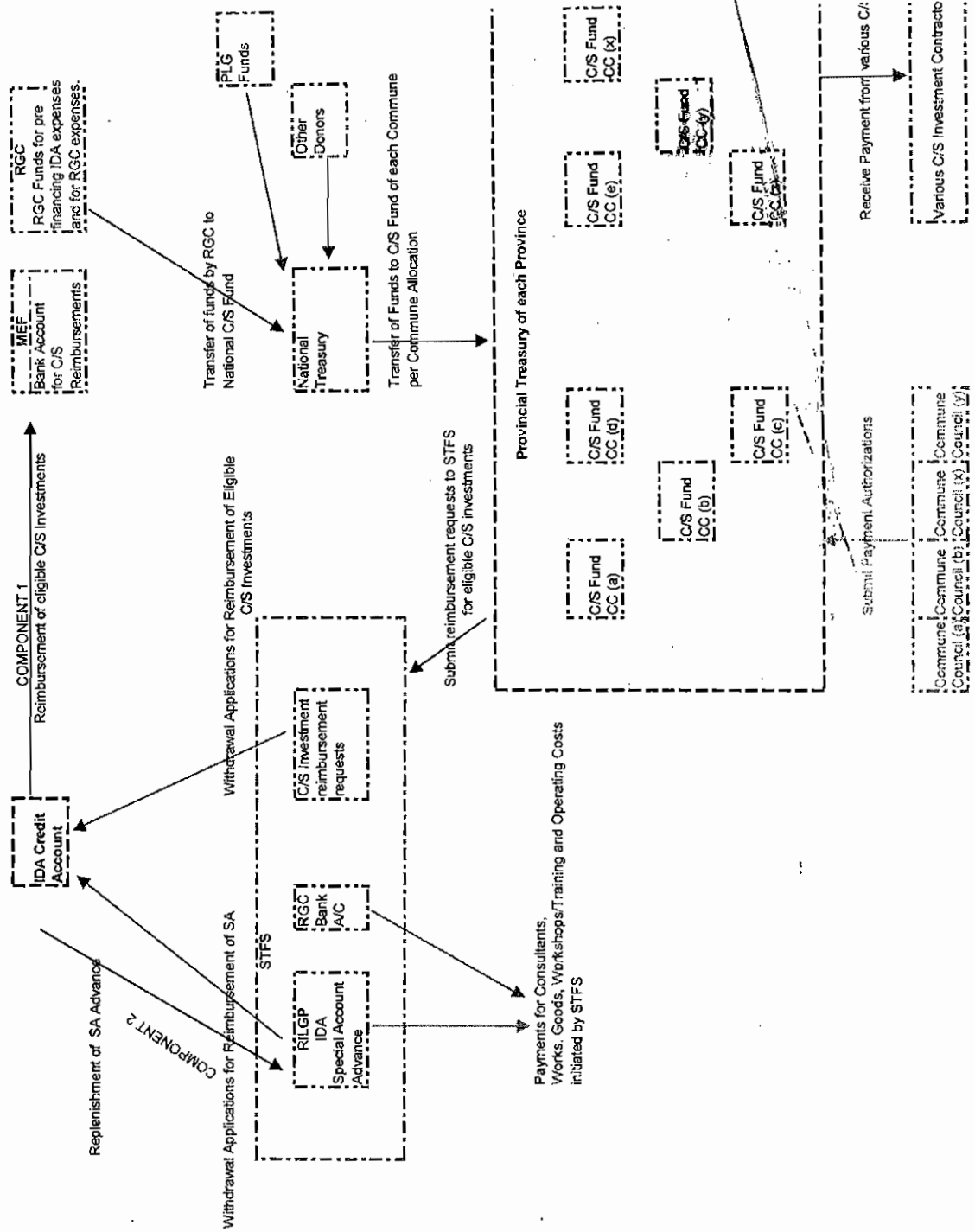
IDA WB will reimburse the government against the C/S Fund development component and against eligible projects as stated above. The payments for the projects is determined by the contract between the contractor and the Commune. The total figure of the contract price will be funded by IDA and local Contribution. Reimbursement cannot include local contribution as reimbursement is only for expenditures, which have not been funded by other sources. Therefore, STFS will need to deduct the local contribution from the contract cost in the request for reimbursement for each sub project. This deduction needs to be indicated for each individual project and cannot be deducted as a lump sum for the total number of projects.

The amounts funded by the local contribution and IDA will be captured separately through the Chart of Accounts, which has separate codes for these two types of financiers.

Fund Flow Chart

Rural Investment and Local Governance Project

Proposed Fund Flow



3. FINANCIAL MANAGEMENT ARRANGEMENTS – COMPONENT 1

The accounting system being introduced in the Provincial Treasuries for Commune Fund accounting will be utilized to record expenditures at the Provincial/Commune level for Component 1. These are governed by the following Prakas, Sub Decrees and Guidelines and shall be applied for Component 1 at the Commune and Provincial Level, unless otherwise specifically stated and subject to additional IDA requirements. (see paras on reimbursement of C/S Expenditure, Contract Management System and External Audit).

The applicable Commune/Sangkat Fund regulations:

Sub Decree on the Establishment of the “Communes/Sangkats Fund”
Sub-Decree Commune/Sangkat Financial Management System
Commune-Sangkat Financial Management System – Budget Guidelines
Commune/Sangkat Budget Classification and Format
Commune/Sangkat Chart of Accounts
Commune/Sangkat Expenditure and Procurement guidelines
Commune/Sangkat Payment and Accounting System
Commune/Sangkat Budget Formats
Commune/Sangkat Accounting Forms and Books
Audit Guidelines (to be submitted by RGC and reviewed by IDA by effectiveness)

Applicable additional IDA requirements:

Expenditure Reimbursement Guidelines
Provincial Treasury Contract Management System
External Audit Guidelines

Reimbursement of c/s fund investment expenditure.

- As the Special Account shall not be used to fund any C/S Investments IDA funds shall only be disbursed on a reimbursement basis for these expenditures. RGC shall advance funds to fund IDA funded expenditures of C/S Investments.
- Once funds have been actually spent at the Commune level for eligible investment purposes and duly recorded at the Provincial Treasuries (PTs), the PTs shall submit certified copies (certified by Director of the Provincial Treasury) of
 - a. Trail Balance for each commune (Attachment 1);
 - b. Revenue and Expenditure Statement for each commune modified as agreed to enable recording and identification of expenditures under code 68 by investment project name and contractor name against the payment (Attachment 2)
 - c. Contract Register maintained at the Provincial Treasury for each commune (Attachment 3)

To STFS to seek reimbursement of eligible expenditure. Based on a satisfactory review, STFS shall prepare a reimbursement application for seeking funds for the IDA portion of eligible expenditure. STFS shall deduct the local contribution from the contract cost in the request for reimbursement for each sub project. This deduction needs to be indicated for each individual project and cannot be deducted as a lump sum for the total number of projects.

- On acceptance and approval of the reimbursement application IDA will transfer funds to a bank account designated for this purpose by RGC.
- As requested by STFS, these funds shall not be deposited into the IDA SA to ensure ease of management of the SA advance.
- Amounts actually reimbursed under Component 1 by IDA and amounts funded by the local contribution shall be captured in the computerized accounting system in sufficient detail as specified in the Chart of Accounts (Section 10).
- PLG provincial finance advisers of each province shall visit each provincial treasury to review the accounting system, records and documentation relating to the reimbursement of eligible expenditures under component 1 and to certify eligibility of such expenditures.
- The Terms of Reference for these staff is available in Section 14.
- All expenditure funded on a reimbursement basis shall be audited by an independent auditor on terms of reference satisfactory to IDA.

Attachment 1: Commune Monthly Revenue and Expenditure Statement

**Commune-Sangkat Accounting System
 Accounting Forms
 Monthly Revenues and Expenditures Statement (By Each Commune)**

Date: _____

Code	Account	Budget	Actual		To date: Budget
			Previous	This Period To date	
A - Revenues:					
70	Local taxes				
71	Non-Tax Services and Property Revenues				
72	C/S Fund Transfer - Admin.				
73	Agent Functions Revenues				
74	Other Recurrent Revenues				
76	Reserve Fund Transfer				
77	C/S Fund Transfer - Develop				
78	Local Contribution to invest Costs				
79	Other Capital Revenues				
Total Revenues					
B - Expenditures:					
60	Salary and Allowances				
61	General Administration Costs				
62	Local Services Costs				
63	Agent Functions Costs				
64	Social Intervention				
65	Economic intervention				
66	Contingency				

67	Administration Investment								
68	Local Development Investment (Total for the Commune)								(To Date: Budget' means to date available budget/budget balance)
	68-01 Property Purchase								
	68-02 Construction/Works								(Total of all sub project/contracts for construction/works in the Commune)
	Contract # - Contractor Name								(each sub project/contract shown separately, sorted first by contract and then by contractor name)
	Contract # - Contractor Name								(each sub project/contract shown separately, sorted first by contract and then by contractor name)
	Contract # - Contractor Name								(each sub project/contract shown separately, sorted first by contract and then by contractor name)
	Contract # - Contractor Name								(each sub project/contract shown separately, sorted first by contract and then by contractor name)
	68-03 Equipment								
	68-04 Other								

Total Expenditures									
C - Cash Position									
	Opening Cash Balance								
	Revenues - Expenditures								
	Closing Cash Balance								
	Treasury Deposit Account								
	Petty Cash								

Attachment 3: Contract Register

Commune/Sangkat Contract Monitoring Form

Province Name: _____
 Commune: _____

Province Name: _____

R-10

BASIC CONTRACT DATA							PAYMENTS										
Sub Project Name Description Start and end dates	Contractor ID	Contractor Name and Address	Contract Code	Date Contract Signed	Original Contract Value	Revision to Value	Revised Contract Value	Payment Type	Payment No.	Date Paid	Contractor Invoice No.	Payment Order No.	Amount Paid	To Date Payment	Balance		
XYZ Road Rehabilitation								Advance Payments Progress Payment 1 Progress Payment 2 Progress Payment 3 Completion Payment Retention Interest - Late Payment									
Rehabilitation of 10 KM from village X, Y to village Z 4/15/02 - 06/15/02								Advance Payments Progress Payment 1 Progress Payment 2 Progress Payment 3 Completion Payment Retention Interest - Late Payment									
ABC Village Wells Installation of 15 wells in ABC village 5/20/02 - 8/20/02								Advance Payments Progress Payment 1 Progress Payment 2 Progress Payment 3 Completion Payment Retention Interest - Late Payment									

Contract management system at the provincial treasury

- The Provincial Treasury shall maintain a Contract Management System which shall capture at a minimum the following data per commune :
 - ✓ Investment project name, description and number
 - ✓ Contractor Name, Contractor ID, Contract Code, Contract start and end dates, Contract Value, Revised Contract Value.
 - ✓ Sector
 - ✓ Contractor invoice number, progress payment/work certification number.
 - ✓ Contract payments listing each payment, retention money, contract balance, payment dates, payment order No.
- When a contract is signed a certified original of the contract shall be provided to the Commune Accountant for updating the Contract Management System.
- When an invoice is submitted for payment by a contractor the Commune Accountant at the Provincial Treasury shall refer to the Contract Management System for validation of request.
- The Contract Management System (Register) at the PT shall be compared with the Project Information Database at the PRDC on a monthly basis for validation of data and review of anomalies.
- The Head of the Provincial Treasury shall certify the data comparison each month.

External audit requirements of component 1

Refer Section 12

4. FINANCIAL MANAGEMENT ARRANGEMENTS COMPONENT 2

- Program Support Component would support the capacity building, technical assistance, buildings and equipment, and operating costs at national, provincial and commune levels of implementing Components 1. More specifically, the component would finance the provision to national and provincial institutions the works, goods, such as vehicles, and office, communications and other equipment, and consulting services necessary to implement their respective project responsibilities. Such activities are funded by IDA, RGC and PLG
- Under Component 2, at the provincial level, the IDA Credit will be utilized primarily to procure goods and works for PRDC ExCom units and Provincial Treasury to strengthen their capacity to support C/SC development planning and implementation of sub-projects.
- At the national level, the IDA Credit will fund workshops focused on reviews of the Seila systems and proposed updates. In addition, consulting services would be financed for the purposes of conducting, a review and proposed revision of the provincial planning and investment procedures, mid-term and final project evaluations, and an annual independent audit.
- All of the above IDA expenditures will be originated and paid from STFS at the Central level. RGC/PLC activities may be originated and expensed at either the Central, Provincial or Commune level.

Contract and Disbursement Procedure for Building Contracts:

As per the DCA 90% of the contract will be financed from the Credit and 10% from government counterpart funds for Category (1) - Works under Part B (2) of the Project. In addition to the 10% government counterpart funds for this expenditure category, if the provincial governments contribute funds to supplement the funds available for the renovation/building of local offices the following procedure should be followed for the contract and disbursements:

1. The contractor signs a single contract with PRDC-ExCom for construction of the whole building;
2. The contract will identify which portion of the contract is funded from which source.
3. The RILGP portion of the contract will include the IDA financed percentage (90%) plus the counterpart funds from the national government (10%), and the provincial government portion will be the incremental amount (i.e., the total contract value minus the RILGP portion);
4. When payment is due, PRDC-ExCom will request payment to be made from STFS (for RILGP funds --both IDA and counterpart funds) or from Provincial Treasury (for provincial government funds) as appropriate.
5. Payments will be staged so that payments under the provincial government portion and the RILGP portion will be done separately. That is, the provincial government portion of the contract will be paid wholly from provincial government funds, and each payment for the RILGP portion of the contract will be paid 90% from the Credit and 10% from the counterpart funds from the national government (as is indicated in Schedule 1 of the DCA)

Since the RILGP portion (IDA and government counterpart funds) is separately identified in the contract, the project accounting system will only need to capture the "RILGP portion" and will not need to capture the "provincial government portion" (i.e., the financing by the provincial government need not be recorded in the RILGP accounting system)

STFS financial management manual

- The existing financial guidelines of STFS as stated in "The Seila Finance Manual dated 02/12/02, Sub Section 2 Payment Procedures" shall be applied to RILGP Component 3 subject to the following exceptions.

Exceptions to the STFS FM manual

- Exceptions to Sub Section 2 sub paras;
 - 1.1.1 IDA funds shall not be utilized to fund any staff salaries or salary supplements.
 - 1.1.2 All IDA procurement shall follow IDA procurement Guidelines, RILGP Procurement Plan and other procurement arrangements as stated in the DCA and PAD Annex 6 (a) and the Seila procurement guidelines not inconsistent with IDA procurement guidelines. Subject to the above, the payment procedure stated in 2.1.2 shall apply.
 - 1.1.3 IDA funds shall not fund any cash advances or pre financing of expenditure of RGC or PLG.
 - 1.1.4 IDA funds shall not fund Cash in Hand or Petty Cash
 - 1.2 IDA funds shall not fund expenditures of Line Ministries/other entities.
 - 1.3 Local Development Fund Procedures shall not apply to IDA funds. Guidelines as stated in Section 3: FM Arrangements Component 1 shall apply for IDA funded C/S Investments.
 - 1.4 PRDC Ex-Com Fund guidelines shall not apply to IDA Funds.

2.1-2.24 Payment procedures at the Provincial level shall not apply to IDA Funds.

IDA Special Account for Component 2 shall be established at STFS. Funds from this account shall not be advanced to any provincial/commune unit. Royal Government Counterpart Funds, will be deposited into a Project Bank Account managed by STFS and will be utilized to fund the RGC portion of eligible expenditures of component 2 as per Schedule 1 of the DCA.

IDA (RILGP) specific bank account procedures

Payments by STFS. (Payments from the SAs and Project Bank Account at STFS)

- Payments can only be made by check or electronic bank transfers. Therefore contractors, consultants and other suppliers shall be advised to open bank accounts or accept checks drawn in their name. **Cash or cash checks are disallowed.**
- Where an expenditure is partially funded by IDA (i.e. such as Civil works, consultants or locally purchased goods) payment shall be effected by a single transfer of funds/check drawn on the Project Bank Account with a subsequent reimbursement of x% of the funds (for the IDA portion) from the SA, or by two transfers/check for each contract payment in the proportion of x% from the SA and x% from the Project Bank Account. **IDA funds shall not be used to pre finance the RGC portion of expenditures.**

Bank reconciliation statements

Bank Reconciliation - Special Account and Project Bank Account

- The Assistant Accountant prepares a **Bank Reconciliation** at the end of each month and submits Reconciliation Statement and Supporting Bank Statement to the Financial Management Officer. This is to compare the closing bank balance in *General Ledger* (in the computerized Accounting System) with the bank balance in the *Bank Statement*. All items shall be properly identified, explained and approved.
- The FMO reviews the Bank Reconciliation of their respective accounts and confirms the bank balances shown in the computer records.
- The Director General of STFS reviews the Bank Reconciliation and signs off on it.
- Bank Reconciliations and the Bank Statements shall be filed in monthly numerical order in the Bank File.

FIXED ASSETS (Office Equipment, Vehicles, Motor Cycles, etc)

- Fixed assets – property and equipment - are defined to have a useful life of more than one year. They are registered in the *Fixed Asset Register* to ensure adequate control over property and equipment purchased/granted for the project.
- The Fixed Asset Register records the following details:
 - ✓ Date of acquisition,
 - ✓ Detailed description, including model numbers where appropriate,
 - ✓ Serial number,
 - ✓ Identification code,
 - ✓ Location,
 - ✓ Funding organization,
 - ✓ Purchase cost,
 - ✓ Comments on the condition of the item at last physical check.
- Only the Minister, in writing, can approve disposal of a fixed asset.
- The register is updated immediately when an asset is added or disposed.
- All assets shall be marked as the property of RILGP and bear individually coded tags.
- An inventory count should be prepared at least every six months to ensure that the Fixed Asset Register remains accurate. The date of the count and the results are recorded in writing and the Fixed Asset Register is updated.
- STFS is responsible for all fixed assets of the respective project components.

File management system

Files in proper form and manner shall be maintained to facilitate retrieval of, and access to, documents by STFS, IDA, PLG and the auditors. Files include those relating to the following:

- ✓ Bank File: Bank receipts, payments, reconciliation.
- ✓ Component 1 related documentation files.
- ✓ Consultants
- ✓ Workshops/Training
- ✓ Supplier files
- ✓ Fixed Assets
- ✓ Month-End Reports File
- ✓ Financial Monitoring Reports File
- ✓ IDA replenishment applications and direct payments
- ✓ Budget File
- ✓ Audit Reports

Month-end procedures and reporting

Provincial Treasury

The following shall be prepared by the PT and submitted to STFS on a monthly basis certified by the Director of the Provincial Treasury:

- Trial Balance, Revenue and Expenditure Statement and Contract Register.
- Comparison of the contract database at the provincial treasury with the contract database at the PRDC.

PRDC and Provincial Treasury

On a semi annual basis:

- Conduct physical count of fixed assets.

STFS

- At the end of each month, the following reports shall be printed from the *Computerized Accounting System*:
 - ✓ *Trial Balance,*
 - ✓ *General Ledger,*
 - ✓ *Check Payment Journal,*
 - ✓ *Balance Sheet,*
 - ✓ *Income and Expenditure Statements.*
 - From the above the FMO selects significant transactions and checks them to source documents to ensure that they are correctly classified, coded and posted. When errors are identified, corrections are made as under *Editing* in the *Computer Procedures Manual*.
 - All month-end reports should be reviewed and signed by FMO and the Director General of STFS and should be filed in the *Month-End Reports File*.
 - The following shall be prepared on a month end basis:
 - ✓ Bank Reconciliation
 - ✓ IDA Replenishment Applications.
- In addition on a quarterly basis:
- ✓ Prepare IDA Financial Monitoring Reports (FMRs)
- On a semi annual basis:
- ✓ Conduct physical count of fixed assets.
- On an annual basis:
- ✓ Prepare annual financial statements.
 - ✓ Ensure annual financial statements are audited.

5. CHART OF ACCOUNTS

- The chart of accounts shall facilitate the automated preparation of IDA Financial Monitoring Reports (FMRs) through the accounting package and will facilitate financial management and consolidation of financial statements.
- The Chart of Accounts for Component 1 shall at the minimum capture the following:

Account Type, Source of Fund, IDA Disbursement Category, Project Component, Province, Commune, Project Type and Expense item.

Account Type: The code identifies the account type. For example, current assets, current liabilities, owner equity, etc.

IDA Disbursement Category: This represents the category of expenditure. For example,

- 1 = Civil Works
- 2 = Goods
- 3 = Consulting Services
- 4 = Sub Project Grants
- 5 = Workshops and Training
- 6 = Operating Costs

Portion/Share/Source of Fund: This represents the Funding Agency, for example,

- I = IDA
- R = Royal Government of Cambodia.
- B = Local Contribution/Beneficiary

Component: This identifies the Project Component. For example,

- LP = Component 1 Local Planning and Investment
- PS = Component 2 Program Support

Province:

1	BANTEAY MEANCHEY
2	BATTAMBANG
3	KAMPONG CHAM
4	KAMPONG CHHNANG
5	KAMPONG SPEU
6	KAMPONG THOM
7	KAMPOT
8	KANDAL
9	KOH KONG
10	KRACHEH
11	MONDUL KIRI
12	PHNOM PENH
13	PREAH VIHEAR
14	PREY VENG
15	PURSAT

16	RATANAK KIRI
17	SIEM REAP
18	KRONG PREAH SIHANOUK
19	STUNG TRENG
20	SVAY RIENG
21	TAKEO
22	OTDAR MEANCHEY
23	KRONG KEP
24	KRONG PAILIN
25	National

Commune:

Each Commune within the 15 IDA provinces.

Project Type:

Project Type
Water Supply
Energy
Transportation
Education
Health and Sanitation
Irrigation and Flood Protection
Natural Resource Management
Community Buildings

Expense Item:

Local Development Fund (LDF)

- The Chart of Accounts for Component 2 shall at the minimum capture the following:

Account Type, Source of Fund, IDA Disbursement Category, Project Component, Organizational level (i.e. STFS, Province (PRDC), Expense Type (i.e Provincial support, National Support, etc) and Expense item (i.e. Goods, Consultants, etc).

Account Type, IDA Disbursement Category, Portion/Share/Source of Fund, Component remain the same as for Component 1.

Organizational Level:

STFS

Each of the 15 IDA provinces

Type:

Provincial Support Excom

Provincial Support PLG

National Support STFS

Expense item:

Vehicles

Motor Cycles
Diesel Boats
Renovation of Office Buildings
Computers and Printers
Photocopying Machines
Office Furniture
Generator
National Workshops
Monitoring and Evaluation Consultants
Research Consultants
Audit
Operating Costs

6. IDA REPLENISHMENT APPLICATIONS

Allocation of Credit Proceeds (Table C)

- Disbursement of the proceeds of the Credit would be made against expenditure categories as shown in the following table:

Allocation of Credit Proceeds

Expenditure Category	Amount in US\$million	Financing Percentage
Civil Works	0.20	90%
Goods and Services	0.88	100% Foreign expenditures and 100% local (ex factory cost) and 85% of other items procured locally.
Consulting Services	1.38	95%
Sub Project Grants	18.96	100%
Workshops and Training	0.03	100%
Operating Costs	0.55	50%
Total Project Costs	22.00	
Total	22.00	

Statement of Expenditure (SOE) Thresholds:

- For any civil works contracts estimated to cost the equivalent of US\$100,000 or less, goods estimated to cost the equivalent of US\$50,000 or less, consulting firms estimated to cost the equivalent of US\$100,000 or less, individual consultant's contracts to cost the estimated equivalent of US\$25,000 or less, workshops and training, Sub Project Grants, Provincial Investment Fund Grants and incremental operating costs withdrawal applications will be supported by Statement of Expenditures (SOEs). For civil works contracts estimated to cost more than US\$ 100,000 equivalent, goods estimated to cost more than \$50,000 equivalent, consulting firms estimated to cost more than \$100,000 equivalent, and individual consultant's contracts estimated to cost the equivalent of US\$25,000 or more, withdrawal applications would be supported by full documentation and signed contracts.

Application Type

- Disbursements will be based on Statements of Expenditures together with Withdrawal/Reimbursement Applications and Direct Payment Applications .
 - based on Statements of Expenditures together with Withdrawal Applications and Direct Payment Applications for Component 3 and for all consulting payments and goods. (replenishment applications).

- based on reimbursement of eligible expenditures for the Local Investment Grants (Component 1) funded by the C/S Fund. (reimbursement applications)
- STFS shall prepare Replenishment/Reimbursement Applications to be submitted to IDA and through MEF deal with IDA on replenishments. The signatory on the IDA Replenishment Applications shall be the Minister of Finance or his designee and the Director General of the STFS. For more information on preparation of application please refer to the Disbursement Letter and Disbursement Handbook provided by IDA.

7. FINANCIAL REPORTING

Financial Monitoring Reports (FMRs) to be submitted to IDA shall include at a minimum, the following documents:

- Project Uses and Sources of Funds by IDA Disbursement Category
- Project Uses of Funds by Project Activity
- Contract Expenditure Reports (Goods, Works and Consulting Services)

These reports shall incorporate activity of both project components. STFS shall prepare and submit these reports to IDA on a quarterly basis within 45 days of the quarter end starting the first quarter following project first disbursement. Additional output monitoring reports will be developed, if appropriate, during implementation.

Copy FMR Excel file.

8. AUDIT

External Audit

- Annual project financial statements will be produced by STFS and audited by an independent auditor appointed under terms of reference satisfactory to IDA. The Annual Financial Statements shall include all components.
- The records at the Provincial Treasury Offices and Commune Councils shall also be audited by auditors acceptable to IDA as part of the annual financial audit.
- The auditor will be required to express opinions on: (i) the annual Financial Statements; (ii) whether the Special Account funds have been correctly accounted for and used in accordance with the Credit agreement; and (iii) the adequacy of documents and controls surrounding the use of the Statements of Expenditures as a basis for disbursements from the Special Account, and (iv) the adequacy of documents and controls surrounding the use of the Statements of Expenditures as a basis for reimbursement of C/S Fund Grants.
- The audited financial statements will be submitted to IDA within six months of the year-end.

Terms of Reference for Audit

TERMS OF REFERENCE FOR THE AUDIT OF PROJECT FINANCIAL STATEMENTS AND ACCOMPANYING SOE AND SA.

Objective

The objective of the audit of the Project Financial Statements (PFS) is to enable the auditor to express a professional opinion on the financial position of the Provincial and Rural Infrastructure Project at the end of each fiscal year and of the funds received and expenditures for the accounting period ended 12/31/xx, as reported by the PFS, as well as an opinion on the Statement of Expenditures and the Special Account.

The project accounts (books of account) provide the basis for preparation of the PFS and are established to reflect the financial transactions in respect of the project, as maintained by the project implementing agencies of the Seila Task Force Secretariat, the Commune Council of each project province and the respective Provincial Treasury Offices, and the PRDC of each province where relevant.

Scope

The audit will be carried out in accordance with International Standards of Auditing, and will include such tests and controls as the auditor considers necessary under the circumstances. In carrying out the audit special attention should be paid to the following:

- (a) All external funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided. Relevant financing agreements are (Credit Number 3747 KGH)
- (b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
- (c) Goods and services financed have been procured in accordance with the relevant financing agreement;
- (d) All necessary supporting documents, records, and accounts have been kept in respect of all project ventures [including expenditures reported via SOE or SA]. Clear linkages should exist between the books of account and reports presented to the Bank;
- (e) Where Special Accounts have been used, they have been maintained in accordance with the provisions of the relevant financing agreement;
- (f) The project accounts have been prepared in accordance with consistently applied cash basis accounting and give a true and fair view of the financial situation of the project at 12/31/xx and of resources and expenditures for the year ended on that date.

Project Financial Statements

The Project Financial Statements should include:

- (a) a Summary of Funds received, showing the World Bank, project funds from other donors, and counterpart funds separately;

- (b) a Summary of Expenditures shown under the main project headings and by main categories of expenditures, both for the current fiscal year and accumulated to date; and
- (c) a Balance Sheet showing Accumulated Funds of the Project, bank balances, other assets of the project, and liabilities, if any.

As an annex to the Project financial statements, the auditor should prepare a reconciliation between the amounts shown as “received by the project from the World Bank” and that shown as being disbursed by the Bank. As part of that reconciliation, the auditor should indicate the mechanism for the disbursement, i.e. Special Accounts, Statements of Expenditures for replenishment, Statement of Expenditure for reimbursement of expenditure pre financed by the government or direct payments.

Statements of Expenditures

In addition to the audit of the PFS, the auditor is required to audit all SOEs used as the basis for the submission of withdrawal applications and/or reimbursement of expenditures pre financed by the government. The auditor should apply such test and controls as the auditor considers necessary under the circumstances. These expenditures should be carefully compared for project eligibility with the relevant financing agreements, and with reference to the Project Appraisal Document for guidance when considered necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor. Annexed to the Project Financial Statements should be a schedule listing individual SOE withdrawal applications by specific reference number and amount. The total withdrawals under the SOE procedure should be part of the overall reconciliation of Bank disbursements described above.

Special Account

In conjunction with the audit of the Project financial Statements, the auditor is also required to audit the activities of the Special Accounts associated with the Project. The Special Accounts usually comprise:

- deposits and replenishments received from the Bank;
- payments substantiated by withdrawal applications;
- interest that may be earned from the balances and which belong to the Borrower; and
- the remaining balances at the end of each fiscal year.

The auditor must form an opinion as to the degree of compliance with the Bank’s procedures and the balance of the Special Account at year-end. The audit should examine the eligibility and correctness of financial transactions during the period under review and fund balances at the end of such a period, the operation and use of the SA in accordance with the financing agreement, and the adequacy of internal controls for this type of disbursement mechanism.

For this project, the Special accounts are referred to in Credit Number 3747 KGH of the relevant financing agreements. Special Accounts statements and the auditor’s report should be included with the Project Financial Statements.

Audit Opinion

Besides a primary opinion on the Project Financial Statements, the annual audit report of the Project Accounts should include a separate paragraph, where applicable, commenting on the accuracy and propriety of expenditures withdrawn under SOE procedures and the extent to which the Bank can rely on SOEs as a basis for loan disbursement and a separate paragraph on the Special Account. The financial statements, including the audit report, should be received by the Bank no later than six months after the end of the accounting period

to which the audit refers. The auditor should submit the report to the borrower's designated agent rather than to any staff member of the project entity. The agent should then promptly forward two copies of the audited accounts and report to the Bank.

Management Letter

In addition to the audit reports, the auditor will prepare a "management letter", pertaining to the internal control environment at the Seila Task Force Secretariat, the Commune Councils and the Provincial Treasuries of the project provinces, in which the auditor will:

- (a) give comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
- (b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- (c) report on the degree of compliance of each of the financial covenants on the financing agreement and give comments, if any, on internal and external matters affecting such compliance;
- (d) communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project; and
- (e) bring to the borrower's attention any other matters that the auditors considers pertinent.

General

The auditor should be given access to all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding at the Bank and of amounts disbursed under [*specify other donor, loan or grant, if any*]. Bank Task Managers can assist in obtaining these confirmations.

It is highly desirable that the auditor become familiar with a copy of the Bank's *Project Financial Management Manual* and the Bank's *Financial Accounting, Reporting and Auditing Handbook* and the Bank's *East Asia Pacific Audit Manual* which summarizes the Bank's financial reporting and auditing requirements. The auditor should also be familiar with the Bank's *Disbursement Manual*. All documents may be provided by the Task Manager.

9. BUDGETING

- The project will be required to prepare budgets by cost category (IDA disbursement category) and project component (preferably by province within component). STFS shall prepare an annual budget prior to commencement of each fiscal year. For this purpose STFS should coordinate with MOI and PRDCs to obtain the annual work plans and convert these into component budgets. The consolidated annual budget shall be submitted to IDA for review. The budget shall be updated quarterly if needed and submitted to IDA for review.

- Once the budgets are entered into the Peachtree Accounting System Reports generated from the system will indicate actual expenditures against budget for any given period. The quarterly FMRs will also provide a comparison of actuals against plans/budget. These reports will thus facilitate budget management of the project.

10. FINANCIAL MANAGEMENT UNIT AND STAFFING

Each PT will include a cashier/accounting section in its organizational setup under the Commune Financial Management Guidelines, which would be staffed at a minimum by several Commune Accountants. Each Commune Accountant will be in charge of maintaining accounts and making payments for a number of communes within the province. These staff will be supervised by the Director of the Provincial Treasury.

The overall responsibility for the FM function of the project shall be with the Financial Management Officer of STFS POU who shall possess qualification and experience to the satisfaction of IDA. The accountant shall report to the Secretary General of STFS. The Financial Management Officer will be assisted by at least two accounting staff of STFS employed by STFS POU and the PLG Provincial Finance Advisers.

To ensure adequate staffing for project accounting functions it is recommended that :

- i. STFS appoint a full time Financial Management Officer to be responsible for the project for management of the Special Account, reviewing of reimbursement requests from provinces, preparation of replenishment/reimbursement applications and financial management reports, effecting payments from the Special Account at STFS, consolidation of quarterly budgets, monitoring overall project disbursements and training of finance staff at the provincial PLG offices.
- ii. Appoint at least two finance assistants for STFS. These assistants will be responsible for processing invoices initiated by STFS, coordination with provincial units on reimbursement requests, assisting in data maintenance and record keeping activities of maintaining the project's books of accounts including incorporating accounting information received from the provincial treasuries in the centralized accounting system, initiating payments from the Project Bank Account (RGC counterpart funds) and coordinating with MEF on annual counterpart fund requirements. It is proposed that during implementation STFS hire an additional assistant accountant to supplement the capacity of the existing staff if the volume of work necessitates such.
- iii. Assign the PLG provincial finance advisers of each province to visit each provincial treasury to review the accounting system, records and documentation relating to the reimbursement of local development fund grant and to certify eligibility on a sample basis. STFS shall assign staff for this function by negotiation to enable training to be completed by project effectiveness.
- iv. At the provincial level each Provincial Treasury would be responsible for maintaining records, initiating and effecting payments for the Local Investment Grants, coordinating with STFS on reporting provincial disbursements and reimbursement requests. Commune Councils will be responsible for initiating and approving contracts/invoices for the Local Development Grants. Staff presently employed at the Provincial Treasuries are being trained as Commune Accountants under the C/S Fund program by the government with assistance from PLG. Each Provincial Treasury will be staffed with several commune accountants

based on a reassignment of staff from within the provincial treasury and the DOF. Each Commune Accountant will be responsible for maintaining the records and making payments for several communes. These staff will be supervised by the Director of the Provincial Treasury.

The appointment of staff at STFS will be subjected to no objection clearance by IDA. The detailed Terms of Reference for each function is attached.

The staff of STFS will be given introductory training by the consulting firm on the software package, training on IDA disbursement procedures by MEF and training on STFS and C/S Fund financial management procedures by PLG.

The Commune Accounting staff shall receive extensive introductory training by the National Treasury, MEF and PLG on the C/S Fund financial system including invoice processing, record keeping and payment of funds. In addition the Commune Accountants will receive training on preparation of reimbursement requests for eligible expenditures from PLG staff in the provinces. The Commune Accountants will also be provided follow up on the job training by PLG during project implementation. IDA will review the capacity of staff at all units as the project progress and make recommendations if further training is needed.

TERMS OF REFERENCE FOR STAFF

Terms of Reference for
Project Financial Management Staff
Rural Investment and Local Governance Project

SEILA TASK FORCE SECRETARIAT (STF)

PROGRAMME OPERATIONS UNIT (POU)

Position: Financial Management Officer
Project Title: Seila Programme 2001 -2005
Budget Line:
Duty Station: Phnom Penh
Duration: One year (with performance review at end of first year)

General:

Under the overall authority of the Seila Task Force (STF), the Seila Task Force Secretariat (STFS) is responsible for execution of the Seila Programme, 2001-2005. The STFS is under the overall management of the STF Secretary-General assisted by a Deputy Secretary-General. The STFS has two Units: the Programme Operations Unit (POU) responsible for overseeing programme execution functions and the Policy Monitoring and Evaluation Unit (PMEU) responsible for monitoring and evaluation of Seila programme implementation in order to improve policy and disseminate public information. The POU is divided into the three offices of Contracts Administration Office (CAO), Finance Administration Office (FAO) and Training and Extension Office (TEO).

The **Financial Management Officer** is responsible for all aspects of project accounting, financial management and reporting, and disbursement functions within the POU.

Post Supervision:

Under the overall supervision of the STF Secretary General, the **Financial Management Officer** is directly supervised by the Chief of the POU.

Technical Cooperation:

The Financial Management Officer will be directly supported by the PLG Senior Finance and Administration Advisor and other technical assistants within the team of Technical Advisors assigned to the POU and its Offices in agreement with the STFS Secretary General.

Tasks:

The specific duties of the **Financial Management Officer** are to:

1. Oversight of the financial management system for the STFS and ensuring that the project complies at all times with the approved financial management implementation manual covering procedures for budgeting, disbursement, accounting, monitoring, auditing, and reporting.
2. For all financial resources under direct management by the STF and committed against national implementation contracts with Ministries, ensure that the STFS applies direct payment procedures against payment requests and perform the function of Certifying Officer for these payments.
3. For all financial resources under direct management by the STF and committed against provincial implementation contracts with provinces, ensure that resources are properly transferred from national to provincial accounts in a timely manner.

4. Assist and train as necessary officials from implementing Ministries in the proper procedures for budgeting, disbursement, payment requests, liquidation of advances and financial reporting.
5. Clearance of payment requests in respect of STFS initiated expenditures and forwarding to senior STFS official for approval and payment from the SA and/or RGC project bank account.
6. Overall management and control STFS petty cash imprests, RGC Project Bank Account and the STFS managed Special account including preparation of reconciliations of the SA and Project Bank account.
7. Liaise closely with the MEF on all matters pertaining to financial management within the Seila Programme to ensure effective coordination and to ensure that all procedures under the Seila Programme are consistent with national policy.
8. Assist in the preparation of the preparation of the annual STFS budget.
9. Liaise closely with the provincial authorities on financial matters under the responsibility of the Seila Task Force.
10. Carry out periodic monitoring visits to provinces to ensure that financial management procedures are properly understood and being performed and to identify areas where additional training is required.
11. Review and clear financial reports submitted against all implementation agreements and ensure that information is properly recorded in the financial information system.
12. Prepare consolidated financial statements for contributions under the authority of the STF and submit them through the Chief POU to the STF Secretary General. It includes consolidating quarterly budget data submitted by the Provincial Treasuries.
13. *Prepare monthly and other work-plans and reports as required and submit through the Head of the STF Secretariat Program Operations Unit to the STF Secretariat Secretary General.*
14. Review of reimbursement applications and supporting documentation received from each province including ensuring that the financial data is consistent with the contract monitoring data prepared by each province for submission to Donor institutions through MEF.
15. Prepare reimbursement applications (Withdrawal Applications) together with the relevant supporting documentation including Statements of Expenditures. Obtain MEF approval of the WAs for forwarding to WB.
16. Prepare quarterly Financial Monitoring Reports (FMR's) and bank reconciliation statement and comparisons with budgeted data. Forwarding the quarterly FMR's to WB.
17. Overall supervision of project related financial management data maintained in the computerized accounting system.
18. Close accounting records on a monthly basis, verify trial balance for accuracy of record keeping and generate monthly financial reports.
19. Prepare annual project financial statements and making arrangements for the audit thereon. Forwarding copy of audited financial statements to IDA.
20. Providing project related financial information, as may be needed from time to time to RGC, PLG and IDA.
21. Provide training of finance staff in the STFS, Provincial Treasury and PRDC Excoms as well as the Internal Audit Officers.
22. Ensuring that the project complies at all times with the pr
23. Act as alternate certifying officer for disbursements below US\$1,000 in the absence of the Chief, POU.

For UNOPS as Cooperating Agency

- Assist in the maintenance of the imprest accounts in the UNOPS Phnom Penh Office. Prepare disbursement vouchers against imprest accounts. Ensure that the systems and procedures for processing of all payments is efficiently organized, including monitoring of financial authorizations. Act as certifying officer for all payments against the imprest account.
- Ensure prompt submission of monthly imprest reports to UNOPS.

Qualifications and Experience

The successful applicant must have the following qualifications:

A relevant post-graduate university degree and/or combination of appropriate experience in financial management/accounting preferably donor financed project accounting and reporting.

Knowledge of desktop computer use (EXCEL, word processing).

Proficiency in a computerized accounting package.

Excellent communication skills, written and spoken, in Khmer and English.

SEILA TASK FORCE SECRETARIAT (STF)

PROGRAMME OPERATIONS UNIT (POU)

Position: Finance Assistant – National
Project Title: Seila Programme 2001 -2005
Budget Line:
Duty Station: Phnom Penh
Duration: One year (with performance review at end of first year)

General:

Under the overall authority of the Seila Task Force (STF), the Seila Task Force Secretariat (STFS) is responsible for execution of the Seila Programme, 2001-2005. The STFS is under the overall management of the STF Secretary-General assisted by a Deputy Secretary-General. The STFS has two Units: the Programme Operations Unit (POU) responsible for overseeing programme execution functions and the Policy Monitoring and Evaluation Unit (PMEU) responsible for monitoring and evaluation of Seila programme implementation in order to improve policy and disseminate public information. The POU is divided into the three offices of Contracts Administration Office (CAO), Finance Administration Office (FAO) and Training and Extension Office (TEO).

The **Finance Assistant - National** is responsible for assisting the FMO in fulfilling all aspects of project accounting and financial reporting including maintaining proper books of accounts on the computerized accounting system, managing all bank accounts and petty cash transactions and ensuring the reimbursement requests are reviewed and processed on a timely basis for eligible expenditures.

Post Supervision:

Under the overall supervision of the Chief of POU, the **Finance Assistant- National** is directly supervised by the Financial Management Officer. The FAN will work closely with the Internal Audit Officers and the Accountants at the provincial treasuries.

Tasks:

The specific duties of the **Finance Assistant - National** are to:

24. For all financial resources under direct management by the STF and committed against the national STF budget and implementation contracts with Ministries, ensure that the STFS applies appropriate direct payment procedures against payment requests.
25. Assist and train as necessary officials from implementing Ministries in the proper procedures for budgeting, disbursement, payment requests, liquidation of advances and financial reporting.
26. Liaise closely with the MEF on all matters pertaining to financial management within the Seila Programme to ensure effective coordination and to ensure that all procedures under the Seila Programme are consistent with national policy.
27. Assist in the preparation of the preparation of the annual STFS budget.
28. As required, carry out monitoring visits to provinces to ensure that financial management procedures are properly understood and being performed and to identify areas where additional training is required.
29. Review and clear financial reports submitted against all implementation agreements with the ministries and consultants and ensure that information is properly recorded in the financial information system.
30. Assist in preparation of consolidated financial statements for contributions under the authority of the STF. It includes consolidating quarterly budget and financial data submitted by the Provincial Treasuries.
31. Assist in the maintenance of proper books of accounts on the computerized accounting system and management of all bank accounts.
32. Initiate petty cash expenditures at STFS and payments from the STFS managed SA and the RGC Project Bank Account.

33. Maintain project fixed asset register.
34. *Prepare monthly and other work-plans and reports as required.*
35. *Coordinate reimbursement requests from Provinces.*
36. *Review reimbursement requests for funding eligibility as per criteria stated in the Project Implementation Manual of IDA.*
37. *Data entry to the computerized accounting system for eligible expenditures incurred by provinces and for expenditures made from the SA, petty cash and RGC Project Bank account managed by STFS.*
38. Assist in preparation reimbursement applications (Withdrawal Applications) together with the relevant supporting documentation including Statements of Expenditures and obtaining MEF approval of the WAs for forwarding to WB.
39. Assist in preparation of quarterly Financial Monitoring Reports (FMR's) and bank reconciliation statement and comparisons with budgeted data. Forwarding the quarterly FMR's to WB.
40. Ensuring that the project complies at all times with the project financial management procedures as set out in the Project Implementation Manual and DCA.
41. Ensuring the maintenance of supporting documentation in proper order and form for the project expenditures.
42. Provide training as may be needed to the accountants at the provincial treasuries.
20. Assisting the FMO in banking activities.

Qualifications and Experience

The successful applicant must have the following qualifications:

- A relevant university degree and/or combination of appropriate experience in financial management/accounting.
- Knowledge of desktop computer use (EXCEL, word processing) and willingness to learn computerized accounting system.
- Good communication skills, written and spoken, in Khmer and English.

SEILA TASK FORCE SECRETARIAT (STF)

PROGRAMME OPERATIONS UNIT (POU)

Position: Finance Assistant – Provincial
Project Title: Seila Programme 2001 -2005
Budget Line:
Duty Station: Phnom Penh
Duration: One year (with performance review at end of first year)

General:

Under the overall authority of the Seila Task Force (STF), the Seila Task Force Secretariat (STFS) is responsible for execution of the Seila Programme, 2001-2005. The STFS is under the overall management of the STF Secretary-General assisted by a Deputy Secretary-General. The STFS has two Units: the Programme Operations Unit (POU) responsible for overseeing programme execution functions and the Policy Monitoring and Evaluation Unit (PMEU) responsible for monitoring and evaluation of Seila programme implementation in order to improve policy and disseminate public information. The POU is divided into the three offices of Contracts Administration Office (CAO), Finance Administration Office (FAO) and Training and Extension Office (TEO).

The **Finance Assistant - Provincial** is responsible for financial disbursement functions as well as assisting in the preparation of financial reports within the POU.

Post Supervision:

Under the overall supervision of the Chief of POU, the **Finance Assistant- Provincial** is directly supervised by the Financial Management Officer.

Tasks:

The specific duties of the **Finance Assistant - Provincial** are to:

43. For all financial resources under direct management by the STF and committed against the STF budget and implementation contracts with PRDC Excom, ensure that the STFS applies appropriate payment procedures including review of supporting documentation and reports against requests for payments either as direct payment, increase of imprest accounts level and replenishment of imprest accounts.
44. Assist in providing training as necessary to officials from implementing PRDC Excom and Departments in the proper procedures for budgeting, disbursement, payment requests, liquidation of advances and financial reporting.
45. Liaise closely with the PLG Provincial Finance Advisors on all matters pertaining to financial management within the Seila Programme to ensure effective coordination and to ensure that all procedures under the Seila Programme are consistent with national policy.
46. Assist in the preparation of the preparation of the annual STFS budget.
47. As required, carry out monitoring visits to provinces to ensure that financial management procedures are properly understood and being performed and to identify areas where additional training is required.
48. Review and clear financial reports submitted against all implementation agreements with the PRDC Excom and ensure that information is properly recorded in the financial information system.

Qualifications and Experience

The successful applicant must have the following qualifications:

A relevant university degree and/or combination of appropriate experience in financial management/accounting.

Knowledge of desktop computer use (EXCEL, word processing) and willingness to learn computerized accounting system.

Good communication skills, written and spoken, in Khmer and English.

Provincial Finance Advisor

- 1. General:** The **Provincial Finance Advisor** will assist the Seila Task Force to implement the Seila Programme 2001 – 2005 by providing technical advice and management support to the PRDC ExCom and specifically the ExCom Finance and Contract Administration Units.
- 2. Post Supervision:** The **Provincial Finance Advisor** is under the direct supervision of the PLG Senior Program Advisor and the indirect supervision of the STF Secretary General. He/she will liaise closely with the PLG Finance and Administration Advisor and the STFS POU Chief in regard to technical and operational matters.
- 3. Technical Cooperation:** The **Provincial Finance Advisor** will provide technical cooperation to the staff in the ExCom Finance and Contract Administration Units, staff of the Department of Economy and Finance and the Provincial Treasury, the PRDC Internal Auditor, and finance staff of Provincial Departments implementing contracts with the PRDC.
- 4. Tasks:** The specific duties of the **Provincial Finance Advisor** are as follows:

Specifically the **Provincial Finance Advisor** will assist the PRDC ExCom staff in the Finance and Contract Administration Units to efficiently and effectively manage PRDC finances in accordance with the Seila Finance Manual, the C/S Fund Financial Management regulations, guidelines and procedures and other Ministry of Economy and Finance regulations. The **Provincial Finance Advisor** will assist in training of line department Finance staff and the training of trainers responsible for training the Commune/Sangkat Councils and C/S Clerks. The **Provincial Finance Advisor** will assist the PRDC Internal Auditor to conduct his/her audit responsibilities. The **Provincial Finance Advisor** will assist the Senior Provincial Program Advisor in the management of UNOPS Cooperating Agency financial responsibilities. The **Provincial Finance Advisor** will also provide technical advice to the Provincial Treasury and, for the purpose of Rural Investment and Local Governance Project (RILGP), verify adherence to agreed accounting principles and procedures, integrity of records keeping, and accuracy of documentation at Provincial Treasuries.

4.1 Technical Cooperation:

In support to the PRDC and ExCom, capacity build and assist:

- the PRDC ExCom, ExCom Units and PRDC implementing agencies to efficiently and effectively manage all funds under the responsibility of the PRDC in accordance with the Seila Finance Manual.
- the ExCom Finance Unit and specifically the staff of the Provincial Treasury to carry out their accounting, payment and reporting duties in accordance with the C/S Fund Financial Management guidelines and procedures.
- the PRDC Certifying (and Alternate Certifying) Officers in performing certification functions.
- the PRDC Internal Auditor in internal auditing functions under the Governor.
- the ExCom Contract Administration Unit on the financial and administrative aspects of contract administration.

4.2 Training:

- Capacity build and assist the ExCom Finance Unit to update the Training Needs Assessment for staff of the ExCom Finance Unit and line departments finance staff, the PRDC Internal Auditor, and prepare and implement the training work plan.
- Conduct formal and on-the-job training for counterparts on all aspects of the Seila financial management system including budget preparation, preparation of payment claims, disbursement procedures, certifying and approving procedures, accounting procedures, appropriate filing systems and financial monitoring and evaluation procedures.

- Capacity build and assist staff of the Department of Economy and Finance, Provincial Treasury and PoLA to train C/S Councils and C/S Clerks in accordance with national guidelines, procedures and training plans and monitor the training.
- Capacity build and assist the ExCom Contract Administration Unit to update the Training Needs Assessment and prepare and implement the training work plan for provincial departments implementing PRDC contracts.

4.3 Monitoring and Evaluation:

In support of the PRDC:

- Monitor the performance of the Seila financial management system and provide advice on issues to the ExCom through the Director of Economy and Finance in his capacity as Chief of the ExCom Finance Unit, the PLG SPPA and the STFS Secretariat as requested.
- Monitor the performance of the Internal Auditor and provide advice on issues to the Governor through the ExCom through the SPPA.

4.4 Project Specific Responsibilities

In Support of the Rural Investment and Local Governance Project:

In Support of the RILGP, the Provincial Financial Advisor will have first-in-line responsibility to ensure that reimbursement requests submitted by Provinces through STFS to IDA are supported by proper accounting records, duly certified contracts, invoices and other supporting documentation and that related provincial payments have been executed in adherence to agreed project financial management arrangements and procedures as outlined in the RILG Project Implementation Manual.

For these purposes, the Provincial Financial Advisor will, on a regular, periodic basis not less than once monthly, undertake the following specific tasks:

- Review and verify that expenditures under budget line 68-02 are:
 - exclusively for commune-level investments which can be reconciled and are consistent with contracts register and contracts database
 - approved and duly certified by authorized personnel
 - supported with proper and complete documentation, kept in good order in an appropriate filing system
- Monitor financial systems implementation and review accounting records to verify compliance with the agreed accounting procedures, and verify that internal controls safeguards are effective in respect of accounting records accuracy and completeness

The Provincial Financial Advisor will submit a report to STFS on a quarterly basis documenting the related tasks performed during the period covered by the report, and summarizing the findings and recommendations of the reviews. Particular notes should be made in the report of any misapplication of accounting system procedures, problems with accounting record keeping, or irregularities in documentation, as well as the proposed corrective measures to address these issues.

In Support of the PLG Project:

- Manage the UN-Donor Seila Support Project financial monitoring systems that contain information on requests for payment and procurement.
- Monitor contracts and Support Office operations budgets by reviewing a variety of records, including work-plans, progress reports, budgets and financial expenditure as required.
- Ensure that recommendations relating to financial management from UNOPS auditors are implemented.
- Provide certification on the PRDC ExCom financial report.

4.5 Reporting:

In support of PRDC:

- Capacity build and assist ExCom Finance Unit to prepare financial reports to the PRDC according to contractual agreements, quarterly financial reports to the STFS, and other reports to donors according to specific contractual requirements.
- Capacity build and assist ExCom Contract Administration Unit to prepare reports to the PRDC according to contractual agreements, quarterly financial reports to the STFS, and other reports to donors according to specific contractual requirements.
- Capacity build and assist the Provincial Treasury to prepare reports required for the C/S Fund.
- Prepare monthly, quarterly and annual work-plans and reports as required and submit through the Senior Provincial Advisor to the ExCom, and through the SPA to the STF Secretariat Chief of the Programme Operations Unit.

In support of PLG Project:

- Prepare monthly activity reports and special reports as required for budget preparation, audits and others reasons.
- Provide reports and recommendations to PRDC Chairperson on financial matters relating to the STF - PRDC Agreement.
- Prepare financial data for the Support Office budget estimates and financial planning.

4.6 Other duties:

- Coordinate with other Provincial Finance Advisors and attend as requested national level forums on relevant finance issues.
- Provide assistance as requested to monitoring missions and field visits from Seila Secretariat and MEF Focal Points on provincial visits.
- Perform other duties as required by STF Secretary General.
- Perform other duties as required by the Senior Programme Adviser and/or the Senior Provincial Programme Advisor and as advised by the Senior Finance and Administration Advisor.
- Assist with translation of Seila documents as requested.